2012-13

NEWFOUNDLAND
LABRADOR
LIQUOR CORPORATION

ANNUAL REPORT

it starts here

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VISION AND
MISSION

Vision

To be passionate about service in everything we do.

Mission

The Newfoundland Labrador Liquor Corporation (NLC or the Corporation) is mandated to oversee the manufacture, sale, and distribution of beverage alcohol within the province of Newfoundland and Labrador – with the expectation that it will generate revenue for the Government which will be reinvested for the benefit of the population. Furthermore, NLC will strive to ensure its mandate is conducted in a socially responsible manner. In NLC's view, these are the outputs expected of it – and they are not expected to change. To achieve these outputs, NLC has adopted the following mission:

"To be recognized as an exceptional organization, known for its passion in customer service, strong business performance, and progressive corporate culture."

The recent initiatives undertaken by NLC speak to its commitment to this mission. Success to date leaves NLC confident that this approach is the right one going forward. This mission provides NLC with a constant sense of urgency to find better ways to deliver on the expectations of key stakeholders. It also reminds us of the key drivers of our success – customer satisfaction and our progressive work environment. This, coupled with the attention to financial performance, keeps NLC focused on the key measures of success. NLC will continue to implement new initiatives aimed at achieving this mission – the Corporation's focus on customer service, social responsibility advocacy, performance measurement, operational efficiencies, marketing programs, staff education, staff engagement, and increased education promoting legislative compliance will enable NLC to meet and exceed expectations. NLC will strive to achieve this mission with the expectation that, in so doing, it will undertake initiatives and make decisions that optimizes its value to the Government and the people of Newfoundland and Labrador.

CHAIRPERSON'S MESSAGE

On behalf of NLC's Board of Directors, I am pleased to present the Corporation's Annual Report for the 2012-13 fiscal year. The Board is accountable for the contents and the actual results outlined in this report which was prepared under my direction. NLC continued on its path of success in fiscal 2012-13 as will be demonstrated throughout this report. The positive results reflect sound execution of NLC's 2011-2014 Business Plan which outlines the direction and strategic priorities for the Corporation as well as the criteria by which NLC measures its results. Fiscal 2012-13 marked the second year of NLC's three year Business Plan.

Among its accomplishments, NLC delivered record financial results to its shareholder, the Government of Newfoundland and Labrador. The Corporation returned a distribution payment of $141.0 million which surpassed the target of $139.7 million. Top line revenue for fiscal 2012-13 reached $296.5 million and total net earnings for the year were $148.0 million, both of which surpassed defined targets.

Social responsibility continues to be a key priority for the Corporation. NLC's measures and targets are developed with social responsibility in mind. It is imperative that NLC is proactive in ensuring beverage alcohol is purchased only by individuals who are in accordance with provincial legislation. Furthermore, the Corporation must continue to be a strong advocate for intelligent consumption.

NLC's employees are essential in delivering upon the Corporation's mission. From retail sales associates to the executive management team, each employee has a role to play in delivering excellent customer service and in meeting our financial commitments to the province of Newfoundland and Labrador. I would like to congratulate President and CEO, Steve Winter on yet another successful year and for being named as one of Atlantic Canada's Top 50 CEOs for the fourth time. This prestigious award presented by Atlantic Business Magazine, recognized Steve Winter as one of Atlantic Canada's most accomplished business leaders who inspires other companies and business leaders to achieve similar success.

I would like to thank the Government of Newfoundland and Labrador for its ongoing support and specifically, the Honourable Jerome Kennedy, Minister of Finance. As NLC enters the third and final year of its current Business Plan, the organization is well-positioned to meet the targets as outlined in this Annual Report. I look forward to an exciting and promising future for NLC.

Sincerely,
Glenn Tobin

Photo (left) Steve Winter, President & CEO, (right) Glenn Tobin, Chairperson of the Board.

Board of Directors

Glenn Tobin, Chairperson
Agnes Richard, Vice Chairperson
Darrin Colbourne, Director
Jim Roche, Director
Laurie Skinner, Director
Cheryl Stagg, Director
Steve Winter, President and CEO

VALUES

Socially Responsible

Each NLC employee and Board member will advocate intelligent consumption by seeking to inform and educate customers and clients in the responsible and safe use of our products and by practicing intelligent consumption. NLC will actively contribute to the communities within which it operates. Finally, NLC will seek to operate in an environmentally friendly manner.

Professional

Each NLC employee and Board member will develop trusting relationships with our customers by demonstrating our core values, being honest and forthright, honoring our commitments, and treating people with respect and dignity. NLC *Liquor Stores* will be clean, attractive, well designed and functional. NLC staff will be knowledgeable, friendly, and will engage customers thoughtfully and courteously to ensure their needs are clearly understood and serviced.

Teamwork

Each NLC employee and Board member recognizes the importance of diversity and teamwork and will encourage input from all of our key stakeholders, internally and externally, to promote better decision making and to optimize performance. We will recognize outstanding contributions and will look for opportunities to celebrate and develop strong relationships among our staff. We will ensure expectations are defined and communication is clear.

Initiative

Each NLC employee and Board member appreciates that leadership is not position specific. Initiative will be encouraged, recognized, and rewarded throughout the organization. Staff will be expected to use good judgment and will be empowered to make decisions. NLC employees and Board members believe initiative leads to greater success – individually and organizationally.

Accountability

NLC employees and Board members recognize that each individual is personally responsible for ensuring that expectations are understood and will take the appropriate actions to ensure that these are met. Individuals will seek feedback to confirm that expectations are met, and where they are not, will take action to remedy the situation and prevent it from happening in the future.

LINES OF BUSINESS

Retail Sales

A highly visible component of NLC's operations is the retail sale of beverage alcohol through its 24 *Liquor Store* locations throughout the province. Population density influences the location of *Liquor Stores*. Currently, these stores are situated in the following localities:

- St. John's (8 stores)
- Mount Pearl (2 stores)
- Conception Bay South
- Bay Roberts
- Carbonear
- Placentia
- Clarenville
- Marystown
- Gander
- Grand Falls-Windsor
- Corner Brook (2 stores)
- Stephenville
- Port aux Basques
- Happy Valley-Goose Bay
- Labrador City

Liquor Stores carry an extensive selection of wine, spirits, beer, and "ready-to-drink" (RTD) alcoholic beverages. Some products are imported from around the world, while other wine, spirits, and beer are produced locally. *Liquor Store* staff members are all direct employees of NLC. All aspects of business operations including store design, sales, marketing, merchandising, information technology, and human resources are managed by the Corporation.

Wholesale Sales

NLC's wholesale operations supply 133 *Liquor Express* agency-operated stores and over 1,500 licensees. *Liquor Express* stores are normally located in areas of the province that do not have the population to support a *Liquor Store* and involve an arrangement whereby an individual or corporation compete for the right to sell beverage alcohol in a retail environment. *Liquor Express* stores have limited selection and service relative to a *Liquor Store*. *Liquor Express* operators receive a commission from NLC on the product they sell. Licensees include bars, lounges, and restaurants that are licensed by NLC's Regulatory Services department to purchase product that is resold to their customers in the operation of their business.

Regulatory Services

NLC's Regulatory Services department develops, recommends, and ensures compliance with appropriate legislation governing the sale and distribution of beverage alcohol. The functions associated with this line of business include: issuing licenses for the sale of beverage alcohol, enforcing relevant legislation, and recommending legislative changes where appropriate. A key component of the Regulatory Services mandate is the education of licensees, agencies, and the general public in regards to the legislation and how it impacts them in order to promote responsible sale and consumption of beverage alcohol.

Manufacturing

NLC's manufacturing operation - *Rock Spirits*, consists of a blending and bottling plant which generally employs over 70 people. NLC has developed recipes for various spirits, owns the rights to certain brands, and blends and bottles product at its manufacturing facility in St. John's. These products are sold locally and are marketed to other liquor jurisdictions in Canada as well as the northeast United States. NLC also blends, bottles, and distributes spirits for global sales on behalf of other suppliers. NLC's manufacturing plant offers both high speed bottling and the ability to handle intricate bottling requirements of unique bottle shapes and sizes. NLC has made investments in its manufacturing operations to strengthen its position in regards to securing new contracts and to maintain and grow production under current contracts.

Rock Spirits owns, produces, and markets the following products:

- Screech Rum
- Screech Honey Rum
- Screech Spiced Rum
- George Street Spiced Rum
- Old Sam Rum
- Shiver Vodka
- Shiver Gin
- Cabot Tower Rum
- Ragged Rock Rum
- Newfoundlander's Rum
- Amherst Gate Whisky
- Big Land Whisky
- Charenac Brandy

Rock Spirits has the bottling contract for the following products:

- Iceberg Vodka
- Iceberg Gold Rum
- Iceberg Silver Rum
- Iceberg Gin
- Crystal Head Vodka
- Golden Wedding Whisky
- Lemon Hart Rum
- London Dock Rum
- Smuggler's Cove Dark Rum

FINANCIAL
PERSPECTIVE

EXCELLENT BUSINESS PERFORMANCE

Goal

By 2014, NLC will have improved its financial performance.

