



KP TISSUE INC.

AUDITED FINANCIAL STATEMENT

FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

March 7, 2018

Independent Auditor's Report

To the Shareholders of KP Tissue Inc.

We have audited the accompanying financial statements of KP Tissue Inc., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of KP Tissue Inc. as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario

KP Tissue Inc.

Statement of Financial Position

(tabular amounts are in thousands of Canadian dollars)

	December 31, 2017	December 31, 2016
	\$	\$
Assets		
Current assets		
Distributions receivable	1,658	1,636
Receivable from Partnership	-	426
Income taxes recoverable	826	-
	<u>2,484</u>	<u>2,062</u>
Non-current assets		
Investment in associate (note 5)	98,674	117,349
Total Assets	<u>101,158</u>	<u>119,411</u>
Liabilities		
Current liabilities		
Dividend payable (note 7)	1,658	1,636
Payable to Partnership	52	-
Current portion of advances from Partnership (note 6)	309	914
Income tax payable	-	884
	<u>2,019</u>	<u>3,434</u>
Non-current liabilities		
Advances from Partnership (note 6)	731	-
Deferred income taxes (note 6)	1,483	893
Total liabilities	<u>4,233</u>	<u>4,327</u>
Equity		
Common shares (note 7)	15,014	13,176
Contributed surplus	144,819	144,819
Deficit	(74,952)	(58,729)
Accumulated other comprehensive income	12,044	15,818
Total equity	<u>96,925</u>	<u>115,084</u>
Total liabilities and equity	<u>101,158</u>	<u>119,411</u>
Subsequent events (note 7)		

Approved by the Board of Directors

/s/ James Hardy

Director

/s/ Michel Letellier

Director

The accompanying notes are an integral part of these financial statements.

KP Tissue Inc.
Statement of Comprehensive Loss

For the years ended December 31, 2017 and December 31, 2016

(tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

	2017	2016
	\$	\$
Equity loss (note 5)	(3,440)	(124)
Dilution gain (note 7)	190	191
Income (loss) before income taxes	(3,250)	67
Income taxes (note 6)	2,191	1,789
Net loss for the year	(5,441)	(1,722)
Other comprehensive loss		
net of tax expense (recovery) (note 8)		
Items that will not be reclassified to net loss:		
Remeasurements of pensions	(3,846)	(1,195)
Remeasurements of post-retirement benefits	(270)	9
Items that may be subsequently reclassified to net loss:		
Available-for-sale investment	-	(41)
Cumulative translation adjustment	(3,774)	(2,251)
Total other comprehensive loss for the year	(7,890)	(3,478)
Comprehensive loss for the year	(13,331)	(5,200)
Basic loss per share	(0.59)	(0.19)
Weighted average number of shares outstanding	9,162,508	9,037,833

The accompanying notes are an integral part of these financial statements.

KP Tissue Inc.
Statement of Changes in Equity

For the years ended December 31, 2017 and December 31, 2016

(tabular amounts are in thousands of Canadian dollars, except share amounts)

	Common shares		Contributed surplus	Deficit	Accumulated other comprehensive income	Total equity
	#	\$				
As of January 1, 2016	8,958,590	11,577	144,819	(49,291)	18,110	125,215
Issuance of common shares (note 7)	133,008	1,580	-	-	-	1,580
Dividends payable	-	-	-	(1,636)	-	(1,636)
Dividends paid	-	-	-	(4,875)	-	(4,875)
Fair value adjustment (note 7)	-	19	-	(19)	-	-
Remeasurements of pensions	-	-	-	(1,195)	-	(1,195)
Remeasurements of post-retirement benefits	-	-	-	9	-	9
Available-for-sale investment	-	-	-	-	(41)	(41)
Cumulative translation adjustment	-	-	-	-	(2,251)	(2,251)
Net loss for the year	-	-	-	(1,722)	-	(1,722)
As of December 31, 2016	<u>9,091,598</u>	<u>13,176</u>	<u>144,819</u>	<u>(58,729)</u>	<u>15,818</u>	<u>115,084</u>
As of January 1, 2017	9,091,598	13,176	144,819	(58,729)	15,818	115,084
Issuance of common shares (note 7)	121,315	1,772	-	-	-	1,772
Dividends payable	-	-	-	(1,658)	-	(1,658)
Dividends paid	-	-	-	(4,942)	-	(4,942)
Fair value adjustment (note 7)	-	66	-	(66)	-	-
Remeasurements of pensions	-	-	-	(3,846)	-	(3,846)
Remeasurements of post-retirement benefits	-	-	-	(270)	-	(270)
Cumulative translation adjustment	-	-	-	-	(3,774)	(3,774)
Net loss for the year	-	-	-	(5,441)	-	(5,441)
As of December 31, 2017	<u>9,212,913</u>	<u>15,014</u>	<u>144,819</u>	<u>(74,952)</u>	<u>12,044</u>	<u>96,925</u>

The accompanying notes are an integral part of these financial statements.

