Consolidated financial statements of
MTY Food Group Inc.

November 30, 2014 and 2013

Deloitte LLP
1 Place Ville Marie
Suite 3000
Montreal QC H3B 4T9
Canada

Tel: 514-393-7115
Fax: 514-390-4120
www.deloitte.ca

Independent auditor's report

To the Shareholders of MTY Food Group Inc.

We have audited the accompanying consolidated financial statements of MTY Food Group Inc., which comprise the consolidated statements of financial position as at November 30, 2014 and November 30, 2013, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MTY Food Group Inc. as at November 30, 2014 and November 30, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP[1]

February 12, 2015

[1] CPA auditor, CA, public accountancy permit No. A114814

MTY Food Group Inc.
Consolidated statements of income
Years ended November 30, 2014 and 2013
(In thousands of Canadian dollars, except per share amounts)

	Notes	2014	2013
		$	$
Revenue	24 and 31	**115,177**	101,360
Expenses			
Operating expenses	25 and 31	**72,518**	62,125
Depreciation – property, plant and equipment		**869**	1,108
Amortization – intangible assets		**5,985**	4,223
Interest on long-term debt		**422**	291
		79,794	67,747
Other income (charges)			
Foreign exchange gain		**106**	53
Interest income		**118**	487
Gain on preferred share redemption		**100**	—
(Impairment) reversal of impairment charge	4	**(2,356)**	64
Gain on disposal of property, plant and equipment		**1,179**	317
Other income		**—**	76
		(853)	997
Income before taxes		**34,530**	34,610
Income taxes	30		
Current		**8,820**	7,713
Deferred		**303**	1,236
		9,123	8,949
Net income		**25,407**	25,661
Net income (loss) attributable to:			
Owners		**25,426**	25,712
Non-controlling interests		**(19)**	(51)
		25,407	25,661
Earnings per share	21		
Basic		**1.33**	1.34
Diluted		**1.33**	1.34

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

MTY Food Group Inc.

Consolidated statements of comprehensive income

Years ended November 30, 2014 and 2013

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

	2014	2013
	$	$
Net income	**25,407**	25,661
Items that may be reclassified subsequently to profit or loss		
Foreign exchange impact of foreign subsidiaries	**(20)**	6
Other comprehensive (loss) gain	**(20)**	6
Total comprehensive income	**25,387**	25,667
Total comprehensive income (loss) attributable to:		
Owners	**25,406**	25,718
Non-controlling interest	**(19)**	(51)
	25,387	25,667

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

MTY Food Group Inc.
Consolidated statements of changes in shareholders' equity
Years ended November 30, 2014 and 2013
(In thousands of Canadian dollars, except per share amounts)

	Notes	Equity attributable to owners						
		Capital stock	**Contributed surplus**	**Accumulated other comprehen-sive income**	**Retained earnings**	**Total**	**Equity attributable to non-controlling interest**	**Total**
		$	**$**	**$**	**$**	**$**	**$**	**$**
Balance as at November 30, 2012		19,792	481	—	85,635	105,908	155	106,063
Net income and comprehensive income for the year ended November 30, 2013		—	—	—	25,712	25,712	(51)	25,661
Other comprehensive income		—	—	6	—	6	—	6
Reclassification of investment in subsidiary now held-for-sale		—	—	—	—	—	69	69
Acquisition of 9286-5591 Quebec Inc.		—	—	—	—	—	4,425	4,425
Investment in common stock of a subsidiary by non-controlling interest		—	—	—	—	—	49	49
Dividends		—	—	—	(5,354)	(5,354)	(110)	(5,464)
Balance as at November 30, 2013		19,792	481	6	105,993	126,272	4,537	130,809
Net income for the year ended November 30, 2014		—	—	—	**25,426**	**25,426**	**(19)**	**25,407**
Other comprehensive income		—	—	**(20)**	**—**	**(20)**	**—**	**(20)**
Acquisition of a portion of the non-controlling interest in 7687567 Canada Inc.	11	—	—	—	**(407)**	**(407)**	**160**	**(247)**
Acquisition of 8825726 Canada Inc.		—	—	—	**—**	**—**	**300**	**300**
Dividends		—	—	—	**(6,501)**	**(6,501)**	**(55)**	**(6,556)**
Balance as at November 30, 2014		**19,792**	**481**	**(14)**	**124,511**	**144,770**	**4,923**	**149,693**

The following dividends were declared and paid by the Company:

	2014	2013
	$	$
$0.34 per common share (2013 – $0.28 per common share)	**6,501**	5,354

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

MTY Food Group Inc.

Consolidated statements of financial position

As at November 30, 2014 and 2013

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

	Notes	**2014**	2013
		$	$
			(restated, Note 7)
Assets			
Current assets			
Cash		**6,589**	6,136
Accounts receivable	8	**15,987**	13,452
Inventories	9	**1,566**	1,029
Loans receivable	10	**181**	400
Investment in subsidiary held-for-sale	11	**1,691**	1,377
Prepaid expenses and deposits		**1,017**	430
		27,031	22,824
Loans receivable	10	**505**	578
Property, plant and equipment	12	**6,741**	6,213
Intangible assets	13	**107,484**	96,978
Goodwill	14	**54,374**	46,095
		196,135	172,688
Liabilities and Shareholders' equity			
Liabilities			
Current liabilities			
Line of credit	15	**11,750**	12,000
Accounts payable and accrued liabilities		**13,214**	11,903
Provisions	16	**3,053**	1,791
Income taxes payable		**716**	414
Deferred revenue and deposits	17	**3,709**	3,655
Current portion of long-term debt	18	**4,035**	2,703
		36,477	32,466
Long-term debt	18	**3,814**	3,979
Deferred income taxes	30	**6,151**	5,434
		46,442	41,879
Commitments, guarantee and contingent liabilities	26, 27, 28 and 29		

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

	Notes	2014	2013
		$	$
Shareholders' equity			
Equity attributable to owners			
Capital stock	19	**19,792**	19,792
Contributed surplus		**481**	481
Accumulated other comprehensive income		**(14)**	6
Retained earnings		**124,511**	105,993
		144,770	126,272
Equity attributable to non-controlling interest		**4,923**	4,537
		149,693	130,809
		196,135	172,688

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

Approved by the Board on February 12, 2015

______________________________, Director

______________________________, Director

MTY Food Group Inc.

Consolidated statements of cash flows

Years ended November 30, 2014 and 2013

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

	Notes	2014	2013
		$	$
Operating activities			
Net income		**25,407**	25,661
Items not affecting cash:			
Interest on long-term debt		**422**	291
Depreciation – property, plant and equipment		**869**	1,108
Amortization – intangible assets		**5,985**	4,223
Gain on disposal of property, plant and equipment		**(1,179)**	(317)
Reversal of impairment of property, plant and equipment		**—**	(64)
Impairment of intangible assets		**2,356**	—
Unrealized foreign exchange (loss) gains		**(73)**	22
Other income		**—**	(76)
Gain on preferred share redemption		**(100)**	—
Income tax expense		**9,123**	8,949
Deferred revenue		**(95)**	(113)
		42,715	39,684
Income tax refunds received		**508**	624
Income taxes paid		**(9,027)**	(10,817)
Interest paid		**(29)**	(113)
Variation in valuation of subsidiary classified as held for sale		**(161)**	—
Changes in non-cash working capital items	32	**(1,587)**	(2,857)
Cash flows provided by operating activities		**32,419**	26,521
Investing activities			
Net cash outflow on acquisitions	7	**(25,100)**	(56,469)
Share buyback paid to non-controlling shareholder	11	**(300)**	—
Additions to property, plant and equipment		**(464)**	(838)
Additions to intangible assets		**(247)**	(346)
Proceeds on disposal of property, plant and equipment		**2,034**	1,041
Reclassification of investment in subsidiary now held as held-for-sale		**—**	(117)
Cash flows used in investing activities		**(24,077)**	(56,729)

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

	Notes	2014	2013
		$	$
Financing activities			
Issuance of banker's acceptances		**26,750**	12,000
Repayment of banker's acceptances		**(27,000)**	—
Repayment of long-term debt		**(1,396)**	(3,677)
Issuance of shares to non-controlling interest of subsidiaries		**300**	49
Dividends paid to non-controlling shareholders of subsidiaries		**(55)**	(110)
Dividends paid		**(6,501)**	(5,354)
Cash flows (used in) provided by financing activities		**(7,902)**	2,908
Net increase in cash		**440**	(27,300)
Cash, beginning of year		**6,136**	33,036
Cash acquired	7	**13**	400
Cash, end of year		**6,589**	6,136

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

1. Description of the business

MTY Food Group Inc. (the "Company") is a franchisor in the quick service food industry. Its activities consist of franchising and operating corporate-owned locations under a multitude of banners. The Company also operates a distribution center and a food processing plant, both of which are located in the province of Quebec.

