RONA 2005 ANNUAL REPORT

Another record year!
RONA makes it 15 in a row

SUSTAINING GROWTH
A unique development plan

Toolbox for building business
RONA's eight steps for success

In 2005, we began enlarging the Boucherville distribution centre. Slated for completion early in the second quarter of 2006, the additional 250,000 sq. ft. will bring the total area to more than 900,000 sq. ft.

NEW STORES
Seven stores were built in 2005 including two Big-Box stores in Gatineau, Quebec and in Richmond, British Columbia.

Summary 2005

Our mission

To offer the best service and the right product at the right price to North American consumers of housing and home improvement products. We do this through a strong network of affiliated, franchised and corporate stores which are leaders in their respective markets with a specific format and banner and an efficient management and distribution support.

PRIVATE LABEL
In 2005, RONA has introduced some 200 products in its private label program.

THE SERVICE. Everyday, the 24,000 RONA employees are proud to serve thousands of Canadian customers from coast-to-coast.

Values

Customer service is the top priority for RONA and our employees. This unconditional commitment to serve is both our reason for being and the key to our shared success.

Unity is our founding principle. At RONA, we're all part of the same team. Our common goal is to offer the best possible shopping experience to each and every customer.

The working conditions we provide illustrate the **respect** we have for our employees. It's also shown in the resources we invest in developing our people and in the care and attention we give all employees, customers, shareholders and business partners.

At RONA, **the search for the common good** allows us to join forces with people and businesses that believe in the benefits of working together and who accept the rules of doing so. We are always guided by the common interests of our employees, customers, shareholders, suppliers and other partners.

At RONA, everyone is encouraged to take initiative in any way they can to contribute to the company's success. By fostering a solid **sense of responsibility** in every employee, we ensure that our human resources grow with us.

Another record year!

RONA inc., Canada's leading retailer and distributor of home improvement, hardware and gardening products continues to grow, posting record results for the 15th year in a row.

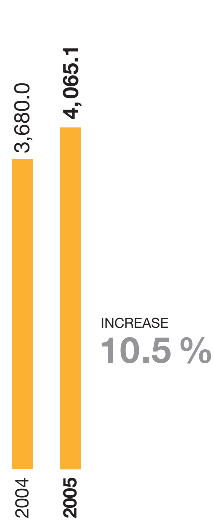
In March, RONA signed a two-year sponsorship program with the CFL

Robert Dutton with Brian Clark, linebacker for the Calgary Stampeders, and Tom Wright, Commissioner of the CFL.

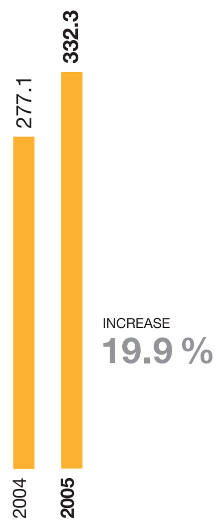
In May, RONA and the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games™ announced an eight-year partnership agreement guaranteeing RONA sponsorship rights for the 2010 Olympic and Paralympic Winter Games, as well as the Canadian Olympic Team at Turin 2006, Beijing 2008, Vancouver 2010 and London 2012.

In April, RONA closed the acquisition of TOTEM Building Supplies Ltd. ("TOTEM"), a home improvement leader in Alberta. On December 22, 2004, the transaction was announced by Robert Dutton and Jim Thorogood, former President of TOTEM.

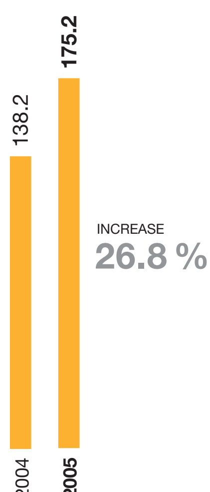
SALES
(in millions of dollars)



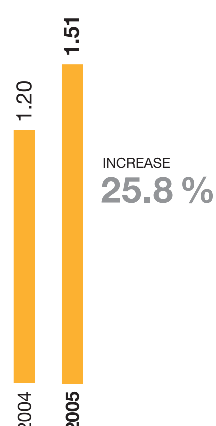
EBITDA
(in millions of dollars)



NET EARNINGS
(in millions of dollars)



DILUTED EARNINGS PER SHARE
(in dollars)



CONSOLIDATED FINANCIAL HIGHLIGHTS

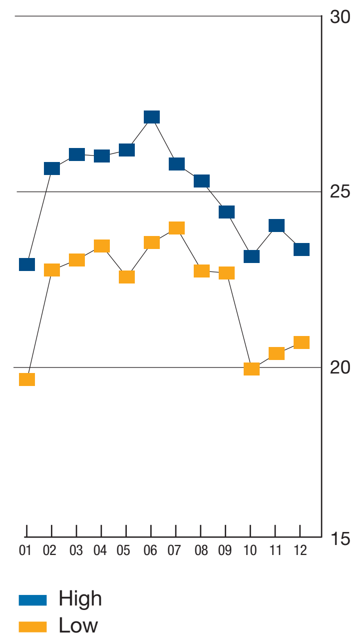
Years ended December 25, 2005, December 26, 2004 and December 28, 2003
(in thousands of dollars, except earnings per share and shares outstanding)

	2005	2004	2003
Operations			
Sales	$4,065,066	$3,680,038	$2,710,268
Operating income (EBITDA)	332,266	277,091	175,063
Net earnings	175,210	138,225	77,947
Earnings per share*	$ 1.53	$ 1.22	$ 0.73
Diluted earnings per share*	$ 1.51	$ 1.20	$ 0.72
Shareholders' equity	$ 936,184	$ 752,695	$ 610,283
Common shares			
Outstanding	114,412,744	113,957,270	113,614,130

* Figures per share reflect a two-for-one stock split in March 2005.

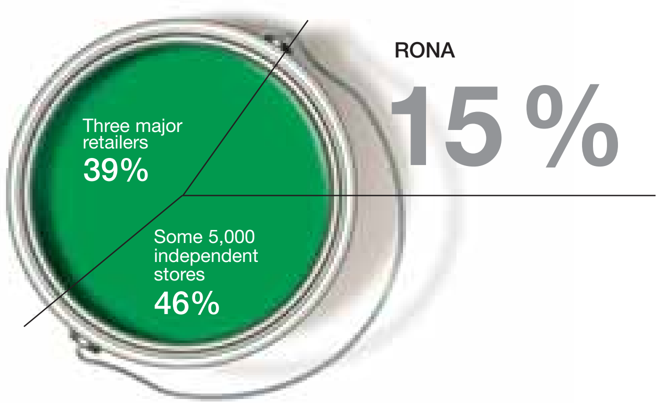
STOCK INFORMATION YEAR 2005

(Stock value: RON)



CANADIAN HARDWARE-RENOVATION MARKET*

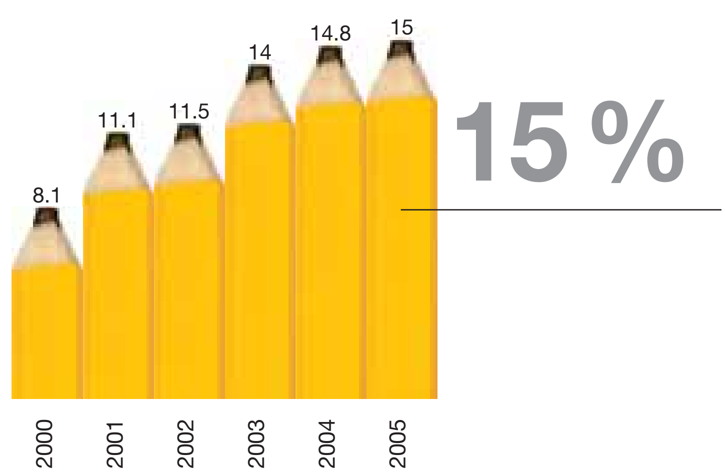
(market share)



RONA holds 15% of the Canadian hardware-renovation market, a 39% share is held by three major retailers and the balance is held by some 5,000 independent stores.

* RONA's retail sales totalled $5 billion in 2005 in a total market estimated at $33.5 billion.

RONA'S MARKET SHARE IN CANADA (%)



RONA President and CEO Robert Dutton congratulates Gérald Lamarche, General Manager of the Granby RONA L'entrepôt, on the 30,000-square-foot addition to the store, which formerly carried the RONA Le Régional banner.

Sustaining growth

Four major drivers

"Despite our growth we have maintained the best part of the mentality of the corner merchant, which is the desire to please customers because they are also neighbours."

RONA's lineage has always been important to me. I'm proud of the fact that for some six decades – before we went on our big expansion journey – we learned our business the old fashioned way: making our customers happy not just for their sake, but because we felt good too.

Around here, we often refer to customer service as being "in our DNA." Certainly, once the expansion gun went off in 2000, it took only four years for RONA to go from Quebec leader to the Number One position in the Canadian home improvement market.

We continued our strong growth in 2005 – sales up 10.5%, operating income up 19.9%, net earnings up 26.8% – validating a business model that is fully aligned with the growth opportunities in our market.

It's a model with people very much at its core. Our in-store growth is based on serving our customers better than anyone else. Our network expansion is based in part on the desire of independent dealers to come in under the RONA banner. Our profitability, which improves year over year, comes from disciplined management and the concern of more than 24,000 employees.

The best business plan in the world is only a document until dedicated, passionate people make it a reality. I believe we have the best plan; I know we have the best people.

RONA's business model is not one that any company could execute. In fact, we are unique in our sector and, as a result, I believe better positioned. Ours is a diversified strategy that enables sustained growth from multiple sources. It's a strategy that leverages our unique features and would be extremely hard for our competitors to replicate. It's a successful strategy that we believe is outperforming the more one-dimensional approach of our peers.

As with other successful retailers, RONA depends on best-in-class performance from all of the business inputs – distribution, marketing, merchandising, training and service. Unique to RONA, however, is its multi-faceted strategy for growth.

RONA benefits from a portfolio of store formats that form a coherent network of three essential categories – Big-box, Proximity and Specialty stores. These in turn have one of three types of store ownership: corporate stores, franchised stores and affiliated stores.

This permits a robust, four pronged model for growth:

- **Organic growth, through increasing store sales**
- **Network expansion, through construction of new stores**
- **Acquisitions of businesses in our industry**
- **Recruitment to the RONA banner of independent dealer-owners**

RONA is the only company in the North American home improvement sector to have four major growth drivers at once.

ORGANIC GROWTH: Organic growth comes from increasing in-store sales and profits. Our strategies for this are built around the customer experience and improved efficiency: new formats, new floor layouts and new services to meet changing consumer dynamics. In 2006, we will spend $40 million to renovate dozens of corporate stores.

NEW STORE CONSTRUCTION: Building out new stores expands the best of the lessons learned. Our diversity in retail layouts is unmatched and allows precise alignment with consumer expectations, regardless of location or population density. The company is continually refining the ideal premises – size, layout, focus – for each opportunity whether rural or urban and each new store represents the best thinking to that point.

In 2006 we will invest $200 million to build close to 20 points of sale and the same again in 2007, in part in our highly successful "Proximity" format of 40,000 to 52,000 square feet.

ACQUISITIONS: RONA has grown rapidly in both scope and scale through acquisitions. We have completed several deals from 2000 to 2005, four of them major, adding more than 11,000 people, $2.2 billion in sales and a presence in the commercial market. The pattern continued in the first two months of 2006 with two more acquisition announcements bringing $205 million in retail sales and still more expertise in the commercial market.

RECRUITMENT: The recruiting of independent dealers to the RONA banner meets four strategic imperatives. It expands our retail presence, moderates competition, puts possible succession in place, and increases our wholesale revenues. Since we began the program in late 2003, 70 dealers have become affiliated representing close to $300 million in retail sales.

These, then, are the four growth vectors that distinguish RONA in the marketplace. And they depend for success, of course, upon an infrastructure of Marketing, Merchandizing and Distribution capabilities that rank among the most respected in the industry.

I believe that our shareholders will gain an even greater appreciation of their company by understanding the nuances of our strategy. And so in this year's Annual Report, I invite you to review the following pages which give a more in-depth view of how the various elements of the company integrate to become a powerful force for sustainable growth.

RONA PLANS TO BUILD CLOSE TO 20 NEW STORES IN 2006 AND AS MANY IN 2007, BRINGING THE TOTAL NUMBER OF CORPORATE AND FRANCHISED STORES TO MORE THAN 200 BY THE END OF 2007.

Is it succeeding?

Two years ago, you may recall I set a target of $7 billion in network retail sales by the end of 2007. I am very pleased to confirm that target and inform you that we are solidly on track.

Robert Dutton
President and Chief Executive Officer

Organic growth
Building up the core

"RONA's diversified network blankets the country with the muscle of a major corporate chain and the entrepreneurship of the family-owned enterprise."

A decade ago, it looked as if the big-box wave would sweep away all the smaller stores. RONA stayed with its instincts.

"We built the big-box, but unlike the others, decided to maintain several different store formats", says Claude Bernier, Executive Vice-President, Proximity and Specialized Stores. "It's really simple: our focus has always been the consumer and no single retail format can satisfy all the people."

Now other giant hardware retailers are coming to the same conclusion and starting to diversify their formats – introducing formats that RONA pioneered many years ago.

RONA has a competitive advantage in a more complex business model which gives consumers every type of format that works for home improvement retailing in Canada. The unique RONA model integrates:

- **Three types of store**
- **Three types of ownership**
- **15 retail banners in the hardware, renovation and gardening markets.**

Managing this model takes an infrastructure and know-how that are unique to RONA. But it gives RONA unparalleled reach and the flexibility to establish a strong brand presence nationally across markets that vary by region, location and population density.

First, the structure.
Three types of store. Big-box stores represent almost half the company network in terms of revenues and employees. There are 67 stores under four banners, RONA L'entrepôt, RONA Le Régional, RONA Home & Garden and Réno-Dépôt. Within the category are three major segmentations by floor size ranging from 75,000 to 120,000+ square feet.

Proximity Stores are more the home centre and neighbourhood hardware category and RONA has 333 of these. Both the Big-Box and Proximity categories are constantly evolving in style and layout.

The third type is Specialized Stores, which are niche-specific. In Ontario, for example, RONA Cashway concentrates on lumber and in the East, Botanix is a garden supply outlet. RONA has 181 of these.

INSTALLATION SERVICES RESPOND TO A MARKET OPPORTUNITY

Even with 50,000 products in the store, there is still one more thing customers want from RONA. TIME.

As housing stock ages and the renovation market accelerates, home owners find themselves with the money and the choice of product. What they can't find is the time to get the job done.

"Surveys show that a majority of Canadian parents working full time feel there are not enough hours in the day," says Pierre Dandoy, Executive Vice-President, Big-Box Stores. "So they want it installed."

"But it is also really important for customers to be able to rely on the quality of the install program as well."

A program of installation services has been introduced to Ontario and the West to support the sales of renovation products, particularly in the urban area stores. A full rollout across Canada will be completed by mid-summer 2006. The service will initially offer installation of doors and windows, kitchen cabinets and flooring.

RONA will outsource the service, engaging qualified professionals.

The customer gets assurance, a finished job and a single bill. RONA gets another revenue stream.

Pierre Dandoy
Executive Vice-President,
Big-Box Stores

Three types of ownership.
This structure plays a lead role in both optimizing financial resources and consolidating the Canadian market.

Corporate stores are just that, with both investment and total return belonging to RONA.

The Franchisee is obligated to carry RONA's product line and distribution, and RONA earns a franchise fee as well as a percentage on revenues.

The Affiliate is an independent dealer who must buy a minimum of 90% of his goods through RONA and maintains his identity but under a RONA banner.

With some 5,000 of these independents remaining in Canada, most facing an uncertain future, this is RONA's consolidation territory. In 2005, a record 31 dealers crossed over to the RONA banner. (See "Recruitment").

Multiple Banners. Acquisitions have resulted in three corporate banners in addition to RONA itself. In the cases of Réno-Dépôt, TOTEM and Botanix, RONA decided to preserve the brands and build upon them.

