Consolidated Financial Statements of

THE NORTH WEST COMPANY INC.

For the years ended January 31, 2019 and 2018



Consolidated Financial Statements

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Management's Responsibility for Financial Statements

The management of The North West Company Inc. is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements and all other information in the annual report. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain amounts that are based on the best estimates and judgment by management.

In order to meet its responsibility and ensure integrity of financial information, management has established a code of business ethics, and maintains appropriate internal controls and accounting systems. An internal audit function is maintained that is designed to provide reasonable assurance that assets are safeguarded, transactions are authorized and recorded and that the financial records are reliable.

Ultimate responsibility for financial reporting to shareholders rests with the Board of Directors. The Audit Committee of the Board of Directors, consisting of independent Directors, meets periodically with management and with the internal and external auditors to review the audit results, internal controls and the selection and consistent application of appropriate accounting policies. Internal and external auditors have unlimited access to the Audit Committee. The Audit Committee meets separately with management and the external auditors to review the financial statements and other contents of the annual report and recommend approval by the Board of Directors. The Audit Committee also recommends the independent auditor for appointment by the shareholders.

PricewaterhouseCoopers LLP, an independent firm of auditors appointed by the shareholders, have completed their audit and submitted their report as follows.

Edward S. Kennedy PRESIDENT & CEO

THE NORTH WEST COMPANYINC.

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John D. King, CPA, CA, CMA **EXECUTIVE VICE-PRESIDENT &** CHIEF FINANCIAL OFFICER THE NORTH WEST COMPANYINC.

April 10, 2019

Independent Auditor's Report



To the Shareholders of The North West Company Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The North West Company Inc. and its subsidiaries, (together, the Company) as at January 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at January 31, 2019 and 2018;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements. our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- · Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Nicole Murray.

Pricewaterhouse Coopers LLP

CHARTERED PROFESSIONAL ACCOUNTANTS WINNIPEG, MANITOBA

April 10, 2019

Consolidated Balance Sheets

(\$ in thousands)	January 31, 2019		January 31, 2019 January		ary 31, 2018	
CURRENT ASSETS						
Cash	\$ 38,448	\$	25,160			
Accounts receivable (Note 5)	90,323		80,765			
Inventories (Note 6)	236,317		222,072			
Prepaid expenses	11,741		7,006			
	376,829		335,003			
NON-CURRENT ASSETS						
Property and equipment (Note 7)	514,946		469,993			
Goodwill (Note 8)	45,203		41,231			
Intangible assets (Note 8)	39,199		37,628			
Deferred tax assets (Note 9)	32,909		34,450			
Other assets (Note 10)	13,835		12,643			
	646,092		595,945			
TOTAL ASSETS	\$ 1,022,921	\$	930,948			
CURRENT LIABILITIES	'					
Accounts payable and accrued liabilities	\$ 175,726	\$	170,166			
Current portion of long-term debt (Note 11)	900		_			
Income tax payable (Note 9)	255		1,046			
	176,881		171,212			
NON-CURRENT LIABILITIES	,					
Long-term debt (Note 11)	365,857		313,549			
Defined benefit plan obligation (Note 12)	28,969		34,095			
Deferred tax liabilities (Note 9)	9,007		6,468			
Other long-term liabilities	21,103		23,468			
	424,936		377,580			
TOTAL LIABILITIES	601,817		548,792			
SHAREHOLDERS'EQUITY	,					
Share capital (Note 15)	173,681		172,619			
Contributed surplus	3,530		2,570			
Retained earnings	211,191		181,844			
Accumulated other comprehensive income	20,132		12,918			
Equity attributable to The North West Company Inc.	408,534		369,951			
Non-controlling interests	12,570		12,205			
TOTAL EQUITY	421,104		382,156			
TOTAL LIABILITIES & EQUITY	\$ 1,022,921	\$	930,948			

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors

"Eric L. Stefanson, FCPA, FCA"

"H. Sanford Riley"

DIRECTOR

DIRECTOR

Consolidated Statements of Earnings

	Year Ended	Year Ended
(\$ in thousands, except per share amounts)	January 31, 2019	January 31, 2018 ⁽¹⁾
SALES	\$ 2,013,486	\$ 1,985,122
Cost of sales	(1,372,943) (1,360,381)
Gross profit	640,543	624,741
Selling, operating and administrative expenses (Notes 16, 17)	(510,635) (510,770)
Earnings from operations	129,908	113,971
Interest expense (Note 18)	(13,965) (10,145)
Earnings before income taxes	115,943	103,826
Income taxes (Note 9)	(25,311) (34,135)
NET EARNINGS FOR THE YEAR	\$ 90,632	\$ 69,691
NET EARNINGS ATTRIBUTABLE TO		
The North West Company Inc.	86,748	67,154
Non-controlling interests	3,884	2,537
TOTAL NET EARNINGS	90,632	69,691
NET EARNINGS PER SHARE (Note 20)		
Basic	\$ 1.78	\$ 1.38
Diluted	\$ 1.77	\$ 1.36
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING (000's)		
Basic	48,697	48,680
Diluted	49,144	49,275

⁽¹⁾ Certain prior period figures have been reclassified as described in Note 3.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Year Ended		1 2 41 2 1 1 1 2 1 1 1 2 1 1 1 1 1 1 1 1				
(\$ in thousands)	January 31, 2019		January	31, 2018			
NET EARNINGS FOR THE YEAR	\$	90,632	\$	69,691			
Other comprehensive income/(loss), net of tax:							
Items that may be reclassified to net earnings:							
Exchange differences on translation of foreign controlled subsidiaries		8,049		(7,934)			
Items that will not be subsequently reclassified to net earnings:							
Remeasurements of defined benefit plans (Note 12)		4,952		1,175			
Remeasurements of defined benefit plan of equity investee		(24)		(173)			
Total other comprehensive income/(loss), net of tax		12,977	,	(6,932)			
COMPREHENSIVE INCOME FOR THE YEAR	\$	103,609	\$	62,759			
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO The North West Company Inc.	\$	12,142	\$	(6,932)			
Non-controlling interests		835		_			
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)	\$	12,977	\$	(6,932)			
COMPREHENSIVE INCOME ATTRIBUTABLE TO							
The North West Company Inc.	\$	98,890	\$	60,222			
Non-controlling interests		4,719		2,537			
TOTAL COMPREHENSIVE INCOME	\$	103,609	\$	62,759			

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(\$ in thousands)	Share Capital	Cor	ntributed Surplus	Retained Earnings	AOCI ⁽¹⁾	Total	Non- Controlling Interests	Total Equity
Balance at January 31, 2018	\$ 172,619	\$	2,570	\$ 181,844	\$ 12,918	\$ 369,951	\$ 12,205	\$ 382,156
Net earnings for the year	_		_	86,748		86,748	3,884	90,632
Other comprehensive income	_		_	4,952	7,214	12,166	835	13,001
Other comprehensive income/(loss) of equity investee	_		_	(24)	_	(24)	_	(24)
Comprehensive income	_			91,676	7,214	98,890	4,719	103,609
Acquisition non-controlling interests	_		_	_	_	_	(400)	(400)
Equity settled share-based payments (Note 13)	_		2,022	_	_	2,022	_	2,022
Dividends (Note 19)	_		_	(62,329)	_	(62,329)	(3,954)	(66,283)
Issuance of common shares (Note 15)	1,062		(1,062)	_	_	_	_	_
	1,062		960	(62,329)	_	(60,307)	(4,354)	(64,661)
Balance at January 31, 2019	\$173,681	\$	3,530	\$211,191	\$20,132	\$408,534	\$ 12,570	\$421,104
Balance at January 31, 2017	\$ 168,283	\$	2,647	\$ 176,003	\$ 20,852	\$ 367,785	\$ —	\$ 367,785
Net earnings for the year	_		_	67,154	_	67,154	2,537	69,691
Other comprehensive income/(loss)	_		_	1,175	(7,934)	(6,759)	_	(6,759)
Other comprehensive income/(loss) of equity investee	_		_	(173)	_	(173)	_	(173)
Comprehensive income	_		_	68,156	(7,934)	60,222	2,537	62,759
Acquisition of subsidiary with non- controlling interest (Note 24)	_		_	_	_	_	12,150	12,150
Equity settled share-based payments (Note 13)	_		259	_	_	259	_	259
Dividends (Note 19)	_		_	(62,315)	_	(62,315)	(2,482)	(64,797)
Issuance of common shares (Note 15)	4,336		(336)		_	4,000		4,000
	4,336		(77)	(62,315)		(58,056)	9,668	(48,388)
Balance at January 31, 2018	\$ 172,619	\$	2,570	\$ 181,844	\$ 12,918	\$ 369,951	\$ 12,205	\$ 382,156

⁽¹⁾ Accumulated Other Comprehensive Income

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Year Ended	
(\$ in thousands)	January 31, 2019	January 31, 2018
CASH PROVIDED BY (USED IN)		
Operating activities		
Net earnings for the year	\$ 90,632	\$ 69,691
Adjustments for:		
Amortization (Note 7, 8)	59,435	55,653
Provision for income taxes (Note 9)	25,311	34,135
Interest expense (Note 18)	13,965	10,145
Equity settled share option expense (Note 13)	2,022	259
Gain on partial insurance settlement (Note 16)	(16,955)	_
Taxes paid	(26,446)	(36,213)
Loss on disposal of property and equipment	1,232	552
	149,196	134,222
Change in non-cash working capital	(20,792)	2,271
Change in other non-cash items	(1,284)	4,926
Cash from operating activities	127,120	141,419
Investing activities		
Purchase of property and equipment (Note 7)	(93,555)	(114,948)
Business acquisitions (Note 24)	(400)	(51,204)
Intangible asset additions (Note 8)	(9,664)	(7,087)
Proceeds from disposal of property and equipment	4,033	370
Proceeds from interim insurance settlement on property and equipment	18,793	7,008
Cash used in investing activities	(80,793)	(165,861)
Financing activities		
Debt issuance (Note 11)	_	100,000
Net increase/(decrease) in long-term debt (Note 11)	44,785	(9,092)
Dividends (Note 19)	(62,329)	(62,315)
Dividends to non-controlling interests (Note 19)	(3,954)	(2,482)
Interest paid	(12,254)	(6,183)
Cash (used in)/from financing activities	(33,752)	19,928
Effect of changes in foreign exchange rates on cash	713	(569)
NET CHANGE IN CASH	13,288	(5,083)
Cash, beginning of year	25,160	30,243
CASH, END OF YEAR	\$ 38,448	\$ 25,160

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) **JANUARY 31, 2019 AND 2018**

1. ORGANIZATION

The North West Company Inc. (NWC or the Company) is a corporation amalgamated under the Canada Business Corporations Act (CBCA) and governed by the laws of Canada. The Company, through its subsidiaries, is a leading retailer to rural and remote communities and urban neighbourhoods in the following regions: northern Canada, western Canada, rural Alaska, the South Pacific and the Caribbean. These regions comprise two reportable operating segments: Canadian Operations and International Operations.

In 2017, the Company acquired 76% of the outstanding shares of Roadtown Wholesale Trading Ltd. (RTW), operating primarily as Riteway Food Markets in the British Virgin Islands. The Company also acquired 100% of the outstanding common shares of North Star Air Ltd., a Thunder Bay based airline providing cargo and passenger services within northwestern Ontario, Canada. See Note 24 for a discussion of these acquisitions.

The address of its registered office is 77 Main Street, Winnipeg, Manitoba. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on April 10, 2019.

2. BASIS OF PREPARATION

- (A) Statement of Compliance These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).
- (B) Basis of Measurement The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for the following which are measured at fair value, as applicable:
 - Liabilities for share-based payment plans (Note 13)
 - Defined benefit pension plan (Note 12)
 - Assets and liabilities acquired in a business combination (Note 24)

The methods used to measure fair values are discussed further in the notes to these financial statements.