The Company is incorporated under the Canada Business Corporations Act and is listed on the Toronto Stock Exchange. The Company's head office is located at 8150, Autoroute Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company, and tabular amounts are rounded to the nearest thousand ($000) except when otherwise indicated.

Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on February 12, 2015.

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

3. Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and entities (including special purpose entities) controlled by the Company and its subsidiaries.

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Principal subsidiaries are as follows:

Principal subsidiaries	Percentage of equity interest
	%
MTY Tiki Ming Enterprises Inc.	100
MTY Franchising USA, Inc.	100
Mucho Burrito Franchising USA, Inc.	100
9286-5591 Quebec Inc.	80
154338 Canada Inc.	50
8825726 Canada Inc.	90

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. Accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intercompany transactions, balances, revenues and expenses are eliminated in full on consolidation.

Pursuant to the franchise agreements, franchisees must pay a fee to the promotional fund. These amounts are collected by the Company in its capacity as agent and must be used for promotional and advertising purposes, since the amounts are set aside to promote the respective banners for the franchisees’ benefit. The fees collected by the Company for the promotional fund are not recorded in the Company’s consolidated income statement, but rather as operations in the accounts payable to the promotional fund.

Changes in the Company's ownership interests in existing subsidiaries

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. Accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company and liabilities incurred by the Company to the former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except for deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. These may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: recognition and measurement, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3. Accounting policies (continued)

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Changes of ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, with no effect on net earnings or on other comprehensive income.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Where goodwill forms part of a cash-generating unit and part of the operation within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the cash-generating unit retained.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue is generally recognized on the sale of products or services when the products are delivered or the services are performed, all significant contractual obligations have been satisfied and the collection is reasonably assured.

i) Revenue from franchise locations

Royalties are based either on a percentage of gross sales as reported by the franchisees or on a fixed monthly fee. They are recognized on an accrual basis in accordance with the substance of the relevant agreement, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Initial franchise fees are recognized when substantially all of the initial services as required by the franchise agreement have been performed. This usually occurs when the location commences operations.

Revenue from the sale of franchise locations is recognized at the time the franchisee assumes control of the franchise location.

3. Accounting policies (continued)

Revenue recognition (continued)

i) Revenue from franchise locations (continued)

Restaurant construction and renovation revenue is recognized by reference to the stage of completion of the contract activity at the end of the reporting period. This is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. When it is probable that total contract costs will exceed contract revenue, the expected loss is recognized as an expense immediately. When the outcome of the project cannot be estimated reliably, revenues are recognized to the extent of expenses recognized in the period. The excess of revenue recognized over amounts billed is recorded as part of accounts receivable.

Master license fees are recognized when the Company has performed substantially all material initial obligations under the agreement, which usually occurs when the agreement is signed, which is recorded in initial franchise fees (Note 24).

Renewal and transfer fees are recognized when substantially all applicable services required by the Company under the franchise agreement have been performed. This generally occurs when the agreement is signed. This revenue is recorded in other revenue (Note 24).

The Company earns rent revenues on certain leases it holds and sign rental revenues; the Company's policy is described below.

The Company receives considerations from certain suppliers. Supplier contributions are recognized as revenues as they are earned and are recorded in other franchising revenue (Note 24).

ii) Revenue from distribution center

Distribution revenues are recognized when goods have been delivered or when significant risks and rewards of ownership have been transferred and it is probable that the economic benefit associated with the transaction will flow to the Company.

iii) Revenue from food processing

Food processing revenues are recognized when goods have been delivered to end-users or when significant risks and rewards of ownership have been transferred to distributors and it is probable that the economic benefit associated with the transaction will flow to the Company.

iv) Revenue from corporate-owned locations

Revenue from corporate-owned locations is recorded when goods are delivered to customers.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

3. Accounting policies (continued)

Leasing (continued)

The Company as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Functional and presentation currency

These consolidated financial statements are presented using the Company's functional currency, which is the Canadian dollar. Each entity of the Company determines its own functional currency, and the financial statement items of each entity are measured using that functional currency. Functional currency is the currency of the primary economic environment in which the entity operates.

Foreign currencies

At the end of each reporting period, monetary assets and liabilities that are denominated in a currency other than the Company's functional currency are translated using the exchange rate prevailing at that date. Non-monetary items are translated using historical exchange rates. Revenues and expenses are translated at the exchange rate in effect on the transaction date, except for depreciation and amortization, which are translated using historical exchange rates. Exchange gains and losses are recognized in profit or loss in the period in which they arise in other (gains) losses. The assets and liabilities of a foreign operation with a functional currency different from that of the Company are translated using the exchange rate in effect on the reporting date. Revenues and expenses are translated using the exchange rate in effect on the transaction date. Exchange differences arising from the translation of a foreign operation are recognized in other comprehensive income. Upon complete or partial disposal of the investment in the foreign operation, the foreign currency translation reserve or a portion of it will be recognized in the consolidated statement of income in other income (charges).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Accounting policies (continued)

Taxation (continued)

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Investment in subsidiary held-for-sale

An investment in a subsidiary is classified as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the investment is available for immediate sale in its present condition. Management must be committed to the sale and expect the sale to be completed within a year from the date the investment is classified as held-for-sale.

Investments in subsidiaries classified as held-for-sale are measured at the lower of its carrying amount and its fair value less costs to sell. Impairment losses on an investment initially classified as held-for-sale and gains or losses on subsequent remeasurement are recognized in profit or loss. Once classified as held-for-sale, property, plant and equipment and intangible assets are no longer depreciated and amortized.

3. Accounting policies (continued)

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their historical costs less accumulated depreciation (buildings) and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any costs directly attributable to bringing the asset to a working condition for its intended use.

Equipment, leasehold improvements, rolling stock and computer hardware are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is based on the following terms:

Buildings		
Structure and components	Straight-line	25 to 50 years
Equipment	Straight-line	3 to 10 years
Leasehold improvements and signs	Straight-line	Term of the lease
Rolling stock	Straight-line	5 to 7 years
Computer hardware	Straight-line	3 to 7 years

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets having a finite life acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets having an indefinite life are not amortized and are therefore carried at cost less accumulated impairment losses, if applicable.

3. Accounting policies (continued)

Intangible assets (continued)

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

The Company currently carries the following intangible assets in its books:

Franchise rights and master franchise rights

The franchise rights and master franchise rights acquired through business combinations were recognized at the fair value of the estimated future revenue stream related to the acquisition of franchises. The franchise rights and master franchise rights are generally amortized on a straight line basis over the term of the agreements which typically range between 10 to 20 years.

Some master franchise rights have no specific terms; as a result, those are not amortized as they have an indefinite life.

Step-in rights

Step-in rights are the rights of the Company to take over the premises and associated lease of a franchised location in the event the franchise is in default of payments. These are acquired through business combinations and are recognized at their fair value at the time of the acquisition. They are amortized over the term of the franchise agreement.

Trademarks

Trademarks acquired through business combinations were recognized at their fair value at the time of the acquisition and are not amortized. Trademarks were determined to have an indefinite useful life based on their strong brand recognition and their ability to generate revenues through changing economic conditions with no foreseeable time limit.

Leases

Leases, which represent the value associated to preferential terms or locations, are amortized on a straight-line basis over the term of the leases.

Other

Included in other intangible assets are primarily purchased software, which are being amortized over their expected useful life on a straight-line basis.

