INTERIM REPORT

12-week period ended December 21, 2013

1st Quarter 2014

HIGHLIGHTS

- **Sales of $2,701.3 million, flat versus last year**
- **Adjusted net earnings from continuing operations[1] of $103.9 million or $1.11 per share, down 0.9%**
- **Same-store sales down 0.5%**
- **Declared dividend of $0.30 per share, up 20%**
- **New dividend policy with payout ratio target increased from 20% of the previous year's net earnings to a level between 20% and 30%, with a target of 25%**

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metro

REPORT TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present our interim report for the first quarter of fiscal 2014 ended December 21, 2013.

2014 first quarter sales totalled $2,701.3 million versus $2,704.7 million for the first quarter last year. Same-store sales were down 0.5%. Competition remained intense in the first quarter and our merchandising strategies as well as our investments drove improved sales performance compared to the last two quarters of 2013.

We realized net earnings of $99.2 million and fully diluted net earnings per share of $1.06 in the first quarter of 2014 compared to $117.3 million and $1.19 respectively in 2013. Excluding a non-recurring pre-tax expense of $6.4 million recorded in the first quarter of 2014 as well as the gain on disposal of our Distagro foodservice division in 2013, adjusted net earnings from continuing operations[(1)] were $103.9 million in the first quarter of 2014 compared to $110.9 million last year, and adjusted fully diluted net earnings per share from continuing operations[(1)] were $1.11 compared to $1.12 last year, down 0.9%.

Our financial position at the end of the first quarter of 2014 remains very solid. We had an unused authorized revolving line of credit of $446.3 million. Our debt ratio (non-current debt/total capital) was 22.5%.

Given our strong financial position, the Board of Directors has approved a change in the dividend policy. The annual dividend payout represents a target range of 20% to 30% of the prior fiscal year's net earnings, with a target of 25% as opposed to the previous target of 20%. On January 27, 2014, the Board of Directors declared a quarterly dividend of $0.30 per share, an increase of 20% over last year.

We are committed to delivering great value to our customers in each of our banners in order to sustain[(2)] our long-term growth.

Eric R. La Flèche
President and Chief Executive Officer

January 28, 2014

(1) See section on "IFRS and Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) sets out the financial position and consolidated results of METRO INC. on December 21, 2013. It should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes in this interim report.

The unaudited interim condensed consolidated financial statements for the 12-week period ended December 21, 2013 have been prepared by management in accordance with IAS 34 “Interim Financial Reporting”. They should be read in conjunction with the audited annual consolidated financial statements and accompanying notes and the MD&A presented in the Corporation's 2013 Annual Report. Certain comparative figures in this interim report have been restated as a consequence of amendments to the accounting policy related to employee benefits which the Corporation adopted in the first quarter of 2014 (see note 2 of the consolidated financial statements). Unless otherwise stated, the interim report is based upon information as at January 17, 2014.

Additional information, including the Certification of Interim Filings letters for the quarter ended December 21, 2013 signed by the President and Chief Executive Officer and the Senior Vice-President, Chief Financial Officer and Treasurer, is also available on the SEDAR website at: www.sedar.com.

OPERATING RESULTS

We realized net earnings of $99.2 million in the first quarter of fiscal 2014 versus $117.3 million last year, and fully diluted net earnings per share of $1.06 versus $1.19 last year.

SALES

2014 first quarter sales totalled $2,701.3 million essentially flat versus $2,704.7 million for the corresponding quarter last year. Same-store sales were down 0.5%, an improvement over the last two quarters of 2013.

EARNINGS BEFORE FINANCIAL COSTS, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)[1]

EBITDA[1] for the first quarter of 2014 was $171.1 million, down 7.3% from $184.5 million for the same quarter last year. Non-recurring closing costs of $6.4 million were recorded in the first quarter of 2014 as a result of our decision to consolidate our Quebec produce and dairy distribution operations in our new Laval distribution centre and to close another facility next March. Excluding this non-recurring expense, adjusted EBITDA[1] for the first quarter of 2014 was $177.5 million which represented 6.6% of sales versus 6.8% for the first quarter of 2013. The lower return is due mainly to the gross margin decrease from 19.0% in 2013 to 18.8% in 2014 as part of the merchandising strategies we adopted in 2014 to improve sales. Strong cost control enabled us to maintain operating expenses at a level similar to last year's.

EBITDA adjustments[1]

	12 weeks / Fiscal year					
	2014			2013		
(Millions of dollars, unless otherwise indicated)	**EBITDA**	**Sales**	**EBITDA/ Sales *(%)***	EBITDA	Sales	EBITDA/ Sales *(%)*
EBITDA	**171.1**	**2,701.3**	**6.3**	184.5	2,704.7	6.8
Closure costs	**6.4**			—		
Adjusted EBITDA	**177.5**	**2,701.3**	**6.6**	184.5	2,704.7	6.8

DEPRECIATION AND AMORTIZATION AND NET FINANCIAL COSTS

Total depreciation and amortization expense for the first quarter of 2014 amounted to $41.0 million versus $41.9 million in 2013. Net financial costs for the first quarter of 2014 totalled $10.3 million compared to $13.0 million for the corresponding period of 2013. The average financing rate was 5.4% for the first quarter of 2014 versus 4.5% for the corresponding period last fiscal year. This increase in the average rate was due to the repayment in the second quarter of 2013 of our revolving credit facility of $330.4 million which carried a lower interest rate than our other debts. The repayment was made out of our operating activity cash flows and the proceeds on disposal of a portion of the investment in Alimentation Couche-Tard.

[1] *See section on "IFRS and Non-IFRS Measurements"*
[2] *See section on "Forward-looking Information"*

SHARE OF AN ASSOCIATE'S EARNINGS

Our share of earnings in Alimentation Couche-Tard was $13.1 million for the first quarter of 2014 versus $19.0 million for the corresponding period of 2013. This decline results from our reduced holding compared to last year following the sale of nearly half of our investment in the second quarter of 2013.

INCOME TAXES

The income tax expenses of $33.7 million for the first quarter of 2014 and $37.7 million for the corresponding quarter of 2013 both represented an effective tax rate of 25.4%.

NET EARNINGS

Net earnings for the first quarter of 2014 were $99.2 million, down 15.4% from net earnings of $117.3 million for the same quarter of 2013. Fully diluted net earnings per share were down 10.9% to $1.06 from $1.19 last year.

ADJUSTED NET EARNINGS FROM CONTINUING OPERATIONS[1]

Excluding the non-recurring closure expenses of $6.4 million before taxes ($4.7 million after taxes) recorded in the first quarter of 2014 and the net earnings of $6.4 million on discontinued operation in the first quarter of 2013 following the sale of our Distagro division, adjusted net earnings from continuing operations[1] were $103.9 million compared to $110.9 million for the same period last year, and adjusted fully diluted net earnings per share from continuing operations [1] were $1.11 compared to $1.12 in the first quarter last year, down 0.9%.

