TRANSCONTINENTAL

Press Release

For Immediate Release

Transcontinental Inc. announces its results for fiscal 2015

Fiscal 2015 Highlights

- Revenues increased to $2,002.2 million in 2015.
- Adjusted operating earnings before depreciation and amortization grew 6.9%.
- Adjusted net earnings applicable to participating shares increased 13.4%.
- Completed the sale of consumer magazines for $56.0 million.
- Completed the acquisition of Ultra Flex Packaging Corp., a supplier of flexible packaging products located in Brooklyn, New York.
- Obtained new contracts in the Printing and Packaging Sector valued at over $30 million, on an annualized basis.
- Maintained a solid financial position, with a net indebtedness ratio of 0.9x.

Montreal, December 8, 2015 - Transcontinental Inc. (TSX: TCL.A TCL.B) announces its results for fiscal 2015, which ended October 31, 2015.

“We had an excellent year in 2015, said François Olivier, President and Chief Executive Officer of TC Transcontinental. Our printing division and our Media Sector showed once again resilience by increasing their profitability in a market in transformation.”

“In the printing division, we continued to optimize our platform, sign new agreements with customers and develop the promising in-store marketing market. In the Media Sector, we significantly increased our profitability by proactively managing our portfolio of publications, growing our digital sales and expanding our non-advertising sources of revenues.”

“In addition, I am especially satisfied with the major strides we made in our packaging division, a niche with a strong growth potential, continued François Olivier. Not only did we double our position in the market with the acquisition of Ultra Flex Packaging at the end of the year, we also signed a multi-year agreement with a leader in the North American dairy industry.”

“Lastly, thanks to our core assets’ ability to generate significant cash flows and our sound financial position, we are well positioned to continue our transformation.”

Financial Highlights

(in millions of dollars, except per share data)	Q4-2015	Q4-2014	%	2015	2014	%
Revenues	540.1	548.2	(1.5)	2,002.2	1,990.4	0.6
Adjusted operating earnings before depreciation and amortization (Adjusted EBITDA)	114.3	119.1	(4.0)	378.7	354.1	6.9
Adjusted operating earnings (Adjusted EBIT)	87.8	92.4	(5.0)	276.7	253.2	9.3
Adjusted net earnings applicable to participating shares	60.6	63.6	(4.7)	186.7	164.7	13.4
Per share	0.78	0.81	(3.7)	2.39	2.11	13.3
Net earnings applicable to participating shares	100.2	9.0	-	262.6	105.1	-
Per share	1.28	0.12	-	3.36	1.35	-

Please refer to the table "Reconciliation of Non-IFRS financial measures" in this press release.

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2015 Fourth Quarter Results

Revenues for the fourth quarter of 2015 went from $548.2 million to $540.1 million. The decrease stems from the continued effects of the market transformation on the results of the printing division and the Media Sector. The loss of certain customers early in the fiscal year in the flyer printing operations was mitigated by previously announced new contracts, the progression of the in-store marketing product offering and an increase in revenues in the digital business. The existing flyer business remained relatively stable. The appreciation of the US dollar against the Canadian dollar and the acquisition of Ultra Flex Packaging, announced in October 2015, also had a favourable impact.

Adjusted operating earnings decreased 5.0%, from $92.4 million to $87.8 million in the fourth quarter of 2015. Excluding the exchange rate effect, the net effect of acquisitions, disposals and closures and the unfavourable impact of the stock-based compensation expense, adjusted operating earnings would have decreased by only $1.7 million, mainly as a result of cost structure reduction and optimization initiatives, which partially offset the decrease in revenues.

Adjusted net earnings applicable to participating shares decreased 4.7%, from $63.6 million, or $0.81 per share, to $60.6 million, or $0.78 per share. Excluding the unfavourable impact of the stock-based compensation expense, adjusted net earnings applicable to participating shares would have increased by $1.5 million as a result of the solid performance achieved by our operations. Net earnings applicable to participating shares increased from $9.0 million, or $0.12 per share, to $100.2 million, or $1.28 per share. This increase is mainly attributable to a favourable adjustment to deferred income tax assets in the United States, a reduction in the asset impairment charge and a decrease in restructuring and other costs (revenues).

Fiscal 2015 Results

In 2015, TC Transcontinental's revenues grew 0.6%, from $1,990.4 million to $2,002.2 million. Acquisitions, more specifically Capri Packaging and the Quebec weekly newspapers, mainly contributed to revenues. The signing of new agreements in several niches and the appreciation of the US dollar against the Canadian dollar also had a favourable impact. The increase in revenues was however mitigated by the impact of the market transformation on the results of the printing division and the Media Sector, the loss of certain customers early in the fiscal year, which affected the flyer printing and distribution operations, and the sale of certain assets.

Adjusted operating earnings increased by 9.3%, from $253.2 million in 2014 to $276.7 million in 2015. This increase is mainly attributable to the contribution from acquisitions, disposals and closures and the favourable exchange rate effect. Excluding the exchange rate effect, the net effect of acquisitions, disposals and closures and the unfavourable impact of the stock-based compensation expense, adjusted operating earnings would have increased by $5.1 million as a result of the solid performance achieved by our operations.

Adjusted net earnings applicable to participating shares increased 13.4%, from $164.7 million, or $2.11 per share, to $186.7 million, or $2.39 per share. Excluding the unfavourable impact of the stock-based compensation expense, adjusted net earnings applicable to participating shares would have increased by 16.8% due to the solid performance achieved by our operations. Net earnings applicable to participating shares increased from $105.1 million, or $1.35 per share, to $262.6 million, or $3.36 per share. This increase stems mainly from the growth in adjusted operating earnings, a favourable adjustment to deferred income taxes in the United States, a decrease in restructuring and other costs (revenues), a gain on the sale of the consumer magazine publishing activities and a reduction in the asset impairment charge.

For more detailed financial information, please see *Management's Discussion and Analysis for the fiscal year ended October 31st, 2015* as well as the financial statements in the "Investors" section of our website at www.tc.tc

Subsequent Events

Conclusion of an agreement in principle with The Globe and Mail Inc.
On December 7, 2015, the Corporation concluded an agreement in principle with The Globe and Mail Inc. relating to the printing of *The Globe and Mail* newspaper. The Corporation will receive shortly a single payment of $31.0 million to compensate for price reductions on future services for the remainder of the contract. The amount received will be recorded as deferred revenues and recognized in revenues over the next years.

Change in Senior Management
Ted Markle, President of TC Media, will leave the Corporation on December, 31st 2015. Mr. Markle has made this decision after a personal reflection where he plans to embark on a new stage in his career and take on new professional challenges. We have developed seasoned leaders who have the experience and competencies to take on additional responsibilities as a result of this departure. The Corporation wishes to thank Mr. Markle for his many contributions over the years.

Outlook 2016

During fiscal 2015, with the exception of the loss of certain customers, our flyer printing volume remained stable, and we expect this trend to continue in fiscal 2016. In addition, we will continue to develop our point-of-purchase marketing product offering for retailers, and the non-recurring printing contract for the Canadian census will also have a positive impact. However, we are expecting a decrease in newspaper printing volume as a result of the digital shift made by certain publishers; on the other hand, we will be pursuing our efforts to integrate new publishers. Lastly, we will continue with our optimization initiatives to offset the effect of the transformation of the printing industry.

We will continue executing our diversification strategy into flexible packaging. Within our existing operations, we will complete the integration of Ultra Flex Packaging to realize certain synergies and to benefit from a national sales force that will help us grow our revenues. Lastly, we will maintain our disciplined acquisition approach in this promising market in order to invest in quality assets that meet our strategic criteria.

Within the Media Sector, we will continue growing our strategic and profitable digital products, while adapting our cost structure in order to mitigate the effect of the difficult advertising market conditions that will persist.

Our significant cash flows and our excellent financial health should permit us to continue our transformation, as part of which we expect to continue incurring approximately $75 million in capital expenditures during fiscal 2016. Finally, we will continue to build the foundations of our Packaging Division while maximizing our printing operations and strengthening our Media Sector.

Reconciliation of Non-IFRS Financial Measures

Financial data have been prepared in conformity with IFRS. However, certain measures used in this press release do not have any standardized meaning under IFRS and could be calculated differently by other companies. We believe that many readers analyze our results based on certain non-IFRS financial measures because such measures are more appropriate for evaluating the Corporation's operating performance. Internally, management uses such non-IFRS financial information as an indicator of business performance, and evaluates management's effectiveness with specific reference to these indicators. These measures should be considered in addition to, not as a substitute for or superior to, measures of financial performance prepared in accordance with IFRS.

The following table reconciles IFRS financial measures to non-IFRS financial measures.

(in millions of dollars, except per share amounts)	Three months ended October 31 **2015**	2014	For fiscal years ended October 31 **2015**	2014
Net earnings applicable to participating shares	**$ 100.2**	$ 9.0	**$ 262.6**	$ 105.1
Dividends on preferred shares, net of related taxes	**—**	1.7	**—**	6.8
Non-controlling interests	**(0.1)**	0.5	**(0.4)**	0.6
Net earnings from discontinued operations	**3.6**	(2.7)	**(25.6)**	(1.5)
Income taxes	**(34.2)**	12.2	**15.6**	38.5
Share of earnings in interests in joint ventures, net of related taxes	**—**	(0.1)	**(0.3)**	(0.7)
Net financial expenses	**(7.6)**	5.3	**6.2**	19.6
Impairment of assets	**25.6**	45.1	**27.2**	45.8
Restructuring and other costs (revenues)	**0.3**	21.4	**(8.6)**	39.0
Adjusted operating earnings	**$ 87.8**	$ 92.4	**$ 276.7**	$ 253.2
Depreciation and amortization	**26.5**	26.7	**102.0**	100.9
Adjusted operating earnings before depreciation and amortization	**$ 114.3**	$ 119.1	**$ 378.7**	$ 354.1
Net earnings applicable to participating shares	**$ 100.2**	$ 9.0	**$ 262.6**	$ 105.1
Adjustment to deferred income tax assets	**(51.7)**	—	**(51.7)**	(10.0)
Reversal of financial expenses resulting from notices of assessment	**(11.9)**	—	**(11.9)**	—
Net earnings from discontinued operations	**3.6**	(2.7)	**(25.6)**	(1.5)
Impairment of assets (after tax)	**20.8**	41.2	**22.0**	41.7
Restructuring and other costs (revenues) (after tax)	**(0.4)**	16.1	**(8.7)**	29.4
Adjusted net earnings applicable to participating shares	**$ 60.6**	$ 63.6	**$ 186.7**	$ 164.7
Weighted average number of participating shares outstanding	**78.1**	78.0	**78.1**	78.0
Adjusted net earnings applicable to participating shares per share	**$ 0.78**	$ 0.81	**$ 2.39**	$ 2.11

	As at October 31, 2015	As at October 31, 2014
Long-term debt	**$ 347.7**	$ 358.7
Current portion of long-term debt	**36.4**	118.1
Cash	**(38.6)**	(35.2)
Net indebtedness	**$ 345.5**	$ 441.6
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$ 378.7**	$ 354.1
Net indebtedness ratio	**0.9 x**	1.2 x

Dividend on Participating Shares

The Corporation's Board of Directors declared a quarterly dividend of $0.17 per share on Class A Subordinate Voting Shares and Class B Shares. This dividend is payable on January 20, 2016 to shareholders of record at the close of business on January 4, 2016.

Conference Call

Upon releasing its fiscal 2015 results, the Corporation will hold a conference call for the financial community today at 9:30 a.m. The dial-in numbers are 1 647 788-4922 or 1 877 223-4471. Media may hear the call in listen-in only mode or tune in to the simultaneous audio broadcast on the Corporation's website, which will then be archived for 30 days. For media requests or interviews, please contact Nathalie St-Jean, Senior Advisor, Corporate Communications of TC Transcontinental, at 514-954-3581.

Profile

Canada's largest printer, with operations in print and digital media, flexible packaging and publishing, TC Transcontinental's mission is to create products and services that allow businesses to attract, reach and retain their target customers.

Respect, teamwork, performance and innovation are strong values held by the Corporation and its commitment to all stakeholders is to pursue its business and philanthropic activities in a responsible manner.

Transcontinental Inc. (TSX: TCL.A TCL.B), known as TC Transcontinental, has over 8,000 employees in Canada and the United States, and revenues of C$2.0 billion in 2015. Website www.tc.tc

Forward-looking Statements

Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. Forward-looking statements may include observations concerning the Corporation's objectives, strategy, anticipated financial results and business outlook. The Corporation's future performance may also be affected by a number of factors, many of which are beyond the Corporation's will or control. These factors include, but are not limited to, the economic situation in the world and particularly in Canada and the United States, structural changes in the industries in which the Corporation operates, the exchange rate, availability of capital, energy costs, competition, the Corporation's capacity to engage in strategic transactions and integrate acquisitions into its activities, the regulatory environment, the safety of its packaging products used in the food industry, innovation of its offering and concentration of its sales in certain segments. The main risks, uncertainties and factors that could influence actual results are described in *Management's Discussion and Analysis (MD&A) for the fiscal year ended on October 31st, 2015* and in the latest *Annual Information Form*.

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of nonrecurring or other unusual items, nor of divestitures, business combinations, mergers or acquisitions which may be announced after the date of December 7, 2015.

The forward-looking statements in this press release are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation.

The forward-looking statements in this release are based on current expectations and information available as at December 7, 2015. Such forward-looking information may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended October 31, 2015

The purpose of this Management's Discussion and Analysis is to explain management's point of view on the past performance and future outlook of Transcontinental Inc. More specifically, it is designed to give the reader a better understanding of our development strategy, performance in relation to objectives, future expectations and how Management addresses risk and manages financial resources. This report also provides information to improve the reader's understanding of the consolidated financial statements and related notes.

In this document, unless otherwise indicated, all financial data are prepared in accordance with International Financial Reporting Standards (IFRS). The term "dollar," as well as the symbol "$" designate Canadian dollars, unless otherwise indicated. In this Management's Discussion and Analysis we also use non-IFRS financial measures. Please refer to table #6 in the section of this report entitled "Reconciliation of Non-IFRS Financial Measures" for a complete description of these measures. This report should be read in conjunction with the information presented in the consolidated financial statements for the fiscal year ended October 31, 2015. Additional information about the Corporation, including its Annual Report and Annual Information Form, may also be obtained on SEDAR at www.sedar.com.

To facilitate the reading of this report, the terms "TC Transcontinental," "Corporation," "we," "our" and "us" all refer to Transcontinental Inc. together with its subsidiaries and joint ventures.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS
Our public communications often contain oral or written forward-looking statements which are based on the expectations of Management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. These forward-looking statements include, among others, statements with respect to our medium-term objectives, our outlook, our strategies to achieve these objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "assumptions", "strategy", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "objective", the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Such forward-looking statements may also include observations concerning the Corporation's anticipated financial results and business outlooks and the economies in which it operates. The Corporation's future performance may also be affected by a number of factors, many of which are beyond the Corporation's will or control. The main risks, uncertainties and factors that could influence actual results are described in the Management's Discussion and Analysis for the fiscal year ended October 31, 2015 and in the Annual Information Form. We caution that the table appearing on the following page regarding the Corporation's forward-looking statements is not exhaustive, and investors relying on it to make decisions with respect to Transcontinental Inc. should consider the related assumptions and risk factors.

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of divestitures, business combinations, mergers or acquisitions which may be announced after the date of December 7, 2015.

These forward-looking statements are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation.

The forward-looking statements in this Management's Discussion and Analysis are based on current expectations and information available as at December 7, 2015. Such forward-looking statements may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's Management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

SUMMARY OF FORWARD-LOOKING STATEMENTS

Forward-looking Statements	Assumptions	Risk Factors
Continuing ability to generate cash.	- Lower spending on print media advertising will continue to affect both our sectors. - The Corporation's ability to control its costs. - The impact of our commercial agreements will be as expected. - Stable level of competition in the markets in which we operate. - Moderate growth rate of the North American economy.	- The impact of new media and the corresponding shift of advertising revenues to new platforms. - Our ability to continually improve our operational efficiency. - Significant increase in the price of our raw materials and inputs. - The renegotiation of commercial printing agreements with some of our major customers could lead to lower operating earnings despite long-term agreements.
Estimated increase in adjusted operating earnings before depreciation and amortization following the acquisition of Ultra Flex Packaging.	- We will be able to retain key employees in order to facilitate the integration of this acquisition. - Ability to apply our manufacturing expertise to maintain operational efficiency. - Ability to develop new business opportunities to ensure the growth of our investment.	- The expected increase in sales and adjusted operating earnings before depreciation and amortization could take longer to realize than anticipated.

DEFINITION OF TERMS USED IN THIS MANAGEMENT REPORT

To make it easier to read this report, some terms have been shortened. The following are the full definitions of the shortened terms used in this report:

Terms Used	Definitions
Net indebtedness	Total of long-term debt plus current portion of long-term debt less cash
Net indebtedness ratio	Net indebtedness divided by the last 12 months' adjusted operating earnings before depreciation and amortization
Net earnings applicable to participating shares	Net earnings attributable to shareholders of the Corporation less dividends on preferred shares
Adjusted net earnings applicable to participating shares	Net earnings applicable to participating shares, before restructuring and other costs (revenues) (net of related income taxes), impairment of assets (net of related income taxes), adjustment to deferred income tax assets, reversal of financial expenses resulting from notices of assessment and net earnings from discontinued operations
Adjusted operating earnings	Operating earnings before restructuring and other costs (revenues) and impairment of assets
Adjusted operating earnings before depreciation and amortization	Operating earnings before depreciation and amortization, restructuring and other costs (revenues), as well as impairment of assets

PROFILE OF TC TRANSCONTINENTAL

Canada's largest printer, with operations in print and digital media, flexible packaging and publishing, TC Transcontinental's mission is to create products and services that allow businesses to attract, reach and retain their target customers.

Respect, teamwork, performance and innovation are strong values held by the Corporation and its commitment to all stakeholders is to pursue its business and philanthropic activities in a responsible manner.

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Printing & Packaging Sector

TC Transcontinental Printing is the third-largest printer in North America and has the most comprehensive state-of-the-art print network in Canada. Over 4,000 employees provide innovative print solutions in retail flyers, magazines, newspapers and colour books, as well as personalized and mass marketing products, including point-of-purchase materials, meeting the needs of both marketers and publishers.

TC Transcontinental Packaging offers an array of flexible packaging products and premedia services in many markets, including the food product and beverage industries. This division has over 500 employees working in four entities in Canada and the United States.

Media Sector

TC Media is a leading provider of media and interactive marketing solutions in Canada, employing nearly 3,000 people. The sector reaches most Canadian consumers through a wide range of print and digital publishing products in French and English: newspapers, educational books, consumer magazines, trade publications, retail promotional content, mass and personalized marketing, mobile and interactive applications and geotargeted door-to-door and digital distribution services.

PREAMBLE

This Management's Discussion and Analysis addresses the evolution of our activities and results excluding our consumer magazine publishing activities, which were sold during the fiscal year and are now presented as discontinued operations in the Corporation's financial statements, with the exception of the net earnings applicable to participating shares and net assets as at October 31, 2014.

HIGHLIGHTS OF FISCAL 2015

- Revenues increased by $11.8 million, or 0.6%, from $1,990.4 million in 2014 to $2,002.2 million in fiscal 2015.
- Adjusted operating earnings rose by $23.5 million, or 9.3%, from $253.2 million in 2014 to $276.7 million in 2015.
- Adjusted net earnings applicable to participating shares increased by $22.0 million, or 13.4%, from $164.7 million in 2014 to $186.7 million in 2015.
- Net indebtedness decreased by $96.1 million, from $441.6 million as at October 31, 2014 to $345.5 million as at October 31, 2015. The Corporation's net indebtedness ratio also decreased from 1.2x as at October 31, 2014 to 0.9x as at October 31, 2015.
- On March 16, 2015, the Board of Directors approved a 6.25% increase in the dividend per participating share to $0.68 per year.
- On April 12, 2015, the Corporation completed the sale of its consumer magazines.
- On September 30, 2015, the Corporation completed the acquisition of Ultra Flex Packaging Corp., a supplier of flexible packaging located in Brooklyn, New York.
- The Corporation obtained new contracts in the Printing & Packaging Sector valued at over $30 million, on an annualized basis.

STRATEGY

TC Transcontinental’s growth strategy is shaped by four basic principles:

1. Be the leader in the markets served.
2. Establish a competitive advantage.
3. Maintain a disciplined approach to acquisitions and financial management aimed at generating profits and recurring cash flows.
4. Build a loyal clientele.

Over time, the Corporation has developed solid expertise in manufacturing and the creation, organization and distribution of print and digital content. It has successfully cultivated long-term business relationships, particularly with the major retailers who account for close to half the company’s revenues.

Market Forces

The ongoing transformation in media and marketing has had a profound impact on the entire print and publishing industry. Print products remain a key component of the media mix used by marketers, but their growth is limited by the increasing emphasis placed by them on new media and communication platforms such as mobile devices and digital channels. The printers who will emerge from this evolving market are those who acquire advanced technologies in order to reduce their production costs, who offer a national network that brings them close to their customers, and who provide a comprehensive set of integrated solutions.

In addition, certain macroeconomic factors, including the evolution of technology and communication platforms, and the globalization of markets have an impact on our operations. Together, these new trends influence the demands and expectations of customers, encouraging them to explore the personalized marketing, new platforms and integrated services offered by their suppliers. The Corporation plans to take advantage of these trends, especially in the market segments where it has a competitive advantage and can leverage its core expertise.

Avenues of Growth

TC Transcontinental has always sought to grow by introducing innovative products and services and by making strategic acquisitions. The primary factors in its success have been listening to the needs of its customers and accompanying them in their own development. The Corporation plans to continue on this path by implementing a development plan that is designed to strengthen and maintain its leading position in its core operations, and to leverage its manufacturing skills and know-how to build a new avenue of growth in the packaging industry.

The Corporation's plan is built around three objectives:

Maximize Print

TC Transcontinental ensures the profitability of its print activities by maximizing the use of its state of the art national print platform to drive efficiencies for the Corporation and its customers and by focusing on specific niches, such as retail flyer printing.

Grow the Packaging Division

TC Transcontinental plans to diversify its offering by establishing a significant foothold in the flexible packaging industry. The goal is to increase market share, through both acquisitions and internal growth, with multilayer film products, mainly in the food and beverage industries.

Strengthen the Media Offering and Build Digital

The Corporation continues to strengthen its digital offering in the Media Sector, while also focusing its efforts on the local advertising market, interactive marketing solutions, including graphic content services, professional and business information and educational content. The sector aims to attract a growing number of audiences for the benefit of advertisers who want to promote their products and services through targeted marketing.

ANALYSIS OF CONSOLIDATED RESULTS - FISCAL YEAR

(unaudited)

Table #1:

(in millions of dollars)	Revenues	%	Adjusted operating earnings	%	Net earnings applicable to participating shares
For fiscal 2014	**$ 1,990.4**		**$ 253.2**		**$ 105.1**
Acquisitions/disposals and closures	63.3	3.2 %	15.3	6.0 %	8.3
Existing operations					
Exchange rate effect	29.3	1.5 %	10.9	4.3 %	8.3
Organic growth (negative)	(80.8)	(4.1) %	(2.7)	(1.1) %	0.1
Restructuring and other costs (revenues)					38.1
Impairment of assets					19.7
Reversal of financial expenses resulting from notices of assessment					11.9
Adjustment to deferred income tax assets					41.7
Redemption of preferred shares					5.3
Discontinued operations					24.1
For fiscal 2015	**$ 2,002.2**	**0.6 %**	**$ 276.7**	**9.3 %**	**$ 262.6**

Revenues

Revenues were up $11.8 million, or 0.6%, from $1,990.4 million in 2014 to $2,002.2 million in 2015. This change is due to the following factors:

- The impact of our acquisitions in the flexible packaging industry and the purchase of the weekly newspapers in Quebec, partially offset by the sale of a printing plant in the United States in 2014, explains the increase of $63.3 million, or 3.2%, related to our acquisitions/disposals and closures.
- Revenues from existing operations, excluding the positive exchange rate effect of $29.3 million, were down $80.8 million, or 4.1%, primarily due to lower advertising spending by our customers in both our operating sectors. In addition, the loss of certain customers in our flyer printing and distribution operations was partially offset by new agreements in several of our niches.

Adjusted operating earnings

Adjusted operating earnings increased 9.3%, from $253.2 million in 2014 to $276.7 million in fiscal 2015. This change is due to the following factors:

- The net effect of acquisitions/disposals and closures raised adjusted operating earnings by $15.3 million, or 6.0%, principally due to the contribution from the acquisition of Capri Packaging and the acquisition of weekly newspapers in Quebec.
- Excluding the exchange rate effect and the unfavourable impact of $7.8 million related to the stock-based compensation expense, adjusted operating earnings from existing operations rose $5.1 million, mostly as a result of cost structure optimization initiatives, which offset the decrease in our revenues.

Restructuring and Other Costs (Revenues)

Restructuring and other costs (revenues) decreased by $47.6 million ($38.1 million after tax) compared to the prior year. In fiscal 2015, a revenue of $8.6 million ($8.7 million after tax) was accounted for separately on the Consolidated Statement of Income as restructuring and other costs (revenues) compared to an expense of $39.0 million ($29.4 million after tax) in 2014. This decrease is mostly attributable to a $22.6 million reversal of the provision for multi-employer pension plans, lower expenses related to cost optimization and reduction initiatives and gains of $7.6 million on the sale of buildings.

