

Couche-Tard 

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Quarterly Report

FOR THE 12-WEEK PERIOD ENDED OCTOBER 9, 2011

Management's Discussion and Analysis

The purpose of this Management's Discussion and Analysis ("MD&A") is, as required by regulators, to explain management's point of view on Alimentation Couche-Tard Inc.'s ("Couche-Tard") financial condition and results of operations as well as the performance during the second quarter of the fiscal year ending April 29, 2012. More specifically, it aims to let the reader better understand our development strategy, performance in relation to objectives, future expectations and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader's understanding of the Unaudited Interim Consolidated Financial Statement ("Interim Financial Statements") and related notes. It should therefore be read in conjunction with those documents. By "we", "our", "us" and "the Corporation", we refer collectively to Couche-Tard and its subsidiaries.

Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars (US dollars) and determined on the basis of International Financial Reporting Standards ("IFRS"). The interim financial statements have not been audited nor have they been subject to a review engagement by the Corporation's auditors.

We also use measures in this MD&A that do not comply with IFRS. When such measures are presented, they are defined and the reader is informed. This MD&A should be read in conjunction with the annual consolidated financial statements and related notes included in Couche-Tard's 2011 Annual Report (2011 annual report), which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, is available on SEDAR at www.sedar.com and on the Corporation's website at www.couche-tard.com/corporate.

International Financial Reporting Standards

The interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). The interim financial statements for the first quarter of fiscal year 2012 were the Corporation's first interim financial statements reported under IFRS. Consequently, the Corporation has applied the requirements of IFRS 1, *First-Time Adoption of Internal Financial Reporting Standards*, to establish the interim financial statements. Unless otherwise indicated, all financial information presented in the interim financial statements and in this MD&A were established based on IFRS, including comparative figures which have been restated to be in accordance with IFRS.

Previously, the Corporation prepared its Annual Consolidated Statements and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). As the interim financial statements of the fiscal year 2012 are the Corporation's first set of interim financial statements in accordance with IFRS, the Corporation's disclosures exceed the minimum requirements under IAS 34. The Corporation has elected to exceed the minimum requirements in order to present the Corporation's accounting policies in accordance with IFRS and to provide certain disclosures that are required under IFRS that were not included in the Corporation's most recent Annual Consolidated Financial Statements prepared in accordance with Canadian GAAP. The interim financial statements should be read in conjunction with the Corporation's 2011 Annual Financial Statements. The reader must also take into account the explanations of how the transition to IFRS has affected the Corporation's Consolidated Statements of Earnings, Consolidated Statements of Changes in Shareholders' Equity and Consolidated Balance Sheets as provided in Note 10 of the interim financial statements for the second quarter of fiscal year 2012.

Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe", "intend", "expect", "estimate" and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at November 22, 2011, which are not guarantees of future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

Unless otherwise required by applicable securities laws, Couche-Tard disclaims any intention or obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

The foregoing risks and uncertainties include the risks set forth under "Business Risks" in our 2011 Annual Report as well as other risks detailed from time to time in reports filed by Couche-Tard with securities regulators in Canada.

Our Business

We are the leader in the Canadian convenience store industry. In North America, we are the largest independent convenience store operator (whether integrated with a petroleum corporation or not) in terms of number of company-operated stores.

As of October 9, 2011, our network was comprised of 5,715 convenience stores throughout North America, including 4,107 stores with motor fuel dispensing. Our network consists of 13 business units, including nine in the United States covering 42 states and the District of Columbia and four in Canada covering all ten provinces. More than 53,000 people are employed throughout our network and at the service offices.

Our mission is to offer our clients outstanding service by developing a customized and friendly relationship while still finding ways to surprise them on a daily basis. In this regard, we strive to meet the demands and needs of our clientele based on their regional requirements. To do so, we offer consumers food and beverage items, motor fuel and other high-quality products and services designed to meet clients' demands in a clean and welcoming environment. Our positioning in the industry stems primarily from the success of our business model, which is based on a decentralized management structure, an ongoing comparison of best practices and operational expertise that is enhanced by our experience in the various regions of our network. Our positioning is also a result of our focus on in-store merchandise, as well as our continued investments in our stores.

Value creation

The convenience store sector is fragmented and in a consolidation phase. We are participating in this process through our acquisitions and the market shares we gain when competitors close sites and by improving our offering. However, despite this context, acquisitions have to be concluded at reasonable conditions in order to create value for the Corporation and its shareholders. Therefore, we do not favour store count growth to the detriment of profitability. In addition to our participation in the consolidation phase of our sector, it has to be noted that in recent years, the organic contribution played an important role in the growth of our net earnings. The on-going improvement of our offer, including fresh products, supply terms and efficiency of our business has been a highlight, especially with the absence of significant acquisitions and net growth in store count in the recent years. During this same period, it has also often been more advantageous for us to repurchase back our own shares at a lower multiple than some store networks that were offered to us. Thus, all these elements contributed to the growth in net earnings and to value creation for our shareholders and other stakeholders. Our goal is to continue in this direction.

Exchange Rate Data

We use the US dollar as our reporting currency which provides more relevant information given the predominance of our operations in the United States and our debt largely dominated in US dollars.

The following table sets forth information about exchange rates based upon the Bank of Canada closing rates expressed as US dollars per CA\$1.00:

	12-week periods ended		24-week periods ended	
	October 9, 2011	October 10, 2010	October 9, 2011	October 10, 2010
Average for period ⁽¹⁾	1.0106	0.9654	1.0212	0.9642
Period end	0.9631	0.9888	0.9631	0.9888

⁽¹⁾ Calculated by taking the average of the closing exchange rates of each day in the applicable period.

Considering we use the US dollar as our reporting currency, in our consolidated financial statements and in the present document, unless indicated otherwise, results from our Canadian and corporate operations are translated into US dollars using the average rate for the period. Variances and explanations related to variations in the foreign exchange rate and the volatility of the Canadian dollar which we discuss in the present document are therefore related to the translation in US dollars of our Canadian and corporate operations results and do not have a true economic impact on our performance since most of the Corporation's consolidated revenues and expenses are received or denominated in the functional currency of the markets in which it does business. Accordingly, our sensitivity to variations in foreign exchange rates is economically limited.

Overview of the Second Quarter of fiscal 2012

Network growth

June 2011 Agreement with ExxonMobil

The following table summarizes progress made in relation with the acquisition agreement signed with ExxonMobil in June 2011 and the steps that still must be completed. Shaded boxes indicate steps completed as of November 22, 2011.

	During the 12-week period ended October 9, 2011	Subsequent to the 12-week period ended October 9, 2011		
	August 2011	October 2011	End of October 2011 and beginning of November 2011	January 2012 and February 2012
Company-operated stores	1	1	72	-
Sites operated by independent operators (real estate owned by the independent operators)	-	83	1	-
Sites operated by independent operators (real estate owned by the Corporation)	-	-	-	164
Fuel supply agreements	63	-	-	-

Completed transactions

On October 13, 2011, we acquired from Chico Enterprises Inc., 26 company-operated stores operating in the Mid-Atlantic area of the United States. We own the real estate for 25 sites while we lease the other one.

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

On November 16 and 17, 2011, we acquired from ExxonMobil, 33 company-operated stores operating under the "On the Run" banner in Louisiana, United States. The Corporation owns the real estate for 27 sites while it leases the other sites.

In addition, during the second quarter of fiscal 2012, we acquired seven additional company-operated stores through distinct transactions for a cumulated total of eight stores since the beginning of fiscal 2012.

Internal available cash and our credit facilities were used for these acquisitions. The majority of these transactions have been closed after quarter-end. Thus, they did not have any impact on the second quarter results.

Outstanding transactions

In September 2011, we signed an agreement to acquire 11 company-operated stores operating in North Carolina, United States. Assuming the closing of the transaction which is scheduled for December 2011, the Corporation would own the real estate for eight sites while it would lease the other sites. The transaction is subject to standard regulatory approvals and closing conditions.

In October 2011, we signed an agreement to acquire from Dead River Company, 19 company-operated stores operating under the "Dead River Convenience" banner in Maine, United States. One stand-alone quick-service restaurant would also be transferred to the Corporation. Assuming the closing of the transaction which is scheduled for December 2011, the Corporation would own the real estate for 18 sites while it would lease the other sites. The transaction is subject to standard regulatory approvals and closing conditions.

Internal available cash and our credit facilities should be used for these transactions.

Considering that many transactions we announced should close during the third quarter of fiscal 2012, we expect that revenues and earnings of the third and fourth quarters of fiscal 2012 will benefit from the incremental contribution of these acquisitions.

Store construction

We completed the construction of six new stores during the 12-week period ended October 9, 2011 for a cumulated total of 11 stores since the beginning of fiscal 2012.

Dividends

During its November 22, 2011 meeting, considering Couche-Tard's good results and strong balance sheet, the Corporation's Board of Directors (the "Board") decided it was appropriate to amend the quarterly dividend by increasing it by CA\$0.0125 per share, which thereby corresponds to CA\$0.075 per share.

At the said meeting, accordingly, the Board declared a quarterly dividend of CA\$0.075 per share for the second quarter of fiscal 2012 to shareholders on record as at December 2, 2011, payable on December 16, 2011. This is an eligible dividend within the meaning of the *Income Tax Act* of Canada.

Share repurchase programs

Program which expired October 24, 2011

We had a share repurchase program which allowed us to repurchase up to 2,685,335 Class A multiple voting shares and up to 11,621,801 Class B subordinate voting shares. The program expired on October 24, 2011.

During the 12 and 24-week periods ended October 9, 2011 under this program, we repurchased 1,700 Class A multiple voting shares at an average cost of CA\$29.40 and 4,353,200 Class B subordinate voting shares at an average cost of CA\$28.78. From October 9, 2011 through October 24, 2011, we repurchased 1,000 Class A multiple voting shares at an average cost of CA\$29.50 and 206,700 Class B subordinate voting shares at an average cost of CA\$29.28. On a cumulative basis since the implementation of the program, and until its expiration, we repurchased 13,700 Class A multiple voting shares at an average cost of CA\$25.83 and 7,121,500 Class B subordinate voting shares at an average cost of CA\$27.34. Having made these repurchases, the number of Class A multiple voting shares and of Class B subordinate voting shares in circulation was reduced and the proportionate interest of all remaining shareholders in the Corporation's share capital was increased on a pro rata basis. All shares repurchased under the share repurchase program were cancelled upon repurchase.

Program effective October 25, 2011 expiring no later than October 24, 2012

During the third quarter of fiscal 2012, we implemented a new share repurchase program. This program allows us to repurchase up to 2,684,420 of the 53,688,412 Class A multiple voting shares and up to 11,126,400 of the 111,264,009 Class B subordinate voting shares issued and outstanding as at October 11, 2011 (representing 5.0% of the Class A multiple voting shares issued and outstanding and 10.0% of the Class B subordinate voting shares of the public float, as at that date, respectively, as defined by applicable rules). In accordance with Toronto Stock Exchange requirements, we can repurchase a daily maximum of 1,000 Class A multiple voting shares and of 82,118 Class B subordinate voting shares. When making such repurchases, the number of Class A multiple voting shares and of Class B subordinate voting shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Corporation's share capital is increased on a pro rata basis. The share repurchase period will end no later than October 24, 2012. All shares repurchased under the share repurchase program are cancelled upon repurchase.

As of November 18, 2011, since the implementation of this program, we repurchased 1,754,100 Class B subordinate voting shares at an average cost of CA\$30.32.