Measure

By 2014, NLC's financial performance has improved.

Objective FI - Optimize Shareholder Value

F1 Measure

NLC will implement initiatives to optimize shareholder value by balancing financial return within the context of a socially responsible organization.

As demonstrated by NLC's values, the Corporation is committed to being a socially responsible organization. A key part of NLC's responsibility is finding the optimal balance between revenue generation and the responsible retailing of beverage alcohol. NLC's goals are created with its commitment to social responsibility in mind. The preferred method of increasing revenue generation is to encourage customers to buy better, not more. To achieve this, NLC has focused on ensuring a wide selection of quality products is available to consumers at varied price points. The Corporation focuses on staff training and customer education as well as strategic marketing and merchandising programs to ensure consumers are made aware of the choices they have available at their local *Liquor Store* and *Liquor Express* locations. These strategies have been effective as evidenced by the increase in revenue per litre in the spirit, wine and beer categories.

NLC surpassed its distribution target of $139.7 million by $1.3 million. The distribution payment of $141.0 million represents a growth of $3.0 million over fiscal 2011-12. This increase was achieved despite fiscal 2012-13 being a 52-week year in comparison to fiscal 2011-12, which had 53 sales weeks. This success can primarily be attributed to customer service initiatives coupled with exceptional employee product knowledge and sales training. In fiscal 2012-13, NLC's net earnings were $148.0 million which exceeded the target of $140.8 million by $7.2 million; a 5.1 percent positive variance. The Corporation also surpassed its target of $80.6 million for earnings from operations by $4.3 million.

Following the end of every quarter, NLC reports its financial results to the Government of Newfoundland and Labrador. The Corporation's financial performance is communicated to management and its Board of Directors on a monthly basis. Monitoring and tracking key financial indicators on a regular basis is essential to ensuring prudent management decisions. The financial information included in NLC's Business Plan and the charts in this report are reflective of how management measures results internally, which may differ from the external financial statements.

Measure: (In millions of dollars)	**2012-13 Target:**	**2012-13 Actual:**	**2013-14 Target:**
F 1.1 Distribution†	$139.7	$141.0	$156.0*
F 1.2 Net Earnings	$140.8	$148.0	$157.0*
F 1.3 Earnings from Operations	$80.6	$84.9	$94.0*

**2013-14 targets stated in 2011-2014 Business Plan were revised to reflect NLC's 2013-14 budget.*

Year Ended April 6, 2013 (In millions of dollars)

	2012-13 Actual (52 weeks)	2012-13 Target (52 weeks)	Variance	% Variance	2011-12 Actual (53 weeks)	Variance	% Variance
Sales	238.0	230.4	7.6	3.3%	227.7	10.3	4.5%
Cost of goods sold	104.9	101.0	3.9	3.9%	100.1	4.8	4.8%
Gross profit	133.1	129.4	3.7	2.9%	127.6	5.5	4.3%
	55.9%	56.2%			56.1%		
Operating expenses	52.8	53.0	(0.2)	(0.4%)	52.2	0.6	1.1%
Other income from operations	4.6	4.2	0.4	9.5%	4.2	0.4	9.5%
Net operating expenses	48.2	48.8	(0.6)	(1.2%)	48.0	0.2	0.4%
	20.3%	21.2%			21.1%		
Earnings from operations	84.9	80.6	4.3	5.3%	79.6	5.3	6.7%
Other income	63.1	60.2	2.9	4.8%	62.2	0.9	1.4%
Net earnings	148.0	140.8	7.2	5.1%	141.8	6.2	4.4%
Distribution to the province of Newfoundland and Labrador	141.0	139.7	1.3	0.9%	138.0	3.0	2.2%

†*The term distribution was previously referred to as dividend and is changed to more accurately reflect the nature of the transaction.*

Objective F2 - Grow Sales

F2 Measure

NLC will implement initiatives that lead to improved sales without interfering with its commitment to social responsibility.

The installation of new Taste Station wine sampling machines, the addition of new special events to NLC's portfolio, the opening of two new *Liquor Express* locations, and strategic marketing promotions that feature key beverage alcohol brands are all initiatives implemented in fiscal 2012-13 that contributed to NLC's sales growth. These strategies aim to increase customers' knowledge of the products sold by NLC encouraging the trial and purchase of quality premium products. Furthermore, sales objectives are communicated to, and reviewed by, NLC management and front-line staff on a regular basis which encourages all stores to achieve defined sales targets.

Sales from *Liquor Store* and *Liquor Express* locations continued to grow in fiscal 2012-13. The Corporation surpassed its sales target of $230.4 million and achieved $238.0 million in gross sales. This increase can be attributed to a buoyant economy in Newfoundland and Labrador, new product selections in stores throughout the province, the opening of two new *Liquor Express* locations, along with creative marketing programs that educate customers about various product categories. *Liquor Store* managers review the Corporation's financial performance on a weekly basis. Sales targets for each store are set with input from *Liquor Store* managers who are focused on meeting these targets. *Liquor Store* management share daily targets with their front-line staff to ensure all employees clearly understand the Corporation's goals. NLC also surpassed its target for gross profit in fiscal 2012-13; the positive variance of $3.8 million is directly tied to sales exceeding target by $7.6 million. The Corporation continues to use a pricing strategy that ensures revenue generation goals are met in a socially responsible manner. This approach involves offering customers a wide selection of products at varying price points.

All product categories met or exceeded targets set for revenue per litre in fiscal 2012-13. Spirits, wine, and beer benefit from consumers purchasing more premium products as well as the introduction of new quality premium products to *Liquor Stores* and *Liquor Express* locations.

Measure:		2012-13 Target:	2012-13 Actual:	2013-14 Target:
F 2.1 Gross Sales*		$230.4 million	$238.0 million	$246.8 million**
F 2.2 Gross Profit		$129.3 million	$133.1 million	$141.1 million**
F 2.3 Revenue Per Litre (by product category)	Spirits	$30.84	$31.21	$32.08**
	Wine	$15.90	$16.19	$16.73**
	RTD	$8.05	$8.05	$8.05**
	Beer	$5.28	$5.32	$5.37**
F 3.1 Operating Expenses as a % of Sales		21.1%	20.3%	19.1%**
F 3.2 Inventory Turns Annually (by category)	Core	4.6	4.6	4.6
	Non-core	0.4	0.4	0.4

** Gross sales differ from sales in that they exclude Liquor Express commissions and revenue from the sale of AIR MILES reward miles.*

***2013-14 targets stated in 2011-2014 Business Plan were revised to reflect NLC's 2013-14 budget.*

Objective F3 - Improve Operational Efficiency

F3 Measure

NLC will implement initiatives to improve processes and promote efficient asset utilization.

The Corporation seeks to improve operational efficiency in all functional areas of its business. Maintaining operating expenses as a percentage of sales and annual inventory turns at appropriate levels are key financial indicators of NLC's efforts to ensure efficient operations.

Administrative and operating expenses as a percentage of sales were 20.2 percent which is close to a full percentage point better than the target for fiscal 2012-13. NLC exceeded this target due to its continued efforts to maintain and where possible, reduce administrative and operating expenses while continuing to grow sales. Corporate expenses are closely monitored allowing NLC to take action against or to address any issues on a timely and consistent basis.

Sales by Product Category (millions of dollars)

	2012-13 Actual (52 weeks)	2012-13 Target (52 weeks)	Variance	Variance %	2011-12 Actual (53 weeks)	Variance	% Variance
Spirits	122.7	121.9	0.8	0.7%	120.2	2.5	2.1%
Wine	62.2	59.3	2.9	4.9%	58.9	3.3	5.6%
RTD	13.5	12.8	0.7	5.6%	12.5	1.0	8.0%
Beer	29.9	28.1	1.8	6.4%	27.2	2.7	9.9%

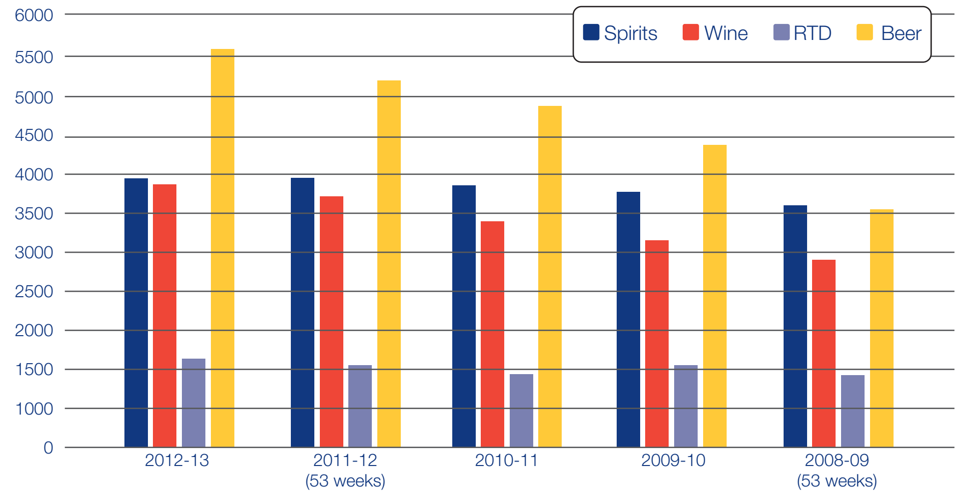
In fiscal 2011-12, NLC conducted a review of the tools, equipment, and technology used in its bottling plant. This review identified areas of improvement which resulted in an investment in new bottling equipment in fiscal 2012-13. This allowed further automation of the bottling process for key products and will allow *Rock Spirits* to increase its production capabilities to meet growing customer demands in an efficient manner.

