Fiscal Year 2017

Alimentation Couche-Tard Inc.
Consolidated Financial Statements
April 30, 2017

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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 have been prepared according to Canadian generally accepted accounting principles as set out in Part I of the CPA Canada Handbook – Accounting, which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), 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 the reasonable accuracy, relevance and reliability of financial information and the 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 independent 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 30, 2017, and April 24, 2016, were audited by PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, and their report indicates the extent of their audit and their opinion on the consolidated financial statements.

July 12, 2017

/s/ Brian Hannasch
Brian Hannasch
President and
Chief Executive Officer

/s/ Claude Tessier
Claude Tessier
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 for the fiscal year ended April 30, 2017. The framework on which such evaluation was based is contained in the report entitled *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation includes 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, and that the degree of compliance with the policies or procedures may deteriorate. Based on this evaluation, management concluded that Alimentation Couche-Tard Inc.'s internal control over financial reporting was effective as at April 30, 2017.

PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, audited the effectiveness of Alimentation Couche-Tard Inc.'s internal control over financial reporting as at April 30, 2017 and expressed an unqualified opinion thereon, which is included herein.

July 12, 2017

/s/ Brian Hannasch
Brian Hannasch
President and
Chief Executive Officer

/s/ Claude Tessier
Claude Tessier
Chief Financial Officer

Independent Auditor's Report

To the Shareholders of
Alimentation Couche-Tard Inc.

July 12, 2017

We have completed integrated audits of Alimentation Couche-Tard Inc. and its subsidiaries' consolidated financial statements for the fiscal years ended April 30, 2017 and April 24, 2016, and its internal control over financial reporting as at April 30, 2017. Our opinions, based on our audits, are presented below.

Report on the consolidated financial statements

We have audited the consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries, which comprise the consolidated balance sheets as at April 30, 2017 and April 24, 2016, and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the fiscal years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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 30, 2017 and April 24, 2016, their financial performance and their cash flows for the fiscal years then ended in accordance with International Financial Reporting Standards.

Report on internal control over financial reporting

We have also audited the effectiveness of Alimentation Couche-Tard Inc. and its subsidiaries' internal control over financial reporting as at April 30, 2017.

Management's responsibility for internal control over financial reporting

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

Auditor's responsibility

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

We conducted our audit in accordance with the standard for audits of internal control over financial reporting set out in the CPA Canada Handbook – Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material

weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances.

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

Opinion

In our opinion, Alimentation Couche-Tard Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at April 30, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)*, issued by COSO.

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

PricewaterhouseCoopers LLP[1]

Montreal, Canada

[1] FCPA auditor, FCA, public accountancy permit No. A116853

Consolidated Statements of Earnings

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2), except per share amounts)

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Revenues	**37,904.5**	34,144.6
Cost of sales (Note 8)	**31,422.7**	28,063.1
Gross profit	**6,481.8**	6,081.5
Operating, selling, administrative and general expenses	**4,100.5**	3,836.5
Loss on disposal of property and equipment and other assets	**11.8**	18.8
Restructuring costs (Note 24)	**8.1**	-
Curtailment gains on defined benefits pension plan obligation (Note 28)	**(3.9)**	(27.2)
Gain on disposal of lubricant business (Note 5)	**-**	(47.4)
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**667.6**	633.1
Total operating expenses (Note 8)	**4,784.1**	4,413.8
Operating income	**1,697.7**	1,667.7
Share of earnings of joint ventures and associated companies accounted for using the equity method (Note 6)	**30.4**	30.0
Financial expenses	**132.8**	109.9
Financial revenues	**(6.4)**	(6.9)
Foreign exchange loss	**9.6**	5.0
Net financial expenses (Note 10)	**136.0**	108.0
Earnings before income taxes	**1,592.1**	1,589.7
Income taxes (Note 11)	**383.2**	398.3
Net earnings	**1,208.9**	1,191.4
Net earnings attributable to:		
Shareholders of the Corporation	**1,208.9**	1,191.2
Non-controlling interest (Note 7)	**-**	0.2
Net earnings	**1,208.9**	1,191.4
Net earnings per share (Note 12)		
Basic	**2.13**	2.10
Diluted	**2.12**	2.09

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

Consolidated Statements of Comprehensive Income

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2))

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Net earnings	**1,208.9**	1,191.4
Other comprehensive (loss) income		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Change in cumulative translation adjustments[(1)]	**9.6**	120.5
Change in fair value and net interest on cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in certain of its foreign operations[(2)]	**(112.0)**	(78.4)
Cash flow hedges		
Change in fair value of financial instruments[(2)] (Note 29)	**(5.4)**	5.7
Gain realized on financial instruments transferred to earnings[(2)] (Note 29)	**(4.7)**	(7.7)
Available-for-sale investment		
Change in fair value of an available-for-sale investment[(2)]	**21.5**	(13.8)
Items that will never be reclassified to earnings		
Net actuarial (loss) gain[(2)] (Note 28)	**(13.9)**	18.9
Other comprehensive (loss) income	**(104.9)**	45.2
Comprehensive income	**1,104.0**	1,236.6
Comprehensive income attributable to:		
Shareholders of the Corporation	**1,104.0**	1,236.4
Non-controlling interest	**-**	0.2
Comprehensive income	**1,104.0**	1,236.6

(1) For the fiscal years ended April 30, 2017 and April 24, 2016, these amounts include losses of $36.4 (net of income taxes of $5.8) and $89.0 (net of income taxes of $14.2), respectively. These losses arise from the translation of long-term debts denominated in foreign currencies, and, for a portion of the year, in combination with cross-currency interest rate swaps, designated as foreign exchange hedges of the Corporation's net investments in foreign currency operations.

(2) For the fiscal years ended April 30, 2017 and April 24, 2016, these amounts are net of income taxes of $6.3 and $6.1, respectively.

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

Consolidated Statements of Changes in Equity

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2))

2017 (53 weeks)

	Attributable to the shareholders of the Corporation						
	Capital stock	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive income (loss) (Note 27)**	**Total**	**Non-controlling interest**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, beginning of year	**699.8**	**14.8**	**5,019.9**	**(693.4)**	**5,041.1**	**-**	**5,041.1**
Comprehensive income:							
Net earnings	**-**	**-**	**1,208.9**	**-**	**1,208.9**	**-**	**1,208.9**
Other comprehensive loss	**-**	**-**	**-**	**(104.9)**	**(104.9)**	**-**	**(104.9)**
Comprehensive income					**1,104.0**	**-**	**1,104.0**
Dividends declared	**-**	**-**	**(145.3)**	**-**	**(145.3)**	**-**	**(145.3)**
Stock option-based compensation expense (Note 26)	**-**	**6.5**	**-**	**-**	**6.5**	**-**	**6.5**
Initial fair value of stock options exercised	**5.6**	**(5.6)**	**-**	**-**	**-**	**-**	**-**
Cash received upon exercise of stock options	**3.3**	**-**	**-**	**-**	**3.3**	**-**	**3.3**
Balance, end of year	**708.7**	**15.7**	**6,083.5**	**(798.3)**	**6,009.6**	**-**	**6,009.6**

2016 (52 weeks) (adjusted, Note 2)

	Attributable to the shareholders of the Corporation						
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (Note 27)	Total	Non-controlling interest	Total equity
	$	$	$	$	$	$	$
Balance, beginning of year	697.2	10.7	3,919.8	(738.6)	3,889.1	13.9	3,903.0
Comprehensive income:							
Net earnings	-	-	1,191.2	-	1,191.2	0.2	1,191.4
Other comprehensive income	-	-	-	45.2	45.2	-	45.2
Comprehensive income					1,236.4	0.2	1,236.6
Dividends declared	-	-	(104.1)	-	(104.1)	(0.7)	(104.8)
Nullification of redemption liability (Note 7)	-	-	13.0	-	13.0		13.0
Repurchase of non-controlling interest (Note 7)	-	-	-	-	-	(11.8)	(11.8)
Non-controlling interest transferred to contributed surplus (Note 7)	-	1.6	-	-	1.6	(1.6)	-
Stock option-based compensation expense (Note 26)	-	4.3	-	-	4.3	-	4.3
Initial fair value of stock options exercised	1.8	(1.8)	-	-	-	-	-
Cash received upon exercise of stock options	0.8	-	-	-	0.8	-	0.8
Balance, end of year	699.8	14.8	5,019.9	(693.4)	5,041.1	-	5,041.1

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

Consolidated Statements of Cash Flows

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2))

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Operating activities		
Net earnings	**1,208.9**	1,191.4
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets, net of amortization of deferred credits	**654.9**	605.7
Curtailment gains on defined benefits pension plan obligation (Note 28)	**(3.9)**	(27.2)
Deferred income taxes (Note 11)	**47.2**	38.1
Deferred credits	**18.6**	22.9
Share of earnings of joint ventures and associated companies accounted for using the equity method, net of dividends received (Note 6)	**(14.4)**	(11.3)
Loss on disposal of property and equipment and other assets	**11.8**	18.8
Gain on disposal of lubricant business (Note 5)	**-**	(47.4)
Other	**(13.9)**	6.8
Changes in non-cash working capital (Note 13)	**16.3**	90.1
Net cash provided by operating activities	**1,925.5**	1,887.9
Investing activities		
Business acquisitions (Note 4)	**(1,331.6)**	(437.3)
Purchase of property and equipment, intangible assets and other assets	**(994.1)**	(905.7)
Investment in an associated company held-for-sale (Note 4)	**(308.1)**	-
Proceeds from disposal of property and equipment and other assets	**95.0**	99.0
Proceeds from sale of an associated company held-for-sale (Note 4)	**71.5**	-
Capital reduction received from an associated company held-for-sale (Note 4)	**65.6**	-
Deposit for business acquisition	**18.6**	(18.7)
Restricted cash	**(4.4)**	0.4
Proceeds from disposal of lubricant business (Note 5)	**-**	81.0
Net cash used in investing activities	**(2,387.5)**	(1,181.3)
Financing activities		
Issuance of Euro-denominated senior unsecured notes, net of financing costs (Note 20)	**851.8**	-
Net decrease in term revolving unsecured operating credit D (Note 20)	**(176.6)**	(967.7)
Cash dividends paid	**(145.3)**	(104.1)
Net decrease in other debts (Note 20)	**(26.0)**	(24.6)
Settlement of cross-currency interest rate swaps	**(5.8)**	(10.0)
Issuance of shares upon exercise of stock options	**3.3**	0.8
Financing costs related to the acquisition facility (Note 33)	**(3.0)**	-
Issuance of Canadian-dollar-denominated senior unsecured notes, net of financing costs (Note 20)	**-**	562.0
Repayment of debt assumed on business acquisition	**-**	(225.2)
Issuance of NOK-denominated senior unsecured notes, net of financing costs (Note 20)	**-**	78.0
Repurchase of non-controlling interest (Note 7)	**-**	(11.8)
Net cash provided by (used in) financing activities	**498.4**	(702.6)
Effect of exchange rate fluctuations on cash and cash equivalents	**1.8**	19.6
Net increase in cash and cash equivalents	**38.2**	23.6
Cash and cash equivalents, beginning of year	**599.4**	575.8
Cash and cash equivalents, end of year	**637.6**	599.4
Supplemental information:		
Interest paid	**102.2**	84.7
Interest and dividends received	**21.3**	25.0
Income taxes paid	**360.4**	351.0
Cash and cash equivalents components:		
Cash and demand deposits	**592.7**	597.3
Liquid investments	**44.9**	2.1
	637.6	599.4

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

Consolidated Balance Sheets

As at April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2))

