INTERIM REPORT

12-week period ended March 12, 2016

2nd Quarter 2016

HIGHLIGHTS

- **Sales of $2,882.0 million, up 6.5%**
- **Same-store sales up 5.0%**
- **Net earnings of $124.9 million, up 11.9%**
- **Fully diluted net earnings per share of $0.51, up 18.6%**
- **Declared dividend of $0.14 per share, up 20.0%**

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REPORT TO SHAREHOLDERS

Dear Shareholders,

It is with pleasure that I present our interim report for the second quarter of fiscal 2016 ended March 12, 2016.

Sales in the second quarter of 2016 reached $2,882.0 million, up 6.5% compared to $2,707.1 million in the second quarter of 2015. Same-store sales increased by 5.0% (4.5% in the same quarter last year). Our aggregate food basket inflation was 3.0%. Our constant focus on customer expectations and major investments in our stores fueled our growth in a highly competitive market.

We realized net earnings of $124.9 million in the second quarter of 2016, an increase of 11.9% over $111.6 million for the corresponding quarter of 2015, and fully diluted net earnings per share of $0.51 versus $0.43 in 2015, an increase of 18.6%.

Our financial position at the end of the second quarter of 2016 remains very solid. We had an unused authorized revolving credit facility of $350.0 million and our debt ratio (non-current debt/total capital) was 32.8%.

On April 19, 2016, the Board of Directors declared a quarterly dividend of $0.14 per share, an increase of 20.0% over last year.

We had an excellent second quarter. Our effective merchandising strategies, solid execution and sustained investments in our network drove our strongest increase in same-store sales since 2009, resulting in market share growth. We will continue[2] to execute our business plan and are confident we will sustain[2] our growth.

Eric R. La Flèche
President and Chief Executive Officer

April 20, 2016

[1] See table on "Net earnings adjustments" and section on "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 March 12, 2016 and for the 12 and 24-week periods then ended. 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 and 24-week periods ended March 12, 2016 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 2015 Annual Report. Unless otherwise stated, the interim report is based upon information as at April 11, 2016.

Additional information, including the Certification of Interim Filings letters for the quarter ended March 12, 2016 signed by the President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Treasurer, is also available on the SEDAR website at: www.sedar.com.

OPERATING RESULTS

SALES

Sales in the second quarter of 2016 reached $2,882.0 million, up 6.5% compared to $2,707.1 million in the second quarter of 2015. Same-store sales increased by 5.0% (4.5% in the same quarter last year). Our aggregate food basket inflation was 3.0%. Our constant focus on customer expectations and major investments in our stores fueled our growth in a highly competitive market.

Sales in the first 24 weeks of fiscal 2016 totalled $5,843.6 million versus $5,547.6 million for the corresponding period of fiscal 2015, an increase of 5.3%.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND ASSOCIATE'S EARNINGS

This earnings measurement excludes financial costs, taxes, early redemption fees, depreciation and amortization and associate's earnings.

Operating income before depreciation and amortization and associate's earnings (Alimentation Couche-Tard) for the second quarter of 2016 totalled $202.0 million or 7.0% of sales versus $182.8 million or 6.8% of sales for the same quarter last year.

For the first 24 weeks of fiscal 2016, operating income before depreciation and amortization and associate's earning totalled $412.3 million or 7.1% of sales versus $372.8 million or 6.7% of sales for the same period last year.

Gross margin on sales for the second quarter and the first 24 weeks of 2016 were 19.9% and 19.7% respectively versus 19.9% and 19.6% for the corresponding periods of 2015. Operating expenses as a percentage of sales for the second quarter and the first 24 weeks of 2016 were 12.9% and 12.6% respectively versus 13.1% and 12.8% for the corresponding periods of 2015, leveraging our sales growth.

DEPRECIATION AND AMORTIZATION, NET FINANCIAL COSTS AND EARLY REDEMPTION FEES

Total depreciation and amortization expenses for the second quarter and the first 24 weeks of 2016 were $42.2 million and $82.5 million respectively versus $39.8 million and $79.8 million for the corresponding periods of 2015.

Net financial costs for the second quarter of 2016 totalled $14.7 million compared to $13.6 million for the corresponding quarter last year. For the first 24 weeks of 2016, net financial costs totalled $29.1 million compared to $27.0 million in 2015, including early redemption fees of $5.9 million of Series A Notes that were incurred in the first quarter of 2015.

(1) See table on "Net earnings adjustments" and section on "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 $21.2 million for the second quarter of 2016 versus $16.3 million for the corresponding quarter of 2015.

Our share of earnings in Alimentation Couche-Tard was $51.8 million for the first 24 weeks of 2016 versus $34.2 million in 2015.

INCOME TAXES

The 2016 second quarter income tax expense of $41.4 million represented an effective tax rate of 24.9% compared with the 2015 second quarter tax expense of $34.1 million for an effective tax rate of 23.4%.

The 24-week period income tax expense of $87.8 million for 2016 and $70.2 million for 2015 represented effective tax rates of 24.9% and 23.9% respectively.