In fiscal 2012-13, inventory turns for core products aligned with the target of 4.6 while inventory turns for non-core products were 0.4 turns per year which also met the target set for the year. Non-core products include specialty wines and spirits. Non-core products have increased in recent years due to NLC's premium wine strategy that allows for a greater selection of premium and super premium wines for NLC customers. NLC continues to focus on improving inventory turns while maintaining in-stock service levels.

During fiscal 2012-13, NLC continued the implementation of a forecasting and replenishment software solution for the fulfillment of inventory for its distribution centres. This system will go live in early fiscal 2013-14 and will improve operations. Expected benefits from the system include increased forecast accuracy, reduced safety stock, and increased inventory turns while maintaining in-stock service levels.

Following a review of the layout and operations of the warehouse, a request for proposals was issued in fiscal 2012-13 for the design and construction of a new distribution centre in the St. John's metropolitan area. A new distribution centre is required due to the historical and expected future growth of retail sales, the growth of the manufacturing operations, and the restrictive layout of the current warehouse. This facility will be ready for occupancy in June 2013 and will allow for more efficient storage and movement of NLC's inventory.

Annual Product Sales Volume (litres in thousands)



Spirit Sales (litres in thousands)

	2012-13	2011-12 (53 weeks)	2010-11	2009-10	2008-09 (53 weeks)
Rum	1,959	1,962	1,894	1,875	1,812
Rye Whiskey	814	800	774	772	759
Vodka	560	537	509	479	451
Liqueurs	379	375	365	366	366
Scotch - other Whiskey	116	132	121	116	115
Gin	59	59	60	60	60
Brandy	20	21	21	21	22
Tequila	21	19	18	18	17
Cognac	4	4	4	3	3
Miscellaneous	1	1	1	1	1
	3,933	**3,910**	**3,767**	**3,711**	**3,606**

Includes sales in the province of Newfoundland Labrador only.

Wine Sales (litres in thousands)

	2012-13	2011-12 (53 weeks)	2010-11	2009-10	2008-09 (53 weeks)
Table Wine	3,495	3,363	3,083	2,826	2,602
Sparkling & Champagne	274	263	251	244	235
Fortified Wine	71	72	74	79	83
Low Alcohol Wine	4	4	3	3	2
	3,844	**3,702**	**3,411**	**3,152**	**2,922**

RTD and Cider Sales (litres in thousands)

	2012-13	2011-12 (53 weeks)	2010-11	2009-10	2008-09 (53 weeks)
RTD	1,584	1,455	1,402	1,465	1,436
Cider	88	80	69	67	52
	1,672	**1,535**	**1,471**	**1,532**	**1,488**

Beer Sales (litres in thousands)

	2012-13	2011-12 (53 weeks)	2010-11	2009-10	2008-09 (53 weeks)
Local Beer	3,386	3,145	2,813	2,535	2,092
Imported Beer	2,134	1,981	1,985	1,761	1,404
Low Alcohol Beer	102	106	110	114	98
	5,622	**5,232**	**4,908**	**4,410**	**3,594**

CUSTOMER
PERSPECTIVE

EVERYTHING BEGINS WITH THE CUSTOMER

Goal

By 2014, NLC will have improved customer service across all key customer segments.

Measure

By 2014, NLC's customer service across all key customer segments has improved.

Objective CI - Create an engaging and satisfying customer experience

C1 Measure

NLC will implement initiatives to enhance the consumer's shopping experience at *Liquor Store* and *Liquor Express* locations.

NLC's investment in store improvements and staff training, along with its continued commitment to monitor customer satisfaction and to improve customer engagement, attest to its commitment to enhance the overall shopping experience at *Liquor Store* and *Liquor Express* locations throughout Newfoundland and Labrador.

NLC monitored the results of its receipt based customer satisfaction survey on a daily basis during fiscal 2012-13. Over 27,000 surveys were completed by customers throughout the province during the fiscal year which provided the Corporation with valuable insight and information that was used to improve customer service. NLC received an average score of 94 percent on all surveys completed during fiscal 2012-13. This percentage is based on a weighted average of the following attributes:

- Satisfaction with the environment of NLC *Liquor Stores*
- Level of service provided to customers
- Products available for purchase
- Overall satisfaction

Each *Liquor Store* manager monitors their store's survey results on a regular basis and makes changes to help improve customer service.

NLC installed Taste Station wine sampling machines in both *Liquor Stores* in Corner Brook to promote wine education and to enhance the overall customer shopping experience. Taste Stations are now installed in 20 out of NLC's 24 *Liquor Stores,* allowing customers to sample various wines prior to purchase. Staff members working in these stores are trained to help familiarize and educate customers on the use of the sampling machines and to introduce them to the featured products being offered.

To cater to customers living and working in downtown St. John's, NLC opened a new *Liquor Store* in the core of the city's downtown area. The *Liquor Store* formally located on New Gower Street in downtown St. John's was closed in the fall of 2012 due to the expansion of the St. John's Convention Centre. The new *Liquor Store* located on Queen Street caters to licensees as well as the downtown community.

In June 2012, NLC launched a retail brand platform to build consistency for long term planning and brand recognition. The platform *It Starts Here* was developed with the notion that NLC is the destination that kick-starts life's occasions. *It Starts Here* is used to lead the conversation in the retail environment and to shape public perception of NLC as an exceptional organization. NLC developed television and radio advertisements to launch and sustain the visibility of the *It Starts Here* program.

In fiscal 2012-13, the Corporation furthered its use of social media platforms as a means of engaging with customers and informing them about special events, promotions, and contests. NLC's Facebook and Twitter pages experienced a significant increase in engagement during fiscal 2012-13. NLC's Facebook page "likes" increased by over 1,800 users, or 35 percent in fiscal 2012-13 compared to fiscal 2011-12.

NLC's retail inventory capacity project initiated in fiscal 2011-12 was completed in fiscal 2012-13. This project involved establishing consistent standards for *Liquor Stores* and *Liquor Express* product listings to ensure the optimal product selection is available for customers at each store.

Objective C2- Serve customers (internal and external) with passion and integrity

C2 Measure

NLC will implement initiatives that enable staff to better understand and meet customer expectations.

To ensure staff members clearly understand and meet customer expectations, NLC:

- Continued its significant investment in training for front-line retail staff
- Expanded the portfolio of special events offered to consumers
- Completed a comprehensive overhaul of its website

- Conducted a consumer insights study
- Implemented changes based on customers' feedback

To continue its focus on bringing customers together to explore new and existing products, NLC hosted several new special events in fiscal 2012-13. These events included Wines of Bordeaux, four specialty tastings with representatives from renowned French vineyards, and a specialty whisky tasting with whisky expert Davin de Kergommeaux. Further to these new events, NLC also hosted Wine Fest and Whiskies of the World.

NLC launched a completely redesigned website, *nlliquor.com* in June of 2012. The new site focuses on the retail side of NLC's business and is a great tool for customer engagement and education. Enhancements included a more streamlined design, rich content, and improved search functionality. In addition to the desktop version of NLC's website, the Corporation also launched a mobile site in December 2012 to cater to the growing number of consumers who view websites on mobile and tablet devices.

As a method to better understand and meet the expectations of its customers, NLC worked in conjunction with the AIR MILES® Reward Program analytical group on the execution of a comprehensive customer insights study for the sixth consecutive year. The objective of this ongoing study is to measure and track awareness, usage, and perceptions of various NLC marketing initiatives, products, and services. The study also acts as exploratory research to determine if there are services that NLC customers would like to see offered in the future. The results of this study help to shape the future decisions of the Corporation and allow customers to have a voice in the decisions being made. The 15 minute questionnaire was distributed to AIR MILES® collectors who are 19 years of age or older, live in Newfoundland and Labrador, have personally visited an NLC *Liquor Store* at least once in the past month, and are the household member who makes all or part of the decisions around alcohol purchases for the household.

NLC also tracks satisfaction of its internal customers. The various business units within NLC develop and administer internal customer surveys; the results of which help the Corporation improve its service to its internal customers. NLC received a satisfaction level of 91 percent in fiscal 2012-13 and will use feedback to improve its services in fiscal 2013-14.