Outstanding shares and stock options

As at November 18, 2011, Couche-Tard had 53,687,412 Class A multiple voting shares and 124,021,468 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 5,687,809 outstanding stock options for the purchase of Class B subordinate voting shares.

Summary of changes in our stores during the second quarter and first half-year of fiscal 2012

The following table presents certain information regarding changes in our stores over the 12 and 24-week periods ended October 9, 2011*:

	12-week period ended October 9, 2011			24-week period ended October 9, 2011		
	Company-operated stores	Affiliated stores	Total	Company-operated stores	Affiliated stores	Total
Number of stores, beginning of period	4,394	1,347	5,741	4,401	1,394	5,795
Acquisitions	8	-	8	21	-	21
Openings / constructions / additions	6	10	16	11	21	32
Closures / disposals / withdrawals	(26)	(24)	(50)	(51)	(82)	(133)
Number of stores, end of period	4,382	1,333	5,715	4,382	1,333	5,715

* These figures include 50% of the stores we operate through RDK.

Selected Consolidated Financial Information

The following table highlights certain information regarding our operations for the 12 and 24-week periods ended October 9, 2011 and October 10, 2010:

(In millions of US dollars, unless otherwise stated)

	12-week periods ended			24-week periods ended		
	October 9, 2011	October 10, 2010	Variation %	October 9, 2011	October 10, 2010	Variation %
Statement of Operations Data:						
Merchandise and service revenues ⁽¹⁾ :						
United States	1,012.5	985.2	2.8	2,025.8	1,977.7	2.4
Canada	541.3	500.6	8.1	1,089.9	1,017.2	7.1
Total merchandise and service revenues	1,553.8	1,485.8	4.6	3,115.7	2,994.9	4.0
Motor fuel revenues:						
United States	2,958.5	2,184.8	35.4	5,932.7	4,391.3	35.1
Canada	640.3	478.5	33.8	1,281.8	940.3	36.3
Total motor fuel revenues	3,598.8	2,663.3	35.1	7,214.5	5,331.6	35.3
Total revenues	5,152.6	4,149.1	24.2	10,330.2	8,326.5	24.1
Merchandise and service gross profit ⁽¹⁾ :						
United States	331.2	324.9	1.9	667.8	651.1	2.6
Canada	183.6	175.6	4.6	370.2	357.0	3.7
Total merchandise and service gross profit	514.8	500.5	2.9	1,038.0	1,008.1	3.0
Motor fuel gross profit:						
United States	141.3	136.1	3.8	301.7	285.9	5.5
Canada	35.8	33.0	8.5	71.3	63.3	12.6
Total motor fuel gross profit	177.1	169.1	4.7	373.0	349.2	6.8
Total gross profit	691.9	669.6	3.3	1,411.0	1,357.3	4.0
Operating, selling, administrative and general expenses	491.7	470.6	4.5	979.1	937.7	4.4
Depreciation and amortization of property and equipment and other assets	52.4	49.3	6.3	101.9	96.7	5.4
Operating income	147.8	149.7	(1.3)	330.0	322.9	2.2
Net earnings	113.5	108.2	4.9	253.0	235.1	7.6
Other Operating Data:						
Merchandise and service gross margin ⁽¹⁾ :						
Consolidated	33.1%	33.7 %	(0.6)	33.3 %	33.7 %	(0.4)
United States	32.7%	33.0 %	(0.3)	33.0 %	32.9 %	0.1
Canada	33.9%	35.1 %	(1.2)	34.0 %	35.1 %	(1.1)
Growth of same-store merchandise revenues ^{(2) (3)} :						
United States	2.5%	4.9 %		2.0 %	4.7 %	
Canada	3.3%	1.6 %		1.5 %	4.1 %	
Motor fuel gross margin ⁽³⁾ :						
United States (cents per gallon):	17.04	16.84	1.2	18.48	17.83	3.6
Canada (CA cents per litre)	5.56	5.48	1.5	5.55	5.37	3.4
Volume of motor fuel sold ⁽⁴⁾ :						
United States (millions of gallons)	853.1	825.7	3.3	1,667.2	1,644.0	1.4
Canada (millions of litres)	636.3	625.6	1.7	1,259.2	1,226.4	2.7
Growth of same-store motor fuel volume ⁽³⁾ :						
United States	0.2 %	0.5%		(0.7%)	0.8%	
Canada	(3.0 %)	5.3%		(2.0%)	5.4%	
Per Share Data:						
Basic net earnings per share (dollars per share)	0.62	0.58	6.9	1.38	1.27	8.7
Diluted net earnings per share (dollars per share)	0.61	0.57	7.0	1.36	1.25	8.8
Balance Sheet Data:						
Total assets				4,054.9	3,926.0	128.9
Interest-bearing debt				578.0	501.5	76.5
Shareholders' equity				2,040.9	1,980.6	60.3
Indebtedness Ratios:						
Net interest-bearing debt/total capitalization ⁽⁵⁾				0.04 : 1	0.09 : 1	
Net interest-bearing debt/EBITDA ⁽⁶⁾				0.12 : 1 ⁽⁷⁾	0.26 : 1	
Adjusted net interest bearing debt/EBITDAR ⁽⁸⁾				1.99 : 1 ⁽⁷⁾	2.09 : 1	
Returns:						
Return on equity ^{(7) (9)}				19.7%	21.0 % ⁽¹¹⁾	
Return on capital employed ^{(7) (10)}				17.5%	18.1 % ⁽¹¹⁾	

(1) Includes other revenues derived from franchise fees, royalties and rebates on some purchases by franchisees and licensees.

(2) Does not include services and other revenues (as described in footnote 1 above). Growth in Canada is calculated based on Canadian dollars.

(3) For company-operated stores only.

(4) Includes volume of franchisees and dealers.

(5) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments, divided by the addition of shareholders' equity and long-term debt, net of cash and cash equivalents and temporary investments. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

(6) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments, divided by EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization). It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

(7) This ratio was standardized over a period of one year. It includes the results of the first and second quarters of the fiscal year which will end April 29, 2012 as well as the third and fourth quarters of the fiscal year ended April 24, 2011.

(8) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt plus the product of eight times rent expense, net of cash and cash equivalents and temporary investments, divided by EBITDAR (Earnings Before Interest, Tax, Depreciation, Amortization and Rent expense). It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

(9) This ratio is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: cumulated net earnings of the last four quarter divided by average equity for the same period. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

(10) This ratio is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: cumulated earnings before income taxes and interests of the last four quarter divided by average capital employed for the same period. Capital employed represents total assets less short-term liabilities not bearing interests. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

(11) The numerator used to calculate this ratio includes the results of the first and second quarters of the fiscal year ended April 24, 2011 which have been restated to comply with IFRS as well as the results of the third and fourth quarters of the fiscal year ended April 24, 2011 which were established based on Canadian GAAP and which were not restated to comply with IFRS. The denominator has been restated to comply with IFRS based on management's best estimates.

Analysis of consolidated results for the second quarter and first half-year of fiscal 2012

Revenues

Our revenues amounted to \$5.2 billion in the second quarter of fiscal 2012, up \$1.0 billion, an increase of 24.2%, mainly attributable to an increase in motor fuel sales due to higher average retail prices at the pump, to acquisitions, to the stronger Canadian dollar as well as to the growth of same-store merchandise and service sales in the United States and Canada. These items contributing to the growth in revenues were partially offset by the decrease in same-store motor fuel volume in Canada.

For the first half-year of fiscal 2012, our revenues grew by \$2.0 billion, an increase of 24.1% compared to the first half-year of fiscal 2011 for reasons similar to those mentioned for the quarter.

More specifically, the growth of merchandise and service revenues for the second quarter of fiscal 2012 was \$68.0 million or 4.6%, of which approximately \$23.4 million was generated by a stronger Canadian dollar. As for internal growth, same-store merchandise revenues increased by 2.5% in the United States and 3.3% in Canada. For the Canadian and U.S. markets, the variance in same-store merchandise sales is attributable to our merchandising strategies, to the economic condition in each of our market as well as to the investments we made to enhance service and the offering of products in our stores. In the United States, a cigarette manufacturer modified its supply terms and price structure, at the beginning of the first quarter of fiscal 2012, in order to encourage retailers to decrease or maintain low unit prices on certain of its products, which has put a deflationary pressure on our cigarettes sales. Thus, we estimate that excluding tobacco products sales, our same-store merchandise sales in the United States increased by 5.3%. However, we seem to hold up well in comparison to other retailers and we maintain our attention on balancing in-store traffic and margin level as well as on our market share as always.

In the first half-year of fiscal 2012, merchandise and service revenues rose by \$120.8 million, a 4.0% increase compared to the same period last fiscal year for reasons similar to those of the second quarter, including an increase in same-store merchandise revenues of 2.0% in the United States and 1.5% in Canada.

Motor fuel revenues increased by \$935.5 million or 35.1% in the second quarter of fiscal 2012, of which \$55.0 million stems from acquisitions and approximately \$22.0 million were generated by the appreciation of the Canadian dollar against its U.S. counterpart. The still fragile economy and higher retail prices at the pump have put downward pressure on motor fuel consumption, which can explain the near stagnation of same-store motor fuel volume in the United States which increased by only 0.2% as well as the drop of 3.0% in Canada. This seems to be confirmed by the U.S. Federal Highway Administration's July, August and September 2011 Traffic Volume Trends reports which show that, month over month, travel on U.S. roads and streets declined by 2.5% in July, 1.7% in August and 1.5% in September. Additionally, in certain Canadian regions, competition caused by the sale of low-priced motor fuel on certain native reserves has adversely affected our fuel sales.

The higher average retail price of motor fuel generated an increase in revenues of approximately \$780.0 million as shown in the following table, starting with the third quarter of the fiscal year ended April 24, 2011:

Quarter	3 rd	4 th	1 st	2 nd	Weighted average
52-week period ended October 9, 2011					
United States (US dollars per gallon)	2.89	3.44	3.67	3.50	3.34
Canada (CA cents per litre)	97.76	108.53	114.08	112.90	107.75
52-week period ended October 10, 2010					
United States (US dollars per gallon)	2.59	2.71	2.72	2.67	2.67
Canada (CA cents per litre)	90.00	92.36	91.46	90.47	90.98

For the first half-year of fiscal 2012, motor fuel revenues increased by \$1.9 billion or 35.3% of which approximately \$56.0 million were generated by the appreciation of the Canadian dollar against its U.S. counterpart. Same-store motor fuel volume dropped by 0.7% in the United States and 2.0% in Canada. The higher average retail price of motor fuel generated an increase in revenues of approximately \$1.6 billion.

Gross profit

The consolidated merchandise and service gross margin grew by \$14.9 million or 2.9% in the second quarter of fiscal 2012. The consolidated margin was 33.1%, a reduction of 0.6% compared with the same quarter of fiscal 2011. In the United States, the gross margin is down 0.3% to 32.7% while in Canada, it fell by 1.2% to 33.9%. This performance reflects changes in the product-mix, the improvements we brought to our supply terms as well as our merchandising strategy in tune with market competitiveness and economic conditions within each market. More precisely, these margin reductions reflect more aggressive promotions in certain categories to protect store traffic. However, in terms of absolute dollars, the increase in same-store merchandise sales more that offset the decrease in margin percent of these products, demonstrating that our strategies paid off.

During the first half-year of fiscal 2012, the consolidated merchandise and service gross margin grew by \$29.9 million or 3.0%. The consolidated margin was 33.3%. More specifically, it was 33.0% in the United States, an increase of 0.1%, and 34.0% in Canada, a decrease of 1.1%.