	2017	2016 (adjusted, Note 2)
	$	$
Assets		
Current assets		
Cash and cash equivalents	**637.6**	599.4
Restricted cash	**6.1**	1.7
Accounts receivable (Note 14)	**1,494.2**	1,370.4
Inventories (Note 15)	**865.7**	816.7
Prepaid expenses	**60.3**	60.7
Other short-term financial assets (Note 21)	**7.6**	-
Income taxes receivable	**102.1**	32.9
	3,173.6	2,881.8
Property and equipment (Note 16)	**7,490.1**	6,371.5
Goodwill (Note 17)	**2,377.0**	1,773.2
Intangible assets (Note 17)	**669.5**	755.9
Other assets (Note 18)	**313.4**	344.9
Investment in joint ventures and associated companies (Note 6)	**107.9**	91.2
Deferred income taxes (Note 11)	**39.7**	46.3
	14,171.2	12,264.8
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 19)	**2,704.0**	2,466.8
Provisions (Note 24)	**130.5**	107.0
Other short-term financial liabilities (Notes 21 and 22)	**88.6**	2.2
Income taxes payable	**75.3**	54.6
Current portion of long-term debt (Note 20)	**252.4**	29.2
	3,250.8	2,659.8
Long-term debt (Note 20)	**3,095.8**	2,808.9
Provisions (Note 24)	**482.7**	473.0
Pension benefit liability (Note 28)	**94.6**	100.3
Other long-term financial liabilities (Note 21)	**223.1**	221.8
Deferred credits and other liabilities (Note 23)	**266.5**	267.6
Deferred income taxes (Note 11)	**748.1**	692.3
	8,161.6	7,223.7
Equity		
Capital stock (Note 25)	**708.7**	699.8
Contributed surplus	**15.7**	14.8
Retained earnings	**6,083.5**	5,019.9
Accumulated other comprehensive loss (Note 27)	**(798.3)**	(693.4)
	6,009.6	5,041.1
	14,171.2	12,264.8

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

On behalf of the Board,

⁄s⁄ Brian Hannasch	*⁄s⁄ Alain Bouchard*
Brian Hannasch	**Alain Bouchard**
Director	Director

Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2), except share and stock option data)

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

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

As at April 30, 2017, the Corporation operates and licenses 10,869 convenience stores across North America, Ireland, Scandinavia (Norway, Sweden and Denmark), Poland, the Baltics (Estonia, Latvia and Lithuania) and Russia, of which 8,011 are company-operated, and generates income primarily from the sale of tobacco products, grocery items, beverages, fresh food offerings, including quick service restaurants, car wash services, other retail products and services, road transportation fuel, stationary energy, marine fuel and chemicals.

In addition, more than 1,700 stores are operated by independent operators under the Circle K banner in 13 other countries and territories (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam), which brings the total network to more than 12,500 stores worldwide.

2. BASIS OF PRESENTATION

Year-end date

The Corporation’s year-end is the last Sunday of April of each year. The fiscal years ended April 30, 2017 and April 24, 2016 are referred to as 2017 and 2016. The fiscal year ended April 30, 2017 had 53 weeks (52 weeks in 2016).

Basis of presentation

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

Reporting currency

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

Approval of the financial statements

On July 12, 2017, the Corporation’s consolidated financial statements were approved by the Board of Directors, which also approved their publication.

Comparative figures

The Corporation has made adjustments and finalized the estimates of the fair value of assets acquired and liabilities assumed for the acquisition of Topaz Energy Group Limited, Resource Property Investment Fund PLC and Esso Ireland Limited, collectively referred to as “Topaz”. As a result, changes were made to Operating, selling, administrative and general expenses, Depreciation, amortization and impairment of property and equipment, intangible assets and other assets, Financial expenses and Income taxes in the consolidated statement of earnings for the fiscal year ended April 24, 2016, which cumulatively increased by $2.3. Consequently, Net earnings decreased by the same amount. The consolidated balance sheet as at April 24, 2016 was also adjusted to reflect these changes. See Note 4 for more details on the adjustments made to the estimates of the fair value of assets acquired and liabilities assumed for this acquisition.

3. ACCOUNTING POLICIES

Use of estimates and judgments

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

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

Principles of consolidation

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

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

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

Foreign currency translation

Functional currency

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

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the relevant functional currency as follows: monetary assets and liabilities are translated using the exchange rate in effect at the consolidated balance sheet date, whereas revenues and expenses are translated using the average exchange rate on a 4-week period basis (5-week period basis for the fourth quarter of fiscal year 2017). Non-monetary assets and liabilities are translated using historical rates or using the rate on the date they were valued at fair value. Gains and losses arising from such translations, if any, are reflected in the earnings except for assets and liabilities designated as part of hedging relationships.

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 consolidated balance sheet date. Revenues and expenses are translated using the average exchange rate on a 4-week period basis (5-week period basis for the fourth quarter of fiscal year 2017). Individual transactions with a significant impact on the consolidated statements of earnings, comprehensive income or cash flows are translated using the transaction date exchange rate.

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

Reporting currency

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

Net earnings per share

Basic net earnings per share are 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 are 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 the point of sale 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 also include the wholesale of merchandise and goods to certain independent operators and franchisees made from the Corporation’s distribution centers, which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made.

Service revenues include commissions on the sale of lottery tickets and issuance of money orders, fees from automatic teller machines, sales of calling cards and gift cards, fees for cashing checks, 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, as well as commissions from agents, and royalties from franchisees and licensees, which are recognized periodically based on sales reported by agents, and franchise and license operators.

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

Other revenues include sale of stationary energy, marine fuel, aviation fuel, lubricants (until September 30, 2015) and chemicals, which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made. Other revenues also include rental income from operating leases, which is recognized on a straight-line basis over the term of the lease.

Cost of sales and vendor rebates

Cost of sales mainly comprises the cost of finished goods and input materials, as well as transportation costs when they are incurred to bring products to the point of sale. For the Corporation's own production of lubricants (until September 30, 2015), the cost of goods sold also includes direct labor 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 consolidated 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 labor, net occupancy costs, electronic payment modes fees, commissions to dealers and agents and overhead.

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 which 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 fuel inventory is generally determined according to the average cost 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 (loss) or directly in 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 amount and the tax base 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 all 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, 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.

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	Lesser of the lease term and 40 years
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 the cash-generating unit ("CGU"). Should the carrying amount of property and equipment exceed their recoverable amount, an impairment loss in the amount of the excess would be recognized.

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

Goodwill

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

Intangible assets

Intangible assets mainly comprise trademarks, franchise agreements, customer relationships, motor fuel supply agreements, software, favorable leases 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. Favorable leases represent lease terms that are favorable compared to those currently available in the marketplace, and they are amortized using the straight-line method over the term of the lease. Customer relationships, software and other intangible assets are amortized using the straight-line method over a period of 3 to 15 years.

Deferred charges

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

Leases

Determining whether an arrangement contains a lease

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

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

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

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.

Lease arrangements in which the Corporation is a lessee

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

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

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

Gains and losses resulting from sale and leaseback transactions are recorded in the consolidated 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 the loss shall be deferred and amortized in proportion to the lease payments over the period during which the asset is expected to be used; or
- the sale price is above fair value, in which case the excess shall be deferred and amortized over the period during which the asset is expected to be used.

Lease arrangements in which the Corporation is a lessor

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

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

Financing costs

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

Stock-based compensation and other stock-based payments

Stock-based compensation costs are measured at the grant date of the award based on the fair value method.

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 the pension expense is recorded in earnings as the services are rendered by active employees. The calculations reflect management's best estimate of salary escalation and retirement ages of employees;
- Plan assets are valued at fair value;
- Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Actuarial gains and losses are recognized immediately in Other comprehensive income with no impact on net earnings;
- 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; and
- 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 reporting 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 flows 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 contamination, 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's contamination, location of sites and experience of the contractors performing the environmental assessments and remediation work. In order to determine the initial recorded liability, the present value of estimated future cash flows was calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Asset retirement obligations

Asset retirement obligations primarily relate to estimated future costs to remove road transportation fuel storage tanks and are based on the Corporation's prior experience in removing these tanks, estimated tank useful life, remaining 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.

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 and Ireland, 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 consolidated balance sheet date is discounted and is recognized as a liability. This cost is estimated based on an analysis of the Corporation's historical data and actuarial estimates. In order to determine the initial recorded liability, the present value of estimated future cash flows is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Restructuring

Restructuring provisions are recognized only when a detailed formal plan for the restructuring exists and either the plan has 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 values 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	Available-for-sale financial assets	Fair value	Other comprehensive income subject to reclassification to net earnings
Derivative financial instruments	Financial assets or liabilities at fair value through profit or loss	Fair value	Net earnings
Derivative financial instruments designated as hedges	Effective hedging instruments	Fair value	Other comprehensive income subject to reclassification to net earnings
Bank indebtedness and long-term debt	Other financial liabilities	Amortized cost	Net earnings
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Net earnings

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

Hedging and derivative financial instruments

Embedded total return swap

The Corporation uses an investment contract which includes an embedded total return swap to manage current and forecasted risks related to changes in the fair value of the PSUs and DSUs 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 and DSUs. 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 and DSUs affects consolidated net earnings. Should the hedged transaction no longer be expected to occur, any gains, losses, revenues or expenses associated with the hedging item that had previously been recognized in Other comprehensive income as a result of applying hedge accounting will be recognized in the reporting period's net earnings under Operating, selling, administrative and general expenses.

Designated long-term debts denominated in foreign currencies

The Corporation designates a portion of its US-dollar- and its Norwegian-krone-denominated long-term debts as a foreign exchange hedge of its net investment in its United States and Norwegian operations, respectively. The Corporation also designates a portion of its Euro-denominated long-term debts as a foreign exchange hedge of its net investment in its Euro currency and Danish-krone operations. The remaining portion, if any, in combination with cross-currency interest rates swaps, is designated as a foreign exchange hedge of its net investment in its operations in Denmark, the Baltics and Ireland. Accordingly, the gains and losses arising from the translation of the designated debts and changes in the fair value of the associated cross-currency interest rate swaps, that are designated to be an effective hedge, are recognized in Other comprehensive income, counterbalancing gains and losses arising from the translation of the Corporation's net investment its United States, Norwegian, and Euro currency and Danish-krone operations.

Cross-currency interest rate swaps

The Corporation uses cross-currency interest rate swaps to manage the currency fluctuation risk associated with forecasted cash disbursements related to its Canadian-dollar-denominated senior unsecured notes, considering its predominant cash flows in US dollars. The Corporation designated these cross-currency interest rate swaps as a foreign exchange hedge of its net investment in its foreign operations. Accordingly, the portion of the gains or losses arising from the translation of the cross-currency interest rate swaps that are determined to be an effective hedge, are recognized in Other comprehensive income, counterbalancing gains and losses arising from the translation of the Corporation's net investment in its foreign operations.

Short-term cross-currency interest rate swaps

Occasionally, the Corporation uses short-term cross-currency interest rate swaps to manage the currency fluctuation risk associated with forecasted cash disbursements in a foreign currency. Gains or losses arising from the translation of these short-term cross-currency interest rate swaps are recognized in the consolidated statements of earnings as foreign exchange gain or loss.

Interest rate locks

The Corporation uses interest rate locks to manage the interest rate risk associated with forecasted debt issuance. The Corporation designated these interest rate locks as a cash flow hedge of the future debt issuance. Accordingly, changes in the fair value of the hedging item, the interest rate locks, are recognized in Other comprehensive income (loss). Realized gains and losses in Accumulated other comprehensive income (loss) will be reclassified to Interest expense over the same periods as the Interest expense on the debt will be recognized in earnings.

Guarantees

A guarantee is defined as a contract or an indemnification agreement contingently requiring an entity 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 to earnings when incurred.

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

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

For purchase price allocation and impairment testing purposes, goodwill and other intangible assets with indefinite useful lives are allocated to CGUs based on the lowest level at which management reviews the results, a level which is not higher than the operating segment. The allocation

is made to those CGUs, which are expected to benefit from the business combination, and in which the goodwill and intangible assets with indefinite useful lives arose.

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

Recently issued accounting standards not yet implemented

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, “Revenue from Contracts with Customers”, to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. IFRS 15 supersedes IAS 18, "Revenue”, IAS 11, “Construction Contracts”, and other revenue-related interpretations. In September 2015, the IASB deferred the mandatory effective date of IFRS 15 to fiscal years beginning on or after January 1, 2018. Earlier application is permitted. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

Classification and Measurement of Financial Assets and Financial Liabilities

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

Leases

In January 2016, the IASB issued IFRS 16, “Leases”, which will replace IAS 17, “Leases”. The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided the Corporation has adopted IFRS 15, “Revenue from Contracts with Customers”. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts, and record it on the balance sheet, except with respect to lease contracts that meet limited exception criteria. The Corporation is currently evaluating the impact of the standard on its consolidated financial statements. The Corporation’s preliminary conclusion is that, given that it has significant contractual obligations in the form of operating leases (Note 30) under IAS 17, there will be a material increase to both assets and liabilities upon adoption of IFRS 16, and material changes to the presentation of expenses associated with the lease arrangements, and, to a lower extent, the timing of recognition.

