WINPAK

NEWS RELEASE

Winpak Reports Fourth Quarter Results

Winnipeg, Manitoba, February 18, 2016 - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the fourth quarter of 2015, which ended on December 27, 2015.

	Quarter Ended		Year Ended	
	December 27 2015	December 28 2014	December 27 2015	December 28 2014
(thousands of US dollars, except per share amounts)				
Revenue	205,746	206,269	797,169	786,754
Net income	28,377	23,756	101,803	79,652
Income tax expense	11,775	9,954	45,474	35,529
Net finance expense (income)	15	(88)	50	(117)
Depreciation and amortization	8,240	7,956	31,879	30,542
EBITDA (1)	48,407	41,578	179,206	145,606
Net income attributable to equity holders of the Company	27,635	23,343	99,248	78,360
Net income attributable to non-controlling interests	742	413	2,555	1,292
Net income	28,377	23,756	101,803	79,652
Basic and diluted earnings per share (cents)	43	36	153	121

Winpak Ltd. 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.

For further information: K.P. Kuchma, Vice President and CFO, (204) 831-2254; B.J. Berry, President and CEO, (204) 831-2216

[1] EBITDA is not a recognized measure under International Financial Reporting Standards (IFRS). Management believes that in addition to net income, this measure provides useful supplemental information to investors including an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors should be cautioned, however, that this measure should not be construed as an alternative to net income, determined in accordance with IFRS, as an indicator of the Company's performance. The Company's method of calculating this measure may differ from other companies, and accordingly, the results may not be comparable.

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Management's Discussion and Analysis (presented in US dollars)

Forward-looking statements: 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, we disclaim 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.

Financial Performance

Net income attributable to equity holders of the Company for the fourth quarter of 2015 rose to $27.6 million or 43 cents in earnings per share, the highest quarterly earnings performance in the history of the Company. This exceeded the final quarter of 2014 by $4.3 million or 7 cents per share, an advancement of 18.4 percent. Enhanced gross profit margins propelled earnings per share forward by 5.0 cents while organic volume growth contributed a further 1.5 cents. Favorable foreign exchange provided an additional 2.0 cents in earnings per share and was partially offset by higher operating expenses which reduced earnings per share by 1.5 cents. The positive impact on earnings per share of lower income taxes of 0.5 cents was negated in its entirety by a greater proportion of earnings attributable to non-controlling interests.

For the year, net income attributable to equity holders of the Company climbed to $99.2 million or $1.53 in earnings per share, exceeding the prior year record net income of $78.4 million or $1.21 per share by 26.7 percent. Lower raw material prices drove higher gross profit margins, resulting in an increase in earnings per share of 24.0 cents. This was further enriched by organic volume growth, favorable foreign exchange and lower income taxes which added 5.5 cents, 6.5 cents and 0.5 cents respectively to earnings per share. Higher operating expenses and a greater proportion of earnings attributable to non-controlling interests had the opposite effect by decreasing earnings per share by 2.5 cents and 2.0 cents accordingly.

Revenue

Revenue in the fourth quarter of 2015 of $205.7 million essentially matched the comparable 2014 period, falling short by just 0.3 percent. Nonetheless, this is only the second time since Winpak's inception that quarterly revenues exceeded the $200 million plateau. Volume growth was all organic and registered a respectable increase of 4.2 percent compared to the fourth quarter of 2014. Modified atmosphere packaging shipments were robust, exceeding the final quarter of the prior year by more than 10 percent. Further progress at penetrating multinational food companies, along with gains at existing meat and cheese customers, drove success for this product group. The rebound in lidding, evident in the third quarter, continued with volumes out-distancing the last three months of 2014 in the mid-single-digit percentage range. Yogurt and retort lidding provided the main impetus. Rigid container volumes advanced in the low single-digit percentage range, after leading the Company in growth in the prior year. Specialty film volumes, on the other hand, were challenged in the quarter, receding in the mid-single-digit percentage range, due in part to the downstream effect of lost business by some of its customers as well as capacity-related constraints in its shrink bag operations. Packaging machinery and part sales revenues retreated by over 20 percent from the fourth quarter of 2014 as increases of over 30 percent in parts sales were not enough to overcome reduced machinery shipments, which follow a more cyclical pattern. Selling price/mix changes had an unfavorable effect of 2.7 percent on 2015 fourth quarter revenues and the decline in the value of the Canadian dollar in comparison to its US counterpart also had a negative impact of 1.8 percent versus the comparable prior year quarter.