In the second quarter of fiscal 2012, the motor fuel gross margin for our company-operated stores in the United States increased by 0.20¢ per gallon, from 16.84¢ per gallon last year to 17.04¢ per gallon this year. However, taking into account expenses related to electronic payment modes, net margin per gallon decreased by 0.84¢ per gallon, a shortfall of approximately \$7.0 million. In Canada, the gross margin increased to CA5.56¢ per litre compared with CA5.48¢ per litre for the second quarter of fiscal 2011. The motor fuel gross margin of our company-operated stores in the United States as well as the impact of expenses related to electronic payment modes for the last eight quarters, starting with the third quarter of fiscal year ended April 24, 2011, were as follows:

(US cents per gallon)

Quarter	3 rd	4 th	1 st	2 nd	Weighted average
52-week period ended October 9, 2011					
Before deduction of expenses related to electronic payment modes	13.12	14.06	19.95	17.04	15.85
Expenses related to electronic payment modes	4.36	4.93	5.29	5.20	4.91
After deduction of expenses related to electronic payment modes	8.76	9.13	14.66	11.84	10.94
52-week period ended October 10, 2010					
Before deduction of expenses related to electronic payment modes	12.88	14.21	18.83	16.84	15.53
Expenses related to electronic payment modes	3.85	4.14	4.15	4.16	4.06
After deduction of expenses related to electronic payment modes	9.03	10.07	14.68	12.68	11.47

For the 24-week period ended October 9, 2011, the motor fuel gross margin for our company-operated stores in the United States increased by 0.65¢ per gallon, from 17.83¢ per gallon last fiscal year to 18.48¢ per gallon this fiscal year. In Canada, the margin also increased, reaching CA5.55¢ per litre compared with CA5.37¢ per litre for the comparable period of fiscal 2011.

Operating, selling, administrative and general expenses

For the second quarter and first half-year of fiscal 2012, operating, selling, administrative and general expenses rose by 4.5% and 4.4% respectively, compared with the first quarter and first half-year of fiscal 2011, but increased by only 1.6% and 0.7% respectively, if we exclude certain items, as demonstrated by the following table:

	12-week period ended October 9, 2011	24-week period ended October 9, 2011
Total variance as reported	4.5%	4.4%
Subtract:		
Increase from higher electronic payment fees	2.7%	2.5%
Increase from the strengthening of the Canadian dollar	1.5%	1.9%
Increase from incremental expenses related to stores acquired	-	0.3%
Acquisition costs recognized to earnings of the comparable periods of fiscal 2011	(1.5%)	(1.1%)
Acquisition costs recognized to earnings of fiscal 2012	0.2%	0.1%
Remaining variance	1.6%	0.7%

The increase in electronic payment fees stems mainly from the rise in the average retail price of motor fuel. The remaining variance is due to additional expenses necessary to support growth in same-store merchandise sales as well as to the normal increase in costs due to inflation.

Moreover, excluding expenses related to electronic payment modes as well as acquisitions costs for both comparable periods, expenses in proportion to merchandise and services sales represented 27.9% of sales during the second quarter of fiscal 2012 (27.7% for the first half-year of fiscal 2012), compared to 28.2% during the second quarter of fiscal 2011 (27.9% for the first half-year of fiscal 2011). This indicator has been constantly improving for the last 11 quarters. This performance reflects our constant efforts to find ways to improve our efficiency while ensuring that we maintain the quality of the service we offer our clients.

Earnings before interests, taxes, depreciation and amortization (EBITDA)

During the second quarter of fiscal 2012, EBITDA increased by 0.8% compared to the corresponding period of the previous fiscal year, reaching \$205.4 million. Acquisitions contributed \$1.2 million to EBITDA while the strengthening of the Canadian dollar contributed for about \$2.6 million. As for the first half-year of fiscal 2012, EBITDA increased by 3.0% compared to the corresponding period of the previous fiscal year, reaching \$443.1 million. Acquisitions contributed \$2.5 million to EBITDA while the strengthening of the Canadian dollar contributed for about \$6.4 million.

It should be noted that EBITDA is not a performance measure defined by IFRS, but we, as well as investors and analysts, use this measure to evaluate the Corporation's financial and operating performance. Note that our definition of this measure may differ from the one used by other public corporations:

(in millions of US dollars)	12-week periods ended		24-week periods ended	
	October 9, 2011	October 10, 2010	October 9, 2011	October 10, 2010
Net earnings, as reported	113.5	108.2	253.0	235.1
Add:				
Income taxes	37.4	38.1	83.4	82.5
Net financial expenses	2.1	8.2	4.8	15.8
Depreciation and amortization of property and equipment and other assets	52.4	49.3	101.9	96.7
EBITDA	205.4	203.8	443.1	430.1

Depreciation and amortization of property and equipment and other assets

For the second quarter and first half-year of fiscal 2012, depreciation expense increased due to the investments made through acquisitions, replacement of equipment, addition of new stores and ongoing improvement of our network.

Financial expenses, net

For the second quarter and first half-year of fiscal 2012, financial expenses decreased by \$6.1 million and \$11.0 million, respectively, compared to the corresponding periods of fiscal 2011, mainly because of the early redemption of our \$350.0 million subordinated unsecured debt during the third quarter of fiscal 2011, which contributed to decrease the average interest rate on our borrowings.

Income taxes

The income tax rate for the second quarter and first half-year of fiscal 2012 is 24.8% compared to a rate of 26.0% for the corresponding quarter and half-year of the previous fiscal year.

Net earnings

We closed the second quarter of fiscal 2012 with net earnings of \$113.5 million, compared to \$108.2 million the previous fiscal year, an increase of \$5.3 million or 4.9%. Diluted net earnings per share stood at \$0.61 compared to \$0.57 the previous year, an increase of 7.0%. The stronger Canadian dollar had a favorable impact of approximately \$2.0 million on net earnings while acquisitions had a negligible impact.

For the first half-year of fiscal 2012, net earnings were \$253.0 million, compared to \$235.1 million the previous fiscal year, an increase of \$17.9 million or 7.6%. As for diluted net earnings per share, they stood at \$1.36 compared to \$1.25 the previous year, an increase of 8.8%. The stronger Canadian dollar had a favorable impact of approximately \$4.8 million on net earnings while acquisitions had a negligible impact.

Liquidity and Capital Resources

Our sources of liquidity remain unchanged compared with the fiscal year ended April 24, 2011. For further information, please refer to our 2011 Annual Report.

With respect to our capital expenditures and acquisitions carried out in the first half-year of fiscal 2012, they were financed using available cash. We expect that cash generated from operations together with borrowings available under our revolving unsecured credit facilities will be adequate to meet our liquidity needs in the foreseeable future.

Our credit facilities have not changed with respect to their terms of use since April 24, 2011. As at October 9, 2011, \$563.0 million of our term revolving unsecured operating credits had been used (\$486.0 million for the US dollars portion and \$77.0 million for the Canadian dollars portion). As at the same date, the weighted average effective interest rate was 0.75% for the US dollars portion and 1.70% for the Canadian dollars portion. In addition, standby letters of credit in the amount of CA\$0.8 million and \$29.4 million were outstanding as at October 9, 2011.

As at October 9, 2011, \$406.8 million were available under the credit agreements and we were in compliance with the restrictive covenants and ratios imposed by the credit agreements at that date. Thus, at the same date, we had access to more than \$895.0 million through our available cash and credit agreements.

Selected Consolidated Cash Flow Information

(In millions of US dollars)

	12-week periods ended			24-week periods ended		
	October 9, 2011	October 10, 2010	Variation	October 9, 2011	October 10, 2010	Variation
Operating activities						
Cash flows ⁽¹⁾	\$	\$	\$	\$	\$	\$
161.2	153.1	8.1	351.2	306.4	44.8	
Other	8.9	73.3	(64.4)	34.2	73.3	(39.1)
Net cash provided by operating activities	170.1	226.4	(56.3)	385.4	379.7	5.7
Investing activities						
Purchase of property and equipment and other assets, net of proceeds from the disposal of property and equipment and other assets	(74.9)	(35.5)	(39.4)	(95.4)	(59.1)	(36.3)
Proceeds from sale and leaseback transactions	-	3.2	(3.2)	-	5.1	(5.1)
Business acquisitions	(23.4)	(19.3)	(4.1)	(37.8)	(26.2)	(11.6)
Dividends received from a joint venture	0.9	2.4	(1.5)	1.5	2.7	(1.2)
Other	0.3	-	0.3	(0.1)	-	(0.1)
Net cash used in investing activities	(97.1)	(49.2)	(47.9)	(131.8)	(77.5)	(54.3)
Financing activities						
Net increase (decrease) in borrowings	80.5	(0.9)	81.4	79.6	(99.4)	179.0
Share repurchase	(123.2)	-	(123.2)	(123.2)	-	(123.2)
Dividends	(23.5)	(14.3)	(9.2)	(23.5)	(14.3)	(9.2)
Issuance of shares	0.8	1.1	(0.3)	2.4	5.2	(2.8)
Net cash used in financing activities	(65.4)	(14.1)	(51.3)	(64.7)	(108.5)	43.8
Company credit rating						
Standard and Poor's	BBB-	BB+		BBB-	BB+	

1. These cash flows are presented for information purposes only and represent a performance measure used especially in financial circles. They represent net earnings plus depreciation and amortization, loss on disposal of assets (less gains on disposal of assets), share of earnings of a joint venture accounted for using the equity method and future income taxes. They do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public companies.

Operating activities

During the second quarter of fiscal 2012, net cash from the operation of our stores reached \$170.1 million, down \$56.3 million compared to the second quarter of fiscal year 2011, mainly due to a less favorable change in working capital, including the reduction in accounts payable. During the first half-year of 2012, net cash from operation of our stores reached \$385.4 million, up \$5.7 million from the comparable period of fiscal 2011, mainly because of higher net earnings, partially offset by a less favorable change in working capital.

Investing activities

During the second quarter of fiscal 2012, our investing activities were primarily for the acquisition of eight stores and 63 motor fuel supply agreements for a total amount of \$23.4 million and for net capital expenditures and other assets for an amount of \$74.9 million. Since the beginning of the fiscal year, we acquired 21 stores and 63 motor fuel supply agreements for a total amount of \$37.8 million and disbursed a total of \$95.4 million for net capital expenditures and other assets. Our capital investments were primarily for the replacement of equipment in some of our stores to enhance our offering of products and services, the addition of new stores as well as the ongoing improvement of our network.

Financing activities

During the second quarter of fiscal 2012, the increase in debt amounted to \$80.5 million while we paid \$123.2 million under our share repurchase program and \$23.5 million in dividends.

Financial Position as at October 9, 2011

As shown by our indebtedness ratios included in the "Selected Consolidated Financial Information" section and our net cash provided by operating activities, our financial position is excellent.

Our total consolidated assets amounted to \$4.1 billion as at October 9, 2011, an increase of \$128.9 million over the balance as at April 24, 2011. This increase stems primarily from the rise in cash resulting from cash flows provided by operating activities.

For the 52-week period ended October 9, 2011, we recorded a return on capital employed of 17.5%¹.