Income Taxes

In January 2016, the IASB issued amendments to IAS 12, "Income Taxes", regarding the recognition of deferred tax assets for unrealized losses, effective for annual periods beginning on or after January 1, 2017. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments will have no significant impact on the Corporation’s consolidated financial statements.

Statement of Cash Flows

In January 2016, the IASB published amendments to IAS 7, “Statement of Cash Flows”. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity’s financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. These amendments will have no significant impact on the information disclosed in its consolidated financial statements.

Classification and Measurement of Share-based Payment Transactions

In June 2016, the IASB issued “Classification and Measurement of Share-based Payment Transactions”, amending IFRS 2, “Share-based Payment”, and clarifying how to account for certain types of share-based payment transactions, such as the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments. These amendments are effective for annual periods beginning on or after January 1, 2018. The amendments are to be applied prospectively, with a retrospective application permitted. The Corporation is currently evaluating the impact of these amendments on its consolidated financial statements.

4. BUSINESS ACQUISITIONS

The Corporation has made the following business acquisitions:

2017

Acquisition of certain Canadian assets from Imperial Oil Limited

The Corporation acquired 278 sites from Imperial Oil Limited ("IOL"), of which 228 are located in Ontario, mostly in the Greater Toronto Area, and 50 are located in the Greater Montreal Area. The agreement also included 13 land banks and 1 dealer site as well as a long-term supply contract for Esso-branded fuel. The integration of the sites began on September 12, 2016, and was completed on October 27, 2016. Of the 278 sites, the Corporation leases the land and building for 1 site, leases the land and owns the building for 40 sites, and owns both of these assets for the remaining 237 sites. At closing, all sites were operating under a commission agency model under which a third party operates the site and the Corporation operates the road transportation fuel activities.

This transaction was financed using the Corporation's available cash and existing credit facilities.

Acquisition costs of $12.2 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

The table below shows the final estimates of the fair value of assets acquired and liabilities assumed:

	Final estimate
	$
Assets	
Current assets	
Inventories	13.8
	13.8
Property and equipment	742.9
Identifiable intangible assets	6.6
Other assets	4.1
	767.4
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	1.2
Provisions	19.5
	20.7
Deferred credits and other liabilities	7.7
Deferred income taxes	18.9
	47.3
Net identifiable assets	720.1
Goodwill	565.6
Total cash consideration paid	1,285.7

The Corporation expects that all of the goodwill related to this transaction will be deductible for tax purposes.

This acquisition was concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale. This acquisition generated goodwill mainly due to the strategic location of stores acquired. Since the date of acquisition, revenues and net earnings from these stores amounted to $1,043.5 and $54.5, respectively. Considering the nature of this acquisition, the available financial information does not allow for the accurate disclosure of pro forma revenues and net earnings had the Corporation concluded this acquisition at the beginning of its fiscal year.

Other acquisitions

- On May 1, 2016, the Corporation completed the acquisition of all shares of Dansk Fuel A/S ("Dansk Fuel") from A/S Dansk Shell, comprising 315 service stations, a commercial fuel business and an aviation fuel business, all located in Denmark, for a total consideration of $308.1.

  As per the requirements of the European Commission, the Corporation:

  - was approved to retain 127 Dansk Fuel sites, of which 86 were owned and 41 were leased from third parties;
  - was required to divest the remaining of the Dansk Fuel business in addition to 24 of its legacy sites in Denmark; and
  - continued to operate separately from Dansk Fuel until the retained sites were transferred to its Danish subsidiary.

  As the Corporation did not have control over Dansk Fuel's operation, its shares were accounted for as an investment in an associated company using the equity method.

  Between June 20, 2016 and September 11, 2016, the Corporation gradually gained control over the operations of the retained sites as they were transferred from Dansk Fuel to its Danish subsidiary and from then, the assets and results related to these sites are included in its consolidated balance sheet and its consolidated earnings. Of the 127 retained sites, 72 are full-service stations, 49 are

unmanned automated fuel stations and 6 are truck stops, all of which were dealer-operated at the date of the transfer. During fiscal 2017, all sites were converted to company-operated sites.

On October 31, 2016, as all requirements of the European Commission had been met, the Corporation sold all of its shares in Dansk Fuel to DCC Holding A/S, a subsidiary of DCC plc, for a total cash consideration of $71.5. Prior to this sale transaction, a capital reduction of $65.6 was received from Dansk Fuel.

This transaction was financed using the Corporation's available cash and existing credit facilities.

- On November 15, 2016, the Corporation completed the acquisition of 23 company-operated sites located in Estonia from Sevenoil Est OÜ and its affiliates, of which there are 11 full-service fuel stations and 12 unmanned automated fuel stations. The Corporation leases the land and owns the building for three sites and owns those assets for the remaining sites. This transaction was financed using the Corporation's available cash and existing credit facilities.
- During fiscal 2017, the Corporation also acquired 13 company-operated stores through distinct transactions. The Corporation owns the land and building for these sites. These transactions were financed using the Corporation's available cash and existing credit facilities.

These transactions were settled for a total consideration of $223.5. Since the Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed and goodwill for all transactions, the preliminary estimates thereof are subject to adjustments to the fair value of the assets, liabilities and goodwill until the process is completed. For the fiscal year ended April 30, 2017, acquisition costs of $8.8 in connection with these acquisitions and other unrealized or ongoing acquisitions are included in Operating, selling, administrative and general expenses.

The preliminary estimates of the fair value of assets acquired and liabilities assumed for the other acquisitions based on the estimated fair value on the date of acquisition and available information as at the date of the publication of these consolidated financial statements are as follows:

	$
Tangible assets acquired	
Inventories	12.8
Property and equipment	130.0
Other assets	3.9
Total tangible assets	146.7
Liabilities assumed	
Accounts payable and accrued liabilities	2.4
Provisions	4.3
Deferred credits and other liabilities	7.2
Total liabilities	13.9
Net tangible assets acquired	132.8
Goodwill	90.7
Total consideration	223.5
Deemed consideration for the transfer of 127 sites from Dansk Fuel	177.6
Total cash consideration paid	45.9

The Corporation expects that all 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. Since the date of acquisition, revenues and net earnings from these stores amounted to $247.5 and $5.3, 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.

2016

Acquisition of Topaz

On February 1, 2016, the Corporation acquired all outstanding shares of Topaz for a total cash consideration of €257.5, or $280.4 (net of the consideration receivable), plus a contingent consideration of a maximum undiscounted amount of €15.0 ($16.3) payable upon the signature of two contracts. The fair value of the contingent consideration was estimated based on the Corporation's knowledge of the negotiations' progress at the acquisition date and represents the Corporation's best estimate. Topaz is the leading convenience and fuel retailer in Ireland with a network comprising 444 service stations. Of these service stations, 158 are operated by Topaz and 286 by dealers. As a result of this transaction, the Corporation became the owner of the land and building for 77 sites, lessee of the land and owner of the building for 24 sites and lessee of these same assets for the remaining sites. The agreement also encompasses a significant commercial fuel operation, with over 30 depots and 2 owned terminals.

Acquisition costs of $1.0 in connection with this acquisition were included in Operating, selling, administrative and general expenses.

The table below shows the initial estimates of the fair value of assets acquired and liabilities assumed as reported in the Corporation's 2016 annual consolidated financial statements and the changes made to adjust it to the final estimates:

	Initial estimate	Changes	Final estimate
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	28.4	-	28.4
Accounts receivable[(a)]	213.5	(24.4)	189.1
Inventories	38.1	-	38.1
Prepaid expenses	12.9	(2.2)	10.7
	292.9	(26.6)	266.3
Property and equipment	509.0	(33.9)	475.1
Identifiable intangible assets	5.1	122.5	127.6
Other assets	5.1	3.3	8.4
Deferred income taxes	2.2	(2.2)	-
	814.3	63.1	877.4
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	237.7	(21.7)	216.0
Provisions	2.4	0.9	3.3
Income taxes payable	-	0.6	0.6
Current portion of long-term debt	231.3	(0.2)	231.1
	471.4	(20.4)	451.0
Long-term debt	153.0	(19.1)	133.9
Provisions	19.5	(1.9)	17.6
Pension benefit liability	9.6	-	9.6
Deferred credits and other liabilities	-	2.6	2.6
Deferred income taxes	-	27.0	27.0
	653.5	(11.8)	641.7
Net identifiable assets	160.8	74.9	235.7
Goodwill	136.4	(75.4)	61.0
Consideration	297.2	(0.5)	296.7
Consideration receivable	-	(0.5)	(0.5)
Contingent consideration	16.3	-	16.3
Cash and cash equivalents acquired	28.4	-	28.4
Net cash flow for the acquisition	252.5	-	252.5

(a) The fair value of acquired accounts receivable is $189.1, which represents the gross contractual amount for accounts receivable of $194.4, of which $5.3 is expected to be uncollectible.

None of the goodwill related to this transaction was deductible for tax purposes.

This acquisition was concluded in order to penetrate new markets and increase economies of scale. This acquisition generated goodwill mainly due to the significant footprint of Topaz' network in Ireland.

Other acquisitions

- On December 1, 2015, the Corporation acquired from Texas Star Investments and its affiliates 18 company-operated stores, 2 quick service restaurants and a dealer fuel supply network located in the US State of Texas. The Corporation owns the land and buildings for 17 sites and leases these same assets for the remaining sites.
- On September 24, 2015, the Corporation acquired from Kocolene Marketing LLC 13 company-operated stores in the US States of Indiana and Kentucky. The Corporation owns the land and buildings for 12 sites and leases the land and building for the remaining site.
- On June 2, 2015, the Corporation acquired from Cinco J, Inc., Tiger Tote Food Stores, Inc., and their affiliates 21 company-operated stores in the US states of Texas, Mississippi and Louisiana. The Corporation owns the land and buildings for 18 sites and leases the land and owns the buildings for the remaining 3 sites. As part of this agreement, the Corporation also acquired agreements for the supply of fuel to 141 stores operated by independent operators, 5 development properties and customer relations for 93 dealer sites.
- During fiscal year 2016, the Corporation also acquired 19 other stores through distinct transactions. The Corporation owns the land and buildings for 15 sites and leases these same assets for the remaining 4.

Acquisition costs of $5.2 in connection with these acquisitions and other unrealized or ongoing acquisitions were included in Operating, selling, administrative and general expenses.

These acquisitions were settled for a total cash consideration of $184.8. The estimates of the fair value of assets acquired and liabilities assumed on the date of acquisition and available information as at the date of publication of these consolidated financial statements are as follows:

	$
Tangible assets acquired	
Inventories	7.0
Property and equipment	86.9
Other assets	2.9
Total tangible assets	96.8
Liabilities assumed	
Provisions	1.2
Deferred credits and other liabilities	4.9
Total liabilities	6.1
Net tangible assets acquired	90.7
Intangible assets	11.3
Goodwill	82.8
Total cash consideration paid	184.8

Approximately $10.5 of the goodwill related to these transactions was deductible for tax purposes.

These acquisitions were concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale. These acquisitions generated goodwill mainly due to the strategic location of stores acquired.

5. DISPOSAL OF BUSINESS

On October 1, 2015, the Corporation closed the disposal of its lubricants business to Fuchs Petrolub SE. The disposal was done through a share purchase agreement pursuant to which Fuchs Petrolub SE acquired 100% of all issued and outstanding shares of Statoil Fuel & Retail Lubricants Sweden AB. Total proceeds from the disposal of the lubricants business were $81.0. The Corporation recognized a gain on disposal of $47.4 in relation to this sale transaction.

