

# Fiscal Year 2015

**Alimentation Couche-Tard Inc.**  
Consolidated Financial Statements  
April 26, 2015

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## Management's Report

The consolidated financial statements of Alimentation Couche-Tard Inc. and the financial information contained in this Annual Report are the responsibility of management. This responsibility is applied through a judicious choice of accounting procedures and principles, the application of which requires the informed judgment of management. The consolidated financial statements were prepared according to generally accepted accounting principles in Canada as set out in Part I of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting, which incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and were approved by the Board of Directors. In addition, the financial information included in the Annual Report is consistent with the consolidated financial statements.

Alimentation Couche-Tard Inc. maintains accounting and administrative control systems which, in the opinion of management, ensure reasonable accuracy, relevance and reliability of financial information and well-ordered, efficient management of the Corporation's affairs.

The Board of Directors is responsible for approving the consolidated financial statements included in this Annual Report, primarily through its Audit Committee. This committee, which holds periodic meetings with members of management as well as with the external auditors, reviewed the consolidated financial statements of Alimentation Couche-Tard Inc. and recommended their approval to the Board of Directors.

The consolidated financial statements for the fiscal years ended April 26, 2015 and April 27, 2014 were audited by PricewaterhouseCoopers LLP, a partnership of chartered professional accountants, and their report indicates the extent of their audit and their opinion on the consolidated financial statements.

July 14, 2015

/s/ Brian Hannasch

Brian Hannasch  
President and  
Chief Executive Officer

/s/ Raymond Paré

Raymond Paré  
Vice-President and  
Chief Financial Officer

## Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for Alimentation Couche-Tard Inc, as such term is defined in Canadian securities regulations. With our participation management carried out an evaluation of the effectiveness of our internal control over financial reporting, as of the end of our fiscal year ended April 26, 2015. The framework on which such evaluation was based is contained in the report entitled *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. On March 16, 2015, the Corporation acquired The Pantry Inc. ("The Pantry"). Management excluded from its evaluation of the effectiveness of our internal control over financial reporting, The Pantry's internal control over financial reporting. The Pantry's results since the acquisition date are included in the Corporation's consolidated financial statements and constituted approximately 17.0% of total consolidated assets as of April 26, 2015, approximately 2.0% of consolidated revenues and 1.0% of consolidated net earnings for the fiscal year then ended. Refer to note 4 to the consolidated financial statements for a discussion on this acquisition. Based on this evaluation, management concluded that Alimentation Couche-Tard Inc.'s internal control over financial reporting was effective as at April 26, 2015.

PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, audited the effectiveness of Alimentation Couche-Tard Inc.'s internal control over financial reporting as at April 26, 2015 and have issued their unqualified opinion thereon, which is included herein.

July 14, 2015

/s/ Brian Hannasch

Brian Hannasch  
President and  
Chief Executive Officer

/s/ Raymond Paré

Raymond Paré  
Vice-President and  
Chief Financial Officer

# Independent Auditor's Report

To the Shareholders of  
Alimentation Couche-Tard Inc.

July 14, 2015

We have completed integrated audits of Alimentation Couche-Tard Inc. and its subsidiaries' consolidated financial statements for the fiscal years ended April 26, 2015 and April 27, 2014 and its internal control over financial reporting as at April 26, 2015. Our opinions, based on our audits, are presented below.

## **Report on the consolidated financial statements**

We have audited the consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries, which comprise the consolidated balance sheets as at April 26, 2015 and April 27, 2014 and the consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for the fiscal years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the consolidated financial statements**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. 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 consolidated 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 on the consolidated financial statements.

## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alimentation Couche-Tard Inc. and its subsidiaries as at April 26, 2015 and April 27, 2014 and their financial performance and their cash flows for the fiscal years then ended in accordance with International Financial Reporting Standards.

## **Report on internal control over financial reporting**

We have also audited the effectiveness of Alimentation Couche-Tard Inc. and its subsidiaries' internal control over financial reporting as at April 26, 2015.

## **Management's responsibility for internal control over financial reporting**

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting.

**Auditor's responsibility**

Our responsibility is to express an opinion, based on our audit, on whether the Corporation's internal control over financial reporting was effectively maintained in accordance with criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We conducted our audit in accordance with the standard for audits of internal control over financial reporting set out in the CPA Canada Handbook – Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances.

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of The Pantry Inc., a recent acquisition included in the 2015 consolidated financial statements of Alimentation Couche-Tard Inc., which constituted approximately 17.0% of total assets as of April 26, 2015, and approximately 2.0% of revenue and 1.0% of net earnings for the fiscal year ended April 26, 2015. Our audit of internal control over financial reporting of Alimentation Couche-Tard Inc. also did not include an evaluation of the internal control over financial reporting of The Pantry Inc.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

**Opinion**

In our opinion, Alimentation Couche-Tard Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at April 26, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)*, issued by COSO.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

*PricewaterhouseCoopers LLP<sup>1</sup>*

Montreal, Canada

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A119427

## Consolidated Statements of Earnings

For the fiscal years ended April 26, 2015 and April 27, 2014  
(in millions of US dollars (Note 2), except per share amounts)

	2015	2014
	\$	\$
<b>Revenues</b>	<b>34,529.9</b>	37,962.1
Cost of sales	29,261.9	32,974.0
<b>Gross profit</b>	<b>5,268.0</b>	4,988.1
Operating, selling, administrative and general expenses (Note 8)	3,376.9	3,419.9
Restructuring and integration costs (Notes 4 and 23)	30.3	-
Loss on disposal of aviation fuel business (Note 5)	11.0	-
Curtailment gain on defined benefits pension plans obligation (Notes 5 and 27)	(2.6)	(0.9)
Negative goodwill (Note 4)	(1.2)	(48.4)
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	530.4	583.2
	<b>3,944.8</b>	3,953.8
Operating income	1,323.2	1,034.3
Share of earnings of joint ventures and associated companies accounted for using the equity method (Note 6)	21.9	22.7
Financial expenses	91.8	111.4
Financial revenues	(9.1)	(10.9)
Foreign exchange loss from currency conversion	22.7	10.1
<b>Net financial expenses (Note 10)</b>	<b>105.4</b>	110.6
Earnings before income taxes	1,239.7	946.4
Income taxes (Note 11)	306.2	134.2
<b>Net earnings</b>	<b>933.5</b>	812.2
Net earnings attributable to:		
Shareholders of the Corporation	932.8	811.2
Non-controlling interest (Note 7)	0.7	1.0
<b>Net earnings</b>	<b>933.5</b>	812.2
Net earnings per share (Note 12)		
Basic	1.65	1.44
Diluted	1.64	1.43

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

# Consolidated Statements of Comprehensive Income

For the fiscal years ended April 26, 2015 and April 27, 2014  
(in millions of US dollars (Note 2), except per share amounts)

	2015	2014
	\$	\$
<b>Net earnings</b>	<b>933.5</b>	<b>812.2</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to earnings</b>		
<b>Translation adjustments</b>		
Changes in cumulative translation adjustments <sup>(1)</sup>	(803.4)	42.4
Cumulative translation adjustments reclassified to earnings (Note 5)	1.9	-
Change in fair value of cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in its US operations	(99.3)	(45.7)
Net interest on cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in its US operations <sup>(2)</sup>	-	2.6
<b>Cash flow hedges</b>		
Change in fair value of financial instruments <sup>(3)</sup> (Note 28)	16.4	9.7
Gain realized on financial instruments transferred to earnings <sup>(4)</sup> (Note 28)	(14.3)	(8.0)
<b>Items that will never be reclassified to earnings</b>		
<b>Net actuarial (loss) gain (Note 27) <sup>(5)</sup></b>	<b>(26.8)</b>	<b>0.1</b>
Other comprehensive (loss) income	(925.5)	1.1
<b>Comprehensive income</b>	<b>8.0</b>	<b>813.3</b>
Comprehensive income attributable to:		
Shareholders of the Corporation	7.3	812.3
Non-controlling interest	0.7	1.0
<b>Comprehensive income</b>	<b>8.0</b>	<b>813.3</b>

- (1) For the fiscal year ended April 26, 2015 this amount includes a loss of \$13.3, arising from the translation of US dollar denominated long-term debt designated as a foreign exchange hedge of the Corporation's net investment in its US operations (net of income taxes of \$2.1).
- (2) For the fiscal year ended April 27, 2014 this amount is net of income taxes of \$0.9.
- (3) For the fiscal years ended April 26, 2015 and April 27, 2014 these amounts are net of income taxes of \$5.7 and \$3.5, respectively.
- (4) For the fiscal years ended April 26, 2015 and April 27, 2014 these amounts are net of income taxes of \$5.2 and \$2.9, respectively.
- (5) For the fiscal years ended April 26, 2015 and April 27, 2014 these amounts are net of income taxes of \$9.9 and \$0.2, respectively.

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

## Consolidated Statements of Changes in Shareholders' Equity

For the fiscal years ended April 26, 2015 and April 27, 2014  
(in millions of US dollars (Note 2))

2015

	Attributable to shareholders of the Corporation				Total	Non-controlling interest	Total equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (Note 26)			
	\$	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	686.5	11.6	3,077.4	186.9	3,962.4	14.2	3,976.6
Comprehensive income:							
Net earnings			932.8		932.8	0.7	933.5
Other comprehensive loss				(925.5)	(925.5)		(925.5)
Comprehensive income					7.3	0.7	8.0
Reduction of non-controlling interest					-	(0.6)	(0.6)
Dividends declared			(86.9)		(86.9)	(0.4)	(87.3)
Stock option-based compensation expense (Note 25)		6.0			6.0		6.0
Initial fair value of stock options exercised	6.9	(6.9)			-		-
Cash received upon exercise of stock options	3.8				3.8		3.8
<b>Balance, end of year</b>	<b>697.2</b>	<b>10.7</b>	<b>3,923.3</b>	<b>(738.6)</b>	<b>3,892.6</b>	<b>13.9</b>	<b>3,906.5</b>

2014

	Attributable to shareholders of the Corporation				Total	Non-controlling interest	Total equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income (Note 26)			
	\$	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	670.4	16.5	2,344.0	185.8	3,216.7	-	3,216.7
Comprehensive income:							
Net earnings			811.2		811.2	1.0	812.2
Other comprehensive income				1.1	1.1		1.1
Comprehensive income					812.3	1.0	813.3
Dividends declared			(64.6)		(64.6)		(64.6)
Addition to non-controlling interest (Note 7)					-	13.2	13.2
Redemption liability (Note 7)			(13.2)		(13.2)		(13.2)
Stock option-based compensation expense (Note 25)		1.8			1.8		1.8
Initial fair value of stock options exercised	6.7	(6.7)			-		-
Cash received upon exercise of stock options	9.4				9.4		9.4
<b>Balance, end of year</b>	<b>686.5</b>	<b>11.6</b>	<b>3,077.4</b>	<b>186.9</b>	<b>3,962.4</b>	<b>14.2</b>	<b>3,976.6</b>

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



## Consolidated Statements of Cash Flows

For the fiscal years ended April 26, 2015 and April 27, 2014  
(in millions of US dollars (Note 2))

	2015	2014
	\$	\$
<b>Operating activities</b>		
Net earnings	933.5	812.2
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets, net of amortization of deferred credits	454.5	553.9
Deferred income taxes	(72.5)	(60.9)
Deferred credits	17.1	11.4
Loss on disposal of aviation fuel business (Note 5)	11.0	-
Share of earnings of joint ventures and associated companies accounted for using the equity method, net of dividends received (Note 6)	7.4	9.8
(Gain) loss on disposal of property and equipment and other assets	(1.5)	7.6
Curtailment gain on defined benefits pension plans obligation (Note 5 and 27)	(2.6)	(0.9)
Negative goodwill (Note 4)	(1.2)	(48.4)
Other	17.2	30.0
Changes in non-cash working capital (Note 13)	351.6	114.6
<b>Net cash provided by operating activities</b>	<b>1,714.5</b>	<b>1,429.3</b>
<b>Investing activities</b>		
Business acquisitions (Note 4)	(929.4)	(159.6)
Purchases of property and equipment, intangible assets and other assets	(634.5)	(529.4)
Proceeds from disposal of aviation fuel business (Note 5)	94.6	-
Proceeds from disposal of property and equipment and other assets	71.6	70.4
Restricted cash	(1.1)	20.6
<b>Net cash used in investing activities</b>	<b>(1,398.8)</b>	<b>(598.0)</b>
<b>Financing activities</b>		
Net increase in US dollar term revolving unsecured operating credit (Note 20)	1,043.7	448.0
Repayments under the unsecured non-revolving acquisition credit facility (Note 20)	(555.0)	(1,648.0)
Repayment of debt assumed on business acquisition (Note 4)	(529.1)	-
Issuance of Canadian dollar denominated senior unsecured notes, net of financing costs (Note 20)	-	285.6
Net decrease in other debt (Note 20)	(18.0)	(16.7)
Cash dividends paid	(86.9)	(64.6)
Issuance of shares upon exercise of stock-options	3.8	9.4
<b>Net cash used in financing activities</b>	<b>(141.5)</b>	<b>(986.3)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(107.7)	6.0
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>66.5</b>	<b>(149.0)</b>
Cash, cash equivalents and bank overdraft, beginning of year	509.3	658.3
Cash, cash equivalents and bank overdraft, end of year	575.8	509.3
Bank overdraft, end of year	-	1.8
Cash and cash equivalents, end of year	575.8	511.1
<b>Supplemental information:</b>		
Interest paid	62.7	78.5
Interest and dividends received	21.6	41.3
Income taxes paid	279.1	172.3
<b>Cash and cash equivalents components:</b>		
Cash and demand deposits	553.7	484.5
Liquid investments	22.1	26.6
	<b>575.8</b>	<b>511.1</b>

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

## Consolidated Balance Sheets

As at April 26, 2015 and April 27, 2014  
(in millions of US dollars (Note 2))

	2015	2014
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	575.8	511.1
Restricted cash	2.1	1.0
Accounts receivable (Note 14)	1,194.8	1,726.4
Inventories (Note 15)	859.6	848.0
Prepaid expenses	64.3	60.0
Income taxes receivable	10.5	68.4
	<b>2,707.1</b>	<b>3,214.9</b>
Property and equipment (Note 16)	5,328.5	5,131.0
Goodwill (Note 17)	1,817.3	1,088.7
Intangible assets (Note 17)	623.2	823.5
Other assets (Note 18)	222.2	159.8
Investment in joint ventures and associated companies (Note 6)	75.6	75.4
Deferred income taxes (Note 11)	63.9	51.7
	<b>10,837.8</b>	<b>10,545.0</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 19)	2,220.7	2,510.3
Provisions (Note 23)	135.6	102.4
Income taxes payable	37.4	29.8
Bank loans and current portion of long-term debt (Note 20)	21.3	20.3
	<b>2,415.0</b>	<b>2,662.8</b>
Long-term debt (Note 20)	3,053.3	2,586.1
Provisions (Note 23)	417.9	390.5
Pension benefit liability (Note 27)	126.6	119.8
Other financial liabilities (Note 21)	161.6	73.9
Deferred credits and other liabilities (Note 22)	214.6	169.5
Deferred income taxes (Note 11)	542.3	565.8
	<b>6,931.3</b>	<b>6,568.4</b>
<b>Equity</b>		
Capital stock (Note 24)	697.2	686.5
Contributed surplus	10.7	11.6
Retained earnings	3,923.3	3,077.4
Accumulated other comprehensive (loss) income (Note 26)	(738.6)	186.9
Equity attributable to shareholders of the Corporation	<b>3,892.6</b>	<b>3,962.4</b>
Non-controlling interest	13.9	14.2
	<b>3,906.5</b>	<b>3,976.6</b>
	<b>10,837.8</b>	<b>10,545.0</b>

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

On behalf of the Board,

/s/ Brian Hannasch

**Brian Hannasch**  
Director

/s/ Alain Bouchard

**Alain Bouchard**  
Director

# Notes to the Consolidated Financial Statements

For the fiscal years ended April 26, 2015 and April 27, 2014  
(in millions of US dollars, except share and stock option data)

## 1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Alimentation Couche-Tard Inc. (the "Corporation") is governed by the Business Corporations Act (Quebec). The Corporation's head office is located in Laval, at 4204 Boulevard Industriel, Quebec, Canada.