Impairment of Assets

An asset impairment charge of $27.2 million ($22.0 million after tax) was recorded in fiscal 2015 compared to $45.8 million ($41.7 million after tax) in 2014, a decrease of $18.6 million ($19.7 million after tax) from the prior year. In fiscal 2015, a goodwill write-off of $8.3 million was recognized in the Media Sector's Digital Solutions Group due to a decrease in activities. In addition, an impairment charge of $12.8 million was recorded related to the trade names of our weekly newspapers outside Quebec, mainly as a result of the decrease in advertising revenues. The remainder of the impairment charge for 2015 is mostly related to machinery and equipment that was no longer in use. These impairment charges have no impact on the Corporation's cash or compliance with debt covenants.

Net Financial Expenses

Net financial expenses decreased by $13.4 million in fiscal 2015, from $19.6 million in 2014 to $6.2 million in 2015. The decrease stems mainly from an agreement with tax authorities that led to the reversal of net financial expenses of $11.9 million related to interest recognized during the year ended October 31, 2012 as a result of notices of assessment. As a result of this agreement, the Corporation will receive a refund of approximately $9.0 million in the next year fiscal year. Excluding this adjustment, financial expenses were down $1.5 million, primarily due to excess cash flows from operations and a lower weighted average interest rate in 2015, partially offset by the impact of the cash outflows related to our recent acquisitions and the redemption of preferred shares.

Income Taxes

Income taxes were down $22.9 million, from $38.5 million in fiscal 2014 to $15.6 million in fiscal 2015. This decrease stems mainly from a $51.7 million favourable adjustment to deferred income tax assets in the United States recorded in the fourth quarter of 2015 as a result of the recognition of the tax effect of losses following the acquisition of Ultra Flex Packaging, partially offset by an increase in earnings before share of net earnings in interests in joint ventures and income taxes.

Excluding income taxes on restructuring and other costs (revenues), the impairment of assets, as well as the adjustment to deferred income tax assets, income taxes would have amounted to $72.6 million in fiscal 2015, for a tax rate of 28.1%, compared to $62.2 million, or 26.6%, in fiscal 2014. The higher tax rate stems mainly from the positive impact of assessments related to prior years that were recorded in 2014.

Redemption of Preferred Shares

The redemption of four million preferred shares bearing a quarterly dividend of $0.4253 during the fourth quarter of 2014 explains an increase in net earnings applicable to participating shares of $5.3 million, net of after-tax financial expenses.

Discontinued Operations

Net earnings from discontinued operations of $25.6 million were recorded in fiscal 2015, compared to a net loss of $1.5 million in fiscal 2014. The consumer magazine publishing activities generated net earnings of $1.5 million in 2014 compared to a net loss of $2.9 million in 2015. The increase in net earnings from discontinued operations is therefore attributable to a gain on the sale of the consumer magazine publishing activities of $28.5 million, net of related taxes.

Net Earnings Applicable to Participating Shares

Net earnings applicable to participating shares rose from $105.1 million in fiscal 2014 to $262.6 million in fiscal 2015. The improvement is primarily due to an increase in our adjusted operating earnings, a favourable adjustment to deferred income tax assets in the United States, a reduction in our restructuring and other costs (revenues), a gain on the sale of the consumer magazine publishing activities and a decrease in the impairment of assets. On a per share basis, net earnings applicable to participating shares improved from $1.35 to $3.36.

Adjusted net earnings applicable to participating shares increased by $22.0 million, or 13.4%, from $164.7 million in fiscal 2014 to $186.7 million in fiscal 2015, principally as a result of the increase in our adjusted operating earnings. On a per share basis, it increased from $2.11 to $2.39.

ANALYSIS OF SECTOR RESULTS - FISCAL YEAR

(unaudited)

Table #2:

(in millions of dollars)	Printing & Packaging Sector	Media Sector	Head office and Inter-Segment Eliminations	Consolidated results
Revenues - Fiscal 2014	**$ 1,452.0**	**$ 590.6**	**(52.2)**	**$ 1,990.4**
Acquisitions/disposals and closures	47.7	15.6	—	63.3
Existing operations				
Exchange rate effect	28.3	1.0	—	29.3
Organic growth (negative)	(50.4)	(32.3)	1.9	(80.8)
Revenues - Fiscal 2015	**$ 1,477.6**	**$ 574.9**	**$ (50.3)**	**$ 2,002.2**
Adjusted operating earnings - Fiscal 2014	**$ 234.9**	**$ 41.4**	**$ (23.1)**	**$ 253.2**
Acquisitions/disposals and closures	7.7	7.6	—	15.3
Existing operations				
Exchange rate effect	10.9	—	—	10.9
Organic growth (negative)	5.6	1.5	(9.8)	(2.7)
Adjusted operating earnings - Fiscal 2015	**$ 259.1**	**$ 50.5**	**$ (32.9)**	**$ 276.7**

The Corporation made changes to its organizational structure. The impact of these changes on segmented reporting is minor. Accordingly, certain comparative figures were reclassified to reflect these changes.

In this section, Management deems it appropriate to use adjusted operating earnings to evaluate the financial performance of its operating sectors.

Printing & Packaging Sector

Printing & Packaging Sector revenues increased by 1.8%, or $25.6 million, from $1,452.0 million in 2014 to $1,477.6 million in 2015. The $47.7 million impact of acquisitions/disposals and closures is mostly attributable to the additional revenues generated during the first two quarters of 2015 by the acquisition of Capri Packaging and, to a lesser extent, the contribution of Ultra Flex Packaging since September 30, 2015. These amounts were partially offset by the sale of a printing plant in the United States that had generated revenues of $9.9 million in the first quarter of 2014. The decrease in existing operations, excluding the positive exchange rate effect of $28.3 million, is primarily due to the flyer printing operations, which were affected by the loss of a US customer and a Canadian retailer early in the year. Furthermore, the printing operations in the other niches are still affected by a reduction in advertising spending and by the transformation of print media, partially offset by the signing of new agreements and the progression of our point-of-purchase marketing product offering.

Adjusted operating earnings were up $24.2 million, or 10.3%, from $234.9 million in 2014 to $259.1 million in 2015. The adjusted operating earnings margin was also up, from 16.2% in 2014 to 17.5% in fiscal 2015. The impact of $7.7 million related to our acquisitions/disposals and closures is mainly due to the acquisition of Capri Packaging. With respect to existing operations, excluding the positive exchange rate effect, our continued operational initiatives offset the decrease in revenues.

Media Sector

Media Sector revenues were down 2.7%, or $15.7 million, from $590.6 million in 2014 to $574.9 million in fiscal 2015. The positive impact of the acquisition of weekly newspapers in Quebec (net of disposals and closures) partially offset the decline in advertising revenues that continues to affect our activities.

Adjusted operating earnings increased by $9.1 million, or 22.0%, from $41.4 million in 2014 to $50.5 million in fiscal 2015. This increase is mainly attributable to the contribution from the acquisitions of weekly newspapers and the impact of the closure of unprofitable publications as well as cost reduction initiatives, which offset the decline in revenues noted above. The sector's adjusted operating margin rose from 7.0% in 2014 to 8.8% in fiscal 2015.

Head Office and Inter-Segment Eliminations

Eliminations of inter-segment revenues went from -$52.2 million in 2014 to -$50.3 million in fiscal 2015. Adjusted operating earnings went from -$23.1 million in 2014 to -$32.9 million in fiscal 2015, primarily due to an additional stock-based compensation expense of $7.8 million resulting from the change in the share price in 2015 compared to 2014. During fiscal 2015, the share price rose by over 30% while in fiscal 2014, it decreased by close to 8%, which led to a significant increase in the 2015 expense compared to a decrease in 2014.

ANALYSIS OF CONSOLIDATED RESULTS – FOURTH QUARTER

(unaudited)

Table #3:

(in millions of dollars)	Revenues	%	Adjusted operating earnings	%	Net earnings applicable to participating shares
Fourth quarter of 2014	**$ 548.2**		**$ 92.4**		**$ 9.0**
Acquisitions/disposals and closures	4.6	0.8 %	0.1	0.1 %	0.2
Existing operations					
Exchange rate effect	11.7	2.1 %	3.2	3.4 %	2.1
Organic growth (negative)	(24.4)	(4.4) %	(7.9)	(8.5) %	(6.7)
Restructuring and other costs (revenues)					16.5
Impairment of assets					20.4
Reversal of financial expenses resulting from notices of assessment					11.9
Adjustment to deferred income tax assets					51.7
Redemption of preferred shares					1.4
Discontinued operations					(6.3)
Fourth quarter of 2015	**$ 540.1**	**(1.5) %**	**$ 87.8**	**(5.0) %**	**$ 100.2**

Revenues

Revenues decreased by $8.1 million, or 1.5%, from $548.2 million in the fourth quarter of 2014 to $540.1 million in the fourth quarter of 2015. This change is due to the following factors:

- Revenues from existing operations, excluding the exchange rate effect, were down $24.4 million, in particular due to the transformation of the printing and media industries that affected both our operating sectors. With the exception of the loss of a US customer and a Canadian retailer early in the year, the volume of our flyer printing operations was stable. In the Media Sector, our existing operations were down mainly as a result of a decline in advertising revenues, despite an increase in digital revenues in the affected niches.

- The net effect of acquisitions/disposals and closures resulted in a $4.6 million increase in revenues, mainly due to the contribution to revenues from the acquisition of Ultra Flex Packaging since September 30, 2015, partially offset by the disposals and closures of weekly newspapers is Quebec.

Adjusted operating earnings

Adjusted operating earnings decreased by $4.6 million, or 5.0%, from $92.4 million in the fourth quarter of 2014 to $87.8 million in the fourth quarter of 2015. This change is due to the following factors:

- Adjusted operating earnings from existing operations, excluding the exchange rate effect, were down $7.9 million. Excluding the unfavourable impact of $6.2 million related to the stock-based compensation expense, adjusted operating earnings from existing operations would have decreased by only $1.7 million, mainly as a result of cost structure reduction and optimization initiatives, which offset most of the decline in revenues.

- The net effect of acquisitions/disposals and closures translated into an increase of $0.1 million. With respect to acquisitions, the adjusted operating earnings of Ultra Flex Packaging for October were -$0.1 million, which includes adjustments of $1.0 million related to the accounting for this acquisition. In addition, the closure of certain unprofitable weekly newspapers in Quebec had a positive impact of $0.2 million during the fourth quarter.

Restructuring and Other Costs (Revenues)

Restructuring and other costs (revenues) decreased by $21.1 million ($16.5 million after tax) compared to the prior year. In the fourth quarter of 2015, an amount of $0.3 million (-$0.4 million after tax) was accounted for separately on the Consolidated Statement of Income as restructuring and other costs (revenues) compared to an amount of $21.4 million ($16.1 million after tax) in 2014. This decrease is mainly attributable to a reduction in the expense related to workforce optimization and reduction initiatives. In addition, in 2015, we recorded an expense of $2.1 million with respect to acquisition projects in our Printing & Packaging Sector, which was more than offset by a decrease in the provision for long-term disability plans.

Impairment of Assets

In the fourth quarter of 2015, an asset impairment charge of $25.6 million ($20.8 million after tax) was recorded, compared to $45.1 million ($41.2 million after tax) in the fourth quarter of 2014, a decrease of $19.5 million ($20.4 million after tax). In the fourth quarter of 2015, a goodwill write-off of $8.3 million was recognized in the Media Sector's Digital Solutions Group due to a decrease in activities. In addition, an impairment charge of $12.8 million was recorded related to the trade names of our weekly newspapers outside Quebec, mainly as a result of the decrease in advertising revenues. The remainder of the impairment charge for the fourth quarter of 2015 is mostly related to machinery and equipment that is no longer in use. These impairment charges had no impact on the Corporation's cash or compliance with debt covenants.

Net Financial Expenses

Net financial expenses were down $12.9 million, from $5.3 million in 2014 to -$7.6 million in 2015. This decrease stems mainly from an agreement with tax authorities that led to the reversal of net financial expenses of $11.9 million related to interest recognized during the year ended October 31, 2012 as a result of notices of assessment. As a result of this agreement, the Corporation will receive a refund of approximately $9.0 million in the next year fiscal year. Excluding this amount, financial expenses were down $1.0 million, primarily due to cash flows from operations that allowed us to reduce our indebtedness levels and a lower weighted average interest rate in 2015.

Income taxes

Income taxes went from $12.2 million in the fourth quarter of 2014 to -$34.2 million in the fourth quarter of 2015. This decrease stems mainly from a $51.7 million favourable adjustment to deferred income tax assets in the United States recorded in the fourth quarter of 2015 as a result of the recognition of the tax effect of losses following the acquisition of Ultra Flex Packaging, partially offset by an increase in earnings before share of net earnings in interests in joint ventures and income taxes.

Excluding income taxes on restructuring and other costs (revenues), the impairment of assets, as well as the adjustment to deferred income tax assets, income taxes would have amounted to $21.4 million in the fourth quarter of 2015, for a tax rate of 24.6%, compared to $23.0 million, or 27.5%, in the fourth quarter of 2014. The higher tax rate stems mainly from the positive impact of assessments related to prior years that were recorded in the fourth quarter of 2014.

Redemption of Preferred Shares

The redemption of four million preferred shares bearing a quarterly dividend of $0.4253 during the fourth quarter of 2014 explains an increase in net earnings applicable to participating shares of $1.4 million, net of financial expenses and related taxes.

Discontinued Operations

A net loss from discontinued operations of $3.6 million was recorded in the fourth quarter of 2015, primarily as a result of an adjustment to the preliminary calculation of the gain on the sale of consumer magazines. In the fourth quarter of 2014, we had recorded net earnings of $2.7 million related to the operating activities of our discontinued operations.

Net Earnings Applicable to Participating Shares

Net earnings applicable to participating shares increased from $9.0 million in the fourth quarter of 2014 to $100.2 million in the fourth quarter of 2015. This change is mostly due to a favourable adjustment of $51.7 million to deferred income tax assets in the United States. In addition, this increase in net earnings is also attributable to a reduction in the asset impairment charge and a decrease in restructuring and other costs (revenues). On a per share basis, net earnings applicable to participating shares increased from $0.12 to $1.28.

Adjusted net earnings applicable to participating shares decreased by $3.0 million, or 4.7%, from $63.6 million in the fourth quarter of 2014 to $60.6 million in the fourth quarter of 2015. On a per share basis, it decreased from $0.81 to $0.78.

ANALYSIS OF SECTOR RESULTS – FOURTH QUARTER

(unaudited)

Table #4:

(in millions of dollars)	Printing & Packaging Sector	Media Sector	Head office and Inter-Segment Eliminations	Consolidated results
Revenues - Fourth quarter of 2014	**$ 396.6**	**$ 165.1**	**$ (13.5)**	**$ 548.2**
Acquisitions/disposals and closures	7.7	(3.1)	—	4.6
Existing operations				
Exchange rate effect	11.2	0.5	—	11.7
Organic growth (negative)	(15.0)	(10.3)	0.9	(24.4)
Revenues - Fourth quarter of 2015	**$ 400.5**	**$ 152.2**	**$ (12.6)**	**$ 540.1**
Adjusted operating earnings - Fourth quarter of 2014	**$ 77.4**	**$ 22.7**	**$ (7.7)**	**$ 92.4**
Acquisitions/disposals and closures	(0.1)	0.2	—	0.1
Existing operations				
Exchange rate effect	3.2	—	—	3.2
Organic growth (negative)	(1.6)	0.3	(6.6)	(7.9)
Adjusted operating earnings - Fourth quarter of 2015	**$ 78.9**	**$ 23.2**	**$ (14.3)**	**$ 87.8**

The Corporation made changes to its organizational structure. The impact of these changes on segmented reporting is minor. Accordingly, certain comparative figures were reclassified to reflect these changes.

In this section, Management deems it appropriate to use adjusted operating earnings to evaluate the financial performance of its operating sectors.

Printing & Packaging Sector

Printing & Packaging Sector revenues were up $3.9 million, or 1.0%, from $396.6 million in the fourth quarter of 2014 to $400.5 million in the fourth quarter of 2014. The contribution to revenues from the acquisition of Ultra Flex Packaging since September 30, 2015 and the appreciation of the US dollar more than offset the fourth quarter organic decline. Newspaper, magazine and marketing product printing operations are still affected by a reduction in advertising spending, partially offset by the previously announced new contracts and our point-of-purchase marketing product offering, which continued its progression. With the exception of the loss of a US customer and a Canadian retailer early in the year, the volume of our flyer printing operations was stable.

Adjusted operating earnings were up 1.9%, or $1.5 million, from $77.4 million in the fourth quarter of 2014 to $78.9 million in the fourth quarter of 2014. With respect to existing operations, the exchange rate effect and the optimization of our cost structure offset the loss of revenues noted above. The adjusted operating earnings of Ultra Flex Packaging for October were -$0.1 million, which includes adjustments of $1.0 million related to the accounting for this acquisition. The adjusted operating earnings margin rose from 19.5% in the fourth quarter of 2014 to 19.7% in the fourth quarter of 2015.

Media Sector

Media Sector revenues were down $12.9 million, or 7.8%, from $165.1 million in the fourth quarter of 2014 to $152.2 million in the fourth quarter of 2015. With respect to existing operations, advertising revenues continued to decline, despite an increase in digital revenues in the affected niches. In addition, the exit from the Canadian market by a retailer continues to have an impact on distribution operations. The net effect of acquisitions/disposals and closures is mainly related to disposals and closures of weekly newspapers in Quebec.

Adjusted operating earnings were up $0.5 million, or 2.2%, from $22.7 million in the fourth quarter of 2014 to $23.2 million in the fourth quarter of 2015. The adjusted operating margin rose from 13.7% in the fourth quarter of 2014 to 15.2% in 2015. The impact of our cost reduction initiatives and the contribution from disposals/closures of unprofitable weekly newspapers offset the decrease in revenues noted above.

Head office and Inter-Segment Eliminations

Eliminations of inter-segment revenues went from -$13.5 million in the fourth quarter of 2014 to -$12.6 million in the fourth quarter of 2015. Adjusted operating earnings decreased by $6.6 million, from -$7.7 million in the fourth quarter of 2014 to -$14.3 million in 2015. This decrease is primarily due to an additional stock-based compensation expense of $6.2 million resulting from the change in the share price in the fourth quarter of 2015 compared to the prior year. During the fourth quarter of 2015, the share price rose by close to 37% while in the fourth quarter of 2014, it increased by close to 11%, which led to a significant increase in the expense compared to 2014.

SUMMARY OF QUARTERLY RESULTS

(unaudited)

Table #5:

(in millions of dollars, except per share amounts)	2015				2014			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**$ 540.1**	**$ 481.9**	**$ 490.5**	**$ 489.7**	$ 548.2	$ 483.0	$ 477.5	$ 481.7
Adjusted operating earnings before depreciation and amortization	**114.3**	**96.4**	**87.2**	**80.8**	119.1	83.9	79.3	71.8
Adjusted operating earnings margin before depreciation and amortization	**21.2 %**	**20.0 %**	**17.8 %**	**16.5 %**	21.7 %	17.4 %	16.6 %	14.9 %
Adjusted operating earnings	**87.8**	**71.6**	**61.6**	**55.7**	92.4	58.0	55.5	47.3
Adjusted operating earnings margin	**16.3 %**	**14.9 %**	**12.6 %**	**11.4 %**	16.9 %	12.0 %	11.6 %	9.8 %
Net earnings applicable to participating shares	**$ 100.2**	**$ 43.3**	**$ 81.2**	**$ 37.9**	$ 9.0	$ 44.2	$ 34.7	$ 17.2
Per share	**1.28**	**0.55**	**1.04**	**0.49**	0.12	0.56	0.45	0.22
Adjusted net earnings applicable to participating shares	**60.6**	**48.8**	**39.1**	**38.2**	63.6	37.4	34.4	29.3
Per share	**0.78**	**0.62**	**0.50**	**0.49**	0.81	0.48	0.44	0.38
% of fiscal year	**33 %**	**26 %**	**21 %**	**20 %**	38 %	23 %	21 %	18 %

The above table shows changes in our results over the past eight quarters. The acquisition of Capri Packaging, in May 2014, contributed US $82.0 million ($99.3 million) to revenues in 2015 and US$19.5 million ($23.6 million) to adjusted operating earnings before depreciation and amortization. In addition, the acquisition of weekly newspapers in Quebec, in June 2014, and the new contracts in several of our niches offset the decrease in our existing revenues related to the transformation of the printing and publishing industries. The Corporation continually strives to optimize its cost structure and its printing platform, which allows it to improve operating earnings despite the market in which it operates. Lastly, it should be noted that our volume of activity is cyclical, since it is mainly influenced by our customers' marketing spending, which is higher in the fourth quarter.

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES
(unaudited)

Financial data have been prepared in conformity with IFRS. However, certain measures used in this report do not have any standardized meaning under IFRS and could be calculated differently by other companies. We believe that many readers of our management discussion & analysis analyze our results based on certain non-IFRS financial measures because such measures are normalized for evaluating the Corporation's operating performance. Management uses such non-IFRS financial information to evaluate the performance of its operations and managers. These measures should be considered in addition to, not as a substitute for or superior to, measures of financial performance prepared in accordance with IFRS. The following table reconciles IFRS financial measures to non-IFRS financial measures.

Table #6:

	Three months ended October 31		For fiscal years ended October 31	
(in millions of dollars, except per share amounts)	**2015**	2014	**2015**	2014
Net earnings applicable to participating shares	**$ 100.2**	$ 9.0	**$ 262.6**	$ 105.1
Dividends on preferred shares, net of related taxes	**—**	1.7	**—**	6.8
Non-controlling interests	**(0.1)**	0.5	**(0.4)**	0.6
Net earnings from discontinued operations	**3.6**	(2.7)	**(25.6)**	(1.5)
Income taxes	**(34.2)**	12.2	**15.6**	38.5
Share of earnings in interests in joint ventures, net of related taxes	**—**	(0.1)	**(0.3)**	(0.7)
Net financial expenses	**(7.6)**	5.3	**6.2**	19.6
Impairment of assets	**25.6**	45.1	**27.2**	45.8
Restructuring and other costs (revenues)	**0.3**	21.4	**(8.6)**	39.0
Adjusted operating earnings	**$ 87.8**	$ 92.4	**$ 276.7**	$ 253.2
Depreciation and amortization	**26.5**	26.7	**102.0**	100.9
Adjusted operating earnings before depreciation and amortization	**$ 114.3**	$ 119.1	**$ 378.7**	$ 354.1
Net earnings applicable to participating shares	**$ 100.2**	$ 9.0	**$ 262.6**	$ 105.1
Adjustment to deferred income tax assets	**(51.7)**	—	**(51.7)**	(10.0)
Reversal of financial expenses resulting from notices of assessment	**(11.9)**	—	**(11.9)**	—
Net earnings from discontinued operations	**3.6**	(2.7)	**(25.6)**	(1.5)
Impairment of assets (after tax)	**20.8**	41.2	**22.0**	41.7
Restructuring and other costs (revenues) (after tax)	**(0.4)**	16.1	**(8.7)**	29.4
Adjusted net earnings applicable to participating shares	**$ 60.6**	$ 63.6	**$ 186.7**	$ 164.7
Weighted average number of participating shares outstanding	**78.1**	78.0	**78.1**	78.0
Adjusted net earnings applicable to participating shares per share	**$ 0.78**	$ 0.81	**$ 2.39**	$ 2.11

	As at October 31, 2015	As at October 31, 2014
Long-term debt	**$ 347.7**	$ 358.7
Current portion of long-term debt	**36.4**	118.1
Cash	**(38.6)**	(35.2)
Net indebtedness	**$ 345.5**	$ 441.6
Adjusted operating earnings before depreciation and amortization (last 12 months)	**$ 378.7**	$ 354.1
Net indebtedness ratio	**0.9 x**	1.2 x

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES – FISCAL YEAR
(unaudited)

Table #7:

(in millions of dollars)		**2015**		2014
Operating activities				
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid	**$**	**378.8**	$	344.2
Changes in non-cash operating items		**(27.3)**		(4.2)
Income taxes paid		**(62.9)**		(3.5)
Cash flows from continuing operating activities	**$**	**288.6**	$	336.5
Investing activities				
Business combinations, net of acquired cash	**$**	**(100.4)**	$	(225.9)
Business disposals		**2.2**		2.3
Acquisitions of property, plant and equipment		**(64.4)**		(35.1)
Disposals of property, plant and equipment		**21.6**		2.2
Increase in intangible assets		**(22.5)**		(25.8)
Cash flows from investments in continuing operations	**$**	**(163.5)**	$	(282.3)
Financing activities				
Increase in long-term debt	**$**	**—**	$	250.0
Reimbursement of long-term debt		**(77.2)**		(33.3)
Net decrease in credit facility		**(31.1)**		(89.0)
Financial expenses on long-term debt		**(19.3)**		(13.6)
Issuance costs on long-term debt		**—**		(1.8)
Bond forward contract		**—**		(1.5)
Dividends on participating shares		**(52.3)**		(48.8)
Dividends on preferred shares		**—**		(6.8)
Exercise of stock options		**2.1**		—
Participating share redemptions		**(0.7)**		—
Preferred share redemptions		**—**		(100.0)
Cash flows from the financing of continuing operations	**$**	**(178.5)**	$	(44.8)
Financial position		**As at October 31, 2015**		As at October 31, 2014
Net indebtedness	**$**	**345.5**	$	441.6
Net indebtedness ratio		**0.9 x**		1.2 x
Credit rating				
DBRS		**BBB (low)**		BBB (low)
Outlook		**Stable**		Stable
Standard and Poor's		**BBB-**		BBB-
Outlook		**Stable**		Stable
Balance sheet		**As at October 31, 2015**		As at October 31, 2014
Current assets	**$**	**579.3**	$	574.4
Current liabilities		**458.4**		532.1
Total assets		**2,113.5**		2,027.7
Total liabilities		**1,097.2**		1,234.6

Cash Flows from Continuing Operating Activities

Cash flows generated by operating activities before changes in non-cash operating items and income tax paid increased from $344.2 million in 2014 to $378.8 million in fiscal 2015, primarily due to an increase in operating earnings. However, changes in non-cash operating items used $27.3 million in 2015 compared to $4.2 million in 2014. This increase in cash outflows is mostly explained by the $31.0 million received in 2014 from the renegotiation of the agreement with Gesca Ltée to print *La Presse*, which was recorded as deferred revenues. In addition, an increase in our cash outflows related to cost reduction initiatives also explains a portion of the change in non-cash operating items. With respect to income taxes, we paid $3.5 million in fiscal 2014 compared to $62.9 million in 2015 as a result of the use of all the tax losses in our Canadian printing operations. Consequently, cash flows from operations decreased from $336.5 million in 2014 to $288.6 million in 2015.

