

# Consolidated Financial Statements

## Consolidated Statements of Earnings

YEARS ENDED SEPTEMBER 30	2006	2005	2004
(in thousands of Canadian dollars, except share data)	\$	\$	\$
<b>REVENUE</b>	3,477,623	3,685,986	3,150,070
Operating expenses			
Costs of services, selling and administrative (NOTE 16)	2,996,521	3,151,558	2,677,396
Amortization (NOTE 12)	170,766	199,283	162,591
Restructuring costs related to specific items (NOTE 13)	67,266	–	–
Interest on long-term debt	43,291	24,014	20,672
Other income, net	(7,252)	(7,156)	(8,728)
Gain on sale of assets (NOTE 17)	(10,475)	–	–
Gain on sale and earnings from an investment in an entity subject to significant influence (NOTE 17)	–	(4,537)	(488)
Sale of right (NOTE 14)	–	(11,000)	–
	3,260,117	3,352,162	2,851,443
Earnings from continuing operations before income taxes	217,506	333,824	298,627
Income taxes (NOTE 15)	70,973	114,126	113,241
Net earnings from continuing operations	146,533	219,698	185,386
Net (loss) gain from discontinued operations (NOTE 18)	–	(3,210)	8,655
<b>NET EARNINGS</b>	146,533	216,488	194,041
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE (NOTE 11)</b>			
Continuing operations	0.40	0.50	0.44
Discontinued operations	–	(0.01)	0.02
	0.40	0.49	0.46

See Notes to the consolidated financial statements.

## Consolidated Statements of Retained Earnings

YEARS ENDED SEPTEMBER 30	2006	2005	2004
(in thousands of Canadian dollars)	\$	\$	\$
<b>BALANCE, BEGINNING OF YEAR</b>	895,267	730,757	542,205
Net earnings	146,533	216,488	194,041
Share repurchase costs (NOTE 9)	(6,760)	–	–
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)	(447,839)	(51,978)	–
<b>BALANCE, END OF YEAR</b>	587,201	895,267	730,757

See Notes to the consolidated financial statements.

## Consolidated Balance Sheets

AS AT SEPTEMBER 30	2006	2005
(in thousands of Canadian dollars)	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	115,729	240,459
Accounts receivable (NOTE 3)	479,767	487,731
Work in progress	197,381	214,470
Prepaid expenses and other current assets	89,639	75,281
Future income taxes (NOTE 15)	33,728	22,118
	916,244	1,040,059
Capital assets (NOTE 4)	120,032	116,388
Contract costs (NOTE 5)	212,115	223,122
Finite-life intangibles and other long-term assets (NOTE 6)	525,905	586,416
Future income taxes (NOTE 15)	25,127	46,601
Goodwill (NOTE 7)	1,737,886	1,773,370
Total assets before funds held for clients	3,537,309	3,785,956
Funds held for clients (NOTE 2)	154,723	200,703
	3,692,032	3,986,659
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	367,127	378,691
Accrued compensation	108,331	107,014
Deferred revenue	111,759	127,950
Income taxes	41,707	31,955
Future income taxes (NOTE 15)	30,384	47,163
Current portion of long-term debt (NOTE 8)	8,242	14,899
	667,550	707,672
Future income taxes (NOTE 15)	213,512	238,983
Long-term debt (NOTE 8)	805,017	234,801
Accrued integration charges (NOTE 17) and other long-term liabilities	103,210	109,810
Total liabilities before clients' funds obligations	1,789,289	1,291,266
Clients' funds obligations (NOTE 2)	154,723	200,703
	1,944,012	1,491,969
Commitments, contingencies and guarantees (NOTE 24)		
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (NOTE 9)	1,367,606	1,762,973
Contributed surplus (NOTE 10)	82,436	67,578
Warrants (NOTE 10)	—	19,655
Retained earnings	587,201	895,267
Foreign currency translation adjustment	(289,223)	(250,783)
	1,748,020	2,494,690
	3,692,032	3,986,659

See Notes to the consolidated financial statements.

Approved by the Board

[signed]

Director  
MICHAEL E. ROACH

[signed]

Director  
ANDRÉ IMBEAU

## Consolidated Statements of Cash Flows

YEARS ENDED SEPTEMBER 30	2006	2005	2004
(in thousands of Canadian dollars)	\$	\$	\$
<b>OPERATING ACTIVITIES</b>			
Net earnings from continuing operations	146,533	219,698	185,386
Adjustments for:			
Amortization (NOTE 12)	199,760	231,965	192,718
Non-cash portion of restructuring costs related to specific items (NOTE 13)	1,311	–	–
Deferred credits	(781)	(3,038)	(16,439)
Future income taxes (NOTE 15)	(34,225)	35,650	55,626
Foreign exchange loss (gain)	1,914	1,993	(789)
Stock-based compensation (NOTE 10)	12,895	20,554	25,559
Sale of right (NOTE 14)	–	(11,000)	–
Gain on sale of assets (NOTE 17)	(10,475)	–	–
Gain on sale and earnings from an investment in an entity subject to significant influence (NOTE 17)	–	(4,537)	(488)
Net change in non-cash working capital items (NOTE 20)	(7,371)	(10,576)	(211,376)
Cash provided by continuing operating activities	309,561	480,709	230,197
<b>INVESTING ACTIVITIES</b>			
Business acquisitions (net of cash acquired) (NOTE 17)	(25,620)	(66,229)	(589,678)
Proceeds from sale of assets and businesses (net of cash disposed) (NOTE 17)	30,114	29,521	87,503
Proceeds from sale of investment in an entity subject to significant influence (NOTE 17)	–	20,849	–
Proceeds from sale of right (NOTE 14)	–	11,000	–
Purchase of capital assets	(41,105)	(25,314)	(59,829)
Proceeds from disposal of capital assets	562	6,663	4,738
Payment of contract costs	(31,417)	(25,057)	(75,142)
Reimbursement of contract costs upon termination of a contract	–	15,300	–
Additions to finite-life intangibles and other long-term assets	(74,568)	(90,674)	(85,814)
Proceeds from disposal of finite-life intangibles	–	5,251	–
Decrease in other long-term assets	2,677	12,413	17,202
Cash used in continuing investing activities	(139,357)	(106,277)	(701,020)
<b>FINANCING ACTIVITIES</b>			
Increase in credit facilities (NOTE 8)	746,170	190,000	240,534
Repayment of credit facilities	(158,944)	(397,578)	(219,000)
Increase in long-term debt	–	–	257,604
Repayment of long-term debt	(13,124)	(16,705)	(26,451)
Repurchase of Class A subordinate shares (net of share repurchase costs) (NOTE 9)	(926,145)	(109,456)	–
Issuance of shares (net of share issue costs) (NOTE 9)	57,963	4,551	330,996
Cash (used in) provided by continuing financing activities	(294,080)	(329,188)	583,683
Effect of foreign exchange rate changes on cash and cash equivalents of continuing operations	(854)	(6,167)	186
Net (decrease) increase in cash and cash equivalents of continuing operations	(124,730)	39,077	113,046
Net cash and cash equivalents provided by discontinued operations (NOTE 18)	–	759	4,068
Cash and cash equivalents, beginning of year	240,459	200,623	83,509
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>115,729</b>	<b>240,459</b>	<b>200,623</b>

Supplementary cash flow information (NOTE 20)  
See Notes to the consolidated financial statements.