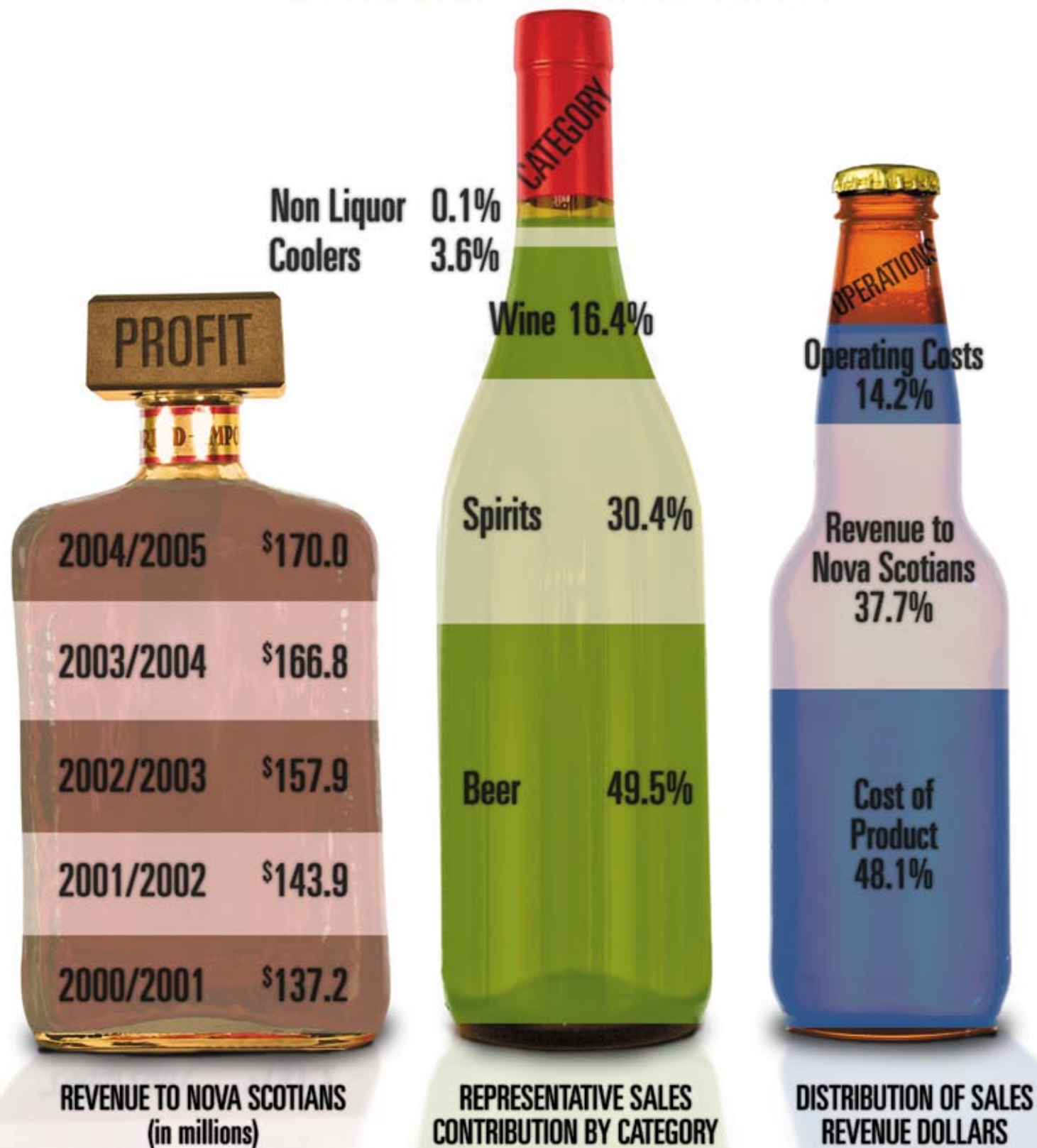




ANNUAL REPORT 2004-2005



ALL NOVA SCOTIANS PROFIT FROM NSLC EARNINGS OF \$170.0 MILLION



The 75th NSLC Annual Report 2004–2005 was produced by the Nova Scotia Liquor Corporation and submitted to the Honourable Ernest Fage, Minister Responsible for the Administration of the NSLC, for the fiscal year ended March 31, 2005.

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CHAIRMAN'S REPORT

The NSLC continued to evolve in 2004–2005 as we transform to a business driven by the need to create a modern retail shopping experience.

For the first time, Nova Scotians, both as customers and as shareholders, began to see tangible results of the modern NSLC: new stores; efficiencies and cost savings in our supply chain and warehouse management systems; and an increased number of product offerings on our shelves. All this has added up to increased return to our shareholder – the Government of Nova Scotia. Even while returning a record profit of \$170.0 million, the NSLC has continued to invest in our human resources, marketing and consumer awareness, systems and technology, and operations.

A major part of the transformation of the NSLC, begun in 2002, has been to change the culture from one of alcohol distribution to one of a customer focused, contemporary retail operation. The revitalization of our executive team, which the Board felt required us to attract a dynamic, young team of retail executives drawn from the private sector, was critical in making this transformation. We were pleased to be able to complete the executive changes during this past year. Our assignment, under the revised Act of 2001, was to commercialize the NSLC – to run it like a business. As a Board, and with our new executive team, we have set as our goal and standard to become one of the best retailers in Atlantic Canada; not a modest ambition perhaps, but one which Nova Scotians deserve and expect.

As part of the cultural change, the new NSLC and its leadership team has strived to become an organization that respects and seeks partnership in our relations with our key business partners: our employees, our suppliers, our key customers, and particularly our licensees. To demonstrate our desire to be an inclusive organization and to help our employees understand the new culture and ensure they recognize their importance to the success of the organization, we held the "Power of One" Conference. This conference introduced to all employees our newly articulated Purpose, Vision and Culture statements. The response of NSLC employees to this program has been very positive, highlighting the willingness of our employees to adapt and, indeed, to eagerly accept the challenges of a new corporate ethos.

As public trustees and the Directors of the Corporation, with the fiduciary responsibilities inherent in the task, the Board is pleased with the continued progress of the organization. That is not to say that there hasn't been, and will continue to be, challenges and hurdles ahead. There will be. All of us recognize that the NSLC's evolution is a work-in-progress. However, the Board believes strongly that the Corporation's operations and financial performance are now on a solid foundation. We are confident that the Corporation is operating on the basis of sound, strategic business thinking and well-managed execution.

During the year, the Board directed management to prepare the Corporation's first ever Five Year Strategic Plan, one that would more effectively shape the future of the business and meet increasingly demanding performance standards and shareholder returns. The Strategic Plan has been approved by the Board and is being rolled out throughout the Corporation. All business decisions will be filtered through the strategies in this plan.

Our customer focused business strategy, together with the management and governance changes that are necessary to deliver against it, is absolutely essential to the NSLC's ability to meet our obligations to our shareholder with confidence and predictability.

There was a time in the beverage alcohol business when a belief existed that a monopoly franchise in beer, wine and spirits was itself a guarantee of performance. And, in truth, a certain volume of sales was inevitable because the NSLC was the only place to purchase these

products legally in the Province. Our new approach is to recognize that we are in competition for the consumer's discretionary spending dollars. We are also aware that we can increase sales, hence net return, through more effective marketing. When a customer chooses a \$25 wine over a \$12 wine, the NSLC has doubled its sales with no increase in alcohol consumption. This principle underlies much of our business growth strategy.

The right business plan is one that is more enduring than any of the individuals who prepare it or who are then charged with its implementation. Subsequent to year end, in fact after our first quarter of 2005–2006, we experienced a test in this axiom when Ken Barbet, who played so vital a role in the transformation of our culture and leadership team, chose, for family reasons, to return to his native Alberta. The Board and our Minister accepted Ken Barbet's resignation with deep regret, while at the same time we understood that the management structure Ken put in place is well positioned to lead the business into the future.

Under the Liquor Control Act, our responsibility is to do more than provide Nova Scotian consumers with choice and a positive shopping experience, and to return necessary revenues to Government. We are mandated to proactively encourage the intelligent use and consumption of alcohol. We have and will continue to produce a variety of programs aimed at encouraging the socially responsible use of alcohol – something that was further enhanced by legislative initiatives recently passed by the Legislature.

Over this past year, the NSLC implemented new staff training designed to assist employees in ensuring that we do not sell to those not of legal drinking age. We also invested in the most comprehensive anti-drinking and driving campaign in our history, focused on the Christmas season and ensuring all Nova Scotians were "Planning Ahead To Get Home Safe." By partnering with Aliant we were able to provide police services across this province with a thank you gift in the form of a phone card for those who passed through a spot check safely. We also targeted advertising, posters and other direct media to the consumer both in-store and publicly on this issue.

We are also mandated to encourage and assist the economic development of the beverage alcohol producers in our Province: our wineries, our distillery and our craft beer industry. The NSLC has begun to work more directly with the companies involved to accelerate their growth in the coming years. We hope to be able to announce some initiatives in this area during the next fiscal year.

2004–2005 was a year of progress for the NSLC, our customers and our shareholders. We are confident that the year ahead will also be a dynamic, exiting and successful year as well.

On behalf of the Board of Directors I would like to thank the employees of the Corporation who worked very hard through periods of enormous change to deliver these record results. I would also like to express our sincere thanks to the Government of Nova Scotia and our Minister, the Honourable Ernest Fage, for their support and guidance throughout the year.

Kindest regards,

The Honourable Peter L. McCreath, PC, MA
Chairman, NSLC Board of Directors



PRESIDENT'S REPORT

This past year we truly began to see results of the efforts to turn the NSLC into a place to shop, rather than just a place to buy product.

The story we tell in this year's annual report takes a look at how we make decisions when choosing products to retail through NSLC stores. In essence, this report answers the questions "how did that bottle get here?" and "why that particular product?"

The executive began the year by committing that its decisions be researched based, making sure that we understand our customers and deliver the products and services they desire. This helps guide us in the products we choose and the way we sell them.

Once determined, getting the product here efficiently and in a timely manner requires incredible organizational skill and logistical understanding. This past year, the NSLC moved tremendously in the efficiency of our supply chain. Improving how we get the product delivered from around the world ensures our customers consistently have the product when they want it. New contracts were signed with our transportation suppliers. Load consolidations improved dramatically and savings were achieved. Our Distribution Centre was restructured, increasing productivity by more than 70% and increasing capacity by 25%.

The NSLC renovated 15% of the store network which resulted in dramatic improvements to the NSLC shopping environment, making the NSLC experience more in keeping with what today's retail shoppers expect. The strategy to locate our new stores next to major grocery stores has vastly improved convenience, allowing for one-stop food and beverage trips. You can expect more interesting and innovative retail services from the NSLC as store redevelopment continues over the next few years.