6. INVESTMENT IN JOINT VENTURES AND ASSOCIATED COMPANIES

	2017	2016
	$	$
Investment in joint ventures	**106.4**	89.6
Investment in associated companies	**1.5**	1.6
	107.9	91.2

The Corporation's investment in joint ventures and associated companies, none of which are individually significant to the Corporation, are recorded according to the equity method. The following amounts represent the Corporation's share of the joint ventures' and associated companies' net earnings and comprehensive income:

	2017 (53 weeks)	2016 (52 weeks)
	$	$
Joint ventures		
Net earnings and comprehensive income	**32.6**	29.8
Associated companies		
Net (loss) earnings and comprehensive (loss) income	**(2.2)**	0.2
	30.4	30.0

7. REPURCHASE OF NON-CONTROLLING INTEREST IN CIRCLE K ASIA S.À.R.L.

On July 24, 2015, the Corporation exercised its option to repurchase the non-controlling interest in Circle K Asia s.à.r.l. ("Circle K Asia") for a cash consideration of $11.8. The difference between the consideration paid and the value of the non-controlling interest as at July 24, 2015, was recorded to Contributed surplus. As a result of this transaction, the Corporation's redemption liability was nullified and its reversal was recorded to retained earnings. The Corporation now owns 100% of Circle K Asia's operations.

8. SUPPLEMENTARY INFORMATION RELATING TO EXPENSES

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Cost of sales	**31,422.7**	28,063.1
Selling expenses	**4,052.7**	3,722.9
Administrative expenses	**623.5**	578.7
Operating expenses	**107.9**	112.2
Total operating expenses	**4,784.1**	4,413.8

The above expenses include rent expense of $385.5 ($379.4 in 2016), net of sub-leasing income of $23.1 ($24.1 in 2016).

	2017 (53 weeks)	2016 (52 weeks)
	$	$
Employee benefit charges		
Salaries	**1,544.3**	1,420.4
Fringe benefits and other employer contributions	**190.5**	181.2
Employee future benefits (Note 28)	**98.4**	96.8
Termination benefits	**6.5**	5.4
Stock-based compensation and other stock-based payments (Note 26)	**10.6**	10.9
Curtailment gains on defined benefits pension plan obligation (Note 28)	**(3.9)**	(27.2)
	1,846.4	1,687.5

9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2017 (53 weeks)	2016 (52 weeks)
	$	$
Salaries and other current benefits	**9.3**	9.6
Stock-based compensation and other stock-based payments	**8.7**	8.2
Employee future benefits (Note 28)	**2.4**	2.3
	20.4	20.1

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

10. NET FINANCIAL EXPENSES

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Financial expenses		
Interest expense		
Interest on long-term debt	**85.1**	65.1
Interest on finance lease obligations	**23.6**	18.6
Net interest on defined benefit plans (Note 28)	**1.5**	2.8
Interest on bank overdrafts and bank loans	**1.5**	0.2
Accretion of provisions (Note 24)	**14.5**	16.0
Other finance costs	**6.6**	7.2
	132.8	109.9
Financial revenues		
Interest on bank deposits	**(3.3)**	(2.6)
Other financial revenues	**(3.1)**	(4.3)
	(6.4)	(6.9)
Foreign exchange loss	**9.6**	5.0
Net financial expenses	**136.0**	108.0

11. INCOME TAXES

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Current income taxes	**336.0**	360.2
Deferred income taxes	**47.2**	38.1
	383.2	398.3

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:

	2017	2016 (adjusted, Note 2)
	%	%
Combined statutory income tax rate in Canada[a]	**26.83**	26.90
Impact of other jurisdictions' tax rates	**(1.55)**	(1.23)
Impact of tax rate changes	**0.02**	(0.04)
Other permanent differences	**(1.23)**	(0.57)
Effective income tax rate	**24.07**	25.06

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

The components of deferred income tax assets and liabilities are as follows:

						2017
	Balance as at April 24, 2016 (adjusted, Note 2)	**Recognized to earnings**	**Recognized directly to other comprehensive income (loss) or equity**	**Transfer from income taxes payable**	**Recognized through business acquisitions**	**Balance as at April 30, 2017**
	$	**$**	**$**	**$**	**$**	**$**
Deferred income tax assets						
Property and equipment	**17.2**	**3.9**	**-**	**-**	**-**	**21.1**
Expenses deductible during the following years	**18.2**	**(1.2)**	**(0.5)**	**-**	**-**	**16.5**
Goodwill	**(6.7)**	**2.7**	**-**	**-**	**-**	**(4.0)**
Deferred charges	**9.9**	**(5.0)**	**(1.2)**	**-**	**-**	**3.7**
Tax attributes	**13.7**	**(13.7)**	**-**	**-**	**-**	**-**
Asset retirement obligations	**4.2**	**(2.4)**	**-**	**-**	**-**	**1.8**
Deferred credits	**(2.8)**	**(5.0)**	**0.5**	**-**	**-**	**(7.3)**
Revenues taxable during the following years	**-**	**1.2**	**(1.2)**	**-**	**-**	**-**
Unrealized exchange (gain) loss	**(11.3)**	**15.5**	**(2.4)**	**-**	**-**	**1.8**
Other	**3.9**	**3.6**	**(1.4)**	**-**	**-**	**6.1**
	46.3	**(0.4)**	**(6.2)**	**-**	**-**	**39.7**
Deferred income tax liabilities						
Property and equipment	**672.9**	**58.7**	**(13.2)**	**-**	**23.7**	**742.1**
Goodwill	**76.8**	**17.2**	**0.2**	**-**	**-**	**94.2**
Expenses deductible during the following years	**(121.3)**	**(7.6)**	**(0.4)**	**-**	**(0.9)**	**(130.2)**
Intangible assets	**96.6**	**(16.6)**	**1.7**	**-**	**-**	**81.7**
Asset retirement obligations	**(57.1)**	**(8.6)**	**2.2**	**-**	**-**	**(63.5)**
Tax attributes	**(26.9)**	**(20.3)**	**(2.6)**	**15.8**	**-**	**(34.0)**
Deferred charges	**(9.6)**	**9.8**	**0.4**	**-**	**(3.3)**	**(2.7)**
Deferred credits	**(13.4)**	**(3.8)**	**0.1**	**-**	**(0.6)**	**(17.7)**
Revenues taxable during the following years	**77.9**	**(8.9)**	**-**	**-**	**-**	**69.0**
Unrealized exchange (gain) loss	**-**	**16.2**	**(0.4)**	**-**	**-**	**15.8**
Other	**(3.6)**	**10.7**	**(13.7)**	**-**	**-**	**(6.6)**
	692.3	**46.8**	**(25.7)**	**15.8**	**18.9**	**748.1**

						2016
	Balance as at April 26, 2015	Recognized to earnings	Recognized directly to other comprehensive income (loss) or equity	Transfer from income taxes payable	Recognized through business acquisitions (adjusted, Note 2)	Balance as at April 24, 2016 (adjusted, Note 2)
	$	$	$	$	$	$
Deferred income tax assets						
Property and equipment	(18.6)	35.7	0.1	-	-	17.2
Expenses deductible during the following years	25.4	(6.7)	(0.5)	-	-	18.2
Goodwill	(33.9)	27.2	-	-	-	(6.7)
Deferred charges	8.0	2.5	(0.6)	-	-	9.9
Tax attributes	54.3	(47.6)	4.6	-	2.4	13.7
Asset retirement obligations	16.4	(11.9)	(0.3)	-	-	4.2
Deferred credits	(3.9)	0.4	0.7	-	-	(2.8)
Unrealized exchange gain	(4.7)	(2.9)	(3.7)	-	-	(11.3)
Other	20.9	(19.3)	2.0	-	0.3	3.9
	63.9	(22.6)	2.3	-	2.7	46.3
Deferred income tax liabilities						
Property and equipment	641.4	5.1	12.3	-	14.1	672.9
Goodwill	3.9	72.0	0.9	-	-	76.8
Expenses deductible during the following years	(132.5)	12.3	(1.1)	-	-	(121.3)
Intangible assets	121.2	(40.8)	-	-	16.2	96.6
Asset retirement obligations	(44.1)	(12.0)	(1.0)	-	-	(57.1)
Tax attributes	(54.0)	(3.6)	1.4	29.3	-	(26.9)
Deferred charges	(8.4)	(2.4)	1.2	-	-	(9.6)
Deferred credits	(1.3)	(11.9)	(0.2)	-	-	(13.4)
Revenues taxable during the following years	61.7	10.1	6.1	-	-	77.9
Unrealized exchange loss (gain)	1.5	0.5	(2.0)	-	-	-
Other	4.7	(13.8)	6.4	-	(0.9)	(3.6)
	594.1	15.5	24.0	29.3	29.4	692.3

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

	2017	2016 (adjusted, Note 2)
	$	$
Deferred tax assets:		
Deferred tax assets to be recovered in more than 12 months	**37.7**	43.0
Deferred tax assets to be recovered within 12 months	**2.0**	3.3
	39.7	46.3
Deferred tax liabilities:		
Deferred tax liabilities to be settled in more than 12 months	**828.1**	754.8
Deferred tax liabilities to be settled within 12 months	**(80.0)**	(62.5)
	748.1	692.3

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 $1,122.2 ($962.9 in 2016).

12. NET EARNINGS PER SHARE

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

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Net earnings available to Class A and B shareholders	**1,208.9**	1,191.2
Weighted average number of shares (in thousands)	**567,864**	567,425
Dilutive effect of stock options (in thousands)	**1,429**	1,770
Weighted average number of diluted shares (in thousands)	**569,293**	569,195
Basic net earnings per share available to Class A and B shareholders	**2.13**	2.10
Diluted net earnings per share available to Class A and B shareholders	**2.12**	2.09

In calculating diluted net earnings per share for 2017, 357,969 stock options are excluded due to their antidilutive effect (203,713 excluded stock options in 2016).

During fiscal 2017, the Board declared total dividends of CA 34.75¢ per share (CA 26.75¢ per share in 2016).

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

	2017 (53 weeks)	2016 (52 weeks) (adjusted, Note 2)
	$	$
Accounts receivable	**(178.2)**	53.5
Inventories	**(40.6)**	24.7
Prepaid expenses	**3.4**	1.0
Accounts payable and accrued liabilities	**255.9**	(4.8)
Income taxes payable	**(24.2)**	15.7
	16.3	90.1

14. ACCOUNTS RECEIVABLE

	2017	2016 (adjusted, Note 2)
	$	$
Trade accounts receivable and vendor rebates receivable[(a)]	**677.6**	640.4
Credit and debit cards receivable[(a)]	**651.5**	586.3
Provision for doubtful accounts	**(25.7)**	(28.5)
Credit and debit cards receivable and trade accounts receivable and vendor rebates receivable – net	**1,303.4**	1,198.2
Other accounts receivable	**192.5**	172.2
Provision for doubtful accounts	**(1.7)**	-
	1,494.2	1,370.4

(a) These amounts are presented net of an amount of $209.2 from Accounts payable and accrued expenses due to netting arrangements ($163.2 as at April 24, 2016).