	12 weeks / Fiscal Year					
	2014		2013		Change *(%)*	
	(Millions of dollars)	**Fully diluted EPS *(Dollars)***	*(Millions of dollars)*	Fully diluted EPS *(Dollars)*	Net earnings	Fully diluted EPS
Net earnings	**99.2**	**1.06**	117.3	1.19	(15.4)	(10.9)
Net earnings from discontinued operation	**—**	**—**	(6.4)	(0.07)		
Net earnings from continuing operations	**99.2**	**1.06**	110.9	1.12	(10.6)	(5.4)
Closure costs after taxes	**4.7**	**0.05**	—	—		
Adjusted net earnings from continuing operations[1]	**103.9**	**1.11**	110.9	1.12	(6.3)	(0.9)

[1] *See section on "IFRS and Non-IFRS Measurements"*
[2] *See section on "Forward-looking Information"*

QUARTERLY HIGHLIGHTS

(Millions of dollars, unless otherwise indicated)	**2014**	2013	2012	Change (%)
Sales				
Q1[3]	**2,701.3**	2,704.7		(0.1)
Q4[5]		2,611.0	2,862.2	(8.8)
Q3[4]		3,572.2	3,599.9	(0.8)
Q2[3]		2,512.0	2,580.2	(2.6)
Net earnings				
Q1[3]	**99.2**	117.3		(15.4)
Q4[5]		79.5	142.6	(44.2)
Q3[4]		144.4	141.1	2.3
Q2[3]		362.7	93.6	287.5
Adjusted net earnings from continuing operations[1]				
Q1[3]	**103.9**	110.9		(6.3)
Q4[5]		108.9	121.3	(10.2)
Q3[4]		144.5	144.5	—
Q2[3]		96.4	93.8	2.8
Fully diluted net earnings per share ***(Dollars)***				
Q1[3]	**1.06**	1.19		(10.9)
Q4[5]		0.83	1.43	(42.0)
Q3[4]		1.49	1.40	6.4
Q2[3]		3.73	0.91	309.9
Adjusted fully diluted net earnings per share from continuing operations[1] ***(Dollars)***				
Q1[3]	**1.11**	1.12		(0.9)
Q4[5]		1.15	1.22	(5.7)
Q3[4]		1.49	1.43	4.2
Q2[3]		0.98	0.91	7.7

[3] 12 weeks
[4] 16 weeks
[5] 2014 and 2013 - 12 weeks, 2012 - 13 weeks

2014 first quarter sales totalled $2,701.3 million essentially flat versus $2,704.7 million for the corresponding quarter last year. Same-store sales were down 0.5%, an improvement over the last two quarters of 2013.

Sales in the fourth quarter of 2013 reached $2,611.0 million versus $2,862.2 million in 2012, down 8.8%. Excluding the 13th week of the 2012 fourth quarter, our 2013 fourth quarter sales were down 1.1% compared to 2012. Increased competition and higher promotional sales caused minor deflation in our aggregate food basket. Same-store sales decreased 1.8%.

Sales in the third quarter of 2013 reached $3,572.2 million versus $3,599.9 million in 2012, down 0.8%. Excluding the one-day shift of a holiday compared to 2012 and the closure of some unprofitable stores, our 2013 third quarter sales remained stable compared to 2012. During the last quarters, a very low inflation of our food basket and increased competition affected our sales. Same-store sales decreased 0.9%.

Sales in the second quarter of 2013 reached $2,512.0 million versus $2,580.2 million in 2012. This decrease resulted primarily from the shift in the important week preceding Christmas (which in 2013 was included in the first quarter compared to the second quarter of 2012), the closure of a few unprofitable stores in Ontario, as well as the loss of sales in our pharmaceutical division due to temporary efficiency difficulties following the implementation of a new warehouse management system. Adjusting for the Christmas week shift, same-store sales were flat compared to 2012. We experienced no inflation in our food basket for the second quarter of 2013.

[1] See section on "IFRS and Non-IFRS Measurements"
[2] See section on "Forward-looking Information"

Net earnings for the first quarter of 2014 were $99.2 million, down 15.4% from net earnings of $117.3 million for the same quarter of 2013. Fully diluted net earnings per share were down 10.9% to $1.06 from $1.19 last year. Excluding the non-recurring closure expenses of $6.4 million before taxes ($4.7 million after taxes) recorded in the first quarter of 2014 and the net earnings of $6.4 million on discontinued operation in the first quarter of 2013 following the sale of our Distagro division, adjusted net earnings from continuing operations[(1)] were $103.9 million compared to $110.9 million for the same period last year, and adjusted fully diluted net earnings per share from continuing operations[(1)] were $1.11 compared to $1.12 in the first quarter last year, down 0.9%.

Net earnings for the fourth quarter of 2013 were $79.5 million, a decrease of 44.2% from net earnings of $142.6 million for the same quarter of 2012. Fully diluted net earnings per share were down 42.0% to $0.83 from $1.43 in 2012. Excluding the 2013 fourth quarter $29.4 million post-tax reorganization cost, and excluding the 2012 fourth quarter Couche-Tard dilution gain of $21.7 million after taxes, adjusted net earnings from continuing operations[(1)] for the fourth quarter of 2013 were $108.9 million, down 10.2% from $121.3 million for the same quarter of 2012, and adjusted fully diluted net earnings per share from continuing operations[(1)] were $1.15, down 5.7% from $1.22 in 2012. Excluding the impact of the 13th week in the fourth quarter of 2012, adjusted net earnings from continuing operations[(1)] for the fourth quarter of 2013 were down 1.3% and adjusted fully diluted net earnings per share from continuing operations[(1)] for the fourth quarter of 2013 were up 3.6%.

Net earnings for the third quarter of 2013 were $144.4 million, up 2.3% from $141.1 million for the corresponding quarter of 2012. Fully diluted net earnings per share were $1.49, up 6.4% from $1.40 last year. Excluding the net loss from the discontinued operation of $0.1 million for the third quarter of 2013 versus $0.4 million for the same quarter of 2012 and excluding also the non-recurring tax expense of $3.0 million of 2012, adjusted net earnings from continuing operations[(1)] were $144.5 million in the third quarter of 2013, the same as in 2012, and adjusted fully diluted net earnings per share from continuing operations[(1)] were $1.49, up 4.2% from $1.43 in 2012.

Net earnings for the second quarter of fiscal 2013 were $362.7 million compared to $93.6 million for the same quarter of 2012, an increase of 287.5%. Fully diluted net earnings per share rose 309.9% to $3.73 from $0.91 in 2012. Excluding the net loss from the discontinued operation of $0.1 million in the second quarter of 2013 versus $0.2 million in 2012, net earnings from continuing operations for the second quarter of 2013 were $362.8 million, an increase of 286.8% over $93.8 million for the same quarter last year. Fully diluted net earnings per share from continuing operations were $3.73 for the second quarter of 2013 compared to $0.91 in 2012, an increase of 309.9%. Excluding the after-tax gain on disposal of part of our investment in Alimentation Couche-Tard, 2013 second quarter adjusted net earnings from continuing operations[(1)] were $96.4 million, up 2.8% from $93.8 million in 2012, and adjusted fully diluted net earnings per share from continuing operations[(1)] were $0.98, up 7.7% from $0.91 in 2012.

