



Unaudited Condensed Consolidated Interim Financial Statements

BRP Inc.

For the three and nine-month periods ended October 31, 2015 and 2014

BRP Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET INCOME

[Unaudited]
[in millions of Canadian dollars, except per share data]

	Notes	Three-month periods ended		Nine-month periods ended	
		October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014
Revenues		\$ 1,010.2	\$ 918.0	\$ 2,720.4	\$ 2,456.6
Cost of sales		764.2	678.4	2,092.1	1,900.7
Gross profit		246.0	239.6	628.3	555.9
Operating expenses					
Selling and marketing		64.0	54.3	202.4	187.6
Research and development		38.3	41.3	116.8	119.2
General and administrative		32.8	37.5	100.8	109.5
Other operating expenses	12	7.0	7.8	18.3	8.9
Total operating expenses		142.1	140.9	438.3	425.2
Operating income		103.9	98.7	190.0	130.7
Financing costs	13	15.3	15.2	45.7	44.2
Financing income	13	(1.1)	(0.8)	(2.7)	(1.9)
Foreign exchange loss on long-term debt		2.8	29.8	28.4	12.4
Income before income taxes		86.9	54.5	118.6	76.0
Income taxes expense	14	21.4	17.3	38.3	14.4
Net income		\$ 65.5	\$ 37.2	\$ 80.3	\$ 61.6
Attributable to shareholders		\$ 65.5	\$ 37.2	\$ 80.3	\$ 61.7
Attributable to non-controlling interest		—	—	—	(0.1)
Basic earnings per share	11	0.56	0.31	0.68	0.52
Diluted earnings per share	11	0.56	0.31	0.68	0.52

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.



BRP Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

[Unaudited]
[in millions of Canadian dollars]

	Three-month periods ended		Nine-month periods ended	
	October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014
Net income	\$ 65.5	\$ 37.2	\$ 80.3	\$ 61.6
Other comprehensive income (loss)				
Items that will be reclassified subsequently to net income				
Net changes in fair value of derivatives designated as cash flow hedges	0.5	0.4	2.9	(0.8)
Net changes in unrealized gain (loss) on translation of foreign operations	(1.5)	0.8	(6.8)	(5.7)
Income taxes (expense) recovery	(0.1)	(0.2)	(0.6)	0.2
	(1.1)	1.0	(4.5)	(6.3)
Items that will not be reclassified subsequently to net income				
Actuarial gains (losses) on defined benefit pension plan	25.7	(6.9)	65.6	(39.5)
Income taxes (expense) recovery	(7.0)	1.8	(17.6)	10.4
	18.7	(5.1)	48.0	(29.1)
Total other comprehensive income (loss)	17.6	(4.1)	43.5	(35.4)
Total comprehensive income	\$ 83.1	\$ 33.1	\$ 123.8	\$ 26.2
Attributable to shareholders	\$ 83.2	\$ 33.2	\$ 123.8	\$ 26.4
Attributable to non-controlling interest	(0.1)	(0.1)	—	(0.2)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.



BRP Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

[Unaudited]
[in millions of Canadian dollars]
As at

	Notes	October 31, 2015	January 31, 2015
Cash		\$ 94.4	\$ 232.0
Trade and other receivables		287.9	306.8
Income taxes and investment tax credits receivable		40.8	27.0
Other financial assets	4	8.5	19.3
Inventories	5	729.4	630.2
Other current assets		18.0	14.7
Total current assets		1,179.0	1,230.0
Investment tax credits receivable		42.6	57.6
Other financial assets	4	20.8	20.3
Property, plant and equipment		650.5	586.9
Intangible assets		336.8	336.5
Deferred income taxes		117.1	114.5
Other non-current assets		1.1	2.1
Total non-current assets		1,168.9	1,117.9
Total assets		\$ 2,347.9	\$ 2,347.9
Trade payables and accruals		\$ 626.3	\$ 678.4
Provisions	6	148.8	150.9
Other financial liabilities	7	90.0	71.7
Income taxes payable		29.1	19.3
Current portion of long-term debt	8	12.7	11.3
Other current liabilities		6.3	6.6
Total current liabilities		913.2	938.2
Long-term debt	8	1,054.1	1,024.2
Provisions	6	83.0	69.1
Other financial liabilities	7	30.8	34.5
Employee future benefit liabilities		201.9	267.5
Deferred income taxes		31.1	17.7
Other non-current liabilities		21.7	23.6
Total non-current liabilities		1,422.6	1,436.6
Total liabilities		2,335.8	2,374.8
Equity (deficit)		12.1	(26.9)
Total liabilities and equity (deficit)		\$ 2,347.9	\$ 2,347.9