For our team, these changes are the ante-up at the card game. It is what we must do to be considered a modern retail business. All successful retailers deliver exceptional supply chain management and sell their products in a store environment designed to meet their customers' desires and expectations. The key to our future success as we transform to a place to shop is the commitment of our employees to understand where we are going and their knowledge of how they can help the business get there.

To this end, the Board of Directors and the Executive team began and completed the first comprehensive five year strategic plan for the organization. This plan provides a road map for all in the organization on the type of business we want to be by 2010 and how we believe we will get there. It is the road map that will guide how and why we will make decisions over this period. It will soon be available on our website, www.thenslc.com for all to view and understand.

As part of this plan, the Executive developed a new vision statement for the organization that builds on the key elements of our legislated mandate and goes well beyond them. Delivering the service our customers expect is about the type of business we want to be. Our vision as a retailer is about more than our legislated mandate – it has to be aspirational. In launching our new vision, we held for the first time in our seventy-five year history, a conference for all employees, to present to them the new vision and help them understand how they are the critical element in making the vision a reality.

The NSLC's legislated mandate is:

- Control, buy and sell liquor
- Attain acceptable levels of customer service
- Promote social objectives regarding responsible drinking
- Promote economic objectives regarding the beverage alcohol industry in Nova Scotia
- Attain suitable financial revenue for the Government of Nova Scotia.

We will deliver on this mandate with our:

Purpose

Bringing a world of beverage enjoyment to Nova Scotia.

We aspire to this through our:

Vision

To be recognized as a superb retailer, known for our business performance, customer focus and vibrant shopping experience eliciting the pride and enthusiasm of Nova Scotians.

Living our Purpose and Vision entails a:

Culture

That,

- encourages innovation and creativity.
- engages employees in achieving success.
- is driven by customer needs.
- demonstrates respect and dignity in all we do.
- is a fun place to work.
- advocates intelligent consumption.

Delivering on all of this change in one year is a major accomplishment for any business. Producing record financial results at the same time speaks volumes to the commitment of our employees. The Corporation returned the largest dividend in our history to our shareholder of \$170.0 million on record sales of \$453.2 million and record sales by volume of 762.5 thousand hectolitres. This was only the second time in NSLC history that volumes have exceeded 760,000 hectolitres. The increase in sales of almost \$14 million, and increase of profits by \$3.5 million compared to the year previous demonstrates that the foundation we have laid with new stores, increased product selection and a new marketing approach are paying off in stronger financial performance than past years.

Also contributing to this performance was our focus on getting the product mix right between our main categories of beer, wine and

spirits, ensuring that maximum profitability is achieved. In addition, our continued focus on increasing convenience for our customers led to the expansion of our agency store program. The result is that fifteen additional small communities have been added to the existing eight served by locally operated agency stores. This means there are now twenty three communities in Nova Scotia where customers can purchase beer, wine and spirits through a local convenience store.

As I leave the NSLC after three years to rejoin my family in Calgary, I find myself reflecting on the changes at the NSLC. I am proud to have had the opportunity to play a role in such an important organization for Nova Scotia. The Executive team all joined the NSLC with private sector backgrounds over these past three years. They are an exceptional group of retail business executives with leading edge retail vision. The organization is well placed to continue its transformation under their leadership.

The Executive's vision and desire for making change happen requires employees throughout the organization to share their commitment to change and improve offerings to our customers. This takes real commitment from the 1,400 employees who work at the NSLC. I have been struck by their eagerness to change and their desire to improve for our customers. Having served not only as President but also as VP, Operations, I know that NSLC employees in every store, in the Distribution Centre and in the head office are committed to creating a new culture at the Corporation. I thank them for their support and encouragement during my time at the NSLC.

Retail is also a partnership between every employee and the people who make the products we sell. My experience was that whether representing a global company or a local Nova Scotia producer, those who make the product are just as committed to moving the NSLC forward in its new vision. Without their understanding and drive to produce the products and willingness to offer support with marketing, getting to where the NSLC wants to go would not be possible.

Ultimately, all of this change has been driven by the vision of our Board of Directors. While this first Board of the NSLC has only been in place for three years it is the driving force to modernize the organization. Their courage in challenging the status quo and their desire for a better run business with greater customer satisfaction is why all of these changes are happening. I cannot thank them enough for their support both publicly and privately to the many changes we have made. It truly would not have been possible without their support and the leadership and business skills of our Chairman, Peter McCreath.

I am confident that together, the Board, the Executive, the employees and the vendors are well on their way to creating not only one of the best retail businesses in Nova Scotia, but a leading retail organization nationally. One of which all Nova Scotians can be proud.

Sincerely,

Ken Barbet
President & CEO, NSLC



BRINGING A WORLD OF BEVERAGE ENJOYMENT TO NOVA SCOTIA



On any given day, in many of the NSLC's 108 stores, you'll have approximately 900 varieties of wine to choose from. And there's a story behind every one of them.

Not the "bold and fruity without being pretentious" kind of story. That's the wine talking. No, we mean the "nitty and gritty without making a mistake" kind of story. The one that explains how a particular wine got here and how much is available. The story that answers "Why that one and why not that other one?" when there are over a half-million wines to choose from on this planet.

To answer why a particular product is purchased, let's go to the ends of the earth and work our way back. Literally.

The farthest one can get from Halifax is about 700 nautical miles into the Southern Ocean south of Perth, Australia. Adelaide is about 750 nautical miles east of Perth and that's about as far as the NSLC's supply chain stretches.

Every 10 days, a minimum of 1,076 cases (13,000 bottles) of wine leave Adelaide bound for Halifax. That's a container load. It takes 32 days to reach Philadelphia, where it is offloaded onto a smaller coastal-feeder container vessel for the three to four day run up to Halifax. It takes two to three days more, after it reaches Halifax, to break the container loads down to smaller, palletized loads that can be handled in the NSLC Distribution Centre for store and licensee distribution.



Brookland Valley vineyard in Western Australia, owned by BRL Hardy Wines.

Depending on the week, the container could contain the product of just one winemaker. That would tend to be a wine most Nova Scotians would recognize either by name or by the packaging as an Australian varietal that is popular, consistent and well priced.

With that kind of volume, the wine would probably be regularly offered by the NSLC. It's a wine that has an established and predictable demand and it gets ordered automatically whenever stock levels reach a minimum level. There are about 800 wine brands like this.

Other weeks, it would not be unusual to have 30 or 40 winemakers' product in the container, some with 40-50 cases and others as few as five. These tend to be wines that are of limited availability; ordered in smaller quantities; offered for a limited time; or the NSLC can only obtain in small amounts. These wines – about 400 of them – are watched closely by the NSLC's Wine Category Manager to see how well they perform in stores and are not always re-ordered. These smaller quantity wines help introduce new wine tastes and experiences to the NSLC, something Nova Scotians have come to expect as the provincial wine palate becomes ever more sophisticated. They also provide the variety of choice NSLC customers' desire.

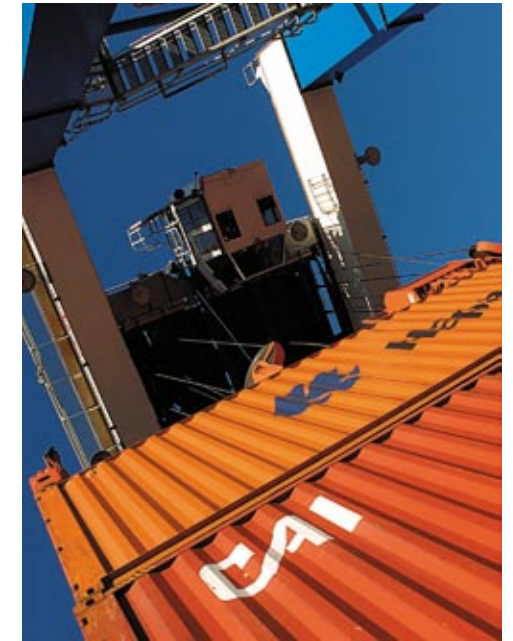


So, what's in the container that leaves Adelaide? Or, for that matter, what NSLC wine is loaded into other containers on other ships from Italy, Chile, California (via Panama), Spain or Germany?

Products the NSLC regularly stock are ordered automatically as quantities diminish in the store network. New products are chosen by the NSLC's Wine Category Manager to fill a gap in the NSLC's product offering: a mid-priced cabernet sauvignon, for example; a premium chardonnay or maybe something that has a seasonal appeal like a rosé, for the summer.

Seasonality is a big influence factor at the NSLC. As an example, 80 per cent of champagne is sold in 10 days over the holiday season; so as a retailer, we wouldn't want to stock up in May, would we? The vast majority of coolers sell in summer. Getting the product into the NSLC system to meet the best sales season means executing the planning, locating, ordering and shipping process far enough ahead to have it in store at the right time. Often, that process begins a year in advance.

Filling that inventory gap with just the right product is part art, part management science. A short list of possible options is compiled from industry sources, the NSLC's network of field resources, trend-watching and from marketing proposals submitted on request from NSLC suppliers.



Loading NSLC product onto ship in Adelaide, Australia.

2261
62053



Every new wine is blind-tasted by a panel of experts and enthusiasts.

At each testing, about a dozen wines are presented and scored against taste criteria as well as harder-edged business factors like “can it be produced in quantity,” “can the supplier and the agent deliver,” “can we get a share for Nova Scotia,” “can it be landed and offered at the right retail price” and “does the supplier have a solid marketing plan?”

The order also must take Nova Scotia’s regional buying habits and preferences into account. Not every wine – in fact, not every scotch or rum or beer either – will be offered in every NSLC store. Furthermore, the stores that do get new, selective, trial and limited run product will often be supplied with different quantities. It depends on the taste of the customer in each store market.

The NSLC’s job is to balance its wine selection with a healthy blend of all price ranges to satisfy every customer. Distinctive and yet popular. Familiar but unique. Diverse yet reliable. And every product the NSLC purchases have the inherent risk that it may or may not sell.

In many ways, the NSLC had it easier 30 to 75 years ago. Your choice in wine was basically white or red. Today’s NSLC is more complete and infinitely more consumer-tuned. Today, the company is about managing diversity as much as it is about popularity.

All wine is pre-determined to fit somewhere in the NSLC’s category assortment. Strategically, the NSLC knows what kind of retailing will be required for a product before it arrives in Halifax, whether the wine is going to be distributed to all stores or just some, the retail price, what the demand is likely to be, what kind of marketing support is either required or expected and how it will be merchandised on the sales floor.





Allison Flemming, Keith Ackerley and Peter Rockwell; part of the Merchandising Product Selection Team, choosing new products.

The NSLC has a merchandising strategy for all of its beer, wine and spirits. For example, is it going to drive volume, revenues and profit by presenting a deeper selection within a category? Will the product stimulate new demand by introducing a new taste experience, or will it move consumers to a new price point with a premium product? The strategy has a direct bearing on the location and display profile for every brand and package size in each NSLC store.