	2014	2013				2012		
(Millions of dollars)	**Q1**	Q1	Q4	Q3	Q2	Q4	Q3	Q2
Net earnings	**99.2**	117.3	79.5	144.4	362.7	142.6	141.1	93.6
Net loss (earnings) from discontinued operation	**—**	(6.4)	—	0.1	0.1	0.4	0.4	0.2
Net earnings from continuing operations	**99.2**	110.9	79.5	144.5	362.8	143.0	141.5	93.8
Gain on disposal of a portion of the investment in Couche-Tard after taxes	**—**	—	—	—	(266.4)	—	—	—
Couche-Tard dilution gain after taxes	**—**	—	—	—	—	(21.7)	—	—
Non-recurring tax expense	**—**	—	—	—	—	—	3.0	—
Restructuring charges after taxes	**—**	—	29.4	—	—	—	—	—
Closure costs after taxes	**4.7**	—	—	—	—	—	—	—
Adjusted net earnings from continuing operations[(1)]	**103.9**	110.9	108.9	144.5	96.4	121.3	144.5	93.8

(1) See section on "IFRS and Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

(Dollars and per share)	2014 Q1	2013 Q1	2013 Q4	2013 Q3	2013 Q2	2012 Q4	2012 Q3	2012 Q2
Fully diluted net earnings	**1.06**	1.19	0.83	1.49	3.73	1.43	1.40	0.91
Fully diluted net loss (earnings) from discontinued operation	**—**	(0.07)	—	—	—	0.01	—	—
Fully diluted net earnings from continuing operations	**1.06**	1.12	0.83	1.49	3.73	1.44	1.40	0.91
Gain on disposal of a portion of the investment in Couche-Tard after taxes	**—**	—	—	—	(2.75)	—	—	—
Couche-Tard dilution gain after taxes	**—**	—	—	—	—	(0.22)	—	—
Non-recurring tax expense	**—**	—	—	—	—	—	0.03	—
Restructuring charges after taxes	**—**	—	0.32	—	—	—	—	—
Closure costs after taxes	**0.05**	—	—	—	—	—	—	—
Adjusted fully diluted net earnings from continuing operations[1]	**1.11**	1.12	1.15	1.49	0.98	1.22	1.43	0.91

CASH POSITION

OPERATING ACTIVITIES

Operating activities generated cash flows of $21.5 million in the first quarter of 2014 compared to $64.7 million in the corresponding quarter of 2013. This decrease is attributable mainly to changes in non-cash working capital items as well as the higher amount of taxes paid in 2014 for current income taxes due as at September 28, 2013.

INVESTING ACTIVITIES

Investing activities required outflows of $47.1 million in the first quarter of 2014 versus $41.4 million in the corresponding quarter of 2013. The change is due mainly to the proceeds from the disposal of a discontinued operation and to 2013 first quarter payment of the balance owing on business acquisitions.

During the first quarter of 2014, we invested with our retailers $88.4 million in our retail network, for a gross expansion of 201,700 square feet and a net expansion of 97,700 square feet or 0.5%. Major renovations and expansions of 9 stores were completed and 3 new stores were opened.

FINANCING ACTIVITIES

We generated cash flows of $0.1 million in the first quarter of 2014 versus outflows of $68.7 million in the corresponding quarter of 2013. The change is due mainly to the greater redemption of shares in the first quarter of 2014, in the amount of $130.4 million versus $60.4 million for the corresponding quarter of 2013, and to a $153.7 million increase in our revolving credit facility in the first quarter of 2014 versus an increase of $15.0 million in the first quarter of 2013.

FINANCIAL POSITION

We do not anticipate[2] any liquidity risk and consider our financial position at the end of the first quarter of fiscal 2014 as very solid. We had an unused authorized revolving credit facility of $446.3 million. Our non-current debt corresponded to 22.5% of the combined total of non-current debt and equity (non-current debt/total capital).

At the end of the first quarter of 2014, the main elements of our non-current debt were as follows:

	Interest Rate	Balance *(Millions of dollars)*	Maturity
Revolving Credit Facility	Rates fluctuate with changes in bankers' acceptance rates	153.7	November 3, 2018
Series A Notes	4.98% fixed rate	200.0	October 15, 2015
Series B Notes	5.97% fixed rate	400.0	October 15, 2035

[1] *See section on "IFRS and Non-IFRS Measurements"*
[2] *See section on "Forward-looking Information"*

At the end of the first quarter, we had foreign exchange forward contracts to hedge against the effect of foreign exchange rate fluctuations on our future foreign-denominated purchases of goods and services.

Our main financial ratios were as follows:

	As at December 21, 2013	As at September 28, 2013
Financial structure		
Non-current debt *(Millions of dollars)*	**804.4**	650.0
Equity *(Millions of dollars)*	**2,771.1**	2,799.8
Non-current debt/total capital *(%)*	**22.5**	18.8
	12 weeks / Fiscal Year	
	2014	2013
Results		
EBITDA[1]/Financial costs *(Times)*	**16.6**	14.2

CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at December 21, 2013	As at September 28, 2013
Number of Common Shares outstanding *(Thousands)*	**89,300**	91,386
Stock options:		
Number outstanding *(Thousands)*	**1,356**	1,351
Exercise prices *(Dollars)*	**24.73 to 66.29**	24.73 to 66.29
Weighted average exercise price *(Dollars)*	**46.18**	46.12
Performance share units:		
Number outstanding *(Thousands)*	**257**	257

NORMAL COURSE ISSUER BID PROGRAM

Under its normal course issuer bid program, the Corporation may repurchase up to 7,000,000 of its Common Shares between September 10, 2013 and September 9, 2014. As at January 17, 2014, the Corporation has repurchased 3,085,000 Common Shares at an average price of $63.32 for a total of $195.3 million.

DIVIDENDS

Given our strong financial position, the Board of Directors has approved a change in the Corporation's dividend policy. The annual dividend payout represents a target range of 20% to 30% of the net earnings excluding the non-recurring items of the previous fiscal year, with a target of 25% as opposed to the previous target of 20%. On January 27, 2014, the Corporation's Board of Directors declared a quarterly dividend of $0.30 per Common Share payable March 14, 2014, an increase of 20% over the dividend declared for the same quarter last year. On an annualized basis, this dividend represents approximately 23% of 2013 adjusted net earnings from continuing operations[1].

SHARE TRADING

The value of METRO shares remained in the $60.00 to $68.00 range over the first quarter of 2014. During this period, a total of 21.5 million shares traded on the Toronto Stock Exchange. The closing price on Friday, January 17, 2014 was $66.00 compared with $64.74 at the end of fiscal 2013.

(1) See section on "IFRS and Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

NEW ACCOUNTING POLICIES

ADOPTED IN 2014

In the first quarter of 2014, the Corporation adopted the new accounting policies described below.

Employee benefits

IAS 19 “Employee Benefits” (IAS 19R) was amended. IAS 19R eliminates the corridor method for recognizing changes (actuarial gains and losses) in defined benefit obligations and plan assets and requires that they be recognized in other comprehensive income when they occur. Application of this amendment had no impact, as the Corporation has used immediate recognition of actuarial gains and losses in other comprehensive income since the transition to International Financial Reporting Standards (IFRS).

IAS 19R eliminates the possibility of deferring recognition of past service costs related to unvested benefits and requires their immediate recognition in the income statement. Application of this amendment had no impact for the Corporation, as no past service costs have been deferred since the transition to IFRS.

Under IAS 19, the employee benefit expense includes interest income corresponding to management’s expected return on plan assets. IAS 19R eliminates the return on plan assets component and requires recognition of interest on the difference between defined benefit obligations and plan assets based on the discount rate for measuring obligations. This net interest is no longer presented as an employee benefit expense but as part of financial costs.