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.



BRP Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

[Unaudited]
[in millions of Canadian dollars]

For the nine-month period ended October 31, 2015

	Attributed to shareholders						Non-controlling interests	Total equity (deficit)
	Capital Stock	Contributed surplus	Retained losses	Translation of foreign operations	Cash-flow hedges	Total		
Balance as at January 31, 2015	\$ 361.9	\$ 16.4	\$ (418.8)	\$ 13.1	\$ (2.2)	\$ (29.6)	\$ 2.7	\$ (26.9)
Net income	—	—	80.3	—	—	80.3	—	80.3
Other comprehensive income (loss)	—	—	48.0	(6.8)	2.3	43.5	—	43.5
Total comprehensive income (loss)	—	—	128.3	(6.8)	2.3	123.8	—	123.8
Issuance of subordinate shares	2.7	(1.2)	—	—	—	1.5	—	1.5
Repurchase of subordinate shares (Note 9)	(26.1)	—	(52.3)	—	—	(78.4)	—	(78.4)
Subordinate shares subject to repurchase (Note 9)	—	(14.6)	—	—	—	(14.6)	—	(14.6)
Stock-based compensation	—	5.2	—	—	—	5.2	—	5.2
Contribution	—	—	—	—	—	—	1.5	1.5
Balance as at October 31, 2015	\$ 338.5	\$ 5.8	\$ (342.8)	\$ 6.3	\$ 0.1	\$ 7.9	\$ 4.2	\$ 12.1

For the nine-month period ended October 31, 2014

	Attributed to shareholders						Non-controlling interests	Total deficit
	Capital Stock	Contributed surplus	Retained losses	Translation of foreign operations	Cash-flow hedges	Total		
Balance as at January 31, 2014	\$ 360.4	\$ 11.3	\$ (428.7)	\$ 14.4	\$ (0.5)	\$ (43.1)	\$ 2.3	\$ (40.8)
Net income (loss)	—	—	61.7	—	—	61.7	(0.1)	61.6
Other comprehensive loss	—	—	(29.1)	(5.6)	(0.6)	(35.3)	(0.1)	(35.4)
Total comprehensive income (loss)	—	—	32.6	(5.6)	(0.6)	26.4	(0.2)	26.2
Issuance of subordinate shares	1.3	(0.8)	—	—	—	0.5	—	0.5
Stock-based compensation	—	4.6	—	—	—	4.6	—	4.6
Balance as at October 31, 2014	\$ 361.7	\$ 15.1	\$ (396.1)	\$ 8.8	\$ (1.1)	\$ (11.6)	\$ 2.1	\$ (9.5)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.



BRP Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

[Unaudited]
[in millions of Canadian dollars]

