

Fiscal Year 2013

Alimentation Couche-Tard Inc.
Consolidated Financial Statements
April 28, 2013

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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 the Handbook of the Canadian Institute of Chartered Accountants – Part I, 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 28, 2013 and April 29, 2012 were audited by PricewaterhouseCoopers LLP, chartered professional accountants, and their report indicates the extent of their audit and their opinion on the consolidated financial statements.

July 9, 2013

/s/ Alain Bouchard

Alain Bouchard
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 28, 2013. The framework on which such evaluation was based is contained in the report entitled *Internal Control - Integrated Framework* 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 June 19, 2012, the Corporation acquired Statoil, Fuel & Retail ASA ("SFR"). Management excluded from its evaluation of the effectiveness of our internal control over financial reporting, SFR's internal control over financial reporting. SFR's results since the acquisition date are included in the Corporation's consolidated financial statements and constituted approximately 55.0% of total consolidated assets as of April 28, 2013, approximately 31.0% of consolidated revenues and 17.0% of consolidated net earnings for the fiscal year then ended. Refer to note 4 to the consolidated financial statements for a discussion of this acquisition. Based on this evaluation, management concluded that Alimentation Couche-Tard Inc.'s internal control over financial reporting was effective as at April 28, 2013.

PricewaterhouseCoopers LLP, chartered professional accountants, audited the effectiveness of Alimentation Couche-Tard Inc.'s internal control over financial reporting as at April 28, 2013 and have issued their unqualified opinion thereon, which is included herein.

July 9, 2013

/s/ Alain Bouchard

Alain Bouchard
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 9, 2013

We have completed integrated audits of Alimentation Couche-Tard Inc. and its subsidiaries' consolidated financial statements for the fiscal year ended April 28, 2013 and April 29, 2012 and its internal control over financial reporting as at April 28, 2013. Our opinions, based on our audits, are presented below.

Consolidated financial statements

We have audited the accompanying consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries, which comprise the consolidated balance sheets as at April 28, 2013 and April 29, 2012 and the consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for the fiscal years ended April 28, 2013 and April 29, 2012, 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 audits 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 company'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 28, 2013 and April 29, 2012 and their financial performance and their cash flows for fiscal years ended April 28, 2013 and April 29, 2012 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 28, 2013.

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 company's internal control over financial reporting was effectively maintained in accordance with criteria established in *Internal Control - Integrated Framework*, 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 CICA 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 consider necessary in the circumstances.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Statoil, Fuel & Retail ASA, which is included in the 2013 consolidated financial statements of Alimentation Couche-Tard Inc., and constituted approximately 55.0% of total assets as of April 28, 2013, approximately 31.0% of revenue, and approximately 17.0% of net earnings for the fiscal year ended April 28, 2013. 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 Statoil, Fuel & Retail ASA.

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 Canadian generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company'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 28, 2013 in accordance with criteria established in *Internal Control - Integrated Framework*, 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*¹

PricewaterhouseCoopers LLP¹

Montreal, Canada

¹ CPA auditor, CA, public accountancy permit No. A119427

Consolidated Statements of Earnings

For the fiscal years ended April 28, 2013 and April 29, 2012
(in millions of US dollars (Note 2), except per share amounts)

	2013 (52 weeks)	2012 (53 weeks)
	\$	\$
Revenues	35,543.4	22,980.3
Cost of sales	30,933.8	20,005.2
Gross profit	4,609.6	2,975.1
Operating, selling, administrative and general expenses (Note 6)	3,235.2	2,155.6
Restructuring costs (Note 22)	34.0	-
Curtailment gain on defined benefits pension plans obligation (Note 25)	(19.4)	-
Depreciation, amortization and impairment of property and equipment, intangible and other assets	521.1	239.8
	3,770.9	2,395.4
Operating income	838.7	579.7
Share of earnings of joint ventures and associated companies accounted for using the equity method (Note 5)	15.8	21.6
Financial expenses	118.0	15.6
Financial revenues	(9.9)	(1.2)
Loss (gain) on foreign exchange forward contracts (Note 26)	102.9	(17.0)
Foreign exchange gain from currency conversion	(3.2)	-
Net financial expenses (revenues) (Note 8)	207.8	(2.6)
Earnings before income taxes	646.7	603.9
Income taxes (Note 9)	73.9	146.3
Net earnings	572.8	457.6
Net earnings per share (Note 10)		
Basic	3.10	2.54
Diluted	3.07	2.49

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

Consolidated Statements of Comprehensive Income

For the fiscal years ended April 28, 2013 and April 29, 2012

(in millions of US dollars (Note 2), except per share amounts)

	2013 (52 weeks)	2012 (53 weeks)
	\$	\$
Net earnings	572.8	457.6
Other comprehensive income		
Translation adjustments		
Changes in cumulative translation adjustments ⁽¹⁾	183.3	(26.4)
Change in fair value of financial instruments designated as a hedge of the Corporation's net investment in its U.S. operations ⁽²⁾	(16.9)	-
Net interest on financial instruments designated as a hedge of the Corporation's net investment in its U.S. operations ⁽³⁾	1.8	-
Cash flow hedges		
Change in fair value of financial instruments ⁽⁴⁾ (Note 26)	7.6	5.9
Gain realized on financial instruments transferred to earnings ⁽⁵⁾ (Note 26)	(7.8)	(5.1)
Available-for-sale financial instrument		
Gain realized on the disposal of a financial instrument transferred to earnings ⁽⁶⁾	-	(0.6)
Net actuarial gain (loss) (Note 25) ⁽⁷⁾	1.0	(4.9)
Other comprehensive income (loss)	169.0	(31.1)
Comprehensive income	741.8	426.5
Comprehensive income attributable to:		
Shareholders of the Corporation	749.7	426.5
Non-controlling interest	(7.9)	-
Comprehensive income	741.8	426.5

(1) For the fiscal years ended April 28, 2013 and April 29, 2012 these amounts include a gain of \$20.7 and a loss of \$10.5, respectively, arising from the translation of US dollar denominated long-term debt which was previously designated as a foreign exchange hedge of the Corporation's net investment in its US operations (net of income taxes of \$3.2 and \$1.6, respectively).

(2) This amount is net of income taxes of \$3.4.

(3) This amount is net of income taxes of \$0.8.

(4) For the fiscal years ended April 28, 2013 and April 29, 2012 these amounts are net of income taxes of \$2.6 and \$1.9, respectively.

(5) For the fiscal years ended April 28, 2013 and April 29, 2012 these amounts are net of income taxes of \$2.8 and \$1.6, respectively.

(6) This amount is net of income taxes.

(7) For the fiscal years ended April 28, 2013 and April 29, 2012 these amounts are net of income taxes of \$0.3 and \$1.7, 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 28, 2013 and April 29, 2012
(in millions of US dollars (Note 2))

2013
(52 weeks)

	Attributable to shareholders of the Corporation				Total	Non-controlling interest	Total equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income ⁽¹⁾			
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	321.0	17.9	1,826.8	8.9	2,174.6		2,174.6
Comprehensive income:							
Net earnings			572.8		572.8		572.8
Other comprehensive income (loss)				176.9	176.9	(7.9)	169.0
Comprehensive income					749.7	(7.9)	741.8
Dividends			(55.6)		(55.6)		(55.6)
Acquisition of control of Statoil Fuel & Retail ASA (Note 4)					-	487.2	487.2
Acquisition of non-controlling interest in Statoil Fuel & Retail ASA (Note 4)					-	(479.3)	(479.3)
Class B subordinate voting shares issued for cash on public offering, net of transaction costs (2) (Note 23)	337.2				337.2		337.2
Stock option-based compensation expense (Note 24)		2.7			2.7		2.7
Initial fair value of stock options exercised	4.1	(4.1)			-		-
Cash received upon exercise of stock options	8.1				8.1		8.1
Balance, end of year	670.4	16.5	2,344.0	185.8	3,216.7	-	3,216.7

(1) The year-end balance comprises a cumulative translation adjustment gain of \$204.3, a cumulative loss of \$16.9 on financial instruments designated as a hedge of the Corporation's net investment in its U.S. operations (net of income taxes of \$3.5), a cumulative gain of \$1.8 on net interest on financial instruments designated as a hedge of the Corporation's net investment in its U.S. operations (net of income taxes of \$0.8), a cumulative gain of \$1.7 on a financial instrument designated as a cash flow hedge (net of income taxes of \$0.4) and a cumulative net actuarial loss of \$5.1 (net of income taxes of \$2.0).

(2) This amount is net of transaction costs which are net of a related income tax benefit of \$3.8.

2012
(53 weeks)

	Attributable to shareholders of the Corporation				Shareholders' equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income (3)	
	\$	\$	\$	\$	\$
Balance, beginning of year	323.8	19.3	1,596.3	40.0	1,979.4
Comprehensive income:					
Net earnings			457.6		457.6
Other comprehensive income (loss)				(31.1)	(31.1)
Total comprehensive income					426.5
Dividends			(49.8)		(49.8)
Stock option-based compensation expense (Note 24)		0.4			0.4
Initial fair value of stock options exercised	1.8	(1.8)			-
Cash received upon exercise of stock options	19.2				19.2
Repurchase and cancellation of shares (Note 23)	(23.8)				(23.8)
Excess of acquisition cost over book value of Class A multiple voting shares and Class B subordinate voting shares repurchased and cancelled			(177.3)		(177.3)
Balance, end of year	321.0	17.9	1,826.8	8.9	2,174.6

(1) The year-end balance comprises a cumulative translation adjustment gain of \$13.1, a cumulative gain of \$1.9 on a financial instrument designated as a cash flow hedge (net of income taxes of \$0.6) and a cumulative net actuarial loss of \$6.1 (net of income taxes of \$2.3).