This multi-format, multi-banner business model places a premium both on strategic insight and execution, but it results in a flexibility that is unmatched in North America. It allows the company to:

- **Satisfy customers looking for personalized service in smaller stores as well as those who prefer the mega-store experience;**
- **Maintain locations in small towns and regional cities as well as in the major urban areas, (85% of Canadians live within 30 minutes of a RONA store);**
- **Meet, in an equally distinctive way, the needs of the DIYs who are renovating their kitchens as well as those of the contractors buying building materials year-round.**

RONA has built this model aggressively in recent years and continues to do so – both building out the network still further and improving the return. It's a model that allows multiple sourcing to meet its organic growth needs.

Same-Store Sales
RONA's diverse network has outperformed its North American peers in same-store sales for four of the last six years. This success is attributed to the customer in-store experience and effective promotions.

The original "warehouse stores" offered lower prices by saving money on décor and service as well as bypassing warehouse storage. Today's customer assumes competitive pricing and seeks a richer experience as well as service excellence.

In the cases of Réno-Dépôt, TOTEM and Botanix, RONA decided to preserve the brands and build upon them.

Building the business

Claude Bernier
Executive Vice-President,
Proximity and Specialized Stores

RONA has been refining the big-box model for many years, resulting in different sizes, configurations and focus.

“A big-box now is like a shopping mall,” says Pierre Dandoy, Executive Vice-President, Big-Box Stores. “Each department is a store within a store, like a boutique – the paint boutique, the décor boutique and so on. You have to provide a pleasant ambience and friendly, expert service. A lot different from 10 years ago.”

Sales growth is also stimulated by an aggressive in-store improvement program to create excitement in the stores.

“We renovate all our stores every five years,” explains Claude Bernier. “We renovated 117 stores in 2005 and our target for 2006 is 122 stores.”

New store construction

The evolution of the in-store experience goes hand in hand with an aggressive campaign to expand the network. Each new store distills the best of the lessons learned.

As of February, 2006, RONA had expanded its network to 581 stores including 67 big-box locations. Over the next five years, close to 20 new big-boxes and proximity stores are scheduled per year. Affiliated dealers also feed the expansion, planning new stores this year ranging from 5,000 to 60,000 square feet.

RONA’s new store program in 2006 will emphasize two new layouts. The first is the “Proximity” prototype that the company developed in 2004 as a state-of-the-art version of the traditional hardware store. The 40,000-52,000 square foot layout carries a vast selection of products in a compact footprint that can cost-effectively be located in the multi-billion dollar, urban, home improvement market.

The second is a larger “urban store” layout, which, at 80,000 square feet, offers a wide product selection, exceptional service and an exciting customer experience. RONA gets closer with each evolution and the latest is seen in Richmond, British Columbia where a $23 million investment set new standards in 2005.

The 75,000 square foot Richmond store features wide aisles, improved signage and bright lighting, with emphasis on service and installation of popular renovation categories such as kitchens, doors and windows and flooring.

Recruitment
Tomorrow's network

"Dealer recruitment seeds tomorrow's growth while adding distribution revenue today."

The numbers tell the story. The largest single segment of the Canadian home improvement market – 46% – is shared by some 5,000 independent dealers. By 2010, that is expected to shrink to 40% with as many as 1,000 no longer active.

The outlook for the independents is uncertain. A great many owners have no succession plan and the resale market for independent stores is not extensive. There is a scarcity of reinvestment capital for the family-type store which means they will fall behind on consumer expectations.

Into this mix, put a fast-growing Canadian company with some $5 billion in network retail sales and a strategic commitment to provide hardware and renovations services across the country, unrestricted by location or size of store.

"Our affiliate dealer recruitment program has taken off," says Claude Bernier, Executive Vice-President, Proximity and Specialized Stores. "In 2005, we recruited 31 dealers representing $191 million in retail sales. We invited people to our trade show last November and more than 35 dealers came to talk to us."

"Our affiliate dealer recruitment program has taken off."

Claude Bernier

RONA takes only the best of those who approach them, suggesting the acquired sales can be expected to grow. In 2006, dealer recruiting is projected to add over $200 million in retail sales to the network.

For independents, an association with RONA has shot to the top of the wish list (see box). It brings with it participation in highly regarded marketing and merchandising plans, a share in the RONA brand equity and all the latest management and stock keeping tools developed for the corporate stores.

"The value of the RONA banner increases each year," adds Bernier. "Joining RONA really does mean adding more footprints in the aisles."

BRANDON (Manitoba)

"RONA will help us stay competitive."

Jared and Jack Jacobson of J & G Supply are toe-to-toe with the big boys now.

Square footage: 15,000 retail; 25,000 warehouse; 4 1/2 acre lumberyard

RONA member since March 2005

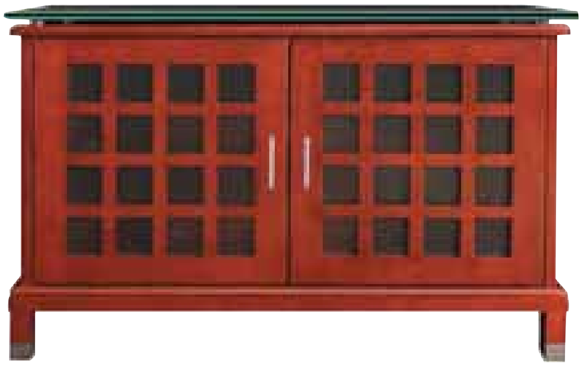
What made you switch to RONA?
We decided to go with RONA because we realized we'd still be in control of our store. RONA offers more products, new technology and better service. Another big advantage is its distribution centre with twice-weekly delivery. It makes it easier to keep our customers happy and takes a lot of stress away. Plus, we wanted to compete with the big-box stores. I believe the box stores will likely crush anyone who doesn't belong to a chain over the next ten years.

How else does RONA make your work easier?
Before, as a small, single independent, we had to do our own flyers and decide what to put in it and work out deals with suppliers. But RONA's flyer program offers us a huge advantage. All we have to do is order the products, make sure customers know about the sales, and have the products on display.

How has your marketplace changed recently?
New big-box stores are coming in and that means tougher competition. RONA will help us stay competitive with faster delivery, great service and better pricing.

Any reaction from customers to the new look?
We've heard a lot of really positive comments from customers. It translates to an increase in sales.

Stores joining the RONA network have access to an inventory of more than 100,000 products, 95% of which are from Canadian-based suppliers.



Acquisition
Delivering scale and scope

"RONA is playing the leading role in the consolidation of the Canadian home improvement market."

Of RONA's four growth strategies – Organic, New Store Construction, Recruitment and Acquisitions – the last has the power to change the landscape overnight.

There are four caution lights that must turn green in order to qualify a candidate.

- **The company must be profitable, meaning no turnarounds**
- **The company must have skilled management in place**
- **The company must contribute positively to RONA's earnings from Day One**
- **There must be potential for synergies – value created by the merger that wasn't there before**

From left to right: **Martin Lacroix,** Vice-President Finance & Corporate Development and **Claude Guévin**, Executive Vice-President and Chief Financial Officer are responsible for the company's acquisition process.

When the ink had dried on the Réno-Dépôt take-over in 2003, RONA had doubled its stable of big-box stores in just two years. The completion of the TOTEM purchase in 2005 contributed 16 specialty stores and the immediate leadership of the Alberta market.

RONA's acquisition strategy expands both the scale of the network and its scope. When Réno-Dépôt came on the radar screen for instance, the fit was ideal.

"Our background is the community merchant, the corner store," says Claude Guévin, Executive Vice-President and Chief Financial Officer. "We wanted to strengthen our offering to DIYs in urban area. That's where Réno-Dépôt is very strong so it was a natural for us."

RONA has completed four major acquisitions from 2000 to 2005, adding $2.2 billion in sales, 11,000 employees and $70 million in synergies. In February 2006, it also announced the acquisition of a majority interest in Quebec building supplies provider Matériaux Coupal, as well as Newfoundland's eight-store Chester Dawe chain, bolstering its presence in Atlantic Canada.

The company sees some 40 targets in the range of $50 million to $150 million of annual retail sales.

"We have realized millions in synergies in the last five years," says Guévin. "I think we have demonstrated our capacity to integrate and efficiently achieve our acquisition synergies."

RONA's multi-faceted growth strategy, giving it expertise in all categories and markets, makes it the only significant consolidator in the Canadian market.

RONA benefits from a secondary acquisition activity not generally available to its competitors. The successful IPO of 2002 unlocked the hidden value in the RONA stock, making large amounts of capital available to RONA dealer-owners.

More than most independents, these dealer-owners now have the means to invest in their own expansion, including acquisitions. The company expects to add some stores to the network this way.

"Consumers must recognize the brand essence – **the RONA experience** – as soon as they set foot on the premises," says Normand Dumont, Executive Vice-President, Merchandising.

"That's the RONA model. The challenge is to find the process selection, concept and layout that will apply to all our dealers, that can be adapted to their strategy."

Merchandising

One customer experience

"RONA's network: 581 stores and 1 consistent customer experience."

RONA builds its brand on a clear critical base: a consistent customer experience wherever you are in the network.

"Consumers must recognize the brand essence – the RONA experience – as soon as they set foot on the premises," says Normand Dumont, Executive Vice-President, Merchandising.

"That's the RONA model. The challenge is to find the process selection, concept and layout that will apply to all our dealers, that can be adapted to their strategy."

Defining the RONA experience starts with Marketing, which determines the banner position within the overall strategy. For example, who will shop for what kind of goods at RONA versus Réno-Dépôt or TOTEM. Once this is established, Merchandising takes over to build the customer experience.

A highly specialized team figures out what will appeal to customers, the optimum way to present it and the most favourable way to purchase it. For 440 categories.

"We have 22 merchandisers who have a lot of responsibility," says Dumont. "They decide the strategy, the mix and do the sourcing and the retail pricing. We work very closely with the store team on layout and developed the boutique concept that's now in the RONA Stores."

RONA's bottom line is directly linked to the efficiency and skill of the Merchandising department. It has taken two years and the design of proprietary system tools to integrate the group databases resulting from acquisitions. RONA can now analyse individual product categories, keeping only those that meet established criteria for quality, price and consumer trends.

Importance is placed on products that are exclusive and innovative to the market. Last November, Dumont's team re-invented the annual dealer trade show. Instead of vendors bringing bulky product line displays, RONA specified what it wanted to see – and only those vendors with new and appealing products were invited.

"Almost all of our 500 plus store managers and store owners come to this show," explains Dumont. "There's no point in them coming to see products they already have in the store."

"We also laid out the show in boutiques, just like a new retail store, to show our people the latest layout thinking."

RONA can now analyse individual product categories, keeping only those that meet established criteria for quality, price and consumer trends.

Normand Dumont
Executive Vice-President, Merchandising

Besides making the experience pleasing for customers, there are logistical challenges in offering generous product selection in smaller communities.

"The strong performance of the RONA brand supports a strategy to increase the percentage of Private Label products in selected categories."

A big-box store, which requires a significant urban population to support, might offer 50,000 different products and have more than 100,000 square feet in which to do it. It's another challenge in the latest Proximity store concept which still needs to offer 30,000 to 35,000 products but only has 40,000 square feet.

Efficient Sourcing
In order to maintain margins with competitive retail pricing, the company is constantly refining its sourcing. The global buying alliance A.R.E.N.A. gives it purchasing clout of over $30 billion. A new web-based system will enable RONA to source new ideas rapidly from around the globe, although the company plans to maintain its Canadian sourcing at around 90%.

The strong performance of the RONA brand supports a strategy to increase the percentage of Private Label products in selected categories. In 2005, the total Private Label products increased to close to 2,000 items.

The RONA branded products return a higher margin and also build a new and important dimension in the relationship with the customer. It says RONA has expertise in the product itself, as well as the "how-to" knowledge communicated in the servicing.

The power of this combination of product quality, value and know-how was demonstrated in 2005 in the paint category where RONA increased sales.

Linda Michaud
Senior Vice-President, Information and Technology

Pierre Pelletier
Vice-President, Logistics

Pascal Lazure
Employee

RONA Pro Services

RONA will be taking the Commercial Desk into new territory in 2006.

A new national team known as RONA Pro Services will streamline services to the trades and building maintenance professionals while also pursuing new sales on site with the customer.

"It is an expansion of what we have been doing for four years," explains Louis Grondin, National Director, Sales & Marketing, Commercial and Professional Markets.

"We will have a National Sales Force focused on this sector across the country, acting as liaison with local and regional stores."

Pro Services will look after two distinct professional categories. One consists of the contractors and trade pros and the other is the industrial, or building maintenance sector. Together, these are known as the Industrial, Commercial and Institutional sector, or ICI. The new team will work with companies to harmonize multi-point purchase and distribution needs.

"We're not replacing the commercial or contractor desk in the store," points out Grondin. "We are out there, seeking to drive new sales back in. In the case of the larger customers, we'll negotiate a global contract which will be filled at specific stores in different regions."

RONA reinforced its presence in the ICI sector in February 2006 with the announcement of the acquisition of a 51% majority interest in Matériaux Coupal, one of the market leaders in the Montreal area.

Distribution & IT
Retail's life support system

A wholesaler for 67 years, RONA has one of the top distribution capabilities.

Before RONA knew how to sell a hammer, it knew how to deliver it. From its roots as a co-operative wholesaler in 1939 it has developed an expertise in Distribution that is recognized as a leader in North American retail.

That expertise underpins the entire RONA strategy. And, like that strategy, it puts a simple face on a complex function.

“We have three straightforward objectives”, says Pierre Pelletier, Vice-President, Logistics. “First is to make sure all our stores have in stock what they need when they need it. Second, we want to optimize the profitability of the distribution network. And third, we have to manage the inventory – make sure we are only keeping products that perform.”

The right products at the right time in the right quantity is a major challenge on its own. The network of 581 stores ranging from 5,000 to more than 120,000 square feet is serviced by six Distribution Centres across the country on a daily basis if necessary.

“And don’t forget the documentation”, adds Pelletier. “The product is no good to the stores if they don’t have the information that goes with it.”

RONA will invest $35 million in its distribution centres in 2006. The main Distribution Centre at Boucherville will be expanded to 900,000 square feet and a new, 380,000 square-foot, state-of-the-art facility will be constructed in Terrebonne in the Montreal area.

The new facility will reduce materials handling still further with flow-through and cross-docking. These are cutting edge processes and will improve efficiency in distribution to the larger stores in particular.

RONA has been a pioneer in understanding distribution profitability. It used to be that an average cost system was the only way to determine the expense of getting many different products from suppliers to its stores. Two years ago RONA was the first to combine route-to-market software

systems to allocate costs so precisely it can evaluate various options of shipping specific products to individual stores.

Trucking fleet costs are moderated with backhaul contracts that see a majority of the fleet returning with goods for another destination.

Information Technology not only plays a crucial role in distribution management but throughout the entire modern retail process. It is the area – along with People and Culture – that feels the greatest impact of each acquisition.

A solid expertise in Distribution

"When you merge seven companies, you wind up with seven ways to do things," says Linda Michaud, Senior Vice-President, Information and Technology. "We have taken a best-of-breed approach, trying to keep the best of each system but having to find consensus between all those companies."

The importance of Information Technology can be seen in the $70 million that will be invested over the next two years to make the supply chain even more efficient. It is due in part to strict operations management and cutting-edge IT technology that RONA has recorded an improvement in operating margin (EBITDA/sales) for 12 straight years.

RONA's experience in integrating and consolidating different operations as it expands is reflected in the success of IT to do the same with systems technology.

Understanding and meeting the needs of the retail network – from big-box to specialty stores – is only one of several challenges. Systems also power the wholesale and distribution capability, the financial control and reporting and interactive training.

Currently mid-way through a three-year program, IT is consolidating multiple systems and procedures. The result will be one highly efficient and specialized package that continues to sustain the company's growth.

The electronic gift card is a highly attractive product expected to benefit all members of the RONA network. The RONA gift card was launched last November and has met with great success.

