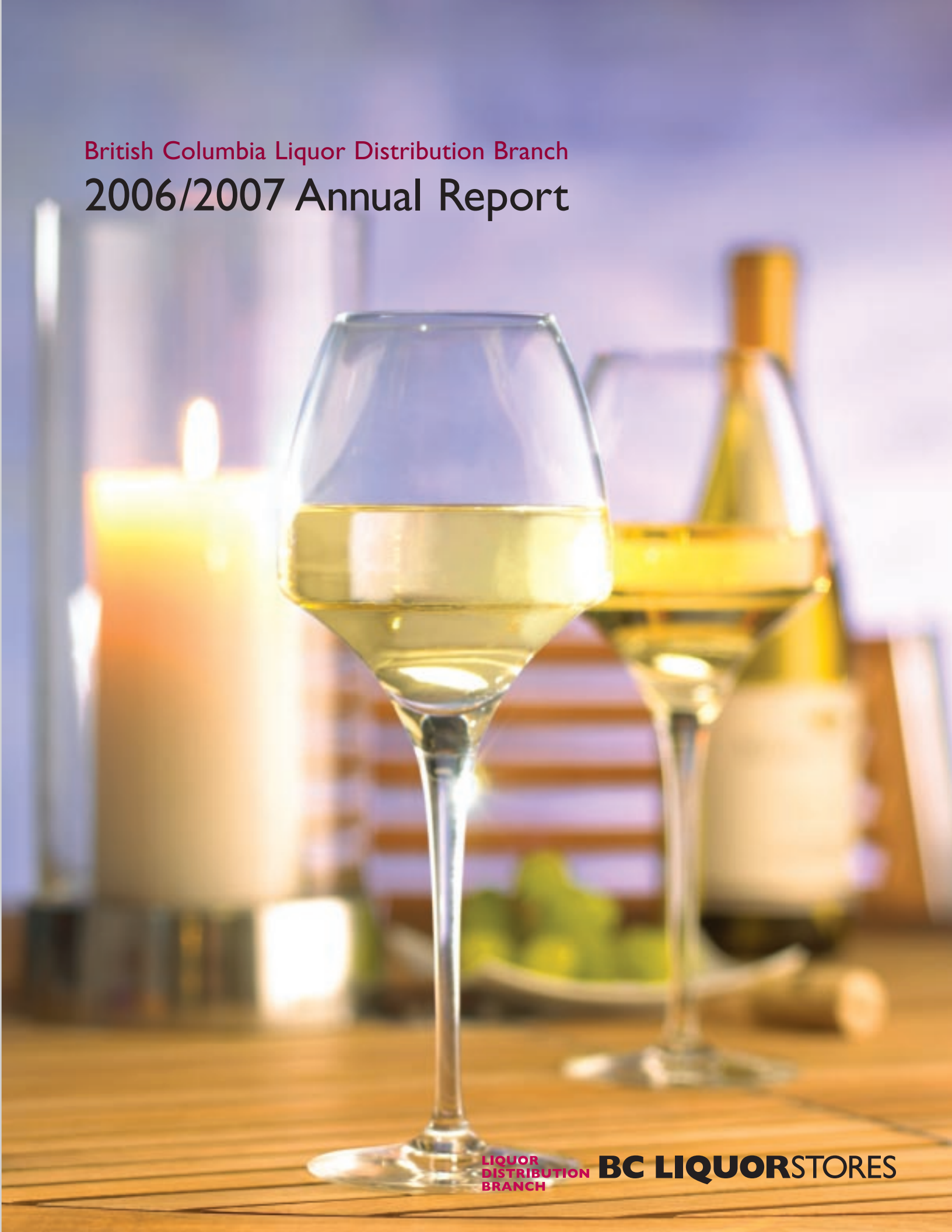


British Columbia Liquor Distribution Branch
2006/2007 Annual Report



LIQUOR
DISTRIBUTION
BRANCH

BC LIQUORSTORES

British Columbia
Liquor Distribution Branch
2006/2007
Annual Report

VISION

That our customers have the opportunity to discover, enjoy and share the evolving world of beverage alcohol.

MISSION

To be a customer-focused, profitable retailer and wholesaler of beverage alcohol dedicated to innovation, exemplary service, helpful product knowledge and social responsibility.

VALUES

EXEMPLARY SERVICE

We take pride in the quality of our work. We strive for excellence in serving customers and coworkers.

PUBLIC SAFETY AND SOCIAL RESPONSIBILITY

We encourage and support the responsible use of beverage alcohol.

INTEGRITY

We take responsibility and are fully accountable for our actions, decisions and behaviour.
We are open, honest and fair.

RESPECT

We treat all individuals with fairness, dignity and respect.

TEAMWORK

We support one another to achieve corporate goals.

INNOVATION

We encourage our people to find innovative and creative ways to improve our business.



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GENERAL MANAGER'S MESSAGE TO THE MINISTER RESPONSIBLE

The Honourable John Les, Minister of Public Safety and Solicitor General:

I am pleased to report that the fiscal year 2006/07 ended with the British Columbia Liquor Distribution Branch (LDB) delivering a net income of \$840 million, compared to \$800 million the previous year. This is a \$40 million increase over the previous fiscal year—and \$42 million over our Service Plan target for the year.

Total sales for the year were \$2.43 billion, an increase of \$185 million or 8.2 per cent over the previous year, and \$134 million or 5.8 per cent higher than our Service Plan target. Fiscal 2006/07 saw increases in all product categories: 8.3 per cent in spirits, 12.6 per cent in wine and 5.9 per cent in beer, and 8.3 per cent in refreshment beverages.

In 2006/07, the private retail system continued to expand. During the year, the number of licensee retail stores (LRSs) increased to 631 from 592, and as of March 31, 2007, there were a total of 1,273 government and private liquor stores in the province.

As part of our ongoing commitment to set the standard for excellence in the retailing of beverage alcohol, the LDB opened nine new Signature Stores: Kamloops Columbia Place; Ironwood in Richmond; Meadowtown in Pitt Meadows; Westshore on Vancouver Island; Kelowna Mission Park; Port Coquitlam's Nicola Station; Langley; Prince George Pine Centre and Vernon.

The LDB continued to make public safety and social responsibility a key priority, in addition to our mission to be a customer-focused, profitable retailer and wholesaler of beverage alcohol. Our annual Support Dry Grad campaign, which is part of the LDB's commitment to promoting zero consumption for minors, raised an unprecedented \$478,307—thanks to the incredible generosity of government liquor store customers throughout British Columbia.

The 2006/07 LDB Annual Report was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented has been prepared in accordance with the BC Reporting Principles and reflects the actual performance of the LDB for the 12 months ended March 31, 2007 in relation to the February 2006 service plan. The measures presented are consistent with the LDB's mission, goals and objectives, and focus on aspects critical to the organization's performance.

I am responsible for ensuring internal controls are in place to ensure performance information is measured accurately and in a timely fashion. All significant decisions, events and identified risks, as of May 18, 2007, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate direction, goals, objectives, strategies, measures or targets made since the February 2006 service plan was released and any significant limitations in the reliability of data are identified in the report.



Jay Chambers
General Manager
May 18, 2007

GOVERNANCE

In British Columbia, the Liquor Distribution Branch (LDB), under the authority of the *Liquor Distribution Act*, has the sole right to purchase beverage alcohol, both in and out of British Columbia, in accordance with the *Importation of Intoxicating Liquors Act (Canada)*.

Reporting to the Minister of Public Safety and Solicitor General, the LDB is responsible for the importation, distribution, wholesaling and retailing of beverage alcohol in British Columbia and operates government liquor stores and distribution centres in the province. The LDB is also responsible for the appointment of private retail agency stores*.

The *Liquor Distribution Act* specifies that the minister must appoint a general manager and that the general manager is responsible for administering the Act, including the general control, management and supervision of liquor stores, subject to the orders, directions and supervision of the minister.



The Act further clarifies the powers of the general manager and delineates the administration of the LDB and the operation of its liquor stores. The LDB follows the Crown Agencies Secretariat guidelines for service plans and annual reports, and is reported out in public accounts in a manner similar to a commercial crown corporation, on a modified equity basis.

Another branch within the Ministry of Public Safety and Solicitor General, the Liquor Control and Licensing Branch (LCLB), enforces the *Liquor Control and Licensing Act*. The LCLB is responsible for the licensing, monitoring and enforcement of the Act and regulations related to private liquor stores, restaurants, pubs and manufacturers.

* Agency stores refer to rural agency stores, manufacturer stores, independent wine stores and duty free stores.

BUSINESS OF THE LIQUOR DISTRIBUTION BRANCH

With a workforce of approximately 3,500 full and part-time employees, the LDB operates, as of March 31, 2007:

- 201 government liquor stores throughout the province;
- two distribution centres, one in Vancouver and one in Kamloops; and
- a head office facility in Vancouver.

The LDB issues appointments or authorizations and enters into contracts with the private sector for the operation of private retail outlets, such as rural agency stores (RASs), beverage alcohol manufacturer stores, independent wine stores and duty-free stores. These authorizations and agreements are in addition to any licensing terms that may be in place with the LCLB.

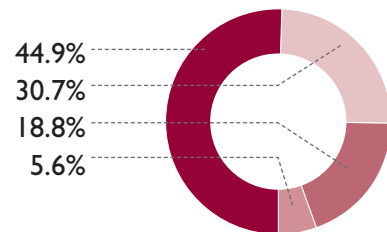
As of March 31, 2007, private sector retail establishments included:

- 631 licensee retail stores (LRSs, private liquor stores licensed to sell all liquor products);
- 230 RASs (general merchandise stores in rural communities authorized to sell all liquor products);
- 154 on-site manufacturer stores (stores at wineries, breweries and distilleries that sell products manufactured on-site);
- 34 off-site manufacturer stores (stores operated by the BC wine industry that sell BC winery products);
- 12 independent wine stores (private wine stores authorized to sell all types of wine); and
- 11 duty-free stores.

The LDB purchases beverage alcohol from suppliers and manufacturers in British Columbia, other provinces and from around the world. Licensed manufacturing sites in British Columbia include 152 wineries, 51 breweries and brew pubs, and 12 distilleries. The LDB buys products from more than 400 manufacturers.

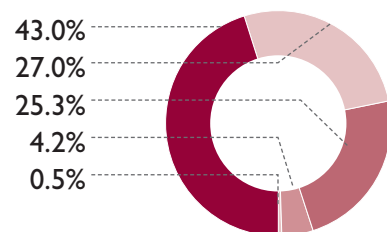
PERCENTAGE OF GROSS \$ SALES BY RETAIL CHANNEL 2006/07

| | |
|------------------------------------|-------|
| Government Liquor Stores | 44.9% |
| Licensee Retail Stores | 30.7% |
| Licensee (pubs, bars, restaurants) | 18.8% |
| Agency Stores | 5.6% |



PERCENTAGE OF GROSS \$ SALES BY PRODUCT CATEGORY 2006/07

| | |
|------------------------------|-------|
| Beer | 43.0% |
| Spirits | 27.0% |
| Wine | 25.3% |
| Ciders/Coolers | 4.2% |
| Special Orders/Non-alcoholic | 0.5% |



LDB CUSTOMERS AND STAKEHOLDERS

BC Liquor Stores averaged 728,000 customer visits each week in 2006/2007, making the LDB one of the province's largest retail organizations.

The LDB has both retail and wholesale customers: wholesale customers are comprised of licensee retail stores, rural agency stores, restaurants and pubs, and duty-free stores. Retail customers are the general public, who buy their product through the government liquor store network.

Our stakeholders include the people of British Columbia, their elected officials, our employees, our suppliers, and groups that share our concern for public safety.

The LDB offers a broad selection of both international and domestic products, and our employees strive to provide exemplary service in assisting our retail and wholesale customers in finding the right products for their needs. As well, the LDB continually looks for ways to become more efficient in the management of our operating expenses.

Along with our government liquor stores, a variety of private retail outlets help to ensure that the public is well-served. The mixed public-private retail model not only gives our customers more choice, but also encourages the growth of the small business sector in British Columbia.

ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN

As with all branches and agencies of government, the LDB is aligned to support and implement the government's goals. The LDB estimates that it will generate \$2.48 billion in net income to government over the next three years; this revenue will assist government in achieving its goals to:

1. Make British Columbia the best-educated, most literate jurisdiction on the continent.
2. Lead the way in North America in healthy living and physical fitness.
3. Build the best system of support in Canada for persons with disabilities, those with special needs, children at risk and seniors.
4. Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.
5. Create more jobs per capita than anywhere else in Canada.

To serve the interests of our customers and stakeholders, we:

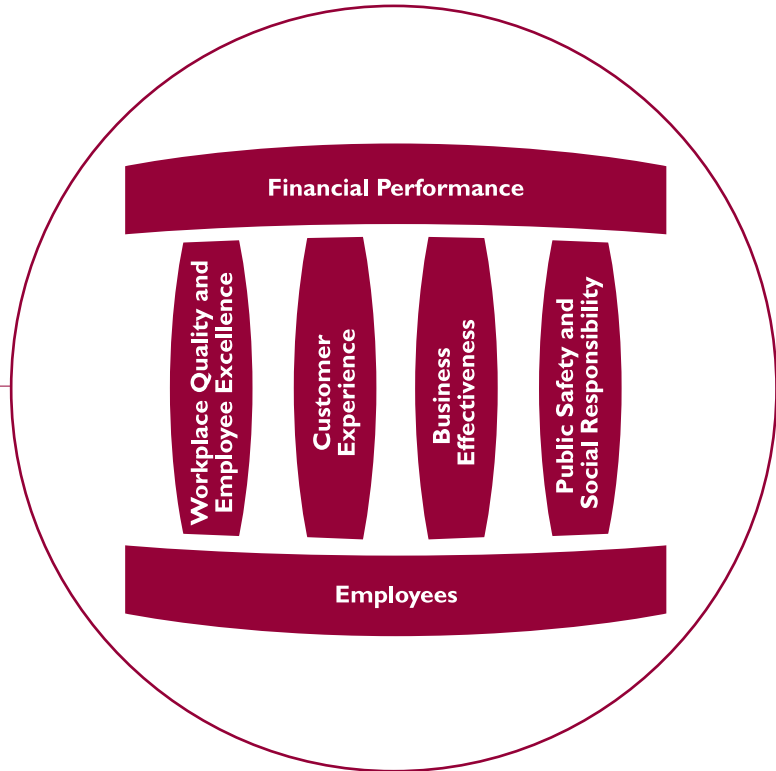
- deliver quality products and services;
- distribute products and services through a variety of liquor retail venues throughout British Columbia;
- manage the importation, warehousing, transportation and sale of liquor in a fair and impartial manner;
- promote the safe and responsible use of beverage alcohol; and
- implement policies to ensure LDB workplaces are safe and free of harassment or discrimination.

To fulfill our responsibilities to the government and people of British Columbia, we:

- maximize revenue to the government of British Columbia;
- manage the LDB's business risks;
- ensure accountability of key business partners; and
- develop and implement programs and services aimed at deterring the sale of beverage alcohol to minors, those who appear intoxicated, or those who are believed to be buying for either of these parties.

THE FOUR PILLARS FRAMEWORK

The Liquor Distribution Branch organizes its strategic priorities and key objectives around the concept of four pillars. All four pillars support financial performance, and at the foundation are the LDB's dedicated employees.



HIGH-LEVEL GOALS

The five high-level goals are:

- GOAL 1 FINANCIAL PERFORMANCE**
Maximize net income within the policy guidelines established by government
- GOAL 2 WORKPLACE QUALITY AND EMPLOYEE EXCELLENCE**
Build a customer-focused, high performance work environment that results in greater employee involvement, development, innovation and creativity
- GOAL 3 CUSTOMER EXPERIENCE**
Continuously improve the customer experience in BC Liquor Stores
- GOAL 4 BUSINESS EFFECTIVENESS**
Continue to seek out improvements to operating efficiencies and maximize wholesale customer satisfaction in a climate of constant change
- GOAL 5 PUBLIC SAFETY AND SOCIAL RESPONSIBILITY**
Encourage the responsible use of beverage alcohol

| | | |
|---------------|---|----|
| GOAL 1 | Financial Performance | 7 |
| GOAL 2 | Workplace Quality and Employee Excellence | 10 |
| GOAL 3 | Customer Experience | 12 |
| GOAL 4 | Business Effectiveness | 14 |
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GOAL 1: FINANCIAL PERFORMANCE

Maximize net income within the policy guidelines established by government.

Financial Performance Highlights

Sales of beverage alcohol continued on a strong trend in fiscal 2006/07. Total sales for the year were \$2.4 billion, an increase of \$134 million or 5.8 per cent over the 2006/07-2008/09 Service Plan targets and \$185 million or 8.2 per cent over last year. Net income for fiscal 2006/07 was \$840 million, exceeding the target by \$42 million. Net income—total revenue less total expenses—is the LDB's financial contribution to the province of British Columbia.

Sales in all categories performed ahead of Service Plan targets. The strong sales were reflected in increases of 8.3 per cent in spirits, 12.6 per cent in wine, 5.9 per cent in beer and 8.3 per cent in refreshment beverages, compared to fiscal 2005/06. Major factors contributing to the sales performance were the extremely good weather during the summer selling period and the strong provincial economy.

An increase of 39 licensee retail stores (LRSs) contributed to a 16.3 per cent increase in sales to those outlets over the previous year. Total liquor outlets in the province increased by 58 from 1,215 to 1,273 during the year.