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

Consolidated Statements of Cash Flows

For the fiscal years ended April 28, 2013 and April 29, 2012

(in millions of US dollars (Note 2))

	2013 (52 weeks)	2012 (53 weeks)
	\$	\$
Operating activities		
Net earnings	572.8	457.6
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, amortization and impairment of property and equipment, intangible and other assets, net of amortization of deferred credits	486.3	199.7
Deferred income taxes	(122.1)	24.2
Loss (gain) on foreign exchange forward contracts (Note 26)	102.9	(17.0)
Restructuring costs (Note 22)	34.0	-
Curtailment gain on defined benefits pension plans obligation (Note 25)	(19.4)	-
Deferred credits	17.3	10.7
Share of earnings of joint ventures and associated companies accounted for using the equity method, net of dividends received (Note 5)	(9.6)	(16.8)
Loss on disposal of property and equipment and other assets	8.3	9.8
Negative goodwill (Note 4)	(4.4)	(6.9)
Other	26.4	17.8
Changes in non-cash working capital (Note 11)	68.9	84.7
Net cash provided by operating activities	1,161.4	763.8
Investing activities		
Business acquisitions (Note 4)	(2,644.6)	(380.3)
Purchases of property and equipment and other assets	(537.3)	(316.6)
Net settlement of foreign exchange forward contracts	(86.4)	-
Proceeds from disposal of property and equipment and other assets	50.4	27.8
Proceeds from sale and leaseback transactions	30.3	-
Restricted cash	1.1	(22.7)
Net cash used in investing activities	(3,186.5)	(691.8)
Financing activities		
Borrowings under the unsecured non-revolving acquisition credit facility, net of financing costs (Note 19)	3,190.2	-
Issuance of Canadian dollar denominated senior unsecured notes, net of financing costs (Note 19)	997.5	-
Repayment of the unsecured non-revolving acquisition credit facility (Note 19)	(995.5)	-
Repayment of non-current debt assumed on business acquisition	(800.5)	-
Net (decrease) increase in other debt (Note 19)	(314.5)	157.1
Issuance of shares on public offering, net of transaction costs (Note 23)	333.4	-
Issuance of shares upon exercise of stock-options	8.1	19.2
Repurchase of shares (Note 23)	-	(201.1)
Cash dividends paid	(55.6)	(49.8)
Net cash provided by (used in) financing activities	2,363.1	(74.6)
Effect of exchange rate fluctuations on cash and cash equivalents	16.0	(2.8)
Net increase (decrease) in cash and cash equivalents	354.0	(5.4)
Cash and cash equivalents, beginning of year	304.3	309.7
Cash, cash equivalents, end of year	658.3	304.3
Supplemental information:		
Interest paid	76.9	7.3
Interest and dividends received	11.7	6.1
Income taxes paid	172.3	91.1
Cash and cash equivalents components:		
Cash and demand deposits	619.2	253.5
Liquid investments	39.1	50.8
	658.3	304.3

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

Consolidated Balance Sheets

As at April 28, 2013 and April 29, 2012
(in millions of US dollars (Note 2))

	2013	2012
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	658.3	304.3
Restricted cash	21.6	22.7
Accounts receivable (Note 12)	1,616.0	304.4
Inventories (Note 13)	846.0	543.9
Prepaid expenses	57.8	28.6
Foreign exchange forward contracts (Note 26)	-	17.2
Income taxes receivable	81.6	39.9
	3,281.3	1,261.0
Property and equipment (Note 14)	5,079.9	2,248.3
Goodwill (Note 15)	1,081.0	502.9
Intangible assets (Note 16)	834.7	217.0
Other assets (Note 17)	136.3	68.2
Investment in joint ventures and associated companies (Note 5)	84.2	65.0
Deferred income taxes (Note 9)	48.8	14.4
	10,546.2	4,376.8
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 18)	2,351.1	909.4
Provisions (Note 22)	96.5	50.1
Income taxes payable	70.0	46.5
Current portion of long-term debt (Note 19)	620.8	484.4
	3,138.4	1,490.4
Long-term debt (Note 19)	2,984.3	180.8
Provisions (Note 22)	358.8	107.5
Pension benefit liability (Note 25)	109.7	39.5
Financial liabilities (Note 20)	20.4	-
Deferred credits and other liabilities (Note 21)	156.7	121.9
Deferred income taxes (Note 9)	561.2	262.1
	7,329.5	2,202.2
Shareholders' equity		
Capital stock (Note 23)	670.4	321.0
Contributed surplus	16.5	17.9
Retained earnings	2,344.0	1,826.8
Accumulated other comprehensive income	185.8	8.9
	3,216.7	2,174.6
	10,546.2	4,376.8

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

On behalf of the Board,

/s/ Alain Bouchard

Alain Bouchard
Director

/s/ Réal Plourde

Réal Plourde
Director

Notes to the Consolidated Financial Statements

For the fiscal years ended April 28, 2013 and April 29, 2012
(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 incorporated under the Business Corporations Act (Quebec). The Corporation's head office is located in Laval, at 4204 Boulevard Industriel, Quebec, Canada.

As at April 28, 2013, the Corporation operates and licenses 8,386 convenience stores across North America, Scandinavia (Norway, Sweden and Denmark), Poland, the Baltics (Estonia, Latvia, Lithuania), and Russia, of which 6,235 are company-operated, and generates income primarily from the sales of tobacco products, grocery items, beverages, fresh food offerings, including quick service restaurants, other retail products and services, road transportation fuel, stationary energy, marine and aviation fuel, lubricants and chemicals.

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 28, 2013 and April 29, 2012 are referred to as 2013 and 2012. The fiscal year ended April 28, 2013 had 52 weeks (53 weeks in 2012).

Basis of presentation

The Corporation prepares its consolidated financial statements in accordance with generally accepted accounting principles in Canada as set out in the Handbook of the Canadian Institute of Chartered Accountants – Part I, 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 9, 2013 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 28, 2013:

- Rental income from assets owned by the Corporation are now presented as revenue instead of a reduction of rent expense in Operating, selling, administrative and general expenses resulting in an increase in revenues and accompanying increase in Operating, selling, administrative and general expenses for fiscal 2013 of \$7.1 (\$6.0 for 2012);
- Sales taxes on road transportation fuel in California, United States are now reported on a net basis in revenues instead of on a gross basis in revenues and cost of sales resulting in a reduction in revenues and cost of sales for fiscal 2013 of \$36.5 (\$23.3 in 2012);
- Income taxes receivable and payable are now presented on a gross basis depending on the various jurisdictions instead of net resulting in an increase in income taxes receivable and income taxes payable of \$70.0 as at April 28, 2013 (\$46.5 as at April 29, 2012);
- Accounts receivable and payable with the same counterparty where the Corporation has the legal right as well as the intention to settle on a net basis, are now presented on a net basis instead of gross resulting in a decrease in accounts receivable and accounts payable and accrued liabilities of \$119.2 as at April 28, 2013 (\$116.3 as at April 29, 2012).

These reclassifications had no impact on net earnings, comprehensive income or equity of the Corporation as of April 28, 2013 or April 29, 2012.

3. Accounting policies

Change in accounting policy

On April 30, 2012, the Corporation early adopted the revised version of IAS 19, "Employee Benefits", issued by the IASB, which retroactively modifies accounting rules for defined benefit pension plans. The revised version of the standard contains multiple modifications, including the elimination of the corridor approach, which allowed deferring part of the actuarial gains and losses, enhanced guidance on measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans as well as the introduction of enhanced disclosures for defined benefit plans.

Following the adoption of this revised standard, the Corporation also elected to present net interests on the net defined benefit liability (asset) in Financial expenses rather than in Operating, selling, administrative and general expenses, as they were previously presented. The increase in financial expenses and accompanying decrease in Operating, selling, administrative and general expenses for the fiscal year ended April 28, 2013 is \$2.8 (\$2.1 for 2012). This adoption had no other significant impact on the Corporation's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 28, 2013 and April 29, 2012
(in millions of US dollars, except share and stock option data)

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, determination of the useful lives of tangible and intangible assets, income taxes, leases, employee future benefits, provisions and business combinations.

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, all of which are 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 directly or indirectly a 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.

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 at the exchange rate in effect at the balance sheet date and revenues and expenses are translated at the average exchange rate on a 4-week period basis. Non-monetary assets and liabilities are translated at historical rates or at 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 statement of earnings except when deferred in equity as qualifying net investment hedge.

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 at the average exchange rate on a 4-week period basis. Individual transactions with a significant impact on the consolidated statement 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 statement 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 at 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.

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 according to delivery conditions.

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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 duties taxes. 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 according to delivery conditions. 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.

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.

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The Corporation is subject to income taxes in numerous jurisdictions. Significant judgement 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. 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 cash-generating unit'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 five 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 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.

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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 characterisation 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. Judgement 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 sheet.

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 assets held under a finance lease in the consolidated balance sheets and presents them as accounts receivable. Lease payments received under finance leases are apportioned between the financial revenues and reduction of the receivable.

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 revenue on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental revenue and the amounts receivable under the lease as deferred rent revenue.

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;

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- 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;
- 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 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.

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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.

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 ⁽¹⁾	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
Investments in publicly-traded securities	Available for sale	Fair value	Other comprehensive income
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 it become probable that the hedged transaction will not 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.

Hedge of the Corporation's net investment in its US operations

Until November 1, 2012, the Corporation had designated its entire US dollar denominated long-term debt as a foreign exchange hedge of its net investment in its U.S. operations. Accordingly, the portion of the gains or losses arising from the translation of the US dollar denominated debt that was determined to be an effective hedge was recognized in Other comprehensive income, counterbalancing gains and losses arising from translation of the Corporation's net investment in its U.S. operations. Since November 1, 2012, the Corporation no longer designates its US dollar denominated long-term debt as a foreign exchange hedge of its net investment in its U.S. operations. Accordingly, the gains or losses arising from the translation of the US dollar denominated debt is now recorded in the consolidated statements of earnings under Financial expenses.

As of November 1, 2012, the Corporation has documented and designated its cross-currency interest rate swap agreements (Note 20) as a foreign exchange hedge of its net investment in its US operations. The Corporation has determined that the cross-currency interest rate swap is an effective hedge at the time of the establishment of the hedge and for the duration of the cross-currency interest rate swap. The gains or losses arising from the fair value variation of the cross-currency interest rate swaps are recognized in Other comprehensive income along with the difference between interests received and interests paid. Should a portion of the hedging relationship become ineffective, the ineffective portion would be recorded in the consolidated statements of earnings under Financial expenses.

Foreign exchange forward contracts

The Corporation, from time to time, uses foreign exchange forward contracts ("forwards") to manage the currency fluctuation risk associated with forecasted cash disbursements denominated in foreign currencies. Forwards are recorded at fair value on the consolidated balance sheets. Changes in the fair value of forwards are recorded in net financial (revenues) expenses.

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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 is exposed to foreign currency risk with respect to a portion of its aviation fuel operations for which purchases and sales are denominated in different currencies. Cross currency swaps are recorded at fair value on the consolidated balance sheets. Changes in their fair value are recorded in net financial (revenues) 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 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 in 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 judgement and the use of assumptions that, if changed, may affect the consolidated statements of earnings and consolidated balance sheets.