Michael Brossard
Senior Vice-President, Marketing
with RONA's employees, **Annie Belleau**
and **Catherine Allard.**

Building the brand
How to say that we care

"When RONA started out, it was as a wholesaler and the brand issue was not so important. Today, as Canada's leading home improvement retailer, what our brands represent in the mind of our consumers is a priority."

Michael Brossard is more concerned with where the buck starts than where it stops.

Brossard is Senior Vice-President, Marketing. As such, he is responsible for understanding where RONA's business comes from and who its customers are. This knowledge is vital to developing the RONA brand.

What's in a name? For each person, it is the culmination of experiences had with the company. Managing that name or brand, then, really means managing the experiences and expectations of the people you do business with.

"We take a real 360 view," says Brossard. "I would say we run pretty much all the monitoring tools in research methodology to build our understanding of what our customers need. Then we measure our performance against that."

RONA's marketing program gives it four databases, each providing a window on who are its customers and what they want.

The consumer website has some 300,000 signed up members; the Air Miles™ loyalty program totals eight million members; there are 200,000 users of the company credit card and a Gift Card program has just been launched that will also aggregate purchasing preferences.

There was a time when this was not a high priority for RONA. As a wholesaler, it responded to the needs of merchants who had their own identity. But the last dozen years have seen an escalating entry into the consumer world and the rapid consolidation of brands under the RONA name.

That name today presents a single promise, the service promise, demonstrated by all big-box, proximity and specialized stores, corporate, franchised and affiliated stores.

"That promise is that we care about your project and want to see you succeed," says Brossard. "Essentially, we will be your complete service provider for your renovation needs so you can do it yourself. But you won't have to do it on your own."

The right message

You are what you stand for

"RONA's Olympic partnership confirmed the national presence it has been building, a national commitment it has always had and, by choosing to make the announcement in a retail store, a dedication to the consumers it serves."

On May 4, 2005, customers arriving at the Ville d'Anjou store in the east section of Montreal were met with flood lights and television cameras.

This was no product demo. At the microphone was RONA President and CEO Robert Dutton. He was announcing a multi-year, $68 million commitment to Canada and Canadian youth as a National Partner supporting the 2010 Winter Games in Vancouver, British Columbia.

It was a defining moment for RONA, a big moment in a big year. And perfect alignment for what it wants to represent to its stakeholders and customers.

"The Olympic rings are the most powerful brand icon in the world," says Michael Brossard. "We are intensely proud to be associated with Canada's Olympic future and it elevates all of us to a new standard."

"It is rare to be able to communicate the soul of your company and its value system on a branch level, but that's what the Olympic Games do for RONA."

RONA will be an active partner in its eight-year association with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games™. Part of the sponsorship will be to contribute to the construction of an athlete centre in Whistler for the 2010 Winter Games as well as various other venues in the Vancouver area.

TM/MC

RONA

National Partner

The power of the Olympic Games sponsorship is such that the benefit can be as strong at the local level as it is on network television. RONA has developed an innovative grass-roots execution that will provide direct financial support of at least $4 million for 100 Canadian olympic-calibre athletes. These are to be selected geographically to have one athlete associated with every five stores, enabling local promotions and contributions and in-person visits.

On a national basis, the Olympic Games association will become a powerful tool for RONA and promoting the partnership is driving the strongest media plan in the company's history in 2006.

Although RONA is still not nationally the household word it is in Quebec, the profile has been rising rapidly in recent years. Since 2004, total unaided awareness has risen from 36% to 60% in Ontario and from 62% to 69% in the West.

An aggressive marketing communications campaign that has been driving these results included high profile image associations even before the Olympic Games.

National flyer campaign

RONA flyers reach over six million households in a given week – and there are 40 weeks of them. Promotions are integrated with the national television advertising so that every RONA store, regardless of size, can deliver the featured products.

Vancouver, home of the 2010 Olympic and Paralympic Winter Games.

Air Miles™. **The Air Miles™ program is the most popular loyalty program in Canada. It is used by 2.7 million RONA customers with two powerful strategic benefits to the company. First, the "basket" – the average goods bought on a visit – is higher than with non-Air Miles™ customers. Second, card usage gives RONA a user profile that can make special offers more targeted and thus more attractive.**

Web site. RONA's online presence is strong, with an average of 675,000 visits per month in 2005. As well as Internet sales, the informative articles on the web site and a rapid store locator send customers into stores ready to purchase.

RONA MS Bike Tours: a great success
The Boucherville support centre team went the distance from Vaudreuil, Quebec, to Cornwall, Ontario, and picked up $18,000 for their efforts!

The company's service focus mandates that it also play a prominent role in the community. This is expresssed in local and regional support of dozens of community activities across Canada.

In 2005, RONA expanded its support of regional bike tours on behalf of Multiple Sclerosis into a national partnership with the Multiple Sclerosis Society of Canada. The company sponsors 21 RONA MS Bike tours across the country each year and, in 2005, these raised a record $6.5 million.

A further $88,000 was raised in local store promotions around the theme "Find the Key" for the cure to MS. The campaign is also helping to make known the fact that Canada is a leader in researching a cure for the disease.

"With compassion and grace, the RONA team has taken a firm stand in the fight against MS," said Society President Alistair Fraser. "As a fellow Canadian success story, we are extremely proud of this partnership and the difference we are making together."

The right thing to do. And the right message.

RONA Dream Home. Despite the surge in home reno shows on television, the no-nonsense approach of this show on Global network (a french version is broadcast on TVA) made it one of the most innovative shows of the 2005 season.

THE CANADIAN FOOTBALL LEAGUE.
Few sports are more distinctively Canadian than Canadian football. RONA fits comfortably in this and has a two-year agreement which includes being on all CFL player jerseys.

The **passion for service,** embedded in RONA's long history, has been made a strategic imperative.

Jean Emond
Senior Vice-President,
People and Culture

France Réhel
Director,
People and Culture

People & Culture
A passion for service

"We get into very fundamental values by the nature of the business we do. It's not about selling nails. RONA is about building dreams."

Passion is not likely to be the first word you would associate with hardware or renovations.

But you might be underestimating your neighbour, since home renovation is a "top10" enthusiasm for Canadians. And you would definitely be selling him short if he worked at RONA.

"Many of us are genuinely passionate about retailing," says Jean Emond, Senior Vice-President, People and Culture. "But the real passion at RONA is for people. There is definitely a culture of caring on the store floor and we work hard to build it and share it."

This passion for service, embedded in RONA's long history, has been made a strategic imperative. When a survey revealed five of the first eight concerns of consumers related to service, RONA set a goal to become the go-to company in its business.

RONA has powerful strategies for attracting different groups of consumer – men, women, the casual DIY and the serious home improver. These strategies are all founded upon the ability to relate and respond to customers on the store floor.

That means having an attitude that sees the dream behind the selection of a faucet or choice of flooring.

The RONA Great Canadian Tour (annual employees' meeting) – Calgary, March 2005.

AGP

Customers First.

RONA has grown to 24,000 employees. Reaching this many hearts and minds to foster a culture of caring is considered by RONA one of its most important challenges. The company no longer has a HR department; it was changed in 2001 to People and Culture, a small but meaningful adjustment.

Since that time, the division has built expertise in understanding, educating and motivating its constituents. It has also introduced innovative measures to integrate new employee groups arising from RONA's acquisition strategy.

A corporate goal to provide the most courteous and helpful service across the country brings with it a training obligation. RONA fields a state-of-the-art capability and will increase its training budget another 10% in 2006.

When head office premises were doubled in size in 2005, space was set aside for the RONA Academy. Here, vendors and visiting subject matter experts run technical knowledge clinics, which are also sent out on the road to other provinces.

A corporate goal to provide the most courteous and helpful service across the country brings with it a training obligation.

Teaching and verifying product knowledge among workers spread out over 580+ stores and distribution centres is mastered with computerized learning. Over 130 stores have been equipped so far with work stations where employees can study a library of 350 individual sessions. In 2005, the second full year of the program, there were 120,000 sessions held and the 2006 target is 170,000.

In-store behaviour is optimized with RONA's AGP program, an acronym for interactive procedures. Under AGP, staff learn to Acknowledge, Guide and Provide answers or product to a customer.

"This guide has an important dimension," points out Emond. "It allows for the fact that people are different, they view things differently. So this learning is broad enough to create a process we want to follow but allows each person to do it in his or her own way."

"It is very interesting and a simple behavioral process," says Emond. "You feel you are getting very close to the customer."

RONA inc. ("RONA", the "Company", "We") is Canada's leading retailer and distributor of home improvement, hardware and gardening products. As of February 21, 2006, the Company had 581 corporate, franchised and affiliated stores.

RONA's sales include:

- **retail sales generated by its corporate stores;**
- **wholesale sales generated by affiliated stores belonging to independent owner-managers and by franchised stores (net of RONA's share in these stores);**
- **a share of retail sales generated by franchised stores in which RONA holds an interest and royalties on franchise sales.**

Financial statements

RONA's financial statements were prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are stated in Canadian dollars. The Company has filed its audited consolidated financial statements for fiscal year 2005 with the Canadian Securities Administrators. These statements can be viewed online at **www.sedar.com** or on RONA's Web site **www.rona.ca**. This management report should be read in conjunction with the Company's audited financial statements and related notes.

Stock split

On March 22, 2005, RONA split its common shares on a two-for-one basis. In this text, the number of shares and per-share amounts reflect this stock split retroactively.

Highlights of the last three years

For the fiscal year ended December 25, 2005, RONA posted net earnings of $175.2 million, up 26.8% over the previous year. Earnings per share advanced 25.4% to $1.53 ($1.51 diluted) compared with $1.22 ($1.20 diluted) in 2004.

RONA: Key figures, Fiscal Years 2005, 2004, 2003
(In millions of dollars except earnings per share and number of shares)

	Fiscal Years Ended		
	December 25 2005	December 26 2004	December 28 2003
Sales	$ 4,065.1	$ 3,680.0	$ 2,710.3
Net earnings	175.2	138.2	77.9
Earnings per share*	1.53	1.22	0.73
Diluted earnings per share*	1.51	1.20	0.72
Total assets	1,667.6	1,336.7	1,262.0
Long-term debt	230.3	137.3	163.9
Number of shares outstanding at year end	114,412,744	113,957,270	113,614,130

N.B: The Company did not pay dividends during these three years.

* Figures per share reflect a two-for-one stock split in March 2005.

Comparative analysis of results, 2005 and 2004

THE RONA NETWORK

Number of stores* in 2006 and 2005*****

	Big-Box Stores	Proximity Stores (Traditional)	Specialized Stores	
Corporate	RONA Le Régional RONA L'entrepôt RONA Home & Garden Réno-Dépôt	RONA Home Centre TOTEM	RONA Building Centre RONA LANSING RONA CASHWAY	157 (139 in 2005)
Franchised	RONA Le Régional RONA L'entrepôt RONA Home & Garden	RONA Home Centre	RONA CASHWAY	24 (24 in 2005)
Affiliated		RONA Le Quincaillier RONA Le Rénovateur RONA L'express RONA Hardware RONA Home Centre	RONA L'express Matériaux RONA Building Centre BOTANIX	400 (387 in 2005)
Total	67 (66 in 2005)	333 (300 in 2005)	181 (184 in 2005)	581 (550 in 2005)

6 distribution centres

* Excluding the acquisition of Matériaux Coupal and Chester Dawe.
** February 21, 2006
*** February 23, 2005

Financial highlights

(In thousands of dollars, except figures relating to earnings per share, diluted earnings per share, shares and percentages)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Results of operations											
Sales	**$ 4,065,066**	$ 3,680,038	$ 2,710,268	$ 2,332,119	$ 1,834,544	$ 1,317,505	$ 988,385	$ 818,051	$ 707,093	$ 656,850	$ 587,302
Percentage increase	**10.5 %**	35.8 %	16.2 %	27.1 %	39.2 %	33.3 %	20.8 %	15.7 %	7.6 %	11,8 %	1,2%
Operating income (EBITDA)	**332,266**	277,091	175,063	128,784	90,528	60,088	37,175	30,570	25,734	20,212	16,204
Net earnings	**175,210**	138,225	77,947	43,114	24,633	18,013	14,706	13,511	11,063	9,130	6,932
Earnings per share*	**1.53**	1.22	0.73	0.56	0.37	0.29	0.23	0.21	0.20	0.17	0.13
Diluted earnings per share*	**1.51**	1.20	0.72	0.54	0.36	0.28	0.22	0.20	0.20	0.17	0.13
Common shares											
Outstanding*	**114,412,744**	113,957,270	113,614,130	95,243,888	73,747,304	57,683,560	60,928,128	62,365,128	64,341,984	52,917,440	53,437,320
Cash flows from operating activities	**158,712**	107,252	114,135	83,257	68,038	33,051	(5,617)	30,615	10,240	15,258	11,502
Financial structure											
Total assets	**1,667,616**	1,336,745	1,262,022	766,434	744,076	450,973	287,916	253,575	165,692	142,291	130,588
Shareholders' equity	**936,184**	752,695	610,283	385,702	211,820	132,658	121,002	108,683	98,189	56,741	47,842
Long-term debt	**230,300**	137,330	163,925	99,337	283,788	104,514	36,242	34,877	4,639	26,259	9,833

* Figures reflect a two-for-one stock split in March 2005.

Consolidated sales advanced 35.8% in 2004 and 10.5% in 2005, in both cases fuelled internally and through acquisitions.

Between 2003 and 2005 we completed a few acquisitions, two of which had a major impact on sales and net earnings: Réno-Dépôt Inc. ("Réno-Dépôt"), completed in August 2003, which added some $850 million to annual sales; and TOTEM Building Supplies Ltd. ("TOTEM"), concluded in April 2005, which boosted annual sales by some $260 million.

Organic sales growth was 14.1% in 2004 and 4.2% in 2005[1]. The gain in 2004 was driven mainly by the 9.0% increase in same-store sales. Same-store sales were stable in 2005. During these two years organic growth was also attributable to the construction of new corporate and franchised stores and the recruitment of affiliated merchants.

Operating profitability improved steadily from 2003 to 2005 as confirmed by our operating margin (EBITDA/sales), which rose from 6.5% in 2003 to 7.5% in 2004 and 8.2% in 2005. This performance reflects the acquisitions of the past two years and the ensuing synergies, as well as gains in operating efficiency resulting from better procurement conditions negotiated with vendors, more efficient distribution logistics, better store performance, and enhanced productivity thanks to the continuous upgrading of our technology platform.

In 2003 RONA restructured its capital stock, adding approximately 18 million shares to the Company's capital stock, which has been trading publicly since November 2002.

[1] In 2005 organic growth refers to RONA's sales excluding the TOTEM acquisition.

On February 21, 2006, RONA had 581 stores, compared with 550 a year ago.

In terms of big-box stores, this past year we expanded the network but also upgraded stores according to our new highly effective concepts and merchandising techniques.

With regards to expansion, we opened a RONA L'entrepôt in Gatineau (Quebec) in February 2005, followed in September by an innovative RONA Home & Garden adapted to an urban setting in Richmond (British Columbia). As of the date of this report, four big-box stores were under construction in Barrie (Ontario), Langford, near Victoria (British Columbia), Winnipeg (Manitoba) and Charlemagne (Quebec). Others will soon break ground in Bowmanville, Flamborough, London, Scarborough and Whitby South (Ontario). In Granby (Quebec), some 28,000 sq. ft. were added to the RONA Le Régional, which in November became a RONA L'entrepôt.

In June the Competition Tribunal handed down a decision setting aside the consent agreement between RONA and the Competition Bureau entered into in the context of the acquisition of Réno-Dépôt in 2003 and pursuant to which RONA was to sell the assets of the Réno-Dépôt store located in Sherbrooke (Quebec).

In February 2006 RONA announced the acquisition of two specialized chains serving housing industry professionals, one in Greater Montreal (Matériaux Coupal) and another in Newfoundland (Chester Dawe). These two acquisitions added 17 points of sale, 4 factories that manufacture roof trusses, joists, steel doors and prefabricated walls, more than 900 new employees, and some $205 million in retail sales to the RONA network.