For 2015, revenue of $797.2 million surpassed the prior year amount of $786.8 million by $10.4 million or 1.3 percent, despite price-indexing and foreign exchange headwinds. Volumes increased by 4.3 percent, with all product groups advancing. Consistent with the fourth quarter, modified atmosphere packaging led the Company, exceeding prior year volumes by more than 10 percent due to increased sales of sophisticated packaging for processed meat and cheese applications. Biaxially oriented nylon film, and packaging machinery and part sales volumes progressed in the mid-single-digit percentage range while rigid containers, lidding and specialty films shipments grew in low single-digit percentage terms. In comparison to 2014, selling price/mix changes in 2015 had an unfavorable impact of 1.4 percent on revenues while foreign exchange reduced reported revenues by a further 1.6 percent.

Gross profit margins

Gross profit margins for the fourth quarter of 2015 outpaced the comparable 2014 period by 3.7 percentage points at 33.5 percent of revenue versus 29.8 percent. The decline in raw material costs in relation to those experienced a year earlier was the main factor contributing to the margin improvement, resulting in a boost in earnings per share of 5.0 cents. Although approximately 70 percent of the Company's revenues are indexed, there is a lag of approximately 90 days before the effects of raw material cost changes are realized within selling prices. With raw material costs falling, the result was a somewhat inflated margin in the quarter. The raw material cost decreases experienced in the fourth quarter of 2015 will, on average, be translated into selling price reductions in the first quarter of 2016. Market pricing for non-indexed accounts have remained fairly stable through the period.

For the year, gross profit margins of 32.3 percent of revenue eclipsed the 2014 level of 28.5 percent by a sizeable 3.8 percentage points. The result was an addition to earnings per share of 24.0 cents. The significant decline in oil and natural gas prices in 2015 and consequently its impact on resin prices, has resulted in a widening gap between raw material costs and selling prices and was the main factor influencing the heightened margins.

For reference, the following presents the weighted indexed purchased cost of Winpak's eight primary raw materials in the reported quarter and each of the preceding eight quarters, where base year 2001 = 100. The index was rebalanced as of December 29, 2014 to reflect the mix of the eight primary raw materials purchased in 2014.

Quarter and Year	4/15	3/15	2/15	1/15	4/14	3/14	2/14	1/14	4/13
Purchase Price Index	139.1	147.7	152.1	156.9	175.1	176.2	178.1	178.7	175.0

The purchase price index fell a noticeable 5.8 percent in the current quarter in relation to the third quarter of 2015. In comparison to a year earlier, the index decline was even more pronounced at 20.6 percent. The commodity-type resins have experienced a more significant decline than the average whereas certain specialty resins were fairly stable throughout the period. As 2016 begins, pricing for most materials appears to be stable with the exception of polypropylene resin, where supply is tight.

Expenses and Other

Operating expenses in the quarter, adjusted for foreign exchange, increased by 10.3 percent, exceeding the growth in sales volumes from the fourth quarter of 2014. Higher compensation costs, including incentive expenses, and offsite storage costs were the main contributing factors responsible for the negative impact of 1.5 cents on earnings per share for the quarter. The lower value of the Canadian dollar in the final three months of 2015 versus the comparable period in 2014 supplemented earnings per share by 2.0 cents as Canadian dollar expenses exceeded revenues denominated in that currency. An increase in earnings attributable to non-controlling interests reduced earnings per share by 0.5 cents in the quarter versus the fourth quarter of the prior year but was equally offset by the positive impact of a lower average income tax rate in the period as a greater proportion of income was earned in Canada in the current quarter where corporate income tax rates are more favorable.