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

Revised Standards

Financial Statement Presentation

In June 2011, the IASB issued amendments to International Accounting Standard ("IAS") 1, "Presentation of Financial Statements". The amendments govern the presentation of Other Comprehensive Income ("OCI") in the financial statements, primarily by requiring OCI items that may be reclassified to the consolidated statements of earnings to be presented separately from those that remain in equity.

These changes are applicable for fiscal years beginning on or after July 1, 2012. The Corporation will apply these changes for its first quarter of fiscal year 2014 and does not expect that the adoption of these changes will have a material impact on its consolidated financial statements.

Financial Instruments – Presentation and disclosure

In December 2011, the IASB issued revised versions of IFRS 7, "Financial Instruments: Disclosures" and IAS 32, "Financial Instruments: Presentation". The modifications clarify the offsetting rules and state new disclosure requirements for offsetting of financial assets and financial liabilities on the consolidated balance sheets.

The changes applied to IFRS 7 are applicable for fiscal years beginning on or after January 1, 2013 while changes applied to IAS 32 are applicable for fiscal years beginning on or after January 1, 2014. The Corporation will apply these changes for its first quarters of fiscal years 2014 and 2015 respectively and does not expect that the adoption of these changes will have a material impact on its consolidated financial statements.

New standards

Financial Instruments

In November 2009, the IASB issued a new standard, IFRS 9, "Financial Instruments", which is the first phase of the IASB's three-phase project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The standard provides guidance on the classification and measurement of financial liabilities and requirements for the derecognition of financial assets and financial liabilities.

IFRS 9 is applicable for fiscal years beginning on or after January 1, 2015. The Corporation will apply these new standards for its first quarter of fiscal year 2016 and is still evaluating the impact on its consolidated financial statements.

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Consolidated financial statements

In May 2011, the IASB issued a new standard, IFRS 10, "Consolidated Financial Statements", which requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation—Special Purpose Entities" and parts of IAS 27, "Consolidated and Separate Financial Statements".

Joint Arrangements

In May 2011, the IASB issued a new standard, IFRS 11, "Joint Arrangements", which requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly Controlled Entities—Non-monetary Contributions by Venturers".

Disclosure of Interest in Other Entities

In May 2011, the IASB issued a new standard, IFRS 12, "Disclosure of Interest in Other Entities". IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard includes existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

Fair Value Measurement

In May 2011, the IASB issued a new standard, IFRS 13, "Fair Value Measurement". IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IFRS 10, 11, 12 and 13 are all applicable for fiscal years beginning on or after January 1, 2013. The Corporation will apply these new standards for its first quarter of fiscal year 2014 and is still evaluating their impact on its consolidated financial statements.

4. Business acquisitions

The Corporation has made the following business acquisitions:

2013

Acquisition of Statoil Fuel & Retail ASA ("Statoil Fuel & Retail")

On June 19, 2012, the Corporation acquired 81.2% of the 300,000,000 issued and outstanding shares of Statoil Fuel & Retail for a cash consideration of 51.20 Norwegian Kroners ("NOK") per share for a total amount of NOK 12.47 billion or approximately \$2.10 billion through a voluntary public offer (the "offer"). From June 22, 2012 to June 29, 2012, the Corporation acquired 53,238,857 additional shares of Statoil Fuel & Retail for a cash consideration of 51.20 NOK per share, totalling NOK 2.73 billion or approximately \$0.45 billion, increasing the Corporation's participation to 98.9%. Having reached a shareholding of more than 90%, on June 29, 2012, in accordance with Norwegian laws, the Corporation initiated the compulsory acquisition of all of the remaining Statoil Fuel & Retail shares not deposited under the offer from the holders thereof and, as a result, since such date, the Corporation owns 100% of the issued and outstanding shares of Statoil Fuel & Retail. The 51.20 NOK per share cash consideration for the compulsory acquisition of all of the remaining shares of Statoil Fuel & Retail not deposited under this offer was paid on July 11, 2012. The Oslo Børs Stock Exchange confirmed the delisting of the Statoil Fuel & Retail shares effective as of the close of markets in Norway on July 12, 2012. The acquisition of the 300,000,000 issued and outstanding shares of Statoil Fuel & Retail was therefore made for a total cash consideration of NOK 15.36 billion, or \$2.58 billion. The Corporation determined the acquisition date to be June 19, 2012.

Statoil Fuel & Retail is a leading Scandinavian road transportation fuel retailer with over 100 years of operations in the region. Statoil Fuel & Retail operates a broad retail network across Scandinavia (Norway, Sweden, Denmark), Poland, the Baltics (Estonia, Latvia, Lithuania), and Russia with approximately 2,300 sites, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated service-stations (offering road transportation fuel only). Statoil Fuel & Retail has a leading position in several countries where it does business and owns the land for over 900 sites and buildings for over 1,700 sites.

Statoil Fuel & Retail's other products include stationary energy, marine and aviation fuel, lubricants and chemicals. In Europe, Statoil Fuel & Retail operates key fuel terminals as well as fuel depots in eight countries.

During fiscal year 2013, the Corporation recorded transaction costs of \$1.8 million, in Operating, selling, administrative and general expenses, in connection with this acquisition, which adds to transaction costs of \$0.8 million recorded in earnings for the year ended April 29, 2012.

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The Corporation financed this acquisition through borrowings under its acquisition facility (Note 19).

Purchase price allocation based on the estimated fair value on the date of acquisition is as follows:

	Fair value accounted for at the acquisition date
	\$
Assets	
Current assets	
Cash and cash equivalents	193.7
Restricted cash	0.8
Accounts receivable	1,597.3
Inventories	283.4
Prepaid expenses	10.4
Income taxes receivable	3.7
	<u>2,089.3</u>
Property and equipment	2,576.8
Identifiable intangible assets	616.5
Other assets	36.6
Investment in associated companies	7.4
Deferred income taxes	22.1
	<u>5,348.7</u>
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	1,680.1
Provisions	25.2
Income taxes payable	17.6
Bank loans and current portion of long-term debt	845.3
	<u>2,568.2</u>
Long-term debt	53.6
Provisions	197.8
Pension benefit liability	80.1
Other liabilities	5.5
Deferred income taxes	346.2
	<u>3,251.4</u>
Non-controlling interest	487.2
Net identifiable assets	<u>1,610.1</u>
Acquisition goodwill	493.9
Consideration paid in cash on June 19, 2012 for the acquisition of control (81.2%)	2,104.0
Consideration paid in cash for shares held by non-controlling shareholders	479.3
Cash and cash equivalents acquired	(193.7)
Bank overdraft assumed	34.1
Net cash flow for the acquisition	<u>2,423.7</u>

The Corporation expects that the acquired goodwill will not be deductible for tax purposes.

The Corporation acquired Statoil Fuel & Retail with the aim of diversifying its operations geographically. This acquisition generated goodwill in the amount of \$493.9 mainly due to future growth potential of establishing a platform in Europe as well as an assembled and trained workforce. Since the date of acquisition, Statoil Fuel & Retail's revenues and net earnings amounted to \$11,072.6 and \$98.4, respectively. The following summary presents the pro-forma consolidated results of the Corporation for fiscal year 2013 under the assumption that Statoil Fuel & Retail was acquired on April 30, 2012. 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.

	\$
Revenues	37,348.2
Net earnings	578.1

Statoil Fuel & Retail's fiscal year does not coincide with the Corporation's fiscal year. The Corporation's consolidated statements of earnings, comprehensive income, changes in equity and cash flows for fiscal year 2013 include those of Statoil Fuel & Retail for the period beginning June 20, 2012 and ending April 30, 2013. The Corporation's consolidated balance sheet as at April 28, 2013 includes the balance sheet of Statoil Fuel & Retail as at April 30, 2013.

Notes to the Consolidated Financial Statements

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The Corporation anticipates that the alignment of Statoil Fuel & Retail's accounting period with those of the Corporation should be made once the replacement of Statoil Fuel & Retail financial systems is finalized.

Other acquisitions

- On May 8, 2012, the Corporation purchased 20 company-operated stores located in Texas, United States from Signature Austin Stores. The Corporation leases the land and buildings for all sites.
- On August 27, 2012, the Corporation purchased 29 company-operated stores located in Florida, United States from Florida Oil Holdings, LLC. The Corporation owns the land and buildings for 24 sites while it leases the land and owns the buildings for the other sites. The Corporation was also transferred a road transportation fuel supply agreement for one store owned and operated by an independent operator.
- On November 2, 2012, the Corporation acquired, from Sun Pacific Energy, 27 company-operated stores operating in Washington State, United States. The Corporation owns the land and buildings for 26 sites while it leases these assets for the other site.
- On November 28, 2012, the Corporation acquired, from Davis Oil Company, seven company-operated stores operating in Georgia, United States. The Corporation owns the land and buildings for all sites.
- On December 31, 2012, the Corporation acquired, from Kum & Go, L.C., seven company-operated stores operating in Oklahoma, United States. The Corporation leases the land and buildings for all sites.
- On February 11, 2013, the Corporation acquired 29 company-operated stores located in the states of Illinois, Missouri and Oklahoma in the United States from Dickerson Petroleum Inc. The Corporation owns the land and building for 25 sites while it leases the land and owns the buildings for the other sites. In addition, 21 road transportation fuel supply agreements were acquired by the Corporation, 20 of which are for sites owned and operated by independent operators while one site is leased by the Corporation.
- During fiscal year 2013, under the June 2011 agreement with ExxonMobil, the Corporation acquired four stores operated by independent operators for which the real estate is owned by the Corporation along with the related road transportation fuel supply agreements. Additionally, 23 road transportation fuel supply agreements were transferred to the Corporation during this period.
- During fiscal year 2013, the Corporation also acquired 32 other stores through distinct transactions. The Corporation leases the land and owns the building for one site, leases the land and buildings for ten sites and owns these same assets for the other sites.

Acquisition costs in connection with these acquisitions and other unrealized acquisitions of \$2.3 are included in Operating, selling, administrative and general expenses.

