CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	As at March 31, 2018	As at December 30, 2017 (1)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 14)	$ 34,666	$ 36,841
Trade and other receivables (Note 9)	424,575	425,736
Inventories (Note 13)	594,524	592,136
Other financial assets	2,156	553
Income taxes receivable	22,237	12,035
Prepaid expenses	27,815	26,593
Other assets	14,820	13,747
	1,120,793	1,107,641
Assets held for sale (Note 6)	8,481	8,481
	1,129,274	1,116,122
NON-CURRENT ASSETS		
Property, plant and equipment	203,237	199,026
Intangible assets	447,255	442,626
Goodwill (Note 15)	442,635	438,072
Deferred tax assets	28,763	26,159
Other financial assets	626	550
Other assets	7,108	7,152
	1,129,624	1,113,585
	$ 2,258,898	$ 2,229,707
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	$ 54,082	$ 58,229
Trade and other payables	436,336	440,410
Other financial liabilities	4,463	4,546
Income taxes payable	22,857	14,338
Long-term debt (Note 7)	15,012	13,667
Provisions (Note 5)	39,282	43,475
Other liabilities (Note 8)	12,189	11,150
	584,221	585,815
NON-CURRENT LIABILITIES		
Long-term debt (Note 7)	461,488	433,760
Net pension and post-retirement defined benefit liabilities	37,046	35,237
Deferred tax liabilities	41,288	43,832
Provisions	3,092	2,953
Written put option liabilities (Note 9)	24,115	23,464
Other financial liabilities	1,244	1,338
Other liabilities	9,193	11,157
	577,466	551,741
EQUITY		
Share capital (Note 10)	203,300	203,300
Contributed surplus	27,706	27,557
Accumulated other comprehensive loss	(55,300)	(70,205)
Other equity	5,237	5,888
Retained earnings	916,268	925,611
	1,097,211	1,092,151
	$ 2,258,898	$ 2,229,707

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. See Note 3.

(See accompanying notes)

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENTS

ALL FIGURES IN THOUSANDS OF US $, EXCEPT PER SHARE AMOUNTS (UNAUDITED)

	Three Months Ended	
	March 31, 2018	March 31, 2017 (1)
Sales	$ 641,952	$ 646,425
Licensing and commission income	334	287
TOTAL REVENUE (Note 15)	642,286	646,712
Cost of sales (Notes 5 and 13)	493,718	493,267
GROSS PROFIT	148,568	153,445
Selling expenses	58,963	54,662
General and administrative expenses	53,220	51,506
Research and development expenses	9,424	7,523
Impairment loss on trade and other receivables (Note 9)	13,029	988
Restructuring and other costs (Note 5)	1,092	4,833
OPERATING PROFIT	12,840	33,933
Finance expenses (Note 13)	7,761	20,188
INCOME BEFORE INCOME TAXES	5,079	13,745
Income taxes expense (Note 13)	350	4,904
NET INCOME	$ 4,729	$ 8,841
EARNINGS PER SHARE		
Basic	$ 0.15	$ 0.27
Diluted	$ 0.14	$ 0.27
SHARES OUTSTANDING (Note 12)		
Basic – weighted average	32,438,446	32,403,980
Diluted – weighted average	32,704,857	32,654,173

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. Comparative information has been re-classified due to a new impairment loss line presentation. See Note 3.

(See accompanying notes)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	Three Months Ended	
	March 31, 2018	**March 31, 2017 (1)**
NET INCOME	$ 4,729	$ 8,841
OTHER COMPREHENSIVE INCOME:		
Items that are or may be reclassified subsequently to net income:		
Cumulative translation account:		
Net change in unrealized foreign currency gains (losses) on translation of net investments in foreign operations, net of tax of nil	12,244	9,576
Net gains (losses) on hedge of net investments in foreign operations, net of tax of nil	2,616	930
	14,860	10,506
Net changes in cash flow hedges:		
Net change in unrealized gains (losses) on derivatives designated as cash flow hedges	(2,347)	(199)
Reclassification to net income	–	99
Reclassification to the related non-financial asset	2,623	(1,643)
Deferred income taxes	(142)	415
	134	(1,328)
Items that will not be reclassified to net income:		
Defined benefit plans:		
Remeasurements of the net pension and post-retirement defined benefit liabilities	(30)	(37)
Deferred income taxes	(59)	8
	(89)	(29)
TOTAL OTHER COMPREHENSIVE INCOME	14,905	9,149
TOTAL COMPREHENSIVE INCOME	$ 19,634	$ 17,990

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. See Note 3.

(See accompanying notes)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	Attributable to equity holders of the Company							
			Accumulated other comprehensive income (loss)					
	Share Capital	Contributed Surplus	Cumulative Translation Account	Cash Flow Hedges	Defined Benefit Plans	Other Equity	Retained Earnings	Total Equity
Balance as at December 30, 2016 (1)	$ 202,400	$ 27,139	$ (102,629)	$ 2,852	$ (14,063)	$ 3,027	$ 937,373	$ 1,056,099
Total comprehensive income:								
Net income	–	–	–	–	–	–	8,841	8,841
Other comprehensive income (loss)	–	–	10,506	(1,328)	(29)	–	–	9,149
	–	–	10,506	(1,328)	(29)	–	8,841	17,990
Share-based payments (Note 11)	–	(9)	–	–	–	–	–	(9)
Remeasurement of written put option liabilities	–	–	–	–	–	(668)	–	(668)
Dividends on common shares	–	–	–	–	–	–	(9,721)	(9,721)
Dividends on deferred share units (Note 11)	–	64	–	–	–	–	(64)	–
Balance as at March 31, 2017 (1)	$ 202,400	$ 27,194	$ (92,123)	$ 1,524	$ (14,092)	$ 2,359	$ 936,429	$ 1,063,691
Balance as at December 30, 2017 (1)	$ 203,300	$ 27,557	$ (49,478)	$ (3,242)	$ (17,485)	$ 5,888	$ 925,611	$ 1,092,151
Adjustment on initial application of IFRS 15 (net of tax) (Note 3)	–	–	–	–	–	–	(497)	(497)
Adjustment on initial application of IFRS 9 (net of tax) (Note 3)	–	–	–	–	–	–	(3,758)	(3,758)
Adjusted balance as at December 31, 2017	$ 203,300	$ 27,557	$ (49,478)	$ (3,242)	$ (17,485)	$ 5,888	$ 921,356	$ 1,087,896
Total comprehensive income:								
Net income	–	–	–	–	–	–	4,729	4,729
Other comprehensive income (loss)	–	–	14,860	134	(89)	–	–	14,905
	–	–	14,860	134	(89)	–	4,729	19,634
Share-based payments (Note 11)	–	64	–	–	–	–	–	64
Remeasurement of written put option liabilities (Note 9)	–	–	–	–	–	(651)	–	(651)
Dividends on common shares	–	–	–	–	–	–	(9,732)	(9,732)
Dividends on deferred share units (Note 11)	–	85	–	–	–	–	(85)	–
Balance as at March 31, 2018	$ 203,300	$ 27,706	$ (34,618)	$ (3,108)	$ (17,574)	$ 5,237	$ 916,268	$ 1,097,211

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. See Note 3.

(See accompanying notes)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	Three Months Ended	
	March 31, 2018	March 31, 2017 (1)
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income	$ 4,729	$ 8,841
Items not involving cash:		
Depreciation and amortization	12,057	12,017
Unrealized losses (gains) arising on financial assets and financial liabilities classified as mandatorily at fair value through profit or loss	(1,374)	72
Share-based payments (Note 11)	64	(9)
Defined benefit pension and post-retirement costs	1,184	920
(Gain) loss on disposal of property, plant and equipment	(17)	67
Restructuring and other costs (Note 5)	–	1,136
Finance expenses (Note 13)	7,761	20,188
Income taxes expense	350	4,904
Net changes in balances related to operations (Note 14)	(10,649)	(53,766)
Income taxes paid	(8,929)	(4,877)
Income taxes received	2,006	3,039
Interest paid	(6,445)	(10,143)
Interest received	140	119
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	877	(17,492)
FINANCING ACTIVITIES		
Bank indebtedness	(4,831)	(4,909)
Increase of long-term debt	29,598	217,447
Repayments of long-term debt	(2,725)	(174,555)
Repayments of forward purchase agreement liabilities (Note 9)	–	(7,857)
Financing costs	(8)	(2,642)
Dividends on common shares	(9,732)	(9,721)
CASH PROVIDED BY FINANCING ACTIVITIES	12,302	17,763
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(10,557)	(6,321)
Disposals of property, plant and equipment	30	72
Net proceeds from disposals of assets held for sale	–	11,649
Additions to intangible assets	(5,820)	(3,454)
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(16,347)	1,946
Effect of foreign currency exchange rate changes on cash and cash equivalents	993	1,037
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,175)	3,254
Cash and cash equivalents, beginning of period	36,841	31,883
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 34,666	$ 35,137

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. See Note 3.

