Consolidated Financial Statements

Year Ended December 31, 2013

dependable.

K-Bro Linen Inc.

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March 12, 2014

Independent Auditor's Report

To the Shareholders of
K-Bro Linen Inc.

We have audited the accompanying consolidated financial statements of K-Bro Linen Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012 and the consolidated statements of earnings and comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes, which comprise 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.

Auditor's 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 the auditor's 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, the auditor considers 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of K-Bro Linen Inc. and its subsidiaries as at December 31, 2013 and December 31, 2012 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

Edmonton, Canada

Consolidated Statements of Financial Position

(thousands of Canadian dollars)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Accounts receivable	$ 15,465	$ 14,197
Linen in service (note 6)	8,647	8,888
Prepaid expenses and deposits	917	1,071
	25,029	24,156
Property, plant and equipment (note 7)	57,972	39,175
Intangible assets (note 8)	8,873	11,013
Goodwill (note 9)	20,456	20,456
	$ 112,330	$ 94,800
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 10 and 11)	$ 14,824	$ 13,001
Income taxes payable	91	2,415
Dividends payable to shareholders	680	676
	15,595	16,092
Long-term debt (note 12)	19,640	5,818
Unamortized lease inducements (note 14)	947	415
Deferred income taxes (note 15)	5,032	4,790
	$ 41,214	$ 27,115
SHAREHOLDERS' EQUITY		
Share capital (note 17)	72,158	71,444
Contributed surplus	1,732	1,209
Deficit	(2,774)	(4,968)
	$ 71,116	$ 67,685
Contingencies and commitments (note 16)		
	$ 112,330	$ 94,800

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

Consolidated Statements of Earnings & Comprehensive Income

(thousands of Canadian dollars, except share and per share amounts)

Years ended December 31	**2013**	2012
Revenue	$ **131,202**	$ 126,290
Expenses		
Wages and benefits	**60,858**	58,248
Linen (note 6)	**13,781**	12,706
Utilities	**8,400**	8,276
Delivery	**5,979**	5,583
Materials and supplies	**4,337**	4,058
Occupancy costs (note 10)	**4,703**	3,896
Repairs and maintenance	**4,398**	3,832
Corporate	**5,429**	5,174
	107,885	101,773
EBITDA (note 23)	**23,317**	24,517
Other expenses		
Depreciation of property, plant and equipment (note 7)	**5,965**	6,350
Amortization of intangible assets (note 8)	**2,140**	2,327
Financial charges (note 13)	**595**	357
Loss on disposal of property, plant and equipment	**108**	159
	8,808	9,193
Earnings before income taxes	**14,509**	15,324
Current income tax expense	**3,931**	3,981
Deferred income tax expense	**242**	194
Income tax expense (note 15)	**4,173**	4,175
Net earnings and Comprehensive income	**10,336**	11,149
Net earnings per share (note 18):		
Basic	$ **1.47**	$ 1.60
Diluted	$ **1.47**	$ 1.59
Weighted average number of shares outstanding (note 17):		
Basic	**7,022,699**	6,981,432
Diluted	**7,054,235**	6,993,561

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

Consolidated Statements of Changes in Equity

(thousands of Canadian dollars)

		Total Share Capital	Contributed surplus	Deficit		Total equity
As at December 31, 2012	$	71,444	1,209	(4,968)	$	67,685
Net earnings		-	-	10,336		10,336
Dividends declared (note 20)		-	-	(8,142)		(8,142)
Employee share based compensation expense		-	1,237	-		1,237
Shares vested during the year		714	(714)	-		-
As at December 31, 2013	$	72,158	1,732	(2,774)	$	71,116

		Total Share Capital	Contributed surplus	Deficit		Total equity
As at December 31, 2011	$	69,493	1,580	(8,140)	$	62,933
Net earnings		-	-	11,149		11,149
Dividends declared (note 20)		-	-	(7,977)		(7,977)
Employee share based compensation expense		-	1,105	-		1,105
Settlement of former LTI plan		-	475	-		475
Shares vested during the year		1,951	(1,951)	-		-
As at December 31, 2012	$	71,444	1,209	(4,968)	$	67,685

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

Consolidated Statements of Cash Flow

(thousands of Canadian dollars)

Years ended December 31	2013	2012
OPERATING ACTIVITIES		
Net earnings	$ 10,336	$ 11,149
Depreciation of property, plant and equipment (note 7)	5,965	6,350
Amortization of intangible assets (note 8)	2,140	2,327
Lease inducements, net of amortization	532	(54)
Share-based compensation expense	1,237	1,105
Loss on disposal of property, plant and equipment	108	159
Deferred income taxes	242	194
	20,560	21,230
Change in non-cash balances relating to operations (note 21)	(1,374)	(421)
Cash provided by operating activities	19,186	20,809
FINANCING ACTIVITIES		
Net proceeds (repayments of) from revolving credit facility	13,822	(277)
Dividends paid to shareholders (note 20)	(8,138)	(7,943)
Cash used in financing activities	5,684	(8,220)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (note 7)	(24,914)	(12,650)
Proceeds from disposal of property, plant and equipment	44	61
Cash used in investing activities	(24,870)	(12,589)
Change in cash during the year	-	-
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -
Supplementary cash flow information		
Interest paid	$ 462	$ 143
Income taxes paid	$ 6,255	$ 3,423

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

K-Bro Linen Inc. (the "Corporation" or “K-Bro”) is incorporated in Canada under the Business Corporations Act (Alberta). The Corporation and its wholly owned subsidiaries provide a range of linen services to healthcare institutions, hotels and other commercial accounts that include the processing, management and distribution of general linen and operating room linen. The Corporation provides services from eight processing facilities in seven major cities across Canada from Victoria, British Columbia to Québec City, Québec.