SALES BY MAJOR CATEGORY (\$000s)

| | 2006/07 | 2005/06 | 2004/05 | 2003/04 | 2002/03 | Change vs Previous Year | |
|---------------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|--------------|
| | | | | | | \$ | % |
| Domestic Spirits | 389,181 | 366,999 | 353,392 | 336,237 | 323,849 | 22,183 | 6.0% |
| Import Spirits | 267,723 | 239,560 | 221,004 | 201,033 | 189,733 | 28,162 | 11.8% |
| Total Spirits | 656,904 | 606,559 | 574,396 | 537,270 | 513,582 | 50,345 | 8.3% |
| Domestic Wine | 230,155 | 209,149 | 191,294 | 176,723 | 168,237 | 21,006 | 10.0% |
| Import Wine | 386,835 | 338,881 | 306,904 | 272,158 | 248,420 | 47,954 | 14.2% |
| Total Wine | 616,990 | 548,030 | 498,198 | 448,881 | 416,657 | 68,960 | 12.6% |
| Domestic Refreshment | 90,043 | 84,915 | 86,815 | 82,974 | 82,909 | 5,128 | 6.0% |
| Import Refreshment | 12,681 | 9,950 | 10,876 | 9,894 | 7,848 | 2,731 | 27.4% |
| Total Refreshments | 102,724 | 94,865 | 97,691 | 92,868 | 90,757 | 7,859 | 8.3% |
| Domestic Beer | 868,997 | 839,227 | 830,380 | 784,407 | 746,718 | 29,770 | 3.5% |
| Import Beer | 177,598 | 149,111 | 137,554 | 122,855 | 106,337 | 28,487 | 19.1% |
| Total Beer | 1,046,595 | 988,338 | 967,934 | 907,262 | 853,055 | 58,257 | 5.9% |
| Miscellaneous/Special | 11,232 | 11,735 | 10,164 | 11,942 | 11,244 | (503) | -4.3% |
| Total Sales | 2,434,445 | 2,249,527 | 2,148,383 | 1,998,223 | 1,885,295 | 184,918 | 8.2% |

SALES BY MAJOR CATEGORY IN LITRES (000s)

| | 2006/07 | 2005/06 | 2004/05 | 2003/04 | 2002/03 | Change vs Previous Year | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------|-------------|
| | | | | | | Litres | % |
| Domestic Spirits | 15,488 | 15,152 | 14,739 | 14,391 | 13,963 | 336 | 2.2% |
| Import Spirits | 8,909 | 8,216 | 7,678 | 7,206 | 6,823 | 693 | 8.4% |
| Total Spirits | 24,397 | 23,368 | 22,417 | 21,597 | 20,786 | 1,029 | 4.4% |
| Domestic Wine | 23,130 | 22,101 | 20,707 | 19,887 | 19,209 | 1,028 | 4.7% |
| Import Wine | 25,087 | 22,726 | 21,122 | 19,200 | 17,963 | 2,362 | 10.4% |
| Total Wine | 48,217 | 44,827 | 41,829 | 39,087 | 37,172 | 3,390 | 7.6% |
| Domestic Refreshment | 19,142 | 18,246 | 18,558 | 14,143 | 18,347 | 896 | 4.9% |
| Import Refreshment | 2,048 | 1,471 | 1,602 | 5,682 | 1,177 | 577 | 39.3% |
| Total Refreshment | 21,190 | 19,717 | 20,160 | 19,825 | 19,524 | 1,473 | 7.5% |
| Domestic Beer | 239,868 | 237,338 | 237,623 | 238,179 | 233,853 | 2,530 | 1.1% |
| Import Beer | 39,356 | 33,274 | 31,109 | 28,398 | 25,160 | 6,082 | 18.3% |
| Total Beer | 279,224 | 270,612 | 268,732 | 266,577 | 259,013 | 8,612 | 3.2% |
| Miscellaneous/Special Orders | 194 | 201 | 199 | 207 | 209 | (7) | -3.5% |
| Total Sales | 373,222 | 358,725 | 353,337 | 347,293 | 336,704 | 14,497 | 4.0% |

FINANCIAL PERFORMANCE TARGETS AND RESULTS 2006/2007

OBJECTIVE

I. Achieve or exceed net income targets.

STRATEGY

I. Grow sales and effectively manage operating expenses

| PERFORMANCE MEASURE | TARGETS | ACHIEVEMENT |
|---|---|---|
| Total Sales (\$ billions) | 06/07 – \$2.30 07/08 – \$2.37 08/09 – \$2.42 | \$2.43 billion Target exceeded: Sales are an important measure of financial performance as they directly impact the LDB's ability to achieve or exceed net income targets. Total sales in fiscal 06/07 exceeded target by \$134 million. Previous years: 05/06 – \$2.25 billion, 04/05 – \$2.15 billion, 03/04 – \$2.0 billion |
| Gross Margin (\$ billions) | 06/07 – \$1.05 07/08 – \$1.08 08/09 – \$1.10 | \$1.09 billion Target exceeded: Gross margin is an important measure of financial performance as it represents the funds remaining after the cost of product has been paid. These funds are applied to pay for operating expenses with the excess being the contribution to government. Previous years: 05/06 – \$1.02 billion, 04/05 – \$1.0 billion, 03/04 – \$0.94 billion |
| Operating expenses (\$ millions) | 06/07 – \$257.3 07/08 – \$265.4 08/09 – \$270.1 | \$256.3 million Target achieved: Managing the operating expenses of the LDB is important to achieving the net income targets and is constantly monitored and analyzed. A number of favourable variances – such as rents, amortization, merchandising, data processing and travel – helped offset additional costs incurred. Additional expenses included employment expenses resulting from additional sales volumes, bank fees from the increased use of credit cards, professional services, freight due to additional volumes, beverage containers and repairs and maintenance. Previous years: 05/06 – \$242.4 million, 04/05 – \$240 million, 03/04 – \$215.3 million |
| Net income (\$ millions) | 06/07 – \$798.1 07/08 – \$819.8 08/09 – \$835.9 | \$840.3 million Target exceeded: Net income is \$42.2 million ahead of target. This measure of financial performance—total revenue less total expenses—is the LDB's financial contribution to the province of British Columbia. Increased sales, reduced amortization and managing employment expenses were the largest contributing factors in exceeding the target. Previous years: 05/06 – \$800.5 million, 04/05 – \$778.6 million, 03/04 – \$726.7 million |
| Total LDB expenses as a percentage of total LDB sales | 06/07 – 11.2% 07/08 – 11.2% 08/09 – 11.2% | 10.5% Target achieved: Managing operating expenses as a percentage of sales is an important financial index as it indicates the degree of efficiency attained by the LDB. Previous years: 05/06 – 10.8%, 04/05 – 11.2%, 03/04 – 10.8% |

GOAL TWO: WORKPLACE QUALITY AND EMPLOYEE EXCELLENCE

Build a customer-focused high performance work environment that results in greater employee involvement, development, innovation and creativity.

Performance Highlights

Workforce

Our enthusiastic staff has continued to focus on providing excellent service to our retail and wholesale customers.

Like most organizations, the LDB is facing the challenge of an aging workforce. This year a succession strategy was developed to specifically target our ability to fill critical positions throughout the organization to address the issue. Over the coming year the LDB will be developing and implementing a workforce plan that will supplement the succession planning process and enable employees to develop career paths and learning and development plans.

Training and Development

Three new integrated Signature training programs were developed and delivered to staff this year: "Signature Service," "Signature Selling" and "Signature Coaching." The LDB also has 1,625 employees currently enrolled in Product Knowledge programs. These courses work in tandem to provide staff with innovative and leading-edge skills so that our customers receive the best experience possible.

A second Employee Engagement Survey was completed this year. A communiqué summarizing the results of the survey will be sent to all LDB employees. Specific objectives and action plans will be developed to address areas of employee concern.



WORKPLACE QUALITY AND EMPLOYEE EXCELLENCE TARGETS AND RESULTS 2006/2007

OBJECTIVE

I. Continue to develop a customer-focused workforce that is knowledgeable, skilled, motivated and enthusiastic

STRATEGIES

1. Enhance staff skills through management development and employee training programs
2. Employ a competency-based recruitment process
3. Develop succession plans for key positions
4. Provide a safe, healthy and harassment-free workplace
5. Promote a retail-oriented culture through an enhanced performance management and recognition process

PERFORMANCE MEASURE

TARGETS

ACHIEVEMENT

Employee satisfaction and engagement

06/07 – 70%
07/08 – 80%
08/09 – 90%

66%

Target not met: Fiscal 2006/07 saw a nine per cent increase in our employee-satisfaction measurement. Going forward, the LDB will continue to strive for yearly improvement in this goal.

Previous years: 05/06 – 57%, 04/05 – not measured, 03/04 – not measured

GOAL THREE: CUSTOMER EXPERIENCE

Continuously improve the customer experience in BC Liquor Stores.

Performance Highlights

Gift Cards

Gift cards continued to grow in popularity in BC Liquor Stores this year. Available in denominations of \$25, \$50 and \$100, gift card balances can be checked on the BC Liquor Stores website.

British Columbia Vintners Quality Alliance (VQA) Wines

This year, British Columbia VQA wines were once again featured prominently in all BC Liquor Stores. However, low yields resulted in many VQA wines being in short supply. This will adjust as the most recent harvest was excellent and we are looking forward to once again having more of these world-class wines available on our shelves.

In November, a special collection of premium British Columbia VQA wines – the “Best of BC” – was released in selected LDB stores. The release covered 19 premium VQA wines that showcased some of the more spectacular vintages in recent years.

Vancouver Playhouse International Wine Festival

For the 29th consecutive year, the LDB operated an on-site wine store during this year’s Vancouver Playhouse International Wine Festival (VPIWF). Regarded as Canada’s premier wine event, this year 180 wineries from 17 countries attended VPIWF to pour a record 1,570 wines at a record 60 events. The spotlight was on two areas – the regional theme of Australian Wine: A World of Difference and the global focus was Riesling.

For the first time this year, the festival conducted an industry symposium. This inaugural event explored issues around wine packaging and was entitled “Message in a Bottle... or in a Box?” Since its inception in 1979 the festival has raised \$5.2 million for the Vancouver Playhouse Theatre Company.

Feature Programs

The LDB worked with consulates and trade organizations to support their marketing efforts and feature programs highlighting the wines of various regions, including Chile, Italy, South Africa, France, New Zealand, Australia, California and Washington. Programs included store displays, trade events and in-store tastings.

Website

During fiscal 2006/07, an average of 35,000 visitors per month accessed the LDB website, www.bcliqorstores.com. The site provides information about BC Liquor Store products, product use, store locations, corporate publications, and the liquor industry.

Publications

Taste

Our in-store quarterly consumer magazine, Taste (formerly Matters of Taste) was re-designed this year with a modern look and format. Taste features product, editorial content and advertising from the worlds of food, drink, and entertaining. The first issue was launched in November 2006 and the magazine is published quarterly. Approximately 400,000 copies of the new Taste magazine will be distributed at 201 BC Liquor Stores across the province this coming year.

CUSTOMER EXPERIENCE TARGETS AND RESULTS 2006/2007

OBJECTIVE

1. Continue to enhance the shopping experience for LDB retail customers

STRATEGIES

1. Continue to revitalize the store network
2. Provide enhanced customer service
3. Improve customer access to British Columbia Vintners Quality Alliance (VQA) wines

PERFORMANCE MEASURE

TARGETS

ACHIEVEMENT

| | | |
|---|---|---|
| Total number of additional Signature Stores opened | 06/07 – 12 07/08 – 5 08/09 – 5 | 9 Target not met: The LDB has 20 Signature Stores in BC, with one more to be completed. The target has been eliminated in the 2007/08 – 2009/10 Service Plan as the LDB is focussing on maximizing operation efficiency opportunities within the system, allowing the network to stabilize within the mixed public-private industry model. Previous years: 05/06 – 2, 04/05 – 3, 03/04 – n/a |
| Average retail customer transaction value | 06/07 – \$27.87 07/08 – \$28.99 08/09 – \$30.15 | \$28.95 Target met: The customer continues to make more premium selections in their beverage alcohol purchase and in turn this continues to have a positive affect on the average transaction value. Previous years: 05/06 – \$27.22, 04/05 – \$26.70, 03/04 – \$26.70 |
| Increased dollar sales of VQA wines through LDB retail stores | 06/07 – 20% 07/08 – 20% 08/09 – 20% | 3.8% Target not met: A lower than expected 2005 grape harvest, due to poor weather, affected the availability of VQA wine this fiscal. A healthy harvest in 2006 will improve the accessibility of VQA wines in the next fiscal year. Previous years: 05/06 – 18.5%, 04/05 – 4.9%, 03/04 – 4.6% |
| Retail customer satisfaction | 06/07 – 90% 07/08 – 90% 08/09 – 90% | 98% Target exceeded: Close to 1,000 customers were surveyed and 98% responded with either an “excellent,” “very good” or “good” rating. Previous years: 05/06 – 91%, 04/05 – 89%, 03/04 – n/a |

GOAL FOUR: BUSINESS EFFECTIVENESS

Continue to seek out improvements to operating efficiencies and maximize wholesale customer satisfaction in a climate of constant change.

Performance Highlights

Distribution/Wholesale

The distribution supply chain system continues to adjust to meet the demands of an expanded liquor retail network. Improvements in technology made it possible for the LDB to make upgrades this year to its distribution system that will improve services to wholesale customers and increase efficiencies in its stores.

Technology

As part of our Business Continuity and Recovery planning, this year the LDB put in place an alternate data centre that will function in the event of a disaster at our computer centre. Additionally, we have developed an integrated test centre where systems and platforms are integrated so that any changes to their environment may be tested and implemented efficiently with less risk.

The Sales Collection, Inventory & Audit (SCIA) Project was also completed this year. SCIA was implemented to eliminate the existing legacy Sales Data Collection (SDC) system, providing enhanced functionality, tighter controls, improved processing times, simplified processes, reporting with other downstream systems and improved flexibility to respond as required to evolving business practices. SCIA integrates data from both internal sources and external partners into our financial systems.

The LDB is currently working with other ministries in a partnership towards the use of a single business number and single ID (BCeID) for our wholesale customers and has completed a product database upgrade that allows input from external suppliers and agents via our Product Registration Extranet web site.

Corporate Security

Improvements in technology and digital imaging systems have provided the LDB with the opportunity to be an industry leader in corporate security measures. A five-year implementation plan encompassing upgrades to stores across the province provides the framework for advancements in live monitoring and police communication as well as cost savings and safety measures.

Investigations

The LDB has shown leadership in social responsibility and effectiveness in partnerships with police and crown counsel in all provincial jurisdictions towards the monitoring of illegal activities such as cross-border smuggling and theft. Our investigators work closely with the police and other government agencies to address community concerns and minimize the impact of illicit activities in the community.

Emergency Programs

Emergency Programs at the LDB encompasses Business Continuity, including Disaster Recovery and Emergency Management. Our Business Continuity Program identifies critical processes and guides business leaders through the process of mitigation, response, recovery and resumption of business in the event of a disruption. The LDB actively engages our employees in preparedness activities both at work and at home.

An emergency call-out exercise of over 3,500 employees was completed this year with a resounding success rate of 76 per cent. Each year, our employees receive a personal preparedness package for home and family during National Emergency Preparedness Week as well as a variety of training opportunities. We currently have an Emergency Response Team in place as well as a functioning Emergency Operations Centre (EOC). All team members have been trained and participate in annual exercises.

Regulatory Reform

In keeping with the government's regulatory reform initiative, the LDB is committed to reducing regulation and creating a more effective and results-based regulatory framework.

BUSINESS EFFECTIVENESS TARGETS AND RESULTS 2006/2007

OBJECTIVES

1. Increase wholesale customer satisfaction
2. Improve cost efficiencies

STRATEGIES

1. Increase the use of available and leading-edge technology
2. Maximize the potential efficiencies available through improved distribution operations
3. Provide enhanced wholesale customer services

PERFORMANCE MEASURE

TARGETS

ACHIEVEMENT

| | | |
|---|---|---|
| Wholesale customer satisfaction | 06/07 – 90% 07/08 – 90% 08/09 – 90% | 90% Target achieved: Approximately 3,000 wholesale customers were invited to participate in the Wholesale Customer Survey. There was a 14% response rate with 413 respondents this year. The LDB continues to develop an improved system for product ordering to meet the needs of the evolving mixed retail environment, and has made inroads in the distribution of wholesale product. This year the direct delivery customer base increased from 207 to over 300 customers. Previous years: 05/06 – 90%, 04/05 – 84%, 03/04 – n/a |
| Distribution centre accuracy rate | 06/07 – 99% 07/08 – 99% 08/09 – 99% | 99% Target achieved: Random checking of assembled orders indicates an extremely high rate of accuracy with quantity and product match. Previous years: 05/06 – 99%, 04/05 – 98.5%, 03/04 – 98.5% |
| Distribution centre labour cost per case shipped | 06/07 – \$1.56 07/08 – \$1.53 08/09 – \$1.53 | \$1.70 Target not met: Growth in volume and numbers of orders, as well as the effects of weather and power outages in the winter season, has affected the area's performance. A plan is in place for next fiscal year's activities. Previous years: 05/06 – \$1.58, 04/05 – \$1.66, 03/04 – \$1.86 |
| Number of LRSs receiving direct shipment | 06/07 – 300 07/08 – 400 08/09 – 500 | 308 Target exceeded: The Distribution Centres expanded direct delivery service to 308 LRSs this year. This service provides efficiencies in LDB stores and an enhanced wholesale customer experience. Previous years: 05/06 – 207, 04/05 – 97, 03/04 – n/a |
| LDB stores operating costs as a percentage of sales | 06/07 – 10.9% 07/08 – 10.9% 08/09 – 10.9% | 9.9% Target exceeded: BC Liquor Stores have improved efficiencies and overall operating costs. This success can be attributed to strong planning on the part of store management. Previous years: 05/06 – 11.1%, 04/05 – 11.4%, 03/04 – 11.9% |
| LDB store sales per square foot | 06/07 – \$1,370 07/08 – \$1,448 08/09 – \$1,488 | \$1,425 Target exceeded: Customer surveys indicate that people rate the BC Liquor Store shopping experience very highly. Sales performance supports this result. Previous years: 05/06 – \$1,347, 04/05 – \$1,309, 03/04 – \$1,197 |

BENCHMARKING

The LDB benchmarks itself against three other provinces: Manitoba, Ontario and Alberta. The LDB expects to continue benchmarking annually with these partners on the same measures, which are described below.

