The Jean Coutu Group (PJC) Inc.

SECOND QUARTER

OF FISCAL YEAR

2016

REPORT

13- AND 26- WEEK PERIODS
ENDED AUGUST 29, 2015

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Throughout this document, The Jean Coutu Group (PJC) Inc. and its subsidiaries, unless otherwise indicated, are referred to as "Corporation", "Jean Coutu Group", "we" or "our". The Jean Coutu Group is one of the most trusted names in Canadian pharmacy retailing. As at August 29, 2015, the Corporation operates a network of 417 franchised stores located in Québec, New Brunswick and Ontario under the banners of PJC Jean Coutu, PJC Clinique, PJC Jean Coutu Santé and PJC Jean Coutu Santé Beauté, which employs more than 20,000 people. Furthermore, the Jean Coutu Group owns Pro Doc Ltd ("Pro Doc"), a Québec-based subsidiary and manufacturer of generic drugs.

The Jean Coutu Group (PJC) Inc.

MESSAGE TO SHAREHOLDERS

13- and 26- week periods ended August 29, 2015

To our shareholders:

The Jean Coutu Group is pleased to report its financial results for the second quarter and first half of fiscal year 2016.

Revenues amounted to $686.6 million for the quarter ended August 29, 2015 compared with $674.4 million for the same period of fiscal year 2015.

Operating income before depreciation and amortization ("OIBA") increased by $0.7 million and amounted to $81.7 million for the quarter ended August 29, 2015 compared with $81.0 million for the quarter ended August 30, 2014. Pro Doc's contribution to the consolidated OIBA, net of intersegment eliminations, amounted to $22.7 million for the quarter ended August 29, 2015 compared with $22.1 million for the quarter ended August 30, 2014. During the first half of fiscal year 2016, OIBA amounted to $164.7 million compared with $163.0 million for the same period of fiscal year 2015. Pro Doc's contribution to the consolidated OIBA amounted to $45.0 million the first half of fiscal year 2016 compared with $44.8 million for the same period of the previous fiscal year.

Net profit for the second quarter of fiscal year 2016 amounted to $53.8 million ($0.29 per share) compared with $53.6 million ($0.28 per share) for the second quarter of fiscal year 2015. Net profit for the first half of fiscal year 2016 amounted to $104.4 million ($0.56 per share) compared with $107.7 million ($0.57 per share) for the same period of fiscal year 2015. The decrease in net profit is mainly due to a tax provision of $4.7 million recorded during the first half of fiscal year 2016, following a judgment rendered by the Quebec Court of Appeal.

As at August 29, 2015, there were 417 stores in the PJC network of franchised stores. For the second quarter of fiscal year 2016, total retail sales for the PJC network of franchised stores increased by 2.6% and on a same-store basis, the PJC network's retail sales grew by 2.0% compared with the second quarter of fiscal year 2015. During the first half of fiscal year 2016, total retail sales grew by 3.5% and on a same-store basis, the PJC network's retail sales grew by 2.9% compared with the same period of fiscal year 2015.

The Board of the Jean Coutu Group declared a quarterly dividend of $0.11 per share. This dividend will be paid on November 6, 2015 to all holders of Class "A" subordinate voting shares and holders of Class "B" shares listed in the Corporation's shareholder ledger as at October 23, 2015.

“Throughout the second quarter, we have continued to implement our business plan efficiently, which helped us report an increased operating income in spite of a challenging regulatory context and a still highly competitive environment”, explained Mr. François J. Coutu, President and Chief Executive Officer. “We remain committed to focus on dynamic strategies in order to meet our objectives and sustain our growth.”

Yours truly,

/s/ François J. Coutu
François J. Coutu
President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. GENERAL INFORMATION

Throughout this document, The Jean Coutu Group (PJC) Inc. and its subsidiaries, unless otherwise indicated, are referred to as "Corporation", "Jean Coutu Group", "we" or "our". This management's discussion and analysis ("MD&A") provides the reader with a review and analysis, from the perspective of management, of the Corporation's financial results for the second quarter of fiscal year 2016. This MD&A should be read in conjunction with the Corporation's unaudited condensed consolidated interim financial statements for the second quarter of fiscal year 2016, its annual audited consolidated financial statements and its annual MD&A of fiscal year 2015.

The Jean Coutu Group is one of the most trusted names in Canadian pharmacy retailing. As at August 29, 2015, the Corporation operates a network of 417 franchised stores located in Québec, New Brunswick and Ontario under the banners of PJC Jean Coutu, PJC Clinique, PJC Jean Coutu Santé and PJC Jean Coutu Santé Beauté, which employs more than 20,000 people. Furthermore, the Jean Coutu Group owns Pro Doc Ltd ("Pro Doc"), a Québec-based subsidiary and manufacturer of generic drugs.

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), as set out in the Handbook of the Chartered Professional Accountants of Canada – Accounting Part 1, which incorporates the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Corporation's fiscal year end coincides with the Saturday which is the closest to February 29 or March 1st and usually includes 52 weeks, but can include a 53rd week every 5 or 6 years. Fiscal years ending February 27, 2016 and February 28, 2015 each contain 52 weeks. The quarters ended August 29, 2015 ("Q2-2016") and August 30, 2014 ("Q2-2015") each contained 13 weeks.

Unless otherwise indicated, all amounts are in Canadian dollars.

2. DEFINITIONS

Segmented information

The Corporation has two reportable operating segments: franchising and generic drugs. Within the franchising segment, the Corporation carries on the franchising activity under the banners of PJC Jean Coutu, PJC Clinique, PJC Jean Coutu Santé and PJC Jean Coutu Santé Beauté, operates two distribution centers and coordinates several other services for the benefit of its franchisees. In the generic drugs segment, the Corporation owns Pro Doc, a Canadian manufacturer of generic drugs whose revenues come from the sale of generic drugs to wholesalers and pharmacists. Both reportable operating segments of the Corporation are in the Canadian geographic area.

Revenues – Franchising

Revenues consist of sales and other revenues derived from franchising activities. Merchandise sales to PJC franchisees, mostly through the Corporation's distribution centers, account for the major part of the revenues. PJC franchised stores' retail sales are not included in the Corporation's revenues. However, any change in their retail sales directly affects the Corporation's revenues since PJC franchisees purchase most of their inventory from its distribution centers.

Other revenues consist of royalties from franchisees based on a percentage of their retail sales, rental revenues and revenues from certain services rendered to franchisees.

Revenues – Generic drugs

Revenues consist of generic drugs' sale of the Pro Doc subsidiary.

3. QUARTERLY RESULTS

QUARTERLY AND YEAR TO DATE CONSOLIDATED FINANCIAL INFORMATION – UNAUDITED

The following table presents selected financial information and operating results for the periods ended August 29, 2015 (Q2-2016) and August 30, 2014 (Q2-2015).