As at April 26, 2015, the Corporation operates and licenses 10,078 convenience stores across North America, Scandinavia (Norway, Sweden and Denmark), Poland, the Baltics (Estonia, Latvia and Lithuania), and Russia, of which 7,787 are company-operated, and generates income primarily from the sales of tobacco products, grocery items, beverages, fresh food offerings, including quick service restaurants, car wash services, other retail products and services, road transportation fuel, stationary energy, marine fuel, lubricants and chemicals.

In addition, about 4,700 stores are operated by independent operators under the Circle K banner in 12 other countries or regions worldwide (China, Guam, Honduras, Hong Kong, Indonesia, Japan, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam) which brings the total network to over 14,700 stores worldwide.

## 2. BASIS OF PRESENTATION

### Year-end date

The Corporation's year-end is the last Sunday of April of each year. The fiscal years ended April 26, 2015 and April 27, 2014 are referred to as 2015 and 2014.

### Basis of presentation

The Corporation prepares its consolidated financial statements in accordance with generally accepted accounting principles in Canada as set out in Part I of the CPA Canada Handbook - Accounting, which incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

### Reporting currency

The parent corporation's functional currency is the Canadian dollar. However, the Corporation uses the US dollar as its reporting currency to provide more relevant information considering its predominant operations in the United States and its debt largely denominated in US dollars.

### Approval of the financial statements

The Corporation's consolidated financial statements were approved on July 14, 2015 by the Board of Directors who also approved their publication.

### Comparative figures

Certain comparative figures of the consolidated financial statements have been reclassified to comply with the presentation adopted in the fiscal year ended April 26, 2015:

- Direct car wash expenses were previously recorded as a reduction of revenue or as operating, selling, administrative and general expenses. This is no longer the case and car wash revenue is now presented at its gross amount and all direct expenses are recorded in cost of sales. For fiscal 2014, this change resulted in an increase in revenue of \$5.5, a decrease in gross profit of \$3.2 and a decrease in operating, selling, administrative and general expenses of \$3.2.
- Following an analysis of certain fixed assets in European cash generating units ("CGUs"), the goodwill related to the Lubricants CGU of \$8.1 was reallocated to the Scandinavia CGU.

## 3. ACCOUNTING POLICIES

### Changes in accounting policies

#### *Hedge of the net investment in foreign operations*

As of October 13, 2014, the Corporation designated its entire US dollar denominated long-term debt as a foreign exchange hedge of its net investment in its US operations. Accordingly, since this designation, the gains or losses arising from the translation of the US dollar denominated debt that are determined to be an effective hedge are recognized in Other comprehensive income, counterbalancing gains and losses arising from translation of the Corporation's net investment in its US operations. Should a portion of the hedging relationship become ineffective, the ineffective portion would be recorded in the consolidated statement of earnings under financial expenses.

# Notes to the Consolidated Financial Statements

For the fiscal years ended April 26, 2015 and April 27, 2014  
(in millions of US dollars, except share and stock option data)

## *Levies*

On April 28, 2014, the Corporation adopted the new interpretation IFRIC 21, "Levies". The interpretation identifies the obligating event for the recognition of a liability for a levy imposed by a government and provides guidance on when to recognize the liability. The adoption of this interpretation did not have a significant impact on the Corporation's consolidated financial statements.

## **Use of estimates and judgments**

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management reviews its estimates. These estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. Actual results could differ from those estimates. The most significant accounting judgments and estimates that the Corporation has made in the preparation of the consolidated financial statements are discussed along with the relevant accounting policies when applicable and relate primarily to the following topics: Vendor rebates, useful lives of tangible and intangible assets, income taxes, leases, employee future benefits, provisions, impairment and business combinations.

## **Principles of consolidation**

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, which are generally wholly owned. They also include the Corporation's share of earnings of joint ventures and associated companies accounted for using the equity method. All intercompany balances and transactions have been eliminated on consolidation.

Subsidiaries are entities over which the Corporation has control, where control is defined as the power to govern financial and operating policies. The Corporation generally has a direct or indirect shareholding of 100% of the voting rights in its subsidiaries. These criteria are reassessed regularly and subsidiaries are fully consolidated from the date control is transferred to the Corporation, and are deconsolidated from the date control ceases.

The Corporation holds contracts with franchisees. These franchisees manage their store and are responsible for merchandising and financing their inventory. The franchised stores' financial statements are not included in the Corporation's consolidated financial statements.

## **Foreign currency translation**

### *Functional currency*

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent corporation and its Canadian operations is the Canadian dollar. The functional currency of foreign subsidiaries is generally their local currency, mainly the US dollar for US operations and various other European currencies for operations in Europe.

### *Foreign currency transactions*

Transactions denominated in foreign currencies are translated into the relevant functional currency as follows: Monetary assets and liabilities are translated using the exchange rate in effect at the balance sheet date and revenues and expenses are translated using the average exchange rate on a 4-week period basis. Non-monetary assets and liabilities are translated using historical rates or using the rate on the date they were valued at fair value. Gains and losses arising from such translation, if any, are reflected in the consolidated statements of earnings except for the Corporation's US dollar denominated long-term debt designated as a foreign exchange hedge of the Corporation's net investment in its US operations for which gains and losses arising from such translation are included in Accumulated other comprehensive income in Shareholders' equity.

### *Consolidation and foreign operations*

The consolidated financial statements are consolidated in Canadian dollars using the following procedure: Assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated using the average exchange rate on a 4-week period basis. Individual transactions with a significant impact on the consolidated statements of earnings are translated using the transaction date exchange rate.

Gains and losses arising from such translation are included in Accumulated other comprehensive income in Shareholders' equity. The translation difference derived from each foreign subsidiary, associated company or joint venture is transferred to the consolidated statements of earnings as part of the gain or loss arising from the divestment or liquidation of such a foreign entity when there is a loss of control, joint control or significant influence, respectively.

### *Reporting currency*

The Corporation has adopted the US dollar as its reporting currency. The Canadian dollar consolidated financial statements are translated into the reporting currency using the procedure described above. Capital stock, Contributed surplus and Retained earnings are translated using historical rates. Non-monetary assets at fair value are translated using the rate on the date on which their fair value was determined. Gains and losses arising from translation are included in Accumulated other comprehensive income in Shareholders' equity.

## **Net earnings per share**

Basic net earnings per share is calculated by dividing the net earnings available to Class A and Class B shareholders by the weighted average number of Class A and Class B shares outstanding during the year. Diluted net earnings per share is calculated using the average weighted number of shares outstanding plus the weighted average number of shares that would be issued upon the conversion of all potential dilutive stock-options into common shares.

# Notes to the Consolidated Financial Statements

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## Revenue recognition

For its three major product categories, merchandise and services, road transportation fuel and other, the Corporation generally recognizes revenue at point of sales for convenience operations. Merchandise sales primarily comprise the sale of tobacco products, grocery items, candy and snacks, beverages, beer, wine and fresh food offerings, including quick service restaurants. Merchandise sales in Europe also include sale of merchandise and goods to certain independent operators and franchisees made from the Corporation's distribution center which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made.

Service revenues include the commission on sale of lottery tickets and issuance of money orders, fees from automatic teller machines, sales of calling cards and gift cards, fees for cashing cheques, sales of postage stamps and bus tickets and car wash revenues. These revenues are recognized at the time of the transaction. Service revenues also include franchise and license fees, which are recognized in revenues over the period of the agreement to which the fees relate as well as royalties from franchisees and licensees, which are recognized periodically based on sales reported by franchise and license operators.

In markets where refined oil products are purchased excluding excise duties, revenues from sales to customers are reported net of excise duties. In markets where refined oil products are purchased including excise duties, revenues and costs of goods sold are reported including these duties.

Other revenues include sale of stationary energy, marine fuel, aviation fuel, lubricants and chemicals which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made. Other revenues also include rental income from operating leases, which is recognized on a straight-line basis, over the term of the lease.

## Cost of sales and vendor rebates

Cost of sales mainly comprises the cost of finished goods, input materials and transportation costs when they are incurred to bring products to the point of sale. For the Corporation's own production, such as production of lubricants, the cost of goods sold also includes direct labour costs, production overheads, and production facility operating costs.

The Corporation records cash received from vendors related to vendor rebates as a reduction in the price of the vendors' products and reflects them as a reduction of cost of sales and related inventory in its consolidated statements of earnings and balance sheets when it is probable that they will be received. The Corporation estimates the probability based on the consideration of a variety of factors, including quantities of items sold or purchased, market shares and other conditions specified in the contracts. The accuracy of the Corporation's estimates can be affected by many factors, some of which are beyond its control, including changes in economic conditions and consumer buying trends. Historically, the Corporation has not experienced significant differences in its estimates compared with actual results. Amounts received but not yet earned are presented in deferred credits.

## Operating, selling, administrative and general expenses

The main items comprising Operating, selling, administrative and general expenses are labour, net occupancy costs, credit and debit card fees, overhead as well as transportation costs incurred to bring products to the final customer.

## Cash and cash equivalents

Cash includes cash and demand deposits. Cash equivalents include highly liquid investments that can be readily converted into cash for a fixed amount and that mature less than three months from the date of acquisition.

## Restricted cash

Restricted cash comprises escrow deposits for pending acquisitions.

## Inventories

Inventories are valued at the lesser of cost and net realizable value. The cost of merchandise is generally valued based on the retail price less a normal margin. The cost of road transportation motor fuel inventory is generally determined according to the average cost method. The cost of lubricant products and aviation fuel is determined according to the first-in, first-out method.

## Income taxes

The income tax expense recorded to earnings is the sum of the deferred income taxes and current income taxes that are not recognized in Other comprehensive income or directly to Shareholders' equity.

The Corporation uses the balance sheet liability method to account for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the carrying amounts and tax bases of assets and liabilities using enacted or substantively enacted tax rates and laws, as appropriate, at the date of the consolidated financial statements for the years in which the temporary differences are expected to reverse. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

## Notes to the Consolidated Financial Statements

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Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

### Property and equipment, depreciation, amortization and impairment

Property and equipment are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives using the straight-line method based on the following periods:

Buildings and building components	3 to 40 years
Equipment	3 to 40 years
Buildings under finance leases	Lease term
Equipment under finance leases	Lease term

Building components include air conditioning and heating systems, plumbing and electrical fixtures. Equipment includes signage, fuel equipment and in-store equipment.

Leasehold improvements and property and equipment on leased properties are amortized and depreciated over the lesser of their useful lives and the term of the lease.

Property and equipment are tested for impairment should events or circumstances indicate that their book value may not be recoverable, as measured by comparing their net book value to their recoverable amount which corresponds to the higher of fair value less costs to sell and value in use of the asset or cash-generating unit ("CGU"). Should the carrying amount of property and equipment exceed their recoverable amount, an impairment loss in the amount of the excess would be recognized.

The Corporation performs an annual evaluation of residual values, estimated useful lives and depreciation methods used for property and equipment and any change resulting from this evaluation is applied prospectively by the Corporation.

### Goodwill

Goodwill is the excess of the cost of an acquired business over the fair value of underlying net assets acquired from the business at the time of acquisition. Goodwill is not amortized. Rather it is tested for impairment annually during the Corporation's first quarter or more frequently should events or changes in circumstances indicate that it might be impaired or if necessary due to the timing of acquisitions. Should the carrying amount of a CGU's goodwill exceed its recoverable amount, an impairment loss would be recognized.

### Intangible assets

Intangible assets mainly comprise trademarks, franchise agreements, customer relationships, motor fuel supply agreements, software and licenses. Licenses and trademarks that have indefinite lives since they do not expire, are recorded at cost, are not amortized and are tested for impairment annually during the first quarter, or more frequently should events or changes in circumstances indicate that they might be impaired or if necessary due to the timing of acquisitions. Motor fuel supply agreements, franchise agreements and trademarks with finite lives are recorded at cost and are amortized using the straight-line method over the term of the agreements they relate to. Customer relationships, software and other intangible assets are amortized using the straight-line method over a period of 3 to 15 years.

### Deferred charges

Deferred charges are mainly expenses incurred in connection with the analysis and signing of the Corporation's revolving unsecured operating credits and are amortized using the straight-line method over the period of the corresponding contract. Deferred charges also include expenses incurred in connection with the analysis and signing of operating leases which are deferred and amortized on a straight-line basis over the lease term.