(C) Functional and Presentation Currency The presentation currency of the consolidated financial statements is Canadian dollars, which is the Company's functional currency. All financial information is presented in Canadian dollars, unless otherwise stated, and has been rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied to all years presented in these consolidated financial statements, and have been applied consistently by both the Company and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances.

(A) Basis of Consolidation Subsidiaries are entities controlled, either directly or indirectly, by the Company. Control is established when the Company has rights to an entity's variable returns, and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date that control ceases. The Company assesses control on an ongoing basis.

Net Earnings or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. comprehensive income is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance on consolidation.

A joint arrangement can take the form of a joint operation or a joint venture. Joint ventures are those entities over which the Company has joint control of the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company's 50% interest in Transport Nanuk Inc. has been classified as a joint venture. Its results are included in the consolidated statements of earnings using the equity method of accounting. The consolidated financial statements include the Company's share of both earnings and other comprehensive income from the date that significant influence or joint control commences until the date that it ceases. Joint ventures are carried in the consolidated balance sheets at cost plus post-acquisition changes in the Company's share of net assets of the entity, less any impairment in value.

All significant inter-company amounts and transactions have been eliminated.

Business Combinations Business combinations are accounted for using the acquisition method of accounting. consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange. Acquisition costs incurred are expensed and included in selling, operating and administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in either net earnings or as a change to other comprehensive income (OCI). If the contingent consideration is classified as equity, it will not be remeasured and settlement is accounted for within equity.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the cost of the acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of earnings.

Non-controlling interests are measured either at fair value or their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

- **(C) Revenue Recognition** Revenue on the sale of goods and services is recorded at the time the sale is made or service is rendered to the customer. Sales are presented net of tax, returns and discounts and are measured at the fair value of the consideration received or receivable from the customer for the products sold or services supplied. Service charges on customer account receivables are accrued each month on balances outstanding at each account's billing date.
- (D) Inventories Inventories are valued at the lower of cost and net realizable value. The cost of warehouse inventories is determined using the weighted-average cost method. The cost of retail inventories is determined primarily using the retail method of accounting for general merchandise inventories and the cost method of accounting for food inventories on a first-in, first-out basis. Cost includes the cost to purchase goods net of vendor allowances plus other costs incurred in bringing inventories to their present location and condition. Net realizable value is estimated based on the amount at which inventories are expected to be sold, taking into consideration fluctuations in retail prices due to obsolescence, damage or seasonality.

Inventories are written down to net realizable value if net realizable value declines below carrying amount. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed.

- **(E) Vendor Rebates** Consideration received from vendors related to the purchase of merchandise is recorded on an accrual basis as a reduction in the cost of the vendor's products and reflected as a reduction of cost of sales and related inventory when it is probable they will be received and the amount can be reliably estimated.
- (F) Property and Equipment Property and equipment are stated at cost less accumulated amortization and any impairment losses. Cost includes any directly attributable costs, borrowing costs on qualifying construction projects, and the costs of dismantling and removing the items and restoring the site on which they are located. When major components of an item of property and equipment have different useful lives, they are accounted for as separate items. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Assets under construction and land are not amortized. Amortization is calculated from the dates assets are available for use using the straight-line method to allocate the cost of assets less their residual values over their estimated useful lives.

Estimated useful lives of Property and Equipment are as follows:

- 8%
20%
- 20%
20%
33%

Major aircraft maintenance overhaul expenditures, including labour, are capitalized and depreciated over the expected life of the maintenance cycle. Any remaining carrying value, if any, is derecognized when the major maintenance overhaul occurs. All other costs associated with maintenance of aircraft fleet assets are charged to the statement of earnings as incurred.

(G) Impairment of Non-financial Assets Tangible assets and definite life intangible assets are reviewed at each balance sheet date to determine whether events or conditions indicate that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For tangible and intangible assets excluding goodwill, the CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. CGU's may comprise individual stores or groups of stores.

Goodwill and indefinite life intangible assets are not amortized but are subject to an impairment test annually and whenever indicators of impairment are detected. Goodwill is allocated to CGUs that are expected to benefit from the synergies of the related business combination and represents the lowest level within the Company at which goodwill is monitored for internal management purposes. The goodwill asset balance largely relates to the Company's acquired subsidiary, Cost-U-Less, and is allocated to the International Operations operating segment.

Any impairment charge is recognized in the consolidated statement of earnings in the period in which it occurs, to the extent that the carrying value exceeds its recoverable amount. Where an impairment loss other than an impairment loss on goodwill subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. Impairment charges on goodwill are not reversed.

All impairment losses are recognized in the consolidated statement of earnings. An impairment loss, except an impairment loss related to goodwill, is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(H) Leases Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are accounted for as operating leases. Assets leased under operating leases are not recorded on the consolidated balance sheets. Rental payments are recorded in selling, operating and administrative expenses in the consolidated statements of earnings. Lease incentives received are recognized as part of the total lease expense, over the term of the lease.

Leases in which the Company has substantially all of the risks and rewards of ownership are accounted for as finance leases. At commencement, finance leases are capitalized at the lower of the fair value of the leased property and the present value of minimum lease payments, and are recorded in property and equipment on the consolidated balance sheets. Finance lease liabilities are recorded in long-term debt and are reduced by the amount of the lease payment net of imputed interest (finance charges).

- **Borrowing Costs** Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the respective asset until it is ready for its intended use. Qualifying assets are those assets that necessarily take a substantial period of time to prepare for their intended use. Borrowing costs are capitalized based on the Company's weighted-average cost of borrowing. All other borrowing costs are expensed as incurred.
- (J) Goodwill Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets, including intangible assets, and liabilities of the acquiree at the date of acquisition. Goodwill is not amortized but is subject to an impairment test annually and whenever indicators of impairment are detected. Goodwill is carried at cost less accumulated impairment losses.
- (K) Intangible Assets Intangible assets with finite lives are carried at cost less accumulated amortization and any impairment loss. Amortization is recorded on a straight-line basis over the term of the estimated useful life of the asset as follows:

Software 3 - 7 years Non-compete agreements 3 - 5 years

Intangible assets with indefinite lives comprise the Cost-U-Less and RTW banners. These assets are not amortized but instead tested for impairment annually or more frequently if indicators of impairment are identified.

(L) Share-based Payment Transactions

Equity settled plans Certain stock options and performance share units settled in common shares are equity settled share-based payment plans. The grant date fair values of these benefits are recognized as an employee expense over the vesting period, with corresponding increases in equity.

The fair value of these plans is determined using an option pricing model. Market conditions attached to certain equitysettled share-based payments are taken into account when estimating the fair value of the equity instruments granted. Upon exercise or settlement of equity-based instruments, consideration received, if any, together with amounts previously recorded in contributed surplus are recorded as an increase to share capital.

Cash settled plans Certain stock options, certain Performance Share Units, the Executive Deferred Share Unit Plan and the Director Deferred Share Unit Plan are cash settled share-based payments. These plans are measured at fair value at each balance sheet date and a charge or recovery recognized through the consolidated statement of earnings over the vesting period. A corresponding adjustment is reflected in accounts payable and accrued liabilities or other long-term liabilities.

Estimates related to vesting conditions are reviewed regularly and the value of the charges under both cash settled and equity settled plans are adjusted in the consolidated statement of earnings to reflect expected and actual levels of benefits vesting.

(M) Foreign Currency Translation The accounts of foreign operations have been translated into the presentation currency, Canadian dollars. Assets and liabilities are translated at the periodend exchange rate, and revenues and expenses at the average rate for the period. Foreign exchange gains or losses arising from the translation of the net investment in foreign operations and the portion of the U.S. denominated borrowings designated as a hedge against this investment are recorded in equity as other comprehensive income. Foreign exchange gains or losses recorded in accumulated other comprehensive income (AOCI) are recognized in net earnings when there is a reduction in the net investment in foreign operations.

Items included in the financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (functional currency). Transactions in foreign currencies are translated to the respective functional currencies at exchange rates approximating the rates in effect at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date.

(N) Income Taxes Income tax expense includes taxes payable on current earnings and changes in deferred tax balances. Current income tax expense is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

The Company accounts for deferred income taxes using the liability method of tax allocation. Under the liability method, deferred income tax assets and liabilities are determined based on the temporary differences between the financial statement carrying values and tax bases of assets and liabilities, and are measured using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the deferred income tax assets or liabilities are expected to be realized or settled. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects to settle the carrying amount of its assets and liabilities. A deferred tax asset is recognized to the extent that it is probable that future taxable earnings will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to offset the amounts.

Income tax expense is recognized in the consolidated statement of earnings, except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case the related income tax expense is also recognized in other comprehensive income or in equity respectively.

(O) Employee Benefits The Company maintains either a defined benefit or defined contribution pension plan for the majority of its Canadian employees, and an employee savings plan for its U.S. employees. Other benefits include employee bonuses, employee share purchase plans and termination benefits.

Defined Benefit Pension Plan The actuarial determination of the defined benefit obligations for pension benefits uses the projected unit credit method prorated on services which incorporates management's best estimate of the discount rate, salary escalation, retirement rates, termination rates and retirement ages of employees. The discount rate used to value the defined benefit obligation is derived from a portfolio of high quality Corporate AA bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit plan obligations. Bonds included in the curve are denominated in the currency in which the benefits will be paid that have terms to maturity approximating the terms of the related pension liability.

The amount recognized in the consolidated balance sheets at each reporting date represents the present value of the defined benefit obligation, and is reduced by the fair value of plan assets. Any recognized asset or surplus is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded. The Company's funding policy is in compliance with statutory regulations and amounts funded are deductible for income tax purposes.

The actuarially determined expense for current service is recognized annually in the consolidated statement of earnings. The actuarially determined net interest costs on the net defined benefit plan obligation are recognized in interest expense.

All actuarial remeasurements arising from defined benefit plans are recognized in full in the period in which they arise in the consolidated statements of comprehensive income, and are immediately recognized in retained earnings. The effect of the asset ceiling is also recognized in other comprehensive income.

Defined Contribution Pension Plans The Company sponsors defined contribution pension plans for eligible employees where fixed contributions are paid into a registered plan. There is no obligation for the Company to pay any additional amount into these plans. Contributions to the defined contribution pension plans are expensed as incurred.

Short-term Benefits An undiscounted liability is recognized for the amount expected to be paid under short-term incentive plans or employee share purchase plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination Benefits Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If the effect is significant, benefits are discounted to present value.

(P) Provisions A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(Q) Financial Instruments

Recognition and derecognition The Company initially recognizes financial instruments on the trade date at which it becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value. For financial assets or financial liabilities not at fair value through provide or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liabilities are included in the initial fair value.

Financial assets are derecognized when the contractual rights to receive cash flows and benefits related from the financial asset expire, or the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled. Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheets when the Company has a legal right to offset the amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets On initial recognition, all financial assets are classified to be subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit and loss. The Company's financial assets comprised of cash, accounts receivable and other financial assets are classified as amortized cost. Interest revenue, consisting primarily of service charge income on customer accounts receivable, is included in sales in the consolidated statements of earnings. The Company has no significant assets measured at fair value.

The Company recognizes loss allowances for expected credit losses ("ECL's") on accounts receivable. The change in ECL's is recognized in net earnings and reflected as an allowance against accounts receivable. The Company uses historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends. Certain receivables are also individually assessed for lifetime expected credit losses.

Financial liabilities On initial recognition, financial liabilities are classified to be subsequently measured at amortized cost or fair value. The Company's financial liabilities comprised of long-term debt, accounts payable and accrued liabilities and certain other liabilities are classified as amortized cost. Interest expense is recorded using the effective interest rate method and included in the consolidated statements of earnings as interest expense. The Company has no significant liabilities measured at fair value.