3. Accounting policies (continued)

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Company’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

At the end of each reporting period, the Company reviews the carrying amounts of goodwill to determine whether there is any indication that it has suffered an impairment loss. If any such indication exists, the recoverable amount of the cash-generating unit to which goodwill is allocated is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. Regardless of whether there is an indication of impairment or not, goodwill is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents item includes cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant.

Inventories

Inventories are measured at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis and include acquisition costs, conversion costs and other costs incurred to bring inventories to their present location and condition. The cost of finished goods includes a pro rata share of production overhead based on normal production capacity.

In the normal course of business, the Company enters into contracts for the construction and sale of franchise locations. The related work in progress inventory includes all direct costs relating to the construction of these locations, and is recorded at the lower of cost and net realizable value.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Gift card and loyalty program liabilities

Gift card liability represents liabilities related to unused balances on reloadable payment cards. Loyalty program liabilities represent the dollar value of the loyalty points earned and unused by customers.

Litigation, disputes and closed stores

Provisions for the expected cost of litigation, disputes and the cost of settling leases for closed stores are recognized when it becomes probable the Company will be required to settle the obligation, at management's best estimate of the expenditure required to settle the Company's obligation.

3. Accounting policies (continued)

Provisions (continued)

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less cumulative amortization recognized, if any.

Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The subsequent measurement of financial assets and financial liabilities is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments.

Classification

Cash	Loans and receivables
Accounts receivable	Loans and receivables
Deposits	Loans and receivables
Loans receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Line of credit	Other financial liabilities
Long-term debt	Other financial liabilities

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. Accounting policies (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, cash and deposits) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past a certain credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

3. Accounting policies (continued)

Financial assets (continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities

Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

3. Accounting policies (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to the volatility in the price of certain commodities and foreign exchange rate risks, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 22.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company currently has no designated hedges.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. The Company does not have any embedded derivatives as at November 30, 2014 and 2013.

Promotional funds

The Company manages the promotional funds of its banners. They are established specifically for each banner to collect and administer funds dedicated for use in advertising and promotional programs as well as other initiatives designed to increase sales and enhance the image and reputation of the banners. Contributions to the funds are made based on a percentage of sales. The revenue and expenses of the promotional funds are not included in the Company's Statement of income because the contributions to these funds are segregated and designated for specific purposes. The combined amount payable resulting from the promotional fund reserves amounts to a deficit of $(1,018) (November 30, 2013 – surplus of $684). These amounts are included in accounts payable and accrued liabilities.

Segment disclosure

An operating segment is a distinguishable component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components, and for which separate financial information is available. Segment disclosures are provided for the Company's operating segments (Note 31). The operating segments are determined based on the Company's management and internal reporting structure. All operating segments' operating results are regularly reviewed by management to make decisions on resources to be allocated to the segment and to assess its performance. The Company operates in four separate segments: franchising, corporate, distribution and processing.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements in applying accounting policies and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Identification of cash-generating units

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting period date. Doing so requires the identification of cash-generating units; the determination is done based on management's best estimation of what constitutes the lowest level at which an asset or group of asset has the possibility of generating cash inflows.

Revenue recognition

In making their judgement, management considers the detailed criteria for the recognition of revenue from the sale of goods and for construction contracts set out in IAS 18 Revenue and IAS 11 Construction contracts and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods.

Consolidation of special purpose entities

A special purpose entity (''SPE'') is consolidated if, based on an evaluation of the substance of its relationship with the Company and the SPE's risks and rewards, the Company concludes that it controls the SPE. A SPE controlled by the Company is established under terms that impose strict limitations on the decision-making powers of the SPE's management, resulting in the Company receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of the risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Business combinations

For business combinations, the Company must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Company must determine the acquisition-date fair value of the identifiable assets acquired, including such intangible assets as franchise rights, trademarks, step-in rights and liabilities assumed. Among other things, the determination of these fair market values involves the use of discounted cash flow analyses and future system sales growth. Goodwill is measured as the excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree over the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. These assumptions and estimates have an impact on the asset and liability amounts recorded in the consolidated statement of financial position on the acquisition date. In addition, the estimated useful lives of the acquired amortizable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Company's future profit or loss.

Impairment of non-financial assets

The recoverable amounts of the Company's assets is generally estimated based on value-in-use calculations as this was determined to be higher than fair value less cost to sell, except for certain corporate store assets for which fair value less cost to sell was higher than their value in use. The fair value less cost to sell of corporate stores is generally determined by estimating the liquidation value of the restaurant equipment.

Other than the value of one of the Company's trademarks, the value in use of cash-generating units ("CGUs") tested was higher or equal to the carrying value of the assets. Impairment assessments were established using a 17% discount rate on the corporate store CGU's and 15% on the trademarks and franchise rights. Discount rates are based on pre-tax rates that reflect the current market assessments, taking the time value of money and the risks specific to the CGU into account.

The total cumulative impairment on property, plant and equipment of $158 (2013 – $158) represents a write down of the carrying value of the leasehold improvements and equipment to their fair value less cost to sell, which was higher than their value in use.

These calculations take into account our best estimate of future cash flows, using previous year's cash flows for each CGU to extrapolate a CGU's future performance to the earlier of the termination of the lease (if applicable) or 5 years and a terminal value is calculated beyond this period, assuming no growth to the cash flows of previous periods. A cash flow period of 5 years was used as predictability for periods beyond this cannot be estimated with reasonable accuracy.

A 1% change to the discount rate used in the calculation of the impairment would not result in any additional significant impairment on the property, plant and equipment of our corporate stores.

During the year, the Company recognized an impairment on one of its trademarks following a decline in the performance of the related brand. The total impairment of $2,356 represents a write down of the carrying value to the value in use of the trademark. A 1% change to the discount rate used in the calculation of the impairment would result in a change of $184 in the amount of the impairment.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. It was determined that goodwill is not impaired as at November 30, 2014 and 2013.

The Company used a 13% discount rate for its assessment of goodwill. No growth was applied to the cash flows used to estimate the terminal value.

Useful lives of property, plant and equipment and intangible assets

As described in Note 3 above, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets with definite useful lives at the end of each year and assesses whether the useful lives of certain items should be shortened or extended, due to various factors including technology, competition and revised service offerings. During the year ended November 30, 2014 and 2013, the Company was not required to adjust the useful lives of any assets based on the factors described above.

Provisions

The Company makes assumptions and estimations based on its current knowledge of future disbursements it will have to make in connection with various events that have occurred in the past and for which the amount to be disbursed and the timing of such disbursement are uncertain at the date of producing its financial statements.

Revenue recognition for construction and renovation contracts

Restaurant construction and renovation revenue is recognized by reference to the stage of completion of the contract activity at the end of the reporting period. Management makes an estimate on the percentage of completion based on costs incurred to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

Valuation of financial instruments

The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Consolidation of special purpose entities

The Company is required to consolidate a small number of special purpose entities. In doing so, the Company must make assumptions with respect to some information that is either not readily available or that is not available within reporting time frames. As a result, assumptions and estimates are made to establish a value for the current assets, current and long-term liabilities and results of operations in general.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting the Company's obligations under the contract exceed the expected benefits to be received from the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of completing the contract.

Contingencies

The Company is involved in various litigations and disputes as a part of its business that could affect some of the Company's operating segments. Pending litigations represent potential losses to the business.

Management accrues potential losses if they believe the loss is probable and can be reasonably estimated, based on information that is available at the time. Any accrual would be charged to earnings and included in provisions. Any cash settlement would be deducted from cash from operating activities. Management estimate the amount of the losses by analyzing potential outcomes and assuming various litigation and settlement strategies.

Accounts receivable

The Company recognizes an allowance for doubtful accounts based on past experience, outlet-specific situation, counterparty's current financial situation and age of the receivables.

Trade receivables include amounts that are past due at the end of the reporting period and for which the Company has not recognized an allowance for doubtful accounts because there was no significant change in the credit quality of the counterparty and the amounts are therefore considered recoverable.