These acquisitions were settled for a total cash consideration of \$220.9. 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 publication of these consolidated financial statements is as follows:

	\$
Tangible assets acquired	
Inventories	14.2
Property and equipment	159.0
Other assets	0.4
<u>Total tangible assets</u>	<u>173.6</u>
Liabilities assumed	
Accounts payable and accrued liabilities	2.1
Provisions	7.6
Deferred credit and other liabilities	3.8
<u>Total liabilities</u>	<u>13.5</u>
<u>Net tangible assets acquired</u>	<u>160.1</u>
Intangible assets	3.0
Goodwill	62.2
Negative goodwill recorded to Operating, selling, administrative and general expenses	(4.4)
<u>Total cash consideration paid</u>	<u>220.9</u>

The Corporation expects that approximately \$44.5 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 in the amount of \$62.2 mainly due to the strategic location of stores acquired. Since the date of acquisition, revenues and net earnings from these stores amounted to \$633.5 and \$6.9, 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.

Disposal of the liquefied petroleum gas sales ("LPG") operations

On December 7, 2012, the Corporation sold Statoil Fuel & Retail's LPG operations for NOK 130.0 million (approximately \$23.0 million) before working capital adjustments. No gain or loss was generated from this disposal.

Notes to the Consolidated Financial Statements

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2012

- In May 2011, the Corporation purchased 11 company-operated stores located in Ontario, Manitoba, Saskatchewan, Alberta and British Columbia from Shell Canada Products. The Corporation leases the land and buildings for four sites and owns both these assets for the other sites.
- In June 2011, the Corporation signed an agreement with ExxonMobil for 322 stores and motor fuel supply agreements for another 65 stores. All stores are operated in Southern California, United States. The transaction is scheduled to close in stages: the first stages occurred during the month of August 2011. The transaction is subject to standard regulatory approvals and closing conditions. The following is a summary of progress made during the 2012 fiscal year and steps that should be completed subsequently:
 - In August 2011, the Corporation purchased one company-operated store for which it owns the land and building and it acquired the motor fuel supply agreements for 63 other stores;
 - In October 2011, the Corporation acquired one company-operated store for which it owns the land and building as well as 83 stores operated by independent operators for which the Corporation owns the buildings and leases the land;
 - At end of October 2011 and beginning of November 2011, the Corporation acquired 72 company-operated stores for which it owns the land and buildings for 37 stores and leases the land and owns the building for the other stores;
 - Between January 29, 2012 and April 29, 2012, the Corporation acquired eight stores operated by independent operators for which the real estate is owned by the Corporation along with the related motor fuel supply agreements. Additionally, during this time period, 13 independent operators elected to accept ExxonMobil's bona fide offer. Consequently, 13 fuel supply agreements were transferred to the Corporation during this period;
- On October 13, 2011, the Corporation acquired from Chico Enterprises Inc., 26 company-operated stores operating in northern West Virginia, United States. The Corporation owns the real estate for 25 sites and owns the building and leases the land for the other site.
- On November 16 and 17, 2011, the Corporation acquired from ExxonMobil, 33 company-operated stores operating under the "On the Run" banner in Louisiana, United States. The Corporation owns the buildings for 33 sites as well as land for 25 sites and leases the land for the other eight sites.
- On December 12, 2011, the Corporation acquired from Neighbors Stores Inc., 11 company-operated stores operating under the "Neighbors" banner in North Carolina, United States. The Corporation owns the buildings for eight sites as well as land for nine sites and leases these same assets for the other sites.
- On April 11, 2012, the Corporation acquired from Dead River Company, 17 company-operated stores operating in Maine, United States. Two quick service restaurants were also transferred to the Corporation. The Corporation owns the buildings and land for 16 sites and leases these same assets for the other three sites.
- During fiscal year 2012, the Corporation also acquired 19 other stores through distinct transactions. The Corporation leases the land and buildings for 11 sites and owns both these assets for the other sites.

Acquisition costs in the amount of \$6.8 were included in Operating, selling, administrative and general expenses in connection with these and other unrealized acquisitions.

These acquisitions were settled for a total cash consideration of \$380.3. Purchase price allocations based on the estimated fair value on the dates of acquisition are as follows:

	\$
Tangible assets acquired	
Inventories	19.2
Property and equipment	281.4
Other assets	5.5
Total tangible assets	306.1
Liabilities assumed	
Accounts payable and accrued liabilities	1.3
Provisions	30.9
Total liabilities	32.2
Net tangible assets acquired	273.9
Intangible assets	45.8
Goodwill	67.5
Negative goodwill recorded to Operating, selling, administrative and general expenses	(6.9)
Total consideration paid	380.3

Approximately \$4.8 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 in the amount of \$67.5 mainly due to the strategic location of stores acquired.

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For the fiscal years ended April 28, 2013 and April 29, 2012
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5. Interest in joint ventures and associated companies

	2013	2012
	\$	\$
Investment in joint ventures	81.7	65.0
Investment in associated companies	2.5	-
	84.2	65.0

Investment in joint ventures

The Corporation owns a 50.01% interest in a joint venture, RDK Ventures LLC ("RDK"), which operates convenience stores located in the greater Chicago metropolitan area of the United States. The Corporation also owns varying interests in different joint ventures related primarily to aviation fuel operations in Europe.

The Corporation's investment in joint ventures is recorded according to the equity method. The following amounts represent the Corporation's share of the joint ventures' assets, liabilities, revenues, expenses, net earnings and cash flows:

	2013	2012
	\$	\$
Balance sheets		
Current assets	37.5	25.1
Long-term assets	103.4	81.7
Current liabilities	28.4	22.9
Long-term liabilities	30.8	18.9
	2013	2012
	(52 weeks)	(53 weeks)
	\$	\$
Statements of earnings		
Revenues	623.0	546.1
Expenses	606.8	524.5
Net earnings	15.8	21.6
Statements of cash flows		
Operating activities	21.0	25.1
Investing activities	(6.7)	(19.7)
Financing activities	(15.9)	(11.3)

On May 11, 2011, RDK, purchased four company-operated stores located in the Chicago area, United States, from Gas City, Ltd. RDK leases the land and buildings for one site and owns both these assets for the other sites.

On November 8, 9 and 10, 2011, RDK, acquired from Supervalu Inc., 27 stores operating in the Chicago area, Illinois, United States. The agreement also includes the transfer to RDK of two vacant land parcels. Out of the 27 stores, 14 are company-operated while the other 13 are operated by independent operators. RDK owns the real estate for 24 sites as well as the two vacant land parcels, owns the building and leases the land for two sites and leases both these assets for the remaining site.

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Investment in associated companies

The Corporation's investment in associated companies is recorded according to the equity method. The following amounts represent the Corporation's share of its associates' assets, liabilities, revenues and net earnings:

	2013	2012
	\$	\$
Balance sheets		
Assets	9.1	-
Liabilities	6.5	-
	2013	2012
	(52 weeks)	(53 weeks)
	\$	\$
Statements of earnings		
Revenues	4.6	-
Net earnings	-	-

6. Supplementary information relating to expenses

	2013	2012
	(52 weeks)	(53 weeks)
	\$	\$
Cost of sales	30,933.8	20,005.2
Selling expenses	2,506.0	1,950.2
Administrative expenses	619.2	205.4
Operating expenses	110.0	-
	34,169.0	22,160.8

Includes rent expense of \$322.7 (\$243.1 in 2012), net of sub-leasing income of \$31.6 (\$20.5 in 2012).

	2013	2012
	(52 weeks)	(53 weeks)
	\$	\$
Employee benefit charges		
Salaries	1,239.4	776.6
Fringe benefits and other employer contributions	185.4	79.0
Employee future benefits (Note 25)	77.4	48.2
Termination benefits	34.8	1.5
Curtailment gain on defined benefits pension plans obligation (Note 25)	(19.4)	-
Stock-based compensation and other stock-based payments (Note 24)	5.9	4.8
	1,523.5	910.1

7. Compensation of key management personnel

	2013	2012
	(52 weeks)	(53 weeks)
	\$	\$
Salaries and other current benefits	9.9	5.9
Stock-based compensation and other stock-based payments	2.7	2.3
Employee future benefits (Note 25)	3.1	2.1
	15.7	10.3

Key management personnel comprises Members of the Board of Directors and senior management.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 28, 2013 and April 29, 2012
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8. Net financial expenses (revenues)

	2013 (52 weeks)	2012 (53 weeks)
	\$	\$
Financial expenses		
Interest expense		
Interest on long-term debt	85.8	5.5
Interest on finance lease obligations	3.2	0.6
Interest on bank overdrafts and bank loans	3.1	-
Interest on defined benefit plans (Note 25)	2.8	2.1
Accretion of provisions (Note 22)	13.1	5.9
Other finance costs	10.0	1.5
	<u>118.0</u>	<u>15.6</u>
Financial revenues		
Interest on bank deposits	0.5	0.2
Other financial revenues	9.4	1.0
	<u>9.9</u>	<u>1.2</u>
Foreign exchange gain	(3.2)	-
Loss (gain) on foreign exchange forward contracts	102.9	(17.0)
Net financial expenses (revenues)	<u>207.8</u>	<u>(2.6)</u>

9. Income taxes

	2013 (52 weeks)	2012 (53 weeks)
	\$	\$
Current income taxes	196.0	122.1
Deferred income taxes	(122.1)	24.2
	<u>73.9</u>	<u>146.3</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:

	2013	2012
	%	%
Combined statutory income tax rate in Canada ^(a)	26.90	27.91
Impact of other jurisdictions' tax rates	(11.91)	0.03
Impact of tax rate changes	(6.23)	0.11
Other permanent differences	2.67	(3.82)
Effective income tax rate	<u>11.43</u>	<u>24.23</u>

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

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For the fiscal years ended April 28, 2013 and April 29, 2012
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The components of deferred income tax assets and liabilities are as follows:

