

7. BUSINESS ACQUISITIONS

In the normal course of business, Loblaw may acquire from time to time franchisee stores and convert them to corporate stores. In 2007, Loblaw acquired 4 franchisee businesses (2006 – 7 franchisee businesses). The acquisitions were accounted for using the purchase method of accounting with the results of the businesses acquired included in the consolidated financial statements from the date of acquisition. The fair value of the net assets acquired consisted of fixed assets of \$3 (2006 – \$2), other assets principally inventory of \$1 (2006 – \$2) and goodwill of \$8 (2006 – \$7) for cash consideration of \$9 (2006 – \$9), net of accounts receivable due from the franchisees of \$3 (2006 – \$2).