This advance scrutiny is particularly important for wine because of the enormous number of choices throughout the globe. Italy alone has more than 50,000 wines to select from. An individual Nova Scotia winery can produce more than 30 products.

The same rigorous category management, screening, sourcing, timing and listings management also applies to beer and spirits. The NSLC now lists 150 domestic and imported beers out of a world of at least 1,500 choices. Rum listings have increased significantly in the last two years to 83 out of over 250 possible choices. Beer, rum and vodka tend to behave like general list wines in that they're steady order listings throughout the year. Scotch begins to move better in fall. Gin, like chardonnay, moves more quickly in summer.

Throughout the year, the NSLC's Choosing Committee is tasting what products go on promotion in a given month. These products receive special placement in prime floor location within NSLC stores. The products chosen are picked to match seasonal demands with category growth strategies maximizing NSLC sales and profitability. These products then become the focus of the NSLC's magazine *Occasions*. All of this influences the amount of product ordered, since promotional items sell at a higher rate than those on regular shelf space.

Managing all of these overlapping trends, volumes, price-points, listing, merchandising strategies and supporting

marketing is critical when you consider that, at any point in time, the NSLC has about \$35 million worth of products in the system. A little over half of that inventory is in the NSLC's Distribution Centre in Halifax and the remainder is in the stores. Typically, there is an additional \$5 million enroute by ship, rail or truck.

And Nova Scotia taxpayers own virtually all of it. In every sense of the word, the NSLC is a merchant that acquires product all over the world with a view to re-selling it here at home.

These are some of the myriad of decisions required to get that product ordered and to the international port. It then must be consolidated with international shipping requirements. For example, the NSLC may have a few containers that need to leave Australia, but numbers may not be large enough for the ship to leave port. These containers are then consolidated with other containers with goods for others and loaded aboard a ship destined usually for Philadelphia. The NSLC cargo is then transferred to another ship destined for Halifax. The requirements for efficient shipping in a container are different than the requirements for efficient storage in a warehouse. For this reason once at the container terminal at the Port of Halifax, the NSLC cargo is unloaded and trucked to a warehouse in Dartmouth, where it is put onto pallets that can be accommodated at the NSLC Distribution Centre in Bayers Lake.

When the product arrives by truck to the Distribution Centre, employees unload the truck and put the product in numbered lanes. The product and pallet is scanned, telling the computer what the product is and quantities on the pallet. The computerized inventory system then assigns a location in the Distribution Centre for the pallet, which is based on warehouse space available and how frequently the product is picked. A fork lift driver then moves the product to its assigned location.



Modern wireless scanning technology is an invaluable inventory control aid in our Distribution Centre.



Allison Flemming, NSLC Category Manager, sampling an Australian Cabernet Sauvignon.

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Store orders being picked at the NSLC Distribution Centre.



Container of product leaving Halifax Port for Dartmouth to be palletized.



Fred Renouf loading a store order destined for Glace Bay.



Checking an order upon receipt at the West End Mall store, prior to getting it on the shelves.

At least once a week, each of the NSLC's 108 stores places their orders. Stores do this based on a pre-determined list of products available for each individual store. This list matches the demands of customers in that store's market and what new or promotional products the NSLC specifically wants that store to stock. The order is then conveyed to another handheld wireless device that the NSLC Distribution Centre employee uses to pick that product from the shelf. It is then placed on a pallet containing all the products destined for that store. Once the order is assembled, the pallets are shrink wrapped and a list of the pallet contents is attached. It is placed in a loading zone lane ready for pick-up and delivery. The pallet is then loaded into a truck, with its placement in the trailer determined by the delivery route and the order in which the truck will be unloaded. Once delivered to the store, NSLC staff then place the product on a shelf in the proper location for maximum sales opportunity.



Ready for business at West End Mall, Halifax.



That bottle has now traveled from the winery in Australia that manufactured it; was trucked to the port in Adelaide; consolidated into an NSLC container; that container was consolidated with others; loaded onto a ship; crossed oceans arriving in Philadelphia; transferred to another ship bound for Halifax; the container then unloaded off the ship and placed in a truck; removed from the container in a warehouse in Dartmouth and put on a pallet; trucked from Dartmouth to the NSLC Distribution Centre; recorded as inventory and stored; picked for an order going to a store; loaded on a pallet for the store with other products; loaded on a truck and delivered to the store; unloaded at the store and placed on the shelf. That is how and why that bottle got to the shelf of your local NSLC store.

NSLC Wine Basket, Clayton Park, Halifax



The passage of a bottle of wine from Australia to Nova Scotia is only one story. We have thousands of products from locations all over the globe and numerous suppliers we deal with on a regular basis. All of our inventory management procurement practices have one goal in mind: getting the right product to market and to the tables of Nova Scotians, maximizing profits and delivering on customer expectations.



MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion is management's assessment of the Corporation's business performance in fiscal 2004–2005 as measured against two inter-locking standards: short term priorities and the long term strategic mandate.

The NSLC's mandate provides the context for setting performance targets and is critical for the business and financial decisions that must be made to achieve them. In 2001, the government changed the NSLC's legislation, requiring it to operate on a commercial basis.

MANDATE

The NSLC has developed, based on its legislated mandate, a new statement of purpose to describe our focus over the coming years.

We will deliver on this mandate with our:

Purpose

Bringing a world of beverage enjoyment to Nova Scotia.

We aspire to this through our:

Vision

To be recognized as a superb retailer – known for our business performance, customer focus and vibrant shopping experience eliciting the pride and enthusiasm of Nova Scotians.

Living our Purpose and Vision entails a:

Culture

That encourages innovation and creativity,
That engages employees in achieving success,
That is driven by customer needs,
That demonstrates respect and dignity in all we do,
That is a fun place to work,
That advocates intelligent consumption.

Management recognizes this mandate as its promise to our customers and to our shareholders, the taxpayers of Nova Scotia through their government.

Management also accepts that stating a vision, no matter how clear, doesn't automatically make it so. Our obligation, now and in the future, is to conduct our affairs in such a way as to live that promise in all we do and all we deliver.

FINANCIAL PERFORMANCE

The NSLC achieved record net operating income of \$170.0 million on record sales of \$453 million in the fiscal year ending March 31, 2005. This is an increase of 2.4% in net income compared to the previous year and in line with the revised net income forecast issued earlier in the year.

Earnings Before Depreciation and Amortization were \$174 million, an increase of 2.0% over 2003–2004.

Gross sales increased to 762,515 hectolitres (1 hectolitre equals 100 litres) for the year, which was a modest increase over 2003–2004. As reported during the year, beer accounts for 81.2% per cent of volume and 49.5% of sales. Sales fell off Canada-wide for the first time in six years. This affected domestic beer which accounts for more than 90% of beer sales, as well as draft beer sales to licensees declined most dramatically. Management expects volumes and sales to return and show strong growth in 2005–2006 as NHL hockey returns.

The NSLC showed strong gains in wine (8.6% of volume) and spirits (6.9% of volume) and a modest growth in coolers (3.3% of volume) as suppliers in that segment continue to realign product and marketing strategies for future growth.

The NSLC's operating expense ratio increased to 14.2%, primarily as a result of increased store hours; increased labour costs as a result of new union contracts; a continuing program to upgrade technology infrastructure and management systems which will continue for the next three years; and fundamental changes in our retail operating hours.

In 2004–2005, the NSLC established that sales, revenues and profit objectives would require meeting three priority targets:

- improved and accurate supply chain delivery;
- at retail where our customer promise needs to drive all we do;
- at the wholesale level which represents 18% of our business and a growing opportunity to extend our offerings.

SUPPLY CHAIN

The Corporation's warehousing and distribution operations underwent a dramatic transformation in 2004–2005 as it went "live" with the new Warehouse Management System (WMS).

The WMS upgrade in inventory management protocols, technology and back-office interface was compulsory for two reasons:

1. To allow management to precisely track the movement of over \$19 million in warehouse inventory, \$16 million in store level inventory and \$5 million in goods-in-transit that comprise the NSLC's highest-value asset.
2. To effectively utilize the warehouse to its capacity, in excess of ¾ million cubic feet.

The WMS is still, however, linked to the NSLC's out-dated legacy management system. As a result, the WMS implementation faced significant challenges and costs including a need to halt deliveries of warehouse shipments for a short period after going live. System-wide integration will occur in subsequent phases of the NSLC's overall IT strategy. In the near future, the IT strategy anticipates evolving into an Enterprise Resource Planning platform that will link information from order placement through to retail and wholesale delivery with a new core management technology – SAP.

Warehousing and distribution costs exceeded forecasts in 2004–2005, primarily as a result of the costs associated with the interface challenges with the NSLC legacy information management system and fuel adjustment surcharges which have doubled in the last two years alone.

RETAIL

The NSLC continued to revitalize its retail network on pace to meet its goal of 50% of the retail network renovated, expanded or relocated by 2007–2008. Fifteen stores were completed in 2004–2005 and another 10 were under construction and due to open in new formats in 2005–2006. Our expectation is to open 30 newly renovated stores in 2005–2006.

At year end, the retail network stands at 105 full service stores and three new Wine Baskets. Wine Baskets are small 350–500 square foot stores within grocery stores that present a new level of service and convenience to NSLC customers. They are store-level manifestations of the NSLC strategy to build the business by making wine purchases less daunting and an easy complement with food-parings and entertainment with wines ranging in price from \$12–\$25.

Despite warnings as early as the second quarter that volume, revenue and profit targets would likely fall short of forecast because of an unexpected slump across Canada in the domestic beer market, management elected to stay the course in terms of investing in the future growth of our business and, to its credit, our shareholder agreed.

One of those decisions was to extend the shopping hours of all 108 stores to a 10 pm closing in an effort to accommodate the changing daily time pressures of our customer base.

WHOLESALE

The NSLC continued to build distribution in communities that are more remote and some driving distance from the closest full-service NSLC store, increasing from eight to 23 stores in 2004–2005.

The NSLC reviewed 40 applications and awarded licenses to sell beverage alcohol to 15 independent businesses who will operate their NSLC franchise in addition to their normal line of business. Most are convenience stores which provide a dedicated shopping area to sell at least 50 selections of wine and spirits and 12 domestic and imported beers.

Sales to licensees including agency stores, bars and restaurants and independent wine merchants grew 4.3% to \$83 million, accounting for 18.3% of gross sales.

CORPORATE SERVICES

The NSLC has a number of corporate services that enable the supply chain, retail and wholesale functions to operate efficiently and effectively.

Finance

Improvement was made to the transparency of the NSLC's financial performance with the introduction of clear and concise disclosure of quarterly financial results publicly and weekly reports internally. The development of key financial drivers for the business as well as the introduction of forecasting was implemented in this division. A greater effort was made to improve budget planning by involving more levels of management in this process.

