



NEWS RELEASE

NSLC Announces Year-to-Date Financial Performance

HALIFAX, November 5, 2010 – The Nova Scotia Liquor Corporation (NSLC) released its year-to-date financial performance for the six months ending October 3, 2010. The NSLC reported earnings of \$124.3 million on sales of \$318.6 million. This represents an increase in net income of 3.8 percent and a sales increase of 4.1 percent when compared to the same time last fiscal year.

The NSLC follows a 13 week quarter, with the first and last week of each year being adjusted to fit the fiscal year end. As a result, year-to-date financial information for this fiscal year includes six more selling days when compared to last fiscal year.

“According to the Retail Council of Canada, momentum on retail sales in Canada slipped in August and the second half of September, and the NSLC was no exception to this trend,” said Bret Mitchell, NSLC President and CEO. “Our year-to-date net income is still above budget by \$1.2 million. We are cautiously optimistic that we will meet our year-end financial targets with the busy holiday selling season ahead.”

Earnings before depreciation and amortization for the six months ending on October 3, 2010 was \$129.6 million, an increase of 4.3 percent compared to \$124.3 million last year.

Year-to-date sales increased by 4.1 percent. The breakdown by product category for the six month period ending on October 3, 2010 was:

Wine	↑ 8.4 percent
Spirits	↑ 3.1 percent
Beer	↑ 3.0 percent
Ready-To-Drink	↑ 7.1 percent

When looking at the total product volume sold, which is measured in hectolitres, NSLC’s retail and wholesale sales grew by 2.9 percent when compared to last year, with 473 thousand hectolitres sold compared to 460 thousand hectolitres sold last year.

Volume breakdown by product category for the six month period ending on October 3, 2010 was:

Wine	↑ 5.9 percent
Spirits	↑ 2.3 percent
Beer	↑ 2.5 percent
Ready-To-Drink	↑ 3.8 percent

The NSLC's Operating Expense Ratio including amortization and depreciation for the six month period ending October 3, 2010 was 14.7 percent compared to 13.6 percent reported for the last fiscal year.

NSLC retail sales continued to be the main driver of this performance posting an increase in retail sales of 4.4 percent or \$11.3 million for the six months ending on October 3, 2010. Wholesale sales increased by 2.7 percent with an increase in sales of \$1.6 million during this period. The licensee channel experienced a decrease of 1.4 percent for the six months ending on October 3, 2010.

Business Highlights

15th Annual Port of Wines

The 15th annual Port of Wines Festival kicked off on September 30 with the NSLC's annual Winemakers' Dinner, in support of Symphony Nova Scotia. In attendance were special guests and world-renowned winemakers Gina Gallo and Jean-Charles Boisset. In addition to the silent and live auctions, the NSLC launched an online auction in support of Symphony Nova Scotia and in total, over \$60,000 was raised for this great cause.

The festival continued with Grand Tasting sessions on October 1 and 2 from 1-4pm and 7-10pm each day. The Grand Tasting sessions gave over 4,100 attendees an opportunity to sample and purchase over 325 wines from 12 countries.

Progress Magazine Top 101

The NSLC was ranked 10th in the annual Progress Magazine's Top 101 Companies in Atlantic Canada. The Top 101 Companies of Atlantic Canada initiative assesses and ranks the region's top performers and is based on a number of performance indicators such as sales revenue, assets, employees and annual growth rate.

The NSLC Wins Three Awards

The NSLC received two awards for excellence in business communication from the Canadian Public Relations Society. The NSLC won a Silver Award in the Multi-Media Projects category for the 2009 social responsibility campaign, Plight of the Reaper, and a Bronze Award in the Print Projects category for their 2008/2009 annual report titled, Faces of the Nova Scotia Liquor Corporation.

The NSLC was also a recipient of the International Association of Business Communicators' prestigious Gold Quill Award. The NSLC won the Gold Quill Award in Excellence in Business Communication for their 2008/2009 annual report titled, Faces of the Nova Scotia Liquor Corporation.

New Orientation Week Campaign – Feel Young

The NSLC launched a new campaign, called Feel Young, which was aimed at preventing underage consumption and anti-binge drinking activities. The Feel Young campaign took place during the 2010 University Orientation Week (September 5 – 11) in New Minas, Wolfville and Antigonish. These communities that surround Acadia and St. Francis Xavier University are the shopping areas for their student populations. Formerly known as "frosh week", this is an introductory period to

campus life that has historically included underage purchase attempts and multiple episodes of binge drinking.

The NSLC joined efforts with local licensee business partners throughout the communities, who also agreed to participate in the Feel Young campaign and asked customers to present ID during this time period.

