Alimentation Couche-Tard Inc.
Consolidated Financial Statements
April 29, 2007, April 30, 2006 and April 24, 2005

Management's Reports	2
Reports of Independent Registered Public Accounting Firm	2
Consolidated Financial Statements	
Consolidated Statements of Earnings	5
Consolidated Statements of Contributed Surplus	5
Consolidated Statements of Retained Earnings	5
Consolidated Statements of Cash Flows	6
Consolidated Balance Sheets	7
Notes to Consolidated Financial Statements	8

MANAGEMENT'S REPORT

The consolidated financial statements of Alimentation Couche-Tard Inc. and financial information contained in this Annual Report are the responsibility of management. This responsibility is applied through a judicious choice of accounting procedures and principles, the application of which requires the informed judgment of management. The consolidated financial statements were prepared according to generally accepted accounting principles in Canada and were approved by the Board of Directors. In addition, the financial information included in the Annual Report is consistent with the consolidated financial statements.

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

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

The enclosed consolidated financial statements were audited by Raymond Chabot Grant Thornton LLP, our independent registered public accounting firm, and their report indicates the extent of their audit and their opinion on the consolidated financial statements.

June 13, 2007

Alain Bouchard
Chairman of the Board,
President and Chief Executive Officer

Richard Fortin
Executive Vice-President
and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of
Alimentation Couche-Tard Inc.

We have audited the consolidated balance sheets of Alimentation Couche-Tard Inc. as at April 29, 2007 and April 30, 2006 and the consolidated statements of earnings, contributed surplus, retained earnings and cash flows for each of the years in the three-year period ended April 29, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 29, 2007 and April 30, 2006 and the results of its operations and its cash flows for each of the years in the three-year period ended April 29, 2007 in accordance with Canadian generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Alimentation Couche-Tard Inc.'s internal control over financial reporting as at April 29, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated June 13, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Raymond Chabot Grant Thornton, LLP
Chartered Accountants

Montréal, Canada
June 13, 2007

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the *Securities Exchange Act of 1934* (United States) and Canadian securities regulations, for Alimentation Couche-Tard Inc. We have carried out an evaluation of the effectiveness of our internal control over financial reporting with the participation of our chief executive officer and chief financial officer, as of the end of our fiscal year ended April 29, 2007. The framework on which such evaluation was based is contained in the report entitled *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Although there are inherent limitations in the effectiveness of any system of internal control over financial reporting, based on our evaluation, we have concluded that our internal control over financial reporting was effective as of April 29, 2007.

Raymond Chabot Grant Thornton LLP, our independent registered public accounting firm, has issued an attestation report on management's assessment of internal control over financial reporting for Alimentation Couche-Tard Inc. as of April 29, 2007, which is included herein.

June 13, 2007

Alain Bouchard
Chairman of the Board,
President and Chief Executive Officer

Richard Fortin
Executive Vice-President
and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Shareholders of
Alimentation Couche-Tard Inc.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Alimentation Couche-Tard Inc. maintained effective internal control over financial reporting as of April 29, 2007, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Alimentation Couche-Tard Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

In our opinion, management's assessment that Alimentation Couche-Tard Inc. maintained effective internal control over financial reporting as of April 29, 2007, is fairly stated, in all material respects, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, Alimentation Couche-Tard Inc. maintained, in all material respects, effective internal control over financial reporting as of April 29, 2007, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Alimentation Couche-Tard Inc. as of April 29, 2007 and April 30, 2006 and the consolidated statements of earnings, contributed surplus, retained earnings and cash flows for each of the years in the three-year period ended April 29, 2007 and our report dated June 13, 2007 expressed an unqualified opinion on those consolidated financial statements.

Raymond Chabot Grant Thornton LLP

Raymond Chabot Grant Thornton, LLP
Chartered Accountants

Montréal, Canada
June 13, 2007

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended April 29, 2007, April 30, 2006 and April 24, 2005
(in millions of US dollars (Note 2), except per share amounts)

	2007 (52 weeks)	2006 (53 weeks)	2005 (52 weeks)
	$	$	$
Revenues	**12,087.4**	10,157.3	8,036.8
Cost of sales	**10,082.9**	8,365.8	6,479.0
Gross profit	**2,004.5**	1,791.5	1,557.8
Operating, selling, administrative and general expenses	**1,512.4**	1,352.9	1,214.7
Depreciation and amortization of property and equipment and other assets (Note 6)	**133.8**	106.9	83.9
	1,646.2	1,459.8	1,298.6
Operating income	**358.3**	331.7	259.2
Financial expenses (Note 6)	**48.0**	34.0	30.7
Earnings before income taxes	**310.3**	297.7	228.5
Income taxes (Note 7)	**113.9**	101.5	73.3
Net earnings	**196.4**	196.2	155.2
Net earnings per share (Note 8)			
Basic	**0.97**	0.97	0.77
Diluted	**0.94**	0.94	0.75

CONSOLIDATED STATEMENTS OF CONTRIBUTED SURPLUS

For the years ended April 29, 2007, April 30, 2006 and April 24, 2005
(in millions of US dollars (Note 2))

	2007 (52 weeks)	2006 (53 weeks)	2005 (52 weeks)
	$	$	$
Balance, beginning of year	**9.4**	5.6	3.2
Stock-based compensation (Note 20)	**4.2**	3.8	2.5
Fair value of stock options exercised	**(0.2)**	-	(0.1)
Balance, end of year	**13.4**	9.4	5.6

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended April 29, 2007, April 30, 2006 and April 24, 2005
(in millions of US dollars (Note 2))

	2007 (52 weeks)	2006 (53 weeks)	2005 (52 weeks)
	$	$	$
Balance, beginning of year	**505.0**	317.5	162.3
Net earnings	**196.4**	196.2	155.2
	701.4	513.7	317.5
Dividends	**(19.5)**	(8.7)	-
Balance, end of year	**681.9**	505.0	317.5

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended April 29, 2007, April 30, 2006 and April 24, 2005
(in millions of US dollars (Note 2))

	2007 (52 weeks)	2006 (53 weeks)	2005 (52 weeks)
	$	$	$
Operating activities			
Net earnings	**196.4**	196.2	155.2
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	**114.4**	99.2	75.0
Future income taxes	**21.7**	26.8	26.4
(Gain) loss on disposal of property and equipment and other assets	**(3.8)**	2.1	1.7
Deferred credits	**30.5**	15.2	13.5
Other	**13.1**	4.8	(1.7)
Changes in non-cash working capital (Note 9)	**30.7**	57.2	46.0
Net cash provided by operating activities	**403.0**	401.5	316.1
Investing activities			
Business acquisitions (Note 5)	**(600.6)**	(91.6)	(69.6)
Purchase of property and equipment	**(373.4)**	(245.3)	(182.8)
Proceeds from sale and leaseback transactions	**35.5**	36.2	19.9
Temporary investments	**21.1**	(21.0)	-
Proceeds from disposal of property and equipment and other assets	**17.8**	15.9	20.5
Increase in other assets	**(15.6)**	(7.0)	(6.5)
Liabilities related to business acquisitions	**(5.0)**	(4.0)	(5.1)
Net cash used in investing activities	**(920.2)**	(316.8)	(223.6)
Financing activities			
Increase in long-term debt, net of financing costs	**513.0**	-	0.2
Repayment of long-term debt	**(167.2)**	(6.9)	(6.3)
Dividends paid	**(19.5)**	(8.7)	-
Issuance of shares, net of share issue expenses	**1.1**	0.2	9.3
Net cash provided by (used in) financing activities	**327.4**	(15.4)	3.2
Effect of exchange rate fluctuations on cash and cash equivalents	**-**	9.5	3.2
Net (decrease) increase in cash and cash equivalents	**(189.8)**	78.8	98.9
Cash and cash equivalents, beginning of year	**331.5**	252.7	153.8
Cash and cash equivalents, end of year	**141.7**	331.5	252.7