Shareholders' equity amounted to \$2.0 billion as at October 9, 2011, up \$60.3 million compared to April 24, 2011, mainly reflecting net earnings of the first half-year of fiscal 2012, partially offset by dividends declared, shares repurchased and the

¹ This ratio is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: cumulated earning before income taxes and interests of the last four quarters divided by average capital employed for the same period. Capital employed represents total assets less short-term liabilities not bearing interests. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. This ratio was standardized over a period of one year. It includes the results of the first and second quarters of the fiscal year which will end April 29, 2012 as well as the third and fourth quarters of the fiscal year ended April 24, 2011.

decrease in accumulated other comprehensive income following the weakening of the Canadian dollar as at the balance sheet date. For the 52-week period ended October 9, 2011, we recorded a return on equity of 19.7%¹.

Contractual Obligations and Commercial Commitments

There were no major changes during the 24-week period ended October 9, 2011, with respect to our contractual obligations and commercial commitments. For more information, please refer to our 2011 Annual Report.

Selected Quarterly Financial Information (Unaudited)

(In millions of US dollars except for per share data, unaudited)	24-week period ended October 9, 2011		52-week period ended April 24, 2011				Extract from the 52- week period ended April 25, 2010 ⁽¹⁾	
	2 nd	1 st	4 th	3 rd	2 nd	1 st	4 th	3 rd
	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks
Revenues	5,152.6	5,177.6	4,737.0	5,486.9	4,149.1	4,177.4	4,003.5	4,935.2
Income before depreciation and amortization of property and equipment and other assets, financial expenses and income taxes	205.4	231.7	133.7	163.5	199.0	220.6	150.5	141.3
Depreciation and amortization of property and equipment and other assets	52.4	49.5	50.9	66.1	49.3	47.4	49.4	63.2
Operating income	153.0	182.2	82.8	97.4	149.7	173.2	101.1	78.1
Share of earnings of a joint venture accounted for using the equity method	5.2	6.0	2.6	3.8	4.8	5.7	-	-
Net financial expenses	2.1	2.7	2.6	11.2	8.2	7.6	7.4	8.6
Net earnings	113.5	139.5	64.5	69.6	108.2	126.9	68.8	54.8
Net earnings per share								
Basic	\$0.62	\$0.76	\$0.35	\$0.38	\$0.58	\$0.68	\$0.37	\$0.30
Diluted	\$0.61	\$0.75	\$0.35	\$0.37	\$0.57	\$0.67	\$0.37	\$0.29

(1) Figures presented for this period were not restated following the adoption of IFRS.

Outlook

For the remainder of fiscal year 2012, we expect to pursue our investments with caution in order to, amongst other things, improve our network. Given the economic climate and our attractive access to capital, we believe to be well-positioned to realize acquisitions and create value. However, we will continue to exercise patience in order to benefit from a fair acquisition price in view of current market conditions. We also intend to keep an ongoing focus on supply terms and operating expenses.

We will also focus our efforts to integrate into our network stores recently acquired or in process of being acquired. Thus, more than 430 stores should be integrated into our network in the course of the third and fourth quarters of fiscal 2012, which, we believe, should contribute to the increase in our sales and our earnings significantly over the upcoming quarters.

Finally, in line with our business model, we intend to continue to focus our resources on the sale of fresh products and on innovation, including the introduction of new products and services, in order to satisfy the needs of our large clientele.

November 22, 2011

¹ This ratio is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: cumulated net earnings of the last four quarters divided by average equity for the same period. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations. This ratio was standardized over a period of one year. It includes the results of the first and second quarters of the fiscal year which will end April 29, 2012 as well as the third and fourth quarters of the fiscal year ended April 24, 2011.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

For the periods ended	12 weeks		24 weeks	
	October 9, 2011	October 10, 2010	October 9, 2011	October 10, 2010
	\$	\$	\$	\$
Revenues	5,152.6	4,149.1	10,330.2	8,326.5
Cost of sales	4,460.7	3,479.5	8,919.2	6,969.2
Gross profit	691.9	669.6	1,411.0	1,357.3
Operating, selling, administrative and general expenses	491.7	470.6	979.1	937.7
Depreciation and amortization of property and equipment and other assets	52.4	49.3	101.9	96.7
	544.1	519.9	1,081.0	1,034.4
Operating income	147.8	149.7	330.0	322.9
Share of earnings of a joint venture accounted for using the equity method	5.2	4.8	11.2	10.5
Financial expenses	2.8	8.6	5.6	17.5
Financial revenues	(0.7)	(0.4)	(0.8)	(1.7)
Net financial expenses	2.1	8.2	4.8	15.8
Earnings before income taxes	150.9	146.3	336.4	317.6
Income taxes	37.4	38.1	83.4	82.5
Net earnings	113.5	108.2	253.0	235.1
Net earnings per share (Note 5)				
Basic	0.62	0.58	1.38	1.27
Diluted	0.61	0.57	1.36	1.25
Weighted average number of shares (in thousands)	182,225	185,461	182,957	185,384
Weighted average number of shares – diluted (in thousands)	185,769	189,005	186,425	188,762
Number of shares outstanding at end of period (in thousands)	179,426	185,526	179,426	185,526

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of US dollars, unaudited)

For the periods ended	12 weeks		24 weeks	
	October 9, 2011	October 10, 2010	October 9, 2011	October 10, 2010
	\$	\$	\$	\$
Net earnings	113.5	108.2	253.0	235.1
Other comprehensive income				
Changes in cumulative translation adjustments ⁽¹⁾	(46.2)	19.6	(48.5)	(2.2)
Change in fair value of a financial instrument designated as a cash flow hedge ⁽²⁾	(0.1)	0.9	1.3	1.3
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings ⁽³⁾	(0.3)	(0.4)	(1.1)	(0.5)
Change in fair value of an available-for-sale financial instrument ⁽⁴⁾	0.3	-	0.3	-
Gain realized on the disposal of an available-for-sale financial instrument transferred to earnings ⁽⁵⁾	-	-	(0.6)	-
Other comprehensive income	(46.3)	20.1	(48.6)	(1.4)
Comprehensive income	67.2	128.3	204.4	233.7

(1) For the 12 and 24-week periods ended October 9, 2011, these amounts include a loss of \$36.1 and \$36.3, respectively (net of income taxes of \$5.6 and \$5.7, respectively). For the 12 and 24-week periods ended October 10, 2010, these amounts include a gain of \$21.7 and \$6.9, respectively (net of income taxes of \$3.3 and \$1.0, respectively). These losses and gains arise from the translation of US dollar denominated long-term debt designated as a foreign exchange hedge of the Corporation's net investment in its U.S. operations.

(2) For the 12-week period ended October 9, 2011, this amount is net of income taxes. For the 24-week period ended October 9, 2011, this amount is net of income taxes of \$0.4. For the 12 and 24-week periods ended October 10, 2010, these amounts are net of income taxes of \$0.3 and \$0.5, respectively.

(3) For the 12 and 24-week periods ended October 9, 2011, these amounts are net of income taxes of \$0.1 and \$0.4, respectively. For the 12 and 24-week periods ended October 10, these amounts are net of income taxes of \$0.1 and \$0.2, respectively.

(4) For the 12 and 24-week periods ended October 9, 2011, these amounts are net of income taxes of \$0.1.

(5) For the 24-week period ended October 9, 2011, this amount is net of income taxes.

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

For the 24-week period ended	October 9, 2011				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Shareholders' equity
	\$	\$	\$	\$	\$
Balance, beginning of period	323.8	19.3	1,596.3	41.2	1,980.6
Comprehensive income:					
Net earnings			253.0		253.0
Change in cumulative translation adjustments				(48.5)	(48.5)
Change in fair value of a financial instrument designated as a cash flow hedge (net of income taxes of \$0.4)				1.3	1.3
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings (net of income taxes of \$0.4)				(1.1)	(1.1)
Change in fair value of an available-for-sale financial instrument (net of income taxes of \$0.1)				0.3	0.3
Gain realized on the disposal of an available-for-sale financial instrument transferred to earnings (net of income taxes)				(0.6)	(0.6)
Total comprehensive income					204.4
Dividends			(23.5)		(23.5)
Stock option-based compensation expense		0.2			0.2
Initial fair value of stock options exercised	0.9	(0.9)			-
Cash received upon exercise of stock options	2.4				2.4
Repurchase and cancellation of shares	(14.8)				(14.8)
Excess of acquisition cost over book value of Class A multiple voting shares and Class B subordinate voting shares repurchased and cancelled			(108.4)		(108.4)
Balance, end of period	312.3	18.6	1,717.4	(7.4)	2,040.9

For the 24-week period ended	October 10, 2010				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Shareholders' equity
	\$	\$	\$	\$	\$
Balance, beginning of period	319.5	20.4	1,319.7	0.4	1,660.0
Comprehensive income:					
Net earnings			235.1		235.1
Change in cumulative translation adjustments				(2.2)	(2.2)
Change in fair value of a financial instrument designated as a cash flow hedge (net of income taxes of \$0.5)				1.3	1.3
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings (net of income taxes of \$0.2)				(0.5)	(0.5)
Total comprehensive income					233.7
Dividends			(14.3)		(14.3)
Stock option-based compensation expense		0.6			0.6
Initial fair value of stock options exercised	0.4	(0.4)			-
Cash received upon exercise of stock options	5.2				5.2
Balance, end of period	325.1	20.6	1,540.5	(1.0)	1,885.2

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of US dollars, unaudited)

For the periods ended	12 weeks		24 weeks	
	October 9, 2011	October 10, 2010	October 9, 2011	October 10, 2010
	\$	\$	\$	\$
Operating activities				
Net earnings	113.5	108.2	253.0	235.1
Adjustments to reconcile net earnings to net cash provided by operating activities				
Depreciation and amortization of property and equipment and other assets, net of amortization of deferred credits	41.5	43.7	84.5	83.7
Deferred income taxes	8.3	7.8	19.7	9.3
Loss (gain) on disposal of property and equipment and other assets	3.1	(1.8)	5.2	-
Deferred credits	1.2	(0.3)	5.1	1.1
Share of earnings of a joint venture accounted for using the equity method	(5.2)	(4.8)	(11.2)	(10.5)
Other	5.7	6.0	13.3	10.3
Changes in non-cash working capital	2.0	67.6	15.8	50.7
Net cash provided by operating activities	170.1	226.4	385.4	379.7
Investing activities				
Purchase of property and equipment and other assets	(80.4)	(38.3)	(104.2)	(64.9)
Business acquisitions (Note 4)	(23.4)	(19.3)	(37.8)	(26.2)
Proceeds from disposal of property and equipment and other assets	5.5	2.8	8.8	5.8
Dividends from a joint venture accounted for using the equity method	0.9	2.4	1.5	2.7
Other	0.3	-	(0.1)	-
Proceeds from sale and leaseback transactions	-	3.2	-	5.1
Net cash used in investing activities	(97.1)	(49.2)	(131.8)	(77.5)
Financing activities				
Repurchase of shares	(123.2)	-	(123.2)	-
Net increase (decrease) in debt	80.5	(0.9)	79.6	(99.4)
Cash dividends paid	(23.5)	(14.3)	(23.5)	(14.3)
Issuance of shares	0.8	1.1	2.4	5.2
Net cash used in financing activities	(65.4)	(14.1)	(64.7)	(108.5)
Effect of exchange rate fluctuations on cash and cash equivalents	(10.7)	4.1	(10.1)	0.6
Net (decrease) increase in cash and cash equivalents	(3.1)	167.2	178.8	194.3
Cash and cash equivalents, beginning of period	491.6	242.8	309.7	215.7
Cash and cash equivalents, end of period	488.5	410.0	488.5	410.0
Supplemental information:				
Interest paid	1.3	1.0	2.7	15.3
Interest received	0.7	-	0.8	0.9
Income taxes (received) paid	(18.3)	7.3	(4.0)	43.7
Cash and cash equivalents components:				
Cash and demand deposits			407.3	324.8
Liquid investments			81.2	85.2
			488.5	410.0