### Leases

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Corporation analyzes whether an arrangement is or contains a lease by assessing if:

- fulfilment of the arrangement is dependent on the use of a specified asset or assets; and
- the arrangement conveys a right to use the asset or assets.

The Corporation has assessed that some arrangements with franchisees contain embedded lease agreements and accordingly, accounts for a portion of those agreements as lease agreement.

The Corporation distinguishes between lease contracts and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time. Capacity contracts confer the right to and the obligation to pay for availability of certain capacity volumes related primarily to transportation. Such capacity contracts that do not involve specified single assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered to qualify as leases for accounting purposes. Capacity payments are recognized in the consolidated statements of earnings in Operating, selling, administrative and general expenses.

## Notes to the Consolidated Financial Statements

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### *Lease arrangements in which the Corporation is a lessee*

The Corporation accounts for finance leases in instances where it has acquired substantially all the benefits and risks incidental to ownership of the leased property. In some cases, the characterization of a lease transaction is not always evident, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and benefits incidental to ownership to the Corporation. Judgment is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. The Corporation's activities involve a considerable number of lease agreements, most of which are determined to be operational in nature. The cost of assets under finance leases represents the present value of minimum lease payments or the fair value of the leased property, whichever is lower, and is amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is shorter. Assets under finance leases are presented under Property and equipment in the consolidated balance sheets.

Leases that do not transfer substantially all the benefits and risks incidental to ownership of the property are accounted for as operating leases. When a lease contains a predetermined fixed escalation of the minimum rent, the Corporation recognizes the related rent expense on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental expense and the amounts payable under the lease as deferred rent expense.

The Corporation also receives tenant allowances, which are amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is shorter.

Gains and losses resulting from sale and leaseback transactions are recorded in the consolidated statements of earnings at the transaction date except if:

- the sale price is below fair value and the loss is compensated for by future lease payments below market price, in which case it shall be deferred and amortized in proportion to the lease payments over the period during which the asset is expected to be used; or
- the sale price is above fair value, in which case the excess shall be deferred and amortized over the period during which the asset is expected to be used.

### *Lease arrangements in which the Corporation is a lessor*

Leases in which the Corporation transfers substantially all the risks and rewards of ownership of an asset to a third party are classified as finance leases. The Corporation recognizes lease payments receivable in the consolidated balance sheets and presents them as accounts receivable. Lease payments received under finance leases are apportioned between financial revenues and reduction of the receivable.

Leases that do not transfer substantially all the benefits and risks incidental to ownership of the property to a third party are accounted for as operating leases. When a lease contains a predetermined fixed escalation of the minimum rent, the Corporation recognizes the related rent revenue on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental revenue and the rent received under the lease as rent receivable.

### **Financing costs**

Financing costs related to term loans and debt securities are included in the initial carrying amount of the corresponding debt and are amortized using the effective interest rate method that is based on the estimated cash flow over the expected life of the liability. Financing costs related to revolving loans are included in other assets and are amortized using the straight-line method over the expected life of the underlying agreement.

### **Stock-based compensation and other stock-based payments**

Stock-based compensation costs are measured at the grant date of the award based on the fair value method for all transactions entered into starting in fiscal year 2003.

The fair value of stock options is recognized over the vesting period of each respective vesting portion as compensation expense with a corresponding increase in contributed surplus. When stock options are exercised, the corresponding contributed surplus is transferred to capital stock.

The Phantom Stock Units ("PSU") compensation cost and the related liability are recorded on a straight-line basis over the corresponding vesting period based on the fair market value of Class B shares and the best estimate of the number of PSUs that will ultimately be paid. The recorded liability is adjusted periodically to reflect any variation in the fair market value of the Class B shares and revisions to the estimated number of PSUs that will ultimately be paid.

### **Employee future benefits**

The Corporation accrues its obligations under employee pension plans and the related costs, net of plan assets. The Corporation has adopted the following accounting policies with respect to the defined benefit plans:

- The accrued benefit obligations and the cost of pension benefits earned by active employees are actuarially determined using the projected unit credit method pro-rated on service and pension expense is recorded in earnings as the services are rendered by active employees. The calculations reflect management's best estimate of salary escalation and retirement ages of employees;
- Plan assets are valued at fair value;
- Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Actuarial gains and losses are recognized immediately in Other comprehensive income with no impact on net earnings;

## Notes to the Consolidated Financial Statements

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- Past service costs are recorded to earnings at the earlier of the following dates:
  - When the plan amendment or curtailment occurs;
  - When the Corporation recognizes related restructuring costs or termination benefits;
- Net interest on the defined benefit liability (asset) represents the net defined benefit liability (asset), multiplied by the discount rate and is recorded in financial expenses.

The pension cost recorded in net earnings for the defined contribution plans is equivalent to the contribution which the Corporation is required to pay in exchange for services provided by the employees.

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The Corporation determines the appropriate discount rate at the end of each fiscal year. This is the rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Corporation considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

### Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The present value of provisions depends on a number of factors that are assessed on a regular basis using a number of assumptions, including the discount rate, the expected cash flow to settle the obligation and the number of years until the realization of the provision. Any changes in these assumptions or in governmental regulations will impact the carrying amount of provisions. Where the actual cash flows are different from the amounts that were initially recorded, such differences will impact earnings in the period in which the payment is made. Historically, the Corporation has not experienced significant differences in its estimates compared with actual results.

### *Environmental costs*

The Corporation provides for estimated future site remediation costs to meet government standards for known site contaminations when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation activities at such sites are based on the Corporation's prior experience with remediation sites and consideration of other factors such as the condition of the site contamination, location of sites and experience with contractors that perform the environmental assessments and remediation work. In order to determine the initial recorded liability, the present value of estimated future cash flows was calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### *Asset retirement obligations*

Asset retirement obligations primarily relate to estimated future costs to remove road transportation fuel storage tanks and are based on the Corporation's prior experience in removing these tanks, estimated tank useful life, lease terms for those tanks installed on leased properties, external estimates and governmental regulatory requirements. A discounted liability is recorded for the present value of an asset retirement obligation with a corresponding increase to the carrying value of the related long-lived asset at the time a storage tank is installed. To determine the initial recorded liability, the future estimated cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amount added to property and equipment is amortized and an accretion expense is recognized in connection with the discounted liability over the remaining life of the tank or lease term for leased properties.

Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased to reflect the passage of time and then adjusted for variations in the current market-based discount rate or the scheduled underlying cash flows required to settle the liability.

### *Obligations related to general liability and workers' compensation*

In the United States, the Corporation is self-insured for certain losses related to general liability and workers' compensation. The expected ultimate cost for claims incurred as of the balance sheet date is discounted and is recognized as a liability. This cost is estimated based on analysis of the Corporation's historical data and actuarial estimates. In order to determine the initial recorded liability, the present value of estimated future cash flows is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### *Restructuring*

Restructuring provisions are recognized only when a detailed formal plan for the restructuring exists and the plan has either commenced or the plan's main features have been announced to those affected by it. In order to determine the initial recorded liability, the present value of estimated future cash flows are calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.



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A detailed formal plan usually includes:

- identifying the concerned business or part of the business;
- the principal locations affected;
- details regarding the employees affected;
- the restructuring's timing; and
- the expenditures that will have to be undertaken.

## Financial instruments recognition and measurement

The Corporation has made the following classifications for its financial assets and financial liabilities:

Financial assets and financial liabilities	Classification	Subsequent measurement <sup>(1)</sup>	Classification of gains and losses
Cash and cash equivalents	Loans and receivables	Amortized cost	Net earnings
Restricted cash	Loans and receivables	Amortized cost	Net earnings
Accounts receivable	Loans and receivables	Amortized cost	Net earnings
Derivative financial instruments	Financial assets at fair value through profit or loss	Fair value	Net earnings
Derivative financial instruments designated as hedges	Effective hedging instruments	Fair value	Other comprehensive income subject to reclassification to net earnings
Bank indebtedness and long-term debt	Other financial liabilities	Amortized cost	Net earnings
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Net earnings

(1) Initial measurement of all financial assets and financial liabilities is at fair value.

## Hedging and derivative financial instruments

### *Embedded total return swap*

The Corporation uses an investment contract which includes an embedded total return swap to manage current and forecasted risks related to changes in the fair value of the PSUs granted by the Corporation. The embedded total return swap is recorded at fair value on the consolidated balance sheets under other assets.

The Corporation has documented and designated the embedded total return swap as a cash flow hedge of the anticipated cash settlement transaction related to the granted PSUs. The Corporation has determined that the embedded total return swap is an effective hedge at the time of the establishment of the hedge and for the duration of the embedded total return swap. The changes in the fair value of the total return swap are initially recorded in other comprehensive income and subsequently reclassified to consolidated net earnings in the same period that the change in the fair value of the PSUs affects consolidated net earnings. Should the hedged transaction no longer be expected to occur, any gains, losses, revenues or expenses associated with the hedging item that had previously been recognized in Other comprehensive income as a result of applying hedge accounting will be recognized in the reporting period's net earnings under Operating, selling, administrative and general expenses.

### *US dollar denominated long-term debt*

The Corporation designates its entire US dollar denominated long-term debt as a foreign exchange hedge of its net investment in its US operations. Accordingly, the gains or losses arising from the translation of the US dollar denominated debt that is determined to be an effective hedge are recognized in Other comprehensive income, counterbalancing gains and losses arising from translation of the Corporation's net investment in its US operations.

### *Cross currency swaps*

The Corporation, from time to time, uses cross currency swaps to manage the currency fluctuation risk associated with forecasted cash disbursements in foreign currency. The Corporation designates these cross currency swaps as a foreign exchange hedge of its net investment in its US operations. Accordingly, the portion of the gains or losses arising from the translation of the cross currency swaps that are determined to be an effective hedge are recognized in Other comprehensive income, counterbalancing gains and losses arising from translation of the Corporation's net investment in its US operations.

### *Commodity futures*

The Corporation, from time to time, used commodity futures to manage the price fluctuation risk associated with forecasted purchases of aviation fuel. Changes in their fair value were recorded in financial expenses.

## Guarantees

A guarantee is defined as a contract or an indemnification agreement contingently requiring a Corporation to make payments to a third party based on future events. These payments are contingent on either changes in an underlying or other variables that are related to an asset, liability, or an equity security of the indemnified party or the failure of another entity to perform under an obligating agreement. It could also be an indirect guarantee of the indebtedness of another party. Guarantees are initially recognized at fair value and subsequently revaluated when the loss becomes probable.

## Business combinations

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values (at the date of acquisition) of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in

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exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "Business Combinations", are recognized at their fair values at the acquisition date. Direct acquisition costs are recorded to earnings when incurred.

Goodwill arising from business combinations is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess ("Negative goodwill") is recognized immediately to earnings.

Determination of the fair value of the acquired assets and liabilities requires judgment and the use of assumptions that, if changed, may affect the consolidated statements of earnings and consolidated balance sheets.

For purchase price allocation and impairment testing purposes, goodwill and other intangible assets with indefinite useful lives are allocated to CGUs based on the lowest level at which management reviews the results which is not higher than the operating segment. The allocation is made to those CGUs which are expected to benefit from the business combination and in which the goodwill and intangible assets with indefinite useful lives arose.

Earnings from the businesses acquired are included in the consolidated statements of earnings from their respective dates of acquisition.

## Recently issued accounting standards not yet implemented

### *Classification and measurement of financial assets and financial liabilities*

In July 2014, the IASB completed IFRS 9, "Financial Instruments" in its three-part project to replace IAS 39, "Financial Instruments: Recognition and Measurement" with a single approach to determine whether a financial asset is measured at amortized cost or fair value. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The standard is effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. The Corporation will assess, in due course, the impact of this standard on its consolidated financial statements.

### *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers", to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. IFRS 15 supersedes IAS 18, "Revenue", IAS 11, "Construction Contracts", and other revenue-related interpretations. This standard is effective for annual reporting periods beginning on or after January 1, 2017 with earlier adoption permitted. The Corporation will assess, in due course, the impact of this standard on its consolidated financial statements.

### *Presentation of financial statements*

In December 2014, the IASB issued amendments to IAS 1, "Presentation of Financial Statements", to clarify materiality, aggregation and disaggregation of items presented in the balance sheet, statement of earnings and statement of comprehensive income as well as order of notes to financial statements. These amendments shall be applied to fiscal years beginning on or after January 1, 2016 with earlier adoption permitted. The Corporation will assess, in due course, the impact of this standard on its consolidated financial statements.

## 4. BUSINESS ACQUISITIONS

The Corporation has made the following business acquisitions:

### 2015

#### **Acquisition of The Pantry Inc. ("The Pantry")**

On March 16, 2015, the Corporation acquired 100% of the outstanding shares of The Pantry through an all-cash transaction valued at \$36.75 per share. The Corporation financed this transaction using its existing credit facility, as modified on May 16, 2014, December 1, 2014 and March 16, 2015. The Pantry operates over 1,500 convenience stores in 13 US states, the majority of which dispense road transportation fuel. The Corporation owns the land and buildings for 409 sites, leases the land and owns the buildings for 52 sites and leases these same assets for the remaining sites.

Acquisition costs of \$0.9 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

This acquisition was settled for a total cash consideration of \$850.7. Given the size and timing of the transaction, the Corporation has not completed its fair value assessment of the assets acquired, the liabilities assumed and the goodwill for this transaction. Consequently, the fair value adjustments related to this acquisition are included in goodwill in the preliminary purchase price allocation. Our preliminary work has identified the following intangible assets which have not yet been valued in this preliminary allocation: customer relations, software, franchise agreements and a trademark. This preliminary allocation is subject to adjustments to the fair value of the assets, liabilities and goodwill until the process is completed. Purchase price allocation based on available information as at the date of authorisation of these consolidated financial statements is as follows:

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	\$
<b>Assets</b>	
Current assets	
Cash and cash equivalents	93.8
Accounts receivable	60.9
Inventories	135.7
Prepaid expenses	25.8
Income taxes receivable	0.4
	316.6
Property and equipment	660.8
Identifiable intangible assets	11.8
Other assets	67.7
	1,056.9
<b>Liabilities</b>	
Current liabilities	
Accounts payable and accrued liabilities	219.7
Provisions	22.5
Current portion of finance lease obligations	7.6
Current portion of long-term debt	529.1
	778.9
Finance lease obligations	97.6
Provisions	116.2
Other liabilities	16.4
Deferred income taxes	44.8
	1,053.9
Net identifiable assets	3.0
Acquisition goodwill	847.7
Consideration paid in cash	850.7
Cash and cash equivalents acquired	93.8
Net cash flow for the acquisition	756.9

The Corporation expects that none of the goodwill related to this transaction will be deductible for tax purposes.