Per Capita Net Income of Beverage Alcohol

This measure shows how the British Columbia liquor system compares to other provinces from the perspective of generating government revenue.

Government Liquor Store Operating Expenses as a Percentage of Store Sales

This measure is an indicator of LDB store efficiency as compared to other provincial government stores.

Sales Per Square Foot

This is another indicator of the efficiency of the LDB's store system.

INDUSTRY BENCHMARKS 2005/2006

| | British Columbia | Manitoba | Ontario | Alberta |
|---|------------------|----------|---------|---------|
| Per capita net income of beverage alcohol | \$186 | \$167 | \$135 | \$179 |
| GLS operating expenses as a percentage of store sales | 11.1% | 10.8% | 10.3% | n/a |
| Sales per square foot | \$1,347 | \$853 | \$863 | n/a |

GOAL FIVE: PUBLIC SAFETY AND SOCIAL RESPONSIBILITY

Encourage the responsible use of beverage alcohol.

Performance Highlights

The LDB is a leader in corporate social responsibility and demonstrates its commitment to the communities it serves through responsible-use of alcohol programs and a number of increasingly successful charitable activities. Conducting its business in the best interests of consumers and communities, the LDB promotes public safety and is committed to reducing the impact of its business on the environment.

Our staff incorporates social responsibility as a part of daily operations and the LDB sponsors and participates in a number of programs and activities that encourage responsible alcohol consumption and support a sustainable environment. These include:

- Monthly responsible consumption of alcohol messages in stores
- Just Checking! 2-ID
- Support Dry Grad
- Get Home Safe
- Alcohol and Pregnancy

Dry Grad Campaign

The annual Support Dry Grad campaign is part of the LDB's public safety and social responsibility program to promote the responsible use of beverage alcohol – a program that includes the prevention of underage drinking and promotion of zero consumption for minors.

This year, government liquor store customers and store staff raised a record total of \$478,307 to support high schools that are planning alcohol-free graduation events for the class of 2007. Since the 2001 inception of the LDB's annual Support Dry Grad campaign, \$1.67 million has been raised by BC Liquor Store customers and staff for alcohol-free events in communities across British Columbia.

Christmas Twin Bear Program

Every November and December, BC Liquor Store customers are invited to buy twin teddy bears for \$10. One bear goes home with the customer, while the other is donated to a charity chosen by liquor store staff.

Thanks to BC Liquor Store customers, in November and December 2006 the LDB donated approximately 27,000 bears to children in various hospitals, shelters and special homes throughout the province. Since the LDB began this program in 1989, more than 258,000 bears have been donated to British Columbia charities.

PECSF Campaign

The Provincial Employees Community Services Fund (PECSF) is a fundraising campaign supported voluntarily by staff throughout the provincial government. Proceeds are raised through employee contributions and special fundraising events, with 100 per cent of the money raised going to a variety of British Columbia charities.

Over \$131,000 was raised this year through payroll, one-time donations and fundraisers. With over one-third of employees contributing, the LDB has one of the highest participation rates of any group or Ministry.

24 Hour Relay for the Kids

Every June for the last 12 years, members of the LDB Beer-O-Crats team have laced up their sneakers to raise funds for the 24 Hour Relay for the Kids, the largest fundraiser of its kind in North America. Funds are raised for the Lions Society's three Easter Seal Camps, specially equipped for children with disabilities. In 2006/07, the Beer-O-Crats raised more than \$8,000.

PUBLIC SAFETY AND SOCIAL RESPONSIBILITY TARGETS AND RESULTS 2006/2007

OBJECTIVE

1. No sales to minors or intoxicated persons
2. Increased awareness and promotion of the responsible use of beverage alcohol

STRATEGIES

1. Increased staff education and enforcement of 2-ID program requirements
2. Develop co-operative programs with beverage alcohol suppliers and other stakeholders

PERFORMANCE MEASURE

TARGETS

ACHIEVEMENT

Government liquor store compliance with 2-ID checking policy

06/07 – 100%
07/08 – 100%
08/09 – 100%

Did not complete

Target: Compliance rules were adjusted this fiscal year. The LDB will work with the LCLB to ensure strong compliance next fiscal year.

Previous years: 05/06 – 69%, 04/05 – 82%, 03/04 – n/a

Customer awareness of LDB's social responsibility programs

06/07 – 90%
07/08 – 90%
08/09 – 90%

96%

Target exceeded: The LDB customer satisfaction survey has indicated exceptional customer awareness of the LDB Social Responsibility initiatives. The BC Liquor Store chain has done an excellent job in supporting these initiatives.

Previous years: 05/06 – 78%, 04/05 – 70%, 03/04 – n/a


Implementation of responsible-use beverage alcohol programs

06/07 – 12
07/08 – 12
08/09 – 12

12

Target met: One program per month in LDB stores—some that are sponsored entirely by the LDB and some that are partnership endeavours. Partners in 2006/07 included Molson and the Canadian Association of Liquor Jurisdictions.

Previous years: 05/06 – 12, 04/05 – 3, 03/04 – n/a



| | |
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MANAGEMENT DISCUSSION AND ANALYSIS

Fiscal 2006/07 was the LDB's 15th consecutive year of sales growth, with an average annual increase of 5.8 per cent. In comparison to the 2006/07-2008/09 Service Plan target, net income was \$840 million, an increase of \$40 million over last year and \$42 million over the target; gross sales were \$2.43 billion, an increase of \$185 million over last year and \$134 million over the target.

RESULTS OF OPERATIONS

Key Indices (all dollar figures in \$000s)

| | Actual 2006/07 | Budget 2006/07 | Actual 2005/06 | Change vs. 2005/06 Actual | Change vs. 2006/07 Budget |
|-------------------------------|-------------------|-------------------|-------------------|---------------------------------|---------------------------------|
| Gross Sales | 2,434,445 | 2,300,596 | 2,249,527 | 184,918 | 133,849 |
| Net Income | 840,286 | 798,134 | 800,471 | 39,815 | 42,152 |
| Capital Expenditures | 22,496 | 27,000 | 19,017 | 3,479 | (4,504) |
| Gross Margin % | 44.81% | 45.60% | 45.47% | -0.66% | -0.79% |
| Operating Income to Sales | 34.28% | 34.45% | 34.70% | -0.42% | -0.17% |
| Operating Expenses to Sales | 10.53% | 11.16% | 10.78% | -0.25% | -0.63% |
| Net Income to Sales | 34.52% | 34.76% | 35.58% | -1.06% | -0.24% |
| Inventory Turnover | 16.6 times | 15.6 times | 15.7 times | 0.9 times | 1 time |
| Counter Customer Count (000s) | 37,868 | n/a | 37,963 | (95) | n/a |
| Average Transaction \$ Value | \$28.95 | \$27.87 | \$27.22 | \$1.73 | \$1.08 |
| FTE Count | 2,749 | 2,703 | 2,630 | 119 | 46 |

Gross dollar sales grew in all categories with accompanying volume increases except for draught beer. The strong provincial economy was a major contributing factor to the sales increases, along with extremely good weather throughout the summer selling period and increased private sector participation.

Private sector stores, licensee retail stores (LRSs) and agency stores purchase their product from the LDB at discounts ranging from 10 to 30 per cent. During the year, the share of the liquor market accounted for by these outlets increased from 34.1 per cent to 36.3 per cent. The effect of the change in market share reduced LDB gross margin by approximately 0.3 per cent.

Capital expenditures increased to \$22.5 million from \$19.0 million in the previous year. Capital expenditures were related to enhancing the store system, upgrading information systems and for ongoing operational capital needs.

During fiscal 2006/07, the customer count at government liquor stores (GLSs) declined by 0.3 per cent, or 95,000 customers, due to the increased number of private stores and seven fewer GLSs. The average retail customer transaction value at GLSs, however, increased to \$28.95 from \$27.22. This can be attributed to customers purchasing or trading up to more premium products.

Operating expenses were 10.5 per cent of sales for the fiscal year, which is 0.3 per cent less than fiscal 2005/06. The reduction in the operating expense ratio is attributable to: efficiencies in the store system through close monitoring of staffing schedules; the effect of the recording of the one-time signing bonus in 2005/06; increased direct distribution to private stores from the distribution centres and private warehouses; and amortization not realized due to capital expenditure completion timing.

LDB net income as a percentage of sales decreased to 34.5 per cent from 35.6 per cent in the previous year due to the increase in discounts paid to private retail stores, increased cost of products and a decrease in other income as a result of the accounting for the signing bonus in the previous year. Discounts to licensee retail stores increased to 16 per cent from 13 per cent during the last two financial periods of the year.

Overall inventory turns for the LDB improved by 0.9 times, from 15.7 to 16.6 times. This indicates that the average number of days that the LDB holds inventory went from 23 to 22 days. Inventory turns at the LDB's distribution centres went from 25.3 to 26.6 turns, while at GLSs it went from 18.3 to 15.9 turns. This reflects the effect of increased direct shipments from the LDB distribution centres to large wholesale customers and the impact of a greater assortment of product in the GLSs to service the retail customers.

| Sales (\$000s) | Actual 2006/07 | Budget 2006/07 | Actual 2005/06 | Change vs. 2005/06 Actual | Change vs. 2006/07 Budget |
|------------------------------|-------------------|-------------------|-------------------|---------------------------------|---------------------------------|
| Product | | | | | |
| Spirits | 656,904 | 626,583 | 606,559 | 50,345 | 30,321 |
| Wine | 616,990 | 602,997 | 548,030 | 68,960 | 13,993 |
| Packaged Beer | 922,263 | 850,247 | 866,742 | 55,521 | 72,016 |
| Draught Beer | 124,332 | 119,419 | 121,596 | 2,736 | 4,913 |
| Cider/Coolers | 102,724 | 90,266 | 94,865 | 7,859 | 12,458 |
| Special Orders/Non-alcoholic | 11,232 | 11,084 | 11,735 | (503) | 148 |
| | 2,434,445 | 2,300,596 | 2,249,527 | 184,918 | 133,849 |

Sales Litres (000s)

| Product | Actual 2006/07 | Budget 2006/07 | Actual 2005/06 | Change vs. 2005/06 Actual | Change vs. 2006/07 Budget |
|------------------------------|-------------------|-------------------|-------------------|---------------------------------|---------------------------------|
| Spirits | 24,397 | 24,014 | 23,368 | 1,029 | 383 |
| Wine | 48,217 | 50,371 | 44,827 | 3,390 | (2,154) |
| Packaged Beer | 233,328 | 223,001 | 224,486 | 8,842 | 10,327 |
| Draught Beer | 45,896 | 45,875 | 46,126 | (230) | 21 |
| Cider/Coolers | 21,190 | 18,636 | 19,717 | 1,473 | 2,554 |
| Special Orders/Non-alcoholic | 194 | 212 | 201 | (7) | (18) |
| | 373,222 | 362,109 | 358,725 | 14,497 | 11,113 |

Gross sales of \$2.4 billion represent an increase of 8.2 per cent over last year's \$2.2 billion, and an increase of 5.8 per cent over budget. All major product categories experienced growth in dollar sales over last year. The largest percentage dollar increase was in the wine category at 12.6 per cent or \$69 million. Sales in the spirits category increased by \$50.3 million or 8.3 per cent. Packaged beer recorded a sales increase of \$55.5 million or 6.4 per cent. Cider and coolers increased by \$7.8 million or 8.3 per cent after experiencing a decline in the previous year. Draught beer was up \$2.7 million or 2.3 per cent in dollar sales.

Volume sales increased in all major categories except draught beer. The wine category had the largest percentage volume increase at 7.6 per cent over the previous year, followed closely by the refreshment category of ciders and coolers, who rebounded with a 7.5 per cent increase after a slight decline the previous year. Spirit volume increased by 4.4 per cent and packaged beer by 3.9 per cent while draught beer declined by 0.5 per cent.

Overall, imported products had a larger percentage increase in both dollar sales and volume over the previous year.

KEY FINANCIAL AND OPERATING STATISTICS

| For the five years ended March 31, 2007 (all dollar figures in \$000s) | Actual 2006/07 | Budget 2006/07 | Actual 2005/06 | Actual 2004/05 | Actual 2003/04 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Sales | 2,434,445 | 2,300,596 | 2,249,527 | 2,148,383 | 1,998,223 |
| Cost of Sales | 1,197,690 | 1,127,818 | 1,101,656 | 1,048,602 | 992,225 |
| Gross Margin | 1,090,834 | 1,049,171 | 1,022,929 | 1,008,494 | 936,535 |
| Gross Margin (%) | 44.81% | 45.60% | 45.47% | 46.9% | 46.9% |
| Operating Expenses | 256,302 | 256,637 | 242,428 | 240,045 | 214,276 |
| Operating Expenses to Sales (%) | 10.53% | 11.16% | 10.78% | 11.2% | 10.8% |
| Operating Income | 834,532 | 792,534 | 780,501 | 768,449 | 721,259 |
| Operating Income to Sales (%) | 34.28% | 34.45% | 34.70% | 35.8% | 36.1% |
| Net Income | 840,286 | 798,134 | 800,471 | 778,594 | 726,710 |
| Net Income to Sales (%) | 34.52% | 34.69% | 35.58% | 36.2% | 36.4% |
| Inventory Turnover | 16.6 | 15.6 | 15.7 | 15.2 | 14.8 |

Data source: LDB Oracle Financial System

PROVINCIAL SALES BY SOURCE

| For the five years ended March 31, 2007 (as a percentage of total dollar sales) | 2006/07 | 2005/06 | 2004/05 | 2003/04 | 2002/03 |
|--|---------|---------|---------|---------|---------|
| Counter Sales | | | | | |
| Government Liquor Stores (%) | 44.9% | 46.7% | 50.5% | 54.0% | 56.4% |
| Licensee Retail Stores (%) | 30.7% | 28.5% | 24.7% | 20.8% | 18.2% |
| Agency Stores (%) | 5.6% | 5.6% | 5.5% | 5.5% | 4.5% |
| Total Counter Sales (%) | 81.2% | 80.8% | 80.7% | 80.3% | 79.1% |
| Licensed Establishments | 18.8% | 19.2% | 19.3% | 19.7% | 20.9% |
| Total Sales (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

COUNTER SALES BY SOURCE

| For the five years ended March 31, 2007 (as a percentage of total dollar sales) | 2006/07 | 2005/06 | 2004/05 | 2003/04 | 2002/03 |
|--|---------|---------|---------|---------|---------|
| Counter Sales | | | | | |
| Government Liquor Stores (%) | 55.3% | 57.8% | 62.5% | 67.2% | 71.3% |
| Licensee Retail Stores (%) | 37.8% | 35.3% | 30.6% | 25.9% | 23.0% |
| Agency Stores (%) | 6.9% | 6.9% | 6.9% | 6.9% | 5.7% |
| Total Counter Sales Market (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Data source: LDB Oracle Financial System

REMITTANCES TO GOVERNMENT AGENCIES

| For the five years ended March 31, 2007 (\$000s) | 2006/07 | 2005/06 | 2004/05 | 2003/04 | 2002/03 |
|---|------------------|------------------|------------------|------------------|------------------|
| Federal Government | | | | | |
| Custom Duties and Excise Tax | 133,612 | 127,912 | 126,905 | 125,811 | 108,877 |
| Goods and Services Tax | 144,158 | 150,690 | 145,201 | 135,958 | 129,088 |
| Total | 277,770 | 278,602 | 272,106 | 261,769 | 237,965 |
| Provincial Government | | | | | |
| LDB Net Income | 840,286 | 800,471 | 778,594 | 726,710 | 654,217 |
| Social Services Tax | 109,244 | 105,362 | 108,199 | 108,089 | 105,100 |
| Total | 949,530 | 905,833 | 886,793 | 834,799 | 759,317 |
| Municipal Government | | | | | |
| Property Taxes | 5,592 | 5,181 | 4,985 | 4,702 | 4,827 |
| Total Remittances | 1,232,892 | 1,189,616 | 1,163,884 | 1,101,270 | 1,002,109 |

FUTURE OUTLOOK

Management Future Outlook

Wines and spirits are expected to continue their strong growth trend over the next three fiscal years while other product group sales volumes are expected to remain flat relative to 2006/07.

The licensee retail store (LRS) system is expected to continue its expansion and growth in market share, however at a reduced rate with fewer new stores opening. The LRSs' discount increased from 13 to 16 per cent effective January 28, 2007. The impact of this change on market share will depend on the LRSs' pricing strategies. Any increases in LRS market share and discount rate will reduce operating income; however the effect may be offset should sales increase as a result of the expansion of stores.

Operating expenses will rise due to negotiated labour rate increases. The LDB is currently in its second year of its four-year contract which expires March 31, 2010. Operating costs are also expected to increase due to increasing store lease costs and higher capital expenditure amortization costs. Variable costs for product-handling and freight, along with commission costs from increased use of bank cards, will result in higher operating costs as sales increase. As a result, operating expenses as a percentage of sales are budgeted at 11 per cent for 2007/08.