IAS 19R also requires additional disclosures to present the characteristics of defined benefit plans which will be presented in the Corporation's next annual consolidated financial statements.

IAS 19R has been applied retroactively with restatement of prior periods’ consolidated financial statements.

The adjustments are explained in note 2 to the consolidated financial statements included in this interim report.

Offsetting financial assets and financial liabilities

IAS 32 “Financial Instruments: Presentation” was amended to clarify the requirements for offsetting financial assets and financial liabilities. It specifies that the right of set-off has to be legally enforceable even in the event of bankruptcy. IFRS 7 “Financial Instruments: Disclosures” was also amended to improve disclosures on offsetting of financial assets and financial liabilities. These amendments did not impact the Corporation's interim consolidated financial statements, but additional information is disclosed in note 8.

Fair value measurement

IFRS 13 “Fair Value Measurement” establishes a single framework for fair value measurement of financial and non-financial items. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also requires disclosure of more information on fair value measurements. This new standard did not impact the Corporation's interim consolidated financial statements, but additional information is disclosed in note 12.

Impairment of assets

IAS 36 “Impairment of Assets” was amended to require disclosures about assets or cash generating units for which an impairment loss was recognized or reversed during the period. Additional information is disclosed in note 3 to the interim consolidated financial statements.

Consolidated financial statements

IFRS 10 “Consolidated Financial Statements” replaces SIC-12 “Consolidation - Special Interest Entities” and certain parts of IAS 27 “Consolidated and Separate Financial Statements”. This standard eliminates the risk/benefit-based approach and uses control as the sole basis for consolidation. An investor controls an investee if and only if the investor has all of the following elements:

a) power over the investee;
b) exposure or rights to variable returns from involvement with the investee;
c) the ability to use power over the investee to affect the amount of the investor's returns.

This new standard did not impact the Corporation's interim consolidated financial statements.

(1) See section on "IFRS and Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

Joint arrangements

IFRS 11 “Joint Arrangements” supersedes IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities - Non-Monetary Contributions by Venturers”. This standard describes two types of joint arrangements which differ according to the rights and obligations of the partners: joint operations and joint ventures. IFRS 11 eliminates the proportionate consolidation method for joint ventures and requires the equity method. For joint operations, it requires recognition of a joint operator’s share of each of the items comprising the joint arrangement. This new standard did not impact the Corporation's interim consolidated financial statements.

Disclosure of interests in other entities

IFRS 12 “Disclosure of Interests in Other Entities” requires that an entity disclose more information on the nature of and risks associated with its interests in other entities (i.e. subsidiaries, joint arrangements, associates or unconsolidated structured entities) and the effects of those interests on its financial statements. Additional information will be disclosed through notes in the Corporation's next annual consolidated financial statements.

RECENTLY ISSUED

Classification and measurement of financial assets and financial liabilities

In November 2009, the International Accounting Standards Board (IASB) issued IFRS 9 “Financial Instruments”. This new standard replaces the various rules of IAS 39 “Financial Instruments: Recognition and Measurement” with a single approach to determine whether a financial asset is measured at amortized cost or fair value. This approach is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets.

In October 2010, the IASB issued revisions to IFRS 9, adding the requirements for classification and measurement of financial liabilities contained in IAS 39.

In November 2013, the IASB incorporated a new hedge accounting model into IFRS 9 to enable financial statement users to better understand an entity’s risk exposure and its risk management activities. Also, the IASB deferred mandatory application of IFRS 9 to an unspecified date. The Corporation will assess, in due course, the impact of IFRS 9 on its financial statements.

FORWARD-LOOKING INFORMATION

We have used, throughout this report, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained herein, which does not constitute a historical fact, may be deemed a forward-looking statement. Expressions such as “sustain”, “anticipate” and other similar expressions are generally indicative of forward-looking statements. The forward-looking statements contained herein are based upon certain assumptions regarding the Canadian food industry, the general economy, our annual budget, as well as our 2014 action plan.

These forward-looking statements do not provide any guarantees as to the future performance of the Corporation and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ significantly. An economic slowdown or recession, or the arrival of a new competitor, are examples described under the “Risk Management” section of the 2013 Annual Report which could have an impact on these statements. We believe these statements to be reasonable and pertinent as at the date of publication of this report and represent our expectations. The Corporation does not intend to update any forward-looking statement contained herein, except as required by applicable law.

(1) See section on "IFRS and Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

IFRS AND NON-IFRS MEASUREMENTS

In addition to the IFRS earnings measurements provided, we have included certain IFRS and non-IFRS earnings measurements. These measurements are presented for information purposes only. They do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies.

EARNINGS BEFORE FINANCIAL COSTS, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

EBITDA is a measurement of earnings that excludes financial costs, taxes, depreciation and amortization. It is an additional IFRS measurement and it is presented separately in the consolidated statements of income. We believe that EBITDA is a measurement commonly used by readers of financial statements to evaluate a company's operational cash-generating capacity and ability to discharge its financial expenses.

ADJUSTED NET EARNINGS FROM CONTINUING OPERATIONS AND ADJUSTED FULLY DILUTED NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Adjusted net earnings from continuing operations and adjusted fully diluted net earnings per share from continuing operations are earnings measurements that exclude non-recurring items. They are non-IFRS measurements. We believe that presenting earnings without non-recurring items leaves readers of financial statements better informed as to the current period and corresponding period's earnings, thus enabling them to better evaluate the Corporation's performance and judge its future outlook.

OUTLOOK

Although competition remains intense, we are committed to delivering great value to our customers in each of our banners in order to sustain[2] our long-term growth.

Montréal, January 28, 2014

[1] See section on "IFRS and Non-IFRS Measurements"
[2] See section on "Forward-looking Information"

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Interim Condensed Consolidated Financial Statements

METRO INC.

December 21, 2013

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Table of contents

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Condensed consolidated statements of income

Periods ended December 21, 2013 and December 22, 2012

(Unaudited) (Millions of dollars, except for net earnings per share)

	12 weeks Fiscal Year	
	2014	2013 *(Restated - note 2)*
Continuing operations		
Sales	**2,701.3**	2,704.7
Cost of sales and operating expenses *(note 3)*	**(2,523.8)**	(2,520.2)
Closure expenses *(note 3)*	**(6.4)**	—
Earnings before financial costs, taxes, depreciation and amortization	**171.1**	184.5
Depreciation and amortization *(note 3)*	**(41.0)**	(41.9)
Income from operating activities	**130.1**	142.6
Financial costs, net *(note 3)*	**(10.3)**	(13.0)
Share of an associate's earnings *(note 3)*	**13.1**	19.0
Earnings before income taxes from continuing operations	**132.9**	148.6
Income taxes *(note 4)*	**(33.7)**	(37.7)
Net earnings from continuing operations	**99.2**	110.9
Discontinued operation		
Net earnings from discontinued operation *(note 5)*	**—**	6.4
Net earnings	**99.2**	117.3
Attributable to:		
Equity holders of the parent	**97.2**	115.5
Non-controlling interests	**2.0**	1.8
	99.2	117.3
Net earnings per share *(Dollars) (note 6)*		
Continuing operations and discontinued operation		
Basic	**1.07**	1.20
Fully diluted	**1.06**	1.19
Continuing operations		
Basic	**1.07**	1.13
Fully diluted	**1.06**	1.12