This acquisition was concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale. Since the date of acquisition, revenues and net earnings from these stores amounted to \$729.3 and \$5.8, respectively. The following summary presents the pro-forma consolidated results of the Corporation for fiscal year 2015 under the assumption that The Pantry was acquired on April 28, 2014. These amounts do not include the potential synergies that could result from the acquisition. This information is provided for illustrative purposes only and does not necessarily reflect actual or future consolidated results of the Corporation after the combination nor does it reflect the impact of future purchase price allocation adjustments. This information was also adjusted to exclude non-recurring acquisition costs related to this transaction.

	\$
Revenues	6,896.2
Net earnings	30.4

Subsequently to the acquisition, the current portion of long-term debt was paid in full using the Corporation's term revolving unsecured operating credit D. The Corporation also incurred integration and restructuring costs of \$22.0 in regards to this acquisition.

### Other acquisitions

- On June 23, 2014, the Corporation acquired 13 company-operated stores and two non-operating stores in South Carolina, United States from Garvin Oil Company. The Corporation owns the land and buildings for all sites.
- On October 8, 2014, the Corporation acquired 55 stores in Illinois and Indiana, United States from Tri Star Marketing Inc. Of these, 54 are company-operated and one is operated by an independent operator. The Corporation owns the land and buildings for 54 sites and leases the land and owns the building for the remaining site. Through this transaction, the Corporation also acquired three biodiesel blending facilities.
- During fiscal year 2015, the Corporation also acquired 32 other stores through distinct transactions. The Corporation owns the land and buildings for 23 sites and leases these same assets for the remaining nine.

Acquisition costs of \$1.8 in connection with these acquisitions and other unrealized acquisitions are included in Operating, selling, administrative and general expenses.

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These acquisitions were settled for a total cash consideration of \$172.5. Since the Corporation has not completed its fair value assessment of the assets acquired, the liabilities assumed and goodwill for all transactions, the preliminary allocations of certain acquisitions are subject to adjustments to the fair value of the assets, liabilities and goodwill until the process is completed.

Purchase price allocations based on the estimated fair value on the date of acquisition and available information as at the date of authorisation of these consolidated financial statements is as follows:

	\$
Tangible assets acquired	
Inventories	10.4
Property and equipment	143.1
<u>Total tangible assets</u>	<u>153.5</u>
Liabilities assumed	
Accounts payable and accrued liabilities	2.0
Provisions	1.2
Deferred credits and other liabilities	5.0
<u>Total liabilities</u>	<u>8.2</u>
<u>Net tangible assets acquired</u>	<u>145.3</u>
Intangible assets	1.3
Goodwill	27.1
Negative goodwill recorded to earnings	(1.2)
<u>Total cash consideration paid</u>	<u>172.5</u>

The Corporation expects that \$12.9 of the goodwill related to these transactions will be deductible for tax purposes.

These acquisitions were concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale. These acquisitions generated goodwill mainly due to the strategic location of stores acquired and negative goodwill due to the difference between the acquisition price and the fair value of net assets acquired. Since the date of acquisition, revenues and net earnings from these stores amounted to \$285.9 and \$6.7, respectively. Considering the nature of these acquisitions, the available financial information does not allow for the accurate disclosure of pro-forma revenues and net earnings had the Corporation concluded these acquisitions at the beginning of its fiscal year.

### 2014

- On December 13, 2013, the Corporation acquired 23 company-operated stores operating in New Mexico, United States from Albuquerque Convenience and Retail LLC. The Corporation owns the land and buildings for all sites.
- On December 10, 2013, the Corporation acquired, from Publix Super Markets Inc., 11 company-operated stores, nine of which are located in Florida and the other two in Georgia, United States. The Corporation owns the land and buildings for eight sites and leases the land and owns the building for the other three sites.
- On September 24, 2013, the Corporation acquired nine stores located in Illinois, United States from Baron-Huot Oil Company. Eight of these stores are company-operated and one is operated by an independent operator. The Corporation owns the real estate for eight sites and leases the land and building for one site.
- During fiscal year 2014, under the June 2011 agreement with ExxonMobil, the Corporation acquired 60 stores operated by independent operators along with the related road transportation fuel supply agreements. The Corporation owns the real estate for all sites. Also, an additional 53 road transportation fuel supply agreements were acquired by the Corporation during this period.
- During fiscal year 2014, the Corporation also acquired 10 other stores through distinct transactions. The Corporation leases the land and buildings for five sites, leases the land and owns the building for one site and owns these same assets for the other sites.

Acquisition costs of \$1.3 in connection with these acquisitions and other unrealized acquisitions are included in Operating, selling, administrative and general expenses.

## Notes to the Consolidated Financial Statements

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These acquisitions were settled for a total cash consideration of \$159.6. Purchase price allocations based on the estimated fair value on the date of acquisition and available information as at the date of publication of these consolidated financial statements is as follows:

	\$
Tangible assets acquired	
Inventories	4.6
Property and equipment	162.3
Other assets	14.3
<b>Total tangible assets</b>	<b>181.2</b>
Liabilities assumed	
Accounts payable and accrued liabilities	0.4
Provisions	19.6
<b>Total liabilities</b>	<b>20.0</b>
<b>Net tangible assets acquired</b>	<b>161.2</b>
Intangible assets	30.8
Goodwill	16.0
Negative goodwill recorded to earnings	(48.4)
<b>Total cash consideration paid</b>	<b>159.6</b>

Approximately \$3.0 of the goodwill related to these transactions was deductible for tax purposes.

These acquisitions were concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale. These acquisitions generated goodwill mainly due to the strategic location of stores acquired and negative goodwill due to the difference between the acquisition price and the fair value of net assets acquired.

### 5. DISPOSAL OF AVIATION FUEL BUSINESS

On December 31, 2014, the Corporation closed the sale of its aviation fuel business through a share purchase agreement pursuant to which BP Global Investments Ltd. acquired 100% of all issued and outstanding shares of Statoil Fuel & Retail Aviation AS for total proceeds of \$107.4 including an amount of \$91.4 for intercompany debt assumed by the buyer and of which \$12.3 is receivable as at April 26, 2015. The Corporation recognized a loss on disposal of \$11.0 and a curtailment gain on defined benefits pension plans obligation of \$2.6 in relation to this sale transaction. The disposal also resulted in a \$1.9 cumulated loss on translation adjustments being reclassified to earnings and included in the loss on disposal. These preliminary figures are subject to change until final closing adjustments.

### 6. INVESTMENT IN JOINT VENTURES AND ASSOCIATED COMPANIES

	2015	2014
	\$	\$
Investment in joint ventures	73.9	72.9
Investment in associated companies	1.7	2.5
	<b>75.6</b>	<b>75.4</b>

The Corporation's investment in joint ventures and associated companies are recorded according to the equity method. The following amounts represent the Corporation's share of the joint ventures' and associated companies' net earnings and comprehensive income:

	2015	2014
	\$	\$
<b>Joint ventures</b>		
Net earnings and comprehensive income	21.9	22.0
<b>Associated companies</b>		
Net earnings and comprehensive income	-	0.7
	<b>21.9</b>	<b>22.7</b>

### 7. NON-CONTROLLING INTEREST

During fiscal year 2014, the Corporation, along with another party, established a new corporation: Circle K Asia s.à.r.l. ("Circle K Asia"), in which both parties hold a 50% interest. Subsequently, each party made a capital contribution of \$13.2. Under the agreement signed between the parties, the Corporation, under certain circumstances, may repurchase all of the other party's shares in Circle K Asia. Consequently, Circle K Asia was fully consolidated in the Corporation's financial statements and the other party's interest in Circle K Asia was recorded under "Non-controlling interest" in the consolidated statements of earnings, comprehensive income and changes in shareholders' equity and the consolidated balance sheets. Under other circumstances, the Corporation must repurchase all of the other party's shares in Circle K Asia. Consequently, a redemption liability was recorded against shareholders' equity. Subsequent changes to this liability are recorded to Operating, selling, administrative and general expenses.

## Notes to the Consolidated Financial Statements

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### 8. SUPPLEMENTARY INFORMATION RELATING TO EXPENSES

	2015	2014
	\$	\$
Cost of sales	29,261.9	32,974.0
Selling expenses	3,239.1	3,118.1
Administrative expenses	512.5	592.1
Operating expenses	193.2	243.6
	<u>33,206.7</u>	<u>36,927.8</u>

The above expenses include rent expense of \$323.6 (\$322.5 in 2014), net of sub-leasing income of \$23.1 (\$24.5 in 2014).

	2015	2014
	\$	\$
Employee benefit charges		
Salaries	1,206.0	1,231.9
Fringe benefits and other employer contributions	164.9	170.0
Employee future benefits (Note 27)	82.3	85.6
Termination benefits	18.4	1.2
Stock-based compensation and other stock-based payments (Note 25)	13.8	7.4
Curtailment gain on defined benefits pension plans obligation (Note 27)	(2.6)	(0.9)
	<u>1,482.8</u>	<u>1,495.2</u>

### 9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2015	2014
	\$	\$
Salaries and other current benefits	9.2	10.5
Stock-based compensation and other stock-based payments	7.6	4.4
Employee future benefits (Note 27)	2.4	3.3
	<u>19.2</u>	<u>18.2</u>

Key management personnel comprise members of the Board of Directors and senior management.

### 10. NET FINANCIAL EXPENSES

	2015	2014
	\$	\$
Financial expenses		
Interest expense		
Interest on long-term debt	57.9	80.5
Interest on finance lease obligations	6.1	4.1
Net interest on defined benefit plans (Note 27)	3.4	3.9
Change in fair value of derivative financial instrument	2.5	(0.5)
Interest on bank overdrafts and bank loans	1.1	0.6
Accretion of provisions (Note 23)	16.0	16.3
Other finance costs	4.8	6.5
	<u>91.8</u>	<u>111.4</u>
Financial revenues		
Interest on bank deposits	3.1	2.9
Other financial revenues	6.0	8.0
	<u>9.1</u>	<u>10.9</u>
Foreign exchange loss	22.7	10.1
Net financial expenses	<u>105.4</u>	<u>110.6</u>

### 11. INCOME TAXES

	2015	2014
	\$	\$
Current income taxes	378.7	195.1
Deferred income taxes	(72.5)	(60.9)
	<u>306.2</u>	<u>134.2</u>

The principal items which resulted in differences between the Corporation's effective income tax rates and the combined statutory rates in Canada are detailed as follows:

	2015	2014
	%	%
Combined statutory income tax rate in Canada <sup>(a)</sup>	26.90	26.90
Impact of other jurisdictions' tax rates	(2.96)	(9.82)
Impact of tax rate changes	(0.02)	(0.83)
Other permanent differences	0.78	(2.07)
Effective income tax rate	<u>24.70</u>	<u>14.18</u>

(a) The Corporation's combined statutory income tax rate in Canada includes the appropriate provincial income tax rates.



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The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2015	2014
	\$	\$
Deferred tax assets:		
Deferred tax assets to be recovered in more than 12 months	54.9	47.1
Deferred tax assets to be recovered within 12 months	9.0	4.6
	<u>63.9</u>	<u>51.7</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled in more than 12 months	581.5	609.7
Deferred tax liabilities to be settled within 12 months	(39.2)	(43.9)
	<u>542.3</u>	<u>565.8</u>

Deferred income tax liabilities that would be payable on the retained earnings of certain subsidiaries have not been recognized because such amounts are not expected to materialize in the foreseeable future. Temporary differences related to these investments amounted to \$552.7 (\$1,015.8 in 2014).

### 12. NET EARNINGS PER SHARE

The following table presents the information for the computation of basic and diluted net earnings per share:

	2015	2014
	\$	\$
Net earnings available to Class A and B shareholders	<u>932.8</u>	<u>811.2</u>
Weighted average number of shares (in thousands)	566,013	564,511
Dilutive effect of stock options (in thousands)	2,698	3,629
Weighted average number of diluted shares (in thousands)	<u>568,711</u>	<u>568,140</u>
Basic net earnings per share available for Class A and B shareholders	<u>1.65</u>	<u>1.44</u>
Diluted net earnings per share available for Class A and B shareholders	<u>1.64</u>	<u>1.43</u>

In calculating diluted net earnings per share for 2015, 651,274 stock options are excluded due to their antidilutive effect (no excluded stock options in 2014).

During fiscal 2015, the Board declared total dividends of CA\$0.19 per share.

### 13. SUPPLEMENTARY INFORMATION RELATING TO CHANGES IN NON-CASH WORKING CAPITAL

	2015	2014
	\$	\$
Accounts receivable	315.2	(53.4)
Inventories	30.1	(9.0)
Prepaid expenses	14.2	(2.1)
Accounts payable and accrued liabilities	(110.2)	154.9
Income taxes payable	102.3	24.2
	<u>351.6</u>	<u>114.6</u>

### 14. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
Credit and debit cards receivable <sup>(a)</sup>	600.3	718.7
Trade accounts receivable and vendor rebates receivable <sup>(a)</sup>	513.2	932.2
Provision for doubtful accounts	(27.1)	(27.6)
Credit and debit cards receivable and trade accounts receivable and vendor rebates receivable - net	<u>1,086.4</u>	<u>1,623.3</u>
Other accounts receivable	<u>108.4</u>	<u>103.1</u>
	<u>1,194.8</u>	<u>1,726.4</u>

(a) These amounts are presented net of an amount of \$130.5 presented in reduction of Accounts payable and accrued expenses due to netting arrangements (\$162.5 as at April 27, 2014).