	13 weeks		26 weeks	
(Unaudited, in millions of dollars except per share amounts)	**Q2-2016**	Q2-2015	**2016**	2015
	$	$	**$**	$
Sales	**616.5**	605.6	**1,260.3**	1,225.2
Other revenues	**70.1**	68.8	**138.7**	137.8
Revenues [(1)]	**686.6**	674.4	**1,399.0**	1,363.0
Gross profit	**79.4**	77.3	**165.5**	162.3
Operating income before amortization ("OIBA")				
Franchising	**59.0**	58.9	**119.7**	118.2
Generic drugs	**27.6**	26.5	**44.7**	47.7
Inter-segment eliminations	**(4.9)**	(4.4)	**0.3**	(2.9)
	81.7	81.0	**164.7**	163.0
Financing revenues	**0.2**	0.4	**0.7**	0.7
Income tax expense	**20.2**	19.9	**45.5**	40.1
Net profit	**53.8**	53.6	**104.4**	107.7
Per share, basic and diluted	**0.29**	0.28	**0.56**	0.57

(1) Revenues include sales and other revenues.

COMPARISON OF THE CONSOLIDATED QUARTERLY AND YEAR TO DATE RESULTS FOR THE PERIODS ENDED AUGUST 29, 2015 (Q2-2016) AND AUGUST 30, 2014 (Q2-2015)

Readers are referred to the "Modifications decreed by competent authorities with respect to drug pricing" section at the end of this section for details on the changes in drug pricing.

Revenues

Sales amounted to $616.5 million for the quarter ended August 29, 2015, compared with $605.6 million for the quarter ended August 30, 2014, a 1.8% increase. For the first half of fiscal year 2016, sales amounted to $1,260.3 million compared with $1,225.2 million for the same period of the previous fiscal year, a 2.9% increase. This increase is attributable to the overall market growth and the expansion of the PJC network of franchised stores despite the deflationary impact on revenues of the volume increase in prescriptions of generic drugs compared with brand name drugs.

Gross sales of Pro Doc drugs, net of intersegment eliminations, amounted to $49.0 million for the quarter ended August 29, 2015, compared with $48.1 million for the quarter ended August 30, 2014, a 1.9% increase. For the first half of fiscal year 2016, gross sales of Pro Doc drugs, net of intersegment eliminations, amounted to $99.3 million compared with $96.4 million for the same period of the previous fiscal year, an increase of 3.0%. This growth is mainly attributable to the increase in volume of Pro Doc drugs sold.

Other revenues amounted to $70.1 million for the second quarter of fiscal year 2016 compared with $68.8 million for the second quarter of fiscal year 2015. For the first half of fiscal year 2016, other revenues amounted to $138.7 million compared with $137.8 million for the first half of fiscal year 2015, an increase of 0.7%. This increase is mainly attributable to the normal increase in rental revenues.

Gross profit

For the second quarter of fiscal year 2016, gross profit amounted to $79.4 million compared with $77.3 million for the second quarter of the previous fiscal year, an increase of 2.7%. For the quarter ended August 29, 2015, gross profit calculated as a percentage of sales was 12.9% compared with 12.8% for the same period of the previous fiscal year.

For the first half of fiscal year 2016, gross profit calculated as a percentage of sales was 13.1% compared with 13.2% for the same period of the previous fiscal year.

OIBA – Consolidated

As a percentage of revenue, consolidated OIBA amounted to 11.9% for the second quarter of fiscal year 2016 compared with 12.0% for the same quarter of the previous fiscal year. As a percentage of revenue, consolidated OIBA amounted to 11.8% during the first half of fiscal year 2016 compared with 12.0% for the same quarter of the previous fiscal year. The decrease in the OIBA as a percentage of revenues is explained, among other things, by the elements presented in the segmented analysis below.

OIBA – Franchising segment

OIBA for the franchising activities increased by $0.1 million to $59.0 million for the second quarter of fiscal year 2016 compared with $58.9 million for the second quarter of fiscal year 2015. A reversal of $1.5 million in liabilities for share-based payments instruments (stock appreciation rights and deferred share units) was recorded during the second quarter of fiscal year 2016 compared with a reversal of $0.6 million during the second quarter of fiscal year 2015. The variation of the expense for those share-based payments instruments is mainly attributable to the fluctuation of the Corporation's common share market price.

For the first half of fiscal year 2016, franchising segment OIBA increased by $1.5 million to $119.7 million, compared with $118.2 million for the same period of fiscal year 2015. This increase is mainly attributable to a reversal of $3.6 million of liabilities for share-based payments instruments recorded during the first half of fiscal year 2016 compared with an expense of $1.5 million for the first half of fiscal year 2015. OIBA before the expense for those shared-based payments instruments decreased by $3.6 million compared with the same quarter last year. This decrease is mainly explained by an increase of the other general and operating expenses such as higher labor expenses for annual inflation and higher volume handled in our warehouses, additional support to new stores in the network and expenses in information technology to improve the network's performance.

OIBA – Generic drugs segment

Pro Doc's contribution to the consolidated OIBA, net of intersegment eliminations, increased by $0.6 million to $22.7 million for the second quarter of fiscal year 2016, compared with $22.1 million for the second quarter of fiscal year 2015. Pro Doc's contribution to the consolidated OIBA, as a percentage of its gross sales and net of intersegment eliminations, reached 46.3% for the second quarter of current fiscal year compared with 45.9% for the same period of the previous fiscal year.

For the first half of fiscal year 2016, the generic drug segment's OIBA, net of intersegment eliminations, increased by $0.2 million to $45.0 million, compared with $44.8 million for the same period of fiscal year 2015. Pro Doc's contribution to the consolidated OIBA, as a percentage of its gross sales and net of intersegment eliminations, reached 45.3% for the first half of fiscal year 2016 compared with 46.5% for the same period of the previous fiscal year.

Financing revenues

For the second quarter of fiscal year 2016, financing revenues amounted to $0.2 million compared with $0.4 million for the second quarter of fiscal year 2015. For the first half of fiscal year 2016, financing revenues amounted to $0.7 million same as for the same period of the previous fiscal year.

Income tax

For the second quarter of fiscal year 2016, income tax expense amounted to $20.2 million, compared with $19.9 million for the second quarter of fiscal year 2015. This corresponds to effective income tax rates of 27.3% and 27.1%, respectively.

Income tax expense amounted to $45.5 million for the first half of fiscal year 2016, compared with $40.1 million for the same period of fiscal year 2015, which corresponds to effective income tax rates of 30.4% and 27.1% respectively. This increase is mainly due to a tax provision of $4.7 million recorded during the first half of fiscal year 2016, following a judgment rendered by the Quebec Court of Appeal. This Court reversed a judgment rendered at first instance in favor of the Corporation by the Supreme Court in relation to an introductory motion of suit for rectification of books and records and declaratory relief filed by the Corporation. An application for leave to appeal to the Supreme Court of Canada was filed by the Corporation on June 29, 2015 in this case.

