

Financial statements

Consolidated statements of earnings

Years ended September 30 (in thousands of Canadian dollars, except share data)

	2005 \$	2004 \$ RESTATED	2003 \$ RESTATED
REVENUE	3,685,986	3,150,070	2,589,905
Operating expenses			
Costs of services, selling and administrative (NOTE 15)	3,151,558	2,677,396	2,182,447
Amortization (NOTE 12)	199,283	162,591	119,097
Interest on long-term debt	24,014	20,672	12,578
Other income, net	(7,156)	(8,728)	(3,094)
Sale of right (NOTE 13)	(11,000)	—	—
Gain on sale of investment in an entity subject to significant influence (NOTE 16)	(4,216)	—	—
Entity subject to significant influence	(321)	(488)	(295)
	3,352,162	2,851,443	2,310,733
Earnings from continuing operations before income taxes	333,824	298,627	279,172
Income taxes (NOTE 14)	114,126	113,241	113,057
Net earnings from continuing operations	219,698	185,386	166,115
Net (loss) gain from discontinued operations (NOTE 17)	(3,210)	8,655	3,083
NET EARNINGS	216,488	194,041	169,198
Weighted-average number of outstanding Class A subordinate and Class B shares	439,349,210	419,510,503	395,191,927
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE (NOTE 11)			
Continuing operations	0.50	0.44	0.42
Discontinued operations	(0.01)	0.02	0.01
	0.49	0.46	0.43

See Notes to the consolidated financial statements.

Consolidated statements of retained earnings

Years ended September 30 (in thousands of Canadian dollars)

	2005 \$	2004 \$	2003 \$
BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	769,421	555,310	377,944
Change in accounting policies (NOTE 2)	(38,664)	(13,105)	(4,937)
Balance, beginning of year, restated	730,757	542,205	373,007
Net earnings	216,488	194,041	169,198
Share issue costs, net of income taxes (NOTE 9)	—	(5,489)	—
Excess of purchase price over carrying value of Class A subordinate shares acquired (NOTE 9)	(51,978)	—	—
BALANCE, END OF YEAR	895,267	730,757	542,205

See Notes to the consolidated financial statements.

Financial statements

Consolidated balance sheets

As at September 30 (in thousands of Canadian dollars)

	2005 \$	2004 \$ RESTATE
ASSETS		
Current assets		
Cash and cash equivalents	240,459	200,623
Accounts receivable (NOTE 3)	487,731	546,286
Work in progress	214,470	222,278
Prepaid expenses and other current assets	75,531	89,658
Future income taxes (NOTE 14)	22,118	79,584
	1,040,309	1,138,429
Capital assets (NOTE 4)	116,388	143,641
Contract costs (NOTE 5)	228,646	278,240
Finite-life intangibles and other long-term assets (NOTE 6)	580,642	630,080
Future income taxes (NOTE 14)	46,601	101,899
Goodwill (NOTE 7)	1,773,370	1,827,604
Total assets before funds held for clients	3,785,956	4,119,893
Funds held for clients (NOTE 2)	200,703	196,622
	3,986,659	4,316,515
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	378,691	427,635
Accrued compensation	107,014	110,700
Deferred revenue	127,950	123,213
Income taxes	31,955	31,369
Future income taxes (NOTE 14)	47,163	68,603
Current portion of long-term debt (NOTE 8)	14,899	14,529
	707,672	776,049
Future income taxes (NOTE 14)	238,983	287,433
Long-term debt (NOTE 8)	234,801	475,291
Accrued integration charges (NOTE 16) and other long-term liabilities	109,810	119,258
Total liabilities before clients' funds obligations	1,291,266	1,658,031
Clients' funds obligations (NOTE 2)	200,703	196,622
	1,491,969	1,854,653
Commitments and contingencies (NOTE 23)		
SHAREHOLDERS' EQUITY		
Capital stock (NOTE 9)	1,762,973	1,820,230
Contributed surplus (NOTE 10C)	67,578	49,879
Warrants (NOTE 10B)	19,655	19,655
Retained earnings	895,267	730,757
Foreign currency translation adjustment	(250,783)	(158,659)
	2,494,690	2,461,862
	3,986,659	4,316,515

See Notes to the consolidated financial statements.

Approved by the Board

(signed)
SERGE GODIN
DIRECTOR

(signed)
ANDRÉ IMBEAU
DIRECTOR

Financial statements

Consolidated statements of cash flows

Years ended September 30 (in thousands of Canadian dollars)

	2005 \$	2004 \$ RESTATED	2003 \$ RESTATED
OPERATING ACTIVITIES			
Net earnings from continuing operations	219,698	185,386	166,115
Adjustments for:			
Amortization (NOTE 12)	230,933	192,325	146,886
Deferred credits	(3,038)	(16,439)	(30,174)
Future income taxes (NOTE 14)	35,650	55,626	46,249
Foreign exchange loss (gain)	1,993	(789)	1,914
Stock-based compensation expense	20,554	25,559	8,168
Sale of right (NOTE 13)	(11,000)	—	—
Gain on sale of investment in an entity subject to significant influence (NOTE 16)	(4,216)	—	—
Entity subject to significant influence	(321)	(488)	(295)
Net change in non-cash working capital items (NOTE 19)	(10,576)	(211,376)	(108,789)
Cash provided by continuing operating activities	479,677	229,804	230,074
INVESTING ACTIVITIES			
Business acquisitions (net of cash acquired) (NOTE 16)	(66,229)	(589,678)	(233,512)
Proceeds from sale of assets and businesses (net of cash disposed) (NOTE 16)	29,521	87,503	—
Proceeds from sale of investment in an entity subject to significant influence (NOTE 16)	20,849	—	—
Proceeds from sale of right (NOTE 13)	11,000	—	—
Purchase of capital assets	(25,314)	(59,829)	(61,226)
Proceeds from disposal of capital assets	6,663	4,738	—
Contract costs	(27,304)	(76,260)	(29,211)
Reimbursement of contract costs upon termination of a contract	15,300	—	—
Additions to finite-life intangibles and other long-term assets	(88,000)	(84,696)	(149,951)
Proceeds from disposal of finite-life intangibles	5,251	—	—
Decrease in other long-term assets	13,018	17,595	10,321
Cash used in continuing investing activities	(105,245)	(700,627)	(463,579)
FINANCING ACTIVITIES			
Increase in credit facilities (NOTE 8)	190,000	240,534	219,000
Repayment of credit facilities	(397,578)	(219,000)	—
Increase in other long-term debt	—	257,604	2,471
Repayment of other long-term debt	(16,705)	(26,451)	(22,220)
Repurchase of Class A subordinate shares	(109,456)	—	—
Issuance of shares (net of share issue costs) (NOTE 9)	4,551	330,996	6,451
Cash (used in) provided by continuing financing activities	(329,188)	583,683	205,702
Effect of foreign exchange rate changes on cash and cash equivalents of continuing operations	(6,167)	186	917
Net increase (decrease) in cash and cash equivalents of continuing operations	39,077	113,046	(26,886)
Net cash and cash equivalents provided by discontinued operations (NOTE 17)	759	4,068	6,174
Cash and cash equivalents, beginning of year	200,623	83,509	104,221
CASH AND CASH EQUIVALENTS, END OF YEAR	240,459	200,623	83,509

Supplementary cash flow information (NOTE 19)

See Notes to the consolidated financial statements.