NET EARNINGS

Net earnings for the second quarter of 2016 were $124.9 million, an increase of 11.9% over net earnings of $111.6 million for the same quarter of 2015. Fully diluted net earnings per share rose 18.6% to $0.51 from $0.43 last year.

Net earnings for the first 24 weeks of 2016 were $264.7 million, an increase of 18.1% over net earnings of $224.1 million for the same period of 2015. Fully diluted net earnings per share rose 24.4% to $1.07 from $0.86 last year.

ADJUSTED NET EARNINGS[1]

Excluding after-tax Series A Notes early redemption fees of $4.3 million in the first 24 weeks of 2015, net earnings and fully diluted net earnings per share for the first 24 weeks of 2016 were up 15.9% and 21.6% over adjusted net earnings[1] and adjusted fully diluted net earnings per share[1] for 2015.

Net earnings adjustments

	24 weeks / Fiscal Year					
	2016		2015		Change *(%)*	
	(Millions of dollars)	**Fully diluted EPS *(Dollars)***	*(Millions of dollars)*	Fully diluted EPS *(Dollars)*	Net earnings	Fully diluted EPS
Net earnings	**264.7**	**1.07**	224.1	0.86	18.1	24.4
Early redemption fees after taxes	**—**	**—**	4.3	0.02		
Adjusted net earnings[1]	**264.7**	**1.07**	228.4	0.88	15.9	21.6

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

QUARTERLY HIGHLIGHTS

(Millions of dollars, unless otherwise indicated)	**2016**	2015	2014	Change *(%)*
Sales				
Q2[3]	**2,882.0**	2,707.1		6.5
Q1[3]	**2,961.6**	2,840.5		4.3
Q4[3]		2,833.9	2,712.2	4.5
Q3[4]		3,842.3	3,622.1	6.1
Net earnings				
Q2[3]	**124.9**	111.6		11.9
Q1[3]	**139.8**	112.5		24.3
Q4[3]		131.7	115.6	13.9
Q3[4]		163.5	144.5	13.1
Adjusted net earnings[1]				
Q2[3]	**124.9**	111.6		11.9
Q1[3]	**139.8**	116.8		19.7
Q4[3]		131.7	115.6	13.9
Q3[4]		163.5	144.5	13.1
Fully diluted net earnings per share ***(Dollars)***				
Q2[3]	**0.51**	0.43		18.6
Q1[3]	**0.56**	0.43		30.2
Q4[3]		0.52	0.44	18.2
Q3[4]		0.64	0.54	18.5
Adjusted fully diluted net earnings per share[1] ***(Dollars)***				
Q2[3]	**0.51**	0.43		18.6
Q1[3]	**0.56**	0.45		24.4
Q4[3]		0.52	0.44	18.2
Q3[4]		0.64	0.54	18.5

[3] 12 weeks
[4] 16 weeks

Sales in the second quarter of 2016 reached $2,882.0 million, up 6.5% compared to $2,707.1 million in the second quarter of 2015. Same-store sales increased by 5.0% (4.5% in the same quarter last year). Our aggregate food basket inflation was 3.0%. Our constant focus on customer expectations and major investments in our stores fueled our growth in a highly competitive market.

Sales in the first quarter of 2016 reached $2,961.6 million, up 4.3% compared to $2,840.5 million in the first quarter of 2015. Same-store sales increased by 2.8% (3.8% in the same quarter of 2015). Our aggregate food basket inflation was 2.8%, same as in the fourth quarter of 2014. The merchandising strategies of our different banners, combined with our continued investments in our retail stores, contributed to our sales growth in a very competitive market.

Sales in the fourth quarter of 2015 totalled $2,833.9 million, up 4.5% compared to $2,712.2 million for the same quarter of 2014. Same-store sales were up 3.4% (3.1% in the fourth quarter of 2014) while our aggregate food basket experienced inflation of 2.8%, lower than the third quarter of 2015. Our customer-first strategies and our investments in our retail network drove our higher sales in a very competitive market.

Sales in the third quarter of 2015 totalled $3,842.3 million, up 6.1% compared to $3,622.1 million for the same quarter of 2014. Same-store sales were up 4.3% while our aggregate food basket experienced inflation of 3.5%. Our constant striving to stay on top of consumers' needs and our investments in our retail network allowed us to increase sales in a highly competitive market.

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

Net earnings for the second quarter of 2016 were $124.9 million, an increase of 11.9% over net earnings of $111.6 million for the same quarter of 2015. Fully diluted net earnings per share rose 18.6% to $0.51 from $0.43 last year.

Net earnings for the first quarter of 2016 were $139.8 million, an increase of 24.3% over net earnings of $112.5 million for the same quarter of 2015. Fully diluted net earnings per share rose 30.2% to $0.56 from $0.43 for the first quarter of 2015. Excluding after-tax Series A Notes early redemption fees of $4.3 million in the first quarter of 2015, net earnings and fully diluted net earnings per share for the first quarter of 2016 were up 19.7% and 24.4% over adjusted net earnings[1] and adjusted fully diluted net earnings per share[1] for 2015.

