

OPERATIONAL HIGHLIGHTS

Sales increased \$15.7 million for the six-month period over the same period last year. This increase resulted from a volume increase for all categories, supplier price increases, and a continued consumer shift to higher priced products. Net profit increased by \$3.4 million or 2.9%.

The MLCC continued to support the communities in which it operates through sponsorships of the Winnipeg Goldeyes, the Winnipeg Blue Bombers and summer festivals and events such as the Winnipeg Folk Festival, the Winnipeg Fringe Festival, Folklorama, and the Dauphin Country Fest.

Social responsibility programs continue to be promoted through various advertising mediums. Planning and development is underway to refresh *Be Undrunk*, for a new television advertisement for *Be the Influence*, and for two new programs to address drinking and driving and safety in licensed premises.

Construction is underway for a third Liquor Mart in Brandon with a focus on wines and for a new location in The Pas. Lease negotiations are complete for the first Liquor Mart in Steinbach.

For the third consecutive year, the MLCC was selected by Mediacorp Canada Inc., as a Top 100 Employer in Canada and a Top 20 Employer in Manitoba. As part of the application process the MLCC conducted an employee engagement survey with results exceeding the Canadian average in all categories.

Progress continued on improvements to employee safety and health initiatives; recommendations from job hazard analyses; and the corporate wellness program. The sustainable development plan was updated to reflect ongoing initiatives.



Don Lussier
President & Chief Executive Officer

BALANCE SHEET (\$000's) UNAUDITED

	September 30 2008	March 31 2008
ASSETS		
<u>Current</u>		
Cash and cash equivalents	10,196	10,024
Accounts receivable	24,027	21,669
Inventory	39,605	34,052
Prepaid expenses and supplies	902	972
Total current assets	74,730	66,717
Cash (restricted)	45,871	45,271
Property and equipment	23,687	23,117
	144,288	135,105
LIABILITIES		
<u>Current</u>		
Accounts payable - trade and other	43,610	36,596
Current liability for capital lease	30	-
Goods and Services Tax payable	982	1,029
Manitoba Retail Sales Tax payable	1,396	1,398
Net profit payable to the Province of Manitoba	42,401	41,141
Environmental Protection Tax payable	149	135
Deferred licence fees	39	351
Total current liabilities	88,607	80,650
Long term obligation under capital lease	198	-
Provision for employee pension benefits	52,243	51,124
Provision for retirement allowances	3,240	3,331
	144,288	135,105

See accompanying notes to the financial statements

STATEMENT OF INCOME (\$000's) UNAUDITED

	Three Months Ended September 30		Six Months Ended September 30	
	2008	2007	2008	2007
Sales (see Schedule of Sales, Cost of Sales and Gross Profit)	154,997	147,162	304,281	288,580
Cost of sales (see Schedule of Sales, Cost of Sales and Gross Profit)	79,724	75,236	157,126	147,922
Gross profit	75,273	71,926	147,155	140,658
Other income	822	963	3,005	2,908
General and administrative expenses	76,095	72,889	150,160	143,566
Depreciation	15,312	14,045	30,273	27,298
	766	632	1,486	1,224
Net profit paid or payable to the Province of Manitoba	60,017	58,212	118,401	115,044

See accompanying notes to the financial statements

Notes to Financial Statements

1. These financial statements should be read in conjunction with the MLCC's 2008 Annual Report.
2. These interim financial statements have been prepared following the same accounting policies that are disclosed in the MLCC's Annual Report.

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

	Three Months Ended September 30					Six Months Ended September 30				
	Spirits	Wine	Coolers/ Ciders	Beer	Total	Spirits	Wine	Coolers/ Ciders	Beer	Total
SALES										
Stores	33,663	20,050	4,638	11,790	70,141	67,028	39,980	8,507	22,764	138,279
Liquor vendors	9,654	2,685	1,432	1,882	15,653	18,335	5,031	2,718	3,646	29,730
Licensees	5,056	1,236	587	59,075	65,954	10,309	2,535	1,193	115,523	129,560
Specialty wine stores	3	3,227	19	-	3,249	4	6,672	36	-	6,712
To September 30, 2008	48,376	27,198	6,676	72,747	154,997	95,676	54,218	12,454	141,933	304,281
To September 30, 2007	46,333	25,533	6,068	69,228	147,162	91,734	51,074	11,280	134,492	288,580
COST OF SALES										
To September 30, 2008	19,357	12,491	3,169	44,707	79,724	38,197	25,314	5,909	87,706	157,126
To September 30, 2007	18,250	11,696	2,847	42,443	75,236	36,159	23,564	5,287	82,912	147,922
GROSS PROFIT										
To September 30, 2008	29,019	14,707	3,507	28,040	75,273	57,479	28,904	6,545	54,227	147,155
To September 30, 2007	28,083	13,837	3,221	26,785	71,926	55,575	27,510	5,993	51,580	140,658



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

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

	Three Months Ended September 30		Six Months Ended September 30	
	2008	2007	2008	2007
OPERATING ACTIVITIES				
Cash receipts:				
Sales - spirits, wine, coolers/ciders, beer	159,636	150,280	301,194	285,408
Annual and supplementary licence fees and other	946	378	3,597	2,184
Goods and Services Tax	7,858	8,918	15,441	17,546
Manitoba Retail Sales Tax	4,918	4,630	9,691	9,101
Manitoba Waste Reduction and Prevention Levy	135	135	265	262
Environmental Protection Tax	526	516	1,038	1,015
	<u>174,019</u>	<u>164,857</u>	<u>331,226</u>	<u>315,516</u>
Cash disbursements:				
Purchases - merchandise, federal duty, excise and sales taxes, etc.	84,727	79,920	154,115	144,842
General and administrative expenses	14,105	12,985	30,712	27,986
Goods and Services Tax	8,296	9,394	15,488	17,097
Manitoba Retail Sales Tax	5,241	4,947	9,693	9,012
Manitoba Waste Reduction and Prevention Levy	147	148	261	258
Environmental Protection Tax	563	555	1,024	1,000
	<u>113,079</u>	<u>107,949</u>	<u>211,293</u>	<u>200,195</u>
Net cash available from operating activities	<u>60,940</u>	<u>56,908</u>	<u>119,933</u>	<u>115,321</u>
INVESTING ACTIVITIES				
Acquisition of property and equipment	<u>(879)</u>	<u>(3,438)</u>	<u>(2,021)</u>	<u>(4,451)</u>
Net cash available for transfer	<u>60,061</u>	<u>53,470</u>	<u>117,912</u>	<u>110,870</u>
TRANSFERS TO PROVINCE OF MANITOBA				
Current year's net profit	62,000	56,300	76,000	84,200
Prior year's net profit	29	0	41,140	24,644
	<u>62,029</u>	<u>56,300</u>	<u>117,140</u>	<u>108,844</u>
Excess (deficiency) of cash receipts over disbursements and transfers	(1,968)	(2,830)	772	2,026
Cash and cash equivalents, beginning of period	<u>58,035</u>	<u>11,999</u>	<u>55,295</u>	<u>7,143</u>
Cash and cash equivalents, end of period	<u>56,067</u>	<u>9,169</u>	<u>56,067</u>	<u>9,169</u>
<i>See accompanying notes to the financial statements</i>				



**Manitoba Liquor
Control Commission**

QUARTERLY FINANCIAL REPORT

**For the six months ended
September 30, 2008**