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

CONSOLIDATED BALANCE SHEETS

as at April 29, 2007 and April 30, 2006
(in millions of US dollars (Note 2))

	2007	2006
	$	$
Assets		
Current assets		
Cash and cash equivalents	**141.7**	331.5
Temporary investments	**-**	21.4
Accounts receivable (Note 10)	**199.0**	153.0
Income taxes receivable (Note 7)	**-**	0.7
Inventories (Note 11)	**382.1**	322.3
Prepaid expenses	**13.5**	15.2
Future income taxes (Note 7)	**22.7**	18.9
	759.0	863.0
Property and equipment (Note 12)	**1,671.6**	1,014.1
Goodwill (Note 14)	**373.8**	245.8
Trademarks and licenses	**168.7**	175.4
Other assets (Note 13)	**69.2**	70.3
Future income taxes (Note 7)	**0.9**	0.6
	3,043.2	2,369.2
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 16)	**740.3**	681.8
Income taxes payable (Note 7)	**46.6**	-
Current portion of long-term debt (Note 17)	**0.5**	8.0
Future income taxes (Note 7)	**0.1**	0.1
	787.5	689.9
Long-term debt (Note 17)	**869.5**	516.1
Deferred credits and other liabilities (Note 18)	**161.9**	127.2
Future income taxes (Note 7)	**78.9**	70.0
	1,897.8	1,403.2
Shareholders' equity		
Capital stock (Note 19)	**352.3**	351.0
Contributed surplus	**13.4**	9.4
Retained earnings	**681.9**	505.0
Cumulative translation adjustments	**97.8**	100.6
	1,145.4	966.0
	3,043.2	2,369.2

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

On behalf of the Board,

Alain Bouchard
Director

Richard Fortin
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 29, 2007, April 30, 2006 and April 24, 2005
(in millions of US dollars, except share and stock option data)

1. Governing statutes and nature of operations

Alimentation Couche-Tard Inc. (the Company) is incorporated under the *Companies Act* (Quebec).

The Company owns and licenses 5,513 convenience stores across North America of which 4,072 are Company-operated and generates income primarily from the sales of tobacco products, grocery items, beverages, fresh food offerings, including quick service restaurants, other products and services and motor fuel.

2. Basis of presentation

Year end date

The Company's year end is the last Sunday of April of each year. For comparative purposes, the years ended April 29, 2007, April 30, 2006 and April 24, 2005 are referred to as 2007, 2006 and 2005. The year ended April 29, 2007 has 52 weeks (53 weeks in 2006 and 52 weeks in 2005).

Basis of presentation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP).

Change in reporting currency

As at April 25, 2005, the Company has changed its reporting currency from Canadian dollars to US dollars to provide more relevant information considering its predominant operations in the United States and its US dollar denominated debt. For comparative purposes, historical consolidated financial statements and notes have been restated into US dollars using the current rate method. The functional currencies of the Company and each of its subsidiaries remained unchanged.

3. Accounting changes

2006

Non-monetary transactions

On June 1, 2005, the Canadian Institute of Chartered Accountants (CICA) issued Handbook Section 3831, "Non-Monetary Transactions", replacing Section 3830 of the same name. Under these new standards, all non-monetary transactions initiated in periods beginning on or after January 1, 2006 have to be measured at fair value unless:

- the transaction lacks commercial substance;
- the transaction is an exchange of a product or property held for sale in the ordinary course of business for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange;
- neither the fair value of the assets received nor the fair value of the asset given up is reliably measurable; or
- the transaction is a non-monetary, non-reciprocal transfer to owners that represents a spin-off or other form of restructuring or liquidation.

The Company adopted these new recommendations both early and prospectively on July 18, 2005. The implementation of these new recommendations did not have a material impact on the Company's consolidated financial statements.

2005

Accounting for property and equipment and lease accounting

During 2005, the Company undertook a review of its depreciation and amortization policies for all of its property and equipment and of its lease accounting policies. Previously, the Company used the decreasing charge method at various rates to calculate depreciation, except for Circle K where the straight-line method was used. In addition, leasehold improvements were amortized over the shorter of the term of the lease plus renewal periods or their useful lives and rent expense was recorded over the committed lease period and did not take into account future rent escalations included in the lease term.

As a result of the review and an in depth study of the useful lives of its property and equipment, the Company decided to change its accounting policy for depreciation and amortization of property and equipment to use the straight-line method throughout the Company. This method is more representative of the actual useful lives of the assets and provides uniformity within the Company. This change has been applied retroactively and prior years consolidated financial statements have been restated.

Following a review of its lease accounting policies and the relevant accounting literature, the Company has determined it should amortize its leasehold improvements over the shorter of their useful lives or the lease term. Moreover, the Company decided it should record lease expense using the straight-line method. Accordingly, the Company has restated previously reported consolidated financial statements to reflect these changes.

The impact of those changes as of April 25, 2004 is a decrease in property and equipment of $10.0, an increase in net future income tax assets of $6.5, an increase in accounts payable and accrued liabilities of $0.6, an increase in deferred credits and other liabilities of $8.1, a reduction in retained earnings of $11.5 and a decrease in the cumulative translation adjustments balance of $0.7.

For 2005, the impact of those changes resulted in a $1.7 increase of the depreciation expense, a $3.5 increase in lease expense and in a $3.7 decrease in net earnings as well as a decrease of $0.02 in diluted net earnings per share.

3. Accounting changes (continued)

Consolidation of variable interest entities

During 2005, the Company adopted the CICA Accounting Guideline No.15 (AcG-15) "Consolidation of Variable Interest Entities" (VIEs) that came into effect November 1, 2004. This guideline clarifies and addresses the application of consolidation guidance to those entities defined as VIEs, which are entities that are subject to control on a basis other than voting interests. Such entities should be consolidated by the primary beneficiary, which is the entity that will absorb a majority of the VIE's expected losses or will receive a majority of its expected residual returns, or both.

The implementation of this guideline did not have any material impact on the Company's consolidated financial statements.

Asset retirement obligations

During 2005, the Company adopted the new CICA Handbook Section 3110, "Asset Retirement Obligations", which establishes standards for the recognition, measurement and disclosure of legal obligations associated with the costs to retire long-lived assets. Accordingly, under the new standard, the fair value of the future retirement costs of the Company's underground motor fuel storage tanks is recorded as a liability on a discounted basis when it is incurred and an equivalent amount is capitalized to property and equipment. The initial recorded obligation, which has been discounted using the Company's credit-adjusted risk free-rate, will be reviewed periodically to reflect the passage of time and changes in the estimated future costs underlying the obligation. The Company amortizes the initial amount capitalized to property and equipment and recognizes accretion expense in connection with the discounted liability over the estimated remaining useful life of the underground motor fuel storage tanks.

The new standard has been applied retroactively and consolidated financial statements of the prior periods have been restated. The impact of this change as of April 25, 2004 is an increase in property and equipment of $12.9, an increase in asset retirement obligations of $15.9, an increase in net future income tax assets of $1.3 and a reduction in retained earnings of $1.7.

For 2005, the impact on net earnings is a decrease of $1.8 ($0.01 per share on a diluted basis).

Stock-based compensation and other stock-based payments

Effective April 26, 2004, the Company adopted the amended recommendations of the CICA relating to Section 3870, "Stock-based Compensation and Other Stock-based Payments". These amendments require that stock-based compensation costs be measured at the grant date of the award based on the fair value method for all transactions entered into for years beginning on or after January 1, 2002. The Company chose to apply these amendments retroactively, without restating prior periods, for stock options granted since April 29, 2002. The fair value of the stock options is recognized over the vesting period as compensation expense with a corresponding increase in contributed surplus. When stock options are exercised, the corresponding contributed surplus is transferred to capital stock.