KP Tissue Inc.
Statement of Cash Flows

For the years ended December 31, 2017 and December 31, 2016

(tabular amounts are in thousands of Canadian dollars)

	2017	2016
	\$	\$
Cash flows from (used in) operating activities		
Net loss for the year	(5,441)	(1,722)
Items not affecting cash		
Equity loss	3,440	124
Dilution gain	(190)	(191)
Income taxes	2,191	1,789
Total items not affecting cash	5,441	1,722
Net change in non-cash working capital (note 10)	478	-
Tax payments	(1,999)	(205)
Tax Distribution received	481	-
Advances received	1,040	205
Net cash from (used in) operating activities	-	-
Cash flows from investing activities		
Partnership unit distributions received	4,806	4,908
Net cash from investing activities	4,806	4,908
Cash flows used in financing activities		
Dividends paid (note 11)	(4,806)	(4,908)
Net cash used in financing activities	(4,806)	(4,908)
Increase (decrease) in cash and cash equivalents during the year	-	-
Cash and cash equivalents - Beginning of year	-	-
Cash and cash equivalents - End of year	-	-

The accompanying notes are an integral part of these financial statements.

KP Tissue Inc.

Notes to Financial Statements

December 31, 2017 and December 31, 2016

(tabular amounts are in thousands of Canadian dollars, except share amounts)

1 General information

KP Tissue Inc. (KPT or the Corporation) was incorporated by articles of incorporation under the Canadian Business Corporations Act on October 1, 2012. As of December 31, 2017, the Corporation held a 16.0% (December 31, 2016 – 16.1%) interest in Kruger Products L.P. (KPLP or the Partnership), whose principal business is to produce, distribute, market and sell a wide range of disposable tissue products, including bathroom tissue, facial tissue, paper towels and napkins for both the consumer and away-from-home markets in North America. The Corporation's headquarters are located in Mississauga, Ontario, Canada.

2 Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB), and with interpretations of the International Financial Reporting Committee which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting. The financial statements have been prepared using the historical cost convention. The financial statements were approved by the board of directors on March 7, 2018.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements are as follows:

(a) Investments in associates

Associates are entities over which the Corporation has significant influence but not control. The Corporation accounts for its investment in associates using the equity method. Under the equity method, the investment is initially recognized at cost and the carrying amount is adjusted for the Corporation's share of profits or losses of associates recognized in the statement of comprehensive income (loss) and its share of other comprehensive income (loss) of associates included in other comprehensive income (loss).

Unrealized gains on transactions between the Corporation and an associate are eliminated to the extent of the Corporation's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the statement of comprehensive income (loss).

The Corporation assesses at each year-end whether there is any objective evidence that its interests in investments in associates are impaired. If so, the carrying value of the Corporation's share of the underlying assets of associates is written down to its net recoverable amount (being the higher of fair value, less cost to sell and value in use) and the loss is charged to the statement of comprehensive income (loss).

(b) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not recognized if it

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(tabular amounts are in thousands of Canadian dollars, except share amounts)

arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Corporation and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are presented as non-current.

(c) Share capital

Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

(d) Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net income (loss) for the period attributable to equity owners of the Corporation by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Corporation does not currently have any potentially dilutive instruments.

(e) Accounting standards implemented for the year ended December 31, 2017

- (i) IAS 7, Statement of Cash Flows. In January 2016, the IASB issued an amendment to require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Other than the aforementioned additional disclosures, included in note 11, the application of the amendments to IAS 7 did not result in any changes to the presentation of the statement of cash flows.
- (ii) IAS 12, Income Taxes – Deferred Tax. In February 2016, the IASB issued an amendment to clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Certain other aspects of accounting for deferred tax assets are also clarified. The adoption of this standard had no impact on the financial statements.
- (iii) In December 2016, the IASB issued an amendment clarifying the scope of IFRS 12, Disclosure of Interests in Other Entities. The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale, except for summarized financial information. The adoption of this standard had no impact on the financial statements.