The Corporation’s common shares are traded on the Toronto Stock Exchange under the symbol “KBL”. The address of the Corporation’s registered head office is 14903 – 137 Avenue, Edmonton, Alberta, Canada.

These audited annual consolidated financial statements (the “consolidated financial statements”) were approved and authorized for issuance by the Board of Directors (“the Board”) on March 12, 2014.

1 Basis of Presentation

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and Canadian Generally Accepted Accounting Principles (“GAAP”) as issued by CPA Canada. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 5.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments.

b) Principles of Consolidation

The consolidated financial statements include the Corporation, its wholly owned subsidiaries and the long-term incentive plan trust, a structured entity (notes 2(q) (ii) and (iii)). All intercompany balances and transactions have been eliminated upon consolidation.

c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

Cash and cash equivalents are classified as loans and receivables and are carried at amortized cost, which is equivalent to fair value.

d) Linen in Service

Linen in service is stated at cost less accumulated depreciation. The cost is based on the expenditures that are directly attributable to the acquisition of linen, with operating room linen amortized across its estimated service life of 24 months and general linen amortized based on usage which results in an estimated average service life of 24 months.

e) Revenue Recognition

Revenue from linen management and laundry services is primarily based on written service agreements whereby the Corporation agrees to collect, launder, deliver and replenish linens. The Corporation recognizes revenue in the period in which the services are provided.

f) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be reliably measured. The carrying amount of a replaced part is derecognized. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The major categories of property, plant and equipment are depreciated on a straight-line basis to allocate their cost over their estimated useful lives as follows:

Asset	Rate
Buildings	15-25 years
Laundry equipment	7-20 years
Office equipment	2-5 years
Delivery equipment	5 years
Computer equipment	2 years
Leasehold improvements	Lease term

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of earnings and comprehensive income.

g) Impairment of Financial Assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Corporation recognizes an impairment loss equal to the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

h) Impairment of Non-Financial Assets

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets that are not amortized are subject to an annual impairment test. For the purpose of measuring recoverable amounts, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating unit or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Corporation evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

i) Intangible Assets

Intangible assets are recorded at cost and include customer contracts in progress and related relationships, which are being amortized using the straight-line method over the remaining lives of the related contracts and relationships. Intangible assets which relate to computer software are amortized using the straight-line method over five years when put into service. These estimates are reviewed at least annually and are updated if expectations change as a result of changing client relationships or technological obsolescence.

j) Income Taxes

The tax expense for the year comprises current and deferred tax. Tax is recognized in statement of earnings, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax provision is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date of the taxation authority where the Corporation operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

k) Business Combinations

Business combinations are accounted for using the acquisition method. The acquired identifiable net assets are measured at their fair value at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the purchase price below the fair value of the net assets acquired is recorded as a gain in net earnings. Associated transaction costs are expensed when incurred.

l) Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the identifiable assets acquired, less liabilities assumed, based on their estimated fair values at the acquisition date. Goodwill is allocated as of the date of the business combination. Goodwill is tested for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate a potential impairment.

Goodwill acquired through a business combination is allocated to each CGU, or group of CGUs, that are expected to benefit from the related business combination. A CGU represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

m) Volume Rebates

Certain customers receive a rebate based on specified annual processing volumes. A rebate liability is recorded in the period it is expected that the customer will meet the specified annual volume levels.

n) Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing net earnings for the period attributable to Shareholders of the Corporation by the weighted average number of Common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of common shares included within the weighted average is computed using the treasury stock method. The Corporation's potentially dilutive Common shares are comprised of long-term incentive plan equity compensation granted to officers and key employees (notes 2(q) (ii) and (iii)).

o) Foreign Currency Translation

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of earnings within "financial charges".

p) Lease Inducements

Tenant allowances and lease inducements are deferred when credited or received and amortized on a straight-line basis as a reduction of rent expense over the term of the related lease. For lease contracts with escalating lease payments, total rent expense for the lease term is expensed on a straight-line basis over the lease term. The difference between rent expensed and amounts paid is recorded as an increase or deferral in unamortized lease inducements.

q) Employee Benefits

i) Post-employment benefit obligations

The Corporation contributes on behalf of its employees to their individual Registered Retirement Savings Plans subject to an annual maximum of 4% of gross personal earnings. The Corporation accounts for contributions as an expense in the period that they are incurred. The Corporation does not provide any other post-employment or post-retirement benefits.

ii) Former equity-based compensation plan

The officers and key employees were eligible to participate in a past long-term incentive plan ("LTIP"), which involved equity-settled share-based payments. The Corporation set aside funds each year based on the amount by which distributable cash flow exceeded a base distributable amount for the fiscal year.