(See accompanying notes)

1. Nature of operations

Dorel Industries Inc. (the "Company") is a global consumer products company which designs, manufactures or sources, markets and distributes a diverse portfolio of powerful product brands, marketed through its Dorel Home, Dorel Juvenile and Dorel Sports segments. The principal markets for the Company's products are the United States, Europe, Latin America, Canada and Asia.

2. Statement of compliance and basis of preparation and measurement

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the International Accounting Standards Board ("IASB"), using the US dollar as the reporting currency. The US dollar is the functional currency of the Canadian parent company. All financial information is presented in US dollars and has been rounded to the nearest thousand, unless otherwise indicated. These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and with the same accounting policies and methods of computation followed in the most recent audited consolidated annual financial statements as at and for the year ended December 30, 2017, except as disclosed below. The condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements. Certain information and footnote disclosures normally included in consolidated annual financial statements prepared in accordance with IFRS were omitted or condensed where such information is not considered material to the understanding of the Company's condensed consolidated interim financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2017 audited consolidated annual financial statements. This is the first set of the Company's consolidated financial statements where IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* have been applied. Changes to significant accounting policies are described in Note 3. Certain comparative amounts in the condensed consolidated interim financial statements have been re-classified in order to conform to the 2018 consolidated financial statements presentation.

The condensed consolidated interim financial statements have been prepared on a historical basis except for:

- derivative financial instruments which are measured at fair value;
- written put option and forward purchase agreement liabilities which are measured at fair value;
- share-based compensation arrangements which are measured in accordance with IFRS 2, *Share-Based Payment*;
- assets held for sale which are measured at the lower of their carrying amount or fair value less costs to sell;
- identifiable assets acquired and liabilities assumed in connection with a business combination which are measured at fair value at acquisition date;
- net pension and post-retirement defined benefit liabilities which are measured as the net total of plan assets measured at fair value less the discounted present value of the defined benefit obligations; and
- product liability which is measured at its discounted present value.

These condensed consolidated interim financial statements were authorized by the Company's Board of Directors for issue on May 4, 2018.

The results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

3. Changes in significant accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended December 30, 2017.

The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 30, 2018.

The Company has initially adopted IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments,* as at December 31, 2017. The Company has also adopted amendments to IFRS 2, *Classification and Measurement of Share-Based Payment Transactions* and IFRIC 23, *Uncertainty over Income Tax Treatments*, as at December 31, 2017, but they did not have an impact on the Company's consolidated financial statements.

The effect of initially applying these standards, amendments and interpretations is mainly attributed to the following:

- recognition of assets and liabilities in connection with sales with a right of return (see a) below);
- an increase in impairment losses recognized on trade and other receivables (see b) below);

In addition, as a result of the adoption of IFRS 9, the Company adopted consequential amendments to IAS 1, *Presentation of Financial Statements,* which requires impairment of financial assets to be presented in a separate line item in the Company's consolidated income statements. Previously, the Company's approach was to include the impairment loss on trade and other receivables in general and administrative expenses. The Company also adopted consequential amendments to IFRS 7, *Financial Instruments: Disclosures,* which are applied to disclosures for 2018, but generally have not been applied to comparative information.

a) *IFRS 15 – Revenue from Contracts with Customers*

IFRS 15, *Revenue from Contracts with Customers*, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18, *Revenue*, IAS 11, *Constructions Contracts*, and related interpretations.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application, i.e. December 31, 2017. Accordingly, the cumulative effect of initially applying IFRS 15 has been recognized as an adjustment to the opening retained earnings as at December 31, 2017 and the information presented for 2017 has not been restated, i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The following table summarizes the impact, net of tax, of transition to IFRS 15 on retained earnings as at December 31, 2017.

Increase (decrease)	Note	Impact of adopting IFRS 15 as at December 31, 2017
Sales with a right of return	i	$ (596)
Related tax		99
Impact as at December 31, 2017		$ (497)

The following tables summarize the impacts of adopting IFRS 15 on the Company's condensed consolidated interim statement of financial position as at March 31, 2018 and its condensed consolidated interim income statement for the three months then ended for each of the line items affected. There was no material impact on the Company's condensed consolidated interim statement of comprehensive income and condensed consolidated interim statement of cash flows for the three months ended March 31, 2018.

3. Changes in significant accounting policies (continued)

a) *IFRS 15 – Revenue from Contracts with Customers (continued)*

Impact on the condensed consolidated interim statement of financial position as at March 31, 2018:

	Note	Amounts without adoption of IFRS 15	Adjustments	As reported
ASSETS				
CURRENT ASSETS				
Inventories	i	$ 593,707	$ 817	$ 594,524
		1,128,457	817	1,129,274
NON-CURRENT ASSETS		1,129,624	–	1,129,624
TOTAL ASSETS		$ 2,258,081	$ 817	$ 2,258,898
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	i	$ 434,247	$ 2,089	$ 436,336
Provisions	i	40,353	(1,071)	39,282
		583,203	1,018	584,221
NON-CURRENT LIABILITIES				
Deferred tax liabilities		41,326	(38)	41,288
		577,504	(38)	577,466
EQUITY				
Retained earnings		916,431	(163)	916,268
		1,097,374	(163)	1,097,211
TOTAL LIABILITIES AND EQUITY		$ 2,258,081	$ 817	$ 2,258,898

Impact on the condensed consolidated interim income statement for the three months ended March 31, 2018:

	Note	Amounts without adoption of IFRS 15	Adjustments	As reported
Sales	i	$ 641,605	$ 347	$ 641,952
TOTAL REVENUE		641,939	347	642,286
Cost of sales	i	493,766	(48)	493,718
GROSS PROFIT		148,173	395	148,568
OPERATING PROFIT		12,445	395	12,840
INCOME BEFORE INCOME TAXES		4,684	395	5,079
Income taxes expense		289	61	350
NET INCOME		$ 4,395	$ 334	$ 4,729

3. Changes in significant accounting policies (continued)

a) IFRS 15 – Revenue from Contracts with Customers (continued)

i. Sales with a right of return

The Company grants rights of return of goods sold to certain customers. For contracts that permit the customer to return a product, under IFRS 15, revenue is recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based on historical data. Returned goods are exchanged either for cash discounts or refunds, for goods or for store credits. In such circumstances, a refund liability and a related asset for the right to recover returned goods are recognized.

The impact of these changes are the recognition of a new asset for the right to recover returned goods, within “Inventories”, and a related decrease of cost of sales. In addition, related refund liabilities are recorded either within “Trade and other payables” if it is a financial liability (i.e. cash discounts or refunds offered) or within “Other liabilities” if it is not a financial liability (i.e. exchange of goods or store credits), with a related decrease of sales.

The details of the new significant accounting policies and the nature of the changes from previous significant accounting policies in relation to the Company’s sales of goods and services are set out below.

Sales of Goods

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer.

In the comparative period, sales were recognized at the fair value of the consideration received or receivable when:

- the risks and rewards of ownership were transferred to the customer;
- there was no continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue could be measured reliably;
- the recovery of the consideration was probable; and
- the associated costs and possible return of goods could be measured reliably.

Nature of Goods

The following is a description of the principal activities, separated by reporting segment, from which the Company generates its revenue.