Measure:	**2012-13 Target:**	**2012-13 Actual:**	**2013-14 Target:**
C 1.1 Internal and external customer survey scores (receipt based customer satisfaction survey)	86%	94%	90%*
C 2.1 Internal and external customer survey scores (survey monkey)	86%	91%	88%
C 3.1 External customer survey scores (social responsibility)	88%	94%	94%**
C 3.2 Number of challenges as a % of transactions	7%	8%	7%

**2013-14 target stated in 2011-2014 Business Plan was increased from 88% to 90%*
***2013-14 target stated in 2011-2014 Business Plan was increased from 90% to 94%*

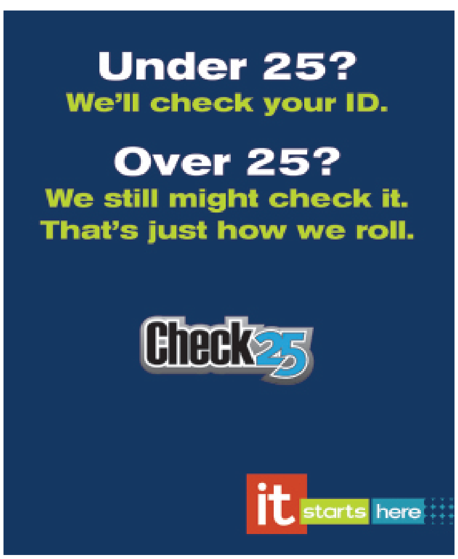
Objective C3 – Enhance NLC's reputation as a socially responsible organization

C3 Measure

NLC will implement initiatives that demonstrate a recognizable commitment to socially responsible consumption, retailing, and business operations.

Over the past fiscal year, the Corporation implemented numerous initiatives that validate its sustained commitment to social responsibility. These initiatives included:

- Creating new social responsibility messaging
- Building strategic partnerships
- Sponsoring various organizations who execute initiatives pertaining to social responsibility
- Providing NLC staff with the proper knowledge and training to ensure beverage alcohol is only purchased by individuals in accordance with provincial legislation



Partner	Partner Description:
Mothers Against Drunk Driving (MADD)	Presented the film "Long Weekend" to students in 25 high schools across the province to dissuade students from drinking and driving and to make them aware of the consequences of driving following the consumption of alcohol.
Metrobus Transit	Offered additional AIR MILES® reward miles to encourage Metrobus customers to 'ride responsibly' by taking the bus on Friday and Saturday evenings.
Addictions Treatment Services Association (ATSA)	Conducted a Safe Grad Symposium to increase knowledge and awareness around the risks and harms of using alcohol and other drugs. Program was targeted at level three high school students.
Multi Materials Stewardship Board (MMSB)	Participated in MMSB's Waste Reduction Week to encourage customers to use reusable shopping bags to decrease the use of plastic bags.
Royal Newfoundland Constabulary (RNC)	Partnered with RNC's roadside checks and rewarded drivers who refrained from drinking and driving.
Labrador Grenfell Health & Injury Prevention	Sponsored a "Sober Snowmobile Driving" campaign where high school students produced videos to encourage snowmobilers to avoid dangerous snowmobiling behavior.

A major part of the launch of NLC's new brand platform, *It Starts Here*, was the integration of social responsibility messaging. The Corporation made a significant investment in in-store signage to encourage customers to enjoy the products they purchase in a responsible manner. The theme of the messaging was "It Starts with Drinking Responsibly": NLC aims to relay the important message to customers that including beverage alcohol in any social activity should start with responsible consumption. This signage was placed in prominent places throughout the store, including: store entrance and exit doors, and on product displays and counters near the cash lanes. NLC also refreshed its Check 25 signage to make customers aware that NLC sales associates will check for ID if the customer appears to be under the age of 25 and that they may even check for ID if the customer is over 25 years of age.

To maximize the reach of NLC's social responsibility efforts and to enhance the Corporation's visibility as a good corporate citizen, NLC partnered with numerous groups throughout the 2012-13 fiscal year. The most notable partnerships are detailed above.

To measure the impact of its social responsibility initiatives, the Corporation monitors customer perceptions on a monthly basis. NLC's receipt based satisfaction survey asks customers the degree to which they agree or disagree that NLC is a responsible corporate citizen and that NLC effectively promotes responsible consumption. In fiscal 2012-13, NLC received an average score of 94 percent on both of these questions which demonstrates the effectiveness of NLC's social responsibility efforts.

To raise public awareness of NLC's commitment to selling beverage alcohol in a responsible manner, the Corporation focuses on creating awareness and education around the proper serving of alcohol. In fiscal 2012-13, NLC partnered with Labatt and the George Street Association for "Labatt Beer Day" and focused on the importance of licensees checking the IDs of their patrons. The Corporation also sponsored Hospitality Newfoundland and Labrador's "It's Good Business: Responsible Alcohol Service" program. This course teaches servers and managers the proper techniques to serving alcohol and helps businesses minimize alcohol-related risks.

NLC's Check 25 program, which requires all *Liquor Store* and *Liquor Express* staff to ask a customer to show ID if they appear to be 25 years of age of younger, continued in fiscal 2012-13. This ID checking program is supported by NLC's receipt based customer satisfaction survey. If survey respondents report being between the ages of 19 and 25, they are asked whether or not they were required to show their ID upon purchase. The results of this survey question are communicated to all *Liquor Stores* on a regular basis to help stores improve their compliance with this program. Eighty-four percent of customers who completed the survey during fiscal 2012-13 and who were between the ages of 19 and 25 were asked to show ID when they made a purchase at a *Liquor Store*. The Corporation also measures the number of "challenges". This is the percentage of transactions at *Liquor Stores* during which customers are asked to show ID. In fiscal 2012-13, NLC surpassed its target of seven percent of transactions by challenging eight percent of all transactions.

INTERNAL
PROCESSES

INNOVATE, COLLABORATE, AND ALLOCATE RESOURCES EFFECTIVELY

Goal

By 2014, NLC will have improved internal processes to deliver enhanced operational efficiency to better meet customer expectations.

Measures

By 2014 NLC's internal processes have improved, providing enhanced operational efficiency that better meet customer expectations.

Objective IPI- Ensure we have the right products and services at the right place at the right time

IP1 Measure

NLC will implement initiatives to streamline product flow and provide customers with the products they demand.

As the primary retailer of beverage alcohol in Newfoundland and Labrador, it is essential for NLC to have the most suitable assortment of products available for customers in convenient locations. To ensure this, the Corporation reviews its product selection on a regular basis and offers options for customers to obtain the products they demand.

There were 59 initiatives stated in NLC's 2011-2014 Business Plan. NLC has successfully completed 57 of these initiatives. The remaining two initiatives are:

1. Introduce Taste Stations to seven more *Liquor Stores*
2. Complete ACHIEVE performance planning and coaching program for all staff

Four Taste Stations were implemented in fiscal 2011-12 and an additional two were implemented in fiscal 2012-13. NLC will evaluate the feasibility of installing these wine sampling machines in the remaining four *Liquor Stores*. NLC reached 89 percent of employees with a completed performance plan in fiscal 2011-12; this percentage increased to 92 percent in fiscal 2012-13. NLC will strive to improve the percentage of employees with such plans in fiscal 2013-14.

Each of NLC's departments has a scorecard which allows the department to track and measure performance against set targets. These scorecards were reviewed on a regular basis during fiscal 2012-13 which guided the Corporation to meet 97 percent of its Business Plan initiatives.

NLC's Category Management team completed a review of all products listed in *Liquor Stores* and *Liquor Express* locations during fiscal 2012-13. This analysis allowed NLC to remove products where demand did not meet expectations and to make room for new and exciting listings. The Corporation monitors comments from its receipt based customer satisfaction survey on a weekly basis. All product listing suggestions from customers are reviewed by NLC's Category Management team. These suggestions along with results from customer surveys and industry analysis were used to improve NLC's product selection in fiscal 2012-13. Specifically, customer feedback was taken into account to increase NLC's beer selection; the Corporation will launch a new seasonal beer section in select *Liquor Stores* in early fiscal 2013-14 based on consumer insights.

If a customer is interested in purchasing a product not listed in *Liquor Store* or *Liquor Express* locations, the Corporation offers a private ordering service. This service allows customers to place orders for products for personal consumption that are not currently listed by NLC. Additionally, for the convenience of customers, NLC will transfer products between *Liquor Stores* if a particular product in not available at a customer's local *Liquor Store.*

NLC achieved an overall in-stock service level of 97 percent in fiscal 2012-13 compared to a target of 95 percent. The Corporation was able to achieve this high in-stock service level and continue to provide customers with a wide selection of products. Core products are categorized into A, B, C, and D product units ("A" being the highest volume products) with appropriate service level percentages set for each category. Actual service levels for "A"'s (98 percent), "B"'s (96 percent), "C"'s (93 percent), and "D"'s (87 percent) all exceeded target. Maintaining in-stock service levels involves balancing inventory levels and space requirements.

Objective IP2- Ensure processes are simple, efficient and reduce unnecessary complexity

IP2 Measure

NLC will implement initiatives to improve the efficiency and effectiveness of processes throughout the organization.