Net earnings for the fourth quarter of 2015 were $131.7 million, an increase of 13.9% over net earnings of $115.6 million for the same quarter of 2014. Fully diluted net earnings per share rose 18.2% to $0.52 from $0.44 in 2014.

Net earnings for the third quarter of 2015 were $163.5 million, an increase of 13.1% over net earnings of $144.5 million for the same quarter of 2014. Fully diluted net earnings per share rose 18.5% to $0.64 from $0.54 in 2014.

	2016		2015				2014	
(Millions of dollars)	**Q2**	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
Net earnings	**124.9**	**139.8**	131.7	163.5	111.6	112.5	115.6	144.5
Early redemption fees after taxes	**—**	**—**	—	—	—	4.3	—	—
Adjusted net earnings[1]	**124.9**	**139.8**	131.7	163.5	111.6	116.8	115.6	144.5

	2016		2015				2014	
(Dollars and per share)	**Q2**	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
Fully diluted net earnings	**0.51**	**0.56**	0.52	0.64	0.43	0.43	0.44	0.54
Early redemption fees after taxes	**—**	**—**	—	—	—	0.02	—	—
Adjusted fully diluted net earnings[1]	**0.51**	**0.56**	0.52	0.64	0.43	0.45	0.44	0.54

CASH POSITION

OPERATING ACTIVITIES

Operating activities generated cash flows of $257.5 million in the second quarter and $250.7 million over the first 24 weeks of fiscal 2016 compared to $216.9 million and $228.4 million for the corresponding periods of 2015.

INVESTING ACTIVITIES

Investing activities required outflows of $46.6 million in the second quarter and $142.2 million over the first 24 weeks of fiscal 2016 versus $35.2 million and $65.9 million for the corresponding periods of 2015. These increases are primarily due to fixed asset and intangible asset acquisitions that were $11.9 million and $42.0 million respectively greater in 2016 than in the corresponding periods of 2015, and to $33.1 million in business acquisitions over the first 24 weeks of 2016.

During the first 24 weeks of 2016, we and our retailers opened 3 new stores and carried out major expansions and renovations of 14 stores for a gross expansion of 151,400 square feet and a net increase of 42,300 square feet or 0.2% of our retail network.

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

FINANCING ACTIVITIES

We utilized $160.1 million in funds in the second quarter of 2016 versus $310.8 million in the same quarter of 2015. This variation is largely due to changes in our debt and bank loans.

Over the first 24 weeks of 2016, we utilized $79.2 million in funds versus $131.8 million for the corresponding period of 2015. This variation is attributable to a debt change and a greater redemption of shares in 2016, in the amount of $172.9 million versus $71.9 million in 2015.

FINANCIAL POSITION

We do not anticipate[2] any liquidity risk and consider our financial position at the end of the second quarter of fiscal 2016 as very solid. We had an unused authorized revolving credit facility of $350.0 million. Our non-current debt corresponded to 32.8% of the combined total of non-current debt and equity (non-current debt/total capital).

At the end of the second quarter of fiscal 2016, the main elements of our non-current debt were as follows:

	Interest Rate	Maturity	Balance *(Millions of dollars)*
Revolving Credit Facility	Rates fluctuate with changes in bankers' acceptance rates	November 3, 2020	250.0
Series C Notes	3.20% fixed rate	December 1, 2021	300.0
Series B Notes	5.97% fixed rate	October 15, 2035	400.0
Series D Notes	5.03% fixed rate	December 1, 2044	300.0

Our main financial ratios were as follows:

	As at March 12, 2016	As at September 26, 2015
Financial structure		
Non-current debt *(Millions of dollars)*	**1,297.8**	1,145.1
Equity *(Millions of dollars)*	**2,661.8**	2,657.2
Non-current debt/total capital *(%)*	**32.8**	30.1

	24 weeks / Fiscal Year **2016**	2015
Results		
Operating income before depreciation and amortization and associate's earnings/Financial costs *(Times)*	**14.2**	13.8

CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at March 12, 2016	As at September 26, 2015
Number of Common Shares outstanding *(Thousands)*	**237,431**	241,542
Stock options:		
Number outstanding *(Thousands)*	**3,663**	3,838
Exercise prices *(Dollars)*	**11.66 to 40.31**	11.66 to 35.94
Weighted average exercise price *(Dollars)*	**23.35**	20.34
Performance share units:		
Number outstanding *(Thousands)*	**669**	741

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

NORMAL COURSE ISSUER BID PROGRAM

Under its normal course issuer bid program, the Corporation may repurchase up to 18,000,000 of its Common Shares between September 10, 2015 and September 9, 2016. Between September 10, 2015 and April 11, 2016, the Corporation has repurchased 7,376,764 Common Shares at an average price of $36.94 for a total of $272.5 million.

DIVIDENDS

On April 19, 2016, the Corporation's Board of Directors declared a quarterly dividend of $0.14 per Common Share payable June 9, 2016, an increase of 20.0% over the dividend declared for the same quarter last year. This dividend of $0.14 equals the dividend declared in the first quarter of 2016. On an annualized basis, this dividend represents approximately 25% of 2015 adjusted net earnings[(1)], compared to the percentages of the previous two fiscal years which were 24% and 22%.