Human Resources

A major focus of the Human Resources Division for the year was the negotiation of three new collective agreements with our unionized workers. These three agreements, which were all ratified, gave employees an annual 2.9% increase in pay in each of the three years covered by the contract. A number of other

new provisions were added that give our retail network greater flexibility in scheduling employees in a manner that provides better levels of service to our customers.

During the year, Human Resources also completed an organization-wide drafting and classification of each position and updated the training programs available to staff.

Information Technology

Ensuring the stability of existing legacy systems and the introduction of a new Warehouse Management System were the primary focus of the IT team. New hardware was introduced to all stores during the year and all retail stores are now networked.

As part of the Corporation's strategy to become a modern retail organization, the IT group led an effort to examine our business's core operating systems: Magstar for product ordering and financial management, Avantech for Human Resources, and our point-of-sale system. This examination led management to the conclusion that a new approach was needed that would be based on an Enterprise Resource Planning approach. After extensive consultation with vendors and companies that had successfully used this approach, the NSLC selected an SAP solution. This project, including the total replacement of the NSLC's end-of-life point-of-sale system will take the next two years to implement.

Merchandising, Marketing & Communications

These groups work closely together to choose the products offered in our stores, market them to the customer and communicate to our stakeholders.

During the year the specialty beer segment continued to grow in sales and product selection. The wine segment saw the introduction of many new products with new regions such as South Africa and New Zealand receiving increased attention and customer acceptance. The Australian wine category continued its impressive growth, remaining one of the favourite regions for Nova Scotia consumers. In the spirits category, the NSLC continued to improve selection of single malt scotch, introduced many new flavour vodkas and gins, and began expanding the tequila selection. The rum category continued to make up almost half of all spirit sales.

A new in-store signage standard was designed and introduced during the year, making the promotions easier to understand for the consumer and more effective for sales. The NSLC marketing magazine, *Occasions*, was redesigned, rebranded with a private sector publisher and launched late in the year.

NSLC special events continue to grow in popularity with customers, as the organization expanded these events beyond the Halifax Regional Municipality and into other parts of the province. The events continue to grow in attendance and increase customer product knowledge.

AUDITORS' REPORT

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of Nova Scotia Liquor Corporation

We have audited the balance sheet of the **Nova Scotia Liquor Corporation** as at March 31, 2005 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Dartmouth, Nova Scotia
May 20, 2005

Grant Thornton LLP
Chartered Accountants

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BALANCE SHEET

March 31 (in thousands)

Assets

Current

Cash	\$ 9,527	\$ 5,585
Receivables	3,080	1,620
Inventories	33,338	30,950
Prepays	898	829
	<u>46,843</u>	<u>38,984</u>

Property and equipment (Note 3)

Assets under capital lease, net of accumulated depreciation of \$10,286 (2004 - \$9,853)	18,666	14,276
	<u>545</u>	<u>978</u>

\$ 66,054 **\$ 54,238**

Liabilities

Current

Payables and accruals	\$ 26,847	\$ 28,129
Due to Minister of Finance	16,765	3,927
Current portion of obligation under capital lease	642	558
Current portion of employee future benefit obligations	635	631
	<u>44,889</u>	<u>33,245</u>

Obligations under capital lease (Note 4)

Employee future benefit obligations (Note 5)	6,051	6,692
	<u>15,114</u>	<u>14,301</u>

\$ 66,054 **\$ 54,238**

Commitments (Note 6)

See accompanying notes to the financial statements.

On behalf of the Board

Peter L. McCreath

The Honourable Peter L. McCreath, PC, MA, FRSA
Chair, Board of Directors

James G. MacLean

Mr. James G. MacLean, B.Sc., LL.B.
Audit Committee Chair

STATEMENT OF EARNINGS AND RETAINED EARNINGS

Year Ended March 31, 2005 (in thousands)	2005	2004
Net sales	\$ 450,955	\$ 437,143
Cost of goods sold	<u>216,982</u>	<u>213,308</u>
	233,973	223,835
Store operating expenses	<u>41,994</u>	<u>38,095</u>
	191,979	185,740
Depreciation and amortization	3,992	3,200
Supply chain expense	5,161	5,013
Corporate services	13,534	9,857
Other revenue	(4,834)	(4,538)
Other expenses	<u>4,092</u>	<u>4,415</u>
	21,945	17,947
Net earnings	\$ 170,034	\$ 167,793
Retained earnings, beginning of year	\$ -	\$ -
Net earnings	170,034	167,793
Other adjustments (Note 9)	-	(1,041)
Distributions to the Province	<u>(170,034)</u>	<u>(166,752)</u>
Retained earnings, end of year	\$ -	\$ -

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

March 31 (in thousands)	2005	2004
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings	\$ 170,034	\$ 167,793
Other adjustments	-	(1,041)
Depreciation	3,992	3,200
Increase in employee future benefit obligations	<u>816</u>	<u>912</u>
	174,842	170,864
Change in non-cash operating working capital (Note 7)	<u>(6,367)</u>	<u>4,271</u>
	168,475	175,135
Financing		
Principal payments on obligations under capital lease	(558)	(486)
Remittances to Minister of Finance	<u>(157,200)</u>	<u>(172,700)</u>
	(157,758)	(173,186)
Investing		
Purchase of property and equipment	<u>(6,775)</u>	<u>(3,120)</u>
Increase (decrease) in cash and cash equivalents	3,942	(1,171)
Cash and cash equivalents, beginning of year	<u>5,585</u>	<u>6,756</u>
Cash and cash equivalents, end of year	\$ 9,527	\$ 5,585

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005

1. Nature of operations

The Nova Scotia Liquor Corporation administers the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989 and is a government business enterprise as defined by Public Sector Accounting Board recommendations. The Corporation was created June 1, 2001, by Chapter 4 of the Government Restructuring (2001) Act, via continuance of the Nova Scotia Liquor Commission as a body corporate. The Corporation is exempt from income tax under Section 149 of the Income Tax Act.

2. Summary of significant accounting policies

Inventories

Inventories of stock in warehouses and stores are valued at the lower of cost and net realizable value. Customs and excise tax have not been included where payment is due upon shipment from a bonded warehouse.

Depreciation

Property and equipment are recorded at cost. Depreciation is provided on the straight-line basis at the following annual rates:

Furniture, fixtures, portable equipment, other equipment, and capital leasehold improvements	10%
Computers – stand-alone	33%
Computers – integrated systems	20%
Land and buildings	4%

In the year of addition, depreciation is charged at the full annual rate.

Land costs, which normally would not be depreciated, are depreciated due to the retention of proceeds by the Province of Nova Scotia.

Work in progress includes assets not yet being used, but already purchased. These assets are depreciated when they are available for use.

Assets under capital lease

Assets under capital lease are depreciated over their estimated useful lives using the straight-line method.

Employee future benefits

The Corporation has a Public Service Award Program covering substantially all of its permanent employees. The benefit is based on years of service and the employee's compensation during the final year of employment. This program is funded in the year of retirement of eligible employees.

The Corporation pays 65% of the cost of health care plans for substantially all retirees or surviving spouses of retirees. This program is funded each year by the payment of the required premiums.

The Corporation accrues its obligations under these employee benefit plans as the employees render the services necessary to earn the employee future benefits. The Corporation has adopted the following policies:

- The cost of the benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected salary escalation, retirement ages and expected health care costs.
- The excess of the net actuarial gain or loss over 10% of the benefit obligation is amortized over the average remaining service period of active employees, which is 10 years.

Permanent employees are members of the Nova Scotia Public Service Superannuation Plan. The cost of pension benefits is the responsibility of the Province of Nova Scotia and accordingly no provision is included in the Corporation's financial statements for pension related amounts. The pension related assets and liabilities are accounted for in the Public Accounts of Nova Scotia.

Use of estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

NOTES TO THE FINANCIAL STATEMENTS

Financial instruments

The Corporation's financial instruments include cash and cash equivalents, receivables, payables and accruals, due to Minister of Finance, and obligations under capital lease. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these financial instruments approximate their carrying values except for the obligation under capital lease. The fair value of the obligation under capital lease was not determinable due to the fact exit costs are not known. These exit costs would be a significant component of the fair value calculation, as the implicit rate of the lease of 13.8% is in excess of the current market cost of capital for the Corporation.

3. Property and equipment

	2005	2004
Furniture and fixtures	\$ 7,891	\$ 5,997
Other equipment	7,192	7,316
Computers	10,802	7,563
Land and buildings	13,508	13,875
Capital and leasehold improvements	28,190	26,886
Work in progress	2,614	1,785
	<u>70,197</u>	<u>63,422</u>
Less: accumulated depreciation	51,531	49,146
	<u>\$ 18,666</u>	<u>\$ 14,276</u>

4. Obligation under capital lease

The Corporation has an obligation under a capital lease, which matures in 2012. The obligation represents the total present value of future minimum lease payments discounted at the rate implicit in the lease which is 13.8%. The future minimum lease payments, together with the balance of the obligation under capital lease as of March 31, 2005, are as follows:

2006	\$ 1,536
2007	1,536
2008	1,536
2009	1,536
2010 - 2012	<u>4,228</u>
Total minimum lease payments	10,372
Less amount representing interest	<u>3,679</u>
Balance of obligation	6,693
Less current portion of obligation	<u>642</u>
	<u>\$ 6,051</u>

Corporate services include interest of \$978 (2004 - \$1,050) related to this obligation.

5. Employee future benefits

The Corporation has two employee future benefit plans for which it is responsible as described in Note 2.

Information about these benefit plans, in aggregate, based on the April 1, 2002 actuarial valuation extrapolated to March 31, 2005 is as follows:

	2005	2004
Accrued benefit obligation:		
Balance, beginning of year	\$ 15,900	\$ 15,003
Current service cost	628	558
Interest cost	976	926
Benefits paid	(795)	(602)
Past service costs	100	-
Actuarial losses	<u>(221)</u>	<u>15</u>
Balance, end of year, and funded status – deficit	16,588	15,900
Less: current portion	(635)	(631)
Past service costs	(100)	-
Unamortized net actuarial loss	<u>(739)</u>	<u>(968)</u>
Accrued benefit liability	<u>\$ 15,114</u>	<u>\$ 14,301</u>

NOTES TO THE FINANCIAL STATEMENTS

5. Employee future benefits (continued)

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations are as follows:

	<u>2005</u>	<u>2004</u>
Discount rate	6.05%	6.17%
Rate of compensation increase	2.90%	2.50%

The assumed health care cost trend rate at April 1, 2005 was 9%, decreasing at 1% per annum to an ultimate rate of 5.0% per annum.

The Corporation's net benefit plan expense was \$1,618 (2004 - \$1,551).

6. Commitments

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2005 and 2010. Some of these operating leases contain renewal options at the end of the initial lease term.