	Notes	Nine-month periods ended	
		October 31, 2015	October 31, 2014
OPERATING ACTIVITIES			
Net income		\$ 80.3	\$ 61.6
Non-cash and non-operating items:			
Depreciation expense		89.5	82.6
Income taxes expense	14	38.3	14.4
Foreign exchange loss on long-term debt		28.4	12.4
Interest expense	13	39.9	37.0
Other		19.3	3.8
Cash flows generated from operations before changes in working capital		295.7	211.8
Changes in working capital:			
(Increase) decrease in trade and other receivables		8.7	(13.9)
Increase in inventories		(100.7)	(152.2)
Increase in other assets		(16.2)	(9.7)
Increase (decrease) in trade payables and accruals		(51.5)	83.4
Decrease in other financial liabilities		(2.5)	(13.0)
Increase in provisions		9.3	21.1
Decrease in other liabilities		(4.0)	(6.4)
Cash flows generated from operations		138.8	121.1
Income taxes paid, net of refunds		(21.4)	(16.9)
Net cash flows generated from operating activities		117.4	104.2
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(137.9)	(98.5)
Additions to intangible assets		(11.5)	(9.0)
Proceeds on disposal of property, plant and equipment		0.3	0.1
Other		0.7	0.1
Net cash flows used in investing activities		(148.4)	(107.3)
FINANCING ACTIVITIES			
Decrease in revolving credit facilities and bank overdraft		—	(8.4)
Issuance of long-term debt	8	2.4	11.4
Long-term debt amendment fees	8	(1.2)	—
Repayment of long-term debt		(7.0)	(3.5)
Interest paid		(32.1)	(29.8)
Issuance of subordinate voting shares		1.5	0.5
Repurchase of subordinate voting shares		(76.7)	—
Other		1.3	(0.3)
Net cash flows used in financing activities		(111.8)	(30.1)
Effect of exchange rate changes on cash		5.2	2.9
Net decrease in cash		(137.6)	(30.3)
Cash at beginning of year		232.0	75.4
Cash at the end of period		\$ 94.4	\$ 45.1

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine-month periods ended October 31, 2015 and 2014

[Unaudited]

[Tabular figures are in millions of Canadian dollars, unless otherwise indicated]

1. NATURE OF OPERATIONS

BRP Inc. (“BRP” or the “Company”) is incorporated under the laws of Canada. BRP’s multiple voting shares are owned by Beaudier Inc. and 4338618 Canada Inc. (collectively, “Beaudier group”), Bain Capital Luxembourg Investments S.à r.l. (“Bain Capital”) and La Caisse de dépôt et placement du Québec (“CDPQ”), (collectively, the “Principal Shareholders”) whereas BRP’s subordinate voting shares are listed on the Toronto Stock Exchange under the symbol DOO.

BRP and its subsidiaries design, develop, manufacture and sell Year-Round Products consisting of all-terrain vehicles, side-by-side vehicles and roadsters, Seasonal Products consisting of snowmobiles and personal watercraft and Propulsion Systems consisting of engines for outboard and jet boats, karts, motorcycles and recreational aircraft. Additionally, the Company supports its lines of products with a dedicated parts, accessories, clothing and other services business. The Company’s products are sold mainly through a network of independent dealers, independent distributors and to original equipment manufacturers. The Company distributes its products worldwide and manufactures them in Canada, Mexico, Austria, the United States and Finland.

The Company’s headquarters is located at 726 Saint-Joseph Street, Valcourt, Québec, J0E 2L0.

2. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements for the three and nine-month periods ended October 31, 2015 have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with IAS 34 “*Interim Financial Reporting*”. These interim financial statements have been prepared on a condensed form in accordance with IAS 34. The unaudited condensed consolidated interim financial statements for the three and nine-month periods ended October 31, 2015 follow the same accounting policies than the consolidated financial statements for the year ended January 31, 2015, except for the adoption of an amendment of IFRS as described below in note 2.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2015.

These unaudited condensed consolidated interim financial statements include the financial statements of BRP and its subsidiaries. BRP controls all of its subsidiaries by wholly owned voting equity interests (except for Regionales Innovations Centrum GmbH in Austria for which a non-controlling interest of 25% is recorded upon consolidation and, since February 1st, 2015, BRP Commerce & Trade Co. Ltd in China for which a non-controlling interest of 20% is recorded upon consolidation). All inter-company transactions and balances have been eliminated upon consolidation.

The Company’s revenues and operating income experience substantial fluctuations from quarter to quarter. In general, wholesale of the Company’s products are highest in the period immediately preceding and during their particular season of use. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand, the introduction of new products and models and production scheduling for particular types of products.