Hedging The Company is exposed to financial risks associated with movements in foreign exchange rates. The Company uses a net investment hedge to counterbalance gains and losses arising on the retranslation of foreign operations with gains and losses on a financial liability. The Company has designated certain U.S. denominated debt as a hedge of its net investment in international operations.

To the extent that the hedging relationship is effective, the foreign exchange gains and losses arising from translation of this debt are included in other comprehensive income and presented within shareholders' equity as accumulated other comprehensive income. These gains and losses are subsequently recognized in earnings when the hedged item affects earnings.

To qualify for hedge accounting, the Company documents its risk management strategy, the relationship between the hedging instrument and the hedged item and the nature of the risks being hedged. The Company also documents the assessment of the effectiveness of the hedging relationship to show that the hedge has been and will likely be highly effective on an ongoing basis.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in accumulated other comprehensive income is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized is other comprehensive income is transferred to the consolidated statements of earnings for the period.

- (R) Cash Cash comprises cash on hand and balances with banks.
- **(S) Net Earnings Per Share** Basic net earnings per share are calculated by dividing the net earnings attributable to shareholders of The North West Company Inc. by the weighted-average number of common shares outstanding during the period. Diluted net earnings per share is determined by adjusting these net earnings and the weighted-average number of common shares outstanding for the effects of all potentially dilutive shares, which comprise shares issued under the Share Option Plan and Director Deferred Share Unit Plan.
- (T) Dividends Dividends declared and payable to the Company's shareholders are recognized as a liability in the consolidated balance sheets in the period in which distributions are declared.
- (U) Use of Estimates, Assumptions & Judgment The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies, the reported amounts of revenues and expenses during the reporting period and disclosure of contingent assets and liabilities in the consolidated financial statements and notes. Judgment has been used in the application of accounting policy and to determine if a transaction should be recognized or disclosed in these financial statements while estimates and assumptions have been used to measure balances recognized or disclosed.

Estimates, assumptions and judgments are based on management's historical experience, best knowledge of current events, conditions and actions that the Company may undertake in the future and other factors that management believes are reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Certain of these estimates require subjective or complex judgments by management about matters that are uncertain and changes in these estimates could materially impact the consolidated financial statements and notes. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

The areas that management believes involve a higher degree of judgment or complexity, or areas where the estimates and assumptions may have the most significant impact on the amounts recognized in the consolidated financial statements include the following:

- Allowance for doubtful accounts is estimated based on an expected credit loss impairment model based on historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends (Notes 5, 14)
- Inventories are remeasured based on the lower of cost and net realizable value (Note 6)
- Amortization methods for property and equipment, including aircraft, are based on management's estimate of the most appropriate method to reflect the pattern of an asset's future economic benefit. This includes judgment of what asset components constitute a significant cost in relation to the total cost of an asset (Note 7)
- Impairment of long-lived assets is influenced by judgment in determining indicators of impairment and estimates used to measure impairment losses, if any (Note 7)
- Recognition of identifiable assets and liabilities acquired in a business combination requires judgment as to their fair value (Note 24)
- Goodwill and indefinite life intangible asset impairment is dependent on judgment used to identify indicators of impairment and estimates used to measure impairment losses, if any (Notes 8, 24)
- Income taxes have judgment applied to determine when tax losses, credits and provisions are recognized based on tax rules in various jurisdictions (Note 9)
- Defined benefit pension plan obligation and expense depends on assumptions used in the actuarial valuation (Note 12)
- (V) Share capital Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.
- **(W) New Standards Implemented** The Company adopted the amendments to IAS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts* with Customers and the amended IFRS 2 *Share-based payments* effective February 1, 2018, as required by the IASB.

Financial Instruments The amended IFRS 9 *Financial Instruments* is a multi-phase project with the goal of improving and simplifying financial instrument reporting. The standard establishes new principles for:

Classification and measurement. IFRS 9 uses a single approach to determine measurement of financial assets by both cash flow characteristics and how an entity manages financial impairment, replacing the multiple classification options in IAS 39 with three categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

The Company implemented the new requirements for classification and measurement, including impairment, retrospectively with any cumulative effects of initial application recorded in opening retained earnings. The adoption of IFRS 9 did not result in any measurement adjustments to financial assets and liabilities. The adoption of IFRS 9 did result in certain classification changes, as summarized in the table below.

Asset/Liability	New Classification under IFRS 9
Cash	Amortized cost ⁽¹⁾
Accounts receivable	Amortized cost ⁽¹⁾
Other financial assets	Amortized cost ⁽¹⁾
Accounts payable and accrued liabilities	Amortized cost ⁽²⁾
Current portion of long-term debt	Amortized cost ⁽²⁾
Long-term debt	Amortized cost ⁽²⁾

- (1) Previously classified as loans and receivables under IAS 39
- (2) Classified as financial liabilities at amortized cost under IAS 39

Financial assets are not reclassified subsequent to their initial recognition, unless the Company identifies changes in its business model requiring reassessment. Financial assets are subsequently measured at amortized cost if both of the following conditions are met and they are not designated as FVTPL:

- financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment. Measurement gains or losses are recognized in net earnings in the period when the the asset is decrecognized or impaired.

"Expected credit loss" impairment model As at January 31, 2018 and thereafter the Company applied a new forward-looking lifetime expected credit loss ("ECL") impairment model to its accounts receivable under IFRS 9.

The change in ECL's is recognized in earnings and reflected as an allowance against accounts receivable. The Company adopted the practical expedient to determine ECL's using a provision matrix based on historical trends, timing of recoveries and management's judgment as to whether current economic and credit conditions are such that actual losses are likely to differ from historical trends. Adoption of the revised ECL based provision matrix resulted in an insignificant measurement adjustment to the Company's accounts receivable. Certain receivables are also individually assessed for lifetime expected credit losses.

Prior to January 31, 2018 a financial asset was considered to be impaired if objective evidence indicated that one or more events had a negative effect on the estimated future cash flows of that asset. An impairment loss was calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at their original effective interest rate.

Revenue from Contracts with Customers The IFRS 15 Revenue from Contracts with Customers standard contains a comprehensive model which specifies the criteria and timing for recognizing revenue, and also requires additional disclosures in the notes to the financial statements. The core principle of the standard is that revenue is recognized to depict the transfer of promised goods or services to the customer at an amount that reflects the consideration to which the Company is entitled. A contract based five step analysis of transactions is used to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have also been introduced.

Revenue on the sale of goods and services is recorded at the time the sale is made or service is rendered to the customer. Sales are presented net of tax, returns and discounts and are measured at the fair value of the consideration received or receivable from the customer for the products sold or services supplied. Service charges on customer accounts receivable are accrued each month on balances outstanding at each account's billing date.

The Company adopted the standard retrospectively with the restatement of comparative periods. As a result of these changes certain commissions and service fees previously included in selling, operating and administrative expenses are now presented in sales and cost of sales. These changes had no impact on earnings from operations, net earnings or retained earnings previously reported. The impact of this change on the comparative period is as follows:

Revenue from Contracts with Customers, continued

	rear Ended January 31, 2018 (Previously Reported)		RS 15 Amendment	Year Ende	d January 31, 2018 (Revised)
SALES	\$ 1,953,743	\$	31,379	\$	1,985,122
Cost of sales	(1,367,657)		7,276		(1,360,381)
Gross profit	586,086		38,655		624,741
Selling, operating and administrative expenses	(472,115)		(38,655)		(510,770)
Earnings from operations	\$ 113,971	\$	_	\$	113,971

(W) New Standards implemented (continued)

Share-based payments The amendments to IFRS 2 *Share-based* payments are in relation to the classification and measurement of share-based payment transactions, specifically, accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based transactions. The adoption of these amendments did not result in any measurement adjustments to the liability for share-based payments.

(X) Future Standards and Amendments A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended January 31, 2019, and have not been applied in preparing these consolidated financial statements.

Leases IFRS 16 Leases replaces the current guidance in IAS 17 for operating and finance lease accounting. This standard requires lessees to recognize a lease liability representing the obligation for future lease payments and a right-of-use asset in the consolidated balance sheets for substantially all lease contracts, initially measured at the present value of unavoidable lease payments. Purchase, renewal and termination options which are reasonably certain of being exercised are also included in the measurement of the lease liability. Lease payment liabilities will not include variable lease payments.

Under the new standard the Company will recognize new rightof-use assets and lease liabilities for its operating leases of land, buildings and equipment. In addition, the nature and timing of leasing expenses will change as operating lease expenses recorded in cost of sales and selling, operating and administrative expenses are replaced by a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Company plans to apply IFRS 16 on February 1, 2019 using the full retrospective approach with restatement of the comparative period financial statements. The cumulative effect of the initial application will be recorded by restating opening retained earnings at February 1, 2018.

The Company continues to execute its detailed implementation plan. The portfolio of leases has been identified and the leasing information required to support the change in accounting standards has been summarized for each lease. The Company has configured its accounting system to account for leases under IFRS 16 and populated the detailed lease data. Processes and controls are being modified and training is being conducted to support the implementation. The Company is continuing to evaluate the impact of these changes on its consolidated financial statements, technology, processes and internal controls.

The implementation of this accounting standard will have a material impact on the consolidated financial statements with increases in total assets and long-term liabilities. Any difference between the recognition of right-of-use assets and lease liabilities will be recognized in retained earnings.

Based on the information available at April 10, 2019, the Company estimates that it will record a right-of-use asset of approximately \$112,000 to \$121,000 and a corresponding lease liability of \$124,000 to \$133,000 with the difference between the right-ofuse asset and lease liability, net of the deferred tax impact, recorded in opening retained earnings at February 1, 2018. The actual impact of the initial application of IFRS 16 may vary from this estimate as critical accounting estimates and judgments are subject to change until the Company issues its April 30, 2019 first quarter report to shareholders.

Uncertainty over Income Tax Treatments In June 2017, the IASB issued IFRIC Interpretation 23. The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Company will adopt IFRIC 23 for the annual period beginning February 1, 2019 and it is not expected to have a material impact on the Company.

Annual Improvements In December 2017, the IASB issued amendments effective for the Company February 1, 2019. A summary of these amendments is as follows:

- IFRS 3 Business Combinations clarifies how a company accounts for increasing its interest in a joint operation that meets the definition of a business;
- IAS 12 Income Taxes specifies that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits (i.e. in net earnings, other comprehensive income or equity); and
- IAS 23 Borrowing Costs clarifies that specific borrowings to finance the construction of a qualifying asset should be transferred to the general borrowings pool once the construction of the qualifying asset has been completed.

The adoption of these amendments are not expected to have a material impact on the Company.

Post-Employment Benefits In February 2018, the IASB issued amendments to IAS 19 Employee Benefits. The amendments require a company to update its assumptions for the remainder of the reporting period after a plan change. Amendments have also been included clarifying the effect of a plan amendment on the asset ceiling. The amendments are effective for the Company February 1, 2019 and are not expected to have a material impact on the Company.

Definition of Material In May 2017, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. These amendments clarified the definition of material. Under the amended definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make. The amendments are effective for the Company February 1, 2020 and are required to be applied prospectively. The implementation of these amendments is not expected to have a significant impact on the Company.

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

4. SEGMENTED INFORMATION

The Company is a retailer of food and everyday products and services in two geographical segments, Canada and International. The Canadian segment consists of subsidiaries operating retail stores and complimentary businesses to serve northern and western Canada. The International segment consists of subsidiaries operating in the continental United States, Caribbean and South Pacific. Financial information for these business segments is regularly reviewed by the Company's President and Chief Executive Officer to assess performance and make decisions about the allocation of resources.