For the 2015 fiscal year, operating expenses, exclusive of foreign exchange impacts, advanced by just over 2 percentage points more than the increase in sales volumes from 2014, resulting in a reduction in earnings per share of 2.5 cents. Higher shared-based incentive costs and reduced research and development tax credits in 2015 had the greatest impact on elevating operating expenses. Foreign exchange had a net favorable effect of 6.5 cents on earnings per share, primarily as a result of converting the Company's net Canadian dollar expenses into US funds at a lower average exchange rate in 2015 compared to the prior year. Earnings per share was also favorably impacted by 0.5 cents due to a larger percentage of earnings being realized in lower income tax rate jurisdictions. On the other hand, a greater proportion of earnings attributable to non-controlling interests reduced earnings per share by 2.0 cents per share in the current year versus 2014.

Summary of Quarterly Results

Thousands of US dollars, except per share amounts (US cents)

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	205,746	193,726	198,257	199,440	206,269	192,982	199,426	188,077
Net income attributable to equity holders of the Company	27,635	22,305	26,845	22,463	23,343	19,448	19,406	16,163
EPS	43	34	41	35	36	30	30	25

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the year at $165.0 million, a decrease of $45.4 million from the end of the third quarter of 2015. The payment of a special dividend of $73.8 million ($97.5 million Canadian) in the quarter resulted in the decrease in cash. Winpak continued to generate strong and consistent cash flows from operating activities before changes in working capital of $49.0 million, surpassing the final quarter of 2014 by $6.6 million. Cash was also generated from a reduction in working capital of $4.9 million. In addition to the special dividend, cash was utilized for plant and equipment additions of $16.9 million, income tax payments of $6.7 million, regular dividends of $1.5 million and other items totaling $0.4 million.

For the year, the cash and cash equivalents balance rose by $21.3 million, despite the payment of special and regular dividends to equity holders of the Company of $80.1 million. Cash generated from operating activities before changes in working capital amounted to $179.0 million, a substantial appreciation of $33.6 million compared to the prior year. Reductions in working capital, primarily trade receivables and inventories, added a further $9.4 million to the cash balance in the year. Uses of cash included plant and equipment additions of $53.7 million which were predominantly extrusion-related, income tax payments of $26.5 million, employee defined benefit plan contributions of $1.7 million, and other items totaling $0.6 million. In addition, in the second quarter of the year, the multiemployer pension plan withdrawal liability was extinguished for $4.5 million. The Company remains debt-free and is confident that sufficient financial resources are in place to meet all anticipated cash requirements for the foreseeable future.