Recording of certain consideration received from a vendor

On January 31, 2005, the Company adopted both early and retroactively the amended recommendations of the Emerging Issues Committee of the CICA relating to the third topic of Abstract 144 (EIC-144), "Accounting by a Customer (Including a Reseller) for Certain Consideration Received From a Vendor". These amendments address the recognition, measurement and disclosure requirements for vendor rebates and state that those rebates must be recognized when probable and reasonably estimable. Therefore, vendor rebates recognized in earnings and for which the full requirements for entitlement have not yet been met would be disclosed. The implementation of these new recommendations did not have any material impact on the Company's consolidated financial statements.

Generally accepted accounting principles

In July 2003, the CICA issued Handbook Section 1100, "Generally Accepted Accounting Principles", which establishes standards for financial reporting in accordance with Canadian GAAP and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of Canadian GAAP. The application of these new standards was done prospectively starting on April 26, 2004 and had no material impact on the Company's consolidated financial statements, except for the lease accounting described above.

4. Accounting policies

Accounting estimates

The preparation of consolidated financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management reviews its estimates, including those relating to supplier rebates, environmental costs and asset retirement obligations based on available information. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from those estimates.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and of its subsidiaries, all of which are wholly owned.

Foreign currency translation

The non-consolidated financial statements of the Company and its subsidiaries are prepared based on their respective functional currencies, which is the US dollar for US operations and the Canadian dollar for Canadian operations and corporate activities.

As a result, in the Company's consolidated financial statements, the Canadian and corporate operations are translated into US dollars using the current rate method. Under this method, assets and liabilities are translated using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the average rate in effect during the year. Capital stock, Contributed surplus and Retained earnings are translated using the historical rate. Gains and losses arising from translation are included in the Cumulative translation adjustments account in the Shareholders' equity.

4. Accounting policies (continued)

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 treasury stock method and takes into account the dilutive effect of stock options.

Revenue recognition

For its two major product categories, merchandise and motor fuel, the Company recognizes revenue at the point of sale. Merchandise sales are comprised primarily of the sale of tobacco products, grocery items, candy and snacks, beverages, beer, wine, fresh food offerings, including quick service restaurants, and services.

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

Operating, selling, administrative and general expenses

The main items comprising Operating, selling, administrative and general expenses are labour, building occupancy costs and overhead and include advertising expenses that are charged as incurred in the amount of $28.2 in 2007, $26.8 in 2006 and $21.6 in 2005.

Self-insurance

In the United States, the Company 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 not discounted and is recognized as a liability. This cost is estimated based upon analysis of the Company's historical data and actuarial estimates.

Cash and cash equivalents

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

Temporary investments

Temporary investments are comprised of securities that have maturities of more than three months and are valued at the lower of cost and fair value.

Inventories

Inventories are valued at the lesser of cost and net realizable value. Cost of merchandise - distribution centres is determined according to the first-in first-out method, the cost of merchandise - retail is valued based on the retail price less a normal margin and the cost of motor fuel inventory is determined according to the average cost method.

Vendor rebates

The Company records cash received from vendors related to vendor rebates as a reduction in the price of the vendors' products and reflects them as a reduction of costs of sales and related inventory in its consolidated statements of earnings and balance sheets when those rebates satisfy the recognition criteria. Amounts received but not yet recognized are presented in deferred credits.

Income taxes

The Company uses the liability method to account for income taxes. Under this method, future income 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 at the date of the consolidated 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 future income tax assets will not be realized.

Depreciation and amortization

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

Buildings	3 to 40 years
Equipment	3 to 40 years
Buildings under capital leases	Lease term

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.

Rent expense

Rent expense is recognized in earnings using the straight-line method.

4. Accounting policies (continued)

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, or more frequently should events or changes in circumstances indicate that it might be impaired. Should the carrying amount of a reporting unit's goodwill exceed its fair value, an impairment loss would be recognized.

Trademarks and licenses

Trademarks and licenses have indefinite lives, are recorded at cost and are not amortized.

Impairment of long-lived assets

Long-lived assets 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 the estimated undiscounted future cash flows generated by their use and eventual disposal. Should the carrying amount of long-lived assets exceed their fair value, an impairment loss in the amount of the excess would be recognized.

Other assets

Other assets include deferred charges, environmental costs receivable, accrued pension benefit asset and deposits.

Deferred charges are mainly financing costs amortized using the effective interest rate method over the period of the corresponding debt. Deferred charges also include expenses incurred in connection with the analysis and signing of operating leases which are deferred and amortized on a straight-line basis over the lease term. Other deferred charges are amortized on a straight-line basis over periods of five to seven years.

Employee future benefits

The Company accrues its obligations under employee pension plans and the related costs, net of plan assets. The Company has adopted the following 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 benefit method prorated on service and pension expense is recorded in results 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 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 benefit obligation and fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plans is 10 years;
- on May 1, 2000, the Company adopted the new accounting standard on employee future benefits using the prospective application method. The Company is amortizing the transitional asset on a straight-line basis over 11 years, which was the average remaining service period of employees expected to receive benefits under the benefit plan as of May 1, 2000;
- past service costs are amortized on a straight-line basis over the average remaining service period of active employees.

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

Environmental costs

The Company 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 Company's prior experience with remediation sites and consideration of other factors such as the condition of the site contamination, location of sites and experience with contractors that perform the environmental assessments and remediation work.

Hedging and derivative financial instruments

The Company uses derivative financial instruments by way of interest rate swaps to manage current and forecasted risks related to interest rate fluctuations associated with the Company's subordinated unsecured debt. The Company does not use freestanding derivative financial instruments for trading or speculative purposes.

The Company formally documents and designates each derivative financial instrument as a hedge of its subordinated unsecured debt. The Company determines that derivative financial instruments are effective hedges, at the time of the establishment of the hedge and for the duration of the instrument, since the date to maturity, the reference amount and interest rate of the instruments correspond to all the conditions of the debt.

The Company uses interest rate swaps as part of its program for managing the combination of fixed and variable interest rates of its debt and the corresponding aggregate cost of borrowing. Interest rate swaps involve an exchange of interest payments without an exchange of principal underlying the interest payments. They are accounted for as an adjustment of accrued interest expense on the debt instruments. The corresponding amount to be paid to counterparties or to be received from counterparties is accounted for as an adjustment of accrued interest.

In the case of an early termination of one of the interest swap agreements or if the hedge ceases to be effective prior to maturity, any realized and unrealized gains or losses would be recorded on the balance sheet and amortized to consolidated statement of earnings over the remaining term of the related hedged debt. In the event of early extinguishment of the debt, any realized or unrealized gains or losses related to the swap would be recognized in the consolidated statement of earnings at the time of the extinguishment of the debt.

4. Accounting policies (continued)

The Company has also designated its entire US dollars denominated long-term debt as a foreign exchange hedge of its net investment in its U.S. self-sustaining subsidiaries. Accordingly, corresponding foreign exchange gains and losses are recorded in cumulative translation adjustments account in the shareholders' equity to offset the foreign currency translation adjustments on the investments.

Disclosure of guarantees

A guarantee is defined as a contract or an indemnification agreement contingently requiring a company to make payments to a third party based on future events. These payments are contingent on either changes in an underlying or other variables that are related to an asset, liability, or an equity security of the indemnified party or the failure of another entity to perform under an obligating agreement. It could also be an indirect guarantee of the indebtedness of another party.

5. Business acquisitions

The Company has made the following business acquisitions that were accounted for using the purchase method. Earnings from the businesses acquired are included in the consolidated statements of earnings from their respective dates of acquisition.