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 26, 2015 and April 27, 2014  
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The following details the aging of credit and debit cards receivable and trade accounts receivable and vendor rebates receivable that are not impaired:

	2015	2014
	\$	\$
Not past due	1,012.3	1,470.6
Past due 1-30 days	50.5	73.8
Past due 31-60 days	12.4	13.9
Past due 61-90 days	6.2	16.9
Past due 91 days and over	5.0	48.1
	<u>1,086.4</u>	<u>1,623.3</u>

Movements in the provision for doubtful accounts are as follows:

	2015	2014
	\$	\$
Balance, beginning of year	27.6	31.1
Business acquisitions	0.4	-
Provision for doubtful accounts, net of unused beginning balance	14.4	7.2
Receivables written off during the year	(8.5)	(11.7)
Effect of exchange rate variations	(6.8)	1.0
Balance, end of year	<u>27.1</u>	<u>27.6</u>

### 15. INVENTORIES

	2015	2014
	\$	\$
Merchandise	556.0	455.2
Road transportation fuel	274.0	329.0
Lubricant products	26.9	36.6
Aviation fuel (Note 5)	-	23.0
Other products	2.7	4.2
	<u>859.6</u>	<u>848.0</u>

### 16. PROPERTY AND EQUIPMENT

	Land	Buildings and building components	Equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
<b>Year ended April 26, 2015</b>					
Net book amount, beginning	1,447.1	1,763.0	1,735.6	185.3	5,131.0
Additions	50.3	111.5	421.6	33.8	617.2
Business acquisitions (Note 4)	183.1	262.1	300.7	58.0	803.9
Disposals	(44.4)	(38.8)	(52.7)	(2.3)	(138.2)
Depreciation and amortization expense	(0.7)	(129.8)	(265.1)	(42.1)	(437.7)
Impairment expense	-	(2.1)	(0.8)	-	(2.9)
Transfers	5.8	(5.5)	0.2	(0.5)	-
Effect of exchange rate variations	(143.9)	(292.8)	(202.8)	(5.3)	(644.8)
<b>Net book amount, end <sup>(a)</sup></b>	<u>1,497.3</u>	<u>1,667.6</u>	<u>1,936.7</u>	<u>226.9</u>	<u>5,328.5</u>
<b>As at April 26, 2015</b>					
Cost	1,502.9	2,178.9	3,351.3	545.9	7,579.0
Accumulated depreciation, amortization and impairment	(5.6)	(511.3)	(1,414.6)	(319.0)	(2,250.5)
<b>Net book amount <sup>(a)</sup></b>	<u>1,497.3</u>	<u>1,667.6</u>	<u>1,936.7</u>	<u>226.9</u>	<u>5,328.5</u>
Portion related to finance leases	23.3	155.9	38.9	-	218.1
<b>Year ended April 27, 2014</b>					
Net book amount, beginning	1,379.4	1,805.9	1,692.1	202.5	5,079.9
Additions	26.4	66.0	344.3	31.5	468.2
Business acquisitions (Note 4)	99.0	30.8	32.5	-	162.3
Disposals	(17.5)	(13.9)	(49.6)	(2.3)	(83.3)
Depreciation and amortization expense	(0.3)	(116.5)	(298.8)	(41.9)	(457.5)
Impairment expense	(7.8)	(1.0)	(2.9)	-	(11.7)
Transfers	(23.3)	(9.2)	32.2	0.3	-
Effect of exchange rate variations	(8.8)	0.9	(14.2)	(4.8)	(26.9)
<b>Net book amount, end <sup>(a)</sup></b>	<u>1,447.1</u>	<u>1,763.0</u>	<u>1,735.6</u>	<u>185.3</u>	<u>5,131.0</u>
<b>As at April 27, 2014</b>					
Cost	1,456.5	2,219.1	3,073.4	484.3	7,233.3
Accumulated depreciation, amortization and impairment	(9.4)	(456.1)	(1,337.8)	(299.0)	(2,102.3)
<b>Net book amount <sup>(a)</sup></b>	<u>1,447.1</u>	<u>1,763.0</u>	<u>1,735.6</u>	<u>185.3</u>	<u>5,131.0</u>
Portion related to finance leases	34.0	31.6	43.4	-	109.0

(a) The net book amount as at April 26, 2015 includes \$317.7 related to construction in progress (\$246.3 as at April 27, 2014).

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During the year ended April 27, 2014, the Corporation recorded an impairment charge of \$6.8 on a non-operational lubricant production plant located in Ostrowiec, Poland, due to challenging market conditions for this type of asset. The fair value measurement of this asset is categorized as level 3 as it is based on purchase offers received by the Corporation. The fair value less cost to sell of this asset was determined to be \$4.5.

### 17. GOODWILL AND INTANGIBLE ASSETS

#### Goodwill

	2015	2014
	\$	\$
Net book amount, beginning of year	1,088.7	1,081.0
Business acquisitions (Note 4)	874.8	16.0
Disposal of aviation fuel business	(1.9)	-
Effect of exchange rate variations	(144.3)	(8.3)
<b>Net book amount, end of year</b>	<b>1,817.3</b>	<b>1,088.7</b>

#### Intangible assets

	Trademarks	Franchise agreements	Software <sup>(a)</sup>	Customer relationships	Licenses	Fuel supply agreements	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Year ended April 26, 2015</b>								
Net book amount, beginning	411.4	110.1	201.9	54.1	24.5	10.3	11.2	823.5
Additions	-	-	26.6	-	-	-	-	26.6
Business acquisitions (Note 4)	-	-	7.4	0.3	-	-	5.4	13.1
Disposals	(5.3)	-	-	(3.2)	-	(0.2)	(0.9)	(9.6)
Depreciation and amortization expense	(17.6)	(18.6)	(18.0)	(39.1)	-	(7.0)	(1.1)	(101.4)
Effect of exchange rate variations	(54.9)	(22.2)	(43.9)	(6.0)	-	-	(2.0)	(129.0)
<b>Net book amount, end</b>	<b>333.6</b>	<b>69.3</b>	<b>174.0</b>	<b>6.1</b>	<b>24.5</b>	<b>3.1</b>	<b>12.6</b>	<b>623.2</b>
<b>As at April 26, 2015</b>								
Cost	376.2	111.6	233.7	98.1	24.5	54.2	17.8	916.1
Accumulated depreciation and amortization	(42.6)	(42.3)	(59.7)	(92.0)	-	(51.1)	(5.2)	(292.9)
<b>Net book amount</b>	<b>333.6</b>	<b>69.3</b>	<b>174.0</b>	<b>6.1</b>	<b>24.5</b>	<b>3.1</b>	<b>12.6</b>	<b>623.2</b>
<b>Year ended April 27, 2014</b>								
Net book amount, beginning	429.7	132.0	131.5	97.1	19.6	12.0	12.8	834.7
Additions	-	-	86.0	-	-	-	0.2	86.2
Business acquisitions (Note 4)	-	-	-	-	5.0	25.7	0.1	30.8
Disposals	-	-	(1.2)	-	-	(6.4)	(0.2)	(7.8)
Depreciation and amortization expense	(19.9)	(19.6)	(10.3)	(45.6)	-	(21.0)	(1.7)	(118.1)
Effect of exchange rate variations	1.6	(2.3)	(4.1)	2.6	(0.1)	-	-	(2.3)
<b>Net book amount, end</b>	<b>411.4</b>	<b>110.1</b>	<b>201.9</b>	<b>54.1</b>	<b>24.5</b>	<b>10.3</b>	<b>11.2</b>	<b>823.5</b>
<b>As at April 27, 2014</b>								
Cost	447.9	146.3	253.2	139.4	24.5	58.0	15.7	1,085.0
Accumulated depreciation and amortization	(36.5)	(36.2)	(51.3)	(85.3)	-	(47.7)	(4.5)	(261.5)
<b>Net book amount</b>	<b>411.4</b>	<b>110.1</b>	<b>201.9</b>	<b>54.1</b>	<b>24.5</b>	<b>10.3</b>	<b>11.2</b>	<b>823.5</b>

(a) The net book amount as at April 26, 2015 includes \$22.7 related to software in progress (\$40.6 as at April 27, 2014).

Goodwill and intangible assets with indefinite useful lives are allocated to CGUs based on the geographical location of the acquired stores. Allocation as at April 26, 2015 and April 27, 2014 is as follows:

CGU	2015		2014	
	Trademarks with indefinite useful lives	Goodwill	Trademarks with indefinite useful lives	Goodwill
Canada	-	162.0	-	178.5
United States	154.7	1,246.9	154.7	374.5
Scandinavia	63.6	406.9	83.4	523.9
Central and Eastern Europe	26.2	1.5	33.2	2.0
Aviation (Note 5)	-	-	2.0	1.7
Lubricants	4.3	-	5.6	8.1
	<b>248.8</b>	<b>1,817.3</b>	<b>278.9</b>	<b>1,088.7</b>

The trademark with indefinite useful life for the United States CGU is the Circle K trademark and is the droplet logo for Scandinavia, Central and Eastern Europe ("CEE"), Aviation and Lubricants CGUs. The Scandinavia CGU, includes the activities of Norway, Sweden and Denmark while the CEE CGU includes the activities of Poland, Latvia, Lithuania, Estonia and Russia. The value of the Kangaroo Express trademark in the United States has not been determined yet as part of the preliminary purchase price allocation for the acquisition of The Pantry. For the annual impairment test, the recoverable amount of the CGU has been determined based on fair value less costs to sell and the Corporation

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uses an approach based on earnings to determine this value. Under this method, the cash flows of the CGU for a three-year period were used. The key assumptions on which management has based its determination of fair value less costs to sell are the discount rate, the growth rate and the exchange rate. These assumptions primarily reflect past experience.

For the Scandinavia CGU, the main assumptions used are as follows:

	2015	2014
Discount rate before taxes	12.8%	12.8%
Growth rate	1.0%	1.0%

These assumptions represent management's best estimate given current market conditions and risks specific to each of these assets.

The recoverable amounts of the United States and Canada CGUs were determined on the basis of their fair value less costs to sell and the Corporation uses an approach based on EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) multiples of comparable corporations to determine these values.

### 18. OTHER ASSETS

	2015	2014
	\$	\$
Pension benefit asset (Note 27)	17.8	30.0
Environmental costs receivable (Note 23)	81.4	11.8
Investment contract including an embedded total return swap (Note 28)	32.6	25.1
Deposits	10.1	8.5
Deferred charges, net	5.3	7.1
Other	75.0	77.3
	222.2	159.8

### 19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
	\$	\$
Accounts payable and accrued expenses <sup>(a)</sup>	1,348.8	1,547.3
Sales and excise taxes	545.3	639.9
Salaries and related benefits	197.8	191.0
Deferred credits	19.1	17.4
Other	109.7	114.7
	2,220.7	2,510.3

(a) This amount is presented net of an amount of \$110.5 from Credit and debit cards receivable and \$20.0 from Trade accounts receivable and vendor rebates receivable due to netting arrangements (\$127.6 and \$34.9, respectively as at April 27, 2014).

### 20. LONG-TERM DEBT

	2015	2014
	\$	\$
US dollar term revolving unsecured operating credit D, maturing in December 2018 <sup>(b)</sup>	1,837.2	793.5
Canadian dollar denominated senior unsecured notes <sup>(a)</sup>	1,064.2	1,172.7
NOK floating-rate bonds, 5.04%, maturing in February 2017	1.9	2.5
NOK fixed-rate bonds, 5.75%, maturing in February 2019	1.7	2.2
Note payable, secured by the assets of certain stores, 8.75%, repayable in monthly instalments, maturing in 2019	1.5	1.8
US dollar denominated unsecured non-revolving acquisition credit facility <sup>(c)</sup>	-	552.3
Borrowing under bank overdraft facilities, maturing at various dates	-	1.8
Obligations related to buildings and equipment under finance leases, rates varying from 1.42% to 12.28%, payable on various dates until 2080	168.1	79.6
	3,074.6	2,606.4
Bank loans and current portion of long-term debt	21.3	20.3
	3,053.3	2,586.1

#### (a) Canadian dollar denominated senior unsecured notes

As at April 26, 2015, the Corporation had Canadian dollar denominated senior unsecured notes totalling CA\$1.3 billion, divided as follows:

	Principal amount	Maturity	Coupon rate	Effective rate as at April 26, 2015
Tranche 1 - November 1, 2012 issuance	CA\$300.0	November 1, 2017	2.861%	3.0%
Tranche 2 - November 1, 2012 issuance	CA\$450.0	November 1, 2019	3.319%	3.4%
Tranche 3 - November 1, 2012 issuance	CA\$250.0	November 1, 2022	3.899%	4.0%
Tranche 4 - August 21, 2013 issuance	CA\$300.0	August 21, 2020	4.214%	4.3%

The net proceeds from their issuance were mainly used to repay a portion of the Corporation's unsecured non-revolving acquisition credit facility. Notes issued on November 1, 2012 are subject to cross-currency interest rate swaps (Note 21).

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### (b) Term revolving unsecured operating credit D

As at April 26, 2015, the Corporation has a credit agreement consisting of a revolving unsecured facility. As at April 27, 2014 this facility had a maximum amount of \$1,275.0 and a term of four years. The following amendments have been made to this operating credit during fiscal year 2015:

- On May 16, 2014, the maximum amount available was increased from \$1,275.0 to \$1,525.0.
- On December 1, 2014, the maturity was extended from December 2017 to December 2018.
- On March 16, 2015, the maximum amount available was increased from \$1,525.0 to \$2,525.0.

No other terms were changed significantly. The credit facility is available in the following forms:

- A term revolving unsecured operating credit, available i) in Canadian dollars, ii) in US dollars, iii) in the form of Canadian dollar bankers' acceptances, with stamping fees and iv) in the form of standby letters of credit not exceeding \$150.0 or the equivalent in Canadian dollars, with applicable fees. Depending on the form and the currency of the loan, the amounts borrowed bear interest at variable rates based on the Canadian prime rate, the bankers' acceptance rate, the US base rate or LIBOR plus a variable margin; and
- An unsecured line of credit in the maximum amount of \$50.0, available in Canadian or US dollars, bearing interest at variable rates based, depending on the form and currency of the loan, on the Canadian prime rate, the US prime rate or the US base rate plus a variable margin.