Cash Flows from Investments in Continuing Operations

Cash flows from investments in continuing operations went from a cash outflow of $282.3 million in 2014 to a cash outflow of $163.5 million in fiscal 2015. This change stems mostly from a decrease of $125.5 million in our cash outflows for business combinations. In 2014, we had disbursed $225.9 million, mainly for the acquisitions of Capri Packaging and the weekly newspapers in Quebec, while in 2015 we disbursed $100.4 million, mostly for the acquisition of Ultra Flex Packaging at the end of September 2015 .

Cash Flows from the Financing of Continuing Operations

Cash flows from the financing of continuing operations went from a cash outflow of $44.8 million in 2014 to a cash outflow of $178.5 million in fiscal 2015. This change is mainly due to our private financing in senior unsecured notes completed in May 2014, which generated proceeds of $250.0 million before issuance costs, partially offset by the redemption of our preferred shares. In 2015, cash flows were used to distribute dividends and reimburse long-term debt, including the second tranche of our Senior Notes Series 2002 A amounting to US$50.0 million.

Debt Instruments

As at October 31, 2015, our net indebtedness ratio stood at 0.9x (1.2x as at October 31, 2014), and net indebtedness decreased from $441.6 million as at October 31, 2014 to $345.5 million as at October 31, 2015, primarily due to excess cash flows from operating activities.

Contractual Obligations and Business Commitments

Table #8:

Contract type (in millions of dollars)		2016		2017		2018		2019		2020 and thereafter		Total	
Long-term debt	$	13.3	$	0.2	$	—	$	300.0	$	73.1	$	386.6	$
Other commitments [1]		24.6		24.5		19.1		15.0		56.4		139.6	
Total commitments	**$**	**37.9**	**$**	**24.7**	**$**	**19.1**	**$**	**315.0**	**$**	**129.5**	**$**	**526.2**	**$**

(1) Mainly office rental contracts

Share Capital

The share repurchase program renewed in April 2014 expired on April 14, 2015. It should be noted that the Corporation did not repurchase any of its shares during this period. The program was renewed for one year, to allow the Corporation to purchase for cancellation on the open market, between April 15, 2015 and April 14, 2016, up to 1,000,000 Class A Subordinate Voting Shares, representing 1.6% of its 63,244,208 issued and outstanding Class A Subordinate Voting Shares as at April 2, 2015, and up to 237,250 Class B Shares, representing 1.6% of its 14,827,916 issued and outstanding Class B Shares as at April 2, 2015. The repurchases are made in the normal course of business at market prices through the facilities of the Toronto Stock Exchange. During the year ended October 31, 2015, the Corporation repurchased 42,300 of its Class A Subordinate Voting Shares at a weighted-average price of $15.59, for a total cash consideration of $0.7 million. No Class B shares were repurchased during fiscal 2015.

The change in Class B Shares during fiscal 2015 is entirely explained by the conversion of 25,400 Class B Shares into Class A Shares. In addition, certain stock options were exercised during the year, which explains an increase of 190,830 in the number of Class A Shares issued and outstanding. For the year ended October 31, 2015, the consideration received was $2.1 million, and an amount of $0.4 million was transferred from contributed surplus to share capital.

Table #9:

Shares Issued and Outstanding	As at October 31, 2015	As at November 30, 2015
Class A (Subordinate Voting Shares)	63,363,281	63,363,281
Class B (Multiple Voting Shares)	14,807,016	14,807,016

ACCOUNTING ESTIMATES

Management is required to formulate estimates and assumptions that affect the amounts reported on the consolidated financial statements. Although management regularly reviews its estimates, actual results may differ. The impact of changes to accounting estimates is recognized in the period during which the change occurs, and in the affected future periods, when applicable. The elements for which important or complex estimates and hypotheses are required are presented in note 2 of the consolidated financial statements for the period ended October 31, 2015.

MODIFICATION OF SIGNIFICANT ACCOUNTING POLICIES

New or amended accounting standards adopted

On November 1, 2014 the Corporation adopted retrospectively IFRIC 21 "Levies". The adoption of this interpretation had no material impact on the consolidated financial statements of the Corporation. Please refer to note 2 of the consolidated financial statements for the period ended October 31, 2015 in order to obtain more information.

New or amended accounting standards not yet adopted

In 2014, the IASB issued IFRS 9, "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and modifications to IFRS 16 "Property, Plant and Equipment" as well as to IAS 38 "Intangible Assets". The Corporation has not yet completed its assessment of the impact of the adoption of these recent pronouncements on its consolidated financial statements. Please refer to note 2 of the consolidated financial statements for the period ended October 31, 2015 in order to obtain more information.

RISKS AND UNCERTAINTIES

The Corporation continually manages its exposure to certain market-related risks in its operations. As a result, Management continually reviews internal controls and preventive measures to ensure they effectively address the significant risks to which the Corporation's operating activities are exposed. A report on its risk management program is presented regularly to the Audit Committee.

Managing the Corporation's risks is a major factor in the decisions taken by Management with regard to acquisitions, capital investments, divestiture of assets, consolidation of plants, or efforts to create synergies among operating sectors. This focus also guides decisions regarding cost reduction measures, product diversification, new market penetration, and certain treasury movements. Below is a list of the main risks the Corporation is exposed to that could have a significant impact on its financial situation and the strategies it is taking to mitigate them.

Strategic Risks

Competition
Competition is based on price, quality of products and services and the range of services offered. Some of the printing niches in which the Corporation operates are highly competitive; in addition, there is increased pressure from US-based competitors. To reduce this risk, the Corporation continually strives to improve operational efficiency while maximizing the use of its most productive equipment. Furthermore, the Corporation continually works on the quality of its products and innovation in its offering.

On the media side, advertisers now have a more diverse selection of media products in which to spend their advertising dollars. These products compete with the Corporation's newspapers, Internet sites and complementary communication platforms for advertising space sales. To mitigate this risk, the Corporation focuses on continuous improvement programs, cost reduction initiatives and developing new digital and print products and services in order to broaden its integrated service offer to businesses.

Competition also has an impact on our flexible packaging operations, because it is impossible to guarantee that the Corporation will be able to compete against packaging companies that are already established in this market, with more resources and experience in this industry. To adapt to consumer needs, the flexible packaging industry continues to evolve with new formats and types of packaging. There is thus a risk that competitors will be able to adapt more quickly to consumer preferences, which would affect our ability to grow in this area. This risk is partially offset by concluding long-term contracts and establishing solid relations with our primary customers. However, our success may still depend on our ability to change with the technology and to make appropriate investments in R&D in order to continue offering satisfactory products.

Lastly, Schreiber Foods, Inc. represents a significant portion of our current revenues in the flexible packaging niche as a result of a long-term contract expiring in 2024, which ensures recurring revenues. However, a decrease in the sales of Schreiber Foods, Inc. could have a negative effect on the operating earnings of our flexible packaging operations.

Transformation of the Industries in which the Corporation Operates
With consumers having rapidly adopted digital communications, we are seeing significant changes in the printing and publishing industries.

Over the past few years, Canadian retailers have experimented with interactive flyers and other digital campaigns. The impact of these initiatives on our flyer printing operations were minimal as flyers remain the primary tool for attracting customers into stores. However, a change in consumers' trends could reduce the volume of flyers printed by the Corporation, which would have a significant impact on our revenues. Our newspaper printing operations also face the risk of a decrease in volume as a result of the effect of new medias. However, we are working to integrate other newspaper publishers into our printing network to offset this loss of volume. In addition, this risk is mitigated by the fact that most of our newspaper printing contracts include clauses that provide for little reduction in the volume of copies.

An increased shift in the number of readers and circulation of our printed products towards digital products could result in a decrease in the financial results of our Media Sector.

The market for interactive marketing solutions is fragmented, competitive and evolving rapidly. With the introduction of new technologies and the influx of new market players, there is a risk that competition could become entrenched and even intensify, which could hinder the Corporation's ability to increase sales and maintain its prices.

Development of Our New Avenue of Growth in the Production of Flexible Packaging Products
Our strategy for growth in this new area is based on developing existing operations and our ability to make strategic acquisitions that will broaden our offering in this niche. Consequently, we are counting on the Corporation's capacity to develop flexible packaging expertise so that we can offer an excellent product to existing and prospective customers. The inability to innovate and/or retain employees who are skilled in this field could affect our ability to expand in this niche quickly enough to offset the anticipated decline in our printing and publishing operations. Furthermore, to grow through acquisitions, we must find interesting opportunities, at a reasonable value, and integrate them effectively into our existing operations. We have adjusted our operational structure and invested in a computer system in order to efficiently expand our operations.

Loss of Reputation
The Corporation currently enjoys a good reputation. The risk of losing or tarnishing this reputation could have an important impact on the business of the Corporation or its stock market valuation. Also, its ability to maintain its existing customer relationships and generate new customers depends greatly on the quality of its services, reputation and business continuity. Dissatisfaction with its services, actions by certain employees, or changes to key employees could lead to a loss of customers. Since its creation, the Corporation has taken important steps to mitigate this risk, mainly by ensuring strong corporate governance and establishing policies, including a Code of Ethics.

Control Held
As at October 31, 2015, Capinabel inc., a company controlled by Rémi Marcoux, directly or indirectly held 16.91% of shares outstanding and 72.71% of voting rights attached to the participating shares outstanding of Transcontinental Inc. Given the controlling stake of this shareholder, it is possible that in some situations the interests of the controlling shareholder might not correspond to the interests of other holders of participating shares of Transcontinental Inc.

Operational Risks

Confidential Information, Privacy and Copyright
This risk involves the use and manipulation of confidential information provided by the Corporation's customers. The potential dissemination of such information to the wrong individuals could cause significant damage to the Corporation's reputation and could result in legal actions. The techniques for stealing confidential information are constantly being refined, which increases the risk that our data could be compromised. In addition, it is possible that a data breach might not be detected quickly enough to limit the scope of the information that could be stolen. To mitigate this risk, various measures to improve prevention and control have been implemented, including a Corporation-wide review of cash receipt and cash disbursement procedures. The requirements imposed by regulators are becoming stricter in this regard, and the Corporation's compliance with such regulations could have a financial impact.

Furthermore, it is possible that some of the Corporation's activities could infringe on the privacy of users and others. On July 1, 2014, Canada's anti-spam legislation came into force. This legislation states that businesses that send commercial electronic messages must obtain the consent of the person to whom the message is sent. It is also possible that some copyright rules could be contravened with the publication of different types of content in the various media used by the Corporation. While it has introduced strict controls in these areas, any breach with respect to the collection, use, disclosure or security of personal information, protection of copyright, or other related confidentiality issues could damage its reputation.

Dependence on Information Systems
The Corporation uses several information technology systems. If these systems were to experience disruptions or breakdowns due to a system crash, power outage, viruses, unauthorized access, human error, sabotage or other such events, it could have a negative effect on the Corporation's operations and earnings. Consumers' confidence in the security of information held and transactions carried out using our online sites and our technology (including via mobile devices) is crucial to maintaining our reputation and our competitiveness on the market.

We mitigate these risks by ensuring that we maintain a quality technology environment on which our internal and external clients can rely. In addition, we periodically assess our computer controls to ensure they comply with standards. The Corporation is also investing in its information system infrastructure to preserve its reliability.

Recruiting and Keeping Talent
Social and demographic trends are making it more challenging to hire and retain qualified personnel. There is a diminishing pool of qualified talent, an increase in professional mobility, an increase in technology use and a high demand for emerging skill sets. There is a risk that the Corporation will have difficulty hiring and retaining qualified personnel. As a result, the Corporation established development plans for high-potential and promotable executives, as part of the ongoing leadership review process. To ensure execution, each senior leader established

specific objectives and committed to provide operational growth opportunities and challenges to further accelerate each person's development. In addition, senior managers are evaluated on their implementation of succession plans for key positions and the Corporation conducts a leadership review to support challenges the organization may face and ensure ongoing identification of successors.

Operational Efficiency

Due to the nature of its markets, the Corporation must continually improve operational efficiency. However, there is no guarantee that the Corporation will be able to do this on an ongoing basis. As well, the need to reduce ongoing operating expenses could result in costs to downsize the workforce, close or consolidate facilities, or upgrade equipment and technology.

Disruptions to Our Operations

The Corporation increasingly concentrates the production of certain products in high-volume plants, which increases the risk of missing production deadlines in the event of a disaster at one of these facilities. Our ability to meet deadlines could also be affected by major equipment failure, human error, labour disruptions resulting from negotiations with unions, transportation problems and supply difficulties. The impact on our results will depend on certain factors, including the nature of the disruption, its duration and the plant affected by the disrupting event. However, the Corporation has implemented contingency plans for all facilities that deliver products on a daily basis and holds insurance policies that could indemnify it against a portion of the costs related to certain disasters.

Regulations

The Corporation is subject to many regulations that may be amended by municipal, provincial or federal authorities. Complying with any changes to these regulations could result in a material increase in costs for the Corporation. The Corporation could have to increase its payroll contributions, increase its workforce and enhance compensation, or invest in raw materials or equipment.

The Corporation benefits from certain government subsidy programs. Any change in the rules for applying these government programs in the future could have a material impact on the Corporation's operating earnings.

Some of the finished products from our flexible packaging operations are used for food packaging, which exposes us to the food industry risks, such as the transfer of foreign bodies into the food and labelling errors. In addition, the finished products manufactured using the Corporation's packaging products could be contaminated by organisms that cause illness, or pathogens, such as the bacteria E. coli, Salmonella and Listeria; the Corporation could thus possibly be involved in a recall of contaminated products, which could expose the Corporation to civil liability claims, to negative publicity, to investigations or to governmental intervention, which would have a material adverse impact on the Corporation's financial position and operating earnings. The Corporation actively manages these risks by utilizing appropriate materials, ensuring that the controls and processes employed in its manufacturing facilities are rigorously monitored, and by maintaining civil liability insurance coverage. Our finished products are also subject to United States governmental regulations through agencies such as the Food and Drug Administration (FDA), which is responsible for protecting the public health by assuring the safety, efficacy and security of food supplies. The Consumer Product Safety Commission (CPSC) also regulates certain packaging products through various laws including the Consumer Product Safety Act and the Poison Prevention Packaging Act. To further mitigate these risks, Capri Packaging recently obtained GMI (Graphic Measures International) certification following a comprehensive evaluation of its manufacturing and control processes across the entire production chain, to ensure consumer confidence.

Integration of Acquisitions and Reorganization

Acquisitions have been and continue to be a key element in the Corporation's growth strategy. However, the integration of acquisitions is always a risk and this risk increases with the size, sector and type of acquisition. Integrating businesses could cause temporary disruptions to operations, make us lose major contracts or affect our personnel retention and our customer relationships. In addition, the identified synergies may not be fully realized or may take longer to realize than originally anticipated. However, to limit this risk, the Corporation relies on strict acquisition criteria as well as experienced due diligence teams and rigorous integration methods.

Environmental Risks

Printing and publishing use large quantities of paper for their day-to-day operations. Consumers and our customers continue to express concern about sustainability and protecting the environment. To mitigate this risk, the Corporation tries to be at the forefront of its industry in terms of commitment to the environment and, in collaboration with its stakeholders, is looking on an ongoing basis to reduce its eco-footprint. However, concern for the environment could lead governments to adopt new regulations on greenhouse gas emissions or soil contamination which could oblige the Corporation to incur additional costs in order to achieve compliance.

Raw Materials and Energy Prices
Paper, ink, film and plates are the primary raw materials used by the Printing & Packaging Sector. These operations consume energy, i.e., electricity, natural gas and oil. Fluctuations in raw materials and energy prices affect these operations. Consequently, the Corporation continues to seek new ways to reduce energy costs.

Certain agreements with our clients provide for sales price indexation based on fluctuations in the price of paper. However, in the short term, the impact on our profits will be influenced by our ability to change the price and increase our operational efficiency to offset the fluctuations in the price of raw materials. In addition, the increase in the price of these raw materials could have a negative effect if it changes the purchasing habits of customers. Lastly, the increase in the price of paper and ink negatively affects the profitability of the Media Sector.

There could also be a supply risk if some of our suppliers experience financial instability. To ensure stable supplies at competitive prices for our Printing & Packaging Sector, we have deliberately consolidated our paper, ink and resin suppliers. However, the Corporation does business with major companies who are well-established in their respective industries, and we always source from more than one supplier in order to ensure a ready supply of our raw materials.

Financial Risks

Economic Cycles
A significant risk that the Corporation faces, and which it can hardly control, is related to economic cycles and difficult market conditions. As well, a significant portion of the Corporation's revenues depends, directly or indirectly, on retailers' advertising budgets. Advertising spending tends to be cyclical as a result of the global economic climate and consumers' buying habits. Furthermore, significant changes, including consolidation in some industries and the migration to digital platforms, are affecting the industries of our principal advertisers, which could have an impact on the products offered by the Corporation.

However, the Corporation believes it mitigates this risk through the very composition of its operations, since a substantial segment of the client base operates in less cyclical markets, such as food. Lastly, because it has implemented a development strategy based on becoming a leader in its niches, the Corporation believes it can limit its exposure to economic cycles without, however, eliminating their occurrence or magnitude.

Availability of Capital and Use of Financial Leverage
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due, or that it will be able to meet them, but at an excessive cost. It should be noted that the Corporation's credit ratings assigned by various agencies have a significant influence on its financing ability. Consequently, the risk is that the Corporation may not be able to raise the necessary capital to meet its financing needs. This risk is however mitigated by the fact that the Corporation is in a very good financial position, with a net indebtedness ratio of 0.9x, and expects to continue generating significant cash flows from operations. Lastly, as at October 31, 2015, an amount of $24.8 million, including letters of credit, was drawn on the $400.0 million revolving credit facility which matures in February 2020.

Interest Rate
The Corporation is exposed to market risks related to interest rate fluctuations. At the end of fiscal 2015, considering the derivative financial instruments used, the fixed rate portion of the Corporation's long-term debt represented 91% of total debt, while the floating rate portion represented 9% (85% and 15%, respectively, as at October 31, 2014). The floating rate portion of the debt, considering the derivative financial instruments used, bears interest at rates based on LIBOR or bankers' acceptance rates. The Corporation tries to keep a good balance of fixed versus floating rate debt, which reduces the impact of a potential increase in interest rates.

Exchange Rate
The depreciation of the Canadian dollar in the last few years increases the value of sales in the United States and creates certain business opportunities, mostly as a result of the fact that the Corporation incurs the majority of its costs in Canadian dollars. In addition, the increase in the value of the US dollar provides the Corporation with some protection against foreign competition. A recovery in the value of the Canadian dollar would have an opposite effect and could therefore have a negative impact on our net earnings. Furthermore, our recent acquisitions in the United States have increased the Corporation's revenues and profits in US dollars. However, to minimize the risks of short-term foreign currency fluctuations, the Corporation has in place a currency hedging program that uses derivatives. Moreover, the Corporation attempts to match cash inflows and outflows in the same currency.

Tax Disputes

Disputes with tax authorities regarding the Corporation's position with respect to certain tax issues could have a material adverse impact on the Corporation and its operations, operating earnings and financial position. In the normal course of the Corporation's business, tax authorities conduct regular audits. In that regard, the Corporation believes that all expenses claimed by the group's business units are reasonable and deductible and that the cost and the capital cost deduction used for the depreciable property of these business units have been calculated correctly. However, there is no guarantee that tax authorities will not dispute these positions. If rulings in such disputes favour the tax authorities, it could have a material adverse impact on the Corporation's financial position and could affect shareholders' returns.

Credit

Certain factors, such as economic conditions and changes within certain industries, could have an impact on the credit risk of certain customers and on our ability to collect in accordance with the established terms of payment. To limit this risk, the Corporation maintains strict controls on credit and senior management reviews the financial health of its customers and applies rigorous evaluation procedures to all new customers. A specific credit limit is established for each customer; the Corporation periodically reviews the limits for major or risk-prone customers. As well, the Corporation is protected against any concentration of credit risk through its products, clientele and geographic diversity. The Corporation also has a credit insurance policy covering several of its major customers, for a maximum amount of $20.0 million in aggregate losses per year. The policy contains the usual clauses and limits regarding the amounts that can be claimed by event and year of coverage.

Pension Plans

As at October 31, 2015, almost all of TC Transcontinental's active employees were participating in defined contribution pension plans. A portion of the risks related to the benefits earned through the defined benefit pension plans that were in place prior to the migration to the defined contribution plans are still assumed by the Corporation, despite risk mitigation measures implemented during the last fiscal years. Funding for defined benefit plans is based on actuarial estimates and is subject to limitations under applicable income tax and other regulations. Actuarial estimates prepared during the year were based on assumptions related to projected employee compensation levels to the time of retirement and the expected long-term rate of return on pension plan assets. The defined benefit obligation, fair value of plan assets and plan asset composition are measured at the date of the annual financial statements. Our most recent actuarial valuations show a slight solvency deficiency. To more rigorously control the volatility risk of the defined benefit plans, the Corporation has implemented an investment strategy to limit the exposure of our assets to major fluctuations that would affect pension plan solvency.

Impairment Tests

The Corporation conducts impairment tests that could lead to asset write-downs and as a result have an unfavourable impact on shareholders' equity. Under IFRS, the Corporation must regularly test non-current assets for impairment to determine whether the value of the asset in question must be written down. Any asset write-down from impairment testing reduces net earnings applicable to participating shares but has no major impact on conformity with the debt ratio the Corporation must respect under the terms of its current credit facilities, nor on its borrowing power.

Conclusion on Risks and Uncertainties

The Corporation is pursuing its strict approach to risk management, remaining alert to any new risk or change in an existing risk which could affect its operations and ensuring effective implementation of existing controls. Management will continue its stringent approach to risk prevention, risk control and planning for business continuity, taking proactive steps to encourage business units to prevent risk, manage organizational change and recover efficiently from unexpected events.

DISCLOSURE CONTROLS AND PROCEDURES

The President and Chief Executive Officer and the Chief Financial and Development Officer of the Corporation are responsible for establishing and maintaining the Corporation's disclosure controls and procedures.

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management to allow timely decisions regarding required disclosure.

The President and Chief Executive Officer and the Chief Financial and Development Officer of the Corporation, after evaluating the effectiveness of the Corporation's disclosure controls and procedures as at October 31, 2015, have concluded that the Corporation's disclosure controls and procedures are adequate and effective to ensure that material information relating to the Corporation and its subsidiaries would have been known to them.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for implementing and maintaining adequate internal control. The purpose of internal control over financial reporting is to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of consolidated financial statements in accordance with IFRS. Management certifies disclosures in annual and interim filings under Regulation 52-109 using the internal control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

As at October 31, 2015, Management excluded Ultra Flex Packaging from its evaluation of internal control over financial reporting; this exclusion is accepted by the Autorité des marchés financiers (AMF) during the first year after the acquisition of a business, to give a corporation time to integrate the acquisition.

Ultra Flex Packaging is a supplier of printed flexible packaging that employs close to 300 people. For the year ended October 31, 2015, Ultra Flex Packaging, acquired on September 30, 2015, generated revenues of $7.7 million and adjusted operating earnings of -$0.1 million, or 0.4% and 0.0%, respectively, of the Corporation's consolidated earnings. It should be noted that the adjusted operating earnings of Ultra Flex Packaging include adjustments of $1.0 million related to the accounting for this acquisition.