See accompanying notes

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Condensed consolidated statements of comprehensive income

Periods ended December 21, 2013 and December 22, 2012

(Unaudited) (Millions of dollars)

	12 weeks Fiscal Year	
	2014	2013
		(Restated - note 2)
Net earnings	**99.2**	117.3
Other comprehensive income		
Items that will not be reclassified to net earnings		
Changes in defined benefit plans		
Actuarial gains	**59.5**	6.6
Asset ceiling effect	**(11.5)**	(2.3)
Minimum funding requirement	**(13.3)**	(0.1)
Share of an associate's other comprehensive income	**—**	(0.1)
Corresponding income taxes	**(9.2)**	(1.1)
	25.5	3.0
Comprehensive income	**124.7**	120.3
Attributable to:		
Equity holders of the parent	**122.7**	118.5
Non-controlling interests	**2.0**	1.8
	124.7	120.3

See accompanying notes

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Condensed consolidated statements of financial position

(Unaudited) (Millions of dollars)

	As at December 21, 2013	As at September 28, 2013 *(Restated - note 2)*	As at September 29, 2012 *(Restated - note 2)*
ASSETS			
Current assets			
Cash and cash equivalents	**55.3**	80.8	73.3
Accounts receivable	**306.4**	300.2	329.1
Inventories	**875.6**	781.3	784.4
Prepaid expenses	**20.7**	15.3	6.6
Current taxes	**12.2**	10.9	13.9
	1,270.2	1,188.5	1,207.3
Assets held for sale *(note 7)*	**6.1**	0.9	0.6
	1,276.3	1,189.4	1,207.9
Non-current assets			
Investment in an associate	**218.5**	206.4	324.5
Other financial assets	**28.3**	27.5	25.8
Fixed assets	**1,328.9**	1,328.4	1,280.3
Investment properties	**20.7**	20.7	22.1
Intangible assets	**360.3**	365.1	373.1
Goodwill	**1,855.6**	1,855.6	1,859.5
Deferred taxes	**45.2**	56.6	60.3
Defined benefit assets	**31.6**	14.5	1.4
	5,165.4	5,064.2	5,154.9
LIABILITIES AND EQUITY			
Current liabilities			
Bank loans	**5.4**	2.0	0.3
Accounts payable *(note 8)*	**1,084.9**	1,004.9	1,086.9
Current taxes	**67.4**	147.3	60.5
Provisions *(note 9)*	**32.7**	39.7	11.2
Current portion of debt *(note 10)*	**9.0**	12.4	12.1
	1,199.4	1,206.3	1,171.0
Non-current liabilities			
Debt *(note 10)*	**804.4**	650.0	973.9
Defined benefit liabilities	**59.8**	80.1	173.7
Provisions *(note 9)*	**5.0**	4.5	3.1
Deferred taxes	**151.5**	148.9	147.3
Other liabilities	**13.4**	14.1	13.9
Non-controlling interest *(note 12)*	**160.8**	160.5	139.3
	2,394.3	2,264.4	2,622.2
Equity			
Capital stock *(note 11)*	**625.8**	640.4	666.3
Treasury shares *(note 11)*	**(14.4)**	(14.4)	(12.2)
Contributed surplus	**16.2**	14.6	16.2
Retained earnings	**2,142.4**	2,158.3	1,862.0
Accumulated other comprehensive income	**(0.4)**	(0.4)	(0.4)
Equity attributable to equity holders of the parent	**2,769.6**	2,798.5	2,531.9
Non-controlling interests	**1.5**	1.3	0.8
	2,771.1	2,799.8	2,532.7
	5,165.4	5,064.2	5,154.9

See accompanying notes

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Condensed consolidated statements of changes in equity

Periods ended December 21, 2013 and December 22, 2012

(Unaudited) (Millions of dollars)

	Attributable to the equity holders of the parent							
	Capital stock *(note 11)*	Treasury shares *(note 11)*	Contributed surplus	Retained earnings *(Restated - note 2)*	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
Balance as at September 28, 2013	**640.4**	**(14.4)**	**14.6**	**2,158.3**	**(0.4)**	**2,798.5**	**1.3**	**2,799.8**
Net earnings	**—**	**—**	**—**	**97.2**	**—**	**97.2**	**2.0**	**99.2**
Other comprehensive income	**—**	**—**	**—**	**25.5**	**—**	**25.5**	**—**	**25.5**
Comprehensive income	**—**	**—**	**—**	**122.7**	**—**	**122.7**	**2.0**	**124.7**
Shares redeemed	**(14.6)**	**—**	**—**	**—**	**—**	**(14.6)**	**—**	**(14.6)**
Share redemption premium	**—**	**—**	**—**	**(115.8)**	**—**	**(115.8)**	**—**	**(115.8)**
Share-based compensation cost	**—**	**—**	**1.6**	**—**	**—**	**1.6**	**—**	**1.6**
Dividends	**—**	**—**	**—**	**(22.8)**	**—**	**(22.8)**	**(1.5)**	**(24.3)**
Reclassification of non-controlling interest liability	**—**	**—**	**—**	**—**	**—**	**—**	**(0.3)**	**(0.3)**
	(14.6)	**—**	**1.6**	**(138.6)**	**—**	**(151.6)**	**(1.8)**	**(153.4)**
Balance as at December 21, 2013	**625.8**	**(14.4)**	**16.2**	**2,142.4**	**(0.4)**	**2,769.6**	**1.5**	**2,771.1**

	Attributable to the equity holders of the parent							
	Capital stock	Treasury shares	Contributed surplus	Retained earnings *(Restated - note 2)*	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
Balance as at September 29, 2012	666.3	(12.2)	16.2	1,862.0	(0.4)	2,531.9	0.8	2,532.7
Net earnings	—	—	—	115.5	—	115.5	1.8	117.3
Other comprehensive income	—	—	—	3.1	(0.1)	3.0	—	3.0
Comprehensive income	—	—	—	118.6	(0.1)	118.5	1.8	120.3
Stock options exercised	3.3	—	(0.7)	—	—	2.6	—	2.6
Shares redeemed	(7.0)	—	—	—	—	(7.0)	—	(7.0)
Share redemption premium	—	—	—	(53.4)	—	(53.4)	—	(53.4)
Acquisition of treasury shares	—	(1.8)	—	—	—	(1.8)	—	(1.8)
Share-based compensation cost	—	—	1.5	—	—	1.5	—	1.5
Dividends	—	—	—	(20.8)	—	(20.8)	(2.7)	(23.5)
Reclassification of non-controlling interest liability	—	—	—	—	—	—	1.1	1.1
	(3.7)	(1.8)	0.8	(74.2)	—	(78.9)	(1.6)	(80.5)
Balance as at December 22, 2012	662.6	(14.0)	17.0	1,906.4	(0.5)	2,571.5	1.0	2,572.5

See accompanying notes

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Condensed consolidated statements of cash flows

Periods ended December 21, 2013 and December 22, 2012

(Unaudited) (Millions of dollars)