						2013
	Balance as at April 29, 2012	Recognized to earnings	Recognized directly to other comprehensive income or equity	Transfer from income taxes payable	Recognized through business acquisitions	Balance as at April 28, 2013
	\$	\$	\$	\$	\$	\$
Deferred income tax assets						
Property and equipment	(1.8)	4.3	0.7	-	25.0	28.2
Expenses deductible during the following years	11.5	(2.4)	3.4	-	4.6	17.1
Goodwill	(0.6)	(0.6)	(0.2)	-	(8.2)	(9.6)
Deferred charges	3.3	3.3	-	-	-	6.6
Tax attributes	2.3	1.2	-	-	0.6	4.1
Asset retirement obligations	1.5	2.2	-	-	-	3.7
Deferred credits	(1.6)	(0.4)	(0.1)	-	-	(2.1)
Unrealized exchange gain	(2.3)	3.7	(2.2)	-	-	(0.8)
Other	2.1	(2.3)	1.7	-	0.1	1.6
	14.4	9.0	3.3	-	22.1	48.8
Deferred income tax liabilities						
Property and equipment	254.0	(32.9)	17.6	-	286.0	524.7
Goodwill	26.2	(22.4)	3.8	-	138.1	145.7
Expenses deductible during the following years	(55.2)	17.6	(2.2)	-	(48.1)	(87.9)
Intangible assets	68.0	(6.4)	3.0	-	-	64.6
Asset retirement obligations	(21.8)	(12.8)	(1.9)	-	(28.1)	(64.6)
Tax attributes	(1.2)	(72.7)	(2.6)	43.5	(13.7)	(46.7)
Deferred charges	2.3	26.6	-	-	-	28.9
Deferred credits	(10.2)	(2.0)	-	-	-	(12.2)
Revenues taxable during the following years	3.9	(0.3)	-	-	-	3.6
Unrealized exchange gain	1.9	(0.1)	(0.8)	-	-	1.0
Other	(5.8)	(7.7)	5.6	-	12.0	4.1
	262.1	(113.1)	22.5	43.5	346.2	561.2

Notes to the Consolidated Financial Statements

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	2012			
	Balance as at April 24, 2011	Recognized to earnings	Recognized directly to other comprehensive income or equity	Balance as at April 29, 2012
	\$	\$	\$	\$
Deferred income tax assets				
Expenses deductible during the following years	7.2	4.8	(0.5)	11.5
Deferred charges	1.3	2.0	-	3.3
Tax attributes	1.1	1.2	-	2.3
Unrealized exchange gain	3.8	(9.3)	3.2	(2.3)
Property and equipment	0.1	(1.9)	-	(1.8)
Deferred credits	(0.8)	(0.8)	-	(1.6)
Asset retirement obligations	-	1.5	-	1.5
Goodwill	0.1	(0.7)	-	(0.6)
Other	0.1	-	2.0	2.1
	<u>12.9</u>	<u>(3.2)</u>	<u>4.7</u>	<u>14.4</u>
Deferred income tax liabilities				
Property and equipment	208.6	45.4	-	254.0
Intangible assets	68.8	(0.8)	-	68.0
Expenses deductible during the following years	(49.0)	(6.2)	-	(55.2)
Goodwill	24.1	2.1	-	26.2
Asset retirement obligations	(21.5)	(0.3)	-	(21.8)
Deferred credits	(10.3)	0.1	-	(10.2)
Revenues taxable during the following years	21.2	(17.3)	-	3.9
Deferred charges	1.8	0.5	-	2.3
Unrealized exchange gain	10.2	(5.1)	(3.2)	1.9
Tax attributes	(4.2)	3.0	-	(1.2)
Other	(5.4)	(0.4)	-	(5.8)
	<u>244.3</u>	<u>21.0</u>	<u>(3.2)</u>	<u>262.1</u>

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

	2013	2012
	\$	\$
Deferred tax assets:		
Deferred tax asset to be recovered in more than 12 months	45.6	15.2
Deferred tax asset to be recovered within 12 months	3.2	(0.8)
	<u>48.8</u>	<u>14.4</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled in more than 12 months	581.5	281.1
Deferred tax liabilities to be settled within 12 months	(20.3)	(19.0)
	<u>561.2</u>	<u>262.1</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 \$709.0 (\$383.2 in 2012).

Notes to the Consolidated Financial Statements

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10. Net earnings per share

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

	2013 (52 weeks)	2012 (53 weeks)
	\$	\$
Net earnings available to Class A and B shareholders	<u>572.8</u>	<u>457.6</u>
Weighted average number of shares (in thousands)	<u>185,028</u>	180,420
Dilutive effect of stock options (in thousands)	<u>1,828</u>	3,163
Weighted average number of diluted shares (in thousands)	<u>186,856</u>	<u>183,583</u>
Basic net earnings per share available for Class A and B shareholders	<u>3.10</u>	2.54
Diluted net earnings per share available for Class A and B shareholders	<u>3.07</u>	2.49

In calculating diluted net earnings per share for 2013, 35,000 stock options are excluded due to their antidilutive effect (no excluded stock options in 2012).

During fiscal 2013, the Board declared total dividends averaging CA\$0.3 per share.

11. Supplementary information relating to the consolidated statements of cash flows

The changes in non-cash working capital are detailed as follows:

	2013 (52 weeks)	2012 (53 weeks)
	\$	\$
Accounts receivable	372.5	3.7
Inventories	8.1	(3.7)
Prepaid expenses	(17.2)	(5.7)
Accounts payable and accrued liabilities	(319.1)	58.8
Income taxes payable	24.6	31.6
	<u>68.9</u>	<u>84.7</u>

12. Accounts receivable

	2013	2012
	\$	\$
Trade accounts receivable and vendor rebates receivable	966.5	167.0
Provision for doubtful accounts	(31.1)	(1.6)
Trade accounts receivable and vendor rebates receivable - net	<u>935.4</u>	165.4
Credit and debit cards receivable	572.5	93.5
Other accounts receivable	108.1	45.5
	<u>1,616.0</u>	<u>304.4</u>

The following details the aging of trade accounts receivable and vendor rebates receivable that are not impaired:

	2013	2012
	\$	\$
Not past due	827.2	151.1
Past due 1-30 days	80.2	7.8
Past due 31-60 days	6.7	4.1
Past due 61-90 days	7.8	2.2
Past due 91 days and over	13.5	0.2
	<u>935.4</u>	<u>165.4</u>

Notes to the Consolidated Financial Statements

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Movements in the Corporation's provision for doubtful accounts are as follows:

	2013	2012
	\$	\$
Balance, beginning of year	1.6	2.3
Business acquisitions	30.1	-
Provision for doubtful accounts, net of unused beginning balance	6.9	(0.4)
Receivables written off during the year	(9.2)	(0.3)
Effect of exchange rate variations	1.7	-
Balance, end of year	<u>31.1</u>	<u>1.6</u>

13. Inventories

	2013	2012
	\$	\$
Merchandise	446.4	382.9
Road transportation fuel	329.5	161.0
Lubricant products	34.9	-
Aviation fuel	31.6	-
Other products	3.6	-
	<u>846.0</u>	<u>543.9</u>

14. Property and equipment

	Land	Building and building components	Equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Year ended April 28, 2013					
Net book amount, beginning	683.3	434.5	925.0	205.5	2,248.3
Additions	93.6	169.4	180.6	42.5	486.1
Business acquisitions (Note 4)	615.8	1,247.9	870.2	1.9	2,735.8
Disposals	(46.5)	(8.5)	(41.6)	(1.9)	(98.5)
Depreciation, amortization and impairment expense	(0.4)	(97.8)	(279.8)	(43.1)	(421.1)
Transfers	-	0.4	(0.2)	(0.2)	-
Effect of exchange rate variations	33.6	60.0	37.9	(2.2)	129.3
Net book amount, end	<u>1,379.4</u>	<u>1,805.9</u>	<u>1,692.1</u>	<u>202.5</u>	<u>5,079.9</u>
As at April 28, 2013					
Cost	1,379.9	2,095.9	2,808.1	481.0	6,764.9
Accumulated depreciation, amortization and impairment	(0.5)	(290.0)	(1,116.0)	(278.5)	(1,685.0)
Net book amount	<u>1,379.4</u>	<u>1,805.9</u>	<u>1,692.1</u>	<u>202.5</u>	<u>5,079.9</u>
Portion related to finance leases	30.8	32.1	41.4	-	104.3
Year ended April 29, 2012					
Net book amount, beginning	570.1	396.5	785.1	183.7	1,935.4
Additions	13.3	22.8	218.0	50.6	304.7
Business acquisitions (Note 4)	113.6	63.1	88.6	16.1	281.4
Disposals	(12.3)	(9.3)	(16.4)	(2.1)	(40.1)
Depreciation and amortization expense	-	(36.5)	(146.3)	(40.3)	(223.1)
Transfers	-	-	0.7	(0.7)	-
Effect of exchange rate variations	(1.4)	(2.1)	(4.7)	(1.8)	(10.0)
Net book amount, end	<u>683.3</u>	<u>434.5</u>	<u>925.0</u>	<u>205.5</u>	<u>2,248.3</u>
As at April 29, 2012					
Cost	683.3	631.7	1,812.4	454.4	3,581.8
Accumulated depreciation and amortization	-	(197.2)	(887.4)	(248.9)	(1,333.5)
Net book amount	<u>683.3</u>	<u>434.5</u>	<u>925.0</u>	<u>205.5</u>	<u>2,248.3</u>
Portion related to finance leases	-	0.1	12.1	-	12.2

Notes to the Consolidated Financial Statements

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15. Goodwill

	2013	2012
	\$	\$
Net book amount, beginning of year	502.9	440.9
Business acquisitions (Note 4)	556.1	67.5
Effect of exchange rate variations	22.0	(5.5)
Net book amount, end of year	1,081.0	502.9

16. Intangible assets

	Trademarks	Franchise agreements	Software ^(a)	Customer relationships	Licenses	Fuel supply agreements	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended April 28, 2013								
Net book amount, beginning	154.7	-	12.7	-	19.4	29.9	0.3	217.0
Additions	-	-	76.7	-	0.2	-	0.5	77.4
Business acquisitions (Note 4)	275.3	141.8	44.7	144.3	-	0.8	12.6	619.5
Disposals	-	-	(0.2)	(11.6)	-	(0.1)	-	(11.9)
Depreciation and amortization expense	(15.8)	(15.9)	(5.6)	(39.3)	-	(18.6)	(0.9)	(96.1)
Effect of exchange rate variations	15.5	6.1	3.2	3.7	-	-	0.3	28.8
Net book amount, end	429.7	132.0	131.5	97.1	19.6	12.0	12.8	834.7
As at April 28, 2013								
Cost	445.9	148.5	173.7	136.9	19.6	45.9	15.8	986.3
Accumulated depreciation and amortization	(16.2)	(16.5)	(42.2)	(39.8)	-	(33.9)	(3.0)	(151.6)
Net book amount	429.7	132.0	131.5	97.1	19.6	12.0	12.8	834.7
Year ended April 29, 2012								
Net book amount, beginning	154.7	-	14.1	-	19.3	-	0.5	188.6
Additions	-	-	3.4	-	0.2	-	-	3.6
Business acquisitions (Note 4)	-	-	-	-	-	45.8	-	45.8
Disposals	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.3)
Depreciation and amortization expense	-	-	(4.6)	-	-	(15.8)	(0.1)	(20.5)
Effect of exchange rate variations	-	-	(0.2)	-	-	-	-	(0.2)
Net book amount, end	154.7	-	12.7	-	19.4	29.9	0.3	217.0
As at April 29, 2012								
Cost	154.7	-	50.5	-	19.4	45.5	1.2	271.3
Accumulated depreciation and amortization	-	-	(37.8)	-	-	(15.6)	(0.9)	(54.3)
Net book amount	154.7	-	12.7	-	19.4	29.9	0.3	217.0

(a) The net book amount as at April 28, 2013 includes \$113.7 related to a development in progress (none as at April 29, 2012).