The LDB will be undertaking an Enterprise Risk Assessment to ensure that all major risks, financial and non-financial, have been identified and ranked. Plans will be developed to address and mitigate the key risks identified as a result of the assessment.

The LDB has a number of initiatives and projects underway to address the service and reporting requirements of the wholesale and retail segments of the business.

Financial Outlook

PROJECTED INCOME, EXPENSES, CAPITAL REQUIREMENTS AND FTES

(ALL DOLLAR FIGURES IN \$000s)

| | Budget 2007/08 | Forecast 2008/09 | Forecast 2009/10 |
|---------------------------|-------------------|---------------------|---------------------|
| Total Sales | 2,453,356 | 2,510,133 | 2,555,134 |
| Commissions and Discounts | 159,749 | 163,419 | 166,379 |
| Cost of Sales | 1,218,961 | 1,248,838 | 1,273,251 |
| Operating Expenses | 270,194 | 275,510 | 282,145 |
| Other Income | 5,600 | 5,600 | 5,600 |
| Net Income | 810,051 | 827,966 | 838,959 |
| Capital Requirements | 17,500 | 14,000 | 14,000 |
| FTEs | 2,658 | 2,680 | 2,700 |

Key Forecast Assumptions

Forecast assumptions, based on market trends by product categories, include overall sales increases of 2.8 per cent, 2.3 per cent and 1.8 per cent over the next three years per the 2007/08 – 2009/10 Service Plan. The LDB reviews and updates its financial forecasts quarterly and during the annual budgeting process, based on the actual results and sales trends experienced.

Discount increases reflect a 1.5 per cent market-share shift to private outlets in fiscal 2007/08 and a stabilized market share thereafter. Capital requirements include expenditures for updating and improving stores, technology-related projects and ongoing equipment replacement.

RISK MANAGEMENT

The LDB Executive Management Committee meets monthly to discuss service plan performance, risks and mitigating strategies.

| 2007/08 Risk Factors and Sensitivities | Mitigating Strategies |
|--|--|
| <p>Liquor is a discretionary consumer product and an unexpected downturn in the economy could negatively affect LDB sales projections.</p> | <p>The LDB carefully monitors sales and will make necessary adjustments to sales strategies and operating expenses in order to achieve net income targets.</p> |
| <p>Liquor sales are negatively impacted by poor weather.</p> | <p>The LDB carefully monitors sales and will make necessary adjustments to sales strategies and operating expenses in order to achieve net income targets.</p> |
| <p>Liquor is a high-value product and is susceptible to illicit activity such as cross-border smuggling and theft.</p> | <p>The LDB works with appropriate municipal, provincial and federal enforcement agencies to identify and address illicit activity.</p> |
| <p>Shifts in sales from LDB stores to private stores increase the cost of discounts applied to private store purchases.</p> | <p>The LDB carefully monitors discount costs and will make necessary adjustments to sales strategies and operating expenses.</p> |
| <p>Unforeseen events such as natural disasters may disrupt business at any time.</p> | <p>The LDB is continuously improving upon and testing its Business Continuity Plan.</p> |
| <p>A number of knowledgeable, experienced employees are reaching retirement age.</p> | <p>The LDB is developing succession plans for key positions and continuing to provide necessary on-the-job training.</p> |

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the British Columbia Liquor Distribution Branch have been prepared by management in accordance with Canadian generally accepted accounting principles. Any financial information contained elsewhere in the annual report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner.

The Office of the Auditor General of British Columbia has performed an independent audit of the financial statements of the Liquor Distribution Branch. The Auditor's Report outlines the scope of this independent audit and expresses an opinion on the financial statements of the Liquor Distribution Branch.



Jay Chambers
General Manager



Roger M. Bissoondatt, CA, CMA
Executive Director, Finance

Vancouver, British Columbia
May 18, 2007



Report of the
Office of the Auditor General
of British Columbia

To the Minister of Public Safety and Solicitor General
Province of British Columbia:

I have audited the balance sheet of the *British Columbia Liquor Distribution Branch* as at March 31, 2007 and the statements of operations, advance due from Province of British Columbia and cash flows for the year then ended. These financial statements are the responsibility of the Branch's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the *British Columbia Liquor Distribution Branch* as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
May 18, 2007

Errol Price, CA
Deputy Auditor General

AUDITED FINANCIAL STATEMENTS

BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH

BALANCE SHEET

(in \$000s)

| As at March 31, | 2007 | 2006 |
|--|-------------------|-------------------|
| | | (note 13) |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 5,120 | \$ -- |
| Accounts receivable | 4,779 | 16,936 |
| Inventories | 72,786 | 71,268 |
| Prepaid expenses | 5,709 | 7,352 |
| Due from Province of British Columbia | 29,208 | 41,807 |
| | <u>117,602</u> | <u>137,363</u> |
| | | |
| CAPITAL ASSETS (note 3) | 43,120 | 28,327 |
| | <u>\$ 160,722</u> | <u>\$ 165,690</u> |
| | | |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Bank indebtedness | \$ -- | \$ 11,762 |
| Accounts payable and accrued liabilities | 157,327 | 149,149 |
| Restructuring costs (note 11) | -- | 31 |
| Current portion of deferred tenant allowances (note 5) | 69 | 6 |
| Current portion of tenant improvement loans (note 6) | 705 | 844 |
| Current portion of capital leases (note 7) | 461 | 393 |
| | <u>158,562</u> | <u>162,185</u> |
| | | |
| LONG TERM LIABILITIES | | |
| Deferred tenant allowances (note 5) | 283 | 272 |
| Tenant improvement loans (note 6) | 1,618 | 2,643 |
| Obligations under capital leases (note 7) | 259 | 590 |
| | <u>\$ 160,722</u> | <u>\$ 165,690</u> |

Commitments and contingent items (notes 8 & 9)

Approved by:



General Manager



Executive Director, Finance

The accompanying notes and supplementary schedules are an integral part of these financial statements.

STATEMENT OF OPERATIONS

(in \$000s)

| Year Ended March 31, | 2007 | | 2006 | |
|-------------------------------|-------------|------------------|-------------|------------------|
| Sales (note 4) | \$ | 2,434,445 | \$ | 2,249,527 |
| Less commissions & discounts | | <u>145,921</u> | | <u>124,942</u> |
| | | 2,288,524 | | 2,124,585 |
| Cost of merchandise sold | | <u>1,197,690</u> | | <u>1,101,656</u> |
| Gross margin | | 1,090,834 | | 1,022,929 |
| Operating expenses (schedule) | | <u>256,302</u> | | <u>242,428</u> |
| | | 834,532 | | 780,501 |
| Other income | | <u>5,754</u> | | <u>19,970</u> |
| Net income | \$ | <u>840,286</u> | \$ | <u>800,471</u> |

STATEMENT OF ADVANCE DUE FROM PROVINCE OF BRITISH COLUMBIA

(in \$000s)

| Year Ended March 31, | 2007 | | 2006 | |
|--|-------------|----------------|-------------|----------------|
| Balance beginning of year | \$ | 41,807 | \$ | 54,356 |
| Net income | | (840,286) | | (800,471) |
| Payments to Province of British Columbia | | <u>827,687</u> | | <u>787,922</u> |
| Balance end of year | \$ | <u>29,208</u> | \$ | <u>41,807</u> |

The accompanying notes and supplementary schedules are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(in \$000s)

| Year Ended March 31, | 2007 | 2006 |
|--|------------------------|---------------------------|
| | | (note 13) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers | \$ 2,300,680 | \$ 2,117,115 |
| Cash payments to Provincial Treasury | (827,687) | (787,922) |
| Cash paid to suppliers and employees | (1,437,713) | (1,331,477) |
| Cash receipts from other income | 5,629 | 18,913 |
| Interest paid on capital lease and loans | (337) | (482) |
| | <u>40,572</u> | <u>16,147</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of capital assets excluding capital projects | (16,950) | (11,720) |
| Acquisition of capital project assets | (5,546) | (7,296) |
| Proceeds from disposal of capital assets | 126 | 110 |
| Disposal of Land | -- | 952 |
| | <u>(22,370)</u> | <u>(17,954)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Deferred tenant allowances | 107 | -- |
| Payment on capital leases | (263) | (355) |
| Tenant improvement loans | (1,164) | (1,039) |
| | <u>(1,320)</u> | <u>(1,394)</u> |
| NET INCREASE (DECREASE) IN CASH | 16,882 | (3,201) |
| (BANK INDEBTEDNESS) BEGINNING OF YEAR | (11,762) | (8,561) |
| CASH (BANK INDEBTEDNESS) END OF YEAR | \$ <u>5,120</u> | \$ <u>(11,762)</u> |

The accompanying notes and supplementary schedules are an integral part of these financial statements.

SCHEDULE OF OPERATING EXPENSES

(in \$000s)

| Year Ended March 31, | 2007 | 2006 |
|--|-------------------|-------------------|
| | | (note 13) |
| Salaries, wages and benefits (note 10) | \$ 144,753 | \$ 145,229 |
| Rents | 30,557 | 28,003 |
| Professional services | 6,450 | 4,836 |
| Repairs and maintenance | 6,153 | 4,971 |
| Freight to stores | 7,187 | 5,851 |
| Amortization | 7,703 | 8,233 |
| Light, water and fuel | 2,624 | 2,454 |
| Beverage container costs | 13,977 | 11,663 |
| Other operating expenses | 4,898 | 4,451 |
| Stationery and supplies | 2,957 | 2,651 |
| Merchandising | 3,329 | 2,029 |
| Bank charges | 14,095 | 11,254 |
| Data processing | 3,229 | 3,512 |
| Telephone | 3,479 | 3,390 |
| Travel | 956 | 802 |
| Loss prevention | 2,331 | 1,444 |
| Warehouse equipment costs | 1,287 | 1,172 |
| Interest on long term liabilities | 337 | 482 |
| | <u>\$ 256,302</u> | <u>\$ 242,428</u> |

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2007

(Tabular amounts in \$000s)

I. PURPOSE OF THE BRANCH

The British Columbia Liquor Distribution Branch (Branch) obtains its authority for operation from the *British Columbia Liquor Distribution Act (Act)*. As stated in Section 2 of this Act, the Branch has the exclusive right to purchase liquor for resale and reuse in the Province in accordance with the provisions of the *Importation of Intoxicating Liquors Act (Canada)*.

2. SIGNIFICANT ACCOUNTING POLICIES

As prescribed by Section 30(3)(b) of the Act, the financial statements of the Branch are prepared in accordance with Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

Inventories

Inventories are valued at cost on a first in first out basis, with cost comprising of supplier invoiced value, freight, duties and taxes.

Capital Assets

Capital assets are stated at historical cost and are amortized on a straight-line basis as follows:

Buildings

7.5 per cent per annum.

Leasehold improvements

A minimum of 10 per cent per annum or a rate sufficient to amortize the cost over the remaining life of the respective lease.

Furniture, fixtures, vehicles and equipment

25 per cent per annum.

Information systems

25 per cent per annum.

Leasehold improvements and capital projects

All material costs of construction and development for leasehold improvements and capital projects are treated as assets under Construction in Process accounts. At the point in time when the project is substantially completed the costs are capitalized into their applicable categories and amortized at the asset category rate.

Leases

Assets recorded as capital leases are capitalized and amortized at the applicable asset category rate. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

Related Party Transactions

The Branch is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, as well as other transactions in

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2007

(Tabular amounts in \$000s)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

which Provincial Government intervention is a component, are generally considered to be in the normal course of operations and are recorded at the exchange amount, unless disclosed separately in these financial statements.

Revenue Recognition

Revenue is recognized when the sale of product is made to customers.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

3. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net Book Value | 2006 Net Book Value (note 13) |
|---|----------------|-----------------------------|----------------|-------------------------------------|
| Land | 1,068 | -- | 1,068 | 1,068 |
| Buildings | 18,419 | 17,118 | 1,301 | 1,564 |
| Leasehold improvements | 33,387 | 17,096 | 16,291 | 11,229 |
| Furniture, fixtures, vehicles & equipment | 19,171 | 16,482 | 2,689 | 2,395 |
| Office furnishings under capital lease | 3,627 | 3,385 | 242 | 484 |
| Information systems | 67,933 | 61,535 | 6,398 | 5,517 |
| Construction in process | 15,131 | -- | 15,131 | 6,070 |
| | 158,736 | 115,616 | 43,120 | 28,327 |

4. SALES

Total sales reported include sales to retail customers, licensed establishments, licensee retail stores and agency stores. These amounts do not include subsequent resale by licensed establishments, licensee retail stores and agency stores.

| | 2007 | | 2006 | |
|-------------------------|------|------------------|------|------------------|
| Retail customers | \$ | 1,092,223 | \$ | 1,050,384 |
| Licensee retail stores | | 746,406 | | 641,548 |
| Agency stores | | 137,267 | | 126,231 |
| Licensed establishments | | 458,549 | | 431,364 |
| | \$ | <u>2,434,445</u> | \$ | <u>2,249,527</u> |

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2007

(Tabular amounts in \$000s)

5. DEFERRED TENANT ALLOWANCES

Certain leasing agreements include incentives or landlord funding to be used towards expenditures such as tenant improvements or relocation expenses. The value of these benefits are recorded and amortized over the term of the lease.

| | | |
|----------------------|------------------|-------------------|
| Year Ending March 31 | 2008 | 69 |
| | 2009 | 69 |
| | 2010 | 46 |
| | 2011 | 35 |
| | 2012 | 35 |
| | Subsequent years | 98 |
| | | <u>352</u> |
| | Current Portion | (69) |
| | Long Term | <u><u>283</u></u> |

6. TENANT IMPROVEMENT LOANS

As at March 31, 2007 the Branch has tenant improvements loans of \$2.3 million financed through landlords. The range of interest rates is 4.25% to 11.75% with loans expiring from May 2007 to June 2014. The Principal payments due are as follows:

| | | |
|----------------------|------------------|---------------------|
| Year Ending March 31 | 2008 | 705 |
| | 2009 | 601 |
| | 2010 | 436 |
| | 2011 | 361 |
| | 2012 | 158 |
| | Subsequent years | 62 |
| | | <u>2,323</u> |
| | Current Portion | (705) |
| | Long Term | <u><u>1,618</u></u> |

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2007

(Tabular amounts in \$000s)

7. OBLIGATIONS UNDER CAPITAL LEASES

In the fiscal year 1994, the Branch entered into a 15-year capital lease for certain head office tenant improvements and office furnishings. The following schedule includes the future minimum lease payments under that capital lease expiring July 31, 2008, together with the balance of the obligation under that capital lease. The schedule also includes information on additional capital leases for vehicles and operating equipment.

| | | Head Office | Vehicles | Equipment | Total |
|----------------------|-----------------------|-------------|----------|-----------|-------|
| Year ending March 31 | 2008 | 475 | 6 | 32 | 513 |
| | 2009 | 158 | 5 | 32 | 195 |
| | 2010 | -- | 5 | 31 | 36 |
| | 2011 | -- | 5 | 31 | 36 |
| | 2012 | -- | 5 | -- | 5 |
| | Subsequent years | -- | 5 | -- | 5 |
| | Total | 633 | 31 | 126 | 790 |
| | Imputed interest rate | 10% | 9% | 9% | |
| | Interest | (43) | (7) | (20) | (70) |
| | Current Portion | (435) | (3) | (23) | (461) |
| | Long Term | 155 | 21 | 83 | 259 |

8. COMMITMENTS

Future commitments for operating leases for Branch premises and equipment are as follows:

| | | |
|----------------------|------------------|----------------|
| Year Ending March 31 | 2008 | 21,677 |
| | 2009 | 17,304 |
| | 2010 | 13,765 |
| | 2011 | 11,339 |
| | 2012 | 8,257 |
| | Subsequent years | 28,091 |
| | | <u>100,433</u> |

9. CONTINGENT ITEMS

The Branch has authorized suppliers' agents to import and warehouse liquor for subsequent purchase by the Branch. Under this program, the Branch has a contractual obligation to purchase all inventories held by the agent should the agent opt out of the program. As at March 31, 2007, the value of agents' inventories totalled approximately \$66.1 million (2006 - \$67.4 million) and the future liability for related federal excise taxes is \$12.9 million (2006 - \$11.7 million).

The Branch is the defendant in legal actions and it is not expected that the ultimate outcome of these claims will have a material effect on the financial position of the corporation.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2007

(Tabular amounts in \$000s)

10. EMPLOYEES' BENEFIT PLANS

The Branch and its employees contribute to the Public Service Pension Plan (The Plan). The Plan is a multi-employer defined benefits pension plan. Under joint trusteeship, unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest valuation as at March 31, 2005 indicated an unfunded liability of \$767 million for basic pension benefits. The next valuation will be as at March 31, 2008 with results available in early 2009. The actuary does not attribute portions of the unfunded liability to individual employers. The Branch paid \$9.7 million for employer contributions to the plan in fiscal 2006/07.

Employees are also entitled to specific retirement benefits as provided for under collective agreements and terms of employment. The future liability for this obligation amounts to \$9,346,532 (2006 – \$7,316,660) which represents future employees' retirement benefits outside of the Public Service Pension Plan. The expense adjustment recorded in the year is \$2,029,872 (2006 - \$270,790).