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

CONSOLIDATED BALANCE SHEETS
(in millions of US dollars, unaudited)

	As at October 9, 2011	As at April 24, 2011	As at April 26, 2010
	\$	\$	\$
Assets			
Current assets			
Cash and cash equivalents	488.5	309.7	215.7
Accounts receivable	379.6	349.1	280.8
Inventories	487.3	526.0	469.9
Prepaid expenses	30.0	21.0	20.0
Income taxes receivable	-	36.4	17.7
	1,385.4	1,242.2	1,004.1
Property and equipment	1,889.0	1,935.4	1,914.9
Goodwill	429.9	440.9	425.3
Intangible assets	203.6	188.6	188.2
Other assets	76.4	58.0	55.8
Investment in a joint venture	57.9	48.2	42.1
Deferred income taxes	12.7	12.7	8.6
	4,054.9	3,926.0	3,639.0
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	877.5	936.5	821.7
Provisions	39.5	36.3	31.4
Income tax payable	28.1	-	-
Current portion of long-term debt	567.0	4.6	4.4
	1,512.1	977.4	857.5
Long-term debt	11.0	496.9	711.9
Provisions (Note 8)	89.2	88.7	87.7
Deferred credits and other liabilities	140.4	137.7	128.0
Deferred income taxes	261.3	244.7	193.9
	2,014.0	1,945.4	1,979.0
Shareholders' equity			
Capital stock	312.3	323.8	319.5
Contributed surplus	18.6	19.3	20.4
Retained earnings	1,717.4	1,596.3	1 319.7
Accumulated other comprehensive income	(7.4)	41.2	0.4
	2,040.9	1,980.6	1,660.0
	4,054.9	3,926.0	3,639.0

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

1. CONSOLIDATED FINANCIAL STATEMENTS PRESENTATION

The condensed unaudited interim consolidated financial statements (“the interim financial statements”) have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (“IFRS”), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1st, 2011. Therefore, the Corporation started to present its information in accordance with these accounting standards in the interim financial statements for the 12-week period ended July 17, 2011 (Q1 2012). In these interim financial statements, the term “Canadian GAAP” refers to Canadian GAAP before the adoption of IFRS.

These interim financial statements were prepared in accordance with applicable IFRS for interim financial statements, including IAS 34 “Interim Financial Reporting” and IFRS 1 “First-time Adoption of International Financial Reporting Standards”. In accordance with IFRS, the Corporation has:

- provided comparative financial information;
- applied the same accounting policies throughout all reporting periods presented (except for certain exemptions applicable for first time IFRS adopters applied and disclosed in Note 10); and
- retrospectively applied all IFRS standards issued as of November 22, 2011, the date at which the board of directors approved the interim financial statements, with an effective date before April 29, 2012.

The Corporation's consolidated financial statements were previously prepared in accordance with Canadian GAAP. Canadian GAAP differs from IFRS in some areas. In preparing these interim financial statements in accordance with IFRS, management has amended certain accounting, measurement and consolidation methods previously applied in its financial statements prepared under Canadian GAAP. Note 10 presents line-by-line reconciliations of the balance sheets as at April 24, 2011 and April 26, 2010, a reconciliation of net earnings and comprehensive income for the fiscal year ended April 24, 2011, a reconciliation of shareholders' equity, net earnings and comprehensive income for the 12 and 24-week periods ended October 10, 2010, as well as a description of the effect of the transition from Canadian GAAP to IFRS on these items.

These interim financial statements have not been subject to a review engagement by the Corporation's external auditors. The interim financial statements were prepared in accordance with the same accounting policies and methods as the audited annual consolidated financial statements prepared in accordance with Canadian GAAP for the year ended April 24, 2011, except for those disclosed in Note 2. The interim financial statements do not include all the information required for complete financial statements and should be read in conjunction with the audited annual consolidated financial statements and notes thereto in the Corporation's 2011 Annual Report (the 2011 Annual Report). The results of operations for the interim periods presented do not necessarily reflect results expected for the full fiscal year. The Corporation's business follows a seasonal pattern. The busiest period is the first half-year of each fiscal year, which includes summer's sales.

On November 22, 2011, the Corporation's interim financial statements for the 12 and 24-week periods ended October 9, 2011 (including comparative statements) were approved by the board of directors which also approved their publication. Future changes to IFRS after that date will be applied to the annual consolidated financial statements for the fiscal year ended on April 29, 2012. These changes could result in a restatement of these interim financial statements, including adjustments to the transitory adjustments at the transition date. The vice-president and chief financial officer has the authority to amend these interim financial statements subsequent to their issuance.

2. ACCOUNTING POLICIES AFFECTED BY IFRS TRANSITION AND DIFFERENT FROM THOSE USED IN THE 2011 ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Principles of consolidation

The interim financial statements include the accounts of the Corporation and its subsidiaries, all of which are wholly owned. They also include the Corporation's portion of the earnings of a joint venture 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 has a shareholding of 100% of the voting rights in its subsidiaries. The effect of potential voting rights that are currently exercisable is considered when assessing whether control exists. These criteria are reassessed regularly and subsidiaries are fully consolidated from the date control is transferred to the Corporation, and are deconsolidated from the date control ceases.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

Foreign currency translation

Functional currency

The functional currency of the parent Corporation and its Canadian operations is the Canadian dollar while the US operations' is the US dollar.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the relevant functional currency as follows: Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date and revenues and expenses are translated at the average exchange rate on a 4-week period basis. Non-monetary assets and liabilities are translated at historical rates or at the date they were valued at fair value. Gains and losses arising from such translation, if any, are reflected in the consolidated statement of earnings except when deferred in equity as qualifying net investment hedge.

Consolidation and foreign operations

The interim financial statements are consolidated in Canadian dollars using the following procedure: Assets and liabilities of the US operations are translated into Canadian dollars using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the average exchange rate on a 4-week period basis. Gains and losses arising from such translation are included in Accumulated other comprehensive income account in Shareholders' equity.

Reporting currency

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

Net earnings per share

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

Income taxes

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

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the fiscal year. The estimated average annual tax rate used for the fiscal year ending on April 29, 2012 is 24.8% (26.0% for the 24-week period ended October 10, 2010).

The Corporation uses the balance sheet liability method to account for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the carrying amounts and tax bases of assets and liabilities using enacted or substantively enacted tax rates and laws, as appropriate, at the date of the interim financial statements for the years in which the temporary differences are expected to reverse. A valuation allowance is recognized to the extent that it is more likely than not that all of the deferred income tax assets will not be realized.

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

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Property and equipment, depreciation and amortization and impairment

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

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

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

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

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

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

Goodwill

Goodwill is the excess of the cost of an acquired business over the fair value of underlying net assets acquired from the business at the time of acquisition. Goodwill is not amortized. Rather it is tested for impairment annually during the first quarter, or more frequently should events or changes in circumstances indicate that it might be impaired. Should the carrying amount of a cash-generating unit's goodwill exceed its recoverable amount, an impairment loss would be recognized. When the initial evaluation of the net fair value of the acquired assets of an acquired business exceeds the cost of the business combination, the excess is immediately recognized to earnings.

Intangible assets

Intangible assets are mainly comprised of trademarks and licenses. Trademarks and licenses 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. Other intangible assets are amortized using the straight-line method over a period of five to ten years.

Rent expense

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 lease transaction is not always conclusive, 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. The cost of assets under finance leases represents the present value of minimum lease payments or the fair value of the leased property, whichever is lower, and is amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is shorter. Assets under finance leases are presented under Property and equipment in the consolidated balance sheet.

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

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

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

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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- 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.

Stock-based compensation and other stock-based payments

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

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

The Phantom Stock Units 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 Phantom Stock Units 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.

Employee future benefits

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

- the accrued benefit obligations and the cost of pension benefits earned by active employees are actuarially determined using the projected unit credit method pro-rated on service and pension expense is recorded in earnings as the services are rendered by active employees. The calculations reflect management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees;
- for the purpose of calculating the expected return on plan assets, those assets are valued at fair value;
- actuarial gains (losses) arise from the difference between the actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net actuarial gain (loss) over 10% of the greater of the present value of the benefit obligation and the fair value of plan assets, established at the beginning of the year, is amortized over the expected average remaining active life of participating employees. The expected average remaining active life of employees covered by the pension plans is nine years;
- past service costs are amortized on a straight-line basis over the average period until the benefits become vested.

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

Provisions

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

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Corporation has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. 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.

Environmental costs

The Corporation provides for estimated future site remediation costs to meet government standards for known site contaminations when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation activities at such sites are based on the Corporation's prior experience with remediation sites and consideration of other factors such as the condition of the site contamination, location of sites and experience with contractors that perform the

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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environmental assessments and remediation work. In order to determine the initial recorded liability, the present value of estimated future cash flows was calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Asset retirement obligations

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

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

Obligations related to general liability and workers' compensation

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

Financial instruments recognition and measurement

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

Financial assets and liabilities	Classification	Subsequent measurement ⁽¹⁾	Classification of gains and losses
Cash and cash equivalents	Loans and receivables	Amortized cost	Net earnings
Accounts receivable	Loans and receivables	Amortized cost	Net earnings
Investments in publicly-traded securities	Available for sale	Fair value	Other comprehensive income
Bank indebtedness and long-term debt	Other financial liabilities	Amortized cost	Net earnings
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Net earnings

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

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 Corporation's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Corporation's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately to earnings.

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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3. RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET IMPLEMENTED

Revised Standards

Financial Statement Presentation

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

These changes are applicable for fiscal years beginning on or after July 1st, 2012. The Corporation will apply these changes for its first quarter of fiscal year 2013 and is still evaluating their impact but does not expect a significant impact on its consolidated financial statements.

Employee Benefits

In June 2011, the IASB issued a revised version of IAS 19 "Employee Benefits" to modify accounting rules for defined benefits pension plans. The revised version of the standard contains multiple modifications, including the elimination of the corridor approach, which allowed deferring part of actuarial gains and losses, as well as enhanced guidance on measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and the introduction of enhanced disclosures for defined benefit plans.

These changes are applicable for fiscal years beginning on or after January 1st, 2013. The Corporation will apply these changes for its first quarter of fiscal year 2014 and is still evaluating their impact on its consolidated financial statements.

New standards

Financial Instruments

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

Consolidated financial statements

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

Joint Arrangements

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

Disclosure of Interest in Other Entities

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

Fair Value Measurement

In May 2011, the IASB issued a new standard, IFRS 13 "Fair value measurement". IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between

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market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IFRS 9, 10, 11, 12 and 13 are all applicable for fiscal years beginning on or after January 1st, 2013. The Corporation will apply these new standards for its first quarter of fiscal year 2014 and is still evaluating their impact on its consolidated financial statements.