(f) Accounting standards issued but not yet applied

- (i) IFRIC 23, Uncertainty over income tax treatments. In June 2017, the IFRS Interpretation Committee issued an interpretation which clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments. The interpretation is effective for annual

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periods beginning on or after January 1, 2019. Management has performed a preliminary assessment of IFRIC 23 adoption and does not expect a significant impact on the financial statements.

4 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the disclosure of contingencies at the dates of the statement of financial position, and the reported amounts of revenues and expenses during the reporting period. On a regular basis and with the information available, management reviews its estimates and judgements, including those related to fair value and the basis of accounting. Actual results could differ from those estimates. When adjustments become necessary, they are reported in earnings in the period in which they occur.

Equity method of accounting

The equity method of accounting is being applied by the Corporation as it relates to its investment in KPLP. The conclusion to account for an investment using the equity method, particularly when the percentage of ownership is below 20%, is based on an assessment of several facts and circumstances and ultimately requires significant judgment in reaching a conclusion. Management has reviewed the agreements and made an assessment of the rights of the Corporation. Based on the Corporation having three of nine seats on the board of directors of KPGP Inc. (KPGP), management has concluded that the Corporation has the ability to exercise significant influence over KPLP.

Partnership units

On December 13, 2012, in connection with the issuance of Partnership units to KPT, the Limited Partnership Agreement was amended to require KPLP, subject to compliance with contractual obligations and applicable law, to make distributions to its partners in such amounts as would enable KPT to discharge its obligation to pay federal and provincial income taxes (the Tax Distribution). Each partner is entitled to its share of the Tax Distribution made in respect of any given year.

Income taxes

The Corporation has not recognized at the date of acquisition the deferred tax assets and liabilities related to the differences between the accounting and tax basis of KPLP's assets and liabilities. Accordingly, the Corporation is tracking temporary differences that are subject to the initial recognition exemption and recognizes newly created temporary differences as they arise. The determination of the temporary differences that are subject to the initial recognition exemption requires significant judgment.

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(tabular amounts are in thousands of Canadian dollars, except share amounts)

5 Investment in associate

Changes in the carrying amount of the investment were as follows:

	December 31, 2017	December 31, 2016
	\$	\$
Opening balance	117,349	126,643
Investment in associate	1,772	1,580
Share of income	2,448	5,750
Depreciation of fair value increments	(5,888)	(5,874)
Share of other comprehensive loss	(9,202)	(3,998)
Dilution gain	190	191
Tax Distribution	(1,395)	(432)
Partnership unit distributions	(6,600)	(6,511)
Closing balance	<u>98,674</u>	<u>117,349</u>

The equity loss was comprised of the following components:

	2017	2016
	\$	\$
Share of income	2,448	5,750
Depreciation of fair value increments	(5,888)	(5,874)
	<u>(3,440)</u>	<u>(124)</u>

The following summarizes financial information about the assets, liabilities, revenue and net income of KPLP, in which the Corporation holds a 16.0% interest as of December 31, 2017 (December 31, 2016 – 16.1%). The financial information was derived from the consolidated financial statements of KPLP for the year ended December 31, 2017. The assets and liabilities disclosed include the fair value adjustments made to the carrying amount of the assets and liabilities of the associate on its acquisition.

	December 31, 2017		
	KPLP basis of		KPT basis of
	accounting	FV increment	accounting
	\$	\$	\$
Current assets	324,967	-	324,967
Non-current assets	974,788	497,088	1,471,876
Liabilities to non-unitholders	815,861	-	815,861
Partnership units liability	160,309	-	160,309
Net assets	323,585		
	Year ended		
	December 31, 2017		
	\$		
Revenue	1,280,014		
Net income	15,258		
Other comprehensive loss	(52,088)		
Total comprehensive loss	(36,830)		

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(tabular amounts are in thousands of Canadian dollars, except share amounts)

	KPLP basis of accounting	FV increment	December 31, 2016 KPT basis of accounting
	\$	\$	\$
Current assets	352,508	-	352,508
Non-current assets	984,467	538,840	1,523,307
Liabilities to non-unitholders	808,435	-	808,435
Partnership units liability	145,907	-	145,907
Net assets	382,633		
	Year ended December 31, 2016		
	\$		
Revenue	1,227,896		
Net income	35,490		
Other comprehensive loss	(19,353)		
Total comprehensive income	16,137		

The following shows the reconciliation of KPT's portion of KPLP equity to the investment recorded in KPT:

	December 31, 2017	December 31, 2016
	\$	\$
KPLP consolidated equity	323,585	382,633
Add back: Inception value of Partnership units liability	118,562	118,562
Less: Equity pertaining to Kruger Inc. and KPGP	(295,622)	(343,935)
Equity pertaining to KPT	146,525	157,260
Investment in associate recorded in KPT	98,674	117,349
Reconciling difference	47,851	39,911
Reconciling items since inception:		
Equity issuance costs	(11,110)	(11,110)
Depreciation of FV increments	31,629	25,741
Currency translation adjustment in fair value increments	(3,066)	(3,913)
Tax Distribution	3,566	2,171
Gain on exercise of over-allotment option	(375)	(375)
Dilution gain	(793)	(603)
Impairment in investment in associate	28,000	28,000
	-	-

With respect to KPT's investment in KPLP, the liability of KPT for the debts, liabilities and other obligations of KPLP is limited to KPT's capital contribution to KPLP.

On January 16, 2017, April 17, 2017, July 17, 2017, and October 16, 2017, in connection with the Corporation Distribution Reinvestment Plan (DRIP), the portion of the distributions received by the shareholders was used to acquire an additional 121,315 units of KPLP for proceeds of \$1.8 million (note 7).

KP Tissue Inc.
Notes to Financial Statements

December 31, 2017 and December 31, 2016

(tabular amounts are in thousands of Canadian dollars, except share amounts)

6 Income taxes

The Corporation is required to pay income tax on its share of the taxable income of KPLP. The Corporation has not recognized at the date of acquisition the deferred tax assets and liabilities related to the differences between the accounting and tax basis of KPLP's assets and liabilities. Accordingly, the Corporation is tracking the temporary differences that were subject to the initial recognition exemption and recognizes newly created temporary differences as they arise.

The major components of income taxes recognized in the statement of comprehensive loss were as follows:

	2017	2016
	\$	\$
Current tax expense	289	1,383
Deferred tax expense	1,902	406
	<u>2,191</u>	<u>1,789</u>

Details of the provision for income taxes were as follows:

	2017	2016
	\$	\$
Income tax at statutory rate of 26%	(845)	17
Permanent differences and other	(5)	(4)
Dilution gain	(49)	(50)
Taxed in hands of subsidiaries	145	(283)
Realization of previously unrecognized tax attributes	1,748	1,589
Change in basis of investment in associate	1,197	520
	<u>2,191</u>	<u>1,789</u>

Components of the deferred income tax liability were as follows:

	December 31, 2017	December 31, 2016
	\$	\$
Deferred tax liability (asset)		
Pensions	(540)	(417)
Deferred finance fees	(46)	(50)
Property, plant and equipment	4,970	3,546
Other	(2,901)	(2,186)
	<u>1,483</u>	<u>893</u>

KP Tissue Inc.
Notes to Financial Statements

December 31, 2017 and December 31, 2016

(tabular amounts are in thousands of Canadian dollars, except share amounts)

The analysis of the deferred tax liability was as follows:

	December 31, 2017	December 31, 2016
	<u>\$</u>	<u>\$</u>
Deferred tax liabilities to be realized greater than 12 months	1,483	893
	<u>1,483</u>	<u>893</u>

In addition to the above, the Corporation has a deferred tax asset of \$5.1 million (December 31, 2016 - \$3.4 million) related to the Investment in associate which has not been recognized in the financial statements.

The movement in the deferred tax liability was as follows:

	Year ended	Year ended
	December 31, 2017	December 31, 2016
	<u>\$</u>	<u>\$</u>
Opening balance	893	1,007
Charge to net loss	1,902	406
Charge to other comprehensive loss		
- remeasurements of cumulative translation adjustment	(564)	(337)
Charge to other comprehensive loss		
- remeasurements of post-retirement benefits	(173)	6
Charge to other comprehensive loss		
- remeasurements of pensions	(575)	(183)
Charge to other comprehensive loss		
- mark-to-market on Available-for-sale investment	-	(6)
	<u>1,483</u>	<u>893</u>

On December 13, 2012, in connection with the issuance of Partnership units to KPT, the Limited Partnership Agreement was amended to require KPLP, subject to compliance with contractual obligations and applicable law, to make distributions to its partners in such amounts as would enable KPT to discharge its obligation to pay federal and provincial income taxes (the Tax Distribution). Each partner is entitled to its share of the Tax Distribution made in respect of any given year.

On February 28, 2017, KPT received a Tax Distribution of \$1.4 million from KPLP for purposes of settling its obligation for federal and provincial taxes for the year ended December 31, 2016, and settle the advance to KPT recorded during the year ended December 31, 2016.