As part of its upgrading plan, several stores underwent major renovations during the year: three RONA Home & Garden in Ontario (Cambridge, Golden Mile and Brampton North); two Réno-Dépôt in Quebec (Anjou, Brossard); a RONA L'entrepôt in Quebec (Mascouche); two RONA Home & Garden in Manitoba (Winnipeg East and Winnipeg Centre); three RONA Home & Garden in Alberta (Calgary Crowfoot, Calgary Sunridge, Calgary MacLeod Trail) and one RONA Home & Garden in British Columbia (Kelowna).

In 2004 we added to our network three big-box stores in Edmonton (Alberta), Kitchener (Ontario) and Regina (Saskatchewan).

In 2004 we developed a new concept for an upgraded traditional hardware store, dubbed the "proximity store," measuring 40,000 to 52,000 sq. ft. and carrying a vast selection of products adapted to urban markets and small and mid-sized cities. During that year the first proximity store in western Canada opened its doors in Prince Albert, Saskatchewan. Three more followed last year in Vernon and Penticton (British Columbia), and in Fort McMurray (Alberta). And in early 2006 we opened another such store in Winkler (Manitoba) as part of a joint venture. Three more proximity stores are under construction in Spruce Grove and Leduc (Alberta) and in Collingwood (Ontario).

In 2005 the RONA Home Centre in Surrey (British Columbia) underwent a major renovation and was upgraded to a proximity store. In 2004 the RONA Home Centre in North Vancouver also underwent the same type of renovation.

In January 2005 we inaugurated a specialized RONA store in Calgary (Alberta) that targets housing contractors and professionals. In 2004 a specialized 40,000-sq.-ft. store opened its doors in Peterborough (Ontario).

In 2005 the TOTEM acquisition added 16 renovation centres to our Alberta network. In the fall we opened a new TOTEM store in Lloydminster (Alberta), which will soon be joined by another in Okotoks, south of Calgary (Alberta).

With regards to affiliate recruitment, 2005 surpassed expectations. As stated in RONA's 2004 Annual Report, our initial goal was to recruit affiliated dealer-owners with combined annual sales of $150 million. During the year, we revised this figure upwards to $175 million. By the end of the year, we had added 31 affiliate stores totalling $191 million in annual retail sales and 335,000 sq. ft. of retail space. Sixteen of the thirty-one stores are located in the West, eight in Ontario, six in Quebec and one in Nova Scotia. These stores help densify the network in these regions. During the year, affiliated points of sale merged their operations with other RONA stores or closed their doors due to financial difficulties. We estimate that these changes trimmed retail sales by about $15 million.

During the year we finished expanding our Boucherville headquarters and integrated administrative functions. We also built a training centre.

In 2005 we began enlarging the Boucherville distribution centre. Slated for completion early in the second quarter of 2006, the additional 250,000 sq. ft. will bring the total area to more than 900,000 sq. ft. and allow us to better manage the current volume and anticipated growth.

Economic factors

Overall, the Canadian economic outlook was favourable to our business in 2005. Domestic demand, particularly for consumer goods, sustained growth, which the Bank of Canada estimated at close to 3% for the Canadian economy as a whole.

For the fourth consecutive year, home resale prices rose across the country, up nearly 10% in 2005. Home resales once again broke records, reaching 481,900 units. At 225,481, the number of housing starts recorded by the Canada Housing and Mortgage Corporation in 2005 was at its second highest level since 1988.

Lumber prices in 2005 decreased over the previous year. As an indication, according to Statistics Canada, the price index for lumber dropped 10.2% in 2005 over 2004 while the veneers and plywood index fell 17.5% in the same period.

These lower prices had a negative impact on the year's sales. Although the average purchase was also affected, an increase in the number of transactions across the network tempered the impact.

We estimate that the drop in lumber prices was responsible for a 0.9% decrease in 2005 distribution sales and a 0.6% decrease in corporate and franchised store sales.

Results

Sales up 10.5%

Consolidated sales include sales generated by RONA's distribution centres and corporate stores, as well as the Company's share of franchised sales.

Consolidated sales for fiscal 2005 amounted to $4,065.1 million, an increase of 10.5% over the $3,680.0 million recorded in 2004. Excluding TOTEM's contribution, consolidated sales advanced 4.2%.

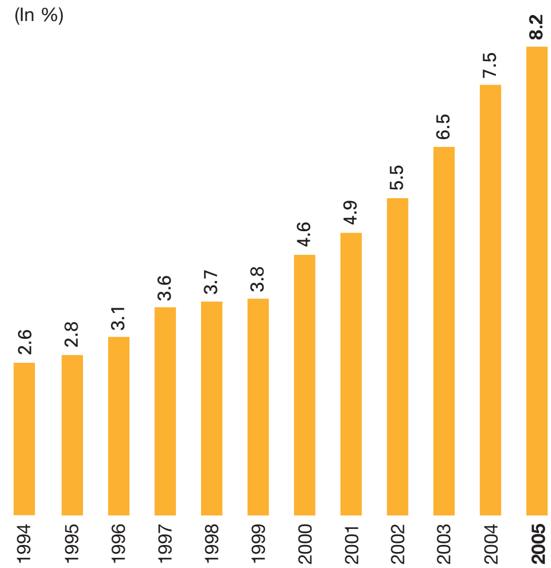
Operating income rises 19.9%

Operating income (EBITDA) advanced 19.9% over 2004 to $332.3 million.

Consistent with the long-term trend illustrated in the Graph below, the operating margin improved from 7.5% to 8.2%. This improvement reflects enhanced operating efficiency resulting from ongoing investments in our distribution infrastructure, purchasing and operating synergies arising from the integration of our acquisitions, the most recent being Réno-Dépôt in 2003 and TOTEM in 2005, and finally, an expanding retail presence where margins are higher than in the distribution sector.

The operating margin must be interpreted in light of the $102.8 million leaseback agreement signed in November 2004. Although it has no impact on net earnings, this transaction nevertheless increased operating expenses by the rent amount and reduced interest and depreciation by an equal amount. While its impact was marginal on 2004 as a whole (3 basis points), it was more pronounced in 2005 (18 basis points).

OPERATING MARGIN 1994-2005
(In %)



Interest, depreciation and amortization

Interest expense for the year amounted to $16.1 million, compared with $15.3 million a year ago. Our debt rose during the year as a result of a slight increase in short-term interest rates but also because we had to finance a few acquisitions—mainly TOTEM—and organic growth.

Depreciation and amortization increased 12.2% from 2004 to $55.6 million as a result of the acquisitions, the upgrading of our information systems, the opening of new corporate stores and the renovation of existing corporate stores.

Taxes

Based on an effective tax rate of 32.8%, taxes for the year amounted to $85.4 million as compared to the $74.1 million recorded last year based on an effective tax rate of 34.9%.

Segment analysis

RONA has two distinct business segments: distribution and corporate and franchised stores.

RONA: Key segment figures
(Fiscal Year Ended December 25, 2005)

	Distribution	Change	Corporate and Franchised Stores	Change	Total	Change
	(thousands $)	in % over 2004	(thousands $)	in % over 2004	(thousands $)	in % over 2004
Segment sales	**$2,109,551**	9.7	**$2,912,090**	12.5	**$5,021,641**	11.3
Intersegment sales and royalties	**(947,141)**		**(9,434)**		**(956,575)**	
Sales	**1,162,410**	5.6	**2,902,656**	12.5	**4,065,066**	10.5
Operating income (EBITDA)	**64,532**	13.2	**267,734**	21.6	**332,266**	19.9

Distribution: operating income up 13.2%

Distribution sales including intersegment sales comprise sales made by the RONA distribution infrastructure to corporate, franchised and affiliated stores. Distribution sales net of intersegment sales encompass sales to affiliated and franchised stores only, excluding RONA's share in these stores, where applicable.

Distribution sales rose 9.7% in 2005 due to the performance of the new Calgary Distribution Centre inaugurated in spring 2004 but operational for all of 2005, as well as the performance and expansion of the store network and the TOTEM acquisition.

Net of intersegment sales, distribution sales advanced 5.6% to $1,162.4 million in 2005. At constant lumber prices, distribution sales would have advanced approximately 6.5%.

This growth reflects the expansion and performance of the affiliated store network. The affiliated dealer-owners recruited in 2004 and 2005 are gradually integrating into the RONA network and contributing to distribution sales growth.

Distribution activities generated $64.5 million during the year, an increase of 13.2% over 2004.

Operating income from distribution activities represented 5.6% of sales in 2005, against 5.2% a year earlier. This gain is attributable to the synergies achieved and to continuously improving distribution efficiency.

Corporate and franchised stores: operating income up 21.6%

Retail sales by corporate and franchised stores, net of intersegment sales, advanced 12.5% to $2,902.7 million in 2005. The TOTEM acquisition during the year was a major factor in this growth. Slowed by the decrease in lumber prices, organic growth was 3.6% and 4.2% at constant lumber prices. Internal growth benefited from the contribution of corporate and franchised stores opened during the year in Gatineau (Quebec), Calgary, Fort McMurray and Lloydminster (Alberta) and Richmond, Vernon and Penticton (British Columbia).

Same-store sales were stable. At constant lumber prices and including the gain in TOTEM same-store sales, the increase was 1.0%.

Operating income from retail activities advanced 21.6% year-over-year to $267.7 million, representing 9.2% of retail sales, against 8.5% in 2004. This improvement is attributable to the acquisition synergies, the success of our marketing and private label programs, and the solid performance of our retail network.

Cash flows and financial position

Operating cash flow rose 33.2% from $179.2 million in 2004 to $238.7 million in 2005. Net of the increase in working capital due to the growth and development of the retail and distribution networks, operations generated cash flows of $158.7 million, compared with $107.3 million in 2004.

Acquisitions, including TOTEM, resulted in a net cash outflow of $123.3 million.

In 2005 we made $144.0 million in capital investments mainly in our retail network to open and renovate stores. And as we do every year, we invested a substantial amount to upgrade our information systems.

Asset disposals produced a cash inflow of $34.5 million, mainly due to franchisee buy-backs and the sale of administrative buildings that had become superfluous following the acquisitions.

Strong cash flows from operations enabled us to finance our growth while limiting our debt increase to $77.4 million.

The table below shows a summary of the Company's contractual obligations as at December 25, 2005, including off-balance sheet operating leases used in the normal course of business. As well, we concluded off-balance sheet arrangements such as inventory repurchase agreements and mortgage guarantees for certain customers (arrangements that do not appear in the table). For a more detailed description of these arrangements, see note 16 in the consolidated financial statements.

RONA: Contractual obligations by term

(As at December 25, 2005)

		Payments by Term (thousands $)			
Contractual Obligation	Total	Less than 1 year	1–2 years	3–4 years	5 years and more
Long-term debt	$ 222,912	$ 3,905	$ 191,607*	$ 7,505	$ 19,895
Obligations under capital leases	10,823	5,828	4,689	306	-
Operating and other leases	1,035,253	93,396	163,392	150,481	627,984
Service contracts	21,622	7,500	14,122	-	-
Other long-term obligations	67,113	7,495	27,618	26,200	5,800
Total	$1,357,723	$ 118,124	$ 401,428	$ 184,492	$ 653,679

* Of this amount, $183,997 is in the form of revolving credit. RONA management believes that this revolving credit will be renewed at the end of the term.

RONA: Outstanding shares

(As at February 17, 2006)

Common shares	114,413,221
Unexercised options	3,105,627
Total	117,518,848

Our balance sheet remains very solid. Despite the TOTEM acquisition, our total debt/capital ratio was 22.2% on December 25, 2005, compared with 18.2% at the end of fiscal 2004.

The asset/equity ratio reached 56.1% at the end of 2005, in comparison with 56.3% on the same date last year.

Our capital program will amount to about $310 million in 2006, of which approximately $240 million will be spent on construction, merchandising or renovation of big-box, traditional or specialized stores. About $35 million will be used to expand the distribution network. Finally, some $35 million will be allocated to upgrading our information systems.

Our working capital requirements are subject to considerable seasonal variations. Given the need to acquire sufficient stock for the spring and summer seasons, these requirements are generally strongest late in the first quarter. The Company has the necessary credit facilities to cover this aspect of its activities.

Our operations generate strong cash flows. As at December 25, 2005, we had available unused credit facilities of nearly $250 million. Management believes it has sufficient financial resources to continue its operations and execute its business plan.

Quarterly information

RONA: Consolidated quarterly financial results

(In millions of dollars, except earnings per share)

	2005				2004			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	**1,017.4**	**1,120.6**	**1,210.2**	**716.9**	932.7	1,013.1	1,077.1	657.1
EBITDA	**73.7**	**97.5**	**124.2**	**36.9**	61.0	82.8	101.1	32.3
Net earnings	**37.6**	**53.0**	**70.4**	**14.2**	29.8	43.5	53.7	11.2
Earnings per share*	**0.33**	**0.46**	**0.62**	**0.12**	0.26	0.38	0.47	0.10
Diluted earnings per share*	**0.32**	**0.46**	**0.61**	**0.12**	0.26	0.38	0.46	0.10

* Figures per share reflect a two-for-one stock split in March 2005.

RONA: Annual percentage change in distribution, franchised and corporate store sales

(Year 2005 and quarters)

Quarter	Q1	Q2	Q3	Q4	Year
Distribution sales	11.4 %	11.9 %	0.3 %	(0.6)%	5.6 %
Franchised and corporate store sales (including TOTEM)	8.0 %	12.5 %	14.7 %	13.2 %	12.5 %
Franchised and corporate store sales (excluding TOTEM)	8.0 %	3.3 %	2.4 %	2.3 %	3.6 %

RONA: Annual change in same-store sales

(Last 8 quarters)

	2005				2004			
Quarter	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Change in same-store sales	**- 2.7 %**	**- 0.9 %**	**+ 0.6 %**	**+ 4.8 %**	+10.4 %	+ 9.8 %	+ 9.2 %	+ 4.7 %

RONA's performance was solid through 2004 and 2005, with quarterly earnings per share increasing at least 20% year-over-year each time. These results attest to the soundness of our business model and its strategies for growing earnings: organic growth, including the construction of corporate and franchised stores, affiliate recruitment and acquisitions. However, disciplined management is the bedrock of our success.

In fiscal 2004 we focused on completing the integration of Réno-Dépôt, acquired in August 2003, in order to realize the expected synergies; boosting organic growth by developing new point-of-sale concepts and building corporate stores in Ontario, Alberta, Saskatchewan and British Columbia; and intensifying affiliate recruitment.

In the early months of 2004, RONA enjoyed strong growth despite particularly harsh and unusual weather conditions.

In the first quarter of 2004, RONA began recruiting independent merchants, whose impact was progressively felt on distribution sales. Although they had little impact on the overall annual results, quarterly sales and earnings were substantially higher over the corresponding year-earlier quarter.

In the second quarter of 2004, corporate and franchised store sales began to record increases of nearly 10% on a same-store basis, a pace maintained until the end of the year. As expected, the synergies from the Réno-Dépôt integration materialized and reached the cruising speed of $35 million per year in the fourth quarter.

At the beginning of 2005, RONA's growth was fuelled by ever-strong organic growth, with corporate and franchised stores posting a 4.8% increase on a same-store basis and distribution sales growing more than 11%, mostly due to the success of our recruitment program the previous year.

Despite the slowdown in same-store sales growth as of the second quarter of 2005, due almost entirely to a major drop in lumber prices, we continued to post strong earnings thanks to the new corporate and franchised stores, TOTEM's contribution to sales and earnings, and stronger sales of renovation products, which have better margins than construction material.

Segment analysis

RONA: Key segment figures
(Quarter ended December 25, 2005)

	Distribution	Change	Corporate and Franchised Stores	Change	Total	Change
	(thousands $)	in % over 2004	(thousands $)	in % over 2004	(thousands $)	in % over 2004
Segment sales	**$ 534,384**	10.9	**$ 741,487**	13.1	**$1,275,871**	12.2
Intersegment sales and royalties	**(256,375)**		**(2,142)**		**(258,517)**	
Sales	**278,009**	(0.6)	**739,345**	13.2	**1,017,354**	9.1
Operating income (EBITDA)	**13,840**	11.9	**59,825**	23.1	**73,665**	20.8

Fourth quarter 2005

In the fourth quarter of 2005, RONA posted net earnings of $37.6 million, up 26.1% over the same period in 2004. Diluted earnings per common share were $0.32, compared with $0.26 in the same year-earlier quarter.