5. Accounting policy developments

The following standards issued by the IASB were adopted by the Company on December 1, 2013.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The Company has applied the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

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

5. Accounting policy developments (continued)

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity, the application of the amendments has had no impact on the disclosures or the amounts recognised in the Company's consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Company has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Company has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Company's consolidated financial statements.

6. Future accounting changes

A number of new standards, interpretations and amendments to existing standards were issued by the International Accounting Standard Board ("IASB") that are not yet effective for the period ended November 30, 2014, and have not been applied in preparing these consolidated financial statements.

The following standards may have a material impact on the consolidated financial statements of the Company:

Effective for annual periods beginning on or after:

IFRS 9 Financial Instruments	January 1, 2018	Early adoption permitted
IFRS 15 Revenue from contracts with customers	January 1, 2017	Early adoption permitted
Amendments to IAS 32 Financial Instruments: Presentation	January 1, 2014	Early adoption permitted

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

6. Future accounting changes (continued)

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase. The version of IFRS 9 issued in 2014 supersedes all previous versions; however, for a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before February 1, 2015. IFRS 9 does not replace the requirement for portfolio fair value hedge accounting for interest risk since this phase of the project was separated from IFRS project due to the longer term nature of the macro hedging project which is currently at the discussion paper phase of the due process Consequently, the exception in IAS 39 for fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply.

IFRS 15 replaces the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. This new standard sets out the requirements for recognizing and disclosing revenue that apply to all contracts with customers.

The Company is in the process of determining the extent of the impact of these standards on its consolidated financial statements.

7. Business acquisitions

I) 2014 acquisition

On July 21, 2014, a 90% owned subsidiary of the Company acquired the Canadian assets of Madisons New York Grill & Bar. The total consideration for the transaction was $12,925. The transaction was effective July 18, 2014. The purpose of the transaction was to diversify the Company's range of offering as well as to complement existing MTY brands.

	2014
	$
Consideration paid:	
Purchase price	12,925
Net obligations assumed	(284)
Net purchase price	12,641
Balance of sale (Note 18)	(1,250)
Net cash outflow	11,391

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

7. Business acquisitions (continued)

I) 2014 acquisition (continued)

	2014
	$
Sources of funds:	
Cash	2,700
Issuance of shares to non-controlling interest	300
Balance of sale (Note 18)	1,250
Line of credit (Note 15)	7,141
	11,391
The purchase price allocation is as follows:	
Net assets acquired:	
Assets	
Lease deposits	66
Franchise rights	6,846
Trademark	3,410
Goodwill [1]	2,895
	13,217
Current liabilities	
Gift card liability	350
Deferred income taxes	226
	576
Net purchase price	12,641

[1] The goodwill is deductible for tax purposes

Goodwill reflects how Madisons acquisition will impact the Company's ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

Total expenses incurred related to acquisition costs amounted to $nil.

The purchase price allocation is still preliminary as post-closing adjustments have not been finalized.

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

7. Business acquisitions (continued)

II) 2014 acquisition

On October 31, 2014, the Company acquires the assets of Café Depôt, Muffin Plus, Sushi-Man and Fabrika for a total consideration of $13,950. The purpose of the transaction was to further diversify the Company's range of offering.

	2014
	$
Consideration paid:	
Purchase price	13,950
Discount on non-interest bearing holdback	(75)
Net obligations assumed	(10)
Net purchase price	13,865
Holdbacks	(975)
Net cash outflow	12,890

The preliminary purchase price allocation is as follows:

	2014
	$
Net assets acquired:	
Current assets	
Cash	13
Accounts receivable	14
Inventories	77
Prepaid expense and deposits	116
	220
Property, plant and equipment	1,743
Franchise rights	3,717
Trademark	3,763
Goodwill (1)	5,127
	14,570
Current liabilities	
Accrued liabilities	418
Deferred revenues	122
	540
Deferred income taxes	165
	705
Net purchase price	13,865

(2) The goodwill is deductible for tax purposes

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

7. Business acquisitions (continued)

II) 2014 acquisition (continued)

Goodwill reflects how the acquisition will impact the Company's ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

Total expenses incurred related to acquisition costs amounted to $nil.

The purchase price allocation is still preliminary as post-closing adjustments have not been finalized.

III) 2014 acquisition

On November 7, 2014, the Company acquired the franchising operations of Van Houtte Café Bistros for a total consideration of $950. The purpose of the transaction was to further diversify the Company's range of offerings.

	2014
	$
Consideration paid	
Purchase price	950
Net obligations assumed	(153)
Net purchase price	797
Payable to vendor after closing	(185)
Net cash outflow	612

The purchase price allocation is as follows:

	2014
Assets	$
Accounts receivables	13
Inventories	1
	14
Property, plant and equipment	45
Franchise rights	518
Perpetual license	347
Goodwill [1]	50
	974
Gift cards	(19)
Accounts payable and accrued liabilities	(108)
Deferred Revenues	(27)
	(154)
Deferred taxes	(23)
Net purchase price	797

[1] The goodwill is deductible for tax purposes

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

7. Business acquisitions (continued)

III) 2014 acquisition (continued)

Goodwill reflects how the acquisition will impact the Company's ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

Total expenses incurred related to acquisition costs amounted to $nil.

The purchase price allocation is still preliminary as post-closing adjustments have not been finalized.

IV) 2013 acquisition

On September 30, 2013, the Company's wholly-owned subsidiary, MTY Tiki-Ming Enterprises Inc., acquired 80% of the shares of 9286-5591 Québec Inc. and subsequently used this entity to acquire all of the assets of 9199-0465 Québec Inc. and Alimentation ThaïZone Inc. The balance of the ownership remained with the seven founders of ThaïZone. The total consideration for MTY's 80% share in the business was $17,700 and was paid from MTY's cash on hand and available credit facilities (note 15). The acquisition was effective on September 30, 2013. The purpose of the acquisition was to diversify the Company's range of offering as well as to complement existing MTY brands.

	2013
	$
Consideration paid	
Purchase price	17,700
Discount on non-interest bearing holdback	(116)
	17,584
Net obligations assumed	(359)
Holdbacks	(1,664)
Net cash outflow	15,561

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

7. Business acquisitions (continued)

IV) 2013 acquisition (continued)

The purchase price allocation is as follows:

	2013
	$
Net assets acquired:	
Current assets	
Cash	100
Inventories	3
	103
Property, plant and equipment	4
Franchise rights	5,316
Step-in rights	1,199
Trademark	7,417
Goodwill (1)	8,558
	22,597
Current liabilities	
Accounts payable	35
Deferred revenues	65
	100
Deferred income taxes	488
	588
Non-controlling interest (2)	4,425
Net purchase price	17,584

(1) The goodwill is deductible for tax purposes.

(2) Represents 20% non-controlling ownership, measured at fair value.

Goodwill reflects how the ThaïZone acquisition will impact the Company’s ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

Included in the above-mentioned results are $nil in expensed acquisition-related costs.

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

7. Business acquisitions (continued)

V) 2013 acquisition

On September 24, 2013, the Company's wholly-owned subsidiary, MTY Tiki-Ming Enterprises Inc., acquired the assets of Extreme Pita, PurBlendz and Mucho Burrito ("Extreme Brandz") for a consideration of $45,000, paid from MTY's cash on hand. The transaction was effective September 24, 2013. The purpose of the acquisition was to diversify the Company's range of offering as well as to complement existing MTY brands.

	2013
	$ (restated)
Consideration paid	
Purchase price	45,000
Discount on non-interest bearing holdback	(364)
Net obligations assumed	(537)
Post-closing adjustments	528
Net purchase price	44,625
Holdbacks	(4,136)
Post-closing adjustments payable at year-end	(528)
Net cash outflow	39,963

The purchase price allocation is as follows:

	2013
	$ (restated)
Net assets acquired:	
Current assets	
Cash	300
Accounts receivable	68
Inventories	28
Income taxes receivable	33
Prepaid expense and deposits	165
	594
Property, plant and equipment	500
Franchise rights	11,499
Trademark	17,792
Goodwill (1) (2) (3)	17,547
	47,932

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

7. Business acquisitions (continued)

V) 2013 acquisition (continued)

	2013
	$ (restated)
Current liabilities	
Accounts payable	294
Deferred revenues	1,525
	1,819
Long-term debt [(2)]	67
Deferred income taxes [(2)]	1,421
	3,307
Net purchase price	44,625

(1) Of the total goodwill, only $12,130 is deductible for tax purposes.