On December 10, 2015, the Board of Directors of the Company approved these unaudited condensed consolidated interim financial statements for the three and nine-month periods ended October 31, 2015 and 2014.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine-month periods ended October 31, 2015 and 2014

[Unaudited]

[Tabular figures are in millions of Canadian dollars, unless otherwise indicated]

2. BASIS OF PRESENTATION [CONTINUED]

Amendment adopted

IAS 19 Employee benefits

On February 1st, 2015, the Company adopted the amendment to IAS 19 “Employee benefits” which clarifies the accounting for contributions from employees to defined benefit plans. The adoption of this amendment had no impact on the Company’s unaudited condensed consolidated interim financial statements.

3. FUTURE ACCOUNTING CHANGES

In July 2014, the International Accounting Standards Board’s (“IASB”) published the final version of IFRS 9 “Financial Instruments” which introduced new classification requirements, new measurement requirements and a new hedge accounting model. The final version of the Standard replaces earlier versions of IFRS 9 and completes the IASB project to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The effective date of IFRS 9 for the Company is February 1st, 2018. The Company is currently assessing the impact on its consolidated financial statements of this new pronouncement.

On May 28, 2014, the IASB issued IFRS 15 “Revenue from Contracts with Customers”. The objective of this standard is to establish a single comprehensive model for entities to be used in accounting for revenue arising from contracts with customers. Following a decision from the IASB, the effective date of IFRS 15 for the Company has been postponed from February 1st, 2017 to February 1st, 2018. The Company is currently assessing the impact on its consolidated financial statements of this new pronouncement.

The IASB issued other standards or amendment to existing standards which are not expected to have a significant impact on the Company’s financial statements.

4. OTHER FINANCIAL ASSETS

The Company’s other financial assets were as follows, as at:

	October 31, 2015	January 31, 2015
Restricted investments ^[a]	\$ 16.1	\$ 17.2
Derivative financial instruments	3.3	15.1
Other	9.9	7.3
Total other financial assets	\$ 29.3	\$ 39.6
Current	8.5	19.3
Non-current	20.8	20.3
Total other financial assets	\$ 29.3	\$ 39.6

^[a] The restricted investments are publicly traded bonds that can only be used for severance payments and pension costs associated with Austrian pension plans, and are not available for general corporate use.

The non-current portion is mainly attributable to the restricted investments.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine-month periods ended October 31, 2015 and 2014

[Unaudited]

[Tabular figures are in millions of Canadian dollars, unless otherwise indicated]

5. INVENTORIES

The Company's inventories were as follows, as at:

	October 31, 2015	January 31, 2015
Materials and work in progress	\$ 314.0	\$ 278.1
Finished products	250.2	205.6
Parts and accessories	165.2	146.5
Total inventories	\$ 729.4	\$ 630.2

The Company recognized in the condensed consolidated interim statements of net income during the three and nine-month periods ended October 31, 2015, a write-down on inventories of \$5.0 million and \$8.6 million respectively (\$3.2 million and \$7.0 million respectively during the three and nine-month periods ended October 31, 2014).

6. PROVISIONS

The Company's provisions were as follows, as at:

	October 31, 2015	January 31, 2015
Product-related	\$ 204.1	\$ 189.4
Restructuring (Note 12)	9.1	7.3
Other	18.6	23.3
Total provisions	\$ 231.8	\$ 220.0
Current	148.8	150.9
Non-current	83.0	69.1
Total provisions	\$ 231.8	\$ 220.0

Product-related provisions include provisions for regular and extended warranty coverage on products sold, product liability provisions and provisions related to sales programs offered by the Company to its independent dealers, distributors or customers in order to support the retail activity.

The non-current portion of provisions is mainly attributable to product-related provisions.

