2014
WINPAK
ANNUAL REPORT

REPORT TO SHAREHOLDERS

Winpak's $71.9 million revenue growth, year-over-year, boasts yet another milestone in the Corporation's record-breaking history. This accomplishment elevated 2014 sales to $786.8 million, or 10.1 percent greater than the amount realized in 2013. Such an impressive dollar sales growth was in close tandem with volume levels, which logged in at 9.9 percent. Positive sales results were reflected in the Company's profit standings, with net income attributable to equity holders reaching $78.4 million, or $1.21 per share and 9.8 percent greater than the prior year's achievement. This performance was an all-time high point for the Corporation's net income.

The Company's Ontario and Illinois rigid-based facilities continue to see opportunities abound for high-barrier materials of the specialty type being offered at Winpak. To keep pace with this market push, the firm added another production line in 2014 to its Toronto, Ontario plant. Furthermore, an additional line was installed in the current year at its Sauk Village, Illinois site and two new lines are slated for this facility in 2015. With exciting sales developments surpassing original projections, plans are being considered to add a 350,000 square foot extension to the building in Sauk Village, Illinois. In anticipation of augmented capacity and a building expansion, Winpak's rigid group is assured to not only meet its forecasted contribution to growth, but go well beyond.

State-of-the-art capacity additions and product innovations have significantly boosted the success of Winpak's lidding business in 2014. The unique coextrusion coating line that was production-ready at the Vaudreuil, Quebec site in 2014 will be a principal player in the Company's growth aspirations going forward. Winpak's expertise in foil technology, that to date has primarily catered to the die-cut lidding market, is currently gaining traction in other broader based food applications, as well as generating interest in the healthcare field. With the recent 104,000 square foot expansion in Vaudreuil and the combined output from the Pekin, Illinois and Querétaro, Mexico satellite locations, the firm's lidding business has sufficient production to satisfy its piece of the puzzle necessary for the Corporation to attain its future sales and earnings commitments.

The new coextrusion coating line that was installed at the Winnipeg, Manitoba modified atmosphere packaging location realized its first full year of production in 2014 and afforded the Company the advantage of participating in specific segments of the food industry, where it had previously not been a major factor. This extra capacity was most timely, as it mitigated customer pressure for certain items in this facility's product line-up. It did not, however, fulfill the critical demand for the firm's more traditional coextrusion materials. This will be rectified with the installation of yet another massive multi-layer cast coextrusion line that is on order and scheduled to come on stream in early 2016. The growing urgency in the marketplace for Winpak's modified atmosphere packaging materials and the supplementary capacity scheduled for 2016 will guarantee this operating unit is in a good position to meet its long-term financial projections.

The organization's Senoia, Georgia-based specialty films group is constantly intensifying efforts to capitalize on market opportunities for its shrink bag product offerings. As well, it continues to promote its proprietary materials to enlist potential customers for the liquid packaging and other specific end-use applications. The exceptional quality of the Company's shrink bag line-up consistently receives rave reviews, as is evidenced by the ever growing client portfolio for this product. To keep up with this demand, an additional shrink bag production line will be installed in 2015. With respect to the liquid packaging field, the barrier properties of flexible material is garnering favor over the use of glass jars and tin cans as the item of choice. Here too, the firm has invested in additional capacity to respond to current market trends.

In 2014, Winpak's machinery operation registered yet another impressive year in both sales and profitability. The Corporation's undertaking to tie machinery sales to rigid and flexible materials being produced by the Winpak group of companies continues to show great promise. To further complement this coordinated system sales campaign, a packaging lab was constructed at the San Bernardino, California-based facility, housing equipment that enables customers to actually test package its products at this site. Such an innovative approach has been applauded by those accounts taking advantage of this feature and is encouraging future prospects. Said arrangement also allows a customer to benefit from a unique supplier who can doubly extend ongoing technical and service support to its equipment and consumable packaging items. This practice is developing and ensuring customer loyalty and promises to foster sales and profits necessary to reach the Corporation's designated targets.

Winpak's enterprising venture with Sojitz Corporation of Japan, dating back to 1998 for the manufacture of biaxially-oriented nylon films, has experienced some peaks and valleys during that time frame. The year 2014 was definitely one of the more favorable years, as this operation came close to selling out its entire capacity. This was due, in large part, to the superior quality of the product being manufactured, the narrowing gap between worldwide supply and demand, and Winpak's ability to source materials in greater volumes as a component of its own raw material needs. These factors will permit this operation to focus more diligently on weeding out less lucrative business and, hence, maximize profits.

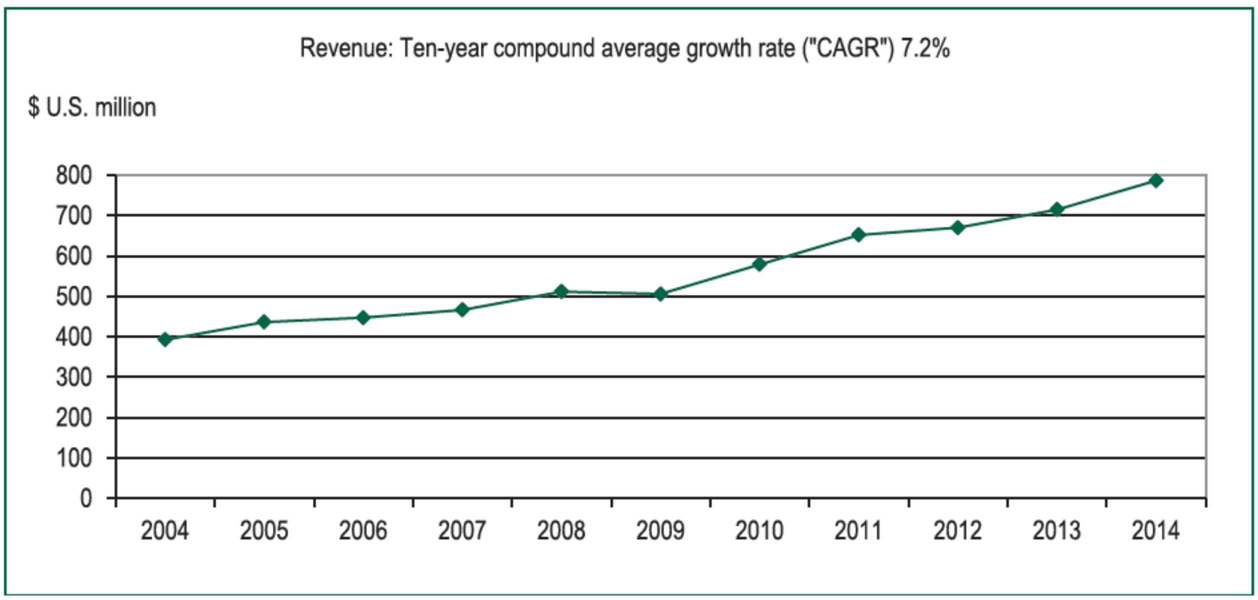
With the building expansions and state-of-the-art capacity that has been added in recent years, in concert with the extra lines slated to start up in 2015, all of Winpak's product groups are strategically poised to attain the BDC (Billion Dollar Commitment) by year 2016. The realization of this goal is further enhanced by the fact that the North American requirements for high-quality, convenience foods, continue to burgeon at a rapid rate. Such markets will partner well with the rigid/flexible materials and packaging machinery being manufactured at Winpak's ten production sites in Canada, the United States and Mexico. Couple this with the dedication, determination and enthusiasm of the over 2,000 Winpakers that make up the Winpak family and the result is a proven formula for ongoing success.

B.J. Berry
President & Chief Executive Officer
Winnipeg, Canada
February 25, 2015

REVIEW

(Values expressed in US dollars)

	2014	2013	2012 (1)	2011	2010
Operating results ($ million except earnings per share)					
Revenue	**786.8**	714.9	670.1	652.1	579.4
Income from operations	**115.1**	104.8	103.2	95.0	79.0
EBITDA (2)	**145.6**	131.5	129.4	122.6	105.0
Net income attributable to equity holders of the Company	**78.4**	71.4	71.3	63.8	55.3
Earnings per share (cents)	**121**	110	110	98	85
Investments and assets ($ million)					
Investments in property, plant and equipment	**48.1**	51.2	68.4	48.9	39.0
Total assets	**734.3**	713.2	634.6	567.6	507.7
Financial position					
Total debt to equity attributable to equity holders of the Company (3)	**0.0%**	0.0%	0.0%	0.0%	0.0%
Net return on opening equity attributable to equity holders of the Company	**13.6%**	14.3%	16.3%	16.3%	16.1%
Return on opening invested capital (4)	**24.2%**	25.1%	28.9%	27.1%	23.8%



(1) Amounts have been restated to reflect the retrospective impact of amended IAS 19 "Employee Benefits", which included an increase in net finance expense due to the reduction in the expected return on defined benefit pension plan assets and an increase in general and administrative expenses following the reclassification of certain plan administration costs.

(2) EBITDA (income before interest, tax, depreciation and amortization) is not a recognized measure under International Financial Reporting Standards (IFRS). Management believes that in addition to net income attributable to equity holders of the Company, EBITDA is a useful supplemental measure as it provides investors with an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors should be cautioned, however, that EBITDA should not be construed as an alternative to net income attributable to equity holders of the Company determined in accordance with IFRS as an indicator of the Company's performance. The Company's method of calculating EBITDA may differ from other companies and, accordingly, EBITDA may not be comparable to measures used by other companies.

(3) Total debt is defined as long-term debt plus bank overdrafts less cash and cash equivalents. From 2010 to 2014, the year-end cash and cash equivalents exceeded long-term debt plus bank overdrafts.

(4) Return on opening invested capital is defined as income from operations divided by invested capital, which is defined as the sum of total debt, equity, net deferred tax liability, and accumulated goodwill amortization.

Certain statements made in the following Management's Discussion and Analysis contain forward-looking statements including, but not limited to, statements concerning possible or assumed future results of operations of the Company. Forward-looking statements represent the Company's intentions, plans, expectations and beliefs, and are not guarantees of future performance. Such forward-looking statements represent Winpak's current views based on information as at the date of this report. They involve risks, uncertainties and assumptions and the Company's actual results could differ, which in some cases may be material, from those anticipated in these forward-looking statements. Unless otherwise required by applicable securities law, Winpak disclaims any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

General Information

The following discussion and analysis dated February 25, 2015 was prepared by management and should be read in conjunction with the consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles as set out in Part 1 of the Handbook of the Chartered Professional Accountants (CPA) of Canada. The following discussion and analysis is presented in US dollars except where otherwise noted. The consolidated financial statements include the accounts of all subsidiaries. The Company's functional and reporting currency is the US dollar. The Company has filed a separate Management's Discussion and Analysis for its fourth quarter of 2014, which is available on SEDAR at www.sedar.com.

The fiscal year of the Company ends on the last Sunday of the calendar year. Both the 2014 and 2013 fiscal years comprised 52 weeks.

Company Overview

Winpak is an integrated converter operating in the packaging materials segment. The Company utilizes manufacturing technology focused on the core competency of sophisticated extrusion and conversion of plastic and aluminum foil materials. The business encompasses three product groups produced in ten manufacturing facilities located in North America. Winpak distributes products to customers primarily in North America for use in the packaging of perishable foods, beverages and in healthcare applications.

Selected Financial Information

Millions of US dollars, except per share and margin amounts	**2014**	2013
Net income attributable to equity holders of the Company	**78.4**	71.4
Income from operations	**115.1**	104.8
Revenue	**786.8**	714.9
Gross profit margin	**28.5%**	29.1%
Earnings per share (cents)	**121**	110
Dividends declared per common share (Canadian cents)	**12**	12
Special dividend paid per common share (Canadian cents)	**100**	-
Total assets	**734.3**	713.2
Cash and cash equivalents	**143.8**	161.1
Reconciliation of EBITDA		
Net income	**79.7**	72.1
Income tax expense	**35.5**	32.3
Net finance (income) expense	**(0.1)**	0.4
Depreciation and amortization	**30.5**	26.7
EBITDA	**145.6**	131.5

Overall Performance

- Δ *Revenue* reached an all-time high of $786.8 million, advancing by $71.9 million or 10.1 percent compared to 2013, due primarily to a rise in volumes of 9.9 percent or $70.8 million. Price/mix gains further added $7.1 million to revenue while a weaker Canadian dollar detracted from revenue by $6.0 million.

- Δ *Gross profit margins* declined by 0.6 percentage points to 28.5 percent of revenue from 29.1 percent in the prior year. In addition to some narrowing of the spread between selling prices and raw material costs due to competitive pressures, unfavorable manufacturing variances exceeded the levels of the prior year.