Goodwill reflects how the Extreme Brandz acquisition will impact the Company's ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

(2) Following the finalization of the purchase price allocation, there was a measuring period adjustment resulting in a decrease in long-term debt of $487, a decrease in goodwill of $356 and an increase in deferred income tax liabilities of $131.

(3) As a result of post-closing adjustments, the net purchase price was increased by $207, which was allocated in goodwill.

Total expenses incurred related to acquisition costs amounted to $245 and are included in the Company's consolidated statement of income.

VI) 2013 acquisition

On May 31, 2013, the Company's wholly-owned subsidiary, MTY Tiki-Ming Enterprises Inc., acquired most of the assets of Gestion SushiGo – Sesame Inc., 9161- 9379 Quebec Inc. and 9201-0560 Quebec Inc. for a total consideration of $1,050. The acquisition was effective on June 1, 2013. The purpose of the acquisition was to diversify the Company's range of offering as well as to complement existing MTY brands.

	2013
	$
Consideration paid	
Purchase price	1,050
Holdback	(105)
Net cash outflow	945

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

7. Business acquisitions (continued)

VI) 2013 acquisition (continued)

The purchase price allocation is as follows:

	2013
	$
Net assets acquired:	
Assets	
Plant, property and equipment	500
Franchise rights	419
Goodwill [1]	131
Net purchase price	1,050

[1] The goodwill is deductible for tax purposes.

Goodwill reflects how the SushiGo acquisition will impact the Company's ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

Included in the above-mentioned results are $nil in expensed acquisition-related costs.

8. Accounts receivable

The following table provides details on trade accounts receivable not past due, past due and the related allowance for doubtful accounts:

	2014	2013
	$	$
Total accounts receivable	**20,292**	15,739
Less : Allowance for doubtful accounts	**4,305**	2,287
Total accounts receivable, net	**15,987**	13,452

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

8. Accounts receivable (continued)

Of which:

	2014	2013
	$	$
Not past due	**10,958**	8,245
Past due for more than one day but for no more than 30 days	**618**	1,917
Past due for more than 31 days but for no more than 60 days	**886**	633
Past due for more than 61 days	**3,525**	2,657
Total accounts receivable, net	**15,987**	13,452
Allowance for doubtful accounts beginning of year	**2,287**	1,168
Additions	**2,937**	1,449
Write-off	**(919)**	(330)
Allowance for doubtful accounts end of year	**4,305**	2,287

The Company has recognized an allowance for doubtful accounts based on past experience, outlet-specific situation, counterparty's current financial situation and age of the receivables.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period and for which the Company has not recognized an allowance for doubtful accounts because there was no significant change in the credit quality of the counterparty and the amounts are therefore considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have the legal right of offset against any amounts owed by the Company to the counterparty.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

9. Inventories

	2014	2013
	$	$
Raw materials	**803**	998
Work in progress	**—**	31
Finished goods	**763**	—
Total inventories	**1,566**	1,029

Inventories are presented net of a $13 allowance for obsolescence ($7 as at November 30, 2013). All of the inventories are expected to be sold within the next twelve months.

Inventories expensed during the year ended November 30, 2014 was $24,965 (2013 – $21,987).

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

10. Loans receivable

The loans receivable generally result from the sales of franchises and of various advances to certain franchisees and consist of the following:

	2014	2013
	$	$
Loans receivable, carrying no interest and without terms of repayment	**15**	16
Loans receivable bearing interest between nil and 11% per annum, receivable in monthly instalments of $24 in aggregate, including principal and interest, ending in October 2018	**671**	962
	686	978
Current portion	**(181)**	(400)
	505	578

The capital repayments in subsequent years will be:

	$
2015	181
2016	269
2017	145
2018	51
2019	10
Thereafter	30
	686

11. Investment in subsidiary held-for-sale

In September, 2013, the Company put their 51% investment in 7687567 Canada Inc. (Aliment Flavio), a food processing plant in Saint-Romuald, Quebec, up for sale.

In July 2014, the Company acquired the interest of one of the minority shareholders for $300 in order to facilitate a restructuring of the plant's operations. Following this transaction, the Company owns 91% of the shares of 7687567 Canada Inc.

The value of the investment in subsidiary held-for-sale reported in the consolidated statements of financial position is equal to 7687567 Canada Inc.'s net carrying value of assets less liabilities plus the value of a loan from the Company to 7687567 Canada Inc. No gains or losses were recognized in the Company's profit or loss. This investment represents a segment of the Company.

As at November 30, 2014, total assets and total liabilities for the investment were $5,447 and $3,756 respectively.

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

12. Property, plant and equipment

Cost	Land	Buildings	Leasehold improve-ments	Equipment	Computer hardware	Rolling stock	Total
	$	$	$	$	$	$	$
Balance at November 30, 2012	1,975	3,835	2,416	3,609	540	40	12,415
Additions	—	37	300	432	69	—	838
Disposals	(150)	(287)	(266)	(186)	—	(10)	(899)
Reclass of investment in a subsidiary now held-for-sale	(690)	(1,309)	—	(1,843)	(13)	—	(3,855)
Impairment reversal	—	—	24	40	—	—	64
Additions through business combinations	—	—	705	297	2	—	1,004
Balance at November 30, 2013	1,135	2,276	3,179	2,349	598	30	9,567
Additions	**—**	**22**	**211**	**171**	**18**	**42**	**464**
Disposals	**—**	**—**	**(914)**	**(672)**	**(18)**	**—**	**(1,604)**
Additions through business combinations	**—**	**—**	**782**	**1,006**	**—**	**—**	**1,788**
Balance at November 30, 2014	**1,135**	**2,298**	**3,258**	**2,854**	**598**	**72**	**10,215**

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

12. Property, plant and equipment (continued)

Accumulated depreciation	Land	Buildings	Leasehold improve-ments	Equipment	Computer hardware	Rolling stock	Total
	$	$	$	$	$	$	$
Balance at November 30, 2012	—	345	1,358	993	304	33	3,033
Eliminated on disposal of assets	—	(41)	(73)	(53)	—	(9)	(176)
Reclass of investment in a subsidiary now held-for-sale	—	(203)	—	(404)	(4)	—	(611)
Depreciation expense	—	135	428	443	98	4	1,108
Balance at November 30, 2013	—	236	1,713	979	398	28	3,354
Eliminated on disposal of assets	**—**	**—**	**(485)**	**(247)**	**(18)**	**—**	**(750)**
Depreciation expense	**—**	**81**	**423**	**302**	**60**	**3**	**869**
Balance at November 30, 2014	**—**	**317**	**1,651**	**1,034**	**440**	**31**	**3,474**

Carrying amounts	Land	Buildings	Leasehold improve-ments	Equipment	Computer hardware	Rolling stock	Total
	$	$	$	$	$	$	$
November 30, 2013	1,135	2,040	1,466	1,370	200	2	6,213
November 30, 2014	**1,135**	**1,981**	**1,607**	**1,820**	**158**	**41**	**6,741**

Land, buildings and equipment with a carrying amount of $Nil as at November 30, 2014 (Nil as at November 30, 2013) have been pledged as security to secure borrowings of the Company’s food processing division. The assets are grouped with the investment in subsidiary held-for-sale.