The following schedule approximates future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 2005:

2006	\$ 2,112
2007	\$ 1,684
2008	\$ 909
2009	\$ 323
2010	\$ 80

7. Supplemental cash flow information

Change in non cash operating working capital

	<u>2005</u>	<u>2004</u>
Receivables	\$ (1,460)	\$ 667
Inventory	(2,387)	(4,135)
Prepays	(69)	(5)
Payables and accruals	<u>(2,451)</u>	<u>7,744</u>
	\$ (6,367)	\$ 4,271

Cash and cash equivalents consist of:

Cash on hand and balances with banks	\$ 9,527	\$ 5,585
Interest and bank charges paid	\$ 237	\$ 236

8. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

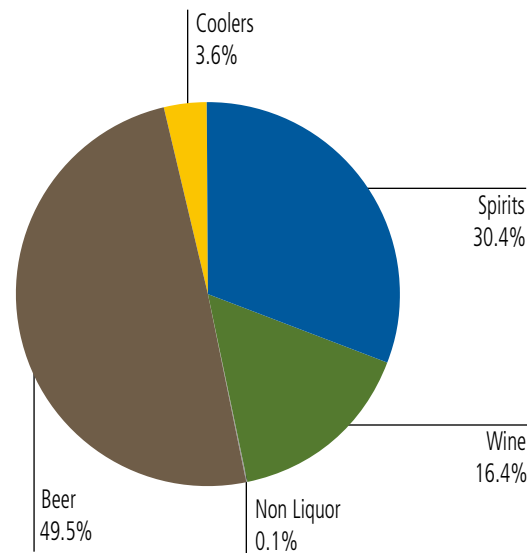
9. Other adjustments

The Corporation recorded adjustments of nil (2004 - \$1,041) related to years prior to 2003. This amount reduced the prior year's distribution to the Province in the calculation of retained earnings.

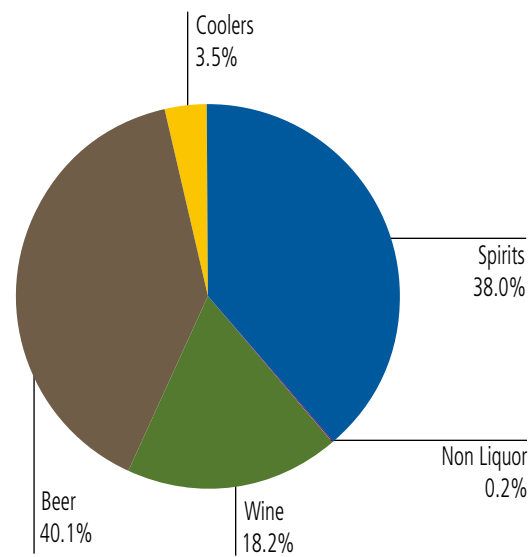


FINANCIAL PERFORMANCE

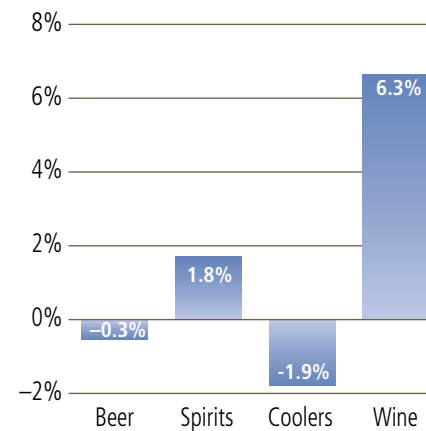
REPRESENTATIVE SALES CONTRIBUTION BY CATEGORY



GROSS PROFIT CONTRIBUTION BY CATEGORY



VOLUME PERCENT INCREASE



FIVE-YEAR HISTORY

FIVE-YEAR HISTORY OF PROFITS TO THE PROVINCE OF NOVA SCOTIA

FISCAL YEAR (000,000'S)	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
	\$137.2	\$143.9	\$157.9	\$166.8	\$170.0

FIVE-YEAR KEY FINANCIAL HIGHLIGHTS

	2000/2001	2001/2002	2002/2003	2003/2004	2003/2004
VOLUME (000 Hectolitres)	710.2	729.0	730.6	760.2	762.5
GROSS SALES (M)	\$372.4	\$391.4	\$413.3	\$439.5	\$453.2
COST OF GOODS (M)	\$183.5	\$197.6	\$202.8	\$213.3	\$217.0
As a % of Sales	50.3%	50.5%	49.1%	48.5%	48.1%
GROSS PROFIT (M)	\$188.9	\$193.9	\$209.6	\$223.8	\$234.0
As a % of Sales	49.7%	49.5%	50.7%	50.9%	51.9%
STORE OP EXPENSE (M)	\$33.3	\$34.7	\$36.0	\$38.1	\$42.0
As a % of Sales	8.9%	8.9%	8.7%	8.7%	9.3%
INC/OPERATIONS (M)	\$137.2	\$143.9	\$157.9	\$167.8	\$170.0
As a % of Sales	36.7%	36.8%	38.2%	38.2%	37.7%
WHOLESALE SALES (M)	\$65.0	\$66.6	\$75.3	\$79.6	\$83.0
As a % of Sales	17.3%	17.0%	18.2%	18.1%	18.3%
STORES	100	100	100	100	108
Hours Open (000's)	310.4	315.9	310.1	317.9	344.1
VOLUME (000 HL)					
Spirits	50.7	50.6	49.8	51.4	52.3
Wine	51.7	54.1	56.0	61.7	65.6
Beer	591.3	604.1	602.2	621.2	619.2
Coolers	16.5	20.3	22.6	25.9	25.4

SALES BY STORES

SALES BY STORES

MARCH 31, 2005

Largest Sales - All Stores - All Categories **Sydney River**
 Largest Sales Halifax Area **Downsview Plaza**
 Largest Sales Eastern & Northern **Truro**
 Largest Sales Cape Breton Area **Sydney River**
 Largest Sales Valley & South Shore **Bridgewater**

Largest Spirits Sales **Antigonish**
 Largest Wine Sales **Port of Wines**
 Largest Beer Sales **Downsview Plaza**
 Largest Coolers Sales **Sydney River**

HALIFAX REGION						
STORE NUMBER & NAME	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
104 - Agricola Street	\$2,383,729.72	\$2,216,201.70	\$3,700,395.79	\$225,492.69	\$15,922.04	\$8,541,741.94
106 - Barrington Street	1,008,038.38	1,176,160.78	1,228,330.26	80,307.71	10,823.15	3,503,660.28
108 - Bayers Lake	2,304,822.51	2,443,167.04	3,392,419.28	306,262.42	35,457.69	8,482,128.94
110 - Bayers Road	2,472,006.03	1,696,032.49	3,793,862.39	291,263.89	5,534.71	8,258,699.51
120 - Clyde Street	1,732,883.65	1,512,182.69	2,411,292.94	199,614.25	14,776.77	5,870,750.30
123 - Queen Street	1,167,134.59	1,111,314.99	1,096,695.14	110,250.68	6,825.54	3,492,220.94
145 - Halifax Shopping Centre	1,363,887.22	1,018,858.68	1,086,220.36	171,966.79	12,149.30	3,653,082.35
150 - HSC Annex	873,662.08	717,354.59	1,150,925.21	81,979.65	5,131.33	2,829,052.86
152 - Kempt Road	743,514.10	400,427.37	1,161,952.18	64,794.22	2,015.25	2,372,703.12
154 - Young Street	661,892.15	524,263.43	815,614.37	43,278.19	3,613.65	2,048,661.79
160 - Port of Wines	405,664.73	3,052,514.01	172,786.55	0.00	204,814.46	3,835,779.75
165 - Quinpool IGA	1,548,600.23	1,751,348.38	1,706,866.78	134,559.20	9,107.61	5,150,482.20
170 - Rockingham Ridge	2,429,629.36	1,709,606.41	3,350,146.62	271,649.16	13,476.58	7,774,508.13
176 - Downsview Plaza	3,251,042.04	1,174,704.53	7,034,408.13	506,622.72	3,655.41	11,970,432.83
178 - Lower Sackville	842,636.14	394,210.48	744,851.91	97,795.20	553.60	2,080,047.33
180 - Scotia Square	753,675.51	668,482.44	707,653.54	68,613.66	18,488.66	2,216,913.81
185 - Spryfield	2,366,758.73	984,638.05	4,096,837.91	289,369.04	3,364.30	7,740,968.03
193 - Bedford Sunnyside	1,187,952.77	1,216,594.29	1,149,438.51	125,713.79	12,545.89	3,692,245.25
195 - Tantallon	2,309,399.25	1,792,251.77	3,539,154.05	258,415.93	6,221.19	7,905,442.19
202 - Bedford Place	1,888,470.40	1,611,679.05	2,755,921.12	199,126.24	9,033.84	6,464,230.65
209 - Bridge Plaza	2,541,837.80	1,427,592.01	4,903,620.50	282,223.80	16,917.11	9,172,191.22
210 - Burnside	689,447.65	311,674.21	1,214,078.46	78,352.48	2,497.96	2,296,050.76
213 - Penhorn Mall	1,476,776.29	828,756.86	1,076,419.59	141,758.96	9,747.58	3,533,459.28
219 - Westphal	3,551,908.78	1,746,330.08	5,989,743.15	467,386.78	8,253.98	11,763,622.77
220 - Mic Mac Mall	1,173,275.41	1,066,773.43	734,220.86	118,566.56	17,873.42	3,110,709.68
227 - Forest Hills	3,505,590.00	1,820,165.76	5,465,402.66	487,336.66	13,406.01	11,291,901.09
270 - Porters Lake	1,351,612.57	503,385.23	2,278,265.95	157,939.37	1,119.51	4,292,322.63
290 - Eastern Passage	1,020,471.64	343,072.11	2,118,275.57	142,657.14	1,339.89	3,625,816.35
297 - Musquodoboit Harbour	662,298.63	201,902.55	923,230.64	60,180.59	1,138.48	1,848,750.89
099 - Halifax Licensee	5,939,526.83	8,200,805.75	16,677,631.82	935,186.06	4,396.63	31,757,547.09
HALIFAX REGION TOTAL	\$53,608,145.19	\$43,622,451.16	\$86,476,662.24	\$6,398,663.83	\$470,201.54	\$190,576,123.96