Sales rise 9.1%

Consolidated sales for the quarter advanced 9.1% over 2004 to $1,017.4 million, fuelled by corporate and franchised store sales. Consolidated organic sales were up 1.4%.

Operating income up 20.8%

Quarterly operating income rose 20.8% over the year-earlier interval to $73.7 million, representing 7.2% of sales, against 6.5% in 2004. This improvement stems from overall greater operating efficiency.

Interest, depreciation and amortization

Interest expense was $3.8 million in the quarter, compared with $2.6 million a year ago. The increase is due to the financing required to support all our means of growth, and particularly to the financing of the TOTEM acquisition.

Depreciation and amortization amounted to $16.0 million, against $13.0 million in the same period last year. This increase reflects the opening of new corporate stores and renovations of existing points of sale.

Taxes

Based on an effective tax rate of 30.2%, quarterly taxes were $16.3 million, compared with $15.6 million in the same quarter last year based on an effective tax rate of 34.3%.

Fourth quarter distribution sales, including intersegment sales, increased 10.9% over last year, reflecting the addition of affiliated stores and greater use of our distribution infrastructure for corporate store replenishment following the TOTEM acquisition.

Net of intersegment activities, distribution sales were $278.0 million, 0.6% less than last year. At constant lumber prices, these sales would have advanced 0.3%. Besides the drop in material prices, two factors distorted net distribution sales growth: first, a portion of the distribution sales was transferred to corporate and franchised store sales due to the partial or total acquisition of affiliated stores during the year; second, distribution sales were affected by changes in buying conditions for certain merchandise categories i.e., some vendors applied part of the volume rebate directly to their selling prices, thereby reducing them, rather than using the monthly rebate arrangement.

Distribution activities generated operating income of $13.8 million in the fourth quarter of 2005, an increase of 11.9% year-over-year. Operating income represented 5.0% of distribution sales, against 4.4% last year. Margins improved as a result of better procurement conditions negotiated with vendors and more efficient use of the distribution infrastructure.

Retail sales for corporate and franchised stores, net of intersegment sales, advanced 13.2% to $739.3 million in the last quarter of the year. This growth was fuelled by TOTEM sales and the majority interest acquired in some 10 affiliated points of sale in the two earlier quarters. At constant lumber prices, organic growth would have been 3.2% and same-store sales would have decreased 1.8% (0.9% including the portion of TOTEM same-store sales). At constant lumber prices, organic growth was 2.3% and same-store sales decreased 2.7% over the year-earlier quarter or 1.8% including TOTEM sales.

Operating income for corporate and franchised stores reached $59.8 million, up 23.1% from the corresponding year-ago quarter. The operating margin improved from 7.4% to 8.1% thanks to purchasing synergies, product category management, a successful private label program and operating efficiency.

Management's discussion and analysis

Outlook

RONA's long-term development has the benefit of favourable structural factors, notably, Canada's working population, age 25 to 55, is showing a growing interest in home renovation and gardening, and the baby-boomers, who account for 25% of the population, are approaching early retirement and retirement in better physical and financial shape than any previous generation.

More than 75% of owner-occupants undertake a renovation project each year and six million owner-occupants spend an average of $4,100 on renovation projects.

In Canada the pool of residential dwellings is also ageing. More than 70% of homes are now over 20 years old and will require major work in the more or less short term.

Economic factors are also positive. The Bank of Canada expects the economy to grow at a rate of about 3.0% per year in 2006 and 2007. Although it has raised interest rates a few times in the last six months, they are still low in comparison to historical levels.

Overall, the economic environment is therefore both positive and strong.

Our areas of development (growth on a same-store basis, store construction, affiliate recruitment and acquisitions) bolster our growth strategy. We will therefore stay the course in 2006 and 2007. We would still like to see annual retail sales[2] of our store network, which were $5 billion at the end of 2005, exceed the $7 billion mark by the end of 2007.

Construction of corporate and franchised stores

RONA plans to build 20 points of sale in 2006 and the same number in 2007, bringing the total number of corporate and franchised stores to over 200 by the end of 2007.

Half of these stores will be big-box and the other proximity or specialized. In all, we will add more than two million square feet of retail space to our corporate and franchised store network within two years.

[2] "Retail sales" means the combined sales of corporate, franchised and affiliated RONA stores, all banners combined, regardless of ownership. They differ from consolidated sales, also discussed in this management report, which include corporate stores sales, RONA's share and royalties from franchised store sales, and distribution sales to affiliated stores.

Organic growth

Our internal growth strategy does not rely solely on a promising market. Rather, we are proactive and always seek to improve our offer to consumers and invest to boost our visibility in all our markets.

The following are some of our initiatives aimed at enhancing the customer's store experience:

– Renovate 122 stores in 2006 ($40 million will be invested in corporate stores) following the renovation of 117 stores in 2005; RONA's policy is to renovate approximately 20% of its network each year with a view to implementing the most user-friendly concepts for consumers;

– Implement a new installation program in almost all big-box and proximity stores, whereby qualified contractors offer consumers turnkey installation services for kitchens, doors, windows and floors purchased in our stores;

– Continue to develop our private label program, already one of the largest in the industry. Aimed at offering consumers better value, the private label line is being expanded, and together with exclusive products, will account for 15% of hardware sales by the end of 2007, compared with 13% in 2005;

– Roll out the ICI (Institutional, Commercial and Industrial customers) program from coast-to-coast in order to stimulate sales in this market segment. We will put together a team of specialized representatives who will serve only these types of customers;

– Pursue and step up store employee training with a view to improving the consumer's real and perceived experience. RONA is budgeting a 10% increase in training expenses in 2006;

– Continue the new gift card program, which was an immediate success when it was launched in October 2005.

In order to enhance the visibility and drawing power of RONA and its banners, we will increase our marketing budget by 10% over 2005 to $130 million in the coming year. Aa a national partner of the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC), we have already had the opportunity to boost our visibility on a national level during the Winter Olympic Games in Turin.

Finally, the impact of the Air Miles™ program is surpassing expectations, especially since it is so far from reaching maturity. More than 70% of Canadian households have an Air Miles™ card, making it the most popular loyalty program in Canada. The Air Miles™ program was integrated into the TOTEM stores in Alberta at the end of 2005.

Merchant recruitment

Based on our performance of the last few years, we have set a merchant recruitment target of $400 million in retail sales for 2006 and 2007. This target is all the more realistic given that our offer to independent merchants is more attractive than ever. Our product selection, visibility, performance of our distribution infrastructure, and marketing programs are better than in the past and we are always working to improve them further.

Acquisitions

Between 2000 and 2004, annual retail sales climbed by nearly $2 billion as a result of acquisitions. In 2005 we increased this figure by another $300 million by acquiring more businesses, notably, TOTEM, completed in April. Our development plan calls for buying more companies operating in sectors associated with our industry.

Of course, these transactions will only take place if they fulfill our extremely strict acquisition criteria.

RONA therefore plans to continue consolidating the Canadian hardware, renovation and gardening markets, which in Canada remains highly fragmented with 6,000 independent points of sale and dozens of quality businesses (retailers, distributors, specialists) whose owners may be prepared to sell, mainly because they do not have a succession plan or effective tools to confront the competition.

Supporting sales growth

Our business plan also comprises a program for supporting sales growth and operating efficiency.

Thus RONA will invest $35 million in its distribution infrastructure in 2006 in order to boost capacity and efficiency. To this end, we will:

– Add 250,000 square feet to the Boucherville (Quebec) distribution centre, bringing the total to 900,000 square feet;

– Build a 380,000-sq.-ft. handling, unloading and palletization centre in Terrebonne, in the Montreal (Quebec) region in order to more efficiently handle imported products arriving in Montreal in containers. Imports currently represent about 5% of RONA's purchases and are expected to rise to 8% to 10% in the foreseeable future.

We will also invest some $70 million in information systems in the next two years in order to make our supply chain even more efficient. For more than 12 years now, our operating margin (EBITDA/sales) has improved every year without exception thanks to strict operations management and cutting-edge information management technology. This investment will ensure that we continue on this path.

Risks and uncertainties

The hardware, home improvement and gardening products industry is highly competitive. Our competitors include large national and multinational chains, regional groups and independent stores. Nonetheless, management believes that the Company has demonstrated its ability to prosper in this climate and in all market segments. Indeed, we have a number of advantages: a portfolio of banners and multi-format stores, a coast-to-coast presence, and a major distribution network.

RONA's industry is seasonal. First quarter sales are traditionally weaker because very little renovation is carried out in the winter. As well, bad weather can impact sales, particularly of seasonal products. Fluctuations in the price of lumber and other construction materials can also affect sales. Changes in commodity prices, particularly oil, can influence the selling price of our products.

Of course, economic conditions are beyond our control. Economic growth, the unemployment rate, interest rates and business and consumer credit conditions are all factors with a potential impact on sales. In recent years, these factors have been favourable.

Beyond economic conditions, certain structural trends – aging homes (70% of Canadian homes are more than 20 years old and 85% are more than 10 years old), an active resale market, growing interest in real estate investment, the aging population and the cocooning trend–all favour the development of RONA's line of business.

Sales attributed to affiliated stores represented 19.2% of the sales generated by all our segments in 2005. If, despite our recruitment efforts, we were to lose a significant number of affiliated stores, sales would be adversely affected. The average affiliated store accounted for 0.06% of consolidated sales in 2005 and none represented more than 1.6% of RONA's consolidated sales.

Acquisitions are a fundamental part of our development strategy. Since 2000, the Company has acquired and integrated 11,000 employees, close to 150 stores and nearly $2.3 billion in retail sales, and to date, all our acquisitions have been successful. Still, there is no guarantee that this will happen with every business we buy since sometimes the expected synergies do not materialize. The way RONA manages this risk is by being very selective, and once the transaction is completed, consolidating the new acquisition following a proven, systematic integration process that has been perfected over the years.

Change in accounting policies

Since the publication of the 2004 Annual Report, the following change has been made to the Company's accounting policies.

Variable interest entities

Effective at the beginning of fiscal year 2005, the Company adopted prospectively the new accounting guideline on the consolidation of variable interest entities (VIEs), legal entities that are not controlled by shareholders with voting rights. The guideline provides guidance for determining when an enterprise must include the assets, liabilities and results of activities of such an entity in its consolidated financial statements and applies to annual and interim periods beginning on or after November 1, 2004. The application of this guideline did not have an impact on the Company's financial statements for the year ended December 25, 2005.

New accounting standard effective in 2006

Accounting by a vendor for consideration given to a customer (volume rebates)

The CICA has published a summary of the new Abstract issued by the Emerging Issues Committee (EIC), EIC-156 "*Accounting by a Vendor for Consideration Given to a Customer (Including a Reseller of the Vendor's Products)*", providing guidance as to the circumstances under which a consideration is an adjustment of the selling price of the vendor's products or services and under which it is a cost incurred by the vendor to sell his products. The EIC also addresses the issue of amount recognition and measurement. This EIC must be applied retroactively, with restatement of prior periods, to all interim and annual financial statements for fiscal years beginning on or after January 1, 2006. We are currently evaluating the impact of this Abstract on our consolidated financial statements.

Management's discussion and analysis

Significant accounting estimates

Some amounts in the financial statements or in this analysis are estimates made by management based on knowledge of current or anticipated events. The only significant estimates concern inventory valuation, volume rebates and goodwill.

Inventory

Management annually reviews inventory movement in order to establish the obsolescence reserve required to cover potential losses associated with obsolete or low-turnover inventory.

Volume rebates

At the beginning of each year, management sets the volume rebate level based on plateaus established according to past volumes. Volume rebates are estimated with this data throughout the year and can be revised as new levels are reached. At the end of the year, the volume rebates are calculated according to actual annual plateaus.

Goodwill

Goodwill is the excess of the acquisition cost of an enterprise over its book value at the time of acquisition. Goodwill is revised downward if the fair value of an operating unit is less than its book value. This fair value is estimated annually and no loss in value was recorded in 2005.

Non-GAAP performance measure

In this report, as well as in our internal management, we use the concept of earnings before income taxes, interest, depreciation and amortization (EBITDA), which we also refer to as operating income. This measure corresponds to "Earnings before the following items" in our consolidated financial statements.

While EBITDA does not have a meaning standardized by generally accepted accounting principles in Canada (GAAP), it is widely used in our industry and financial circles to measure the profitability of operations, excluding tax considerations and the cost and use of capital. Given that it is not standardized, EBITDA cannot be compared from one company to the next. Still, we establish it in the same way for the segments identified, and, unless expressly mentioned, our method does not change over time.

EBITDA must not be considered separately or as a substitute for other performance measures calculated according to GAAP but rather as additional information.

Forward looking information

This management report contains forward looking statements reflecting RONA's objectives, estimates, and expectations. These statements are identified by the use of verbs such as "believe," "anticipate," "estimate" and "expect" as well as the use of the future or conditional tense. By their very nature, these types of statements involve risk and uncertainty. Consequently, results could differ materially from the Company's projections or expectations.

Disclosure controls and procedures

The evaluation of the Company's disclosure controls and procedures has been done in compliance with multilateral instrument 52-109, certification of disclosure in issuers' annual and interim filings. Based on this evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer have concluded that the disclosure controls and procedures were well designed and effective as at December 25, 2005.

Additional information

This management report was prepared on February 21, 2006. The reader will find additional information concerning RONA, including the Company's Annual Information Form, on the Company's Web site at **www.rona.ca** or on SEDAR at **www.sedar.com**.

Executive Vice-President and Chief Financial Officer,

Claude Guévin CA

Consolidated financial statements

Consolidated financial statements

Management's Report on the consolidated financial statements

Management is fully accountable for the consolidated financial statements of RONA inc. as well as the financial information contained in this Annual Report. This responsibility is based on a judicious choice of appropriate accounting principles and methods, the application of which requires making estimates and informed judgments. It also includes ensuring that the financial information in the annual report is consistent with the consolidated financial statements. These consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and were approved by the Board of Directors.

RONA inc. maintains accounting and control systems which, in the opinion of management, provide reasonable assurance regarding the accuracy, relevance and reliability of financial information and the well-ordered and efficient management of the Company's business activities.

The Board of Directors fulfills its duty in respect of the consolidated financial statements contained in this Annual Report principally through its Audit Committee. This Committee is comprised solely of outside directors and is responsible for making recommendations for the nomination of external auditors. Moreover, this Committee, which holds periodic meetings with members of management and internal and external auditors, has reviewed the consolidated financial statements of RONA inc. and recommended their approval to the Board of Directors. The internal and external auditors have access to the Committee without management.

The attached consolidated financial statements have been audited by the firm Raymond Chabot Grant Thornton LLP, Chartered Accountants, and their report indicates the scope of their audit and their opinion on the consolidated financial statements.

Chairman of the Board,

André H. Gagnon

Executive Vice-President and Chief Financial Officer,

Claude Guévin CA

Boucherville
February 13, 2006

Auditors' Report to the shareholders of RONA inc.