- Dorel Home segment: principally generates revenue from the sale of ready-to-assemble furniture and home furnishings which include metal folding furniture, futons, children’s furniture, step stools, hand trucks, ladders, outdoor furniture and other imported furniture items.
- Dorel Juvenile segment: principally generates revenue from the sale of children’s accessories which include infant car seats, strollers, high chairs and infant health and safety aids.
- Dorel Sports segment: principally generates revenue from the sale of recreational and leisure products and accessories which include bicycles, jogging strollers, scooters and other recreational products.

The majority of the Company’s contracts across all reporting segments are contracts with customers in which the sale of goods is the only performance obligation. The Company generally recognizes revenue at a point in time for all its reporting segments, when control over a product is transferred to a customer. This usually occurs either on shipment or delivery of the goods.

3. Changes in significant accounting policies (continued)

a) IFRS 15 – Revenue from Contracts with Customers (continued)

Customer Programs and Incentive Offerings

Some contracts with customers provide customer programs and incentive offerings, including special pricing agreements, promotions, advertising allowances and other volume-based incentives. Previously, the Company recognized revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of provisions for customer incentives and for sales and returns. If revenue could not be reliably measured, the Company deferred revenue recognition until the uncertainty was resolved. Such customer programs and incentive offerings give rise to variable consideration under IFRS 15, and are required to be estimated at contract inception by using either the expected value or the most likely amount, depending on which method the Company expects to better predict the amount of consideration to which it will be entitled. The estimates are based on various assumptions including agreements with comparable customers, past experience with customers and/or products, and other relevant factors. IFRS 15 also requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. This is consistent with the Company's previous practice.

Sales with a Right of Return

The Company grants rights of return of goods sold to certain customers. As noted above, previously, the Company recognized revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of provisions for customer incentives and for sales and return. Under IFRS 15, the revenue is reduced by the amount of expected returns and a related refund liability is recorded either within "Trade and other payables" if it is a financial liability (i.e. cash discounts or refunds offered) or within "Other liabilities" if it is not a financial liability (i.e. exchange of goods or store credits).

In addition, under IFRS 15, the Company recognizes a related asset for the right to recover returned goods within "Inventories", whereas no such related asset was recognized at the time when the revenue was recognized in accordance with the Company's previous practice.

Licensing and Commission

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the commission earned by the Company. Under IFRS 15, the assessment is based on whether the Company controls the specific goods before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods in accordance with the Company's previous practice. Licensing and commission income is recognized based on the contract terms on an accrual basis.

Contract Liabilities

Contract liabilities primarily relate to the advance consideration received from customers, for which revenue is usually recognized on shipment or delivery of the goods. The contract liabilities are presented as current or non-current based on the timing of when the Company expects to recognize revenue, and are included within "Other liabilities".

Warranties

The Company provides warranties for general repairs and does not generally provide extended warranties or maintenance services in its contracts with customers. As such, these warranties are assurance-type warranties which continue to be accounted for under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the Company's previous practice.

3. Changes in significant accounting policies (continued)

b) *IFRS 9 – Financial Instruments*

IFRS 9, *Financial Instruments*, sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*.

The following table summarizes the impact, net of tax, of transition to IFRS 9 on retained earnings as at December 31, 2017.

Increase (decrease)	Note		Impact of adopting IFRS 9 as at December 31, 2017
Recognition of expected credit losses under IFRS 9	ii	$	(3,933)
Related tax			175
Impact as at December 31, 2017		$	(3,758)

The details of the new significant accounting policies and the nature of the changes from previous significant accounting policies are set out below.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income – debt investment;
- fair value through other comprehensive income – equity investment; or
- fair value through profit or loss.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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

3. Changes in significant accounting policies (continued)

b) *IFRS 9 – Financial Instruments (continued)*

i. Classification and measurement of financial assets and financial liabilities (continued)

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

- Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated income statement. Any gain or loss on derecognition is recognized in the consolidated income statement.
- Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated income statement.

The effect of adopting IFRS 9 on the carrying amounts of financial assets as at December 31, 2017 relates solely to the new impairment requirements, as described further below.

The following table and the accompanying note below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at December 31, 2017.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Cash and cash equivalents		Loans and receivables	Amortized cost	$ 36,841	$ 36,841
Trade and other receivables	(1)	Loans and receivables	Amortized cost	425,736	421,803
Interest rate swaps used for hedging		Fair value – hedging instrument	Fair value – hedging instrument	57	57
Forward exchange contracts used for hedging		Fair value – hedging instrument	Fair value – hedging instrument	128	128
Other financial assets		Loans and receivables	Amortized cost	514	514
Other forward exchange contracts		Held-for-trading	Mandatorily at fair value through profit or loss	404	404
Total financial assets				$ 463,680	$ 459,747

(1) Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. An increase of $3,933 in the impairment loss allowance over these receivables was recognized in opening retained earnings as at December 31, 2017 on transition to IFRS 9 (see ii. below).

3. Changes in significant accounting policies (continued)

b) *IFRS 9 – Financial Instruments (continued)*

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets of the Company that are measured at amortized cost consist of cash and cash equivalents and trade and other receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

- *12-month ECLs:* these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *Lifetime ECLs:* these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade accounts receivable at an amount equal to lifetime ECLs.

The Company measures loss allowances for other receivables in accordance with the following model:

- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as recovering inventory or the Company's credit insurance (if any); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Company establishes an impairment loss allowance on a collective and individual assessment basis, by considering past events, current conditions and forecasts of future economic conditions.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Examples of events that could occur are:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

It may not be possible to identify a single discrete event; instead, the combined effect of several events may have caused financial assets to become credit-impaired.

3. Changes in significant accounting policies (continued)

b) *IFRS 9 – Financial Instruments (continued)*

ii. Impairment of financial assets (continued)

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables are presented separately in the consolidated income statements. As a result, the Company reclassified impairment losses amounting to $988, recognized under IAS 39, from general and administrative expenses to impairment loss on trade and other receivables in the condensed consolidated interim income statement for the three months ended March 31, 2017.

Impact of the new impairment model

For assets in the scope of the IFRS 9's impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements as at December 31, 2017 resulted in an additional impairment loss allowance as follows:

		Impact of adopting IFRS 9's impairment model as at December 31, 2017
Impairment loss allowance as at December 30, 2017 under IAS 39	$	18,115
Additional impairment loss recognized as at December 31, 2017 on:		
Trade accounts receivable		1,582
Other receivables		2,351
Impairment loss allowance as at December 31, 2017 under IFRS 9	$	22,048

The following analysis provides further detail about the calculation of ECLs related to trade accounts receivable on the adoption of IFRS 9. The Company considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The ECLs were calculated based on actual credit loss experience and informed credit assessment, including forward-looking information.

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivable as at December 31, 2017:

	Weighted-average loss rate		Trade accounts receivable - gross		Impairment loss allowance		Trade accounts receivable - net
Current (not past due)	2.0%	$	343,225	$	(6,775)	$	336,450
Past due 0-30 days	1.2%		42,852		(502)		42,350
Past due 31-60 days	1.7%		12,738		(218)		12,520
Past due 61-90 days	8.5%		5,328		(451)		4,877
Past due over 90 days	38.3%		30,650		(11,751)		18,899
		$	434,793	$	(19,697)	$	415,096

3. Changes in significant accounting policies (continued)

b) *IFRS 9 – Financial Instruments (continued)*

ii. Impairment of financial assets (continued)

The methodology described above has also been used at the interim reporting date. Changes during the period to the Company's exposure to credit risk are described in Note 9.

iii. Hedge accounting

The Company has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Company to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. Overall, the adoption of IFRS 9 did not have a material impact on the Company's hedge accounting.

The Company uses forward exchange contracts and interest rate swaps to hedge its foreign currency and interest rate risk exposures. The Company designates certain foreign exchange contracts and interest rate swaps as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income (loss) and accumulated in the cash flow hedges reserve in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income (loss) is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in net income in the same consolidated income statement caption as the hedged item when realized.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the cash flow hedges reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to net income in the same period or periods as the hedged expected future cash flows affect net income.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedges reserve are immediately reclassified to net income.