17. Other assets

	2013	2012
	\$	\$
Pension benefit asset (Note 25)	22.1	-
Investment contract including an embedded total return swap (Note 26)	19.1	13.4
Environmental costs receivable (Note 22)	11.7	13.0
Deferred charges, net	8.1	9.1
Deposits	7.7	7.3
Other	67.6	25.4
	136.3	68.2

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For the fiscal years ended April 28, 2013 and April 29, 2012
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18. Accounts payable and accrued liabilities

	2013	2012
	\$	\$
Accounts payable and accrued expenses	1,386.1	696.4
Sales and excise taxes	633.6	91.1
Salaries and related benefits	178.9	74.3
Deferred credits	18.4	14.7
Other	134.1	32.9
	2,351.1	909.4

19. Long-term debt

	2013	2012
	\$	\$
Unsecured non-revolving acquisition credit facility, maturing in June 2015 ^(a)	2,197.3	-
Canadian dollar denominated senior unsecured notes ^(b)	978.7	-
US dollar term revolving unsecured operating credit D, maturing in December 2016 ^(c)	345.5	116.0
Canadian dollar term revolving unsecured operating credit D, maturing in December 2016 ^(c)	-	53.0
US dollar term revolving unsecured operating credit A, matured in September 2012 ^(d)	-	312.7
Canadian dollar term revolving unsecured operating credit A, matured in September 2012 ^(d)	-	13.6
US dollar term revolving unsecured operating credit B, matured in September 2012 ^(d)	-	147.3
Canadian dollar term revolving unsecured operating credit B, matured in September 2012 ^(d)	-	6.7
NOK fixed-rate bonds, 5.75%, maturing in February 2019	2.3	-
NOK floating-rate bonds, 5.04%, maturing in February 2017	2.6	-
Note payable, secured by the assets of certain stores, 8.75%, repayable in monthly instalments, maturing in 2019	2.0	3.6
Obligations related to buildings and equipment under finance leases, rates varying from 1.42% to 12.28%, payable on various dates until 2080	76.7	12.3
	3,605.1	665.2
Current portion of long-term debt	620.8	484.4
	2,984.3	180.8

(a) Unsecured non-revolving acquisition credit facility

As at April 28, 2013, the Corporation has 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. Having reached the maximum amount that can be borrowed under the acquisition facility, and given its non-revolving nature, the Corporation can no longer borrow additional amounts under this facility. Under the credit agreement, the Corporation needs to maintain certain financial ratios and respect certain restrictive provisions.

Under this acquisition facility the Corporation is required to make annual repayments in fiscal 2014 and fiscal 2015. The annual repayments are dependent on the level of an adjusted leverage ratio at the date of the calculation as well as on the amount of the Corporation's excess cash flows and are capped at a certain amount. For fiscal 2014, the repayment will be \$603.0. For fiscal 2015, the amount expected to be repaid cannot be reasonably estimated but the maximum amount required to be repaid as per the agreement is \$250.0.

As at April 28, 2013, the effective interest rate is 2.37% (rate of 2.25% on borrowed amounts) and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(b) Canadian dollar denominated senior unsecured notes

On November 1st, 2012, the Corporation issued Canadian dollar denominated senior unsecured notes totalling CA\$ 1.0 billion, divided into three tranches:

	Notional amount	Maturity	Coupon rate	Effective rate as at April 28, 2013
Tranche 1	CA\$300.0	November 1, 2017	2.861%	3.0%
Tranche 2	CA\$450.0	November 1, 2019	3.319%	3.4%
Tranche 3	CA\$250.0	November 1, 2022	3.899%	4.0%

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The net proceeds from the issuance, which were approximately \$997.5 (CA\$995.0), were mainly used to repay a portion of the Corporation's unsecured non-revolving acquisition credit facility. The total amount of the notes is subject to cross-currency interest rate swaps (Note 20).

(c) Term revolving unsecured operating credit D

As at April 28, 2013, the Corporation has a credit agreement consisting of a revolving unsecured facility of a maximum amount of \$1,275.0, with an initial term of five years. 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 \$100.0 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 amount borrowed 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 28, 2013, the effective interest is 1.75% (1.1% in 2012) for the US dollar portion and was 2.05% in 2012 for the Canadian dollar portion. In addition, as at April 28, 2013, CA\$2.2 (CA\$1.4 in 2012) and \$28.4 (\$28.5 in 2012) are used for standby letters of credit. As at April 28, 2013 and April 29, 2012, the available line of credit was unused and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(d) Term revolving unsecured operating credits A, B and C

As at April 29, 2012, the Corporation had credit agreements consisting of three revolving unsecured facilities of initial maximum amounts of \$326.0 (Operating credit A), \$154.0 (Operating credit B) and \$40.0 (Operating credit C) each, with initial terms of five years, 51 months and 42 months respectively.

The credit facilities were available in the form of 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 \$50.0 or the equivalent in Canadian dollars, with applicable fees. Depending on the form and the currency of the loan, the amounts borrowed bore interest at variable rates based on the Canadian prime rate, the bankers' acceptance rate, the US base rate or the LIBOR rate plus a variable margin.

Standby fees, which varied based on a leverage ratio and on the utilization rate of the credit facilities, applied to the unused portion of the credit facilities. Stamping fees, standby letters of credit fees and the variable margin used to determine the interest rate applicable to amounts borrowed were determined according to a leverage ratio of the Corporation. Under the credit agreements, the Corporation needed to maintain certain financial ratios and respect certain restrictive provisions.

These operating credits matured in September 2012, were repaid and can no longer be used by the Corporation.

Term revolving unsecured operating credit E

As at April 28, 2013, 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 28, 2013, Operating credit E was unused.

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Bank overdraft facilities

The Corporation has access to bank overdraft facilities totalling approximately \$336.0. As of April 28, 2013, these were unused.

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

	Obligations related to buildings and equipment under finance leases
	\$
2014	19.2
2015	27.4
2016	10.7
2017	5.5
2018	4.5
2019 and thereafter	24.3
	91.6
Interest expense included in minimum lease payments	14.9
	<u>76.7</u>

20. Cross-currency interest rate swaps

On November 1, 2012, the Corporation entered into cross-currency interest rate swap agreements for a total notional amount of CA\$1.0 billion, allowing it to synthetically convert its Canadian dollar denominated debt into US dollars.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Fair value as at April 28, 2013	Maturity
CA\$300.0	2.861%	US\$300.7	2.0340%	\$5.1	November 1, 2017
CA\$125.0	3.319%	US\$125.4	2.7325%	\$2.6	November 1, 2019
CA\$20.0	3.319%	US\$20.1	2.7325%	\$0.4	November 1, 2019
CA\$305.0	3.319%	US\$305.9	2.7400%	\$6.8	November 1, 2019
CA\$125.0	3.899%	US\$125.4	3.4900%	\$2.9	November 1, 2022
CA\$125.0	3.899%	US\$125.4	3.4925%	\$2.6	November 1, 2022
Total financial liabilities				<u>\$20.4</u>	

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

21. Deferred credits and other liabilities

	2013	2012
	\$	\$
Deferred rent expense	47.4	41.2
Deferred branding credits	16.2	13.8
Deferred credits	16.4	4.6
Other liabilities	76.7	62.3
	<u>156.7</u>	<u>121.9</u>

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22. 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
	\$	\$	\$	\$	\$	\$	\$
2013							
Balance, beginning of year	66.5	52.3	-	25.7	13.1	-	157.6
Business acquisitions (Note 4)	166.5	58.9	-	-	-	5.2	230.6
Liabilities incurred	3.7	9.6	34.0	15.7	10.7	1.3	75.0
Liabilities settled	(3.3)	(19.6)	-	(14.6)	(8.8)	(0.2)	(46.5)
Accretion expense	12.5	0.3	-	0.3	-	-	13.1
Reversal of provisions	(0.1)	(4.2)	-	-	-	-	(4.3)
Change in estimates	15.6	0.5	-	0.9	0.2	-	17.2
Effect of exchange rate variations	8.5	3.2	0.1	-	-	0.8	12.6
Balance, end of year	269.9	101.0	34.1	28.0	15.2	7.1	455.3
Current portion of provisions							96.5
Long-term portion of provisions							358.8
2012							
Balance, beginning of year	60.8	25.5	-	25.0	13.7	-	125.0
Business acquisitions (Note 4)	2.1	28.8	-	-	-	-	30.9
Liabilities incurred	0.7	8.9	-	14.3	5.5	-	29.4
Liabilities settled	(1.5)	(7.8)	-	(14.3)	(6.3)	-	(29.9)
Accretion expense	4.8	0.3	-	0.7	0.1	-	5.9
Reversal of provisions	-	(3.1)	-	-	-	-	(3.1)
Change in estimates	-	(0.2)	-	-	0.1	-	(0.1)
Effect of exchange rate variations	(0.4)	(0.1)	-	-	-	-	(0.5)
Balance, end of year	66.5	52.3	-	25.7	13.1	-	157.6
Current portion of provisions							50.1
Long-term portion of provisions							107.5

- (a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately \$519.0 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, Arizona, Texas, West Virginia and Washington State, 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 to 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 \$101.0 provision for environmental costs as at April 28, 2013 (\$52.3 as at April 29, 2012). Of this amount, \$34.8 (\$19.6 as at April 29, 2012) is included in current provisions and the remainder is included in long-term provisions. Furthermore, the Corporation has recorded an amount of \$13.9 for environmental costs receivable from trust funds as at April 28, 2013 (\$15.1 as at April 29, 2012), of which \$2.2 (\$2.1 as at April 29, 2012) is included in Accounts receivable and the remainder is included in Other assets.