The LTIP trustee purchased common shares in the open market and held such common shares until ownership vests to each participant. Subject to the Board's discretion to accelerate vesting, one-quarter of the LTIP grant vested thirty days following the date that the Trustees of the Fund approved the audited Consolidated Financial Statements (the "Determination Date"). The remaining three-quarters vested on the second anniversary of the Determination Date. In most circumstances, unvested grant amounts held by the trustee for an LTIP participant are forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and any equity will be sold and the proceeds returned to the Corporation.

As of May 1, 2011 no additional compensation will be issued under this LTIP. Any unvested compensation granted under the terms of this plan will vest under the original terms and conditions of issue. All remaining compensation under this LTIP vested during the year ending December 31, 2013.

iii) Existing equity-based compensation plan of the Corporation

On June 16, 2011, the Shareholders of the Corporation approved a new Long-term Incentive Plan ("LTI"). Under the LTI, awards are granted annually in respect of the prior fiscal year to the eligible participants based on a percentage of annual salary. The amount of the award (net of withholding obligations) is satisfied by issuing treasury shares to be held in trust by the trustee pursuant to the terms of the LTI. All awards issued under the provisions of the LTI are recorded as compensation expense.

Subject to the discretion of the Compensation, Nominating and Corporate Governance Committee of the Board of Directors, one-quarter of a Participant's grant will vest on the Determination Date (defined as the first May 15th following the date that the Directors of the Corporation approve the audited consolidated financial statements of the Corporation for the prior year). The remaining three-quarters of the Participant's grant will vest on November 30th following the second anniversary of the Determination Date.

If a change of control occurs, all LTI Shares held by the Trustee in respect of unvested grants will vest immediately. LTI participants are entitled to receive dividends on all common shares granted under the LTI whether vested or unvested. In most circumstances, unvested common shares held by the LTI trustee for a participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those common shares will be disposed of by the trustee to K-Bro for no consideration and such Common shares shall thereupon be cancelled. If a participant is terminated without cause, retires or resigns on a basis which constitutes constructive dismissal, the participant will be entitled to receive his or her unvested common shares on the regular vesting schedule under the LTI.

r) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. Transaction costs are recognized immediately in income or are capitalized, depending upon the nature of the transaction and the associated instrument.

Loans, receivables and other liabilities

Loans, receivables and other liabilities are accounted for at amortized cost using the effective interest method.

The Corporation has made the following classifications:

	Classification	Measurement
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3 Significant accounting policies adopted January 1, 2013

The Corporation has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions:

- IFRS 10, *Consolidated Financial Statements,* replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation - Special Purpose Entities*. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Corporation assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries or investees.

- IFRS 12, *Disclosures of interests in other entities* includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

- IFRS 13, *Fair value measurement,* provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the assets or liability under current market conditions, including assumptions about risk. The Corporation adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to valuation techniques used by the Corporation to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

- IAS 36, Amendment, *Impairment of Assets*, removes the requirement to disclose the recoverable amount of CGU's with significant carrying amounts of goodwill. The Corporation has early adopted this amendment on January 1, 2013.

4 New Standards and interpretations not yet adopted

The following accounting standard has been issued but has not been applied in preparing these consolidated financial statements. This standard currently has no mandatory effective date:

- IFRS 9, *Financial instruments,* addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that related to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Corporation has yet to assess IFRS 9's full impact. The Corporation will also consider the impact of the remaining phases of IFRS 9 when completed by the board.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Corporation.

5 Critical accounting estimates and judgments

The preparation of the Corporation's consolidated financial statements, in conformity with IFRS, requires management of the Corporation to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. These estimates and judgments have been applied in a manner consistent with prior periods.

The following discusses the most significant accounting judgments and estimates that the Corporation has made in the preparation of the financial statements:

Impairment of goodwill and non-financial assets

The Corporation reviews goodwill at least annually and other non-financial assets when there is any indication that the asset might be impaired. The Corporation applies judgment in assessing the likelihood of renewal of significant contracts included in the intangible assets described in note 8. The Corporation has estimated the value in use and fair value of CGUs to which goodwill is allocated using discounted cash flow models that required assumptions about future cash flows, margins, and discount rates. Refer to note 9 for more details about methods and assumptions used in estimating net recoverable amount.

Recognition of Rebate Liabilities

In applying its accounting policy for volume rebates, the Corporation must determine whether the processing volume thresholds will be achieved. The most difficult and subjective area of judgment is whether a contract will generate satisfactory volume to achieve minimum levels. Management considers all appropriate facts and circumstances in making this assessment including historical experience, current volumetric run-rates, and expected future events.

Linen in Service

The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits of use.