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

	2017	2016 (adjusted, Note 2)
	$	$
Not past due	**1,209.6**	1,034.8
Past due 1-30 days	**64.7**	121.9
Past due 31-60 days	**10.5**	11.6
Past due 61-90 days	**9.4**	11.8
Past due 91 days and over	**9.2**	18.1
	1,303.4	1,198.2

Movement in the provisions for doubtful accounts is as follows:

	2017	2016
	$	$
Balance, beginning of year	**28.5**	27.1
Business acquisitions	**-**	5.3
Provision for doubtful accounts, net of unused beginning balance	**7.2**	3.9
Receivables written off during the year	**(7.7)**	(8.2)
Effect of exchange rate variations	**(0.6)**	0.4
Balance, end of year	**27.4**	28.5

15. INVENTORIES

	2017	2016
	$	$
Merchandise	**549.7**	543.9
Road transportation fuel	**315.0**	271.7
Other products	**1.0**	1.1
	865.7	816.7

16. PROPERTY AND EQUIPMENT

	Land	**Buildings and building components**	**Equipment**	**Leasehold improvements**	**Total**
	$	**$**	**$**	**$**	**$**
Year ended April 30, 2017					
Net book amount, beginning	**1,997.8**	**1,937.8**	**2,204.4**	**231.5**	**6,371.5**
Additions	**105.5**	**180.7**	**764.3**	**62.0**	**1,112.5**
Business acquisitions (Note 4)	**591.0**	**139.8**	**142.1**	**-**	**872.9**
Disposals	**(43.3)**	**(29.1)**	**(60.6)**	**(2.6)**	**(135.6)**
Depreciation and amortization expense	**(10.0)**	**(169.8)**	**(348.8)**	**(53.3)**	**(581.9)**
Impairment expense	**(0.2)**	**(0.3)**	**(0.5)**	**-**	**(1.0)**
Transfers	**11.5**	**36.3**	**(71.2)**	**23.4**	**-**
Effect of exchange rate variations	**(50.2)**	**(44.8)**	**(49.1)**	**(4.2)**	**(148.3)**
Net book amount, end[(a)]	**2,602.1**	**2,050.6**	**2,580.6**	**256.8**	**7,490.1**
As at April 30, 2017					
Cost	**2,617.5**	**2,885.8**	**4,469.3**	**639.7**	**10,612.3**
Accumulated depreciation, amortization and impairment	**(15.4)**	**(835.2)**	**(1,888.7)**	**(382.9)**	**(3,122.2)**
Net book amount [(a)]	**2,602.1**	**2,050.6**	**2,580.6**	**256.8**	**7,490.1**
Portion related to finance leases	**140.5**	**107.5**	**54.3**	**-**	**302.3**
Year ended April 24, 2016 (adjusted, Note 2)					
Net book amount, beginning	1,585.8	1,805.0	1,978.0	231.3	5,600.1
Additions	116.8	190.4	562.8	39.1	909.1
Business acquisitions (Note 4)	335.8	97.4	110.1	18.7	562.0
Disposals	(49.6)	(28.0)	(73.0)	(1.5)	(152.1)
Depreciation and amortization expense	(1.5)	(162.1)	(342.5)	(54.1)	(560.2)
Impairment expense	(0.7)	(3.4)	(1.6)	-	(5.7)
Transfers	0.7	27.3	(27.4)	(0.6)	-
Effect of exchange rate variations	10.5	11.2	(2.0)	(1.4)	18.3
Net book amount, end[(a)]	1,997.8	1,937.8	2,204.4	231.5	6,371.5
As at April 24, 2016 (adjusted, Note 2)					
Cost	2,002.7	2,641.7	3,909.1	585.3	9,138.8
Accumulated depreciation, amortization and impairment	(4.9)	(703.9)	(1,704.7)	(353.8)	(2,767.3)
Net book amount [(a)]	1,997.8	1,937.8	2,204.4	231.5	6,371.5
Portion related to finance leases	151.2	117.6	43.2	-	312.0

(a) The net book amount as at April 30, 2017 includes $516.2 related to construction in progress ($408.5 as at April 24, 2016).

17. GOODWILL AND INTANGIBLE ASSETS

Goodwill

	2017	2016 (adjusted, Note 2)
	$	$
Net book amount, beginning of year	1,773.2	1,629.2
Business acquisitions (Note 4)	656.3	143.8
Disposal of lubricants business	-	(0.3)
Effect of exchange rate variations	(52.5)	0.5
Net book amount, end of year	2,377.0	1,773.2

Intangible assets

	Trademarks	Franchise agreements	Software[(a)]	Customer relationships	Licenses	Fuel supply agreements	Favorable leases	Other	Total
	$	$	$	$	$	$	$	$	$
Year ended April 30, 2017									
Net book amount, beginning	327.0	55.1	169.1	62.8	24.7	11.1	102.0	4.1	755.9
Additions	4.4	0.1	25.3	-	0.5	-	-	0.3	30.6
Business acquisitions (Note 4)	-	-	0.1	-	-	-	6.5	-	6.6
Disposals	(3.9)	-	(0.6)	-	-	(0.5)	(3.8)	(0.1)	(8.9)
Rent, depreciation and amortization expense	(37.9)	(14.5)	(27.8)	(5.4)	-	(1.2)	(9.7)	(1.9)	(98.4)
Effect of exchange rate variations	(5.2)	(1.9)	(5.7)	(1.7)	-	-	(1.8)	-	(16.3)
Net book amount, end	284.4	38.8	160.4	55.7	25.2	9.4	93.2	2.4	669.5
As at April 30, 2017									
Cost	389.8	107.9	263.1	152.4	25.2	54.8	108.0	6.3	1,107.5
Accumulated depreciation and amortization	(105.4)	(69.1)	(102.7)	(96.7)	-	(45.4)	(14.8)	(3.9)	(438.0)
Net book amount	284.4	38.8	160.4	55.7	25.2	9.4	93.2	2.4	669.5
Year ended April 24, 2016 (adjusted, Note 2)									
Net book amount, beginning	349.3	72.2	174.0	5.8	24.5	6.5	60.8	2.8	695.9
Additions	-	-	25.7	-	-	-	-	-	25.7
Business acquisitions (Note 4)	14.2	-	1.7	62.0	0.2	8.7	49.6	2.5	138.9
Disposals	(8.5)	(0.3)	(2.7)	-	-	(0.3)	(3.0)	-	(14.8)
Rent, depreciation and amortization expense	(29.2)	(15.0)	(21.3)	(6.9)	-	(3.8)	(7.1)	(1.2)	(84.5)
Effect of exchange rate variations	1.2	(1.8)	(8.3)	1.9	-	-	1.7	-	(5.3)
Net book amount, end	327.0	55.1	169.1	62.8	24.7	11.1	102.0	4.1	755.9
As at April 24, 2016 (adjusted, Note 2)									
Cost	397.2	112.5	249.0	158.4	24.7	58.7	111.2	7.6	1 119.3
Accumulated depreciation and amortization	(70.2)	(57.4)	(79.9)	(95.6)	-	(47.6)	(9.2)	(3.5)	(363.4)
Net book amount	327.0	55.1	169.1	62.8	24.7	11.1	102.0	4.1	755.9

(a) The net book amount as at April 30, 2017 includes $24.6 related to software in progress ($28.5 as at April 24, 2016).

Goodwill and intangible assets with indefinite useful lives are allocated to CGUs based on the geographical location of the acquired stores. Allocation as at April 30, 2017 and April 24, 2016 is as follows:

	2017		2016	
CGU	Intangible assets with indefinite useful lives	Goodwill	Intangible assets with indefinite useful lives	Goodwill (adjusted , Note 2)
	$	$	$	$
Canada	-	692.0	-	155.6
United States	179.8	1,139.0	179.2	1,138.6
Scandinavia	61.3	468.0	64.4	414.3
Central and Eastern Europe	25.8	12.4	25.8	1.6
Ireland	-	65.6	-	63.1
	266.9	2,377.0	269.4	1,773.2

The intangible assets with indefinite useful lives for the United States CGU are the Circle K trademark and licenses. The intangible asset with indefinite useful life for the Scandinavia and Central and Eastern Europe ("CEE") CGUs is the droplet logo. The Scandinavia CGU includes the activities of Norway, Sweden and Denmark, while the CEE CGU includes the activities of Poland, Latvia, Lithuania, Estonia and Russia.

For the annual impairment test, the recoverable amount of the CGUs has been determined on the basis of their fair value less costs to sell. The Corporation uses an approach based on EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) multiples of comparable corporations to determine these values.

18. OTHER ASSETS

	2017	2016 (adjusted, Note 2)
	$	$
Environmental costs receivable (Note 24)	**77.5**	76.8
Deferred compensation assets	**34.1**	26.2
Deposits	**16.3**	39.7
Pension benefit asset (Note 28)	**16.3**	41.2
Investment contract including an embedded total return swap (Note 29)	**25.1**	31.3
Deferred charges, net	**5.1**	4.2
Other	**139.0**	125.5
	313.4	344.9

19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016 (adjusted, Note 2)
	$	$
Accounts payable and accrued expenses[a]	**1,665.7**	1,425.0
Sales and excise taxes	**638.1**	661.1
Salaries and related benefits	**186.2**	188.2
Deferred credits	**27.1**	25.0
Other	**186.9**	167.5
	2,704.0	2,466.8

(a) This amount is presented net of an amount of $185.2 from Credit and debit cards receivable and $24.0 from Trade accounts receivable and vendor rebates receivable due to netting arrangements ($121.3 and $41.9, respectively as at April 24, 2016).

20. LONG-TERM DEBT

	2017	2016 (adjusted, Note 2)
	$	$
Canadian-dollar-denominated senior unsecured notes[a]	**1,461.9**	1,573.2
Euro-denominated senior unsecured notes, maturing in May 2026[b]	**815.1**	-
US-dollar-denominated term revolving unsecured operating credit D, maturing in December 2021[c]	**694.5**	841.2
NOK-denominated senior unsecured notes, maturing in February 2026[d]	**78.7**	81.8
Canadian-dollar-denominated term revolving unsecured operating credit D, maturing in December 2021[c]	**-**	43.0
Other debts	**8.5**	4.6
Obligations related to buildings and equipment under finance leases, with an average rate of 8.15%, payable on various dates until 2064	**289.5**	294.3
	3,348.2	2,838.1
Current portion of long-term debt	**252.4**	29.2
	3,095.8	2,808.9

(a) Canadian-dollar-denominated senior unsecured notes

As at April 30, 2017, the Corporation had Canadian-dollar-denominated senior unsecured notes totaling CA $2.0 billion, broken down as follows:

	Principal amount	Maturity	Coupon rate	Effective rate as at April 30, 2017	Semi-annual interest payment date
Tranche 1 – November 1, 2012 issuance	CA $300.0	November 1, 2017	2.861%	2.968%	May 1 and November 1
Tranche 2 – November 1, 2012 issuance	CA $450.0	November 1, 2019	3.319%	3.404%	May 1 and November 1
Tranche 3 – November 1, 2012 issuance	CA $250.0	November 1, 2022	3.899%	3.963%	May 1 and November 1
Tranche 4 – August 21, 2013 issuance	CA $300.0	August 21, 2020	4.214%	4.317%	August 21 and February 21
Tranche 5 – June 2, 2015 issuance	CA $700.0	June 2, 2025	3.600%	3.649%	June 2 and December 2

Notes issued on November 1, 2012 and June 2, 2015 are subject to cross-currency interest rate swaps (Note 21).

(b) Euro-denominated senior unsecured notes

On May 6, 2016, the Corporation issued Euro-denominated senior unsecured notes totaling €750.0 ($858.0) with a coupon rate of 1.875% and maturing on May 6, 2026. Interest is payable annually on May 6. As at April 30, 2017, the effective rate was 1.94%. The net proceeds from the issuance were mainly used to repay a portion of the Corporation's term revolving unsecured operating credit facility.

(c) Term revolving unsecured operating credit D

As at April 30, 2017, the Corporation had a credit agreement consisting of a revolving unsecured facility of a maximum amount of $2,525.0. The credit facility was available in the following forms:

- A term revolving unsecured operating credit, available i) in Canadian dollars, ii) in US dollars, iii) in the form of Canadian-dollar bankers' acceptances, with stamping fees and iv) in the form of standby letters of credit not exceeding $150.0 or the equivalent in Canadian dollars, with applicable fees. Depending on the form and the currency of the loan, the amounts borrowed bear interest

at variable rates based on the Canadian prime rate, the bankers' acceptance rate, the US base rate or LIBOR plus a variable margin; and

- An unsecured line of credit in the maximum amount of $50.0, available in Canadian or US dollars, bearing interest at variable rates based, depending on the form and currency of the loan, on the Canadian prime rate, the US prime rate or the US base rate plus a variable margin.

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

On October 26, 2016, this operating credit's maturity was extended to December 2021. No other terms were changed significantly.

As at April 30, 2017, the effective interest rate was 2.00% (1.33% as at April 24, 2016). As at April 30, 2017 and April 24, 2016, 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) Norwegian-krone-denominated senior unsecured notes

As at April 30, 2017, the Corporation had Norwegian-krone-denominated senior unsecured notes totaling NOK 675.0 with a coupon rate of 3.85% and maturing on February 18, 2026. Interest is payable semi-annually on April 20 and October 20 of each year. As at April 30, 2017, the effective rate was 3.93% (3.89% as at April 24, 2016).

Term revolving unsecured operating credit E

On December 9, 2016, the Corporation's term revolving unsecured operating credit E expired. It consisted of a revolving unsecured facility of an initial maximum amount of $50.0 with an initial term of 50 months. The credit facility was available in the form of a revolving unsecured operating credit, available in US dollars.

During fiscal year 2017, the Corporation did not renew the operating credit E, and as at April 24, 2016, this credit was unused.

