

Consolidated Statements of Earnings

For the years ended December 31
(\$ millions except where otherwise indicated)

	2009	2008 ⁽¹⁾
Sales	\$ 31,820	\$ 32,088
Operating Expenses		
Cost of inventories sold (note 12)	24,006	24,569
Selling, administrative and other expenses	6,131	5,755
Depreciation and amortization	601	566
Goodwill impairment (note 14)	73	
	30,811	30,890
Operating Income	1,009	1,198
Gain on disposal of business (note 4)		335
	1,009	1,533
Interest Expense and Other Financing Charges (note 6)	363	360
Earnings from Continuing Operations Before the Following:	646	1,173
Income Taxes (note 7)	259	304
	387	869
Minority Interest	260	222
Net Earnings from Continuing Operations	127	647
Discontinued Operations (note 5)	908	187
Net Earnings	\$ 1,035	\$ 834
Net Earnings per Common Share – Basic (\$)		
Continuing Operations (note 8)	\$ 0.64	\$ 4.65
Discontinued Operations	\$ 7.04	\$ 1.45
Net Earnings	\$ 7.68	\$ 6.10
Net Earnings per Common Share – Diluted (\$)		
Continuing Operations (note 8)	\$ 0.63	\$ 4.65
Discontinued Operations	\$ 7.04	\$ 1.45
Net Earnings	\$ 7.67	\$ 6.10

(1) Restated – see note 2 to the consolidated financial statements.

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31 (\$ millions except where otherwise indicated)	2009	2008 ⁽¹⁾
Share Capital		
Preferred Shares	\$ 817	\$ 817
Common Shares	133	133
Total Share Capital, Beginning and End of Year (note 22)	\$ 950	\$ 950
Retained Earnings, Beginning of Year	\$ 5,282	\$ 4,699
Cumulative impact of implementing new accounting standards (note 2)	(4)	(19)
Net earnings	1,035	834
Dividends declared		
Per common share (\$) – \$1.44 (2008 – \$1.44)	(186)	(186)
Per preferred share (\$) – Series I – \$1.45 (2008 – \$1.45)	(13)	(13)
– Series II – \$0.32 (2008 – \$1.29) (note 21)		(3)
– Series III – \$1.30 (2008 – \$1.30)	(10)	(10)
– Series IV – \$1.30 (2008 – \$1.30)	(10)	(10)
– Series V – \$1.19 (2008 – \$1.19)	(10)	(10)
Retained Earnings, End of Year	\$ 6,084	\$ 5,282
Accumulated Other Comprehensive Loss, Beginning of Year	\$ (322)	\$ (999)
Cumulative impact of implementing new accounting standards (note 2)	(1)	
Other comprehensive income	231	677
Accumulated Other Comprehensive Loss, End of Year (note 25)	\$ (92)	\$ (322)
Total Shareholders' Equity	\$ 6,942	\$ 5,910

(1) Restated – see note 2 to the consolidated financial statements.

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31 (\$ millions)	2009	2008 ⁽¹⁾
Net earnings	\$ 1,035	\$ 834
Other comprehensive income, net of income taxes and minority interest		
Foreign currency translation adjustment	35	677
Reclassification of cumulative foreign currency translation loss to net earnings	196	
	231	677
Net unrealized (loss) gain on available-for-sale financial assets	(14)	25
Reclassification of loss (gain) on available-for-sale financial assets to net earnings	1	(13)
	(13)	12
Net gain on derivatives designated as cash flow hedges	4	4
Reclassification of loss (gain) on derivatives designated as cash flow hedges to net earnings	9	(16)
	13	(12)
Other comprehensive income (note 25)	231	677
Total Comprehensive Income	\$ 1,266	\$ 1,511

(1) Restated – see note 2 to the consolidated financial statements.