Net profit

Net profit for the quarter ended August 29, 2015 amounted to $53.8 million ($0.29 per share) compared with $53.6 million ($0.28 per share) for the quarter ended August 30, 2014.

Net profit for the first half of fiscal year 2016 amounted to $104.4 million ($0.56 per share) compared with $107.7 million ($0.57 per share) for the comparable period of fiscal year 2015. The decrease in net profit is mostly due to a tax provision of $4.7 million recorded during the first half of fiscal year 2016.

SELECTED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION – UNAUDITED

	Quarters							
(Unaudited, in millions of dollars except per share amounts)	**Q2-2016**	Q1-2016	Q4-2015	Q3-2015	Q2-2015	Q1-2015	Q4-2014	Q3-2014
	$	$	$	$	$	$	$	$
Revenues								
Franchising	**684.6**	712.0	713.2	736.3	673.4	687.5	684.8	711.2
Generic drugs	**48.6**	33.5	45.7	45.0	46.8	39.7	41.8	44.2
Intersegment sales	**(46.6)**	(33.1)	(45.0)	(44.6)	(45.8)	(38.6)	(41.2)	(42.9)
	686.6	712.4	713.9	736.7	674.4	688.6	685.4	712.5
Operating income before depreciation and amortization ("OIBA")								
Franchising	**59.0**	60.7	61.0	62.5	58.9	59.3	65.1	66.4
Generic drugs	**27.6**	17.1	24.8	23.6	26.5	21.2	23.2	26.6
Intersegment eliminations	**(4.9)**	5.2	(1.7)	(1.3)	(4.4)	1.5	(0.8)	(5.0)
	81.7	83.0	84.1	84.8	81.0	82.0	87.5	88.0
Net profit	**53.8**	50.6	55.2	56.0	53.6	54.1	57.7	62.5
Basic profit per share	**0.29**	0.27	0.30	0.30	0.28	0.29	0.30	0.30

For the last quarters, the Corporation's revenues for each comparable quarter have been increasing. This increase is due to the expansion of the PJC network of franchised stores and the overall market growth despite the deflationary impact of the price reductions of generic drugs and the increase in proportion of prescriptions of generic drugs compared with the brand name drugs.

The Corporation's net profit for Q3-2014 included a reversal of tax provisions of $3.2 million.

The Corporation's net profit for Q1-2016 included an expense for tax provisions of $4.7 million.

Modifications decreed by competent authorities with respect to drug pricing

The reimbursement rate for four large volume generic prescription drugs was considerably reduced for all Canadian provinces in April 2014 and for four other generic drugs in April 2015. These changes, as well as other changes regarding the pricing of generic drugs sold in New Brunswick also had a deflationary impact on the Corporation's consolidated sales.

These changes, as well as any new announcement that could be made, could have an adverse effect on the Corporation's financial performance.

4. INFORMATION ON THE PJC NETWORK OF FRANCHISED STORES

Within the franchising segment, the Corporation carries on the franchising activity under the banners of PJC Jean Coutu, PJC Clinique, PJC Jean Coutu Santé and PJC Jean Coutu Santé Beauté, operates two distribution centers and coordinates several other services for the benefit of its franchisees. These services include centralized purchasing, distribution, marketing, training, human resources, management, operational consulting and information systems, as well as a private label program. The PJC franchisees manage their store and are responsible for merchandising and financing their inventory. They must supply their store from the Corporation's distribution centers, subject to availability of ordered products. The PJC franchised stores' financial results are not included in the Corporation's consolidated financial statements.

Expansion of the PJC network of franchised stores

As at August 29, 2015 there were 417 stores in the PJC network of franchised stores, compared with 416 as at February 28, 2015 same as at August 30, 2014. As at August 29, 2015, total selling square footage of the PJC network amounted to 3,211,000 square feet compared with 3,185,000 square feet as at February 28, 2015 and 3,137,000 square feet as at August 30, 2014.

During the second quarter of fiscal year 2016, there were 3 store openings in the PJC network of franchised stores including the relocation of 1 store, compared with 2 openings during the second quarter of fiscal year 2015. Furthermore, the Corporation proceeded to the closing of 1 store during the second quarter of current fiscal year compared with no closings for the second quarter of the previous fiscal year.

NETWORK PERFORMANCE

	13 weeks		26 weeks	
(Unaudited)	**Q2-2016**	Q2-2015	**2016**	2015
Retail sales *(in millions of dollars)*	**$1,033.5**	$1,007.8	**$2,096.1**	$2,026.0
Retail sales per square foot *(in dollars)* [(1)]	**$1,302**	$1,271		
Retail sales per sector *(in percentage)*				
Pharmacy, prescription drugs	**63.8%**	63.6%	**63.6%**	63.4%
Front-end, non-prescription drugs	**8.2%**	8.3%	**8.5%**	8.5%
Front-end, general merchandise	**28.0%**	28.1%	**27.9%**	28.1%
Retail sales growth *(in percentage)*				
Total stores				
Total	**2.6%**	2.9%	**3.5%**	1.8%
Pharmacy	**2.9%**	3.1%	**3.8%**	2.0%
Front-end [(2)]	**1.2%**	2.1%	**2.3%**	1.2%
Same store [(3)]				
Total	**2.0%**	2.4%	**2.9%**	1.3%
Pharmacy	**2.5%**	2.7%	**3.3%**	1.5%
Front-end [(2)]	**0.4%**	1.6%	**1.6%**	0.5%
Prescriptions growth *(in percentage)*				
Total stores	**2.7%**	3.9%	**2.9%**	4.0%
Same store [(3)]	**2.4%**	3.5%	**2.6%**	3.6%

(1) The last 12-month store sales are divided by the weighted average square footage for this period.
(2) The front-end sales exclude the sale of services included in the retail sales growth total.
(3) Same store means a store which has been operated throughout the current fiscal year as well as the previous fiscal year.

For the second quarter of fiscal year 2016, on a same-store basis, PJC network retail sales grew by 2.0%, pharmacy sales increased by 2.5% and front-end sales increased by 0.4% compared with the same period last year. Still for the second quarter of fiscal year 2016, sales of non-prescription drugs, which represented 8.2% of total retail sales, increased by 1.1% compared with an increase of 1.0% for the second quarter of the previous fiscal year.

For the first half of fiscal year 2016, on a same-store basis, PJC network retail sales grew by 2.9%, pharmacy sales increased by 3.3% and front-end sales increased by 1.6% compared with the same period last year. For

the first half of fiscal year 2016, sales of non-prescription drugs, which represented 8.5% of total retail sales, increased by 2.8% compared with an increase of 0.4% for the same period last year.

