

# Consolidated Financial Statements

## Consolidated Statements of Earnings

Years ended September 30 (in thousands of Canadian dollars, except share data)	2008	2007	2006
	\$	\$	\$
<b>Revenue</b>	<b>3,705,863</b>	3,633,945	3,393,382
Operating expenses			
Costs of services, selling and administrative (Note 18)	3,111,965	3,053,739	2,919,007
Amortization (Note 14)	163,944	175,029	168,381
Restructuring costs related to specific items (Note 16)	–	23,010	67,266
Interest on long-term debt	27,284	41,818	43,291
Other income	(5,570)	(9,336)	(7,588)
Interest and other expenses	3,341	283	491
Gain on sale of assets	–	(700)	(10,475)
	<b>3,300,964</b>	3,283,843	3,180,373
Earnings from continuing operations before income taxes and non-controlling interest	404,899	350,102	213,009
Income taxes (Note 17)	106,133	115,192	69,239
Non-controlling interest, net of income taxes	868	251	–
Earnings from continuing operations	297,898	234,659	143,770
(Loss) earnings from discontinued operations, net of income taxes (Note 20)	(5,134)	1,743	2,763
<b>Net earnings</b>	<b>292,764</b>	236,402	146,533
<b>Basic earnings (loss) per share</b>			
Continuing operations (Note 13)	0.94	0.71	0.39
Discontinued operations	(0.02)	0.01	0.01
	<b>0.92</b>	0.72	0.40
<b>Diluted earnings (loss) per share</b>			
Continuing operations (Note 13)	0.92	0.70	0.39
Discontinued operations	(0.02)	0.01	0.01
	<b>0.90</b>	0.71	0.40

See Notes to the consolidated financial statements

## Consolidated Statements of Comprehensive Income

Years ended September 30 (in thousands of Canadian dollars)	2008	2007	2006
	\$	\$	\$
<b>Net earnings</b>	<b>292,764</b>	236,402	146,533
Net unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	<b>67,561</b>	(118,785)	(47,857)
Net unrealized (losses) gains on translating long-term debt designated as a hedge of net investment in self-sustaining foreign operations	<b>(538)</b>	22,848	8,794
Net unrealized losses on cash flow hedges	<b>(1,200)</b>	–	–
Other comprehensive income (loss) before income taxes	<b>65,823</b>	(95,937)	(39,063)
Income tax expense (recovery) on other comprehensive income (loss)	<b>1,174</b>	913	(623)
Other comprehensive income (loss) (Note 15)	<b>64,649</b>	(96,850)	(38,440)
<b>Comprehensive income</b>	<b>357,413</b>	139,552	108,093

See Notes to the consolidated financial statements.

## Consolidated Statements of Retained Earnings

Years ended September 30 (in thousands of Canadian dollars)	2008	2007	2006
	\$	\$	\$
<b>Balance, beginning of year</b>	<b>752,847</b>	587,201	895,267
Net earnings	<b>292,764</b>	236,402	146,533
Share repurchase costs (Note 11)	<b>–</b>	–	(6,760)
Excess of purchase price over carrying value of Class A subordinate shares acquired (Note 11)	<b>(121,890)</b>	(70,756)	(447,839)
<b>Balance, end of year</b>	<b>923,721</b>	752,847	587,201

See Notes to the consolidated financial statements.

# Consolidated Balance Sheets

As at September 30 (in thousands of Canadian dollars)

2008 2007

\$ \$

## Assets

### Current assets

Cash and cash equivalents (Note 3)	50,134	88,879
Accounts receivable (Note 4)	487,563	466,042
Work in progress	228,510	176,417
Prepaid expenses and other current assets	82,992	67,625
Income taxes	4,189	4,849
Future income taxes (Note 17)	34,031	30,434
Assets held for sale (Note 20)	1,398	53,631

888,817 887,877

Capital assets (Note 5)	178,435	142,405
Contract costs (Note 6)	166,911	192,722
Finite-life intangibles and other long-term assets (Note 7)	422,078	445,824
Future income taxes (Note 17)	7,747	4,673
Goodwill (Note 8)	1,689,362	1,646,929