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

As at December 31
(\$ millions)

	2009	2008 ⁽¹⁾
ASSETS		
Current Assets		
Cash and cash equivalents (note 9)	\$ 3,368	\$ 1,446
Short term investments	1,538	694
Accounts receivable (notes 10 & 11)	851	958
Inventories (note 12)	2,210	2,307
Future income taxes (note 7)	87	69
Prepaid expenses and other assets	56	75
Current assets of operations held for sale (note 5)		2,588
Total Current Assets	8,110	8,137
Fixed Assets (note 13)	9,020	8,542
Goodwill and Intangible Assets (note 14)	1,296	1,145
Future Income Taxes (note 7)	61	36
Other Assets (note 15)	1,656	1,703
Total Assets	\$ 20,143	\$ 19,563
LIABILITIES		
Current Liabilities		
Bank indebtedness	\$ 2	\$ 93
Accounts payable and accrued liabilities	3,579	3,121
Income taxes	78	38
Short term debt (notes 17 & 18)	300	453
Long term debt due within one year (note 18)	343	415
Capital securities (note 21)		264
Current liabilities of operations held for sale (note 5)		620
Total Current Liabilities	4,302	5,004
Long Term Debt (note 18)	5,377	5,308
Future Income Taxes (note 7)	269	273
Other Liabilities (note 19)	654	615
Capital Securities (note 21)	220	219
Minority Interest	2,379	2,234
Total Liabilities	13,201	13,653
SHAREHOLDERS' EQUITY		
Share Capital (note 22)	950	950
Retained Earnings	6,084	5,282
Accumulated Other Comprehensive Loss (note 25)	(92)	(322)
Total Shareholders' Equity	6,942	5,910
Total Liabilities and Shareholders' Equity	\$ 20,143	\$ 19,563

(1) Restated – see note 2 to the consolidated financial statements.

Contingencies, commitments and guarantees (note 29). Leases (note 20).

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board

[signed]

W. Galen Weston
Director

[signed]

A. Charles Baillie
Director

Consolidated Cash Flow Statements

For the years ended December 31
(\$ millions)

	2009	2008 ⁽¹⁾
Operating Activities		
Net earnings from continuing operations before minority interest	\$ 387	\$ 869
Gain on disposal of business (note 4)		(335)
Depreciation and amortization	645	610
Goodwill impairment (note 14)	73	
Foreign exchange losses (note 32)	311	
Loss on redemption of debt (notes 6 & 18)	49	
Settlement of equity forward contracts (note 26)	(55)	
Future income taxes	(79)	(14)
Fair value adjustment of Weston Holdings Limited's forward sale agreement (note 6)	(13)	11
Change in non-cash working capital	675	(177)
Other	(6)	(8)
Cash Flows from Operating Activities of Continuing Operations	1,987	956
Investing Activities		
Fixed asset purchases	(1,011)	(807)
Short term investments	(949)	(114)
Proceeds from fixed asset sales	27	125
Purchase of subsidiary interests (note 3)	(35)	
Business acquisitions – net of cash acquired (note 3)	(204)	(10)
Proceeds from business disposition (note 4)		467
Domtar investment (note 15)		144
Credit card receivables, after securitization (note 10)	8	82
Franchise investments and other receivables	6	(37)
Security deposits and other	108	(46)
Cash Flows used in Investing Activities of Continuing Operations	(2,050)	(196)
Financing Activities		
Bank indebtedness	(95)	58
Short term debt (notes 17 & 18)	(153)	(406)
Long term debt (note 18) – Issued	402	301
– Retired	(490)	(561)
Capital securities (note 21) – Issued		218
– Retired	(265)	
Cancellation of subsidiary share capital (note 3)	(21)	
Dividends – To common shareholders	(139)	(232)
– To preferred shareholders	(36)	(55)
– To minority shareholders	(70)	(110)
Cash Flows used in Financing Activities of Continuing Operations	(867)	(787)
Effect of Foreign Currency Exchange Rate Changes on Cash and Cash Equivalents (note 9)	(165)	233
Cash Flows (used in) from Continuing Operations	(1,095)	206
Cash Flows from Discontinued Operations (note 5)	3,017	188
Change in Cash and Cash Equivalents	1,922	394
Cash and Cash Equivalents, Beginning of Year	1,446	1,052
Cash and Cash Equivalents, End of Year (note 9)	\$ 3,368	\$ 1,446

(1) Restated – see note 2 to the consolidated financial statements.

See accompanying notes to the consolidated financial statements.