The following table provides additional information about this acquisition:

Statement of financial position	**As at October 31, 2015**
Current assets	$30.3 M
Non-current assets	$106.6 M
Current liabilities	$3.7 M
Long-term liabilities	$22.6 M
Statement of earnings	**Fiscal year ended October 31, 2015**
Revenues	$7.7 M
Adjusted operating earnings before depreciation and amortization	$0.3 M
Adjusted operating earnings	$(0.1) M

Please see Note 4 to the consolidated financial statements for more information on this acquisition.

In the fiscal year ended October 31, 2015, except for the information provided above, no change that has materially affected or is reasonably likely to materially affect internal control over financial reporting was brought to the attention of Management, including the President and Chief Executive Officer, and the Chief Financial and Development Officer of the Corporation.

Management evaluated the effectiveness of internal controls over financial reporting based on the COSO framework as at October 31, 2015, and based on that evaluation has determined that internal control over financial reporting was effective.

SUBSEQUENT EVENTS

Conclusion of an agreement in principle with The Globe and Mail Inc.

On December 7, 2015, the Corporation concluded an agreement in principle with The Globe and Mail Inc. relating to the printing of *The Globe and Mail* newspaper. The Corporation will receive shortly a payment of $31.0 million to compensate for price reductions on future services for the remainder of the contract. The amount received will be recorded as deferred revenues and recognized in revenues over the next years.

Change in Senior Management

Ted Markle, president of TC Media, will leave the Corporation on December, 31st 2015. Mr. Markle has made this decision after a personal reflection where he plans to embark on a new stage in his career and take on new professional challenges. We have developed seasoned leaders who have the experience and competencies to take on additional responsibilities as a result of this departure.

OUTLOOK FOR 2016

During fiscal 2015, with the exception of the loss of certain customers, our flyer printing volume remained stable, and we expect this trend to continue in fiscal 2016. In addition, we will continue to develop our point-of-purchase marketing product offering for retailers, and the non-recurring printing contract for the Canadian census will also have a positive impact. However, we are expecting a decrease in newspaper printing volume as a result of the digital shift made by certain publishers; on the other hand, we will be pursuing our efforts to integrate new publishers. Lastly, we will continue with our optimization initiatives to offset the effect of the transformation of the printing industry.

We will continue executing our diversification strategy into flexible packaging. Within our existing operations, we will complete the integration of Ultra Flex Packaging to realize certain synergies and to benefit from a national sales force that will help us grow our revenues. Lastly, we will maintain our disciplined acquisition approach in this promising market in order to invest in quality assets that meet our strategic criteria.

Within the Media Sector, we will continue growing our strategic and profitable digital products, while adapting our cost structure in order to mitigate the effect of the difficult advertising market conditions that will persist

Our significant cash flows and our excellent financial health should permit us to continue our transformation, as part of which we expect to continue incurring approximately $75 million in capital expenditures during fiscal 2016. Finally, we will continue to build the foundations of our Packaging Division while maximizing our printing operations and strengthening our Media Sector.

On behalf of Management,

(s) Nelson Gentiletti
Chief Financial and Development Officer

December 7, 2015

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Transcontinental Inc.

We have audited the accompanying consolidated financial statements of Transcontinental Inc., which comprise the consolidated statements of financial position as at October 31, 2015, and October 31, 2014, the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 consolidated financial position of Transcontinental Inc. as at October 31, 2015 and October 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards.

KPMG LLP*

Montreal, Canada
December 7, 2015
*FCPA auditor, FCA, public accountancy permit No. A106087

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CONSOLIDATED STATEMENTS OF EARNINGS

Years ended October 31, 2015 and 2014
(in millions of Canadian dollars, except per share data)

	Notes	**2015**	2014
Revenues		**$ 2,002.2**	$ 1,990.4
Operating expenses	5	**1,623.5**	1,636.3
Restructuring and other costs (revenues)	6	**(8.6)**	39.0
Impairment of assets	7	**27.2**	45.8
Operating earnings before depreciation and amortization		**360.1**	269.3
Depreciation and amortization	8	**102.0**	100.9
Operating earnings		**258.1**	168.4
Net financial expenses	9	**6.2**	19.6
Earnings before share of net earnings in interests in joint ventures and income taxes		**251.9**	148.8
Share of net earnings in interests in joint ventures, net of related taxes		**0.3**	0.7
Income taxes	10	**15.6**	38.5
Net earnings from continuing operations		**236.6**	111.0
Net earnings from discontinued operations	11	**25.6**	1.5
Net earnings		**262.2**	112.5
Non-controlling interests	11	**(0.4)**	0.6
Net earnings attributable to shareholders of the Corporation		**262.6**	111.9
Dividends on preferred shares, net of related taxes	22	**—**	6.8
Net earnings attributable to participating shares		**$ 262.6**	$ 105.1
Net earnings per participating share - basic			
Continuing operations	23	**$ 3.03**	$ 1.34
Discontinued operations		**0.33**	0.01
		$ 3.36	$ 1.35
Net earnings per participating share - diluted			
Continuing operations	23	**$ 3.02**	$ 1.33
Discontinued operations		**0.33**	0.01
		$ 3.35	$ 1.34
Weighted average number of participating shares outstanding - basic (in millions)		**78.1**	78.0
Weighted average number of participating shares - diluted (in millions)	23	**78.3**	78.2

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended October 31, 2015 and 2014
(in millions of Canadian dollars)

	Notes	**2015**	2014
Net earnings		**$ 262.2**	$ 112.5
Other comprehensive income			
Items that will be reclassified to net earnings			
Net change related to cash flow hedges			
Net change in the fair value of derivatives designated as cash flow hedges		**(6.4)**	(2.3)
Reclassification of the net change in the fair value of derivatives designated as cash flow hedges in prior periods, recognized in net earnings during the period		**1.6**	2.8
Related income taxes		**(1.1)**	0.1
		(3.7)	0.4
Cumulative translation differences			
Net unrealized exchange gains on the translation of the financial statements of foreign operations		**22.6**	5.7
Unrealized exchange losses on the translation of a debt designated as a hedge of a net investment in foreign operations		**—**	(2.4)
		22.6	3.3
Items that will not be reclassified to net earnings			
Changes in actuarial gains and losses in respect of defined benefit plans			
Actuarial gains (losses) in respect of defined benefit plans	28	**(9.1)**	22.7
Related income taxes		**(2.5)**	6.1
		(6.6)	16.6
Other comprehensive income [1]	25	**12.3**	20.3
Comprehensive income		**$ 274.5**	$ 132.8
Attributable to:			
Shareholders of the Corporation		**$ 274.9**	$ 132.2
Non-controlling interests	11	**(0.4)**	0.6
		$ 274.5	$ 132.8

[1] Other comprehensive income is attributable to continuing operations.

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended October 31, 2015 and 2014
(in millions of Canadian dollars)

	Attributable to shareholders of the Corporation						
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests (Note 11)	Total equity
Balance as at October 31, 2014	**$ 366.0**	**$ 3.4**	**$ 415.6**	**$ 7.1**	**$ 792.1**	**$ 1.0**	**$ 793.1**
Net earnings	**—**	**—**	**262.6**	**—**	**262.6**	**(0.4)**	**262.2**
Other comprehensive income	**—**	**—**	**—**	**12.3**	**12.3**	**—**	**12.3**
Shareholders' contributions and distributions to shareholders							
Participating share redemptions (Note 22)	**(0.3)**	**—**	**(0.4)**	**—**	**(0.7)**	**—**	**(0.7)**
Exercise of stock options (Note 22)	**2.5**	**(0.4)**	**—**	**—**	**2.1**	**—**	**2.1**
Dividends (Note 22)	**—**	**—**	**(52.3)**	**—**	**(52.3)**	**—**	**(52.3)**
Stock-option based compensation (Note 24)	**—**	**0.2**	**—**	**—**	**0.2**	**—**	**0.2**
Business disposal (Note 11)	**—**	**—**	**—**	**—**	**—**	**(0.6)**	**(0.6)**
Balance as at October 31, 2015	**$ 368.2**	**$ 3.2**	**$ 625.5**	**$ 19.4**	**$ 1,016.3**	**$ —**	**$ 1,016.3**
Balance as at October 31, 2013	$ 462.8	$ 2.9	$ 362.5	$ (13.2)	$ 815.0	$ 0.4	$ 815.4
Net earnings	—	—	111.9	—	111.9	0.6	112.5
Other comprehensive income	—	—	—	20.3	20.3	—	20.3
Shareholders' contributions and distributions to shareholders							
Preferred share redemptions (Note 22)	(96.8)	—	(3.2)	—	(100.0)	—	(100.0)
Dividends (Note 22)	—	—	(55.6)	—	(55.6)	—	(55.6)
Stock-option based compensation (Note 24)	—	0.5	—	—	0.5	—	0.5
Balance as at October 31, 2014	$ 366.0	$ 3.4	$ 415.6	$ 7.1	$ 792.1	$ 1.0	$ 793.1

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Years ended October 31, 2015 and 2014
(in millions of Canadian dollars)

	Notes	**As at October 31, 2015**	As at October 31, 2014
Current assets			
Cash		**$ 38.6**	$ 35.2
Accounts receivable	12	**393.0**	415.1
Income taxes receivable		**15.2**	15.2
Inventories	13	**116.3**	94.2
Prepaid expenses and other current assets		**16.2**	14.7
		579.3	574.4
Property, plant and equipment	14	**567.5**	565.9
Intangible assets	15	**257.5**	252.9
Goodwill	16	**459.5**	419.5
Investments in joint ventures		**2.5**	1.7
Deferred taxes	10	**197.1**	152.2
Other assets	17	**50.1**	61.1
		$ 2,113.5	$ 2,027.7
Current liabilities			
Accounts payable and accrued liabilities	18	**$ 339.7**	$ 301.8
Provisions	20	**10.2**	20.0
Income taxes payable		**20.7**	30.8
Deferred revenues and deposits		**51.4**	61.4
Current portion of long-term debt	19	**36.4**	118.1
		458.4	532.1
Long-term debt	19	**347.7**	358.7
Deferred taxes	10	**79.9**	84.7
Provisions	20	**5.7**	30.3
Other liabilities	21	**205.5**	228.8
		1,097.2	1,234.6
Equity			
Share capital	22	**368.2**	366.0
Contributed surplus		**3.2**	3.4
Retained earnings		**625.5**	415.6
Accumulated other comprehensive income	25	**19.4**	7.1
Attributable to shareholders of the Corporation		**1,016.3**	792.1
Non-controlling interests	11	**—**	1.0
		1,016.3	793.1
		$ 2,113.5	$ 2,027.7

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended October 31, 2015 and 2014
(in millions of Canadian dollars)

	Notes	2015	2014
Operating activities			
Net earnings		**$ 262.2**	$ 112.5
Less: Net earnings from discontinued operations	11	**25.6**	1.5
Net earnings from continuing operations		**236.6**	111.0
Adjustments to reconcile net earnings from continuing operations and cash flows from operating activities:			
Depreciation and amortization	8	**128.8**	128.5
Impairment of assets	7	**27.2**	45.8
Reversal of the provision for multi-employer pension plans	20	**(22.6)**	—
Financial expenses on long-term debt	9	**19.2**	19.8
Reversal of interest on previous tax reassessments	9	**(11.9)**	—
Net losses (gains) on disposal of assets		**(6.7)**	0.2
Income taxes	10	**15.6**	38.5
Stock-option based compensation	24	**0.2**	0.5
Other		**(7.6)**	(0.1)
Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid		**378.8**	344.2
Changes in non-cash operating items	26	**(27.3)**	(4.2)
Income taxes paid		**(62.9)**	(3.5)
Cash flows from continuing operating activities		**288.6**	336.5
Investing activities			
Business combinations, net of acquired cash	4	**(100.4)**	(225.9)
Business disposals		**2.2**	2.3
Acquisitions of property, plant and equipment		**(64.4)**	(35.1)
Disposals of property, plant and equipment		**21.6**	2.2
Increase in intangible assets		**(22.5)**	(25.8)
Cash flows from investments in continuing operations		**(163.5)**	(282.3)
Financing activities			
Increase in long-term debt	19	**—**	250.0
Reimbursement of long-term debt	19	**(77.2)**	(33.3)
Net decrease in credit facility	19	**(31.1)**	(89.0)
Financial expenses on long-term debt		**(19.3)**	(13.6)
Issuance costs on long-term debt		**—**	(1.8)
Bond forward contract		**—**	(1.5)
Dividends on participating shares	22	**(52.3)**	(48.8)
Dividends on preferred shares	22	**—**	(6.8)
Exercise of stock options	22	**2.1**	—
Participating share redemptions		**(0.7)**	—
Preferred share redemptions		**—**	(100.0)
Cash flows from the financing of continuing operations		**(178.5)**	(44.8)
Effect of exchange rate changes on cash denominated in foreign currencies		**4.1**	1.8
Net change in cash from continuing operations		**(49.3)**	11.2
Net change in cash from discontinued operations	11	**52.7**	(2.4)
Cash at beginning of year		**35.2**	26.4
Cash at end of year		**$ 38.6**	$ 35.2
Non-cash investing activities			
Net change in capital asset acquisitions financed by accounts payable		**$ (0.8)**	$ 0.6

The notes are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Transcontinental Inc. (the "Corporation") is incorporated under the Canada Business Corporations Act. Its Class A Subordinate Voting Shares and Class B Shares are traded on the Toronto Stock Exchange. The Corporation's head office is located at 1 Place Ville Marie, Suite 3315, Montreal, Quebec, Canada H3B 3N2.

The Corporation is the most important printer in Canada and operates in the print and digital media, flexible packaging and publishing industries. The Corporation conducts business in Canada and the United States in two separate sectors: the Printing and Packaging Sector and the Media Sector. The Corporation’s main activities are described in Note 3 "Segmented Information".

The Corporation's Board of Directors approved these consolidated financial statements on December 7, 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The accounting policies adopted in these annual consolidated financial statements are based on IFRS issued, in force and which were adopted by the Corporation as at October 31, 2015. Any subsequent changes to the accounting policies, that will be in effect in the Corporation’s consolidated financial statements after October 31, 2015, could result in a restatement of these annual consolidated financial statements.

The consolidated IFRS financial statements have been prepared in accordance with the following significant accounting policies:

a) Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis, except for certain derivative financial instruments, the liability related to stock-based compensation and contingent considerations which have been measured at their fair value, and defined benefit plan assets, as well as the obligations related to these plans, which have been measured at their present value, as indicated in the following accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

b) Basis of consolidation
The consolidated financial statements include the accounts of the Corporation, its subsidiaries and joint ventures. The accounting policies described have been applied consistently by all the subsidiaries and joint ventures.

i) Subsidiaries
Subsidiaries are all entities controlled by the Corporation. There is control when the Corporation is exposed or entitled to variable returns from its involvement with the issuing entity, and has the ability to exercise power over the issuing entity in order to influence significantly the amount of the returns it obtains. Subsidiaries are fully consolidated from the date on which the Corporation obtains control, and cease to be consolidated from the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries so that their accounting policies are consistent with those of the Corporation. An entity that is fully consolidated but that is not wholly owned by the Corporation results in a non-controlling interests, which is presented separately in the Consolidated Statement of Earnings and the Consolidated Statement of Financial Position.

The Corporation holds the following significant subsidiaries:

	Holding	
Transcontinental Printing Inc. (Canada)	100.0	%
Transcontinental Printing 2007 Inc. (Quebec)	100.0	
Transcontinental Printing 2005 G.P. (Quebec)	100.0	
Transcontinental Printing Corporation (Delaware)	100.0	
Transcontinental Media Inc. (Quebec)	100.0	
Transcontinental Media G.P. (Quebec)	100.0	
Transcontinental Interactive Inc. (Canada)	100.0	
TC Transcontinental Packaging Inc. (Delaware)	100.0	
Transcontinental Northern California (2009), Inc. (Delaware)	100.0	

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii) Joint ventures
Joint ventures are entities over which the Corporation has joint control, established by contractual agreements that require the unanimous consent of the parties for decisions on activities that have a significant effect on the returns of the entity and in which the Corporation has rights on the net assets of the entity. Joint ventures are accounted for using the equity method. The Corporation's interest in joint ventures are mainly in the Media Sector and their effect on the consolidated assets, liabilities, revenues and expenses is not significant.

c) Business combinations
Business combinations are accounted for using the acquisition method, and their operating results are included in the consolidated financial statements as of the acquisition date. The consideration transferred is the total fair value of the assets acquired, equity instruments issued, liabilities incurred or assumed by the Corporation and contingent considerations, on the acquisition date, in exchange for control of the acquired entity. The excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed is recognized as goodwill. The transaction costs attributable to the acquisition are recognized in net earnings when they are incurred.

If the agreement includes a contingent consideration, it is measured at fair value as of the acquisition date and added to the consideration transferred, and a liability for the same amount is recognized. Any subsequent change to the fair value of the contingent consideration will be recognized in net earnings.

If the initial recognition of the business combination is incomplete when the financial statements are issued for the period during which the acquisition occurred, the Corporation records a provisional amount for the items for which measurement is incomplete. Adjustments to the original recognition of the business combination will be recorded as an adjustment to the assets acquired and liabilities assumed during the measurement period, and the adjustments must be applied retroactively. The measurement period is the period from the acquisition date to the date on which the Corporation has received complete information on the facts and circumstances that existed as of the acquisition date.

If a business combination is achieved in stages, the Corporation reassesses the share it held previously in the acquiree at fair value at the acquisition date and includes the gain or loss resulting, if any, to the net earnings.

In the case of a business combination of less than 100%, a non-controlling interest is measured, either at fair value or at the non-controlling interest's share of the net identifiable assets of the acquiree. The basis of measurement is determined on a transaction-by-transaction basis.

d) Revenue recognition
Revenues are measured at the fair value of the consideration received or receivable, less the estimated amount of discounts and other similar reductions granted to customers.

When it sells goods, the Corporation recognizes revenues when the following conditions have been satisfied:
- the significant risks and rewards of ownership have been transferred;
- the Corporation retains neither continuing managerial involvement nor effective control over the goods sold;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the Corporation;
- the costs incurred or to be incurred as part of the sale of goods can be reliably measured.

When rendering services, the Corporation recognizes revenues when the following conditions have been satisfied:
- the amount of revenue can be reliably measured;
- the stage of completion of the activity can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the Corporation;
- the costs incurred or to be incurred as part of the rendering of services can be reliably measured.

i) In the Printing and Packaging Sector, printing and production of flexible packaging are the main sources of revenue. These revenues are recognized when the products are shipped or delivered, in accordance with the customer agreement.

ii) In the Media Sector revenues are recognized as follows:

Advertising revenues:
Advertising revenues are recognized at the publication date in the case of a daily or weekly publication or at the date of issue in the case of a monthly publication.

Subscription revenues:
Subscription revenues are recognized using the straight-line method, based on subscription terms, which represent the period during which the services are provided. Accordingly, amounts received are recorded in deferred subscription revenues, and subsequently transferred to income based on the length of term of the subscription.

Distribution revenues:
Door-to-door distribution revenues are recognized at the delivery date of the advertising material.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newsstand revenues:
Newsstand revenues are recognized at the time of delivery, net of a provision for returns.

Book revenues:
Book revenues are recognized when the books are shipped to customers, net of a provision for returns.

Publishing, content preparation and marketing project revenues:
Publishing, content preparation and marketing project revenues are recognized based on the percentage of completion, in accordance with the customer agreement.

Custom publishing revenues:
Custom publishing revenues are recognized when products are shipped or delivered, or when services are provided, in accordance with the customer agreement. Revenues for updating digital publications are recognized based on the percentage of completion.

Revenues for the use of computerized tools:
Revenues for the use of computerized tools are recognized based on usage, storage space or reports generated, in accordance with the customer agreement. Revenues billed also consider volume discounts.

e) Exchange transactions
In the normal course of business, the Corporation offers advertising in exchange for goods or services. The related revenues are measured at the fair value of the goods and services received or given when the fair value of the goods or services received cannot be reliably measured. For the year ended October 31, 2015, the Corporation recognized an amount of $5.8 million as exchange transactions ($6.3 million for the year ended October 31, 2014).

f) Income taxes
The Corporation records income taxes using the liability method of accounting. Income tax expense represents the sum of current and deferred taxes. It is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

i) Current Tax
Current tax is the expected tax payable or receivable on the period's taxable income, using tax rates enacted or substantively enacted at the date of the financial statements, and any adjustment to tax expense or recovery in respect of previous years. Taxable income differs from the income reported on the Consolidated Statement of Earnings due to items of income and expense that are taxable or deductible during other periods, or items that will never be taxable, or deductible.

ii) Deferred tax
Deferred tax is determined on the basis of temporary differences between the carrying amounts and the tax bases of assets and liabilities, and is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of the financial statements. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for temporary differences arising on the initial recognition of goodwill. The carrying value of deferred tax assets is reviewed at the end of each period and a reduction to the carrying amount is recognized when it is probable that these assets will not be realized.

g) Government assistance
Investment tax credits related to the purchase of property, plant and equipment or intangible assets are recorded as a reduction in the cost of the underlying asset. Investment tax credits related to operating expenses are recorded as a reduction of such expenses. Government assistance related to publishing activities is recorded as a reduction to publishing costs.

h) Cash and cash equivalents
Cash and cash equivalents include cash, bank overdraft and highly liquid investments with original maturities of less than three months.

i) Inventories
Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first in, first out method, and includes the acquisition costs of raw materials and manufacturing costs, such as direct labor and a portion of manufacturing overhead.

j) Supplier rebates
The Corporation records supplier rebates as a reduction in the price of products or services received and reduces operating expenses in the Consolidated Statements of Earnings and related inventory in the Consolidated Statements of Financial Position. These rebates are estimated based on anticipated purchases.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost includes expenditures directly attributable to the acquisition of the property, plant and equipment. The costs, such as borrowing costs incurred directly for the acquisition or construction of property, plant and equipment, are capitalized until the asset is ready for its intended use, and are depreciated over the useful life of the related asset. Property, plant and equipment under construction are not depreciated as long as they have not been put in service.

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	20-40 years
Leasehold improvements	Term of the lease
Machinery and equipment	3-15 years
Machinery and equipment under finance leases	3-15 years
Other equipment	2-5 years

Major parts of property, plant and equipment with different useful lives are accounted for as separate components of the asset, and depreciated over their respective useful lives.

Depreciation methods, useful lives and residual values are reviewed and adjusted prospectively, if applicable, at each reporting date.

l) Discontinued operations
A discontinued operation is a component of the Corporation's activities that represents a significant and distinct line of business or geographical area that the Corporation has disposed of or has classified as held for sale. Classification as a discontinued operation occurs at disposal or at the date on which the operation meets the criteria for classification as held for sale, depending on which came first. When an operation is classified as discontinued, comparative Statements of Net Earnings and Comprehensive Income, as well as comparative Statements of Cash Flows, are presented as if the operation were discontinued at the beginning of the comparative period.

m) Leases
Leases are classified as finance leases when substantially all risks and rewards of ownership of the leased property are transferred to the lessee. Other leases are classified as operating leases.

Property, plant and equipment held under a finance lease is initially recognized at the lesser of the fair value of the asset and the present value of the minimum lease payments. The leased item is then recognized in the same manner as other similar assets held by the Corporation. The related liability payable to the lessor is recorded as a debt resulting from a finance lease and a finance charge is recognized in net earnings for the duration of the lease.

Operating leases are recorded to income on a straight-line basis over the term of the lease.

n) Intangible assets

i) Identifiable intangible assets acquired in a business combination
Identifiable intangible assets acquired in a business combination are recorded at fair value upon the acquisition date, and subsequently recognized at cost less any accumulated amortization and accumulated impairment losses.

ii) Internally generated intangible assets
Internally generated intangible assets consist of book prepublication costs and technology project costs. The cost of an internally generated intangible asset includes all the directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Expenses incurred in research activities are expensed in the period in which they are incurred. Expenses incurred in development activities are also expensed in the period in which they are incurred, except if they meet all the criteria for capitalization. The initial amount recognized as an internally generated intangible asset is equal to the sum of expenses incurred from the date when the intangible asset first meets the recognition criteria.

Following initial recognition, internally generated intangible assets are stated at cost less accumulated amortization and accumulated impairment losses.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets with finite useful lives are amortized according to the following methods and estimated useful lives:

	Term / Rate	Method
Customer relationships	10% - 25%	Declining balance
Book prepublication costs	Maximum 7 years	Based on historical sales patterns
Educational book titles	6-9 years	Based on historical sales patterns
Acquired printing contracts	Term of the contract	Straight-line
Non-compete agreements	2-5 years	Straight-line
Technology project costs	3-7 years	Straight-line

Amortization methods, useful lives and residual values are reviewed and adjusted prospectively, if applicable, at each reporting date.

Intangible assets with indefinite useful lives are not amortized. They mainly consist of trade names acquired as part of business combinations for newspaper and book publication activities. The value attributed to trade names is based on the reputation that a publication has built historically. Given that this value is not affected by the passage of time, it is impossible to allocate it systematically over time. Intangible assets with indefinite useful lives are tested annually for impairment or more frequently if changes in circumstances indicate a potential impairment.

iii) Goodwill
Goodwill is recognized at cost, which represents the amount by which the consideration transferred exceeds the fair value of the net identifiable assets of the acquired businesses and at the cost less accumulated impairment losses thereafter. Goodwill has an indefinite useful life and is not amortized.

o) Impairment of non-financial assets
The Corporation reviews the carrying value of its non-financial assets, other than inventories and deferred tax assets, at each reporting date in order to determine whether there is an indication of potential impairment.