11. RESTRUCTURING COSTS

Provisions for severance costs under the Early Retirement Incentive (ERIP) and Voluntary Departure (VDP) programs were made in 2003 for planned store and distribution centre closures. In 2004, the government decided to continue to operate the retail and distribution system. Departures under the ERIP and VDP programs continued through 2006/07 and all remaining balances were used during the year.

| | 2007 | 2006 |
|----------------------------------|-------------|-------------|
| Opening balance beginning year | 31 | 1,183 |
| Used during the year | (31) | (525) |
| Reversal of accrual not required | -- | (627) |
| Ending Balance | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |
| | -- | 31 |

12. FINANCIAL INSTRUMENTS

The Liquor Distribution Branch's financial instruments consist of cash, accounts receivable, advance due to/from the Province of British Columbia, accounts payable and accrued liabilities, tenant improvement loan, and capital lease. Unless otherwise noted, it is management's opinion that the Branch is not exposed to significant interest, currency or credit risks arising from these financial instruments.

13. COMPARATIVE FIGURES

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements.

The LDB implemented Oracle Financials in April 2006 including a new Chart of Accounts and the Fixed Asset module. The historical account values and asset balances were converted onto the new system using revised and standardized categorizations.

2006/07 STORE SALES BY REGION – UNAUDITED

| Store Name | Store Number | Sales | | Litre Product Mix | | | | Litre Product Mix Percentage | | | |
|----------------------------------|--------------|------------|-----------|-------------------|---------|---------|-----------------|------------------------------|-------|-------|-----------------|
| | | Retail \$ | Litres | Spirits | Wine | Beer | Ciders /Coolers | Spirits | Wine | Beer | Ciders /Coolers |
| VANCOUVER ISLAND/COAST | | | | | | | | | | | |
| Alert Bay | 225 | 516,857 | 87,054 | 5,489 | 10,007 | 55,851 | 15,706 | 6.3% | 11.5% | 64.2% | 18.0% |
| Bella Coola | 232 | 1,111,171 | 172,437 | 13,883 | 20,206 | 123,153 | 15,196 | 8.1% | 11.7% | 71.4% | 8.8% |
| Campbell River Stores | | | | | | | | | | | |
| Campbell River | 05 | 12,862,467 | 1,379,009 | 212,479 | 314,716 | 698,508 | 153,306 | 15.4% | 22.8% | 50.7% | 11.1% |
| Willow Point | 185 | 2,924,908 | 434,206 | 37,474 | 65,104 | 298,639 | 32,989 | 8.6% | 15.0% | 68.8% | 7.6% |
| Chemainus | 206 | 2,051,084 | 286,548 | 26,824 | 53,773 | 183,355 | 22,596 | 9.4% | 18.8% | 64.0% | 7.9% |
| Comox | 235 | 6,842,914 | 755,498 | 104,568 | 207,308 | 358,354 | 85,269 | 13.8% | 27.4% | 47.4% | 11.3% |
| Courtenay | 10 | 13,326,222 | 1,570,402 | 185,424 | 370,772 | 848,173 | 166,033 | 11.8% | 23.6% | 54.0% | 10.6% |
| Cumberland | 08 | 1,223,817 | 184,499 | 16,545 | 18,673 | 127,114 | 22,167 | 9.0% | 10.1% | 68.9% | 12.0% |
| Duncan | 12 | 13,399,245 | 1,669,770 | 191,627 | 338,477 | 941,658 | 198,009 | 11.5% | 20.3% | 56.4% | 11.9% |
| Gabriola Island | 134 | 1,974,887 | 242,519 | 22,741 | 64,717 | 136,379 | 18,681 | 9.4% | 26.7% | 56.2% | 7.7% |
| Ganges | 204 | 5,507,805 | 559,429 | 61,437 | 189,663 | 268,339 | 39,990 | 11.0% | 33.9% | 48.0% | 7.1% |
| Gold River | 55 | 993,052 | 166,914 | 11,660 | 10,780 | 133,254 | 11,221 | 7.0% | 6.5% | 79.8% | 6.7% |
| Ladysmith | 24 | 4,771,494 | 623,514 | 71,673 | 119,821 | 361,484 | 70,536 | 11.5% | 19.2% | 58.0% | 11.3% |
| Lake Cowichan | 67 | 2,829,781 | 453,887 | 34,431 | 46,742 | 334,169 | 38,545 | 7.6% | 10.3% | 73.6% | 8.5% |
| Mill Bay | 173 | 5,269,266 | 603,836 | 73,839 | 144,622 | 329,760 | 55,615 | 12.2% | 24.0% | 54.6% | 9.2% |
| Nanaimo Stores | | | | | | | | | | | |
| Harbour Park | 33 | 5,611,632 | 683,931 | 82,951 | 151,557 | 375,611 | 73,811 | 12.1% | 22.2% | 54.9% | 10.8% |
| Longwood Station | 188 | 7,107,429 | 803,843 | 95,191 | 224,274 | 432,185 | 52,193 | 11.8% | 27.9% | 53.8% | 6.5% |
| Terminal Park | 243 | 19,818,299 | 1,903,331 | 349,102 | 489,850 | 824,284 | 240,094 | 18.3% | 25.7% | 43.3% | 12.6% |
| Parksville Stores | | | | | | | | | | | |
| Parksville | 42 | 5,947,308 | 700,651 | 74,871 | 189,863 | 392,258 | 43,659 | 10.7% | 27.1% | 56.0% | 6.2% |
| Parksville North | 157 | 7,350,856 | 827,977 | 112,967 | 204,860 | 401,668 | 108,481 | 13.6% | 24.7% | 48.5% | 13.1% |
| Pender Island | 155 | 1,991,850 | 238,470 | 19,819 | 62,636 | 133,123 | 22,892 | 8.3% | 26.3% | 55.8% | 9.6% |
| Port Alberni | 40 | 8,171,690 | 1,187,203 | 111,960 | 170,037 | 795,375 | 109,830 | 9.4% | 14.3% | 67.0% | 9.3% |
| Port Alice | 128 | 698,810 | 110,817 | 8,421 | 9,109 | 86,485 | 6,802 | 7.6% | 8.2% | 78.0% | 6.1% |
| Port Hardy | 236 | 4,056,411 | 672,899 | 46,541 | 68,161 | 493,424 | 64,773 | 6.9% | 10.1% | 73.3% | 9.6% |
| Port McNeill | 115 | 3,038,942 | 417,885 | 43,527 | 57,977 | 268,780 | 47,601 | 10.4% | 13.9% | 64.3% | 11.4% |
| Powell River | 41 | 8,387,991 | 1,001,374 | 130,201 | 219,963 | 514,149 | 137,061 | 13.0% | 22.0% | 51.3% | 13.7% |
| Qualicum | 34 | 5,987,903 | 709,714 | 81,222 | 200,047 | 376,921 | 51,525 | 11.4% | 28.2% | 53.1% | 7.3% |
| Sidney | 50 | 10,115,534 | 1,114,984 | 116,253 | 371,535 | 556,029 | 71,167 | 10.4% | 33.3% | 49.9% | 6.4% |
| Sooke | 229 | 4,115,685 | 543,536 | 54,800 | 100,131 | 334,755 | 53,850 | 10.1% | 18.4% | 61.6% | 9.9% |
| Tahsis | 56 | 305,895 | 47,214 | 4,100 | 5,117 | 35,259 | 2,738 | 8.7% | 10.8% | 74.7% | 5.8% |
| Tofino | 118 | 3,629,122 | 414,662 | 40,497 | 79,114 | 266,127 | 28,924 | 9.8% | 19.1% | 64.2% | 7.0% |
| Ucluelet | 216 | 2,136,496 | 334,369 | 21,634 | 40,708 | 251,646 | 20,382 | 6.5% | 12.2% | 75.3% | 6.1% |
| Victoria (Greater) Stores | | | | | | | | | | | |
| Trafalgar Square | 59 | 5,276,959 | 666,237 | 61,508 | 161,415 | 401,238 | 42,075 | 9.2% | 24.2% | 60.2% | 6.3% |
| Esquimalt | 68 | 2,339,924 | 347,324 | 28,536 | 59,477 | 234,523 | 24,788 | 8.2% | 17.1% | 67.5% | 7.1% |
| Gorge and Tillicum | 124 | 7,767,925 | 1,091,007 | 99,985 | 191,353 | 715,820 | 83,849 | 9.2% | 17.5% | 65.6% | 7.7% |
| Langford | 125 | 11,746,200 | 1,426,357 | 154,612 | 301,095 | 859,943 | 110,706 | 10.8% | 21.1% | 60.3% | 7.8% |
| Cedar Hill | 140 | 4,911,939 | 570,101 | 61,150 | 173,520 | 301,825 | 33,605 | 10.7% | 30.4% | 52.9% | 5.9% |
| James Bay | 150 | 3,754,955 | 456,908 | 42,514 | 130,851 | 258,330 | 25,212 | 9.3% | 28.6% | 56.5% | 5.5% |
| Blanshard Square | 161 | 6,356,694 | 871,374 | 74,096 | 160,298 | 575,064 | 61,916 | 8.5% | 18.4% | 66.0% | 7.1% |
| Fairfield | 178 | 5,158,446 | 552,059 | 49,512 | 208,074 | 268,155 | 26,318 | 9.0% | 37.7% | 48.6% | 4.8% |

2006/07 STORE SALES BY REGION – UNAUDITED

| Store Name | Store Number | Sales | | Litre Product Mix | | | | Litre Product Mix Percentage | | | |
|-------------------------------|--------------|------------|-----------|-------------------|---------|-----------|-----------------|------------------------------|-------|-------|-----------------|
| | | Retail \$ | Litres | Spirits | Wine | Beer | Ciders /Coolers | Spirits | Wine | Beer | Ciders /Coolers |
| Broadmead Village | 181 | 7,140,716 | 718,209 | 81,423 | 256,979 | 335,052 | 44,756 | 11.3% | 35.8% | 46.7% | 6.2% |
| Victoria Bay Centre | 184 | 4,565,945 | 505,005 | 60,083 | 112,051 | 284,923 | 47,948 | 11.9% | 22.2% | 56.4% | 9.5% |
| Fort Street | 218 | 18,553,043 | 1,715,688 | 156,226 | 607,520 | 870,159 | 81,784 | 9.1% | 35.4% | 50.7% | 4.8% |
| Government Street Licensee | 231 | 33,245,980 | 2,530,571 | 596,698 | 768,916 | 704,609 | 460,349 | 23.6% | 30.4% | 27.8% | 18.2% |
| Saanich | 242 | 5,170,068 | 655,910 | 61,366 | 162,462 | 389,979 | 42,105 | 9.4% | 24.8% | 59.5% | 6.4% |
| MAINLAND/SOUTHWEST | | | | | | | | | | | |
| Abbotsford Stores | | | | | | | | | | | |
| Abbotsford Village | 189 | 6,958,591 | 835,360 | 89,304 | 191,315 | 489,715 | 65,026 | 10.7% | 22.9% | 58.6% | 7.8% |
| Clearbrook | 149 | 10,571,921 | 1,090,878 | 156,262 | 281,359 | 570,805 | 82,453 | 14.3% | 25.8% | 52.3% | 7.6% |
| Agassiz | 64 | 3,736,839 | 430,970 | 61,313 | 78,908 | 223,525 | 67,225 | 14.2% | 18.3% | 51.9% | 15.6% |
| Burnaby Stores | | | | | | | | | | | |
| Lougheed Plaza | 77 | 11,350,391 | 1,337,480 | 161,274 | 292,109 | 801,888 | 82,209 | 12.1% | 21.8% | 60.0% | 6.1% |
| Brentwood | 187 | 4,294,867 | 511,729 | 53,124 | 111,029 | 318,874 | 28,702 | 10.4% | 21.7% | 62.3% | 5.6% |
| South Burnaby | 203 | 6,418,338 | 806,030 | 82,319 | 174,699 | 505,742 | 43,270 | 10.2% | 21.7% | 62.7% | 5.4% |
| North Burnaby | 217 | 7,899,767 | 1,037,762 | 87,285 | 220,574 | 675,937 | 53,966 | 8.4% | 21.3% | 65.1% | 5.2% |
| Highgate Village | 220 | 12,859,519 | 1,555,768 | 151,492 | 321,838 | 998,604 | 83,834 | 9.7% | 20.7% | 64.2% | 5.4% |
| Chilliwack Stores | | | | | | | | | | | |
| Chilliwack | 07 | 9,987,159 | 1,321,793 | 149,666 | 212,560 | 820,532 | 139,034 | 11.3% | 16.1% | 62.1% | 10.5% |
| Sardis | 170 | 10,525,571 | 1,325,219 | 156,846 | 254,479 | 788,811 | 125,083 | 11.8% | 19.2% | 59.5% | 9.4% |
| Coquitlam Stores | | | | | | | | | | | |
| Como Lake | 153 | 5,601,330 | 695,266 | 60,366 | 171,224 | 426,605 | 37,071 | 8.7% | 24.6% | 61.4% | 5.3% |
| Austin Road | 200 | 7,604,115 | 977,183 | 102,683 | 196,670 | 616,064 | 61,765 | 10.5% | 20.1% | 63.0% | 6.3% |
| Delta Stores | | | | | | | | | | | |
| Ladner | 25 | 8,370,134 | 1,011,555 | 103,340 | 264,545 | 587,407 | 56,262 | 10.2% | 26.2% | 58.1% | 5.6% |
| Tsawwassen | 98 | 8,023,366 | 879,461 | 83,334 | 299,701 | 459,739 | 36,687 | 9.5% | 34.1% | 52.3% | 4.2% |
| Scottsdale | 145 | 10,754,281 | 1,177,382 | 192,286 | 242,702 | 680,118 | 62,276 | 16.3% | 20.6% | 57.8% | 5.3% |
| Gibson | 80 | 6,893,554 | 852,032 | 83,843 | 200,180 | 504,519 | 63,490 | 9.8% | 23.5% | 59.2% | 7.5% |
| Hope | 71 | 4,037,350 | 609,359 | 56,275 | 65,697 | 426,421 | 60,966 | 9.2% | 10.8% | 70.0% | 10.0% |
| Langley Stores | | | | | | | | | | | |
| Aldergrove | 109 | 7,842,544 | 1,116,464 | 106,867 | 163,453 | 771,153 | 74,990 | 9.6% | 14.6% | 69.1% | 6.7% |
| Langley | 22 | 8,582,159 | 1,067,686 | 128,991 | 223,342 | 630,080 | 85,273 | 12.1% | 20.9% | 59.0% | 8.0% |
| Fort Langley | 127 | 2,340,512 | 336,221 | 25,707 | 57,795 | 230,025 | 22,693 | 7.6% | 17.2% | 68.4% | 6.7% |
| Willowbrook | 158 | 15,512,136 | 1,824,048 | 213,088 | 399,277 | 1,055,150 | 156,533 | 11.7% | 21.9% | 57.8% | 8.6% |
| Walnut Grove | 186 | 6,954,974 | 839,522 | 82,514 | 204,851 | 492,823 | 59,335 | 9.8% | 24.4% | 58.7% | 7.1% |
| Lillooet | 23 | 1,968,360 | 290,508 | 26,306 | 30,376 | 192,646 | 41,180 | 9.1% | 10.5% | 66.3% | 14.2% |
| Madeira Park | 93 | 2,392,829 | 308,242 | 28,631 | 64,108 | 188,261 | 27,242 | 9.3% | 20.8% | 61.1% | 8.8% |
| Maple Ridge Stores | | | | | | | | | | | |
| Haney | 65 | 10,436,658 | 1,319,002 | 149,285 | 265,868 | 798,386 | 105,463 | 11.3% | 20.2% | 60.5% | 8.0% |
| West Maple Ridge | 164 | 3,356,860 | 456,552 | 44,487 | 84,176 | 285,998 | 41,891 | 9.7% | 18.4% | 62.6% | 9.2% |
| Mission Plaza | 27 | 10,769,305 | 1,381,829 | 169,475 | 213,779 | 848,270 | 150,305 | 12.3% | 15.5% | 61.4% | 10.9% |
| New Westminster Stores | | | | | | | | | | | |
| New Westminster | 31 | 10,951,912 | 1,414,414 | 155,723 | 241,141 | 915,206 | 102,343 | 11.0% | 17.0% | 64.7% | 7.2% |
| Royal Square | 97 | 6,437,944 | 788,821 | 85,622 | 184,937 | 464,051 | 54,212 | 10.9% | 23.4% | 58.8% | 6.9% |