2007

During 2007, the Company made the following business acquisitions:

- effective April 10, 2007, acquisition, from Star Fuel Marts, LLC, of 53 company-operated stores operating under the All Star banner in Oklahoma City, Oklahoma, United States. 42 of the 53 stores are operated under operating leases;
- effective February 26, 2007: acquisition, from Richcor, Inc., of 13 company-operated stores operating under the Groovin Noovin banner in the city of Pensacola, Florida, United States;
- effective December 1, 2006: the Company purchased a network of 236 stores from Shell Oil Products US and its affiliate, Motiva Enterprises LLC. The majority of the stores acquired are operated under the Shell banner in the regions of Baton Rouge, Denver, Memphis, Orlando, Tampa and in the Southwest Florida, United States. Of the 236 stores, 174 are company-operated, 50 are operated by independent store operators and 12 have a motor fuel supply agreement;
- effective October 30, 2006: the Company purchased, from Sparky's Oil Company, 24 company-operated stores operating under the Sparky's banner in the West Central Florida, United States;
- effective October 4, 2006: from Holland Oil Company, purchase of 56 company-operated stores operating under the Holland Oil and Close to Home banners in Ohio, United States. Two of the acquired stores were immediately closed;
- effective August 21, 2006: purchase of a network of 24 stores operating under the Stop-n-Save banner in the Monroe area of Louisiana, United States from Moore Oil Company LLC. Of these 24 stores, 11 are operated by the Company and 13 are operated by independent store operators;
- effective June 12, 2006: from Spectrum Stores, Inc. and Spectrum Holding, Inc., purchase of 90 company-operated stores, the majority of which are operated under the Spectrum banner in the States of Alabama and Georgia in the United States;

These acquisitions were settled for a total cash consideration of $600.6, including direct acquisition costs. The preliminary allocations of the purchase price of the acquisitions were established based on available information and on the basis of preliminary evaluations and assumptions management believes to be reasonable. Since certain independent third party evaluations have not been finalized and since the Company has not completed its fair value assessment, the preliminary allocations are subject to adjustments to the fair value of the assets and liabilities until the process is completed. The preliminary allocations are based on the estimated fair values on the dates of acquisition:

	$
Tangible assets acquired	
Inventories	**35.3**
Property and equipment	**461.2**
Other assets	**1.3**
Total tangible assets	**497.8**
Liabilities assumed	
Accounts payable and accrued liabilities	**5.3**
Deferred credits and other liabilities	**6.8**
Total liabilities	**12.1**
Net tangible assets acquired	**485.7**
Non-compete agreement	**1.0**
Trademark	**0.4**
Goodwill	**113.5**
Total consideration paid, including direct acquisition costs	**600.6**

The Company expects that approximately $50.0 of the goodwill related to these transactions will be deductible for tax purposes.

5. Business acquisitions (continued)

2006

During 2006, the Company made the following business acquisitions:

- effective March 14, 2006: purchase of 34 company-operated stores and 19 affiliated stores, all operating under the Shell banner in the Indianapolis area of Indiana, United States, from Shell Oil Products US. At the closing date, two Company-operated stores were closed;
- effective December 14, 2005: purchase of 16 company-operated stores operating under the Winners banner in New Mexico, United States, from Conway Oil Company and Conway Real Estate Company;
- effective December 8, 2005: purchase of 18 company-operated stores and 8 affiliated stores, all operating under the BP banner in the Memphis area of Tennessee, United States, from BP Products North America, Inc.;
- effective November 3, 2005: purchase of seven company-operated stores operating under the Fuel Mart banner in Ohio, United States, from Ports Petroleum Co.

These four acquisitions were settled for a total cash consideration of $91.6, financed from the Company's available cash. The net assets acquired included working capital of $4.6, property and equipment of $81.4, goodwill of $3.9, trademarks and licences of $2.0, other assets of $1.3 and deferred credits and other liabilities of $1.6. Most of the goodwill related to these transactions is deductible for tax purposes.

2005

Changes to the purchase price allocation

During 2005, the Company finalized the allocation of the purchase price related to the acquisition of The Circle K Corporation on December 17, 2003. The final allocation resulted in an increase in property and equipment of $16.5 and an increase in asset retirement obligations of $15.2 mainly due to a change in the estimate of the asset retirement obligations and an increase in trademarks and licenses of $12.9 based on an external valuation of trademarks. In addition, the final allocation resulted in an increase in net working capital of $1.6, an increase in other assets of $1.3 and a decrease in net future income tax asset of $17.1.

Acquisitions

During 2005, the Company made the following business acquisitions:

- in April 2005: purchase of nine sites operating under the Thornton and Pit Stop banners in the Midwest region of United States, from Thornton Inc. and Broadus Oil Corporation of Illinois Inc.;
- effective February 2, 2005: purchase of 19 sites operating under the Pump N Shop banner in the Augusta, Georgia area, United States, from QVS Inc. and Brosious & Holt Properties LLC;
- effective November 3, 2004: purchase of 21 sites in the Phoenix, Arizona area, United States, from Shell Oil Products US.

These three acquisitions were settled for a total cash consideration of $69.6 financed from the Company's available cash. The net assets acquired included working capital of $3.3, property and equipment of $64.0 and goodwill of $2.3. Most of the goodwill related to these transactions is deductible for tax purposes.

6. Supplementary information relating to the consolidated statements of earnings

	2007	2006	2005
	$	$	$
Depreciation and amortization			
Property and equipment	**132.3**	106.1	83.1
Other assets	**1.5**	0.8	0.8
	133.8	106.9	83.9
Financial expenses			
Interest on long-term debt	**45.1**	30.6	27.1
Amortization of deferred financing costs	**2.7**	3.1	3.1
	47.8	33.7	30.2
Interest on short-term debt	**0.2**	0.3	0.5
	48.0	34.0	30.7

Interest expense

Interest expense on long-term debt is net of interest income. Interest income totals $6.0 in 2007, $8.5 in 2006 and $2.2 in 2005.

Supplementary information related to the rental expense included in Operating, selling, administrative and general expenses:

	2007	2006	2005
	$	$	$
Net rent expense			
Rent expense	**184.7**	174.0	158.5
Sub-leasing income	**(14.9)**	(11.5)	(11.7)
	169.8	162.5	146.8

7. Income taxes

	2007	2006	2005
	$	$	$
Current income taxes	**92.2**	74.7	46.9
Future income taxes	**21.7**	26.8	26.4
	113.9	101.5	73.3
Earnings before income taxes			
Domestic	**93.4**	79.7	96.5
Foreign	**216.9**	218.0	132.0
	310.3	297.7	228.5
Current income taxes			
Domestic	**37.0**	12.4	26.1
Foreign	**55.2**	62.3	20.8
	92.2	74.7	46.9
Future income taxes			
Domestic	**0.4**	4.8	4.4
Foreign	**21.3**	22.0	22.0
	21.7	26.8	26.4

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

	2007	2006	2005
	%	%	%
Combined statutory income tax rate in Canada [a]	**35.03**	32.46	32.28
Impact of tax rate increases (decreases)	**0.30**	(0.02)	(0.32)
Other permanent differences	**(1.81)**	1.65	0.12
Effective income tax rate before unusual retroactive income tax expense	**33.52**	34.09	32.08
Unusual retroactive income tax expense [b]	**3.19**	-	-
Effective income tax rate	**36.71**	34.09	32.08

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

(b) On June 9, 2006, the Government of Québec adopted Bill 15 in the National Assembly of Québec, regarding amendments to the Taxation Act and other legislative provisions. As a result, in 2007, the Company has recorded an unusual retroactive income tax expense of $9.9. This legislative modification will not have a significant impact on the effective income tax rate of the Company in the future.