Total assets before funds held for clients 3,353,350 3,320,430

Funds held for clients 330,623 155,378

3,683,973 3,475,808

## Liabilities

### Current liabilities

Accounts payable and accrued liabilities	339,765	331,123
Accrued compensation	127,151	130,830
Deferred revenue	133,688	150,211
Income taxes	79,260	108,272
Future income taxes (Note 17)	25,529	21,825
Current portion of long-term debt (Note 10)	100,917	9,815
Liabilities held for sale (Note 20)	657	12,095

806,967 764,171

Future income taxes (Note 17)	184,686	202,718
Long-term debt (Note 10)	290,174	463,376
Other long-term liabilities (Note 9)	72,181	71,897

Total liabilities before clients' funds obligations 1,354,008 1,502,162

Clients' funds obligations 330,623 155,378

1,684,631 1,657,540

Commitments, contingencies and guarantees (Note 26)

## Shareholders' equity

Retained earnings	923,721	752,847
Accumulated other comprehensive loss (Note 15)	(321,424)	(386,073)

602,297 366,774


Capital stock (Note 11)	1,319,672	1,369,029
Contributed surplus (Note 12 b)	77,373	82,465

1,999,342 1,818,268

3,683,973 3,475,808

See Notes to the consolidated financial statements.

Approved by the Board

  
Director  
Michael E. Roach

  
Director  
Serge Godin

# Consolidated Statements of Cash Flows

Years ended September 30 (in thousands of Canadian dollars)

	2008	2007	2006
	\$	\$	\$
<b>Operating activities</b>			
Earnings from continuing operations	297,898	234,659	143,770
Adjustments for:			
Amortization (Note 14)	186,892	198,335	197,375
Non-cash portion of restructuring costs related to specific items	–	–	1,311
Deferred credits	–	–	(781)
Future income taxes (Note 17)	(22,839)	10,054	(34,225)
Foreign exchange loss	1,846	3,833	1,412
Stock-based compensation (Note 12 a)	5,131	13,933	12,895
Gain on sale of assets	–	(700)	(10,475)
Non-controlling interest, net of income tax	868	251	–
Net change in non-cash working capital items (Note 22 a)	(113,886)	84,250	(8,578)
Cash provided by continuing operating activities	355,910	544,615	302,704
<b>Investing activities</b>			
Business acquisitions (net of cash acquired) (Note 19)	–	(17,298)	(25,620)
Proceeds from sale of assets and businesses (net of cash disposed) (Notes 19 and 20)	29,238	–	30,114
Purchase of capital assets	(60,983)	(50,967)	(40,696)
Proceeds from disposal of capital assets	–	1,371	562
Payment of contract costs	(13,138)	(24,189)	(33,990)
Reimbursement of contract costs upon termination of a contract	–	2,143	–
Additions to finite-life intangibles and other long-term assets	(48,044)	(66,306)	(72,281)
Decrease in other long-term assets	3,019	908	2,677
Cash used in continuing investing activities	(89,908)	(154,338)	(139,234)
<b>Financing activities</b>			
Use of credit facilities	90,305	30,113	746,170
Repayment of credit facilities	(196,533)	(353,643)	(158,944)
Repayment of long-term debt	(14,064)	(7,466)	(13,124)
Repurchase of Class A subordinate shares (Note 11)	(216,208)	(128,541)	(926,145)
Issuance of shares (net of share issue costs) (Note 11)	32,423	42,744	57,963
Cash used in continuing financing activities	(304,077)	(416,793)	(294,080)
Effect of foreign exchange rate changes on cash and cash equivalents from continuing operations	398	(3,962)	(352)
Net decrease in cash and cash equivalents from continuing operations	(37,677)	(30,478)	(130,962)
Net cash and cash equivalents (used in) provided by discontinued operations (Note 20)	(1,068)	3,628	6,232
Cash and cash equivalents, beginning of year	88,879	115,729	240,459
<b>Cash and cash equivalents, end of year</b> (Note 3)	<b>50,134</b>	<b>88,879</b>	<b>115,729</b>

Supplementary cash flow information (Note 22)  
See Notes to the consolidated financial statements.