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

13. Intangible assets

Cost	Franchise and master franchise rights(1)	Trademarks	Step-in rights	Leases	Other	Total
	$	$	$	$	$	$
Balance at November 30, 2012	41,174	33,033	—	1,000	290	75,497
Additions	15	—	—	—	331	346
Disposals	—	—	—	—	(272)	(272)
Acquisition through business combinations	17,234	25,209	1,199	—	—	43,642
Balance at November 30, 2013	58,423	58,242	1,199	1,000	349	119,213
Additions	**215**	**25**	**—**	**—**	**7**	**247**
Impairment	**—**	**(2,356)**	**—**	**—**	**—**	**(2,356)**
Acquisition through business combinations	**11,080**	**7,173**	**—**	**—**	**347**	**18,600**
Balance at November 30, 2014	**69,718**	**63,084**	**1,199**	**1,000**	**703**	**135,704**

Accumulated amortization	Franchise and master franchise rights(1)	Trademarks	Step-in rights	Leases	Other	Total
	$	$	$	$	$	$
Balance at November 30, 2012	17,278	—	—	733	273	18,284
Amortization	4,064	—	20	107	32	4,223
Disposals	—	—	—	—	(272)	(272)
Balance at November 30, 2013	21,342	—	20	840	33	22,235
Amortization	**5,704**	**—**	**120**	**83**	**78**	**5,985**
Balance at November 30, 2014	**27,046**	**—**	**140**	**923**	**111**	**28,220**

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

13. Intangible assets (continued)

Carrying amounts	Franchise and master franchise rights(1)	Trademarks	Step-in rights	Leases	Other	Total
	$	$	$	$	$	$
November 30, 2013	37,081	58,242	1,179	160	316	96,978
November 30, 2014	**42,672**	**63,084**	**1,059**	**77**	**592**	**107,484**

(1) Franchise and master franchise rights include an amount of $1,500 ($1,500 as at November 30, 2013) of unamortizable master franchise right. The master franchise right has no specific terms and is valid for as long as the Company does not default on the agreement.

During the year, as the result of a decline in the financial performance of the Country Style franchise network, the Company carried out a review of the recoverable amounts of the intangible assets related to that brand. The review led to the recognition of an impairment loss of $2,356, which has been recognised in the consolidated statement of income. The Company also estimated the fair value less costs of disposal of the assets, which are based on the observation of recent transactions for similar assets. The fair value less costs of disposal is less than the value in use and hence the recoverable amount of the relevant assets has been determined on the basis of their value in use, which amounted to $2,968 as at November 30, 2014. No impairment charges were recognized in 2013 as the value in use exceeded the book value of the CGU's assets.

Indefinite life intangibles, which consist of trademarks, master franchise rights and perpetual licenses have been allocated for impairment testing purposes to the following cash generating units:

	2014	2013
	$	$
Taco Time	**1,500**	1,500
La Crémière	**9**	9
Croissant Plus	**125**	125
Cultures	**500**	500
Thai Express	**145**	145
Mrs Vanelli's	**2,700**	2,700
Sushi Shop	**1,600**	1,600
Tutti Frutti	**1,100**	1,100
Koya	**1,253**	1,253
Country Style	**1,740**	4,096
Valentine	**3,338**	3,338
Jugo Juice	**5,425**	5,425
Mr. Sub	**11,307**	11,307
Koryo	**1,135**	1,135
Mr. Souvlaki	**300**	300
Extreme Pita	**8,001**	7,976
Mucho Burrito	**9,816**	9,816
ThaïZone	**7,417**	7,417

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

13. Intangible assets (continued)

	2014	2013
	$	$
Madisons New York Grill & Bar	**3,410**	—
Café Dépôt	**2,959**	—
Muffin Plus	**371**	—
Sushi-Man	**434**	—
Van Houtte	**347**	—
	64,931	59,742

14. Goodwill

The changes in the carrying amount of goodwill are as follows:

	2014	2013
	$	$ (restated)
Balance, beginning of year	**46,095**	20,266
Additional amounts recognized from business acquisitions (Note 7)	**8,279**	26,029
Reclassification of investment in subsidiary held for sale [(1)]	**—**	(200)
Balance, end of year	**54,374**	46,095

(1) Goodwill of $200 was removed in the fourth quarter of 2013 as the Company's investment in the food processing plant was reclassified as an investment in subsidiary held-for-sale.

Goodwill was not allocated to individual CGUs; the Company has determined that the valuation of goodwill cannot be done at the CGU level, since the strength of the network comes from grouping the many banners from which the goodwill arose from. As a result, goodwill is tested as a whole, at the franchising operating segment level.

15. Credit facilities

As at November 30, 2014, the Company has access to an authorized revolving credit facility of $30,000 and a treasury risk facility of $1,000. One of the Company's subsidiaries also has access to a $10,000 credit facility under the same terms and conditions. Bank indebtedness's are secured by a moveable hypothec on all the assets of the Company.

The revolving credit facility bears interest at the bank's prime rate for advances in C$ (or the bank's U.S. base rate for advance in US$) plus a margin not exceeding 0.5% established based on the Company's funded debt/EBITDA ratio. As at November 30, 2014, the bank's prime rate was 3.00%.

The treasury risk facility bears interest at the market rate as determined by the lender's treasury department.

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

15. Credit facilities (continued)

Under the terms of the credit facilities, the Company must satisfy a funded debt to EBITDA ratio of 2 to 1 and a minimum interest coverage ratio of 4.5 to 1. The credit facility is payable on demand and is renewable annually. As at November 30, 2014, $11,750 was drawn from the facilities in the form of banker's acceptance, with maturity dates ranging from December 2014 and January 2015. The Company is in compliance with the facility's covenants.

16. Provisions

Included in provisions are the following amounts:

	2014	2013
	$	$
Litigations and disputes	**546**	420
Closed stores	**768**	306
	1,314	726
Gift card liabilities/loyalty programs liabilities	**1,739**	1,065
Total	**3,053**	1,791

The provision for litigation and disputes represent management's best estimate of the outcome of litigations and disputes that are on-going at the date of the statement of financial position. This provision is made of multiple items; the timing of the settlement of this provision is unknown given its nature, as the Company does not control the litigation timelines.

The payables related to closed stores mainly represent amounts that are expected to be disbursed to exit leases of underperforming or closed stores. The negotiations with the various stakeholders are typically short in duration and are expected to be settled within a few months following the recognition of the provision.

In the litigation and disputes and closed store provisions above, $239 (2013 – $465) was unused and reversed into income. The amounts used in the year include $657 (2013 – $946) of the provisions for disputes and closed stores; this amount was used for the settlement of litigation and for the termination of the leases of closed stores.

Additions during the year include $1,484 (2013 – $781) to the litigation and closed stores provisions. The provisions were increased to reflect new information available to management.

The gift card and loyalty programs liabilities are the estimated value in gift cards and points outstanding at the date of the statement of financial position. The timing of the reversal of this provision is dependent on customer behaviour and therefore outside of the Company's control.

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

17. Deferred revenue and deposits

	2014	2013
	$	$
Franchise fee deposits	**2,388**	2,570
Supplier contributions and other allowances	**1,321**	1,085
	3,709	3,655
Current portion	**(3,709)**	(3,655)
	—	—

18. Long-term debt

	2014	2013
	$	$ (restated)
Non-interest bearing holdbacks on acquisition of Valentine, repayable January 2014.	**—**	364
Non-interest bearing holdbacks on acquisition of Jugo Juice, repayable August 2014.	**—**	129
Non-interest bearing holdbacks on acquisition of Mr. Souvlaki, repayable September 2015	**88**	165
Non-interest bearing holdbacks on acquisition of SushiGo, repayable December 2014	**—**	105
Non-interest bearing holdbacks on acquisition of Extreme Brandz, repayable between December 2014 and March 2016.	**4,347**	4,167
Non-interest bearing holdbacks on acquisition of ThaïZone, repayable between March 2015 and September 2015.	**1,156**	1,677
Non-interest bearing contract cancellation fees, payable in US dollars based on the performance of certain stores	**96**	75
Non-interest bearing holdbacks on acquisition of Café Dépôt, repayable between July 2015 and October 2016.	**974**	—
Balance of sale on acquisition of Madisons, bearing interest at 7.00%, repayable in quarterly capital payments of $62 and expiring in July 2019	**1,188**	—
	7,849	6,682
Current portion	**(4,035)**	(2,703)
	3,814	3,979

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

19. Capital stock

Authorized, unlimited number of common shares without nominal or par value

	2014		2013	
	Number	**Amount**	Number	Amount
		$		$
Balance at beginning and end of year	**19,120,567**	**19,792**	19,120,567	19,792

20. Stock options

Under various plans, the Company may grant stock options on the common shares at the discretion of the Board of Directors, to senior executives, directors and certain key employees. Of the 3,000,000 common shares initially reserved for issuance, 699,500 were available for issuance under the share option plan as at November 30, 2014 and 2013. There are no options outstanding as at November 30, 2014 and 2013.