Proportion of generic drugs reached 70.0% of prescriptions during the second quarter of current fiscal year compared with 68.1% of prescriptions for the second quarter of the previous fiscal year. The increase of the number of generic drugs prescriptions, with lower selling prices than brand name drugs, had a deflationary impact on the pharmacy's retail sales. For the second quarter of fiscal year 2016, the introduction of new generic drugs reduced pharmacy's retail sales growth by 1.2% and the price reductions of generic drugs decreed by competent authorities reduced pharmacy's retail sales growth by another 0.3%.

5. LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The Corporation's cash flows are generated by: i) merchandise sales and rental revenue from PJC franchised stores, ii) royalties paid by PJC franchisees and iii) rent from properties leased to third parties other than franchisees. These cash flows are used: i) to purchase products for resale and for payment of services, ii) to finance operating expenses, iii) for real estate investments, iv) to finance capital expenditures incurred to renovate and open stores, replace equipment and construction of new head office and new distribution center, v) to repurchase shares and vi) for dividends payment. The Corporation has typically financed capital expenditures and working capital requirements through cash flows from operating activities.

SELECTED CONSOLIDATED INFORMATION ON LIQUIDITY

The following table presents selected information from the unaudited consolidated statements of cash flows for the quarters and semesters ended August 29, 2015 and August 30, 2014.

	13 weeks		26 weeks	
(In millions of dollars)	**Q2-2016**	Q2-2015	**2016**	2015
	$	$	**$**	$
Cash flow provided by operating activities	**51.4**	56.3	**73.5**	129.1
Cash flow related to investing activities	**(36.2)**	(23.8)	**(61.4)**	(36.1)
Cash flow related to financing activities	**(20.5)**	(70.2)	**(41.1)**	(88.6)

COMPARISON OF THE CONSOLIDATED INFORMATION ON LIQUIDITY FOR THE QUARTERS ENDED AUGUST 29, 2015 AND AUGUST 30, 2014

Cash flow generated by operating activities

Cash generated by operating activities amounted to $51.4 million for the second quarter of fiscal year 2016 compared with $56.3 million for the second quarter of fiscal year 2015. This decrease of $4.9 million is due to the increase in income tax paid during the second quarter of fiscal year 2016.

Cash flow related to investing activities

Cash used by investing activities for the second quarter of fiscal year 2016 amounted to $36.2 million compared with $23.8 million for the second quarter of fiscal year 2015. For the second quarter of fiscal year 2016, $31.7 million were used to acquire property and equipment mainly related to the new facilities in Varennes and $1.6 million for intangible assets, whereas during the second quarter of fiscal year 2015, $12.4 million were used to acquire property and equipment and $7.6 million were used to acquire intangible assets. During the second quarter of current fiscal year, 3 stores were opened, including the relocation of 1 store, in the PJC network of franchised stores. Furthermore, 1 store was expanded.

Cash flow related to financing activities

For the second quarter of fiscal 2016, cash used for financing activities amounted to $20.5 million compared with $70.2 million for the second quarter of fiscal 2015. During the second quarter of fiscal year 2016, no cash flows were used to repurchase any Class "A" Subordinate Voting Shares, compared with using $51.9 million during the second quarter of fiscal year 2015. During the second quarter of fiscal year 2016, the Corporation paid a

quarterly dividend of $0.11 per Class "A" Subordinate Voting Share and Class "B" share. These dividends amounted to $20.5 million (annualized dividend of $0.44 per share). During the second quarter of fiscal year 2015, the Corporation paid a quarterly dividend of $0.10 per Class "A" Subordinate Voting Share and Class "B" share for a total of $18.8 million (annualized dividend of $0.40 per share).

LONG-TERM DEBT

As at August 29, 2015, the Corporation had access to an unsecured revolving credit facility maturing on November 10, 2019 in the amount of $250.0 million. As at August 29, 2015 as well as at February 28, 2015, this credit facility was unused except for letters of credit of $0.3 million.

Following the closing of the quarter ended August 29, 2015, the Corporation extended its $250.0 million credit facility maturity date by one year to November 2020. All other terms and conditions of the credit agreement remained unchanged.

Beside this revolving credit facility to finance its projects, the Corporation's cash flow is provided by its operating activities. The Corporation does not expect any liquidity issues. As at August 29, 2015, all of its bank covenants were respected.

CAPITAL STOCK

Repurchase under the normal course issuer bid

On April 29, 2015, the Corporation announced its intention to repurchase for cancellation, if it is considered advisable, up to 7,983,000 of its outstanding Class "A" Subordinate Voting Shares, representing approximately 10% of the current public float of such shares, over a 12-month period ending no later than May 6, 2016. The shares will be repurchased through the facilities of the Toronto Stock Exchange ("TSX") and in accordance with its requirements.

On April 30, 2014, the Corporation announced its intention to repurchase for cancellation up to 8,190,000 of its outstanding Class "A" Subordinate Voting Shares, representing approximately 10% of the current public float of such shares, over a 12-month period ending no later than May 6, 2015. During the term of this normal course issuer bid, the Corporation repurchased and cancelled 2,574,100 Class "A" Subordinate Voting Shares in accordance with applicable Canadian securities laws.

For the quarter and semester ended August 29, 2015, the Corporation did not repurchase any Class "A" Subordinate Voting Shares.

For the quarter and semester ended August 30, 2014, the Corporation repurchased 2,574,100 Class "A" Subordinate Voting Shares at an average price of $21.62 per share for a total consideration of $55.6 million, including related costs. An amount of $42.9 million, representing the excess of the purchase price over the carrying value of the repurchased shares was included in retained earnings for the 26-week period ended August 30, 2014. The shares repurchased during the semester ended August 30, 2014 were all cancelled during that period, except for 165,600 shares that were cancelled after August 30, 2014.

Stock options

For the 13-week and 26-week periods ended August 29, 2015, no Class "A" Subordinate Voting Shares were issued following the exercise of stock option compared with 34,000 and 75,303 shares issued following the exercise of stock option for the 13-week and 26-week periods ended August 30, 2014, respectively.

Shares issued

As at August 29, 2015 and as at February 28, 2015, the total number of Class "A" Subordinate Voting Shares issued was 83.5 million, and the number of Class "B" shares was 103.5 million, for a total of 187.0 million shares of the Corporation issued.

Operating lease obligations

The Corporation leases a substantial portion of its buildings using conventional operating leases. Generally, the Corporation's real estate leases are for primary terms of 10 to 15 years with renewing options.

For further details, readers are referred to Note 26 of the Corporation's consolidated financial statements of fiscal year 2015.

Contractual obligations and commercial commitments

Readers are referred to the table of the Corporation's main contractual cash obligations under its long-term debt, leases, services and capital assets commitments included in the Corporation's annual MD&A of the fiscal year ended February 28, 2015.

6. Financial instruments and off-balance sheet arrangements

This section is subject to Section 13 ("Forward-Looking Statements Disclaimer"). The Corporation does not use any off-balance sheet arrangements that currently have, or are reasonably likely expected to have, a material effect on its financial condition, financial performance or cash flow. The Corporation uses operating leases for many of its properties.