4. BUSINESS ACQUISITIONS

- In May 2011, the Corporation purchased 11 company-operated stores located in Ontario, Manitoba, Saskatchewan, Alberta and British-Columbia from Shell Canada Products. The Corporation leases the land and buildings for four sites and owns both these assets for the other sites. Two out of the 11 sites have not yet been integrated into the Corporation's network.
- In June 2011, the Corporation signed an agreement with ExxonMobil for 322 stores and motor fuel supply agreements for another 63 stores. All stores are operated in Southern California, United States. The transaction is scheduled to close in stages: the first stages occurred during the month of August 2011 and final stages should occur during the first quarter of calendar year 2012. The transaction is subject to standard regulatory approvals and closing conditions. The following is a summary of progress made during the 24-week period ended on October 9, 2011 and steps that should be completed subsequently:
 - In August 2011, the Corporation purchased one company-operated store for which it owns the land and building and it acquired the motor fuel supply agreements for 63 other stores.
 - Subsequent to the 24-week period ended October 9, 2012:
 - In October 2011, the Corporation acquired one company-operated store for which it owns the land and building as well as 83 stores operated by independent operators and for which real estate is owned by the independent operators.
 - At end of October 2011 and beginning of November 2011, the Corporation acquired 72 company-operated stores for which it owns the land and buildings for 37 stores and leases these assets for the other stores;
 - In November 2011, the Corporation acquired one store operated by an independent operator for which real estate is owned by the independent operator.
 - In January and February 2012, the Corporation expects to acquire 164 stores operated by independent operators and for which the real estate should be owned by the Corporation.
- During the 24-week period ended October 9, 2011, the Corporation also acquired nine other stores through distinct transactions. The Corporation leases the land and buildings for four sites and owns both these assets for the other sites.

Acquisition costs in connection with these acquisitions are included in Operating, selling, administrative and general expenses. These acquisitions were settled for a total cash consideration of \$37.8. Purchase price allocations based on the estimated fair value on the dates of acquisition are as follows:

	\$
Tangible assets acquired	
Inventories	0.7
Property and equipment	13.7
Other assets	0.1
Total tangible assets	14.5
Liabilities assumed	
Accounts payable and accrued liabilities	0.1
Deferred credits and other liabilities	0.1
Total liabilities	0.2
Net tangible assets acquired	14.3
Intangibles assets	18.8
Goodwill	5.6
Negative goodwill recorded to earnings	0.9
Total cash consideration paid	37.8

The Corporation expects that approximately \$1.5 of the goodwill related to these transactions will be deductible for tax purposes.

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These acquisitions were concluded in order to expand the Corporation's market share and to increase its economies of scale. These acquisitions generated goodwill in the amount of \$5.6 mainly due to the location of stores which is favorable to the Corporation's operations: accessible location, limited competition, proximity to target clientele. Since the date of acquisition, revenues and net earnings from these stores amounted to \$88.1 and \$0.1, respectively.

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

5. NET EARNINGS PER SHARE

	12-week period ended October 9, 2011			12-week period ended October 10, 2010		
	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$
Basic net earnings attributable to Class A and B shareholders	113.5	182,225	0.62	108.2	185,461	0.58
Dilutive effect of stock options	-	3,544	(0.01)	-	3,544	(0.01)
Diluted net earnings available for Class A and B shareholders	113.5	185,769	0.61	108.2	189,005	0.57

	24-week period ended October 9, 2011			24-week period ended October 10, 2010		
	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$
Basic net earnings attributable to Class A and B shareholders	253.0	182,957	1.38	235.1	185,384	1.27
Dilutive effect of stock options	-	3,468	(0.02)	-	3,378	(0.02)
Diluted net earnings available for Class A and B shareholders	253.0	186,425	1.36	235.1	188,762	1.25

When they have an anti-dilutive effect, stock options must be excluded from the calculation of the diluted net earnings per share. No stock options were excluded for the 12 and 24-week periods ended October 9, 2011. There are 643,365 stocks options excluded from the calculation for the 12 and 24-week periods ended October 10, 2010.

6. CAPITAL STOCK

As at October 9, 2011, the Corporation has 53,688,412 (53,706,712 as at October 10, 2010) issued and outstanding Class A multiple voting shares each comprising ten votes per share and 125,737,094 (131,818,810 as at October 10, 2010) outstanding Class B subordinate voting shares each comprising one vote per share.

On October 25, 2010, the Corporation implemented a share repurchase program. This program allows the Corporation to repurchase up to 2,685,335 of the 53,706,712 Class A multiple voting shares and up to 11,621,801 of the 116,218,014 Class B subordinate voting shares issued and outstanding as at October 20, 2010 (representing 5.0% of the Class A multiple voting shares issued and outstanding and 10.0% of the Class B subordinate voting shares of the public float, as at that date, respectively, as defined by applicable rules). In accordance with Toronto Stock Exchange requirements, the Corporation can repurchase a daily maximum of 1,000 Class A multiple voting shares and of 83,622 Class B subordinate voting shares. When making such repurchases, the number of Class A multiple voting shares and of Class B subordinate voting shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Corporation's share capital is increased on a pro rata basis. All shares repurchased under the share repurchase program are cancelled upon repurchase. The share repurchase period will end no later than October 24, 2011.

For the 12 and 24-week periods ended October 9, 2011, pursuant to this program, the Corporation repurchased 1,700 Class A multiple voting shares at an average cost of CA\$29.40 and 4,353,200 Class B subordinate voting shares at an average cost of CA\$28.78. On a cumulative basis since the implementation of the program, the Corporation has repurchased a total of 13,700 Class A multiple voting shares at an average cost of CA\$25.83 and 7,121,500 Class B subordinate voting shares at an average cost of CA\$27.34.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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For the 12-week period ended October 9, 2011, a total of 53,116 Class B subordinate voting shares were issued following the exercise of stock options (107,125 for the comparable 12-week period ended October 10, 2010). For the 24-week period ended October 9, 2011, a total of 186,417 Class B subordinate voting shares were issued following the exercise of stock options (1,875,973 for the comparable 24-week period ended October 10, 2010).

7. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States and in Canada. It essentially operates in one reportable segment, the sale of goods for immediate consumption and motor fuel through corporate stores or franchise operations. It operates a convenience store chain under several banners, including Couche-Tard, Mac's and Circle K. Revenues from outside sources mainly fall into two categories: merchandise and services and motor fuel.

The following table provides the information on the principal revenue classes as well as geographic information:

	12-week period ended October 9, 2011			12-week period ended October 10, 2010		
	United States	Canada	Total	United States	Canada	Total
	\$	\$	\$	\$	\$	\$
External customer revenues^(a)						
Merchandise and services	1,012.5	541.3	1,553.8	985.2	500.6	1,485.8
Motor fuel	2,958.5	640.3	3,598.8	2,184.8	478.5	2,663.3
	3,971.0	1,181.6	5,152.6	3,170.0	979.1	4,149.1
Gross Profit						
Merchandise and services	331.2	183.6	514.8	324.9	175.6	500.5
Motor fuel	141.3	35.8	177.1	136.1	33.0	169.1
	472.5	219.4	691.9	461.0	208.6	669.6
Total non-current assets^(b)	2,061.8	580.7	2,642.5	2,070.1	530.3	2,600.4
	24-week period ended October 9, 2011			24-week period ended October 10, 2010		
	United States	Canada	Total	United States	Canada	Total
	\$	\$	\$	\$	\$	\$
External customer revenues^(a)						
Merchandise and services	2,025.8	1,089.9	3,115.7	1,977.7	1,017.2	2,994.9
Motor fuel	5,932.7	1,281.8	7,214.5	4,391.3	940.3	5,331.6
	7,958.5	2,371.7	10,330.2	6,369.0	1,957.5	8,326.5
Gross Profit						
Merchandise and services	667.8	370.2	1,038.0	651.1	357.0	1,008.1
Motor fuel	301.7	71.3	373.0	285.9	63.3	349.2
	969.5	441.5	1,411.0	937.0	420.3	1,357.3

(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 non-current assets.

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

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8. PROVISIONS

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

	Asset retirement obligation	Provision for site restoration costs	Provision for workers' compensation	Provision for general liability	Other provisions	Total
	\$	\$	\$	\$	\$	\$
24-week period ended						
October 9, 2011						
Balance, beginning of period	60.8	25.5	25.0	13.7	-	125.0
Liabilities incurred	0.3	3.4	7.5	4.1	-	15.3
Liabilities settled	(0.5)	(2.7)	(6.4)	(2.4)	-	(12.0)
Accretion expense	2.1	0.1	0.3	-	-	2.5
Business acquisitions	0.1	-	-	-	-	0.1
Reversal of provision	(0.1)	(1.1)	-	-	-	(1.2)
Change in estimates	-	0.1	-	0.1	-	0.2
Effect of exchange rate variations	(0.8)	(0.4)	-	-	-	(1.2)
Balance, end of period	61.9	24.9	26.4	15.5	-	128.7
Current portion of provisions						39.5
Long term portion of provisions						89.2
52-week period ended						
April 24, 2011						
Balance, beginning of period	56.4	26.6	23.3	12.0	0.8	119.1
Liabilities incurred	0.5	8.3	15.7	9.0	-	33.5
Liabilities settled	(1.6)	(6.2)	(14.4)	(7.4)	(0.8)	(30.4)
Accretion expense	4.5	0.3	0.5	0.1	-	5.4
Business acquisitions	0.4	-	-	-	-	0.4
Reversal of provision	-	(3.8)	(0.1)	(0.1)	-	(4.0)
Change in estimates	-	-	-	0.1	-	0.1
Effect of exchange rate variations	0.6	0.3	-	-	-	0.9
Balance, end of period	60.8	25.5	25.0	13.7	-	125.0
Current portion of provisions						36.3
Long term portion of provisions						88.7

9. SUBSEQUENT EVENTS

On October 13, 2011, the Corporation acquired from Chico Enterprises Inc., 26 company-operated stores operating in the Mid-Atlantic states of the United States. We own the real estate for 25 sites while we lease the other one.

In October 2011, the Corporation signed an agreement to acquire from Dead River Company, 19 company-operated stores operating under the "Dead River Convenience" banner in Maine, United States. One stand-alone quick-service would also be transferred to the Corporation. Assuming the closing of the transaction which is scheduled for December 2011, the Corporation would own the real estate for 18 sites while it would lease the other sites. The transaction is subject to standard regulatory approvals and closing conditions.

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

On November 16 and 17, 2011, the Corporation acquired from ExxonMobil, 33 company-operated stores operating under the "On the Run" banner in Louisiana, United States. The Corporation owns the real estate for 27 sites while it leases the other sites.

10. FIRST-TIME ADOPTION OF IFRS

The consolidated financial statements for the fiscal year ended April 29, 2012 will be the first annual consolidated financial statements of the Corporation prepared in accordance with IFRS. These interim financial statements have been prepared in accordance with applicable standards for interim financial reporting, as issued by the IASB. The date of the Corporation's transition to IFRS is April 26, 2010.

The Corporation's IFRS accounting policies presented in Note 2 have been applied in preparing the interim financial statements for the 12 and 24-week periods ended October 9, 2011, for the comparative information and for the opening consolidated balance sheet at the date of transition.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

The Corporation has applied IAS 34, “*Interim Financial Reporting*” and IFRS 1 “*First-time Adoption of International Financial Reporting Standards*” in preparing its first IFRS interim financial statements. The effects of the transition to IFRS on the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated balance sheets, consolidated shareholders’ equity and consolidated cash flows are presented in this section and are further explained in the explanatory notes that accompany the tables.

First-time adoption exemptions

Upon transition, IFRS 1 imposes certain mandatory exceptions and permits certain exemptions from full retrospective application. The Corporation has applied the mandatory exceptions and the following optional exemptions:

Mandatory exceptions applied by the Corporation:

- Financial assets and liabilities that had been de-recognized before April 26, 2010 under Canadian GAAP have not been recognized under IFRS.
- The Corporation has only applied hedge accounting in the opening statement of financial position where all the requirements in IAS 39 were met at the date of transition.
- The estimates previously established under Canadian GAAP have not been revised following the adoption of IFRS, unless it was necessary to take into account differences in accounting policies.