- Δ *Net income attributable to equity holders of the Company* surpassed the 2013 result by $7.0 million or 9.8 percent, to reach $78.4 million, the highest level on record for the organization. Escalating sales volumes, firm expense control and favorable foreign exchange on net Canadian dollar costs all contributed to the positive outcome.

- Δ *Cash and cash equivalents* ended the year at $143.8 million, despite the declaration of a special dividend of $58.5 million ($65 million Canadian or $1 Canadian per share) in the first quarter of 2014. The Company has no short-term borrowing or long-term debt outstanding.

Highlights

- Δ *Raw materials:* Raw material costs in 2014, in aggregate, continued to remain stable, fluctuating within a narrow band of plus or minus one percentage point of the average. However, as the year came to a close, significant declines in world oil prices in the final quarter of 2014 are expected to result in lower prices for certain resins as 2015 begins.

- Δ *Manufacturing performance:* In 2014, manufacturing performance did not meet expectations as waste levels were elevated and production efficiencies were less than optimal. Under-utilized capacity on major extrusion lines added toward the end of 2013 also hampered performance. Improvement is expected in these areas in 2015 as new sales opportunities will result in greater capacity utilization.

- Δ *Operating expenses:* A growth rate in operating expenses at only two-thirds of the extent of sales volume expansion resulted in a contribution to earnings per share of approximately 3.5 cents. Firm expense control, particularly in the areas of selling, general and administrative expenses in addition to reduced pre-production costs accounted for the favorable result.

- Δ *Foreign exchange:* In 2014 when compared to the prior year, the average exchange rate of the Canadian dollar depreciated against the US dollar by 6.4 percent. This resulted in an increase in earnings per share of 3.0 cents due to the translation of Canadian dollar transactions into US funds. This was mainly offset, however, by the combined effect of losses on translation of Canadian dollar net monetary items and losses realized on the maturation of foreign exchange contracts, that form part of the Company's foreign exchange hedging policy.

- Δ *Capital expenditures:* Capital expenditures in 2014 totaled $48.1 million and were concentrated primarily on augmenting the Company's extrusion capacity in various product groups to allow for continued revenue growth.

- Δ *Financing and investing:* During 2014, Winpak generated $97.4 million in cash flow from operating activities, which when combined with cash on hand, was more than sufficient to fund a special dividend of $58.5 million, $48.1 million in capital projects, $7.2 million in regular dividends, and $0.9 million of other items, resulting in a year-end net cash position of $143.8 million. The Company will utilize its cash resources on hand and generate additional cash flow from operations to fund its investing and financing activities in 2015. In addition, management will continue to evaluate strategic acquisition opportunities in concert with implementing the organic capital investment program, all focused on enhancing long-term shareholder value.

Results of Operations

Components of total increase in earnings per share

	2014	2013	2012
Organic growth	**11.5**	8.0	4.0
Gross profit margins	**(4.5)**	(5.5)	4.0
Expenses, income taxes and non-controlling interests	**3.5**	(1.0)	3.0
Foreign exchange	**0.5**	(1.5)	1.0
Total increase in earnings per share (cents)	**11.0**	0.0	12.0

Ongoing operations

Organic growth is the impact on net income due exclusively to increased sales volume and excludes the influence of acquisitions, divestitures and foreign exchange. In 2014, this increased earnings per share by 11.5 cents in comparison to the prior year.

Gross profit margins decreased somewhat in 2014, primarily due to unfavorable manufacturing performance and the impact on operations of new extrusion capacity that was brought on stream near the end of the previous year. The net result was a reduction in earnings per share of 4.5 cents.

The rise in operating expenses this year was approximately only two-thirds of the rate of sales volume growth, resulting in additional earnings per share of 3.5 cents in relation to 2013. A lower effective income tax rate in the current year improved earnings per share by 0.5 cents but was equally offset by a greater amount attributable to non-controlling interests in 2014 as compared to 2013.

Foreign exchange had a net favorable impact of 0.5 cents on earnings per share in 2014 versus the prior year. The weaker Canadian dollar versus its US counterpart in 2014 had a positive effect on net income for the Company, but was mostly offset by foreign exchange translation losses on Canadian net monetary items and losses on the maturation of foreign currency forward contracts in the current year compared to 2013.

Revenue

Revenue Change

	Millions of US dollars		
	2014	2013	2012
Volume increase	**70.8**	48.1	26.3
Price and mix gains (losses)	**7.1**	(0.6)	(7.0)
Foreign exchange loss	**(6.0)**	(2.7)	(1.3)
Total increase in revenue	**71.9**	44.8	18.0

Revenues in 2014 climbed by $71.9 million or 10.1 percent to $786.8 million from $714.9 million in 2013. Volume growth was sizeable at 9.9 percent or $70.8 million compared to the prior year. This far exceeded the North American industry average which was generally flat. All product group volumes advanced, with the exception of specialty films. Rigid container and lidding shipments expanded by approximately 15 percent with strength exhibited in condiment, yogurt, specialty beverage and retort packaging. High single-digit percentage growth was seen in modified atmosphere packaging where core markets of processed meat and cheese were aided by an improved US economy and new customer additions. Packaging machinery, which represents less than 3 percent of total Company revenues, followed up a strong 2013 with further gains in 2014 as volumes grew by more than 10 percent. Biaxially oriented nylon shipments advanced in the low single-digit percentage range. Specialty film volumes retreated in the high single-digit percentage range where shrink bag revenues continued to move forward but business in the less sophisticated commodity-type films was more challenged. The combination of product mix and higher selling prices in response to price inflation for certain resins earlier in the year positively impacted revenue by $7.1 million or 1.0 percent. Revenue was negatively affected by $6.0 million or 0.8 percent on the conversion of Canadian dollar sales into US funds at a lower average exchange rate in 2014 versus the prior year.

Gross profit margins

For 2014, gross profit margins reached a level of 28.5 percent of revenue, falling short of the 2013 gross profit of 29.1 percent by 0.6 percentage points. Under-utilized capacity of major capital expenditures, which came on stream toward the end of 2013, and elevated manufacturing variances, particularly associated with the production of new products and complex machinery operation, were the main reasons for the narrowing of gross profit margins. In addition, competitive conditions at certain customers compressed the spread between raw material costs and selling prices. These factors combined to reduce earnings per share by 4.5 cents in 2014 compared to the previous year.

Winpak's raw material index, which represents the weighted cost of a basket of the Company's eight principal raw materials, rose by 1.4 percent, on average, during the past 12 months. For the last two years, the Company and its customers have enjoyed relative price stability, as the raw material index did not fluctuate by more than three percentage points around the mean during this time frame. There have been price fluctuations of certain materials within the index that have deviated outside of that range but these were exceptions rather than the rule. With approximately two-thirds of the Company's revenues subject to formal selling price-indexing agreements, whereby selling prices are adjusted as raw material costs change, albeit with a time lag, the Company also has a partial natural hedge against rising raw material costs. As 2014 ended, the price stability referred to above has changed with the collapse in worldwide oil prices. This has led to marked declines in certain resin prices which should be reflected in 2015. The longevity of this new reality is still undetermined at this time.

Raw Material Index

	2014	2013	2012
Average annual index: weighted cost of a basket of Winpak's eight principal raw materials, where base year 2001 = 100	**177.0**	174.6	172.0
Increase (decrease) in index compared to prior year	**1.4%**	1.5%	(3.0%)

Expenses

After adjusting for foreign exchange, operating expenses advanced at a lower rate than the growth in sales volumes over the prior year, resulting in an addition to earnings per share of 3.5 cents in 2014. Reduced pre-production and general and administrative expenses along with lower selling expenses as a percentage of revenue provided the impetus for the cost savings compared to the previous year. In addition, a lower effective income tax rate, due in large part to income being earned in more favorable income tax jurisdictions in the current year, resulted in a further supplement to earnings per share of approximately 0.5 cents. On the other hand, a greater proportion of earnings attributable to non-controlling interests in the current year decreased earnings per share by 0.5 cents relative to 2013.

Foreign Exchange

	2014	2013	2012
Year-end exchange rate of CDN dollar to US dollar	**0.860**	0.934	1.004
Year-end exchange rate of US dollar to CDN dollar	**1.162**	1.070	0.997
(Depreciation) appreciation of CDN dollar vs. US dollar year-end exchange rate compared to the prior year	**(7.9%)**	(7.0%)	2.4%
Average exchange rate of CDN dollar to US dollar	**0.910**	0.972	0.999
Average exchange rate of US dollar to CDN dollar	**1.099**	1.029	1.001
Depreciation of CDN dollar vs. US dollar average exchange rate compared to the prior year	**(6.4%)**	(2.7%)	(1.1%)

Winpak utilizes the US currency as both its reporting and functional currency. However, with more than half of its production capacity located in Canada, it is exposed to foreign exchange risks and records foreign currency differences on transactions and translations denominated in Canadian dollars as well as other foreign currencies. With a small production facility located in Mexico, the Company is also exposed to foreign exchange risks on costs denominated in Mexican pesos but these are negligible.

On a net basis, foreign exchange had a positive impact on earnings per share of approximately 0.5 cents in 2014 compared to 2013. Approximately 12 percent of revenues in the current year were denominated in Canadian dollars and approximately 21 percent of costs were incurred in the same currency. The net outflow of Canadian dollars exposes Winpak to transaction differences arising from exchange rate fluctuations. The depreciation in the average exchange rate of the Canadian dollar in relation to the US dollar in 2014 increased earnings per share by approximately 3.0 cents compared to the prior year. On the other hand, translation differences, which arise when primarily Canadian dollar monetary assets and liabilities are translated at exchange rates that change over time, decreased earnings per share in 2014 by 1.5 cents in comparison to 2013. Furthermore, losses were realized on the maturation of foreign exchange contracts entered into as part of the Company's foreign exchange policy, decreasing earnings per share by an additional 1.0 cent in 2014 versus the prior year.

Summary of quarterly results

Thousands of US dollars, except earnings per share (e.p.s.) amounts (cents)

	2014				2013		
Quarter ended	**Revenue**	**Net income***	**e.p.s.**	Quarter ended	Revenue	Net income*	e.p.s.
March 30	**188,077**	**16,163**	**25**	March 31	169,949	15,989	25
June 29	**199,426**	**19,406**	**30**	June 30	177,032	17,095	26
September 28	**192,982**	**19,448**	**30**	September 29	179,926	17,362	27
December 28	**206,269**	**23,343**	**36**	December 29	187,964	20,951	32
	786,754	**78,360**	**121**		714,871	71,397	110

*attributable to equity holders of the Company

Various factors affect timing of the Company's income during the course of a year. Typically, seasonal factors contribute to stronger revenue and net income in the second and fourth quarters compared to the first and third quarters. Factors influencing seasonal trends are the higher demand for certain food products in advance of the summer season and the greater number of holidays in the fourth quarter. During the third quarter, revenue and net income are typically lower due to reduced order levels and plant maintenance shutdowns scheduled to coincide with the summer. Sudden and substantial changes in the rate of exchange between the Canadian and US dollars from one quarter to another may cause revenue and net income to vary from the historic trend. Similarly, sudden and significant changes in the cost of raw materials consumed from one quarter to another can be expected to increase or decrease net income in a manner that does not conform to the normal pattern. Furthermore, unexpected adverse weather conditions could influence the supply and price of raw materials or customer order levels, and the timing of startup of new manufacturing equipment can cause revenue and net income to depart from established trends.

The historical pattern essentially held true for both 2013 and 2014 except that the third quarter was slightly stronger in 2013 in terms of both revenue and net income than the second quarter. In 2014, third quarter revenue held true to historical patterns but net income was virtually identical with second quarter results.

Cash Flow, Liquidity and Capital Resources

At December 28, 2014, Winpak's cash and cash equivalents amounted to $143.8 million, a decline of $17.3 million from a year earlier. This decrease resulted from cash provided by operating activities of $97.4 million less disbursements for investing activities of $48.7 million and financing activities of $66.0 million.