Looking Forward

As 2016 begins, the Company is optimistic with regard to the upcoming year. Opportunities in the sales pipeline are significant and should provide the impetus for expanding volumes in 2016 and beyond. There are several technical complexities that need to be conquered to bring certain of these opportunities to fruition but management is confident that these challenges will be met. Raw material pricing is expected to remain relatively stable in the near term as demand and fulfillment are in relative equilibrium, with the exception of polypropylene resin where tightness of supply is evident in the marketplace and may exert upward pressure on pricing going forward. However, with the further decline and volatility in world oil prices as of late, it is difficult to predict what impact this may have on future raw material prices. Gross profit margins will likely fall a couple of percentage points from elevated fourth quarter levels as the effect from recent declines in raw material costs on indexed selling prices will be realized in the early part of the upcoming year due to the lag period of approximately three months. Manufacturing performance will continue to remain a focus for the operations group in 2016 and improvement will be essential to alleviate bottlenecks in areas where capacity is currently constrained in order to achieve the Company's volume growth objectives. Of particular importance will be the commercialization of the massive technologically-advanced cast coextrusion line which is in the process of being installed at the Company's modified atmosphere packaging facility in Winnipeg. The weakness in the Canadian dollar versus its US counterpart, while reducing reported revenues, will continue to be favorable to the Company's earnings, as Canadian dollar denominated costs exceed revenues in that currency. Should the exchange rate stabilize at current levels, further positive effects will be evident in 2016 results due to the Company's foreign exchange hedging policy whereby between 50 and 80 percent of the net requirement of Canadian dollars for the ensuing 9 to 15 months are hedged at all times with forward or zero-option contracts. To some extent, this has muted the favorable effect of the weaker Canadian dollar on 2015's net income. Capital spending for 2016 should be somewhat higher than 2015's level of $53.7 million as the rigid container operations in Chicago are planning to add a further 350,000 square feet to its existing Sauk Village facility which was constructed in 2012 and an addition of 85,000 square feet is budgeted for the Company's shrink bag operations in Georgia. The Company will continue to pursue acquisition opportunities in Winpak's core competencies of sophisticated packaging for food, beverage and healthcare applications while it remains committed to substantial organic growth through capital investment. With Winpak's solid financial position, it has the resources necessary to complete an acquisition when the proper fit and price are present to provide long-term shareholder value.

Future Changes to Accounting Standards

As more fully described in Note 3 to the Condensed Consolidated Financial Statements, three new accounting standards have been issued, IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases". IFRS 9 and IFRS 15 are effective for annual periods beginning on or after January 1, 2018 while IFRS 16 is effective for annual periods beginning on or after January 1, 2019. 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.

Controls and Procedures

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 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 as of December 27, 2015 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 IFRS. 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 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 as of December 27, 2015 to provide reasonable assurance that the financial information being reported is materially accurate. During the fourth quarter ended December 27, 2015, there have been no changes to 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.

Winpak Ltd.
Interim Condensed Consolidated Financial Statements
Fourth Quarter Ended: December 27, 2015

These interim condensed consolidated financial statements have not been audited or reviewed by the Company's independent external auditor, KPMG LLP.

Winpak Ltd.
Condensed Consolidated Balance Sheets
(thousands of US dollars) (unaudited)

	Note	December 27 2015	December 28 2014
Assets			
Current assets:			
Cash and cash equivalents		165,027	143,761
Trade and other receivables	12	107,805	112,454
Income taxes receivable		2,050	2,873
Inventories	4	96,498	100,586
Prepaid expenses		3,411	4,344
Derivative financial instruments		40	-
		374,831	364,018
Non-current assets:			
Property, plant and equipment	7	369,436	348,002
Intangible assets	7	14,745	15,068
Employee benefit plan assets		5,723	5,249
Deferred tax assets		1,408	1,990
		391,312	370,309
Total assets		766,143	734,327
Equity and Liabilities			
Current liabilities:			
Trade payables and other liabilities		68,534	69,098
Provisions	5	-	427
Income taxes payable		10,569	690
Derivative financial instruments		1,683	875
		80,786	71,090
Non-current liabilities:			
Employee benefit plan liabilities		8,885	7,673
Deferred income		14,071	14,831
Provisions	5	760	6,571
Deferred tax liabilities		38,250	32,775
		61,966	61,850
Total liabilities		142,752	132,940
Equity:			
Share capital		29,195	29,195
Reserves		(1,208)	(641)
Retained earnings		576,359	555,697
Total equity attributable to equity holders of the Company		604,346	584,251
Non-controlling interests		19,045	17,136
Total equity		623,391	601,387
Total equity and liabilities		766,143	734,327

See accompanying notes to condensed consolidated financial statements.

Winpak Ltd.