Other optional exemptions adopted by the Corporation:

- The Corporation has elected not to apply IFRS 3 “*Business Combinations*” retrospectively to business combinations that occurred before the date of transition (April 26, 2010), including business acquisitions done by the joint venture. See note g) to obtain an explanation of the effect of this exemption.
- For all its employee future benefits plans, the Corporation has elected to recognize all cumulative actuarial gains and losses existing at the transition date to retained earnings. See note d) to obtain an explanation of the effect of this exemption.
- The Corporation has elected not to retrospectively recognize the effect on the assets of the variances related to its existing asset retirement obligation and similar liabilities, which may have occurred before the transition date.
- The Corporation elected to use facts and circumstances existing as at April 26, 2010 to determine whether an arrangement signed before April 26, 2004 contains a lease. The arrangements signed after that date were evaluated under Canadian GAAP and were not analyzed in detail since this analysis would have given similar conclusions as per IAS 17 and IFRIC 4.
- The Corporation elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after April 29, 2002.
- The Corporation elected to reset all cumulative translation adjustments to zero in opening retained earnings at its Transition Date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

Reconciliation of consolidated balance sheets and Shareholders' equity as at April 26, 2010

Explanatory notes	Balance sheet under Canadian GAAP	Reconciling items with IFRS							Cumulative translation adjustment reversal	Balance sheet under IFRS
		Sale and leaseback transactions	Discounting of provisions	Onerous contracts	Employee future benefits	Stock options	Joint venture	Presentation differences		
	a)	b)	c)	d)	e)	f)	h)	i)		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Assets										
Current assets										
Cash and cash equivalents	220.9						(5.2)			215.7
Accounts receivable	286.2						(5.4)			280.8
Inventories	474.1						(4.2)			469.9
Prepaid expenses	20.2						(0.2)			20.0
Income taxes receivable	4.7							13.0		17.7
Deferred income taxes	24.9							(24.9)		-
	1,031.0	-	-	-	-	-	(15.0)	(11.9)	-	1,004.1
Property and equipment	1,980.5						(65.6)			1,914.9
Goodwill	426.5						(1.2)			425.3
Intangible assets	188.2									188.2
Other assets	65.2		(1.1)		(8.3)					55.8
Investment in a joint venture	-					42.1				42.1
Deferred income taxes	5.3			0.2	3.0			0.1		8.6
	3,696.7	-	(1.1)	0.2	(5.3)	-	(39.7)	(11.8)	-	3,639.0
Liabilities										
Current liabilities										
Accounts payable and accrued liabilities	872.9	(0.1)					(14.2)	(36.9)		821.7
Provisions	-							31.4		31.4
Current portion of long-term debt	4.4									4.4
Deferred income taxes	5.6		0.2	(3.0)				(2.8)		-
	882.9	(0.1)	0.2	(3.0)	-	(14.2)	(8.3)		-	857.5
Long-term debt	736.8						(24.9)			711.9
Provisions	-		(3.4)	0.8				90.3		87.7
Deferred credits and other liabilities	285.8	(98.6)		13.2		(0.6)	(71.8)			128.0
Deferred income taxes	176.9	38.4	0.6				(22.0)			193.9
	2,082.4	(60.3)	(2.6)	0.8	10.2	-	(39.7)	(11.8)	-	1,979.0
Shareholders' equity										
Capital stock	319.5									319.5
Contributed surplus	18.8					1.6				20.4
Retained earnings	1,167.0	60.3	1.5	(0.6)	(15.5)	(1.6)			108.6	1,319.7
Accumulated other comprehensive income	109.0								(108.6)	0.4
	1,614.3	60.3	1.5	(0.6)	(15.5)	-	-	-	-	1,660.0
	3,696.7	-	(1.1)	0.2	(5.3)	-	(39.7)	(11.8)	-	3,639.0

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

Reconciliation of consolidated balance sheets and Shareholders' equity as at April 24, 2011

Explanatory notes	Reconciling items with IFRS									Balance sheet under IFRS
	Balance sheet under GAAP	Sale and leaseback transactions a)	Discounting of provisions b)	Employee future benefits d)	Stock option e)	Joint venture f)	Business combinations - acquisition costs g)	Presentation differences h)	Cumulative translation adjustment reversal i)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Current assets										
Cash and cash equivalents	320.4					(10.7)				309.7
Accounts receivable	356.1					(6.9)	(0.1)			349.1
Inventories	530.7					(4.7)				526.0
Prepaid expenses	21.3					(0.3)				21.0
Income taxes receivable	26.6							9.8		36.4
Deferred income taxes	33.9		(0.2)	2.8				(36.5)		-
	1,289.0	-	(0.2)	2.8	-	(22.6)	(0.1)	(26.7)	-	1,242.2
Property and equipment	2,002.8					(67.2)	(0.2)			1,935.4
Goodwill	442.5					(1.1)	(0.5)			440.9
Intangible assets	188.6									188.6
Other assets	66.9		(0.8)	(7.9)		(0.2)				58.0
Investment in a joint venture	-					48.2				48.2
Deferred income taxes	9.8			2.9						12.7
	3,999.6	-	(1.0)	(2.2)	-	(42.9)	(0.8)	(26.7)	-	3,926.0
Liabilities										
Current liabilities										
Accounts payable and accrued liabilities	994.5	(0.2)				(17.5)		(40.3)		936.5
Provisions	-							36.3		36.3
Current portion of long-term debt	4.6									4.6
Deferred income taxes	21.2							(21.2)		-
	1,020.3	(0.2)	-	-	-	(17.5)	-	(25.2)	-	977.4
Long-term debt	521.8					(24.9)				496.9
Provisions	-		(3.3)					92.0		88.7
Deferred credits and other liabilities	299.0	(95.6)		13.0		(0.5)		(78.2)		137.7
Deferred income taxes	222.4	37.2	0.7				(0.3)	(15.3)		244.7
	2,063.5	(58.6)	(2.6)	13.0	-	(42.9)	(0.3)	(26.7)	-	1,945.4
Shareholders' equity										
Capital stock	323.8									323.8
Contributed surplus	18.1				1.2					19.3
Retained earnings	1,444.5	58.5	1.6	(15.2)	(1.2)		(0.5)		108.6	1,596.3
Accumulated other comprehensive income	149.7	0.1							(108.6)	41.2
	1,936.1	58.6	1.6	(15.2)	-	-	(0.5)	-	-	1,980.6
	3,999.6	-	(1.0)	(2.2)	-	(42.9)	(0.8)	(26.7)	-	3,926.0

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

Reconciliation of consolidated statement of earnings and consolidated comprehensive income for the year ended April 24, 2011

Explanatory notes	Reconciling items with IFRS									Statement of earnings under IFRS
	Statement of earnings under Canadian GAAP	Sale and leaseback transactions a)	Discounting of provisions b)	Onerous contracts c)	Employee future benefits d)	Stock option e)	Joint venture f)	Business combinations - acquisition costs g)	Presentation differences h)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	18,965.9						(415.5)			18,550.4
Cost of sales	16,180.7						(376.0)			15,804.7
Gross profit	2,785.2	-	-	-	-	-	(39.5)	-	-	2,745.7
Operating, selling, administrative and general expenses	2,050.4	3.0	(0.9)	(0.8)	(0.6)	(0.4)	(18.1)	0.8	(4.5)	2,028.9
Depreciation and amortization of property and equipment and other assets	216.3						(2.6)			213.7
Operating income	518.5	(3.0)	0.9	0.8	0.6	0.4	(18.8)	(0.8)	4.5	503.1
Share of earnings of a joint venture accounted for using the equity method	-						16.9			16.9
Financial expenses	37.6		0.7				(1.9)		4.5	40.9
Financial revenues	(11.3)									(11.3)
Net financial expenses	26.3	-	0.7	-	-	-	(1.9)	-	4.5	29.6
Earnings before income taxes	492.2	(3.0)	0.2	0.8	0.6	0.4	-	(0.8)	-	490.4
Income taxes	122.1	(1.2)	0.1	0.2	0.3			(0.3)		121.2
Net earnings	370.1	(1.8)	0.1	0.6	0.3	0.4	-	(0.5)	-	369.2
Changes in cumulative translation adjustments	40.0									40.0
Change in fair value of a financial instrument designated as a cash flow hedge	2.0									2.0
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings	(1.3)									(1.3)
Comprehensive income	410.8	(1.8)	0.1	0.6	0.3	0.4	-	(0.5)	-	409.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

Reconciliation of consolidated Shareholders' equity as at October 10, 2010

Explanatory notes	Reconciling items with IFRS								Shareholders' equity under IFRS
	Shareholders' equity under Canadian GAAP	Sale and leaseback transactions a)	Discounting of provisions b)	Onerous contracts c)	Employee future benefits d)	Stock option e)	Business combinations acquisition cost g)	Cumulative translation adjustment reversal i)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Shareholders' equity									
Capital stock	325.1								325.1
Contributed surplus	19.2					1.4			20.6
Retained earnings	1,387.8	60.5	1.4	(0.4)	(15.7)	(1.4)	(0.3)	108.6	1,540.5
Accumulated other comprehensive income	107.6							(108.6)	(1.0)
	1,839.7	60.5	1.4	(0.4)	(15.7)	-	(0.3)	-	1,885.2

Reconciliation of consolidated statement of earnings and consolidated comprehensive income for the 12-week period ended October 10, 2010

Explanatory notes	Reconciling items with IFRS								Statement of earnings under IFRS
	Statement of earnings under Canadian GAAP	Sale and leaseback transactions a)	Discounting of provisions b)	Onerous contracts c)	Stock option e)	Joint venture f)	Business combinations - acquisition costs g)	Presentation differences h)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	4,240.7					(91.6)			4,149.1
Cost of sales	3,561.0					(81.5)			3,479.5
Gross profit	679.7	-	-	-	-	(10.1)	-	-	669.6
Operating, selling, administrative and general expenses	480.0	(1.3)	(0.1)	(0.1)	(0.1)	(4.3)	(2.3)	(1.2)	470.6
Depreciation and amortization of property and equipment and other assets	49.8					(0.5)			49.3
Operating income	149.9	1.3	0.1	0.1	0.1	(5.3)	2.3	1.2	149.7
Share of earnings of a joint venture accounted for using the equity method	-					4.8			4.8
Financial expenses	7.8		0.1			(0.5)		1.2	8.6
Financial revenues	(0.4)								(0.4)
Net financial expenses	7.4	-	0.1	-	-	(0.5)	-	1.2	8.2
Earnings before income taxes	142.5	1.3	-	0.1	0.1	-	2.3	-	146.3
Income taxes	36.9	0.5					0.7		38.1
Net earnings	105.6	0.8	-	0.1	0.1	-	1.6	-	108.2
Changes in cumulative translation adjustments	19.6								19.6
Change in fair value of a financial instrument designated as a cash flow hedge	0.9								0.9
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings	(0.4)								(0.4)
Comprehensive income	125.7	0.8	-	0.1	0.1	-	1.6	-	128.3

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

Reconciliation of consolidated statement of earnings and consolidated comprehensive income for the 24-week period ended October 10, 2010