Operating activities

Cash provided by operating activities totaled $97.4 million, $9.7 million greater than 2013 due primarily to higher net income, depreciation and lower income tax payments. The investment in working capital for the current year expanded by $17.5 million. Trade and other receivables had the largest escalation, climbing $14.0 million due to a combination of significant revenue growth and extended payment terms for certain customers. Inventory growth, on the other hand, was less pronounced, advancing by $8.3 million or 9.0 percent from the prior year-end, less than the change in sales volumes. Raw material and work-in-process inventories progressed while finished goods levels fell during the year. Trade payables and other liabilities rose by $6.1 million at December 28, 2014 compared to the prior year-end, due mainly to an increase in customer volume rebates as revenues climbed. Income tax payments totaled $25.4 million, down $3.3 million from the previous year, partly a result of greater tax depreciation taken in 2014 on the major extrusion equipment commissioned toward the end of 2013. Finally, employee defined benefit plan contributions of $5.1 million were funded during the year, compared to $3.9 million in 2013. Additional special payments were required to fund a solvency deficit in the plans; however, Winpak remains well above the median in funded position for its Canadian defined benefit pension plans in relation to the broader market of such plans in Canada. The net funded position, on an accounting basis, of the employee defined benefit plans receded from a net surplus of $3.8 million at December 29, 2013 to a net deficit of $2.4 million at the end of the current year. The change was primarily due to lower discount rates and the introduction of new mortality tables which recognizes that employees are living longer and hence, resulted in an increase in the calculated pension obligation. Also, during the year, as part of the Company's risk management strategy, one of the frozen Canadian defined benefit pension plans was wound up as its assets approximately matched its liabilities.

Investing activities

Investing activities in the current year totaled $48.7 million, of which plant and equipment additions represented $48.1 million, $3.2 million less than 2013. Capital expenditures in 2014 were focused on adding more extrusion capacity in rigid containers, modified atmosphere packaging and specialty films. Much of this was still in process at year-end as the capital in progress balance reached $26.9 million. Equipment of this nature has a lead time of approximately 12 months so the availability of this additional capacity will be spread out from mid-2015 to as late as early-2016. Over the long term, Winpak's expenditures for equipment enhancements in maintaining existing capacity have averaged approximately 2 percent of revenue.

Financing activities

Financing activities in 2014 consisted of dividends to common shareholders totaling $65.7 million, consisting of a special dividend issued in March of the current year of $58.5 million ($65.0 million Canadian) and regular dividends of $7.2 million. In addition, a dividend payment of $0.3 million was paid to a non-controlling interest in a subsidiary.

Resources

Investments to drive growth can be sizeable, requiring substantial financial resources. A range of funding alternatives is available including cash and cash equivalents, cash flow provided by operations, additional debt, issuance of equity or a combination thereof. An informal investment grade credit rating allows the Company access to relatively low interest rates on debt. The Company currently has operating lines of $38 million, which are believed adequate for liquidity purposes. None of the lines were utilized as at December 28, 2014. Based on formal and informal discussions with various financial institutions, Winpak is confident that additional credit can be arranged from banks and other major lenders as the need arises. The Company believes that all 2015 requirements for capital expenditures, working capital, and dividend payments can be financed from cash resources, cash provided by operating activities and unused credit facilities.

Risks and Financial Instruments

The Company recognizes that net income is exposed to changes in market interest rates, foreign exchange rates, prices of raw materials and risks regarding the financial condition of customers and financial counterparties. These market conditions are regularly monitored and actions are taken, when appropriate, according to Winpak's policies established for the purpose. Despite the methods employed to manage these risks, future fluctuations in interest rates, foreign exchange rates, raw material costs and counterparty financial condition can be expected to impact net income.

Winpak's policy regarding interest expense is to fix interest rates on between one- and two-thirds of any long-term debt outstanding. The Company may enter into derivative contracts or fixed-rate debt to minimize the risk associated with interest rate fluctuations. For the past five years, Winpak has not had any long-term debt outstanding.

With respect to foreign exchange risk, Winpak employs hedging programs to minimize risks associated with changes in the value of the Canadian dollar relative to the US dollar. To the extent possible, the Company maximizes natural currency hedging by matching inflows from revenue in either currency with outflows of costs and expenses denominated in the same currency. For the remaining exposure, the Company's foreign exchange policy requires that between 50 and 80 percent of the Company's net requirement of Canadian dollars for the ensuing 9 to 15 months will be hedged at all times with forward or zero-cost option contracts. The Company may also enter into forward foreign currency contracts when equipment purchases will be settled in other foreign currencies. Purchases of foreign exchange products for the purpose of speculation are not permitted. Transactions are only conducted with certain approved Schedule I Canadian financial institutions.

Significant fluctuations in foreign exchange rates represent a material exposure for the Company's financial results. Hedging programs employed may mitigate a portion of exposures to short-term fluctuations in foreign currency exchange rates. However, the Company's financial results over the long-term will inevitably be affected by sizeable changes in the value of the Canadian dollar relative to the US dollar. Winpak estimates that each time the exchange rate strengthens or weakens by one Canadian cent against the US dollar, net income, with respect to transaction differences, will decrease or increase, respectively, by slightly more than one-half of a US cent per share.

During 2014, certain foreign currency forward contracts matured and the Company realized pre-tax foreign exchange losses of $1.6 million. As at December 28, 2014, the Company had US to CDN dollar foreign currency forward contracts outstanding with a notional amount of $20.0 million. The pre-tax unrealized foreign exchange loss on these contracts of $0.9 million was recorded in other comprehensive income.

Winpak has not participated in any derivatives market for raw materials. Winpak is not aware of any instrument that fully mitigates fluctuations in raw material costs over the long term. To manage this risk, Winpak has entered into formal selling price-indexing agreements with certain customers whereby changes in raw material prices are reflected in selling price adjustments, albeit with a slight time lag. For 2014, approximately 68 percent of Winpak's revenues were governed by selling price-indexing agreements. For all other customers, the Company responds to changes in raw material costs by adjusting selling prices on a customer-by-customer basis. However, market conditions can have an impact on these price adjustments such that the combined impact of selling price adjustments and changes in raw material costs can be significant to Winpak's net income.

Credit risk arises from cash and cash equivalents held with banks, derivative financial instruments (foreign currency forward and option contracts), as well as credit exposure to customers, including outstanding accounts receivable. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. Management regularly monitors customer credit limits, performs credit reviews and, in certain cases, insures accounts receivable balances against credit losses. The Company invests its excess cash on a short-term basis, to a maximum of six months, with financial institutions and/or governmental bodies that must be AA rated or higher by a recognized international credit rating agency or insured 100 percent by the US government or a AAA rated Canadian federal or provincial government. Nonetheless, unexpected deterioration in the financial condition of a counterparty can have a negative impact on the Company's net income in the case of default.

The Company enters into contractual obligations in the normal course of business operations. These obligations, as at December 28, 2014, are summarized below.

Contractual Obligations	Payment due, by period (thousands of US dollars)				
	Total	1 year	2 - 3 years	4 - 5 Years	After 5 years
Operating leases	4,177	1,089	1,709	1,203	176
Purchase obligations	19,612	19,612	-	-	-
Total contractual obligations	23,789	20,701	1,709	1,203	176

Accounting Policy Changes

The following accounting standards or interpretations came into effect or were amended in 2014 and were implemented by the Company where applicable as more fully described in Note 3 to the Consolidated Financial Statements: IAS 32 "Financial Instruments: Presentation" and IFRIC 21 "Levies". Neither of the foregoing had any impact on the Company's consolidated financial statements.

Future Accounting Changes

As more fully described in Note 6 to the Consolidated Financial Statements, two new accounting standards have been issued, IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". IFRS 9 and IFRS 15 are effective for annual periods beginning on or after January 1, 2018 and January 1, 2017 respectively. The Company is currently assessing the impact of these new standards and does not intend to early adopt these standards in its consolidated financial statements. In addition, amendments to the existing standards IAS 16 "Property, Plant and Equipment", IAS 38 "Intangible Assets", and IAS 1 "Presentation of Financial Statements" were issued and are effective for annual periods beginning on or after January 1, 2016. The amendments to IAS 16 and IAS 38 are not expected to have any impact on the Company's consolidated financial statements. The Company is currently assessing the impact of the amendments to IAS 1 and does not intend to early adopt amended IAS 1 in its consolidated financial statements.

Looking Forward

Following a strong finish to 2014, the Company is decidedly optimistic as it enters 2015. The momentum from the near double-digit volume growth experienced in 2014 should carry through to 2015 as opportunities in the sales pipeline come to fruition. New revenue generation will continue to be a main focus for the organization in the upcoming year as the Company pursues its billion dollar sales goal for 2016. At the close of 2014, oil prices were experiencing a sharp decline worldwide. This should translate into lower raw material prices for select resins, the effect of which should be felt beginning in the first quarter of 2015. With over two-thirds of the Company's revenues subject to price indexing whereby changes in raw material costs are reflected in subsequent selling prices with an approximate three-month lag, revenues will be negatively affected due to this particular factor. However, gross profit margins in percentage terms will increase as a result, and some expansion of gross profit dollars is also expected. If resin costs remain depressed for an extended period of time, it will further enhance the attractiveness of plastic packaging over other formats such as glass containers, paper packaging and metal cans and the result will be an increase in longer term demand for the type of packaging produced by the Company. Improved manufacturing performance will remain a focus for 2015 as revenue growth will increase capacity utilization for the new machinery more recently added and efficiencies should also rise. However, weighing on margins will be the challenges faced by certain areas of the business in 2015 where demand fulfillment may prove difficult until new planned capacity becomes available. The fall in the Canadian dollar versus its US equivalent, while reducing reported revenues, will increase bottom-line performance as Canadian dollar denominated costs exceed revenues in that currency. The effect on net income will be spread over time as foreign exchange hedges currently in place mature. Capital spending for 2015 is expected to be somewhat higher than 2014 in the $55 to $65 million range and will be focused on expansion of existing capabilities in extrusion and converting. The Company will continue to actively pursue acquisition opportunities, at a reasonable price, that correspond to Winpak's core competencies in sophisticated packaging for food, beverage and healthcare applications. With the Company's solid financial footing, it has the resources necessary to complete a significant acquisition and still remain committed to substantial organic growth through capital investment.

Critical Accounting Estimates

The Company believes the following accounting estimates are critical to determining and understanding the operating results and the financial position of the Company.

Impairment of property, plant and equipment and intangible assets – An integral component of impairment testing is determining the asset's recoverable amount. The determination of the recoverable amount involves significant management judgment, including projections of future cash flows and appropriate discount rates. The cash flows are derived from the financial forecast for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit (CGU) being tested. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, strength of debt and capital markets, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates could result in a material change in the recoverable amount. The company has eight CGUs, of which the carrying values for two include goodwill and must be tested for impairment annually.

Employee benefit plans – Accounting for employee benefit plans requires the use of actuarial assumptions. The assumptions include the discount rate, expected rate of return on plan assets, rate of compensation increase, mortality rate and healthcare costs. These assumptions depend on underlying factors such as economic conditions, government regulations, investment performance and employee demographics. These assumptions could change in the future and may result in material adjustments to employee benefit plan assets or liabilities.

Disclosure Controls and Internal Controls

Disclosure controls

Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on management's evaluation of the design and effectiveness of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed and operating effectively as of December 28, 2014 to provide reasonable assurance that the information being disclosed is recorded, summarized and reported as required.

Internal controls over financial reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations and therefore can only provide reasonable assurance as to the effectiveness of internal controls over financial reporting, including the possibility of human error and the circumvention or overriding of the controls and procedures. Management used the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) as the control framework in designing its internal controls over financial reporting. Based on management's design and testing of the effectiveness of the Company's internal controls over financial reporting, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed and operating effectively as of December 28, 2014 to provide reasonable assurance that the financial information being reported is materially accurate. During the fourth quarter ended December 28, 2014, there have been no changes in the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Other

Additional information relating to the Company is available on SEDAR at www.sedar.com, including the Annual Information Form dated February 25, 2015.

Management's Report to the Shareholders

The accompanying consolidated financial statements, management's discussion and analysis (MD&A) and other information in the Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these statements in accordance with International Financial Reporting Standards. The MD&A and financial information contained in this Annual Report are consistent with the consolidated financial statements.

To provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is being reported, management has developed and maintains a system of internal controls. An integral part of the system is the requirement that employees maintain the highest standard of ethics in their activities. Business reviews and internal audits are performed by corporate executives and an internal audit team to evaluate internal controls, systems and procedures.

The Board of Directors, acting through the Audit Committee, is responsible for determining that management fulfills its responsibilities in the preparation of the consolidated financial statements and MD&A, and in the financial control of operations. The Board recommends the appointment of the independent auditor to the shareholders. The Audit Committee meets regularly with financial management and the independent auditor to discuss internal controls, auditing matters and financial reporting issues and presents its findings to the Board. The Audit Committee reviews the consolidated financial statements, MD&A and material financial announcements with management and the external auditor prior to submission to the Board for approval.

The consolidated financial statements have been audited on behalf of the shareholders by the independent external auditor, KPMG LLP, whose report follows.

B.J. Berry
President and Chief Executive Officer
Winnipeg, Canada
February 25, 2015

Ken Kuchma

K.P. Kuchma
Vice President and Chief Financial Officer
Winnipeg, Canada
February 25, 2015

Auditors' Report to the Shareholders

Independent Auditors' Report

To the Shareholders of Winpak Ltd.