The changes in provisions were as follows:

	Product-related	Restructuring	Other	Total
Balance as at January 31, 2015	\$ 189.4	\$ 7.3	\$ 23.3	\$ 220.0
Expensed during the period	276.1	4.8	10.4	291.3
Paid during the period	(255.7)	(3.1)	(12.7)	(271.5)
Reversed during the period	(8.4)	—	(2.2)	(10.6)
Effect of foreign currency exchange rate changes	3.3	0.1	(0.2)	3.2
Unwinding of discount and effect of changes in discounting estimates	(0.6)	—	—	(0.6)
Balance as at October 31, 2015	\$ 204.1	\$ 9.1	\$ 18.6	\$ 231.8



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine-month periods ended October 31, 2015 and 2014

[Unaudited]

[Tabular figures are in millions of Canadian dollars, unless otherwise indicated]

7. OTHER FINANCIAL LIABILITIES

The Company's other financial liabilities were as follows, as at:

	October 31, 2015	January 31, 2015
Dealer holdback programs and customers deposits	\$ 68.0	\$ 64.5
Due to Bombardier Inc.	22.3	22.1
Derivative financial instruments	3.9	4.2
Due to a pension management company	8.3	12.0
Financial liability related to NCIB (Note 9)	14.6	—
Other	3.7	3.4
Total other financial liabilities	\$ 120.8	\$ 106.2
Current	90.0	71.7
Non-current	30.8	34.5
Total other financial liabilities	\$ 120.8	\$ 106.2

The non-current portion is mainly comprised of the amounts due to a pension management company and to Bombardier Inc. in connection with indemnification related to income taxes.

8. LONG-TERM DEBT

As at October 31, 2015 and January 31, 2015, the maturity dates, interest rates, outstanding nominal amounts and carrying amounts of long-term debt were as follows:

						October 31, 2015	
	Maturity date	Contractual interest rate	Effective interest rate	Outstanding nominal amount	Carrying amount		
Term Facility	Jan. 2019	3.75%	4.66%	U.S. \$792.0	\$ 1,015.8 ^[a]		
Term Loans	Dec. 2015 to Mar. 2022	0.75% to 2.17%	0.93% to 8.60%	Euro 29.1	39.5		
Finance lease liabilities	Jan. 2018 to Jan. 2024	8.00%	8.00%	\$ 15.3	11.5		
Total long-term debt					\$ 1,066.8		
Current					12.7		
Non-current					1,054.1		
Total long-term debt					\$ 1,066.8		

^[a] Net of unamortized transaction costs of \$20.4 million.

						January 31, 2015	
	Maturity date	Contractual interest rate	Effective interest rate	Outstanding nominal amount	Carrying amount		
Term Facility	Jan. 2019	4.00%	4.86%	U.S. \$792.0	\$ 982.7 ^[a]		
Term Loans	Dec. 2015 to Dec. 2019	1.05% to 2.13%	1.05% to 8.60%	Euro 31.0	40.8		
Finance lease liabilities	Jan. 2018 to Jan. 2024	8.00%	8.00%	\$ 16.2	12.0		
Total long-term debt					\$ 1,035.5		
Current					11.3		
Non-current					1,024.2		
Total long-term debt					\$ 1,035.5		

^[a] Net of unamortized transaction costs of \$24.5 million.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine-month periods ended October 31, 2015 and 2014

[Unaudited]

[Tabular figures are in millions of Canadian dollars, unless otherwise indicated]

8. LONG-TERM DEBT [CONTINUED]

a) Term Facility

During the nine-month period ended October 31, 2015, the Company amended its U.S. \$1,050.0 million term facility agreement to reduce by 0.25% the interest rate applicable on the outstanding nominal amount of U.S. \$792.0 million. The Company incurred amendment fees of \$1.2 million which are amortized over the expected life of the term facility. All other conditions of the term facility remained unchanged.

Following the amendment, the cost of borrowing under the term facility is as follows:

- (i) LIBOR plus 2.75% per annum, with a LIBOR floor of 1.00%; or
- (ii) U.S. Base Rate plus 1.75%; or
- (iii) U.S. Prime Rate plus 1.75%

Under the term facility, the cost of borrowing in U.S. Base Rate or U.S. Prime Rate cannot be lower than the cost of borrowing in LIBOR.

b) Term Loans

During the three and nine-month periods ended October 31, 2015, the Company entered into term loan agreements at favourable interest rates under Austrian government programs. These programs support research and development projects based on the Company's incurred expenses in Austria. The term loans have a total nominal amount of Euro 1.8 million (\$2.4 million), interest rates at 0.75% or at Euribor three-months plus 1.50% and maturities between March 2020 and March 2022. The Company recognized a grant of Euro 0.1 million (\$0.2 million) as a reduction of research and development expenses representing the difference between the fair value of the term loans at inception and the cash received.