The following key information is presented by geographic segment:

Year Ended	January	31, 2019	Januar	y 31, 2018
Sales ⁽¹⁾				
Canada				
Food	\$	825,668	\$	822,158
General merchandise and other		420,465		377,315
Canada	\$ 1	,246,133	\$	1,199,473
International				
Food	\$	679,215	\$	699,632
General merchandise and other		88,138		86,017
International		767,353		785,649
Consolidated	\$ 2	2,013,486	\$	1,985,122
Consolidated Earnings before amortization				1,985,122
Earnings before amortization	on, interest a	and income	taxes	112,393
Earnings before amortizatio Canada	on, interest a	and income 114,215	taxes	112,393 57,231
Earnings before amortization Canada International	on, interest a	and income 114,215 75,128	taxes \$	1,985,122 112,393 57,231 169,624
Earnings before amortization Canada International Consolidated	on, interest a	and income 114,215 75,128	taxes \$	112,393 57,231
Earnings before amortization Canada International Consolidated Earnings from operations	on, interest a	nnd income 114,215 75,128 189,343	taxes \$	112,393 57,231 169,624

on		
January 31, 2019	January	y 31, 2018
\$ 684,550	\$	634,399
338,371		296,549
\$ 1,022,921	\$	930,948
	\$ 684,550 338,371	January 31, 2019 January \$ 684,550 \$ 338,371

(1) Prior period sales figures have been reclassified as described in Note 3.

Canadian total assets includes goodwill of \$8,357 (January 31, 2018 - \$6,730). International total assets includes goodwill of \$36,846 (January 31, 2018 - \$34,501).

Year Ended	January	31, 2019	January	31, 2018
	Canada	Int'l	Canada	Int'l
Purchase of property and equipment	\$ 68,639	\$ 24,916	\$ 92,313	\$ 22,635
Amortization	\$ 44,116	\$15,319	\$ 39,796	\$ 15,857

5. ACCOUNTS RECEIVABLE

	_	
	January 31, 2019	January 31, 2018
Trade accounts receivable	\$ 85,872	\$ 80,374
Trade decounts receivable	\$ 05,01Z	\$ 00,571
Corporate and other accounts receivable	22,412	16,322
Less: allowance for doubtful accounts	(17,961)	(15,931)
	\$ 90,323	\$ 80,765

The carrying values of accounts receivable are a reasonable approximation of their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Credit risk for trade accounts receivable is discussed in Note 14. Corporate and other accounts receivable have a lower risk profile relative to trade accounts receivable because they are largely due from government or corporate entities.

Movements in the allowance for doubtful accounts for customer and commercial accounts receivables are as follows:

	January	31, 2019	January 31, 2018			
Balance, beginning of year	\$	(15,931)	\$	(14,384)		
Net charge		(10,337)		(9,972)		
Written off		8,307		8,425		
Balance, end of year	\$	(17,961)	\$	(15,931)		

6. INVENTORIES

Retail inventories are valued at the lower of cost and net realizable value. Valuing retail inventories requires the Company to use estimates related to: adjusting to cost inventories valued at retail; future retail sales prices and reductions; and inventory losses during periods between the last physical count and the balance sheet date. Included in cost of sales for the year ended January 31, 2019, the Company recorded \$1,522 (January 31, 2018 - \$1,335) for the write-down of inventories as a result of net realizable value being lower than cost. There was no reversal of inventories written down previously that are no longer estimated to sell below cost during the year ended January 31, 2019 or 2018.

7. PROPERTY & EQUIPMENT

January 31, 2019	Land	Buildings		easehold vements	Fixtures & equipment	Aircraft		mputer uipment		truction process	Tota
Cost											
Balance, beginning of year	\$ 17,101	\$ 468,951	\$	73,774	\$ 322,153	\$ 81,530	\$	77,252	\$	22,592	\$1,063,353
Additions	381	44,417		3,803	22,212	6,390		7,731		8,621	93,555
Disposals	(11)	(2,680)		(2,091)	(4,894)	(3,346)		(8,078)		_	(21,100
Effect of movements in foreign exchange	621	9,429		1,436	7,173			955		483	20,097
Total January 31, 2019	\$ 18,092	\$ 520,117	\$	76,922	\$ 346,644	\$ 84,574	\$	77,860	\$	31,696	\$1,155,905
Accumulated amortization											
Balance, beginning of year	\$ _	\$ 258,810	\$	41,457	\$ 222,808	\$ 2,541	\$	67,744	\$	_	\$ 593,360
Amortization expense	_	20,304		4,985	18,247	7,129		1,504		_	52,169
Disposals	_	(2,226)		(1,249)	(3,960)	(273)		(7,980)		_	(15,688
Effect of movements in foreign exchange		4,227		871	5,178			842			11,118
Total January 31, 2019	\$ _	\$ 281,115	\$	46,064	\$ 242,273	\$ 9,397	\$	62,110	\$		\$ 640,959
Net book value January 31, 2019	\$ 18,092	\$ 239,002	\$	30,858	\$ 104,371	\$ 75,177	\$	15,750	\$	31,696	\$ 514,946
	-		Le	easehold	Fixtures &		Co	mputer	Cons	truction	
January 31, 2018	Land	Buildings	impro	vements	equipment	Aircraft		uipment		process	Tota

		0 11 11		easehold	Fixtures &			mputer		truction	-
January 31, 2018	 Land	Buildings	impro	vements	equipment	 Aircraft	equ	ipment	in	process	Total
Cost											
Balance, beginning of year	\$ 16,367	\$ 442,041	\$	69,735	\$ 309,155	\$ _	\$	74,298	\$	11,607	\$ 923,203
Additions through business acquisitions (Note 24)	975	27,760		32	6,249	26,332		1,773		_	63,121
Additions	308	15,937		7,253	22,439	55,198		2,317		11,496	114,948
Disposals	_	(8,531)		(2,056)	(9,623)	_		(240)		_	(20,450)
Effect of movements in foreign exchange	(549)	(8,256)		(1,190)	(6,067)			(896)		(511)	(17,469)
Total January 31, 2018	\$ 17,101	\$ 468,951	\$	73,774	\$ 322,153	\$ 81,530	\$	77,252	\$	22,592	\$1,063,353
Accumulated amortization											
Balance, beginning of year	\$ _	\$ 246,054	\$	37,952	\$ 216,196	\$ _	\$	64,880	\$	_	\$ 565,082
Amortization expense		20,997		5,184	18,299	2,541		3,640			50,661
Disposals		(4,813)		(931)	(6,552)	_		(224)			(12,520)
Effect of movements in foreign exchange	_	(3,428)		(748)	(5,135)	_		(552)		_	(9,863)
Total January 31, 2018	\$ 	\$ 258,810	\$	41,457	\$ 222,808	\$ 2,541	\$	67,744	\$		\$ 593,360
Net book value January 31, 2018	\$ 17,101	\$ 210,141	\$	32,317	\$ 99,345	\$ 78,989	\$	9,508	\$	22,592	\$ 469,993

The Company reviews its property and equipment for indicators of impairment. During the prior year ended January 31, 2018 the Company wrote-off assets with a net book value of \$7,008 due to the impact of hurricanes in the Caribbean which were reimbursed by insurance proceeds. There were no significant financial write-off's due to store fires and no assets were identified as impaired at January 31, 2019 and 2018.

Interest capitalized

Interest attributable to the construction of qualifying assets was capitalized using an average rate of 3.8% and 3.4% for the years ended January 31, 2019 and 2018 respectively. Interest capitalized in additions amounted to \$374 (January 31, 2018 - \$502). Accumulated interest capitalized in the cost total above amounted to \$2,652 (January 31, 2018 – \$2,278).

8. GOODWILL & INTANGIBLE ASSETS

Goodwill

	January	31, 2019	January	31, 2018
Balance, beginning of year	\$	41,231	\$	37,752
Additions		1,627		5,544
Effect of movements in foreign exchange		2,345		(2,065)
Balance, end of year	\$	45,203	\$	41,231

Goodwill Impairment Testing

A goodwill asset balance of \$36,846 (January 31, 2018 – \$34,501) relates to acquisition of subsidiaries by the Company's International Operations. A goodwill asset balance of \$8,357 (January 31, 2018 – \$6,730) relates to acquisitions by the Company's Canadian Operations. These balances were tested by means of comparing the recoverable amount of the operating segment to its carrying value. The recoverable amount is the greater of its value in use or its fair value less costs of disposal.

The recoverable amount was estimated from the product of financial performance and trading multiples observed for comparable public companies. Values assigned to the key assumptions represent management's best estimates and have been based on data from both external and internal sources. This fair value measurement was categorized as a Level 3 fair value measurement based on the inputs in the valuation technique used. Key assumptions used in the estimation of enterprise value are as follows:

- Financial performance was measured with actual and budgeted earnings based on sales and expense growth specific to each store and the Company's administrative offices. Financial budgets and forecasts are approved by senior management and consider historical sales volume and price growth;
- The ratio of enterprise value to financial performance was determined using a range of market trading multiples from comparable companies;
- Costs to sell have been estimated as a fixed percentage of enterprise value. This is consistent with the approach of an independent market participant.

No impairment has been identified on goodwill, and management considers reasonably foreseeable changes in key assumptions are unlikely to produce a goodwill impairment.

Intangible assets

January 31, 2019	Software	Store	Store banners		Other	Total
January 31, 2019	Johtware	31010	Darmers		Otrici	TOtal
Cost						
Balance, beginning of year	\$ 54,662	\$	9,461	\$	9,817	\$ 73,940
Additions	7,502	2	_		535	8,037
Effect of movements in foreign exchange		-	642		202	844
Total January 31, 2019	\$ 62,164	\$	10,103	\$	10,554	\$ 82,821
Accumulated Amortization						
Balance, beginning of year	\$ 29,271	\$	_	\$	7,041	\$ 36,312
Amortization expense	6,481		_		785	7,266
Effect of movements in foreign exchange		-	_		44	44
Total January 31, 2019	\$ 35,752	2 \$		\$	7,870	\$ 43,622
Net book value January 31, 2019	\$ 26,412	: \$	10,103	\$	2,684	\$ 39,199

Intangible assets

January 31, 2018	Softw	/are	Store banners		Other		Total
Cost							
Balance, beginning of year	\$ 47	,605	\$	9,121	\$	9,981	\$ 66,707
Additions	7,	,057		909		30	7,996
Effect of movements in foreign exchange		_		(569)		(194)	(763)
Total January 31, 2018	\$ 54	,662	\$	9,461	\$	9,817	\$ 73,940
Accumulated Amortization							
Balance, beginning of year	\$ 24	,837	\$	_	\$	6,476	\$ 31,313
Amortization expense	4	,434		_		558	4,992
Effect of movements in foreign exchange		-				7	7
Total January 31, 2018	\$ 29	,271	\$	_	\$	7,041	\$ 36,312
Net book value January 31, 2018	\$ 25,	391	\$	9,461	\$	2,776	\$ 37,628

Work in process

As at January 31, 2019, the Company had incurred \$13,271 (January 31, 2018 – \$11,762) for intangible assets that were not yet available for use, and therefore not subject to amortization.

Intangible Asset Impairment Testing

The Company determines the fair value of the store banners using the Relief from Royalty approach. This method requires management to make long-term assumptions about future sales, terminal growth rates, royalty rates and discount rates. Sales forecasts for the following financial year together with medium and terminal growth rates ranging from 2% to 5% are used to estimate future sales, to which a royalty rate of 0.5% is applied. The present value of this royalty stream is compared to the carrying value of the asset. No impairment has been identified on intangible assets and management considers reasonably foreseeable changes in key assumptions are unlikely to produce an intangible asset impairment.