Intangible assets that have indefinite useful lives acquired in business combinations are allocated to cash generating units ("CGU"), and assessed for impairment annually, or more frequently if changes in circumstances indicate potential impairment. In the presence of such changes, an estimate is made of the asset's recoverable value.

Goodwill acquired in a business combination is allocated, beginning on the acquisition date, to the CGU group that will benefit from the synergies of the combination. For the purpose of impairment testing, non-financial assets that cannot be tested individually for impairment are grouped to form the smallest group of assets that generates, through continuing use, cash flows that are largely independent of the cash flows from other assets. Each CGU group to which goodwill is allocated may not be larger than an operating segment, and represents the lowest level at which goodwill is monitored through internal management.

The recoverable value of a CGU (or CGU group) is the greater of its value in use and its fair value less costs to sell. Value in use is determined by discounting estimated future cash flows, using a discount rate before taxes that reflects current assessments of the market, of the time value of money and of the risks specific to the CGU (or CGU group). Fair value less costs to sell is determined by using an EBITDA (earnings before interest, taxes, depreciation and amortization) capitalization multiple of comparable companies whose activities are similar to those of each CGU (or CGU group).

An impairment loss is recognized if the carrying amount of an asset, a CGU (or CGU group) exceeds its estimated recoverable value. Impairment losses are recognized in net earnings. Impairment losses recognized are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or CGU group), and then to reduce the carrying amounts of the other assets in the CGU (or CGU group) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. Previously impaired non-financial assets are reassessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there have been changes to the estimates used to determine the recoverable value, and that these changes will be supported in the future. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

p) Contract acquisition costs
Contract acquisition costs are amortized using the straight-line method over the related contract term, as reductions of revenues. Whenever significant changes occur that impact the related contract, including declines in anticipated profitability, the Corporation evaluates the realizable value of the contract acquisition costs to determine whether an impairment has occurred. These costs are included in other assets in the Consolidated Statement of Financial Position.

q) Provisions
Provisions are liabilities of uncertain timing or amount. Provisions are recognized when the Corporation has a present legal or constructive obligation arising from past events, when it is probable that an outflow of funds will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the Corporation's best estimate of the present obligation at the end of the reporting period. When the effect of discounting is significant, the amount of the provision is determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The Corporation's main provisions are related to restructuring costs and onerous contracts. Provisions are reviewed at each reporting date and any changes to estimates are reflected in the Consolidated Statement of Earnings.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Restructuring
A restructuring provision is recorded when the Corporation has a formal and detailed restructuring plan, and a valid expectation has been created among those affected, either by commencing execution of the plan or by announcing its main characteristics. Future operating losses are not subject to a provision.

ii) Onerous contracts
An onerous contract provision is recorded when the Corporation has a contract under which it is more likely than not that the unavoidable costs of meeting the contractual obligations will be greater than the economic benefits that the Corporation expects from the contract. An onerous contract provision represents the lesser of the cost of exiting from the contract and the cost of fulfilling it.

r) Employee benefits
The Corporation offers various contributory and non-contributory defined benefit plans for pension and other post-employment benefits, defined contribution pension plans and registered group savings plans to its employees. Since June 1, 2010, most employees participate only in defined contribution pension plans. The Corporation also provides other long-term employee benefit plans that provide the continuation of benefits for dental and health care in case of long-term disability.

The Corporation participates in multi-employer pension plans accounted for as defined contribution plans. The Corporation's contributions to these plans are limited to the amounts established under the collective agreements. Contributions to the plans are recognized in net earnings at the time of delivery of services by employees.

i) Defined benefit plans
The cost of defined benefit pension plans and other post-employment defined benefit plans are established with the assistance of independent actuaries on each reporting date, using the Projected Unit Cost Method and based on management's best estimates regarding the discount rate, expected rate of return of the plans' investments, salary increases, changes in health care costs, the retirement age of employees and life expectancies. The discount rate is based on applicable market interest rates on first-class corporation bonds with maturities corresponding to the time of payment of benefits provided under the plans.

The defined benefit asset (liability) recognized in the Consolidated Statement of Financial Position is the present value of the defined benefit obligation, less the fair value of plan assets. The value of plan assets is limited to the total of unrecognized past service cost and the present value of the economic benefits available, in the form of refunds from the plan or reductions in future contributions to the plan ("effect of asset ceiling"). Any surplus is immediately recognized in other comprehensive income ("OCI"). In addition, a minimum liability is recognized when the minimum statutory financing of past service exceeds the economic benefits available, either as a plan repayment or as a reduction in future plan contributions.

Net cumulative actuarial gains or losses related to plan assets and the defined benefit obligation, as well as the variation of the asset ceiling and any minimum liability, are recognized in OCI during the period in which they occur, except for actuarial gains or losses and other post-employment benefits which are recognized immediately in net earnings.

Past service costs are recognized as an expense in the Consolidated Statement of Earnings during the period in which they occur. Current service costs and the financial costs related to the net obligation or the net asset of the defined benefit obligation are recognized in net earnings during the period in which they occur, in operating expenses and net financial expenses respectively.

ii) Defined contribution pension plans, group registered savings plans and state plans
Under the defined contribution pension plans, group registered savings plans and state plans, the Corporation makes contributions to the participating employees' plans using a predetermined percentage of the employees salary and has no legal or constructive obligation to pay additional amounts. The cost for these plans is recorded when services are rendered by employees, which is generally at the same time the contributions are made. The Corporation's contributions that are paid to state plans are managed by government bodies.

s) Stock-based compensation
The Corporation has stock option plans and share unit plans for certain officers, senior executives and directors. The Corporation has ceased granting stock options as of the year ended October 31, 2014.

i) Stock option plan
Stock options are measured at fair value at the time they are granted using the Black-Scholes model, and are recognized in net earnings on a straight-line basis at a rate of 25% per year, which is the period over which the rights on the options vest, and according to the Corporation's estimate of the number of options that will vest. On each reporting date, the Corporation reviews its estimates of the number of options that are expected to vest and recognizes the impact of this review in net earnings, if required.

ii) Share unit plan for certain officers and senior executives
Compensation costs related to share unit plans for certain officers and senior executives are recognized in net earnings on a straight-line basis over the three-year vesting period, either on the achievement of performance targets for the units related to performance, or on tenure for other units. The liability for these units is measured at fair value based on the trading price of Class A Subordinate Voting Shares of the Corporation, and are remeasured on each reporting period, until settlement. Any changes in the fair value is recognized in net earnings. On each reporting period, the Corporation reviews its estimate of the number of units expected to vest, and recognizes the impact of this review in net earnings, if required.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Share unit plan for directors
Compensation costs related to share units for directors are recognized in net earnings at the time they are granted. These units are initially measured at fair value based on the trading price of Class A Subordinate Voting Shares of the Corporation, and are remeasured on each reporting period, until settlement. Any changes in fair value are recognized in net earnings.

t) Foreign currency translation
The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Corporation. The functional currency is the currency of the primary economic environment in which the Corporation operates. The functional currency of the operating foreign subsidiaries, with the exception of foreign sales offices of the Canadian operations, is the U.S dollar.

Transactions denominated in a currency other than the functional currency of the Corporation or of a foreign subsidiary whose functional currency is the Canadian dollar, are accounted for using the exchange rate prevailing on the transaction date. On each reporting date, monetary items denominated in a foreign currency are translated using the exchange rate prevailing on that date, and non-monetary items that are measured at historical cost are not adjusted. Exchange differences are recognized in net earnings in the period during which they occur.

The assets and liabilities of foreign subsidiaries whose functional currency is not the Canadian dollar are translated into Canadian dollars by applying the exchange rate prevailing as at the reporting date. Revenue and expense items are translated at the average exchange rate for the period. Exchange differences are recognized in OCI under "Cumulative translation differences" and are accumulated in equity. The accumulated amount of exchange differences is reclassified in net earnings upon disposal or partial disposal of an interest in a foreign operation.

u) Financial instruments
Financial assets and liabilities are initially recognized at fair value and their subsequent valuation is dependent on their classification. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Corporation's designation of such instruments.

Financial assets and liabilities are classified and subsequently valued as follows:

	Category	Subsequent valuation
Cash	Loans and receivables	Amortized cost, at the effective interest rate
Accounts receivable, other receivables and other financial assets	Loans and receivables	Amortized cost, at the effective interest rate
Accounts payable, other accrued liabilities and other financial liabilities	Other financial liabilities	Amortized cost, at the effective interest rate
Long-term debt	Other financial liabilities	Amortized cost, at the effective interest rate
Derivative financial instruments	Held for trading	Fair value

Transaction costs directly related to the acquisition or the issue of financial assets or liabilities are capitalized to the cost of financial assets and liabilities when they are not classified as held for trading. Thus, issuance costs of long-term debt are classified as a reduction in long-term debt, and amortized using the effective interest rate method.

Changes in fair value of financial instruments held for trading are recorded in the Consolidated Statement of Earnings in the appropriate period. Changes in fair value of financial instruments designated as cash flow hedges are recorded, for the effective portion, in the Consolidated Statement of Comprehensive Income in the appropriate period until their realization, after which they are recorded in the Consolidated Statement of Earnings.

v) Derivative financial instruments and hedge accounting
The Corporation identifies, evaluates and manages financial risks related to changes in interest rates and foreign exchange rates in order to minimize the effect on its results and financial position, using derivative financial instruments for which parameters have been defined and approved by the Board of Directors. If the Corporation did not use derivative financial instruments, exposure to market volatility would be greater.

When applying hedge accounting, the Corporation formally documents the relationship between the derivative financial instruments and the hedged items, as well as its objective and risk management strategy underlying its hedging activities, as well as the methods that will be used to assess hedge effectiveness. This process includes linking all derivative financial instruments designated as a hedge item to specific assets and liabilities, firm commitments or specific anticipated transactions.

At the inception of the hedging relationship and throughout its duration, the Corporation must have reasonable assurance that the relationship will remain effective and in accordance with its risk management objective and strategy as initially documented. The effectiveness of the hedging relationship must be confirmed at each reporting date.

For derivative financial instruments designated as cash flow hedges, the effective portion of the hedging relationship, and the effective portion of changes in fair value of the derivative, are recognized in OCI and the ineffective portion is recognized in the Consolidated Statement of Earnings. The effective portion of the hedging relationship related to interest and capital payments and foreign currency sales is reclassified to net earnings during the period in which the hedged item affects net earnings. The effective portion of the currency risk hedging relationship of a firm commitment acquisition of entity as part of business combinations, reported in accumulated OCI, is reclassified against goodwill at its initial recognition of the acquired entity.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When hedging instruments mature or become ineffective before their maturity, any gains or losses, revenues or expenses associated with the hedging instrument that had previously been recognized in OCI as a result of applying hedge accounting are carried forward to be recognized in net earnings in the period during which the asset acquired or liability incurred affects net earnings. If the hedged item ceases to exist due to its maturity, expiry, cancellation or exercise before the hedging instrument expires, any gains or losses, revenues or expenses associated with the hedging instrument that had previously been recognized in OCI as a result of applying hedge accounting are recognized in the reporting period's net earnings along with the corresponding gains or losses, revenues or expenses recognized on the hedged item.

Derivative financial instruments offering economic hedging without being eligible for hedge accounting are accounted for at fair value with changes in fair value recorded in net earnings. The Corporation does not use derivative financial instruments for speculative or trading purposes.

w) Critical judgments and sources of estimation uncertainty
The preparation of financial statements in accordance with IFRS requires the Corporation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and contingent liabilities on the reporting date, and amounts of revenues and expenses for the relevant period. Although management regularly reviews its estimates, actual results may differ. The impact of changes to accounting estimates is recognized in the period during which the change occurs, and in the affected future periods, when applicable. Areas in which the estimates and assumptions are significant or which are complex, are presented as follows:

i) Business combinations
Determination of fair value associated with identifiable intangible assets following a business combination requires management to make assumptions. More specifically, this is the case when the Corporation calculates fair values using appropriate valuation techniques, which are generally based on a prediction of expected future cash flows. These valuations are closely related to the assumptions made by management about the future return on the related assets and the discount rate applied. Significant changes to these assumptions could significantly change the fair values associated with identifiable intangible assets following a business combination, which would impact the amortization expense.

ii) Impairment of non-financial assets
As part of assessing goodwill, property, plant and equipment and intangible assets for impairment, the recoverable value of a CGU is determined using a complex valuation method that requires the use of a number of methods, including the discounted future cash flow method and the market-based method.

In relation to the use of the method based on discounting future cash flows, cash flow projections are established based on past experience, certain economic trends as well as industry and market trends, and represent management's best estimate as to future results. The recoverable value of a CGU is also influenced by the discount rate used in the model, by the growth rate used to make the extrapolation and by the average weighted cost of capital.

When a market-based method is used, the Corporation estimates the fair value of the CGU by multiplying the normalized results before depreciation and amortization, interest and taxes by a capitalization multiple that is based on market data.

These methods rely on numerous assumptions and estimates that may have a significant impact on the recoverable value of a CGU, and thereby, on the amount of impairment, if required. The impact of significant changes in assumptions and the review of estimates is recognized in net earnings in the period in which the changes occur or the estimates are reviewed, if required.

iii) Provisions
Provisions are liabilities of uncertain timing or amount. Determination of an amount for provisions requires that management make assumptions and estimates of discount rates, projected costs and timelines, and the probability of occurrence of the obligations. Significant changes to these assumptions may significantly change the amounts determined as provisions. The impact of such changes is recognized in net earnings in the period in which the changes occur, if required.

iv) Income taxes
In the calculation of current tax, the Corporation is required to make significant estimates due to the fact that it is subject to tax laws of the many jurisdictions in which it operates. Similarly, the amount of current tax may change as a result of various factors, such as future events, changes in income tax laws or the outcome of reviews by tax authorities and related appeals.

In the calculation of deferred tax, estimates must be used to determine the appropriate rates and amounts, and to take into account the probability of their occurrence. Deferred tax assets also reflect the benefit of unused tax losses that can be carried forward to reduce income taxes in future years. This assessment requires the Corporation to exercise significant judgments in determining whether or not it is probable that the deferred tax assets can be recovered from future taxable income and therefore, that they can be recognized in the Corporation's consolidated financial statements. The Corporation relies, among other things, on its past experience to apply its judgment.

Once the final amounts have been determined, they may result in adjustments to current and deferred tax assets and liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Employee benefits
The costs of defined benefit pension plans and the defined pension benefit assets (liabilities) are valued using actuarial methods. Actuarial valuations are based on assumptions such as discount rates, expected rates of return on assets, compensation growth rates and mortality rates. Due to the long-term nature of these obligations, these estimates are subject to significant uncertainty. Management reviews these assumptions annually and the impact of the review is recognized in the Statement of Financial Position and in comprehensive income in the period in which the estimates are reviewed, if required.

The preparation of financial statements in accordance with IFRS also requires management to make judgments, other than those involving estimates, in the process of applying the Corporation's accounting policies. Areas in which judgments are significant are as follows:

vi) Impairment of non-financial assets
Goodwill acquired in a business combination is allocated, beginning on the acquisition date, to the CGU groups that will benefit from the synergies of the combination. During this process, the Corporation applies judgment based on the objectives sought in the business combination and on how it manages its operations. Application of a different judgment could lead to a different result in regards with the annual impairment test of non-financial assets.

The Corporation also uses its judgment to determine whether an impairment test must be performed due to the presence of potential impairment indicators. In applying its judgment, the Corporation relies primarily on its knowledge of its business and the economic environment.

vii) Foreign currency translation
In determining the functional currency of its foreign subsidiaries, the Corporation needs to evaluate different factors such as the currency that mainly influences sales prices and costs, the economic environment and the degree of autonomy of the subsidiary. Following the evaluation of the different factors, when the functional currency is not obvious, the Corporation uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

New or amended accounting standards adopted

Levies
On November 1st, 2014, the Corporation adopted retrospectively IFRIC 21 "Levies", an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", regarding when to recognize a liability for a levy imposed by a government. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of a levy, as identified by the legislation. The adoption of this interpretation had no material impact on the consolidated financial statements of the Corporation.

New or amended accounting standards not yet adopted

The Corporation has not yet completed its assessment of the impact of the adoption of these recent pronouncements on its consolidated financial statements.

a) Financial Instruments
In July 2014, IASB issued IFRS 9, "Financial Instruments". IFRS 9 replaces IAS 39 "Financial Instruments: Classification and measurement" and IFRIC 9 "Reassessment of embedded derivatives".

IFRS 9 includes requirements relating to the accounting and evaluation, impairment, derecognition and general hedging model. The IASB completed its project to replace IAS 39 by stages and the standard was enhanced at every stage. The version of IFRS 9 published in 2014 supersedes all previous versions; however, for a defined period, previous versions of IFRS 9 may be adopted early, if not already done, to the extent that the relevant initial application date prior to February 1, 2015. IFRS 9 does not replace the requirement for hedge accounting at fair value of the portfolio in regard to the risk of interest rates, since this stage was separated from the draft IFRS 9 due to the nature of longer-term macro-hedging project which is currently at the stage of documenting the established process. Therefore, the exception set forth in IAS 39 regarding hedge the fair value exposure to interest rate risk of a portfolio of assets or financial liabilities continue to apply. IFRS 9 is effective for years beginning on or after January 1, 2018, with earlier application permitted.

b) Revenue from Contracts with Customers
In May, 2014 the IASB issued IFRS 15 "Revenue from Contracts with Customers". IFRS 15 will replace IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets from Customers", and SIC 31 "Revenue - Barter Transactions Involving Advertising Services".

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 will be applicable in financial statements for the annual period beginning on January 1, 2018, with earlier application permitted.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Clarification of acceptable methods of depreciation and amortization

In May 2014, the IASB issued modifications to IFRS 16 "Property, Plant and Equipment" and to IAS 38 "Intangible Assets". The amendments to IAS 16 explicitly mentions that depreciation based on revenues cannot be used for property and equipment. The reason being that the depreciation method reflects factors other than the consumption of the economic benefits of the asset. Amendments to IAS 38 introduces a refutable presumption that the use of amortization methods based on revenues is inappropriate in the case of intangible assets. This presumption may be refuted only when products and consumption of economic benefits of the intangible assets have a "high correlation" or when the intangible asset is expressed as a measure of the revenues. These amendments are effective for years beginning on or after January 1, 2016, with earlier application permitted.

3 SEGMENTED INFORMATION

The operating segments were determined and grouped by management in two separate sectors, according to the type of activity, which are manufacturing and publishing activities. The Printing and Packaging Sector includes the manufacturing activities of the Corporation and generates revenues from activities such as the printing of retail flyers, magazines, newspapers, color books, personalized and mass marketing products, and the production of flexible packaging solutions in Canada and the United States. The Media Sector generates revenues through print and digital publishing products, in French and English, of the following type: newspapers, educational books, specialized publications for professionals, retail promotional content, mass and personalized marketing, mobile and interactive applications, and geotargeted door-to-door and digital distribution services. The Media Sector's consumer magazines were reclassified as discontinued operations, as described in Note 11 "Discontinued Operations", and segmented information excludes these operations. Inter-segment sales of the Corporation are recognized at fair value. Transactions other than sales are recognized at carrying amount.

The following tables present the various segment components of the Consolidated Statements of Earnings:

Year ended October 31, 2015	Printing and Packaging Sector	Media Sector	Head office and inter-segment eliminations	Consolidated Results
Revenues	$ 1,477.6	$ 574.9	$ (50.3)	$ 2,002.2
Operating expenses	1,139.4	508.3	(24.2)	1,623.5
Adjusted operating earnings before depreciation and amortization (1)	338.2	66.6	(26.1)	378.7
Restructuring and other costs (revenues)	8.1	13.9	(30.6)	(8.6)
Impairment of assets	0.4	26.1	0.7	27.2
Operating earnings before depreciation and amortization	329.7	26.6	3.8	360.1
Depreciation and amortization	79.1	16.1	6.8	102.0
Operating earnings	$ 250.6	$ 10.5	$ (3.0)	$ 258.1
Adjusted operating earnings (1)	$ 259.1	$ 50.5	$ (32.9)	$ 276.7
Acquisitions of non-current assets (2)	$ 50.3	$ 27.1	$ 8.7	$ 86.1

3 SEGMENTED INFORMATION (CONTINUED)

Year ended October 31, 2014 [3]	Printing and Packaging Sector	Media Sector	Head office and inter-segment eliminations	Consolidated Results
Revenues	$ 1,452.0	$ 590.6	$ (52.2)	$ 1,990.4
Operating expenses	1,139.8	531.8	(35.3)	1,636.3
Adjusted operating earnings before depreciation and amortization [1]	312.2	58.8	(16.9)	354.1
Restructuring and other costs	25.4	17.2	(3.6)	39.0
Impairment of assets	2.5	43.3	—	45.8
Operating earnings before depreciation and amortization	284.3	(1.7)	(13.3)	269.3
Depreciation and amortization	77.3	17.4	6.2	100.9
Operating earnings	$ 207.0	$ (19.1)	$ (19.5)	$ 168.4
Adjusted operating earnings [1]	$ 234.9	$ 41.4	$ (23.1)	$ 253.2
Acquisitions of non-current assets [2]	$ 25.2	$ 29.4	$ 6.9	$ 61.5

[1] The Corporation's officers mainly make decisions and assess segment performance based on adjusted operating earnings. Adjusted operating earnings before depreciation and amortization and adjusted operating earnings exclude restructuring and other costs (revenues), and impairment of assets.

[2] These amounts include internally generated intangible assets, acquisitions of property, plant and equipment and intangible assets, excluding those acquired as part of business combinations, whether they were paid or not.

[3] The Corporation has made changes to its organizational structure during the year ended October 31, 2015. The effect of these changes on segmented information is minor. Accordingly, certain comparative figures have been reclassified to reflect these changes.

The Corporation's revenues by main products and services for the years ended October 31 are as follows:

	2015	2014
Printing and packaging products	**$ 1,427.8**	$ 1,400.8
Publishing and content products	**383.1**	383.5
Other products and services	**191.3**	206.1
	$ 2,002.2	$ 1,990.4

The Corporation has revised the categorization of its main products and services. Accordingly, certain comparative figures have been reclassified to reflect this change.

The Corporation's total assets by segment are as follows:

	As at October 31, 2015	As at October 31, 2014
Printing and Packaging Sector	**$ 1,478.4**	$ 1,314.5
Media Sector	**507.2**	589.1
Head office and inter-segment eliminations [1]	**127.9**	124.1
	$ 2,113.5	$ 2,027.7

[1] This heading includes mainly cash, income taxes receivable, property, plant and equipment, intangible assets, deferred taxes and defined benefit assets not allocated to segments.

3 SEGMENTED INFORMATION (CONTINUED)

The various geographic segment components in the Consolidated Statements of Earnings and Consolidated Statements of Financial Position for the years ended October 31 are as follows:

Geographic segments	2015	2014
Revenues		
Canada		
Domestic	**$ 1,687.6**	$ 1,732.7
Exports	**122.1**	115.3
United States	**192.5**	142.4
	$ 2,002.2	$ 1,990.4

	As at October 31, 2015	As at October 31, 2014
Non-current assets [1]		
Canada	**$ 905.4**	$ 1,004.9
United States	**404.1**	257.6
	$ 1,309.5	$ 1,262.5

[1] These amounts include property, plant and equipment, intangible assets, goodwill and other non-current assets, and exclude derivative financial instruments, deferred taxes, defined benefit asset and investments in joint ventures.

4 BUSINESS COMBINATIONS

Acquisition for the year ended October 31, 2015

Ultra Flex Packaging
On September 30, 2015, the Corporation acquired all the shares of Ultra Flex Packaging, a supplier of flexible packaging located in Brooklyn, New York, for a purchase price of US$84.9 million ($113.0 million), subject to adjustments and including a contingent consideration payable in cash at the first and second anniversaries of the acquisition date, following the achievement of pre-established income thresholds.

This acquisition allows the Corporation to pursue its development in the flexible packaging industry, while diversifying its market offering. This diversification, as well as the potential growth associated, represent the main factors that comprise the goodwill generated by this acquisition. The Corporation will finalize the accounting for this acquisition during the year ending October 31, 2016.

The following table presents a preliminary summary of the estimated fair value of assets acquired and liabilities assumed at the acquisition date that occurred during the year ended October 31, 2015:

	Ultra Flex Packaging
Assets acquired	
Current assets (including cash of $2.2)	$ 31.8
Property, plant and equipment	23.6
Intangible assets	25.5
Goodwill (no tax value)	59.1
Other assets	0.5
	140.5
Liabilities assumed	
Current liabilities	5.8
Long-term debt (including current portion) [1]	5.1
Deferred taxes	16.5
Other liabilities	0.1
	27.5
	$ 113.0
Total consideration	
Cash paid	$ 101.6
Short-term contingent consideration payable	6.7
Long-term contingent consideration payable	4.7
	$ 113.0

[1] As at October 31, 2015, the long-term debt of $5.1 million has been repaid by the Corporation.

