Interim consolidated Financial Statements
(unaudited)
**First Quarter of 2016**
(in thousands of Canadian dollars )

COLABOR

# Interim consolidated Statements of Loss

(unaudited)

**For the 84-day periods ended March 19, 2016 and March 21, 2015**

(in thousands of Canadian dollars, except the per-share data)

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **Sales** | | 307,064 | 304,662 |
| Operating expenses, excluding costs not related to current operations, depreciation and amortization | | 305,159 | 304,198 |
| **Operating earnings before costs not related to current operations, depreciation and amortization** | | 1,905 | 464 |
| Costs not related to current operations | 5 | 3,337 | 838 |
| Impairment of available-for-sale financial asset | | - | 1,731 |
| Depreciation and amortization | | 2,719 | 3,416 |
| | | 6,056 | 5,985 |
| **Operating loss** | | (4,151) | (5,521) |
| Financial expenses | | 2,994 | 3,099 |
| **Loss before taxes** | | (7,145) | (8,620) |
| Recovery of income taxes | | (1,847) | (2,305) |
| **Net loss** | | (5,298) | (6,315) |
| **Basic and diluted net loss per share** | 6 | (0.19) | (0.23) |

The accompanying notes are an integral part of the interim consolidated financial statements

COLABOR

Interim consolidated Statements of Comprehensive Loss

(unaudited)

**For the 84-day periods ended March 19, 2016 and March 21, 2015**

(in thousands of Canadian dollars, except the per-share data)

| | Note | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| **Net loss for the period** | | (5,298) | (6,315) |
| Other comprehensive income (loss) that will be subsequently reclassified to earnings | | | |
| Available-for-sale financial asset | | | |
| Gain (loss) for the period | | 40 | (1,731) |
| Reclassification to earnings | | - | 1,731 |
| Taxes on other comprehensive income that will be subsequently reclassified to earnings | | (5) | - |
| | | 35 | - |
| Other income that will not be reclassified to earnings | | | |
| Remeasurement of pension obligation | | (357) | (476) |
| Taxes on other comprehensive income that will not be reclassified to earnings | | 71 | 124 |
| | | (286) | (352) |
| Total other comprehensive loss | | (251) | (352) |
| **Total comprehensive loss** | | (5,549) | (6,667) |

The accompanying notes are an integral part of the interim consolidated financial statements

COLABOR

# Interim consolidated Statements of Changes in Equity

(unaudited)

**For the 84-day periods ended March 19, 2016 and March 21, 2015**

(in thousands of Canadian dollars, except the per-share data

| | Share capital $ | Convertible debenture conversion options $ | Contri-buted surplus $ | Shares held under stock-based compensation plans $ | Available-for-sale financial asset | Deficit $ | Total equity $ |
|---|---|---|---|---|---|---|---|
| **Balance as at December 26, 2015** | 209,972 | 1,742 | 1,880 | (381) | (126) | (145,770) | 67,317 |
| Net loss for period | - | - | - | - | - | (5,298) | (5,298) |
| Other comprehensive income (loss) | | | | | | | |
| Gain on available-for-sale financial asset | - | - | - | - | 40 | - | 40 |
| Remeasurement of pension obligation | - | - | - | - | - | (357) | (357) |
| Taxes on other comprehensive income | - | - | - | - | (5) | 71 | 66 |
| **Total comprehensive income (loss)** | - | - | - | - | 35 | (5,584) | (5,549) |
| Stock-based compensation plan expenses | - | - | 53 | - | - | - | 53 |
| **Balance as at March 19, 2016** | 209,972 | 1,742 | 1,933 | (381) | (91) | (151,354) | 61,821 |
| **Balance as at December 27, 2014** | 209,972 | 1,742 | 1,563 | (381) | - | (112,074) | 100,822 |
| Net loss for the period | - | - | - | - | - | (6,315) | (6,315) |
| Other comprehensive loss | | | | | | | |
| Loss on available-for-sale financial asset | - | - | - | - | (1,731) | - | (1,731) |
| Reclassification to earnings | - | - | - | - | 1,731 | - | 1,731 |
| Remeasurement of pension obligation | - | - | - | - | - | (476) | (476) |
| Taxes on other comprehensive income | - | - | - | - | - | 124 | 124 |
| **Total comprehensive loss** | - | - | - | - | - | (6,667) | (6,667) |
| Stock-based remuneration plan expenses | - | - | 45 | - | - | - | 45 |
| **Balance as at March 21, 2015** | 209,972 | 1,742 | 1,608 | (381) | - | (118,741) | 94,200 |