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23. 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:

	<u>2013</u>	<u>2012</u>
Class A multiple voting shares		
Balance, beginning of year	53,686,412	53,694,712
Repurchase and cancellation of shares ^(a)	-	(3,700)
Conversion into Class B shares	<u>(4,319,132)</u>	<u>(4,600)</u>
Balance, end of year	<u>49,367,280</u>	<u>53,686,412</u>
Class B subordinate voting shares		
Balance, beginning of year	125,366,596	129,899,045
Repurchase and cancellation of shares ^(a)	-	(6,969,200)
Issued on public offering ^(b)	7,302,500	-
Issued as part of a previous acquisition	176	992
Issued on conversion of Class A shares	4,319,132	4,600
Stock options exercised	<u>1,213,657</u>	<u>2,431,159</u>
Balance, end of year	<u>138,202,061</u>	<u>125,366,596</u>

(a) Since October 25, 2011, the Corporation had a share repurchase program which expired on October 24, 2012. This program allowed the Corporation to repurchase up to 2,684,420 of the 53,688,412 Class A multiple voting shares and up to 11,126,400 of the 111,264,009 Class B subordinate voting shares issued and outstanding as at October 11, 2011 (representing 5.0% of the Class A multiple voting shares issued and outstanding and 10.0% of the Class B subordinate voting shares of the public float, as at that date, respectively, as defined by applicable rules). In accordance with Toronto Stock Exchange requirements, the Corporation could repurchase a daily maximum of 1,000 Class A multiple voting shares and of 82,118 Class B subordinate voting shares. When making such repurchases, the number of Class A multiple voting shares and of Class B subordinate voting shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Corporation's share capital is increased on a pro rata basis. All shares repurchased under the share repurchase program were cancelled upon repurchase. The Corporation did not repurchase any shares under this program during the year ended on April 28, 2013.

(b) On August 14, 2012, the Corporation issued 7,302,500 Class B subordinate voting shares at a price of CA\$47.25 per share, for gross proceeds of approximately CA\$345.0 (\$347.9). The net proceeds of the issuance, approximately CA\$330.0 (\$333.4), were mainly used to repay a portion of the Corporation's revolving unsecured operating credits then outstanding.

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24. 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 16,892,000 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 28, 2013 and April 29, 2012 and the changes therein during the years then ended:

	2013		2012	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
		CA\$		CA\$
Outstanding, beginning of year	3,488,504	13.42	5,957,180	11.25
Granted	35,000	47.60	-	-
Exercised	(1,270,324)	8.99	(2,460,676)	8.15
Forfeited	(420)	16.57	(8,000)	16.35
Outstanding, end of year	<u>2,252,760</u>	<u>16.45</u>	<u>3,488,504</u>	<u>13.42</u>
Exercisable stock options, end of year	<u>2,180,230</u>	<u>16.02</u>	<u>3,352,964</u>	<u>13.29</u>

For options exercised in fiscal 2013, the weighted average share price at the date of exercise was CA\$48.16 (CA\$30.25 in 2012).

The following table presents information on the stock options outstanding and exercisable as at April 28, 2013:

Range of exercise prices	Options outstanding			Options exercisable	
	Number of stock options outstanding as at April 28, 2013	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 28, 2013	Weighted average exercise price
CA\$			CA\$		CA\$
8 – 12	815,000	0.48	10.13	815,000	10.13
12 – 16	151,930	5.38	13.95	148,930	13.97
16 – 20	866,230	3.39	17.72	824,700	17.69
20 – 26	384,600	3.59	25.13	384,600	25.13
26 – 48	35,000	9.26	47.60	7,000	47.60
	<u>2,252,760</u>		<u>16.45</u>	<u>2,180,230</u>	<u>16.02</u>

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:

	2013	2012
Expected dividends (per share)	CA\$0.30	-
Expected volatility	30.00%	-
Risk-free interest rate	1.55%	-
Expected life	8 years	-

The weighted average fair value of stock options granted was CA\$16.70.

For 2013, compensation cost charged to the consolidated statements of earnings amounts to \$0.5 (\$0.4 in 2012).

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.

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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 28, 2013, the Corporation has a total of 67,325 DSUs outstanding (80,723 as at April 29, 2012) and an obligation of \$4.0 (\$3.5 as at April 29, 2012) is recorded in deferred credits and other liabilities. The compensation cost amounts to \$1.7 in 2013 (\$1.8 in 2012).

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 28, 2013 and April 29, 2012 and the changes therein during the years then ended in number of units:

	2013	2012
Outstanding, beginning of year	435,883	367,617
Granted	217,628	140,626
Paid	(135,121)	(11,103)
Cancelled	(15,745)	(61,257)
Outstanding, end of year	502,645	435,883

As at April 28, 2013, an obligation of \$6.8 is recorded in accounts payable and accrued liabilities (\$5.7 in 2012) and \$7.7 is recorded in Deferred credits and other liabilities (\$6.4 as at April 29, 2012). The obligation is subject to an embedded total return swap (Note 17). For 2013, the compensation cost amounts to \$3.7 (\$2.6 for 2012).

25. 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 benefits plans in Canada and in the United States. 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, 2012 and the next required valuation will be as at December 31, 2013. Additionally, through its acquisition of Statoil Fuel & Retail on June 19, 2012, the Corporation now sponsors defined benefit plans in Norway and Sweden. Those plans also provide benefits based on salary at retirement and number of years of service.

Some plans include benefits adjustments in line with the retail 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.

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Information about the Corporation's defined benefit plans, in aggregate, is as follows:

	2013	2012
	\$	\$
Present value of accrued defined benefit obligation		
Balance, beginning of year	64.5	58.0
Business acquisition	408.7	-
Current service cost	15.5	1.1
Interest cost	13.2	3.3
Benefits paid	(20.3)	(3.3)
Loss from change in demographic assumptions	37.4	-
(Gain) loss from change in financial assumptions	(52.6)	3.1
Experience gains	(2.8)	3.8
Curtailment gain	(19.4)	-
Effect of exchange rate fluctuations	14.4	(1.5)
Balance, end of year	<u>458.6</u>	<u>64.5</u>
Plans' assets		
Fair value, beginning of year	25.0	25.5
Business acquisition	342.2	-
Interest income	10.4	1.2
Return on asset (excluding amounts included in interest income)	(16.7)	0.3
Employer contributions	10.7	0.9
Benefits paid	(14.2)	(2.1)
Administrative expenses	(0.6)	(0.1)
Effect of exchange rate fluctuations	14.2	(0.7)
Fair value, end of year	<u>371.0</u>	<u>25.0</u>

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

	2013	2012
	\$	\$
Present value of defined benefit obligation for funded pension plans	(352.4)	(25.6)
Fair value of plans' assets	371.0	25.0
Funded status of plan – surplus (deficit)	<u>18.6</u>	<u>(0.6)</u>
Present value of defined benefit obligation for unfunded pension plans	(106.2)	(38.9)
Accrued pension benefit liability	<u>(87.6)</u>	<u>(39.5)</u>

The pension benefit asset of \$22.1 (none as at April 29, 2012) is included in Other assets and the pension benefit liability of \$109.7 (\$39.5 as at April 29, 2012) 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
	\$	\$	\$	\$	\$
2013					
Present value of defined benefit obligation	(65.9)	(5.7)	(263.9)	(123.1)	(458.6)
Fair value of plans' assets	25.7	-	209.0	136.3	371.0
Funded status of plan – surplus (deficit)	<u>(40.2)</u>	<u>(5.7)</u>	<u>(54.9)</u>	<u>13.2</u>	<u>(87.6)</u>
2012					
Present value of defined benefit obligation	(60.9)	(3.6)	-	-	(64.5)
Fair value of plans' assets	25.0	-	-	-	25.0
Funded status of plan – surplus (deficit)	<u>(35.9)</u>	<u>(3.6)</u>	<u>-</u>	<u>-</u>	<u>(39.5)</u>

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

	2013				2012			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	\$	\$	\$		\$	\$	\$	
Cash and cash equivalents	8.0	-	8.0	2.2	0.6	-	0.6	2.4
Equity securities	87.3	6.5	93.8	25.3	7.7	-	7.7	30.8
Debt instruments								
Government	106.6	5.9	112.5	30.3	11.9	-	11.9	47.6
Corporate	93.5	10.9	104.4	28.1	4.8	-	4.8	19.2
Real estate	-	30.1	30.1	8.1	-	-	-	-
Other assets	14.9	7.3	22.2	6.0	-	-	-	-
Total	310.3	60.7	371.0	100.0	25.0	-	25.0	100.0

The Corporation's pension benefit expense for the fiscal year is determined as follows:

	2013	2012
	\$	\$
Current service cost, net of employee contributions	15.5	1.1
Administrative expenses	0.6	0.1
Pension expense for the year	16.1	1.4
Net interest expense	2.8	2.1
Curtailment gain	(19.4)	-
Amount recognized in earnings for the year	(0.5)	3.5

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:

	2013	2012
	\$	\$
Loss (gain) from change in demographic assumptions	37.4	-
(Gain) loss from change in financial assumptions	(52.6)	3.1
Experience (gain) loss	(2.8)	3.8
Return on asset (excluding amounts included in interest income)	16.7	(0.3)
Amount recognized in Other comprehensive income	(1.3)	(6.6)

The Corporation expects to make a contribution of \$15.4 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:

	2013				2012			
	Canada	United States	Norway	Sweden	Canada	United States	Norway	Sweden
	%	%	%	%	%	%	%	%
Discount rate	3.95	3.95	4.00	3.25	4.80	4.80	-	-
Rate of compensation increase	3.70	4.00	3.75	2.50	3.90	4.00	-	-
Rate of benefit increase	2.25	2.25	0.75	1.50	2.25	2.25	-	-
Rate of social security base amount increase (G-amount)	-	-	3.50	2.50	-	-	-	-

The Corporation uses mortality tables provided by regulatory authorities and actuaries associations in each country. In 2013, a new mortality table was issued by The Financial Supervisory Authority of Norway. This had an impact on the defined benefit obligation in Norway. The mortality table previously used was the last available, which was issued in 2005. 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 16 years.

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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 7.9%	Increase by 9.1%
Rate of compensation increase	0.50	Increase by 3.2%	Decrease by 2.9%
Rate of benefit increase	0.50	Increase by 6.6%	Decrease by 6.2%
Rate of social security base amount increase (<i>G-amount</i>)	0.50	Increase by 0.2%	Decrease by 0.0%

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 sheet.