Net investment hedges

When a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of foreign exchange gains and losses is recognized in other comprehensive income (loss) and presented in the cumulative translation account within equity. Any ineffective portion of the foreign exchange gains and losses is recognized immediately in the consolidated income statement. The amount recognized in other comprehensive income (loss) is reclassified to net income as a reclassification adjustment on disposal of the foreign operation.

3. Changes in significant accounting policies (continued)

b) *IFRS 9 – Financial Instruments (continued)*

iv. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- The Company has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at December 31, 2017. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39;
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held;
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss;
- Changes to hedge accounting policies have been applied prospectively;
- All hedging relationships designated under IAS 39 as at December 30, 2017 met the criteria for hedge accounting under IFRS 9 as at December 31, 2017 and are therefore regarded as continuing hedging relationships.

c) *Amendments to IFRS 2 – Classification and Measurement of Share-Based Payment Transactions*

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-Based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. Earlier application is permitted. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if the information is available without the use of hindsight.

The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company adopted the amendments to IFRS 2 for the annual period beginning on December 31, 2017. The adoption of these amendments did not have an impact on the Company's consolidated financial statements.

d) *IFRIC 23 – Uncertainty over Income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC 23, *Uncertainty over Income Tax Treatments* (the "Interpretation"). The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

The Interpretation requires an entity to:

- Contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty; and
- Measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

The Company adopted the Interpretation for the annual period beginning on December 31, 2017. The adoption of this Interpretation did not have an impact on the Company's consolidated financial statements.

4. Future accounting changes

A number of new standards, interpretations and amendments to existing standards were issued by the IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory but not yet effective for the three months ended March 31, 2018 and have not been applied in preparing these condensed consolidated interim financial statements. The following standards and amendments to standards have been issued by the IASB with effective dates in the future that have been determined by management to impact the consolidated financial statements:

Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement

In February 2018, the IASB issued amendments to IAS 19, *Employee Benefits*, clarifying the accounting when a plan amendment, curtailment or settlement occurs. The amendments are effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

The amendments clarify:

- that when a defined benefit plan amendment, curtailment or settlement occurs and an entity remeasures its net defined benefit liability or asset, the entity uses the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan; and
- the effect of a plan amendment, curtailment or settlement on the asset ceiling requirements.

The Company intends to adopt the amendments to IAS 19 in its consolidated financial statements for the annual period beginning on December 31, 2018. The Company is currently assessing the impact of the adoption of these amendments on its consolidated financial statements.

IFRS 16 – Leases

In January 2016, the IASB released IFRS 16, *Leases*, to replace the previous leases standard, IAS 17, *Leases*, and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). IFRS 16 eliminates the classification of leases as either operating leases or finance leases, introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

IFRS 16 will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted only if the Company applies IFRS 15, *Revenue from Contracts with Customers*. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on December 31, 2018. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements. The most significant impact identified is that this standard will affect primarily the accounting for the Company's operating leases. As at December 30, 2017, the Company had non-cancellable operating lease commitments of $202,271. However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Company has not yet decided whether it will use the optional exemptions. No material impact is expected for the Company's finance leases.

5. Restructuring and other costs

For the three months ended March 31, 2018, the Company recorded total expenses of $1,092 (2017 – $5,106) with respect to restructuring and other costs, of which nil (2017 – $273) were recorded within gross profit and $1,092 (2017 – $4,833) were recorded as restructuring and other costs as a separate line within the condensed consolidated interim income statements.

Restructuring costs

Dorel Juvenile segment

The restructuring activities initiated previously as part of the Dorel Juvenile segment's on-going transformation, whose main objective is to further align its operations to drive profitable sales growth by concentrating on improved agility with a more market-focused approach to reduce costs and better react to trends in the juvenile industry, are continuing into 2018. The restructuring activities initiated previously are continuing with a focus on cost reduction, with the resultant savings being re-invested into needed improvement in digital capabilities and brand support. The ability to develop and bring meaningful products to market faster is continuously being improved by decreasing complexity and by sourcing opportunities to supplement existing best-in-class product development and manufacturing.

The main initiatives consist of the following cost saving opportunities:

- The consolidation and streamlining of manufacturing and other facilities in China.
- The U.S. based division assuming back office support for the Canadian operations, including supporting newly located Canadian based warehousing.
- In Europe, changes in the way product is brought to market, on-going process harmonization and re-alignment of the sales organization.
- The elimination of positions identified as duplicative within several departments.
- Exiting certain licensed third-party brands used in North America.
- Closing certain retail stores in the Latin American market.

Total costs related to these restructuring initiatives are estimated at $38,255, including $13,325 of non-cash charges related to the write-down of long-lived assets and net losses from the remeasurement and disposals of assets held for sale, $2,437 of non-cash inventory markdowns, $3,125 of curtailment gain on net pension defined benefit liabilities, $20,979 of employee severance and termination benefits and $4,639 of other associated costs. Of this amount, $10,276 was recorded for the year ended December 30, 2015, $13,825 was recorded for the year ended December 30, 2016, $11,933 was recorded for the year ended December 30, 2017 and $1,092 was recorded in 2018, details of which can be found in the table below. The estimate of future charges of $1,129 consist of further reductions in people costs. The main driver of these headcount reduction costs is the further streamlining of China-based manufacturing and additional headcount reduction opportunities overall.

5. Restructuring and other costs (continued)

The expenses recorded in the condensed consolidated interim income statements related to the restructuring activities and other costs consist of the following:

	Three Months Ended March 31,					
	TOTAL		Dorel Juvenile		Dorel Sports (2016 Plan)	
	2018	2017	2018	2017	2018	2017
Write-down of long-lived assets*	$ –	$ 517	$ –	$ 517	$ –	$ –
Inventory markdowns (reversals)*	–	(93)	–	700	–	(793)
Recorded within gross profit	$ –	$ 424	$ –	$ 1,217	$ –	$ (793)
Employee severance and termination benefits	$ 1,092	$ 2,487	$ 1,092	$ 2,185	$ –	$ 302
Net losses from the remeasurement and disposals of assets held for sale*	–	712	–	712	–	–
Other associated costs	–	1,634	–	1,634	–	–
Recorded within a separate line in the condensed consolidated interim income statements	$ 1,092	$ 4,833	$ 1,092	$ 4,531	$ –	$ 302
Total restructuring costs	**$ 1,092**	**$ 5,257**	**$ 1,092**	**$ 5,748**	**$ –**	**$ (491)**
Other costs recorded within gross profit	$ –	$ (151)	$ –	$ –	$ –	$ (151)
Total other costs	**$ –**	**$ (151)**	**$ –**	**$ –**	**$ –**	**$ (151)**
Total restructuring and other costs	**$ 1,092**	**$ 5,106**	**$ 1,092**	**$ 5,748**	**$ –**	**$ (642)**

* non-cash

Restructuring provision

As at March 31, 2018, the related restructuring plans provision totaling $1,172 consists of employee severance and termination benefits and other associated costs. A summary of the Company's restructuring plans provision is as follows:

	Balance December 30, 2017	2018 provision	Cash paid	Effect of foreign exchange	Balance March 31, 2018
Dorel Juvenile segment:					
Employee severance and termination benefits	$ 1,775	$ 1,092	$ (2,032)	$ 35	$ 870
Other associated costs	14	–	–	–	14
	$ 1,789	$ 1,092	$ (2,032)	$ 35	$ 884
Dorel Sports segment (2016 Plan):					
Employee severance and termination benefits	$ 1,050	$ –	$ (766)	$ 4	$ 288
Total	$ 2,839	$ 1,092	$ (2,798)	$ 39	$ 1,172

6. Assets held for sale

	March 31, 2018		December 30, 2017
Balance, beginning of period	$	8,481	$	20,017
Additions		–		4,090
Disposals		–		(15,658)
Effect of foreign currency exchange rate changes		–		32
Balance, end of period	$	8,481	$	8,481

As part of the on-going restructuring program described in Note 5, no property was made available for sale during the three months ended March 31, 2018 (year ended December 30, 2017 – additions of $4,090 within Dorel Juvenile segment). These properties are presented as assets held for sale in the condensed consolidated interim statements of financial position and measured at the lower of carrying amount and fair value less costs to sell. The fair value measurement of the assets held for sale have been categorized in Level 2 in the fair value hierarchy based on observable market inputs, i.e. offers from third-party buyers for these assets or similar assets or recent market prices of similar properties in similar locations.