During the nine-month period ended October 31, 2014, the Company entered into a term loan agreement at favourable interest rates under an Austrian government program. This program supports research and development projects based on the Company's incurred expenses in Austria. The term loan has a nominal amount of Euro 7.5 million (\$11.4 million) with an interest rate of 1.25% until June 30, 2017 and 1.75% from July 1, 2017 to its maturity date on December 31, 2019. The Company recognized a grant of Euro 0.9 million (\$1.4 million) as a reduction of research and development expenses representing the difference between the fair value of the term loan at inception and the cash received.

c) Finance lease liabilities

During the nine-month period ended October 31, 2014, the Company entered into finance lease agreements in relation to the outsourcing of the majority of its North American parts, accessories and clothing distribution activity. As at October 31, 2015, the contractual obligations in relation to those assets amounted to \$15.3 million to be settled over a period ending in January 2024.

9. NORMAL COURSE ISSUER BID PROGRAM ("NCIB")

In March 2015, the Company announced its plan to repurchase up to 3,703,442 of its outstanding subordinate voting shares through a NCIB. During the nine-month period ended October 31, 2015, the Company repurchased a total of 2,888,900 subordinate voting shares for a total cost of \$78.0 million.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine-month periods ended October 31, 2015 and 2014

[Unaudited]

[Tabular figures are in millions of Canadian dollars, unless otherwise indicated]

9. NORMAL COURSE ISSUER BID PROGRAM (“NCIB”) [CONTINUED]

As at October 31, 2015, a \$14.6 million financial liability, with a corresponding amount in equity, was recorded in the condensed consolidated interim statements of financial position in relation with the NCIB. This liability represented the value of subordinate voting shares expected to be repurchased by a designated broker under an automatic share purchase plan from November 1st to December 14, 2015. This automatic share purchase plan allows for the purchase of subordinate voting shares under pre-set conditions at times when the Company would ordinarily not be permitted due to regulatory restrictions or self-imposed blackout periods. These subordinate voting shares are included in the outstanding subordinate voting shares as at October 31, 2015. During the nine-month period ended October 31, 2015, the Company recognized a gain of \$0.4 million in financing income related to the automatic share purchase plan. The gain represents the difference between the share price used to establish the financial liability and the amount actually paid to repurchase shares during the regulatory restrictions or self-imposed blackout periods.

Of the total cost of \$78.0 million, \$26.1 million represents the carrying amount of the shares repurchased, \$52.3 million represents the amount charged to retained losses and \$0.4 million represents the gain recognized in net income.

The changes in subordinate voting shares issued and outstanding were as follows:

	Number of shares	Carrying Amount
Balance as at January 31, 2015	39,352,258	\$ 355.5
Issued upon exercise of stock options	205,477	2.7
Repurchased under the NCIB	(2,888,900)	(26.1)
Balance as at October 31, 2015	36,668,835	\$ 332.1

10. STOCK OPTION PLAN

During the nine-month periods ended October 31, 2015 and 2014, the Company granted respectively 636,000 and 772,200 stock options to eligible officers and employees to acquire subordinated voting shares at an average exercise price of \$27.91 and \$26.30 respectively. The fair value of the options at the grant date was respectively \$12.72 and \$13.93. Such stock options are time vesting and 25% of the options will vest on each of the first, second, third and fourth anniversary of the grant. The stock options have a ten-year term at the end of which the options expire.