EASTERN & NORTHERN REGION						
STORE NUMBER & NAME	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
201 - Airport	\$550,015.64	\$515,176.91	\$501,064.75	\$27,486.27	\$3,501.87	\$1,597,245.44
222 - Kennetcook	357,519.05	39,592.20	822,155.44	33,258.56	239.45	1,252,764.70
223 - Elmsdale	2,059,747.91	849,402.79	4,041,428.29	279,789.42	2,902.44	7,233,270.85
225 - Fall River	1,082,744.09	784,342.55	1,288,292.84	121,838.32	2,185.25	3,279,403.05
280 - Sheet Harbour	464,103.80	104,127.32	654,199.11	37,741.47	846.17	1,261,017.87
285 - Stewiacke	742,686.26	141,016.32	1,613,637.65	99,981.57	826.70	2,598,148.50
286 - Middle Musquodoboit	407,349.67	64,661.79	622,017.48	37,503.78	515.48	1,132,048.20
301 - Amherst	730,327.49	278,534.14	1,596,118.14	126,145.71	689.30	2,731,814.78
302 - Amherst Mall	1,277,831.18	650,352.36	2,525,709.52	257,516.26	4,671.10	4,716,080.42
310 - Bible Hill	1,010,341.85	246,358.54	1,928,702.31	113,733.19	774.24	3,299,910.13
322 - Joggins	96,701.08	14,289.38	312,944.50	14,284.94	583.12	438,803.02
338 - Oxford	303,679.78	73,570.53	567,271.56	40,471.00	685.25	985,678.12
343 - Parrsboro	378,195.86	126,478.43	863,460.04	60,598.53	1,104.58	1,429,837.44
345 - New Glasgow	2,770,427.48	1,277,601.10	5,054,429.33	390,586.43	6,731.57	9,499,775.91
347 - West New Glasgow	48,552.16	29,077.32	65,271.26	4,294.27		147,195.01
348 - Pictou	1,335,084.07	494,527.57	2,036,416.57	152,613.99	1,366.22	4,020,008.42
353 - Pugwash	445,974.03	166,870.69	741,339.03	58,796.79	684.67	1,413,665.21
358 - River John	219,081.69	74,520.40	482,297.37	24,722.22	203.10	800,824.78
367 - Springhill	454,976.07	97,914.39	1,063,680.33	79,942.18	698.24	1,697,211.21
370 - Sherbrooke	247,597.12	85,885.99	438,429.77	24,940.78	546.24	797,399.90
375 - Stellarton	1,305,939.90	302,087.16	2,264,997.82	115,832.02	933.77	3,989,790.67
382 - Tatamagouche	527,201.06	318,356.25	1,053,889.57	64,428.24	863.11	1,964,738.23
387 - Trenton	572,039.50	124,780.64	1,183,042.14	53,203.18	174.04	1,933,239.50
392 - Truro	3,735,704.96	1,415,477.71	6,543,319.25	511,483.80	5,554.84	12,211,540.56
394 - Truro Mall	1,588,102.96	521,634.93	2,265,760.91	159,640.10	1,352.59	4,536,491.49
397 - Westville	574,771.19	112,144.80	1,526,513.64	70,754.70	1,298.14	2,285,482.47
EASTERN & NORTHERN TOTAL	\$23,286,695.85	\$8,908,782.21	\$42,056,388.62	\$2,961,587.72	\$39,931.48	\$77,253,385.88

SALES BY STORES

CAPE BRETON REGION						
STORE NUMBER & NAME	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
303 - Antigonish	\$4,063,835.95	\$1,528,522.98	\$5,783,997.49	\$437,452.99	\$8,956.42	\$11,822,765.83
312 - Canso	339,588.72	42,518.91	614,276.57	44,524.70	258.60	1,041,167.50
317 - Guysborough	471,049.00	128,297.11	697,688.83	34,812.32	593.00	1,332,440.26
340 - Mulgrave	311,092.61	44,706.65	544,913.14	24,662.34	583.98	925,958.72
407 - Arichat	542,181.33	112,109.62	854,315.85	37,570.46	1,127.81	1,547,305.07
408 - Baddeck	1,290,092.66	550,188.22	1,995,279.18	136,911.05	2,359.70	3,974,830.81
413 - Cheticamp	632,977.38	273,425.28	1,209,271.41	101,542.87	1,904.27	2,219,121.21
418 - Dominion	469,792.42	72,620.19	1,304,237.90	68,149.86	498.40	1,915,298.77
426 - Glace Bay	2,496,234.55	520,028.04	5,246,276.70	346,141.74	2,683.56	8,611,364.59
431 - Ingonish	572,759.23	275,969.13	922,248.86	71,397.56	1,812.48	1,844,187.26
436 - Inverness	695,844.12	214,108.15	1,393,131.72	74,239.32	1,453.03	2,378,776.34
441 - Louisbourg	348,778.40	87,098.10	621,890.78	37,756.24	811.75	1,096,335.27
445 - New Waterford	1,148,018.47	200,599.82	2,884,709.86	152,800.41	1,076.09	4,387,204.65
451 - North Sydney	2,124,216.97	583,838.44	3,282,874.07	277,225.40	2,417.48	6,270,572.36
455 - Port Hawkesbury	2,240,525.67	811,321.23	3,317,175.75	213,001.19	8,853.43	6,590,877.27
460 - Port Hood	645,935.98	159,010.97	791,295.17	43,865.61	1,250.55	1,641,358.28
477 - St. Peters	620,835.40	169,252.30	1,195,054.69	74,213.71	2,052.38	2,061,408.48
479 - Sydney	1,980,641.31	662,850.35	2,756,305.75	185,146.73	3,659.16	5,588,603.30
480 - Mayflower Mall	772,622.87	317,746.80	425,566.45	61,688.17	1,969.85	1,579,594.14
481 - Sydney K-Mart Plaza	2,111,977.42	537,608.25	3,499,551.27	235,457.98	2,715.35	6,387,310.27
483 - Whitney Pier	602,431.99	91,818.57	1,077,887.32	49,385.84	573.76	1,822,097.48
490 - Sydney Mines	997,927.07	166,512.71	2,353,436.88	160,149.26	4,124.50	3,682,150.42
496 - Sydney River	3,723,510.92	1,480,862.61	6,798,925.54	618,012.84	8,229.56	12,629,541.47
CAPE BRETON TOTAL	\$29,202,870.44	\$9,031,014.43	\$49,570,311.18	\$3,486,108.59	\$59,965.11	\$91,350,269.75

SALES BY STORES

VALLEY & SOUTH SHORE REGION						
STORE NUMBER & NAME	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
115 - Chester	\$1,250,166.28	\$769,736.93	\$1,657,243.12	\$105,750.84	\$1,835.60	\$3,784,732.77
125 - Hubbards	609,053.28	328,803.98	778,509.70	50,554.80	812.78	1,767,734.54
130 - Hantsport	347,585.01	105,559.10	611,983.17	31,106.22	556.99	1,096,790.49
196 - Windsor	1,998,799.83	596,821.22	3,390,236.23	226,862.70	1,975.73	6,214,695.71
501 - Annapolis	725,361.70	358,735.20	984,148.40	64,271.19	1,743.64	2,134,260.13
504 - Barrington Passage	1,110,806.98	160,044.53	1,308,349.38	142,342.04	1,487.71	2,723,030.64
505 - Bridgewater	2,905,031.86	1,248,757.56	4,369,725.58	257,749.58	7,672.52	8,788,937.10
506 - Bridgewater Mall	1,307,786.00	513,059.92	753,351.25	86,780.53	1,988.07	2,662,965.77
509 - Caledonia	252,359.57	67,576.70	409,966.45	26,447.56	288.50	756,638.78
511 - Berwick	1,005,570.35	295,709.23	1,837,517.15	105,888.64	945.98	3,245,631.35
515 - Bridgetown	425,809.10	142,859.26	723,480.15	43,997.78	1,329.09	1,337,475.38
520 - Digby	1,704,045.33	673,933.74	2,522,798.77	196,223.22	2,507.39	5,099,508.45
546 - Kentville	1,727,420.86	691,910.38	3,297,603.51	201,882.27	2,524.52	5,921,341.54
548 - Kingston	1,678,002.00	703,350.06	3,058,219.50	231,527.84	2,375.21	5,673,474.61
555 - Liverpool	1,544,955.51	511,744.30	1,804,554.60	129,792.69	1,425.28	3,992,472.38
560 - Lockeport	335,501.68	47,701.89	346,182.26	21,510.33	433.15	751,329.31
565 - Lunenburg	1,437,439.08	741,897.35	1,518,921.28	88,676.56	3,408.84	3,790,343.11
570 - Mahone Bay	946,183.43	569,161.91	1,158,106.44	70,234.67	1,433.28	2,745,119.73
572 - Meteghan	945,865.54	279,962.87	1,671,647.99	97,805.33	1,066.83	2,996,348.56
573 - Middleton	978,161.90	293,748.65	1,721,590.58	102,636.61	1,250.73	3,097,388.47
574 - New Minas	2,024,295.58	989,270.32	3,018,856.66	266,541.46	11,740.85	6,310,704.87
575 - New Germany	456,448.96	100,392.86	711,425.62	37,917.70	451.21	1,306,636.35
585 - Shelburne	971,938.87	288,148.55	1,287,173.57	100,265.58	723.92	2,648,250.49
590 - West Pubnico	444,414.47	98,831.25	426,849.17	36,210.23	688.58	1,006,993.70
591 - Weymouth	435,089.20	123,758.00	739,385.76	44,941.43	423.97	1,343,598.36
595 - Wolfville	1,226,868.73	950,813.69	1,788,449.25	118,874.80	3,098.49	4,088,104.96
598 - Yarmouth	3,138,395.31	937,613.94	4,344,828.40	315,654.50	9,217.21	8,745,709.36
VALLEY & SHORE SHORE TOTAL	\$31,933,356.41	\$12,589,903.39	\$46,241,103.94	\$3,202,447.10	\$63,406.07	\$94,030,216.91

GRAND TOTAL SALES	\$138,031,067.89	\$74,152,151.19	\$224,344,465.98	\$16,048,807.24	\$633,504.20	\$453,209,996.50
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AGENCY STORES	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
TOTAL AGENCY STORES	\$1,355,420.75	\$257,479.82	\$2,716,019.90	\$226,879.83	\$23.34	\$4,555,823.64

SOURCE OF GROSS SALES REVENUE

SOURCE OF GROSS SALES REVENUE

Overall, all categories increased from last year and total sales are up 3.2%. Wine showed the largest increase, up 6.3% over last year. (Dollars to the nearest 000s)

2004-2005	\$	%
Spirits	\$138,031.1	30.4%
Wine	\$74,152.2	16.4%
Beer	\$224,344.5	49.5%
Coolers	\$16,048.8	3.6%
Other	\$633.5	0.1%
TOTAL	\$453,210.0	100.0%

RETAIL – WHOLESALE SALES

Retail sales flow from sales at the NSLC's 108 stores. Wholesale sales include licensees, private wine specialty stores, and agency stores.