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 length in line with the average expected life of the obligation and scheduled benefits payments. The Corporation and the trustees, actively monitor that the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension benefits payments. Also, as presented above, to 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 previous fiscal year.

In Europe, it is the Corporation's responsibility to make contributions or not in the defined benefit plans. The Corporation contributes to these plans except when they are overcapitalized. The majority of funded plans in Europe are currently in surplus position. For the other funded plans, the Corporation makes payments based on the actuaries' recommendations and existing regulations. In Canada, only one plan is funded and currently runs a deficit. The Corporation is committed to make special payments in the coming years to eliminate the deficit. These contributions have no significant impact on the cash flow of the Corporation. 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 benefits pension plans. This planned curtailment results from Statoil Fuel & Retail's restructuring.

Defined contribution plans

The Corporation's total pension expense under its defined contribution plans and mandatory governmental plans for 2013 is \$61.9 (\$46.8 in 2012).

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 \$18.3 as at April 28, 2013 (\$15.0 as at April 29, 2012) and are included in Deferred credits and other liabilities.

26. 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 forwards 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 on a portion of its long-term debt.

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 a portion of its aviation fuel operations for which purchases and sales are denominated in different currencies. To mitigate this risk, the Corporation holds cross currency swaps.

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The Corporation is also exposed to foreign currency risk with respect to a portion of its long-term debt denominated in US dollars and certain intercompany loans. As at April 28, 2013, 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 \$4.6 on net earnings. As at April 28, 2013, the Corporation did not hold any other derivative instruments to mitigate this risk.

The Corporation was also exposed to foreign currency risk with respect to its acquisition of Statoil Fuel & Retail for which the purchase price was denominated in Norwegian kroners ("NOK") and was financed using the Corporation's acquisition facility denominated in US dollars. The hypothetical weakening of the US dollar against the NOK would have increased the Corporation's US dollar cash requirements in order to close the acquisition of Statoil Fuel & Retail. To mitigate this risk and because of the lack of liquidity in the currency market for the NOK, the Corporation entered into foreign exchange forward contracts (hereinafter, "forwards") with reputable financial institutions allowing it to predetermine a significant portion of the disbursement it planned to make in US dollars for the acquisition of Statoil Fuel & Retail.

In total, from April 10, 2012 to June 12, 2012, the Corporation entered into forwards requiring it to deliver US\$3.47 billion in exchange for NOK 20.14 billion, representing a weighted average rate of NOK 5.8082 per US dollar which is a favorable rate compared to the rate of NOK 5.75 per US dollar in effect on April 18, 2012, date of the announcement of the offer to acquire Statoil Fuel & Retail.

Subsequently, the Corporation modified the original maturity dates of certain forwards to make them coincide with the actual disbursement dates for the payment of Statoil Fuel & Retail shares and the repayment of certain of Statoil Fuel & Retail debts. Thus, from June 15, 2012 to August 24, 2012, the Corporation settled all of the forwards to pay for Statoil Fuel & Retail shares and certain of its debts.

During fiscal 2013, the Corporation recorded to earnings losses of \$102.9, in relation with these forwards (gain of \$17.0 in 2012).

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 28, 2013, 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 28, 2013, 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 28, 2013, the impact on net earnings of a 1.0% shift in interest rates would have been \$18.6.

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.

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 28, 2013, 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.

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 28, 2013, 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.

The Corporation offers a variety of transportation fuel loyalty cards to its business-to-business and business-to-consumer customers as a means of attracting and retaining customers. These cards provide for approximately 10-45 days delayed payment terms depending on applicable credit criteria. The Corporation also offers various credit or delayed payment terms to its stationary energy, lubricants and aviation fuel customers.

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 28, 2013 relates to receivables of \$254.1, of which \$125.9 was interest bearing. These receivables are not

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recognized in the Corporation's consolidated balance sheet. For fiscal 2013, 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 its embedded total return swap and cross-currency interest rate swaps when these swaps result in a receivable from the financial institutions. 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 as at April 28, 2013 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 ⁽¹⁾						
Accounts payable and accrued liabilities ⁽²⁾	1,670.4	1,670.4	1,670.4	-	-	-
Unsecured non-revolving acquisition credit facility	2,197.3	2,279.3	638.2	35.2	1,605.9	-
Senior unsecured notes	978.7	1,154.8	32.7	32.7	388.9	700.5
Term revolving unsecured operating credit D	345.5	367.0	6.0	6.0	355.0	-
NOK fixed-rate bonds	2.3	2.9	0.1	0.1	0.3	2.4
NOK floating-rate bonds	2.6	3.0	0.1	0.1	2.8	-
Other long-term debt	78.7	94.8	19.8	27.8	22.1	25.1
	5,275.7	5,572.2	2,367.3	101.9	2,375.0	728.0

(1) Based on spot rates, as at April 28, 2013, 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, property taxes and certain payroll benefits.

Price risk

The Corporation's sales of refined oil products, which include road transportation fuel, stationary energy, aviation fuel 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 on the gross margin on sales of these products. As at April 28, 2013, the Corporation did not hold any other derivative instruments to mitigate this risk.

The Corporation is exposed to price risk with respect to its obligation related to its PSU Plan which fluctuates 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 sheet under Other assets. The financial arrangement is adjusted as needed to reflect new awards, adjustments and/or settlements of PSUs. As at April 28, 2013, 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 approximates their fair value given that their credit spread is similar to the credit spread the Corporation would obtain in similar conditions at the reporting date.

As at April 28, 2013, the fair value of the senior unsecured notes is \$1,002.6.

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments:

- The fair value of the investment contract including an embedded total return swap is based on the fair market value of the Corporation's Class B shares;
- The fair value of the senior unsecured notes are based on comparable market prices;

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- The fair value of the cross-currency interest rate swaps is determined based on market rates obtained from the Corporation's financial institutions for similar financial instrument;
- The fair value of the foreign currency forward contracts is determined by comparing the original rates of the contracts with rates prevailing at the revaluation date for contracts having similar values and maturities.

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 Corporation categorized the fair value measurement of the Instrument including an embedded total return swap, the cross currency interest rate swap and the forwards in Level 2, as they are primarily derived from observable market inputs that are, quoted market prices.

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 19 and 23).

In its capital structure, the Corporation considers its stock option, PSU and DSU plans (Note 24). From time to time, the Corporation uses share repurchase programs to achieve its capital management objectives (Note 23).

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 sheet date, the net interest-bearing debt to total capitalization ratio was as follows:

	2013	2012
	\$	\$
Current portion of long-term debt	620.8	484.4
Long-term debt	2,984.3	180.8
Less: Cash and cash equivalents	658.3	304.3
Net interest-bearing debt	2,946.8	360.9
Shareholders' equity	3,216.7	2,174.6
Net interest-bearing debt	2,946.8	360.9
Total capitalization	6,163.5	2,535.5
Net interest-bearing debt to total capitalization ratio	47.8%	14.2%

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 (Earnings Before Interest, Taxes, Depreciation and Amortization) is a non-IFRS measure;
- A fixed charge coverage ratio, which is the ratio of EBITDAR for the four most recent quarters to the total interest expense and the rent payments in the same periods. EBITDAR is a non-IFRS measure and is calculated as EBITDA plus rent payments.

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.

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27. Contractual obligations

Minimum lease payments

As at April 28, 2013, the Corporation has entered into operating lease agreements expiring on various dates until 2040 which call for aggregate minimum lease payments of \$2,654.6 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	334.2
One to five years	1,057.9
More than five years	1,262.5

As at April 28, 2013, the total amount of future minimum sublease payments expected to be received under sublease agreements related to these operating leases is \$58.5.

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.

The Corporation entered into contracts for the delivery of road transportation fuel. The contracts give the Corporation the right to use and the obligation to pay some transport capacity over the life of these contracts, from July 1, 2011 to June 30, 2016. A binding commitment arises following the approval of a production plan for the coming month. Thus, as at April 28, 2013, there was a commitment for one month totaling approximately \$8.2.

The Corporation has an agreement with an oil company, which grants it the license to use and the obligation to pay for the use of the JET trademark. The agreement commenced on November 1, 2010 and will expire in December 31, 2015. Annual licence fee amounts to \$4.0.

The Corporation has a project underway which comprises the development and implementation of a new Enterprise Resource Planning solution for the organisation. The project was launched in calendar year 2011 and should be finalised in calendar year 2014. Contractual commitments related to this project amounted to approximately \$8.7 as at April 28, 2013.

In June 2011, the Corporation entered into an agreement with ExxonMobil which, as at April 28, 2013, binds it to purchase 117 stores when a purchase price agreement is reached with the various independent operators who are part of this agreement. An amount of \$21.6 is held in escrow for this transaction.

28. 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 28, 2013, the total future lease payments under such agreements are approximately \$1.3 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 \$21.7. 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 28, 2013 were not significant.

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29. 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, 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:

	2013 (52 weeks)				2012 (53 weeks)			
	US	Europe ^(a)	Canada	Total	US	Europe	Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$
External customer revenues^(b)								
Merchandise and services	4,548.6	866.1	2,181.7	7,596.4	4,408.0	-	2,190.9	6,598.9
Road transportation fuel	14,872.6	7,537.9	2,860.8	25,271.3	13,650.5	-	2,724.9	16,375.4
Other	6.6	2,668.6	0.5	2,675.7	5.5	-	0.5	6.0
	19,427.8	11,072.6	5,043.0	35,543.4	18,064.0	-	4,916.3	22,980.3
Gross profit								
Merchandise and services	1,505.9	381.6	733.0	2,620.5	1,452.6	-	729.8	2,182.4
Road transportation fuel	782.5	719.1	162.6	1,664.2	637.9	-	148.8	786.7
Other	6.6	317.8	0.5	324.9	5.5	-	0.5	6.0
	2,295.0	1,418.5	896.1	4,609.6	2,096.0	-	879.1	2,975.1
Total long-term assets ^(c)	2,678.3	3,861.0	635.6	7,174.9	2,454.3	-	633.7	3,088.0

(a) Comprises Statoil Fuel and Retail.

(b) 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.

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

30. Subsequent events

Acquisition

Subsequent to fiscal year 2013, 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 and for which the real estate is owned by the Corporation. Additionally, six road transportation fuel supply agreements were transferred to the Corporation.

Dividends

During its July 9, 2013 meeting, the Corporation's Board of Directors (the "Board") declared a dividend of CA\$0.075 per share to shareholders on record as at July 18, 2013 and approved its payment for August 1st, 2013.