9. INCOMETAXES

The following are the major components of income tax expense:

Year Ended	January 31, 2019	January 31, 2018
Current tax expense:		
Current tax on earnings for the year	\$ 24,522	\$ 35,985
Withholding taxes	761	991
Over provision in prior years	(2,181)	(354)
	\$ 23,102	\$ 36,622
Deferred tax expense:		
Origination and reversal of temporary differences	\$ 300	\$ (4,723)
Impact of change in tax rates	(133)	1,791
Under provision in prior years	2,042	445
	\$ 2,209	\$ (2,487)
Income taxes	\$ 25,311	\$ 34,135

Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

Year Ended	January 31, 2019	January 31, 2018
Earnings before income taxes	\$115,943	\$103,826
Combined statutory income tax rate	21.8%	26.5%
Expected income tax expense	\$ 25,231	\$ 27,561
Increase (decrease) in income	taxes resulting from:	
Non-deductible expenses/ non-taxable income	\$ 22	\$ (330)
Unrecognized income tax losses	422	76
Withholding taxes	761	991
Impact of change in tax rates	(133)	1,791
Transition tax	(771)	4,008
(Over)/under provision in prior years	(139)	91
Other	(82)	(53)
Provision for income taxes	\$ 25,311	\$ 34,135
Income tax rate	21.8%	32.9%

Changes in the combined statutory income tax rate primarily reflect changes in earnings of the Company's subsidiaries across various tax jurisdictions.

In December 2017, new corporate tax legislation was enacted in the United States which reduced the federal corporate tax rate from 35% to 21% effective January 1, 2018. There was also a one-time transition tax introduced on undistributed accumulated earnings in foreign owned subsidiaries. For the year-ended January 31, 2018, these changes resulted in an estimated income tax expense of \$5,835, comprised of \$1,827 for the re-measurement of deferred tax assets and liabilities and \$4,008 for transition tax related to certain of the Company's subsidiaries.

For the year-ended January 31, 2019 the estimated transition tax of \$4,008 was reduced to \$3,237 based on additional information and interpretations from the U.S. Department of the Treasury became available.

Deferred tax assets of \$3,900 arising from certain foreign income tax losses were not recognized on the consolidated balance sheets. The income tax losses expire from 2022 - 2036.

Deferred income tax charged (credited) to other comprehensive income during the year is as follows:

Year Ended	January 31	, 2019	January 3	1, 2018	
Defined benefit plan actuarial gain / (loss):					
Origination and reversal of temporary difference	\$	1,828	\$	430	
Impact of change in tax rates		5		(12)	
	\$	1,833	\$	418	
Investments:					
Origination and reversal of temporary difference	\$	_	\$	(27)	
	\$	_	\$	(27)	
	\$	1,833	\$	391	

Income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows:

January 31, 2019	Februa	ıry 1, 2018		(charged) ted to net earnings		(charged) ed to OCI	Other adju	ıstments	Januar	y 31, 2019
Deferred tax assets:			,		,					
Property & equipment	\$	17,660	\$	(354)	\$	_	\$	98	\$	17,404
Inventory		1,993		(346)		_		89		1,736
Share-based compensation and long-term incentive plans		4,003		205		_		20		4,228
Defined benefit plan obligation		9,236		443		(1,833)				7,846
Accrued liabilities		4,603		468		_		174		5,245
Other		412		885				17		1,314
	\$	37,907	\$	1,301	\$	(1,833)	\$	398	\$	37,773
Deferred tax liabilities:										
Goodwill & intangible assets	\$	(643)	\$	(147)	\$	_	\$	(44)	\$	(834)
Property & equipment		(6,012)		(3,053)		_		(116)		(9,181)
Investment in joint venture		(1,109)		(21)		_		_		(1,130)
Other		(2,161)		(289)		_		(276)		(2,726)
	\$	(9,925)	\$	(3,510)	\$		\$	(436)	\$	(13,871)
	\$	27,982	\$	(2,209)	\$	(1,833)	\$	(38)	\$	23,902

Recorded on the consolidated balance sheet as follows:

Year Ended	January 31, 2019	January 31, 2018		
Deferred tax assets	\$ 32,909	\$	34,450	
Deferred tax liabilities	(9,007)		(6,468)	
	\$ 23,902	\$	27,982	

January 31, 2018	February	y 1, 2017	credite	charged) ed to net earnings	harged) d to OCI	ŀ	quired in ousiness inations	adju	Other ustments	January	, 31, 2018
Deferred tax assets:											
Goodwill & intangible assets	\$	672	\$	(672)	\$ _	\$	_	\$	_	\$	_
Property & equipment		15,971		1,781	_		_		(92)		17,660
Inventory		2,477		(401)	_		_		(83)		1,993
Share-based compensation and long-term incentive plans		3,746		276	_		_		(19)		4,003
Defined benefit plan obligation		9,182		472	(418)		_		_		9,236
Accrued expenses not deductible for tax		4,464		286	_		_		(147)		4,603
Other		(912)		1,330			_		(6)		412
	\$	35,600	\$	3,072	\$ (418)	\$	_	\$	(347)	\$	37,907
Deferred tax liabilities:										'	
Goodwill & intangible assets	\$	(1,077)	\$	393	\$ 	\$	_	\$	41	\$	(643)
Property & equipment		_		(1,817)			(4,272)		77		(6,012)
Net investment hedge		(97)		_			_		97		_
Investment in joint venture		(1,370)		234	27		_		_		(1,109)
Deferred limited partnership earnings		(2,597)		2,597	_		_		_		_
Other		(267)		(1,992)			(1)		99		(2,161)
	\$	(5,408)	\$	(585)	\$ 27	\$	(4,273)	\$	314	\$	(9,925)
	\$	30,192	\$	2,487	\$ (391)	\$	(4,273)	\$	(33)	\$	27,982

In assessing the recovery of deferred income tax assets, management considers whether it is probable that the deferred income tax assets will be realized. The recognition and measurement of the current and deferred tax assets and liabilities involves dealing with uncertainties in the applicationof complex tax regulations and in the assessment of the recoverability of deferred tax assets. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences are deductible.

Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent the final outcome is different from the amounts initially recorded, such differences, which could be significant, will impact the tax provision in the period in which the outcome is determined.

No deferred tax has been recognized in respect of temporary differences between the carrying value and tax value of investments in subsidiaries. The Company is in a position to control the timing and reversal of these differences and believes it is probable that they will not reverse in the foreseeable future. The temporary differences associated with the Company's foreign subsidiaries are approximately \$122,776 at January 31, 2019 (January 31, 2018 - \$103,736).

10. OTHER ASSETS

	January 31, 2019	January 3	31, 2018
Investment in joint venture (Note 23)	\$ 10,375	\$	9,294
Other	3,460		3,349
	\$ 13,835	\$	12,643

11. LONG-TERM DEBT

	January	January 31, 2019		31, 2018
Current:				
Promissory note payable	\$	900	\$	_
	\$	900	\$	
Non-current				
Revolving loan facilities (1)	\$	_	\$	1,776
Revolving loan facilities (2)		36,700		34,365
Revolving loan facilities (3)		134,791		91,108
Revolving loan facilities (4)		_		_
Revolving loan facilities (5)		_		540
Senior notes (6)		91,666		85,760
Senior notes (7)		100,000		100,000
Promissory note payable (8)		2,700		_
	\$	365,857	\$	313,549
Total	\$	366,757	\$	313,549

- (1) The committed, revolving U.S. loan facility provides the International Operations with up to US\$40,000 for working capital requirements and general business purposes. This facility matures October 31, 2020, bears a floating rate of interest based on U.S. LIBOR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2019, the International Operations had drawn US\$NIL (January 31, 2018 US\$1,444) on this facility.
- (2) The US\$52,000 loan facilities mature September 26, 2022 and bear interest at U.S. LIBOR plus a spread. These loan facilities are secured by certain assets of the Company and rank *pari passu* with the US\$70,000 senior notes, the \$100,000 senior notes and the \$300,000 Canadian Operations loan facilities. At January 31, 2019, the Company had drawn US\$27,936 (January 31, 2018 US\$27,936) on these facilities.
- (3) These committed, revolving loan facilities provide the Company's Canadian Operations with up to \$300,000 for working capital and general business purposes. These facilities mature September 26, 2022, are secured by certain assets of the Company and rank *pari passu* with the US\$70,000 senior notes, the \$100,000 senior notes and the US\$52,000 loan facilities. These facilities bear a floating interest rate based on Bankers Acceptances rates plus stamping fees or the Canadian prime interest rate.
- (4) The revolving U.S. loan facility provides the International Operations with up to US\$1,500 for Roadtown Wholesale Trading Ltd.'s (RTW) working capital requirements and general business purposes. This facility bears a floating rate of interest based on a U.S. dollar base rate plus a spread and is secured by certain assets of RTW.
- (5) The Canadian Operations also have a \$2,375 revolving loan facility to meet North Star Air Ltd's. (NSA) working capital requirements and for general business purposes. This facility bears a floating rate of interest and is secured by the assets of NSA.

- (6) The US\$70,000 senior notes mature on June 16, 2021, have a fixed interest rate of 3.27% on US\$55,000 and a floating interest rate on US\$15,000 based on U.S. LIBOR plus a spread. The senior notes are secured by certain assets of the Company and rank *pari passu* with the \$300,000 Canadian Operations loan facilities, the \$100,000 senior notes and the US\$52,000 loan facilities.
- (7) The \$100,000 senior notes mature September 26, 2029, have a fixed interest rate of 3.74%, are secured by certain assets of the Company and rank *pari passu* with the \$300,000 Canadian Operations loan facilities, the US\$70,000 senior notes and the US\$52,000 loan facilities.
- (8) The Promissory Note Payable in the amount of \$3,600 is non-interest bearing, has annual principal payments of \$900 and is secured by certain assets of the Company.

12. POST-EMPLOYMENTBENEFITS

The Company sponsors defined benefit and defined contribution pension plans covering the majority of Canadian employees. Effective January 1, 2011, the Company entered into an amended and restated staff pension plan, which incorporated legislated changes, administrative practice, and added a defined contribution provision (the "Amended Plan"). Under the Amended Plan, all members as of December 31, 2011 who did not meet a qualifying threshold based on number of years in the pension plan and age were transitioned to the defined contribution pension plan effective January 1, 2011 and no longer accumulate years of service under the defined benefit pension plan. The defined benefit pension previously earned by members transitioned to the defined contribution plan, will continue to accrue in accordance with the terms of the plan based on the member's current pensionable earnings. Members who met the qualifying threshold on January 1, 2011, elected between accruing a defined contribution benefit and continuing to accrue a defined benefit pension in accordance with the provisions of the Amended Plan.

The defined benefit pension plans are based on years of service and final average salary. The Company uses actuarial reports prepared by independent actuaries for accounting purposes as at January 31, 2019 and January 31, 2018. The accrued pension benefits and funding requirements were last determined by actuarial valuation as at December 31, 2017. The next actuarial valuation is required as at December 31, 2018. The Company also sponsors an employee savings plan covering certain U.S. employees with at least six months of service. Under the terms of the plan, the Company is obligated to make contributions that range between 3% and 5% of eligible compensation.

During the year ended January 31, 2019, the Company contributed \$2,317 to its defined benefit pension plans (January 31, 2018 – \$3,487). During the year ended January 31, 2019, the Company contributed \$3,435 to its defined contribution pension plans (January 31, 2018 – \$3,129). The current best estimate of the Company's funding obligation for the defined benefit pension plans for the year commencing February 1, 2019 is \$2,775. In addition to the cash funding, a portion of the pension plan obligation may be settled by the issuance of a letter of credit in accordance with pension legislation. The actual amount paid may vary from the estimate based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors.