Condensed Consolidated Statements of Income

(thousands of US dollars, except per share amounts) (unaudited)

	Note	Quarter Ended		Year Ended	
		December 27 2015	December 28 2014	December 27 2015	December 28 2014
Revenue		205,746	206,269	797,169	786,754
Cost of sales		(136,803)	(144,831)	(539,347)	(562,379)
Gross profit		68,943	61,438	257,822	224,375
Sales, marketing and distribution expenses		(15,101)	(14,321)	(59,823)	(60,970)
General and administrative expenses		(8,445)	(8,125)	(32,236)	(28,945)
Research and technical expenses		(3,856)	(3,721)	(15,362)	(14,275)
Pre-production expenses		(368)	(575)	(1,158)	(1,443)
Other expenses	6	(1,006)	(1,074)	(1,916)	(3,678)
Income from operations		40,167	33,622	147,327	115,064
Finance income		69	159	342	586
Finance expense		(84)	(71)	(392)	(469)
Income before income taxes		40,152	33,710	147,277	115,181
Income tax expense		(11,775)	(9,954)	(45,474)	(35,529)
Net income for the period		28,377	23,756	101,803	79,652
Attributable to:					
Equity holders of the Company		27,635	23,343	99,248	78,360
Non-controlling interests		742	413	2,555	1,292
		28,377	23,756	101,803	79,652
Basic and diluted earnings per share - cents	9	43	36	153	121

Condensed Consolidated Statements of Comprehensive Income

(thousands of US dollars) (unaudited)

	Note	Quarter Ended		Year Ended	
		December 27 2015	December 28 2014	December 27 2015	December 28 2014
Net income for the period		28,377	23,756	101,803	79,652
Items that will not be reclassified to the statements of income:					
Cash flow hedge losses recognized		(162)	-	(652)	-
Cash flow hedge losses transferred to property, plant and equipment		-	-	4	-
Employee benefit plan remeasurements		1,743	(7,349)	1,743	(7,349)
Income tax effect		(470)	2,330	(470)	2,330
		1,111	(5,019)	625	(5,019)
Items that are or may be reclassified subsequently to the statements of income:					
Cash flow hedge losses recognized		(818)	(708)	(3,728)	(1,576)
Cash flow hedge losses transferred to the statements of income	6	1,109	252	2,976	1,603
Income tax effect		(78)	122	201	(7)
		213	(334)	(551)	20
Other comprehensive income (loss) for the period - net of income tax		1,324	(5,353)	74	(4,999)
Comprehensive income for the period		29,701	18,403	101,877	74,653
Attributable to:					
Equity holders of the Company		28,959	17,990	99,322	73,361
Non-controlling interests		742	413	2,555	1,292
		29,701	18,403	101,877	74,653

See accompanying notes to condensed consolidated financial statements.

Winpak Ltd.
Condensed Consolidated Statements of Changes in Equity
(thousands of US dollars) (unaudited)

	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the Company					
Balance at December 30, 2013		29,195	(661)	547,891	576,425	16,188	592,613
Comprehensive income for the period							
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 period		-	-	78,360	78,360	1,292	79,652
Comprehensive income for the period		-	20	73,341	73,361	1,292	74,653
Dividends	8	-	-	(65,535)	(65,535)	(344)	(65,879)
Balance at December 28, 2014		29,195	(641)	555,697	584,251	17,136	601,387
Balance at December 29, 2014		29,195	(641)	555,697	584,251	17,136	601,387
Comprehensive (loss) income for the period							
Cash flow hedge losses, net of tax		-	(2,752)	(632)	(3,384)	-	(3,384)
Cash flow hedge losses transferred to the statements of income, net of tax		-	2,181	-	2,181	-	2,181
Cash flow hedge losses transferred to property, plant and equipment		-	4	-	4	-	4
Employee benefit plan remeasurements, net of tax		-	-	1,273	1,273	-	1,273
Other comprehensive (loss) income		-	(567)	641	74	-	74
Net income for the period		-	-	99,248	99,248	2,555	101,803
Comprehensive (loss) income for the period		-	(567)	99,889	99,322	2,555	101,877
Dividends	8	-	-	(79,227)	(79,227)	(646)	(79,873)
Balance at December 27, 2015		29,195	(1,208)	576,359	604,346	19,045	623,391

See accompanying notes to condensed consolidated financial statements.