The components of future income tax assets (liabilities) are as follows:

	2007	2006
	$	$
Short-term net future income tax assets		
Expenses deductible in future years	**18.7**	17.1
Deferred credits	**0.1**	0.2
Other	**3.8**	1.5
	22.6	18.8
Long-term net future income tax liabilities		
Trademarks and licences	**(49.0)**	(56.2)
Property and equipment	**(45.5)**	(21.4)
Deferred credits	**9.8**	8.9
Non-capital losses	**8.4**	3.8
Expenses deductible in future years	**6.3**	5.2
Goodwill	**(5.0)**	(1.9)
Borrowing and share issue costs	**0.4**	1.2
Other	**(3.4)**	(9.0)
	(78.0)	(69.4)

8. Net earnings per share

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

	2007	2006	2005
	$	$	$
Net earnings attributable to Class A and B shareholders	**196.4**	196.2	155.2
Weighted average number of shares (in thousands)	**202,119**	202,030	201,342
Dilutive effect of stock options (in thousands)	**6,087**	5,632	5,020
Weighted average number of diluted shares (in thousands)	**208,206**	207,662	206,362
Basic net earnings per share available for Class A and B shareholders	**0.97**	0.97	0.77
Diluted net earnings per share available for Class A and B shareholders	**0.94**	0.94	0.75

In calculating diluted net earnings per share for 2007, 504,996 stock options (170,000 in 2006 and 465,000 in 2005) are excluded due to their antidilutive effect.

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

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

	2007	2006	2005
	$	$	$
Accounts receivable	**(41.6)**	(37.9)	(5.9)
Inventories	**(24.4)**	(9.9)	(5.9)
Prepaid expenses	**1.8**	(5.3)	1.8
Accounts payable and accrued liabilities	**59.3**	76.8	119.1
Income taxes	**35.6**	33.5	(63.1)
	30.7	57.2	46.0

Cash flows relating to interest and income taxes of operating activities are detailed as follows:

	2007	2006	2005
	$	$	$
Interest paid	**50.6**	36.8	30.3
Income taxes paid	**57.7**	42.2	110.9

10. Accounts receivable

	2007	2006
	$	$
Trade accounts receivable and vendor rebates receivable	**94.2**	70.1
Credit and debit cards receivable	**90.7**	66.0
Environmental costs receivable	**2.6**	2.0
Other accounts receivable	**11.5**	14.9
	199.0	153.0

11. Inventories

	2007	2006
	$	$
Merchandise – retail	**251.1**	216.0
Motor fuel	**108.9**	84.8
Merchandise – distribution centres	**22.1**	21.5
	382.1	322.3

12. Property and equipment

			2007
	Cost	**Accumulated depreciation**	**Net**
	$	**$**	**$**
Land	**496.4**	**-**	**496.4**
Buildings	**396.4**	**57.9**	**338.5**
Leasehold improvements	**239.9**	**92.7**	**147.2**
Equipment	**1,049.6**	**360.5**	**689.1**
	2,182.3	**511.1**	**1,671.2**
Buildings under capital leases	**4.1**	**3.7**	**0.4**
	2,186.4	**514.8**	**1,671.6**

			2006
	Cost	Accumulated depreciation	Net
	$	$	$
Land	240.8	-	240.8
Buildings	202.2	44.3	157.9
Leasehold improvements	198.6	74.5	124.1
Equipment	780.4	289.6	490.8
	1,422.0	408.4	1,013.6
Buildings under capital leases	4.1	3.6	0.5
	1,426.1	412.0	1,014.1

13. Other assets

	2007	2006
	$	$
Deferred charges, net	**25.8**	28.2
Environmental costs receivable	**20.7**	19.8
Accrued pension benefit asset	**8.3**	8.6
Deposits	**1.5**	2.1
Other, at cost	**12.9**	11.6
	69.2	70.3

14. Goodwill

	2007	2006
	$	$
Balance, beginning of year	**245.8**	**224.8**
Increase related to business acquisitions	**113.5**	**3.9**
Increase related to single store acquisitions	**12.8**	**1.1**
Changes to purchase price allocations	**1.5**	**-**
Effect of exchange rate fluctuations	**0.2**	**16.0**
Balance, end of year	**373.8**	**245.8**

15. Bank indebtedness

On September 22, 2006, the Company entered into a new credit agreement, replacing its secured senior term and renewable credit facilities.

As of April 29, 2007, bank indebtedness reflects the used portion of the unsecured line of credit available to the Company under its new credit agreement which is described in Note 17 while as of April 30, 2006, bank indebtedness reflected the used portion of the credit facilities available to the Company under its previous credit agreement. As of April 29, 2007, the available line of credit is unused while as of April 30, 2006, the available credit facilities were unused with the exception of certain letters of guarantee.

As of April 30, 2006, the Company had a credit agreement consisting of a five-year renewable operating credit, maturing in December 2008, in the amount of Cdn$50.0 available in Canadian or US dollars or as letters of guarantee not exceeding Cdn$10.0 or the equivalent in US dollars, bearing interest at the Canadian or US prime rate plus 0.25% to 1.0% or at LIBOR plus 1.25% to 2.0%, depending on whether certain financial ratios had been achieved. The operating credit was also available in the form of bankers' acceptances with stamping fees of 1.25% to 2.0%, depending on whether certain financial ratios had been achieved. As at April 30, 2006, an amount of Cdn$49.1 was available under this operating credit and the effective interest rate was 6.25%. The credit agreement also provided for a five-year renewable operating credit, maturing in December 2008, in the amount of $75.0 available in US dollars and as letters of guarantee not exceeding $30.0, bearing interest at the US prime rate plus 0.25% to 1.0% or at LIBOR plus 1.25% to 2.0% depending on whether certain financial ratios had been achieved. As at April 30, 2006, an amount of $59.5 was available under this operating credit and the effective interest rate was 6.25%. These credit facilities were subject to the same guarantees and restrictive covenants which applied to the secured term loans described in Note 17.

16. Accounts payable and accrued liabilities

	2007	2006
	$	$
Accounts payable and accrued expenses	**537.0**	494.1
Sales and other taxes payable	**88.2**	61.9
Salaries and related benefits	**61.1**	49.2
Deferred credits	**14.7**	11.0
Environmental costs	**9.0**	9.9
Other	**30.3**	55.7
	740.3	681.8

17. Long-term debt

	2007	2006
	$	$
Term revolving unsecured operating credit granted under the new credit agreement[(a)]	**513.2**	-
Subordinated unsecured debt [(b)]	**350.0**	350.0
Note payable, secured by the assets of certain stores, 8.75%, repayable in monthly instalments, maturing in 2019	**4.9**	5.2
Obligations related to buildings under capital leases, rates varying from 11.36% to 12.54% (6.89% to 13.25% in 2006), payable on various dates until 2019	**1.9**	2.3
Secured term loans granted under the previous credit agreement [(c)]		
Term loan "A"	**-**	19.5
Term loan "B"	**-**	147.0
Mortgage loans secured by land and buildings, rates varying from 7.0% to 8.0%, payable in monthly instalments	**-**	0.1
	870.0	524.1
Current portion of long-term debt	**0.5**	8.0
	869.5	516.1

(a) Term revolving unsecured operating credit granted under the new credit agreement:

As at April 29, 2007, the Company has a credit agreement consisting of a revolving unsecured facility of an initial maximum amount of $500.0 with an initial term of five years that could be extended each year to a five-year term at the request of the Company with the consent of the lenders. This facility is effective since September 22, 2006. In addition, the credit agreement includes a clause that permits the Company to increase the limit by a maximum amount of $250.0. On November 15, 2006, the Company took advantage of this clause for an amount of $150.0 bringing the maximum available amount to $650.0, as at April 29, 2007. The credit facility is available in the following forms:

- A term revolving unsecured operating credit, available i) in Canadian dollars, ii) in US dollars, iii) in the form of Canadian dollars bankers' acceptances, with stamping fees and iv) in the form of standby letters of credit not exceeding $50.0 or the equivalent in Canadian dollars, with applicable fees. Depending on the form and the currency of the loan, the amounts borrowed bear interest at variable rates based on the Canadian prime rate, the banker's acceptance rate, the U.S. base rate or the LIBOR rate plus a variable margin; and
- As mentioned in Note 15, an unsecured line of credit in the maximum amount of $50.0, available in Canadian or US dollars, bearing interest at variable rates based, depending on the form and the currency of the loan, on the Canadian prime rate, the U.S. prime rate or the U.S. base rate plus a variable margin.