We have audited the accompanying consolidated financial statements of Winpak Ltd. and its subsidiaries, which comprise the consolidated balance sheets as at December 28, 2014 and December 29, 2013 and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' 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 our 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, we consider 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 consolidated financial position of Winpak Ltd. as at December 28, 2014 and December 29, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants
February 25, 2015
Winnipeg, Canada

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 28, 2014 and December 29, 2013

(thousands of US dollars, except per share amounts)	Note	**2014**	2013
Revenue		**786,754**	714,871
Cost of sales		**(562,379)**	(506,788)
Gross profit		**224,375**	208,083
Sales, marketing and distribution expenses		**(60,970)**	(57,460)
General and administrative expenses		**(28,945)**	(29,090)
Research and technical expenses		**(14,275)**	(13,095)
Pre-production expenses		**(1,443)**	(2,956)
Other expenses	9	**(3,678)**	(659)
Income from operations		**115,064**	104,823
Finance income	10	**586**	384
Finance expense	10	**(469)**	(814)
Income before income taxes		**115,181**	104,393
Income tax expense	11	**(35,529)**	(32,308)
Net income for the year		**79,652**	72,085
Attributable to:			
Equity holders of the Company		**78,360**	71,397
Non-controlling interests		**1,292**	688
		79,652	72,085
Basic and diluted earnings per share - cents	23	**121**	110

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 28, 2014 and December 29, 2013

(thousands of US dollars)		**2014**	2013
Net income for the year		**79,652**	72,085
Items that will not be reclassified to the statements of income:			
Cash flow hedge losses recognized		**-**	(94)
Cash flow hedge gains transferred to property, plant and equipment		**-**	(50)
Employee benefit plan remeasurements	17	**(7,349)**	18,747
Income tax effect	11	**2,330**	(5,690)
		(5,019)	12,913
Items that are or may be reclassified subsequently to the statements of income:			
Cash flow hedge losses recognized		**(1,576)**	(1,729)
Cash flow hedge losses transferred to the statements of income	9	**1,603**	682
Income tax effect	11	**(7)**	280
		20	(767)
Other comprehensive (loss) income for the year - net of income tax		**(4,999)**	12,146
Comprehensive income for the year		**74,653**	84,231
Attributable to:			
Equity holders of the Company		**73,361**	83,543
Non-controlling interests		**1,292**	688
		74,653	84,231

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(thousands of US dollars)

	Note	December 28 2014	December 29 2013
Assets			
Current assets:			
Cash and cash equivalents	12	**143,761**	161,090
Trade and other receivables	13	**112,454**	98,408
Income taxes receivable		**2,873**	3,580
Inventories	14	**100,586**	92,304
Prepaid expenses		**4,344**	3,074
		364,018	358,456
Non-current assets:			
Property, plant and equipment	15	**348,002**	329,714
Intangible assets	16	**15,068**	14,960
Employee benefit plan assets	17	**5,249**	7,131
Deferred tax assets	18	**1,990**	2,943
		370,309	354,748
Total assets		**734,327**	713,204
Equity and Liabilities			
Current liabilities:			
Trade payables and other liabilities	19	**69,098**	63,182
Provisions	20	**427**	427
Income taxes payable		**690**	2,048
Derivative financial instruments		**875**	903
		71,090	66,560
Non-current liabilities:			
Employee benefit plan liabilities	17	**7,673**	3,365
Deferred income		**14,831**	14,490
Provisions	20	**6,571**	6,524
Deferred tax liabilities	18	**32,775**	29,652
		61,850	54,031
Total liabilities		**132,940**	120,591
Equity:			
Share capital	22	**29,195**	29,195
Reserves	22	**(641)**	(661)
Retained earnings		**555,697**	547,891
Total equity attributable to equity holders of the Company		**584,251**	576,425
Non-controlling interests		**17,136**	16,188
Total equity		**601,387**	592,613
Total equity and liabilities		**734,327**	713,204

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(thousands of US dollars)

	Note	Share Capital	Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
		Attributable to Equity Holders of the Company					
Balance at December 31, 2012		29,195	250	470,925	500,370	15,718	516,088
Comprehensive (loss) income for the year							
Cash flow hedge losses, net of tax		-	(1,360)	-	(1,360)	-	(1,360)
Cash flow hedge losses transferred to the statements of income, net of tax		-	499	-	499	-	499
Cash flow hedge gains transferred to property, plant and equipment		-	(50)	-	(50)	-	(50)
Employee benefit plan remeasurements, net of tax		-	-	13,057	13,057	-	13,057
Other comprehensive (loss) income		-	(911)	13,057	12,146	-	12,146
Net income for the year		-	-	71,397	71,397	688	72,085
Comprehensive (loss) income for the year		-	(911)	84,454	83,543	688	84,231
Dividends	22	-	-	(7,488)	(7,488)	(218)	(7,706)
Balance at December 29, 2013		29,195	(661)	547,891	576,425	16,188	592,613
Balance at December 30, 2013		**29,195**	**(661)**	**547,891**	**576,425**	**16,188**	**592,613**
Comprehensive income for the year							
Cash flow hedge losses, net of tax		**-**	**(1,154)**	**-**	**(1,154)**	**-**	**(1,154)**
Cash flow hedge losses transferred to the statements of income, net of tax		**-**	**1,174**	**-**	**1,174**	**-**	**1,174**
Employee benefit plan remeasurements, net of tax		**-**	**-**	**(5,019)**	**(5,019)**	**-**	**(5,019)**
Other comprehensive income (loss)		**-**	**20**	**(5,019)**	**(4,999)**	**-**	**(4,999)**
Net income for the year		**-**	**-**	**78,360**	**78,360**	**1,292**	**79,652**
Comprehensive income for the year		**-**	**20**	**73,341**	**73,361**	**1,292**	**74,653**
Dividends	22	**-**	**-**	**(65,535)**	**(65,535)**	**(344)**	**(65,879)**
Balance at December 28, 2014		**29,195**	**(641)**	**555,697**	**584,251**	**17,136**	**601,387**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 28, 2014 and December 29, 2013
(thousands of US dollars)

	Note	2014	2013
Cash provided by (used in):			
Operating activities:			
Net income for the year		**79,652**	72,085
Items not involving cash:			
Depreciation	15	**31,657**	27,481
Amortization - deferred income		**(1,664)**	(1,263)
Amortization - intangible assets	16	**549**	450
Employee defined benefit plan expenses	17	**3,273**	4,138
Net finance (income) expense	10	**(117)**	430
Income tax expense	11	**35,529**	32,308
Other		**(3,507)**	(6,038)
Cash flow from operating activities before the following		**145,372**	129,591
Change in working capital:			
Trade and other receivables		**(14,046)**	(11,611)
Inventories		**(8,282)**	(2,058)
Prepaid expenses		**(1,270)**	790
Trade payables and other liabilities		**6,068**	4,128
Provisions		**(108)**	(1,013)
Employee defined benefit plan contributions	17	**(5,091)**	(3,865)
Income tax paid		**(25,364)**	(28,615)
Interest received		**314**	379
Interest paid		**(148)**	(14)
Net cash from operating activities		**97,445**	87,712
Investing activities:			
Acquisition of property, plant and equipment - net		**(48,052)**	(51,224)
Acquisition of intangible assets	16	**(699)**	(861)
		(48,751)	(52,085)
Financing activities:			
Dividends paid	22	**(65,679)**	(7,622)
Dividend paid to non-controlling interests in subsidiary		**(344)**	(218)
		(66,023)	(7,840)
Change in cash and cash equivalents		**(17,329)**	27,787
Cash and cash equivalents, beginning of year		**161,090**	133,303
Cash and cash equivalents, end of year	12	**143,761**	161,090

See accompanying notes to consolidated financial statements.

(thousands of US dollars, unless otherwise indicated)

1. General:

Winpak Ltd. is incorporated under the Canada Business Corporations Act. The Company manufactures and distributes high-quality packaging materials and related packaging machines. The Company's products are used primarily for the packaging of perishable foods, beverages and in healthcare applications. The address of the Company's registered office is 100 Saulteaux Crescent, Winnipeg, Manitoba, Canada R3J 3T3. The ultimate controlling party of Winpak Ltd. is Wihuri International Oy of Helsinki, Finland, a privately held company.

2. Basis of presentation:

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in Part 1 of the Handbook of the Chartered Professional Accountants (CPA) of Canada. The fiscal year of the Company ends on the last Sunday of the calendar year. As a result, the Company's fiscal year is usually 52 weeks in duration, but includes a 53rd week every five to six years. The 2014 and 2013 fiscal years comprised 52 weeks.

The Company's functional and reporting currency is the US dollar. The US dollar is the reporting currency as more than three-quarters of the Company's business is conducted in US dollars and therefore management believes this increases transparency by significantly reducing volatility of reported results due to fluctuations in the rate of exchange between the Canadian and US currencies.

The consolidated financial statements have been prepared under the historical-cost convention, except that certain financial instruments, employee benefit plans and share-based payments are stated at their fair value.

The consolidated financial statements were approved by the Board of Directors on February 25, 2015.

3. Accounting standards implemented in 2014:

The following accounting standards came into effect in 2014 and were implemented by the Company where applicable:

(a) Financial instruments - presentation:
The amendments to IAS 32 "Financial Instruments: Presentation" clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not change the current offsetting model in IAS 32 but instead clarify that the right of offset must not be contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that gross settlement mechanisms with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement. These amendments were implemented with retrospective application and had no impact on the Company's consolidated financial statements.

(b) Levies:
A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation, other than income taxes, fines and other penalties imposed for breaches of the legislation. IFRIC 21 "Levies" clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the minimum threshold is reached. The interpretation was implemented with retrospective application and had no impact on the Company's consolidated financial statements.

4. Significant accounting policies:

(a) Principles of consolidation:
The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries: Winpak Portion Packaging Ltd.; Winpak Heat Seal Packaging Inc.; Winpak Holdings Ltd.; Winpak Inc.; Winpak Films Inc.; Winpak Portion Packaging, Inc.; Winpak Lane, Inc.; Winpak Heat Seal Corporation; Grupo Winpak de Mexico, S.A. de C.V.; Embalajes Winpak de Mexico, S.A. de C.V.; and Administracion Winpak de Mexico, S.A. de C.V.; and its majority-owned subsidiary American Biaxis Inc. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained until the date that control ceases. The financial statements of all subsidiaries are prepared as of the same reporting date using consistent accounting policies. All inter-company balances and transactions, including any unrealized income arising from inter-company transactions have been eliminated.

(b) Business combinations:
Business combinations are accounted for using the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities assumed from the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition costs incurred are expensed and included in general and administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in the statement of income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

(c) Non-controlling interests:
Winpak Ltd. owns 51 percent of the equity interest in American Biaxis Inc., a subsidiary located in Winnipeg, Manitoba, Canada. Non-controlling interests represent the remaining 49 percent equity interest owned by third parties. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and other comprehensive income is recognized directly in equity.

(d) Foreign currency translation:
The financial statements for the Company and its subsidiaries are prepared using their functional currency, that being the US dollar. The functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation are recognized directly to the statement of income. Non-monetary assets and liabilities arising from transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of the transaction.

(e) Revenue:
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, rebates and discounts. Revenue is recognized when the risks and rewards of ownership have transferred to the customer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, or there is continuing management involvement with the goods.

(f) Research and technical expenses:
Research and technical expenses are expensed in the period in which the costs are incurred.

(g) Government grants/tax credits:
Grants/tax credits from government are recognized at their fair value when there is a reasonable assurance that the grant/tax credit will be received and/or earned and any specified conditions will be met.

Grants/tax credits received in relation to the purchase and construction of plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of income on a straight-line basis over the estimated useful life of the related asset. Grants/tax credits received in relation to research and development activities and labor creation programs are recorded to reduce these costs when it is determined there is reasonable assurance the grants/tax credits will be realized.

(h) Leases:
Rental income received from packaging machine operating leases is recognized on a straight-line basis over the term of the corresponding lease.

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease, while any lease incentive received is recognized as a reduction of the total lease expense, over the term of the lease.