Gathering feedback from key stakeholders is an important part of the process that leads to the improvement of NLC's operations. It is for this reason that the Corporation encourages employees and vendors to make suggestions on process improvements to increase the efficiency and effectiveness of the organization. The Corporation also made changes in its Finance and Regulatory Services departments during fiscal 2012-13 which resulted in increased efficiency of its business operations.

To ensure consistent communication with the geographically dispersed *Liquor Stores* throughout the province, the Corporation holds quarterly roundtable discussions with *Liquor Store* management where ideas, suggestions and comments for improvements are discussed in an open forum with NLC's Store Operations team. Quarterly meetings with external stakeholders are also held by NLC's Store Operations and Merchandising teams to improve vendor relations.

To gather feedback from employees on a continual basis, NLC launched an electronic suggestion program, Tapping-In. In fiscal 2012-13, over 150 comments, questions and suggestions were put forward by staff members. One of these Tapping-In suggestions resulted in an improvement to the safety of the parking lots at NLC's corporate offices. Based on an employee suggestion, a new reverse parking policy was implemented. NLC implemented 40 percent of the suggestions brought forward by employees in fiscal 2012-13 which met the target set for the year.

During fiscal 2012-13, NLC implemented an automated customs clearance process. This process allows NLC to clear incoming shipments faster and more efficiently utilizing a software tool that transmits customs clearance documents electronically to Canada Border Services Agency. This initiative saves the Corporation both time and resources and allows for faster access to imported product as the clearance time has been reduced.

In May 2012, the Corporation successfully implemented a new Liquor Licensing and Compliance Electronic System known as "LACES". This system supports a key mandate of the Corporation which is to provide licensing and regulatory services that ensure licensees (bars, restaurants, brewer's agents, etc.) adhere to applicable legislation. LACES captures and maintains all relevant licensee data and helps deliver timely management reports which are key to measuring the division's success in fulfilling its objectives and ultimately its mandate. Additionally, unlike the previous system, LACES provides a user-friendly 'real-time' environment to all division users. This enables inspectors to perform strategic inspections in a comprehensive and efficient manner.

Objective IP3- Build social responsibility into all areas of our business

IP3 Measure

NLC will implement initiatives to raise employee awareness and commitment to socially responsible principles in the performance of their duties.

To achieve its social responsibility objectives, it is imperative that all NLC employees are aware of the expectations and are committed to socially responsible business operations. Social responsibility is engrained in NLC's culture to create an environment where NLC's initiatives are developed and executed with consideration to social responsibility.

The results of NLC's 2012-13 employee survey demonstrated that employees feel as though social responsibility is integrated into NLC's work processes and organizational culture; 90.5 percent of employees agreed with this question on the employee survey.

Measure:	2012-13 Target:	2012-13 Actual:	2013-14 Target:
IP 1.1 Completion (%) of stated Business Plan initiatives	95%	97%	97%*
IP 1.2 In-stock Service Level (core products)	95%	97%	95%
IP 2.1 Percent of Suggestions received from employees implemented	40%	40%	50%
IP 3.1 Employee survey scores re integration of social responsibility into work processes and organizational culture	87.5%	90.5%	90%

**2013-14 target stated in 2011-2014 Business Plan was increased from 95% to 97%*

A “Challenge and Refusal” course was fully implemented during fiscal 2012-13 to stress the importance of NLC's social responsibility programs. This program outlines the procedures staff are expected to use to challenge and refuse service to customers and also highlights the Corporation's legislative obligations. It is expected that NLC employees are vigilant in preventing the sale of beverage alcohol to:

- underage persons
- anyone who cannot provide a valid photo ID
- anyone who appears to be intoxicated
- anyone who an employee believes may be attempting to purchase for an underage person or for someone who is intoxicated

It is imperative that employees understand their role in the responsible sale of beverage alcohol.

NLC ensures the proper measures are in place at all of its sampling events such that beverage alcohol is consumed in a responsible manner. All servers at NLC's special events are required to have completed a responsible alcohol service course, security personnel monitor the events to ensure patrons do not over consume, and attendees are provided with a taxi voucher to dissuade them from driving following the sampling events.

EMPLOYEE
LEARNING & GROWTH

Goal

By 2014, NLC will create a corporate culture that is more widely recognized for engaging its staff, celebrating success, and being an excellent employer.

Measure

By 2014, NLC's corporate culture is recognized for staff engagement, celebrating success, and being an excellent employer.

In fiscal 2012-13, NLC employed 780 staff; 54 percent of these employees were female and 46 percent were male. Of these employees, 70 percent worked in urban areas while 30 percent were located in rural areas. NLC's staff complement has increased 17 percent from 469 full-time equivalent employees (FTEs) in fiscal 2006-07 to 549 FTEs in fiscal 2012-13.

Objective EL&G I – Attract, retain, and grow the best people

Measure

Implement initiatives that create a workplace that attracts, retains, and develops exceptional talent.

NLC's strong performance in fiscal 2012-13 was delivered by the Corporation's fully engaged staff throughout the province. NLC believes that a high level of staff engagement correlates to sustainable improvements in financial performance. As demonstrated by NLC's low turnover rate (eight percent for permanent staff), the Corporation is successful in its strategic direction to find the right employees, focus their efforts on the performance metrics that ensure accountability, communicate success, and develop leadership capacity through training and development. Furthermore, NLC is increasingly the employer of choice for high potential individuals in retail, warehousing, manufacturing, and administration. NLC receives an average of 30 job applications for each advertised position. NLC's positive corporate image along with staff training and professional development opportunities continue to lead to the attraction, retention, and development of exceptional staff.

An important part of retaining NLC's employees is measuring their engagement and satisfaction. The results of NLC's 2012-13 employee survey demonstrated that the Corporation's employees feel that NLC is a great place to work. Ninety-seven percent of respondents agreed that “I know what is expected of me at work”; 92 percent of respondents told the Corporation that they “have the materials and equipment they need to do their work right”; and 90 percent of respondents told NLC that they “have a friend(s) at work”. Overall, NLC received an average score of 77 percent on all questions combined. These results reflect the opinions of 331 employees throughout the province.

To increase communication between managers and their subordinates, NLC piloted a 360 degree feedback program with a sample of NLC's staff members. This feedback program gathers the opinions of a leader's supervisors, peers, direct reports, and other significant stakeholders to gather a complete picture of the leader and give him/her feedback on his/her leadership skills. The leader also rates him or herself to provide a self-comparison that builds insight and self-awareness.

To further increase communication throughout the Corporation and to increase the visibility of NLC executive management, each executive member was invited to start a blog on NLC's intranet, *Grapevine*. Each executive member prepares blogs about various topics of interest to them and of benefit to NLC's employees throughout the province.

Staff knowledge is an integral part of NLC's operations. As such, in fiscal 2012-13, the Corporation invested in educating *Liquor Store* staff in the areas of product knowledge and customer service. During this fiscal year, 48 staff members completed the International Sommelier's Guild (ISG) Wine Fundamental Level 1 course while seven staff members successfully completed ISG Level 2. These courses advance employees' knowledge of wine and wine making; the knowledge gained throughout these courses is passed on to NLC's customers. In addition to this training, NLC

created four new permanent Product Knowledge Consultant positions at *Liquor Stores*. These consultants are highly trained staff members who assist customers with their shopping experience and provide customers and NLC staff members with in-depth information on NLC's products. Full-time *Liquor Store* and corporate office employees received an average of 22 hours of training per employee during fiscal 2012-13. This surpassed the Corporation's target of 17 training hours per full-time employee.

NLC delivers training through a balanced approach of online self-directed learning and live events with specialized staff or in partnership with Memorial University. Opportunities that NLC staff took advantage of in fiscal 2012-13 include:

- ISG training
- Wine Academy online training in partnership with Constellation Brands
- Pilot of whisky flavor styles signage as a staff and customer education tool
- Social responsibility online training
- Workplace Intimidation and Violence Prevention program

Training and professional development are not only tools used to attract and retain high quality employees, but are a means of promoting excellence in customer service and financial performance. Increased attention to building leadership capacity at the supervisory level helps to ensure employees receive the coaching, feedback, and workplace environment they need to excel in their roles.

Objective ELG2 – Foster a culture of exceptional performance, open communication, and employee engagement

ELG2 Measure

NLC will implement initiatives that promote a culture of exceptional performance, open communication, and employee engagement.

Effective communication supports engaged employees, and engaged employees deliver exceptional service to customers. This is an integral part of NLC's business, thus the Corporation focuses on creating a culture where open communication is encouraged and employees' voices are heard. This is key to improving NLC's business operations.