SHARE TRADING

The value of METRO shares remained in the $35.61 to $44.56 range over the first 24 weeks of 2016. During this period, a total of 74.9 million shares traded on the Toronto Stock Exchange. The closing price on April 11, 2016 was $42.20 compared with $35.73 at the end of fiscal 2015.

NEW ACCOUNTING POLICIES

ADOPTED IN 2016

Presentation of financial statements

In the first quarter of fiscal 2016, the Corporation elected early adoption of the amendments to IAS 1 “Presentation of Financial Statements“. The amendments clarified materiality, order of notes to financial statements, disclosure of accounting policies as well as aggregation and disaggregation of items presented in the financial statements. In the condensed consolidated statements of financial position, the Corporation has aggregated the various equity items.

ISSUED BUT NOT YET EFFECTIVE

Leases

In January 2016, the International Accounting Standards Board (IASB) issued IFRS 16 “Leases” which replaces IAS 17 “Leases” and related interpretations. Under this new standard, which provides a single model for leases abolishing the current distinction between finance leases and operating leases, most leases will be recognized in the statement of financial position. Certain exemptions will apply for short-term leases and leases of low-value assets. IFRS 16 shall be applied to fiscal years beginning on or after January 1, 2019. Earlier application is permitted under certain conditions. The Corporation will assess, in due course, the impact of this new standard on its consolidated 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 that does not constitute a historical fact may be deemed a forward-looking statement. Expressions such as “continue”, "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 2016 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. The arrival of a new competitor is an example described under the “Risk Management” section of the 2015 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 table on "Net earnings adjustments" and section on "Non-IFRS Measurements"
(2) See section on "Forward-looking Information"

NON-IFRS MEASUREMENTS

In addition to the International Financial Reporting Standards (IFRS) earnings measurements provided, we have included certain 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.

ADJUSTED NET EARNINGS AND ADJUSTED FULLY DILUTED NET EARNINGS PER SHARE

Adjusted net earnings and adjusted fully diluted net earnings per share 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 prior year's period's earnings, thus enabling them to better evaluate the Corporation's performance and judge its future outlook.

OUTLOOK

We had an excellent second quarter. Our effective merchandising strategies, solid execution and sustained investments in our network drove our strongest increase in same-store sales since 2009, resulting in market share growth. We will continue[(2)] to execute our business plan and are confident we will sustain[(2)] our growth.

Montréal, April 20, 2016

[(1)] See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"
[(2)] See section on "Forward-looking Information"

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Interim Condensed Consolidated Financial Statements

METRO INC.

March 12, 2016

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Condensed consolidated statements of income

Periods ended March 12, 2016 and March 14, 2015

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

	12 weeks Fiscal Year		24 weeks Fiscal Year	
	2016	2015	**2016**	2015
Sales	**2,882.0**	2,707.1	**5,843.6**	5,547.6
Cost of sales and operating expenses *(note 4)*	**(2,680.0)**	(2,524.3)	**(5,431.3)**	(5,174.8)
Operating income before depreciation and amortization and associate's earnings	**202.0**	182.8	**412.3**	372.8
Depreciation and amortization *(note 4)*	**(42.2)**	(39.8)	**(82.5)**	(79.8)
Financial costs, net *(note 4)*	**(14.7)**	(13.6)	**(29.1)**	(27.0)
Early redemption fees *(note 4)*	**—**	—	**—**	(5.9)
Share of an associate's earnings *(note 4)*	**21.2**	16.3	**51.8**	34.2
Earnings before income taxes	**166.3**	145.7	**352.5**	294.3
Income taxes *(note 5)*	**(41.4)**	(34.1)	**(87.8)**	(70.2)
Net earnings	**124.9**	111.6	**264.7**	224.1
Attributable to:				
Equity holders of the parent	**121.8**	109.4	**258.4**	219.2
Non-controlling interests	**3.1**	2.2	**6.3**	4.9
	124.9	111.6	**264.7**	224.1
Net earnings per share *(Dollars) (note 6)*				
Basic	**0.51**	0.43	**1.08**	0.87
Fully diluted	**0.51**	0.43	**1.07**	0.86

See accompanying notes

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Condensed consolidated statements of comprehensive income

Periods ended March 12, 2016 and March 14, 2015

(Unaudited) (Millions of dollars)