(i) Inventories:
Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of variable and fixed overheads based on normal operating capacity. Any excess, unallocated, fixed overhead costs are expensed as incurred. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Cash and cash equivalents:
Cash and cash equivalents include cash on hand, cash invested in interest-bearing money market accounts and short-term deposits with maturities of less than three months. Cash equivalents are all highly liquid investments. Bank overdrafts are shown within current liabilities. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Property, plant and equipment:
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. All costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are included in the carrying value of the asset. When the Company has a legal or constructive obligation to restore a site on which an asset is located either through make-good provisions in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site are included in the carrying value of the asset with a corresponding increase to provisions. Borrowing costs directly attributable to the acquisition, construction or production of qualifying property, plant and equipment that takes an extended period of time to be placed into service are added to the cost of the assets, until such time as the assets are substantially ready for their intended use. See note 4(o) on impairment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacing a component of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits of the item will occur and its cost can be measured reliably. The costs of day-to-day maintenance of plant and equipment are recognized directly in the statement of income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, commencing the date the assets are ready for use as follows:

Buildings	20 - 40 years	Equipment	4 - 20 years	Packaging machines	3 - 7 years

Depreciation methods, useful lives and residual values are reassessed annually or more frequently when there is an indication that they have changed.

The gain or loss on the retirement of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the asset and is recognized in the statement of income.

(l) Pre-production expenses:
Pre-production costs relating to installations of major new production equipment are expensed in the period in which incurred.

(m) Intangible assets:
Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. See note 4(o) on impairment. Computer software that is integral to a related item of hardware is included with plant and equipment. All other computer software is treated as an intangible asset. The cost of intangible assets acquired in an acquisition is the fair value at the acquisition date. The cost of separately acquired intangible assets, including computer software, comprises the purchase price and any directly attributable costs of preparing the asset for use. Amortization is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Patents	8 - 17 years	Customer-related	10 years	Computer software	3 - 12 years

(n) Goodwill:
Goodwill represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, including intangible assets, and liabilities of the acquiree at the date of acquisition. At the date of acquisition, goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is tested at least annually for impairment at the CGU level and is carried at cost less accumulated impairment losses (see note 4(o)).

(o) Impairment:
The carrying amount of the Company's property, plant and equipment and intangible assets (other than goodwill) are reviewed at each reporting date to determine whether there is any indication of impairment. Goodwill is tested for impairment annually or at any time if an indicator of impairment exists. If any such indication exists, the applicable asset's recoverable amount is estimated.

The recoverable amount of the Company's assets are calculated as the value-in-use, being the present value of future cash flows, using a pre-tax discount rate that reflects the current assessment of the time value of money, or the fair value less costs to sell, if greater. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which it belongs. The Company bases its impairment calculation on detailed financial forecasts, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These financial forecasts are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then, to reduce the carrying amount of other assets in the CGU on a pro rata basis.

Impairment losses in respect of goodwill are not reversed. In respect of property, plant and equipment and intangible assets, an impairment loss is reversed if there has been an indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been previously recognized.

(p) Employee benefit plans:
The Company maintains four funded non-contributory defined benefit pension plans in Canada and the US and one funded non-contributory supplementary income postretirement plan for certain CDN-based executives. A market discount rate is used to measure the benefit obligations based on the yield of high quality corporate bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the benefit obligations. The cost of providing the benefits is actuarially determined using the projected unit credit method. Actuarial valuations are conducted, at a minimum, on a triennial basis with interim valuations performed as deemed necessary. Consideration is given to any event that could impact the benefit plan assets or obligation up to the balance sheet date where interim valuations are performed. For financial reporting purposes, the Company measures the benefit obligations and fair value of assets for the defined benefit plans as of the year-end date. The amount recognized in the balance sheet at each year-end reporting date represents the present value of the benefit obligation, reduced by the fair value of benefit plan assets. Any recognized asset or surplus is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded. Current service costs are charged to the statement of income and included in the same line items as the related compensation cost. The net finance cost is computed based on the application of the discount rate to the net defined benefit pension plan asset or liability at the start of the annual period, taking into account any anticipated changes during the upcoming year as a result of contributions and benefit payments and also reflects the impact of any pension plan asset ceiling adjustments. The net finance cost is shown within either finance income or finance expense within the statement of income depending on whether the defined benefit pension plan was in an asset or liability position at the start of the year. Remeasurements, which comprise actuarial gains and losses, the return on benefit plan assets and the effect of the pension plan asset ceiling adjustment, are recognized directly in equity within other comprehensive income. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of income. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs in the statement of income. The Company's funding policy is in compliance with statutory regulations and amounts funded are deductible for income tax purposes.

One of the Company's subsidiaries maintains one unfunded contributory defined benefit postretirement plan for healthcare benefits for a limited group of US individuals. A market discount rate is used to measure the benefit obligation based on the yield of high quality corporate bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the benefit obligation. The cost of providing the benefits is actuarially determined using the projected unit credit method. The amount recognized in the balance sheet at each year-end reporting date represents the present value of the benefit obligation. Current service costs are charged to the statement of income as they accrue and are included in general and administrative expenses. Interest costs on the benefit obligation are charged to the statement of income as finance expense. Remeasurements are recognized directly in equity within other comprehensive income. When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of income.

The Company participated in one multiemployer defined benefit pension plan up until the first quarter of 2011, which provided benefits to certain unionized employees in the US. See note 20 for the details on the accounting for the withdrawal from the plan.

The Company maintains seven defined contribution pension plans in Canada and the US. The pension expense charged to the statement of income for these plans is the annual funding contribution by the Company.

Termination benefits are recognized as an expense in the statement of income at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring.

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a legal or constructive obligation to pay this amount as a result of past service provided by the employee.

(q) Income taxes:
Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of income except to the extent that it relates to items recorded directly to other comprehensive income or equity, in which case it is recognized directly in other comprehensive income or equity, respectively.

Current income tax comprises the expected income tax payable or receivable on the taxable income or loss for the period, using income tax rates enacted or substantively enacted in the jurisdictions the Company is required to pay income tax at the reporting date, and any adjustments to income taxes payable or receivable in respect of previous periods. Current income tax is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by the availability of unused income tax losses.

Deferred tax is recognized using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities for income taxation purposes. Deferred tax is not recognized for the following temporary timing differences: the initial recognition for both goodwill and assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the income tax rates that are expected to be applied when the temporary difference reverses, that is, when the asset is realized or the liability is settled, based on the income tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Current tax assets and liabilities are offset when the Company and its subsidiaries have a legally enforceable right to offset the amounts and intend to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Management periodically evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to income tax authorities.

(r) Provisions:
A provision is recognized when there is a legal or constructive obligation as a result of a past event and it is probable that a future outlay of cash will be required to settle the obligation, and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-income tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When some or all of the monies required to settle a provision are expected to be recovered from a third party, the recovery is recognized as an asset when it is virtually certain that the recovery will be received.

When the Company has a legal or constructive obligation to restore a site on which an asset is located either through make-good provisions in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site is recognized as a provision with a corresponding increase to the related item of property, plant and equipment. At each reporting date, the obligation is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the obligation are added or deducted from the related asset. The change in the present value of the obligation due to the passage of time is recognized as a finance expense or finance income in the statement of income.

At each reporting date, other provisions are remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the provision are recognized in the statement of income. The change in the present value of the provision due to the passage of time is recognized as a finance expense or finance income in the statement of income.

(s) Financial assets and liabilities:
Derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. The Company's financial instruments are classified as follows: a) cash and cash equivalents - loans and receivables, b) trade and other receivables - loans and receivables, c) trade payables and other liabilities - other financial liabilities and d) derivative financial instruments - derivatives designated as effective hedges. All financial instruments, including derivatives, are included in the consolidated balance sheet and are measured at fair value except loans and receivables and other financial liabilities, which are measured at amortized cost. All changes in fair value are recorded to the statement of income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income to the extent the derivatives are deemed to be effective hedges.

(t) Derivative financial instruments:
The Company operates principally in Canada and the United States, which gives rise to risks that its income and cash flows may be adversely impacted by fluctuations in foreign exchange rates. The Company enters into foreign currency forward contracts to manage foreign exchange exposures on anticipated labor, operating costs, and property, plant and equipment expenditures to be incurred in Canadian dollars and equipment expenditures to be incurred in other foreign currencies.

All foreign currency forward contracts are designated as cash flow hedges. The fair value of each contract is included on the balance sheet within derivative financial instrument assets or liabilities, depending on whether the fair value was in an asset or liability position. In the case of labor and operating costs, changes in the fair value of these contracts are initially recorded in other comprehensive income and subsequently recorded in the statement of income when the hedged item affects income or loss. In the case of property, plant and equipment expenditures, changes in the fair value of these contracts are initially recorded in other comprehensive income and upon settlement of the contract, the gain or loss is included in the cost of the corresponding asset.

(u) Share-based payments:
The Company maintains a share-based compensation plan, which provides restricted share units under the President's Incentive Plan. Units under the plan vest immediately, and are paid in cash during the fourth quarter of the third year or the first quarter of the fourth year after the date of grant based upon the quoted market value of the common shares of the Company on the day prior to the date of payment. The fair value of the units granted is recognized as a personnel expense, with a corresponding increase in liabilities, over the period that the units pertain. The liability is remeasured at each reporting date. Any changes in the fair value of the liability are recognized as a personnel expense in the statement of income.

(v) Earnings per share:
Basic earnings per share are calculated by dividing the net income attributable to equity holders of the Company for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated on the same basis as there are no potentially dilutive common shares.

5. Critical accounting estimates and judgments:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that are critical to the determination of carrying value of assets and liabilities are addressed below.

(a) Impairment of property, plant and equipment and intangible assets:
An integral component of impairment testing is determining the asset's recoverable amount. The determination of the recoverable amount involves significant management judgment, including projections of future cash flows and appropriate discount rates. The cash flows are derived from the financial forecast for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, strength of debt and capital markets, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates could result in a material change in the recoverable amount. The Company has eight CGUs, of which the carrying values for two include goodwill and must be tested for impairment annually.

(b) Employee benefit plans:
Accounting for employee benefit plans requires the use of actuarial assumptions. The assumptions include the discount rate, rate of compensation increase, mortality rate and healthcare costs. These assumptions depend on underlying factors such as economic conditions, government regulations and employee demographics. These assumptions could change in the future and may result in material adjustments to employee benefit plan assets or liabilities.

6. Future accounting standards:

(a) Financial instruments:
IFRS 9 "Financial Instruments" was issued in November 2009, introducing new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. IFRS 9, which has yet to be adopted, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. With regard to the measurement of financial liabilities designated as fair value through profit or loss, IFRS 9 requires that the amount of the change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the statement of income. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to the statement of income. Previously, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in the statement of income. In November 2013, a new general hedge accounting standard was issued, forming part of IFRS 9. It will more closely align with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Another revised version of IFRS 9 was issued in July 2014 mainly to include i) impairment requirements for financial assets and ii) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of this new standard and does not intend to early adopt IFRS 9 in its consolidated financial statements.

(b) Revenue from contracts with customers:
IFRS 15 "Revenue From Contracts With Customers" was issued in May 2014, specifying the steps and timing for recognizing revenue. The new standard also requires more informative, relevant disclosures. IFRS 15 supersedes IAS 11 "Construction Contracts" and IAS 18 "Revenue", as well as various IFRIC and SIC interpretations regarding revenue. IFRS 15 is effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of this new standard and does not intend to early adopt IFRS 15 in its consolidated financial statements.

(c) Property, plant and equipment and intangibles:
Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" were issued in May 2014, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016 and are to be applied prospectively. The Company does not expect the amendments to have any impact on its consolidated financial statements.

(d) Financial statement presentation:
Amendments to IAS 1 "Presentation of Financial Statements" were issued in December 2014 as part of the IASB's major initiative to improve presentation and disclosure in financial reports. These amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Company is currently assessing the impact of these amendments and does not intend to early adopt amended IAS 1 in its consolidated financial statements.