In its normal course of business, the Corporation is exposed to a certain interest rates fluctuation risk, due to its variable rates' financial obligations. Depending on the surrounding market's interest rate, the Corporation could, in the future, use derivative financial instruments or other interest rate management vehicles.

Readers are referred to Note 29 of the Corporation's consolidated financial statements of fiscal year 2015 for more information on other risks related to financial instruments to which the Corporation is exposed to.

Guarantees and buyback agreements

As at August 29, 2015, the Corporation had guaranteed the reimbursement of certain bank loans contracted by franchisees for a maximum amount of $2.0 million. Most of those guarantees apply to loans with a maturity of up to one year. These loans are also personally guaranteed by the franchisees.

The Corporation has also entered into commitments with financial institutions to buy back the equipment and inventories of some of its franchisees under certain conditions. As at August 29, 2015, financing related to the equipment and inventories buyback agreements were $72.6 million and $135.6 million respectively. Historically, the Corporation has not made any indemnification payments under such agreements and no amounts have been accrued with respect to these guarantees in its August 29, 2015 and February 28, 2015 consolidated financial statements.

7. Related party transactions

Franchising activities include transactions with franchised stores controlled by executives with significant influence on the Corporation or close member of these executives' family. The transactions between the Corporation and these enterprises are carried out in the normal course of business and are made under the same terms and conditions as those made with other franchisees.

As at August 29, 2015, Mr. Jean Coutu had the ultimate control of the Jean Coutu Group (PJC) Inc.

Readers are referred to Note 28 of the Corporation's consolidated financial statements of fiscal year 2015 for additional information on related party transactions and for the detail on the key management personnel compensation.

8. CRITICAL ACCOUNTING ESTIMATES

This MD&A is based on the Corporation's consolidated financial statement prepared according to IFRS. The preparation of the consolidated financial statements requires management to make certain judgments, estimates and assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. They may also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Detailed information on these significant estimates is presented in section 11. "Critical accounting estimates" of the Corporation's MD&A of fiscal year ended February 28, 2015. There were no significant changes in the critical accounting estimates since fiscal year 2015.

9. CHANGES IN ACCOUNTING POLICIES

CHANGES FOR FISCAL YEAR 2016

Hedge accounting — The Corporation uses derivative financial instruments to manage foreign exchange risk. The Corporation does not use derivative financial instruments for speculative or trading purposes. At the initial designation of the hedge, the Corporation formally documents the relationship between the hedging instrument and the hedged item, the risk management objectives, the strategy for undertaking the hedge and how the effectiveness of the hedging relationship will be assessed. The Corporation also systematically determines, at the inception of the hedge and thereafter, whether the instruments designated as hedges are effective in offsetting changes in the cash flows of the hedged items.

For derivative instruments designated as cash flow hedges, the change in fair value related to the effective portion of the hedge is recognized in other comprehensive income, and the accumulated amount is presented as a hedging reserve in the consolidated statement of changes in equity. Any ineffective portion is immediately recognized in consolidated profit or loss. The gains or losses recorded in the hedging reserve are recognized as an adjustment to the hedged item in the period in which the underlying hedged item is recognized.

When a hedging instrument no longer meets the criteria for hedge accounting, is expired, sold, cancelled, exercised or when its designation is cancelled, the Corporation discontinues hedge accounting prospectively. The cumulative gain or loss at that date remains in the hedging reserve in the consolidated statement of changes in equity until the forecasted transaction occurs. When the Corporation considers that the forecasted transaction will not be realized, the corresponding gains or losses recognized in the hedging reserve are immediately recognized in consolidated profit or loss.

10. RISKS AND UNCERTAINTIES

The section "Risks and uncertainties" of the MD&A of fiscal year 2015 relates various risks the Corporation faces. Detail and description of those risks did not change since fiscal year 2015 except for the recent development related to the agreement in principle between the “Association Quebecoise des pharmaciens propriétaires” (“AQPP”) and the Ministry of Health and Social Services described below.

The Corporation understands that on June 29, 2015, the Québec provincial association of pharmacists, AQPP, sought the approval by its members of a confidential agreement in principle between the AQPP and the Ministry of Health and Social Services concerning certain aspects of the remuneration of pharmacists, as reported by recent media reports.

The Corporation understands that the agreement in principle contemplates the removal of the 15% cap on professional allowances which may be paid by generic manufacturers to pharmacists when buying their prescription drug products.

The agreement in principle must be approved by the Quebec Treasury Board in order to become effective. The Corporation expects the Quebec Treasury Board to consider the agreement in principle shortly but cannot predict whether such approval will take place and if so, on what terms. If the 15% cap on professional allowances is removed, the consolidated results would be affected because higher professional allowances than as currently allowed would reduce the profitability of the subsidiary Pro Doc. If and when ratified, the confidentiality of the agreement will be lifted and its terms will be definitive, and the Corporation will be in a position to provide more information.

11. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Corporation's internal control over financial reporting that have materially affected, or are reasonably likely to have materially affected, the Corporation's internal control over financial reporting during the second quarter of fiscal year 2016.

12. STRATEGIES AND OUTLOOK

This section is subject to Section 13 ("Forward-Looking Statements Disclaimer").

With its operations and financial flexibility, the Corporation is very well positioned to capitalize on the growth in the drugstore retail industry. Demographic trends are expected to contribute to growth in the prescription drugs' consumption and to the increased use of pharmaceuticals as the primary intervention in individual healthcare. Management believes these trends will continue and the Corporation will maintain its growth in revenues through differentiation and quality of offering and service levels to its network of franchised stores, with a focus on sales growth, its real estate program and operating efficiency. The growth in the number of generic drugs' prescriptions, with lower selling prices than the branded name drugs, will however have a deflationary impact on retail sales in pharmacy but the volume increase in the generic drugs operating segment will have a positive impact on the consolidated margins.

Moreover, the Corporation will consolidate its operations currently located in Longueuil, including the headquarters and distribution center, in Varennes, on the South Shore of Montreal. The space currently used by the Jean Coutu Group operations, located in the Longueuil industrial park since 1976, can no longer support the needs of the Corporation's growing network. The new facilities, totaling 800,000 square feet, will allow the Corporation to be more efficient and to better serve its network of franchised drugstores. Construction of the new, modern and enlarged facilities has begun during the first quarter of fiscal year 2015. The project represents a total investment of nearly $190.0 million.