The accompanying notes are an integral part of the interim consolidated financial statements

COLABOR

# Interim consolidated Statements of Cash flow

(unaudited)

**For the 84-day periods ended March 19, 2016 and March 21, 2015**

(in thousands of Canadian dollars, except the per-share data)

| | Note | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| **Operating activities** | | | |
| Net loss for the period | | (5,298) | (6,315) |
| Recovery of income taxes | | (1,847) | (2,305) |
| Depreciation and amortization | | 2,719 | 3,416 |
| Impairment of available-for-sale financial asset | | - | 1,731 |
| Financial expenses | | 2,994 | 3,099 |
| Other | | (253) | (545) |
| | | (1,685) | (919) |
| Net changes in working capital | | 3,851 | 8,774 |
| **Cash flows from operating activities** | | 2,166 | 7,855 |
| **Investing activities** | | | |
| Business acquisitions, net of cash acquired | | - | 100 |
| Changes in loans receivable | | 20 | - |
| Purchase of property, plant and equipment | | (75) | (519) |
| Disposal of property, plant and equipment | | 20 | 280 |
| Purchase of intangible assets | | (61) | (307) |
| **Cash flows used by investing activities** | | (96) | (446) |
| **Financing activities** | | | |
| Bank borrowings | 8 | (92) | (2,883) |
| Lease payments | | (81) | (143) |
| Financial expenses paid | | (2,626) | (2,682) |
| **Cash flows used for financing activities** | | (2,799) | (5,708) |
| **Net change in bank overdraft** | | (729) | 1,701 |
| **Bank overdraft at beginning** | | (4,106) | (8,782) |
| **Bank overdraft at end** | | (4,835) | (7,081) |

The accompanying notes are an integral part of the interim consolidated financial statements

COLABOR

# Consolidated Statements of Financial Position
(unaudited)

**As at March 19, 2016 and December 26, 2015**

(in thousands of Canadian dollars, except the per-share data)

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current** | | | |
| Trade and other receivables | | 99,098 | 104,351 |
| Inventory | | 79,813 | 87,282 |
| Prepaid expenses | | 4,032 | 2,936 |
| Other | | 1,761 | 1,699 |
| Current assets | | 184,704 | 196,268 |
| **Non-current** | | | |
| Available-for-sale financial asset | | 966 | 926 |
| Loans receivable | | 556 | 576 |
| Property, plant and equipment | | 15,007 | 15,835 |
| Intangible assets | | 61,100 | 62,844 |
| Goodwill | | 84,130 | 84,130 |
| Deferred income tax asset | | 3,981 | 2,089 |
| Non-current assets | | 165,740 | 166,400 |
| **Total assets** | | 350,444 | 362,668 |
| **Liabilities and Equity** | | | |
| **Liabilities** | | | |
| **Current** | | | |
| Bank overdraft | | 4,835 | 4,106 |
| Trade and other payables | | 85,434 | 93,530 |
| Rebates payable | | 8,411 | 8,301 |
| Bank borrowings | 7 | 88,063 | 1,000 |
| Long-term debt | 8 | 21,194 | - |
| Obligations under leases | | 561 | 497 |
| Other | | 1,920 | 1,689 |
| Current liabilities | | 210,418 | 109,123 |
| **Non-current** | | | |
| Bank borrowings | 7 | - | 87,038 |
| Long-term debt | 8 | 21,130 | 42,295 |
| Convertible debentures | | 49,050 | 48,859 |
| Obligation under capital leases | | 2,242 | 2,376 |
| Pension obligation | | 1,600 | 1,271 |
| Provisions | | 3,631 | 3,816 |
| Deferred income tax liabilities | | 552 | 573 |
| Non-current liabilities | | 78,205 | 186,228 |
| **Total liabilities** | | 288,623 | 295,351 |
| **Equity** | | | |
| Share capital | | 209,972 | 209,972 |
| Deficit | | (151,354) | (145,770) |
| Other components of equity | | 3,203 | 3,115 |
| Total equity | | 61,821 | 67,317 |
| **Total liabilities and equity** | | 350,444 | 362,668 |

The Board of Directors approved and authorized the publication of the interim consolidated financial statements on April 28, 2016.