	2014	2013

7. Expenses by nature:

Raw materials and consumables used	**(419,120)**	(371,483)
Depreciation and amortization	**(30,542)**	(26,668)
Personnel expenses (note 8)	**(158,489)**	(152,913)
Freight	**(22,733)**	(20,589)
Other expenses	**(37,468)**	(37,150)
Foreign exchange and cash flow hedge losses transferred from other comprehensive income (note 9)	**(3,338)**	(1,245)
	(671,690)	(610,048)

8. Personnel expenses:

Wages and salaries	**(133,993)**	(130,310)
Social security	**(12,946)**	(12,196)
Employee defined benefit plan expenses	**(3,273)**	(4,138)
Employee defined contribution plan expenses	**(4,150)**	(3,794)
Withdrawal liability on defined benefit multiemployer pension plan	**(340)**	586
Share-based payments	**(3,787)**	(3,061)
	(158,489)	(152,913)

9. Other expenses:

Foreign exchange loss	**(1,735)**	(563)
Cash flow hedge losses transferred from other comprehensive income	**(1,603)**	(682)
Withdrawal liability on defined benefit multiemployer pension plan	**(340)**	586
	(3,678)	(659)

10. Finance income and expense:

Finance income on cash and cash equivalents and other	**335**	384
Net finance income on defined benefit plans	**251**	-
Finance income	**586**	384
Finance expense on bank overdrafts and other	**(161)**	(24)
Net finance expense on defined benefit plans	**(153)**	(652)
Unwinding of discount rates on provisions	**(155)**	(138)
Finance expense	**(469)**	(814)
Net finance income (expense)	**117**	(430)

11. Income tax expense:

	2014	2013
Current tax expense		
Current year	**(29,130)**	(27,624)
Deferred tax expense		
Origination and reversal of temporary differences	**(6,399)**	(4,684)
Income tax expense	**(35,529)**	(32,308)
Income tax recovery (expense) recognized in other comprehensive income		
Cash flow hedges	**(7)**	280
Employee benefit plan remeasurements	**2,330**	(5,690)
	2,323	(5,410)
Reconciliation of effective income tax rate		
Combined Canadian federal and provincial income tax rate	**26.7%**	26.6%
United States income taxed at rates higher than Canadian tax rates	**5.8**	5.8
Permanent differences and other	**(1.7)**	(1.5)
Effective income tax rate	**30.8%**	30.9%

	December 28 2014	December 29 2013

12. Cash and cash equivalents:

Bank balances	**9,636**	13,456
Money market and short-term deposits	**134,125**	147,634
	143,761	161,090

13. Trade and other receivables:

Trade receivables	**106,038**	90,274
Less: Allowance for doubtful accounts	**(700)**	(1,197)
Net trade receivables	**105,338**	89,077
Other receivables	**7,116**	9,331
	112,454	98,408

14. Inventories:

Raw materials	**31,851**	27,125
Work-in-process	**18,466**	13,383
Finished goods	**44,130**	46,208
Spare parts	**6,139**	5,588
	100,586	92,304

During 2014, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $7,169 (2013 - $4,451) and reversals of previously written-down items of $2,176 (2013 - $1,652).

15. Property, plant and equipment:

	Land	Buildings	Equipment	Packaging Machines	Capital In Progress	Total
Net book value						
At December 31, 2012						
Cost	9,273	103,375	378,258	27,718	48,434	567,058
Accumulated depreciation	-	(29,693)	(209,847)	(25,840)	-	(265,380)
	9,273	73,682	168,411	1,878	48,434	301,678
2013 Activity						
Additions	-	18,227	23,728	65	13,839	55,859
Disposals	-	-	(160)	(182)	-	(342)
Transfers	-	11,149	37,143	-	(48,292)	-
Depreciation	-	(3,467)	(23,469)	(545)	-	(27,481)
At December 29, 2013	9,273	99,591	205,653	1,216	13,981	329,714
At December 29, 2013						
Cost	9,273	132,751	429,968	26,183	13,981	612,156
Accumulated depreciation	-	(33,160)	(224,315)	(24,967)	-	(282,442)
	9,273	99,591	205,653	1,216	13,981	329,714

Net book value						
At December 30, 2013						
Cost	**9,273**	**132,751**	**429,968**	**26,183**	**13,981**	**612,156**
Accumulated depreciation	**-**	**(33,160)**	**(224,315)**	**(24,967)**	**-**	**(282,442)**
	9,273	**99,591**	**205,653**	**1,216**	**13,981**	**329,714**
2014 Activity						
Additions	**-**	**7,208**	**18,742**	**445**	**23,683**	**50,078**
Disposals	**-**	**-**	**(101)**	**(32)**	**-**	**(133)**
Transfers	**-**	**327**	**10,395**	**-**	**(10,722)**	**-**
Depreciation	**-**	**(4,162)**	**(27,092)**	**(403)**	**-**	**(31,657)**
At December 28, 2014	**9,273**	**102,964**	**207,597**	**1,226**	**26,942**	**348,002**
At December 28, 2014						
Cost	**9,273**	**140,286**	**454,434**	**26,060**	**26,942**	**656,995**
Accumulated depreciation	**-**	**(37,322)**	**(246,837)**	**(24,834)**	**-**	**(308,993)**
	9,273	**102,964**	**207,597**	**1,226**	**26,942**	**348,002**

Government grants/tax credits in respect of property, plant and equipment were recognized within deferred income totaling $2,004 in 2014 (2013 - $4,278). No impairment losses or impairment reversals were recorded during 2014 and 2013. No borrowing costs were capitalized during 2014 and 2013.

16. Intangible assets:

	Goodwill	Software	Patents	Customer Related	Total
Net book value					
At December 31, 2012					
Cost	12,766	8,013	433	881	22,093
Accumulated amortization and impairment	-	(6,766)	(380)	(396)	(7,542)
	12,766	1,247	53	485	14,551
2013 Activity					
Additions	-	833	28	-	861
Disposals	-	(2)	-	-	(2)
Amortization	-	(346)	(16)	(88)	(450)
At December 29, 2013	12,766	1,732	65	397	14,960
At December 29, 2013					
Cost	12,766	8,710	461	881	22,818
Accumulated amortization and impairment	-	(6,978)	(396)	(484)	(7,858)
	12,766	1,732	65	397	14,960
Net book value					
At December 30, 2013					
Cost	**12,766**	**8,710**	**461**	**881**	**22,818**
Accumulated amortization and impairment	**-**	**(6,978)**	**(396)**	**(484)**	**(7,858)**
	12,766	**1,732**	**65**	**397**	**14,960**
2014 Activity					
Additions	**-**	**699**	**-**	**-**	**699**
Disposals	**-**	**(23)**	**(19)**	**-**	**(42)**
Amortization	**-**	**(459)**	**(1)**	**(89)**	**(549)**
At December 28, 2014	**12,766**	**1,949**	**45**	**308**	**15,068**
At December 28, 2014					
Cost	**12,766**	**9,290**	**77**	**881**	**23,014**
Accumulated amortization and impairment	**-**	**(7,341)**	**(32)**	**(573)**	**(7,946)**
	12,766	**1,949**	**45**	**308**	**15,068**

The amortization of software and patents is included within general and administrative expenses and the amortization of customer related intangibles is included within sales, marketing and distribution expenses.

As of December 28, 2014, there were no indefinite life intangible assets other than goodwill.

The 2014 goodwill balance of $12,766 (2013 - $12,766) includes $12,542 (2013 - $12,542) related to the lidding CGU. The impairment testing for this CGU was conducted under the value-in-use approach, using a pre-tax discount rate of 12.3 percent (2013 - 12.2 percent). Cash flows were projected based on actual operating results and the five-year business plan. Average volume growth for the next five years was 9.3 percent (2013 - 6.5 percent) and the average gross profit percentage over the same time-frame was one percentage point (2013 - one percentage point) lower than the actual gross profit percentage attained in the current year. Cash flows after the five year period were assumed to increase at a terminal growth rate of 1.5 percent (2013 - 1.5 percent).

No impairment losses or impairment reversals were recorded during 2014 and 2013.

17. Employee benefit plans:

The Company maintains four funded non-contributory defined benefit pension plans, one funded non-contributory supplementary income postretirement plan for certain CDN-based executives, one unfunded contributory defined benefit postretirement plan for healthcare benefits for a limited group of US individuals and seven defined contribution pension plans. Effective January 1, 2005, all defined benefit pension plans were frozen to new entrants except one, which was frozen effective January 1, 2009. All new CDN employees are required, and all new US employees have the option, to participate in defined contribution plans upon satisfaction of certain eligibility requirements. During 2014, the Company wound up one funded non-contributory defined benefit pension plan. The Company participated in one multiemployer defined benefit pension plan up until the first quarter of 2011, which provided benefits to certain unionized employees in the US. See note 20 for the details on the accounting for the Company's withdrawal from the plan.

The employee benefit plans are overseen by the Company Pension Committee which is comprised of two members from senior management and one Board member. The Company Pension Committee is responsible for determining and recommending the following items to the Company's Board of Directors for approval: (a) the benefit plan asset investment policies, (b) the Company's cash funding, and (c) the employee benefit entitlements within the respective benefit plans.

Total amounts paid by the Company on account of all benefit plans, consisting of: defined benefit pension plans, supplementary income postretirement plan, direct payments to beneficiaries for the unfunded postretirement plan and the defined contribution plans, amounted to $9,293 (2013 - $7,662).

Defined contribution pension plans
The Company maintains four defined contribution plans for employees in Canada and three savings retirement plans (401(k) Plans) for employees in the United States. The Company's total expense for these plans was $4,150 (2013 - $3,794).

Defined benefit plans
For financial reporting purposes, the Company measures the benefit obligations and fair value of the benefit plan assets as of the year-end date. The most recent actuarial valuations for funding purposes for the funded non-contributory plans were completed as at the following dates: January 1, 2014 for two plans, December 31, 2013 for one plan, and October 31, 2011 for one inactive plan. These actuarial valuations establish the minimum funding requirements. The most recent actuarial valuations for funding purposes for the supplementary income postretirement plan and the postretirement plan for healthcare benefits were dated December 28, 2014. The supplementary income postretirement plan has no minimum funding requirements. The next required actuarial valuations for all of the Company's active defined benefit plans are three years from the aforementioned dates. Based on the most recent actuarial valuations, the Company expects to contribute $2,204 in cash to its defined benefit plans in 2015. The Company Pension Committee also reviews the funding position of each plan on an annual basis and makes recommendations to the Company's Board of Directors regarding any additional cash funding by the Company deemed appropriate.

Regarding the funded non-contributory plans and the supplementary income postretirement plan, the normal retirement age is 65. The option to retire early and receive a reduced pension begins at age 55. For most plan members, the annual pension entitlement is based on years of credited service and the earnings attained in each of those years. However, for certain CDN-based executives, the annual pension entitlement is based on years of credited service and the highest average annual base compensation excluding incentive payments during the highest 36 consecutive months of earnings prior to retirement. At December 28, 2014 and December 29, 2013, the benefit obligation pertaining to these plan members represented less than 10 percent of the Company's total benefit obligation.

All equity and debt securities have quoted prices in active markets. The defined benefit pension plans do not invest in the shares of the Company. The objective of the benefit plan asset allocation policy is to manage the funded status of the benefit plans at an appropriate level of risk, giving consideration to the security of the assets and the potential volatility of market returns. The long-term rate of return is targeted to exceed the return indicated by a benchmark portfolio by at least 1 percent annually. The Company Pension Committee also pays attention to potential fluctuations in the benefit obligations. In the ideal case, benefit plan assets and obligations move in the same direction when interest rates change, creating a natural hedge against possible underfunding of the benefit plans.

The following presents the financial position of the Company's defined benefit pension plans and other postretirement benefits, which include the supplementary income plan and the postretirement plan for healthcare benefits:

	December 28 2014	December 29 2013
Change in benefit obligation		
Benefit obligation, beginning of year	**78,701**	89,221
Current service cost	**2,786**	3,785
Finance expense	**3,580**	3,482
Remeasurement losses (gains) recognized in other comprehensive income	**15,224**	(11,059)
Benefits paid	**(2,595)**	(2,800)
Settlements	**(1,651)**	-
Foreign exchange	**(4,186)**	(3,928)
Benefit obligation, end of year	**91,859**	78,701

	December 28 2014	December 29 2013
Change in benefit plan assets		
Fair value of benefit plan assets, beginning of year	**82,821**	74,744
Expected return on benefit plan assets	**3,678**	2,830
Remeasurement gains recognized in other comprehensive income	**7,834**	8,011
Employer contributions	**5,091**	3,865
Benefits paid	**(2,595)**	(2,800)
Settlements	**(2,023)**	-
Benefit plan administration cost paid from the plan assets recognized in income	**(423)**	(353)
Foreign exchange	**(4,948)**	(3,476)
Fair value of benefit plan assets, end of year	**89,435**	82,821
Change in benefit plan assets not recognized due to pension plan asset ceiling limit		
Balance, beginning of year	**354**	34
Remeasurement (gains) losses recognized in other comprehensive income	**(41)**	323
Other	**(313)**	(3)
Balance, end of year	**-**	354
Funded status		
Present value of funded obligations	**(89,506)**	(76,994)
Fair value of benefit plan assets	**89,435**	82,821
Status of funded obligations	**(71)**	5,827
Present value of unfunded obligations	**(2,353)**	(1,707)
Total funded status of obligations	**(2,424)**	4,120
Benefit plan assets not recognized due to pension plan asset ceiling limit	**-**	(354)
	(2,424)	3,766
Amounts recognized in the balance sheet		
Employee benefit plan assets	**5,249**	7,131
Employee benefit plan liabilities	**(7,673)**	(3,365)
	(2,424)	3,766
Benefit plan obligation		
The following represents the geographical breakdown of the benefit obligation:		
United States	**(38,331)**	(30,481)
Canada	**(53,528)**	(48,220)
	(91,859)	(78,701)
The following represents the membership status breakdown of the benefit obligation:		
Active members	**(54,922)**	(47,646)
Retired members	**(29,829)**	(25,708)
Deferred vested members	**(6,575)**	(4,868)
Other	**(533)**	(479)
	(91,859)	(78,701)
Benefit plan assets		
The following represents the weighted average allocation of benefit plan assets:		
Asset category		
Equity securities	**55%**	55%
Debt securities	**41%**	38%
Cash	**4%**	7%
Total	**100%**	100%