Stand-by fees, which vary based on a ratio and on the utilization rate of the credit facility apply to the unused portion of the credit facility.

Stamping fees, standby letters of credit fees, the variable margin used to determine the interest rate applicable to amounts borrowed and stand-by fees are determined according to a leverage ratio of the Company.

Under the new credit agreement, the Company must maintain certain financial ratios. The agreement also imposes certain restrictions on the Company and includes requirements to seek the consent of the lenders to undertake certain transactions.

As at April 29, 2007, the effective interest rate is 6.23%. In addition, Cdn$0.7 and $16.6 are used for standby letters of credit. Finally, as at the same date, the Company is in compliance with the restrictive clauses and ratios imposed by the credit agreement.

(b) Subordinated unsecured debt:

Subordinated unsecured debt, maturing December 15, 2013, bearing interest at a rate of 7.5% and redeemable under certain conditions as of December 15, 2008.

The total amount of the loan is subject to interest rate swaps (see Note 23).

The subordinated unsecured debt agreement imposes restrictions on certain transactions.

17. Long-term debt (continued)

(c) Secured term loans granted under the previous credit agreement:

- Term loan "A":

  Term loan "A", maturing on December 17, 2008, payable in quarterly instalments increasing gradually from 2.5% of the balance of the loan to 7.5% of the balance of the loan from July 2008, bearing interest at the Canadian prime rate plus 0.25% to 1.0% or the LIBOR rate plus 1.25% to 2.0%, depending on whether certain financial ratios were achieved. As at April 30, 2006, the effective interest rate was 6.25%;

- Term loan "B":

  Term loan "B", maturing on December 17, 2010, payable in quarterly instalments of 0.25% of the balance of the loan for the first six years and in quarterly instalments of 23.5% of the balance of the loan for the seventh year, bearing interest at the prime US rate plus 0.75% or the LIBOR rate plus 1.75%. As at April 30, 2006, the effective interest rate was 6.75%.

Substantially all of the Company's assets were pledged to secure these term loans.

Under the previous credit agreement, the Company had to maintain certain financial ratios. The agreement also imposed certain restrictions on the Company and included requirements to seek the consent of the lenders to undertake certain transactions.

Instalments on long-term debt for the next years are as follows:

	Obligations related to buildings under capital leases	Other loans
	$	$
2008	0.6	0.2
2009	0.5	0.2
2010	0.5	0.3
2011	0.4	0.3
2012	0.3	513.5
2013 and thereafter	1.3	353.6
	3.6	
Interest expense included in minimum lease payments	1.7	
	1.9	

18. Deferred credits and other liabilities

	2007	2006
	$	$
Asset retirement obligations [(a)]	**37.1**	31.2
Deferred credits	**25.8**	19.6
Deferred gain on sale and leaseback transactions	**22.7**	7.6
Provision for site restoration costs	**18.5**	18.1
Deferred rent expense	**14.1**	13.1
Provision for workers' compensation	**10.5**	8.0
Accrued pension benefit liability	**8.2**	7.2
Other liabilities	**25.0**	22.4
	161.9	127.2

(a) Asset retirement obligations relate to estimated future costs to remove underground motor fuel storage tanks and are based on the Company'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. To determine the initial recorded liability, the future estimated cash flows have been discounted at rates of 9% and 10%, representing the Company's credit-adjusted risk-free rates at the time the costs have been estimated and revised. The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately $125.1 and is expected to be incurred over the next 40 years. Should changes occur in estimated future removal costs, tank useful lives, lease terms or governmental regulatory requirements, revisions to the liability could be made.

The reconciliation of the Company's liability for the asset retirement obligations related to the removal of its underground motor fuel storage tanks is as follows:

	2007	2006
	$	$
Balance, beginning of year	**35.9**	22.1
Liabilities incurred	**0.4**	0.4
Liabilities settled	**(1.1)**	(1.3)
Accretion expense	**3.3**	1.9
Business acquisitions	**6.1**	0.5
Revision of estimations	**0.4**	11.8
Effect of exchange rate fluctuations	**0.1**	0.5
Balance, end of year	**45.1**	35.9

Of the total liability recorded in the consolidated balance sheets as of April 29, 2007 and April 30, 2006, $37.1 and $31.2, respectively, are included in Deferred credits and other liabilities and the remainder is included in Accounts payable and accrued liabilities.

19. Capital stock

Authorized

Unlimited number of shares without par value

First and second preferred shares issuable in series, non-voting, ranking prior to other classes of shares with respect to dividends and payment of capital upon dissolution. The Board of Directors is authorized to determine the designation, rights, privileges, conditions and restrictions relating to each series of shares prior to their issuance.

Class A multiple voting and participating shares, ten votes per share except for certain situations which provide for only one vote per share, convertible into Class B subordinate voting shares on a share-for-share basis at the holder's option. Under the articles of amendment, no new Class A multiple voting shares may be issued.

Class B subordinate voting and participating shares, convertible automatically into Class A multiple voting shares on a share-for-share basis upon the occurrence of certain events.

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

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

Issued and fully paid

The changes in number of outstanding shares are as follows:

		2007		2006
	Number of shares	**$**	Number of shares	$
Class A multiple voting shares				
Balance, beginning of year	**56,388,652**	**8.0**	56,594,692	8.0
Conversion into Class B shares	**(213,340)**	**-**	(206,040)	-
Balance, end of year	**56,175,312**	**8.0**	56,388,652	8.0
Class B subordinate voting shares				
Balance, beginning of year	**145,651,434**	**343.0**	145,375,660	342.8
Issued as part of a previous acquisition	**16**	**-**	1,630	-
Issued on conversion of Class A shares	**213,340**	**-**	206,040	-
Stock options exercised for cash	**294,784**	**1.1**	68,104	0.2
Fair value of stock options exercised	**-**	**0.2**	-	-
Balance, end of year	**146,159,574**	**344.3**	145,651,434	343.0
Total issued and fully paid		**352.3**		351.0

		2005
	Number of shares	$
Class A multiple voting shares		
Balance, beginning of year	57,041,722	8.1
Conversion into Class B shares	(447,030)	(0.1)
Balance, end of year	56,594,692	8.0
Class B subordinate voting shares		
Balance, beginning of year	140,490,082	333.4
Issued as part of a previous acquisition	548	-
Issued on conversion of Class A shares	447,030	0.1
Stock options exercised for cash	4,438,000	9.3
Balance, end of year	145,375,660	342.8
Total issued and fully paid		350.8

20. Stock-based compensation and other stock-based payments

The Company has a stock option plan (the Plan) under which it may grant up to 16,892,000 stock options for the purchase of Class B subordinate voting shares of the Company.

Stock options have up to a ten-year term, vest 20% on the date of the grant and cumulatively thereafter on each anniversary date of the grant and are exercisable at the designated market price. The grant price of each stock option shall not be set below the market price of the Class B shares on the Toronto Stock Exchange on the date of the grant. Each stock option is exercisable into one Class B share of the Company at the price specified in the terms of the stock option.