On behalf of the Board,

_/s/ Richard Lord_____, Director __/s/ Robert Panet-Raymond_____, Director

The accompanying notes are an integral part of the interim consolidated financial statements

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

# 1. Nature of operations

Colabor Group Inc. (hereinafter the "Group") and its wholly owned subsidiaries (hereinafter collectively the "Company") distribute and market food and food-related products in Canada.

Sales and operating earnings of the Company are proportionally lower in the first quarter and higher in the fourth quarter. In fact, the fourth quarter accounts for 33% more operating days than the other quarters of the year. Moreover, the Company's sales are seasonal. Thus, sales in the first quarter are lower in comparison with the other quarters. On the other hand, the costs incurred extend more uniformly over the year than sales, given the structure of the Company's fixed costs. The operating margins of the Company usually increase as the year progresses. As a result, it is more useful to examine the earnings for the whole year or to compare the earnings of one quarter with those of the corresponding quarter of the previous year, rather than to compare the earnings of two successive quarters.

Colabor Group Inc., the group's ultimate parent company, is incorporated under the Canada Business Corporations Act. It is a Canadian company headquartered at 1620, De Montarville Boulevard, Boucherville, Québec, J4B 8P4. The shares of Colabor Group Inc. and its convertible debentures are listed on the Toronto Stock Exchange (TSX: GCL and TSX: GCL.DB.A).

# 2. General information and IFRS compliance

These condensed interim consolidated financial statements of the Company were prepared in accordance with IAS 34. Interim financial Reporting of the International Financial Reporting Standards (IFRS, as published by IASB), taking into account the accounting policies adopted by the Company for its consolidated financial statements of the year ended December 26, 2015. The accounting policies have been applied consistently for all the periods presented. They do not include all the information required by the IFRS for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 26, 2015.

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

# 3. Significant accounting policies

**Standards, changes and interpretations issued but not yet effective**

IFRS 9, “Financial Instruments”

In July 2014, the IASB published IFRS 9 which replaces IAS 39, “Financial Instruments: Recognition and Measurement” (IAS 39). IFRS 9 introduces improvements including a more logical model for classification and measurement of financial assets, a single, forward-looking “expected loss” impairment model, and a substantially reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet assessed the impact of this standard on its consolidated financial statements.

IFRS 15, “Revenues from Contracts with Customers”

In May 2014, the IASB published IFRS 15 which replaces IAS 18, “Revenue,” IAS 11, “Construction Contracts” and some revenue-related interpretations. IFRS 15 establishes a control-based revenue recognition model, changes the basis for deciding when revenue is recognized at a point in time or over time, provides new and more detailed guidance on specific topics, and expands and improves disclosures about revenues. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet assessed the impact of this standard on its consolidated financial statements.

IFRS 16, “Leases”

In January 2016, the IASB issued IFRS 16 which will replace IAS 17, “Leases.” IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position with exemptions permitted for leases of low-value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and the liability (including complexities such as non-lease elements, variable lease payments and options periods), changes the accounting for sale and leaseback arrangements, largely retains the approach to lessor accounting in IAS 17, and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier adoption is permitted in certain circumstances. The Company has not yet assessed the impact of this standard on its consolidated financial statements.

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

IAS 7, "Statement of Cash Flows"

In January 2016, the IASB issued amendments to IAS 7, "Statement of Cash Flows," to improve the information provided to users of financial statements concerning financing activities. The amendments are effective for annual reporting periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company has not yet assessed the impact of this standard on its consolidated financial statements.

IAS 12, "Income Taxes"

In February 2016, the IASB issued amendments to IAS 12, "Income Taxes" concerning recognition of deferred tax assets for unrealized losses. The amendments are effective for annual reporting periods beginning on or after January 1, 2017. These amendments clarify how to recognize deferred tax assets recognized on financial liabilities measured at fair value. The Company has not yet assessed the impact of this standard on its consolidated financial statements.