	12 weeks Fiscal Year	
	2014	2013 *(Restated - note 2)*
Operating activities		
Earnings before income taxes from continuing operations	**132.9**	148.6
Earnings before income taxes from discontinued operation *(note 5)*	**—**	8.7
	132.9	157.3
Non-cash items		
Share of an associate's earnings	**(13.1)**	(19.0)
Closure expenses *(note 3)*	**6.4**	—
Depreciation and amortization	**41.0**	41.9
Amortization of deferred financing costs	**0.2**	0.2
Loss on disposal and write-offs of fixed and intangible assets	**0.2**	0.8
Gain on disposal of an operation *(note 5)*	**—**	(8.9)
Impairment losses on fixed and intangible assets	**1.6**	2.1
Impairment loss reversals on fixed and intangible assets	**(0.6)**	(1.9)
Share-based compensation cost	**1.6**	1.5
Difference between amounts paid for employee benefits and current period cost	**(2.7)**	6.8
Financial costs, net	**10.3**	13.0
	177.8	193.8
Net change in non-cash working capital items	**(26.4)**	(67.5)
Interest paid	**(19.8)**	(20.9)
Income taxes paid	**(110.1)**	(40.7)
	21.5	64.7
Investing activities		
Business acquisitions	**—**	(11.6)
Proceeds on disposal of an operation	**—**	20.5
Net change in other financial assets	**(0.8)**	0.1
Dividends from an associate	**1.0**	1.6
Additions to fixed assets	**(43.7)**	(47.1)
Proceeds on disposal of fixed assets	**0.5**	0.2
Proceeds on disposal of investment properties	**—**	2.2
Additions to intangible assets	**(4.1)**	(7.3)
	(47.1)	(41.4)
Financing activities		
Net change in bank loans	**3.4**	2.3
Shares issued *(note 11)*	**—**	2.6
Shares redeemed *(note 11)*	**(130.4)**	(60.4)
Acquisition of treasury shares *(note 11)*	**—**	(1.8)
Increase in debt	**155.3**	17.1
Repayment of debt	**(4.7)**	(6.0)
Net change in other liabilities	**(0.7)**	(1.7)
Dividends	**(22.8)**	(20.8)
	0.1	(68.7)
Net change in cash and cash equivalents	**(25.5)**	(45.4)
Cash and cash equivalents — beginning of period	**80.8**	73.3
Cash and cash equivalents — end of period	**55.3**	27.9

See accompanying notes

1. STATEMENT PRESENTATION

METRO INC. (the Corporation) is a company incorporated under the laws of Québec. The Corporation is one of Canada's leading food retailers and distributors and operates a network of supermarkets, discount stores and drugstores. Its head office is located at 11011 Maurice-Duplessis Blvd., Montréal, Québec, Canada, H1C 1V6. Its various components constitute a single operating segment.

The unaudited interim condensed consolidated financial statements for the 12-week period ended December 21, 2013 have been prepared by management in accordance with IAS 34 "Interim Financial Reporting" and using the same accounting policies as those used in preparing the audited annual consolidated financial statements for the year ended September 28, 2013, except for the newly adopted accounting policies described in note 2. They should be read in conjunction with the audited annual consolidated financial statements and accompanying notes which were presented in the Corporation's 2013 Annual Report. Operating income for the interim period presented does not necessarily reflect income for the whole year.

2. NEW ACCOUNTING POLICIES

ADOPTED IN 2014

In the first quarter of 2014, the Corporation adopted the new accounting policies described below.

Employee benefits

IAS 19 "Employee Benefits" (IAS 19R) was amended. IAS 19R eliminates the corridor method for recognizing changes (actuarial gains and losses) in defined benefit obligations and plan assets and requires that they be recognized in other comprehensive income when they occur. Application of this amendment had no impact, as the Corporation has used immediate recognition of actuarial gains and losses in other comprehensive income since the transition to International Financial Reporting Standards (IFRS).

IAS 19R eliminates the possibility of deferring recognition of past service costs related to unvested benefits and requires their immediate recognition in the income statement. Application of this amendment had no impact for the Corporation, as no past service costs have been deferred since the transition to IFRS.

Under IAS 19, the employee benefit expense includes interest income corresponding to management's expected return on plan assets. IAS 19R eliminates the return on plan assets component and requires recognition of interest on the difference between defined benefit obligations and plan assets based on the discount rate for measuring obligations. This net interest is no longer presented as an employee benefit expense but as part of financial costs.

IAS 19R also requires additional disclosures to present the characteristics of defined benefit plans which will be presented in the Corporation's next annual consolidated financial statements.

IAS 19R has been applied retroactively with restatement of prior periods' consolidated financial statements.

The Corporation recorded the following adjustments:

FINANCIAL POSITION ITEMS

Increase (decrease)	As at September 28, 2013	As at December 22, 2012	As at September 29, 2012
Defined benefit liabilities	10.3	16.8	16.8
Deferred tax assets	2.7	4.0	4.0
Deferred tax liabilities	—	(0.4)	(0.4)
Retained earnings	(7.6)	(12.4)	(12.4)

INCOME AND COMPREHENSIVE INCOME ITEMS

Increase (decrease)	December 22, 2012 *(12 weeks)*	September 28, 2013 *(52 weeks)*
Cost of sales and operating expenses	3.7	15.9
Financial costs, net	1.9	8.3
Income taxes	(1.5)	(6.5)
Net earnings	(4.1)	(17.7)
Basic net earnings per share	(0.04)	(0.19)
Fully diluted net earnings per share	(0.04)	(0.18)
Other comprehensive income, net of income taxes	4.1	22.5

Offsetting financial assets and financial liabilities

IAS 32 “Financial Instruments: Presentation” was amended to clarify the requirements for offsetting financial assets and financial liabilities. It specifies that the right of set-off has to be legally enforceable even in the event of bankruptcy. IFRS 7 “Financial Instruments: Disclosures” was also amended to improve disclosures on offsetting of financial assets and financial liabilities. These amendments did not impact the Corporation's interim consolidated financial statements, but additional information is disclosed in note 8.

Fair value measurement

IFRS 13 “Fair Value Measurement” establishes a single framework for fair value measurement of financial and non-financial items. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also requires disclosure of more information on fair value measurements. This new standard did not impact the Corporation's interim consolidated financial statements, but additional information is disclosed in note 12.

Impairment of assets

IAS 36 “Impairment of Assets” was amended to require disclosures about assets or cash generating units for which an impairment loss was recognized or reversed during the period. Additional information is disclosed in note 3.

Consolidated financial statements

IFRS 10 “Consolidated Financial Statements” replaces SIC-12 “Consolidation - Special Interest Entities” and certain parts of IAS 27 “Consolidated and Separate Financial Statements”. This standard eliminates the risk/benefit-based approach and uses control as the sole basis for consolidation. An investor controls an investee if and only if the investor has all of the following elements:

a) power over the investee;
b) exposure or rights to variable returns from involvement with the investee;
c) the ability to use power over the investee to affect the amount of the investor's returns.

This new standard did not impact the Corporation's interim consolidated financial statements.

Joint arrangements

IFRS 11 “Joint Arrangements” supersedes IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities - Non-Monetary Contributions by Venturers”. This standard describes two types of joint arrangements which differ according to the rights and obligations of the partners: joint operations and joint ventures. IFRS 11 eliminates the proportionate consolidation method for joint ventures and requires the equity method. For joint operations, it requires recognition of a joint operator’s share of each of the items comprising the joint arrangement. This new standard did not impact the Corporation's interim consolidated financial statements.