The Corporation's Consolidated Statements of Earnings for the year ended October 31, 2015 include the operating results of Ultra Flex Packaging since the acquisition date, including additional revenues of $7.7 million, operating earnings before depreciation and amortization of $0.3 million, including adjustments related to the accounting of this acquisition and excluding transactions costs of $2.1 million (Note 6 "Restructuring and other costs (revenues)"). The fair value of the receivables acquired of $8.8 million, of which no amount was considered uncollectible at the acquisition date, is included in the current assets in the accounting of the business combination. If the Corporation had acquired this business on November 1, 2014, its operating results would have been as follows: additional revenues of approximately $106.0 million and operating earnings before depreciation and amortization of approximately $20.0 million.

During the year ended October 31, 2015, the Corporation paid an amount of $1.0 million related to other business combinations acquired during the years ended October 31, 2015 and 2014.

4 BUSINESS COMBINATIONS (CONTINUED)

Acquisitions for the year ended October 31, 2014

Sun Media Corporation weekly newspapers in Quebec
On June 1, 2014, the Corporation acquired the assets of all Quebec weekly newspapers and associated web properties from Sun Media Corporation, a subsidiary of Quebecor Media Inc., for a total cash consideration of $78.8 million, of which an amount of $0.4 million remained unpaid as at October 31, 2014. The Corporation completed its final assessment of the fair value of assets acquired and liabilities assumed of the weekly newspapers of Sun Media Corporation during the year ended October 31, 2014.

This acquisition allows the Corporation to strengthen its Media Sector assets, pursue the development of a local media offering for businesses and communities, and to continue to build multiplatform services. The anticipated synergies, as well as the growth in its offering, represent the main factors that comprise the goodwill generated by this acquisition. Since this acquisition also benefits printing activities, a portion of the goodwill was attributed to the CGU group of the Retail and Newspaper Group of the Printing and Packaging Sector.

Capri Packaging
On May 3, 2014, the Corporation acquired the assets of Capri Packaging, a supplier of flexible packaging solutions located in Clinton, Missouri, for a total cash consideration of $146.5 million. In addition, the Corporation signed a 10-year contract with Schreiber Foods, Inc., which guarantees the position of Capri Packaging as a strategic supplier of flexible packaging solutions, which represents about 75% of the current annual revenues of Capri Packaging. The Corporation completed its final assessment of the fair value of assets acquired and liabilities assumed of Capri Packaging during the year ended October 31, 2014.

This acquisition allows the Corporation to start its transformation focused on its core competencies in manufacturing, and develop a new area of growth in the production of flexible packaging solutions. The potential growth associated with this acquisition is the principal factor that composes the goodwill generated by this acquisition.

The following table summarizes the fair value of assets acquired and liabilities assumed during the year ended October 31, 2014, at their respective acquisition date:

	Sun Media Corporation weekly newspapers in Quebec	Capri Packaging	Total
Assets acquired			
Current assets	$ 7.7	$ 11.4	$ 19.1
Property, plant and equipment	0.8	14.9	15.7
Intangible assets	16.2	58.9	75.1
Goodwill (tax basis of $64.6)	60.1	64.6	124.7
Deferred taxes	0.2	—	0.2
	85.0	149.8	234.8
Liabilities assumed			
Current liabilities	1.7	3.3	5.0
Other liabilities	4.5	—	4.5
	6.2	3.3	9.5
	$ 78.8	$ 146.5	$ 225.3
Total consideration			
Cash paid	$ 78.4	$ 146.5	$ 224.9
Short-term liabilities	0.4	—	0.4
	$ 78.8	$ 146.5	$ 225.3

During the year ended October 31, 2014, the Corporation paid an amount of $1.0 million related to the acquisition of Groupe Modulo Inc. which was acquired during the year ended October 31, 2013.

5 OPERATING EXPENSES

Operating expenses by major headings are as follows for the years ended October 31:

	2015	2014
Employee-related costs	**$ 648.2**	$ 638.5
Supply chain and logistics [1]	**856.2**	883.7
Other goods and services [2]	**119.1**	114.1
	$ 1,623.5	$ 1,636.3

[1] "Supply chain and logistics" includes mainly production and distribution costs related to external suppliers.

[2] "Other goods and services" includes mainly promotion, advertising and telecommunications costs, office supplies, real estate expenses and professional fees. Operating leases recognized during the year ended October 31, 2015 represent $21.8 million ($24.5 million for the year ended October 31, 2014). Leasing and subleasing revenues recognized during the year ended October 31, 2015 were $2.1 million ($3.6 million for the year ended October 31, 2014).

The cost of goods sold recognized in operating expenses for the year ended October 31, 2015 was $1,087.4 million ($1,084.7 million for the year ended October 31, 2014, considering that certain comparative figures in operating expenses have been reclassified to conform to the presentation adopted during the year). An amount of $0.7 million was recognized as inventory obsolescence expenses for the year ended October 31, 2015 ($1.4 million for the year ended October 31, 2014).

6 RESTRUCTURING AND OTHER COSTS (REVENUES)

Restructuring and other costs (revenues) by major headings are as follows for the years ended October 31**:**

	2015	2014
Workforce reductions	**$ 15.3**	$ 27.4
Other costs related to restructuring	**3.6**	4.8
Onerous contracts	**1.9**	3.5
Business acquisition costs [1]	**2.5**	4.0
Gain on the sale of buildings	**(7.6)**	—
Reversal of the provision for multi-employer pension plans (Note 20)	**(22.6)**	—
Amendment of defined benefit pension plans (Note 28)	**2.6**	—
Amendment of the long-term disability plan (Note 28)	**(2.9)**	—
Gain on defined benefit plans curtailment related to workforce reductions (Note 28)	**—**	(1.0)
Impact of settlement on defined benefit plans related to workforce reductions (Note 28)	**—**	0.1
Other costs (revenues)	**(1.4)**	0.2
	$ (8.6)	$ 39.0

[1] Business acquisition costs include transaction costs, primarily legal fees and other professional fees, for potential or realized business combinations.

7 IMPAIRMENT OF ASSETS

Impairment of assets by major headings is as follows for the years ended October 31:

		2015		2014
Property, plant and equipment	$	4.1	$	2.6
Intangible assets		14.8		12.6
Goodwill		8.3		30.6
	$	27.2	$	45.8

Property, plant and equipment
During the year ended October 31, 2015, the Corporation recognized an impairment charge in respect of property, plant and equipment totalling $4.1 million, primarily related to production equipment that was not used.

Intangible assets
During the year ended October 31, 2015, the Corporation performed its annual impairment test on intangible assets with an indefinite useful life, which consist of trade names acquired in business combinations for newspaper and book publishing activities. The Corporation has concluded that the recoverable values of certain CGUs in the Media Sector's Local Solutions Group, determined on the basis of value in use, were less than their carrying amounts due to a decline in profitability. This decline in profitability is mainly located in weekly newspapers outside of Quebec and is mainly due to a decrease in advertising revenues. Therefore, the Corporation recorded a $12.8 million impairment charge during the year ended October 31, 2015. During the same year, the Corporation also recorded an impairment charge of $2.0 million, mainly due to costs relating to technology projects in the Media Sector. These impairment charges had no effect on the Corporation's activities, on cash or on meeting the requirements of debt covenants.

During the year ended October 31, 2014, a $12.1 million impairment charge was recorded in respect of intangible assets with an indefinite useful life due to a decline in profitability, related to trade names of certain CGUs in the Media Sector's Local Solutions Group. The Corporation also recorded an impairment charge of $0.5 million, in respect of costs relating to technology projects in the Media Sector.

Goodwill
As at October 31, 2015, the Corporation performed its annual goodwill impairment test. The Corporation concluded that the recoverable values for the CGU group in the Media Sector's Digital Solutions Group, determined on the basis of value in use, was lower than its carrying amount due to a decrease in activity. These conditions have a negative impact on the operating results of this CGU group. Therefore, the Corporation recorded a $8.3 million impairment charge during the year ended October 31, 2015. This impairment charge had no effect on the Corporation's activities, on cash or on meeting the requirements of debt covenants.

During the year ended October 31, 2014, the Corporation recorded an impairment charge of $30.6 million in the CGU group in the Media Sector's Book Publishing Group, due to budget cuts within the customers of the group. This impairment charge had no effect on the Corporation's activities, on cash or on meeting the requirements of debt covenants.

Impairment tests
As at October 31, 2015, the Corporation performed its annual impairment tests of goodwill and intangible assets with an indefinite useful life, in accordance with paragraph o) of Note 2 "Significant accounting policies". The recoverable values of CGUs, established for the purposes of impairment test of intangible assets with an indefinite useful life, have been determined on the basis of the value in use. The recoverable values of the CGU groups, established for the impairment test of goodwill, have been determined based on the greater of the fair value less costs to sell and the value in use.

The fair value less costs to sell was determined using capitalization multiples, derived from comparable companies whose activities are similar to the CGU or CGU group concerned. This information can be observed in the market.

Value in use was determined by discounting expected future cash flows, which are derived from the three-year financial plan approved by management. The financial plan is based on past experience and reflects management's expectations regarding operating results and capital expenditures, taking into account the business strategy and economic and specific trends of the industry and market. Management establishes its forecasts based, particularly, on print revenues, advertising revenues, printing costs and wage increases. Beyond the three-year period, cash flows are extrapolated using a perpetual growth rate.

The Corporation used discounts rates varying between 8.37% and 14.66% (pre-tax discount rates vary between 11.90% and 23.35%). The discount rate represents the weighted average cost of capital ("WACC") for comparable companies whose activities are similar to the CGU or the CGU group concerned. The WACC is an estimate of the overall rate of return required by debt and equity holders on their investments, and reflects the current market valuation, the time value of money and the specific risk applicable to the CGU or group of CGU concerned.

7 IMPAIRMENT OF ASSETS (CONTINUED)

The assumptions used by the Corporation in the future expected cash flow discounting model are classified as Level 3 in the fair value hierarchy, signifying that they are not based on observable market data. The Corporation performed a sensitivity analysis of the discount rate and the perpetual growth rate in its assessment of the recoverable values of the CGU or CGU groups tested for impairment. The results of the sensitivity analysis show that a 1% increase in the discount rate or the perpetual growth rate would not change the results of the test.

The following table presents the main CGUs subject to an impairment test for intangible assets with an indefinite useful life, the basis used as recoverable value and key assumptions used:

	Carrying amount of trades names as at October 31, 2015	Basis used as recoverable value	Capitalization multiple	Perpetual growth rate	Pre-tax discount rate
Media Sector					
The Telegram	$ 13.8	Value in use	n/a	(2.0) %	18.05 %
The Guardian	15.4	Value in use	n/a	(2.0)	17.76
Cape Breton Post	8.9	Value in use	n/a	(2.0)	17.94
Hebdos Sun Média	5.8	Value in use	n/a	(2.0)	17.34

The following table presents the main CGU groups subject to an impairment test for goodwill, the basis used as recoverable value and key assumptions used:

	Carrying amount of goodwill as at October 31, 2015	Basis used as recoverable value	Capitalization multiple	Perpetual growth rate	Pre-tax discount rate
Printing and Packaging Sector					
Magazine, Book and Catalogue Group	$ 65.4	Fair value	5.7x	n/a	16.65 %
Retail and Newspaper Group	96.8	Value in use	n/a	— %	14.36
Flexible Packaging Group	135.2	Fair value	10.6x	n/a	23.35
Media Sector					
Local Solutions Group	115.3	Fair value	6.0x	n/a	19.95

8 DEPRECIATION AND AMORTIZATION

Depreciation and amortization by major headings is as follows for the years ended October 31:

	2015	2014
Property, plant and equipment	**$ 80.1**	$ 81.7
Intangible assets	**21.9**	19.2
	102.0	100.9
Intangible assets and other assets, recognized in revenues and operating expenses	**26.8**	27.6
	$ 128.8	$ 128.5

9 NET FINANCIAL EXPENSES

Net financial expenses by major headings are as follows for the years ended October 31:

	2015	2014
Financial expenses on long-term debt	$ 19.2	$ 19.8
Reversal of interest on previous tax reassessments [1]	(11.9)	—
Net interest on defined benefit plans asset and liability (Note 28)	—	1.3
Interest on letters of credit for defined benefit plans (Note 19)	0.2	—
Other expenses	1.1	0.2
Net foreign exchange gains	(2.4)	(1.7)
	$ 6.2	$ 19.6

[1] During the year ended October 31, 2015, following an agreement with the tax authorities, the Corporation reversed an amount of $11.9 million related to interest recognized during the year ended October 31, 2012, following the reception of notices of reassessment. The notices of reassessment related to deductions on investments in capital assets made by the Corporation, as well as the interprovincial allocation of income. This agreement will result in a reimbursement of an amount of approximately $9.0 million over the next year.

10 INCOME TAXES

The following table presents a reconciliation of income taxes at the Canadian statutory tax rate and at the effective tax rate for the years ended October 31:

	2015	2014
Earnings before share of net earnings in interests in joint ventures and income taxes	$ 251.9	$ 148.8
Canadian statutory tax rate [1]	26.90 %	26.90 %
Income taxes at the statutory tax rate	67.8	40.0
Effect of differences in tax rates in other jurisdictions	2.8	3.1
Income taxes on non-deductible expenses and non-taxable portion of capital gains	(0.3)	8.9
Change in deferred tax assets on tax losses or temporary differences not previously recognized [2]	(54.7)	(9.8)
Impact resulting from reassessments related to previous years	—	(1.9)
Other	—	(1.8)
Income taxes at effective tax rate	$ 15.6	$ 38.5
Income taxes before the following items:	$ 72.6	$ 62.2
Net increase to the carrying amount of deferred tax assets [2]	(51.7)	(10.0)
Income taxes on restructuring and other costs (revenues)	(0.1)	(9.6)
Income taxes on impairment of assets	(5.2)	(4.1)
Income taxes at effective tax rate	$ 15.6	$ 38.5

[1] The Corporation's applicable tax rate corresponds to the combined Canadian tax rates applicable in the provinces where the Corporation operates.

[2] The increase in the carrying amount of deferred tax assets during the years ended October 31, 2015 and 2014 results primarily from increased activity in the United States, mainly resulting from the acquisitions of Capri Packaging and Ultra Flex Packaging.

10 INCOME TAXES (CONTINUED)

The following table presents components of income tax expense for the years ended October 31:

	2015	2014
Current income taxes		
Current year	**$ 72.4**	$ 25.1
Adjustment for previous years' balances	**(7.1)**	(1.6)
	65.3	23.5
Deferred taxes		
Adjustment for previous years' balances	**8.2**	(0.7)
Increase related to temporary differences	**(3.0)**	26.0
Change in deferred tax assets on tax losses or temporary differences not previously recognized	**(54.7)**	(9.8)
Impact of tax rate changes	**(0.2)**	(0.5)
	(49.7)	15.0
Income taxes	**$ 15.6**	$ 38.5

The following table presents components of the deferred tax asset and liability:

	As at October 31, 2015		As at October 31, 2014	
	Asset	**Liability**	Asset	Liability
Inventories	**$ —**	**$ 9.2**	$ —	$ 10.1
Property, plant and equipment	**—**	**43.0**	—	42.6
Intangible assets and goodwill	**—**	**33.6**	—	23.7
Provisions	**14.7**	**—**	11.7	—
Deferred revenues	**66.6**	**—**	73.2	—
Long-term debt	**—**	**6.6**	—	6.0
Defined benefit plans	**3.8**	**—**	—	0.9
Loss carryforwards	**125.4**	**—**	65.1	—
Transitional provision for partnerships	**—**	**4.4**	—	7.9
Other	**3.5**	**—**	8.7	—
	214.0	**96.8**	158.7	91.2
Offsetting of assets and liabilities	**(16.9)**	**(16.9)**	(6.5)	(6.5)
	$ 197.1	**$ 79.9**	$ 152.2	$ 84.7

The loss carryforwards included in deferred tax assets expire between 2016 and 2035.

10 INCOME TAXES (CONTINUED)

Changes in deferred tax assets and liabilities for the year ended October 31, 2015 are as follows:

	Balance as at October 31, 2014	Recognized in net earnings	Discontinued operations (Note 11)	Exchange rate change	Recognized in other comprehensive income	Business combinations	Balance as at October 31, 2015
Inventories	**$ (10.1)**	**$ 1.0**	**$ —**	**$ (0.1)**	**$ —**	**$ —**	**$ (9.2)**
Property, plant and equipment	**(42.6)**	**5.8**	**—**	**0.6**	**—**	**(6.8)**	**(43.0)**
Intangible assets and goodwill	**(23.7)**	**2.9**	**(3.5)**	**0.4**	**—**	**(9.7)**	**(33.6)**
Provisions	**11.7**	**2.8**	**(0.1)**	**0.3**	**—**	**—**	**14.7**
Deferred revenues	**73.2**	**(16.9)**	**—**	**10.3**	**—**	**—**	**66.6**
Long-term debt	**(6.0)**	**(1.7)**	**—**	**—**	**1.1**	**—**	**(6.6)**
Defined benefit plans	**(0.9)**	**2.2**	**—**	**—**	**2.5**	**—**	**3.8**
Loss carryforwards	**65.1**	**55.2**	**(1.5)**	**6.6**	**—**	**—**	**125.4**
Transitional provisions for partnerships	**(7.9)**	**3.5**	**—**	**—**	**—**	**—**	**(4.4)**
Other	**8.7**	**(5.1)**	**(0.1)**	**—**	**—**	**—**	**3.5**
	$ 67.5	**$ 49.7**	**$ (5.2)**	**$ 18.1**	**$ 3.6**	**$ (16.5)**	**$ 117.2**

Changes in deferred tax assets and liabilities for the year ended October 31, 2014 are as follows:

	Balance as at October 31, 2013	Recognized in net earnings	Discontinued operations (Note 11)	Exchange rate change	Recognized in other comprehensive income	Business combinations	Balance as at October 31, 2014
Inventories	$ (10.5)	$ 0.4	$ —	$ —	$ —	$ —	$ (10.1)
Property, plant and equipment	(48.7)	5.8	—	0.2	—	0.1	(42.6)
Intangible assets and goodwill	(13.0)	(10.3)	—	0.7	—	(1.1)	(23.7)
Provisions	23.2	(13.0)	—	0.3	—	1.2	11.7
Deferred revenues	71.9	(3.7)	—	5.0	—	—	73.2
Long-term debt	(8.6)	2.7	—	—	(0.1)	—	(6.0)
Defined benefit plans	9.9	(4.7)	—	—	(6.1)	—	(0.9)
Loss carryforwards	55.6	7.9	—	1.6	—	—	65.1
Transitional provisions for partnerships	(9.2)	1.3	—	—	—	—	(7.9)
Other	10.0	(1.4)	0.1	—	—	—	8.7
	$ 80.6	$ (15.0)	$ 0.1	$ 7.8	$ (6.2)	$ 0.2	$ 67.5

As at October 31, 2015, the Corporation has $3.1 million in capital losses that can be used indefinitely and for which the potential benefits have not been recognized. In addition, the Corporation has loss carryforwards in the United States and considering that it is unlikely that a sufficient future taxable income will be available, the Corporation has not recognized a deferred tax asset on these losses totalling $15.5 million. Losses related to the unrecognized asset expire between 2016 and 2034.

As at October 31, 2015, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Corporation controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

11 DISCONTINUED OPERATIONS

Discontinued consumer magazines

On April 12, 2015, the Corporation sold its consumer magazine publishing activities produced in Montreal and Toronto and their associated websites, as well as their brand-related products, to Groupe TVA Inc. for a total cash consideration of $56.0 million, including adjustments for working capital and usual closing adjustments. These products were included in the Media Sector.

Discontinued operations also include other consumer magazines that have been discontinued or sold during the year ended October 31, 2015, but which were not part of the transaction with Groupe TVA Inc. These items are not significant. As at October 31, 2015, the Corporation has no more activity related to consumer magazines.

The earnings and cash flows related to these activities were reclassified as discontinued operations in the consolidated statements of earnings, comprehensive income and cash flows.

The following table presents the results from discontinued operations for the years ended October 31:

		2015		2014
Revenues [1]	**$**	**31.7**	$	79.0
Operating expenses [1]		**33.6**		72.7
Restructuring and other costs		**0.6**		2.4
Impairment of assets		**0.8**		0.4
Depreciation and amortization		**0.9**		2.1
Net financial revenues		**(0.1)**		(0.1)
Earnings before share of net earnings in interests in joint ventures and income taxes		**(4.1)**		1.5
Share of net earnings in interests in joint ventures, net of related taxes		**0.2**		0.3
Income taxes paid (recovered)		**(1.0)**		0.3
Net earnings related to discontinued operations		**(2.9)**		1.5
Gain on disposal of businesses, net of related taxes of $6.2		**28.5**		—
Net earnings and comprehensive income from discontinued operations	**$**	**25.6**	$	1.5
Attributable to:				
Shareholders of the Corporation	**$**	**26.0**	$	0.9
Non-controlling interests		**(0.4)**		0.6
	$	**25.6**	$	1.5

[1] The Corporation has intercompany transactions between continuing operations and discontinued operations. Despite the separate presentation of results from continuing and discontinued operations, these intercompany transactions remain totally eliminated in the consolidated financial statements of the Corporation. Intercompany transactions that are expected to continue after the discontinuing of consumer magazines operations were presented in the results from continuing operations rather than as discontinued operations.

The following table presents cash flows from discontinued operations for the years ended October 31:

		2015		2014
Cash flows related to operations	**$**	**(1.9)**	$	(1.7)
Cash flows related to investments		**54.6**		(0.7)
Net change in cash flows from discontinued operations	**$**	**52.7**	$	(2.4)

11 DISCONTINUED OPERATIONS (CONTINUED)

The following table summarizes the carrying value of assets and liabilities sold:

	Consumer magazines
Current assets	$ 21.1
Property, plant and equipment	2.3
Intangible assets	1.7
Goodwill allocated	20.0
Assets sold	45.1
Current liabilities	19.2
Investments in joint ventures	0.4
Other liabilities	4.1
Liabilities transferred	23.7
Net assets sold	$ 21.4
Non-controlling interests	$ 0.6

12 ACCOUNTS RECEIVABLE

Components of accounts receivable are as follows:

	As at October 31, 2015	As at October 31, 2014
Trade receivables	**$ 360.7**	$ 390.4
Allowance for doubtful accounts	**(4.8)**	(7.3)
Other receivables	**37.1**	32.0
	$ 393.0	$ 415.1

13 INVENTORIES

Components of inventories are as follows:

	As at October 31, 2015	As at October 31, 2014 [1]
Raw materials	**$ 66.8**	$ 51.7
Work in progress and finished goods	**57.2**	50.4
Provision for obsolescence	**(7.7)**	(7.9)
	$ 116.3	$ 94.2

[1] Certain comparative figures have been reclassified to conform to the presentation adopted during the year.

14 PROPERTY, PLANT AND EQUIPMENT

The following tables present changes in property, plant and equipment for the years ended October 31:

2015	Land	Buildings	Leasehold improvements	Machinery and equipment	Machinery and equipment under finance leases	Other equipment	Assets under construction and deposits on equipment	Total
Cost								
Balance, beginning of year	**$ 46.6**	**$ 238.5**	**$ 50.0**	**$ 1,132.2**	**$ 12.1**	**$ 116.6**	**$ 15.1**	**$ 1,611.1**
Acquisitions	**—**	**2.3**	**1.7**	**8.0**	**—**	**7.0**	**44.6**	**63.6**
Made available for use	**—**	**3.2**	**3.5**	**21.3**	**—**	**3.7**	**(31.7)**	**—**
Business combinations	**2.4**	**12.6**	**0.9**	**7.2**	**—**	**0.2**	**0.3**	**23.6**
Business disposals	**—**	**—**	**(5.2)**	**—**	**—**	**(3.2)**	**(0.2)**	**(8.6)**
Disposals and elimination of cost on fully depreciated assets	**(6.6)**	**(15.6)**	**(2.0)**	**(15.0)**	**—**	**(13.2)**	**(0.2)**	**(52.6)**
Exchange rate change and other	**4.1**	**8.5**	**(0.1)**	**18.4**	**—**	**1.0**	**(0.6)**	**31.3**
Balance as at October 31, 2015	**$ 46.5**	**$ 249.5**	**$ 48.8**	**$ 1,172.1**	**$ 12.1**	**$ 112.1**	**$ 27.3**	**$ 1,668.4**
Accumulated depreciation and impairment								
Balance, beginning of year	**$ —**	**$ (120.0)**	**$ (21.0)**	**$ (793.0)**	**$ (11.2)**	**$ (100.0)**	**$ —**	**$ (1,045.2)**
Depreciation	**—**	**(8.9)**	**(4.1)**	**(57.3)**	**(0.5)**	**(9.3)**	**—**	**(80.1)**
Business disposals	**—**	**—**	**3.2**	**—**	**—**	**2.5**	**—**	**5.7**
Disposals and elimination of accumulated depreciation and impairment on fully depreciated assets	**—**	**4.4**	**1.8**	**14.1**	**—**	**13.2**	**—**	**33.5**
Impairment	**—**	**(0.7)**	**(0.8)**	**(2.4)**	**—**	**(0.2)**	**—**	**(4.1)**
Exchange rate change and other	**—**	**(2.9)**	**0.1**	**(7.3)**	**—**	**(0.6)**	**—**	**(10.7)**
Balance as at October 31, 2015	**$ —**	**$ (128.1)**	**$ (20.8)**	**$ (845.9)**	**$ (11.7)**	**$ (94.4)**	**$ —**	**$ (1,100.9)**
Net book value	**$ 46.5**	**$ 121.4**	**$ 28.0**	**$ 326.2**	**$ 0.4**	**$ 17.7**	**$ 27.3**	**$ 567.5**

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2014	Land	Buildings	Leasehold improvements	Machinery and equipment	Machinery and equipment under finance leases	Other equipment	Assets under construction and deposits on equipment	Total
Cost								
Balance, beginning of year	$ 44.4	$ 224.8	$ 42.7	$ 1,121.9	$ 8.9	$ 108.8	$ 19.7	$ 1,571.2
Acquisitions	—	1.3	4.4	7.0	—	2.6	20.4	35.7
Made available for use	—	2.7	1.2	16.6	—	4.6	(25.1)	—
Business combinations	0.5	7.2	0.3	7.1	—	0.6	—	15.7
Business disposals	—	—	(0.5)	(15.7)	(1.2)	(1.4)	—	(18.8)
Discontinued operations [1]	—	—	0.6	—	—	0.4	0.1	1.1
Disposals and elimination of cost on fully depreciated assets	—	(0.9)	—	(12.8)	—	—	—	(13.7)
Exchange rate change and other	1.7	3.4	1.3	8.1	4.4	1.0	—	19.9
Balance as at October 31, 2014	$ 46.6	$ 238.5	$ 50.0	$ 1,132.2	$ 12.1	$ 116.6	$ 15.1	$ 1,611.1
Accumulated depreciation and impairment								
Balance, beginning of year	$ —	$ (111.1)	$ (15.4)	$ (754.4)	$ (6.5)	$ (87.8)	$ —	$ (975.2)
Depreciation	—	(8.3)	(3.8)	(59.7)	(0.8)	(9.1)	—	(81.7)
Business disposals	—	—	0.4	14.6	0.6	1.2	—	16.8
Discontinued operations [1]	—	—	(0.4)	—	—	(0.7)	—	(1.1)
Disposals and elimination of accumulated depreciation and impairment on fully depreciated assets	—	0.6	—	11.9	—	—	—	12.5
Impairment	—	—	(0.2)	(2.3)	—	(0.1)	—	(2.6)
Exchange rate change and other	—	(1.2)	(1.6)	(3.1)	(4.5)	(3.5)	—	(13.9)
Balance as at October 31, 2014	$ —	$ (120.0)	$ (21.0)	$ (793.0)	$ (11.2)	$ (100.0)	$ —	$ (1,045.2)
Net book value	$ 46.6	$ 118.5	$ 29.0	$ 339.2	$ 0.9	$ 16.6	$ 15.1	$ 565.9

[1] Includes net change in property, plant and equipment from discontinued operations.