# 4. Segment Reporting

The Company has two reportable segments: distribution to food service enterprises (Distribution Segment) and distribution to food distributors (Wholesale Segment). These operating segments are monitored and strategic decisions are made on the basis of segment operating earnings (loss). Management does not take assets and liabilities into account in the analysis of various segments.

Segment information can be analyzed as follows:

| | | | **2016** |
|---|---|---|---|
| | **Distribution Segment $** | **Wholesale Segment $** | **Total $** |
| Segment sales | 219,339 | 133,496 | 352,835 |
| Segment operating expenses | | | |
| Cost of goods sold | 193,435 | 126,229 | 319,664 |
| Employee remuneration | 16,952 | 2,035 | 18,987 |
| Other expenses | 9,811 | 1,151 | 10,962 |
| | 220,198 | 129,415 | 349,613 |
| Segment earnings (loss) | (859) | 4,081 | 3,222 |

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

| | 2015 | | |
|---|---|---|---|
| | **Distribution Segment $** | **Wholesale Segment $** | **Total $** |
| Segment sales | 210,250 | 138,250 | 348,500 |
| Segment operating expenses | | | |
| Cost of goods sold | 183,864 | 131,225 | 315,089 |
| Employee remuneration | 17,635 | 2,353 | 19,988 |
| Other expenses | 10,041 | 1,329 | 11,370 |
| | 211,540 | 134,907 | 346,447 |
| Segment earnings (loss) | (1,290) | 3,343 | 2,053 |

The following table presents a reconciliation of the Company's total operating segment results and key financial data as presented in its interim consolidated financial statements:

| | **2016 $** | **2015 $** |
|---|---|---|
| Sales | | |
| Total segment sales | 352,835 | 348,500 |
| Elimination of intersegment sales | (45,771) | (43,838) |
| Company sales | 307,064 | 304,662 |
| Earnings | | |
| Total segment earnings | 3,222 | 2,053 |
| Employee remuneration not allocated | (1,329) | (1,255) |
| Other expenses not allocated | 12 | (334) |
| Costs not relating to current operations | (3,337) | (838) |
| Impairment on available-for-sale financial asset | - | (1,731) |
| Depreciation and amortization | (2,719) | (3,416) |
| Company operating loss | (4,151) | (5,521) |
| Financial expenses | (2,994) | (3,099) |
| Company loss before taxes | (7,145) | (8,620) |

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

# 5. Expenses not relating to current operations

| | **2016** **$** | **2015** **$** |
|---|---|---|
| Costs of internal restructuring of operations [a] | | |
| Severance pay and others | 3,337 | 838 |
| Amounts paid | 1,758 | 838 |
| Amounts payable | 1,579 | - |

[a] On January 26, 2016, the Company announced a plan to rationalize and optimize its operations. The plan is intended to further improve Colabor's operating efficiency and profitability despite difficult business conditions in the foodservice distribution industry, and to complete the integration of its acquisitions of recent years. The plan encompasses most of Colabor's divisions and consists mainly of centralizing and consolidating certain operations at the head office of the Company or of its divisions. It will entail the elimination of approximately 120 jobs, or 8% of the Company's headcount.

# 6. Data per share

**Loss per share**

The following table presents the basic and diluted loss per share:

| | **2016** **$** | **2015** **$** |
|---|---|---|
| Net loss for the period | (5,298) | (6,315) |
| Weighted average number of outstanding shares used to calculate the basic and diluted earnings per share | 27,453,960 | 27,453,960 |
| Basic and diluted net loss per share | (0.19) | (0.23) |

Shares that were hypothetically issued after the conversion of convertible debentures, the exercise of stock options and the PSU plan were not included in the calculation of the diluted net loss because they had an anti-dilutive effect.

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

# 7. Bank borrowings

On January 31, 2014, the Company finalized two agreements to refinance its credit facilities and long-term debt.

First, a banking syndicate granted the Company a maximum credit facility of $140,000,000 for a three-year term. By mutual agreement, the credit facility may be increased by an additional $30,000,000. It matures in January 2017 and is secured by a first-ranking hypothec on the Company's present and future assets. Amounts borrowed from the credit facility come in various forms and the interest rate varies based on the type of loan. As at March 19, 2016, the facility is composed of a loan and banker's acceptances bearing interest at rates varying between 2.90% and 3.45% (December 26, 2015: between 3.00% and 3.70%) and is currently entirely short term, given its maturity.