2006/07 STORE SALES BY REGION – UNAUDITED

| Store Name | Store Number | Sales | | Litre Product Mix | | | | Litre Product Mix Percentage | | | |
|-------------------------------|--------------|-------------|------------|-------------------|-----------|-----------|-----------------|------------------------------|-------|-------|-----------------|
| | | Retail \$ | Litres | Spirits | Wine | Beer | Ciders /Coolers | Spirits | Wine | Beer | Ciders /Coolers |
| North Vancouver Stores | | | | | | | | | | | |
| Westview | 107 | 13,249,190 | 1,515,954 | 127,521 | 432,966 | 884,169 | 71,298 | 8.4% | 28.6% | 58.3% | 4.7% |
| Dollarton Village | 133 | 6,407,565 | 703,111 | 59,101 | 233,952 | 376,578 | 33,480 | 8.4% | 33.3% | 53.6% | 4.8% |
| Capilano Mall | 152 | 9,768,124 | 1,004,947 | 125,964 | 328,399 | 468,576 | 82,009 | 12.5% | 32.7% | 46.6% | 8.2% |
| North Vancouver Esplanade | 196 | 5,429,928 | 684,009 | 56,194 | 158,759 | 435,269 | 33,787 | 8.2% | 23.2% | 63.6% | 4.9% |
| Lynn Valley | 247 | 12,327,571 | 1,443,521 | 123,638 | 431,376 | 799,712 | 88,794 | 8.6% | 29.9% | 55.4% | 6.2% |
| Pemberton | 101 | 2,951,052 | 488,025 | 23,816 | 52,178 | 369,394 | 42,637 | 4.9% | 10.7% | 75.7% | 8.7% |
| Pitt Meadows | 165 | 10,214,003 | 1,163,081 | 137,308 | 268,939 | 662,011 | 94,823 | 11.8% | 23.1% | 56.9% | 8.2% |
| Port Coquitlam Stores | | | | | | | | | | | |
| Port Coquitlam | 11 | 4,638,888 | 610,199 | 65,361 | 103,153 | 381,056 | 60,629 | 10.7% | 16.9% | 62.4% | 9.9% |
| Prairie Mall | 89 | 5,354,819 | 761,281 | 63,582 | 124,067 | 523,932 | 49,701 | 8.4% | 16.3% | 68.8% | 6.5% |
| Westwood Centre | 163 | 21,322,856 | 2,364,165 | 253,367 | 568,086 | 1,391,544 | 151,168 | 10.7% | 24.0% | 58.9% | 6.4% |
| Port Moody | 205 | 5,883,519 | 710,420 | 69,349 | 180,581 | 409,287 | 51,203 | 9.8% | 25.4% | 57.6% | 7.2% |
| Richmond Stores | | | | | | | | | | | |
| Brighouse | 76 | 12,574,423 | 1,394,867 | 139,971 | 340,585 | 858,012 | 56,299 | 10.0% | 24.4% | 61.5% | 4.0% |
| Ironwood | 120 | 7,962,747 | 883,124 | 94,681 | 229,201 | 516,093 | 43,149 | 10.7% | 26.0% | 58.4% | 4.9% |
| Blundell | 176 | 2,422,705 | 289,009 | 27,700 | 77,229 | 167,419 | 16,661 | 9.6% | 26.7% | 57.9% | 5.8% |
| Richmond SeaFair | 244 | 9,347,317 | 1,088,106 | 110,246 | 305,301 | 618,573 | 53,987 | 10.1% | 28.1% | 56.8% | 5.0% |
| Sechelt | 230 | 7,256,650 | 854,731 | 89,238 | 229,021 | 477,935 | 58,537 | 10.4% | 26.8% | 55.9% | 6.8% |
| Squamish | 208 | 8,379,857 | 1,059,748 | 103,782 | 185,170 | 674,329 | 96,467 | 9.8% | 17.5% | 63.6% | 9.1% |
| Surrey Stores | | | | | | | | | | | |
| Cloverdale | 70 | 8,764,013 | 1,037,904 | 137,861 | 197,799 | 594,348 | 107,896 | 13.3% | 19.1% | 57.3% | 10.4% |
| Ocean Park | 110 | 6,307,138 | 659,711 | 64,046 | 227,582 | 339,112 | 28,971 | 9.7% | 34.5% | 51.4% | 4.4% |
| Whalley | 122 | 8,592,700 | 1,212,621 | 139,184 | 128,028 | 845,173 | 100,235 | 11.5% | 10.6% | 69.7% | 8.3% |
| Newton | 172 | 12,556,137 | 1,398,938 | 258,055 | 192,680 | 849,887 | 98,316 | 18.4% | 13.8% | 60.8% | 7.0% |
| Fleetwood | 182 | 14,395,654 | 1,667,417 | 227,370 | 299,228 | 1,041,434 | 99,385 | 13.6% | 17.9% | 62.5% | 6.0% |
| Peninsula Village | 183 | 13,535,793 | 1,508,887 | 137,338 | 451,793 | 849,307 | 70,449 | 9.1% | 29.9% | 56.3% | 4.7% |
| Guildford | 240 | 8,112,694 | 1,019,518 | 113,942 | 194,460 | 648,285 | 62,831 | 11.2% | 19.1% | 63.6% | 6.2% |
| Nordel Crossing | 241 | 15,820,706 | 1,794,716 | 274,652 | 281,056 | 1,131,541 | 107,466 | 15.3% | 15.7% | 63.0% | 6.0% |
| Vancouver Stores | | | | | | | | | | | |
| Marpole | 38 | 6,601,318 | 818,183 | 71,857 | 187,996 | 515,685 | 42,645 | 8.8% | 23.0% | 63.0% | 5.2% |
| Harbour Centre | 53 | 6,112,199 | 723,118 | 77,334 | 123,584 | 467,103 | 55,096 | 10.7% | 17.1% | 64.6% | 7.6% |
| Hastings and Slocan | 58 | 7,614,821 | 1,077,873 | 87,258 | 162,996 | 741,803 | 85,817 | 8.1% | 15.1% | 68.8% | 8.0% |
| Jericho Village | 90 | 10,389,123 | 1,098,715 | 103,188 | 338,197 | 607,301 | 50,029 | 9.4% | 30.8% | 55.3% | 4.6% |
| Bute Street | 94 | 9,279,964 | 1,087,375 | 126,689 | 215,404 | 667,993 | 77,290 | 11.7% | 19.8% | 61.4% | 7.1% |
| Broadway & Lillooet Licensee | 100 | 281,598,330 | 17,518,690 | 5,552,836 | 6,121,145 | 1,853,836 | 3,990,872 | 31.7% | 34.9% | 10.6% | 22.8% |
| Dunbar | 102 | 10,470,177 | 967,850 | 69,102 | 365,882 | 495,675 | 37,191 | 7.1% | 37.8% | 51.2% | 3.8% |
| Commercial Drive | 111 | 10,940,540 | 1,319,364 | 105,332 | 312,387 | 825,905 | 75,740 | 8.0% | 23.7% | 62.6% | 5.7% |
| Cardero | 112 | 14,123,080 | 1,628,029 | 158,350 | 421,911 | 959,268 | 88,499 | 9.7% | 25.9% | 58.9% | 5.4% |
| Collingwood | 113 | 12,541,011 | 1,746,217 | 152,534 | 251,670 | 1,257,907 | 84,106 | 8.7% | 14.4% | 72.0% | 4.8% |
| Broadway Maple | 117 | 16,893,301 | 1,878,183 | 156,099 | 544,025 | 1,097,950 | 80,109 | 8.3% | 29.0% | 58.5% | 4.3% |
| Kingsgate Mall | 123 | 9,997,863 | 1,500,032 | 109,406 | 201,025 | 1,097,670 | 91,930 | 7.3% | 13.4% | 73.2% | 6.1% |
| Thurlow | 129 | 26,847,622 | 2,368,021 | 279,482 | 631,645 | 1,338,815 | 118,080 | 11.8% | 26.7% | 56.5% | 5.0% |

2006/07 STORE SALES BY REGION – UNAUDITED

| Store Name | Store Number | Sales | | Litre Product Mix | | | | Litre Product Mix Percentage | | | |
|------------------------------|--------------|------------|-----------|-------------------|---------|-----------|-----------------|------------------------------|--------|-------|-----------------|
| | | Retail \$ | Litres | Spirits | Wine | Beer | Ciders /Coolers | Spirits | Wine | Beer | Ciders /Coolers |
| Arbutus | 136 | 6,019,485 | 508,370 | 57,079 | 233,382 | 196,932 | 20,976 | 11.2% | 45.9% | 38.7% | 4.1% |
| 39th and Cambie | 160 | 36,240,147 | 2,694,968 | 286,560 | 945,198 | 1,357,252 | 105,958 | 10.6% | 35.1% | 50.4% | 3.9% |
| 8th & Cambie | 177 | 8,325,821 | 890,373 | 74,967 | 266,170 | 506,153 | 43,083 | 8.4% | 29.9% | 56.8% | 4.8% |
| Yaletown | 191 | 4,780,294 | 403,519 | 44,693 | 123,821 | 219,288 | 15,718 | 11.1% | 30.7% | 54.3% | 3.9% |
| UBC Marketplace | 192 | 2,825,054 | 361,521 | 29,167 | 60,173 | 253,541 | 18,641 | 8.1% | 16.6% | 70.1% | 5.2% |
| Champlain Mall | 194 | 4,905,041 | 632,873 | 60,277 | 136,792 | 399,640 | 36,165 | 9.5% | 21.6% | 63.1% | 5.7% |
| Kerrisdale | 210 | 3,307,636 | 326,630 | 28,819 | 117,502 | 165,037 | 15,273 | 8.8% | 36.0% | 50.5% | 4.7% |
| 28th and Main | 237 | 5,666,180 | 753,711 | 63,924 | 130,901 | 526,263 | 32,623 | 8.5% | 17.4% | 69.8% | 4.3% |
| Festival Store | 281 | 435,134 | 12,762 | 6 | 12,756 | 0 | 0 | 0.0% | 100.0% | 0.0% | 0.0% |
| Broadway & Lillooet | 300 | 9,293,193 | 1,328,101 | 81,725 | 225,852 | 967,242 | 53,281 | 6.2% | 17.0% | 72.8% | 4.0% |
| West Vancouver Stores | | | | | | | | | | | |
| Ambleside | 72 | 6,115,719 | 541,396 | 57,760 | 261,371 | 204,663 | 17,602 | 10.7% | 48.3% | 37.8% | 3.3% |
| Caulfield | 175 | 7,824,190 | 657,211 | 63,885 | 288,617 | 267,167 | 37,541 | 9.7% | 43.9% | 40.7% | 5.7% |
| Park Royal | 228 | 25,776,870 | 1,727,117 | 184,963 | 811,911 | 665,300 | 64,944 | 10.7% | 47.0% | 38.5% | 3.8% |
| Whistler Stores | | | | | | | | | | | |
| Whistler Market Place | 179 | 11,379,000 | 1,097,816 | 84,833 | 295,669 | 668,570 | 48,743 | 7.7% | 26.9% | 60.9% | 4.4% |
| Whistler Creekside | 195 | 2,419,486 | 277,034 | 17,311 | 60,604 | 187,292 | 11,826 | 6.2% | 21.9% | 67.6% | 4.3% |
| Whistler | 302 | 7,736,472 | 860,929 | 88,886 | 142,613 | 577,479 | 51,951 | 10.3% | 16.6% | 67.1% | 6.0% |
| White Rock | 06 | 10,718,107 | 1,117,585 | 143,497 | 360,502 | 540,023 | 73,563 | 12.8% | 32.3% | 48.3% | 6.6% |
| THOMPSON/OKANAGAN | | | | | | | | | | | |
| Armstrong | 215 | 1,995,977 | 245,927 | 33,667 | 46,139 | 137,003 | 29,118 | 13.7% | 18.8% | 55.7% | 11.8% |
| Ashcroft | 02 | 1,057,847 | 172,558 | 13,648 | 17,327 | 128,840 | 12,743 | 7.9% | 10.0% | 74.7% | 7.4% |
| Barriere | 138 | 1,488,296 | 249,779 | 19,071 | 17,955 | 189,850 | 22,903 | 7.6% | 7.2% | 76.0% | 9.2% |
| Cache Creek | 60 | 1,235,152 | 188,016 | 17,919 | 15,397 | 133,819 | 20,880 | 9.5% | 8.2% | 71.2% | 11.1% |
| Chase | 226 | 2,973,788 | 392,980 | 48,816 | 46,989 | 233,109 | 64,066 | 12.4% | 12.0% | 59.3% | 16.3% |
| Clearwater | 88 | 2,479,055 | 353,690 | 34,557 | 42,979 | 235,748 | 40,406 | 9.8% | 12.2% | 66.7% | 11.4% |
| Clinton | 201 | 1,142,949 | 181,607 | 15,423 | 12,758 | 139,223 | 14,203 | 8.5% | 7.0% | 76.7% | 7.8% |
| Enderby | 49 | 2,423,026 | 310,080 | 42,916 | 38,754 | 175,926 | 52,484 | 13.8% | 12.5% | 56.7% | 16.9% |
| Golden | 16 | 4,885,896 | 624,233 | 63,167 | 81,070 | 437,758 | 42,239 | 10.1% | 13.0% | 70.1% | 6.8% |
| Kamloops Stores | | | | | | | | | | | |
| Columbia Place | 79 | 16,582,042 | 1,766,921 | 235,724 | 422,168 | 950,911 | 158,118 | 13.3% | 23.9% | 53.8% | 8.9% |
| Westsyde | 147 | 1,479,358 | 229,736 | 20,356 | 23,940 | 168,372 | 17,067 | 8.9% | 10.4% | 73.3% | 7.4% |
| Kamloops North | 223 | 14,384,864 | 1,789,704 | 259,230 | 233,100 | 1,060,288 | 237,086 | 14.5% | 13.0% | 59.2% | 13.2% |
| Kelowna Stores | | | | | | | | | | | |
| Gordon & Harvey | 103 | 3,780,970 | 506,521 | 54,661 | 97,946 | 319,281 | 34,633 | 10.8% | 19.3% | 63.0% | 6.8% |
| Westbank | 143 | 10,732,190 | 1,384,980 | 156,856 | 252,903 | 853,311 | 121,910 | 11.3% | 18.3% | 61.6% | 8.8% |
| Mission Park | 148 | 7,947,455 | 954,568 | 100,459 | 239,987 | 552,796 | 61,326 | 10.5% | 25.1% | 57.9% | 6.4% |
| Orchard Park | 167 | 32,410,056 | 3,035,723 | 518,774 | 762,709 | 1,427,659 | 326,581 | 17.1% | 25.1% | 47.0% | 10.8% |
| Keremeos | 19 | 1,731,529 | 225,194 | 28,716 | 34,268 | 132,944 | 29,266 | 12.8% | 15.2% | 59.0% | 13.0% |
| Logan Lake | 139 | 862,230 | 118,253 | 14,151 | 15,710 | 79,004 | 9,389 | 12.0% | 13.3% | 66.8% | 7.9% |
| Lumby | 214 | 2,107,680 | 282,600 | 35,715 | 29,561 | 175,993 | 41,331 | 12.6% | 10.5% | 62.3% | 14.6% |
| Lytton | 209 | 731,038 | 127,964 | 7,465 | 11,358 | 98,273 | 10,868 | 5.8% | 8.9% | 76.8% | 8.5% |
| Merritt | 29 | 4,892,791 | 696,233 | 76,395 | 81,690 | 449,941 | 88,207 | 11.0% | 11.7% | 64.6% | 12.7% |