Movement in plan assets and defined benefit obligation

Information on the Company's defined benefit plans, in aggregate, is as follows:

	January 31, 2019	January 31, 2018
Plan assets:		
Fair value, beginning of year	\$ 84,337	\$ 78,280
Accrued interest on assets	2,908	3,075
Benefits paid	(3,988)	(4,612)
Plan administration costs	(459)	(388)
Employer contributions	2,317	3,487
Employee contributions	8	9
Return on assets greater than discount rate	542	4,486
Fair value, end of year	\$ 85,665	\$ 84,337
Plan obligations:		
Defined benefit obligation, beginning of year	\$ (118,432)	\$ (112,358)
Current service costs	(3,016)	(3,387)
Employee contributions	(8)	(9)
Interest on plan liabilities	(4,070)	(4,397)
Benefits paid	4,649	4,612
Actuarial remeasurement due to:		
Plan experience	1,646	6,599
Financial assumptions	4,597	(9,492)
Defined benefit obligation, end of year	\$ (114,634)	\$ (118,432)
Plan deficit	\$ (28,969)	\$ (34,095)

The defined benefit obligation exceeds the fair value of plan assets as noted in the table. While the plans are not considered fully funded for financial reporting purposes, registered plans are funded in accordance with the applicable statutory funding rules and regulations governing the particular plans.

Defined benefit obligation

The following actuarial assumptions were employed to measure the

	January 31, 2019	January 31, 2018
Discount rate on plan liabilities	3.75%	3.50%
Rate of compensation increase	4.00%	4.00%
Discount rate on plan expense	3.50%	4.00%
Inflation assumption	2.00%	2.00%

The assumptions used are the best estimates chosen from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The weighted-average duration of the defined benefit obligation at the end of the reporting period is 15.8 years (January 31, 2018 - 17.1 years).

The average life expectancy in years of a member who reaches normal retirement age of 65 is as follows:

	January 31, 2019	January 31, 2018
Average life expectancies at	age 65 for current per	nsioners:
Male	21.3	21.3
Female	23.8	23.8
Average life expectancies at	age 65 for current me	mbers aged 45:
Male	22.5	22.5
Female	24.9	24.9

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. For the years ended January 31, 2019 and 2018, mortality assumptions have been estimated at 106% of the base mortality rates in the CPM2014PRIV table based on pension size and industry classification.

Sensitivity of key assumption

The following table outlines the sensitivity of a 1% change in the discount rate used to measure the defined benefit plan obligation and cost for the defined benefit pension plans. The table reflects the impact on both the current service and interest cost expense components.

The sensitivity analysis provided in the key assumption table is hypothetical and should be used with caution. The sensitivities have been calculated independently of any changes in other assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

		Defined benefit plan obligation	Benefit plan cost
Discount rate	e:		
Impact of:	1% increase	\$ (15,904)	\$ (1,003)
	1% decrease	\$ 20,211	\$ 960

Plan assets

The major categories of plan assets as a percentage of total plan assets are listed below. The pension plans have no direct investment in the shares of the Company.

	January 31, 2019	January 31, 2018
Plan assets:		
Canadian equities (pooled)	17%	17%
Global equities (pooled)	38%	41%
Real estate equities (pooled)	9%	9%
Debt securities	36%	33%
Total	100%	100%

Governance and plan management

The Company's Pension Committees oversee the pension plans. These committees are responsible for assisting the Board of Directors to fulfill its governance responsibilities for the plans. The committees assist with plan administration, regulatory compliance, pension investment and monitoring responsibilities.

Plan assets are subject to the risk that changes in market prices, such as interest rates, foreign exchange and equity prices will affect their value. A Statement of Investment Policy and Procedures (SIPP) guides the investing activity of the defined benefit pension plans to mitigate market risk. Assets are expected to achieve, over moving three to four-year periods, a return at least equal to a composite benchmark made up of passive investments in appropriate market indices. These indices are consistent with the policy allocation in the SIPP.

Periodically, an Asset-Liability Modeling study is done to update the policy allocation between liability hedging assets and return seeking assets. This is consistent with managing both the funded status of the defined benefit pension plans and the Company's long-term costs. It assists with adequately securing benefits and mitigating yearto-year fluctuations in the Company's cash contributions and pension expense. The defined benefit plans are subject to, and actively manage, the following specific market risks:

Interest rate risk: is managed by allocating a portion of plan investments to liability hedging assets, comprised of a passive universe bond fund.

Currency risk: is managed through asset allocation. A significant portion of plan assets are denominated in the same currency as plan obligations.

Equity price risk: The defined benefit pension plans are directly exposed to equity price risk on return seeking assets. Fair value or future cash flows will fluctuate due to changes in market prices because they may not be offset by changes in obligations. Investment management of plan assets is outsourced to independent managers.

Statements of earnings and comprehensive income

The following pension expenses have been charged to the consolidated statements of earnings:

	January 31, 2019		January 3	1, 2018
Employee costs (Note 17)				
Defined benefit pension plan, current service costs included in post-employment benefits	\$	3,016	\$	3,387
Plan administration costs		459		388
Defined contribution pension plan		3,435		3,129
Savings plan for U.S. employees		1,389		1,168
	\$	8,299	\$	8,072
Interest expense (Note 18)	,			
Accrued interest on assets	\$	(2,908)	\$	(3,075)
Interest on plan liabilities		4,070		4,397
	\$	1,162	\$	1,322

The following amounts have been included in other comprehensive income:

	January 3	31, 2019	January	31, 2018
Current Year:				
Return on assets greater than discount rate	\$	542	\$	4,486
Actuarial remeasurement due to:				
Plan experience		1,646		6,599
Financial assumptions		4,597		(9,492)
Taxes on actuarial remeasurement in OCI		(1,833)		(418)
Net actuarial remeasurement recognized in OCI	\$	4,952	\$	1,175
Cumulative gains/losses recogniz	ed in OCI:			
Cumulative gross actuarial remeasurement in OCI	\$	(9,049)	\$	(15,834)
Taxes on cumulative actuarial remeasurement in OCI		361		2,194
Total actuarial remeasurement recognized in OCI, net	\$	(8,688)	\$	(13,640)

The actual return on the plans assets is summarized as follows:

	January 31, 2019	January 31, 2018
Accrued interest on assets	\$ 2,908	\$ 3,075
Return on assets greater than discount rate	542	4,486
Actual return on plan assets	\$ 3,450	\$ 7,561

13. SHARE-BASED COMPENSATION

The Company offers the following share-based payment plans: $Performance \, Share \, Units \, (PSUs); Share \, Options; Director \, Deferred \, Share \, Contract \, C$ Units (DDSUs); Executive Deferred Share Units (EDSUs) and an Employee Share Purchase Plan. The purpose of these plans is to directly align the interests of the participants and the shareholders of the Company by providing compensation that is dependent on the performance of the Company's common shares.

The total expense relating to share—based payment plans for the year ended January 31, 2019 was \$11,204 (January 31, 2018 – \$8,820). The carrying amount of the Company's share-based compensation arrangements including PSU, share option, DDSU and EDSU plans are recorded on the consolidated balance sheets as follows:

	January 31, 2019	January 31, 2018
Accounts payable and accrued liabilities	\$ 13,998	\$ 14,164
Other long-term liabilities	14,273	14,188
Contributed surplus	1,961	1,001
Total	\$ 30,232	\$ 29,353

Performance Share Units

The Company has granted Performance Share Units to officers and senior management. Each PSU entitles the participant to receive either a cash payment equal to the market value of the number of notional units granted or one share of the Company for each notional unit granted at the end of the vesting period based on the achievement of specific performance based criteria. The PSU account for each participant includes the value of dividends from the Company as if reinvested in additional PSUs. PSU awards vest with the employee on the third fiscal year following the date of the grant to which the award relates. Compensation expense is measured based on the grant date fair market value of the award. The associated compensation expense is recognized over the vesting period based on the estimated total compensation to be paid out at the end of the vesting period factoring in the probability of the performance criteria being met during that period. Compensation costs related to the PSUs for the year ended January 31, 2019 are \$4,097 (January 31, 2018 - \$4,048).

Director Deferred Share Unit Plan

This Plan is available for independent Directors. Participants are credited with deferred share units for the amount of the annual equity retainer, and for the portion of the annual cash retainer and fees each participant elects to allocate to the DDSU plan. Each deferred share unit entitles the holder to receive a share of the Company. The DDSUs are exercisable by the holder at any time but no later than December 31 of the first calendar year commencing after the holder ceases to be a Director. A participant may elect at the time of exercise of any DDSUs, subject to the consent of the Company, to have the Company pay an amount in cash equal to the aggregate current market value of the shares, determined based on the closing price of the shares on the TSX on the trading day preceding the exercise date. This cash payment is in consideration for the surrender by the participant to the Company the right to receive shares from exercising the DDSUs. Effective December 2016, the Plan was amended for those DDSUs credited to participants for the portion of the annual cash retainer and fees each participant elects to allocate to the Plan. The holder of these DDSUs is entitled to receive at the time of exercise, an amount in cash equal to the aggregate current market value of the shares, determined based on the closing price of the shares on the TSX on the trading day preceding the exercise date.

Compensation expense is initially measured at the time of the grant. Subsequent changes in the fair value of the DDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The DDSU plan compensation costs for the year ended January 31, 2019 are of \$1,752 (January 31, 2018 – \$1,047). The total number of deferred share units outstanding at January 31, 2019 is 270,277 (January 31, 2018 – 249,108). There were 21,186 DDSUs exercised during the year ended January 31, 2019 (January 31, 2018 – NIL).

Executive Deferred Share Unit Plan

The EDSU plan was implemented to assist executive management to meet the Company's minimum share ownership guidelines. This plan provides for the granting of deferred share units to those executives who elect to receive a portion of their annual short-term incentive payment in EDSUs, subject to plan limits. Effective April 2016, participants will be credited with EDSUs based on the amount of their annual short-term incentive payment allocated to the plan and the fair market value of the Company's shares. The EDSU account for each participant includes the value of dividends from the Company as if reinvested in additional EDSU's. The EDSUs are exercisable at any time after the executive ceases to be an employee of the Company, but no later than December 31 of the first calendar year commencing after the holder ceased to be an employee. Each EDSU entitles the holder

to a cash payment equal to the market value of the equivalent number of the Company's shares, determined based on their closing price on the TSX on the trading day preceding the exercise date.

Total compensation expense is measured at the time of the grant. Subsequent changes in the fair value of the EDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The EDSU plan compensation costs for the year ended January 31, 2019 are \$62 (January 31, 2018 - \$28).

Share Option Plan

The Company has a Share Option Plan that provides for the granting of options to certain officers and senior management. Options are granted at fair market value based on the volume weighted-average closing price of the Company's shares for the five trading days preceding the grant date. Effective June 14, 2011, the Share Option Plan was amended and restated. The amendments afford the Board of Directors the discretion to award options giving the holder the choice, upon exercise, to either deduct a portion of all dividends declared after the grant date from the options exercise price or to exercise the option at the strike price specified at the grant date ("Declining Strike Price Options"). Options issued prior to June 14, 2011 and certain options issued subsequently are standard options ("Standard Options"). Each option is exercisable into one share of the Company at the price specified in the terms of the option. Declining Strike Price options allow the employee to acquire shares or receive a cash payment based on the excess of the fair market value of the Company's shares over the exercise price.

The fair value of the Declining Strike Price Options is remeasured at the reporting date and recognized both in net earnings and as a liability over the vesting period. The grant date fair value of the Standard Options is recognized in net earnings and contributed surplus over the vesting period.

The maximum number of shares available for issuance is a fixed number set at 4,354,020, representing 8.9% of the Company's issued and outstanding shares at January 31, 2019. Fair value of the Company's options is determined using an option pricing model. Share options granted vest on a graduated basis over four to five years and are exercisable over a period of seven years. The share option compensation costs for the year ended January 31, 2019 are \$4,510 (January 31, 2018 – \$2,886). The fair values for options issued during the year were calculated based on the following assumptions:

	January 31, 2019	January 31, 2018
Fair value of options granted	\$ 2.86	\$ 3.12 to 4.30
Exercise price	\$ 27.77	\$ 32.40
Dividend yield	4.3%	4.2%
Annual risk-free interest rate	2.1%	1.2%
Expected share price volatility	19.2%	21.6%

The assumptions used to measure options at the balance sheet dates are as follows:

	January 31, 2019	January 31, 2018
Dividend yield	4.1%	4.4%
Annual risk-free interest rate	1.8%	1.8% to 2.1%
Expected share price volatility	15.9% to 19.5%	16.6% to 20.5%

The expected dividend yield is estimated based on the quarterly dividend rate and the closing share price on the date the options are granted. The expected share price volatility is estimated based on the Company's historical volatility over a period consistent with the expected life of the options. The risk-free interest rate is estimated based on the Government of Canada bond yield for a term to maturity equal to the expected life of the options.