During the year ended December 30, 2017, the Company completed the sale of certain underutilized facilities that were presented as assets held for sale as at December 30, 2016 representing $15,658 within Dorel Juvenile segment.

7. Long-term debt and capital management

a) Long-term debt

As at March 31, 2018, the USD denominated term loan as well as the revolving bank loans are secured by certain of the Company's trade accounts receivable, inventories, property, plant and equipment and intangible assets, with a carrying value of $272,717, $413,059, $82,125 and $89,755, respectively.

For the three months ended March 31, 2018, the average interest rate on the Company's long-term debt was 4.7% (2017 – 5.5%).

Under the USD denominated term loan and the revolving bank loans, the Company is subject to certain covenants, including maintaining certain financial ratios. As at March 31, 2018, the Company was compliant with all its borrowing covenant requirements.

b) Capital management

The Company has revised during the three months ended March 31, 2018, its definition of adjusted EBITDA used in its indebtedness to adjusted EBITDA ratio in order to align management monitoring of its capital structure with the financial ratios calculation under the covenants of its long-term debt.

Adjusted EBITDA is defined as earnings before finance expenses, income taxes, depreciation and amortization, stock option plan expense, impairment losses on goodwill and intangible assets, write-down of long-lived assets, (paid) unpaid product liability costs related to judgments, restructuring and other costs and expenses incurred as a result of the wind-down of the Toys“R”Us, Inc. (“Toys“R”Us”) business and liquidation of inventory in its U.S. stores up to a maximum of $25,000. Adjusted EBITDA is based on the last four quarters ending on the same date as the consolidated statement of financial position date used to compute the indebtedness but including retroactively the results of operations of the acquired businesses.

8. Contract liabilities

	March 31, 2018
Balance, beginning of period	$ 2,793
Revenue recognized that was included in the contract liabilities balance at the beginning of the period	(1,909)
Increases due to cash received, excluding amounts recognized as revenue during the period	4,118
Effect of foreign currency exchange rate changes	5
Balance, end of period	$ 5,007

9. Financial instruments

Classification

The Company classifies cash and cash equivalents and trade and other receivables as amortized cost. The Company classifies bank indebtedness, trade and other payables and long-term debt as amortized cost. It also classifies interest rate swaps used for hedging and foreign exchange contracts used for hedging as fair value – hedging instrument, and other foreign exchange contracts as fair value through profit or loss.

Fair value disclosure

The Company has determined that the fair value of its current financial assets and liabilities approximates their respective carrying amounts as at the consolidated statement of financial position dates because of the short-term nature of those financial instruments. For long-term debt bearing interest at variable rates, the fair value is considered to approximate the carrying amount. For long-term debt bearing interest at fixed rates, the fair value is estimated using Level 2 inputs in the fair value hierarchy based on discounting expected future cash flows at the discount rates which represent borrowing rates presently available to the Company for loans with similar terms and maturity.

The fair value of the long-term debt bearing interest at fixed rates is as follows:

	March 31, 2018		December 30, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt – bearing interest at fixed rates	$ 123,151	$ 124,303	$ 122,557	$ 124,675

9. Financial instruments (continued)

Fair value measurement

The following table provides information about financial assets and liabilities measured at fair value in the consolidated statement of financial position and categorized by level of the fair value hierarchy as at March 31, 2018:

	March 31, 2018			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Mandatorily at fair value through profit or loss:				
Foreign exchange contracts	$ 1,749	$ –	$ 1,749	$ –
Financial assets measured at fair value – hedging instruments:				
Foreign exchange contracts	$ 210	$ –	$ 210	$ –
Interest rate swaps	$ 197	$ –	$ 197	$ –
Financial liabilities				
Financial liabilities measured at fair value – hedging instruments:				
Foreign exchange contracts	$ 4,463	$ –	$ 4,463	$ –
Financial liabilities measured at fair value – other:				
Written put option liabilities	$ 24,115	$ –	$ –	$ 24,115

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing the fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Should any of the inputs to these models or changes in assumptions about these factors occur, this could affect the reported fair value of financial instruments.

The fair value of the foreign exchange contracts is measured using a generally accepted valuation technique which is the discounted value of the difference between the contract's value at maturity based on the foreign exchange rate set out in the contract and the contract's value at maturity based on the foreign exchange rate that the counterparty would use if it were to renegotiate the same contract at today's date under the same conditions. The Company's or the counterparty's credit risk is also taken into consideration in determining fair value.

The fair value of interest rate swaps is measured using a generally accepted valuation technique which is the discounted value of the difference between the value of the swap based on variable interest rates (estimated using the yield curve for anticipated interest rates) and the value of the swap based on the swap's fixed interest rate. The counterparty's credit risk is also taken into consideration in determining fair value.

Written put option and forward purchase agreement liabilities are valued at fair value using Level 3 inputs in the fair value hierarchy. The fair value represents the present value of the exercise price of the put option or the forward and is measured by applying the income approach using the probability-weighted expected payment of the exit price and is based on discounted cash flows. Unobservable inputs within the fair value measurement include the exit price and the expected payment date for the written put options. The exit price is based on a formulaic variable price which is mainly a function of the earnings levels in future periods and requires assumptions about revenue growth rates, operating margins and the expected payment date of the exit price for the written put options. The Company assumes a discount rate in order to calculate the present value of the expected payment of the exit price which represents the cost of borrowing of the specific period for the cash flows. If the future earnings levels in future periods would increase (decrease), the estimated fair value of the written put option and forward purchase agreement liabilities would increase (decrease).

9. Financial instruments (continued)

Fair value measurement (continued)

Changes in fair value of Level 3 financial instruments were as follows, for the three months ended March 31, 2018 and the year ended December 30, 2017:

	Written Put Option Liabilities		Forward Purchase Agreement Liabilities		Total	
	2018	2017	2018	2017	2018	2017
Balance, beginning of the period	$ 23,464	$ 26,325	$ –	$ 7,500	$ 23,464	$ 33,825
Remeasurement of the fair value [unrealized] (1)	651	(2,861)	–	276	651	(2,585)
Repayments	–	–	–	(7,857)	–	(7,857)
Effect of foreign currency exchange rate changes recognized in other comprehensive income (loss)	–	–	–	81	–	81
Balance, end of period	$ 24,115	$ 23,464	$ –	$ –	$ 24,115	$ 23,464

(1) The assumptions used to fair value the written put option liabilities for the three months ended March 31, 2018 remained the same as the ones used for the year ended December 30, 2017.

Management of risks arising from financial instruments: credit risk

Credit risk stems primarily from the potential inability of clients or counterparties to discharge their obligations and arises primarily from the Company's trade accounts receivable. The Company may also have credit risk relating to cash and cash equivalents, foreign exchange contracts and interest rate swaps resulting from defaults by counterparties. The Company enters into financial instruments with a variety of creditworthy parties. When entering into foreign exchange contracts and interest rate swaps, the counterparties are large Canadian and International banks. Therefore, the Company does not expect to incur material expected credit losses due to its risk management on financial instruments other than trade and other receivables.

The maximum credit risk to which the Company is exposed as at March 31, 2018, represents the carrying value of cash and cash equivalents and trade and other receivables, as well as the fair value of foreign exchange contracts and interest rate swaps with positive fair values.

Substantially all trade accounts receivable arise from the sale to the retail industry. The Company performs on-going credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. In addition, a portion of the total trade accounts receivable is insured against possible losses. The Company establishes an impairment loss allowance on a collective and individual assessment basis, by considering past events, current conditions and forecasts of future economic conditions.

During the three months ended March 31, 2018, sales to a major customer represented 28.5% of total revenue. As at March 31, 2018, one customer accounted for 23.7% of the Company's total trade accounts receivable balance.