Winpak Ltd.
Condensed Consolidated Statements of Cash Flows
(thousands of US dollars) (unaudited)

	Note	Quarter Ended		Year Ended	
		December 27 2015	December 28 2014	December 27 2015	December 28 2014
Cash provided by (used in):					
Operating activities:					
Net income for the period		28,377	23,756	101,803	79,652
Items not involving cash:					
Depreciation		8,452	8,211	32,836	31,657
Amortization - deferred income		(366)	(393)	(1,559)	(1,664)
Amortization - intangible assets		154	138	602	549
Employee defined benefit plan expenses		696	567	3,190	3,273
Multiemployer defined benefit pension plan withdrawal liability settlement gain	5, 6	-	-	(1,815)	-
Net finance expense (income)		15	(88)	50	(117)
Income tax expense		11,775	9,954	45,474	35,529
Other		(120)	223	(1,565)	(3,507)
Cash flow from operating activities before the following		48,983	42,368	179,016	145,372
Change in working capital:					
Trade and other receivables		(537)	(7,874)	4,649	(14,046)
Inventories		1,135	6,957	4,088	(8,282)
Prepaid expenses		1,472	382	933	(1,270)
Trade payables and other liabilities		2,860	(2,972)	(294)	6,068
Provisions		-	12	(4,467)	(108)
Employee defined benefit plan contributions		(427)	(540)	(1,681)	(5,091)
Income tax paid		(6,675)	(10,600)	(26,456)	(25,364)
Interest received		46	90	253	314
Interest paid		(5)	(1)	(21)	(148)
Net cash from operating activities		46,852	27,822	156,020	97,445
Investing activities:					
Acquisition of plant and equipment - net		(16,859)	(12,464)	(53,678)	(48,052)
Acquisition of intangible assets		(77)	(288)	(303)	(699)
		(16,936)	(12,752)	(53,981)	(48,751)
Financing activities:					
Dividends paid	8	(75,318)	(1,748)	(80,127)	(65,679)
Dividend paid to non-controlling interests in subsidiary		-	-	(646)	(344)
		(75,318)	(1,748)	(80,773)	(66,023)
Change in cash and cash equivalents		(45,402)	13,322	21,266	(17,329)
Cash and cash equivalents, beginning of period		210,429	130,439	143,761	161,090
Cash and cash equivalents, end of period		165,027	143,761	165,027	143,761

See accompanying notes to condensed consolidated financial statements.

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.

2. Basis of Presentation

The unaudited interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), using the same accounting policies as those used in the Company's consolidated financial statements for the year ended December 28, 2014. The unaudited interim condensed consolidated financial statements are in compliance with IAS 34. Accordingly, certain information and note disclosure normally included in annual consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) have been omitted or condensed. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 28, 2014, which are included in the Company's 2014 Annual Report.

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 2015 and 2014 fiscal years are both comprised of 52 weeks and each quarter of 2015 and 2014 are comprised of 13 weeks.

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on February 18, 2016.

3. 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, 2018 and is to be applied retrospectively. Early adoption is 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.

(thousands of US dollars, unless otherwise indicated) (Unaudited)

(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 amended standard will be adopted by the Company in 2016. The Company is currently assessing the impact of these amendments.

(e) Leases:
IFRS 16 "Leases" was issued in January 2016, providing a single model for leases. The current distinction between finance leases and operating leases has been abolished. As a result, most leases will be recognized on the statement of financial position. Certain exemptions will apply for short-term leases and leases for low-value assets. IFRS 16 replaces IAS 17 "Leases" and the related interpretations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively. Early adoption is permitted under certain conditions. The Company is currently assessing the impact of this new standard and does not intend to early adopt IFRS 16 in its consolidated financial statements.