Employee development starts immediately on hire with NLC. Starting with the first day of employment, new employees are provided with the criteria required for successful completion of the probationary period. Through probation and the on-boarding process, NLC evaluates each employee on a job specific set of performance criteria which is measured against position standards. Following the probationary period, NLC's ACHIEVE performance planning and communication sessions guide employee performance expectations. ACHIEVE is a scheduled time for employees and supervisors to meet and formally discuss expectations and plan for future. The ACHIEVE program supports the Corporation's performance culture and is a forum used to reinforce expectations and develop performance plans. Employee performance plans are an important tool in the Corporation's mission to retain talent. Effective performance planning helps to provide a path to success for each employee. In fiscal 2012-13, performance planning through ACHIEVE assisted in:

- Progressing sales clerks to full Product Knowledge Consultants in *Liquor Stores*
- Providing cross-training opportunities in Human Resources so that employees could improve their functional knowledge in new areas
- Creating a smooth succession plan for a Regional Manager position vacated due to a retirement

Improvements were made to ACHIEVE in fiscal 2012-13 which simplified the process and improved the evaluation criteria. During fiscal 2012-13, 92 percent of the Corporation's employees had a completed performance plan in place and had met with their supervisor to discuss their performance and expectations for the future. The number of completed performance plans increased from 89 percent in fiscal 2011-12. NLC did not reach its target of 95 percent due to personnel changes in several of its departments.

NLC takes a progressive approach to its relationship with our union. Representatives from NLC regularly engage with union representatives on issues affecting their members through committees such as Labour Management and Occupational Health and Safety. This open communication continues to build on NLC's strong, respectful, collaborative relationship with

Measure:	2012-13 Target:	2012-13 Actual:	2013-14 Target:
ELG 1.1 Employee Survey Scores	73%	77%	77%*
ELG 1.2 Training time per employee (FTE)	17 hours	22 hours	21 hours
ELG 2.1 Employees with a completed Performance Plan (ACHIEVE)	95%	92%	95%
ELG 3.1 Sick Leave Usage (days per year)	8.75	7.7	8.5

**2013-14 target stated in 2011-2014 Business Plan was increased from 75% to 77%*

union officials, which has benefited the employees and the Corporation.

NLC's exceptional performance is celebrated through its Reward and Recognition program. This program recognizes employee achievements through a variety of programs including:

- "Quarterly Departmental Performance Awards" which rewards an entire department for reaching established key performance indicator (KPI) targets
- "Three Cheers Awards" which recognizes outstanding employee performance
- "Tapping In", the employee suggestion award, designed to generate ideas from employees throughout NLC and to reward those who take the time to come forth with improvement ideas.

To enhance employee engagement, NLC restructured and rebranded its social club. *The Mix* social club was created with the mission "To provide NLC employees with exciting and fun team oriented events and activities that will continue to foster a motivated and happy workplace." *The Mix* organized numerous social and team building events during fiscal 2012-13 to encourage employees from various departments to get to know one another and to enhance employee engagement.

Objective ELG3 – Ensure a safe, healthy, and respectful workplace

ELG3 Measure

NLC will implement initiatives that create a safe work environment and enable staff to actively contribute to the best of their abilities.

NLC places the highest level of importance on health and safety throughout the organization; every employee should go home safe at the end of their workday. NLC's efforts to create a safe work environment extend to all areas of its business and all employees are encouraged to contribute to the overall efficiency and effectiveness of business operations.

NLC began fiscal 2012-13 by implementing a Workplace Intimidation and Violence Prevention Program. The implementation of this program required employees to complete an online course titled "Zero Tolerance – Workplace Intimidation and Violence Prevention". This course provides awareness on methods to diffuse potential situations and ways through which employees can seek assistance and respond to workplace incidents.

Throughout the year, employees supported a safe workplace through safe day-to-day work, focused occupational health and safety committee meetings, and participation in various safety initiatives such as: first aid training, wellness clinics, a flu clinic, corporate gym membership rates, and fall arrest training.

NLC's new distribution centre was designed with the safety of NLC's employees in mind. Various improvements in safety will be achieved with this new distribution centre including racking and equipment solutions to foster a safer working environment.

OPPORTUNITIES
& CHALLENGES AHEAD

NLC's 2011-2014 Business Plan led the Corporation's strategic direction over the past two fiscal years and will continue to guide NLC's decisions during the coming year. The Corporation will continue progressing towards the measures and targets outlined in each perspective of its Business Plan.

NLC's new distribution centre will present the Corporation's *Rock Spirits* division with greater opportunities. Once the distribution centre is moved to its new location in June 2013, the bottling plant will operate its production and supply chain operations in one building. This will allow for the expansion of *Rock Spirits* and provide greater opportunity to secure new bottling contracts.

The Corporation will continue exploring opportunities to expand its network to better service the population of Newfoundland and Labrador. Market and feasibility analyses will be conducted to determine the viability of adding new *Liquor Stores* and *Liquor Express* locations. It may be difficult to sustain the Corporation's continued growth patterns without expansion of its network.

Demographic shifts in Newfoundland and Labrador such as the ageing population and the declining rural population will continue to present challenges for the Corporation. These changes are shifting spending patterns as well as the expectations and needs of the province's residents. It will be important for NLC to monitor these changes and adjust its business practices accordingly to meet the needs of its customers.

FINANCIAL
STATEMENTS

OF NEWFOUNDLAND LABRADOR
LIQUOR CORPORATION | APRIL 6, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Newfoundland Labrador Liquor Corporation

We have audited the accompanying financial statements of **Newfoundland Labrador Liquor Corporation**, which comprise the statement of financial position as at April 6, 2013 and the statements of comprehensive income, changes in net assets and cash flows for the period then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Newfoundland Labrador Liquor Corporation** as at April 6, 2013 and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Accountants

St. John's, Canada
June 27, 2013

STATEMENT OF
FINANCIAL POSITION

As at
[in thousands]

	April 6, 2013 $	April 7, 2012 $
ASSETS		*[restated - note 17]*
Non-current		
Property, plant and equipment *[note 5]*	**24,820**	14,757
Intangible assets *[note 6]*	**5,741**	5,756
	30,561	20,513
Current		
Cash and cash equivalents	**27,414**	31,419
Accounts receivable *[note 7]*	**11,950**	10,403
Inventories *[note 8]*	**36,340**	34,702
Prepaid expenses	**5,357**	6,375
	81,061	82,899
TOTAL ASSETS	**111,622**	103,412
LIABILITIES AND NET ASSETS		
Non-current		
Employee benefits *[notes 9 and 17]*	**6,297**	6,228
Current		
Accounts payable and accrued liabilities *[note 10]*	**28,639**	27,773
Accrued vacation pay	**2,698**	2,409
	31,337	30,182
Commitments *[note 15]*		
Net assets	**73,988**	67,002
TOTAL LIABILITIES AND NET ASSETS	**111,622**	103,412

See accompanying notes

Chairman of the Board

Director

STATEMENT OF
COMPREHENSIVE INCOME

Period ended
[in thousands]

	52 Weeks April 6, 2013 $	53 Weeks April 7, 2012 $
Sales *[note 11]*	**234,675**	224,360
Commission revenue on sale of beer	**61,847**	61,407
	296,522	285,767
Cost of sales	**105,946**	101,039
Gross profit	**190,576**	184,728
Administrative and operating expenses *[note 12]*	**46,322**	46,122
Earnings from operations	**144,254**	138,606
Other income		
Finance income	**368**	383
Miscellaneous income	**3,364**	2,807
	3,732	3,190
Comprehensive income for the period	**147,986**	141,796

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

Period ended
[in thousands]

	52 Weeks April 6, 2013 $	53 Weeks April 7, 2012 $
		[restated - note 17]
Balance, beginning of period, as previously reported	**68,620**	64,824
Restatement of prior year financial statements *[note 17]*	**(1,618)**	(1,618)
Balance, beginning of period, restated	**67,002**	63,206
Comprehensive income for the period	**147,986**	141,796
	214,988	205,002
Distributions to the Province of Newfoundland and Labrador	**(141,000)**	(138,000)
Balance, end of year	**73,988**	67,002

See accompanying notes

STATEMENT OF
CASH FLOWS

Period ended
[in thousands]

	52 Weeks April 6, 2013 $	53 Weeks April 7, 2012 $
OPERATING ACTIVITIES		
Comprehensive income for the period	**147,986**	141,796
Adjustments for:		
Depreciation and amortization	**3,954**	3,645
Gain on disposal of property, plant and equipment	**(385)**	—
Accrued vacation pay	**289**	169
Employee benefits	**69**	235
	151,913	145,845
Net change in non-cash working capital	**(1,301)**	(1,819)
Cash provided by operating activities	**150,612**	144,026
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	**526**	—
Purchase of property, plant and equipment	**(12,820)**	(1,086)
Purchase of intangible assets	**(1,323)**	(2,214)
Cash used in investing activities	**(13,617)**	(3,300)
FINANCING ACTIVITY		
Distributions to the Province of Newfoundland and Labrador	**(141,000)**	(138,000)
Cash used in financing activities	**(141,000)**	(138,000)
Net (decrease) increase in cash during the period	**(4,005)**	2,726
Cash and cash equivalents, beginning of period	**31,419**	28,693
Cash and cash equivalents, end of period	**27,414**	31,419

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

The Newfoundland Labrador Liquor Corporation (the "Corporation" or "NLC") is a Provincial Crown Corporation responsible for managing the importation, sale and distribution of beverage alcohol throughout the Province of Newfoundland and Labrador (the "Province"). As a Crown Corporation, the NLC is not subject to any Provincial or Federal taxation in relation to its income.