The Company's exposure to credit risk for trade accounts receivable by geographic area was as follows:

	March 31, 2018
Canada	$ 33,727
United States	194,661
Europe	118,573
Latin America	55,791
Asia	7,357
Other countries	8,587
	$ 418,696

The allocation of trade accounts receivable to each geographic area is based on the location of the selling entity.

9. Financial instruments (continued)

Management of risks arising from financial instruments: credit risk (continued)

The Company's exposure to credit risk for trade accounts receivable by type of customer was as follows:

	March 31, 2018
Mass-market retailers	$ 209,351
Specialty/independent stores	209,345
	$ 418,696

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivable as at March 31, 2018. The ECLs were calculated based on actual credit loss experience and informed credit assessment, including forward-looking information.

	Weighted-average loss rate	Trade accounts receivable - gross	Impairment loss allowance	Trade accounts receivable - net
Current (not past due)	3.8%	$ 329,514	$ (12,551)	$ 316,963
Past due 0-30 days	9.2%	66,907	(6,188)	60,719
Past due 31-60 days	5.9%	15,531	(922)	14,609
Past due 61-90 days	9.3%	9,288	(862)	8,426
Past due over 90 days	39.4%	29,675	(11,696)	17,979
		$ 450,915	$ (32,219)	$ 418,696

The movement in the impairment loss allowance with respect to trade accounts receivable during the three months ended March 31, 2018 was as follows:

	Three Months Ended March 31, 2018
Balance, as at December 31, 2017 (1)	$ 19,697
Net remeasurement of impairment loss allowance	13,029
Uncollectible accounts written-off	(712)
Effect of foreign currency exchange rate changes	205
Balance, as at March 31, 2018	$ 32,219

(1) The Company has initially applied IFRS 9 as at December 31, 2017. Under the transition method chosen, comparative information is not restated. See Note 3.

9. Financial instruments (continued)

Management of risks arising from financial instruments: credit risk (continued)

On March 15, 2018, Toys“R”Us, Inc. (“Toys“R”Us”), one of the Company’s customers, announced that it had filed a motion seeking Bankruptcy Court approval to begin the process of conducting an orderly wind-down of its U.S. business and liquidation of inventory in all of its U.S. stores. Considering this event, the Company has determined that an amount of $17,342 of trade accounts receivable from this customer as at March 31, 2018 is at risk of collection ($7,630 as at December 30, 2017). Accordingly, the Company has recorded an additional impairment loss of $12,481 within impairment loss on trade and other receivables in its condensed consolidated interim income statement for the three months ended March 31, 2018 with respect to these trade accounts receivable from Toys“R”Us U.S. (fourth quarter ended December 30, 2017 – $3,815). Of this amount, $2,116 (fourth quarter ended December 30, 2017 – nil) is within Dorel Home segment, $3,798 (fourth quarter ended December 30, 2017 – $747) is within Dorel Juvenile segment and $6,567 (fourth quarter ended December 30, 2017 – $3,068) is within Dorel Sports segment. These amounts represent management’s current best estimate of potential losses arising from non-payment based on information available to date; the actual loss incurred may differ from these amounts. The maximum credit risk to which the Company is exposed as at March 31, 2018 represents the total value of the trade accounts receivable.

As at March 31, 2018, in total, the Company has trade accounts receivable from Toys“R”Us U.S. amounting to $4,861 (net of impairment loss allowance including the impairment loss referred to above). This represents $679 within Dorel Home segment, $1,381 within Dorel Juvenile segment and $2,801 within Dorel Sports segment. The Company will continue to carefully monitor the Toys“R”Us situation as it unfolds, and will revise its estimated impairment loss allowance and record any required allowance adjustment in its 2018 quarterly consolidated financial statements.

10. Share capital

Details of the issued and outstanding shares are as follows:

	Three Months Ended March 31, 2018		Year Ended December 30, 2017	
	Number	**Amount**	**Number**	**Amount**
Class “A” Multiple Voting Shares				
Balance, beginning of period	4,189,835	$ 1,768	4,193,435	$ 1,770
Converted from Class “A” to Class “B” (1)	(560)	–	(3,600)	(2)
Balance, end of period	4,189,275	$ 1,768	4,189,835	$ 1,768
Class “B” Subordinate Voting Shares				
Balance, beginning of period	28,248,611	$ 201,532	28,210,545	$ 200,630
Converted from Class “A” to Class “B” (1)	560	–	3,600	2
Reclassification from contributed surplus due to settlement of deferred share units (Note 11)	–	–	34,466	900
Balance, end of period	28,249,171	$ 201,532	28,248,611	$ 201,532
TOTAL SHARE CAPITAL		$ 203,300		$ 203,300

(1) During the three months ended March 31, 2018, the Company converted 560 Class “A” Multiple Voting Shares into Class “B” Subordinate Voting Shares (year ended December 30, 2017 – 3,600) at an average rate of $0.63 per share (year ended December 30, 2017 – $0.63 per share).

11. Share-based payments

Stock option plan

The Company may grant stock options on the Class "B" Subordinate Voting Shares at the discretion of the Board of Directors, to senior executives and certain key employees. The exercise price is the market price of the securities at the date the options were granted. Options granted vest according to a graded schedule of 25% per year commencing a day after the end of the first year, and options outstanding expire no later than the year 2018. All options are to be settled by physical delivery of shares.

The changes in outstanding stock options are as follows:

	Three Months Ended March 31, 2018		Year Ended December 30, 2017	
	Options	**Weighted Average Exercise Price**	**Options**	**Weighted Average Exercise Price**
Options outstanding, beginning of period	35,000	$ 28.16	51,000	$ 26.82
Expired	–	–	(4,000)	29.98
Forfeited	–	–	(12,000)	29.17
Options outstanding, end of period	35,000	$ 27.48	35,000	$ 28.16
Total exercisable, end of period	35,000	$ 27.48	35,000	$ 28.16

The exercise price of the options outstanding and exercisable as at March 31, 2018 is $27.48 and the remaining contractual life is 0.36 year.

Total employee benefits expense recognized in general and administrative expenses for employee stock options for the three months ended March 31, 2018 amounts to nil (2017 – recovery of $68), and no amount was affected to contributed surplus.

Directors' Deferred Share Unit Plan

The Company has a Directors' Deferred Share Unit Plan under which an external director of the Company may elect annually to have their director's fees and fees for attending meetings of the Board of Directors or committees thereof paid in the form of deferred share units ("DSUs"). A plan participant may also receive dividend equivalents paid in the form of DSUs.

The changes in outstanding number of DSUs are as follows:

	Three Months Ended March 31, 2018	Year Ended December 30, 2017
DSUs outstanding, beginning of period	137,849	165,036
Issued for fees forfeited	822	8,160
Issued for dividend equivalents	1,681	6,351
Settlement of deferred share units (1)	–	(41,698)
DSUs outstanding, end of period	140,352	137,849

(1) During the year ended December 30, 2017, 41,698 DSUs were settled for which $1,074 was debited to contributed surplus and $900 credited to share capital; the difference representing the withholding taxes the Company was required by law to withhold upon settlement.

11. Share-based payments (continued)

Directors' Deferred Share Unit Plan (continued)

The employee benefits expense included in general and administrative expenses for fees forfeited for the three months ended March 31, 2018 amounts to $19 (2017 – $45) and was credited to contributed surplus. In addition, DSUs issued for dividend equivalents for the three months ended March 31, 2018 amount to $41 (2017 – $37) which were charged to retained earnings and credited to contributed surplus. As at March 31, 2018, there were 140,352 DSUs outstanding with related contributed surplus amounting to $4,167.

Executive Deferred Share Unit Plan

The Company has an Executive Deferred Share Unit Plan under which executive officers of the Company may elect annually to have a portion of their annual salary and bonus paid in the form of deferred share units ("DSUs"). The Board of Directors may also grant at its discretion DSUs with vesting conditions, such as service or non-market performance conditions. A plan participant may also receive dividend equivalents paid in the form of DSUs.