During the year ended December 31, 2017, pursuant to the Tax Distribution as defined in the Partnership Agreement, KPT received an advance from KPLP of \$1.0 million to pay the monthly tax instalments. The advance is non-interest bearing and non-recourse and was partially offset against KPT's portion of the Tax Distribution of \$0.3 million, paid by KPLP on February 28, 2018. The excess advance over KPT's portion of the Tax Distribution in the amount of \$0.7 million is repayable by KPT to KPLP by March 31, 2019.

KP Tissue Inc.
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December 31, 2017 and December 31, 2016

(tabular amounts are in thousands of Canadian dollars, except share amounts)

7 Dividends

During the years ended December 31, 2017 and December 31, 2016, the Corporation paid a quarterly dividend of \$0.18 per common share to shareholders. Pursuant to the Corporation Dividend Reinvestment Plan (DRIP), a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing common shares. The proceeds were used to acquire additional units of KPLP. The dividends paid, the additional common shares issued at the share price, and the gross proceeds were as follows:

Dividend Payment Date	2017			
	Dividends paid	Share price	Issuance of Common shares	Gross proceeds
	\$	\$	#	\$
January 16, 2017	1,636	15.25	30,162	460
April 17, 2017	1,642	15.30	29,419	450
July 17, 2017	1,647	13.23	32,447	429
October 16, 2017	1,653	14.81	29,287	433
	<u>6,578</u>		<u>121,315</u>	<u>1,772</u>

Dividend Payment Date	2016			
	Dividends paid	Share price	Issuance of Common shares	Gross proceeds
	\$	\$	#	\$
January 15, 2016	1,613	10.29	41,671	429
April 15, 2016	1,620	12.31	20,791	256
July 15, 2016	1,624	11.75	37,733	444
October 17, 2016	1,631	13.77	32,813	451
	<u>6,488</u>		<u>133,008</u>	<u>1,580</u>

On January 15, 2018, the Corporation paid a dividend of \$1.7 million to shareholders at \$0.18 per common share. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 38,122 common shares at a price of \$13.50.

Subsequent to December 31, 2017, the Corporation declared a dividend of \$0.18 per common share to shareholders, payable on April 16, 2018.

As a result of the DRIP and Kruger's reinvestment of its distribution from KPLP in units of KPLP, a dilution gain of \$0.2 million was recorded during the year ended December 31, 2017 (2016 - \$0.2 million).

KP Tissue Inc.
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December 31, 2017 and December 31, 2016

(tabular amounts are in thousands of Canadian dollars, except share amounts)

8 Income tax recovery on other comprehensive loss

Income tax recovery on other comprehensive loss was as follows:

	2017	2016
	\$	\$
Items that will not be reclassified to net loss:		
Remeasurements of pensions	(4,421)	(1,378)
Income tax recovery	575	183
Net of income tax recovery	<u>(3,846)</u>	<u>(1,195)</u>
Remeasurements of post-retirement benefits	(443)	15
Income tax recovery (expense)	173	(6)
Net of income tax recovery (expense)	<u>(270)</u>	<u>9</u>
Items that may be subsequently reclassified to net loss:		
Available-for-sale investment	-	(47)
Income tax recovery	-	6
Net of income tax recovery	<u>-</u>	<u>(41)</u>
Cumulative translation adjustment	(4,338)	(2,588)
Income tax recovery	564	337
Net of income tax recovery	<u>(3,774)</u>	<u>(2,251)</u>
Total other comprehensive loss for the year	<u><u>(7,890)</u></u>	<u><u>(3,478)</u></u>

9 Economic dependence

The Corporation is economically dependent upon the Partnership.

10 Non-cash working capital

	2017	2016
	\$	\$
Decrease in receivable from Partnership	426	-
Increase in payable to Partnership	52	-
	<u>478</u>	<u>-</u>

KP Tissue Inc.
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December 31, 2017 and December 31, 2016

(tabular amounts are in thousands of Canadian dollars, except share amounts)

11 Cash flows used in financing activities

The change in financing activities on the statement of cash flows comprised the following:

	Dividend payable \$	Common shares \$	Total \$
As of January 1, 2016	1,613	11,577	13,190
Dividends paid	(6,488)	1,580	(4,908)
Dividends declared	6,511	-	6,511
Fair value adjustment	-	19	19
As of December 31, 2016	<u>1,636</u>	<u>13,176</u>	<u>14,812</u>
Dividends paid	(6,578)	1,772	(4,806)
Dividends declared	6,600	-	6,600
Fair value adjustment	-	66	66
As of December 31, 2017	<u><u>1,658</u></u>	<u><u>15,014</u></u>	<u><u>16,672</u></u>