Explanatory notes	Reconciling items with IFRS									Statement of earnings under IFRS
	Statement of earnings under Canadian GAAP	Sale and leaseback transactions a)	Discounting of provisions b)	Onerous contracts c)	Employee future benefits d)	Stock option e)	Joint venture f)	Business combinations - acquisition costs g)	Presentation differences h)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	8,513.6						(187.1)			8,326.5
Cost of sales	7,135.1						(165.9)			6,969.2
Gross profit	1,378.5	-	-	-	-	-	(21.2)	-	-	1,357.3
Operating, selling, administrative and general expenses	949.1	(0.4)	(0.2)	(0.2)		(0.2)	(8.7)	0.4	(2.1)	937.7
Depreciation and amortization of property and equipment and other assets	97.8						(1.1)			96.7
Operating income	331.6	0.4	0.2	0.2	-	0.2	(11.4)	(0.4)	2.1	322.9
Share of earnings of a joint venture accounted for using the equity method	-						10.5			10.5
Financial expenses	16.0		0.3				(0.9)		2.1	17.5
Financial revenues	(1.7)									(1.7)
Net financial expenses	14.3	-	0.3	-	-	-	(0.9)	-	2.1	15.8
Earnings before income taxes	317.3	0.4	(0.1)	0.2	0.2	0.2	-	(0.4)	-	317.6
Income taxes	82.2	0.2			0.2			(0.1)		82.5
Net earnings	235.1	0.2	(0.1)	0.2	(0.2)	0.2	-	(0.3)	-	235.1
Changes in cumulative translation adjustments	(2.2)									(2.2)
Change in fair value of a financial instrument designated as a cash flow hedge	1.3									1.3
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings	(0.5)									(0.5)
Comprehensive income	233.7	0.2	(0.1)	0.2	(0.2)	0.2	-	(0.3)	-	233.7

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

Explanatory notes related to the reconciliations

a) Deferred gains on sale and leaseback recognition

Under Canadian GAAP: CICA Handbook Section 3065 “Leases” required that any profit or loss arising from a sale and leaseback transaction be deferred and amortized over the lease term. A loss was recognized to earnings immediately when, at the time of the transaction, the fair value of the property was less than its carrying value.

Under IFRS: IAS 17 “Leases” requires the immediate recognition of all profits or losses arising from a sale and leaseback transaction except if:

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

Considering this difference, the Corporation analyzed all deferred gains existing at the transition date. When the transactions were concluded at fair value, the deferred gains in the balance sheet at the transition date were reversed and recognized to retained earnings. The amortization of the deferred gains recognized in 2011 was reversed and all deferred gains from sale and leaseback transactions realized in 2011 were reclassified and recognized directly to earnings.

b) Discounting of provisions

Under Canadian GAAP: The only provision that needed to be discounted was the asset retirement obligation provision and changes in the discount rate were not applied retroactively.

Under IFRS: IAS 37 “Provisions, contingent liabilities and contingent assets” states that where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

Considering this difference, the Corporation reviewed all provisions recorded in its balance sheet at the transition date and discounted those for which the time value of money had a significant impact. This resulted in the reduction of the provision balances in the balance sheet at the transition date. For fiscal 2011, new expenses recognized to earnings related to these provisions have been reduced to reflect their discounting and an accretion expense has been recorded to earnings.

c) Onerous contracts

Under Canadian GAAP: Provisions were not recognized for onerous contracts.

Under IFRS: As per IAS 37 “Provisions, contingent liabilities and contingent assets”, if an entity has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

Considering this difference, the Corporation has reviewed its existing contracts at the transition date to identify onerous contracts. This resulted in the recognition of a provision for onerous contracts as at April 26, 2010. This provision is recognized to earnings, reversed as the contracts progress and entirely reversed as at April 24, 2011. This has led to a decrease in Operating, selling, administrative and general expenses of fiscal 2011 following the amortization of the provision.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

d) Employee future benefits

i) Actuarial gains and losses

Under Canadian GAAP: Under CICA Handbook Section 3461 “*Employee future benefits*”, for a defined benefit plan, an entity had to use the “corridor” approach and recognize amortization of actuarial gains and losses in a period in which, as of the beginning of the period, the unamortized net actuarial gain or loss exceeded 10% of the greater of:

- a) the accrued benefit obligation at the beginning of the year; and
- b) the fair value, or market-related value, of plan assets at the beginning of the year.

Under IFRS: As per IAS 19 “*Employee benefits*”, an entity may choose to use the corridor approach involving the non-recognition of a portion of the actuarial gains or losses, or elect to recognize actuarial gains or losses directly to equity.

The Corporation has decided to retain its current accounting method, the corridor approach. This decision has no impact on the opening balances of the balance sheet at the transition date. However, using IFRS 1, a first-time adopter may elect to recognize all cumulative actuarial gains and losses at the date of transition to IFRS, even if the corridor approach is used for later actuarial gains and losses. Therefore, the Corporation elected to reverse unamortized actuarial gains and losses to retained earnings on April 26, 2010. The amortization amount of the actuarial losses for fiscal 2011 was calculated considering the IFRS adjusted balances and the amortization amount recognized to earnings under Canadian GAAP was reversed.

ii) Past service costs

Under Canadian GAAP: Under CICA Handbook Section 3461 “*Employee future benefits*”, an entity amortized past service costs arising from a plan initiation or amendment by assigning an equal amount to each remaining service period up to the full eligibility date of each employee active at the date of the plan initiation or amendment who was not yet fully eligible for benefits at that date.

Under IFRS: As per IAS 19 “*Employee benefits*”, an entity shall recognise past service costs as an expense on a straight-line basis over the average period until the benefits become vested.

Considering this difference, the Corporation reversed fully vested unamortized past service costs to retained earnings on April 26, 2010. The amortization amount of the past service costs for fiscal 2011 was calculated considering the IFRS adjusted balances and the amortization amount recognized to earnings under Canadian GAAP was reversed.

e) Stock-based compensation

Under Canadian GAAP: CICA Handbook Section 3870 “*Stock-based compensation and other stock-based payments*” stated that, when stock-based awards granted vest gradually, it was possible to recognize the compensation cost using the straight-line method when a method different than the gradual vesting method was used in calculating the fair value. As the Corporation was not anticipating any significant difference between the expected lives of each group of options, the straight-line method was previously used.

Under IFRS: IFRS 2 “*Share-based payment*”, does not provide such an exception. Thus, when options granted vest gradually, an entity must consider each portion as a distinct grant and amortize the corresponding expense distinctly for each portion.

Considering this difference, the Corporation modified its expense amortization model related to stock option vesting to consider the different dates of rights acquisition and stopped using the straight-line method. The total cumulative additional expense that should have been recorded from the inception of the plans as at April 26, 2010 based on IFRS was recorded to retained earnings. The expense recognized to earnings in 2011 under Canadian GAAP has been adjusted to reflect the difference between the two amortization methods.

f) Joint Venture

Under Canadian GAAP: CICA Handbook Section 3055 “*Interests in Joint Ventures*” required the proportionate consolidation method. It did not allow the use of the equity method to account for investments in joint ventures.

Under IFRS: IAS 31 “*Interests in Joint Ventures*” offers the possibility of applying either the equity method or the proportionate consolidation method to investments in joint ventures.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

Considering this difference, the Corporation opted to record its investment in RDK using the equity method at the IFRS transition date. Since the Corporation was using the proportionate consolidation method under Canadian GAAP to recognize its RDK investment, 50.01% of the values of all of the joint venture's accounts were included in the consolidated balance sheet and consolidated statement of earnings. These amounts have been removed through the reconciliation with IFRS. The value of the investment in the joint venture was recorded on the balance sheet under the item *Investment in a joint venture* and the Corporation's proportionate interest of RDK's income for fiscal 2011 was presented in the consolidated statement of earnings under *Share of earnings of a joint venture accounted for using the equity method*.

g) Business combinations

Under Canadian GAAP: As per previous CICA Handbook Section 1581 "*Business Combinations*" (section applicable before the IFRS transition), direct acquisition costs were part of the acquisition cost.

Under IFRS: As per IFRS 3 "*Business Combinations*", direct acquisition costs are recognized to earnings when they are incurred.

Since the Corporation has decided to use the exemption in IFRS 1 which allows not restating all business combinations prior to the transition date, no restatement occurred on April 26, 2010. Business combinations that occurred during fiscal 2011 were restated to reflect this difference. As a result, direct acquisition costs that occurred during fiscal 2011 were recognized to earnings on the financial statement adjusted for IFRS.

h) Presentation differences

Some amounts have been reclassified to reflect the following classification differences:

Deferred income taxes:

Under Canadian GAAP: As per CICA Handbook Section 3465 "*Income taxes*", current income tax liabilities and current income tax assets had to be presented separately from non-current portions.

Under IFRS: As per IAS 12 "*Income taxes*", income tax liabilities and income tax assets should all be presented under long-term assets and liabilities.

Considering IAS 12, all deferred income taxes were reclassified to long-term on the Corporation's balance sheet.

Current definition

Under Canadian GAAP: As per CICA Handbook Section 1510 "*Current assets and current liabilities*", current assets and liabilities included those items ordinarily realizable or payable within one year from the date of the balance sheet or within the normal operating cycle, when that was longer than a year.

Under IFRS: As per IAS 1 "*Presentation of financial statements*", an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

- a) no more than twelve months after the reporting period, and
- b) more than twelve months after the reporting period.

The definition under IFRS being more directive, this resulted in a reclassification of some long-term amounts previously presented as current on the Corporation's consolidated balance sheet.

Provision presentation

Under Canadian GAAP: There was no specific indication about presentation of provisions.

Under IFRS: IAS 1 "*Presentation of financial statements*" states in paragraph 54 I) that, as a minimum, the balance sheet shall include some items, including provisions.

Considering this difference, the current portion of provisions has been removed from *Accounts payable and accrued liabilities*, and the long-term portion has been removed from *Deferred credits and other liabilities* on the consolidated balance sheet to be presented distinctively under *Provisions*.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

Accretion expense

Under Canadian GAAP: CICA Handbook Section 3110 “*Asset retirement obligations*” stated that the expense related to the passage of time had to be classified as an operating item in the income statement, not as interest expense.

Under IFRS: As per IFRIC 1 “*Changes in existing decommissioning, restoration and similar liabilities*”, the periodic unwinding of the discount shall be recognized in earnings as a finance cost as it occurs. Also, as per IAS 37 “*provisions, contingent liabilities and contingent assets*”, where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as finance cost.

Considering this difference, accretion expense has been reclassified under Financial expenses on the Corporation’s consolidated statement of earnings for fiscal 2011.

i) Reversal of the cumulative translation adjustments

Retrospective application of IFRS would require the Corporation to determine cumulative currency translation differences in accordance with IAS 21, “*The Effects of Changes in Foreign Exchange Rates*”, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at the transition date. The Corporation elected to reset all cumulative translation gains and losses to zero in opening retained earnings at its transition date.

Cash flow statement

The only significant adjustment to the statement of cash flows is the change of accounting method for the joint venture, from the proportionate consolidation under Canadian GAAP to the equity method under IFRS. The total cash flow amounts for each category that was previously consolidated in the cash flows statement for the joint venture and that are now excluded from the cash flows statement under IFRS for the 12 and 24-week periods ended October 10, 2010 and the 52-week period ended April 24, 2011 are as follow:

	12-week period ended October 10, 2010	24-week period ended October 10, 2010	52-week period ended April 24, 2011
Cash flows			
Operating activities	4.4	12.4	20.6
Investing activities	(2.0)	(2.1)	(4.4)
Financing activities	(2.4)	(2.7)	(10.7)