(Dollars to the nearest 000s)

2004-2005

SPIRITS	\$	%
Retail	\$121,233.4	87.8%
Wholesale	\$16,797.7	12.2%
Total	\$138,031.1	100.0%

WINE	\$	%
Retail	\$59,869.9	80.7%
Wholesale	\$14,282.3	19.3%
Total	\$74,152.2	100.0%

BEER	\$	%
Retail	\$175,803.1	78.4%
Wholesale	\$48,541.3	21.6%
Total	\$224,344.5	100.0%

COOLERS	\$	%
Retail	\$12,736.9	79.4%
Wholesale	\$3,311.9	20.6%
Total	\$16,048.8	100.0%

OTHER	\$	%
Retail	\$572.5	90.4%
Wholesale	\$61.0	9.6%
Total	\$633.5	100.0%

TOTAL	\$	%
Retail	\$370,215.7	81.7%
Wholesale	\$82,994.2	18.3%
TOTAL SALES	\$453,210.0	100.0%

RETAIL – WHOLESALE SALES

Retail Wholesale



CANADIAN AND IMPORTED SALES

CANADIAN AND IMPORTED SALES 2004-2005

Canadian products account for 78.1 per cent of all products sold; 21.9 per cent are imported. (Dollars to the nearest 000s)

SPIRITS	\$	%
Canadian	\$106,585.2	77.2%
Imported	\$31,445.9	22.8%
Total	\$138,031.1	100.0%

WINE	\$	%
Canadian	\$21,301.8	28.7%
Imported	\$52,850.4	71.3%
Total	\$74,152.2	100.0%

BEER	\$	%
Canadian	\$210,017.9	93.6%
Imported	\$14,326.6	6.4%
Total	\$224,344.5	100.0%

COOLERS	\$	%
Canadian	\$15,397.0	95.9%
Imported	\$651.8	4.1%
Total	\$16,048.8	100.0%

OTHER	\$	%
Canadian	\$633.5	100.0%
Imported	\$0.0	0.0%
Total	\$633.5	100.0%

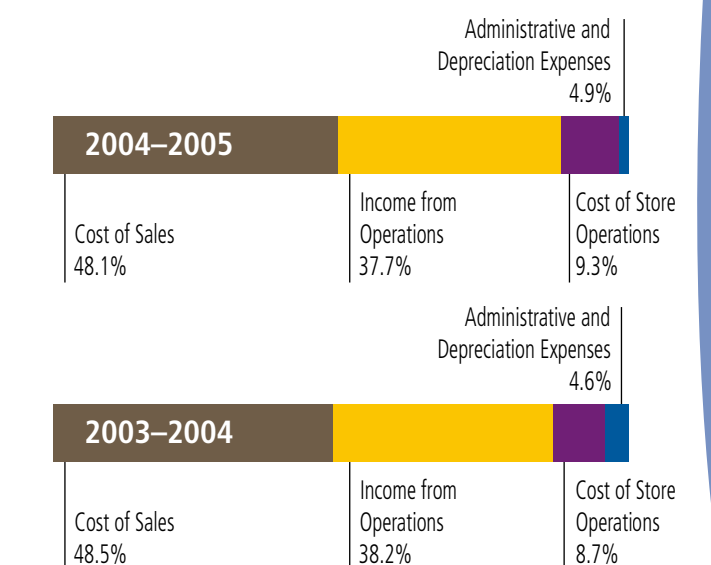
TOTAL	\$	%
Canadian	\$353,935.3	78.1%
Imported	\$99,274.7	21.9%
TOTAL	\$453,210.0	100.0%

CANADIAN AND IMPORTED SALES

Canadian Imported



DISTRIBUTION OF SALES REVENUE DOLLARS



FIVE-YEAR SALES COMPARISON

(Dollars to the nearest 000s)

BY CLASS OF SALES							
YEAR	SPIRITS	WINE	BEER	COOLERS	OTHER	SPECIAL ORDERS	TOTAL
2004/2005	\$138,031.1	\$74,152.2	\$224,344.5	\$16,048.8	\$633.5	\$0.0	\$453,210.0
2003/2004	\$135,605.1	\$69,766.5	\$217,654.7	\$15,993.3	\$527.5	\$0.0	\$439,547.1
2002/2003	\$131,886.4	\$60,925.6	\$206,291.0	\$13,779.0	\$443.4	\$0.0	\$413,325.3
2001/2002	\$128,458.1	\$53,984.1	\$197,343.4	\$11,291.3	\$353.8	\$481.1	\$391,911.8
2000/2001	\$127,110.1	\$49,698.9	\$186,784.0	\$7,990.7	\$316.0	\$486.0	\$372,385.7

CDN VS. IMP – GROSS LIQUOR REVENUE							
YEAR	SPIRITS	WINE	BEER	COOLERS	OTHER	SPECIAL ORDERS	TOTAL
Cdn 2004/2005	\$106,585.2	\$21,301.8	\$210,017.9	\$15,397.0	\$633.5	N/A	\$353,935.3
Imp	\$31,445.9	\$52,850.4	\$14,326.6	\$651.8	\$0.0	N/A	\$99,274.7
Cdn 2003/2004	\$106,301.7	\$20,253.8	\$204,716.3	\$15,066.2	\$527.5	N/A	\$346,865.5
Imp	\$29,303.4	\$49,512.7	\$12,938.4	\$927.1	\$0.0	N/A	\$92,681.6
Cdn 2002/2003	\$105,446.4	\$19,436.2	\$195,391.5	\$13,779.0	\$434.9	N/A	\$334,488.0
Imp	\$26,439.9	\$41,489.3	\$10,899.5	\$0.0	\$8.5	N/A	\$78,837.2
Cdn 2001/2002	\$103,732.7	\$17,711.9	\$188,881.0	\$11,291.3	\$353.8	N/A	\$321,970.6
Imp	\$24,725.4	\$36,272.2	\$8,462.5	\$0.0	\$0.0	N/A	\$69,460.1
Cdn 2000/2001	\$100,969.5	\$17,615.2	\$176,722.8	\$7,990.7	\$315.8	N/A	\$303,614.0
Imp	\$26,140.6	\$32,083.7	\$10,061.2	\$0.0	\$0.2	N/A	\$68,285.7

WHOLESALE SALES							
YEAR	SPIRITS	WINE	BEER	COOLERS	OTHER	SPECIAL ORDERS	TOTAL
2004/2005	\$16,797.7	\$14,282.3	\$48,541.3	\$3,311.9	\$61.0	N/A	\$82,994.2
2003/2004	\$15,967.3	\$13,866.0	\$46,589.0	\$3,127.6	\$36.3	N/A	\$79,586.2
2002/2003	\$15,436.4	\$9,392.7	\$47,295.6	\$3,120.6	\$22.4	N/A	\$75,267.7
2001/2002	\$13,641.8	\$7,725.0	\$42,970.6	\$2,290.6	\$0.0	N/A	\$66,628.0
2000/2001	\$13,882.1	\$7,331.8	\$42,240.2	\$1,494.1	\$0.0	N/A	\$64,948.2

FIVE-YEAR VOLUME COMPARISON

SALES IN HECTOLITRES - FIVE YEARS

(Approximate Hectolitres)

Imported wine has been steadily increasing in volume since 1999–2000
Imported beer volume increased 8.8 per cent from last year.

	2004/2005		2003/2004		2002/2003		2001/2002		2000/2001	
SPIRITS										
Canadian	41,775.8		41,248.7		40,457.2		40,002.1		40,682.1	
Imported	10,518.5		10,137.9		9,328.0		10,571.6		9,997.1	
TOTAL	52,294.3	6.9%	51,386.6	6.8%	49,785.2	6.8%	50,573.7	6.9%	50,679.2	7.0%
WINE										
Canadian	26,656.2		25,340.1		24,268.9		24,571.8		25,078.6	
Imported	38,972.4		36,408.9		31,745.2		29,489.7		26,655.5	
TOTAL	65,628.6	8.6%	61,748.9	8.1%	56,014.1	7.7%	54,061.5	7.4%	51,734.1	7.5%
BEER										
Canadian	584,854.5		589,569.3		573,838.3		581,159.1		552,503.3	
Imported	34,367.5		31,586.0		28,394.0		22,961.1		38,824.5	
TOTAL	619,222.0	81.2%	621,155.3	81.7%	602,232.3	82.4%	604,120.2	82.9%	591,327.8	83.2%
COOLERS										
Canadian	24,434.6		24,537.1		22,611.0		20,284.3		16,314.9	
Imported	935.8		1,327.7		0.0		0.0		160.0	
TOTAL	25,370.4	3.3%	25,864.8	3.4%	22,611.0	3.1%	20,284.3	2.8%	16,474.9	2.3%
GRAND TOTAL	762,515.3	100.0%	760,155.6	100.0%	730,642.6	100.0%	729,039.7	100.0%	710,215.9	100.0%

BOARD OF DIRECTORS



Back Row: (left to right) Ken Barbet (President & CEO), Bob Curley (Director), Brian Butler (Director), Vicki Harnish (Deputy Minister), Frank Elliott (Director), Jim MacLean (Director), Greg Beaulieu (Corporate Secretary), Front Row: Paula Minnikin (Director) and Peter L. McCreath (Chairman of the Board)

PETER MCCREATH, CHAIRMAN OF THE BOARD OF DIRECTORS

Peter has served as Chairman of the Board of the NSLC since his appointment in December 2001. He has a depth of experience in education, journalism, banking, communications and public affairs. He holds degrees from the University of Toronto, Dalhousie University, and Saint Mary's University. From 1988 to 1993 he was a Member of Parliament and in 1993 was appointed as a member of Cabinet and the Queen's Privy Council. Peter began his career serving 19 years as a high school teacher as well as holding a staff position within the Nova Scotia Teacher's Union.

In addition to his long record of public and community service, he is a writer and historian who authored a number of books, including one on Alexander Keith, the Nova Scotian brewmaster whose product is one of the NSLC's top brands. He resides in Hubbards, Nova Scotia.

BRIAN BUTLER, DIRECTOR

Brian brings experience from many years working for manufacturers in the beverage alcohol industry. A resident of Fall River, he is Chair of the NSLC's Industry Committee, which has responsibility for issues affecting the beverage alcohol industry in Nova Scotia. Initially appointed in December 2001, he was reappointed in January 2004 for a three-year term. He has maintained a long-term interest in public service and is currently involved in the security industry.

BOB CURLEY, DIRECTOR

Bob has extensive experience in the cable television and telecommunications industry. Bob is retired and is a resident of Pictou County with a long record of community service and involvement. A graduate of Saint Mary's University, he chairs the NSLC's Governance Committee. He was initially appointed in December 2001, and was reappointed in January 2004 for a three-year term.

FRANK ELLIOTT, DIRECTOR

Frank is an entrepreneur and businessman who is a lifelong resident of Cumberland County. His background is in the retail and services industry, and he has a long record of community involvement which includes 14 years as a member (including six as Chair) of the Amherst Police Commission. He was appointed to the Board in January 2004 for a four-year term, and serves as a member of the Intelligent Consumption Committee.