Standby fees, which vary based on a leverage ratio and on the utilization rate of the credit facility, apply to the unused portion of the credit facility. Stamping fees, standby letters of credit fees and the variable margin used to determine the interest rate applicable to borrowed amounts are determined according to a leverage ratio of the Corporation. Under the credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at April 26, 2015, the effective interest rate is 1.04% (1.19% as at April 27, 2014). In addition, as at April 26, 2015, CA\$2.3 (CA\$2.3 as at April 27, 2014) and \$54.4 (\$29.4 as at April 27, 2014) are used for standby letters of credit. As at April 26, 2015 and April 27, 2014, the available line of credit was unused and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

### (c) Unsecured non-revolving acquisition credit facility

As at April 27, 2014, the Corporation had a credit agreement consisting of an unsecured non-revolving acquisition credit facility of an initial maximum amount of \$3,200.0 ("acquisition facility") with an initial term of three years. The acquisition facility was available exclusively to finance, directly or indirectly, the acquisition of Statoil Fuel & Retail ASA and the related acquisition costs or the repayment of any of Statoil Fuel & Retail ASA and its subsidiaries' outstanding debt. The acquisition facility was available i) in Canadian dollars by the way of prime rate loans or bankers' acceptances, ii) in US dollars by the way of US base rate loans or LIBOR loans. Depending on the form and the currency of the loan, the amounts borrowed bear interest at variable rates based on the Canadian prime rate, the bankers' acceptance rate, the US base rate or LIBOR plus a variable margin. Under the credit agreement, the Corporation needed to maintain certain financial ratios and respect certain restrictive provisions.

This credit facility was fully repaid on July 23, 2014.

### Term revolving unsecured operating credit E

As at April 26, 2015, the Corporation has a credit agreement consisting of a revolving unsecured facility of an initial maximum amount of \$50.0 with an initial term of 50 months. The credit facility is available in the form of a revolving unsecured operating credit, available in US dollars. The amounts borrowed bear interest at variable rates based on the US base rate or the LIBOR rate plus a variable margin.

Standby fees, which vary based on a leverage ratio and on the utilization rate of the credit facility, apply to the unused portion of the credit facility. The variable margin used to determine the interest rate applicable to amounts borrowed is determined according to a leverage ratio of the Corporation. Under the credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at April 26, 2015 and April 27, 2014, operating credit E was unused.

### Bank overdraft facilities

The Corporation has access to bank overdraft facilities totalling approximately \$202.7 (\$271.5 in 2014). As at April 26, 2015, they were not used while they were used in the amount of \$1.8 as at April 27, 2014.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 26, 2015 and April 27, 2014  
(in millions of US dollars, except share and stock option data)

### Obligations related to finance leases

Instalments on obligations related to finance leases for the next fiscal years are as follows:

	Obligations related to buildings and equipment under finance leases
	\$
2016	38.6
2017	50.8
2018	29.7
2019	26.9
2020	24.9
2021 and thereafter	148.4
	<u>319.3</u>
Interest expense included in minimum lease payments	151.2
	<u>168.1</u>

### 21. CROSS-CURRENCY INTEREST RATE SWAPS

The Corporation has entered into cross-currency interest rate swap agreements for a total notional amount of CA\$1.0 billion, allowing it to synthetically convert a portion of its Canadian dollar denominated debt into US dollars.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity	Fair value as at April 26, 2015 (Note 28)	Fair value as at April 27, 2014 (Note 28)
CA\$300.0	2.861%	US\$300.7	2.0340%	November 1, 2017	\$50.0	\$24.5
CA\$125.0	3.319%	US\$125.4	2.7325%	November 1, 2019	\$19.6	\$9.0
CA\$20.0	3.319%	US\$20.1	2.7325%	November 1, 2019	\$3.2	\$1.5
CA\$305.0	3.319%	US\$305.9	2.7400%	November 1, 2019	\$48.6	\$22.1
CA\$125.0	3.899%	US\$125.4	3.4900%	November 1, 2022	\$20.1	\$8.5
CA\$125.0	3.899%	US\$125.4	3.4925%	November 1, 2022	\$20.1	\$8.3
<b>Total other financial liabilities</b>					<u>\$161.6</u>	<u>\$73.9</u>

The cross-currency interest rate swap agreements are designated as a foreign exchange hedge of the Corporation's net investment in its US operations.

### 22. DEFERRED CREDITS AND OTHER LIABILITIES

	2015	2014
	\$	\$
Deferred rent expense	64.0	50.0
Deferred credits	21.5	15.9
Deferred branding credits	32.9	18.0
Other liabilities	96.2	85.6
	<u>214.6</u>	<u>169.5</u>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 26, 2015 and April 27, 2014  
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### 23. PROVISIONS

The reconciliation of the Corporation's main provisions is as follows:

	Asset retirement obligations (a)	Provision for site restoration costs (b)	Restructuring provision (c)	Provision for workers' compensation (d)	Provision for general liability (d)	Other provisions	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2015</b>							
Balance, beginning of year	283.2	110.7	30.6	28.6	17.6	22.2	492.9
Business acquisitions (Note 4)	39.3	75.3	-	14.3	11.0	-	139.9
Liabilities incurred	0.6	24.1	13.5	16.7	15.3	0.6	70.8
Liabilities settled	(3.7)	(28.3)	(14.0)	(16.1)	(13.3)	(2.7)	(78.1)
Accretion expense	14.6	0.9	-	0.4	0.1	-	16.0
Reversal of provisions	(3.2)	(2.8)	-	-	-	-	(6.0)
Change in estimates	(18.3)	2.3	-	(0.6)	(0.7)	-	(17.3)
Effect of exchange rate variations	(45.4)	(11.7)	(6.2)	-	-	(1.4)	(64.7)
Balance, end of year	267.1	170.5	23.9	43.3	30.0	18.7	553.5
Current portion	39.1	29.8	19.4	17.2	13.9	16.2	135.6
Long-term portion	228.0	140.7	4.5	26.1	16.1	2.5	417.9
<b>2014</b>							
Balance, beginning of year	269.9	101.0	34.1	28.0	15.2	7.1	455.3
Business acquisitions (Note 4)	1.9	17.7	-	-	-	-	19.6
Liabilities incurred	1.1	19.6	-	16.1	14.1	16.7	67.6
Liabilities settled	(3.7)	(24.1)	(2.9)	(15.7)	(11.8)	(1.0)	(59.2)
Accretion expense	15.4	0.5	-	0.3	0.1	-	16.3
Reversal of provisions	-	(4.1)	-	-	-	(0.4)	(4.5)
Change in estimates	(0.7)	0.4	-	(0.1)	-	0.1	(0.3)
Effect of exchange rate variations	(0.7)	(0.3)	(0.6)	-	-	(0.3)	(1.9)
Balance, end of year	283.2	110.7	30.6	28.6	17.6	22.2	492.9
Current portion	34.8	32.8	15.3	8.5	5.6	5.4	102.4
Long-term portion	248.4	77.9	15.3	20.1	12.0	16.8	390.5

- (a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately \$622.3 and is expected to be incurred over the next 40 years. Should changes occur in estimated future removal costs, tank useful lives, lease terms or governmental regulatory requirements, revisions to the liability could be made.
- (b) Site restoration costs should be disbursed over the next 20 years.
- (c) Restructuring costs should be settled over the next two years.
- (d) Workers' compensation and general liability indemnities should be disbursed over the next five years.

### Environmental costs

The Corporation is subject to Canadian, US and European legislations governing the storage, handling and sale of road transportation fuel and other petroleum-based products. The Corporation considers that it is compliant with all important aspects of the current environmental legislations.

The Corporation has an ongoing training program for its employees on environmental issues and performs preventive site testing and site restoration in cooperation with regulatory authorities. The Corporation also examines its motor fuel equipment annually.

In each of the US states in which the Corporation operates, with the exception of Michigan, Iowa, Florida, Georgia, Arizona, Texas, West Virginia and Maryland, there is a state fund to cover the cost of certain environmental remediation activities after the applicable trust fund deductible is met, which varies by state. These state funds provide insurance for motor fuel facilities operations to cover some of the costs of cleaning up certain contamination of the environment caused by the usage of road transportation fuel equipment. Road transportation fuel storage tank registration fees and/or a motor fuel tax in each of the states finance the trust funds. The Corporation pays annual registration fees and remits sales taxes to applicable states. Insurance coverage is different in the various states.

In order to provide for the above-mentioned restoration costs, the Corporation has recorded a \$170.5 provision for environmental costs as at April 26, 2015 (\$110.7 as at April 27, 2014). Furthermore, the Corporation has recorded an amount of \$85.3 for environmental costs receivable from trust funds as at April 26, 2015 (\$13.6 as at April 27, 2014), of which \$3.9 (\$1.8 as at April 27, 2014) is included in Accounts receivable and the remainder is included in Other assets.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 26, 2015 and April 27, 2014  
(in millions of US dollars, except share and stock option data)

### 24. CAPITAL STOCK

#### Authorized

Unlimited number of shares without par value

- First and second preferred shares issuable in series, non-voting, ranking prior to other classes of shares with respect to dividends and payment of capital upon dissolution. The Board of Directors is authorized to determine the designation, rights, privileges, conditions and restrictions relating to each series of shares prior to their issuance.
- Class A multiple voting and participating shares, ten votes per share except for certain situations which provide for only one vote per share, convertible into Class B subordinate voting shares on a share-for-share basis at the holder's option. Under the articles of amendment, no new Class A multiple voting shares may be issued.
- Class B subordinate voting and participating shares, convertible automatically into Class A multiple voting shares on a share-for-share basis upon the occurrence of certain events.

The order of priority for the payment of dividends is as follows:

- first preferred shares;
- second preferred shares; and
- Class B subordinate voting shares and Class A multiple voting shares, ranking pari passu.

#### Issued and fully paid

The changes in number of outstanding shares are as follows:

	2015	2014
<b>Class A multiple voting shares</b>		
Balance, beginning and end of year	<b>148,101,840</b>	148,101,840
<b>Class B subordinate voting shares</b>		
Balance, beginning of year	<b>417,646,072</b>	414,606,183
Issued as part of a previous acquisition	<b>2,376</b>	4,440
Stock options exercised	<b>1,613,807</b>	3,035,449
Balance, end of year	<b>419,262,255</b>	417,646,072

### 25. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

#### Stock option plan

The Corporation has a stock option plan (the "Plan") under which it has authorized the grant of up to 50,676,000 stock options for the purchase of its Class B subordinate voting shares.

Stock options have up to a ten-year term, vest 20.0% on the date of the grant and cumulatively thereafter on each anniversary date of the grant and are exercisable at the designated market price on the date of grant. The grant price of each stock option shall not be set below the weighted average closing price for a board lot of the Class B shares on the Toronto Stock Exchange for the five days preceding the grant. Each stock option is exercisable into one Class B share of the Corporation at the price specified in the terms of the stock option. To allow option holders to proceed with a cashless exercise of their options, the Plan allows them to elect to receive a number of subordinate shares equivalent to the difference between the total number of subordinate shares underlying the options exercised and the number of subordinate shares required to settle the exercise of the options.

The table below presents the status of the Corporation's stock option plan as at April 26, 2015 and April 27, 2014 and the changes therein during the years then ended:

	2015		2014	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding, beginning of year	3,578,805	CA\$ 6.83	6,758,280	CA\$ 5.48
Granted	669,415	34.36	-	-
Exercised	(1,730,309)	5.88	(3,167,925)	3.95
Forfeited	-	-	(11,550)	6.74
Outstanding, end of year	<b>2,517,911</b>	<b>14.80</b>	<b>3,578,805</b>	<b>6.83</b>
Exercisable stock options, end of year	<b>1,940,379</b>	<b>9.38</b>	<b>3,515,805</b>	<b>6.67</b>

For options exercised in fiscal 2015, the weighted average share price at the date of exercise was CA\$47.88 (CA\$21.84 in 2014).

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 26, 2015 and April 27, 2014  
(in millions of US dollars, except share and stock option data)

The following table presents information on the stock options outstanding and exercisable as at April 26, 2015:

Range of exercise prices	Options outstanding			Options exercisable		
	Number of stock options outstanding as at April 26, 2015	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 26, 2015	Weighted average exercise price	CA\$
CA\$			CA\$			CA\$
4 – 5	187,205	3.45	4.61	187,205	4.61	4.61
5 – 6	561,000	4.19	5.98	561,000	5.98	5.98
6 – 9	995,291	1.59	8.43	995,291	8.43	8.43
9 – 16	105,000	7.27	15.87	63,000	15.87	15.87
16 – 35	669,415	9.42	34.36	133,883	34.36	34.36
	<u>2,517,911</u>		14.80	<u>1,940,379</u>		9.38

The fair value of stock options granted is estimated at the grant date using the Black-Scholes option pricing model on the basis of the following weighted average assumptions for the stock options granted during the year:

	2015
Expected dividends (per share)	CA\$0.18
Expected volatility	29.03%
Risk-free interest rate	1.68%
Expected life	8 years

The weighted average fair value of stock options granted was CA\$11.55 in 2015. No stock options were granted in 2014.

For 2015, compensation cost charged to the consolidated statements of earnings amounts to \$3.0 (\$0.3 in 2014).

### Deferred Share Unit Plan

The Corporation has a Deferred Share Unit Plan for the benefit of its external directors allowing them, at their option, to receive all or a portion of their annual compensation and directors' fee in the form of Deferred Share Units ("DSU"). A DSU is a notional unit, equivalent in value to the Corporation's Class B share. Upon leaving the Board of Directors, participants are entitled to receive the payment of their cumulated DSUs either a) in the form of cash based on the price of the Corporation's Class B shares as traded on the open market on the date of payment, or b) in Class B shares bought by the Corporation on the open market on behalf of the participant.

The DSU expense and the related liability are recorded at the grant date. The liability is adjusted periodically to reflect any variation in the market value of the Class B shares. As at April 26, 2015, the Corporation has a total of 240,961 DSUs outstanding (221,551 as at April 27, 2014) and an obligation of \$9.6 (\$6.1 as at April 27, 2014) is recorded in deferred credits and other liabilities. The obligation is subject to an embedded total return swap (Note 28). The compensation cost amounts to \$4.3 in 2015 (\$2.6 in 2014).

### Phantom Stock Units

The Corporation has a Phantom Stock Units ("PSU") Plan allowing the Board of Directors, through its Human Resources and Corporate Governance Committee, to grant PSUs to the officers and selected key employees of the Corporation (the "Participants"). A PSU is a notional unit whose value is based on the weighted average reported closing price for a board lot of the Corporation's Class B subordinated voting share (the "Class B share") on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The PSU provides the Participant with the opportunity to earn a cash award. Each PSU initially granted vests no later than one day prior to the third anniversary of the grant date subject namely to the achievement of performance objectives of the Corporation, based on external and internal benchmarks, over a three-year performance period. PSUs are not dilutive since they are payable solely in cash.