13. FORWARD-LOOKING STATEMENTS DISCLAIMER

This MD&A contains forward-looking statements which involve risks and uncertainties, and which are based on the Corporation's current expectations, estimates, projections and assumptions made by the Corporation in light of its experience and its perception of historical trends. All statements addressing expectations or projections about the future, including statements about the Corporation's strategy for growth, costs, operating or financial results, are forward-looking statements. All statements other than statements of historical facts included in this MD&A, including statements regarding the prospects of the Corporation's industry and the Corporation's prospects, plans, financial position and business strategy may constitute forward-looking statements within the meaning of the Canadian securities legislation and regulations. Some of the forward-looking statements may be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "project", "could", "should", "would", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although the Corporation believes the expectations reflected in these forward-looking statements are reasonable, it can give no assurance these expectations will prove to have been correct. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. These statements do not reflect the potential impact of any nonrecurring items or of any mergers, acquisitions, dispositions, asset write-downs or other transactions or charges that may be announced or occur after the date hereof. While the list below of cautionary statements is not exhaustive, some important factors that could affect the Corporation's future operating results, financial position and cash flows and could cause its actual results to differ materially from those expressed in these forward-looking statements

are changes in the legislation or the regulatory environment as it relates to the sale of prescription drugs and the pharmacy exercise, the success of the Corporation's business model, changes in laws and regulations, or in their interpretations, changes to tax regulations and accounting pronouncements, the cyclical and seasonal variations in the industry in which the Corporation operates, the intensity of competitive activity in the industry in which the Corporation operates, the supplier and brand reputations, the Corporation's ability to attract and retain pharmacists, labour disruptions, including possibly strikes and labour protests, the accuracy of management's assumptions and other factors that are beyond the Corporation's control. These and other factors could cause the Corporation's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied in those forward-looking statements.

Forward-looking statements are provided for the purpose of assisting in understanding the Corporation's financial position and results of operation and to present information about management's current expectations and plans relating to the future. Investors and others are thus cautioned that such statements may not be appropriate for other purposes and they should not place undue reliance on them. For more information on the risks, uncertainties and assumptions that would cause the Corporation's actual results to differ from current expectations, please also refer to the Corporation's public filings available at www.sedar.com and www.jeancoutu.com. In particular, further details and descriptions of these and other factors are disclosed in the Corporation's Annual Information Form under "Risk Factors" and also in the "Critical accounting estimates", "Risks and uncertainties" and "Strategies and outlook" sections of this MD&A. The forward-looking statements in this MD&A reflect the Corporation's expectations as of the date hereof and are subject to change after such date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by the applicable securities laws.

October 6, 2015

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of income

For the periods ended August 29, 2015 and August 30, 2014	13 weeks		26 weeks	
	2015	2014	**2015**	2014
(unaudited, in millions of Canadian dollars, unless otherwise noted)	**$**	$	**$**	$
Sales	**616.5**	605.6	**1,260.3**	1,225.2
Other revenues (Note 3)	**70.1**	68.8	**138.7**	137.8
	686.6	674.4	**1,399.0**	1,363.0
Operating expenses				
Cost of sales (Note 4)	**537.1**	528.3	**1,094.8**	1,062.9
General and operating expenses (Note 4)	**67.8**	65.1	**139.5**	137.1
Operating income before depreciation and amortization	**81.7**	81.0	**164.7**	163.0
Depreciation and amortization	**7.9**	7.9	**15.5**	15.9
Operating income	**73.8**	73.1	**149.2**	147.1
Financing revenus	**(0.2)**	(0.4)	**(0.7)**	(0.7)
Profit before income taxes	**74.0**	73.5	**149.9**	147.8
Income taxes (Note 5)	**20.2**	19.9	**45.5**	40.1
Net profit	**53.8**	53.6	**104.4**	107.7
Basic and diluted profit per share, in dollars (Note 6)	**0.29**	0.28	**0.56**	0.57

Condensed consolidated statements of comprehensive income

For the periods ended August 29, 2015 and August 30, 2014	13 weeks		26 weeks	
	2015	2014	**2015**	2014
(unaudited, in millions of Canadian dollars)	**$**	$	**$**	$
Net profit	**53.8**	53.6	**104.4**	107.7
Other comprehensive income				
Items that will be reclassified subsequently to net profit:				
Net change in cash flow hedge:				
Gain for the period	**0.9**	-	**0.9**	-
Reclassification of gain to non-financial assets	**(0.1)**	-	**(0.1)**	-
Income taxes	**(0.1)**	-	**(0.1)**	-
	0.7	-	**0.7**	-
Total comprehensive income	**54.5**	53.6	**105.1**	107.7

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

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of changes in equity

For the periods ended August 29, 2015 and August 30, 2014

(unaudited, in millions of Canadian dollars)

	Capital stock	Treasury stock	Contributed surplus	Hedging reserve	Retained earnings	Total equity
	$	$	$	$	$	$
Balance at February 28, 2015	**416.0**	**(2.8)**	**58.1**	**-**	**556.1**	**1,027.4**
Net profit	**-**	**-**	**-**	**-**	**104.4**	**104.4**
Other comprehensive income	**-**	**-**	**-**	**0.7**	**-**	**0.7**
Total comprehensive income	**-**	**-**	**-**	**0.7**	**104.4**	**105.1**
Dividends	**-**	**-**	**-**	**-**	**(41.1)**	**(41.1)**
Share-based compensation cost	**-**	**-**	**0.5**	**-**	**-**	**0.5**
Balance at August 29, 2015	**416.0**	**(2.8)**	**58.6**	**0.7**	**619.4**	**1,091.9**
Balance at March 1, 2014	422.1	(3.0)	55.1	-	457.9	932.1
Net profit	-	-	-	-	107.7	107.7
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	107.7	107.7
Redemption of capital stock (Note 7)	(12.7)	-	-	-	(42.9)	(55.6)
Dividends	-	-	-	-	(37.7)	(37.7)
Share-based compensation cost	-	-	0.4	-	-	0.4
Options exercised	1.1	-	(0.1)	-	-	1.0
Balance at August 30, 2014	410.5	(3.0)	55.4	-	485.0	947.9

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

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of financial position

(unaudited, in millions of Canadian dollars)	**As at August 29, 2015**	As at February 28, 2015
	$	$
Current assets		
Cash	**93.2**	121.9
Trade and other receivables	**193.2**	209.2
Inventories	**226.6**	224.8
Prepaid expenses	**10.2**	9.3
	523.2	565.2
Non-current assets		
Long-term receivables from franchisees	**30.9**	28.5
Investment in associates and joint ventures	**15.4**	15.4
Property and equipment	**486.1**	438.3
Investment property	**23.7**	24.0
Intangible assets	**204.4**	207.0
Goodwill	**36.0**	36.0
Deferred tax	**12.8**	14.1
Other long-term assets	**16.3**	15.1
Total assets	**1,348.8**	1,343.6
Current liabilities		
Trade and other payables	**229.2**	245.4
Income taxes payable	**7.2**	47.5
	236.4	292.9
Non-current liabilities		
Deferred tax	**1.0**	0.5
Other long-term liabilities	**19.5**	22.8
Total liabilities	**256.9**	316.2
Equity	**1,091.9**	1,027.4
Total liabilities and equity	**1,348.8**	1,343.6

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

THE JEAN COUTU GROUP (PJC) INC.