The fiscal year of the Corporation ends on the first Saturday of April. As a result, the Corporation's fiscal year is usually 52 weeks in duration but includes a 53rd week every 5 to 6 years. The years ended April 6, 2013 and April 7, 2012 contained 52 weeks and 53 weeks, respectively.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Corporation for the 52 weeks ended April 6, 2013 were authorized for issue in accordance with a resolution of the directors on June 27, 2013.

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Going concern and basis of measurement

These financial statements were prepared on a going concern basis, under the historical cost convention. The financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received (or receivable), excluding rebates, and sales taxes or duty. The Corporation assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Corporation has concluded that it is acting as a principal in all of its revenue arrangements. The Corporation's major revenue streams include sales to retail and wholesale customers and commission revenue on the sale of beer. The following specific recognition criteria apply before revenue is recognized:

Sale of goods

The Corporation generates and recognizes net sales to retail and licensee customers at the point of sale in its stores and upon delivery of products to *Liquor Express* operators. The commission paid to the *Liquor Express* operators is deducted from the selling price of the products delivered. The commission paid to *Liquor Express* operators for the year ended April 6, 2013 was $5.0 million (April 7, 2012 – $4.7 million).

Sales of gift cards are included in accounts payable and accrued liabilities as deferred revenue on the statement of financial position at the time of the sale and subsequently recognized in the statement of comprehensive income when redeemed.

Sales exclude HST and other taxes due.

Commission revenues

The Corporation earns a commission on the sale of beer products in the Province sold through *Liquor Express* outlets and brewer's agent stores. Commissions are recognized on an accrual basis, based upon beer products sold during the reporting period. The commission earned is presented within revenue as it is earned through the ordinary activities of the Corporation.

Foreign currency translation

Transactions in foreign currencies are initially recorded by the Corporation at rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the functional currency spot rate of exchange ruling at the reporting date. Non-monetary assets are valued at the historical amount.

Property, plant and equipment

Property, plant, and equipment are stated at cost less depreciation and any impairment. The cost includes expenditures that are directly attributable to the acquisition of the items. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives as follows:

Building components	10 - 50 years
Leasehold improvements	5 - 20 years
Office furniture and equipment	5 - 10 years
Computer hardware	5 - 6 years
Plant and warehouse equipment	5 - 20 years
Store equipment and fixtures	5 - 20 years
Motor vehicles	3 years

Building components include building structure (50 years), building exterior (20 years), mechanical and electrical (20 years), roofing and paving (20 years), and interior finishes (10 years). These components are combined and presented in these financial statements as building components.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset. The Corporation analyzes its lease agreements to assess whether they are finance or operating leases, using the lease term, useful life of the underlying asset, the present value of lease payments and other relevant factors. The Corporation has concluded that all its leases are operating leases.

Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

The Corporation uses office and warehouse space in St. John's that is owned by the Department of Works, Services and Transportation of the Province. The Corporation is not required to make any payments to the Department of Works, Services and Transportation; no amount has been recorded in these financial statements. All operating, leasehold and maintenance costs related to the buildings are the responsibility of the Corporation.

Intangible assets

Intangible assets consist of a trademark and computer software assets not considered integral to the operation of the related hardware. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any impairment losses. The Corporation capitalizes internally generated intangible assets that meet capitalization criteria. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Intangible assets with finite lives (including computer software) are amortized over periods of 5-9 years. New product research and development costs are expensed as incurred.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Corporation considers the capitalized trademark to have an indefinite life.

Impairment of non-financial assets

The Corporation assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

Cash and cash equivalents

Cash and cash equivalents are defined as short-term deposits with original maturities of three months or less. The Corporation holds cash in an investment account which is an interest-bearing account. The interest income earned on these deposits is recorded as finance income.

Inventories

Inventories are measured at the lower of cost and net realizable value and include raw materials and finished goods. Inventories at head office, in transit and in retail stores are measured at landed cost, consisting of acquisition costs, freight and customs and excise duties. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Periodically, NLC reviews its inventory to investigate whether an inventory reserve is required, to reduce the carrying value of inventory for obsolescence and amounts required to value inventory at the lower of cost or net realizable value.

General provisions

General provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Severance

The Corporation provides a severance payment upon resignation, retirement or termination subject to certain vesting and other conditions of employment. The expected cost of this employee benefit is accounted for on an accrual basis and has been valued using an estimated actuarial basis. The Corporation reviews its assumptions annually and any resulting adjustments are recognized immediately in the statement of comprehensive income.

Sick leave

Certain employees of the Corporation are entitled to sick leave benefits that accumulate but do not vest. In accordance with IFRS, the Corporation recognizes the liability for the future use of these benefits in the period in which the employee renders the service. The obligation is actuarially determined using assumptions based on management's best estimates of the probability of use of accrued sick leave, salary changes, mortality, expectations on retention along with other relevant assumptions. Discount rates are based on the yield on high quality corporate bonds with cash flows similar to those of this liability. Actuarial gains or losses are recognized immediately in the statement of comprehensive income.

Pension

The Corporation and its employees participate in the Province's Public Service Pensions Plan ("PSPP"), a multi-employer defined benefit plan. The Corporation is however not able to obtain sufficient information from the plan administrator to account for the plan as a defined benefit plan and therefore applies defined contribution accounting guidelines. The Corporation's contributions are expensed as incurred.

Financial instruments

Financial assets

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value through profit or loss.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition.

The Corporation has classified and subsequently measures financial assets/liabilities as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value through profit or loss
Accounts receivable	Loans and receivables	Amortized cost using Effective Interest Rate Method ("EIR")
Accounts payable and accrued liabilities	Loans and borrowings	Amortized cost using EIR

Significant accounting judgments, estimates and assumptions

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates and assumptions were made as part of the severance and sick leave account balances. The Corporation made assumptions regarding the discount rate, salary increases, and retention rates to estimate the amount of severance and sick leave accrued as of the reporting date.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Corporation monitors the activities of the IASB and considers the impact that changes in the standards may have on the Corporation's financial reporting. Some of the ongoing projects which may impact the Corporation are as follows:

IAS 17, Leases
The IASB has issued an exposure draft which proposes a new, single approach to lease accounting that would ensure that all assets and liabilities arising under lease contracts are recognized in the statement of financial position.

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1")
The amendments to IAS 1 require changes to the presentation of other comprehensive income (loss). Items that could be reclassified to net income (loss) for the year at a future point in time would be presented separately from items which will never be reclassified. The effective date of the standard is January 1, 2013. The Corporation decided not to early adopt the amendments.

IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9")
IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39, Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities. The standard is effective for years beginning on or after January 1, 2015. In subsequent phases, the IASB will address impairment of financial assets and hedge accounting. The completion of this project is expected in 2012. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. However, the Company determined that the effect will be quantified only in conjunction with the other phases when issued, to present a comprehensive picture.

IFRS 13 Fair Value Measurement ("IFRS 13")
IFRS 13 provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. The standard is effective for annual periods on or after January 1, 2013.

IFRS 19 Employee Benefits (Revised) ("IFRS 19")
The IASB has issued numerous amendments to IAS 19, the following is a summary of the most significant components as they apply to the Corporation. Under IAS 19, any defined benefit plan re-measurement must be immediately recognized in Other Comprehensive Income. Previously under IAS 19, companies had the option to recognize or defer recognition of changes in defined benefit obligations directly in the income statement. Past service costs previously spread over future service periods must now be recognized in profit or loss when the employee benefit plan is amended. In addition, there are increased disclosure requirements. The amendment becomes effective for annual periods beginning on or after January 1, 2013, with retrospective application required, early adoption is permitted. The Corporation has chosen not to early adopt the amendments and management's evaluation of the impact is ongoing.