Borrowing costs capitalized to property, plant and equipment
For the years ended October 31, 2015 and 2014, negligible amounts were capitalized to property, plant and equipment as borrowing costs.

15 INTANGIBLE ASSETS

The following tables present changes in intangible assets for years ended October 31:

	Finite useful life						Indefinite useful life	
2015	Customer relationships	Book prepublication costs	Educational book titles	Non-compete agreements	Technology project costs	Acquired printing contracts and other	Trade names	Total
Cost								
Balance, beginning of year	$ 122.5	$ 112.7	$ 12.6	$ 10.4	$ 55.5	$ 11.7	$ 134.1	$ 459.5
Additions (internally generated)	—	11.7	—	—	10.8	—	—	22.5
Business combinations	25.5	—	—	—	—	—	0.1	25.6
Business disposals	—	—	—	—	(7.7)	—	(6.1)	(13.8)
Elimination of cost on fully amortized assets	—	—	—	(0.8)	(8.8)	(0.1)	—	(9.7)
Exchange rate change and other	9.3	(0.1)	—	—	1.6	—	—	10.8
Balance as at October 31, 2015	$ 157.3	$ 124.3	$ 12.6	$ 9.6	$ 51.4	$ 11.6	$ 128.1	$ 494.9
Accumulated amortization and impairment								
Balance, beginning of year	$ (23.0)	$ (78.2)	$ (7.6)	$ (5.6)	$ (28.3)	$ (9.7)	$ (54.2)	$ (206.6)
Amortization	(12.2)	(13.4)	(1.2)	(1.8)	(6.0)	(0.7)	—	(35.3)
Business disposals	—	—	—	—	5.8	—	5.8	11.6
Elimination of accumulated amortization and impairment on fully amortized assets	—	—	—	0.8	8.8	0.1	—	9.7
Impairment	(0.4)	(0.1)	—	—	(1.5)	—	(12.8)	(14.8)
Exchange rate change and other	(0.9)	0.1	—	0.1	(1.3)	—	—	(2.0)
Balance as at October 31, 2015	$ (36.5)	$ (91.6)	$ (8.8)	$ (6.5)	$ (22.5)	$ (10.3)	$ (61.2)	$ (237.4)
Net book value	$ 120.8	$ 32.7	$ 3.8	$ 3.1	$ 28.9	$ 1.3	$ 66.9	$ 257.5

15 INTANGIBLE ASSETS (CONTINUED)

	Finite useful life						Indefinite useful life	
2014	Customer relationships	Book prepublication costs	Educational book titles	Non-compete agreements	Technology project costs	Acquired printing contracts and other	Trade names	Total
Cost								
Balance, beginning of year	$ 52.0	$ 98.2	$ 12.6	$ 10.4	$ 47.8	$ 13.3	$ 128.3	$ 362.6
Additions (internally generated)	—	14.5	—	—	11.3	—	—	25.8
Business combinations	69.3	—	—	—	—	—	5.8	75.1
Discontinued operations [(1)]	—	—	—	—	1.5	—	—	1.5
Elimination of cost on fully amortized assets	—	—	—	—	(6.4)	—	—	(6.4)
Exchange rate change and other	1.2	—	—	—	1.3	(1.6)	—	0.9
Balance as at October 31, 2014	$ 122.5	$ 112.7	$ 12.6	$ 10.4	$ 55.5	$ 11.7	$ 134.1	$ 459.5
Accumulated amortization and impairment								
Balance, beginning of year	$ (15.1)	$ (66.9)	$ (5.8)	$ (3.8)	$ (25.8)	$ (9.0)	$ (42.1)	$ (168.5)
Amortization	(8.0)	(11.3)	(1.8)	(1.8)	(6.7)	(0.9)	—	(30.5)
Discontinued operations [(1)]	—	—	—	—	(1.3)	—	(0.4)	(1.7)
Elimination of accumulated amortization and impairment on fully amortized assets	—	—	—	—	6.4	—	—	6.4
Impairment	—	—	—	—	(0.9)	—	(11.7)	(12.6)
Exchange rate change and other	0.1	—	—	—	—	0.2	—	0.3
Balance as at October 31, 2014	$ (23.0)	$ (78.2)	$ (7.6)	$ (5.6)	$ (28.3)	$ (9.7)	$ (54.2)	$ (206.6)
Net book value	$ 99.5	$ 34.5	$ 5.0	$ 4.8	$ 27.2	$ 2.0	$ 79.9	$ 252.9

[(1)] Includes net change in intangible assets from discontinued operations.

16 GOODWILL

The following table presents the changes in goodwill for the years ended October 31:

	2015	2014
Cost		
Balance, beginning of year	$ 1,120.3	$ 994.2
Business combinations (Note 4)	59.1	124.7
Business disposals	(0.9)	—
Discontinued operations (Note 11)	(20.0)	—
Exchange rate change	10.1	1.4
Balance, end of year	$ 1,168.6	$ 1,120.3
Accumulated impairment		
Balance, beginning of year	$ (700.8)	$ (670.2)
Impairment (Note 7)	(8.3)	(30.6)
Balance, end of year	$ (709.1)	$ (700.8)
Net book value		
Beginning of year	$ 419.5	$ 324.0
End of year	$ 459.5	$ 419.5

The carrying amount of goodwill is allocated to the CGU groups as follows:

Operating segments	As at October 31, 2015	As at October 31, 2014
Printing and Packaging Sector		
Magazine, Book and Catalogue Group	$ 65.4	$ 65.4
Retail and Newspaper Group	96.8	96.8
Flexible Packaging Group	135.2	66.0
	297.4	228.2
Media Sector		
Business Solutions Group [(1)]	12.8	32.8
Local Solutions Group	115.3	116.2
Book Publishing Group	19.5	19.5
Content Solutions Group	12.7	12.7
Digital Solutions Group	1.8	10.1
	162.1	191.3
	$ 459.5	$ 419.5

[(1)] During the year ended October 31, 2015, the CGU group of Business and Consumer Solutions Group was renamed following the sale of the consumer magazine publishing activities.

17 OTHER ASSETS

Components of other assets are as follows:

	As at October 31, 2015	As at October 31, 2014
Contract acquisition costs	**$ 16.7**	$ 18.4
Defined benefit asset (Note 28)	**27.6**	38.6
Other	**5.8**	4.1
	$ 50.1	$ 61.1

18 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Components of accounts payable and accrued liabilities are as follows:

	As at October 31, 2015	As at October 31, 2014
Accounts payable and other accruals	**$ 146.2**	$ 132.8
Salaries and other benefits payable	**94.5**	88.7
Stock-based compensation (Note 24)	**25.2**	16.8
Taxes payable	**13.3**	12.5
Derivative financial instruments	**5.7**	2.6
Financial expenses payable	**6.2**	7.6
Other	**48.6**	40.8
	$ 339.7	$ 301.8

19 LONG-TERM DEBT

Long-term debt is as follows:

	Effective interest rate as at October 31, 2015	Maturity	**As at October 31, 2015**	As at October 31, 2014
Senior notes				
Series 2002 A - 5.73% (US$50.0)	— %	—	**$ —**	$ 56.2
Series 2004 D - LIBOR + 0.90% (US$10.0)	1.27 %	2016	**13.1**	11.2
Senior unsecured notes - 3.897%	4.03 %	2019	**250.0**	250.0
Credit facility in Canadian dollars	4.27 %	2020	**10.0**	14.0
Credit facility in U.S. dollars (2015 - US$10.0; 2014 - US$30.0)	3.05 %	2020	**13.1**	33.7
Debentures - Solidarity Fund QFL				
Series 1 - 5.58%	5.58 %	2019	**50.0**	50.0
Series 2 - 4.011%	4.05 %	2020	**50.0**	50.0
Term loan - EURIBOR + 1.60% (2014 - €9.8)	— %	—	**—**	14.0
Other loans at zero nominal interest rates	5.73 %	2017	**0.4**	0.6
			386.6	479.7
Issuance costs on long-term debt at amortized cost			**2.5**	2.9
Total long-term debt			**384.1**	476.8
Current portion of long-term debt [1]			**36.4**	118.1
			$ 347.7	$ 358.7

[1] The current portion of long-term debt as at October 31, 2015 mainly includes the credit facility in Canadian and U.S. dollars and the Series 2004 D Senior Notes.

The Series 2004 D Senior Notes are redeemable at their nominal value. On December 15, 2014, the Corporation repaid its Senior Notes Series 2002 A which matured, amounting to US$50.0 million ($58.1 million). This financing was for a period of twelve years, at 5.73%.

The senior unsecured notes, amounting to $250.0 million, bear interest at 3.897%, payable every six months and mature in 2019. The notes are direct unsecured obligations of the Corporation and rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Corporation.

The Corporation has a credit facility amounting to $400.0 million or the U.S. dollar equivalent, which matures in February 2020. The applicable interest rate on the credit facility is based on the credit rating assigned by Standard & Poor's and DBRS. According to the current credit rating, it is either the bank prime rate, the banker's acceptance rate or the LIBOR, plus 1.675%, or the Canadian or U.S. prime rate, plus 0.675%. As at October 31, 2015, the nominal rate was 2.53% and 1.82% for the credit facility in Canadian dollars and in U.S. dollars, respectively.

The financing of $100.0 million agreed to by the Solidarity Fund QFL is composed of two debentures of $50.0 million each. The unsecured debenture Series 1 bears interest at 5.58% payable every six months, and matures in 2019. The unsecured debenture Series 2 bears interest at 4.011% payable every six months, and matures in 2020.

On July 15, 2015, the Corporation repaid the remaining balance of its euro term loan which matured. This financing was for a period of six years, at EURIBOR variable interest rate plus 1.60%. The cross currency interest rate swap agreement, which was used as a derivative financial instrument designated as a hedge in order to lock the exchange rate and to convert the interest rate of this debt, also matured.

On April 11, 2014, the Corporation entered into two renewable and uncommitted letters of credit facilities, amounting to $15.0 million each, which matured on April 11, 2015. On April 11, 2015, the Corporation extended its two letters of credit facilities for one additional year, extending the maturity date to April 11, 2016. The fees applicable to the portion issued on these letter of credit facilities are 1.00% annually. As at October 31, 2015, letters of credit amounting to $12.7 million ($12.1 million as at October 31, 2014) were issued on these facilities as collateral for unpaid contributions, with respect to the solvency deficiency of the Corporation's defined benefit plans (Note 28 "Employee Benefits").

19 LONG-TERM DEBT (CONTINUED)

As at October 31, 2015, letters of credit amounting to $0.1 million ($0.5 million as at October 31, 2014) and US$1.3 million (US$1.2 million as at October 31, 2014) were drawn on the credit facility, in addition to the amount presented in the table on the previous page.

The Corporation must comply with certain restrictive covenants, including maintaining certain financial ratios. For the years ended October 31, 2015 and 2014, the Corporation has not been in default under any covenants.

Principal payments to be made by the Corporation in forthcoming years are as follows:

	Principal payments
2016	$ 13.3
2017	0.2
2018	—
2019	300.0
2020	73.1
	$ 386.6

20 PROVISIONS

The following table presents changes in provisions for the year ended October 31, 2015:

	Restructuring costs	Onerous contracts	Multi-employer pension plans	Other	Total
Balance, beginning of year	$ 15.5	$ 10.5	$ 22.6	$ 1.7	$ 50.3
Provisions recorded	16.0	2.2	—	0.2	18.4
Amounts used	(25.2)	(3.5)	—	(0.5)	(29.2)
Provisions reversed	(0.7)	(0.6)	(22.6)	(0.3)	(24.2)
Other	—	0.6	—	—	0.6
Balance as at October 31, 2015	$ 5.6	$ 9.2	$ —	$ 1.1	$ 15.9
Current portion	$ 5.6	$ 4.1	$ —	$ 0.5	$ 10.2
Non-current portion	—	5.1	—	0.6	5.7
	$ 5.6	$ 9.2	$ —	$ 1.1	$ 15.9

Restructuring costs
The Corporation is implementing rationalization measures in its operating segments due to major structural changes in the printing and media industry.

Onerous contracts
The provisions for onerous contracts are related to the operating leases for unused space by the Corporation following rationalization measures, and represent the present value of future rental expenses that the Corporation must pay under non-cancellable leases, net of estimated future subleasing revenues expected to be received on these contracts. The maximum term of these contracts is 6.5 years.

Multi-employer pension plans
The Bill no. 34, *An Act to amend the Supplemental Pension Plans Act with respect to the funding and restructuring of certain multi-employer pension plans*, was adopted on April 2, 2015. Based on the provisions of the legislation, the Corporation's obligation related to multi-employer pension plans in Quebec is limited to making contributions per the collective agreements of the Corporation and the plans are classified as defined contribution plans. Consequently, the Corporation reversed its provision for multi-employer pension plans in Quebec during the year ended October 31, 2015.

Other
Other provisions include provisions for asset retirement obligations and provisions related to claims and litigations.

21 OTHER LIABILITIES

Components of other liabilities are as follows:

	As at October 31, 2015	As at October 31, 2014
Deferred revenues	**$ 145.3**	$ 163.6
Accrued liabilities and other liabilities	**17.6**	17.6
Defined benefit liability (Note 28)	**41.8**	47.5
Derivative financial instruments	**0.8**	0.1
	$ 205.5	$ 228.8

22 SHARE CAPITAL

Class A Subordinate Voting Shares: subordinate participating voting shares carrying one vote per share, authorized in unlimited number, no par value.
Class B Shares: participating voting shares carrying 20 votes per share, convertible into Class A Subordinate Voting Shares, authorized in unlimited number, no par value.

The following table presents changes in the Corporation's share capital for the years ended October 31:

	2015		2014	
	Number of shares	**Amount**	Number of shares	Amount
Participating shares				
Class A Subordinate Voting Shares				
Balance, beginning of year	**63,189,351**	**$ 345.9**	63,188,951	$ 345.9
Conversion of Class B Shares into Class A Subordinate Voting Shares	**25,400**	**—**	400	—
Participating shares redeemed and cancelled	**(42,300)**	**(0.3)**	—	—
Exercise of stock options	**190,830**	**2.5**	—	—
Balance, end of year	**63,363,281**	**348.1**	63,189,351	345.9
Class B Shares				
Balance, beginning of year	**14,832,416**	**20.1**	14,832,816	20.1
Conversion of Class B Shares into Class A Subordinate Voting Shares	**(25,400)**	**—**	(400)	—
Balance, end of year	**14,807,016**	**20.1**	14,832,416	20.1
	78,170,297	**$ 368.2**	78,021,767	$ 366.0
Preferred shares				
Cumulative Rate Reset First Preferred Shares, Series D				
Balance, beginning of year	**—**	**$ —**	4,000,000	$ 96.8
Preferred shares redeemed and cancelled	**—**	**—**	(4,000,000)	(96.8)
Balance, end of year	**—**	**$ —**	—	$ —
		$ 368.2		$ 366.0

22 SHARE CAPITAL (CONTINUED)

Participating shares redemptions

The Corporation has been authorized to repurchase, for cancellation on the open market, or subject to the approval of any securities authority by private agreements, between April 15, 2015 and April 14, 2016, or at an earlier date if the Corporation concludes or cancels the offer, up to 1,000,000 Class A Subordinate Voting Shares, representing 1.6% of its 63,244,208 Class A Subordinate Voting Shares issued and outstanding as at April 2, 2015, and up to 237,250 Class B Shares, representing 1.6% of its 14,827,916 Class B Shares issued and outstanding as at April 2, 2015. The repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

The Corporation had been authorized to repurchase, for cancellation on the open market, or subject to the approval of any securities authority by private agreements, between April 15, 2014 and April 14, 2015, or at an earlier date if the Corporation concluded or cancelled the offer, up to 4,742,369 Class A Subordinate Voting Shares, representing 7.5% of its 63,188,951 Class A Subordinate Voting Shares issued and outstanding as at April 2, 2014, and up to 741,640 Class B Shares, representing 5.0% of its 14,832,816 Class B Shares issued and outstanding as at April 2, 2014. The repurchases are made in the normal course of business at market prices through the Toronto Stock Exchange.

During the year ended October 31, 2015, the Corporation repurchased 42,300 of its Class A Subordinate Voting Shares at a weighted average price of $15.59 for a total cash consideration of $0.7 million. The excess of the total consideration paid over the carrying amount of the shares, in the amount of $0.4 million, was applied against retained earnings. The Corporation was under no obligations to repurchase its Class A Subordinate Voting Shares as at year ended October 31, 2015. During the year ended October 31, 2015, the Corporation did not repurchase any of its Class B Shares, and was under no obligation as such at that date.

During the year ended October 31, 2014, the Corporation did not repurchase any of its Class A Subordinate Voting Shares and Class B Shares, and was under no obligation as such at that date.

Preferred shares redemption

On October 15, 2014, the Corporation exercised its right to redeem all of the its 4,000,000 Cumulative Rate Reset First Preferred Shares, Series D at a price of $25.00 per share, for a total cash consideration of $100.0 million.

Exercise of stock options

When officers and senior executives exercise their stock options, any consideration paid is credited to share capital and the amount previously credited to contributed surplus is also transferred to share capital. For the year ended October 31, 2015, consideration of $2.1 million was received, and $0.4 million was transferred from contributed surplus to share capital. For the year ended October 31, 2014, no stock options were exercised.

Dividends

Dividends of $0.67 and $0.63 per share were declared and paid to the holders of participating shares for the years ended October 31, 2015 and 2014, respectively. Dividends of $1.69 per share were declared and paid to the holders of preferred shares for the year ended October 31, 2014.

23 NET EARNINGS PER PARTICIPATING SHARE

The following table presents a reconciliation of the components used in the calculation of basic and diluted net earnings from continuing operations per participating share for the years ended October 31:

	2015	2014
Numerator		
Net earnings from continuing operations	**$ 236.6**	$ 111.0
Dividends on preferred shares, net of related taxes	**—**	6.8
Net earnings from continuing operations, attributable to participating shares	**$ 236.6**	$ 104.2
Denominator (in millions)		
Weighted average number of participating shares outstanding - basic	**78.1**	78.0
Dilutive effect of stock options	**0.2**	0.2
Weighted average number of participating shares - diluted	**78.3**	78.2

As at October 31, 2015, all stock options are included in the calculation of the diluted net earnings from continuing operations due to their potential dilutive effect. As at October 31, 2014, 319,044 stock options were excluded from the calculation of the diluted net earnings from continuing operations since they were anti-dilutive, their exercise price being higher than the average share price of Class A Subordinate Voting Shares during the period.

24 STOCK-BASED COMPENSATION

Stock option plan

The Corporation has a stock option plan for the benefit of certain officers and senior executives. The number of Class A Subordinate Voting Shares authorized for issuance and the balance of shares that are issuable under the plan as at October 31, 2015 was 6,078,562 and 4,211,098, respectively. Under the plan, each stock option entitles its holder to receive upon exercise one Class A Subordinate Voting Share. The exercise price of each option is determined using the weighted average price of all trades for the five days immediately preceding the grant of the stock option. The Corporation has ceased granting stock options as of the year ended October 31, 2014.

For the years ended October 31, 2015 and 2014, stock-based compensation expenses of $0.2 million and $0.5 million, respectively, were charged to the Consolidated Statements of Earnings and increased contributed surplus included in equity.

The following table presents the changes in the plan's status for the years ended October 31:

	2015		2014	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Options outstanding at beginning of year	**1,160,296**	**$ 13.33**	1,354,076	$ 14.44
Exercised	**(190,830)**	**10.87**	—	—
Cancelled	**(5,835)**	**11.57**	(15,100)	15.66
Expired	**(200,928)**	**18.61**	(178,680)	21.56
Options outstanding at end of year	**762,703**	**$ 12.57**	1,160,296	$ 13.33

As at October 31, 2015, the balance of stock options available for future grants under the plan was 3,448,395.

The following table summarizes information regarding stock options as at October 31, 2015:

	Options outstanding			Options exercisable	
Exercise price range	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options	Weighted average exercise price
$ 11.33 - 12.40	541,955	3.8	$ 11.71	306,198	$ 11.83
13.09 - 16.20	220,748	1.7	14.66	220,748	14.66
	762,703	3.2	$ 12.57	526,946	$ 13.01

Share unit plan for certain officers and senior executives

The Corporation offers a share unit plan for the benefit of certain officers and senior executives under which deferred share units ("DSU") and restricted share units ("RSU") are granted. Vested DSUs and RSUs will be paid, at the Corporation's discretion, in cash or with Class A Subordinate Voting Shares of the Corporation purchased on the open market.

The following table presents the changes in the plan's status for the years ended October 31:

Number of units	**2015**	2014	**2015**	2014
	DSU		RSU	
Balance, beginning of year	**241,812**	225,051	**924,627**	713,704
Units granted	**3,121**	—	**378,396**	418,934
Units cancelled	**—**	—	**(32,548)**	(67,520)
Units paid	**(4,747)**	(8,228)	**(205,894)**	(138,130)
Units converted	**27,194**	15,016	**(27,194)**	(15,016)
Dividends paid in units	**11,782**	9,973	**27,268**	12,655
Balance, end of year	**279,162**	241,812	**1,064,655**	924,627

24 STOCK-BASED COMPENSATION (CONTINUED)

As at October 31, 2015, the liability related to the share unit plan for certain officers and senior executives was $17.8 million ($11.2 million as at October 31, 2014). The expenses recorded in the Consolidated Statements of Earnings for the years ended October 31, 2015 and 2014 were $9.7 million and $3.9 million, respectively. Amounts of $3.1 million and $2.4 million were paid under this plan for the years ended October 31, 2015 and 2014, respectively.

Share unit plan for directors
The Corporation offers a deferred share unit plan for its directors. Under this plan, directors may elect to receive as compensation either cash, deferred share units, or a combination of both.

The following table presents the changes in the plan's status for the years ended October 31:

Number of units	**2015**	2014
Balance, beginning of year	**371,086**	318,875
Directors' compensation	**33,223**	38,059
Units paid	**(54,150)**	—
Dividends paid in units	**13,355**	14,152
Balance, end of year	**363,514**	371,086

As at October 31, 2015, the liability related to the share unit plan for directors was $7.4 million ($5.6 million as at October 31, 2014). The expenses recorded in the Consolidated Statements of Earnings for the years ended October 31, 2015 and 2014 were $2.6 million and $0.3 million, respectively. An amount of $0.8 million was paid under this plan for the year ended October 31, 2015 and no amount was paid under this plan for the year ended October 31, 2014.