Condensed consolidated statements of cash flows

For the periods ended August 29, 2015 and August 30, 2014	13 weeks		26 weeks	
	2015	2014	**2015**	2014
(unaudited, in millions of Canadian dollars)	**$**	$	**$**	$
Operating activities				
Net profit	**53.8**	53.6	**104.4**	107.7
Adjustments:				
Depreciation and amortization	**7.9**	7.9	**15.5**	15.9
Interest income	**(0.4)**	(0.5)	**(0.9)**	(0.9)
Income taxes	**20.2**	19.9	**45.5**	40.1
Others	**1.1**	0.9	**2.1**	2.1
	82.6	81.8	**166.6**	164.9
Net change in non-cash asset and liability items (Note 8)	**(9.2)**	(18.5)	**(9.9)**	(14.0)
Interest received	**0.4**	0.6	**0.9**	0.9
Income taxes paid	**(22.4)**	(7.6)	**(84.1)**	(22.7)
Cash flow related to operating activities	**51.4**	56.3	**73.5**	129.1
Investing activities				
Investments in associates and joint ventures	**-**	-	**-**	(1.0)
Purchase of property and equipment	**(31.7)**	(12.4)	**(54.3)**	(21.1)
Proceeds from disposal of property and equipment	**0.1**	-	**0.1**	-
Purchase of investment property	**-**	(1.0)	**-**	(1.0)
Proceeds from disposal of investment property	**-**	1.0	**-**	1.0
Net change in long-term receivables from franchisees	**(3.0)**	(3.8)	**(4.1)**	(5.2)
Purchase of intangible assets	**(1.6)**	(7.6)	**(3.1)**	(8.8)
Cash flow related to investing activities	**(36.2)**	(23.8)	**(61.4)**	(36.1)
Financing activities				
Issuance of capital stock	**-**	0.5	**-**	1.0
Redemption of capital stock	**-**	(51.9)	**-**	(51.9)
Dividends paid	**(20.5)**	(18.8)	**(41.1)**	(37.7)
Cash flow related to financing activities	**(20.5)**	(70.2)	**(41.1)**	(88.6)
Effect of foreign exchange rate changes on cash and cash equivalents	**0.3**	-	**0.3**	-
Net change in cash and cash equivalents	**(5.0)**	(37.7)	**(28.7)**	4.4
Cash and cash equivalents, beginning of period	**98.2**	116.4	**121.9**	74.3
Cash and cash equivalents, end of period	**93.2**	78.7	**93.2**	78.7

The accompanying notes are an integral part of these condensed consolidated financial statements. See supplemental cash flow information in Note 8.

1. General information

The Jean Coutu Group (PJC) Inc. (the "parent corporation") is governed by the Business Corporations Act (Québec). The address of the parent corporation's registered office is 530, Bériault Street, Longueuil, Québec (Canada). The parent corporation and its subsidiaries ("the Corporation") operate 2 operating segments which are the franchising segment with a network of 417 franchised stores as at August 29, 2015 (February 28, 2015 - 416) under the banners of "PJC Jean Coutu", "PJC Clinique", "PJC Jean Coutu Santé" and "PJC Jean Coutu Santé Beauté", and the generic drugs segment through Pro Doc Ltd (''Pro Doc''), a Quebec-based subsidiary, which manufactures generic drugs. These segments are detailed in Note 9.

2. Basis of preparation

a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements should be read in conjunction with the Corporation's consolidated annual financial statements for fiscal year ended February 28, 2015 prepared in accordance with International Financial Reporting Standards ("IFRS").

These unaudited condensed consolidated interim financial statements have been prepared based on accounting policies and methods of application consistent with those used in the preparation of the most recently prepared audited annual consolidated financial statements except for the application of hedge accounting described below.

The unaudited condensed consolidated interim financial statements were authorised for issue by the Board of Directors on October 6, 2015.

b) Hedge accounting

The Corporation uses derivative financial instruments to manage foreign exchange risk. The Corporation does not use derivative financial instruments for speculative or trading purposes. At the initial designation of the hedge, the Corporation formally documents the relationship between the hedging instrument and the hedged item, the risk management objectives, the strategy for undertaking the hedge and how the effectiveness of the hedging relationship will be assessed. The Corporation also systematically determines, at the inception of the hedge and thereafter, whether the instruments designated as hedges are effective in offsetting changes in the cash flows of the hedged items.

For derivative instruments designated as cash flow hedges, the change in fair value related to the effective portion of the hedge is recognized in other comprehensive income, and the accumulated amount is presented as a hedging reserve in the consolidated statement of changes in equity. Any ineffective portion is immediately recognized in consolidated profit or loss. The gains or losses recorded in the hedging reserve are recognized as an adjustment to the hedged item in the period in which the underlying hedged item is recognized.

2. Basis of preparation *(continued)*

b) Hedge accounting *(continued)*

When a hedging instrument no longer meets the criteria for hedge accounting, is expired, sold, cancelled, exercised or when its designation is cancelled, the Corporation discontinues hedge accounting prospectively. The cumulative gain or loss at that date remains in the hedging reserve in the consolidated statement of changes in equity until the forecasted transaction occurs. When the Corporation considers that the forecasted transaction will not be realized, the corresponding gains or losses recognized in the hedging reserve are immediately recognized in consolidated profit or loss.

c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. They may also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are the identification of components of property and equipment and investment property, the classification of property and equipment with a dual-use as well as determining whether the Corporation has control or not over franchised stores to whom financial support is provided.

Assumptions and estimation uncertainties that have a significant risk that could result in material adjustment within the next financial year are: impairment of property and equipment, investment property; intangible assets and goodwill; useful lives of property and equipment, investment property and banner development costs; allowances for credit losses and tax provisions; determination of tax rates used for measuring deferred taxes; assumptions underlying the actuarial determination of defined benefit pension obligations; fair value of financial instruments; guarantees and contingencies.

3. Other revenues

	13 weeks		26 weeks	
	2015	2014	**2015**	2014
	$	$	**$**	$
Royalties	**28.6**	28.6	**57.6**	57.4
Rent	**24.8**	24.0	**49.5**	48.1
Sundry	**16.7**	16.2	**31.6**	32.3
	70.1	68.8	**138.7**	137.8

4. Cost of sales and general and operating expenses

	13 weeks		26 weeks	
	2015	2014	**2015**	2014
	$	$	**$**	$
Wages, salaries and fringe benefits	**25.2**	24.0	**51.0**	52.7
Operating leases expenses	**15.2**	14.8	**30.6**	30.0
Other goods and services	**27.4**	26.3	**57.9**	54.4
General and operating expenses	**67.8**	65.1	**139.5**	137.1

No significant cost other than the cost of inventories is included in the cost of sales.