The following continuity schedules reconcile the movement in outstanding options during the year:

Number of options outstanding	Declining Strike Price Options Standard Options			
	January 31, 2019	January 31, 2018	January 31, 2019	January 31, 2018
Outstanding options, beginning of year	2,464,940	2,082,892	454,177	442,642
Granted	_	441,269	372,992	63,843
Exercised	(474,423)	(28,527)	(223,670)	(16,855)
Forfeited or cancelled	(22,794)	(30,694)	(173,159)	(35,453)
Outstanding options, end of year	1,967,723	2,464,940	430,340	454,177
Exercisable at end of year	658,364	773,188	16,253	237,026

The weighted-average share price on the dates options were exercised during the year was \$30.49 (January 31, 2018 – \$31.65).

Weighted-average exercise price	Declining Strike Price Options Standard Options				
	January 31, 2019	January 31, 2018	January 31, 2019	January 31, 2018	
Outstanding options, beginning of year	\$ 26.18	\$ 24.81	\$ 24.28	\$ 23.21	
Granted	_	32.34	27.77	32.40	
Exercised	20.09	21.68	20.52	22.71	
Forfeited or cancelled	23.04	26.36	27.84	26.31	
Outstanding options, end of year	\$ 27.36	\$ 26.18	\$ 27.83	\$ 24.28	
Exercisable at end of year	\$ 20.91	\$ 19.52	\$ 24.27	\$ 20.67	

Summary of options outstanding by grant year

	Outstanding						Exercis	able
Grant year		Range of exercise price	Number outstanding	Weighted-average remaining contractual years	Weighted-a exercis		Options exercisable	Weighted-average exercise price
2012	\$	17.32-17.32	7,999	0.2	\$	17.32	7,999	\$ 17.32
2013	\$	19.31-23.21	282,206	1.2	\$	19.41	282,206	\$ 19.40
2014	\$	21.54-24.79	337,523	2.2	\$	21.61	223,846	\$ 21.61
2015	\$	23.05-25.63	481,709	3.2	\$	23.11	160,566	\$ 23.11
2016	\$	26.93-28.81	454,193	4.2	\$	26.97	NIL	N/A
2017	\$	29.37-32.40	461,441	5.4	\$	31.20	NIL	N/A
2018	\$	27.77-27.77	372,992	6.2	\$	27.77	NIL	N/A

Employee Share Purchase Plan

The Employee Share Purchase Plan provides participants with the opportunity to acquire an ownership interest in the Company. The Company contributes an additional 33% of the amount invested, subject to a maximum annual contribution of 2% of the participants' base salary. The plan is administered by a trustee who uses the funds received to purchase shares on the TSX on behalf of the participating employees. These shares are registered in the name of the plan trustee on behalf of the participants.

The Company's contribution to the plan is recorded as compensation expense. The employee share purchase plan compensation costs for the year ended January 31, 2019 are \$783 (January 31, 2018 – \$811).

14. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks including liquidity risk, credit risk and market risk. The Company's overall risk management program focuses on minimizing potential adverse effects on financial performance.

The Company manages funding and financial risk management with oversight provided by the Board of Directors, who also approve specific financial transactions. The Company uses derivative financial instruments only to hedge exposures arising in respect of underlying business requirements and not for speculative purposes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company's operational cash flow is reasonably stable and predictable. This reflects the business risk profile of the majority of markets in which the Company operates and its product mix. Cash flow forecasts are produced regularly and reviewed against the Company's debt portfolio capacity and maturity profile to assist management in identifying future liquidity requirements. The Company's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness to match the business requirements.

The Company is financed by a combination of cash flow from operating activities, bank advances, senior notes and committed revolving loan facilities. At January 31, 2019, the Company had undrawn committed revolving loan facilities available of \$231,507 (January 31, 2018 - \$266,322) which mature in 2020 and 2022 (Note 11).

The following table analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or an estimation in respect of floating interest rate liabilities, and as a result may not agree to the amounts disclosed on the balance sheet.

	2019	2020	2021	2022	2023	2024+	Total
Accounts payable and accrued liabilities	\$ 175,726	_	_	_	_	_	\$ 175,726
Current portion of long-term debt (Note 11)	900	_	_	_	_	_	900
Long-term debt (Note 11)	12,606	13,506	105,465	182,555	3,740	124,946	442,818
Operating leases (Note 21)	28,439	20,648	17,445	14,355	11,837	74,828	167,552
Total	\$ 217,671	34,154	122,910	196,910	15,577	199,774	\$ 786,996

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposures to credit risk arise primarily from holdings of cash and its customer and commercial accounts receivable.

To mitigate credit risk, the Company maintains deposits with financial institutions with minimum equivalent short-term credit ratings of "A1." The maximum exposure on cash is equal to the carrying amount of these instruments.

It is the Company's policy that customers who wish to trade on credit terms are subject to credit verification procedures including policies governing: credit approvals, limits, collections and fraud prevention. The Company provides impairment allowances for potentially uncollectible accounts receivable. Receivable balances are comprised of approximately forty thousand customers spread across a wide geography, substantially reducing the Company's risk through the diversity of its customer base. Further, receivables are centrally monitored on an ongoing basis with the result that the Company's exposure to individual customers is generally not significant. The maximum exposure net of impairment allowances is \$90,323 (January 31, 2018 - \$80,765). The Company does not have any individual customers greater than 10% of total accounts receivable. At January 31, 2019, the Company's gross maximum credit risk exposure is \$108,284 (January 31, 2018 – \$96,696). Of this amount, \$18,617 (January 31, 2018 - \$16,427) is more than 60 days past due. The Company has recorded an allowance against its maximum exposure to credit risk of \$17,961 (January 31, 2018 – \$15,931) which is based on historical payment records for similar financial assets.

As at January 31, 2019 and 2018, the Company has no significant credit risk related to derivative financial instruments.

Market risk

Currency risk The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. Foreign exchange risk arises from U.S. dollar denominated borrowings and net investments in foreign operations.

Management is responsible for managing foreign currency risk. The Company's U.S. dollar net investment is exposed to foreign currency translation risk. A significant portion of this risk has been hedged with U.S. dollar denominated borrowings.

In respect of recognized foreign currency assets and liabilities, the Company has limited exposure. Procurement and related borrowing activity are generally conducted in currencies matching cash flows generated by underlying operations, providing an economic hedge without sophisticated treasury management. Short-term imbalances in foreign currency holdings are rectified by buying or selling at spot rates when necessary.

Management considers a 10% variation in the Canadian dollar relative to the U.S. dollar reasonably possible. Considering all major exposures to the U.S. dollar as described above, a 10% appreciation of the Canadian dollar against the U.S. dollar in the year-end rate would cause net earnings to decrease by approximately \$100. A 10% depreciation of the Canadian dollar against the U.S. dollar yearend rate would cause net earnings to increase by approximately \$100.

(b) Interest rate risk Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its long-term borrowings.

The Company manages exposure to interest rate risk by monitoring its blend of fixed and floating interest rates, and may modify this blend using interest rate swaps. The goal of management is to manage the trade-off between obtaining the most beneficial effective rates of interest, while minimizing the impact of interest rate volatility on earnings.

Management considers a 100 basis point change in interest rates reasonably possible. Considering all major exposures to interest rates as described above, a 100 basis point increase in the risk-free rate would cause net earnings to decrease by approximately \$1,463. A 100 basis point decrease would cause net earnings to increase by approximately \$1,463.

(c) Accounting classifications and fair value estimation The following table comprises the carrying amounts of the Company's financial instruments. Financial instruments are either carried at amortized cost using the effective interest rate method or fair value.

The Company uses a three-level hierarchy to categorize financial instruments carried at fair value as follows:

- Level 1 Fair values measured using quoted prices (unadjusted) in active markets for identical instruments
- Level 2 Fair values measured using directly or indirectly observable inputs, other than those included in Level 1
- Level 3 Fair values measured using inputs that are not based on observable market data

These amounts represent point-in-time estimates and may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of significant judgment.

January 31, 2019			Assets (Liabilities) carried at amortized cost			
	Maturity	Carrying amount	Fair value			
Cash	Short-term	\$ 38,448	\$ 38,448			
Accounts receivable	Short-term	90,323	90,323			
Other financial assets	Long-term	1,216	1,216			
Accounts payable and accrued liabilities	Short-term	(175,726)	(175,726)			
Current portion of long-term debt	Short-term	(900)	(900)			
Long-term debt	Long-term	(365,857)	(365,392)			

January 31, 2018	Asse	ts (Liabilitie: amortized		d at	
	Maturity	Carrying amount		Fair value	
Cash	Short-term	\$	25,160	\$	25,160
Accounts receivable	Short-term		80,765		80,765
Other financial assets	Long-term		1,197		1,197
Accounts payable and accrued liabilities	Short-term		(170,166)		(170,166)
Long-term debt	Long-term		(313,549)		(310,737)

The methods and assumptions used in estimating the fair value of the Company's financial instruments are as follows:

- The fair value of short-term financial instruments approximates their carrying values due to their immediate or short-term period to maturity. Any differences between fair value and book values of short-term financial instruments are considered to be insignificant.
- The fair value of long-term debt with fixed interest rates is estimated by discounting the expected future cash flows using the current risk-free interest rate on an instrument with similar terms adjusted for an appropriate risk premium. This is considered a level 2 fair value estimate.

Capital management

The Company's objectives in managing capital are to deploy capital to provide an appropriate total return to shareholders while maintaining a capital structure that provides the flexibility to take advantage of the growth opportunities of the business, maintain existing assets, meet obligations and financial covenants and enhance shareholder value. The capital structure of the Company consists of bank advances, long-term debt and shareholders' equity. The Company manages capital to optimize efficiency through an appropriate balance of debt and equity. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue additional shares, borrow additional funds, adjust the amount of dividends paid or refinance debt at different terms and conditions.

The Company's process and policies for managing capital are monitored by management and are reflected in the following measures:

(a) Debt-to-equity ratio At January 31, 2019, the debt-to-equity ratio was 0.87 compared to 0.82 last year. The debt-to-equity ratio is within the Company's objectives. The debt-to-equity ratio is calculated as follows:

	January 31, 2019		January	/ 31, 2018
Current portion of long-term debt	\$	900	\$	_
Long-term debt		365,857		313,549
Total debt	\$	366,757	\$	313,549
Total equity	\$	421,104	\$	382,156
Debt-to-equity ratio		0.87		0.82

(b) Financial covenants As a result of borrowing agreements entered into by the Company, there are certain financial covenants that must be maintained. Financial covenants include a fixed charge coverage ratio, minimum current ratio, a leverage test and a minimum net worth test. Compliance with financial covenants is reported quarterly to the Board of Directors. During the years ended January 31, 2019 and 2018, the Company is in compliance with all financial covenants. Other than the requirements imposed by these borrowing agreements and solvency tests imposed by the CBCA, the Company is not subject to any externally imposed capital requirements.

Capital management objectives are reviewed on an annual basis. The capital management objectives were substantially unchanged for the year ended January 31, 2019.

15. SHARE CAPITAL

Authorized – The Company has an unlimited number of Common Voting Shares and Variable Voting Shares.