The changes in outstanding number of DSUs are as follows:

	Three Months Ended March 31, 2018	Year Ended December 30, 2017
DSUs outstanding, beginning of period	140,885	90,455
Issued for salaries and bonus paid	–	38,001
Discretionary DSUs granted	–	12,103
Issued for dividend equivalents	1,786	6,289
Performance adjustment	(122)	(4,727)
Forfeited	–	(1,236)
DSUs outstanding, end of period	142,549	140,885
Total vested, end of period	128,086	126,534

The employee benefits expense included in general and administrative expenses for salaries and bonus paid and for discretionary DSUs for the three months ended March 31, 2018 amounts to $45 (2017 – $14) and was credited to contributed surplus. In addition, DSUs issued for dividend equivalents for the three months ended March 31, 2018 amount to $44 (2017 – $27) which were charged to retained earnings and credited to contributed surplus. As at March 31, 2018, there were 142,549 DSUs outstanding with related contributed surplus amounting to $3,448.

Restricted Share Unit Plan (cash-settled)

The Company has a restricted share unit (RSUs) plan for senior executives and certain key employees that entitle them to a cash payment equal to the number of the Company's Class "B" Subordinate Voting Shares underlying the vested RSUs multiplied by the weighted average trading price during the five trading days immediately preceding the vesting date. The RSUs granted vest in whole after three years from the date of the issuance of the grant. The RSUs vest based on service conditions and are not subject to performance conditions. A plan participant may also receive dividend equivalents paid in the form of RSUs.

On June 5, 2017, the Company granted 72,095 RSUs. The weighted average share price at the date the RSUs were granted on June 5, 2017 was $26.03.

11. Share-based payments (continued)

Restricted Share Unit Plan (cash-settled) (continued)

The changes in outstanding number of RSUs are as follows:

	Three Months Ended March 31, 2018	Year Ended December 30, 2017
RSUs outstanding, beginning of period	71,343	–
Granted	–	72,095
Granted for dividend equivalents	850	1,782
Forfeited	(753)	(2,534)
RSUs outstanding, end of period	71,440	71,343

As at March 31, 2018, none of the outstanding RSUs had vested, the weighted average remaining contractual life of all RSUs outstanding was 2.17 years and the weighted average share price of the unvested RSUs was $22.78.

The employee benefits expense included in general and administrative expenses for RSUs for the three months ended March 31, 2018 amounts to $116 (2017 – nil) for which as at March 31, 2018, $457 (December 30, 2017 – $352) are included in other long-term liabilities.

Share Appreciation Rights (cash-settled)

The Company has a share appreciation rights (SARs) plan for senior executives and certain key employees that entitle them to a cash payment based on the increase in the share price of the Company's Class "B" Subordinate Voting Shares from the grant date to the settlement date. The SARs vest based on service conditions and are not subject to performance conditions.

On June 25, 2014, the Company granted 359,516 SARs. The SARs granted on June 25, 2014, vest according to a grading schedule of 10% the first year, 20% the second year, 30% the third year and 40% the fourth year. The weighted average share price at the date the SARs were granted on June 25, 2014 was $36.35. During the year ended December 30, 2016, 61,913 SARs were settled. The weighted average share price of the SARs settled during the year ended December 30, 2016 was $30.18.

On June 29, 2015, the Company granted 532,073 SARs. The SARs granted on June 29, 2015, vest in whole after four years. The weighted average share price at the date the SARs were granted on June 29, 2015 was $27.21.

On August 12, 2016, the Company granted 448,750 SARs. The SARs granted on August 12, 2016, vest in whole after four years. The weighted average share price at the date the SARs were granted on August 12, 2016 was $28.84.

11. Share-based payments (continued)

Share Appreciation Rights (cash-settled) (continued)

The changes in outstanding number of SARs are as follows:

	Three Months Ended March 31, 2018	Year Ended December 30, 2017
SARs outstanding, beginning of period	977,211	1,123,349
Expired	–	(90,069)
Forfeited	(10,188)	(56,069)
SARs outstanding, end of period	967,023	977,211
Total vested, end of period	117,635	–

The employee benefits expense included in general and administrative expenses for SARs for the three months ended March 31, 2018 amounts to a recovery of $121 (2017 – recovery of $1,116). As at March 31, 2018, $416 (December 30, 2017 – $3) are included in trade and other payables and $285 (December 30, 2017 – $838) in other long-term liabilities. The intrinsic value of liabilities that had vested as at March 31, 2018, which is the difference between the weighted average share price at the date the SARs were granted and the closing price of the Class "B" Subordinate Voting Shares on the TSX as at March 31, 2018, was $24.

The employee benefits expense is computed using the fair value of the SARs as at the reporting date as calculated using the Black-Scholes pricing model. The following weighted average assumptions were used to estimate the fair values of the SARs on March 31, 2018:

Share price	$22.78
Risk-free interest rate	1.69%
Dividend yield	5.27%
Expected volatility	26.33%
Expected life	2.00 years

The weighted average fair value of the SARs outstanding on March 31, 2018 was $1.20 (December 30, 2017 – $1.58).

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the SARs is indicative of future trends, which may not necessarily be the actual outcome.

Performance Share Units (cash-settled)

The Company has a performance share unit (PSUs) plan for senior executives and certain key employees that entitle them to a cash payment. The PSUs vest based on non-market performance conditions. The number of PSUs that can vest can be up to 1.5 times the actual number of PSUs awarded if exceptional financial performance is achieved. A plan participant may also receive dividend equivalents paid in the form of PSUs.

On June 25, 2014, the Company granted 105,056 PSUs. The PSUs granted on June 25, 2014, vest according to a grading schedule of 20% at the end of the first year, 30% at the end of the second year and 50% at the end of the third year and have performance vesting conditions. During the year ended December 30, 2017, 8,721 PSUs were settled. The weighted average share price of the PSUs settled during the year ended December 30, 2017 was $23.87.

11. Share-based payments (continued)

Performance Share Units (cash-settled) (continued)

On June 29, 2015, the Company granted 146,486 PSUs. The PSUs granted on June 29, 2015, vest in whole after a 3-year performance cycle and have performance vesting conditions.

On August 12, 2016, the Company granted 122,143 PSUs. The PSUs granted on August 12, 2016, vest in whole after a 3-year performance cycle and have performance vesting conditions.

On June 5, 2017, the Company granted 135,372 PSUs. The PSUs granted on June 5, 2017, vest in whole after a 3-year performance cycle and have performance vesting conditions.

The changes in outstanding number of PSUs are as follows:

	Three Months Ended March 31, 2018	Year Ended December 30, 2017
PSUs outstanding, beginning of period	320,060	303,178
Granted	–	135,372
Granted for dividend equivalents	2,929	15,792
Performance adjustment	2,733	(68,816)
Settled	–	(8,721)
Forfeited	(5,716)	(56,745)
PSUs outstanding, end of period	320,006	320,060

As at March 31, 2018, 107,038 PSUs (December 30, 2017 – none) of the outstanding PSUs had vested, the weighted average remaining contractual life of all PSUs outstanding was 1.03 year (December 30, 2017 – 1.28 year) and the weighted average share price of the unvested PSUs was $22.78 (December 30, 2017 – $25.08).

The employee benefits expense included in general and administrative expenses for PSUs for the three months ended March 31, 2018 amounts to an expense of $322 (2017 – recovery of $341) for which recognized amounts as at March 31, 2018 of $4,389 (December 30, 2017 – $2,718) are included in trade and other payables and $1,099 (December 30, 2017 – $2,583) in other long-term liabilities.

12. Earnings per share

The following table provides a reconciliation between the number of basic and fully diluted shares outstanding:

	Three Months Ended March 31,	
	2018	2017
Weighted daily average number of Class “A” Multiple and Class “B” Subordinate Voting Shares	32,438,446	32,403,980
Dilutive effect of deferred share units	266,411	250,193
Weighted average number of diluted shares	32,704,857	32,654,173
Number of anti-dilutive stock options and deferred share units excluded from fully diluted earnings per share calculation	35,000	51,000

As at March 31, 2018 and 2017, convertible debentures were excluded from the calculation of diluted earnings per share as these debentures were deemed to be anti-dilutive.