Term revolving unsecured operating credit F

As at April 30, 2017, the Corporation had a credit agreement consisting of a revolving unsecured facility of an initial maximum amount of €25.0 maturing on January 30, 2020. The credit facility was available in Euros, in the form of a revolving unsecured operating credit. The amounts borrowed bear interest at variable rates based on the funding base rate or the EURIBOR 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 this credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at April 30, 2017 and April 24, 2016, operating credit F was unused.

Bank overdraft facilities

The Corporation had access to bank overdraft facilities totaling approximately $282.0 as at April 30, 2017 ($254.4 as at April 24, 2016). As at April 30, 2017 and April 24, 2016, they were not used.

Letters of credit

As at April 30, 2017, the Corporation had outstanding letters of credit of $80.9 ($82.8 as at April 24, 2016) of which $9.2 ($27.7 as at April 24, 2016) reduced funds available under the Corporation's term revolving unsecured operating credit D.

Obligations related to finance leases

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

	Obligations related to buildings and equipment under finance leases
	$
2018	53.5
2019	69.0
2020	47.4
2021	39.0
2022	36.4
2023 and thereafter	174.6
	419.9
Interest expense included in minimum lease payments	130.4
	289.5

21. CROSS-CURRENCY INTEREST RATE SWAPS

The Corporation has entered into cross-currency interest rate swap agreements, allowing it to synthetically convert a portion of its Canadian-dollar and US-dollar-denominated debts into US dollars and Euros, respectively.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity	Fair value as at April 30, 2017 (Note 29)	Fair value as at April 24, 2016 (Note 29)
					$	$
CA $1,700.0	From 2.861% to 3.899%	US $1,572.7	From 2.034% to 3.870%	From November 1, 2017 to June 2, 2025	**302.5**	221.8
US $584.0	1.288%	€522.8	0.350%	April 29, 2016	**-**	2.2
					302.5	224.0
Current portion of financial liabilities					**79.4**	2.2
Other long-term financial liabilities					**223.1**	221.8

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

In addition to the agreements presented in the table above, the Corporation has entered into short-term cross-currency interest rate swap agreements. As at April 30, 2017, these agreements have a fair value of $7.6 and are presented in Other short-term financial assets. These agreements have varying rates and maturities.

22. INTEREST RATE LOCKS

On March 16, 2017, the Corporation entered into interest rate locks with a nominal value of $500.0, allowing it to hedge the variability of the interest payments from the expected issuance of future debt due to changes in the US Treasury rates. The interest rate locks matured on May 12, 2017, and were divided as follows:

	Notional amount	Interest lock term	Rate	Fair value as at April 30, 2017 (Note 29)
	$			$
Tranche 1	50.0	5 years	2.1020%	0.6
Tranche 2	100.0	5 years	2.1060%	1.3
Tranche 3	100.0	5 years	2.1028%	1.3
Tranche 4	50.0	10 years	2.5650%	1.2
Tranche 5	100.0	10 years	2.5675%	2.4
Tranche 6	100.0	10 years	2.5710%	2.4
				9.2

The interest rate locks are designated as a cash flow hedge of the Corporation's interest payments on expected future debt issuance and the fair value as at April 30, 2017 is included in Other short-term financial liabilities.

23. DEFERRED CREDITS AND OTHER LIABILITIES

	2017	2016 (adjusted, Note 2)
	$	$
Deferred rent expense	**69.9**	66.0
Deferred compensation liabilities	**37.9**	28.5
Deferred branding credits	**16.4**	25.0
Deferred credits	**14.4**	12.1
Unfavorable leases	**67.8**	81.6
Other liabilities	**60.1**	54.4
	266.5	267.6

24. PROVISIONS

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

	Asset retirement obligations[(a)]	Provision for environmental costs[(b)]	Restructuring provision[(c)]	Provision for workers' compensation[(d)]	Provision for general liability[(d)]	Other provisions	Total
	$	$	$	$	$	$	$
2017							
Balance, beginning of year	**314.9**	**159.0**	**11.9**	**39.8**	**31.3**	**23.1**	**580.0**
Business acquisitions (Note 4)	**8.1**	**15.7**	**-**	**-**	**-**	**-**	**23.8**
Liabilities incurred	**1.6**	**14.4**	**8.1**	**14.6**	**22.7**	**0.3**	**61.7**
Liabilities settled	**(13.3)**	**(18.6)**	**(6.7)**	**(20.7)**	**(18.6)**	**(8.9)**	**(86.8)**
Accretion expense	**13.3**	**0.5**	**-**	**0.6**	**0.1**	**-**	**14.5**
Reversal of provisions	**(4.2)**	**(6.6)**	**(0.4)**	**-**	**-**	**(4.5)**	**(15.7)**
Change in estimates	**50.1**	**(2.4)**	**-**	**1.0**	**(0.1)**	**-**	**48.6**
Effect of exchange rate variations	**(9.1)**	**(2.8)**	**(0.4)**	**-**	**-**	**(0.6)**	**(12.9)**
Balance, end of year	**361.4**	**159.2**	**12.5**	**35.3**	**35.4**	**9.4**	**613.2**
Current portion	**59.7**	**32.6**	**8.8**	**18.1**	**10.8**	**0.5**	**130.5**
Long-term portion	**301.7**	**126.6**	**3.7**	**17.2**	**24.6**	**8.9**	**482.7**
2016 (adjusted, Note 2)							
Balance, beginning of year	266.0	170.5	23.9	43.3	30.0	18.7	552.4
Business acquisitions (Note 4)	17.8	1.6	-	0.8	1.0	0.9	22.1
Liabilities incurred	2.4	29.5	-	22.7	23.3	17.9	95.8
Liabilities settled	(6.5)	(29.2)	(17.2)	(22.5)	(18.8)	(14.1)	(108.3)
Accretion expense	14.7	0.9	-	0.3	0.1	-	16.0
Reversal of provisions	(2.4)	(3.5)	(0.5)	-	(2.6)	(2.9)	(11.9)
Change in estimates	20.8	(10.2)	6.0	(4.8)	(1.7)	-	10.1
Effect of exchange rate variations	2.1	(0.6)	(0.3)	-	-	2.6	3.8
Balance, end of year	314.9	159.0	11.9	39.8	31.3	23.1	580.0
Current portion	43.7	28.2	6.6	17.6	10.4	0.5	107.0
Long-term portion	271.2	130.8	5.3	22.2	20.9	22.6	473.0

(a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately $669.0 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) Environmental 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, United States and European legislation 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 current environmental legislation.

The Corporation has an ongoing training program for its employees on environmental issues and performs preventative 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 Florida, Iowa, Maryland, Texas, Washington and West Virginia, there is a state fund available 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 environmental contamination caused by the use 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 differs from state to state.

In order to provide for the above-mentioned environmental costs, the Corporation has recorded a $159.2 provision for environmental costs as at April 30, 2017 ($159.0 as at April 24, 2016). Furthermore, the Corporation has recorded an amount of $82.8 for environmental costs receivable from trust funds as at April 30, 2017 ($81.6 as at April 24, 2016), of which $5.3 ($4.8 as at April 24, 2016) is included in Accounts receivable and the remainder is included in Other assets.

25. 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 the number of outstanding shares are as follows:

	2017	2016
Class A multiple voting shares		
Balance, beginning of year	**147,766,540**	148,101,840
Conversion into Class B shares	**-**	(335,300)
Balance, end of year	**147,766,540**	147,766,540
Class B subordinate voting shares		
Balance, beginning of year	**419,823,571**	419,262,255
Issued as part of a previous acquisition	**138**	54
Stock options exercised	**859,829**	225,962
Issued on conversion of Class A shares	**-**	335,300
Balance, end of year	**420,683,538**	419,823,571

26. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

Stock option plan

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

Stock options have up to a 10-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 the 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 enable 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 30, 2017 and April 24, 2016 and the changes therein during the years then ended:

		2017		2016
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		CA $		CA $
Outstanding, beginning of year	**2,474,205**	**19.00**	2,517,911	14.80
Granted	**154,256**	**58.87**	208,138	57.78
Exercised	**(913,391)**	**8.32**	(240,273)	7.95
Cancelled	**-**	**-**	(11,571)	32.44
Outstanding, end of year	**1,715,070**	**28.27**	2,474,205	19.00
Exercisable stock options, end of year	**1,204,825**	**20.81**	1,893,316	12.47

For options exercised in fiscal 2017, the weighted average share price at the date of exercise was CA $60.00 (CA $57.99 in 2016).

The following table presents information on the stock options outstanding and exercisable as at April 30, 2017:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of stock options outstanding as at April 30, 2017	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 30, 2017	Weighted average exercise price
CA $			CA $		CA $
4 – 5	148,510	1.39	4.62	148,510	4.62
5 – 6	452,800	2.43	6.01	452,800	6.01
6 – 9	1,260	0.02	7.80	1,260	7.80
9 – 16	93,000	5.25	15.87	93,000	15.87
16 – 35	661,531	7.40	34.39	396,919	34.39
36 – 59	357,969	8.78	58.25	112,336	58.08
	1,715,070			1,204,825	

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:

	2017	2016
Expected dividends (per share)	**CA $0.31**	CA $0.24
Expected volatility	**28.00%**	29.30%
Risk-free interest rate	**1.01%**	1.26%
Expected life	**8 years**	8 years

The weighted average fair value of stock options granted was CA $18.57 in 2017 (CA $18.80 in 2016).

For 2017, compensation cost charged to the consolidated statements of earnings amounts to $3.4 ($3.1 in 2016).

Deferred share unit plan

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

The DSU expense and the related liability are recorded at the grant date. The liability is adjusted periodically to reflect any variation in the market value of the Class B shares. As at April 30, 2017, the Corporation has a total of 244,363 DSUs outstanding (261,566 as at April 24, 2016) and an obligation related to this notional unit allocation plan of $11.2 ($11.3 as at April 24, 2016) is recorded in Deferred credits and other liabilities. The obligation is subject to an embedded total return swap (Note 29). For 2017, the compensation cost amounts to $0.9 ($2.0 in 2016).

Phantom stock units

The Corporation has a phantom stock unit ("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 antidilutive since they are payable solely in cash.

The table below presents the status of the Corporation's PSU plan as at April 30, 2017 and April 24, 2016 and the changes therein during the years then ended in number of units:

	2017	2016
Outstanding, beginning of year	**765,601**	1,212,632
Granted	**227,342**	225,489
Paid	**(244,691)**	(575,632)
Cancelled	**(20,921)**	(96,888)
Outstanding, end of year	**727,331**	765,601

As at April 30, 2017, an obligation related to this notional unit allocation plan of $10.7 is recorded in Accounts payable and accrued liabilities ($10.2 as at April 24, 2016) and $7.1 is recorded in Deferred credits and other liabilities ($10.2 as at April 24, 2016). The obligation is subject to an embedded total return swap (Note 29). For 2017, the compensation cost amounts to $6.3 ($5.8 for 2016).

27. ACCUMULATED OTHER COMPREHENSIVE LOSS

As at April 30, 2017

	Attributable to shareholders of the Corporation					
	Items that may be reclassified to earnings				Will never be reclassified to earnings	
	Cumulative translation adjustments	**Net investment hedge**	**Available-for-sale investment**	**Cash flow hedge**	**Cumulative net actuarial loss**	**Accumulated other comprehensive loss**
	$	**$**	**$**	**$**	**$**	**$**
Balance, before income taxes	**(424.7)**	**(348.6)**	**9.3**	**(6.9)**	**(35.8)**	**(806.7)**
Less: Income taxes	**-**	**(0.7)**	**1.6**	**(0.3)**	**(9.0)**	**(8.4)**
Balance, net of income taxes	**(424.7)**	**(347.9)**	**7.7**	**(6.6)**	**(26.8)**	**(798.3)**

As at April 24, 2016

	Attributable to shareholders of the Corporation					
	Items that may be reclassified to earnings				Will never be reclassified to earnings	
	Cumulative translation adjustments	Net investment hedge	Available-for-sale investment	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive loss
	$	$	$	$	$	$
Balance, before income taxes	(434.3)	(234.9)	(15.5)	4.6	(15.4)	(695.5)
Less: Income taxes	-	1.0	(1.7)	1.1	(2.5)	(2.1)
Balance, net of income taxes	(434.3)	(235.9)	(13.8)	3.5	(12.9)	(693.4)

28. EMPLOYEE FUTURE BENEFITS

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

Defined benefit plans

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

The Corporation has defined benefit plans in Canada, the United States, Norway, Sweden and Ireland. 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, 2016, and the next required valuation will be as at December 31, 2017.