Management regularly evaluates these estimates and judgments. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6 Linen in service

	2013	2012
Balance, beginning of year	$ 8,888	$ 8,182
Additions	13,540	13,412
Amortization charge	(13,781)	(12,706)
Balance, end of year	$ 8,647	$ 8,888

7 Property, plant and equipment

	Land	Buildings	Laundry Equipment[1]	Office Equipment	Delivery Equipment	Computer Equipment	Leasehold Improvements[2]	Spare Parts	Total
Year ended, December 31, 2012									
Opening net book amount	$ 125	$ 1,122	$ 24,528	$ 200	$ 641	$ 100	$ 5,687	$ 692	$ 33,095
Additions	-	103	12,249	15	-	95	107	81	12,650
Disposals	-	-	(184)	-	(34)	(2)	-	-	(220)
Depreciation charge	-	(85)	(4,737)	(63)	(90)	(88)	(1,287)	-	(6,350)
Closing net book amount	$ 125	$ 1,140	$ 31,856	$ 152	$ 517	$ 105	$ 4,507	$ 773	$ 39,175
At December 31, 2012									
Cost	$ 125	$ 1,377	$ 58,637	$ 617	$ 913	$ 1,636	$ 11,544	$ 773	$ 75,622
Accumulated depreciation	-	(237)	(26,781)	(465)	(396)	(1,531)	(7,037)	-	(36,447)
Net book amount	$ 125	$ 1,140	$ 31,856	$ 152	$ 517	$ 105	$ 4,507	$ 773	$ 39,175
Year ended, December 31, 2013									
Opening net book amount	**$ 125**	**$ 1,140**	**$ 31,856**	**$ 152**	**$ 517**	**$ 105**	**$ 4,507**	**$ 773**	**$ 39,175**
Additions	**-**	**23**	**15,247**	**154**	**100**	**389**	**8,964**	**37**	**24,914**
Disposals	**-**	**-**	**(100)**	**-**	**(52)**	**-**	**-**	**-**	**(152)**
Depreciation charge	**-**	**(89)**	**(4,457)**	**(38)**	**(74)**	**(114)**	**(1,193)**	**-**	**(5,965)**
Closing net book amount	**$ 125**	**$ 1,074**	**$ 42,546**	**$ 268**	**$ 491**	**$ 380**	**$ 12,278**	**$ 810**	**$ 57,972**
At December 31, 2013									
Cost	**$ 125**	**$ 1,400**	**$ 73,562**	**$ 771**	**$ 928**	**$ 2,025**	**$ 20,508**	**$ 810**	**$100,129**
Accumulated depreciation	**-**	**(326)**	**(31,016)**	**(503)**	**(437)**	**(1,645)**	**(8,230)**	**-**	**(42,157)**
Net book amount	**$ 125**	**$ 1,074**	**$ 42,546**	**$ 268**	**$ 491**	**$ 380**	**$ 12,278**	**$ 810**	**$ 57,972**

[1] Included in laundry equipment are $10,686 of assets that were transferred on November 1, 2013 from "under development" to "in service" and were amortized once put into service.

[2] Included in leasehold improvements are $10,892 of assets that were transferred on November 1, 2013 from "under development" to "in service" and were amortized once put into service.

8 Intangible assets

	Healthcare Contracts	Hospitality Contracts	Computer Software	Total
Year ended, December 31, 2012				
Opening net book amount	$ 8,020	$ 4,761	$ 559	$ 13,340
Acquisition of business	-	-	-	-
Amortization charge	(1,251)	(891)	(185)	(2,327)
Closing net book amount	$ 6,769	$ 3,870	$ 374	$ 11,013
At December 31, 2012				
Cost	$ 19,200	$ 8,366	$ 923	$ 28,489
Accumulated amortization	(12,431)	(4,496)	(549)	(17,476)
Net book amount	$ 6,769	$ 3,870	$ 374	$ 11,013
Year ended, December 31, 2013				
Opening net book amount	**$ 6,769**	**$ 3,870**	**$ 374**	**$ 11,013**
Amortization charge	**(1,064)**	**(891)**	**(185)**	**(2,140)**
Closing net book amount	**$ 5,705**	**$ 2,979**	**$ 189**	**$ 8,873**
At December 31, 2013				
Cost	**$ 19,200**	**$ 8,366**	**$ 923**	**$ 28,489**
Accumulated amortization	**(13,495)**	**(5,386)**	**(735)**	**(19,616)**
Net book amount	**$ 5,705**	**$ 2,980**	**$ 188**	**$ 8,873**

9 Goodwill

The Corporation performed its annual assessment for goodwill impairment as at December 31, 2013 in accordance with its policy described in Note 2(l). Goodwill has been allocated to the following CGUs:

	2013	2012
Calgary	$ 5,382	$ 5,382
Edmonton	4,346	4,346
Vancouver 2	3,413	3,413
Victoria	3,208	3,208
Vancouver 1	2,630	2,630
Montréal	823	823
Québec	654	654
Total	$ 20,456	$ 20,456

In assessing goodwill for impairment at December 31, 2013, the Corporation determined that: the assets and liabilities of the Corporation have not changed significantly from the prior year at December 31, 2012; the estimated recoverable amounts of the CGUs exceeded their carrying amounts by a significant amount; no events or circumstances have changed; and, the likelihood of an impairment in goodwill is remote.