	Shares	Cons	ideration
Balance at January 31, 2018	48,690,212	\$	172,619
Issued under option plans (Note 13)	60,717		1,062
Balance at January 31, 2019	48,750,929	\$	173,681
Balance at January 31, 2017	48,542,514	\$	168,283
Issued for acquisition of RTW (Note 24)	133,944		4,000
Issued under option plans (Note 13)	13,754		336
Balance at January 31, 2018	48,690,212	\$	172,619

On June 14, 2017, the Company's Common Shares were replaced by Variable Voting Shares and Common Voting Shares. The two classes of shares have equivalent rights as shareholders except for voting rights. Holders of Variable Voting Shares are entitled to one vote per share except where (i) the number of outstanding Variable Voting Shares exceeds 25% of the total number of all issued and outstanding Variable Voting Shares and Common Voting Shares, or (ii) the total number of votes cast by or on behalf of the holders of Variable Voting Shares at any meeting on any matter on which a vote is to be taken exceeds 25% of the total number of votes cast at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share will decrease automatically without further act or formality. Under the circumstances described in paragraph (i) above, the Variable Voting Shares as a class cannot carry more than 25% of the total voting rights attached to the aggregate number of issued and outstanding Variable Voting Shares and Common Voting Shares of the Company. Under the circumstances described in paragraph (ii) above, the Variable Voting Shares as a class cannot, for the given Shareholders' meeting, carry more than 25% of the total number of votes cast at the meeting.

Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians (within the meaning of the Canada Transportation Act). An issued and outstanding Variable Voting Share is converted into one Common Voting Share automatically and without any further act of the Company or the holder, if such Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian, as defined in the Canada Transportation Act.

At January 31, 2019 shares outstanding of 48,750,929 included 12,300,338 Variable Voting Shares, representing 25.2% of the total shares issued and outstanding.

16. EXPENSES BY NATURE

Year Ended	January 31, 2019	January 31, 2018
Employee costs (Note 17)	\$ 304,907	\$ 296,417
Amortization	59,435	55,653
Operating lease rentals	34,774	35,394
Gain on partial insurance settlement ⁽¹⁾	(16,955)	

(1) The Company recorded a gain on the partial settlement of hurricane Irma related insurance claims in the Caribbean. This gain was largely due to the difference between the replacement cost of the assets and their book value.

17. EMPLOYEE COSTS

Year Ended	January 31, 2019	January 31, 2018					
Wages, salaries and benefits including bonus	\$ 285,404	\$ 279,525					
Post-employment benefits (Note 12	8,299	8,072					
Share-based compensation (Note 13)	11,204	8,820					
Included in the above are the foll management compensation:	Included in the above are the following amounts in respect of key management compensation:						
Wages, salaries and benefits including bonus	\$ 5,296	\$ 4,603					
Post-employment benefit expense	1,820	1,160					
Share-based compensation	6,677	5,314					

Key management personnel are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management personnel are comprised of the Board of Directors, Chief Executive Officer and the senior officers of the Company.

18. INTEREST EXPENSE

Year Ended	January 31, 2019	January 31, 2018
Interest on long-term debt	\$ 13,177	\$ 9,325
Net interest on defined benefit plan obligation	1,162	1,322
Less: interest capitalized	(374)	(502)
Interest expense	\$ 13,965	\$ 10,145

19. DIVIDENDS

The following is a summary of the dividends recorded in shareholders' equity and paid in cash:

Year Ended	January 31, 2019	January 31, 2018
Dividends recorded in equity and paid in cash	\$ 66,283	\$ 64,797
Less: Dividends paid to non- controlling interests	(3,954)	(2,482)
Shareholder dividends	\$ 62,329	\$ 62,315
Dividends per share	\$ 1.28	\$ 1.28

The payment of dividends on the Company's common shares is subject to the approval of the Board of Directors and is based upon, among other factors, the financial performance of the Company, its current and anticipated future business needs, and the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends. Dividends are recognized as a liability in the consolidated financial statements in the year in which the dividends are approved by the Board of Directors.

On March 14, 2019, the Board of Directors declared a dividend of \$0.33 per common share to be paid on April 15, 2019 to shareholders of record as of the close of business on March 29, 2019.

20. NET EARNINGS PER SHARE

Basic net earnings per share is calculated based on the weighted-average shares outstanding during the year. The diluted net earnings per share takes into account the dilutive effect of all potential ordinary shares. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

(\$ and shares in thousands, except earnings per share)

Year Ended	January 3	1, 2019	January 3	31, 2018
Diluted earnings per share calculation:				
Net earnings attributable to shareholders for the year (numerator for diluted earnings per share)	\$	86,748	\$	67,154
Weighted-average shares outstanding (denominator for basic earnings per share)		48,697		48,680
Dilutive effect of share-based compensation	,	447		595
Denominator for diluted earnings per share		49,144		49,275
Basic earnings per share	\$	1.78	\$	1.38
Diluted earnings per share	\$	1.77	\$	1.36

21. OPERATING LEASE COMMITMENTS

The Company leases various retail stores, offices, warehouses and equipment under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payments are as follows:

Year Ended	January 31, 2	January 31, 2019		January 31, 2018		
	Land and buildings	Other leases	Land and buildings	Other leases		
Due within 1 year	\$ 27,137	\$ 1,302	\$ 29,620	\$ 1,659		
Within 2 to 5 years inclusive	62,822	1,463	69,692	1,299		
After 5 years	74,828	_	72,438	_		

22. COMMITMENTS, CONTINGENCIES AND **GUARANTEES**

Commitments

The Company has a Master Franchise Agreement (MFA) with Giant Tiger Stores Limited, based in Ottawa, Ontario which grants the Company the exclusive right to open Giant Tiger stores in western Canada, subject to meeting a minimum store opening commitment. Under the agreement, Giant Tiger Stores Limited provides product sourcing, merchandising, systems and administration support to the Company's Giant Tiger stores in return for a royalty based on sales. The Company is responsible for opening, owning, operating and providing distribution services to the stores. As at January 31, 2019, the Company owns 44 Giant Tiger stores and is in compliance with the minimum store opening commitment. The agreement expires July 31, 2040.

Contingencies

In the ordinary course of business, the Company is subject to audits by taxation authorities. While the Company believes that its filing positions are appropriate and supportable, the possibility exists that certain matters may be reviewed and challenged by the taxation authorities. The Company regularly reviews the potential for adverse outcomes and the adequacy of its tax provisions. The Company believes that it has adequately provided for these matters. If the final outcome differs materially from the provisions, the Company's income tax expense and its earnings could be affected positively or negatively in the period in which the matters are resolved.

The Company is involved in various legal matters arising in the normal course of business. The occurrence of the confirming future events is not determinable or it is not possible to determine the amounts that may ultimately be assessed against the Company. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

Guarantees

The Company has provided the following guarantees to third parties: The Company has entered into indemnification agreements with its current and former directors and officers to indemnify them, to the extent permitted by law, against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or any judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. The Company has purchased director and officer liability insurance. No amount has been recorded in the consolidated financial statements with respect to these indemnification agreements.

In the normal course of operations, the Company provides indemnification agreements to counterparties for various events such as intellectual property right infringement, loss or damages to property, claims that may arise while providing services, violation of laws or regulations, or as a result of litigation that might be suffered by the counterparties. The terms and nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. No amount has been recorded in the consolidated financial statements with respect to these indemnification agreements.

23. SUBSIDIARIES AND JOINT VENTURES

The Company's principal operating subsidiaries are set out below:

Proportion of voting rights held by:

	Activity	Country of Organization	Company	Subsidiary
NWC GP Inc.	General Partner	Canada	100%	
North West Company Holdings Inc.	Holding Company	Canada	100%	
The North West Company LP	Retailing	Canada	100%	(less one unit)
NWC (U.S.) Holdings Inc.	Holding Company	United States		100%
The North West Company (International) Inc.	Retailing	United States		100%
The North West Finance Company Cooperatie U.A.	Finance Company	Netherlands	99%	1%
Roadtown Wholesale Trading Ltd.	Retailing	British Virgin Islands		77%
North Star Air Ltd.	Airline	Canada		100%

The investment in joint venture comprises a 50% interest in a Canadian Arctic shipping company, Transport Nanuk Inc. At January 31, 2019, the Company's share of the net assets of its joint venture amount to \$10,375 (January 31, 2018 – \$9,294) comprised assets of \$12,800 (January 31, 2018 - \$10,925) and liabilities of \$2,425 (January 31, 2018 – \$1,631). During the year ended January 31, 2019, the Company purchased freight handling and shipping services from Transport Nanuk Inc. and its subsidiaries of \$8,163 (January 31, 2018 – \$7,806).

24. BUSINESS ACQUISITION

On February 9, 2017, the Company acquired 76% of the outstanding common shares of Roadtown Wholesale Trading Ltd. (RTW), operating primarily as Riteway Food Markets in the British Virgin Islands (BVI). RTW is the leading retailer in BVI with eight retail outlets, a Cash and Carry store and a significant wholesale operation. Based on the Company's closing share price on that date, the purchase price was \$35,593 (US\$27,044). This was comprised of cash consideration of \$31,593 (US\$24,004) financed through existing loan facilities and the issuance of 133,944 common shares, in accordance with the form of consideration elected to be received by RTW shareholders. The purchase price allocation based on management's best estimate of the acquisition date fair values of assets acquired and liabilities assumed is as follows:

	February 9, 2017
CURRENT ASSETS	
Cash	\$ 8,738
Accounts receivable	2,647
Inventories	12,432
Prepaid expenses	616
	\$ 24,433
NON-CURRENT ASSETS	
Property and equipment	\$ 34,574
Goodwill	2,085
Intangible assets	909
	37,568
TOTAL ASSETS	\$ 62,001
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ (14,258)
NET IDENTIFIABLE ASSETS	47,743
Less: non-controlling interests	(12,150)
CONSIDERATION	\$ 35,593
Less: cash acquired	(8,738)
Less: share consideration	(4,000)
NET CASH FLOW FOR BUSINESS ACQUISITION	\$ 22,855

This acquisition was completed to gain access to a new market, consistent with the Company's overall Caribbean growth plans. The acquisition was accounted for using the acquisition method. On February 9, 2017, accounts payable and accrued liabilities includes a \$7,470 (US\$5,676) dividend payable to RTW shareholders declared prior to the acquisition. This dividend was paid subsequent to the closing of the acquisition and was fully funded by the cash acquired.

For the year-ended January 31, 2018 the Company incurred \$5,765 in acquisition costs substantially related to stamp duty paid to the Government of the British Virgin Islands. These acquisition costs are included in selling, operating and administrative expenses in the consolidated statements of earnings.

24. BUSINESS ACQUISITION (continued)

On June 15, 2017, the Company acquired 100% of the outstanding common shares of North Star Air Ltd. (NSA). NSA is a Thunder Bay based airline, providing cargo and passenger services within northwestern Ontario, Canada. The purchase price was \$30,755, subject to working capital adjustments, and was financed through existing loan facilities. The preliminary purchase price allocation based on management's best estimate of the acquisition date fair values of assets acquired and liabilities assumed is as follows:

	June 15, 2017
CURRENT ASSETS	
Cash	\$ 2,406
Accounts receivable	5,258
Inventories	1,053
Prepaid expenses	1,852
	\$ 10,569
NON-CURRENT ASSETS	
Property and equipment	\$ 28,547
Goodwill	3,459
	32,006
TOTAL ASSETS	\$ 42,575
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ (7,547)
Deferred tax liability	(4,273)
NET IDENTIFIABLE ASSETS & CONSIDERATION	30,755
Less: cash acquired	(2,406)
NET CASH FLOW FOR BUSINESS ACQUISITION	\$ 28,349

This acquisition was completed to allow the Company to deliver faster, more consistent service to our customers. The acquisition was accounted for using the acquisition method.

In the fourth quarter of 2017, the Company revised its fair value estimates and updated the NSA purchase price allocation based on the final settlement of working capital adjustments. The result was to decrease the purchase price by \$585 with a corresponding decrease in assets acquired of \$439 and an increase in current liabilities of \$146.