11. EARNINGS PER SHARE

a) Basic earnings per share

Details of basic earnings per share were as follows:

	Three-month periods ended		Nine-month periods ended	
	October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014
Net income attributable to shareholders	\$ 65.5	\$ 37.2	\$ 80.3	\$ 61.7
Weighted average number of shares	116,634,208	118,325,873	117,657,186	118,266,452
Earnings per share - basic	\$ 0.56	\$ 0.31	\$ 0.68	\$ 0.52



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine-month periods ended October 31, 2015 and 2014

[Unaudited]

[Tabular figures are in millions of Canadian dollars, unless otherwise indicated]

11. EARNINGS PER SHARE [CONTINUED]

b) Diluted earnings per share

Details of diluted earnings per share were as follows:

	<u>Three-month periods ended</u>		<u>Nine-month periods ended</u>	
	<u>October 31,</u> <u>2015</u>	<u>October 31,</u> <u>2014</u>	<u>October 31,</u> <u>2015</u>	<u>October 31,</u> <u>2014</u>
Net income attributable to shareholders	\$ 65.5	\$ 37.2	\$ 80.3	\$ 61.7
Weighted average number of shares	116,634,208	118,325,873	117,657,186	118,266,452
Dilutive effect of stock options	456,105	578,125	517,416	648,579
Weighted average number of diluted shares	117,090,313	118,903,998	118,174,602	118,915,031
Earnings per share - diluted	\$ 0.56	\$ 0.31	\$ 0.68	\$ 0.52

12. OTHER OPERATING EXPENSES

Details of other operating expenses were as follows:

	<u>Three-month periods ended</u>		<u>Nine-month periods ended</u>	
	<u>October 31,</u> <u>2015</u>	<u>October 31,</u> <u>2014</u>	<u>October 31,</u> <u>2015</u>	<u>October 31,</u> <u>2014</u>
Restructuring costs (reversal)	\$ 4.8	\$ (0.4)	\$ 4.8	\$ (1.0)
Reversal of gain from insurance recovery	—	—	—	1.4
Foreign exchange loss on working capital elements	3.7	13.7	11.0	8.0
(Gain) loss on forward exchange contracts	(0.8)	(5.2)	3.5	1.0
Other	(0.7)	(0.3)	(1.0)	(0.5)
Total	\$ 7.0	\$ 7.8	\$ 18.3	\$ 8.9

In October 2015, the Company initiated the reorganization of its after-sales service, among other things by outsourcing certain activities, resulting in the reduction of the workforce by 60 employees and the closure of some offices. During the three-month period ended October 31, 2015, \$3.8 million of severance and \$1.0 million of other costs were recorded as restructuring.

During the nine-month period ended October 31, 2014, the Company revised its estimate related to the payment received from the insurance coverage and reversed in net income \$1.4 million of the gain that was previously recorded in relation with the property, plant and equipment damaged at the Company's research & development centre in Valcourt, Canada during the year ended January 31, 2013.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine-month periods ended October 31, 2015 and 2014

[Unaudited]

[Tabular figures are in millions of Canadian dollars, unless otherwise indicated]

13. FINANCING COSTS AND INCOME

Details of financing costs and financing income were as follows:

	Three-month periods ended		Nine-month periods ended	
	October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014
Interest and amortization of transaction costs on long-term debt	\$ 13.0	\$ 11.2	\$ 37.9	\$ 32.8
Interest and commitment fees on revolving credit facilities	0.7	1.7	2.0	4.2
Net interest on employee future benefit liabilities	1.8	1.9	5.1	5.7
Financial guarantee recoveries	—	—	—	(0.3)
Unwinding of discount of provisions	0.2	0.3	0.6	0.7
Other	(0.4)	0.1	0.1	1.1
Financing costs	15.3	15.2	45.7	44.2
Financing income	(1.1)	(0.8)	(2.7)	(1.9)
Total	\$ 14.2	\$ 14.4	\$ 43.0	\$ 42.3

14. INCOME TAXES

Details of income taxes expense were as follows:

	Three-month periods ended		Nine-month periods ended	
	October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014
Current income taxes expense				
Related to current year	\$ 28.1	\$ 10.0	\$ 40.8	\$ 18.4
Related to prior years	1.0	(0.2)	3.5	0.8
	29.1	9.8	44.3	19.2
Deferred income taxes expense (recovery)				
Temporary differences	(8.4)	3.5	(9.7)	(6.6)
Effect of income tax rate changes on deferred income taxes	0.2	(0.3)	(0.3)	(0.1)
Increase in unrecognized tax benefits	0.5	4.3	4.0	1.9
	(7.7)	7.5	(6.0)	(4.8)
Income taxes expense	\$ 21.4	\$ 17.3	\$ 38.3	\$ 14.4



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine-month periods ended October 31, 2015 and 2014

[Unaudited]

[Tabular figures are in millions of Canadian dollars, unless otherwise indicated]

14. INCOME TAXES [CONTINUED]

The reconciliation of income taxes computed at the Canadian statutory rates to income taxes expense recorded was as follows:

	Three-month periods ended		Nine-month periods ended					
	October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014				
Income taxes calculated at statutory rates	\$ 23.4	26.9%	\$ 14.6	26.9%	\$ 31.9	26.9%	\$ 20.4	26.9%
Increase (decrease) resulting from:								
Income tax rate differential of foreign subsidiaries	(3.9)		(2.5)		(3.9)		(5.4)	
Effect of income tax rate changes on deferred income taxes	0.2		(0.3)		(0.3)		(0.1)	
Increase in unrecognized tax benefits	0.5		4.3		4.0		1.9	
Recognition of income taxes on foreign currency translation	0.2		(0.9)		0.6		(0.3)	
Permanent differences ^[a]	0.4		6.2		4.2		3.3	
Adjustment in respect of prior years	0.2		(4.3)		1.8		(3.4)	
Other	0.4		0.2		—		(2.0)	
Income taxes expense	\$ 21.4		\$ 17.3		\$ 38.3		\$ 14.4	

^[a] The permanent differences result mainly from the foreign exchange loss on the long-term debt denominated in U.S. dollars.

15. FINANCIAL INSTRUMENTS

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Company's financial instruments take into account the credit risk embedded in the instrument. For financial assets, the credit risk of the counterparty is considered whereas for financial liabilities, the Company's credit risk is considered.

In order to determine the fair value of its financial instruments, the Company uses, when active markets exist, quoted prices from these markets ("Level 1" fair value). When public quotations are not available in the market, fair values are determined using valuation techniques. When inputs used in the valuation techniques are only inputs directly and indirectly observable in the marketplace, fair value is presented as "Level 2" fair value. If fair value is assessed using inputs that require considerable judgment from the Company in interpreting market data and developing estimates, fair value is presented as "Level 3" fair value. For Level 3 fair value, the use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine-month periods ended October 31, 2015 and 2014

[Unaudited]

[Tabular figures are in millions of Canadian dollars, unless otherwise indicated]

15. FINANCIAL INSTRUMENTS [CONTINUED]

The fair value, fair value level and carrying amount of restricted investments, derivative financial instruments and long-term debt were as follows:

		As at October 31, 2015	
	Fair value level	Carrying amount	Fair value
Restricted investments (Note 4)	Level 2	\$ 16.1	\$ 16.1
Derivative financial instruments			
Forward exchange contracts			
Favourable (Note 4)		\$ 3.3	\$ 3.3
(Unfavourable) (Note 7)		(1.5)	(1.5)
Inflation rate swap (Note 7)		(2.4)	(2.4)
	Level 2	\$ (0.6)	\$ (0.6)
Long-term debt (including current portion)			
Term Facility (Note 8)	Level 1	\$ (1,015.8)	\$ (1,033.6)
Term Loans (Note 8)	Level 2	(39.5)	(41.8)
		\$ (1,055.3)	\$ (1,075.4)

For cash, trade and other receivables, revolving credit facilities, trade payables and accruals, dealer holdback programs and customer deposits, the carrying amounts reported on the condensed consolidated interim statements of financial position or in the notes approximate the fair values of these items due to their short-term nature.