The table below presents the status of the Corporation's PSU plan as at April 26, 2015 and April 27, 2014 and the changes therein during the years then ended in number of units:

	2015	2014
Outstanding, beginning of year	1,251,537	1,507,935
Granted	334,278	274,740
Paid	(273,819)	(326,904)
Cancelled	(99,364)	(204,234)
Outstanding, end of year	<u>1,212,632</u>	<u>1,251,537</u>

As at April 26, 2015, an obligation of \$21.9 is recorded in accounts payable and accrued liabilities (\$7.5 in 2014) and \$9.5 is recorded in Deferred credits and other liabilities (\$11.4 as at April 27, 2014). The obligation is subject to an embedded total return swap (Note 28). For 2015, the compensation cost amounts to \$6.5 (\$4.5 for 2014).



## Notes to the Consolidated Financial Statements

For the fiscal years ended April 26, 2015 and April 27, 2014  
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### 26. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

As at April 26, 2015

	Attributable to shareholders of the Corporation					
	Items that may be reclassified to earnings				Will never be reclassified to earnings	
	Cumulative translation adjustments	Net investment hedge	Net interest on net investment hedge	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive loss
	\$	\$	\$	\$	\$	\$
Balance, before income taxes	(554.8)	(161.6)	6.1	7.0	(43.5)	(746.8)
Less: Income taxes	-	0.3	1.7	1.5	(11.7)	(8.2)
<b>Balance, net of income taxes</b>	<b>(554.8)</b>	<b>(161.9)</b>	<b>4.4</b>	<b>5.5</b>	<b>(31.8)</b>	<b>(738.6)</b>

As at April 27, 2014

	Attributable to shareholders of the Corporation					
	Items that may be reclassified to earnings				Will never be reclassified to earnings	
	Cumulative translation adjustments	Net investment hedge	Net interest on net investment hedge	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive income
	\$	\$	\$	\$	\$	\$
Balance, before income taxes	246.7	(73.9)	6.1	4.4	(6.8)	176.5
Less: Income taxes	-	(11.3)	1.7	1.0	(1.8)	(10.4)
<b>Balance, net of income taxes</b>	<b>246.7</b>	<b>(62.6)</b>	<b>4.4</b>	<b>3.4</b>	<b>(5.0)</b>	<b>186.9</b>

### 27. EMPLOYEE FUTURE BENEFITS

The Corporation has a number of funded and unfunded defined benefit and defined contribution plans that provide retirement benefits to certain employees.

#### Defined benefit plans

The Corporation measures its accrued defined benefit obligation and the fair value of plan assets for accounting purposes on the last Sunday of April of each year.

The Corporation has defined benefit plans in Canada, the United States, Norway and Sweden. Those plans provide benefits based on average earnings at retirement, or based on the years with the highest salaries, and the number of years of service. The most recent actuarial valuation of the pension plans for funding purposes was as at December 31, 2014 and the next required valuation will be as at December 31, 2015.

Some plans include benefits adjustments in line with the consumer price index whereas most of them do not provide such adjustments. The majority of the benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where the Corporation meets the benefit payment obligation as it falls due. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the Corporation and the trustees and their composition. Responsibility for governance of the plans, investment decisions and contribution schedules lies jointly with the plan committees and the Corporation.

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 26, 2015 and April 27, 2014  
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Information about the Corporation's defined benefit plans, in aggregate, is as follows:

	2015	2014
	\$	\$
<b>Present value of accrued defined benefit obligation</b>		
Balance, beginning of year	452.7	458.6
Current service cost	15.8	18.7
Interest cost	14.9	17.2
Benefits paid	(23.0)	(24.0)
Loss from change in demographic assumptions	0.4	5.3
Loss (gain) from change in financial assumptions	93.0	(1.1)
Experience gains	(23.0)	(7.3)
Curtailement gain	(2.6)	(0.9)
Disposal of business	(8.1)	-
Effect of exchange rate fluctuations	(107.5)	(13.8)
Balance, end of year	<u>412.6</u>	<u>452.7</u>
<b>Plans' assets</b>		
Fair value, beginning of year	362.9	371.0
Interest income	11.5	13.3
Return on assets (excluding amounts included in interest income)	33.7	(2.8)
Employer contributions	10.3	11.8
Benefits paid	(19.8)	(21.3)
Administrative expenses	(0.1)	(0.3)
Disposal of business	(6.6)	-
Effect of exchange rate fluctuations	(88.1)	(8.8)
Fair value, end of year	<u>303.8</u>	<u>362.9</u>

Reconciliation of the funded status of the benefit plans to the amount recorded in the consolidated financial statements:

	2015	2014
	\$	\$
Present value of defined benefit obligation for funded pension plans	(311.3)	(347.5)
Fair value of plans' assets	303.8	362.9
Net funded status of funded plans – net (deficit) surplus	(7.5)	15.4
Present value of defined benefit obligation for unfunded pension plans	(101.3)	(105.2)
Net accrued pension benefit liability	<u>(108.8)</u>	<u>(89.8)</u>

The pension benefit asset of \$17.8 (\$30.0 as at April 27, 2014) is included in Other assets and the pension benefit liability of \$126.6 (\$119.8 as at April 27, 2014) is presented separately in the consolidated balance sheets.

The defined benefit obligation and plan assets are composed by country as follows:

	Canada	United States	Norway	Sweden	Total
	\$	\$	\$	\$	\$
<b>2015</b>					
Present value of defined benefit obligation	(61.6)	(10.7)	(218.8)	(121.5)	(412.6)
Fair value of plans' assets	23.7	-	145.6	134.5	303.8
Funded status of plan – (deficit) surplus	<u>(37.9)</u>	<u>(10.7)</u>	<u>(73.2)</u>	<u>13.0</u>	<u>(108.8)</u>
<b>2014</b>					
Present value of defined benefit obligation	(62.8)	(6.4)	(261.2)	(122.3)	(452.7)
Fair value of plans' assets	24.9	-	198.8	139.2	362.9
Funded status of plan – (deficit) surplus	<u>(37.9)</u>	<u>(6.4)</u>	<u>(62.4)</u>	<u>16.9</u>	<u>(89.8)</u>

As at the measurement date, plans' assets consist of:

	2015				2014			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	\$	\$	\$		\$	\$	\$	
Cash and cash equivalents	-	-	-	-	11.0	-	11.0	3.0
Equity securities	92.9	4.4	97.3	32.0	96.3	6.1	102.4	28.2
Debt instruments								
Government	82.5	-	82.5	27.2	86.2	-	86.2	23.8
Corporate	53.3	46.3	99.6	32.8	51.7	78.9	130.6	36.0
Real estate	-	16.6	16.6	5.5	-	21.4	21.4	5.9
Other assets	5.9	1.9	7.8	2.5	6.2	5.1	11.3	3.1
Total	<u>234.6</u>	<u>69.2</u>	<u>303.8</u>	<u>100.0</u>	<u>251.4</u>	<u>111.5</u>	<u>362.9</u>	<u>100.0</u>

## Notes to the Consolidated Financial Statements

For the fiscal years ended April 26, 2015 and April 27, 2014  
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The Corporation's pension benefit expense for the fiscal year is determined as follows:

	2015	2014
	\$	\$
Current service cost, net of employee contributions	15.8	19.6
Administrative expenses	0.1	0.3
Pension expense for the year	15.9	19.9
Net interest expense	3.4	3.9
Curtailment gain	(2.6)	(0.9)
Amount recognized in earnings for the year	16.7	22.9

The pension expense for the year is included in Operating, selling, administrative and general expenses in the consolidated statement of earnings. The curtailment gain is presented separately in the consolidated statement of earnings while the net interest expense is included in Financial expenses.

The amount recognized in Other comprehensive income for the fiscal year is determined as follows:

	2015	2014
	\$	\$
Loss from change in demographic assumptions	0.4	5.4
Loss (gain) from change in financial assumptions	93.0	(1.1)
Experience gain	(23.0)	(7.3)
Return on asset (excluding amounts included in interest income)	(33.7)	2.7
Amount recognized in Other comprehensive income	36.7	(0.3)

The Corporation expects to make a contribution of \$9.1 to the defined benefit plans during the next financial year.

The significant weighted average actuarial assumptions which management considers the most likely to determine the accrued benefit obligations and the pension expense are the following:

	2015				2014			
	Canada	United States	Norway	Sweden	Canada	United States	Norway	Sweden
Discount rate	3.75	3.75	2.50	2.00	4.35	4.35	3.75	3.50
Rate of compensation increase	3.70	4.00	2.75	2.75	3.70	4.00	3.50	2.75
Rate of benefit increase	2.00	2.00	0.55	1.50	2.25	2.25	0.75	1.50
Rate of social security base amount increase (G-amount)	-	-	2.50	2.75	-	-	3.25	2.75

The Corporation uses mortality tables provided by regulatory authorities and actuarial associations in each country. In 2014, a new mortality table was published by The Canadian Institute of Actuaries affecting the defined benefit obligation in North America. The G-amount is the expected increase of pensions paid from the state. In some European countries, the Corporation is responsible for the difference between what the pensioners receive from the state and the entitled pension based on their salary at the time of retirement.

The weighted average duration of the defined benefit obligation of the Corporation is 20 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal actuarial assumptions is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 9.5%	Increase by 11.0%
Rate of compensation increase	0.50%	Increase by 3.2%	Decrease by 3.0%
Rate of benefit increase	0.50%	Increase by 9.2%	Decrease by 8.7%
Increase of life expectancy	1 year	Increase by 3.9%	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, because changes in some of the assumptions may be correlated. When calculating the above sensitivity analyses, the same method has been applied as when calculating the pension liability recognized in the consolidated balance sheets.

Through its defined benefit pension plans, the Corporation is exposed to the following risks:

**Asset returns:** The value of the plans' defined benefit obligations is calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. All of the capitalized plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term. Furthermore, the Corporation actively monitors the performance of the assets to ensure the expected return. To mitigate the risks of assets underperforming, investment policies require a diversified portfolio that spreads risk across different types of instruments.

**Changes in bond yields:** A decrease in corporate bond yields will increase plan defined benefit obligations. However, this same decrease will increase existing bond values held by the various plans.

**Change in demographic assumptions:** A change in demographic assumptions (rate of salary increase or pension increase, change in mortality table) will increase or decrease the obligation.

For funded plans, the individual plans have investment policy objectives to have investment average duration in line with the average expected life of the obligation and scheduled benefits payments. The Corporation and the trustees actively monitor the duration and the expected yield of the investments to ensure they match the expected cash outflows arising from the pension benefits payments. Also, as presented above, to

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mitigate the risks, the investments are well diversified. The Corporation does not use derivatives to offset its risk and has not changed the processes from the previous fiscal year.

In Europe, it is the Corporation's responsibility to make contributions or not to the defined benefit plans. The Corporation contributes to these plans except when they are overcapitalized. For funded plans that are running a deficit, the Corporation makes payments based on the actuaries' recommendations and existing regulations. The Corporation is committed to making special payments in the coming years to eliminate the deficit. These contributions have no significant impact on the Corporation's cash flows. The Corporation does not have a funded plan in the United States.

The Corporation recorded a curtailment gain on its pension obligation on some of its defined benefit pension plans. This curtailment results from the Corporation's European segment's planned restructuring and from the disposal of the aviation fuel business (Note 5).

### Defined contribution plans

The Corporation's total pension expense under its defined contribution plans and mandatory governmental plans for 2015 is \$66.4 (\$66.9 in 2014).

### Deferred compensation plan – United States operations

The Corporation sponsors a deferred compensation plan that allows certain employees in its US operations to defer up to 25.0% of their base salary and 100.0% of their cash bonuses for any given year. Interest accrued on the deferral and amounts due to the participants are generally payable on retirement, except in certain limited circumstances. Obligations under this plan amount to \$26.6 as at April 26, 2015 (\$22.6 as at April 27, 2014) and are included in Deferred credits and other liabilities.

## 28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

### Financial risk management objectives and policies

The Corporation's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk, liquidity risk and price risk. The Corporation uses forward contracts to hedge certain risk exposures, primarily foreign currency and price risk as well as a cross currency interest rate swap to hedge its foreign currency risk related to its net investment in its US operations.

### Foreign currency risk

A large portion of the Corporation's consolidated revenues and expenses are received or denominated in the functional currency of the markets in which it does business. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The Corporation is exposed to foreign currency risk with respect to its long-term debt denominated in US dollars and the cross currency interest rate swaps, all of which are designated as net investment hedges. As at April 26, 2015, with all other variables held constant, a hypothetical variation of 5.0% of the US dollar against the Canadian dollar would have had a net impact of \$84.2 on other comprehensive income. Given the Corporation has adopted the US dollar as its reporting currency; these impacts are compensated by the translation of the Canadian dollar consolidated financial statements to the US dollar.

### Interest rate risk

The Corporation's fixed rate long-term debt is exposed to a risk of change in fair value due to changes in interest rates. As at April 26, 2015, the Corporation did not hold any derivative instruments to mitigate this risk.

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on its variable rate long-term debt. As at April 26, 2015, the Corporation did not hold any derivative instruments to mitigate this risk. The Corporation analyzes its cash flow exposure on an ongoing basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on net earnings of a defined interest rate shift. Based on variable rate long-term debt balances as at April 26, 2015, the annual impact on net earnings of a 1.0% shift in interest rates would have been \$13.4 (\$9.9 based on balances as at April 27, 2014).

### Credit risk

The Corporation is exposed to credit risk with respect to Cash and cash equivalents, Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable, the investment contract including an embedded total return swap and the cross-currency interest rate swaps when their fair value is favorable to the Corporation.

Key elements of the Corporation's credit risk management approach include credit risk policies, credit mandates, an internal credit rating process, credit risk mitigation tools and continuous monitoring and management of credit exposures. Prior to entering into transactions with new counterparties, the Corporation's credit policy requires counterparties to be formally identified, approved, and assigned internal credit ratings as well as exposure limits. Once established, counterparties are re-assessed according to policy and monitored continuously. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial statements, when available, and other relevant business information. In addition, the Corporation evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The internal credit ratings reflect the Corporation's assessment of the counterparties' credit risk. The Corporation has maximum credit exposures for individual counterparties. The Corporation monitors outstanding balances and individual exposures against limits on a regular basis.