The Corporation early adopted the amendment to IAS 36 that removed the requirement to disclose the recoverable amount of CGU's with significant carrying amounts of goodwill.

In performing our analysis, estimated recoverable amounts were determined based on the value in use of the CGUs using available cash flow budgets that made maximum use of observable markets for inputs and outputs, including actual historical performance. For periods beyond the budgeted period, cash flows were extrapolated using growth rates that did not exceed the long-term averages for the business. Key assumptions included a weighted average growth rate of 3% and a pre-tax discount rate of 19% for all CGUs.

The fair value of each CGU was significantly in excess of its carrying amount. Based on sensitivity analysis, no reasonably possible change in key assumptions would cause the carrying amount of any CGU to exceed its recoverable amount. The total recoverable amount for all CGU's exceeded their carrying amount by $48,765.

10 Accounts payable and accrued liabilities

As at December 31, 2013, the Corporation has recognized a liability for the remaining lease payments for decommissioned facilities as a result of the transition to the new Edmonton plant as follows:

- In 2009 the Corporation entered into a non-cancellable lease for corporate office space which, due to the transition to the new Edmonton facility, the Corporation had ceased to use by September 30, 2013. The lease expired in January 2014 and the Corporation has vacated the office space.

- In 2004 the Corporation entered into a non-cancellable lease for the building used by the Edmonton plant. In October 2013, the corporation transitioned the Edmonton operations to the new Edmonton facility. The lease for the prior building space expires in November 2014.

The charge to occupancy costs as a result of the decommissioned facilities was $713 for the year ended December 31, 2013, of which $543 was still outstanding at as December 31, 2013.

11 Provisions

As at December 31, 2013, the Corporation has recognized a liability of $250 charged to occupancy costs for the decommissioning costs related to the former Edmonton facility.

	2013	2012
Balance, beginning of year	$ -	$ -
Adjustment made during the year	250	-
Balance, end of year	$ 250	$ -

12 Long-term debt

	Bankers Acceptances[1]	Prime Rate Loan[2]	Total Long Term Debt
At January 1, 2012	$ 4,000	$ 2,095	$ 6,095
Repayment of debt	-	(277)	(277)
Closing Balance at December 31, 2012	4,000	1,818	5,818
Current portion of long-term debt	-	-	-
Non-current portion of long-term debt	$ 4,000	$ 1,818	$ 5,818
At January 1, 2013	$ 4,000	$ 1,818	$ 5,818
Draws	-	13,822	13,822
Closing Balance at December 31, 2013	4,000	15,640	19,640
Current portion of long-term debt	-	-	-
Non-current portion of long-term debt	$ 4,000	$ 15,640	$ 19,640

(1) Bankers' Acceptances bear interest at 30 day BA rates plus 1.25% depending on certain financial ratios, renewable monthly until July 31, 2016. As at December 31, 2013, the interest rate was 2.40%.

(2) Prime rate loan, collateralized by a general security agreement, bear interest at prime plus 0.0% depending on certain financial ratios, monthly repayment of interest only, maturing on July 31, 2016. As at December 31, 2013, the interest rate was 3.0%.

The Corporation has a revolving credit facility of up to $40,000 of which $20,290 is drawn (including letters of credit totaling $650 per Note 16(a)) as at December 31, 2013. The agreement is a committed facility maturing on July 31, 2016. Interest payments only are due during the term of the facility.

Drawings under the revolving credit facility are available by way of Bankers' Acceptances, Canadian prime rate loans, letters of credit or standby letters of guarantee. Drawings under the revolving credit facility bear interest at a floating rate, plus an applicable margin based on certain financial performance ratios.

A general security agreement over all assets, a mortgage against all leasehold interests and real property, insurance policies and an assignment of material agreements have been pledged as collateral.

The carrying value of borrowings approximate their fair value as the debt is based on a floating rate, the interest rate risk has not changed, and the impact of discounting is not significant.

The Corporation has incurred no events of default under the terms of its credit facility agreement.

13 Financial charges

	Years Ended December 31, 2013	2012
Interest on long-term debt	$ 413	$ 94
Other charges, net	182	263
	$ 595	$ 357

14 Unamortized lease inducements

	2013	2012
Lease inducements received	$ 1,390	$ 699
Accumulated amortization, net	(300)	(187)
	1,090	512
Less current portion, included in accrued liabilities	(143)	(97)
	$ 947	$ 415

15 Income taxes

A reconciliation of the expected income tax expense to the actual income tax expense is as follows:

	2013	2012
Current tax:		
Current tax on profits for the year	$ 3,931	$ 3,981
Total current tax	3,931	3,981
Deferred tax:		
Origination and reversal of temporary differences	203	222
Impact of change in substantively enacted tax rate	39	(28)
Total deferred tax	$ 242	$ 194

The tax on the Corporation's earnings differs from the theoretical amount that would arise using the weighted average tax rate applicable to earnings of the consolidated entities as follows:

	2013	2012
Earnings before income taxes	$ 14,509	$ 15,324
Non-deductible expenses	1,573	951
Income subject to tax	16,082	16,275
Income tax at statutory rate of 25.6% (2012 - 25.3%)	4,118	4,118
Impact of substantively enacted rates and other	55	57
Income tax expense	$ 4,173	$ 4,175

Income taxes (continued)

The analysis of the deferred tax assets and deferred tax liabilities is as follows:

	2013	2012
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	$ (81)	$ (184)
Deferred tax asset to be recovered within 12 months	(141)	(152)
	(222)	(336)
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	3,101	2,950
Deferred tax liability to be recovered within 12 months	2,153	2,176
	5,254	5,126
Deferred tax liabilities, net	$ 5,032	$ 4,790

The movement of deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdictions, is as follows:

Deferred tax assets	Accounts payable and accrued liabilities	Offering costs and other	Total
At January 1, 2012	$ (534)	$ (91)	$ (625)
Charged to the statement of earnings	276	13	289
At December 31, 2012	$ (258)	$ (78)	$ (336)
Charged to the statement of earnings	117	(3)	114
At December 31, 2013	$ (141)	$ (81)	$ (222)

Deferred tax liabilities	Linen in service	Property, plant and equipment	Intangible assets and Goodwill	Total
At January 1, 2012	$ 2,001	$ 1,083	$ 2,137	$ 5,221
Charged (credited) to the statement of earnings	159	59	(313)	(95)
At December 31, 2012	$ 2,160	$ 1,142	$ 1,824	$ 5,126
Charged (credited) to the statement of earnings	(7)	337	(202)	128
At December 31, 2013	$ 2,153	$ 1,479	$ 1,622	$ 5,254

16 Contingencies and commitments

a) Contingencies – Letters of credit

The Corporation has standby letters of credit issued as part of normal business operations in the amount of $650 (2012 – $400) which will remain outstanding for an indefinite period of time.

b) Commitments

(i) Operating leases and utility commitments

Minimum lease payments for operating leases on buildings and equipment and estimated natural gas and electricity commitments for the next five calendar years are as follows:

2014	4,343
2015	3,883
2016	3,543
2017	3,122
Subsequent	12,836
	$ 27,727

(ii) Linen purchase commitments

At December 31, 2013, the Corporation was committed to linen expenditure obligations in the amount of $3,562 (2012 – $2,551) to be incurred over the next twelve months.

(iii) Capital expenditure commitments

At December 31, 2013, the Corporation was committed to capital expenditure obligations in the amount of $22,066 (2012 – $21,544) to be incurred over the next twelve months.

17 Share Capital

a) Authorized

The Corporation is authorized to issue an unlimited number of Common shares and such number of shares of one class designated as Preferred Shares which number shall not exceed 1/3 of the Common shares issued and outstanding from time to time.

b) Issued

	2013	2012
Balance, beginning of year	7,055,207	7,006,365
Shares issued under LTI	40,136	48,842
Balance, end of year	7,095,343	7,055,207
Unvested common shares held in trust for LTI	63,604	48,191

c) Weighted average number of shares outstanding

	2013	2012
Balance, beginning of year	7,055,207	7,006,365
Weighted average unvested shares issued for LTI	(32,508)	(24,933)
Basic weighted average shares for the year	7,022,699	6,981,432
Basic weighted average shares for the year	7,022,699	6,981,432
Dilutive effect of LTI shares	31,536	12,129
Fully diluted weighted average shares for the year	7,054,235	6,993,561

18 Earnings per share

a) Basic

Basic earnings per share is calculated by dividing the net earnings attributable to equity holders of the Corporation by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Net earnings	$ 10,336	$ 11,149
Weighted average number of shares outstanding (thousands)	7,023	6,981
Net earnings per share, basic	$ 1.47	$ 1.60

b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares.

	2013	2012
Net earnings	$ 10,336	$ 11,149
Weighted average number of shares outstanding (thousands)	7,054	6,994
Net earnings per share, diluted	$ 1.47	$ 1.59

19 Long-Term Incentive Plan

A trust was formed to hold equity grants issued under the terms of the LTI on behalf of the participants (the "LTIP Trust"). The Corporation is neither a trustee of the LTIP Trust nor a direct participant of the LTI; however, under certain circumstances the Corporation may be the beneficiary of forfeited Common shares held by the LTIP Trust. Consequently, the LTIP Trust is considered a structured entity for accounting purposes and the Corporation has consolidated the LTIP Trust in accordance with IFRS 2, *Share-based Payment, and* IFRS 10, *Consolidated Financial Statements*. Compensation expense is recorded by the Corporation in the period earned. Dividends paid by the Corporation with respect to unvested Common shares held by the LTIP Trust are paid to LTI participants. Unvested Common shares held by the LTIP Trust are shown as a reduction of shareholders' equity.

	2013		2012	
	Unvested	**Vested**	Unvested	Vested
Balance, beginning of year	**48,191**	**243,628**	74,511	168,466
Issued during year	**26,978**	**13,158**	36,626	12,216
Vested during year	**(11,565)**	**11,565**	(62,946)	62,946
Balance, end of year	**63,604**	**268,351**	48,191	243,628

The cost of the 63,604 (2012 – 48,191) unvested Common shares held by the LTIP Trust at December 31, 2013 was nil (2012 - $281).

