



NEWS RELEASE

NSLC Announces 1st Quarter Results

HALIFAX, August 31, 2009 – The Nova Scotia Liquor Corporation (NSLC) today released its first quarter results (April 1, 2009 to June 28, 2009). For this three month period, the NSLC recorded net income of \$52.7 million on gross sales of \$140.1 million, an increase of 1.6 percent compared to net income last year of \$51.9 million on gross sales of \$135.4 million. Gross sales increased by 3.4 percent in the quarter compared to the same period last year.

“April and May were strong months with innovative promotions such as our Eco-Sale and two-week Victoria Day promotion contributing to our increased sales,” stated Bret Mitchell President and CEO. “Leading the way was strong performance in the beer category with sales growth of 4.1 percent for the first two months dropping to 3.5 percent for the quarter because of poor weather in June.”

Gross sales increases over last year by product category were:

Wine Sales	5.3 percent
Beer Sales	3.5 percent
Spirit Sales	1.3 percent
Ready-To-Drink Sales	9.3 percent

Sales measured by product volume produced by the NSLC’s retail and wholesale customers grew by 0.7 percent over last year with 207 thousand hectolitres sold compared to 205 thousand hectolitres sold last year. The volume changes by product category were:

Wine Volume	4.6 percent
Beer Volume	0.0 percent
Spirit Volume	(1.0) percent
Ready-To-Drink Volume	10.2 percent

Another measure the NSLC uses to measure success is the gross profit per litre (GPL). The NSLC’s (GPL) increased 2.0 percent over last year. The changes by product category were:

Wine GPL	3.0 percent
Beer GPL	1.5 percent
Spirit GPL	0.6 percent
Ready-To-Drink GPL	3.7 percent

Wholesale sales (restaurants, pubs and bars, Private Wine and Specialty Stores and Agency Stores) were \$26.9 million, a 3.5 percent decrease from \$27.9 million last year. Sales to licensees decreased 8.5 percent and sales to

PWSS decreased 0.9 percent, while sales to Agency Stores increased 5.5 percent.

NSLC retail sales were up 5.2 percent in the quarter.

Income Before Depreciation and Amortization for the fiscal year was \$55.0 million, an increase of 1.9 percent compared to \$53.9 million last year.

The NSLC's Operating Expense Ratio including amortization and depreciation for the three month period ended June 28, 2009, was 14.6 percent compared to 14.3 percent reported over the same time period last year.

"Maintaining this level of sales when compared to the same period last year is all the more significant since the World Hockey Championships were held in May 2008 in Halifax," added Maureen Sullivan, VP, Finance, NSLC. "This one-time event added approximately \$2 million in additional sales."

Business Highlights

Eco-sale

In April the NSLC held its first "Eco-sale" where customers who purchased specific products received a discount on that product as well as having the manufacturer make a donation to the NSLC's Project Green Fund. Sixty eight products were on promotion raising well over \$100,000 for the Project Green Fund. The NSLC will be making an announcement in the near future on the cause that these funds will support.

Earth Day

To celebrate Earth Day, ten thousand white spruce trees were distributed to NSLC stores to be planted across the province. Trees stop erosion, produce oxygen, offset carbon emissions, remove toxins from the soil and water and provide habitats for people and animals.

NSLC employees at retail embraced this challenge and eagerly got involved with friends, family and their community to make sure every tree was planted. In addition to distributing trees to NSLC employees, customers were also offered trees to plant free of charge.

This effort also supports the NSLC's desire to reduce their carbon footprint. If all 10,000 trees survive, they have the potential to offset 2250 tonnes of carbon.

May Sale

The NSLC offered a two-week sale prior to the Victoria Day long-week-end which produced a 6.2 percent increase in sales for the two weeks. Key brands from the two-week sale were:

- Keith's IPA - 18 pack
- Coor's Light - 15 pack
- Molson Canadian - 15 pack
- Alpine - 24 pack
- Mike's Hard Flavours, including launch of Mike's Hard Pink Lemonade
- Sawmill Creek - 4 Litre

June

This was a challenging month with the poor weather the province experienced. However, two important promotions during the period are of note. The NSLC focused on the sale of its gift cards in the lead up to Father's day which produced a 49 percent increase in gift card sales when compared to the same period last year. Secondly, the launch of Labatt's Bud Light Lime 6-pack was the most successful premium beer launch in years causing great customer demand in the market and generating slight beer category growth in the month despite the weather.

Retail Store improvements

During the first quarter, the NSLC opened a new replacement store in Bridgetown moving from an old stand-alone location to a new location attached to the Bridgetown Co-op grocery store. Also during the quarter the NSLC added a Needs store to its Dominion location increasing shopper convenience for both customers and reducing NSLC operating costs for this location.

Board Expenses

The NSLC released the Board of Directors expenses for the first quarter. These expenses amounted to \$24.05 per Director per day. Copies of the expenses are available on the NSLC web site, www.theNSLC.com.

Unaudited Financial Highlights

For the quarter ended June 28, 2009

Q1	2010	2009
Sales Volume (Hectolitres)	206,695	205,208
Spirit revenue	\$ 37,148,016	\$ 36,657,455
Wine revenue	24,463,141	23,228,925
Beer revenue	72,180,546	69,765,717
Ready to Drink revenue	6,232,053	5,700,119
Non-liquor revenue	37,521	44,670
Gross Sales	\$ 140,061,277	\$ 135,396,886
Discounts	(1,425,529)	(1,558,113)
Net Sales	\$ 138,635,749	\$ 133,838,773
Gross Profit	\$ 72,966,505	\$ 71,031,145
Stores Operating Expense	(11,693,751)	(11,631,618)
Gross Operating Income	\$ 61,272,755	\$ 59,399,527
Depreciation and other corporate expenses	(9,661,008)	(8,687,144)
Permitting, Display & other revenue	1,097,771	1,212,660
INCOME FROM OPERATIONS	\$ 52,709,518	\$ 51,925,043

The Nova Scotia Liquor Corporation, the largest single banner retailer in Nova Scotia, generates more than a half billion dollars of revenue a year more than \$200 million profit annually. It employs more than 1,500 Nova Scotians, offering 6,000 products from around the globe through 161 retail locations and 2,100 licensed establishments.

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