	12 weeks Fiscal Year		24 weeks Fiscal Year	
	2016	2015	**2016**	2015
Net earnings	**124.9**	111.6	**264.7**	224.1
Other comprehensive income				
Items that will not be reclassified to net earnings				
Changes in defined benefit plans				
Actuarial losses	**(32.3)**	(17.3)	**(32.8)**	(37.3)
Asset ceiling effect	**1.4**	0.5	**(1.3)**	1.3
Minimum funding requirement	**—**	—	**1.3**	—
Share of an associate's other comprehensive income	**0.5**	(1.3)	**0.1**	(2.2)
Corresponding income taxes	**8.1**	4.6	**8.7**	9.8
	(22.3)	(13.5)	**(24.0)**	(28.4)
Items that will be reclassified later to net earnings				
Share of an associate's other comprehensive income	**(0.3)**	5.7	**(0.3)**	5.8
Corresponding income taxes	**—**	(0.8)	**—**	(0.8)
	(0.3)	4.9	**(0.3)**	5.0
	(22.6)	(8.6)	**(24.3)**	(23.4)
Comprehensive income	**102.3**	103.0	**240.4**	200.7
Attributable to:				
Equity holders of the parent	**99.2**	100.8	**234.1**	195.8
Non-controlling interests	**3.1**	2.2	**6.3**	4.9
	102.3	103.0	**240.4**	200.7

See accompanying notes

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Condensed consolidated statements of financial position

(Unaudited) (Millions of dollars)

	As at March 12, 2016	As at September 26, 2015
ASSETS		
Current assets		
Cash and cash equivalents	**50.8**	21.5
Accounts receivable	**293.1**	290.6
Inventories	**830.3**	824.2
Prepaid expenses	**27.5**	18.9
Current taxes	**15.2**	13.1
	1,216.9	1,168.3
Assets held for sale	**4.6**	4.6
	1,221.5	1,172.9
Non-current assets		
Investment in an associate	**363.3**	315.3
Other financial assets	**33.6**	32.7
Fixed assets	**1,510.0**	1,473.2
Investment properties	**25.7**	25.7
Intangible assets	**381.6**	379.2
Goodwill *(note 3)*	**1,955.0**	1,931.5
Deferred taxes	**36.6**	30.7
Defined benefit assets	**17.2**	25.9
	5,544.5	5,387.1
LIABILITIES AND EQUITY		
Current liabilities		
Bank loans	**1.0**	0.9
Accounts payable	**958.4**	999.4
Current taxes	**51.1**	43.3
Provisions	**5.5**	3.7
Current portion of debt	**14.9**	16.5
	1,030.9	1,063.8
Non-current liabilities		
Debt	**1,297.8**	1,145.1
Defined benefit liabilities	**115.9**	97.9
Provisions	**3.5**	4.3
Deferred taxes	**192.7**	187.4
Other liabilities	**15.2**	10.1
Non-controlling interests *(note 8)*	**226.7**	221.3
	2,882.7	2,729.9
Equity		
Attributable to equity holders of the parent	**2,648.8**	2,643.4
Attributable to non-controlling interests	**13.0**	13.8
	2,661.8	2,657.2
	5,544.5	5,387.1

See accompanying notes

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Condensed consolidated statements of changes in equity

Periods ended March 12, 2016 and March 14, 2015

(Unaudited) (Millions of dollars)

	Attributable to the equity holders of the parent							
	Capital stock *(note 7)*	Treasury shares *(note 7)*	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
Balance as at September 26, 2015	**579.0**	**(18.5)**	**18.0**	**2,059.7**	**5.2**	**2,643.4**	**13.8**	**2,657.2**
Net earnings	**—**	**—**	**—**	**258.4**	**—**	**258.4**	**6.3**	**264.7**
Other comprehensive income	**—**	**—**	**—**	**(24.0)**	**(0.3)**	**(24.3)**	**—**	**(24.3)**
Comprehensive income	**—**	**—**	**—**	**234.4**	**(0.3)**	**234.1**	**6.3**	**240.4**
Stock options exercised	**8.8**	**—**	**(1.5)**	**—**	**—**	**7.3**	**—**	**7.3**
Shares redeemed	**(11.3)**	**—**	**—**	**—**	**—**	**(11.3)**	**—**	**(11.3)**
Share redemption premium	**—**	**—**	**—**	**(161.6)**	**—**	**(161.6)**	**—**	**(161.6)**
Acquisition of treasury shares	**—**	**(7.1)**	**—**	**—**	**—**	**(7.1)**	**—**	**(7.1)**
Share-based compensation cost	**—**	**—**	**3.9**	**—**	**—**	**3.9**	**—**	**3.9**
Performance share units settlement	**—**	**5.1**	**(5.2)**	**(0.1)**	**—**	**(0.2)**	**—**	**(0.2)**
Dividends	**—**	**—**	**—**	**(61.2)**	**—**	**(61.2)**	**(0.9)**	**(62.1)**
Share of an associate's equity	**—**	**—**	**0.1**	**0.6**	**—**	**0.7**	**—**	**0.7**
Change in fair value of non-controlling interests liability *(note 8)*	**—**	**—**	**—**	**—**	**—**	**—**	**(5.4)**	**(5.4)**
Sale of shares in joint ventures	**—**	**—**	**—**	**—**	**—**	**—**	**0.3**	**0.3**
Repurchase of shares in joint ventures	**—**	**—**	**—**	**0.8**	**—**	**0.8**	**(1.1)**	**(0.3)**
	(2.5)	**(2.0)**	**(2.7)**	**(221.5)**	**—**	**(228.7)**	**(7.1)**	**(235.8)**
Balance as at March 12, 2016	**576.5**	**(20.5)**	**15.3**	**2,072.6**	**4.9**	**2,648.8**	**13.0**	**2,661.8**