The Corporation is analyzing the impact these new standards will have on its financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	April 6, 2013			April 7, 2012
	Cost	Accumulated depreciation	Net book value	Net book value
	$	$	$	$
Land	**704**	**—**	**704**	784
Building components	**5,236**	**1,713**	**3,523**	3,574
Leasehold improvements	**14,243**	**8,600**	**5,643**	5,607
Office furniture and equipment	**1,496**	**1,180**	**316**	517
Computer hardware	**3,964**	**2,492**	**1,472**	1,403
Plant and warehouse equipment	**4,020**	**2,517**	**1,503**	1,608
Store equipment and fixtures	**4,779**	**3,052**	**1,727**	1,172
Motor vehicles	**180**	**105**	**75**	92
Assets under construction	**9,857**	**—**	**9,857**	—
	44,479	**19,659**	**24,820**	14,757

	April 6, 2013			
	Opening balance	Additions	Disposals	Closing balance
	$	$	$	$
Cost				
Land	**784**	**—**	**(80)**	**704**
Building components	**5,354**	**114**	**(232)**	**5,236**
Leasehold improvements	**13,376**	**1,069**	**(202)**	**14,243**
Office furniture and equipment	**1,473**	**51**	**(28)**	**1,496**
Computer hardware	**3,531**	**568**	**(135)**	**3,964**
Plant and warehouse equipment	**3,910**	**110**	**—**	**4,020**
Store equipment and fixtures	**4,006**	**1,029**	**(256)**	**4,779**
Motor vehicles	**158**	**22**	**—**	**180**
Assets under construction	**—**	**9,857**	**—**	**9,857**
Total	**32,592**	**12,820**	**(933)**	**44,479**

	Opening balance	Depreciation	Disposals	Closing balance
	$	$	$	$
Accumulated depreciation				
Building components	**1,780**	**165**	**(232)**	**1,713**
Leasehold improvements	**7,769**	**943**	**(112)**	**8,600**
Office furniture and equipment	**1,075**	**126**	**(21)**	**1,180**
Computer hardware	**2,009**	**620**	**(137)**	**2,492**
Plant and warehouse equipment	**2,302**	**215**	**—**	**2,517**
Store equipment and fixtures	**2,834**	**474**	**(256)**	**3,052**
Motor vehicles	**66**	**39**	**—**	**105**
Total	**17,835**	**2,582**	**(758)**	**19,659**
Net book value	**14,757**	**10,238**	**(175)**	**24,820**

On June 1, 2012, NLC entered into a contract to construct a new warehouse facility. The estimated cost of this warehouse, including land purchase, is $12.6 million. The estimated completion date is June 2013. Remaining payments outstanding as at April 6, 2013 are $2.7 million.

6. INTANGIBLE ASSETS

	April 6, 2013			April 7, 2012
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Trademark	**204**	**—**	**204**	204
Computer software	**11,096**	**5,559**	**5,537**	5,552
	11,300	**5,559**	**5,741**	5,756

	April 6, 2013			
	Opening Balance	Additions/ amortization	Disposals	Closing Balance
	$	$	$	$
Cost				
Trademark	**204**	**—**	**—**	204
Computer software	**9,797**	**1,323**	**(24)**	11,096
Total	**10,001**	**1,323**	**(24)**	11,300
Accumulated amortization				
Computer software	**4,245**	**1,338**	**(24)**	**5,559**
Net book value	**5,756**	**(15)**	**—**	**5,741**

7. ACCOUNTS RECEIVABLE

Accounts receivable include the following:

	April 6, 2013	April 7, 2012
	$	$
Accounts receivable	**6,076**	4,828
Beer commissions receivable	**5,874**	5,575
	11,950	10,403

For the year ended April 6, 2013, approximately 99% (April 7, 2012 – 98%) of the accounts receivable balance is current.

8. INVENTORIES

	April 6, 2013 $	April 7, 2012 $
Distribution Centres	**19,832**	17,741
Branch stores	**10,018**	10,057
Stock in transit	**4,887**	5,883
Raw materials	**1,603**	1,021
	36,340	34,702

The total value of inventory expensed to cost of sales for the period ended April 6, 2013 was $99.7 million (April 7, 2012 - $96.5 million).

The inventory value includes a reserve of $0.2 million (April 7, 2012 - $0.2 million).

9. EMPLOYEE BENEFITS

Employee benefits include the following:

Accrued severance

	April 6, 2013 $	April 7, 2012 $
Accrued severance, beginning of period	**3,365**	3,130
Benefit expense	**240**	599
Benefits paid	**(273)**	(364)
Accrued severance, end of period	**3,332**	3,365

Accrued sick leave

	April 6, 2013 $	April 7, 2012 $
Accrued sick leave, beginning of period	**2,863**	2,863
Benefit expense	**403**	400
Benefits paid	**(301)**	(400)
Accrued sick leave, end of period	**2,965**	2,863
Total employee benefits	**6,297**	6,228

Benefit expense includes the current period benefit cost along with interest on the accrued benefit obligation.

The significant assumptions used by the Corporation in calculating the provisions are as follows:

	April 6, 2013 %	April 7, 2012 %
Salary increases	**3.25**	3.25
Discount rate	**3.25**	3.25

Employee retention rates used vary depending on age and length of service.

Pension plan

The Corporation's share of pension expense paid to the PSPP for the 52 weeks ended April 6, 2013 is $1.7 million (April 7, 2012 - $1.7 million).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 6, 2013 $	April 7, 2012 $
Trade payables	**5,255**	6,075
Accrued liabilities	**7,133**	5,643
Excise duties	**11,014**	11,572
HST payable	**2,045**	2,035
Other payables	**3,192**	2,448
	28,639	27,773

11. SALES

Sales include the following:

	April 6, 2013 $	April 7, 2012 $
Sales of beverage alcohol	**226,664**	217,423
Other	**8,011**	6,937
	234,675	224,360

12. ADMINISTRATIVE AND OPERATING EXPENSES

	April 6, 2013 $	April 7, 2012 $
Salaries and employee benefits	**28,011**	27,955
Depreciation and amortization	**3,954**	3,645
Marketing	**3,206**	3,089
Rent and municipal taxes	**2,928**	2,744
Interest and bank charges	**1,983**	1,855
Other	**6,240**	6,834
	46,322	46,122

13. CAPITAL MANAGEMENT

The Corporation defines capital that it manages as net assets. Due to its nature as a Crown Corporation, NLC's capital management is strongly influenced by the liquidity forecasts of the Province, and although the Corporation prepares its own budget, including proposed distributions, the Province may at any time decide to request an additional distribution or to increase the distributions as included in the budget. Generally, the Corporation aims at maintaining a net assets balance that ensures that the Corporation is able to fund its obligations as they fall due and has available a reserve to allow for unexpected expenditure. Annual budgets and distribution plans are set to accommodate the Corporation's expenditures in relation to planned investments in property, plant and equipment and intangible assets.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The Corporation is exposed to credit risk with respect to accounts receivable from customers. The Corporation provides products to a large customer base, which minimizes the concentration of credit risk. There were two customers that accounted for 10% or more of the Corporation's accounts receivable as at April 6, 2013 (April 7, 2012 – two customers). The Corporation has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilizes internal and third-party collections processes for overdue accounts. Accounts receivable balances related to Liquor Express store operations are subject to general security agreements. The Corporation also maintains provisions for potential credit losses that are assessed on an ongoing basis.

15. COMMITMENTS

The Corporation has entered into rental leases covering most of its corporate stores.

Annual lease obligations are as follows:

	April 6, 2013 $	April 7, 2012 $
Within one year	**2,553**	2,539
After one year but no more than five years	**8,478**	9,309
More than five years	**2,818**	4,280

16. RELATED PARTY TRANSACTIONS

The Corporation is leasing office and warehouse space in St. John's from the Department of Works, Services and Transportation. These leases are rent free to the Corporation; however, all operating, leasehold and maintenance costs related to the buildings are the responsibility of the Corporation.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of NLC, being the members of the Executive Management (CEO/President, Senior Vice President and CFO, Vice President of Sales and Marketing, Vice President of Supply Chain Management, Vice President of Human Resources and Corporate Administration, and Chief Information Officer). The total compensation (including salary and benefits) paid to key management personnel for the 52 weeks ended April 6, 2013 was $0.9 million (April 7, 2012 – $0.8 million).

17. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

During 2013, the Corporation engaged an external actuary to perform a valuation on the Corporation's sick leave accrual (the "Valuation"). Based on the results of the Valuation, it was determined that the sick leave accrual as at April 2, 2011 was lower than amounts previously estimated by the Corporation by $1.6 million. The financial statements for the fiscal year ended April 7, 2012 have been adjusted accordingly to increase employee benefits in the statement of financial position and reduce net assets in the statement of changes in net assets.

	Year ended April 7, 2012		
	As previously reported	**Adjustment**	**Restated**
	$	$	$
Statement of financial position:			
Employee benefits	4,610	1,618	6,228
Statement of changes in net assets:			
Net assets	68,620	(1,618)	67,002

Sales by Location (thousands of dollars)

	2012-13
Kenmount Road*	42,610
Deer Lake*	17,514
Howley Estates	16,760
Clarenville Distribution Centre*	16,095
Stavanager Drive	11,351
Merrymeeting Road	10,874
Long Pond - CBS	9,947
Corner Brook - Humber Gardens	8,947
Topsail Road	8,938
Pearlgate Plaza	8,601
Kelsey Drive	8,528
Blackmarsh Road	7,070
Mount Pearl - Old Placentia Road	6,859
Gander	6,496
Grand Falls	6,237
Labrador City	6,006
Bay Roberts	5,626
Ropewalk lane	5,424
Happy Valley	5,243
Clarenville	5,238
Stephenville	4,662
Marystown	4,511
Carbonear	4,367
Corner Brook Plaza	3,487
Port aux Basques	2,537
Placentia	1,883
Special Events	1,154
Queen Street	1,026
TOTAL	237,991

** Denotes locations that also service Liquor Express stores.*

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