The basic net earnings per share calculation excludes the unvested Common shares held by the LTIP Trust.

20 Dividends to Shareholders

During the year ended December 31, 2013, the Corporation declared total dividends to Shareholders of $8,142 or $1.15 per share (2012 - $7,977 or $1.10 per share).

The Corporation's policy is to pay dividends to Shareholders of its available cash to the maximum extent possible consistent with good business practice considering requirements for capital expenditures, working capital, growth capital and other reserves considered advisable by the Directors of the Corporation. All such dividends are discretionary. Dividends are declared payable each month to the Shareholders on the last business day of each month and are paid by the 15th day of the following month.

21 Net change in non-cash working capital items

	2013	2012
Accounts receivable	**$ (1,268)**	$ 705
Linen in service	**241**	(706)
Prepaid expenses and deposits	**154**	379
Accounts payable and accrued liabilities	**1,823**	(1,357)
Income taxes payable	**(2,324)**	558
	$ (1,374)	$ (421)

22 Financial Instruments

a) Fair value

The Corporation's financial instruments at December 31, 2013 consist of accounts receivable, accounts payable and accrued liabilities, dividends payable and long-term debt. The carrying value of accounts receivable, accounts payable and accrued liabilities, and dividends payable to Shareholders approximate fair value due to the immediate or short-term maturity of these financial instruments. The fair value of the Corporation's interest-bearing debt approximates the respective carrying amount due to the floating rate nature of the debt.

b) Financial risk management

The Corporation's activities are exposed to a variety of financial risks: price risk, credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Corporation's financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance.

c) Price risk

(i) Currency risk

Foreign currency risk arises from the fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Corporation is not significantly exposed to foreign currency risk as all revenues are received in Canadian dollars and minimal expenses are incurred in foreign currencies. For large capital expenditure commitments denominated in a foreign currency, the Corporation will enter into foreign exchange forward contracts if considered prudent to mitigate this risk.

(ii) Interest rate risk

The Corporation is subject to interest rate risk as its credit facility bears interest at rates that depend on certain financial ratios of the Corporation and vary in accordance with market interest rates. Based on the outstanding balance on the Corporation's revolving credit facility, a 1% increase in the Canadian prime rate would result in an additional $196 in annual interest expense.

(iii) Other price risk

The Corporation's exposure to other price risk is limited since there are no significant financial instruments which fluctuate as a result of changes in market prices.

d) Credit risk

The Corporation's financial assets that are exposed to credit risk consist of accounts receivable. The Corporation, in the normal course of business, is exposed to credit risk from its customers. The allowance for doubtful accounts and past due receivables are reviewed by management at each balance sheet reporting date. Any amounts greater than 60 days are considered overdue and all impaired amounts have been fully allowed for as at December 31, 2013.

The Corporation updates its estimate of the allowance for doubtful accounts based on the evaluation of the recoverability of accounts receivable balances of each customer taking into account historic collection trends, the contractual relationship with the customer and the nature of the customer which in many cases is a publicly funded health care entity.

Management believes that the risks associated with concentrations of credit risk with respect to accounts receivable are limited due to the nature of the customers and the generally short payment terms.

The aging of the Corporation's receivables and related allowance for doubtful accounts are:

December 31, 2012		Gross		Allowance		Net
Current	$	10,486	$	-	$	10,486
31-60 days		3,589		-		3,589
Greater than 60 days		152		30		122
	$	14,227	$	30	$	14,197

December 31, 2013		Gross		Allowance		Net
Current	**$**	**11,608**	**$**	**-**	**$**	**11,608**
31-60 days		**3,411**		**-**		**3,411**
Greater than 60 days		**483**		**37**		**446**
	$	**15,502**	**$**	**37**	**$**	**15,465**

While the Corporation evaluates a customer's credit worthiness before credit is extended, provisions for potential credit losses are also maintained. The change in allowance for doubtful accounts was as follows:

		2013		2012
Balance, beginning of year	**$**	**30**	$	48
Adjustment made during the year		**7**		-
Write-offs		**-**		(18)
Balance, end of year	**$**	**37**	$	30

e) Liquidity risk

The Corporation's accounts payable and dividend payable are due within one year.

The Corporation has a credit facility with a maturity date of July 31, 2016 (Note 12). The degree to which the Corporation is leveraged may reduce its ability to obtain additional financing for working capital and to finance investments to maintain and grow the current levels of cash flows from operations. The Corporation may be unable to extend the maturity date of the credit facility.

Management, to reduce liquidity risk, has historically renewed the terms of the credit facility in advance of its maturity dates and the Corporation has maintained financial ratios that management believes are conservative compared to financial covenants applicable to the credit facility. A significant portion of the available facility remains undrawn.

Management measures liquidity risk through comparisons of current financial ratios with financial covenants contained in the credit facility.