We have audited the consolidated balance sheets of RONA inc. as at December 25, 2005 and December 26, 2004 and the consolidated statements of earnings, retained earnings and contributed surplus and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 25, 2005 and December 26, 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP

Chartered Accountants

Montreal, February 13, 2006
(except as to Note 23, which is as at February 17, 2006)

CONSOLIDATED EARNINGS

Years ended December 25, 2005 and December 26, 2004
(In thousands of dollars, except earnings per share)

	2005	2004
Sales	**$4,065,066**	$3,680,038
Earnings before the following items	**332,266**	277,091
Interest on long-term debt	**13,052**	12,122
Interest on bank loans	**3,067**	3,129
Depreciation and amortization (Notes 10 and 11)	**55,558**	49,521
	71,677	64,772
Earnings before income taxes	**260,589**	212,319
Income taxes (Note 4)	**85,379**	74,094
Net earnings	**$ 175,210**	$ 138,225
Earnings per share[a] (Note 22)	**$ 1.53**	$ 1.22
Diluted earnings per share[a] (Note 22)	**$ 1.51**	$ 1.20

[a] Comparative figures have been adjusted to reflect the two-for-one stock split.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED RETAINED EARNINGS
CONSOLIDATED CONTRIBUTED SURPLUS

Years ended December 25, 2005 and December 26, 2004
(In thousands of dollars)

	2005	2004
Consolidated Retained Earnings		
Balance, beginning of year	**$ 343,673**	$ 205,448
Net earnings	**175,210**	138,225
Balance, end of year	**$ 518,883**	$ 343,673
Consolidated Contributed Surplus		
Balance, beginning of year	**$ 2,945**	$ 1,453
Compensation cost relating to stock-based compensation plans	**2,408**	1,377
Exercise of stock options	**(69)**	-
Gain on disposal of the Company's common shares by joint ventures and a subsidiary, net of income taxes of $313 ($27 in 2004)	**1,334**	115
Balance, end of year	**$ 6,618**	$ 2,945

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOWS

Years ended December 25, 2005 and December 26, 2004
(In thousands of dollars)

	2005	2004
Operating activities		
Net earnings		
Non-cash items	**$ 175,210**	$ 138,225
Depreciation and amortization	**55,558**	49,521
Future income taxes	**9,749**	(8,489)
Net gain on disposal of assets	**(3,357)**	(2,024)
Compensation cost relating to stock-based compensation plans	**2,408**	1,377
Other items	**(857)**	626
	238,711	179,236
Changes in working capital items (Note 5)	**(79,999)**	(71,984)
Cash flows from operating activities	**158,712**	107,252
Investing activities		
Business acquisitions (Note 6)	**(123,335)**	(6,524)
Advances to joint ventures and other advances	**926**	(913)
Other investments	**(3,212)**	(1,912)
Fixed assets	**(143,969)**	(71,228)
Other assets	**(6,570)**	(11,947)
Disposal of assets	**34,499**	114,153
Cash flows from investing activities	**(241,661)**	21,629
Financing activities		
Bank loans and revolving credit	**100,563**	4,825
Other long-term debt	**5,147**	659
Repayment of other long-term debt and redemption of preferred shares	**(28,321)**	(129,537)
Issue of common shares	**4,149**	2,734
Issue of common shares by a subsidiary to non-controlling interest	**1,000**	-
Cash flows from financing activities	**82,538**	(121,319)
Net increase (decrease) in cash	**(411)**	7,562
Cash (outstanding cheques), beginning of year	**4,531**	(3,031)
Cash, end of year	**$ 4,120**	$ 4,531
Supplementary information		
Interest paid	**$ 11,612**	$ 13,401
Income taxes paid	**$ 81,700**	$ 89,257

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

December 25, 2005 and December 26, 2004
(In thousands of dollars)

	2005	2004
Assets		
Current assets		
Cash	**$ 4,120**	$ 4,531
Accounts receivable (Note 7)	**181,707**	158,261
Inventory	**733,681**	623,322
Prepaid expenses	**14,083**	9,874
Future income taxes (Note 4)	**8,513**	11,027
	942,104	807,015
Investments (Note 8)	**18,505**	22,012
Fixed assets (Note 10)	**415,899**	303,137
Goodwill	**252,337**	162,900
Other assets (Note 11)	**17,190**	17,885
Future income taxes (Note 4)	**21,581**	23,796
	$ 1,667,616	$ 1,336,745
Liabilities		
Current liabilities		
Bank loans (Note 12)	**$ 25,276**	$ 19,299
Accounts payable and accrued liabilities	**412,964**	373,536
Income taxes payable	**5,444**	11,263
Future income taxes (Note 4)	**750**	377
Instalments on long-term debt (Note 13)	**11,789**	11,261
	456,223	415,736
Long-term debt (Note 13)	**230,300**	137,330
Other long-term liabilities (Note 14)	**15,736**	16,790
Future income taxes (Note 4)	**13,792**	8,836
Non-controlling interest	**15,381**	5,358
	731,432	584,050
Shareholders' equity		
Capital stock (Note 15)	**410,683**	406,077
Retained earnings	**518,883**	343,673
Contributed surplus	**6,618**	2,945
	936,184	752,695
	$ 1,667,616	$ 1,336,745

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

Jean Gaulin
Director

André H. Gagnon
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 25, 2005 and December 26, 2004
(In thousands of dollars, except amounts per share)

1. Governing statutes and nature of operations

The Company, incorporated under Part 1A of the Companies Act (Quebec), is a distributor and a retailer of hardware, home improvement and gardening products in Canada.

2. Changes in accounting policies

Variable interest entities

Effective at the beginning of fiscal year 2005, the Company adopted prospectively the new accounting guideline on the consolidation of variable interest entities (VIEs), legal entities that are not controlled by shareholders with voting rights. The guideline provides guidance for determining when an enterprise includes the assets, liabilities and results of activities of such an entity and applies to annual and interim periods beginning on or after November 1, 2004. The application of this guideline did not have an impact on the Company's financial statements for the year ended December 25, 2005.

Impairment of long-lived assets

Effective at the beginning of fiscal year 2004, the Company adopted prospectively the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3063, *"Impairment of long-lived assets"*. This Section provides guidance on the recognition, measurement and disclosure of the impairment of long-lived assets, including property, plant and equipment and intangible assets with finite useful lives to be held and used. The Company reviews long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of assets is less than their carrying amount, an impairment loss must be recognized. An impairment loss is measured as the amount by which the carrying amount of the assets exceeds their fair value. At December 26, 2004, no such impairment had occurred.

Revenue recognition

Effective at the beginning of fiscal year 2004, the Company adopted prospectively Abstract 141 (EIC-141), *"Revenue recognition"*, issued by the Emerging Issues Committee (EIC) of the CICA. In general, the objective of this abstract is to provide guidelines for the application of Section 3400, *"Revenue"*, of the CICA Handbook. Specifically, EIC-141 presents the criteria to be met for revenue to be recognized. The application of the new guidelines did not have a material impact on the financial statements of the Company for the fiscal year ended December 26, 2004.

3. Accounting policies

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates.

Principles of consolidation

These financial statements include the accounts of the Company and its subsidiaries. Moreover, the Company includes its share in the assets, liabilities and earnings of joint ventures in which the Company has an interest. This share is accounted for using the proportionate consolidation method.

Revenue recognition

The Company recognizes revenue at the time of sale in stores or upon delivery of the merchandise, when the sale is accepted by the customer and when collection is reasonably assured.

Inventory valuation

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the average cost method.

Fixed assets

Fixed assets are depreciated over their estimated useful lives using the following methods and annual rates:

	Methods	Rates
Parking lots	Straight-line	8% and 12.5%
Buildings	Straight-line	4%
Leasehold improvements	Straight-line	5% to 33%
Furniture and equipment	Diminishing balance and straight-line	10% and 20%
Computer hardware and software	Straight-line	10% to 33%

Goodwill

Goodwill is the excess of the cost of acquired enterprises over the net of the amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized. It is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it is impaired. The impairment test consists of a comparison of the fair value of the Company's reporting units with their carrying amount. When the carrying amount of a reporting unit exceeds the fair value, the Company compares the fair value of goodwill related to the reporting unit to its carrying value and recognizes an impairment loss equal to the excess. The fair value of a reporting unit is calculated based on evaluations of discounted cash flows.

Other assets

Pre-opening expenses are amortized on a straight-line basis over a period from one to three years beginning at the start of operations.

Financing costs relate to credit facilities and are amortized on a straight-line basis over the financing term, over periods ranging from one to three years.

Costs related to sale and leaseback agreements are amortized over the lease term according to the straight-line method.

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse.

3. Accounting policies (continued)

Other long-term liabilities

Other long-term liabilities represent a deferred gain arising on the sale of real estate under the terms of sale and leaseback agreements and amounts received relating to advertising contracts. Other long-term liabilities are amortized using the straight-line method over the terms of the leases or the duration of the contracts.

Stock-based compensation plans

The Company accounts for options issued according to the fair value-based method. Compensation cost should be measured at the grant date and should be recognized over the applicable stock option vesting period. Any consideration received from employees when options are exercised or stock is purchased is credited to share capital as well as the related compensation cost recorded as contributed surplus.

Foreign currency translation

Monetary items on the balance sheet are translated at the exchange rates in effect at year-end, while non-monetary items are translated at the historical rates of exchange. Revenues and expenses are translated at the rates of exchange in effect on the transaction date or at the average exchange rates for the period. Gains or losses resulting from the translation are included in earnings for the year.

Derivative financial instruments

The Company has entered into interest rate swaps which are not used as hedges for accounting purposes. Consequently, they are recognized at fair value and the resulting gains or losses are recorded in earnings. The swap agreements expired in November 2004.

Employee benefit plans

The Company accrues its obligations under employee benefit plans and the related costs, net of plan assets.

The Company has adopted the following accounting policies for the defined benefit plans:

– The actuarial determination of the accrued benefit obligations for pension uses the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees;

– For the purpose of calculating the expected return on plan assets, those assets are valued at fair value;

– Past service costs from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendments;

– Actuarial gains (losses) arise from the difference between actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the pension plan is 16 years;

– The transitional obligation is amortized on a straight-line basis over a period of 10 years, which is the average remaining service period of employees expected to receive benefits under the benefit plan.

For defined contribution plans, the pension expense recorded in earnings is the amount of contributions the Company is required to pay for services rendered by employees.

Earnings per share and information pertaining to number of shares

Earnings per share are calculated by dividing net earnings available for common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated taking into account the dilution that would occur if the securities or other agreements for the issuance of common shares were exercised or converted into common shares at the later of the beginning of the period or the issuance date. The share redemption method is used to determine the dilutive effect of the stock options. This method assumes that proceeds of the stock options during the year which are in-the-money are used to redeem common shares at their average price during the period.

Fiscal year

The Company's fiscal year ends on the last Sunday of December. The fiscal years ended December 25, 2005 and December 26, 2004 include 52 weeks of operations.

4. Income taxes

	2005	2004
Current	**$ 75,630**	$ 82,583
Future	**9,749**	(8,489)
	$ 85,379	$ 74,094

Future income taxes arise mainly from the changes in temporary differences.

The Company's effective income tax rate differs from the statutory income tax rate in Canada. This difference arises from the following items:

	2005	2004
Federal statutory income tax rate	**22.1%**	22.1%
Statutory rate of various provinces	**9.0**	10.5
Combined statutory income tax rate	**31.1**	32.6
Non-deductible costs	**0.6**	0.6
Other	**1.1**	1.7
Effective income tax rate	**32.8%**	34.9%

4. Income taxes (continued)

Future income tax assets and liabilities result from differences between the carrying amounts and tax bases of the following:

	2005	2004
Future income tax assets		
Current		
Pension plans	**$ 1,226**	$ 963
Deferred non-capital losses	**738**	4,226
Direct costs related to business acquisitions	**516**	790
Non-deductible costs	**3,335**	2,693
Other	**2,698**	2,355
	$ 8,513	$ 11,027
Long-term		
Financing costs	**$ 430**	$ 660
Deferred non-capital losses	**5,019**	5,453
Share issue expenses	**1,746**	3,022
Fixed assets and pre-opening expenses	**7,034**	5,783
Deferred gain on sale and leaseback transaction	**4,970**	5,014
Goodwill	**1,157**	2,002
Deferred revenue	**168**	321
Other	**1,057**	1,541
	$ 21,581	$ 23,796

	2005	2004
Future income tax liabilities		
Current		
Other	**$ 750**	$ 377
	$ 750	$ 377
Long-term		
Fixed assets, pre-opening expenses and big-box store development expenses	**$ 11,234**	$ 6,373
Goodwill	**2,427**	2,308
Other	**131**	155
	$ 13,792	$ 8,836

5. Cash flow information

The changes in working capital items are detailed as follows:

	2005	2004
Accounts receivable	**$ (7,283)**	$ (5,932)
Inventory	**(52,909)**	(97,551)
Prepaid expenses	**(2,818)**	(2,704)
Accounts payable and accrued liabilities	**(10,919)**	40,876
Income taxes payable	**(6,070)**	(6,673)
	$ (79,999)	$ (71,984)

6. Business acquisitions

On April 14, 2005, the Company acquired all of the outstanding shares of TOTEM Building Supplies Ltd. (TOTEM), a privately held company operating 16 stores and a distribution centre in Alberta. Furthermore, as part of this transaction, the Company acquired land from TOTEM Energy Ltd. for future development. Previously announced on December 20, 2004, the transaction was approved by the Competition Bureau and closed on April 14, 2005. The results of operations for TOTEM are consolidated as of that date. Taking acquisition costs into account, this acquisition was for a total cash consideration of $96,400. The Company financed this acquisition from its existing credit facilities.

In addition, the Company acquired four other companies, operating in the corporate and franchised stores segment, by way of share or asset purchase. Taking acquisition costs into account, these acquisitions were for a total cash consideration of $27,189. The Company financed these acquisitions from its existing credit facilities. The results of operations of these companies are consolidated from their date of acquisition.

The allocation of the purchase price was established as follows:

	TOTEM	Other	Total
Current assets	$ 55,547	$ 29,166	$ 84,713
Fixed assets	22,910	7,360	30,270
Goodwill	77,157	12,280	89,437
Future income taxes	(657)	349	(308)
Current liabilities	(43,448)	(10,980)	(54,428)
Long-term debt	(15,109)	(3,302)	(18,411)
Non-controlling interest	-	(7,684)	(7,684)
	96,400	27,189	123,589
Less : Accrued acquisition costs	(73)	(181)	(254)
Cash consideration paid	$ 96,327	$ 27,008	$ 123,335

During 2004, the Company acquired five companies operating in the corporate and franchised stores segment by way of share or asset purchases for a cash consideration of $6,524. The assets acquired, which mainly included accounts receivable, inventory and fixed assets, the liabilities assumed, which mainly included accounts payable, and goodwill amounted to $12,849, $8,776 and $2,451 respectively. The results of operations of these companies are consolidated from their date of acquisition.

7. Accounts receivable

	2005	2004
Trade accounts		
Affiliated and franchised stores	**$ 73,305**	$ 60,324
Joint ventures	**15,683**	21,693
Other (retail customers)	**83,800**	68,613
Advances to joint ventures, prime plus 3%	**-**	953
Other accounts receivable	**6,710**	5,420
Portion of investments receivable within one year	**2,209**	1,258
	$ 181,707	$ 158,261

8. Investments

	2005	2004
Joint ventures, at cost		
Preferred shares, dividend rate of 6%	**$ 5,320**	$ 7,250
Mortgages, weighted average rate of 8.9% (9.0% in 2004) maturing on various dates until 2018	**1,598**	2,882
Advances, prime plus 3 %	**-**	735
Companies subject to significant influence		
Shares, at equity value	**1,939**	1,340
Preferred shares, at cost, redeemable over ten years, maturing in 2011	**480**	560
Advances and loans, at cost		
Mortgages and term notes, weighted average rate of 7.2% (7.5% in 2004), maturing at various dates until 2016	**10,532**	9,608
Loans to managers for acquisition of shares, without interest, maturing in 2007	**43**	71
Other	**802**	824
	20,714	23,270
Portion receivable within one year	**2,209**	1,258
	$ 18,505	$ 22,012

The consolidated statement of earnings includes dividend income of $443 ($403 in 2004) and interest income of $2,485 ($1,990 in 2004).

9. Information on joint ventures

Interests in joint ventures may not be comparable from one year to another since the Company can dispose of its interests and can purchase interests in new joint ventures. Moreover, the latter may not have a complete financial year.