The Company was also granted term credit facilities of a total amount of $18,000,000 to be used for specific purposes and repayable over 24 months starting on the date they are used, as applicable. The Company has used $12,000,000 of this credit facility. During the quarter ended March 19, 2016, $1,000,000 was repaid ($6,000,000 during the year ended December 26, 2015). It is secured by a first-ranking hypothec on the present and future assets of the Company and is payable in monthly instalments of $500,000. As at March 19, 2016, these credit facilities had been entirely repaid.

The credit facilities' interest rates are determined according to a table that takes their usage into account.

Under certain circumstances, the Company is required to respect a ratio. As at March 19, 2016, this ratio was respected.

As at March 19, 2016 and December 26, 2015, letters of guarantee amounting to $1,014,000 $ had been used for a commitment.

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

## 8. Long-term debt

In connection of its bank refinancing in 2014, the Company entered into a loan agreement for a total amount of $42,500,000. The loan agreement was signed with a banking syndicate made up of several creditors. This agreement is secured by a second-ranking hypothec of the Company's present and future assets after one of the lenders exercised its option to become a secured creditor on March 16, 2016. Under the terms of the agreement, $21,250,000 must be repaid on February 1, 2017 and $21,250,000 must be repaid on February 1, 2018. The average rate of the long-term debt was revised upward in January 2015, for the remaining term of the agreement, rising from 9.1% to 9.8%. As at March 19, 2016, $21,250,000 is now presented as short-term.

| | | **March 19, 2016** |
|---|---|---|
| | **Par value $** | **Carrying amount $** |
| **Debt, 9.8 % maturing on February 1, 2018, issued on January 31, 2014** | | |
| Balance at beginning | 42,500 | 42,295 |
| Non-cash portion of effective interest on long-term debt | - | 29 |
| Balance at end | 42,500 | 42,324 |
| Current | 21,250 | 21,194 |
| Non-current | 21,250 | 21,130 |

| | | **December 26, 2015** |
|---|---|---|
| | **Par value $** | **Carrying amount $** |
| **Debt, 9.8% maturing on February 1, 2018, issued on January 31, 2014** | | |
| Balance at beginning | 42,500 | 42,181 |
| Non-cash portion of effective interest on long-term debt | - | 114 |
| Balance at end | 42,500 | 42,295 |

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

# 9. Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and sources of financing in the form of authorized bank loans. The Company prepares budgets and cash flow forecasts to ensure it has the necessary funds to fulfill its obligations when they come due. In 2015 and 2014, the Company generated cash flows of $28,174,000 and $32,428,000 respectively. For the 84-day period ended March 19, 2016, the Company generated cash flows of $2,166,000.

Over the next 12 months, bank borrowings amounting to $88,063,000 as well as a portion of long-term debt amounting to $21,194,000, for a total amount of $109,257,000 will mature and are presented in short-term liabilities. The Company has recently announced the formation of a committee composed of independent directors to analyse the Company's debt structure and present its recommendations. In that respect, it is important to note the following matters:

a) Bank borrowings are secured by a first-ranking hypothec on the Company's present and future assets and the long-term debt is secured by a second-ranking hypothec of the Company's present and future assets. As at March 19, 2016, Trade and other receivables and inventory amounted $178,911,000 while short-term secured bank borrowing and long-term debt amounted to $109,257,000.

b) Convertible debentures mature in April 2017. On or after April 30, 2016 and prior to the maturity date, the convertible debentures may be redeemed in whole or in part at the option of the Company and pay the principal amount of the convertible debentures on redemption or at maturity through the issuance of common shares, subject to certain conditions as described in the Company's prospectus dated April 20, 2010.

c) On January 26, 2016, the Company also announced a rationalization plan intended to centralize certain services. On an annual basis, this rationalization plan will enable the Company to generate significant savings.

The Company continues to evaluate the refinancing alternatives available, and as of this date, nothing suggests that the Company will not be able to refinance itself when its debts mature.