The table below presents the status of the Company's stock option plan as at April 29, 2007, April 30, 2006 and April 24, 2005 and the changes therein during the years then ended:

	2007		2006	
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		Cdn$		Cdn$
Outstanding, beginning of year	**9,252,380**	**7.66**	8,745,400	6.93
Granted	**388,100**	**25.60**	580,100	18.36
Exercised	**(294,784)**	**4.17**	(68,104)	4.13
Forfeited	**(18,830)**	**13.67**	(5,016)	14.33
Outstanding, end of year	**9,326,866**	**8.50**	9,252,380	7.66
Exercisable stock options, end of year	**8,122,627**		7,674,976	

	2005	
	Number of stock options	Weighted average exercise price
		Cdn$
Outstanding, beginning of year	12,626,200	5.05
Granted	605,000	15.92
Exercised	(4,438,000)	2.79
Forfeited	(47 800)	6,74
Outstanding, end of year	8,745,400	6.93
Exercisable stock options, end of year	6,312,000	

The following table presents information on the stock options outstanding and exercisable as at April 29, 2007:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of stock options outstanding as at April 29, 2007	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 29, 2007	Weighted average exercise price
Cdn$			Cdn$		Cdn$
2 – 4	2,670,000	3.40	2.67	2,670,000	2.67
6 – 8	3,676,400	5.01	7.35	3,642,120	7.35
8 – 12	1,343,600	6.57	10.61	1,051,760	10.59
12 – 16	250,000	7.06	12.46	194,000	12.37
16 – 20	881,870	7.88	17.33	439,748	17.34
20 – 26	504,996	9.41	24.86	124,999	24.41
	9,326,866			8,122,627	

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

	2007	2006	2005
Expected dividends (per share)	**Cdn$0.12**	Cdn$0.10	None
Expected volatility	**35.00%**	35.00%	35.00%
Risk-free interest rate	**4.14%**	3.92%	4.26%
Expected life	**8 years**	8 years	8 years

The weighted average fair value of stock options granted in 2007 is Cdn$11.64 (Cdn$8.65 in 2006 and Cdn$7.72 in 2005).

For 2007, compensation cost charged to consolidated statement of earnings amounts to $4.2 ($3.8 in 2006 and $2.5 in 2005).

20. Stock-based compensation and other stock-based payments (continued)

Deferred Share Unit Plan

On July 13, 2004, the Company adopted a Deferred Share Unit Plan for the benefit of its external directors allowing them to receive all or a portion of their annual compensation and directors' fee in the form of Deferred Share Units (DSUs). A DSU is a notional unit, equivalent in value to the Company's Class B share. Upon leaving the Board of Directors, participants are entitled to receive the payment of their cumulated DSUs either a) in the form of cash based on the price of the Company's Class B shares as traded on the open market on the date of payment, or b) in Class B shares bought by the Company on the open market on behalf of the Participant.

The DSU expense and the related liability are recorded at the grant date. The liability is adjusted periodically to reflect any increase in the market value of the Class B shares. As at April 29, 2007, the Company has a total of 30,027 DSUs outstanding (21,108 as at April 30, 2006).

Share Appreciation Rights Plan

The Board of Directors approved on July 13, 2004 a Share Appreciation Rights Plan for officers and key employees of the Company. The amount payable to the Participant is equal to the difference between the market value of the Company's Class B shares at exercise and its value at the grant date and is payable in cash. The grant agreement describes the exercise period, the value of the shares at grant date and the duration of the plan for each participant. No share appreciation right is granted as at April 29, 2007 and April 30, 2006.

21. Employee future benefits

The Company has a number of funded and unfunded defined benefit and defined contribution plans that provide retirement benefits to certain employees. Its defined benefit plans are based on years of service and on the consecutive highest five years average salary.

Total cash payments for employee future benefits consist of cash contributed by the Company to its funded pension plans, cash payments directly to beneficiaries for its unfunded pension plans and cash contributed to its defined contribution plans and amount to $4.0 for 2007 ($3.3 for 2006 and $3.6 for 2005).

Defined benefit plans

The Company measures its accrued benefit obligation and the fair value of plan assets for accounting purposes the last Sunday of April of each year. The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2005 and the next required valuation will be as of January 1, 2008.

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

	2007	2006
	$	$
Accrued benefit obligation		
Balance, beginning of year	**32.9**	29.2
Current service cost	**0.8**	0.7
Interest cost	**1.8**	1.7
Benefits paid	**(2.1)**	(1.7)
Actuarial losses	**2.5**	-
Effect of exchange rate fluctuations	**0.1**	3.0
Balance, end of year	**36.0**	32.9

	2007	2006
	$	$
Plans assets		
Fair value, beginning of year	**22.9**	21.4
Actual return on plans assets	**1.7**	0.6
Employees contributions	**0.1**	0.1
Benefits paid	**(1.6)**	(1.3)
Effect of exchange rate fluctuations	**(0.1)**	2.1
Fair value, end of year	**23.0**	22.9

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

	2007	2006
	$	$
Fair value of plans assets	**23.0**	22.9
Accrued benefit obligation	**36.0**	32.9
Funded status-plan deficit	**(13.0)**	(10.0)
Unamortized net actuarial loss	**13.7**	12.1
Unamortized transitional net asset	**(2.0)**	(2.5)
Unamortized past service cost	**1.4**	1.8
Accrued benefit asset	**0.1**	1.4

As at April 29, 2007, the accrued benefit obligation for unfunded pension plans amounts to $13.5 ($11.7 as at April 30, 2006).

21. Employee future benefits (continued)

The accrued benefit asset is included in the Company's balance sheets as follows:

	2007	2006
	$	$
Other assets	**8.3**	8.6
Deferred credits and other liabilities	**(8.2)**	(7.2)
Accrued benefit asset	**0.1**	1.4

As of the measurement date, plans assets consist of:

	Percentage of plans assets	
	2007	2006
	%	%
Assets category		
Equity securities	**24.4**	32.1
Debt securities	**75.6**	67.9
Total	**100.0**	100.0

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

			2007
	Incurred during the year	**Adjustments** (a)	**Recognized during the year**
	$	**$**	**$**
Current service cost, net of employee contributions	**0.7**	**-**	**0.7**
Interest cost	**1.8**	**-**	**1.8**
Actual return on plan assets	**(1.7)**	**0.2**	**(1.5)**
Amortization of the net transitional asset	**-**	**(0.5)**	**(0.5)**
Net actuarial losses	**2.6**	**(1.7)**	**0.9**
Amortization of past service cost	**-**	**0.3**	**0.3**
Pension expense for the year	**3.4**	**(1.7)**	**1.7**

			2006
	Incurred during the year	Adjustments (a)	Recognized during the year
	$	$	$
Current service cost, net of employee contributions	0.6	-	0.6
Interest cost	1.7	-	1.7
Actual return on plan assets	(0.6)	(0.9)	(1.5)
Amortization of the net transitional asset	-	(0.5)	(0.5)
Net actuarial losses	-	0.8	0.8
Amortization of past service cost	-	0.3	0.3
Pension expense for the year	1.7	(0.3)	1.4

			2005
	Incurred during the year	Adjustments (a)	Recognized during the year
	$	$	$
Current service cost, net of employee contributions	0.5	-	0.5
Interest cost	1.5	-	1.5
Actual return on plan assets	(1.0)	(0.4)	(1.4)
Amortization of the net transitional asset	-	(0.5)	(0.5)
Net actuarial losses	3.3	(2.8)	0.5
Amortization of past service cost	-	0.2	0.2
Pension expense for the year	4.3	(3.5)	0.8

(a) Adjustments to recognize the long-term nature of employee future benefit costs.

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

Accrued benefit obligation:

	2007	2006
	%	%
Discount rate	**5.25**	5.75
Rate of compensation increase	**4.00**	4.00

Pension expense:

	2007	2006	2005
	%	%	%
Discount rate	**5.25**	5.75	6.25
Expected rate of return on plans assets	**7.00**	7.00	7.00
Rate of compensation increase	**4.00**	4.00	4.00

21. Employee future benefits (continued)

Defined contribution plans

The Company's total pension expense under its defined contribution plans for the year 2007 is $3.5 ($2.8 in 2006 and $3.1 in 2005).