21. Earnings per share

The following table provides the weighted average number of common shares used in the calculation of basic earnings per share and that used for the purpose of diluted earnings per share:

	2014	2013
Weighted daily average number of common shares	**19,120,567**	19,120,567

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

22. Financial instruments

In the normal course of business, the Company uses various financial instruments which by their nature involve risk, including market risk and the credit risk of non-performance by counterparties. These financial instruments are subject to normal credit standards, financial controls, risk management as well as monitoring procedures.

Fair value of recognized financial instruments

Following is a table which sets out the fair values of recognized financial instruments using the valuation methods and assumptions described below:

	2014		2013	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
			(restated)	(restated)
Financial assets				
Cash	**6,589**	**6,589**	6,136	6,136
Accounts receivable	**15,987**	**15,987**	13,452	13,452
Loans receivable	**686**	**686**	978	978
Financial liabilities				
Line of credit	**11,750**	**11,750**	12,000	12,000
Accounts payable and accrued liabilities	**13,214**	**13,214**	11,903	11,903
Long-term debt	**7,849**	**7,849**	6,682	6,682

Determination of fair value

The following methods and assumptions were used to estimate the fair values of each class of financial instruments:

Cash, accounts receivable, accounts payable and accrued liabilities – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Loans receivable – The loans receivable generally bear interest at market rates and therefore it is management's opinion that the carrying value approximates the fair value.

Long-term debt – The fair value of long-term debt is determined using the present value of future cash flows under current financing agreements based on the Company's current estimated borrowing rate for a similar debt.

Risk management policies

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2014.

22. Financial instruments (continued)

Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the consolidated statement of financial position are net of allowances for bad debts, estimated by the Company's management based on prior experience and their assessment of the current economic environment. The Company believes that the credit risk of accounts receivable is limited for the following reasons:

- Other than receivables from international locations, the Company's broad client base is spread mostly across Canada, which limits the concentration of credit risk.
- The Company accounts for a specific bad debt provision when management considers that the expected recovery is less than the actual account receivable.

The credit risk on cash is limited because the Company invests its excess liquidity in high quality financial instruments and with credit-worthy counterparties.

The credit risk on the loans receivable is similar to that of accounts receivable. There is currently an allowance for doubtful accounts recorded for loans receivable of $9 (2013 - $133).

Foreign exchange risk

Foreign exchange risk is the Company's exposure to decreases or increases in financial instrument values caused by fluctuations in exchange rates. The Company is mainly exposed to foreign exchange risk on its purchase of coffee. The Company has entered into contracts to minimize its exposure to fluctuations in foreign currencies related to the purchase of coffee. As of November 30, 2014, the total value of such contracts was approximately $12 (2013 – $Nil).

In addition, the Company concludes sales denominated in foreign currencies. The Company's foreign operations use the U.S. dollar as functional currency. The Company's exposure to foreign exchange risk stems mainly from cash, other working capital items and the financial obligations of its foreign operations.

Other than the above-mentioned foreign transactions, the Company has minimal exposure to the US$ and is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in the currency. The Company considers this risk to be relatively limited.

As of November 30, 2014, the Company carried US$ cash of CAD$1,766, net accounts receivable of CAD$945 and net accounts payable of CAD$836 (CAD$887, CAD$437 and CAD$342 in 2013). All other factors being equal, a reasonable possible 1% rise in foreign currency exchange rates per Canadian dollar would result in a change on profit or loss and net comprehensive income of $18 Canadian dollars.

Interest rate risk

The Company is exposed to interest rate risk with its revolving credit facility and treasury risk facility. Both facilities bear interest at a variable rate and as such the interest burden could potentially become more important. $11,750 of the credit facility was used as at November 30, 2014. A 100 basis points increase in the bank's prime rate would result in additional interest of $118 per annum on the outstanding credit facility. The Company limits this risk by using short-term banker's acceptance from the credit facility.

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

22. Financial instruments (continued)

Liquidity risk

The Company actively maintains credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost.

The following are the contractual maturities of financial liabilities as at November 30, 2014:

	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	thereafter
	$	$	$	$	$	$
Line of credit	11,750	11,750	11,750	—	—	—
Accounts payable and accrued liabilities	13,214	13,214	13,214	—	—	—
Long-term debt	7,849	8,595	2,232	1,870	3,268	1,225
Interest on long-term debt	n/a	201	39	36	58	68
	32,813	33,760	27,235	1,906	3,326	1,293

23. Capital disclosures

The Company's objectives when managing capital are:

(a) To safeguard the Company's ability to obtain financing should the need arise;

(b) To provide an adequate return to its shareholders;

(c) To maintain financial flexibility in order to have access to capital in the event of future acquisitions.

The Company defines its capital as follows:

(a) Shareholders' equity;

(b) Long-term debt including the current portion;

(c) Deferred revenue including the current portion;

(d) Cash

The Company's financial strategy is designed and formulated to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Company may invest in longer or shorter-term investments depending on eventual liquidity requirements.

The Company monitors capital on the basis of the debt-to-equity ratio. The debt-to-equity ratios at November 30, 2014 and 2013 were as follows:

	2014	2013
	$	$ (restated)
Debt	**46,442**	41,879
Equity	**149,693**	130,809
Debt-to-equity ratio	**0.31**	0.32

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

23. Capital disclosures (continued)

During the year ended November 30, 2014, the Company's debt-to-equity ratio decreased slightly as operating cash flows exceeded amounts disbursed for acquisitions and dividends. Maintaining a low debt to equity ratio is a priority in order to preserve the Company's ability to secure financing at a reasonable cost for future acquisitions.

As at November 30, 2014, the Company does not have any debt outstanding that is subject to its consolidated debt to equity ratio.

24. Revenues

The Company's revenues include:

	2014	2013
	$	$
Royalties	**45,565**	36,496
Initial franchise fees	**3,633**	3,466
Rent	**4,698**	5,381
Sale of goods, including construction revenues	**38,605**	36,481
Other franchising revenue	**19,454**	15,586
Other	**3,222**	3,950
	115,177	101,360

25. Operating expenses

Operating expenses are broken down as follows:

	2014	2013
	$	$
Cost of goods sold and rent	**41,888**	35,039
Wages and benefits	**18,244**	13,728
Consulting and professional fees	**3,855**	3,397
Royalties	**949**	1,321
Other (1)	**7,582**	8,640
	72,518	62,125

(1) Other operating expenses are comprised mainly of rental assistance, travel & promotional costs, bad debt expense and other office administration expenses

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

26. Operating lease arrangements

Operating leases as lessee relate to leases of premises in relation to the Company's operations. Leases typically have terms ranging between 5 and 10 years at inception. The Company does not have options to purchase the premises on any of its operating leases.

The Company has entered into various long term leases and has sub leased substantially all of the premises based on the same terms and conditions as the original lease to unrelated franchisees. The minimum rentals, exclusive of occupancy and escalation charges, and additional rent paid on a percentage of sales basis, payable under the leases are as follows:

	Lease commitments	Sub-leases	Net commitments
	$	$	$
2015	66,983	62,835	4,148
2016	64,196	60,172	4,024
2017	57,792	54,445	3,347
2018	50,880	48,312	2,568
2019	44,197	42,150	2,047
Thereafter	105,063	98,461	6,602
	389,111	366,375	22,736

Payments recognized as a net expense during the year ended November 30, 2014 amount to $8,739 (2013 – $7,643).

Operating leases as lessor relate to the properties leased or owned by the Company, with lease terms ranging between 5 to 10 years. Some have options to extend the duration of the agreements, for periods ranging between 1 and 15 years. None of the agreements contain clauses that would enable the lessee or sub-lessee to acquire the property.

During the year ended November 30, 2014, the Company earned rental revenue of $4,698 (2013 – $5,381).

The Company has recognized a liability of $768 (2013 – $306) for the leases of premises in which it no longer has operations but retains the obligations contained in the lease agreement (Note 16).