4. Inventories

	December 27 2015	December 28 2014
Raw materials	27,263	31,851
Work-in-process	16,267	18,466
Finished goods	46,092	44,130
Spare parts	6,876	6,139
	96,498	100,586

During the fourth quarter of 2015, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $1,428 (2014 - $982) and reversals of previously written-down items of $183 (2014 - $259). During 2015, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $7,905 (2014 - $7,169) and reversals of previously written-down items of $2,112 (2014 - $2,176).

5. Provisions

	Multiemployer Withdrawal Liability	Asset Retirement Obligations	Total
Balance at December 29, 2014			
Current liabilities	427	-	427
Non-current liabilities	5,811	760	6,571
	6,238	760	6,998
<u>2015 Annual activity</u>			
Payments	(4,609)	-	(4,609)
Finance expense - unwinding of discount	44	-	44
Reversals	(1,815)	-	(1,815)
Change in discount rates	142	-	142
Balance at December 27, 2015	-	760	760
At December 27, 2015			
Current liabilities	-	-	-
Non-current liabilities	-	760	760
	-	760	760

The Company participated in one multiemployer defined benefit pension plan providing benefits to certain unionized employees in the US. The Company withdrew from the plan in 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 was required to make monthly payments at a constant dollar value of $36, or $427 on an annual basis, until 2032. During the second quarter of 2015, the Company reached a Settlement and Release Agreement with the trustee of the plan, whereby the remaining withdrawal liability was settled with a lump sum payment of $4,466. As a result of the settlement, the Company reversed the residual balance pertaining to the liability and recorded a gain of $1,815. This amount was reflected within other expenses. See note 6.

6. Other Expenses

	Quarter Ended		Year Ended	
Amounts shown on a net basis	December 27 2015	December 28 2014	December 27 2015	December 28 2014
Foreign exchange gain (loss)	103	(682)	(613)	(1,735)
Cash flow hedge losses transferred from other comprehensive income	(1,109)	(252)	(2,976)	(1,603)
Multiemployer defined benefit pension plan withdrawal liability settlement gain	-	-	1,815	-
Multiemployer defined benefit pension plan withdrawal liability expense - change in discount rates	-	(140)	(142)	(340)
	(1,006)	(1,074)	(1,916)	(3,678)

7. Property, Plant and Equipment and Intangible Assets

At December 27, 2015, the Company has commitments to purchase plant and equipment of $16,445 (2014 - $19,612). No impairment losses or impairment reversals were recognized during 2015 or 2014.

8. Dividends

During the fourth quarter of 2015, dividends in Canadian dollars of 3 cents per common share were declared (2014 - 3 cents) and on a year-to-date basis, 12 cents per common share were declared (2014 - 12 cents). In addition, the Company paid a special dividend in Canadian dollars of $1.50 per common share on October 15, 2015 (March 20, 2014 - $1.00).

9. Earnings Per Share

	Quarter Ended		Year Ended	
	December 27 2015	December 28 2014	December 27 2015	December 28 2014
Net income attributable to equity holders of the Company	27,635	23,343	99,248	78,360
Weighted average shares outstanding (000's)	65,000	65,000	65,000	65,000
Basic and diluted earnings per share - cents	43	36	153	121

10. Determination of Fair Values

The Company measures assets and liabilities under the following fair value hierarchy in accordance with IFRS. The different levels have been defined 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 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 reporting date.

The following table presents assets and liabilities within the fair value hierarchy:

Financial Assets (Liabilities)	Level 1	Level 2	Level 3	Total
<u>At December 27, 2015</u>				
Foreign currency forward contracts - net	-	(1,643)	-	(1,643)
<u>At December 28, 2014</u>				
Foreign currency forward contracts - net	-	(875)	-	(875)

11. Financial Instruments

When the Company has a legally enforceable right to set off supplier rebates receivable 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 condensed consolidated balance sheet. At December 27, 2015, the supplier rebate receivable balance that was offset was $5,073 (2014 - $5,109).