Some plans include benefit adjustments in line with the consumer price index, whereas most of them do not provide such adjustments. The majority of the benefit payments are from trustee-administered funds. However, there is 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.

During fiscal year 2017, the Corporation announced the following decisions to its employees:

- In Norway, the termination of some of its defined benefits disability plans, which resulted in a pre-tax curtailment gain of $3.9, with a corresponding decrease in the defined benefits pension plan obligation on the consolidated balance sheet.
- In Canada and in the United States, the conversion, going forward, of most of its existing defined benefits pension plans to defined contributions plans. This decision had no significant impact on the Corporation's consolidated financial statements since employees kept their accumulated rights as of the date of the conversion.

During fiscal year 2016, the Corporation announced to its employees its decision to convert certain of its existing defined benefits pension plans into defined contribution plans in Norway and Sweden. In connection with the termination of the defined benefits plans, a pre-tax curtailment gain of $27.2 was recorded to earnings with a corresponding offset to the defined benefits pension plan obligation.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 30, 2017 and April 24, 2016
(in millions of US dollars (Note 2), except share and stock option data)

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

	2017	2016
	$	$
Present value of accrued defined benefit obligation		
Balance, beginning of year	**223.6**	412.6
Business acquisition	**-**	9.5
Current service cost	**4.2**	9.8
Interest cost	**6.8**	8.1
Benefits paid	**(9.0)**	(18.1)
Settlement payments from plan assets	**(0.7)**	(118.5)
Loss (gain) from change in financial assumptions	**17.7**	(33.5)
Experience gains	**(0.8)**	(3.2)
Curtailment gains	**(3.9)**	(27.2)
Disposal of business	**-**	(5.0)
Effect of exchange rate fluctuations	**(14.7)**	(10.9)
Balance, end of year	**223.2**	223.6
Plans' assets		
Fair value, beginning of year	**164.5**	303.8
Settlement payments from plan assets	**(0.7)**	(118.5)
Premiums transferred	**(4.4)**	(6.3)
Interest income	**5.3**	5.3
Return on assets (excluding amounts included in interest income)	**(3.5)**	(8.6)
Employer contributions	**1.9**	3.0
Benefits paid	**(5.8)**	(9.5)
Administrative expenses	**(0.1)**	(0.1)
Disposal of business	**-**	(2.6)
Effect of exchange rate fluctuations	**(12.3)**	(2.0)
Fair value, end of year	**144.9**	164.5

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

	2017	2016
	$	$
Present value of defined benefit obligation for funded pension plans	**(129.6)**	(132.5)
Fair value of plans' assets	**144.9**	164.5
Net funded status of funded plans – net surplus	**15.3**	32.0
Present value of defined benefit obligation for unfunded pension plans	**(93.6)**	(91.1)
Net accrued pension benefit liability	**(78.3)**	(59.1)

The pension benefit asset of $16.3 ($41.2 as at April 24, 2016) is included in Other assets and the Pension benefit liability of $94.6 ($100.3 as at April 24, 2016) 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**	**Ireland**	**Total**
2017	**$**	**$**	**$**	**$**	**$**	**$**
Present value of defined benefit obligation	**(58.3)**	**(13.1)**	**(38.2)**	**(104.9)**	**(8.7)**	**(223.2)**
Fair value of plans' assets	**21.7**	**-**	**2.9**	**120.3**	**-**	**144.9**
Funded status of plan – (deficit) surplus	**(36.6)**	**(13.1)**	**(35.3)**	**15.4**	**(8.7)**	**(78.3)**
2016						
Present value of defined benefit obligation	(58.5)	(13.1)	(45.6)	(96.9)	(9.5)	(223.6)
Fair value of plans' assets	22.3	-	7.2	135.0	-	164.5
Funded status of plan – (deficit) surplus	(36.2)	(13.1)	(38.4)	38.1	(9.5)	(59.1)

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

			2017					2016
	Quoted	**Unquoted**	**Total**		Quoted	Unquoted	Total	
	$	**$**	**$**	**%**	$	$	$	%
Cash and cash equivalents	**0.1**	**-**	**0.1**	**0.1**	0.3	-	0.3	0.2
Equity securities	**76.1**	**-**	**76.1**	**52.5**	77.6	0.2	77.8	47.3
Debt instruments								
Government	**57.4**	**-**	**57.4**	**39.6**	68.7	-	68.7	41.8
Corporate	**4.9**	**-**	**4.9**	**3.4**	8.5	-	8.5	5.2
Real estate	**-**	**1.6**	**1.6**	**1.1**	-	1.1	1.1	0.7
Other assets	**4.7**	**0.1**	**4.8**	**3.3**	7.8	0.3	8.1	4.8
Total	**143.2**	**1.7**	**144.9**	**100.0**	162.9	1.6	164.5	100.0

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

	2017	2016
	$	$
Current service cost, net of employee contributions	**4.2**	9.8
Administrative expenses	**0.1**	0.1
Pension expense for the year	**4.3**	9.9
Net interest expense	**1.5**	2.8
Curtailment gains	**(3.9)**	(27.2)
Amount recognized in earnings for the year	**1.9**	(14.5)

The pension expense for the year is included in Operating, selling, administrative and general expenses in the consolidated statements of earnings. The curtailment gains are presented separately in the consolidated statements 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:

	2017	2016
	$	$
Loss (gain) from change in financial assumptions	**17.7**	(33.5)
Experience gains	**(0.8)**	(3.2)
Return on assets (excluding amounts included in interest income)	**3.5**	8.6
Amount recognized in Other comprehensive income	**20.4**	(28.1)

The Corporation expects to make a contribution of $5.5 to the defined benefit plans during the next fiscal 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:

					2017					2016
	Canada	**United States**	**Norway**	**Sweden**	**Ireland**	Canada	United States	Norway	Sweden	Ireland
	%	**%**	**%**	**%**	**%**	%	%	%	%	%
Discount rate	**3.30**	**4.30**	**2.50**	**2.75**	**1.60**	3.90	3.90	2.25	3.50	1.40
Rate of compensation increase	**3.70**	**4.00**	**2.50**	**2.75**	**-**	3.70	4.00	2.50	2.75	-
Rate of benefit increase	**2.00**	**2.00**	**0.10**	**1.75**	**1.40**	2.00	2.00	0.10	1.75	1.10
Rate of social security base amount increase (*G-amount*)	**-**	**-**	**2.25**	**2.75**	**-**	-	-	2.25	2.75	-

The Corporation uses mortality tables provided by regulatory authorities and actuarial associations in each country. The social security base amount (*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 19 years.

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

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 9.2%	Increase by 10.5%
Rate of compensation increase	0.50%	Increase by 2.7%	Decrease by 2.0%
Rate of benefit increase	0.50%	Increase by 6.5%	Decrease by 6.7%
Increase of life expectancy	1 year	Increase by 3.3%	-

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

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

Asset returns: The value of the defined benefits pension plan 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 defined benefits pension plan 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 tables) will increase or decrease the obligation.

For funded plans, the individual plans have investment policy objectives to bring investment average duration in line with the average expected life of the obligation and scheduled benefit payments. The Corporation and the trustees actively monitor the duration and the expected yield of the investments to ensure they match the expected cash outflows arising from the pension benefit 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 the previous fiscal year.

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

Defined contribution plans

The Corporation's total pension expense under its defined contribution plans and mandatory governmental plans for 2017 is $94.2 ($85.4 in 2016).

Deferred compensation plan – United States operations

The Corporation sponsors a deferred compensation plan that allows certain employees in its United States 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 $37.9 as at April 30, 2017 ($28.5 as at April 24, 2016) and are included in Deferred credits and other liabilities.

29. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

Financial risk management objectives and policies

The Corporation's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk, liquidity risk and price risk. The Corporation uses forward contracts to hedge certain risk exposures, primarily foreign currency and price risk as well as a cross-currency interest rate swap to hedge its foreign currency risk related to its net investments in its operations in the United States, Norway, Denmark, the Baltics and Ireland. The Corporation also uses interest rate locks to hedge the interest rates on forecasted debt issuance.

Foreign currency risk

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

The Corporation is exposed to foreign currency risk with respect to its long-term debt denominated in US dollars, its Norwegian-krone and Euro-denominated senior unsecured notes and the cross-currency interest rate swaps, a portion of which are designated as net investment hedges of its operations in the United States, Norway, Denmark, the Baltics and Ireland. As at April 30, 2017, with all other variables held constant, a hypothetical variation of 5.0% of the US dollar, the Norwegian krone and the Euro against the Canadian dollar would have had a net impact of $108.4 on Other comprehensive income. As the Corporation uses the US dollar as its reporting currency, part of these impacts are compensated by the translation of the Canadian-dollar consolidated financial statements into US dollars.

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 30, 2017, 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 30, 2017, 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 30, 2017, the annual impact on net earnings of a 1.0% shift in interest rates would have been $5.1 ($6.5 based on balances as at April 24, 2016).

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on future debt issuance. To mitigate this risk, the Corporation has entered into interest rate locks in order to hedge the interest rates on forecasted debt issuance.

Credit risk

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

Key elements of the Corporation's credit risk management approach include credit risk policies, credit mandates, an internal credit rating process, credit risk mitigation tools and continuous monitoring and management of credit exposures. Prior to entering into transactions with new counterparties, the Corporation's credit policy requires counterparties to be formally identified, approved, and assigned internal credit ratings as well as exposure limits. Once established, counterparties are reassessed according to policy and monitored on a regular basis. 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 store operations is limited considering the nature of the Corporation's activities and its counterparties. As at April 30, 2017, 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 30, 2017, the maximum credit risk exposure related to Cash and cash equivalents and Credit and debit cards receivable corresponds to their carrying amount in addition to the credit risk exposure related to the Statoil/MasterCard credit cards as described below.

In some European markets, customers can settle their purchases with a combined Circle K/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 30, 2017, relates to receivables of $165.9, of which $76.8 was interest-bearing. These receivables are not recognized in the Corporation's consolidated balance sheets. For 2017, the expensed losses were not significant. In light of accurate credit assessments and continuous monitoring of outstanding balances, the Corporation believes that the credits do not represent any significant risk. The income and risks related to these arrangements with the banks are reported, settled and accounted for on a monthly basis.

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

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its obligations associated with financial liabilities and lease commitments. The Corporation is exposed to this risk mainly through its Long-term debt, Accounts payable and accrued expenses and lease agreements. The Corporation's liquidity is 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, the tax situation and capital requirements and ensures that it has sufficient flexibility under its available liquidity resources to meet its obligations.

The contractual maturities of financial liabilities and their related interest as at April 30, 2017, 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]	2,038.8	2,038.8	2,038.8	-	-	-
Canadian-dollar-denominated senior unsecured notes	1,461.9	1,737.1	272.0	45.8	651.3	768.0
Euro-denominated senior unsecured notes	815.1	921.3	11.3	11.3	33.9	864.8
US-dollar-denominated term revolving unsecured operating credit D	694.5	758.8	13.9	13.9	731.0	-
NOK-denominated senior unsecured notes	78.7	98.6	2.2	2.2	6.6	87.6
Other debts	298.0	433.7	55.7	74.4	127.6	176.0
Cross-currency interest rate swaps payable	-	240.1	43.9	36.6	87.8	71.8
Cross-currency interest rate swaps receivable	-	282.9	50.0	43.0	104.4	85.5
	5,387.0	6,511.3	2,487.8	227.2	1,742.6	2,053.7

(1) Based on spot rates, as at April 30, 2017, for balances in Canadian dollars, in Norwegian krone, in Euros and balances bearing interest at variable rates.
(2) Excludes deferred credits as well as statutory accounts payable and accrued liabilities such as sales taxes, excise taxes and property taxes.

Price risk

The Corporation's sales of refined oil products, which include road transportation fuel and stationary energy, 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 sale prices to reflect changes in refined oil product prices. The time lag between a change in refined oil product prices and a change of prices of fuel sold by the Corporation can impact the gross profit on sales of these products. As at April 30, 2017, the Corporation did not hold any derivative instruments to mitigate this risk.