Environmental Update – NSLC Adopt-A-Stream

The NSLC Adopt-A-Stream partnership has proven to be a success, with an unprecedented number of Nova Scotia's watersheds benefitting from water quality and wildlife improvement projects. The program, which is administered by the Nova Scotia Salmon Association, provides funding and technical support to help community volunteer organizations undertake projects to protect, repair and improve local wetlands, lakes, streams, rivers and estuaries.

As title sponsor and together with its suppliers, the NSLC is contributing a minimum of \$100,000 per year through 2015. This new partnership supported 24 projects this year, five more than last year. In addition to the restoration of upwards of 200,000 square meters of aquatic and riparian habitat, this season also saw the initiation of watershed planning aspects in terms of habitat connectivity. River groups across the province were involved in assessing culverts for fish passability and temperature monitoring in at least seven river systems across the province.

Wine Promotions

The wine category continued to show strong growth during the second quarter. Leading this growth were prominent displays of Nova Scotia's Jost Valley Roads and French Cross 4L. Other innovative wine promotions on products such as Mendoza Station 750ml and Copper Moon 750ml also contributed to the growth in this category.

Beer Promotions

Beer promotions continued during the second quarter, led by limited time 15 and 18-packs on brands such as Keith's, Coors Light, Molson Canadian, Budweiser and Bud Light.

Spirit Promotions

Vodka sales were strong during the second quarter and were driven by promotions in Smirnoff, with 50ml added value, and displays of Absolut, Iceberg and Russian Standard vodkas, all with limited time offers.

Although white rum sales continue to decline, sales in flavoured rum are showing an increase when compared to last year. This increase in sales was driven by promotions in Captain Morgan spiced rum (with a free baseball cap) and Sailor Jerry spiced rum (with 50ml added value).

NSLC Celebrates Nova Scotia Talent

The NSLC has taken a more active role in the communities it serves by supporting local musical talent and sponsoring various music festivals around the province. The NSLC sponsored nine festivals in communities throughout Nova Scotia this summer: Harbour-Fest Festival in Pugwash, Natal Day Festival in Halifax, Lunenburg Folk

Harbour Festival in Lunenburg, New Glasgow Riverfront Jubilee in New Glasgow, Windsor West Hants SummerFest in Windsor, Hank Snow Tribute in Bridgewater, Canadian Deep Roots Music Festival in Wolfville and Festival Acadien in Claire.

Store Development

The NSLC continues to make store improvements to its store network to better serve its customers. Renovations were recently completed at the NSLC Portland Street store and include new and improved in-store design and Port of Wines section.

Board Expenses

The NSLC released the Board of Directors expenses for the second quarter. These expenses amounted to \$4.34 per director, per day. An electronic version of these expenses is available on the NSLC web site, myNSLC.com.

The Nova Scotia Liquor Corporation, the largest single banner retail business in Nova Scotia, generates six hundred million dollars of sales a year and returns more than \$200 million profit annually to the province. It employs more than 1,500 Nova Scotians, offering over 6,000 products from around the globe through 160 retail outlets, and 2,100 licensees. The NSLC is driven to be a sustainable and community focused organization helping to make Nova Scotia an even better place to live.

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For more information please contact:

Rick Perkins

Nova Scotia Liquor Corporation

Phone: (902) 450-5926

Email: rick.perkins@myNSLC.com

Unaudited Financial Highlights
For the quarter ended October 3, 2010

Q2	2011	2010
Sales Volume (Hectolitres)	245,843	252,911
Spirits	\$ 41,057,824	\$ 41,853,714
Wine	29,713,601	28,633,609
Beer	85,254,013	88,025,107
Ready to Drink	8,891,670	8,801,461
Non-liquor	36,252	50,355
Total Sales by Category	\$ 164,953,360	\$ 167,364,245
Gross Profit	\$ 88,231,486	\$ 88,350,023
Stores Operating Expense	(13,053,064)	(12,559,828)
Gross Operating Income	\$ 75,178,422	\$ 75,790,194
Other Corporate Expenses & Other Earnings	\$ (10,856,192)	\$ (8,790,336)
Net Earnings	\$ 64,322,231	\$ 66,999,858

Unaudited Financial Highlights
For the six month period ended October 3, 2009

YTD Q2	2011	2010
Sales Volume (Hectolitres)	472,752	459,606
Spirits	81,130,872	\$ 78,710,141
Wine	56,855,698	52,465,996
Beer	164,549,757	159,741,882
Ready to Drink	16,054,205	14,994,107
Non-liquor	65,232	87,868
Total Sales by Category	\$ 318,655,763	\$ 305,999,994
Gross Profit	\$ 171,074,190	\$ 161,316,528
Stores Operating Expense	(26,235,178)	(24,253,579)
Gross Operating Income	\$ 144,839,012	\$ 137,062,949
Other Corporate Expenses & Other Earnings	\$ (20,528,427)	\$ (17,353,573)
Net Earnings	\$ 124,310,586	\$ 119,709,376