	2014	2013
Net benefit plan expense		
Current service cost	**(2,786)**	(3,785)
Settlements	**(64)**	-
Plan administration cost	**(423)**	(353)
	(3,273)	(4,138)
Net finance income	**251**	-
Net finance expense	**(153)**	(652)
	(3,175)	(4,790)
Actual return on benefit plan assets	**11,512**	10,841
Cumulative remeasurements recognized in other comprehensive income		
Cumulative amount, beginning of year	**5,065**	(13,682)
Annual activity		
Remeasurement of benefit obligation:		
Actuarial losses arising from changes in demographic assumptions	**(4,833)**	(1,233)
Actuarial (losses) gains arising from changes in financial assumptions	**(10,976)**	10,998
Actuarial gains arising from experience adjustments	**585**	1,294
	(15,224)	11,059
Remeasurement of benefit plan assets - actuarial gains arising from experience adjustments	**7,834**	8,011
Remeasurement of benefit plan assets not recognized due to pension plan asset ceiling limit	**41**	(323)
	(7,349)	18,747
Cumulative amount, end of year	**(2,284)**	5,065

	December 28 2014	December 29 2013
Significant assumptions		
The following weighted averages were used to value the benefit obligation:		
Discount rate	**4.0%**	4.9%
Rate of compensation increase	**3.6%**	3.6%

Assumptions regarding future mortality were based on the following mortality tables: Canada - CPM - RPP2014 private generational (2013 - UP94 fully generational) and United States - RP2014 (2013 - RP2000 projected to 2023).

At December 28, 2014, the weighted average duration of the benefit obligations was 16.3 years (2013 - 15.3 years).

Sensitivity analysis

At December 28, 2014, the present value of the benefit obligation was $91,859. Based on changes to the definitive actuarial assumptions, the benefit obligation would have been as follows:

	Increase	Decrease
Discount rate - one percentage point	79,480	107,450
Future mortality - one year	94,102	89,556
Rate of compensation increase - one percentage point	92,569	91,171

The postretirement benefit plan assumed healthcare cost trend rate is 7.4 percent with the rate declining to 4.5 percent by 2028. A one-percentage point movement in the assumed healthcare cost trend rate would affect the net benefit plan expense by approximately $5 and the benefit obligation by $146.

18. Deferred tax assets and liabilities:

The following are the components of the deferred tax assets and liabilities recognized by the Company:

	Assets		Liabilities		Net	
	December 28 2014	December 29 2013	**December 28 2014**	December 29 2013	**December 28 2014**	December 29 2013
Trade and other receivables	**281**	368	**-**	-	**281**	368
Inventories	**2,927**	2,983	**-**	-	**2,927**	2,983
Prepaid expenses	**-**	-	**(66)**	(72)	**(66)**	(72)
Derivative financial instruments	**235**	242	**-**	-	**235**	242
Property, plant and equipment	**1,984**	2,939	**(41,208)**	(36,767)	**(39,224)**	(33,828)
Intangible assets	**6**	118	**(1,256)**	(828)	**(1,250)**	(710)
Employee benefit plans	**2,798**	1,190	**(1,319)**	(1,848)	**1,479**	(658)
Trade payables and other liabilities	**2,308**	2,562	**(90)**	(170)	**2,218**	2,392
Provisions	**2,615**	2,574	**-**	-	**2,615**	2,574
Tax assets (liabilities)	**13,154**	12,976	**(43,939)**	(39,685)	**(30,785)**	(26,709)
Set off of tax	**(11,164)**	(10,033)	**11,164**	10,033	**-**	-
Net tax assets (liabilities)	**1,990**	2,943	**(32,775)**	(29,652)	**(30,785)**	(26,709)

Movement in deferred tax assets and liabilities:

	Opening Balance	Recognized In Income	Recognized In Equity	Ending Balance
2013				
Trade and other receivables	349	19	-	368
Inventories	3,328	(345)	-	2,983
Prepaid expenses	(59)	(13)	-	(72)
Derivative financial instruments	(38)	-	280	242
Property, plant and equipment	(29,470)	(4,358)	-	(33,828)
Intangible assets	38	(748)	-	(710)
Employee benefit plans	4,785	247	(5,690)	(658)
Trade payables and other liabilities	1,547	845	-	2,392
Provisions	2,905	(331)	-	2,574
	(16,615)	(4,684)	(5,410)	(26,709)
2014				
Trade and other receivables	**368**	**(87)**	**-**	**281**
Inventories	**2,983**	**(56)**	**-**	**2,927**
Prepaid expenses	**(72)**	**6**	**-**	**(66)**
Derivative financial instruments	**242**	**-**	**(7)**	**235**
Property, plant and equipment	**(33,828)**	**(5,396)**	**-**	**(39,224)**
Intangible assets	**(710)**	**(540)**	**-**	**(1,250)**
Employee benefit plans	**(658)**	**(193)**	**2,330**	**1,479**
Trade payables and other liabilities	**2,392**	**(174)**	**-**	**2,218**
Provisions	**2,574**	**41**	**-**	**2,615**
	(26,709)	**(6,399)**	**2,323**	**(30,785)**

Deferred tax assets have been recognized where it is probable that they will be recovered. In recognizing deferred tax assets, the Company has considered if it is probable that sufficient future income will be available to absorb temporary differences.

No deferred tax liability has been recognized in respect of temporary differences associated with investments in subsidiaries where the Company controls the timing of the reversal and it is probable that such temporary differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in domestic and foreign subsidiaries for which a deferred tax liability has not been recognized is $325,284 (2013 - $272,722). Temporary differences relating to unremitted earnings of foreign subsidiaries which would be subject to withholding and other taxes totaled $214,936 (2013 - $178,761).

19. Trade payables and other liabilities:

	December 28 2014	December 29 2013
Trade payables	**37,226**	36,850
Other current liabilities and accrued expenses	**31,872**	26,332
	69,098	63,182

20. Provisions:

	Multiemployer Withdrawal Liability	Asset Retirement Obligations	Total
Balance at December 30, 2013			
Current liabilities	427	-	427
Non-current liabilities	5,737	787	6,524
	6,164	787	6,951
2014 Annual activity			
Payments	(427)	-	(427)
Finance expense (income) - unwinding of discount	161	(6)	155
Reversals	-	(21)	(21)
Change in discount rates	340	-	340
Balance at December 28, 2014	6,238	760	6,998
At December 28, 2014			
Current liabilities	427	-	427
Non-current liabilities	5,811	760	6,571
	6,238	760	6,998

Multiemployer withdrawal liability

The Company participated in one multiemployer defined benefit pension plan providing benefits to certain unionized employees in the US. Management reached an agreement with the Union to withdraw from the plan in the first quarter of 2011. Pursuant to US federal legislation, an employer who withdraws from a plan with unfunded vested benefits is responsible for a share of that underfunding. As a consequence of withdrawing from the plan, the Company is required to make monthly payments at a constant dollar value of $36, or $427 on an annual basis, until June 2032. A one-percentage point increase in the discount rates would have decreased the December 28, 2014 liability by $464 and increased income before income taxes by $464.

Asset retirement obligations

For certain building leases, the Company is required to remove all equipment and restore the premises at the end of the lease.

21. Share-based payments:

Effective January 1, 2004, the Board of Directors established the President's Incentive Plan (Plan), whereby the Company grants to B.J. Berry (President) 60,000 restricted share units (RSUs) upon completion of each year of service. There is no cost to the President for the RSUs and the RSUs vest immediately. The Company pays to the President the cash value of the RSUs based on the closing share price on a date selected by the President during the fourth quarter of the third year or the first quarter of the fourth year subsequent to the year the RSUs were granted. A date cannot be selected during periods in which insiders may not trade Winpak shares. In the event of the termination of the President's employment for any reason, the cash value of the RSUs shall be paid immediately to the President or his personal representative, as the case may be. The cash value of a RSU is the market value of the common shares of the Company on the day prior to the date of payment. In addition, the Company is required to pay the President an amount equal to the dividends paid on the common shares of the Company with respect to each RSU if, as and when, declared and paid.

Details of RSUs issued and outstanding during the current and prior year are as follows:

	2014	2013
Outstanding, beginning of year	**240,000**	240,000
Settled	**(60,000)**	(60,000)
Granted	**60,000**	60,000
Outstanding, end of year	**240,000**	240,000
Available for settlement, end of year	**60,000**	60,000

The 240,000 RSUs outstanding at the end of 2014 mature 60,000 annually from 2015 through 2018 and the 240,000 RSUs outstanding at the end of 2013 mature 60,000 annually from 2014 through 2017.

The fair value of the RSUs at the grant date and each subsequent reporting date is based upon the market value of the Company's common shares.

The personnel expense recorded in the statement of income under the Plan was $3,787 (2013 - $3,061). The settlement price in 2014 was $24.60 US per RSU (2013 - $19.21 US). At December 28, 2014, the carrying value of the liability, as well as the intrinsic value of the vested liability in respect of the Plan, was $6,688 (2013 - $5,134).

22. Share capital and reserves:

Share capital
At December 28, 2014, the authorized voting common shares were unlimited (2013 - unlimited). The issued and fully paid voting common shares at December 28, 2014 were 65,000,000 (2013 - 65,000,000). The shares have no par value. The Company has no stock option plans in place.

Reserves
Reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to the hedged transactions that have not yet occurred.

Dividends
During 2014, dividends in Canadian dollars of 12 cents per common share were declared (2013 - 12 cents). In addition, the Company paid a special dividend in Canadian dollars of one dollar per common share on March 20, 2014.

23. Earnings per share:

	2014	2013
Net income attributable to equity holders of the Company	**78,360**	71,397
Weighted average shares outstanding (000's)	**65,000**	65,000
Basic and diluted earnings per share - cents	**121**	110

24. Financial instruments:

The following sets out the classification and the carrying/fair value of financial instruments:

Assets (Liabilities)	Classification	Carrying / Fair Value
Cash and cash equivalents	Loans and receivables	143,761
Trade and other receivables	Loans and receivables	112,454
Trade payables and other liabilities	Other financial liabilities	(69,098)
Derivative financial instrument liabilities	Derivatives designated as effective hedges	(875)

The fair value of cash and cash equivalents, trade and other receivables, trade payables and other liabilities approximate their carrying value because of the short-term maturity of these instruments. The fair value of foreign currency forward contracts, designated as cash flow hedges, have been determined by valuing those contracts to market against prevailing forward foreign exchange rates as at the year-end reporting date. The inputs used for fair value measurements, including their classification within the required three levels of the fair value hierarchy that prioritizes the inputs used for fair value measurement, are as follows:

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

The following table presents the classification of financial instruments within the fair value hierarchy:

Financial Assets (Liabilities)	Level 1	Level 2	Level 3	Total
At December 28, 2014				
Foreign currency forward contracts - net	-	(875)	-	(875)
At December 29, 2013				
Foreign currency forward contracts - net	-	(903)	-	(903)

When the Company has a legally enforceable right to set off supplier rebates against supplier trade payables and intends to settle the amount on a net basis or simultaneously, the balance is presented as an offset within Trade Payables and Other Liabilities on the consolidated balance sheet. At December 28, 2014, the supplier rebate receivable balance that was offset was $5,109 (2013 - $3,575).

25. Commitments and guarantees:

Commitments:
At December 28, 2014, the Company has commitments to purchase property, plant and equipment of $19,612 (2013 - $11,928).

The Company rents premises and equipment under operating leases that expire at various dates until April 30, 2020. The aggregate minimum rentals payable for these leases are as follows:

Year	2015	2016	2017	2018	2019	Thereafter	Total
Amount	1,089	902	807	672	531	176	4,177

During 2014, $1,165 was recognized as an expense in the statement of income in respect of operating leases (2013 - $1,228).

Guarantees:

Directors and officers
The Company and its subsidiaries have entered into indemnification agreements with their respective directors and officers to indemnify them, to the extent permitted by law, against any and all amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit, or any judicial, administrative or investigative proceeding involving the directors and officers. Indemnification claims will be subject to any statutory or other legal limitation period. The Company has purchased directors' and officers' liability insurance to mitigate losses from any such claims.