13. Finance expenses and other information

a) Finance expenses

Finance expenses consist of the following:

	Three Months Ended March 31,	
	2018	2017
Interest on long-term debt – including effect of cash flow hedge related to the interest rate swaps and the accreted interest related to long-term debt bearing interest at fixed rates	$ 6,112	$ 6,725
Remeasurement of forward purchase agreement liabilities (Note 9)	–	276
Amortization of deferred financing costs	268	331
Loss on early extinguishment of long-term debt	–	10,199
Other interest	1,381	2,657
	$ 7,761	$ 20,188

b) Cost of inventories and write-downs of inventories included in the condensed consolidated interim income statements

	Three Months Ended March 31,	
	2018	2017
Included in cost of sales:		
Cost of inventories recognized as an expense	$ 448,425	$ 456,513
Write-downs of inventories as a result of net realizable value being lower than cost (including amounts presented in Note 5)	$ 2,142	$ 3,322

c) Right to recover returned goods included within inventories in the condensed consolidated interim statement of financial position

Following the adoption of IFRS 15, inventories as at March 31, 2018 include the Company's right to recover returned goods amounting to $817 (see Note 3). These are measured by reference to the former carrying amount of the inventories sold less any expected costs to recover those inventories.

d) Income taxes

The tax rate for the three months ended March 31, 2018 was 6.9% versus 35.7% in the prior year. The main causes of the variation are due to changes in the jurisdictions in which the Company generated its income (including the impact related to the U.S. Tax Reform signed into law on December 22, 2017 which reduces the U.S. federal corporate income tax rate from 35% to 21%, effective as of January 1, 2018) and the loss on early extinguishment of long-term debt for which a tax benefit was not recognized in 2017.

14. Supplemental cash flow information

The condensed consolidated interim statements of cash flows exclude the following non-cash transactions:

	March 31,	
	2018	2017
Acquisition of property, plant and equipment financed by trade and other payables	$ 2,435	$ 1,937
Acquisition of property, plant and equipment financed by obligations under finance leases	$ 238	$ 48
Acquisition of intangible assets financed by trade and other payables	$ 610	$ 712

Net changes in balances related to operations are as follows:

	Three Months Ended March 31,	
	2018	2017 (1)
Trade and other receivables	$ 722	$ (21,946)
Inventories	4,146	(16,022)
Other financial assets	(82)	(137)
Prepaid expenses	(401)	(9,110)
Other assets	(804)	(1,139)
Trade and other payables	(8,693)	21,819
Net pension and post-retirement defined benefit liabilities	309	(1,978)
Provisions, other financial liabilities and other liabilities	(5,846)	(25,253)
	$ (10,649)	$ (53,766)

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. See Note 3.

The components of cash and cash equivalents are:

	March 31, 2018	December 30, 2017
Cash	$ 32,956	$ 35,217
Short-term investments	1,710	1,624
Cash and cash equivalents	$ 34,666	$ 36,841

15. Segmented information

Reporting Segments

	Three Months Ended March 31,							
	Total		Dorel Home		Dorel Juvenile		Dorel Sports	
	2018	2017 (1)	2018	2017 (1)	2018	2017 (1)	2018	2017 (1)
Total revenue	$ 642,286	$ 646,712	$ 192,262	$ 204,038	$ 243,337	$ 228,658	$ 206,687	$ 214,016
Cost of sales (Note 5)	493,718	493,267	158,269	169,466	174,450	158,773	160,999	165,028
Gross profit	148,568	153,445	33,993	34,572	68,887	69,885	45,688	48,988
Selling expenses	58,784	54,159	6,321	6,149	30,774	28,153	21,689	19,857
General and administrative expenses	48,113	46,469	8,299	7,705	23,455	21,981	16,359	16,783
Research and development expenses	9,424	7,523	1,087	912	6,888	5,259	1,449	1,352
Impairment loss on trade and other receivables (Note 9)	13,029	988	2,019	41	4,045	367	6,965	580
Restructuring and other costs (Note 5)	1,092	4,833	–	–	1,092	4,531	–	302
Operating profit (loss)	18,126	39,473	$ 16,267	$ 19,765	$ 2,633	$ 9,594	$ (774)	$ 10,114
Finance expenses	7,761	20,188						
Corporate expenses	5,286	5,540						
Income taxes expense	350	4,904						
Net income	$ 4,729	$ 8,841						
Depreciation and amortization included in operating profit (loss)	$ 11,854	$ 11,817	$ 1,056	$ 1,051	$ 8,645	$ 8,460	$ 2,153	$ 2,306

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. Comparative information has been re-classified due to a new impairment loss line presentation. See Note 3.

15. Segmented information (continued)

Disaggregation of Total Revenue

Within each reporting segment, the Company disaggregates its revenue from customers based on the geographic area where the selling entity is located and based on channels of distribution as it believes it best depicts how the nature, timing and uncertainty of the Company's revenue and cash flows are affected by economics factors. The following table provides the disaggregation of the Company's total revenue:

	Three Months Ended March 31,							
	Total		Dorel Home		Dorel Juvenile		Dorel Sports	
	2018	2017 (1)	2018	2017 (1)	2018	2017 (1)	2018	2017 (1)
Geographic area								
Canada	$ 56,694	$ 62,041	$ 35,239	$ 39,483	$ 7,796	$ 8,040	$ 13,659	$ 14,518
United States	365,132	379,651	150,536	160,028	85,813	82,250	128,783	137,373
Europe	134,247	121,397	32	3	92,879	81,062	41,336	40,332
Latin America	52,513	50,053	–	–	33,828	33,208	18,685	16,845
Asia	16,743	18,164	17	44	12,502	13,181	4,224	4,939
Other countries	16,957	15,406	6,438	4,480	10,519	10,917	–	9
Total	$ 642,286	$ 646,712	$ 192,262	$ 204,038	$ 243,337	$ 228,658	$ 206,687	$ 214,016
Channels of distribution								
Brick and mortar retailers	$ 475,354	$ 497,822	$ 95,236	$ 113,648	$ 185,030	$ 180,195	$ 195,088	$ 203,979
Internet retailers	157,135	139,572	96,895	90,298	48,833	39,422	11,407	9,852
Other	9,797	9,318	131	92	9,474	9,041	192	185
Total	$ 642,286	$ 646,712	$ 192,262	$ 204,038	$ 243,337	$ 228,658	$ 206,687	$ 214,016

(1) The Company has initially applied IFRS 15 and IFRS 9 as at December 31, 2017. Under the transition methods chosen, comparative information is not restated. See Note 3.

The continuity of goodwill by reporting segment is as follows:

a) Gross amount

	Total	Dorel Home	Dorel Juvenile	Dorel Sports
Balance as at December 30, 2016	$ 578,056	$ 31,172	$ 351,676	$ 195,208
Effect of foreign currency exchange rate changes	23,395	–	23,399	(4)
Balance as at December 30, 2017	$ 601,451	$ 31,172	$ 375,075	$ 195,204
Effect of foreign currency exchange rate changes	5,297	–	5,077	220
Balance as at March 31, 2018	$ 606,748	$ 31,172	$ 380,152	$ 195,424

15. Segmented information (continued)

The continuity of goodwill by reporting segment is as follows (continued):

b) Accumulated impairment losses

	Total	Dorel Home	Dorel Juvenile	Dorel Sports
Balance as at December 30, 2016	$ 142,266	$ –	$ 81,882	$ 60,384
Impairment loss	19,929	–	19,929	–
Effect of foreign currency exchange rate changes	1,184	–	1,185	(1)
Balance as at December 30, 2017	$ 163,379	$ –	$ 102,996	$ 60,383
Effect of foreign currency exchange rate changes	734	–	514	220
Balance as at March 31, 2018	$ 164,113	$ –	$ 103,510	$ 60,603

c) Net book value

	Total	Dorel Home	Dorel Juvenile	Dorel Sports
Balance as at December 30, 2017	$ 438,072	$ 31,172	$ 272,079	$ 134,821
Balance as at March 31, 2018	$ 442,635	$ 31,172	$ 276,642	$ 134,821