Disclosure of interests in other entities

IFRS 12 “Disclosure of Interests in Other Entities” requires that an entity disclose more information on the nature of and risks associated with its interests in other entities (i.e. subsidiaries, joint arrangements, associates or unconsolidated structured entities) and the effects of those interests on its financial statements. Additional information will be disclosed through notes in the Corporation's next annual consolidated financial statements.

RECENTLY ISSUED

Classification and measurement of financial assets and financial liabilities

In November 2009, the International Accounting Standards Board (IASB) issued IFRS 9 “Financial Instruments”. This new standard replaces the various rules of IAS 39 “Financial Instruments: Recognition and Measurement” with a single approach to determine whether a financial asset is measured at amortized cost or fair value. This approach is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets.

In October 2010, the IASB issued revisions to IFRS 9, adding the requirements for classification and measurement of financial liabilities contained in IAS 39.

In November 2013, the IASB incorporated a new hedge accounting model into IFRS 9 to enable financial statement users to better understand an entity’s risk exposure and its risk management activities. Also, the IASB deferred mandatory application of IFRS 9 to an unspecified date. The Corporation will assess, in due course, the impact of IFRS 9 on its financial statements.

3. ADDITIONAL INFORMATION ON THE NATURE OF EARNINGS COMPONENTS

	12 weeks Fiscal Year	
	2014	2013
		(Restated - note 2)
Continuing operations		
Sales	**2,701.3**	2,704.7
Cost of sales and operating expenses		
Cost of sales	**(2,194.5)**	(2,190.9)
Wages and fringe benefits	**(147.0)**	(150.8)
Employee benefit expense	**(14.3)**	(15.5)
Rents, taxes and common costs	**(59.2)**	(60.0)
Electricity and natural gas	**(28.3)**	(25.7)
Impairment losses on fixed and intangible assets	**(1.6)**	(2.1)
Impairment loss reversals on fixed and intangible assets	**0.6**	1.9
Other expenses	**(79.5)**	(77.1)
	(2,523.8)	(2,520.2)
Closure expenses	**(6.4)**	—
Depreciation and amortization		
Fixed assets	**(33.4)**	(34.3)
Intangible assets	**(7.6)**	(7.6)
	(41.0)	(41.9)
Financing costs, net		
Current interest	**(0.8)**	(0.7)
Non-current interest	**(8.8)**	(10.6)
Interest on defined benefit obligations net of plan assets	**(0.9)**	(1.9)
Amortization of deferred financing costs	**(0.2)**	(0.2)
Interest income	**0.5**	0.5
Passage of time	**(0.1)**	(0.1)
	(10.3)	(13.0)
Share of an associate's earnings	**13.1**	19.0
Earnings before income taxes from continuing operations	**132.9**	148.6

Impairment losses and impairment loss reversals were on food stores where cash flows decreased or increased due to local competition. As at December 21, 2013, the recoverable amount for stores on which the Corporation recorded an impairment loss or impairment loss reversal was $10.4.

On November 28, 2013, the Corporation announced the spring 2014 closure of its Saint-Augustin-de-Desmaures produce distribution centre. In the first quarter of fiscal 2014, non-recurring closure costs of $6.4 before taxes were recorded for severances, write-offs and other related items.

4. INCOME TAXES

The effective income tax rates were as follows:

(Percentage)	12 weeks Fiscal Year **2014**	2013 *(Restated - note 2)*
Combined statutory income tax rate	**26.9**	26.9
Changes		
Share of an associate's earnings	**(1.5)**	(2.0)
Others	**—**	0.5
	25.4	25.4

5. DISCONTINUED OPERATION

On December 17, 2012, the Corporation disposed of its food service operation, the Distagro division, which supplied restaurant chains and convenience stores belonging to and operated by gas station chains. The final disposal price of this operation was $23.6, with a balance receivable of $0.9 as at December 21, 2013.

Sales and other income statement items of this division for the 12-week period ended December 22, 2012 were presented in the condensed consolidated statement of income in the "Discontinued operation" section.

The discontinued operation's net earnings were fully attributed to equity holders of the parent and are itemized below:

	12 weeks Fiscal Year 2013
Sales	68.4
Cost of sales and operating expenses	(68.6)
Loss before income taxes	(0.2)
Income taxes	0.1
	(0.1)
Gain on disposal of an operation	8.9
Income taxes	(2.4)
	6.4

The discontinued operation's basic net earnings per share and fully diluted net earnings per share were as follows:

(Dollars)	12 weeks Fiscal Year 2013
Basic	0.07
Fully diluted	0.07

The final disposal price allocation is itemized below:

Assets	
Accounts receivable	10.0
Inventories	11.6
Other financial assets	1.4
Fixed assets	0.7
Goodwill	4.0
	27.7
Liabilities	
Accounts payable	(13.0)
Gain on disposal of an operation	8.9
Disposal price	23.6

Cash consideration	22.7
Balance due *(note 7)*	0.9
Total consideration	23.6

The discontinued operation's operating activities required outflows of $0.1 for the 12-week period ended December 22, 2012.

6. NET EARNINGS PER SHARE

Basic net earnings per share and fully diluted net earnings per share were calculated using the following number of shares:

	12 weeks	Fiscal Year
(Millions)	**2014**	2013
Weighted average number of shares outstanding – Basic	**90.9**	96.6
Dilutive effect under:		
Stock option plan	**0.3**	0.5
Performance share unit plan	**0.3**	0.3
Weighted average number of shares outstanding – Fully diluted	**91.5**	97.4

7. ASSETS HELD FOR SALE

	As at December 21, 2013	As at September 28, 2013
Balance receivable related to discontinued operation *(note 5)*	**0.9**	0.9
Assets related to the closure of the distribution centre *(note 3)*	**5.2**	—
	6.1	0.9

As at December 21, 2013 and September 28, 2013, the Corporation was committed to sale plans for these assets. They were reclassified in the assets held for sale in the condensed consolidated statements of financial position and measured at the lower of carrying amount and fair value less costs to sell. The balance receivable related to discontinued operation of $0.9 has been received in the second quarter of 2014. A loss of $3.7 was recorded during the first quarter of 2014 on the assets related to the closure of the distribution centre of Saint-Augustin-de-Desmaures.

8. OFFSETTING

	As at December 21, 2013	As at September 28, 2013
Accounts payable (gross)	**1,127.4**	1,052.4
Vendor rebate receivables	**(42.5)**	(47.5)
Accounts payable (net)	**1,084.9**	1,004.9

9. PROVISIONS

	Onerous leases	Restructuring charges	Other	Total
Balance as at September 29, 2012	4.4	—	9.9	14.3
Additional provisions	1.1	34.3	7.8	43.2
Amounts used	(1.7)	—	(11.6)	(13.3)
Balance as at September 28, 2013	3.8	34.3	6.1	44.2
Current provisions	2.1	31.5	6.1	39.7
Non-current provisions	1.7	2.8	—	4.5
Balance as at September 28, 2013	3.8	34.3	6.1	44.2
Balance as at September 28, 2013	**3.8**	**34.3**	**6.1**	**44.2**
Additional provisions	**1.1**	**—**	**3.8**	**4.9**
Amounts used	**(0.5)**	**(5.4)**	**(5.5)**	**(11.4)**
Balance as at December 21, 2013	**4.4**	**28.9**	**4.4**	**37.7**
Current provisions	**2.2**	**26.1**	**4.4**	**32.7**
Non-current provisions	**2.2**	**2.8**	**—**	**5.0**
Balance as at December 21, 2013	**4.4**	**28.9**	**4.4**	**37.7**

The provision for onerous leases corresponds to the discounted present value of the future lease payments the Corporation has to make under non-cancellable onerous operating leases, less the income that should be made from these leases, including estimated future sublease income, if any. The estimate may vary in response to changes in use of leased premises and subleases, if any. The remaining terms of these leases are from one to 12 years.