Leased real property
The Company and its subsidiaries enter into operating leases in the ordinary course of business for real property. In certain instances, the Company and its subsidiaries have indemnified the landlord from any obligations that may arise from any occurrences of personal bodily injury, loss of life and property damages. The Company's property and liability insurance coverage mitigates losses from any such claims.

Pension plan
The Company has indemnified the Manitoba Pension Commission from any and all claims that may be made by any beneficiary under a certain defined benefit pension plan. The indemnity relates to the transfer of a portion of the surplus in the respective pension plan to a non-contributory supplementary income plan.

Given the nature of the aforementioned indemnification agreements, the Company is unable to reasonably estimate its maximum potential liability under these agreements. The Company believes the likelihood of a material payment pursuant to these indemnification agreements is remote. No amounts have been recorded in the consolidated financial statements with respect to these indemnification agreements.

26. Financial risk management:

In the normal course of business, the Company has risk exposures consisting primarily of foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Company manages its risks and risk exposures through a combination of derivative financial instruments, insurance, a system of internal and disclosure controls and sound business practices. The Company does not purchase any derivative financial instruments for speculative purposes.

Financial risk management is primarily the responsibility of the Company's corporate finance function. Significant risks are regularly monitored and actions are taken, when appropriate, according to the Company's approved policies, established for that purpose. In addition, as required, these risks are reviewed with the Company's Board of Directors.

Foreign exchange risk
Translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. These foreign exchange gains and losses are recorded in other expenses. As a result of the Company's CDN dollar net asset monetary position as at December 28, 2014, a one-cent change in the year-end foreign exchange rate from 0.8604 to 0.8504 (CDN to US dollars) would have decreased net income by $42 for 2014. Conversely, a one-cent change in the year-end foreign exchange rate from 0.8604 to 0.8704 (CDN to US dollars) would have increased net income by $42 for 2014.

The Company's foreign exchange policy requires that between 50 and 80 percent of the Company's net requirement of CDN dollars for the ensuing 9 to 15 months will be hedged at all times with a combination of cash and cash equivalents and forward or zero-cost option foreign currency contracts. The Company may also enter into forward foreign currency contracts when equipment purchases will be settled in other foreign currencies. Transactions are only conducted with certain approved Schedule I Canadian financial institutions. All foreign currency contracts are designated as cash flow hedges. Certain foreign currency forward contracts matured during the year and the Company realized pre-tax foreign exchange losses of $1,603 (2013 losses - $632). Of these foreign exchange differences, losses of $1,603 (2013 losses - $682) were recorded in other expenses and no amounts were recorded in property, plant and equipment (2013 gains - $50).

As at December 28, 2014, the Company had US to CDN dollar foreign currency forward contracts outstanding with a notional amount of US $20.0 million at an average exchange rate of 1.116 maturing between January and October 2015. The fair value of these financial instruments was negative $875 US and the corresponding unrealized loss has been recorded in other comprehensive income.

Interest rate risk
The Company's interest rate risk arises from interest rate fluctuations on the finance income that it earns on its cash invested in money market accounts and short-term deposits. The Company developed and implemented an investment policy, which was approved by the Company's Board of Directors, with the primary objective to preserve capital, minimize risk and provide liquidity. Regarding the December 28, 2014 cash and cash equivalents balance of $143.8 million, a 1.0 percent increase/decrease in interest rate fluctuations would increase/decrease income before income taxes by $1,438 annually.

Commodity price risk
The Company's manufacturing costs are affected by the price of raw materials, namely petroleum-based and natural gas-based plastic resins and aluminum. In order to manage its risk, the Company has entered into selling price-indexing programs with certain customers. Changes in raw material prices for these customers are reflected in selling price adjustments but there is a slight time lag. For 2014, 68 percent (2013 - 67 percent) of revenue was generated from customers with selling price-indexing programs. For all other customers, the Company's preferred practice is to match raw material cost changes with selling price adjustments, albeit with a slight time lag. This matching is not always possible, as customers react to selling price pressures related to raw material cost fluctuations according to conditions pertaining to their markets.

Credit risk
The Company is exposed to credit risk from its cash and cash equivalents held with banks and financial institutions, derivative financial instruments (foreign currency forward contracts), as well as credit exposure to customers, including outstanding trade and other receivable balances.

The following table details the maximum exposure to the Company's counterparty credit risk which represents the carrying value of the financial asset:

	December 28 2014	December 29 2013
Cash and cash equivalents	**143,761**	161,090
Trade and other receivables	**112,454**	98,408
	256,215	259,498

Credit risk on cash and cash equivalents and financial instruments arises in the event of non-performance by the counterparties when the Company is entitled to receive payment from the counterparty who fails to perform. The Company has established an investment policy to manage its cash. The policy requires that the Company manage its risk by investing its excess cash on hand on a short-term basis, up to a maximum of six months, with several financial institutions and/or governmental bodies that must be 'AA' rated, or higher, by a recognized international credit rating agency or insured 100 percent by the US government or a 'AAA' rated CDN federal or provincial government. The Company manages its counterparty risk on its financial instruments by only dealing with CDN Schedule I financial institutions.

In the normal course of business, the Company is exposed to credit risk on its trade and other receivables from customers. To mitigate such risk, the Company performs ongoing customer credit evaluations and assesses their credit quality by taking into account their financial position, past experience and other pertinent factors. Management regularly monitors customer credit limits, performs credit reviews and, in certain cases insures trade receivable balances against credit losses.

As at December 28, 2014, the Company believes that the credit risk for trade and other receivables is mitigated due to the following: (a) a broad customer base which is dispersed across varying market sectors and geographic locations, (b) 95 percent (2013 - 98 percent) of gross trade and other receivable balances are outstanding for less than 60 days, and (c) 22 percent (2013 - 22 percent) of the trade and other receivables balance are insured against credit losses. The Company's exposure to the ten largest customer balances, on aggregate, accounted for 44 percent (2013 - 37 percent) of the total trade and other receivables balance.

The carrying amount of trade and other receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income within general and administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses in the statement of income.

The following table sets out the aging details of the Company's trade and other receivables balances outstanding based on the status of the receivable in relation to when the receivable was due and payable and related allowance for doubtful accounts:

	December 28 2014	December 29 2013
Current - neither impaired nor past due	**86,703**	78,113
<u>Not impaired but past the due date</u>:		
Within 30 days	**21,298**	19,399
31 - 60 days	**4,019**	1,931
Over 60 days	**1,134**	162
	113,154	99,605
Less: Allowance for doubtful accounts	**(700)**	(1,197)
Total trade and other receivables, net	**112,454**	98,408

The following table details the continuity of the allowance for doubtful accounts:

	2014	2013
Balance, beginning of year	**(1,197)**	(1,112)
Provisions for the year, net of recoveries	**(63)**	(244)
Uncollectible amounts written off	**558**	159
Foreign exchange impact	**2**	-
Balance, end of year	**(700)**	(1,197)

Liquidity risk
Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they come due. Management believes that the liquidity risk is low due to the strong financial condition of the Company. This risk assessment is based on the following: (a) cash and cash equivalents amounts of $143.8 million, (b) no outstanding bank loans, (c) unused credit facilities comprised of unsecured operating lines of $38 million, (d) the ability to obtain term-loan financing to fund an acquisition, if needed, (e) an informal investment grade credit rating, and (f) the Company's ability to generate positive cash flows from ongoing operations. Management believes that the Company's cash flows are more than sufficient to cover its operating costs, working capital requirements, capital expenditures and dividend payments in 2015. The Company's trade payables and other liabilities and derivative financial instrument liabilities are virtually all due within twelve months.

Capital management
The Company's objectives in managing capital are to ensure the Company will continue as a going concern and have sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to deploy capital to provide an appropriate return on investment to its shareholders.

In the management of capital, the Company includes bank overdrafts, bank loans and shareholders' equity. The Board of Directors has established quantitative return on capital criteria for management and year-over-year sustainable earnings growth targets. The Board of Directors also reviews, on a regular basis, the level of dividends paid to the Company's shareholders.

The Company has externally imposed capital requirements as governed through its bank operating line credit facilities. The Company monitors capital on the basis of funded debt to EBITDA (income before interest, income taxes, depreciation and amortization) and debt service coverage. Funded debt is defined as the sum of bank loans and bank overdrafts less cash and cash equivalents. The funded debt to EBITDA is calculated as funded debt, as at the financial reporting date, over the 12-month rolling EBITDA. This ratio is to be maintained under 3.00:1. As at December 28, 2014, the ratio was 0.00:1. Debt service coverage is calculated as a 12-month rolling income from operations over debt service. Debt service is calculated as the sum of one-sixth of bank loans outstanding plus annualized finance expense and dividends. This ratio is to be maintained over 1.50:1. As at December 28, 2014, the ratio was 16.18:1.

There were no changes in the Company's approach to capital management during 2014.

27. Segment reporting:

The Company operates in one reportable segment being the manufacture and sale of packaging materials. The Company operates principally in Canada and the United States. The following summary presents key information by geographic segment:

	United States	Canada	Other	Consolidated
2014				
Revenue	**635,755**	**101,985**	**49,014**	**786,754**
Property, plant and equipment and intangible assets	**162,080**	**199,652**	**1,338**	**363,070**
2013				
Revenue	572,100	100,472	42,299	714,871
Property, plant and equipment and intangible assets	147,023	196,227	1,424	344,674

Major customer
During 2014, the Company reported revenue to one customer representing 19 percent of total revenue (2013 - 17 percent).

28. Contingencies:

In the normal course of business activities, the Company may be subject to various legal actions. Management contests these actions and believes resolution of the actions will not have a material adverse impact on the Company's financial condition.

29. Related party transactions:

The Company had revenue of $133 (2013 - $0) and purchases of $4,006 (2013 - $2,487) with its majority shareholder company. Trade and other receivables and trade payables and other liabilities include amounts of $87 (2013 - $84) and $432 (2013 - $35) respectively with the majority shareholder company. These transactions were completed at market values with normal payment terms.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Executive Committee are key management personnel. The following table details the compensation earned by these key management personnel:

	2014	2013
Salaries, fees and short-term benefits	**(5,149)**	(4,864)
Post-employment benefits	**(427)**	(494)
Share-based payments	**(3,787)**	(3,061)
	(9,363)	(8,419)

No loans were advanced to key management personnel during the year.

The aggregate remuneration earned by the Board of Directors in 2014 was $510 (2013 - $532). As a group, the Board of Directors hold, directly or indirectly 52.6 percent (2013 - 52.6 percent) of the outstanding shares of the Company. The members of the Executive Committee hold, directly or indirectly, 0.4 percent (2013 - 0.4 percent) of the outstanding shares of the Company.

CORPORATE INFORMATION

Annual Meeting

The Annual Meeting of Shareholders will be held on Thursday, April 23, 2015 at 4:30 p.m.
at The Mount Royal Club, Montreal, Canada

Listing

Winpak Ltd. shares are listed WPK on the Toronto Stock Exchange

Transfer Agent

Computershare Investor Services Inc.

Annual Information Form

The most recent version of the Annual Information Form for Winpak Ltd.
is available by contacting Winpak's Corporate Office
100 Saulteaux Crescent, Winnipeg, Canada R3J 3T3
info@winpak.com

Board of Directors

Chairman, *A.I. Aarnio-Wihuri (2)*, Helsinki, Finland; Chairman, Wihuri International Oy
Vice Chairman, *J.M. Hellgren (2)*, Helsinki, Finland; President and Chief Executive Officer, Wihuri International Oy
M.H. Aarnio-Wihuri (2), Helsinki, Finland; Manager, Sustainability Program, Wihuri International Oy
D.R.W. Chatterley (1), Winnipeg, Canada
J.R. Lavery (2), Niagara-on-the-Lake, Canada
A.B. Martyszenko (1), Winnipeg, Canada; Senior Partner, M Group Chartered Accountants LLP
I.T. Suominen (1), Helsinki, Finland; Vice President and Chief Financial Officer, Wihuri International Oy

(1) Member of the Audit Committee
(2) Member of the Compensation, Governance and Nominating Committee

Executive Committee

The Executive Committee, in consultation with the Board of Directors, establishes the objectives and the long-term direction of the Company. The Committee meets regularly throughout the year to review progress towards achievement of the Company's goals and to implement policies and procedures directed at optimizing performance.

B.J. Berry, President and Chief Executive Officer, Winpak Ltd.
K.M. Byers, President, Winpak Films Inc.
D.A. Johns, President, Winpak Division, a division of Winpak Ltd.
T.L. Johnson, President, Winpak Heat Seal Packaging
K.P. Kuchma, Vice President and Chief Financial Officer, Winpak Ltd.
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