Credit risk related to Trade accounts receivable and vendor rebates receivable related to convenience stores' operations is limited considering the nature of the Corporation's activities and its counterparties. As at April 26, 2015, no single creditor accounted for over 10.0% of total Trade accounts receivable and vendor rebates receivable and the related maximum credit risk exposure corresponds to their carrying amount.

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The Corporation mitigates the credit risk related to Cash and cash equivalents and Credit and debit cards receivable by dealing with major financial institutions that have very low or minimal credit risk. As at April 26, 2015, the maximum credit risk exposure related to Cash and cash equivalents and Credit and debit cards receivable corresponds to their carrying amount in addition to the credit risk exposure related to the Statoil/MasterCard credit cards as described below.

In some European markets, customers can settle their purchases by the use of a combined Statoil/MasterCard credit card. The Corporation has entered into agreements whereby the risks and rewards related to the credit cards, such as fee income, administration expenses and bad debt, are shared between the Corporation and external banks. Outstanding balances are charged to the customer monthly. The Corporation's exposure as at April 26, 2015 relates to receivables of \$183.0, of which \$90.4 was interest bearing. These receivables are not recognized in the Corporation's consolidated balance sheets. For fiscal 2015, the expensed losses were not significant. In light of accurate credit assessments and continuous monitoring of outstanding balances, the Corporation believes that the credits do not represent any significant risk. The income and risks related to these arrangements with the banks are reported, settled and accounted for on a monthly basis.

The Corporation is exposed to credit risk arising from the financial instrument containing an embedded total return swap and from the cross-currency interest rate swaps when these swaps are favorable to the Corporation. In accordance with its risk management policy, to reduce this risk, the Corporation has entered into these swaps with major financial institutions with a very low credit risk.

### Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its obligations associated with financial liabilities and lease commitments. The Corporation is exposed to this risk mainly through its Long-term debt, Accounts payable and accrued expenses and lease agreements. The Corporation's liquidities are provided mainly by cash flows from operating activities and borrowings available under its revolving credit facilities.

On an ongoing basis, the Corporation monitors rolling forecasts of its liquidity reserve on the basis of expected cash flows taking into account operating needs, tax situation and capital requirements and ensures that it has sufficient flexibility under its available liquidity resources to meet its obligations.

The contractual maturities of financial liabilities and their related interest as at April 26, 2015 are as follows:

	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	More than five years
	\$	\$	\$	\$	\$	\$
Non-derivative financial liabilities <sup>(1)</sup>						
Accounts payable and accrued liabilities <sup>(2)</sup>	1,656.3	1,656.3	1,656.3	-	-	-
Senior unsecured notes	1,064.2	1,257.2	37.7	37.7	706.0	475.8
Term revolving unsecured operating credit D	1,837.2	1,905.6	19.1	19.1	1,867.4	-
NOK fixed-rate bonds	1.7	2.0	0.1	0.1	1.8	-
NOK floating-rate bonds	1.9	2.1	0.1	2.0	-	-
Other long-term debt	169.6	322.5	39.1	51.3	82.7	149.4
Cross-currency interest rate swaps to pay	-	1,140.2	27.2	27.2	812.6	273.2
Cross-currency interest rate swaps to receive	-	(1,133.6)	(27.3)	(27.3)	(808.6)	(270.4)
	4,730.9	5,152.3	1,752.3	110.1	2,661.9	628.0

(1) Based on spot rates, as at April 26, 2015, for balances in Canadian dollars, in NOK and balances bearing interest at variable rates.

(2) Excludes deferred credits as well as statutory accounts payable and accrued liabilities such as sales taxes, excise taxes and property taxes.

### Price risk

The Corporation's sales of refined oil products, which include road transportation fuel, stationary energy and lubricants, constitute a material share of its gross profit. As a result, its business, financial position, results of operation and cash flows are affected by changes in the commodity prices of such products. The Corporation seeks to pass on any changes in purchase prices to its customers by adjusting sales prices to reflect changes in refined oil products prices. The time lag between a change in refined oil products prices and a change of prices of fuel sold by the Corporation can impact the gross margin on sales of these products. As at April 26, 2015, the Corporation did not hold any derivative instruments to mitigate this risk.

The Corporation's obligations related to its PSU Plan and DSU Plan create a form of price risk as the recorded amounts of the related liabilities fluctuate in part with the fair value of the Corporation's Class B shares. To mitigate this risk, the Corporation has entered into a financial arrangement with an investment grade financial institution which includes an embedded total return swap with an underlying representing Class B shares recorded at fair market value on the consolidated balance sheets under Other assets. The financial arrangement is adjusted as needed to reflect new awards, adjustments and/or settlements of PSUs and DSUs. As at April 26, 2015, the impact on net earnings or shareholders' equity of a 5.0% shift of the value of the contract would not have been significant.

### Fair values

The fair value of Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable and Accounts payable and accrued liabilities is comparable to their carrying amount given their short maturity. The fair value of Obligations related to buildings and equipment under finance leases is comparable to its carrying amount given that rent is generally at market value. The carrying value of the Term revolving unsecured operating credits and Unsecured non-revolving acquisition credit (as at April 27, 2014) approximate their respective fair values given that their credit spread is similar to the credit spread the Corporation would obtain in similar conditions at the reporting date.

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## Fair value hierarchy

Fair value measurements are categorized in accordance with the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 but that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

The estimated fair value of each class of financial instruments, the methods and assumptions that were used to determine it and their fair value hierarchy are as follows:

- The fair value of the investment contract including an embedded total return swap, which is mainly based on the fair market value of the Corporation's Class B shares is \$54.7 as at April 26, 2015 (\$36.6 as at April 27, 2014) (Level 2);
- The fair value of the senior unsecured notes, which is based on observable market data, is \$1,128.8 as at April 26, 2015 (\$1,191.5 as at April 27, 2014) (Level 2);
- The fair value of the cross-currency interest rate swaps, which is determined based on market rates obtained from the Corporation's financial institutions for similar financial instruments is \$161.6 as at April 26, 2015 (\$73.9 as at April 27, 2014) (Level 2). They are presented as other financial liabilities on the consolidated balance sheets.

## Capital risk management

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital. The Corporation's capital comprises total Shareholders' equity and net interest-bearing debt. Net interest-bearing debt refers to Long-term debt and its current portion, net of Cash and cash equivalents and temporary investments, if any.

In order to maintain or adjust its capital structure, the Corporation may issue new shares, redeem its shares, sell assets to reduce debt or adjust the amount of dividends paid to shareholders (Notes 20 and 24).

In its capital structure, the Corporation considers its stock option, PSU and DSU plans (Note 25). From time to time, the Corporation uses share repurchase programs to achieve its capital management objectives.

The Corporation monitors capital on the basis of the net interest-bearing debt to total capitalization ratio and also monitors its credit ratings as determined by third parties. As at the consolidated balance sheets date, the net interest-bearing debt to total capitalization ratio was as follows:

	2015	2014
	\$	\$
Current portion of long-term debt	21.3	20.3
Long-term debt	3,053.3	2,586.1
Less: Cash and cash equivalents	575.8	511.1
Net interest-bearing debt	2,498.8	2,095.3
Shareholders' equity	3,892.6	3,962.4
Net interest-bearing debt	2,498.8	2,095.3
Total capitalization	6,391.4	6,057.7
Net interest-bearing debt to total capitalization ratio	39.1%	34.6%

Under its term revolving unsecured operating credits, the Corporation must meet the following ratios on a consolidated basis:

- A leverage ratio, which is the ratio of total Long-term debt less Cash and cash equivalents to EBITDA for the four most recent quarters. EBITDA is a non-IFRS measure;
- An interest coverage ratio, which is the ratio of EBITDA for the four most recent quarters to the total interest paid in the same periods. EBITDA is a non-IFRS measure.

The Corporation monitors these ratios regularly and is in compliance with these covenants.

The Corporation is not subject to any other significant externally imposed capital requirement.

## 29. CONTRACTUAL OBLIGATIONS

### Minimum lease payments

As at April 26, 2015, the Corporation has entered into operating lease agreements expiring on various dates until 2040 which call for aggregate minimum lease payments of \$2,762.7 for the rental of commercial space, equipment and a warehouse. Several of these leases contain renewal options and certain sites are subleased to third parties. The minimum lease payments for the next fiscal years are as follows:

	\$
Less than one year	384.0
One to five years	1,255.8
More than five years	1,122.9

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As at April 26, 2015, the total amount of future minimum sublease payments expected to be received under sublease agreements related to these operating leases is \$57.1.

### Purchase commitments

The Corporation has entered into various product purchase agreements which require it to purchase minimum amounts or quantities of merchandise and road transportation fuel annually. The Corporation has generally exceeded such minimum requirements in the past and expects to continue doing so for the foreseeable future. Failure to satisfy the minimum purchase requirements could result in termination of the contracts, change in pricing of the products, payments to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received.

## 30. CONTINGENCIES AND GUARANTEES

### Contingencies

Various claims and legal proceedings have been initiated against the Corporation in the normal course of its operations and through acquisitions. Although the outcome of such matters is not predictable with assurance, the Corporation has no reason to believe that the outcome of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or the ability to carry on any of its business activities.

### Guarantees

The Corporation assigned a number of lease agreements for premises to third parties. Under some of these agreements, the Corporation retains ultimate responsibility to the landlord for payment of amounts under the lease agreements should the sublessees fail to pay. As at April 26, 2015, the total future lease payments under such agreements are approximately \$1.8 and the fair value of the guarantee is not significant. Historically, the Corporation has not made any significant payments in connection with these indemnification provisions.

Also, in Europe, the Corporation has issued guarantees to third parties and on behalf of third parties for maximum undiscounted future payments totalling \$13.4. These guarantees mainly relate to commitments under financial guarantees for car rental agreements and on behalf of retailers in Sweden. Guarantees on behalf of retailers in Sweden comprise items such as guarantees towards retailers' car washes and store inventory, in addition to guarantees towards suppliers of electricity and heating. The carrying amount and fair value of the guarantee commitments recognized in the consolidated balance sheet as at April 26, 2015 were not significant.

## 31. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, Europe and Canada. It essentially operates in one reportable segment, the sale of goods for immediate consumption, road transportation fuel and other products mainly through corporate stores and franchise operations. The Corporation operates its convenience store and road transportation fuel retailing chain under several banners, including Circle K, Statoil, Kangaroo Express, Couche-Tard and Mac's. Revenues from external customers fall mainly into three categories: merchandise and services, road transportation fuel and other.

Information on the principal revenue classes as well as geographic information is as follows:

	2015				2014			
	US	Europe	Canada	Total	US	Europe	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>External customer revenues<sup>(a)</sup></b>								
Merchandise and services	5,311.0	990.4	1,974.4	8,275.8	4,821.7	1,048.4	2,082.7	7,952.8
Road transportation fuel	14,599.0	7,111.0	2,571.9	24,281.9	15,493.3	8,824.9	2,890.6	27,208.8
Other	16.0	1,955.7	0.5	1,972.2	14.7	2,784.7	1.1	2,800.5
	<b>19,926.0</b>	<b>10,057.1</b>	<b>4,546.8</b>	<b>34,529.9</b>	<b>20,329.7</b>	<b>12,658.0</b>	<b>4,974.4</b>	<b>37,962.1</b>
<b>Gross profit</b>								
Merchandise and services	1,748.4	408.2	649.2	2,805.8	1,575.8	434.2	689.3	2,699.3
Road transportation fuel	1,093.3	870.9	164.4	2,128.6	796.1	928.8	163.5	1,888.4
Other	16.0	317.1	0.5	333.6	14.7	384.6	1.1	400.4
	<b>2,857.7</b>	<b>1,596.2</b>	<b>814.1</b>	<b>5,268.0</b>	<b>2,386.6</b>	<b>1,747.6</b>	<b>853.9</b>	<b>4,988.1</b>
Total long-term assets <sup>(b)</sup>	<b>4,686.2</b>	<b>2,773.6</b>	<b>556.6</b>	<b>8,016.4</b>	<b>2,862.2</b>	<b>3,769.9</b>	<b>591.2</b>	<b>7,223.3</b>

(a) Geographic areas are determined according to where the Corporation generates operating income (where the sale takes place) and according to the location of the long-term assets.

(b) Excluding financial instruments, deferred tax assets and post-employment benefit assets.

## 32. SUBSEQUENT EVENTS

### Acquisition

On June 2, 2015, the Corporation acquired from Cinco J, Inc., Tiger Tote Food Stores, Inc., and their affiliates 21 company-operated stores in the US states of Texas, Mississippi and Louisiana. The Corporation owns the land and buildings for 18 sites and leases the land and owns the buildings for the remaining three sites. As part of this agreement, the Corporation also acquired 141 dealer fuel supply agreements and five development properties in addition to acquiring customer relations for 124 dealer sites.

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### Dividends

During its July 14, 2015 meeting, the Corporation's Board of Directors (the "Board") declared a dividend of CA\$0.055 per share to shareholders on record as at July 23, 2015 and approved its payment for August 6, 2015.

### Issuance of Canadian dollar denominated senior unsecured notes

On June 2, 2015, the Corporation proceeded with the issuance of Canadian dollar denominated senior unsecured notes totaling CA\$ 700.0 with a coupon rate of 3.6% and maturing on June 2, 2025. Interest is payable semi-annually on June 2<sup>nd</sup> and December 2<sup>nd</sup> of each year. The net proceeds from the issuance were mainly used to repay a portion of the Corporation's term revolving unsecured operating credit facility.

### Cross-currency interest rate swaps

Between June 12, 2015 and June 19, 2015, following the issuance of notes detailed above, the Corporation entered into cross-currency interest rate swap agreements for a total notional amount of CA\$700.0, allowing it to synthetically convert a portion of its Canadian dollar denominated debt into US dollars.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity
CA\$175.0	3.6%	US\$142.2	3.8099%	June 2, 2025
CA\$175.0	3.6%	US\$142.7	3.8650%	June 2, 2025
CA\$100.0	3.6%	US\$81.2	3.8540%	June 2, 2025
CA\$100.0	3.6%	US\$81.2	3.8700%	June 2, 2025
CA\$100.0	3.6%	US\$81.2	3.8570%	June 2, 2025
CA\$50.0	3.6%	US\$41.3	3.8230%	June 2, 2025