The Company's share in the assets, liabilities, earnings and cash flows relating to its interests in joint ventures is as follows:

	2005	2004
Current assets	**$ 24,839**	$ 26,883
Long-term assets	**16,973**	18,977
Current liabilities	**17,349**	20,587
Long-term liabilities	**11,748**	14,668
Sales	**106,465**	106,184
Earnings before interest, depreciation and amortization and income taxes	**8,622**	7,536
Net earnings	**4,054**	3,012
Cash flows from operating activities	**1,462**	7,844
Cash flows from investing activities	**(718)**	(2,257)
Cash flows from financing activities	**(1,786)**	(4,131)

The Company's sales include sales to joint ventures at fair value in the amount of $158,299 ($162,383 in 2004).

10. Fixed assets

			2005			2004
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land and parking lots	**$ 63,806**	**$ 5,399**	**$ 58,407**	$ 49,259	$ 4,254	$ 45,005
Buildings	**127,487**	**24,622**	**102,865**	111,706	20,713	90,993
Leasehold improvements	**88,856**	**39,882**	**48,974**	49,202	23,532	25,670
Furniture and equipment	**195,758**	**104,797**	**90,961**	141,357	68,645	72,712
Computer hardware and software	**104,246**	**68,392**	**35,854**	86,821	55,859	30,962
Projects in process [(a)]	**42,708**	**-**	**42,708**	5,111	-	5,111
Land for future development	**23,592**	**-**	**23,592**	7,740	-	7,740
Assets under capital leases [(b)]						
Furniture and equipment	**4,755**	**2,643**	**2,112**	673	297	376
Computer hardware and software	**19,264**	**8,838**	**10,426**	16,133	5,334	10,799
	670,472	**254,573**	**415,899**	468,002	178,634	289,368
Fixed assets held for sale [(c)]	**-**	**-**	**-**	16,246	2,477	13,769
	$ 670,472	**$ 254,573**	**$ 415,899**	$ 484,248	$ 181,111	$ 303,137

On November 2, 2004, the Company concluded a sale and leaseback transaction with H & R Real Estate Investment Trust involving land and buildings for an amount of $102,800. A pre-tax gain of $15,494 has been deferred and is being amortized over the terms of the leases (Note 14).

Depreciation of fixed assets amounts to $48,183 ($41,768 in 2004).

(a) Projects in process include the costs related to the construction of the buildings which will be used for store operations and for distribution centres.

(b) During the year, the Company acquired $2,842 ($7,099 in 2004) of assets under capital leases.

(c) In 2005, the Company concluded a sale and leaseback transaction for the land and the building housing the Regina store in Saskatchewan. In addition, the Company sold the land and the building which housed Réno-Dépôt Inc.'s administrative centre in Montreal.

11. Other assets

	2005	2004
At unamortized cost		
Pre-opening expenses	$ 10,698	$ 9,695
Financing costs	2,929	4,987
Costs related to sale and leaseback agreements	3,148	3,144
Other	415	59
	$ 17,190	$ 17,885

Amortization of other assets amounts to $7,375 ($7,753 in 2004).

12. Credit facilities

a) Parent company and some subsidiaries

The Company has a $450,000 revolving credit, that could also be used to issue letters of guarantee and credit letters for imports, maturing in September 2007. At December 25, 2005, the letters of guarantee issued amount to $16,004.

Interest rates can vary based on the type of loan and the financial ratios achieved by the Company. At December 25, 2005, the weighted average interest rate on these loans was 4.4% (4.1% in 2004).

The credit facilities are secured by the universality of the assets of the Company and those of certain subsidiaries. These credit facilities have certain restrictions which the Company and certain subsidiaries must respect. The Company and certain subsidiaries are prohibited, among others, from assigning their assets and restricted regarding investments, additional debt, the payment of dividends and guarantees.

The Company is required to meet certain financial ratios. At December 25, 2005, the Company is in compliance with these requirements.

The Company has also set up an unsecured credit facility for imports in the amount of $35,000. The terms and conditions to be respected are the same as for the revolving credit. At December 25, 2005, the amount used is $31,472.

b) Other subsidiaries and joint ventures

Bank loans are secured by an assignment of certain assets. The Company's share of these assets amounts to $74,873 ($75,778 in 2004). These bank loans bear interest at rates varying from prime rate to prime rate plus 1% and are renewable annually. At December 25, 2005, the interest rates vary from 5% to 6% (4.25% to 5.25% in 2004).

13. Long-term debt

	2005	2004
Revolving credit, weighted average rate of 4.4% (4.1% in 2004) (Note 12)	$ 183,997	$ 89,678
Mortgage loans, secured by assets having a depreciated cost of $79,564, ($58,672 in 2004), rates varying from prime plus 0.5% to 8.5% (prime plus 0.8% to 8.7% in 2004) maturing at various dates until 2025	38,915	37,107
Obligations under capital leases, rates varying from 3.5 % to 9.4 % (4.8% to 9.1% in 2004), maturing at various dates until 2010	10,064	10,521
Balance of purchase price, prime rate, payable at various dates until 2007	1,083	1,562
Shares issued and fully paid		
1,030 Class C preferred shares, Series 1 (1,723 shares in 2004) [a]	1,030	1,723
7,000,000 Class D preferred shares (8,000,000 shares in 2004) [b]	7,000	8,000
	242,089	148,591
Instalments due within one year	11,789	11,261
	$ 230,300	$ 137,330

[a] During the year, the Company redeemed 693 shares (683 shares in 2004) for a cash consideration of $693 ($683 in 2004).These shares are redeemable over a period of five years.

[b] During the year, the Company redeemed 1,000,000 shares (1,000,000 shares in 2004) for a cash consideration of $1,000 ($1,000 in 2004). These shares are redeemable over a period of ten years.

Dividends affecting earnings amount to $360 ($438 in 2004).

The instalments and redemptions on long-term debt for the next years are as follows:

	Obligations under capital leases	Other long-term loans and shares
2006	$ 5,828	$ 6,400
2007	3,689	189,605[a]
2008	1,000	4,620
2009	241	4,770
2010	65	4,735
2011 and subsequent years	-	21,895
Total minimum lease payments	10,823	
Financial expenses included in minimum lease payments	759	
	$ 10,064	

[a] In the opinion of management, the revolving credit will be renewed at maturity.

14. Other long-term liabilities

	2005	2004
Deferred gain on sale and leaseback transaction	**$ 14,766**	$ 15,227
Deferred revenue	**970**	1,563
	$ 15,736	$ 16,790

15. Capital-stock

Authorized

Unlimited number of shares

Common shares

Class A preferred shares, issuable in series
Series 5, non-cumulative dividend equal to 70% of prime rate, redeemable by the Company at their issuance price

Class B preferred shares, 6% non-cumulative dividend, redeemable at their par value of $1 each

Class C preferred shares, issuable in series
Series 1, non-cumulative dividend equal to 70% of prime rate, redeemable by the Company at their par value of $1,000 each (Note 13)

Class D preferred shares, 4% cumulative dividend, redeemable by the Company at their issue price. Beginning in 2003, these shares are redeemable at their issue price over a maximum period of ten years on the basis of 10% per year (Note 13)

Common stock split

On March 10, 2005, the Board of Directors approved a two-for-one split of the Company's common shares. All share and per share data, the number of stock options and exercise prices have been adjusted to reflect the stock split, effective March 22, 2005.

Stock-based compensation plan of May 1, 2002

The Company adopted a stock option purchase plan for designated senior executives which was approved by the shareholders on May 1, 2002. A total of 2,920,000 options were granted at that date. Options granted under the plan may be exercised since the Company made a public share offering on November 5, 2002. The Company can grant options for a maximum of 3,740,000 common shares. At December 25, 2005 the 2,920,000 options granted have an exercise price of $3.47 and of this number, 781,323 options (464,000 options in 2004) were exercised.

The fair value of each option granted was estimated at the grant date using the Black-Scholes option-pricing model. Calculations were based upon a market price of $3.47, an expected volatility of 30 %, a risk-free interest rate of 4.92%, an expected life of four years and 0% expected dividend. The fair value of options granted is $1.10 per option according to this method.

No compensation cost was expensed with respect to this plan for the year ended December 25, 2005.

Issued and fully paid:

The following table presents changes in the number of outstanding common shares and their aggregate stated value from December 28, 2003 to December 25, 2005:

	December 25, 2005		December 26, 2004	
	Number of shares	Amount	Number of shares	Amount
Balance, beginning of year	**113,957,270**	**$ 404,927**	113,614,130	$ 401,878
Issuance in exchange for common share subscription deposits	**93,058**	**1,900**	141,254	2,096
Issuance under stock-based compensation plans	**330,723**	**1,361**	184,000	638
Issuance in exchange for cash	**31,693**	**755**	17,886	315
Balance before elimination of reciprocal shareholdings	**114,412,744**	**408,943**	113,957,270	404,927
Elimination of reciprocal shareholdings	**(76,351)**	**(400)**	(170,976)	(618)
Balance, end of year	**114,336,393**	**408,543**	113,786,294	404,309
Deposits on common share subscriptions, net of eliminations of subsidiaries and joint ventures [a]		**2,140**		1,768
		$ 410,683		$ 406,077

[a] Deposits on common share subscriptions represent amounts received during the year from affiliated and franchised merchants in accordance with commercial agreements. These deposits are exchanged for common shares on an annual basis.

15. Capital stock (continued)

Stock-based compensation plan of October 24, 2002

On October 24, 2002, the Board of Directors approved another stock-based compensation plan for designated senior executives of the Company and for certain unrelated outside directors. The total number of common shares which may be issued pursuant to the plan will not exceed 10% of the common shares issued and outstanding less the number of shares subject to options granted under a previous stock option plan. These options become vested at 25% per year, if the market price of the common share has traded, for at least 20 consecutive trading days during the twelve-month period preceding the grant anniversary date, at a price equal to or higher than the grant price plus a premium of 8% compounded annually.

At December 25, 2005, the 1,041,200 options (1,030,200 options in 2004) granted have exercise prices ranging from $14.29 to $23.73 ($14.29 to $20.27 in 2004) and of this number, 13,400 options (none in 2004) have been exercised and 35,150 options (none in 2004) have been cancelled.

The fair value of each option granted was estimated at the grant date using the Black-Scholes option-pricing model. The fair value and assumptions used are as follows:

	2005	2004	2003
	April 5	December 22	December 16
Fair value per option	$ 8.25	$ 7.05	$ 5.14
Risk-free interest rate	3.88 %	3.88 %	4.06 %
Expected time until complete exercise of options	6 years	6 years	6 years
Expected volatility in stock price	27 %	27 %	28 %
Expected annual dividend	0 %	0 %	0 %

Compensation cost expensed with respect to this plan was $2,408 ($1,377 in 2004).

A summary of the situation at December 25, 2005 and December 26, 2004 of the Company's stock option plans and the changes that occurred during the years then ended is presented below:

	December 25, 2005		December 26, 2004	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of year	**3,486,200**	**$ 7.49**	3,188,200	$ 5.33
Granted	**11,000**	**23.73**	482,000	20.27
Exercised	**(330,723)**	**3.91**	(184,000)	3.47
Cancelled	**(35,150)**	**15.65**	-	-
Balance, end of year	**3,131,327**	**7.84**	3,486,200	7.49
Options exercisable, end of year	**2,508,827**	**$ 5.35**	2,593,050	$ 4.04

The following table summarizes information relating to stock options outstanding at December 25, 2005:

Exercise price	Expiration date	Options outstanding	Options Exercisable
$ 3.47	December 31, 2012	2,138,677	2,138,677
$ 14.29	December 16, 2013	507,650	251,650
$ 20.27	December 22, 2014	474,000	118,500
$ 23.73	April 5, 2015	11,000	-
		3,131,327	2,508,827

16. Guarantees

In the normal course of business, the Company reaches agreements that could meet the definition of "guarantees" in AcG-14.

The Company guarantees mortgages for certain customers to an amount of $10,261. The terms of these loans extend until 2014 and the net carrying amount of the assets held as security, which mainly include land and buildings, is $22,184.

Pursuant to the terms of inventory repurchase agreements, the Company is committed towards financial institutions to buy back the inventory of certain customers at a cost ranging from 50% to 90% of the cost of the inventories to a maximum of $61,137. In the event of recourse, this inventory would be sold in the normal course of the Company's operations. These agreements have undetermined periods but may be cancelled by the Company with a 30-day advance notice. In the opinion of management, the likelihood that significant payments would be incurred as a result of these commitments is low.

17. Financial instruments

The following methods and assumptions were used to determine the estimated fair value of each class of primary financial instruments:

– The fair value of cash, accounts receivable, bank loans and accounts payable and accrued liabilities is comparable to their carrying amounts, given the short maturity periods;

– The fair value of advances and loans, substantially all of which have been granted to dealer-owners, has not been determined because such transactions have been conducted to maintain or to develop favourable trade relationships and do not necessarily reflect terms and conditions which would have been negotiated with arm's length parties. Moreover, the Company holds sureties on certain investments which provide it with potential recourse regarding the operations of the dealer-owners in question;

– The fair value of long-term debt, except for preferred shares, is equivalent to its carrying value given that significant loans bear interest at rates that fluctuate with the market rate;

– The fair value of class C preferred shares, Series 1 and class D preferred shares, included in long-term debt, approximates their redemption value.

18. Employee future benefits

At December 25, 2005, the Company has seven defined contribution pension plans and four defined benefit pension plans.

The total expense is $6,444 ($4,994 in 2004) for defined contribution pension plans.

Total cash payments for employee future benefits for 2005, consisting of cash contributed by the Company to its defined benefit and defined contribution pension plans, were $8,439 ($6,895 in 2004).

The Company measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. Actuarial valuations are performed on defined benefit plans every three years. One of the plans will be valued as at December 31, 2005, another plan will be valued as at December 31, 2006 and the remaining plans will be valued as at December 31, 2007.

Combined information relating to the defined benefit pension plans is as follows:

	2005	2004
Accrued benefit obligation		
Balance, beginning of year	**$32,098**	$29,723
Current service cost	**288**	354
Interest cost	**1,929**	1,649
Benefits paid	**(1,124)**	(920)
Actuarial loss	**3,737**	1,292
Balance, end of year	**$36,928**	$32,098
Plan assets		
Fair value, beginning of year	**$27,233**	$24,736
Actual return	**2,256**	1,497
Employer contributions	**1,995**	1,901
Employee contributions	**25**	19
Benefits paid	**(1,124)**	(920)
Fair value, end of year	**$30,385**	$27,233

	2005	2004
Allocation of plan assets		
Equity securities	**57 %**	51 %
Debt securities	**43**	49
Total	**100 %**	100 %

	2005	2004
Funded status–deficit	**$ (6,543)**	$ (4,865)
Unamortized cost of past services	**50**	64
Unamortized net actuarial loss	**6,616**	3,270
Unamortized transitional obligation	**171**	213
Accrued benefit asset (liability)	**294**	(1,318)
Valuation allowance	**(36)**	-
Accrued benefit asset (liability), net of valuation allowance	**$ 258**	$ (1,318)

The accrued benefit asset is included in other assets whereas the accrued benefit liability is included in accounts payable and accrued liabilities.

18. Employee future benefits (continued)

The net pension expense for defined benefit pension plans is as follows:

	2005	2004
Current service cost	**$ 263**	$ 335
Interest cost	**1,929**	1,649
Actual return on plan assets	**(2,256)**	(1,497)
Actuarial loss	**3,737**	1,292
Elements of employee future benefits costs before adjustments to recognize the long-term nature of employee future benefits costs	**3,673**	1,779
Adjustments to recognize the long-term nature of employee future benefits costs:		
Difference between expected return and actual return on plan assets	**352**	(10)
Difference between actuarial loss recognized and actual actuarial loss on accrued benefit obligation	**(3,698)**	(1,197)
Amortization of past service costs	**14**	14
Amortization of transitional obligation	**42**	42
	383	628
Valuation allowance relating to the accrued benefit asset	**36**	-
Net pension costs recognized	**$ 419**	$ 628

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations for the defined benefit plans are as follows:

	2005	2004
Discount rate	**5.25 to 5.5 %**	6.0 to 6.25 %
Expected long-term rate of return on plan assets	**7.0 %**	7.0 %
Rate of compensation increase	**3.0 to 5.5 %**	3.0 to 5.5 %

19. Commitments

The Company has entered into lease agreements expiring until 2015 which call for lease payments of $68,185 for the rental of automotive equipment, computer equipment, distribution equipment, a warehouse and the building housing the head office and the distribution centre in Quebec.

