

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

(in millions)	May 3, 2008	May 5, 2007 Restated (Note 1)
Assets		
Current		
Cash and cash equivalents	\$ 191.4	\$ 294.9
Receivables	316.3	312.3
Mortgages, loans and other receivables (Note 6)	18.7	14.5
Income taxes receivable	-	3.6
Inventories	820.2	757.5
Prepaid expenses	62.0	51.4
	1,408.6	1,434.2
Investments (realizable value \$1.6; 2007 - \$283.1)	1.6	189.7
Investments, at equity (realizable value \$429.6; 2007 - \$434.0) (Note 5)	41.4	142.8
Mortgages, loans and other receivables (Note 6)	56.3	65.1
Other assets (Note 7)	175.5	151.7
Property and equipment (Note 8)	2,457.3	2,409.1
Assets held for sale (Note 9)	60.3	24.1
Intangibles (less accumulated amortization of \$21.3; 2007 \$11.7) (Note 10)	346.8	38.2
Goodwill	1,159.1	786.6
	\$ 5,706.9	\$ 5,241.5
Liabilities		
Current		
Bank indebtedness (Note 11)	\$ 92.1	\$ 30.1
Accounts payable and accrued liabilities	1,322.4	1,260.3
Income taxes payable	15.5	-
Future income taxes (Note 17)	32.9	40.4
Long-term debt due within one year (Note 12)	60.4	82.5
Liabilities relating to assets held for sale (Note 9)	6.4	6.8
	1,529.7	1,420.1
Long-term debt (Note 12)	1,414.6	792.6
Employee future benefits obligation (Note 24)	110.7	102.1
Future income taxes (Note 17)	125.5	130.4
Other long-term liabilities (Note 13)	106.5	76.6
Minority interest	37.6	588.6
	3,324.6	3,110.4
Shareholders' Equity		
Capital stock (Note 14)	195.7	196.1
Contributed surplus	0.5	0.3
Retained earnings	2,207.6	1,935.3
Accumulated other comprehensive loss	(21.5)	(0.6)
	2,382.3	2,131.1
	\$ 5,706.9	\$ 5,241.5

Commitments and contingent liabilities (Note 22)

Approved on behalf of the Board


Director


Director

See accompanying notes to the consolidated financial statements

Consolidated Statements of Retained Earnings

52 Weeks Ended (in millions)	May 3, 2008	May 5, 2007 Restated (Note 1)
Balance, beginning of year as previously reported	\$ 1,939.6	\$ 1,771.0
Adjustment due to change in accounting policy (Note 1)	(4.3)	–
Balance, beginning of year as restated	1,935.3	1,771.0
Net earnings	315.8	205.8
Dividends		
Preferred shares	(0.3)	(0.4)
Common shares	(43.2)	(39.5)
Premium on common shares purchased for cancellation (Note 14)	–	(1.6)
Balance, end of year	\$ 2,207.6	\$ 1,935.3

See accompanying notes to the consolidated financial statements

Consolidated Statements of Accumulated Other Comprehensive Loss

52 Weeks Ended (in millions)	May 3, 2008	May 5, 2007
Balance, beginning of year	\$ (0.6)	\$ (1.1)
Transition adjustment as of May 6, 2007 (Note 1)	77.2	–
Adjusted balance, beginning of year	76.6	(1.1)
Acquired comprehensive loss from purchase of minority interest in Sobeys Inc.	(0.6)	–
Other comprehensive (loss) income for the year	(97.5)	0.5
Balance, end of year	\$ (21.5)	\$ (0.6)

See accompanying notes to the consolidated financial statements

Consolidated Statements of Earnings

52 Weeks Ended (in millions except per share amounts)	May 3, 2008	May 5, 2007 Restated (Note 1)
Revenue	\$ 14,065.0	\$ 13,366.7
Operating expenses		
Cost of sales, selling and administrative expenses	13,322.3	12,707.9
Depreciation and amortization	304.6	269.2
	438.1	389.6
Investment income (Note 15)	34.5	41.5
Operating income	472.6	431.1
Interest expense		
Long-term debt	100.6	54.1
Short-term debt	5.2	6.0
	105.8	60.1
	366.8	371.0
Capital gains and other items (Note 16)	87.7	7.1
Earnings before income taxes and minority interest	454.5	378.1
Income taxes (Note 17)		
Current	120.8	104.8
Future	5.1	12.1
	125.9	116.9
Earnings before minority interest	328.6	261.2
Minority interest	12.8	55.4
Net earnings	\$ 315.8	\$ 205.8
Earnings per share (Note 4)		
Basic	\$ 4.80	\$ 3.14
Diluted	\$ 4.80	\$ 3.13
Weighted average number of common shares outstanding, in millions		
Basic	65.6	65.6
Diluted	65.7	65.7

See accompanying notes to the consolidated financial statements

Consolidated Statements of Comprehensive Income

52 Weeks Ended (in millions)	May 3, 2008	May 5, 2007 Restated (Note 1)
Net earnings	\$ 315.8	\$ 205.8
Other comprehensive income, net of income taxes		
Reclassification of gains on available-for-sale financial assets to earnings	(78.7)	-
Unrealized losses on derivatives designated as cash flow hedges	(14.0)	-
Reclassification of loss on derivative instruments designated as cash flow hedges to earnings	(0.6)	-
Share of comprehensive loss of entities accounted using the equity method	(4.6)	-
Foreign currency translation adjustment	0.4	0.5
	(97.5)	0.5
Comprehensive income	\$ 218.3	\$ 206.3

See accompanying notes to the consolidated financial statements

Consolidated Statements of Cash Flows

52 Weeks Ended (in millions)	May 3, 2008	May 5, 2007 Restated (Note 1)
Operating Activities		
Net earnings	\$ 315.8	\$ 205.8
Items not affecting cash (Note 18)	354.1	382.6
Preferred dividends	(0.3)	(0.4)
	669.6	588.0
Net change in non-cash working capital	(26.1)	(149.2)
Cash flows from operating activities	643.5	438.8
Investing Activities		
Net decrease in investments	138.3	185.4
Purchase of shares in subsidiary, Sobeys Inc. (Note 2)	(1,065.7)	(48.6)
Proceeds from sale of property to Crombie REIT (Note 3)	373.5	-
Purchase of property and equipment	(549.4)	(508.9)
Proceeds on disposal of property and equipment	52.2	68.9
Mortgages, loans and other receivables	4.6	5.1
Increase in other assets	(57.8)	(30.8)
Business acquisitions, net of cash acquired of \$10.2 (Note 25)	(263.2)	(95.9)
Cash flows used in investing activities	(1,367.5)	(424.8)
Financing Activities		
Increase (decrease) in bank indebtedness	62.0	(68.5)
(Decrease) increase in construction loans	(1.1)	1.2
Issue of long-term debt	1,099.8	159.6
Repayment of long-term debt	(507.5)	(103.0)
Minority interest	11.1	(8.3)
Repurchase of preferred shares	(1.0)	(0.8)
Issue of Non-Voting Class A shares	0.4	1.0
Repurchase of Non-Voting Class A shares	-	(1.9)
Common dividends	(43.2)	(39.5)
Cash flows from (used in) financing activities	620.5	(60.2)
Decrease in cash and cash equivalents	(103.5)	(46.2)
Cash and cash equivalents, beginning of year	294.9	341.1
Cash and cash equivalents, end of year	\$ 191.4	\$ 294.9

See accompanying notes to the consolidated financial statements