



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

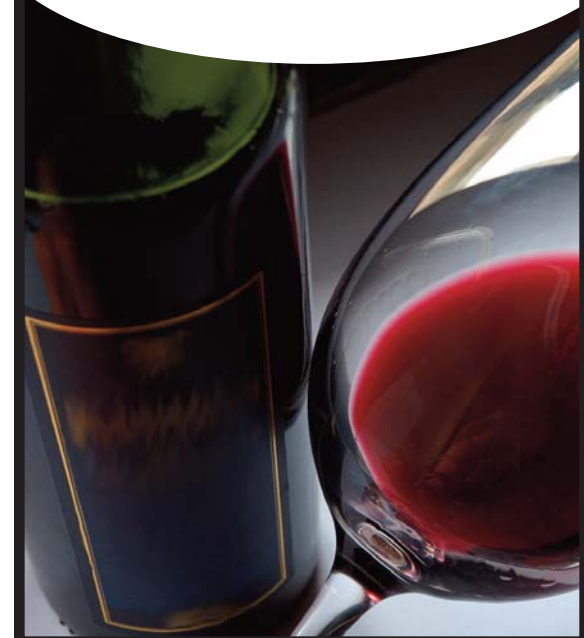
| | Three Months Ended December 31 | | Nine Months Ended December 31 | |
|---|--------------------------------|----------------|-------------------------------|----------------|
| | 2008 | 2007 | 2008 | 2007 |
| OPERATING ACTIVITIES | | | | |
| Cash receipts: | | | | |
| Sales - spirits, wine, coolers/ciders, beer | 161,064 | 152,044 | 462,258 | 437,452 |
| Annual and supplementary licence fees and other | 1,313 | 1,160 | 4,910 | 3,344 |
| Goods and Services Tax | 8,174 | 9,290 | 23,615 | 26,836 |
| Manitoba Retail Sales Tax | 6,030 | 5,632 | 15,721 | 14,733 |
| Manitoba Waste Reduction and Prevention Levy | 137 | 134 | 402 | 396 |
| Environmental Protection Tax | 574 | 557 | 1,612 | 1,572 |
| | <u>177,292</u> | <u>168,817</u> | <u>508,518</u> | <u>484,333</u> |
| Cash disbursements: | | | | |
| Purchases - merchandise, federal duty, excise and sales taxes, etc. | 84,430 | 80,352 | 238,545 | 225,194 |
| General and administrative expenses | 15,653 | 14,400 | 46,365 | 42,386 |
| Goods and Services Tax | 6,889 | 9,391 | 22,377 | 26,488 |
| Manitoba Retail Sales Tax | 4,592 | 4,298 | 14,285 | 13,310 |
| Manitoba Waste Reduction and Prevention Levy | 113 | 170 | 374 | 428 |
| Environmental Protection Tax | 472 | 705 | 1,496 | 1,705 |
| | <u>112,149</u> | <u>109,316</u> | <u>323,442</u> | <u>309,511</u> |
| Net cash available from operating activities | <u>65,143</u> | <u>59,501</u> | <u>185,076</u> | <u>174,822</u> |
| INVESTING ACTIVITIES | | | | |
| Acquisition of property and equipment | <u>(1,551)</u> | <u>(2,931)</u> | <u>(3,572)</u> | <u>(7,382)</u> |
| Net cash available for transfer | <u>63,592</u> | <u>56,570</u> | <u>181,504</u> | <u>167,440</u> |
| TRANSFERS TO PROVINCE OF MANITOBA | | | | |
| Current year's net profit | 56,000 | 51,400 | 132,000 | 135,600 |
| Prior year's net profit | 0 | 0 | 41,140 | 24,644 |
| | <u>56,000</u> | <u>51,400</u> | <u>173,140</u> | <u>160,244</u> |
| Excess (deficiency) of cash receipts over disbursements and transfers | 7,592 | 5,170 | 8,364 | 7,196 |
| Cash and cash equivalents, beginning of period | <u>56,067</u> | <u>9,169</u> | <u>55,295</u> | <u>7,143</u> |
| Cash and cash equivalents, end of period | <u>63,659</u> | <u>14,339</u> | <u>63,659</u> | <u>14,339</u> |
| <i>See accompanying notes to the financial statements</i> | | | | |



**Manitoba Liquor
Control Commission**

QUARTERLY FINANCIAL REPORT

**For the nine months ended
December 31, 2008**



OPERATIONAL HIGHLIGHTS

Sales increased \$24.2 million for the nine 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. The deluxe/premium share of market for spirits reached its highest share ever at 66.5%. Net profit increased by \$6.3 million or 3.5%.

The MLCC routinely uses mystery shoppers to ensure Liquor Marts check photo identification of young looking customers. All Winnipeg and Brandon Liquor Marts achieved 100% in these social responsibility shops. A new television ad for Be the Influence aired on all Manitoba stations to encourage parents to talk with their children about alcohol and the consequences of early alcohol use. Television advertising for With Child-Without Alcohol began in December and will run through to the end of the fourth quarter. The MLCC was a provincial sponsor of Operation Red Nose.

A new 6,300 square foot Liquor Mart opened at the Corral Centre in Brandon; the third Liquor Mart for the city. The new boutique-style store features approximately 2,000 products with a large selection of specialty and unique wines. The Pas Liquor Mart was relocated to a new store and construction began on a new Liquor Mart in Steinbach; which is scheduled to open at the end of the fiscal year.