See accompanying notes

metro

Condensed consolidated statements of changes in equity

Periods ended March 12, 2016 and March 14, 2015

(Unaudited) (Millions of dollars)

	Attributable to the equity holders of the parent							
	Capital stock	Treasury shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
Balance as at September 27, 2014	599.2	(15.2)	15.8	2,068.6	0.2	2,668.6	15.5	2,684.1
Net earnings	—	—	—	219.2	—	219.2	4.9	224.1
Other comprehensive income	—	—	—	(28.4)	5.0	(23.4)	—	(23.4)
Comprehensive income	—	—	—	190.8	5.0	195.8	4.9	200.7
Stock options exercised	6.3	—	(1.2)	—	—	5.1	—	5.1
Shares redeemed	(6.2)	—	—	—	—	(6.2)	—	(6.2)
Share redemption premium	—	—	—	(65.7)	—	(65.7)	—	(65.7)
Acquisition of treasury shares	—	(7.0)	—	—	—	(7.0)	—	(7.0)
Share-based compensation cost	—	—	3.6	—	—	3.6	—	3.6
Performance share units settlement	—	3.7	(3.8)	(0.2)	—	(0.3)	—	(0.3)
Dividends	—	—	—	(54.6)	—	(54.6)	(0.9)	(55.5)
Change in fair value of non-controlling interests liability	—	—	—	—	—	—	(4.1)	(4.1)
	0.1	(3.3)	(1.4)	(120.5)	—	(125.1)	(5.0)	(130.1)
Balance as at March 14, 2015	599.3	(18.5)	14.4	2,138.9	5.2	2,739.3	15.4	2,754.7

See accompanying notes

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Condensed consolidated statements of cash flows

Periods ended March 12, 2016 and March 14, 2015

(Unaudited) (Millions of dollars)

	12 weeks Fiscal Year		24 weeks Fiscal Year	
	2016	2015	**2016**	2015
Operating activities				
Earnings before income taxes	**166.3**	145.7	**352.5**	294.3
Non-cash items				
Share of an associate's earnings	**(21.2)**	(16.3)	**(51.8)**	(34.2)
Depreciation and amortization	**42.2**	39.8	**82.5**	79.8
Loss (gain) on disposal and write-offs of fixed and intangible assets and investment properties	**0.2**	(0.1)	**0.4**	0.4
Impairment losses on fixed and intangible assets	**—**	2.5	**—**	2.5
Impairment loss reversals on fixed and intangible assets	**—**	(2.9)	**—**	(2.9)
Share-based compensation cost	**2.0**	1.9	**3.9**	3.6
Difference between amounts paid for employee benefits and current period cost	**(3.1)**	(1.1)	**(7.8)**	2.0
Early redemption fees *(note 4)*	**—**	—	**—**	5.9
Financial costs, net	**14.7**	13.6	**29.1**	27.0
	201.1	183.1	**408.8**	378.4
Net change in non-cash working capital items	**85.5**	67.4	**(53.8)**	(57.7)
Interest paid	**(2.8)**	(9.6)	**(30.0)**	(30.0)
Income taxes paid	**(26.3)**	(24.0)	**(74.3)**	(62.3)
	257.5	216.9	**250.7**	228.4
Investing activities				
Business acquisitions *(note 3)*	**—**	—	**(33.1)**	—
Net change in other financial assets	**0.3**	0.4	**(0.9)**	0.2
Dividends from an associate	**2.2**	1.4	**4.4**	2.9
Additions to fixed assets	**(42.6)**	(31.4)	**(97.8)**	(60.9)
Proceeds on disposal of fixed assets and investment properties	**—**	0.2	**0.1**	1.7
Additions to intangible assets	**(6.5)**	(5.8)	**(14.9)**	(9.8)
	(46.6)	(35.2)	**(142.2)**	(65.9)
Financing activities				
Net change in bank loans	**(49.0)**	(4.0)	**0.1**	(1.2)
Shares issued *(note 7)*	**1.3**	1.4	**7.3**	5.1
Shares redeemed *(note 7)*	**(16.0)**	(5.7)	**(172.9)**	(71.9)
Acquisition of treasury shares *(note 7)*	**(7.1)**	(7.0)	**(7.1)**	(7.0)
Performance share units cash settlement	**(0.2)**	(0.3)	**(0.2)**	(0.3)
Increase in debt	**1.9**	0.2	**214.8**	602.9
Repayment of debt	**(61.9)**	(266.8)	**(65.1)**	(605.2)
Net change in other liabilities	**4.2**	0.8	**5.1**	0.4
Dividends	**(33.3)**	(29.4)	**(61.2)**	(54.6)
	(160.1)	(310.8)	**(79.2)**	(131.8)
Net change in cash and cash equivalents	**50.8**	(129.1)	**29.3**	30.7
Cash and cash equivalents — beginning of period	**—**	195.8	**21.5**	36.0
Cash and cash equivalents — end of period	**50.8**	66.7	**50.8**	66.7

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 and 24-week periods ended March 12, 2016 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 26, 2015, except for the newly adopted accounting policy 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 2015 Annual Report.