The Corporation's obligations related to its PSU plan and DSU plan create a form of price risk as the recorded amounts of the related liabilities fluctuate in part with the fair value of the Corporation's Class B shares. To mitigate this risk, the Corporation has entered into a financial arrangement with an investment grade financial institution which includes an embedded total return swap with an underlying representing

Class B shares recorded at fair market value on the consolidated balance sheets under Other assets. The financial arrangement is adjusted as needed to reflect new awards, adjustments and/or settlements of PSUs and DSUs. As at April 30, 2017, the impact on net earnings or shareholders' equity of a 5.0% shift of the value of the Corporation's share price would not have been significant.

Fair value

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 implicit interest rates are generally consistent with equivalent market interest rates for similar obligations. The carrying value of the term revolving unsecured operating credit D approximates its fair value given that its credit spread is similar to the credit spread the Corporation would obtain under similar conditions at the reporting date.

Fair value hierarchy

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 but which are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability which are not based on observable market data.

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

Financial instruments at fair value on the consolidated balance sheets:

- The fair value of the investment contract including an embedded total return swap, which is mainly based on the fair market value of the Corporation's Class B shares, is $44.4 as at April 30, 2017 ($45.3 as at April 24, 2016) (Level 2); and
- The fair value of the cross-currency interest rate swaps, which is determined based on market rates obtained from the Corporation's financial institutions for similar financial instruments, is $294.9 as at April 30, 2017 ($224.0 as at April 24, 2016) (Level 2). They are presented as Other short-term financial assets and Other financial liabilities on the consolidated balance sheets; and
- The fair value of the interest rate locks, which is determined based on market rates obtained from the Corporation's financial institutions for similar financial instruments, is $9.2 as at April 30, 2017 (Level 2). They are presented as Other short-term financial liabilities on the consolidated balance sheets.

Financial instruments not at fair value on the consolidated balance sheets:

- The table below presents the fair value, which is based on observable market data, and the carrying value of the financial instruments which are not measured at fair value on the consolidated balance sheets:

		2017		2016
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Canadian-dollar-denominated senior unsecured notes	**1,461.9**	**1,542.6**	1,573.2	1,636.5
Euro-denominated senior unsecured notes	**815.1**	**840.4**	-	-
NOK-denominated senior unsecured notes	**78.7**	**81.1**	81.8	82.6

Capital risk management

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

In order to maintain or adjust its capital structure, the Corporation may issue new shares, redeem its shares, sell assets to reduce debt or adjust the amount of dividends paid to shareholders (Notes 20 and 25).

In its capital structure, the Corporation considers its stock option, PSU and DSU plans (Note 26). From time to time, the Corporation uses share repurchase programs to achieve its capital management objectives.

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

	2017	2016 (adjusted, Note 2)
	$	$
Current portion of long-term debt	**252.4**	29.2
Long-term debt	**3,095.8**	2,808.9
Less: Cash and cash equivalents	**637.6**	599.4
Net interest-bearing debt	**2,710.6**	2,238.7
Shareholders' equity	**6,009.6**	5,041.1
Net interest-bearing debt	**2,710.6**	2,238.7
Total capitalization	**8,720.2**	7,279.8
Net interest-bearing debt to total capitalization ratio	**31.1%**	30.8%

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

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

The Corporation monitors these ratios regularly and was in compliance with these covenants as at April 30, 2017 and April 24, 2016.

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

30. CONTRACTUAL OBLIGATIONS

Minimum lease payments

As at April 30, 2017, the Corporation has entered into operating lease agreements which call for aggregate minimum lease payments of $2,400.1 for the rental of commercial space, equipment and warehouses. 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	408.0
One to five years	1,245.5
More than five years	746.6

As at April 30, 2017, the total amount of future minimum sublease payments expected to be received under sublease agreements related to these operating leases is $43.7.

Purchase commitments

The Corporation has entered into various property purchase agreements, as well as product purchase agreements which require the Corporation 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.

Furthermore, in connection with the acquisition of certain assets from Imperial Oil Limited, the Corporation has entered into a long-term fuel supply contract. Under this contract, the Corporation is required to purchase a minimum quantity of Esso-branded fuel every year, until 2036. Failure to satisfy the minimum purchase requirements could result in a payment to Imperial Oil Limited of a predetermined amount. The Corporation expects to fulfill those requirements.

31. 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 its 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 sub lessees fail to pay. As at April 30, 2017, the total future lease payments under such agreements are approximately $1.6 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.

The Corporation has also issued guarantees to third parties and on behalf of third parties for maximum undiscounted future payments totaling $15.3. These guarantees primarily relate to financial guarantee commitments under 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 30, 2017 were not significant.

32. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, in Europe and in Canada. It essentially operates in one reportable segment, the sale of goods for immediate consumption, road transportation fuel and other products mainly through company-operated stores and franchised stores. The Corporation operates its convenience store chain under several banners, including Circle K, Couche-Tard, Mac's, Kangaroo Express, Statoil, Ingo, Topaz and Re.Store. Revenues from external customers mainly fall 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:

				2017 (53 weeks)				2016 (52 weeks) (adjusted, Note 2)
	United States	**Europe**	**Canada**	**Total**	United States	Europe	Canada	Total
	$	**$**	**$**	**$**	$	$	$	$
External customer revenues[(a)]								
Merchandise and services	**7,669.8**	**1,205.8**	**1,848.5**	**10,724.1**	7,366.5	933.8	1,771.6	10,071.9
Road transportation fuel	**16,492.0**	**6,473.4**	**3,089.0**	**26,054.4**	15,864.1	5,422.3	2,019.8	23,306.2
Other	**14.0**	**1,098.4**	**13.6**	**1,126.0**	14.9	751.1	0.5	766.5
	24,175.8	**8,777.6**	**4,951.1**	**37,904.5**	23,245.5	7,107.2	3,791.9	34,144.6
Gross profit								
Merchandise and services	**2,545.0**	**511.4**	**625.2**	**3,681.6**	2,452.3	397.0	581.4	3,430.7
Road transportation fuel	**1,407.6**	**917.5**	**262.0**	**2,587.1**	1,479.4	811.5	148.9	2,439.8
Other	**14.0**	**185.5**	**13.6**	**213.1**	14.9	195.6	0.5	211.0
	3,966.6	**1,614.4**	**900.8**	**6,481.8**	3,946.6	1,404.1	730.8	6,081.5
Total long-term assets[(b)]	**5,475.3**	**3,625.2**	**1,816.0**	**10,916.5**	5,171.8	3,514.8	577.6	9,264.2

(a) Geographic areas are determined according to where the Corporation generates operating income (where the sale takes place) and according to the location of the long-term assets.
(b) Excluding financial instruments, deferred tax assets and post-employment benefit assets.

33. SUBSEQUENT EVENTS

Acquisition of CST Brands Inc.

On June 28, 2017, the Corporation completed the acquisition of all the issued and outstanding shares of CST Brands Inc. ("CST") through an all-cash transaction valued at $48.53 per share, with a total enterprise value of approximately $4.4 billion including net debt assumed. CST is based in San Antonio, Texas, and employs more than 14,000 people at over 2,000 locations throughout the Southwestern U.S., with an important presence in Texas, the Southeastern U.S., the State of New York and Eastern Canada. The transaction was financed using the Corporation's available cash, its existing credit facilities and its new acquisition credit facility, which is described below.

On the same day, the Corporation sold to Parkland Fuel Corporation ("Parkland") a significant portion of CST's Canadian assets for approximately CA $986.0. The disposed assets were mainly comprised of CST's dealers and agent's network, its heating-oil business, 159 company-operated sites, as well as its Montreal head office. As a result, the Corporation retained 157 of CST's company-operated sites in Canada.

As per the requirements of the US Federal Trade Commission, the Corporation entered into an agreement to sell 70 company-operated sites to Empire Petroleum Partners, LLC ("Empire"). This transaction is subject to customary regulatory approval and closing conditions and is expected to close during the second quarter of fiscal 2018.

Once the transaction with Empire is completed, the CST acquisition will have allowed the Corporation to add 1,263 sites to its North American network, for a value of approximately $3.7 billion.

Pursuant to the acquisition of CST, the Corporation also became the general partner of CrossAmerica Partners LP ("CAPL"), owns 100% of its Incentive Distribution Rights and holds a 20.5% equity investment in it. CAPL supplies road transportation fuel under various brands to more than 1,100 locations in the United States.

Due to the limited period of time between the acquisition of CST and the publication of the Corporation's annual consolidated financial statements, certain items required for the disclosure of business acquisitions have not been provided, particularly the preliminary estimate of the fair value of assets acquired, liabilities assumed and goodwill. The Corporation is currently assessing the fair value of assets acquired and liabilities assumed and will publish the preliminary results in its first quarter unaudited interim condensed consolidated financial statements.

New credit facility for the funding of the CST acquisition

On June 27, 2017, the Corporation entered into a new credit agreement consisting of an unsecured non-revolving acquisition credit facility of an aggregate maximum amount of $4.3 billion (the "acquisition facility"), divided into three tranches as follows:

	Principal amount	Maturity
Tranche A	$2.0 billion	June 27, 2018
Tranche B	$1.0 billion	June 27, 2019
Tranche C	$1.3 billion	June 27, 2020

The acquisition facility is available exclusively to finance, directly or indirectly, the acquisition of CST, the related acquisition costs and the repayment of any of CST's and its subsidiaries' outstanding debt. Amounts can be drawn up to 90 days after the first draw and can be reimbursed at any time. The acquisition facility is available in US dollars by way of US base rate loans or LIBOR rate loans. Depending on the form of the loan, the amounts borrowed bear interest at variable rates based on the US base rate or the LIBOR rate plus a variable margin.

Under the acquisition facility, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at June 30, 2017, $3.0 billion had been used to finance CST's acquisition, certain acquisition costs and the repayment of a portion of CST's debt. As at the same date, the average applicable interest rate was 2.64%.

At the acquisition date, the Corporation repaid all of CST's revolving credit loans and term loans and also launched the process to allow it to repay all of CST's outstanding senior notes, which is expected to be completed by the end of July 2017.

Other transactions

On May 30, 2017, the Corporation acquired 53 company-operated sites from American General Investments, LLC and North American Financial Group, LLC, located in Louisiana, United States. These convenience stores operate under the *Cracker Barrel* brand and include 11 quick service restaurants. As per the agreement, the Corporation owns the land and building for 47 sites and assumes the leases for the remaining 6 locations. This transaction was financed using the Corporation's available cash and existing credit facilities.

On July 7, 2017, the Corporation acquired from Empire 53 fuel supply contracts with independent dealers, located in the Atlanta, GA metro area. As part of this transaction, the Corporation also acquired real estate for two sites, which is leased to dealers. This transaction was financed using the Corporation's available cash and existing credit facilities.

On July 10, 2017, the Corporation entered into an agreement with Holiday Companies to acquire all the issued and outstanding shares of Holiday Stationstores, Inc. and certain affiliated companies ("Holiday"). Holiday is an important convenience store and fuel player in the U.S. Midwest region with 522 sites, of which 374 are operated by Holiday and 148 are operated by franchisees. Holiday also has a strong car wash business with 221 locations, a food commissary operation and a fuel terminal in Newport, Minnesota. Its stores are located in Minnesota, Wisconsin, Washington, Idaho, Montana, Wyoming, North Dakota, South Dakota, Michigan and Alaska. This transaction is subject to Holiday's parent company's shareholders' approval and to customary regulatory approval and closing conditions. This transaction is expected to close during the fourth quarter of fiscal 2018 and is expected to be financed using the Corporation's available cash and existing credit facilities.

Interest rate lock renewal

On May 12, 2017, the Corporation extended its interest rate locks until July 28, 2017, at the following conditions:

	Notional amount	Interest lock term	Rate
Tranche 1	$50.0	5 years	1.9160%
Tranche 2	$100.0	5 years	1.9367%
Tranche 3	$100.0	5 years	1.9287%
Tranche 4	$50.0	10 years	2.3725%
Tranche 5	$100.0	10 years	2.3820%
Tranche 6	$100.0	10 years	2.3795%

All other conditions remained the same.

Dividends

During its July 12, 2017 meeting, the Corporation's Board of Directors declared a quarterly dividend of CA 9.0¢ per share for the fourth quarter of fiscal 2017 to shareholders on record as at July 21, 2017, and approved its payment for August 4, 2017. This is an eligible dividend within the meaning of the Income Tax Act of Canada.