23 Capital management

The Corporation views its capital resources as the aggregate of its debt, shareholders' equity and amounts available under its credit facility. In general, the overall capital of the Corporation is evaluated and determined in the context of its financial objectives and its strategic plan.

The Corporation's objective in managing capital is to ensure sufficient liquidity to pursue its growth and expansion strategy, while taking a conservative approach towards financial leverage and management of financial risk. The Corporation's capital is composed of shareholders' equity and long-term debt. The Corporation's primary uses of capital are to finance its growth strategies and capital expenditure programs. The Corporation currently funds these requirements from internally-generated cash flows and interest bearing debt.

The Corporation pays a dividend which reduces its ability to internally finance growth and expansion. However the availability of the Corporation's revolving line of credit provides sufficient access to capital to allow K-Bro to take advantage of acquisition opportunities. The merits of the dividend are periodically evaluated by the Board.

The primary measures used by the Corporation to monitor its financial leverage are the ratios of Funded Debt to EBITDA (earnings before income taxes, depreciation and amortization) and Fixed Charge Coverage. EBITDA is an additional GAAP measure as prescribed by IFRS and has been presented in the manner in which the chief operating decision maker assesses performance.

The Corporation manages a Funded Debt to EBITDA ratio calculated as follows:

	2013	2012
Long-term debt, including current portion	$ 19,640	$ 5,818
Issued and outstanding letters of credit	650	400
Funded debt	20,290	6,218
Net earnings for the trailing twelve months	10,336	11,149
Add:		
Income tax expense	4,173	4,175
Financial charges	595	357
Depreciation of property, plant and equipment	5,965	6,350
Amortization of intangible assets	2,140	2,327
Loss on disposal of property, plant and equipment	108	159
EBITDA	$ 23,317	$ 24,517
Funded debt to EBITDA	0.87x	0.25x

The Corporation manages a Fixed Charge Coverage calculated on a trailing twelve-month basis as follows:

	2013	2012
EBITDA	$ 23,317	$ 24,517
Financial charges	595	357
Dividends to shareholders	8,142	7,977
	$ 8,737	$ 8,334
Fixed charge coverage	2.7x	2.9x

24 Related party transactions

The Corporation transacts with key individuals from management and with the Board who have authority and responsibility to plan, direct and control the activities of the Corporation. The nature of these dealings were in the form of payments for services rendered in their capacity as Directors (retainers and meeting fees, including share-based payments) and as employees of the Corporation (salaries, benefits, short-term bonuses and share-based payments).

Key management personnel are defined as the executive officers of the Corporation including the President and Chief Executive Officer, Senior Vice-President and General Manager, Vice-President and Chief Financial Officer and three employees acting in the capacity of Vice-President and General Manager.

During 2013 and 2012, remuneration to directors and key management personnel was as follows:

	2013	2012
Salaries and retainer fees	$ 1,708	$ 1,618
Short-term bonus incentives	757	750
Post-employment benefits	51	47
Share-based payments	1,139	943
	$ 3,655	$ 3,358

The Corporation incurred expenses in the normal course of business for advisory consulting services provided by a Director primarily relating to acquisitions. The amounts charged are included as salaries and retainer fees. For the year ended December 31, 2013, the Corporation incurred such fees totaling $138 (2012 – $138).

25 Expenses by nature

	2013	2012
Wages and benefits	**$ 64,760**	$ 61,831
Linen	**13,781**	12,706
Utilities	**8,400**	8,276
Delivery	**5,979**	5,583
Repairs and maintenance	**4,398**	3,832
Occupancy costs	**4,819**	4,012
Materials and supplies	**5,553**	5,346
Other expenses	**195**	187
	$ 107,885	$ 101,773

26 Segmented information

The Chief Executive Officer is the corporation's chief operating decision-maker. Management has determined the operating segments based on information reviewed by the Chief Executive Officer for the purposes of allocating resources and assessing performance.

The Corporation provides laundry and linen services to the healthcare and hospitality sectors through eight operating divisions located in Vancouver, Victoria, Calgary, Edmonton, Toronto, Montréal, and Québec City. The services offered and the economic characteristics associated with these divisions are similar, therefore they have been aggregated into one reportable segment which operates exclusively in Canada.

In Edmonton, the Corporation is the significant supplier of laundry and linen services to the entity which manages all major healthcare facilities in the region. This contract expires on March 31, 2023. In Calgary, the major customer is contractually committed to February 28, 2018 and in Vancouver the major customer is contractually committed to November 12, 2015. For the year ended December 31, 2013, the Corporation has recorded revenue of $58,652 (2012 – $59,531) from these three major customers, representing 45% (2012 – 47%) of total revenue.

	2013		2012	
Healthcare	**$ 88,893**	**67.8%**	$ 86,610	68.6%
Hospitality	**42,309**	**32.2%**	39,680	31.4%
	$ 131,202	**100.0%**	$ 126,290	100%

27 Subsequent Events

The Corporation's Board of Directors declared an eligible dividend of $0.0958 per Common share of the Corporation payable on each of February 15, March 15 and April 15 to Shareholders of record on January 31, February 28, and March 31, respectively.