2. NEW ACCOUNTING POLICIES

ADOPTED IN 2016

Presentation of financial statements

In the first quarter of fiscal 2016, the Corporation elected early adoption of the amendments to IAS 1 "Presentation of Financial Statements". The amendments clarified materiality, order of notes to financial statements, disclosure of accounting policies as well as aggregation and disaggregation of items presented in the financial statements. In the condensed consolidated statements of financial position, the Corporation has aggregated the various equity items.

ISSUED BUT NOT YET EFFECTIVE

Leases

In January 2016, the International Accounting Standards Board (IASB) issued IFRS 16 "Leases" which replaces IAS 17 "Leases" and related interpretations. Under this new standard, which provides a single model for leases abolishing the current distinction between finance leases and operating leases, most leases will be recognized in the statement of financial position. Certain exemptions will apply for short-term leases and leases of low-value assets. IFRS 16 shall be applied to fiscal years beginning on or after January 1, 2019. Earlier application is permitted under certain conditions. The Corporation will assess, in due course, the impact of this new standard on its consolidated financial statements.

3. BUSINESS ACQUISITIONS

In the first quarter of 2016, the Corporation acquired the assets of three affiliated stores in Québec which it already supplied, and of a food store from a competitor in Ontario. The total purchase price was $35.3, with a remaining balance of $2.2 to be paid as at March 12, 2016. The acquisition of these stores was accounted for using the purchase method. The stores' results have been consolidated as of their respective acquisition dates. The preliminary total purchase price allocation was as follows:

Net assets acquired at their fair value	
Inventories	3.0
Fixed assets	9.1
Goodwill	23.1
Deferred tax assets	0.1
	35.3
Cash consideration	33.1
Balance due	2.2
	35.3

Management is currently carrying out more detailed analysis and changes to the total purchase price allocation may be made to the value of net assets acquired in the current fiscal year.

Once the total purchase price allocation is finalized, the goodwill from the acquisitions will correspond, on the one hand, to the additional contribution expected from these three stores and, on the other hand, to an increase in customers shopping in the new food store. In the goodwill's tax treatment, 75% of the goodwill will be treated as eligible assets with related tax deductions and 25% as non-deductible.

4. ADDITIONAL INFORMATION ON THE NATURE OF EARNINGS COMPONENTS

	12 weeks Fiscal Year		24 weeks Fiscal Year	
	2016	2015	**2016**	2015
Sales	**2,882.0**	2,707.1	**5,843.6**	5,547.6
Cost of sales and operating expenses				
Cost of sales	**(2,308.5)**	(2,169.2)	**(4,694.1)**	(4,462.1)
Wages and fringe benefits	**(164.2)**	(160.7)	**(324.7)**	(318.6)
Employee benefit expense	**(17.4)**	(15.0)	**(35.4)**	(31.4)
Rents, taxes and common costs	**(66.2)**	(65.2)	**(128.5)**	(127.0)
Electricity and natural gas	**(32.7)**	(31.2)	**(64.0)**	(61.6)
Impairment losses on fixed and intangible assets	**—**	(2.5)	**—**	(2.5)
Impairment loss reversals on fixed and intangible assets	**—**	2.9	**—**	2.9
Other expenses	**(91.0)**	(83.4)	**(184.6)**	(174.5)
	(2,680.0)	(2,524.3)	**(5,431.3)**	(5,174.8)
Operating income before depreciation and amortization and associate's earnings	**202.0**	182.8	**412.3**	372.8
Depreciation and amortization				
Fixed assets	**(36.1)**	(33.4)	**(70.2)**	(67.5)
Intangible assets	**(6.1)**	(6.4)	**(12.3)**	(12.3)
	(42.2)	(39.8)	**(82.5)**	(79.8)
Financing costs, net				
Current interest	**(1.1)**	(1.0)	**(2.6)**	(2.1)
Non-current interest	**(13.0)**	(12.0)	**(25.3)**	(23.3)
Interest on defined benefit obligations net of plan assets	**(1.0)**	(1.0)	**(1.7)**	(2.0)
Amortization of deferred financing costs	**(0.2)**	(0.3)	**(0.5)**	(0.5)
Interest income	**0.7**	0.8	**1.2**	1.2
Passage of time	**(0.1)**	(0.1)	**(0.2)**	(0.3)
	(14.7)	(13.6)	**(29.1)**	(27.0)
Early redemption fees	**—**	—	**—**	(5.9)
Share of an associate's earnings	**21.2**	16.3	**51.8**	34.2
Earnings before income taxes	**166.3**	145.7	**352.5**	294.3

Impairment losses and impairment loss reversals were on food stores assets where cash flows decreased or increased due to local competition.

Early redemption fees of $5.9 were recorded following the repayment of the Series A Notes in 2015.

