

## STATEMENT OF CASH FLOWS (\$'000's) UNAUDITED

	June 30 2011	June 30 2010
<b>OPERATING ACTIVITIES</b>		
Cash receipts:		
Sales - spirits, wine, coolers/ciders, beer	159,305	154,898
Annual and supplementary license fees and other	1,719	1,427
Goods and Services Tax	8,527	8,277
Manitoba Retail Sales Tax	5,630	5,346
Environmental Protection Tax	541	524
	<u>175,722</u>	<u>170,472</u>
Cash disbursements:		
Purchases - merchandise, federal duty, excise and sales taxes, etc.	79,736	74,332
General and administrative expenses	15,954	18,359
Goods and Services Tax	8,132	7,792
Manitoba Retail Sales Tax	5,059	4,888
Manitoba Waste Reduction and Prevention Levy	0	34
Environmental Protection Tax	480	473
	<u>109,361</u>	<u>105,878</u>
Net cash available from operating activities	<u>66,361</u>	<u>64,594</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment and intangibles	7	( 44)
Net cash available for transfer	<u>66,368</u>	<u>64,550</u>
<b>TRANSFERS TO PROVINCE OF MANITOBA</b>		
Current year's net profit	14,200	15,700
Prior year's net profit	51,553	47,777
	<u>65,753</u>	<u>63,477</u>
Excess (deficiency) of cash receipts over disbursements and transfers	615	1,073
Cash and cash equivalents, beginning of the year	8,399	9,190
Cash and cash equivalents, end of the year	<u>9,014</u>	<u>10,263</u>

See note



## quarterly financial report

for the three months ended June 30, 2011



For further information contact:  
**MLCC**  
 1555 Buffalo Place / P.O. Box 1023  
 Winnipeg, Manitoba R3C 2X1  
 Phone: (204) 284-2501

## OPERATIONAL HIGHLIGHTS

Sales for the first quarter of F12 increased by \$5.1 million or 3.1% over the same period for F11. Sales volumes increased by 3.4% for spirits and 8.4% for wine and remained flat for coolers/ciders and beer. Net profit increased by \$1.4 million or 2.2%.

Effective April 1, 2011 the MLCC converted to International Financial Reporting Standards on a retrospective basis, as required. Comparative information was restated accordingly.

In May, the province introduced a New Hospitality Strategy designed to modernize Manitoba's liquor laws within a framework of social responsibility. The strategy consists of 38 initiatives under four pillars - new hospitality opportunities, greater public safety and well-being, underage drinking countermeasures, and red tape reduction - and includes changes to *The Liquor Control Act*, its regulations and MLCC policy. The amendments received royal assent on June 16, 2011, with amendments to be phased-in over the next year. To provide Manitobans with more information about the Hospitality Strategy, a stand-alone website has been established at [www.mlcchospitality.com](http://www.mlcchospitality.com).

The MLCC partnered with the Parents Advisory Council of Manitoba to distribute *Be the Influence* information booklets to 300 conference participants. Posters promoting the program to parents were placed in 35 community clubs throughout the province. The 10th Annual Winnipeg Wine Festival was held May 1 - 7, 2011. The festival raised \$272,000 for Special Olympics Manitoba, bringing its 10 year fundraising total to \$2.1 million. A public meeting was held in Gimli in June and included discussion about a new store location.

A lease was signed for space in the Fort Garry Business Centre for office space required to accommodate growth in staff resulting from the ongoing growth in our business. Plans for the first Liquor Mart Express store at the James A. Richardson International Airport are underway and on schedule for an October 30, 2011 opening. An agreement was reached with the Stonewall Liquor Vendor to convert the store to a Liquor Mart. Construction of the Tuxedo Liquor Mart continues. The MLCC continues to work toward LEED® standards in its construction projects.

Portable defibrillators have been installed and staff trained at 28 Liquor Marts. Roll-out of the program will conclude in the 2nd quarter.



Ken Hildahl, President & Chief Executive Officer

## BALANCE SHEET (\$000's) UNAUDITED

	June 30 2011	March 31 2011
<b>ASSETS</b>		
<i>Current</i>		
Cash	9,014	8,399
Accounts receivable	28,500	20,308
Inventory	40,392	38,311
Prepaid expenses	1,334	1,328
<b>Total current assets</b>	<b>79,240</b>	<b>68,346</b>
Property and equipment, net	28,051	28,839
Intangibles, net	6,160	6,359
	<b>113,451</b>	<b>103,544</b>
<b>LIABILITIES</b>		
<i>Current</i>		
Accounts payable - trade and other	48,962	40,141
Goods and Services Tax payable	1,103	708
Manitoba Retail Sales Tax payable	2,095	1,522
Net profit payable to the Province of Manitoba	51,016	51,553
Environmental Protection Tax payable	201	140
Deferred licence fees	2	342
<b>Total current liabilities</b>	<b>103,379</b>	<b>94,406</b>
Provision for employee pension benefits	6,361	5,527
Provision for retirement allowances	3,711	3,611
	<b>113,451</b>	<b>103,544</b>

See note

## STATEMENT OF INCOME (\$000's) UNAUDITED

	June 30 2011	June 30 2010
Sales (see Schedule of Sales, Cost of Sales and Gross Profit)	167,614	162,517
Cost of sales (see Schedule of Sales, Cost of Sales and Gross Profit)	85,484	82,896
Gross profit (schedule)	82,130	79,621
Other income	1,828	2,058
	83,958	81,679
General and administrative expenses	17,757	16,956
Depreciation	983	942
Net profit paid or payable to the Province of Manitoba	<b>65,218</b>	<b>63,781</b>

See note

## SCHEDULE OF SALES, COST OF SALES AND GROSS PROFIT (\$000's) UNAUDITED

Three Months Ended June 30, 2011

	Spirits	Wine	Coolers/ Ciders	Beer	Total
<b>SALES</b>					
Stores	37,760	24,448	4,155	13,784	80,147
Liquor vendors	8,730	2,451	1,125	2,155	14,461
Licensees	4,993	1,328	512	62,306	69,139
Specialty wine stores	-	3,839	28	-	3,867
Total Sales for F12	<b>51,483</b>	<b>32,066</b>	<b>5,820</b>	<b>78,245</b>	<b>167,614</b>
Total Sales for F11	49,894	29,697	6,019	76,907	162,517
<b>COST OF SALES</b>					
Total Cost of Sales for F12	<b>20,479</b>	<b>15,203</b>	<b>2,665</b>	<b>47,137</b>	<b>85,484</b>
Total Cost of Sales for F11	19,870	13,893	2,736	46,397	82,896
<b>GROSS PROFIT</b>					
Gross Profit for F12	<b>31,004</b>	<b>16,863</b>	<b>3,155</b>	<b>31,108</b>	<b>82,130</b>
Gross Profit for F11	30,024	15,804	3,283	30,510	79,621

### Note

Effective April 1, 2011, these financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. All comparative numbers have been restated on a retrospective basis.