2006/07 STORE SALES BY REGION – UNAUDITED

| Store Name | Store Number | Sales | | Litre Product Mix | | | | Litre Product Mix Percentage | | | |
|-----------------------------|--------------|------------|-----------|-------------------|---------|-----------|-----------------|------------------------------|-------|-------|-----------------|
| | | Retail \$ | Litres | Spirits | Wine | Beer | Ciders /Coolers | Spirits | Wine | Beer | Ciders /Coolers |
| Oliver | 69 | 3,824,478 | 529,126 | 61,175 | 65,865 | 352,383 | 49,702 | 11.6% | 12.4% | 66.6% | 9.4% |
| Osoyoos | 83 | 4,786,025 | 608,910 | 70,140 | 111,892 | 354,538 | 72,341 | 11.5% | 18.4% | 58.2% | 11.9% |
| Penticton Plaza | 130 | 16,546,587 | 2,012,719 | 246,275 | 407,520 | 1,193,518 | 165,406 | 12.2% | 20.2% | 59.3% | 8.2% |
| Princeton | 37 | 3,252,208 | 527,889 | 39,746 | 49,533 | 398,127 | 40,483 | 7.5% | 9.4% | 75.4% | 7.7% |
| Revelstoke | 45 | 4,302,856 | 522,785 | 61,316 | 87,832 | 325,650 | 47,986 | 11.7% | 16.8% | 62.3% | 9.2% |
| Salmon Arm | 48 | 9,577,502 | 1,079,307 | 171,336 | 202,572 | 541,408 | 163,991 | 15.9% | 18.8% | 50.2% | 15.2% |
| Sicamous | 92 | 2,028,820 | 269,538 | 33,080 | 32,352 | 171,144 | 32,962 | 12.3% | 12.0% | 63.5% | 12.2% |
| Summerland | 86 | 3,549,644 | 511,799 | 44,983 | 85,054 | 346,760 | 35,002 | 8.8% | 16.6% | 67.8% | 6.8% |
| Vernon Stores | | | | | | | | | | | |
| Vernon | 62 | 5,318,217 | 520,863 | 102,072 | 120,787 | 243,555 | 54,448 | 19.6% | 23.2% | 46.8% | 10.5% |
| Vernon Square | 135 | 9,567,530 | 1,024,362 | 156,168 | 235,549 | 508,250 | 124,394 | 15.2% | 23.0% | 49.6% | 12.1% |
| Winfield | 166 | 3,477,147 | 463,538 | 48,016 | 89,429 | 282,189 | 43,904 | 10.4% | 19.3% | 60.9% | 9.5% |
| KOOTENAY | | | | | | | | | | | |
| Castlegar | 78 | 4,437,885 | 545,846 | 72,695 | 101,215 | 313,448 | 58,488 | 13.3% | 18.5% | 57.4% | 10.7% |
| Cranbrook | 09 | 10,391,998 | 1,387,356 | 161,412 | 192,510 | 918,845 | 114,588 | 11.6% | 13.9% | 66.2% | 8.3% |
| Creston Valley | 75 | 4,660,034 | 622,934 | 74,518 | 83,559 | 404,929 | 59,928 | 12.0% | 13.4% | 65.0% | 9.6% |
| Elkford | 131 | 824,808 | 99,941 | 16,617 | 9,376 | 65,534 | 8,414 | 16.6% | 9.4% | 65.6% | 8.4% |
| Fernie | 13 | 3,943,943 | 525,315 | 50,125 | 73,687 | 370,650 | 30,853 | 9.5% | 14.0% | 70.6% | 5.9% |
| Fruitvale | 95 | 1,266,678 | 215,952 | 13,975 | 22,420 | 166,030 | 13,527 | 6.5% | 10.4% | 76.9% | 6.3% |
| Grand Forks | 15 | 4,374,442 | 623,922 | 60,620 | 95,489 | 396,256 | 71,557 | 9.7% | 15.3% | 63.5% | 11.5% |
| Greenwood | 14 | 482,098 | 83,092 | 5,425 | 6,648 | 65,922 | 5,097 | 6.5% | 8.0% | 79.3% | 6.1% |
| Invermere | 17 | 6,455,454 | 723,378 | 95,782 | 146,376 | 393,004 | 88,216 | 13.2% | 20.2% | 54.3% | 12.2% |
| Kaslo | 18 | 1,616,067 | 266,766 | 15,514 | 32,215 | 199,436 | 19,601 | 5.8% | 12.1% | 74.8% | 7.3% |
| Kimberley | 66 | 3,657,790 | 489,385 | 54,642 | 69,062 | 327,316 | 38,366 | 11.2% | 14.1% | 66.9% | 7.8% |
| Nakusp | 202 | 2,567,744 | 410,660 | 28,481 | 41,373 | 306,212 | 34,593 | 6.9% | 10.1% | 74.6% | 8.4% |
| Nelson | 32 | 10,134,389 | 1,228,173 | 126,979 | 256,380 | 720,001 | 124,814 | 10.3% | 20.9% | 58.6% | 10.2% |
| New Denver | 74 | 730,200 | 119,502 | 6,272 | 13,949 | 90,063 | 9,218 | 5.2% | 11.7% | 75.4% | 7.7% |
| Radium | 245 | 1,728,953 | 219,090 | 26,532 | 31,327 | 136,510 | 24,722 | 12.1% | 14.3% | 62.3% | 11.3% |
| Rossland | 44 | 2,197,433 | 286,061 | 23,172 | 57,325 | 189,850 | 15,715 | 8.1% | 20.0% | 66.4% | 5.5% |
| Salmo | 207 | 980,600 | 144,143 | 14,811 | 15,188 | 95,650 | 18,493 | 10.3% | 10.5% | 66.4% | 12.8% |
| Sparwood | 28 | 1,565,760 | 238,799 | 24,419 | 14,497 | 186,288 | 13,594 | 10.2% | 6.1% | 78.0% | 5.7% |
| Trail | 51 | 4,904,532 | 666,106 | 68,160 | 125,533 | 405,957 | 66,455 | 10.2% | 18.8% | 60.9% | 10.0% |
| CARIBOO | | | | | | | | | | | |
| 100 Mile House | 221 | 7,402,000 | 984,166 | 117,870 | 150,582 | 607,302 | 108,411 | 12.0% | 15.3% | 61.7% | 11.0% |
| MacKenzie | 106 | 2,626,224 | 365,817 | 44,415 | 26,453 | 264,269 | 30,681 | 12.1% | 7.2% | 72.2% | 8.4% |
| McBride | 26 | 1,103,845 | 149,021 | 17,499 | 13,805 | 104,735 | 12,982 | 11.7% | 9.3% | 70.3% | 8.7% |
| Prince George Stores | | | | | | | | | | | |
| Hart Highway | 114 | 4,463,361 | 614,062 | 73,171 | 57,711 | 421,557 | 61,622 | 11.9% | 9.4% | 68.7% | 10.0% |
| 10th Avenue | 126 | 9,951,127 | 1,404,412 | 146,722 | 161,967 | 997,074 | 98,650 | 10.4% | 11.5% | 71.0% | 7.0% |
| College Heights | 154 | 4,430,081 | 632,572 | 60,840 | 85,700 | 446,580 | 39,453 | 9.6% | 13.5% | 70.6% | 6.2% |
| Parkwood Place | 174 | 15,771,600 | 1,763,934 | 279,723 | 294,327 | 910,521 | 279,363 | 15.9% | 16.7% | 51.6% | 15.8% |
| Quesnel | 43 | 7,402,014 | 883,112 | 132,502 | 140,377 | 496,219 | 114,014 | 15.0% | 15.9% | 56.2% | 12.9% |

2006/07 STORE SALES BY REGION – UNAUDITED

| Store Name | Store Number | Sales | | Litre Product Mix | | | | Litre Product Mix Percentage | | | |
|----------------------|--------------|----------------------|--------------------|-------------------|-------------------|-------------------|-------------------|------------------------------|--------------|--------------|-----------------|
| | | Retail \$ | Litres | Spirits | Wine | Beer | Ciders /Coolers | Spirits | Wine | Beer | Ciders /Coolers |
| Valemount | 96 | 1,204,131 | 166,017 | 13,461 | 23,293 | 121,238 | 8,025 | 8.1% | 14.0% | 73.0% | 4.8% |
| Williams Lake | 63 | 9,964,075 | 1,177,558 | 183,374 | 194,575 | 640,561 | 159,048 | 15.6% | 16.5% | 54.4% | 13.5% |
| NORTH COAST | | | | | | | | | | | |
| Hazelton | 227 | 1,373,102 | 250,505 | 14,543 | 11,335 | 195,921 | 28,706 | 5.8% | 4.5% | 78.2% | 11.5% |
| Kitimat | 213 | 2,874,593 | 371,209 | 42,453 | 71,837 | 225,188 | 31,731 | 11.4% | 19.4% | 60.7% | 8.5% |
| Massett | 105 | 1,676,266 | 228,551 | 23,536 | 31,284 | 152,014 | 21,717 | 10.3% | 13.7% | 66.5% | 9.5% |
| Prince Rupert | 35 | 5,935,658 | 724,563 | 98,545 | 109,381 | 444,822 | 71,815 | 13.6% | 15.1% | 61.4% | 9.9% |
| Queen Charlotte City | 211 | 1,575,140 | 209,832 | 21,389 | 28,918 | 139,435 | 20,090 | 10.2% | 13.8% | 66.5% | 9.6% |
| Stewart | 47 | 451,000 | 60,404 | 6,626 | 8,990 | 40,900 | 3,888 | 11.0% | 14.9% | 67.7% | 6.4% |
| Terrace | 52 | 8,164,055 | 888,057 | 151,421 | 171,310 | 423,097 | 142,229 | 17.1% | 19.3% | 47.6% | 16.0% |
| NECHAKO | | | | | | | | | | | |
| Burns Lake | 73 | 2,415,030 | 323,840 | 41,325 | 35,606 | 215,999 | 30,911 | 12.8% | 11.0% | 66.7% | 9.5% |
| Fort St. James | 248 | 1,567,242 | 236,675 | 22,913 | 18,759 | 178,057 | 16,946 | 9.7% | 7.9% | 75.2% | 7.2% |
| Fraser Lake | 91 | 1,198,626 | 176,270 | 17,607 | 16,548 | 124,820 | 17,296 | 10.0% | 9.4% | 70.8% | 9.8% |
| Houston | 99 | 1,983,439 | 277,017 | 31,708 | 23,665 | 190,851 | 30,795 | 11.4% | 8.5% | 68.9% | 11.1% |
| Smithers | 46 | 5,749,304 | 728,059 | 84,116 | 122,221 | 448,853 | 72,870 | 11.6% | 16.8% | 61.7% | 10.0% |
| Vanderhoof | 81 | 2,703,688 | 374,742 | 42,221 | 42,657 | 252,757 | 37,107 | 11.3% | 11.4% | 67.4% | 9.9% |
| PEACE RIVER | | | | | | | | | | | |
| Chetwynd | 238 | 2,477,062 | 332,297 | 43,375 | 23,710 | 226,959 | 38,252 | 13.1% | 7.1% | 68.3% | 11.5% |
| Dawson Creek | 212 | 7,948,387 | 1,028,125 | 140,618 | 108,495 | 664,816 | 114,197 | 13.7% | 10.6% | 64.7% | 11.1% |
| Fort Nelson | 222 | 2,312,714 | 269,327 | 46,291 | 26,649 | 174,038 | 22,350 | 17.2% | 9.9% | 64.6% | 8.3% |
| Fort St. John | 03 | 10,489,714 | 1,213,331 | 204,621 | 124,761 | 760,078 | 123,871 | 16.9% | 10.3% | 62.6% | 10.2% |
| Hudson Hope | 234 | 686,547 | 93,673 | 10,599 | 9,474 | 65,211 | 8,390 | 11.3% | 10.1% | 69.6% | 9.0% |
| Tumbler Ridge | 169 | 1,422,220 | 184,636 | 27,025 | 11,635 | 129,689 | 16,288 | 14.6% | 6.3% | 70.2% | 8.8% |
| GRAND TOTAL | | 1,702,050,383 | 182,765,553 | 24,393,308 | 41,747,555 | 99,258,006 | 17,366,684 | 13.3% | 22.8% | 54.3% | 9.5% |

APPENDIX A

Data Accuracy

The following information summarizes the source and accuracy of the data used for Annual Report performance measures.

Sales Data (goals 1, 3, 4)

Sales data for government liquor stores (GLSs) is collected from computerized point of sale cash register systems and stored in head office databases. Sales made directly to customers by agents on behalf of the Liquor Distribution Branch (LDB) are transmitted to the LDB and stored in databases. LDB financial statements are audited by the Auditor General's office annually.

Expense Data: (goals 1, 4)

LDB expense data is captured, stored and reported by the LDB's financial system. The LDB's financial statements are audited by the Auditor General's office annually.

Employee and Customer Surveys (goals 2, 3, 4, 5)

The LDB contracts with professional survey companies to ensure that survey results are statistically valid.

Distribution Centre Accuracy Rate

The accuracy of distribution centre orders is determined by random manual checks of orders that are ready for shipment.

2-ID Checking:

The LDB contracts with the Liquor Control and Licensing Branch to check GLS compliance with ID checking requirements by using mystery shoppers. A sample of GLSs is checked at least once per year.

Other Data (goals 3, 4, 5):

Measures — including “Number of LRSs receiving direct shipment”; and “Implementation of co-operative responsible-use beverage alcohol programs”—are counted and tracked manually.

APPENDIX B

Key Departmental Descriptions:

Retail Services

Retail Services includes Distribution, Store Operations, Purchasing, Marketing and Real Estate.

Distribution

Distribution is responsible for processing more than nine million cases of beverage alcohol annually through its two distribution centres located in Vancouver and Kamloops.

The department serves both retail and wholesale customers, which include government liquor stores, rural agency stores, licensee retail stores, private wine stores and three other liquor jurisdictions in northern Canada.

Store Operations

The Store Operations department manages 201 government liquor stores throughout the province and administers and supports customer service and sales activities within the stores, including the responsible retailing of beverage alcohol. The department also oversees the Rural Agency Store program.

Purchasing

Purchasing is responsible for purchasing beverage alcohol products that are approved for sale in British Columbia, and manages the inventory of products sold in LDB stores by monitoring daily market and sales trends in order to forecast inventory volume and prevent product stockouts.

Marketing

Marketing is responsible for product and event promotions in government liquor stores, and works with suppliers and manufacturers, as well as store staff, to provide feature products and product information to enhance customer service. Marketing also develops and publishes a monthly price list, the quarterly Taste magazine, the product content and information for www.bcliquorstores.com, and materials for the LDB's Social Responsibility programs.

Real Estate

The Real Estate department is responsible for the administration and maintenance of the LDB's leased and owned store premises, distribution centres and administrative offices. Real Estate is responsible for enhancing customer service by developing new store locations and upgrading existing properties.

Corporate Security

This department is responsible for developing, implementing and administering diverse and comprehensive security policies and programs. Corporate Security is also responsible for the LDB's Emergency Management and Business Continuity programs. Corporate Security optimizes protection of public financial assets, personnel and the general public.

Legal Services

The Legal Services department provides legal advice to the LDB and directs the Information and Privacy program. The responsibilities of the Information and Privacy Office include: responding to public requests for LDB business information; advising on privacy issues; administering, controlling and preserving LDB records; and providing a sales data service to LDB industry partners such as suppliers, agents, industry associations, private retailers and departments of government.

Corporate Policy

The Corporate Policy department researches and advises on corporate policy issues and works with other government organizations on cross-jurisdictional issues. The department is also responsible for Special Retail Programs and Communications.

Communications

Communications is responsible for internal and external communications, public relations and media relations. The department develops a variety of corporate publications, including public information materials and the LDB's annual reports and service plans.

Finance

The responsibilities of Finance include: the development and implementation of programs for effective financial control of assets, revenues and

expenditures; the preparation and monitoring of revenue, expense and capital budgets; accounting for and reporting on branch operations in accordance with generally accepted accounting principles; and the provision of financial analysis, information and advice as may be required by the LDB. As well as reporting on the LDB's financial performance, this department includes an audit division that ensures accountability to taxpayers and monitors LDB transactions with its business partners.

Information Services

The Information Services department supports the technology required to enable business processes, and provides information relevant to the LDB's business function and security. It assists in the identification of business requirements and provides cost-effective technical solutions in order to achieve organizational goals. This includes research, establishment of standards, procurement, deployment, sustainment and possible disposal of hardware and software plus other related supporting technologies.

Human Resources

This department provides human resources services related to recruitment and selection, employee training and development, labour relations, classification and compensation, leave and benefit administration, organizational development, occupational health and safety, employee counselling and human resources planning.

APPENDIX C

Executive Organization

LDB senior management, as of March 31, 2007, includes:

General Manager*
Jay Chambers

Executive Administrative Assistant
Cindy Dahlke

Executive Director, Finance*
Roger Bissoondatt

Executive Director, Retail Services*
Kelly Wilson

Legal Counsel*
Catherine Sloan

Executive Director, Human Resources*
Gordon Zelenika

Director, Information Services*
Don Farley

Director, Corporate Policy*
Gordon Hall

Director, Corporate Security*
Donna Morse

Director, Store Operations
Gary Branham

Director, Marketing
Jim Fraser

Director, Wholesale Business
Katharine Jowett

Director, Purchasing
Michael Procopio

Director, Real Estate
Bob Tougas

Director, Distribution
Don Wilcox

Chief Auditor
Rita Bittel

Manager, Communications
Michèle Green

* *Members of the Executive Management Committee*

APPENDIX D - UNAUDITED

BEER SALES BY COUNTRY OF ORIGIN - TOP 10

Dollar Sales (\$000s)

| Category | 2006/07 | 2005/06 | 2004/05 | 2003/04 | \$ Change | % Change |
|----------------|---------|---------|---------|---------|--------------------------|--------------------------|
| | | | | | 2006/07 vs 2005/06 | 2006/07 vs 2005/06 |
| CANADA | 872,020 | 841,932 | 832,842 | 787,279 | 30,088 | 3.6% |
| MEXICO | 44,667 | 39,140 | 37,910 | 34,002 | 5,527 | 14.1% |
| UNITED STATES | 33,900 | 30,649 | 31,458 | 29,644 | 3,251 | 10.6% |
| NETHERLANDS | 27,621 | 21,250 | 18,104 | 16,719 | 6,371 | 30.0% |
| BELGIUM | 22,702 | 18,065 | 13,052 | 8,345 | 4,638 | 25.7% |
| GERMANY | 12,590 | 11,179 | 11,085 | 10,528 | 1,411 | 12.6% |
| IRELAND | 11,718 | 9,950 | 9,031 | 8,646 | 1,768 | 17.8% |
| BRAZIL | 6,656 | 4,050 | 5,195 | 5,359 | 2,607 | 64.4% |
| ENGLAND | 3,251 | 2,724 | 2,485 | 2,407 | 527 | 19.4% |
| CZECH REPUBLIC | 3,226 | 2,469 | 2,090 | 1,533 | 757 | 30.6% |

Litre Sales (000s)

| Category | 2006/07 | 2005/06 | 2004/05 | 2003/04 | Volume | % Change |
|----------------|---------|---------|---------|---------|------------------------------------|--------------------------|
| | | | | | Change 2006/07 vs 2005/06 | 2006/07 vs 2005/06 |
| CANADA | 241,044 | 238,366 | 238,688 | 240,210 | 2,678 | 1.1% |
| MEXICO | 9,590 | 8,365 | 8,116 | 7,398 | 1,225 | 14.6% |
| UNITED STATES | 8,170 | 7,383 | 7,902 | 7,721 | 786 | 10.6% |
| NETHERLANDS | 5,843 | 4,552 | 3,805 | 3,547 | 1,291 | 28.4% |
| BELGIUM | 4,709 | 3,775 | 2,735 | 1,773 | 933 | 24.7% |
| GERMANY | 2,971 | 2,687 | 2,665 | 2,592 | 284 | 10.6% |
| IRELAND | 2,516 | 2,159 | 1,975 | 1,949 | 357 | 16.6% |
| BRAZIL | 1,501 | 874 | 1,059 | 1,096 | 626 | 71.6% |
| DENMARK | 783 | 715 | 498 | 305 | 69 | 9.6% |
| CZECH REPUBLIC | 753 | 588 | 509 | 373 | 165 | 28.0% |

IMPORTED BEER BRANDS - TOP 10

Dollar Sales (\$000s)

| Brand Name | 2006/07 | 2005/06 | \$ Change | % Change |
|--------------------------------------|---------|---------|-----------------|-----------------|
| | | | vs Prev Year | vs Prev Year |
| CORONA EXTRA (Mexico) | 39,797 | 35,370 | 4,427 | 12.5% |
| MILLER GENUINE DRAFT (United States) | 29,730 | 27,231 | 2,499 | 9.2% |
| HEINEKEN LAGER (Netherlands) | 21,684 | 17,273 | 4,412 | 25.5% |
| STELLA ARTOIS (Belgium) | 21,053 | 16,694 | 4,359 | 26.1% |
| BRAHMA (Brazil) | 6,682 | 428 | 6,255 | 1462.3% |
| BECKS (Germany) | 4,933 | 4,284 | 649 | 15.2% |
| GUINNESS PUB DRAUGHT (Ireland) | 4,132 | 3,679 | 453 | 12.3% |
| GUINNESS STOUT (Ireland) | 3,543 | 2,842 | 701 | 24.7% |
| GROLSCH LAGER (Netherlands) | 3,225 | 2,508 | 717 | 28.6% |
| WARSTEINER PREMIUM VERUM (Germany) | 2,462 | 2,417 | 46 | 1.9% |