5. INCOME TAXES

The effective income tax rates were as follows:

	12 weeks Fiscal Year		24 weeks Fiscal Year	
(Percentage)	**2016**	2015	**2016**	2015
Combined statutory income tax rate	**26.8**	26.9	**26.8**	26.9
Changes				
Share of an associate's earnings	**(1.9)**	(1.7)	**(2.1)**	(1.6)
Others	**—**	(1.8)	**0.2**	(1.4)
	24.9	23.4	**24.9**	23.9

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		24 weeks Fiscal Year	
(Millions)	**2016**	2015	**2016**	2015
Weighted average number of shares outstanding – Basic	**237.6**	251.5	**238.6**	251.9
Dilutive effect under:				
Stock option plan	**1.5**	1.5	**1.6**	1.5
Performance share unit plan	**0.6**	0.7	**0.7**	0.7
Weighted average number of shares outstanding – Fully diluted	**239.7**	253.7	**240.9**	254.1

7. CAPITAL STOCK

COMMON SHARES ISSUED

The Common Shares issued were summarized as follows:

	Number *(Thousands)*	
Balance as at September 27, 2014	254,231	599.2
Shares redeemed for cash, excluding premium of $387.9	(12,676)	(30.1)
Stock options exercised	730	9.9
Balance as at September 26, 2015	**242,285**	**579.0**
Shares redeemed for cash, excluding premium of $161.6	**(4,719)**	**(11.3)**
Stock options exercised	**530**	**8.8**
Balance as at March 12, 2016	**238,096**	**576.5**

TREASURY SHARES

The treasury shares were summarized as follows:

	Number *(Thousands)*	
Balance as at September 27, 2014	761	(15.2)
Acquisition	200	(7.0)
Release	(218)	3.7
Balance as at September 26, 2015	**743**	**(18.5)**
Acquisition	**165**	**(7.1)**
Release	**(243)**	**5.1**
Balance as at March 12, 2016	**665**	**(20.5)**

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

Excluding the treasury shares from the Common Shares issued, the Corporation had 237,431,000 outstanding Common Shares issued as at March 12, 2016 (241,542,000 as at September 26, 2015).

STOCK OPTION PLAN

The outstanding options were summarized as follows:

	Number *(Thousands)*	Weighted average exercise price *(Dollars)*
Balance as at September 27, 2014	4,125	16.97
Granted	484	35.42
Exercised	(730)	11.15
Cancelled	(41)	23.42
Balance as at September 26, 2015	**3,838**	**20.34**
Granted	**382**	**40.31**
Exercised	**(530)**	**13.68**
Cancelled	**(27)**	**24.85**
Balance as at March 12, 2016	**3,663**	**23.35**

The exercise prices of the outstanding options ranged from $11.66 to $40.31 as at March 12, 2016 with expiration dates up to 2023. 755,300 of those options could be exercised at a weighted average exercise price of $16.80.

The compensation expense for these options amounted to $0.6 and $1.1 respectively for the 12 and 24-week periods ended March 12, 2016 ($0.6 and $1.1 in 2015).

PERFORMANCE SHARE UNIT PLAN

The number of PSUs outstanding was as follows:

	Number *(Thousands)*
Balance as at September 27, 2014	803
Granted	175
Settled	(229)
Cancelled	(8)
Balance as at September 26, 2015	**741**
Granted	**180**
Settled	**(247)**
Cancelled	**(5)**
Balance as at March 12, 2016	**669**

The compensation expense for the PSU plan amounted to $1.4 and $2.8 respectively for the 12 and 24-week periods ended March 12, 2016 ($1.3 and $2.5 in 2015).

8. FINANCIAL INSTRUMENTS

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

	As at March 12, 2016		As at September 26, 2015	
	Book value	**Fair value**	Book value	Fair value
Other financial assets				
Loans and receivables				
Loans to certain customers	**31.3**	**31.3**	31.6	31.6
Non-controlling interests				
Financial liability held for trading	**226.7**	**226.7**	221.3	221.3
Debt				
Other financial liabilities				
Revolving Credit Facility	**250.0**	**250.0**	97.5	97.5
Series C Notes	**300.0**	**307.7**	300.0	307.6
Series B Notes	**400.0**	**455.3**	400.0	453.1
Series D Notes	**300.0**	**305.6**	300.0	303.2
Loans	**38.0**	**38.0**	38.0	38.0
Obligations under finance leases	**31.1**	**36.4**	33.0	39.2
	1,319.1	**1,393.0**	1,168.5	1,238.6

The fair value of loans to certain customers, revolving credit facility 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, Phoenicia and Première Moisson, as of the date the options will 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 these entities are measured again at each period using a strategic development plan with a weighted annual growth rate of 8.6% as at March 12, 2016 (9.6% as at March 14, 2015). A 1% increase in these earnings would result in a $2.0 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 27, 2014	192.2
Change in fair value	29.1
Balance as at September 26, 2015	**221.3**
Change in fair value	**5.4**
Balance as at March 12, 2016	**226.7**

9. APPROVAL OF FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the 12 and 24-week periods ended March 12, 2016 (including comparative figures) were approved for issue by the Board of Directors on April 19, 2016.

INFORMATION

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METRO INC.'s corporate information and press releases
are available on the Internet at the following address: www.metro.ca

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