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# **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Three and nine months ended September 30, 2015 and 2014

*Unaudited (in thousands of Canadian dollars, except per share amounts)*

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Nature of operations**

Clarke Inc. (the “Company” or “Clarke”) was incorporated on December 9, 1997 pursuant to the Canada Business Corporations Act. The head office of the Company is located at 6009 Quinpool Road, Halifax, Nova Scotia. The Company is an investment holding company with investments in a diversified group of businesses, operating primarily in Canada. The Company continuously evaluates the acquisition, retention and disposition of its investments. Changes in the mix of investments should be expected. These interim condensed consolidated financial statements were approved by the Board of Directors on November 4, 2015.

### **Basis of presentation and statement of compliance**

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2015, were prepared in accordance with IAS 34, *Interim Financial Reporting*. The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2014, except for changes in the Company’s segments. During the nine months ended September 30, 2015, the Company determined that, under its current organizational structure, it has only one reportable segment under IFRS 8 *Operating Segments*. The previously reported Other and Transportation segments are managed collectively with and are an integral part of the Investment segment and do not meet the requirements for segmentation. These interim condensed consolidated financial statements for the three and nine months ended September 30, 2015 should be read together with the annual consolidated financial statements for the year ended December 31, 2014.

Certain comparative interim condensed consolidated financial statement balances have been reclassified to conform to the current period’s interim condensed consolidated financial statement presentation.

### **Principles of consolidation**

The interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries. The significant subsidiaries of the Company are CKI Holdings Partnership, Quinpool Holdings Partnership and La Traverse Rivière-du-Loup – St-Siméon Limitée.

All significant intercompany transactions have been eliminated on consolidation. All subsidiaries have the same reporting period end as the Company, and all follow the same accounting policies.

## **2. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Standards issued but not yet effective up to the date of issuance of the Company’s interim condensed consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

### **IFRS 9 *Financial Instruments: Classification and Measurement***

IFRS 9 will replace *IAS 39 Financial instruments: recognition and measurement*. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The Company is currently evaluating the impact of the new standard.



