Deferred compensation plan – United States operations

The Company sponsors a deferred compensation plan that allows certain employees in its U.S. operations to defer up to 25% of their base salary and 100% of their cash bonuses for any given year. Interest accrues on the deferral and amounts due to the participants are generally payable on retirement, except in certain limited circumstances. Obligations under this plan amount to $6.5 as at April 29, 2007 ($4.0 as at April 30, 2006) and are included in Deferred credits and other liabilities.

22. Environmental costs

The Company is subject to Canadian and American legislations governing the storage, handling and sale of motor fuel and related products. The Company considers that it is compliant with all important aspects of the current environmental legislations.

The Company has an on-going training program for its employees on environmental issues which includes preventive site testing and site restoration in cooperation with regulatory authorities. The Company also examines its motor fuel equipment annually.

In all U.S. states in which the Company operates, except Michigan, Iowa, Florida, Arizona, Texas and Washington State, there is a trust fund to cover the cost of certain rehabilitation and removing of motor fuel tanks. These state funds provide insurance for motor fuel facilities operations to cover the cost of cleaning up damages to the environment caused by the usage of underground motor fuel equipment. Underground motor fuel storage tank registration fees and a motor fuel tax in each of the states finance the trust funds. The Company pays the registration fees and remits the sales taxes to the states where it is a member of the trust fund. Insurance coverage is different in the various states.

In order to provide for the above-mentioned restoration costs, the Company has recorded a $27.5 provision for environmental costs as at April 29, 2007 ($28.0 as at April 30, 2006). Of this amount, $9.0 ($9.9 as at April 30, 2006) is included in Accounts payable and accrued liabilities and the remainder is included in Deferred credits and other liabilities. Furthermore, the Company has recorded an amount of $23.3 for environmental costs receivable as at April 29, 2007 ($21.8 as at April 30, 2006), of which $2.6 ($2.0 as at April 30, 2006) is included in Accounts receivable, the remainder being included in Other assets.

23. Financial instruments

Description of derivative financial instruments

Management of interest rate risk

The Company has entered into interest rate swaps to manage interest rate fluctuations. It has agreed to swap the amount of the difference between the variable interest rate and the fixed rate, calculated based on the reference amounts. These interest rate swaps have been designated as a fair value hedge of the subordinated unsecured debt.

The amounts outstanding at year end are as follows:

Maturity [a]	Reference	Pays/receives	Fixed rate	Variable rate
	$		%	
December 2013	100.0	pays variable receives fixed	7.5	LIBOR 6 month plus 3.03%
December 2013	100.0	pays variable receives fixed	7.5	LIBOR 6 month plus 2.98%
December 2013	150.0	pays variable receives fixed	7.5	LIBOR 6 month plus 2.89%

[a] Under certain conditions, the maturity date of the swaps can be altered to correspond with the repurchase conditions of the corresponding subordinated debt.

Fair value of financial instruments

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities is comparable to their carrying amount given that they will mature in less than one year.

The fair value of the temporary investments, which were bearing interest at rates varying from 3.90% to 4.22% as at April 30, 2006, was $21.4 as per the mark to market as at the same date.

With the exception of the subordinated unsecured debt, there is no significant difference between the fair value and the carrying amount of the Company's long-term debt as at April 29, 2007 and April 30, 2006, given that the largest loans bear interest at a floating rate.

The fair value of the subordinated unsecured debt is $364.4 as at April 29, 2007 ($357.9 as at April 30, 2006) and is estimated based on the discounted cash flows of the debt at the Company's estimated incremental borrowing rates for debt of the same remaining maturities.

The fair value of the interest rate swaps, as determined by the Company's banks based on quoted market prices for similar instruments, is $14.9 payable by the Company ($27.0 payable by the Company as at April 30, 2006).

23. Financial instruments (continued)

Credit risk

The Company is not subject to credit risk considering the nature of its activities and its counterparties.

24. Contractual obligations

Minimum lease payments

As at April 29, 2007, the Company has entered into lease agreements expiring on various dates until 2031 which call for aggregate minimum lease payments of $1,137.5 in the United States and of Cdn$429.0 in Canada for the rental of commercial space, equipment and a warehouse. Several of these leases contain renewal options and certain sites are subleased to franchise-holders. The minimum lease payments for the next years are as follows:

	United States	Canada
	$	Cdn$
2008	108.8	73.1
2009	102.5	59.6
2010	95.5	46.9
2011	88.8	38.9
2012	83.6	31.5
2013 and thereafter	658.3	179.0

Purchase commitments

The Company has concluded agreements to acquire, during the next years, franchise rights and equipment which call for aggregate payments of Cdn$5.0. The minimum payments for the next years are Cdn$0.6 in 2008, Cdn$1.6 in 2009, Cdn$0.7 in 2010, 2011 and 2012 and a total of Cdn$0.7 for 2013 and the subsequent years.

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

25. Contingencies and guarantees

Contingencies

Various claims and legal proceedings have been initiated against the Company in the normal course of its operations that relate to human resources and the environment. In management's opinion, these claims and proceedings are unfounded. Management estimates that any payments resulting from their outcome are not likely to have a substantial negative impact on the Company's results and financial position.

Guarantees

Sub-lease agreements

The Company entered into a number of agreements to sub-lease premises to third parties. Under some of these agreements, the Company retains ultimate responsibility to the landlord for payment of amounts under the lease agreements should the sub-lessees fail to pay. The total future lease payments under such agreements are approximately $1.5. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

Other indemnification agreements

In the normal course of its business, the Company provides indemnifications which vary in duration and given the nature of these indemnifications, the Company is unable to reasonably estimate its maximum potential liability payable to third parties. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

26. Segmented information

The Company operates convenience stores in the United States and 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.

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

			2007			2006
	U.S.	**Canada**	**Total**	U.S.	Canada	Total
	$	**$**	**$**	$	$	$
External customer revenues [(a)]						
Merchandise and services	**3,116.6**	**1,500.4**	**4,617.0**	2,812.0	1,426.7	4,238.7
Motor fuel	**6,514.6**	**955.8**	**7,470.4**	5,044.9	873.7	5,918.6
	9,631.2	**2,456.2**	**12,087.4**	7,856.9	2,300.4	10,157.3
Gross profit						
Merchandise and services	**1,046.9**	**526.6**	**1,573.5**	932.3	483.1	1,415.4
Motor fuel	**372.1**	**58.9**	**431.0**	312.5	63.6	376.1
	1,419.0	**585.5**	**2,004.5**	1,244.8	546.7	1,791.5
Property and equipment and goodwill [(a)]	**1,572.0**	**473.4**	**2,045.4**	795.7	464.2	1,259.9

			2005
	U.S.	Canada	Total
	$	$	$
External customer revenues [(a)]			
Merchandise and services	2,564.7	1,239.5	3,804.2
Motor fuel	3,567.8	664.8	4,232.6
	6,132.5	1,904.3	8,036.8
Gross profit			
Merchandise and services	834.9	415.7	1,250.6
Motor fuel	255.9	51.3	307.2
	1,090.8	467.0	1,557.8
Property and equipment and goodwill [(a)]	629.7	407.2	1,036.9

[(a)] Geographic areas are determined according to where the Company generates operating income (where the sale takes place) and according to the location of the property and equipment and goodwill.

27. Subsequent events

On June 5, 2007, the Company acquired, from Sterling Stores, LLC, 28 company-operated stores. These stores are operating under the Sterling banner in northwest Ohio, United States.

28. Comparative figures

Certain comparative figures have been reclassified to comply with the presentation adopted in the current year.