SPIRIT SALES BY CATEGORY - TOP 10

Dollar Sales (\$000s)

| Category | 2006/07 | 2005/06 | 2004/05 | 2003/04 | \$ Change | % Change |
|-----------------|---------|---------|---------|---------|--------------------------|--------------------------|
| | | | | | 2006/07 vs 2005/06 | 2006/07 vs 2005/06 |
| VODKA | 179,461 | 160,284 | 147,547 | 135,887 | 19,177 | 12.0% |
| WHISKY - CANADA | 125,158 | 121,195 | 118,892 | 114,814 | 3,963 | 3.3% |
| LIQUEURS | 109,406 | 98,894 | 92,422 | 84,597 | 10,512 | 10.6% |
| RUM | 108,547 | 101,707 | 98,183 | 91,622 | 6,840 | 6.7% |
| WHISKY - SCOTCH | 54,614 | 53,356 | 51,233 | 48,460 | 1,258 | 2.4% |
| GIN | 32,467 | 30,975 | 30,338 | 28,105 | 1,492 | 4.8% |
| TEQUILA | 17,122 | 13,773 | 11,979 | 10,098 | 3,349 | 24.3% |
| BRANDY | 13,844 | 13,683 | 13,431 | 13,066 | 161 | 1.2% |
| WHISKY - OTHER | 11,705 | 10,275 | 9,177 | 8,193 | 1,430 | 13.9% |
| COGNAC | 4,135 | 4,227 | 3,961 | 3,858 | -92 | -2.2% |

Litre Sales (000s)

| Category | 2006/07 | 2005/06 | 2004/05 | 2003/04 | Volume | % Change |
|------------------|---------|---------|---------|---------|------------------------------------|--------------------------|
| | | | | | Change 2006/07 vs 2005/06 | 2006/07 vs 2005/06 |
| VODKA | 7,050 | 6,566 | 6,153 | 5,825 | 485 | 7.4% |
| WHISKY - CANADA | 4,781 | 4,779 | 4,725 | 4,681 | 2 | 0.0% |
| RUM | 4,318 | 4,185 | 4,086 | 3,942 | 133 | 3.2% |
| LIQUEURS | 3,629 | 3,349 | 3,152 | 2,993 | 280 | 8.3% |
| WHISKEY - SCOTCH | 1,479 | 1,495 | 1,460 | 1,430 | -16 | -1.1% |
| GIN | 1,219 | 1,193 | 1,169 | 1,110 | 26 | 2.2% |
| BRANDY | 548 | 554 | 551 | 555 | -6 | -1.0% |
| TEQUILA | 418 | 349 | 303 | 250 | 69 | 19.8% |
| WHISKEY - OTHERS | 351 | 318 | 283 | 259 | 33 | 10.4% |
| COGNAC/ARMAGNAC | 44 | 43 | 41 | 41 | 1 | 2.0% |

SPIRIT BRANDS - TOP 10

Dollar Sales (\$000s)

| Brand Name | 2006/07 | 2005/06 | \$ Change | % Change |
|---|---------|---------|-----------------|-----------------|
| | | | vs Prev Year | vs Prev Year |
| SMIRNOFF RED LABEL VODKA (Canada) | 53,067 | 48,005 | 5,063 | 10.5% |
| BACARDI WHITE RUM (Canada) | 35,830 | 34,373 | 1,457 | 4.24% |
| CROWN ROYAL CANADIAN WHISKY (Canada) | 28,106 | 26,851 | 1,255 | 4.7% |
| WISERS DELUXE CANADIAN WHISKY (Canada) | 19,258 | 18,218 | 1,040 | 5.7% |
| ALBERTA VODKA (Canada) | 14,616 | 13,225 | 1,391 | 10.5% |
| BAILEYS ORIGINAL IRISH CREAM (Ireland) | 14,375 | 13,156 | 1,219 | 9.3% |
| GIBSONS FINEST 12 Y.O. CANADIAN WHISKY (Canada) | 13,789 | 12,494 | 1,295 | 10.4% |
| POLAR ICE VODKA (Canada) | 13,787 | 12,216 | 1,570 | 12.9% |
| BOLS BOLSKAYA VODKA (Canada) | 13,138 | 11,761 | 1,378 | 11.7% |
| CAPTAIN MORGAN - SPICED (Canada) | 12,261 | 9,299 | 2,962 | 31.9% |

TABLE WINE SALES BY COUNTRY OF ORIGIN - TOP 10

Dollar Sales (\$000s)

| Category | 2006/07 | 2005/06 | 2004/05 | 2003/04 | \$ Change | % Change |
|---------------|---------|---------|---------|---------|--------------------------|--------------------------|
| | | | | | 2006/07 vs 2005/06 | 2006/07 vs 2005/06 |
| CANADA | 274,941 | 248,778 | 222,845 | 193,790 | 26,163 | 10.5% |
| AUSTRALIA | 124,880 | 111,392 | 100,281 | 76,382 | 13,487 | 12.1% |
| UNITED STATES | 66,022 | 58,075 | 53,178 | 46,286 | 7,947 | 13.7% |
| ITALY | 45,220 | 40,783 | 38,366 | 40,843 | 4,437 | 10.9% |
| FRANCE | 38,768 | 32,248 | 30,771 | 32,102 | 6,520 | 20.2% |
| CHILE | 32,487 | 29,692 | 28,073 | 27,836 | 2,795 | 9.4% |
| SOUTH AFRICA | 12,991 | 11,863 | 9,990 | 7,419 | 1,129 | 9.5% |
| ARGENTINA | 12,469 | 9,020 | 7,078 | 5,006 | 3,449 | 38.2% |
| SPAIN | 9,431 | 7,790 | 6,251 | 5,709 | 1,641 | 21.1% |
| NEW ZEALAND | 9,164 | 6,370 | 4,082 | 3,457 | 2,794 | 43.9% |

Litre Sales (000s)

| Category | 2006/07 | 2005/06 | 2004/05 | 2003/04 | Volume | % Change |
|---------------|---------|---------|---------|---------|------------------------------------|--------------------------|
| | | | | | Change 2006/07 vs 2005/06 | 2006/07 vs 2005/06 |
| CANADA | 23,527 | 22,347 | 20,525 | 18,982 | 1,180 | 5.3% |
| AUSTRALIA | 8,068 | 7,234 | 6,524 | 4,977 | 834 | 11.5% |
| UNITED STATES | 4,645 | 4,268 | 4,080 | 3,463 | 377 | 8.8% |
| ITALY | 3,094 | 2,954 | 2,881 | 3,325 | 140 | 4.8% |
| CHILE | 2,756 | 2,624 | 2,517 | 2,531 | 132 | 5.0% |
| FRANCE | 2,159 | 1,974 | 1,964 | 2,085 | 185 | 9.4% |
| SOUTH AFRICA | 1,004 | 921 | 775 | 593 | 83 | 9.0% |
| ARGENTINA | 969 | 762 | 630 | 438 | 207 | 27.2% |
| SPAIN | 595 | 504 | 434 | 440 | 91 | 18.1% |
| GERMANY | 458 | 422 | 413 | 437 | 35 | 8.4% |

RED TABLE WINE BRANDS - TOP 10

Dollar Sales (\$000s)

| Brand Name | 2006/07 | 2005/06 | \$ Change | % Change |
|--|---------|---------|-----------------|-----------------|
| | | | vs Prev Year | vs Prev Year |
| SHIRAZ - YELLOW TAIL (Australia) | 10,505 | 10,581 | -75 | -0.7% |
| CABERNET SAUVIGNON - WOLF BLASS YELLOW LABEL (Australia) | 4,915 | 5,402 | -487 | -9.0% |
| SAWMILL CREEK - BARREL SELECT MERLOT (Canada) | 4,461 | 4,011 | 450 | 11.2% |
| JACKSON-TRIGGS - PROPRIETORS' SELECTION CAB. SAUVIGNON (Canada) | 3,335 | 3,071 | 264 | 8.6% |
| MERLOT - YELLOW TAIL (Australia) | 3,196 | 3,381 | -185 | -5.5% |
| SONORA RANCH MERLOT (Canada) | 2,890 | 3,157 | -267 | -8.5% |
| MISSION RIDGE - PREMIUM DRY RED (Canada) | 2,867 | 2,576 | 291 | 11.3% |
| DOMAINE D'OR - RED (Canada) | 2,797 | 2,537 | 260 | 10.2% |
| CALONA - ROYAL RED (Canada) | 2,770 | 2,677 | 93 | 3.5% |
| JACKSON-TRIGGS - PROPRIETORS' SELECTION MERLOT (Canada) | 2,586 | 2,510 | 76 | 3.0% |

WHITE TABLE WINE BRANDS - TOP 10

| Dollar Sales (000s) | | | | |
|--|---------|---------|------------------------|-----------------------|
| Brand Name | 2006/07 | 2005/06 | \$ Change vs Prev Year | % Change vs Prev Year |
| SAWMILL CREEK - BARREL SELECT (Canada) | 4,492 | 4,265 | 227 | 5.3% |
| CHARDONNAY - YELLOW TAIL (Australia) | 4,036 | 3,692 | 344 | 9.3% |
| JACKSON TRIGGS - PROPRIETORS SELECTION SAUVIGNON BLANC (Canada) | 4,009 | 3,657 | 352 | 9.6% |
| CHARDONNAY - LINDEMANS BIN 65(Australia) | 3,301 | 3,480 | -179 | -5.1% |
| DOMAINE D'OR WHITE (Canada) | 3,251 | 2,945 | 305 | 10.4% |
| JACKSON-TRIGGS - PROPRIETORS' SELECTION CHARDONNAY (Canada) | 3,127 | 3,041 | 86 | 2.8% |
| SCHLOSS LADERHEIM (Canada) | 3,063 | 3,232 | -169 | -5.2% |
| SONORA RANCH CHARDONNAY (Canada) | 2,966 | 3,034 | -69 | -2.3% |
| SAWMILL CREEK - BARREL SELECT CHARDONNAY (Canada) | 2,720 | 2,317 | 403 | 17.4% |
| SOLA (Canada) | 2,706 | 2,683 | 23 | 0.9% |

BRITISH COLUMBIA VQA TABLE WINES - TOP 10

| Dollar Sales (\$000s) | | | | |
|--|---------|---------|------------------------|-----------------------|
| Brand Name | 2006/07 | 2005/06 | \$ Change vs Prev Year | % Change vs Prev Year |
| SUMAC RIDGE - PRIVATE RESERVE GEWURZTRAMINER | 1,853 | 1,447 | 406 | 28.0% |
| BURROWING OWL - MERLOT | 1,369 | 1,224 | 144 | 11.8% |
| MISSION HILL - FIVE VINEYARDS PINOT GRIGIO | 1,258 | 1,320 | -62 | -4.7% |
| TINHORN CREEK - MERLOT | 1,207 | 1,018 | 189 | 18.5% |
| SANDHILL - MERLOT | 1,106 | 1,221 | -115 | -9.5% |
| MISSION HILL - FIVE VINEYARDS CABERNET MERLOT BIN 88 | 1,044 | 968 | 77 | 7.9% |
| OSOYOOS LAROSE | 1,019 | 791 | 228 | 28.9% |
| TINHORN CREEK - PINOT NOIR | 993 | 942 | 51 | 5.5% |
| GRAY MONK - LATITUDE FIFTY SELECT WHITE | 986 | 880 | 106 | 12.1% |
| BLACK HILLS - NOTA BENE | 960 | 733 | 227 | 30.9% |

REFRESHMENT BRANDS - TOP 10

| Dollar Sales (\$000s) | | | | |
|--|---------|---------|------------------------|-----------------------|
| Brand Name | 2006/07 | 2005/06 | \$ Change vs Prev Year | % Change vs Prev Year |
| SMIRNOFF - ICE | 13,307 | 12,465 | 16,077 | 6.8% |
| GROWERS CIDER CO. - EXTRA DRY APPLE | 4,924 | 4,555 | 3,946 | 8.1% |
| MIKE'S - HARD LEMONADE | 3,677 | 3,399 | 3,100 | 8.2% |
| GROWERS CIDER CO. - NATURAL PEACH | 3,547 | 3,554 | 3,468 | -0.2% |
| BACARDI BREEZER - TROPICAL ORANGE SMOOTHIE | 2,602 | 2,793 | 2,280 | -6.8% |
| GROWERS CIDER CO. - RED RUBY GRAPEFRUIT | 2,391 | 2,260 | 2,379 | 5.8% |
| MIKE'S - HARD CRANBERRY LEMONADE | 2,119 | 1,990 | 2,147 | 6.5% |
| OKANAGAN PREMIUM - CRISP APPLE | 2,007 | 1,933 | 312 | 3.8% |
| EXTRA - HARD GLACIER BERRY | 1,768 | 1,700 | 2,308 | 4.0% |
| OKANAGAN PREMIUM - HARVEST PEAR | 1,708 | 1,669 | 1,657 | 2.3% |

GLOSSARY

Agency Stores

Privately-operated liquor outlets appointed under Section 18(5) of the *Liquor Distribution Act*. These include rural agency stores, independent wine stores, and BC liquor manufacturer's stores.

Agent

An individual, partnership or company representing a supplier in accordance with a letter of authorization accepted by the LDB, or an individual who is duly licensed pursuant to section 52 of the *Liquor Control and Licensing Act* to represent an authorized agent.

Beverage Alcohol

Any potable liquid containing more than one per cent ethyl alcohol by volume.

Brew Pub

An establishment licensed to manufacture beer that is sold in an attached pub.

Capital Assets

An asset, whether tangible or intangible, intended for use by the LDB for more than a single fiscal year. Tangible assets have a physical identity such as land, buildings and equipment. Intangible assets do not have a physical identity (for example, goodwill).

Capital Expenditures

Money spent to acquire or upgrade capital assets.

Distillery

Establishments licensed to manufacture distilled liquor products such as whisky, rum, vodka, gin and liqueurs.

Distribution Centre

A branch-operated facility that is used to store and supply products to government liquor stores and wholesale customers. The LDB has one distribution centre in Kamloops and one in Vancouver.

Fiscal Year

The start and end of the year for business and financial purposes. The LDB's fiscal year runs from April 1 to March 31.

Full Time Equivalent (FTE)

The equivalent of one person working 1,827 hours in one year.

Government Liquor Store (GLS)

The retailing arm of the LDB, these government-owned and operated liquor stores sell beverage alcohol to retail and wholesale customers. They are also referred to as BC Liquor Stores.

Gross Margin

Excess of sales over the cost of the goods sold. Also called gross profit and can be expressed as a percentage of sales.

Gross Sales

Total sales dollars, before any applicable discounts.

Independent Wine Store

A wine store that sells imported and domestic wine, cider and wine coolers.

Inventory Turnover

Inventory turnover ratio expresses the relationship between the cost of goods sold and the average inventory balance. It indicates the number of times the average inventory is sold during the year.

Licensee Retail Store (LRS)

These private outlets are licensed to liquor primary licence holders by the Liquor Control and Licensing Branch to sell wine, beer, cider, coolers and spirits to the public.

Liquor Control and Licensing Branch (LCLB)

The LCLB enforces the Liquor Control and Licensing Act, issues licenses for the manufacturing and selling of liquor, and supervises the service of liquor in licensed establishments.

Liquor Distribution Branch (LDB)

The LDB is responsible for the importation, warehousing, distribution and retailing of beverage alcohol in the province of British Columbia, and operates government liquor stores and distribution centres in the province. The LDB is also responsible for the appointment of private retail agency stores.

Net Income

The total amount of profit that the LDB makes in the fiscal year.

Operating Expenses

Expenses arising in the course of running a business.

Operating Income

Income earned from operations.

Private Wine Store

A private retail store, appointed under the *Liquor Distribution Act*, that sells wine. Most private wine stores are operated by British Columbia wineries.

Retail Customers

Customers who buy beverage alcohol in government liquor stores for their own personal use. Also known as “Counter Customers.”

Rural Agency Store

Rural Agency Stores are general merchandise stores or grocery stores in rural communities that are authorized by the LDB to provide liquor service where it is not viable for a government liquor store to operate.

Service Plan

A high-level planning document that summarizes for the public and stakeholders the core business of each Crown agency, the services provided, the actions planned and the expected results for each fiscal year.

Signature Stores

Large government liquor stores with a wide selection of products, enhanced customer service, and an expanded choice of British Columbia wines.

Supplier

A supplier is a manufacturer that provides beverage alcohol products to the LDB.

Vintners Quality Alliance (VQA)

A quality designation for wines administered by the British Columbia Wine Institute. British Columbia VQA wines are made entirely from grapes grown in British Columbia and are certified by a panel of experts.

Wholesale Customers

Wholesale customers are private retail stores and licensed establishments that buy beverage alcohol from the LDB for resale.

CONTACT INFORMATION

For more information about the Liquor Distribution Branch, or to request more copies of this Annual Report, please contact the LDB Communications department:

via phone 604-252-3029

via e-mail communications@bliquorstores.com

The British Columbia Liquor Distribution Branch 2006/2007 Annual Report is available online at www.bliquorstores.com

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