The restructuring provision corresponds to a reorganization of the store network. Certain Metro supermarkets will be converted into discount stores, some collective agreements will be bought out, early exit will be offered to some employees and a few stores will close.

Other provisions include amounts concerning provincial worker's compensation plans as well as a new provision recorded in the first quarter for costs related to the closure of the Saint-Augustin-de-Desmaures produce distribution centre planned in the second quarter of fiscal 2014.

10. DEBT

	As at December 21, 2013	As at September 28, 2013	As at December 22, 2012	As at September 29, 2012
Revolving Credit Facility, bearing interest at a weighted average rate of 2.54% for the first quarter of 2014 (2.47% for fiscal 2013 and 2.48% for fiscal 2012), repayable on November 3, 2018 or earlier	**153.7**	—	330.4	315.4
Series A Notes, bearing interest at a fixed nominal rate of 4.98%, maturing on October 15, 2015 and redeemable at the issuer's option at fair value at any time prior to maturity	**200.0**	200.0	200.0	200.0
Series B Notes, bearing interest at a fixed nominal rate of 5.97%, maturing on October 15, 2035 and redeemable at the issuer's option at fair value at any time prior to maturity	**400.0**	400.0	400.0	400.0
Loans, maturing on various dates through 2027, bearing interest at an average rate of 3.18% for the first quarter of 2014 (3.16% for fiscal 2013 and 3.06% for fiscal 2012)	**26.0**	28.1	33.8	32.6
Obligations under finance leases, bearing interest at an effective rate of 8.6% for the first quarter of 2014 (8.6% for fiscal 2013 and 2012)	**38.2**	39.0	42.2	43.2
Deferred financing costs	**(4.5)**	(4.7)	(5.3)	(5.2)
	813.4	662.4	1,001.1	986.0
Current portion	**9.0**	12.4	9.5	12.1
	804.4	650.0	991.6	973.9

11. CAPITAL STOCK

COMMON SHARES ISSUED

The Common Shares issued were summarized as follows:

	Number *(Thousands)*	
Balance as at September 29, 2012	97,444	666.3
Shares redeemed for cash, excluding premium of $366.1	(6,241)	(43.3)
Stock options exercised	445	17.4
Balance as at September 28, 2013	**91,648**	**640.4**
Shares redeemed for cash, excluding premium of $115.8	**(2,086)**	**(14.6)**
Balance as at December 21, 2013	**89,562**	**625.8**

TREASURY SHARES

The treasury shares were summarized as follows:

	Number *(Thousands)*	
Balance as at September 29, 2012	258	(12.2)
Acquisition	94	(6.3)
Release	(90)	4.1
Balance as at September 28, 2013 and as at December 21, 2013	**262**	**(14.4)**

The treasury shares are held in trust for the performance share unit plan (PSU). They will be released into circulation when the PSUs settle.

Excluding the 262,000 treasury shares from the 89,562,000 Common Shares issued, the Corporation had 89,300,000 outstanding Common Shares issued as at December 21, 2013.

STOCK OPTION PLAN

The outstanding options were summarized as follows:

	Number *(Thousands)*	Weighted average exercise price *(Dollars)*
Balance as at September 29, 2012	1,683	39.27
Granted	224	66.11
Exercised	(445)	31.16
Cancelled	(111)	42.54
Balance as at September 28, 2013	**1,351**	**46.12**
Granted	**5**	**63.87**
Balance as at December 21, 2013	**1,356**	**46.18**

The exercise prices of the outstanding options ranged from $24.73 to $66.29 as at December 21, 2013 with expiration dates up to 2020. 352,340 of those options could be exercised at a weighted average exercise price of $35.47.

The compensation expense for these options amounted to $0.6 for the 12-week period ended December 21, 2013 ($0.6 in 2013).

PERFORMANCE SHARE UNIT PLAN

The number of PSUs outstanding was as follows:

	Number *(Thousands)*
Balance as at September 29, 2012	284
Granted	96
Settled	(96)
Cancelled	(27)
Balance as at September 28, 2013 and as at December 21, 2013	**257**

The compensation expense for the PSU plan amounted to $1.0 for the 12-week period ended December 21, 2013 ($0.9 in 2013).

12. FINANCIAL INSTRUMENTS

The non-current financial instruments' book and fair values were as follows:

	As at December 21, 2013		As at September 28, 2013	
	Book value	**Fair value**	Book value	Fair value
Other financial assets				
Loans and receivables				
Loans to certain customers	**26.1**	**26.1**	25.8	25.8
Non-controlling interest				
Financial liability held for trading	**160.8**	**160.8**	160.5	160.5
Debt *(note 10)*				
Other financial liabilities				
Revolving Credit Facility	**153.7**	**153.7**	—	—
Series A Notes	**200.0**	**210.7**	200.0	211.5
Series B Notes	**400.0**	**424.6**	400.0	417.3
Loans	**26.0**	**26.0**	28.1	28.1
Obligations under finance leases	**38.2**	**41.5**	39.0	43.9
	817.9	**856.5**	667.1	700.8

The foreign exchange forward contracts, classified as "Financial assets or liabilities at fair value through net earnings", are not shown in the above table, as they are insignificant in value.

Fair value measurements of financial instruments recognized at fair value in the condensed consolidated statements of financial position or whose fair value is presented in the notes to the financial statements are categorized in accordance with the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of loans to certain customers and loans payable is equivalent to their carrying value since their interest rates are comparable to market rates. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market inputs.

The fair value of notes represents the obligations that the Corporation would have to meet in the event of the negotiation of similar notes under current market conditions. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market inputs.

The fair value of the non-controlling interest-related liability is equivalent to the estimated price to be paid which is based mainly on the discounted value of the projected future earnings of Adonis and Phoenicia at the date the options become exercisable. The Corporation categorized the fair value measurement in Level 3, as it is derived from data that is not observable. The projected future earnings of Adonis and Phoenicia were measured again at each period using a strategic development plan with a weighted annual growth rate of 10% as at December 21, 2013. A 1% increase in these earnings would result in a $1.8 increase in the fair value of the non-controlling interest-related liability.

The changes of the non-controlling interest-related liability were as follows:

	Total
Balance as at September 29, 2012	139.3
Share of earnings	7.8
Dividends	(6.8)
Change in fair value	20.2
Balance as at September 28, 2013	**160.5**
Share of earnings	**1.8**
Dividends	**(1.5)**
Balance as at December 21, 2013	**160.8**

13. COMPARATIVE FIGURES

Some of the corresponding figures have been reclassified in line with the presentation adopted for the current fiscal year.

14. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the 12-week period ended December 21, 2013 (including comparative figures) were approved for issue by the Board of Directors on January 27, 2014.

INFORMATION

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