25 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cash flow hedges	Cumulative translation differences	Actuarial gains and losses related to defined benefit plans	Accumulated other comprehensive income (loss)
Balance as at October 31, 2014	**$ (3.3)**	**$ 1.7**	**$ 8.7**	**$ 7.1**
Net change in gains (losses), net of income taxes	**(3.7)**	**22.6**	**(6.6)**	**12.3**
Balance as at October 31, 2015	**$ (7.0)**	**$ 24.3**	**$ 2.1**	**$ 19.4**
Balance as at October 31, 2013	$ (3.7)	$ (1.6)	$ (7.9)	$ (13.2)
Net change in gains (losses), net of income taxes	0.4	3.3	16.6	20.3
Balance as at October 31, 2014	$ (3.3)	$ 1.7	$ 8.7	$ 7.1

As at October 31, 2015, the amounts expected to be reclassified to net earnings in future years are as follows:

	2016	2017	2018	2019	Total
Losses on derivatives designated as cash flow hedges	$ (6.6)	$ (1.8)	$ (0.9)	$ (0.3)	$ (9.6)
Income taxes	(1.8)	(0.5)	(0.2)	(0.1)	(2.6)
	$ (4.8)	$ (1.3)	$ (0.7)	$ (0.2)	$ (7.0)

26 SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in non-cash operating items are as follows for the years ended October 31:

	2015	2014
Accounts receivable	$ 7.5	$ 3.4
Inventories	(0.5)	(2.8)
Prepaid expenses and other current assets	(2.0)	0.2
Accounts payable and accrued liabilities	23.0	9.1
Provisions	(13.9)	6.2
Deferred revenues and deposits	(37.1)	(6.1)
Defined benefit plans	(4.3)	(14.2)
	$ (27.3)	$ (4.2)

27 RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly, including any director (whether executive or otherwise) of the Corporation. Key management personnel earned the following amounts for the years ended October 31:

	2015	2014
Salaries and other short-term employee benefits	$ 12.0	$ 10.5
Post-employment benefits	0.8	0.7
Stock-based compensation	10.3	3.8
	$ 23.1	$ 15.0

28 EMPLOYEE BENEFITS

The Corporation offers its employees various contributory and non-contributory defined benefit pension plans and other post-employment defined benefit plans, defined contribution pension plans, group registered savings plans and multi-employer pension plans. Since June 1, 2010, most of the employees participate only in the defined contribution pension plans. For the defined benefit plans, the amount of benefits is generally calculated based on the employees' years of service and salaries. Plan funding is calculated based on actuarial estimates and is subject to limitations under applicable income tax and other regulations. Actuarial estimates prepared during the year were based on assumptions related to projected employee compensation levels up to the time of retirement and the anticipated long-term rate of return on pension plan assets. For defined contribution pension plans, multi-employer pension plans and group registered savings plans, the sole obligation of the Corporation is to make the monthly employer's contribution. Certain obligations of the Corporation to the defined benefit plans are guaranteed by letters of credit, drawn on the Corporation's credit facilities, as collateral for unpaid contributions with respect to the solvency deficiency of the plans.

The Board of Directors of the Corporation, with assistance from the pension committee, is responsible for the management and governance of the pension plans. The pension committee assists the Board in fulfilling its supervisory responsibilities with respect to pension plans, especially with regards to investment decisions, contributions to defined benefit plans and the selection of investment opportunities in defined contribution plans. Pension plan assets are held in a trust, except insured annuities. The Corporation's pension plans are managed in accordance with Canadian and provincial laws applicable to pension plans, which have determined minimum and maximum funding requirements for defined benefit pension plans.

The Corporation's funding policy is to make contributions to its pension plans based on various actuarial valuation methods, as permitted by regulatory bodies for pension plans. The Corporation's contributions to its pension plans reflect the most recent actuarial valuations for investment returns, salary projections and benefits related to future service costs. The funding of pension plans is based on a solvency assessment for which assumptions may differ from those used for accounting purposes.

Defined benefit pension plans and other post-employment defined benefit plans expose the Corporation to certain risks, including, investment returns, changes in the discount rate used to value the obligation, the longevity rate of plan participants, inflation and health care costs.

The Corporation also provides other long-term employee benefit plans that provide the continuation of benefits for dental and health care in case of long-term disability.

The most recent actuarial valuations of the Corporation's pension plans for funding purposes were done as at December 31, 2014 for plans registered in Quebec and as at December 31, 2013 for plans registered in Ontario.

28 EMPLOYEE BENEFITS (CONTINUED)

The defined benefit obligations and the fair value of the plan assets are measured on the date of the annual consolidated financial statements.The following table presents the changes in the defined benefit obligation and in the fair value of plan assets for the years ended October 31:

	Pension benefits		Other defined benefit plans		Total	
	2015	2014	**2015**	2014	**2015**	2014
Defined benefit obligation						
Balance, beginning of year	**$ 762.9**	$ 722.1	**$ 17.7**	$ 13.0	**$ 780.6**	$ 735.1
Current service cost [(1)]	**0.2**	0.2	**(1.3)**	7.5	**(1.1)**	7.7
Past service cost [(2), (3)]	**2.6**	—	**(2.9)**	—	**(0.3)**	—
Financial cost related to defined benefit obligation	**32.0**	32.9	**0.4**	0.6	**32.4**	33.5
Actuarial gains or losses from:						
The plan experience	**11.0**	10.4	**—**	(3.5)	**11.0**	6.9
Changes in demographic assumptions	**0.2**	11.9	**—**	0.7	**0.2**	12.6
Changes in financial assumptions	**(9.1)**	27.1	**(0.1)**	0.6	**(9.2)**	27.7
Benefits paid	**(87.9)**	(38.6)	**(0.7)**	(1.2)	**(88.6)**	(39.8)
Employee contributions	**—**	0.2	**—**	—	**—**	0.2
Gain on plan curtailments	**—**	(1.0)	**—**	—	**—**	(1.0)
Impact of settlement	**—**	(2.4)	**—**	—	**—**	(2.4)
Exchange rate change and other	**0.3**	0.1	**—**	—	**0.3**	0.1
Balance, end of year	**$ 712.2**	$ 762.9	**$ 13.1**	$ 17.7	**$ 725.3**	$ 780.6
Fair value of plan assets						
Balance, beginning of year	**$ 771.7**	$ 699.2	**$ —**	$ —	**$ 771.7**	$ 699.2
Interest income on plan assets	**32.4**	32.2	**—**	—	**32.4**	32.2
Actuarial gains or losses on plan assets	**(0.7)**	69.9	**—**	—	**(0.7)**	69.9
Administrative costs (other than asset management costs)	**(1.8)**	(1.9)	**—**	—	**(1.8)**	(1.9)
Benefits paid	**(87.9)**	(38.6)	**(0.7)**	(1.2)	**(88.6)**	(39.8)
Employee contributions	**—**	0.2	**—**	—	**—**	0.2
Employer contributions	**3.5**	12.9	**0.7**	1.2	**4.2**	14.1
Impact of settlement	**—**	(2.5)	**—**	—	**—**	(2.5)
Exchange rate change and other	**0.3**	0.3	**—**	—	**0.3**	0.3
Balance, end of year	**$ 717.5**	$ 771.7	**$ —**	$ —	**$ 717.5**	$ 771.7
Surplus (deficit) of the plans	**$ 5.3**	$ 8.8	**$ (13.1)**	$ (17.7)	**$ (7.8)**	$ (8.9)
Effect of the asset ceiling recognized in OCI	**(6.4)**	—	**—**	—	**(6.4)**	—
Defined benefit asset (liability)	**$ (1.1)**	$ 8.8	**$ (13.1)**	$ (17.7)	**$ (14.2)**	$ (8.9)

[(1)] Current service cost of the other defined benefit plans includes the net change in long-term disability plan, consisting of current service cost and actuarial gains or losses. The past service cots of this plan is presented on a separate line.

[(2)] For the year ended October 31, 2015, the past service cost of pension benefits resulted from a pension plan amendment allowing from now on terminated members over the age of 55 years to transfer the value of their benefits to an authorized registered vehicle at any time prior to being in receipt of a pension from the plan.

[(3)] For the year ended October 31,2015, past service cost of other defined benefit plans resulted from a change in the assumed cost by the Corporation for dental and health care for employees on long-term disability.

28 EMPLOYEE BENEFITS (CONTINUED)

The defined benefit asset (liability) is included as follows in the Consolidated Statements of Financial Position as at October 31:

	2015	2014
Other assets	$ 27.6	$ 38.6
Other liabilities	(41.8)	(47.5)
	$ (14.2)	$ (8.9)

The following table presents the composition of the fair value of the pension plan assets as at October 31:

	2015	2014
Quoted in an active market		
Equity securities		
Canadian and foreign equities and investment funds	$ 107.9	$ 105.3
Debt securities		
Government and corporate bonds and investment funds	419.6	569.8
Cash and cash equivalents and investment funds	14.5	27.0
	542.0	702.1
Unquoted in an active market		
Insured annuities	175.5	69.6
	$ 717.5	$ 771.7

As at October 31, 2015, the plan assets included shares of the Corporation in the amount of $0.8 million ($0.6 million as at October 31, 2014).

The matching strategy for the Corporation's assets and liabilities consists in minimizing risk through the purchase of insured annuities and debt securities. For the years ended October 31, 2014 and 2015, the plans invested in buy-in insured annuities. Their fair value is considered equal to the defined benefit obligation for participants targeted by the annuities purchases, calculated based on assumptions at the reporting date.

The following table presents the funded status of defined benefit plans as at October 31:

	Pension benefits		Other defined benefit plans		Total	
	2015	2014	2015	2014	2015	2014
Fair value of funded or partially funded plan assets	$ 717.5	$ 771.7	$ —	$ —	$ 717.5	$ 771.7
Defined benefit obligation of funded or partially funded plans	684.4	733.9	—	—	684.4	733.9
Effect of the asset ceiling	(6.4)	—	—	—	(6.4)	—
Funded status of funded or partially funded plans - surplus	$ 26.7	$ 37.8	$ —	$ —	$ 26.7	$ 37.8
Defined benefit obligation of unfunded plans	27.8	29.0	13.1	17.7	40.9	46.7
Total funded status - surplus (deficit)	$ (1.1)	$ 8.8	$ (13.1)	$ (17.7)	$ (14.2)	$ (8.9)

The Corporation expects to contribute $4.1 million to its defined benefit plans during the year ended October 31, 2016, considering that it plans to use letters of credit from its credit facilities, as collateral for unpaid contributions for the solvency deficiency of the defined benefit plans. The actual amount paid may differ from the estimate based on the results of the actuarial valuations, investment returns, volatility in discount rates, regulatory requirements and other factors.

28 EMPLOYEE BENEFITS (CONTINUED)

The following table presents the main assumptions used to calculate the Corporation's defined benefit obligation as at October 31:

	2015	2014
Discount rate, end of year	**4.40 %**	4.30 %
Weighted average rate of compensation increase	**3.07**	3.07

As at October 31, 2015, the growth rate of health care costs on other post-employment defined benefit plans was estimated at 7.0%, gradually decreasing to reach 4.25% by 2020, and remain constant thereafter.

The following table presents the impact of changes in the major assumptions on the defined benefit obligation for the year ended October 31, 2015 and has some limitations. The sensitivities of each key assumption have been calculated without taking into account the changing of any other assumption. Actual results could therefore lead to changes in other assumptions simultaneously. Any change in one factor may result in changes in another factor, which could amplify or reduce the impact of changes in key assumptions.

Increase (decrease)	Defined benefit obligation
Impact of 0.1% increase in discount rate	$ (8.8)
Impact of 0.1% decrease in discount rate	9.1
Impact of 1.0% increase in growth rate of health care costs	1.0
Impact of 1.0% decrease in growth rate of health care costs	(0.8)

The following table presents the composition of the defined benefit plans cost for the years ended October 31:

	Pension benefits		Other defined benefit plans		Total	
	2015	2014	**2015**	2014	**2015**	2014
Current service cost	**$ 0.2**	$ 0.2	**$ (1.3)**	$ 7.5	**$ (1.1)**	$ 7.7
Past service cost	**2.6**	—	**(2.9)**	—	**(0.3)**	—
Administrative costs	**1.8**	1.9	**—**	—	**1.8**	1.9
Gain on plan curtailments	**—**	(1.0)	**—**	—	**—**	(1.0)
Impact of settlement	**—**	0.1	**—**	—	**—**	0.1
Plans cost recognized in net earnings	**$ 4.6**	$ 1.2	**$ (4.2)**	$ 7.5	**$ 0.4**	$ 8.7
Financial cost related to defined benefit plans obligation	**$ 32.0**	$ 32.9	**$ 0.4**	$ 0.6	**$ 32.4**	$ 33.5
Interest income on plan assets	**(32.4)**	(32.2)	**—**	—	**(32.4)**	(32.2)
Net interest on defined benefit plan liability	**$ (0.4)**	$ 0.7	**$ 0.4**	$ 0.6	**$ —**	$ 1.3
Defined benefit plans cost	**$ 4.2**	$ 1.9	**$ (3.8)**	$ 8.1	**$ 0.4**	$ 10.0

The defined benefit plans costs recognized in operating expenses in the Consolidated Statements of Earnings for the years ended October 31, 2015 and 2014 were $2.0 million and $2.1 million, respectively. The defined benefit plans net gains or costs recognized in restructuring and other costs (revenues) in the Consolidated Statements of Earnings for the years ended October 31, 2015 and 2014 were $(1.6) million and $6.6 million, respectively.

The following table presents the costs recognized under operating expenses in the Consolidated Statement of Earnings for defined contribution pension plans and State plans for the years ended October 31:

	2015	2014
Defined contribution pension plans	**$ 19.6**	$ 19.5
State plans	**18.3**	18.7
	$ 37.9	$ 38.2

29 COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Commitments
The Corporation is committed, under various operating lease of premises contracts, to make payments until 2029. Minimum payments required over the coming years for these commitments are as follows:

	Less than 1 year	1 to 5 years	More than 5 years	Total
Leasing of premises (1)	$ 28.7	$ 82.1	$ 42.9	$ 153.7

(1) The Corporation has entered into sublease agreements for some of its locations under operating leases, with expiry dates between 2016 and 2018. The Corporation estimates to recover an amount totalling $7.8 million.

Guarantees
In the normal course of business, the Corporation has provided the following significant guarantees to third parties:

a) Indemnification of third parties
Under the terms of debt agreements, the Corporation has agreed to indemnify the holders of such debt instruments against any increase in their costs or reduction in the amounts otherwise payable to them resulting from changes in laws and regulations. These indemnification commitments are in effect for the term of the agreements and have no limitations. Given the nature of these indemnification agreements, the Corporation is unable to estimate its maximum potential liability to third parties. Historically, the Corporation has not made any indemnification payments and, as at October 31, 2015, the Corporation had not recorded a liability associated with these indemnification agreements.

b) Business disposals
In connection with the disposal of operations or assets, the Corporation agreed to indemnify against any claims that may result from its previous activities. Given the nature of these indemnification agreements, the Corporation is unable to estimate its maximum potential liability to guaranteed parties. Historically, the Corporation has not made any significant indemnification payments and, as at October 31, 2015, the Corporation had not recorded any liability associated with these indemnification agreements.

Contingent liabilities
In the normal course of operations, the Corporation is involved in various claims and legal proceedings. Although the outcome of these pending cases as at October 31, 2015 cannot be determined with certainty, the Corporation considers that their outcome is unlikely to have a material adverse effect on its financial position and operating results, given the provisions or insurance coverage with regards to some of these claims and legal proceedings.

30 FINANCIAL INSTRUMENTS

Credit risk
Credit risk is the risk that the Corporation will incur losses arising from the failure of third parties to meet their contractual obligations. The Corporation is exposed to credit risk related to its accounts receivable, as well as with regard to its normal activities involving cash. The maximum exposure to credit risk for the Corporation for these elements is represented by their carrying value in the Consolidated Statements of Financial Position. The Corporation is also exposed to credit risk with regard to its derivative financial instrument assets. However, the Corporation estimates this risk as low because it deals only with recognized financial institutions with high credit ratings. As at October 31, 2015 and 2014, the maximum exposure to credit risk related to financial instrument assets was negligible.

The Corporation regularly analyzes the financial position of its customers and follows specific procedures for approval and evaluation for all new customers. Specific credit limits per customer are set and are reviewed regularly by the Corporation. In addition, due to the diversification of its products, its customers and geographic coverage, the Corporation concludes that it is protected against credit risk concentration. Also, the Corporation has a credit insurance policy covering most of its large customers for a maximum amount of $20.0 million of combined losses per year. The policy's provisions include standard clauses and contain limits on amounts that may be claimed by event and by year of coverage.

As at October 31, 2015, no single customer represented 10.0% or more of the revenues of the Corporation, or 10.0% or more of the related accounts receivable.

30 FINANCIAL INSTRUMENTS (CONTINUED)

The Corporation determines whether receivables are past due according to the types of customers, their payment history and the sector in which they conduct business. The allowance for doubtful accounts and past due receivables are reviewed at each reporting date by management. The Corporation records a bad debt expense only on receivables where collection is not reasonably certain.

The past due receivables are as follows:

Trade receivables	As at October 31, 2015	As at October 31, 2014
Current	**$ 274.2**	$ 273.3
1 - 30 days past due	**53.0**	71.5
31 - 60 days past due	**16.1**	18.1
More than 60 days past due	**17.4**	27.5
	360.7	390.4
Allowance for doubtful accounts	**(4.8)**	(7.3)
Other receivables	**37.1**	32.0
	$ 393.0	$ 415.1

The variation of the allowance for doubtful accounts is as follows for the years ended October 31:

	2015	2014
Balance, beginning of year	**$ 7.3**	$ 9.6
Business combinations	**—**	0.2
Bad debt expense	**0.7**	2.5
Discontinued operations (Note 11)	**—**	0.4
Receivables recovered or written off	**(3.2)**	(5.4)
Balance, end of year	**$ 4.8**	$ 7.3

Based on the payment history of customers, the Corporation is of the opinion that the allowance for doubtful accounts is adequate to cover risks of non-payment.

30 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they mature. The Corporation is exposed to liquidity risk related to its accounts payable, long-term debt, derivative financial instrument liabilities and contractual obligations.

The following table presents the contractual maturities of financial liabilities as at October 31, 2015:

2015	Carrying amount	Contractual cash flows	Less than 1 year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Accounts payable and accrued liabilities [1]	**$ 334.0**	**$ 334.0**	**$ 334.0**	**$ —**	**$ —**	**$ —**
Long-term debt	**384.1**	**446.4**	**28.4**	**30.2**	**387.8**	**—**
Long-term accrued liabilities [2]	**7.8**	**7.8**	**—**	**7.8**	**—**	**—**
	725.9	**788.2**	**362.4**	**38.0**	**387.8**	**—**
Derivative financial instruments						
Foreign exchange forward contracts in liabilities	**6.5**	**6.5**	**5.6**	**0.9**	**—**	**—**
	$ 732.4	**$ 794.7**	**$ 368.0**	**$ 38.9**	**$ 387.8**	**$ —**

The following table presents the contractual maturities of financial liabilities as at October 31, 2014:

2014	Carrying amount	Contractual cash flows	Less than 1 year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Accounts payable and accrued liabilities [1]	$ 299.2	$ 299.2	$ 299.2	$ —	$ —	$ —
Long-term debt	476.8	557.3	135.6	42.8	327.9	51.0
Long-term accrued liabilities [2]	4.4	4.4	—	4.4	—	—
	780.4	860.9	434.8	47.2	327.9	51.0
Derivative financial instruments						
Foreign exchange forward contracts in liabilities	1.0	0.5	0.5	—	—	—
Cross currency interest rate swap in liabilities	1.7	2.0	2.0	—	—	—
	2.7	2.5	2.5	—	—	—
	$ 783.1	$ 863.4	$ 437.3	$ 47.2	$ 327.9	$ 51.0

[1] Excluding derivative financial instruments
[2] Excluding non-financial liabilities

The Corporation believes that future funds generated by operating activities and the access to additional funds on banking and financial markets will be adequate to meet its obligations. In addition, the Corporation has entered into long-term contracts with the majority of its major customers.

30 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk
The market risk is the risk that the Corporation will incur losses arising from adverse changes in underlying market factors, including interest and exchange rates.

a) Interest rate risk
The Corporation is not exposed significantly to market risk related to interest rate fluctuations because most of its long-term debts are at a fixed rate.

b) Foreign currency risk
The Corporation operates and exports goods to the United States, and purchases machinery and equipment denominated in U.S. dollars. Moreover, as at October 31, 2015, the Corporation had long-term debt denominated in U.S. dollars for nominal amounts of US$20.0 million (US$90.0 million as at October 31, 2014). Consequently, it is exposed to risks arising from foreign currency fluctuations.

To manage foreign currency risk related to exports to the United States, the Corporation enters into foreign exchange forward contracts. As at October 31, 2015, the Corporation held foreign exchange forward contracts to sell US$80.0 million (US$51.0 million as at October 31, 2014), including US$55.0 million and US$25.0 million that will be sold during the years ending October 31, 2016 and 2017, respectively. The maturities of foreign exchange forward contracts range from 1 to 24 months at rates varying from 1.1137 to 1.3225. Foreign exchange forward contracts are designated as cash flow hedges as at October 31, 2015 and hedging relationships were effective and in accordance with the risk management objectives and strategies throughout the year.

For the years ended October 31, 2015 and 2014, all things being equal, a hypothetical 10.0% strengthening of the U.S. dollar and the euro compared with the Canadian dollar would have the following impact on net earnings and OCI:

	2015		**2014**	
	Net earnings	**Other comprehensive income**	Net earnings	Other comprehensive income
U.S dollars	**$ 2.9**	**$ (7.3)**	$ 2.9	$ (4.4)
Euros	**—**	**—**	—	(2.4)

A hypothetical 10.0% weakening of the U.S. dollar and the euro compared with the Canadian dollar would have the opposite effect on net earnings and OCI.

Fair value
The fair value represents the amount that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. The fair value estimates are calculated at a specific date taking into consideration assumptions regarding the amounts, the timing of estimated future cash flows and discount rates. Accordingly, due to its approximative and subjective nature, the fair value must not be interpreted as being realizable in an immediate settlement of the financial instruments.

The carrying amount of cash, accounts receivable, accounts payable and accrued liabilities approximates their fair value due to their short term maturities. The table on the following page indicates the fair value and the carrying amount of other financial instruments and derivative financial instruments as at October 31, 2015 and 2014.

The fair value of long-term debt is determined using the discounted future cash flows method and at discount rates based on market interest rates for identical or similar issuances as determined by management.

The fair value of derivative financial instruments is determined using an evaluation of the estimated market value, adjusted for the credit quality of the counterparty. The only financial instruments of the Corporation that are measured at fair value on a recurring basis subsequent to their initial recognition are derivative financial instruments, including foreign exchange forward contracts.

30 FINANCIAL INSTRUMENTS (CONTINUED)

The Corporation presents a fair value hierarchy with three levels that reflects the significance of inputs used in determining the fair value assessments. The fair value of financial assets and liabilities classified in these three levels is evaluated as follows:

Level 1 - Unadjusted prices on active markets for identical assets or liabilities
Level 2 - Inputs other than the prices included within level 1, that are observable for the asset or liability, directly (prices) or indirectly (derived from prices)
Level 3 - Inputs for the asset or liability that are not based on observable market data

The following table presents the fair value and the carrying amount of other financial instruments and derivative financial instruments as at October 31:

	2015		2014	
	Fair value	**Carrying amount**	Fair value	Carrying amount
Long-term debt	**$ 400.5**	**$ 384.1**	$ 490.7	$ 476.8
Foreign exchange forward contracts in liabilities	**6.5**	**6.5**	1.0	1.0
Cross currency interest rate swaps in liabiilities	**—**	**—**	1.7	1.7

Financial instruments of the Corporation are classified in Level 2 of the fair value hierarchy. For the years ended October 31, 2015 and 2014, no financial instruments were transferred between levels 1, 2 and 3.

31 CAPITAL MANAGEMENT

The Corporation's main capital management objectives are as follows:

- Optimize the financial structure by targeting a ratio of net debt to operating earnings before depreciation and amortization, restructuring and other costs (revenues) and impairment of assets in order to maintain a high credit rating;
- Preserve its financial flexibility in order to benefit from investment opportunities when they arise.

The Corporation relies on the ratio of net debt to operating earnings before depreciation and amortization, restructuring and other costs (revenues), and impairment of assets as primary indicator for measuring financial leverage. The net debt ratio is as follows for the years ended October 31:

	2015	2014
Long-term debt	**$ 347.7**	$ 358.7
Current portion of the long-term debt	**36.4**	118.1
Cash	**(38.6)**	(35.2)
Net debt	**$ 345.5**	$ 441.6
Operating earnings before depreciation and amortization, restructuring and other costs (revenues) and impairment of assets	**$ 378.7**	$ 354.1
Net debt ratio	**0.9x**	1.2x

For the year ended October 31, 2015, the Corporation was not in default regarding any of its financial obligations, as well as in regards to any restrictive covenants.

32 SUBSEQUENT EVENT

Conclusion of an agreement in principle with The Globe and Mail Inc.

On December 7, 2015, the Corporation concluded an agreement in principle with The Globe and Mail Inc. relating to the printing of *The Globe and Mail* newspaper. The Corporation will receive shortly a single payment of $31.0 million to compensate for price reductions on future services for the remainder of the contract. The amount received will be recorded as deferred revenues and recognized in revenues over the next years.