The MLCC continued its support of charitable community organizations with wine tastings in Roblin, Neepawa, Carman, Dauphin, Swan River, Brandon and Gimli.

To assist in the further development of its management team, the MLCC launched a management development program. It also conducted employee education courses on basic wine knowledge; non-violent crisis intervention; security awareness; health and safety; and the safe handling of hazardous materials. Efforts to address recommendations for the job hazard analyses continued throughout the quarter.



Don Lussier
President & Chief Executive Officer

BALANCE SHEET (\$000's) UNAUDITED

| | December 31 2008 | March 31 2008 |
|--|---------------------|------------------|
| ASSETS | | |
| <u>Current</u> | | |
| Cash and cash equivalents | 17,488 | 10,024 |
| Accounts receivable | 24,143 | 21,669 |
| Inventory | 33,623 | 34,052 |
| Prepaid expenses and supplies | 945 | 972 |
| Total current assets | 76,199 | 66,717 |
| Cash (restricted) | 46,171 | 45,271 |
| Property and equipment | 24,433 | 23,117 |
| | 146,803 | 135,105 |
| LIABILITIES | | |
| <u>Current</u> | | |
| Accounts payable - trade and other | 32,026 | 36,596 |
| Current liability for capital lease | 15 | - |
| Goods and Services Tax payable | 2,267 | 1,029 |
| Manitoba Retail Sales Tax payable | 2,834 | 1,398 |
| Net profit payable to the Province of Manitoba | 53,107 | 41,141 |
| Environmental Protection Tax payable | 251 | 135 |
| Deferred licence fees | 20 | 351 |
| Total current liabilities | 90,520 | 80,650 |
| Long term obligation under capital lease | 203 | - |
| Provision for employee pension benefits | 52,807 | 51,124 |
| Provision for retirement allowances | 3,273 | 3,331 |
| | 146,803 | 135,105 |

See accompanying notes to the financial statements

STATEMENT OF INCOME (\$000's) UNAUDITED

| | Three Months Ended December 31 | | Nine Months Ended December 31 | |
|---|-----------------------------------|---------------|----------------------------------|----------------|
| | 2008 | 2007 | 2008 | 2007 |
| Sales (see Schedule of Sales, Cost of Sales and Gross Profit) | 161,224 | 152,698 | 465,505 | 441,278 |
| Cost of sales (see Schedule of Sales, Cost of Sales and Gross Profit) | 79,019 | 74,851 | 236,145 | 222,773 |
| Gross profit | 82,205 | 77,847 | 229,360 | 218,505 |
| Other income | 900 | 1,413 | 3,905 | 4,321 |
| General and administrative expenses | 83,105 | 79,260 | 233,265 | 222,826 |
| Depreciation | 15,598 | 14,837 | 45,871 | 42,135 |
| | 800 | 692 | 2,286 | 1,916 |
| Net profit paid or payable to the Province of Manitoba | 66,707 | 63,731 | 185,108 | 178,775 |

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 December 31 | | | | | Nine Months Ended December 31 | | | | |
|-----------------------|--------------------------------|---------------|--------------------|---------------|----------------|-------------------------------|---------------|--------------------|----------------|----------------|
| | Spirits | Wine | Coolers/ Ciders | Beer | Total | Spirits | Wine | Coolers/ Ciders | Beer | Total |
| SALES | | | | | | | | | | |
| Stores | 45,590 | 26,969 | 2,753 | 10,350 | 85,662 | 112,618 | 66,949 | 11,260 | 33,114 | 223,941 |
| Liquor vendors | 10,116 | 2,639 | 573 | 1,179 | 14,507 | 28,451 | 7,670 | 3,291 | 4,825 | 44,237 |
| Licensees | 5,589 | 1,541 | 407 | 49,217 | 56,754 | 15,898 | 4,076 | 1,600 | 164,740 | 186,314 |
| Specialty wine stores | 28 | 4,260 | 13 | - | 4,301 | 32 | 10,932 | 49 | - | 11,013 |
| To December 31, 2008 | 61,323 | 35,409 | 3,746 | 60,746 | 161,224 | 156,999 | 89,627 | 16,200 | 202,679 | 465,505 |
| To December 31, 2007 | 58,505 | 33,030 | 3,360 | 57,803 | 152,698 | 150,239 | 84,104 | 14,640 | 192,295 | 441,278 |
| COST OF SALES | | | | | | | | | | |
| To December 31, 2008 | 24,161 | 16,096 | 1,727 | 37,035 | 79,019 | 62,358 | 41,410 | 7,636 | 124,741 | 236,145 |
| To December 31, 2007 | 23,142 | 15,018 | 1,583 | 35,108 | 74,851 | 59,301 | 38,582 | 6,870 | 118,020 | 222,773 |
| GROSS PROFIT | | | | | | | | | | |
| To December 31, 2008 | 37,162 | 19,313 | 2,019 | 23,711 | 82,205 | 94,641 | 48,217 | 8,564 | 77,938 | 229,360 |
| To December 31, 2007 | 35,363 | 18,012 | 1,777 | 22,695 | 77,847 | 90,938 | 45,522 | 7,770 | 74,275 | 218,505 |