JIM MACLEAN, DIRECTOR

Jim is a lawyer who has had a private practice in Lower Sackville for the past 25 years. He is a graduate of Mount Allison University and the University of New Brunswick. He serves as Chairman of the NSLC's Audit Committee and takes a keen interest in matters relating to corporate ethics and internal control. Initially appointed to the Board in December 2001, he was reappointed for a three-year term in 2005, he is a resident of Halifax.

PAULA MINNIKIN, DIRECTOR

Paula is an executive in the information technology industry who has an extensive background with several Nova Scotia technology companies. She is currently Chief Information Officer with Jacques Whitford and Associates of Dartmouth. She is a graduate of Carleton University, and has a keen interest in youth and amateur sport.

A resident of Halifax, she serves as Chair of the NSLC's Intelligent Consumption Committee. Initially appointed to the Board in 2001, Paula was reappointed to a three-year term in 2005.

VICKI HARNISH, DEPUTY MINISTER (NON-VOTING DIRECTOR)

Vicki has worked for the Government of Nova Scotia, mainly in policy and planning fields, for more than 25 years. She started with the Department of Mines and Energy where she spent several years as the Director of Energy Economics. She then moved to become Executive Director of the Planning Secretariat, Department of Natural Resources. In January 2001, Vicki served as Executive Officer of Treasury and Policy Board, the central agency responsible for advising the Nova Scotia Cabinet and its subcommittees on both policy and budget issues. In June 2002, Vicki was appointed the new Public Service Commissioner. Ms. Harnish has held the position of Deputy Minister, Finance since January 2004.

Vicki is a graduate from Mount Saint Vincent University with a degree in economics and mathematics. She also holds a Masters Degree in Public Administration from Dalhousie University.

KEN BARBET, NON-VOTING DIRECTOR

Ken was appointed a non-voting director when he assumed Acting President responsibilities for the NSLC in September of 2003. He was appointed President and CEO of the NSLC in September 2004.

Prior to assuming his NSLC leadership role, Ken was the NSLC's Vice President, Operations and Development, running the organization's 100 retail stores. Ken's career also includes almost 20 years with private sector retail organizations. He held senior operating and sales roles with a major pharmacy chain based in Ontario, as well as serving as a General Manager for a large regional grocery retailer in Alberta. Ken began his retail career with a major Canadian bank.

Ken is a member elect of the Board of Directors of the Retail Council of Canada and serves on their 2004 Store Conference Committee.

BOARD OF DIRECTORS COMMITTEE MEMBERSHIP

Audit & Finance:

Jim MacLean, Chair
Paula Minnikin
Peter McCreath
Outside members: Rachel Martin (Maritime Equipment Leasing), Mike Casey (Hemming Weir Casey Inc.)
Staff Support: Ken Barbet, Carrie Cussons, Greg Beaulieu, Michael Knox

Governance:

Bob Curley, Chair
Brian Butler
Peter McCreath
Vicki Harnish
Staff Support: Greg Beaulieu, Karen Putnam

Industry:

Brian Butler, Chair
Jim MacLean
Peter McCreath
Staff Support: Greg Beaulieu

Intelligent Consumption:

Paula Minnikin, Chair
Frank Elliott
Outside members: Shawn Hiscott (Diageo Canada, Spirits Canada), Jean Lapine (Labatt Breweries), Luc Erjavec (Canadian Restaurant and Foodservices Association)
Staff Support: Rick Perkins, Jennifer Gray

EXECUTIVE OFFICERS



(left to right) **Adriana Dolnyckyj** (Director, Merchandising), **Mark Brown** (Vice President, Information Services), **Matt Basso** (Vice President, Operations), **Ken Barbet** (President & CEO), **Hoyt Graham** (Director, Development), **Rick Perkins** (Vice President, Marketing & Communications), **Craig Sutherland** (Vice President, Supply Chain), **Carrie Cussons** (Vice President, Finance), **Greg Beaulieu** (Corporate Secretary), **Roddy Macdonald** (Vice President, Human Resources)

KEN BARBET – PRESIDENT & CEO

Ken assumed Acting President responsibilities for the NSLC in September of 2003. He was appointed President and CEO of the NSLC in September 2004.

Prior to assuming his NSLC leadership role Ken, was the NSLC's Vice President, Operations and Development, running the organization's 100 retail stores. Ken's career also includes almost 20 years with private sector retail organizations. He held senior operating and sales roles with a major pharmacy chain based in Ontario, as well as serving as a General Manager for a large regional grocery retailer in Alberta. Ken began his retail career with a major Canadian bank.

Ken is a member elect of the Board of Directors of the Retail Council of Canada and serves on their 2004 Store Conference Committee.

CARRIE CUSSONS – VICE PRESIDENT, FINANCE

Carrie joined the NSLC in mid 2004 as Vice President, Finance. She joined the NSLC after having served as Vice President, Finance and Controller of The CCL Group Inc. since 1996. During this time she also managed CCL's graphic design practice.

Carrie's career began at the accounting firm Ernst & Young where she held progressive senior positions including Audit Manager. Carrie worked with Ernst & Young for seven years.

Carrie obtained her Chartered Accounting designation in 1991 and is a member of Financial Executives International.

RODDY MACDONALD – VICE PRESIDENT, HUMAN RESOURCES

Roddy has served as the NSLC's Vice President of Human Resources since 2002. He also served as Acting Vice President, Operations, for the NSLC from September 2003 through March 2004.

Roddy's career has included senior HR management roles in the Halifax Regional Municipality government where he led the HR Client Services Division for the city. Roddy joined the HRM with the amalgamation of the previous municipalities in 1996 where he was responsible for labour relations activities during the amalgamation. Prior to amalgamation Roddy served for three years in progressively more senior HR roles in the City of Dartmouth. Roddy began his career in HR with companies in the trucking and automotive sectors. Roddy has served on the executive of the Human Resources Association of Nova Scotia.

MARK BROWN – VICE PRESIDENT, INFORMATION SERVICES

Mark joined the NSLC in 2003 to lead in the renewal of all our technology systems. He has designed and is implementing a new three-year strategy for the NSLC's IT needs.

Prior to joining the NSLC, Mark spent two years as the Senior Project Leader on a number of IT initiatives for the Victorian Workcover Authority in Melbourne, Australia. Prior to going to Australia Mark spent 10 years with Nova Scotia's Worker's Compensation Board holding a number of IT related positions including serving as the Director, Corporate Service Development. Mark began his career holding a number of IT positions in Toronto in the financial services sector.

RICK PERKINS – VICE PRESIDENT, MARKETING & COMMUNICATIONS

Rick joined the NSLC's executive team in late 2003. Rick is responsible for all marketing, communications, advertising, business planning, and research for the NSLC. In addition Rick serves as the organization's Freedom of Information and Protection of Privacy (FOIPOP) Administrator.

Rick has more than 20 years of corporate communications and marketing experience in the public and private sectors. Prior to joining the NSLC, Rick was co-founder of one of Toronto's most successful investor relations and corporate marketing firms. His career also includes serving as the Vice President, Communications for the world's second largest asset-based finance company as well as senior communications positions within one of Canada's largest banks. For the first decade of his career Rick served in senior policy positions within the Government of Canada.

CRAIG SUTHERLAND – VICE PRESIDENT, SUPPLY CHAIN

Craig joined the NSLC's executive in 2003 to lead a transformation of the NSLC's supply chain and logistics. Driving improvements in our Distribution Centre and freight costs has been a primary focus of Craig's to-date.

Prior to joining the NSLC, Craig served in senior supply chain management roles with Atlantic Wholesalers for seven years. His responsibilities included serving as the Distribution Manager for Nova Scotia and the Transportation Manager for Atlantic Canada. In these roles Craig focused on improving on-time delivery percentages, increasing productivity and reducing lost-time accidents.

Craig began his career with Sobeys Food Services Group where he held increasingly senior roles including Operations Manager and Warehouse Supervisor.

MATT BASSO – VICE PRESIDENT, OPERATIONS

Matt joined the NSLC in 2005 as Vice President, Operations. In this role Matt is responsible for all NSLC retail stores and agency stores leading the development of a sales culture at the NSLC.

Prior to joining the NSLC Matt worked in private sector retail operational roles for more than 20 years most recently as Regional Director Operations for one of Canada's largest big box building supply companies where he led the successful introduction of the retailer to the market. His big box retail experience includes The Building Box and Costco. Matt also held senior management operational roles in a number of well known Canadian apparel retailers including Creeds, Big Steel, and Breamar.

ADRIANA DOLNYCKYJ – DIRECTOR, MERCHANDISING

Adriana joined the NSLC in 2005 as Director, Merchandising where she is responsible for the NSLC's product selection, pricing and promotion programs.

For more than 15 years Adriana has held senior marketing and strategic management positions with both large and small companies targeting international and domestic markets. Prior to joining the NSLC Adriana was with Aliant and its predecessor MT&T for eight years. In her many roles within Aliant, Adriana's most recent positions included that of Merchandising Strategist responsible for determining the merchandising system for consumer and business products across Aliant's 250 retail outlets; and Corporate Brand Manager responsible for developing the brand strategy and the very successful launch of the Aliant brand in 2003.

Adriana is active in the community and most recently served as Chair of the Judging Committee for the 2005 ICE Awards which recognize creative excellence within the Atlantic Canadian marketing and advertising sector.

HOYT GRAHAM – DIRECTOR, DEVELOPMENT

Hoyt joined the NSLC in this capacity in 2002 and is responsible for the development of the NSLC's store network as well as the day-to-day management and maintenance of all NSLC property.

Prior to joining the NSLC, Hoyt was the Manager of Engineering, Construction and Development for Husky Oil's retail and commercial division in Calgary. In this capacity, Hoyt was responsible for the planning and development of Husky's network of 585 convenience stores and service stations across Canada. Hoyt holds a Master degree in Engineering.

GREG BEAULIEU, CORPORATE SECRETARY

Greg has served as the organization's Corporate Secretary since 2003. He has additional responsibilities for the internal audit department, regulatory issues such as permitting, and manages the NSLC legal counsel requirements.

Prior to joining the NSLC, Greg was responsible for managing issues related to the NSLC within the provincial government from 1999 to 2003. His government career includes positions with responsibility for information technology in the Nova Scotia Department of Municipal Affairs; project management of the implementation of the Nova Scotia Personal Property Registry, an innovative public-private partnership; and senior policy analysis roles in the Nova Scotia Department of Finance, Department of Tourism, and Priorities and Planning Secretariat.



2004-2005 saw the NSLC relaunch our Occasions Magazine, The NSLC's Celebration of Food and Drink

HOW TO MIX A



"THIRSTY" SWIMMER

TAKE ONE PART **HEAVY DRINKING**
MIX WITH ONE PART **DEEP LAKE**
AND SPLASH IN TWO LUNGS FULL OF **WATER!**

ALCOHOL AND WATER DON'T MIX



NSLC

BEER • WINE • SPIRITS

Make it a social occasion