5. Income taxes

For the 13- and 26-week periods ended August 29, 2015, the consolidated effective tax rates were 27.3% and 30.4%, respectively (27.1% for the 13- and 26-week periods ended August 30, 2014). For the 26-week period ended August 29, 2015, the increase is mainly due to a tax provision of $4.7 million recorded following a judgment rendered by the Quebec Court of Appeal. This court reversed a judgment rendered at first instance in favor of the Corporation by the Superior Court in relation to an introductory motion of suit for rectification of books and records and declaratory relief filed by the Corporation. The Corporation filed an application for leave to appeal to the Supreme Court of Canada on June 29, 2015 in this case.

6. Profit per share

The calculation of profit per share and the reconciliation of the number of shares used to calculate the diluted profit per share are established as follows:

	13 weeks		26 weeks	
	2015	2014	**2015**	2014
Net profit	**$ 53.8**	$ 53.6	**$ 104.4**	$ 107.7
Weighted average number of shares (in millions) used to compute basic profit per share	**186.9**	188.4	**186.9**	188.7
Basic profit per share, in dollars	**$ 0.29**	$ 0.28	**$ 0.56**	$ 0.57
Weighted average number of shares (in millions) used to compute diluted profit per share	**186.9**	188.6	**186.9**	188.9
Diluted profit per share, in dollars	**$ 0.29**	$ 0.28	**$ 0.56**	$ 0.57

For the 13- and 26-week periods ended August 29, 2015, 196,000 antidilutive share-based payments instruments have been excluded from the computation of diluted profit per share (none were excluded for the 13- and 26-week periods ended August 30, 2014).

7. Capital stock

a) Shares issued

As at August 29, 2015 and February 28, 2015, the total number of Class "A" subordinate voting shares issued was 83.5 million and the number of Class "B" shares was 103.5 million for a total of 187.0 million shares issued.

b) Repurchase under the normal course issuer bid

On April 29, 2015, the Corporation announced its intention to repurchase for cancellation, if it is considered advisable, up to 7,983,000 of its outstanding Class "A" subordinate voting shares, representing approximately 10% of the current public float of such shares, over a 12-month period ending no later than May 6, 2016. The shares will be repurchased through the facilities of the Toronto Stock Exchange (the "TSX") and in accordance with its requirements.

On April 30, 2014, the Corporation announced its intention to repurchase for cancellation up to 8,190,000 of its outstanding Class "A" subordinate voting shares, representing approximately 10% of the current public float of such shares, over a 12-month period ending no later than May 6, 2015. During the term of this normal course issuer bid, 2,574,100 shares have been repurchased and cancelled through the facilities of the TSX and in accordance with its requirements.

7. Capital stock *(continued)*

b) Repurchase under the normal course issuer bid *(continued)*

For the 13- and 26-week periods ended August 29, 2015, the Corporation did not repurchase any Class "A" subordinate voting shares.

For the 13- and 26-week periods ended August 30, 2014, the Corporation repurchased under its normal course issuer bid 2,574,100 Class "A" subordinate voting shares at the average price of $21.62 per share for a total consideration of $55.6 million including related costs. Amount of $42.9 million representing the excess of the purchase price over the carrying value of the repurchased shares was included in retained earnings for the 13- and 26-week periods ended August 30, 2014. The shares repurchased during the 26-week period ended August 30, 2014 were cancelled during that period, except for 165,600 shares that were cancelled after August 30, 2014.

8. Supplemental cash flow information

	13 weeks		26 weeks	
	2015	2014	**2015**	2014
	$	$	**$**	$
Net change in non-cash asset and liability items				
Change in trade and other receivables and prepaid expenses	**14.8**	15.4	**15.5**	6.8
Change in inventories	**(17.3)**	(19.7)	**(1.8)**	(18.3)
Change in trade and other payables	**(7.0)**	(15.1)	**(19.4)**	(2.6)
Change in other long-term assets	**0.1**	0.9	**(1.4)**	(0.1)
Change in other long-term liabilities	**0.2**	-	**(2.8)**	0.2
Net change in non-cash asset and liability items	**(9.2)**	(18.5)	**(9.9)**	(14.0)

Other information

	As at August 29, 2015	As at February 28, 2015
	$	$
Property and equipment, investment property and intangible assets acquired included in trade and other payables	**24.7**	21.5

9. Segmented information

The Corporation has two reportable operating segments: franchising and generic drugs. Within the franchising segment, the Corporation carries on the franchising activity under the banners of PJC Jean Coutu, PJC Clinique, PJC Jean Coutu Santé and PJC Jean Coutu Santé Beauté, operates two distribution centres and coordinates several other services for the benefit of its franchisees. Within the generic drugs segment, the Corporation owns Pro Doc, a Canadian manufacturer of generic drugs, whose revenues come from the sale of generic drugs to wholesalers and pharmacists. Both reportable operating segments of the Corporation are in the Canadian geographic area.

	13 weeks		26 weeks	
	2015	2014	**2015**	2014
	$	$	**$**	$
Revenues [(1)]				
Franchising	**684.6**	673.4	**1,396.6**	1,360.9
Generic drugs	**48.6**	46.8	**82.1**	86.5
Intersegment sales	**(46.6)**	(45.8)	**(79.7)**	(84.4)
	686.6	674.4	**1,399.0**	1,363.0
Operating income before depreciation and amortization				
Franchising	**59.0**	58.9	**119.7**	118.2
Generic drugs	**27.6**	26.5	**44.7**	47.7
Intersegment eliminations	**(4.9)**	(4.4)	**0.3**	(2.9)
	81.7	81.0	**164.7**	163.0
Depreciation and amortization				
Franchising	**7.8**	7.8	**15.3**	15.7
Generic drugs	**0.1**	0.1	**0.2**	0.2
	7.9	7.9	**15.5**	15.9
Operating income				
Franchising	**51.2**	51.1	**104.4**	102.5
Generic drugs	**27.5**	26.4	**44.5**	47.5
Intersegment eliminations	**(4.9)**	(4.4)	**0.3**	(2.9)
	73.8	73.1	**149.2**	147.1

[(1)] Revenues include sales and other revenues.

9. Segmented information *(continued)*

	13 weeks		26 weeks	
	2015	2014	**2015**	2014
	$	$	**$**	$
Acquisition of property and equipment, investment property and intangible assets				
Franchising	**30.9**	31.0	**60.5**	40.5
Generic drugs	**0.1**	0.1	**0.1**	0.2
	31.0	31.1	**60.6**	40.7

	As at August 29, 2015	As at February 28, 2015
	$	$
Total assets		
Franchising	**1,358.4**	1,371.2
Generic drugs	**57.5**	40.9
Intersegment eliminations	**(67.1)**	(68.5)
	1,348.8	1,343.6
Total liabilities		
Franchising	**266.4**	321.4
Generic drugs	**23.1**	27.0
Intersegment eliminations	**(32.6)**	(32.2)
	256.9	316.2

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