

consolidated financial statements

Consolidated Balance Sheets

(in millions)	May 2, 2009	May 3, 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 231.6	\$ 191.4
Receivables	318.7	291.1
Loans and other receivables (NOTE 6)	55.8	69.9
Income taxes receivable	4.9	-
Inventories	842.8	820.2
Prepaid expenses	70.8	62.0
	1,524.6	1,434.6
Investments (realizable value \$1.1; 2008 – \$1.6)	1.1	1.6
Investments, at equity (realizable value \$254.4; 2008 – \$429.6) (NOTE 5)	18.8	41.4
Loans and other receivables (NOTE 6)	75.3	56.3
Other assets (NOTE 7)	151.4	175.5
Property and equipment (NOTE 8)	2,601.5	2,457.3
Assets held for sale (NOTE 9)	8.5	60.3
Intangibles (NOTE 10)	345.4	346.8
Goodwill	1,171.4	1,159.1
	\$ 5,898.0	\$ 5,732.9
LIABILITIES		
Current		
Bank indebtedness (NOTE 11)	\$ 45.9	\$ 92.6
Accounts payable and accrued liabilities	1,487.1	1,348.4
Income taxes payable	-	15.5
Future income taxes (NOTE 18)	42.7	32.9
Long-term debt due within one year (NOTE 12)	133.0	60.4
Liabilities relating to assets held for sale (NOTE 9)	-	6.4
	1,708.7	1,556.2
Long-term debt (NOTE 12)	1,124.0	1,414.1
Employee future benefits obligation (NOTE 25)	118.4	110.7
Future income taxes (NOTE 18)	89.5	125.5
Other long-term liabilities (NOTE 13)	135.0	106.5
Minority interest	38.9	37.6
	3,214.5	3,350.6
SHAREHOLDERS' EQUITY		
Capital stock (NOTE 14)	324.5	195.7
Contributed surplus	1.7	0.5
Retained earnings	2,405.8	2,207.6
Accumulated other comprehensive loss	(48.5)	(21.5)
	2,683.5	2,382.3
	\$ 5,898.0	\$ 5,732.9

Guarantees, commitments and contingent liabilities (NOTE 23)

Subsequent events (NOTE 30)

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 2, 2009	May 3, 2008
Balance, beginning of year as previously reported	\$ 2,207.6	\$ 1,939.6
Adjustment due to implementation of new accounting standard (NOTE 1)	(21.5)	–
Adjustment due to change in accounting policy (NOTE 1)	–	(4.3)
Balance, beginning of year as restated	2,186.1	1,935.3
Net earnings	265.9	315.8
Dividends		
Preferred shares	(0.1)	(0.3)
Common shares	(46.1)	(43.2)
Balance, end of year	\$ 2,405.8	\$ 2,207.6

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Consolidated Statements of Accumulated Other Comprehensive Loss

52 Weeks Ended (in millions)	May 2, 2009	May 3, 2008
Balance, beginning of year	\$ (21.5)	\$ (0.6)
Transition adjustment as of May 6, 2007 (NOTE 1)	–	77.2
Adjusted balance, beginning of year	(21.5)	76.6
Acquired comprehensive loss from purchase of minority interest in Sobeys Inc.	–	(0.6)
Other comprehensive loss for the year	(27.0)	(97.5)
Balance, end of year	\$ (48.5)	\$ (21.5)

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Consolidated Statements of Earnings

52 Weeks Ended (in millions except per share amounts)	May 2, 2009	May 3, 2008
Revenue	\$ 15,015.1	\$ 14,065.0
Operating expenses		
Cost of sales, selling and administrative expenses	14,261.1	13,322.3
Depreciation and amortization	324.8	304.6
	429.2	438.1
Investment income (NOTE 16)	38.9	34.5
Operating income	468.1	472.6
Interest expense		
Long-term debt	75.9	100.6
Short-term debt	4.7	5.2
	80.6	105.8
	387.5	366.8
Capital gains and other items (NOTE 17)	2.8	87.7
Earnings before income taxes and minority interest	390.3	454.5
Income taxes (NOTE 18)		
Current	129.6	120.8
Future	(13.5)	5.1
	116.1	125.9
Earnings before minority interest	274.2	328.6
Minority interest	8.3	12.8
Net earnings	\$ 265.9	\$ 315.8
Earnings per share (NOTE 4)		
Basic	\$ 4.05	\$ 4.80
Diluted	\$ 4.04	\$ 4.80
Weighted average number of common shares outstanding, in millions		
Basic	65.7	65.6
Diluted	65.8	65.7

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Consolidated Statements of Comprehensive Income

52 Weeks Ended (in millions)	May 2, 2009	May 3, 2008
Net earnings	\$ 265.9	\$ 315.8
Other comprehensive income, net of income taxes		
Reclassification of gains on available-for-sale financial assets to earnings, net of income taxes of \$nil (2008 – \$(17.7))	–	(78.7)
Unrealized losses on available-for-sale financial assets, net of income taxes of \$(0.1) (2008 – \$nil)	(0.4)	–
Unrealized losses on derivatives designated as cash flow hedges, net of income taxes of \$(7.3) (2008 – \$(6.3))	(16.2)	(14.0)
Reclassification of loss on derivative instruments designated as cash flow hedges to earnings, net of income taxes of \$1.5 (2008 – \$(0.3))	3.5	(0.6)
Share of comprehensive loss of entities accounted using the equity method, net of income taxes of \$(7.3) (2008 – \$(2.4))	(14.1)	(4.6)
Foreign currency translation adjustment	0.2	0.4
	(27.0)	(97.5)
Comprehensive income	\$ 238.9	\$ 218.3

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Consolidated Statements of Cash Flows

52 Weeks Ended (in millions)	May 2, 2009	May 3, 2008
OPERATING ACTIVITIES		
Net earnings	\$ 265.9	\$ 315.8
Items not affecting cash (NOTE 19)	346.1	360.1
Preferred dividends	(0.1)	(0.3)
	611.9	675.6
Net change in non-cash working capital	46.3	(45.7)
Cash flows from operating activities	658.2	629.9
INVESTING ACTIVITIES		
Net (increase) decrease in investments	(1.9)	133.6
Purchase of shares in subsidiary, Sobeys Inc. (NOTE 2)	–	(1,065.7)
Proceeds from sale of property to Crombie REIT (NOTE 3)	–	373.5
Purchase of property and equipment	(431.0)	(550.7)
Proceeds on disposal of property and equipment	78.0	52.2
Loans and other receivables	(4.9)	24.2
Increase in other assets	(2.9)	(57.8)
Business acquisitions, net of cash acquired of \$nil (2008 – \$10.2) (NOTE 26)	(41.4)	(263.2)
Cash flows used in investing activities	(404.1)	(1,353.9)
FINANCING ACTIVITIES		
(Decrease) increase in bank indebtedness	(46.7)	60.9
Issue of long-term debt	66.8	1,099.8
Repayment of long-term debt	(307.7)	(507.5)
Minority interest	(7.0)	11.1
Repurchase of preferred shares	(2.3)	(1.0)
Issue of Non-Voting Class A shares (NOTE 14)	129.1	0.4
Common dividends	(46.1)	(43.2)
Cash flows (used in) from financing activities	(213.9)	620.5
Increase (decrease) in cash and cash equivalents	40.2	(103.5)
Cash and cash equivalents, beginning of year	191.4	294.9
Cash and cash equivalents, end of year	\$ 231.6	\$ 191.4

See accompanying notes to the consolidated financial statements