The Company has also entered into lease agreements expiring until 2026 for corporate store space for minimum lease payments of $848,666.

As part of the development of big-box stores with dealer-owners, the Company is initially involved as a primary tenant and then signs a subleasing agreement with the dealer-owners. In this respect, the Company is committed under agreements expiring until 2023 which call for minimum lease payments of $118,402 for the rental of premises and land on which the Company erected a building. In consideration thereof, the Company has signed subleasing agreements totalling $117,570.

The minimum lease payments (minimum amounts receivable) under lease agreements for the next five years are $93,396 ($9,120) in 2006, $84,793 ($9,141) in 2007, $78,599 ($9,186) in 2008, $76,436 ($9,233) in 2009 and $74,045 ($9,233) in 2010.

In 2005, the Company entered into an eight-year partnership agreement for the Olympic and Paralympic Games valued at $60,000. At December 25, 2005, the balance due on this agreement is approximately $58,000.

On December 28, 2003, the Company entered into an advertising agreement to pay $30,000 over a four-year period from January 1, 2004 to December 31, 2007. At December 25, 2005, the balance due on this agreement is $21,622.

20. Contingencies

Various claims and litigation arise in the course of the Company's activities and its insurers have taken up the Company's defense in some of these cases. In addition, upon the acquisition of Réno-Dépôt Inc., the vendor committed to indemnify the Company for litigation which the Company assumed in the course of this acquisition.

Management does not expect that the outcome of these claims and litigation will have a material and adverse effect on the Company's results and deemed its allowances adequate in this regard.

21. Segmented information

The Company has two reportable segments: distribution and corporate and franchised stores. The distribution segment relates to the supply activities to affiliated, franchised and corporate stores. The corporate and franchised stores segment relates to the retail operations of the corporate stores and the Company's share of the retail operations of the franchised stores in which the Company has an interest.

The accounting policies that apply to the reportable segments are the same as those described in accounting policies. The Company evaluates performance according to earnings before interest, depreciation and amortization, rent and income taxes, i.e. sales less chargeable expenses. The Company accounts for intersegment operations at fair value.

	2005			2004		
	Distribution	Corporate and franchised stores	Total	Distribution	Corporate and franchised stores	Total
Segment sales	**$2,109,551**	**$2,912,090**	**$5,021,641**	$1,922,795	$2,589,028	$4,511,823
Intersegment sales and royalties	**(947,141)**	**(9,434)**	**(956,575)**	(821,786)	(9,999)	(831,785)
Sales	**1,162,410**	**2,902,656**	**4,065,066**	1,101,009	2,579,029	3,680,038
Earnings before interest, depreciation and amortization, rent and income taxes	**86,611**	**348,053**	**434,664**	73,420	288,010	361,430
Earnings before interest, depreciation and amortization and income taxes	**64,532**	**267,734**	**332,266**	56,988	220,103	277,091
Total assets	**336,206**	**1,331,410**	**1,667,616**	285,297	1,051,448	1,336,745
Acquisition of fixed assets	**23,393**	**127,341**	**150,734**	16,064	55,567	71,631
Goodwill	**-**	**89,437**	**89,437**	-	2,451	2,451

22. Earnings per share

The following table presents a reconciliation of earnings per share and diluted earnings per share. In addition, the comparative figures were adjusted to reflect the stock split.

	2005			2004		
	Earnings	Weighted average number of shares	EPS	Earnings	Weighted average number of shares	EPS
		(in thousands)			(in thousands)	
Earnings per share:						
Net earnings	**$ 175,210**	**114,146.3**	**$1.53**	$ 138,225	$113,601.8	$1.22
Diluted earnings per share:						
Effect of dilutive securities						
Impact of exercising stock options [a]		**2,082.6**		-	2,053.0	-
Net earnings available for common shareholders	**$ 175,210**	**116,228.9**	**$1.51**	$ 138,225	$115,654.8	$1.20

[a] At December 25, 2005, 485,000 common share stock options (482,000 in 2004) were excluded from the calculation of diluted earnings per share since the unrecognized future compensation cost of these options has an antidilutive effect.

23. Subsequent events

On February 2, 2006 the Company announced the acquisition, through a share purchase, of a 51% interest in the operating businesses of Matériaux Coupal Inc, a private company operating in the corporate and franchised stores segment with nine points of sale in the Greater Montreal area. The transaction is subject to the usual conditions and certain regulatory approvals. The transaction is expected to close in the first half of 2006.

On February 17, 2006 the Company announced the acquisition of 100% of the operating assets of Chester Dawe Limited, a private company operating in the corporate and franchised stores segment with eight points of sale in the province of Newfoundland. This transaction, also subject to the usual conditions and certain regulatory approvals, is expected to close in the first quarter of 2006.

Corporate governance

RONA'S RAISON D'ETRE IS TO SATISFY ITS CUSTOMERS, THE ONLY WAY IT CAN PAY ITS EMPLOYEES AND PROVIDE VALUE FOR ITS SHAREHOLDERS IN THE LONG TERM. HOWEVER, RONA AS A COMPANY EXPRESSES ITSELF THROUGH ITS RELATIONSHIPS WITH ALL ITS STAKEHOLDERS: SHAREHOLDERS, EMPLOYEES, VENDORS, THE COMMUNITIES IN WHICH IT DOES BUSINESS, AND MORE GENERALLY, CANADIAN SOCIETY AS A WHOLE.

RONA:
rigour and transparency

Robert Dutton
President and Chief Executive Officer
RONA inc.

André H. Gagnon
Chairman
RONA inc.

RONA and its shareholders: rigour and transparency

Although our shares have only been listed for a short time, our Board of Directors has a long tradition of rigour and transparency. Before opening its capital to public investors, RONA for many years was owned almost exclusively by some 350 affiliated merchants, all informed investors with expertise in our line of business. Thus, RONA senior management has long been held to the highest standards of accountability.

RONA's capital was opened to non-merchant shareholders in two stages. From 1997 to 2001, three institutional investors injected capital to finance our expansion. Then, in 2002, we held an IPO and listed our shares. Completed without a hitch, this transition provided the opportunity to review and update our governance and accountability rules, which comply with TSX guidelines. The reader will find a detailed report on this topic in the management proxy circular pertaining to the Annual Meeting of Shareholders scheduled for May 9, 2006.

Tools for employees

RONA and its network of franchised and affiliated stores have more than 24,000 employees, half of whom joined RONA through acquisitions made since 2000.

Whether long-standing collaborators or newly arrived as a result of a transaction, RONA employees share similar values in terms of ethics and behaviour. RONA's values are known: service, unity, respect, search for the common good and sense of responsibility. However, to ensure the availability of a clear, tangible and common reference, the Company drew up a *Code of Conduct* in 2005 and delegated its implementation to the Board of Directors' Nominating and Corporate Governance Committee. This Code applies to all RONA employees, and we expect all our affiliates, franchisees and their employees to adopt them as well. We also invite our consultants, suppliers and intermediaries to do the same.

Corporate governance

Pierre Brodeur
Corporate Director

Louise Caya
Vice-President and Secretary
Thomas Caya (1982) inc.
(hardware store) and
Vice-President
Industrie Fabco Inc.

Simon Cloutier
President
Matériaux Decoren Inc.
(hardware store) and
General Manager
RONA L'entrepôt Brossard

Pierre Ducros
Corporate Director

This Code essentially addresses the following issues: conflicts of interest, confidentiality, dealing with customers and competitors, protecting the Company's assets, mutual trust and respect of colleagues, and of course, compliance with laws and regulations.

Suppliers: responsible purchasing

In 2005 the combined retail sales of RONA, Réno-Dépôt, TOTEM and Botanix stores were in the vicinity of $5 billion. In our highly competitive market, the procurement function is vital: product selection and prices, terms and conditions negotiated alone can make the difference between a good and bad year.

Under our purchasing policy, we try to buy where we do business. As an industry leader in Canada, we give preference to Canadian suppliers, who accounted for some 95% of our purchases in 2005. We have given some of our suppliers access to the entire Canadian market, thereby accelerating their expansion.

That said, we owe it to our customers to scout the world for products or buying conditions that are not available on the domestic market. Most of our foreign purchases are made through A.R.E.N.A., an international purchasing group whose members account for over $30 billion in retail sales. With offices around the world, A.R.E.N.A. has become an indispensable complement to our own procurement structure. We project that in the foreseeable future, 8% to 10% of our purchases will be made abroad and will enrich our product line.

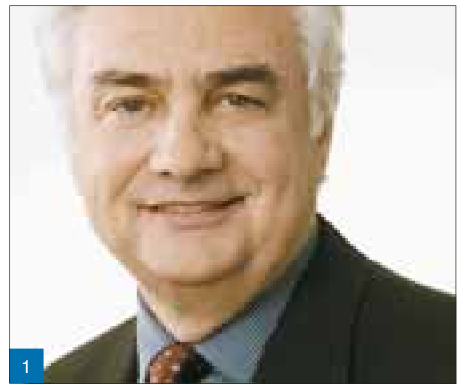
However, regardless of their location, our suppliers and partners must respect worker rights and the environment. Thus, neither RONA nor A.R.E.N.A. tolerates any form of exploitation by their suppliers, particularly forced labour, child labour that contravenes the laws, habits and customs of the country concerned, physical violence, mistreatment or health and safety practices that run counter to the law.

Responsible use of resources

RONA is one of the largest paint retailers in Canada. In Quebec, we implemented a paint recycling program 10 years ago under which consumers can bring their used paint containers back to any RONA store.

Jean Gaulin
Corporate Director

Jean-Guy Hébert
President Maximat Inc.
(holding company)
Gestion J.G. Hébert inc. and
RONA L'entrepôt Granby



Alain Michel
Chair of the Board of Groupe Cari-All inc.
and Corporate Director

We back our customers' efforts to use resources efficiently and responsibly. We actively promote energy conservation solutions to residential and non-residential property owners as well as recycling solutions for organic and inorganic matter. And we ourselves practice green resource utilization.

Marketing and social commitment

Our business mandate and responsibility as a corporate citizen are not contradictory. Quite the opposite. Our responsibility as a corporate citizen changes how we execute our business mandate. This involves making sure that our sizeable marketing budget – more than $130 million in 2006 – supports both our business development and the development of the Canadian community of which we are a part.

For example, in 2005 we became the official partner of the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games™ (VANOC). In exchange for a contribution estimated at some $68 million, we obtained the sponsorship rights for the Canadian Olympic Team for the Turin 2006, Beijing 2008, Vancouver 2010 and London 2012 Games. While we certainly expect to gain visibility from our association with the Canadian Olympic movement, we also did this to help finance the 2010 Winter Games and to help develop high-calibre Canadian athletes. To this end, the agreement calls for setting up a five-year financial support program that will see $4 million distributed to 100 accomplished or prospective Canadian Olympians selected by the Canadian Olympic Committee.

1 Member of the Audit Committee.

2 Member of the Human Resources and Compensation Committee.

3 Member of the Nominating and Corporate Governance Committee.

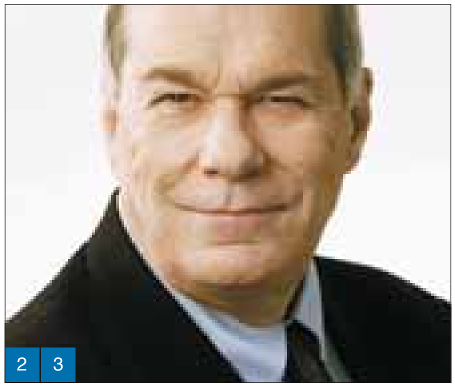
4 Member of the Development Committee.

5 Mr. Dutton has been the President and Chief Executive Officer since 1992. Prior to that, Mr. Dutton held many positions within the Company, including Executive Vice-President and Chief Operating Officer from 1990 to 1992.

Corporate governance

Louis A. Tanguay
Corporate Director

Jim Pantelidis
Chairman of the Board and
Chief Executive Officer
of Fishercast Global Corporation



Jocelyn Tremblay
Vice-President Corporate Affairs
Vins Philippe Dandurand Inc.
(wine promotion agent)

Beyond that, we recently signed a three-year partnership agreement valued at more than $600,000 with the Canadian Red Cross to help Canadian families evacuated during disasters. Under this agreement, RONA helped hundreds of families during the flooding in High River (Alberta) and in Quebec (Quebec).

Our philanthropic commitment

Besides sponsorships, in which we combine business with community involvement, RONA and its merchants also allocate substantial funds to strictly philanthropic initiatives with no expectations of visibility-related spinoffs. Thus, in 2005, RONA, its merchants and the RONA Foundation donated over $3 million to non-profit organizations and teaching institutions.

THE RONA FOUNDATION

A portion of our philanthropic contribution is channelled through the RONA Foundation. Created in 1999 and funded by RONA and contributions from our business partners and other donors, the Foundation offers financial assistance to organizations that help troubled youth integrate or reintegrate into society. More specifically, the Foundation funds:

- Projects to fight the school dropout problem.
- Original training programs.
- Scholarships so that youths from challenged families can complete their studies and learn a trade.
- On-the-job training programs.
- Employment programs for underprivileged youths.

André H. Gagnon
Chairman of the Board

1 Member of the Audit Committee.
2 Member of the Human Resources and Compensation Committee.
3 Member of the Nominating and Corporate Governance Committee.
4 Member of the Development Committee.
5 Mr. Dutton has been the President and Chief Executive Officer since 1992. Prior to that, Mr. Dutton held many positions within the Company, including Executive Vice-President and Chief Operating Officer from 1990 to 1992.

Officers

Robert Dutton
President and Chief Executive Officer

Claude Bernier
Executive Vice-President
Proximity and Specialized Stores

Michael Brossard
Senior Vice-President
Marketing

Pierre Dandoy
Executive Vice-President
Big-Box Stores

Normand Dumont
Executive Vice-President
Merchandising

Jean Emond
Senior Vice-President
People and Culture

Claude Guévin
Executive Vice-President and
Chief Financial Officer

Linda Michaud
Senior Vice-President
Information and Technology

Pierre Pelletier
Vice-President, Logistics

Key Dates

Fiscal year end: December 31, 2006
Release of Quarterly Reports:

- Q1: May 9, 2006
- Q2: August 9, 2006
- Q3: November 7, 2006

Annual General Meeting:
May 9, 2006 at 11:00 a.m. (Eastern Time)
RONA inc. Head Office
220 chemin du Tremblay
Boucherville QC J4B 8H7

Transfer agent

National Bank Trust
1100 University Street
9th Floor
Montreal QC H3B 2G7
Phone (514) 871-7171
1-800-341-1419

Bankers

Bank of Montreal
Bank of Nova Scotia
Caisse Centrale Desjardins
National Bank of Canada
Royal Bank of Canada

Auditors

Raymond Chabot Grant Thornton
LLP
Chartered Accountants

RONA inc.
For information:
France Charlebois, Corporate Secretary
and Chief Legal Officer
Phone (514) 599-5155
chaf@rona.ca

Investor Relations
Sylvain Morissette, National Director
of Corporate Communications
and Public Relations
Phone (514) 599-5123
mors@rona.ca

RONA Support Centres

Head Office and Quebec-
Atlantic Support Centre:
220 chemin du Tremblay
Boucherville QC J4B 8H7
Phone (514) 599-5100

Ontario Support Centre:
1170 Martin Grove
Etobicoke ON M9W 4X1
Phone (416) 241-8844

Western Provinces Support Centre
19550 – 92nd Avenue
Surrey BC V4N 4G7
Phone (604) 882-6200

RONA inc.
220 chemin du Tremblay
Boucherville QC Canada J4B 8H7
Phone (514) 599-5100
Fax (514) 599-5110
www.rona.ca

La version française de ce rapport est disponible sur demande.
Legal deposit: 2nd Quarter 2006,
Bibliothèque nationale du Québec
Graphic Design: CGCOM

vancouver 2010

RONA

NATIONAL
PARTNER