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

Undiscounted cash flows (including capital and interest) related to the Company's liabilities expire as follows:

| | | | **March 19, 2016** |
|---|---|---|---|
| | **Maturing in less than 12 months $** | **Maturing in 1 to 5 years $** | **Maturing in more than 5 years $** |
| Bank overdraft | 4,835 | - | - |
| Trade and other payables | 77,691 | - | - |
| Rebates payable | 8,411 | - | - |
| Bank borrowings | 91,147 | - | - |
| Obligations under leases | 663 | 1,966 | 522 |
| Long-term debt | 25,128 | 23,032 | - |
| Convertible debentures | 2,858 | 50,281 | - |
| | 210,733 | 75,279 | 522 |

| | | | **December 26, 2015** |
|---|---|---|---|
| | **Maturing in less than 12 months $** | **Maturing in 1 to 5 years $** | **Maturing in more than 5 years $** |
| Bank overdraft | 4,106 | - | - |
| Trade and other payables | 85,549 | - | - |
| Rebates payable | 8,301 | - | - |
| Bank borrowings | 3,617 | 89,650 | - |
| Obligations under leases | 603 | 2,646 | - |
| Long-term debt | 4,180 | 44,938 | - |
| Convertible debentures | 2,858 | 50,937 | - |
| | 109,214 | 188,171 | - |

# 10. Fair value of financial instruments

The carrying amount and fair value of the financial instruments in the consolidated statements of financial position relate to the following classes of assets and liabilities:

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

| | March 19, 2016 | | December 26, 2015 | |
|---|---|---|---|---|
| | **Carrying amount** $ | **Fair value** $ | **Carrying amount** $ | **Fair value** $ |
| Financial assets | | | | |
| Loans and receivables | | | | |
| Current | | | | |
| Trade and other receivables | 99,098 | 99,098 | 104,351 | 104,351 |
| Loans receivable | 131 | 131 | 131 | 131 |
| | 99,229 | 99,229 | 104,482 | 104,482 |
| Non-current | | | | |
| Loans receivable | 556 | 556 | 576 | 576 |
| Available-for-sale financial assets | | | | |
| Non-current | | | | |
| Equity investment in Colabor Investments Inc. | 966 | 966 | 926 | 926 |
| Financial liabilities | | | | |
| Financial liabilities at amortized costs | | | | |
| Current | | | | |
| Bank overdraft | 4,835 | 4,835 | 4,106 | 4,106 |
| Trade and other payables | 77,691 | 77,691 | 85,549 | 85,549 |
| Rebates payable | 8,411 | 8,411 | 8,301 | 8,301 |
| Bank borrowings | 88,063 | 88,063 | 1,000 | 1,000 |
| Long-term debt | 21,194 | 22,935 | - | - |
| Obligations under leases | 561 | 561 | 497 | 497 |
| | 200,755 | 202,496 | 99,453 | 99,453 |
| Non-current | | | | |
| Bank borrowings | - | - | 87,038 | 87,038 |
| Obligations under leases | 2,242 | 2,242 | 2,376 | 2,376 |
| Long-term debt | 21,130 | 19,035 | 42,295 | 41,912 |
| Convertible debentures | 49,050 | 47,230 | 48,859 | 47,230 |
| | 72,422 | 68,507 | 180,568 | 178,556 |

(Amounts in the tables are in thousands of Canadian dollars, except data per share)

The fair value of trade and other receivables, the bank overdraft, trade and other payables (excluding sales taxes to remit and compensation payable), rebates payable and the current portion of bank borrowings is comparable to the carrying amount given the short period to maturity, i.e. the time value of money is not significant.

The fair value of the available-for-sale financial asset was primarily determined using the bid price on the closing date for the underlying asset.

The fair value of the non-current portion of loans receivable is equivalent to the carrying amount, because these are primarily loans granted in 2015.

The fair value of the current and non-current portion of obligations under finance leases is comparable to the carrying amount because they were entered into in 2014 and 2015.

The fair value of the long-term debt and the liability component of the convertible debentures was determined by discounting the future cash flows using rates of 10.5% (10.5% at December 26, 2015), the rate which the Company could currently obtain for non-convertible debentures with similar terms and conditions and maturities (classified in level 2 of the fair value hierarchy).

The assets and liabilities measured at fair value are presented using a three-level fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements of these items. The three fair value hierarchy levels are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments measured at fair value consist of the equity investment in Colabor Investments Inc. (Level 2). There were no transfers between Level 1 and Level 2 during the quarter.