12. 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, liquidity risk, and credit 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 27, 2015, a one-cent change in the period-end foreign exchange rate from 0.7223 to 0.7123 (CDN to US dollars) would have decreased net income by $50 for 2015. Conversely, a one-cent change in the period-end foreign exchange rate from 0.7223 to 0.7323 (CDN to US dollars) would have increased net income by $50 for 2015.

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 and special dividend payments will be settled in 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 contracts matured during the fourth quarter of 2015 and the Company realized pre-tax foreign exchange losses of $1,741 (year-to-date - realized foreign exchange losses of $3,612). Of these foreign exchange differences, losses of $1,109 were recorded in other expenses (year-to-date losses - $2,976), $0 was recorded in property, plant and equipment (year-to-date losses - $4), and losses of $632 were recorded directly to equity (year-to-date losses - $632). During the fourth quarter of 2014, the Company realized pre-tax foreign exchange losses of $252 (year-to-date - realized pre-tax foreign exchange losses of $1,603) which were recorded in other expenses.

As at December 27, 2015, the Company had US to CDN dollar foreign currency forward contracts outstanding with a notional amount of US $34.0 million at an average exchange rate of 1.3182 maturing between January and December 2016 and US to Euro dollar foreign currency forward contracts outstanding with a notional amount of US $2.7 million at an average rate of 0.9037 (US dollars to Euros) maturing between January and July 2016. The fair value of these financial instruments was negative $1,643 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 27, 2015 cash and cash equivalents balance of $165.0 million, a 1.0 percent increase/decrease in interest rate fluctuations would increase/decrease income before income taxes by $1,650 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 the year ended December 27, 2015, 70 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.

(thousands of US dollars, unless otherwise indicated) (Unaudited)

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 $165.0 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 2016. The Company's trade payables and other liabilities and derivative financial instrument liabilities are virtually all due within twelve months.

Operating Leases

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	2016	2017	2018	2019	2020	Thereafter	Total
Amount	1,011	814	594	454	150	-	3,023

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 27 2015	December 28 2014
Cash and cash equivalents	165,027	143,761
Trade and other receivables	107,805	112,454
Foreign currency forward contracts	40	-
	272,872	256,215

Credit risk on cash and cash equivalents and other 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 rated 'AA' or higher for CDN financial institutions and 'A-1' or higher for US financial institutions by recognized international credit rating agencies 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 and other receivables against credit losses.

As at December 27, 2015, 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) 97 percent of the gross trade and other receivables balance is within 30 days of the agreed upon payment terms with customers, and c) 23 percent of the trade and other receivables balance is insured against credit losses. The Company's exposure to the ten largest customer balances, on aggregate, accounted for 39 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.

(thousands of US dollars, unless otherwise indicated) (Unaudited)

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 27 2015	December 28 2014
Current - neither impaired nor past due	86,268	86,703
Not impaired but past the due date:		
Within 30 days	18,877	21,298
31 - 60 days	2,797	4,019
Over 60 days	819	1,134
	108,761	113,154
Less: Allowance for doubtful accounts	(956)	(700)
Total trade and other receivables, net	107,805	112,454

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

	2015	2014
Balance, beginning of year	(700)	(1,197)
Provisions for the year, net of recoveries	(536)	(63)
Uncollectible amounts written off	280	558
Foreign exchange impact	-	2
Balance, end of year	(956)	(700)

13. 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
Revenue				
Quarter ended December 27, 2015	167,914	25,324	12,508	205,746
Quarter ended December 28, 2014	170,421	24,754	11,094	206,269
Year ended December 27, 2015	648,953	97,716	50,500	797,169
Year ended December 28, 2014	635,755	101,985	49,014	786,754
Property, Plant and Equipment and Intangible Assets				
As at December 27, 2015	175,883	207,031	1,267	384,181
As at December 28, 2014	162,080	199,652	1,338	363,070

14. Seasonality

The Company experiences seasonal variation in revenue, with revenue typically being the highest in the second and fourth quarters, and lowest in the first quarter.