27. Commitments

The Company has entered into supplier agreements for purchases of coffee beans, wheat, sugar and shortening for delivery dates ranging from December 2014 to February 2015. The total commitment amounts to approximately $147 (2013 – $544).

The Company has entered into contracts to minimize its exposure to fluctuation in foreign currency related to the purchase of coffee. The total commitment amounts to approximately $844 (2013 – nil).

28. Guarantee

The Company has provided a guarantee in the form of a letter of credit for an amount of $45 (2013 – $45).

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

29. Contingent liabilities

The Company is involved in legal claims associated with its current business activities. The Company's estimate of the outcome of these claims is disclosed in Note 16. The timing of the outflows, if any, is out of the control of the Company and is as a result undetermined at the moment.

30. Income taxes

Variations of income tax expense from the basic Canadian Federal and Provincial combined tax rates applicable to income from operations before income taxes are as follows:

	2014		2013	
	$	**%**	$	%
Combined income tax rate	**9,150**	**26.5**	9,189	26.6
Add effect of:				
Disposition of capital property	**(156)**	**(0.5)**	(42)	(0.1)
Non-deductible items	**23**	**0.1**	59	0.2
Losses in a subsidiaries for which no deferred income tax asset was recorded	**—**	**—**	55	0.1
Non-deductible investment losses	**99**	**0.3**	20	0.1
Failure to file – additional credit	**—**	**—**	(76)	(0.2)
Adjustment to prior year provisions	**(6)**	**(0.0)**	(271)	(0.8)
Other – net	**13**	**0.0**	15	0.0
Provision for income taxes	**9,123**	**26.4**	8,949	25.9

The statutory tax rate has decreased in 2014 as a result of a change in the provincial allocation of the Company's taxable income.

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

30. Income taxes (continued)

The variation in deferred income taxes during the year were as follows:

	November 30, 2013	**Recognized in profit or loss**	**Acquisition**	**November 30, 2014**
	$	**$**	**$**	**$**
	(restated)			
Net deferred tax assets (liabilities) in relation to:				
Property, plant and equipment	140	**(36)**	**—**	**104**
Provisions	720	**196**	**—**	**916**
Long-term debt	(255)	**74**	**(20)**	**(201)**
Non-capital losses	39	**(10)**	**—**	**29**
Intangible assets	(6,078)	**(527)**	**(394)**	**(6,999)**
	(5,434)	**(303)**	**(414)**	**(6,151)**

As at November 30, 2014 there were approximately $6,706 (2013 – $6,706) of capital losses which may be applied against capital gains for future years and be carried forward indefinitely. The deferred income tax benefit of these capital losses has not been recognized.

As at November 30, 2014, there were approximately $nil (2013 – $nil) in non-capital losses accumulated in one of the Company's subsidiaries for which no deferred income tax asset was recognized.

The deductible temporary difference in relation to an investment in a subsidiary for which a deferred tax asset has not been recognized amounts to $nil (2013 – $nil).

31. Segmented information

The Company's activities are comprised of Franchise operations, Corporate store operations, Distribution operations and Food processing operations. Operating segments were established based on the differences in the types of products or services offered by each division.

The products and services offered by each segment are as follows:

Franchising operations

The franchising business mainly generates revenues from royalties, supplier contributions, franchise fees, rent and the construction and renovation of restaurants.

Corporate store operations

Corporate stores generate revenues from the direct sale of prepared food to customers.

Distribution operations

The distribution operations generate revenues by distributing raw materials to restaurants of our Valentine and Franx banners.

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

31. Segmented information (continued)

Food processing operations

The Food processing plant generates revenues from the sale of ingredients and prepared food to restaurant chains, distributors and retailers. In the last quarter of 2014, the food processing investment in subsidiary was reclassified as an investment in subsidiary held-for-sale.

Below is a summary of each segment's performance during the years.

For the year ended November 30, 2014:

						2014
	Franchising	Corporate	Distribution	Processing(1)	Inter-company	Total
	$	$	$	$	$	$
Operating revenues	89,962	12,062	6,023	8,487	(1,357)	115,177
Operating expenses	47,092	12,461	5,470	8,851	(1,357)	72,518
	42,870	(399)	553	(364)	—	42,659
Other expenses						
Depreciation – property, plant and equipment	495	372	2	—	—	869
Amortization – intangible assets	5,985	—	—	—	—	5,985
Interest on long-term debt	278	—	—	144	—	422
Other income						
Foreign exchange gain (loss)	142	—	—	(36)	—	106
Interest income	118	—	—	—	—	118
Gain on redemption of preferred shares	—	—	—	100	—	100
Impairment (charges) reversals	(2,356)	—	—	—	—	(2,356)
Gain on disposal of property, plant and equipment	1,179	—	—	—	—	1,179
Operating income	35,195	(771)	551	(444)	—	34,530
Current income taxes	8,879	(207)	148	—	—	8,820
Deferred income taxes	303	—	—	—	—	303
Net income	26,013	(564)	403	(444)	—	25,407
Total assets	189,738	4,338	929	1,691	(561)	196,135
Total liabilities	46,048	701	254	—	(561)	46,442

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

31. Segmented information (continued)

For the year ended November 30, 2013:

						2013 (restated)
	Franchising	Corporate	Distribution	Processing[1]	Inter-company	Total
	$	$	$	$	$	$
Operating revenues	74,131	11,850	6,215	10,019	(855)	101,360
Operating expenses	36,223	11,024	5,665	10,068	(855)	62,125
	37,908	826	550	(49)	—	39,235
Other expenses						
Depreciation – property, plant and equipment	439	511	1	157	—	1,108
Amortization – intangible assets	4,223	—	—	—	—	4,223
Interest on long-term debt	176	—	—	115	—	291
Other income						
Foreign exchange gain (loss)	57	—	—	(4)	—	53
Interest income	486	—	—	1	—	487
Impairment reversal on property, plant and equipment	—	64	—	—	—	64
Gain on disposal of property, plant and equipment	317	—	—	—	—	317
Investment income	76	—	—	—	—	76
Operating income	34,006	379	549	(324)	—	34,610
Current income taxes	7,464	102	147	—	—	7,713
Deferred income taxes	1,236	—	—	—	—	1,236
Net income	25,306	277	402	(324)	—	25,661
Total assets	168,496	2,981	1,079	1,377	(1,245)	172,688
Total liabilities	41,012	725	347	—	(205)	41,879

(1) The assets and liabilities of the food processing plant are classified as Investment in subsidiary held for sale.

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

32. Statement of cash flows

Net changes in non-cash working capital balances relating to continuing operations are as follows:

	2014	2013
	$	$
Accounts receivable	**(2,508)**	(991)
Inventories	**(459)**	(301)
Loans receivable	**292**	106
Prepaid expenses and deposits	**(405)**	(155)
Accounts payable and accrued liabilities	**250**	(1,041)
Provisions	**1,243**	(475)
	(1,587)	(2,857)

33. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Company and other related parties are disclosed below.

Compensation of key management personnel

The remuneration of key management personnel and directors during the years was as follows:

	2014	2013
	$	$
Short-term benefits	**809**	812
Board member fees	**40**	38
Total remuneration of key management personnel	**849**	850

Key management personnel is composed of the Company's CEO, COO and CFO. The remuneration of directors and key executives is determined by the Board of directors having regard to the performance of individuals and market trends.

Given its widely held share base, the Company does not have an ultimate controlling party; its most important shareholder is its CEO, who controls 26% of the outstanding shares.

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

33. Related party transactions (continued)

The Company also pays employment benefits to individuals related to members of the key management personnel described above. Their total remuneration was as follows:

	2014	2013
	$	$
Short-term benefits	538	402
Total remuneration of individuals related to key management personnel	538	402

A corporation owned by individuals related to key management personnel has non-controlling participation in two of the Company's subsidiaries. During the year ended November 30, 2014, dividends of $nil (2013 – $27) were paid by those subsidiaries to the above-mentioned company.

34. Subsequent Events

On December 18, 2014, the Company finalized the acquisition of the North American assets of Manchu Wok, Wasabi Grill & Noodle and SenseAsian for a total consideration of $7,900.