2016-2017 ANNUAL REPORT

BEER SPIRITS WINE
ALCOOL • NB • LIQUOR
BIÈRES SPIRITUEUX VINS

BOARD OF DIRECTORS

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DIRECTOR

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SECRETARY OF THE BOARD, SENIOR VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER

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PRESIDENT AND CHIEF EXECUTIVE OFFICER

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RACHELLE GAGNON,
CHAIR

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STEPHEN RICHARD,
VICE-PRESIDENT, CATEGORY MANAGEMENT, MARKETING AND COMMUNICATIONS;

REID ESTEY,
DIRECTOR, PEOPLE AND CULTURE.

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ANBL.COM

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	TOTAL LITRES	SALES PER LITRE
SPIRITS	2017 **2 970 428** 2016 **2 912 445**	2017 **$32.72** 2016 **$32.89**
WINE	2017 **6 713 131** 2016 **6 505 591**	2017 **$13.64** 2016 **$13.46**
OTHER BEVERAGES	2017 **3 604 341** 2016 **3 504 701**	2017 **$7.39** 2016 **$7.36**
BEER	2017 **46 803 724** 2016 **44 655 854**	2017 **$4.27** 2016 **$4.51**

CHAIR'S LETTER

Honourable Cathy Rogers,
Minister of Finance,
Province of New Brunswick,
Fredericton, N.B.

Dear Minister Rogers,

On behalf of the Board of Directors of the New Brunswick Liquor Corporation, we are honoured to provide support, leadership and good governance for the Corporation.

This is truly an organization in transformation, shifting from a product-centric to customer-focused approach. The Corporation's excellent results this year demonstrate the success of new innovations and a customer-focused culture. From the new store format, to the expansion of the grocery store wine program, to continued support for New Brunswick's craft breweries, ANBL is dedicated to offering a unique and satisfying customer experience. Social responsibility and community service also remain top priorities through donations to improve our society.

Our CEO's exceptional leadership and strong management team are key to ANBL's success. The Corporation's achievements are also possible thanks to the dedication and passion of our business partners, suppliers and employees.

In compliance with Section 20 of the New Brunswick Liquor Corporation Act, I am pleased to submit the annual report of the *New Brunswick Liquor Corporation* for the fiscal year ended March 26, 2017.

Respectfully submitted,

RACHELLE GAGNON
CHAIR
BOARD OF DIRECTORS

OUR OPERATION

2016 **44** 2017 **44**
NUMBER OF
ANBL STORES

2016 **84** 2017 **86**
NUMBER OF
AGENCY STORES

2016 **6** 2017 **18**
NUMBER OF
GROCERY STORES

2016 **434** 2017 **435**
NUMBER OF
EMPLOYEES

2016 **1938** 2017 **1893**
NUMBER OF
REGULAR LISTED PRODUCTS

MISSION
To responsibly manage a successful business for the people of New Brunswick

VISION
We are an engaged team delivering the B.E.S.T. retail customer experience

STRATEGY

1. Accelerate growth
2. Eliminate waste and add value
3. Establish a high performance culture
4. Focus on optimizing our relevance to our customer
5. Be recognized as a good Corporate Citizen

GOALS

1. Average net income growth of 1.5%
2. Conduct a LEAN review of 80% of processes over 4 years.
3. Implement trusted and trained teams at all levels.
4. Become the preferred retailer in the Province of New Brunswick.
5. Positive impact in society

OUR 2017 VISION

We are an engaged team delivering the B.E.S.T. (Better. Every. Single. Time.) retail customer experience.

OUR MISSION

To responsibly manage a successful business for the people of New Brunswick.

OUR STRATEGY 2016–2020

Our four-year strategic plan focuses on growth, eliminating waste and adding value, high-performance culture, customer relevance, and corporate citizenship. The 2016-17 year represents the first of our four year strategic plan.

OUR FOUR-YEAR STRATEGIC GOALS

We are responsible for the purchase, importation, distribution and retailing of all beverage alcohol in New Brunswick. It's a responsibility we take very seriously and strive to improve upon every year. As a provincial Crown Corporation, we serve the public and licensee community through our network of retail stores, grocery stores and private agency outlets.

OUR FOUR-YEAR VISION GOALS

1. Achieve an average net income growth of 1.5%.
2. Conduct a LEAN review of 80% of processes over 4 years.
3. Implement trusted and trained teams at all levels.
4. Become the preferred retailer in the Province of New Brunswick.
5. Provide a positive impact in society.

PRESIDENT'S MESSAGE 2016-2017

Our efforts to become a world-class retailer continued in 2016-2017 with a heightened focus on being an ultra-relevant retailer who surpasses customers' expectations. This inspiring journey has also proven to be educational, with new trends and work methods added to our day-to-day business operations. Customer focus combined with new learnings let ANBL provide a significant economic benefit to the province of New Brunswick.

We are delighted by customers' reactions to our new store concept, which now operates in seven locations across the province. Throughout the year we strived to provide an improved product assortment and added convenience for customers through the expansion of the grocery channel. We are also preparing to launch e-commerce at ANBL. None of these achievements would be possible without significant efforts from our team members. I continue to be proud of the great business results, yet am prouder of our dedicated team in communities across the province.

As with any successful retailer, we refuse to rest on our laurels and are eager to further modernize our business. Increased training and team development, combined with our customer-focused approach, will allow ANBL to become a world-class retailer the people of New Brunswick can be proud to call their own.

Cheers,

Brian Harriman
President and CEO, Alcool NB Liquor

2016 - 2017
YEAR IN REVIEW

STRATEGIC GOAL 1

ACCELERATE GROWTH

In fiscal year 2016-17, we generated $168.4 million in net income compared to a budget of $172.9 million. Overall sales for the year were $415.1 million – a 1.1% increase from last year. Volume for the year was 55.3 million litres.

Transaction count declined in 2016-17, however the average basket size slightly increased.

SALES	2016-2017 ($ 000s)	2015-2016 ($ 000s)	CHANGE (%)
Spirits	97 188	95 801	1.4
Wine	91 567	87 539	4.6
Other	26 635	25 783	3.3
Beer	199 730	201 267	-0.8
Total	**415 120**	**410 390**	**1.1**

SALES BY **SOURCE:**

SALES	2016-2017 ($ 000s)	% OF SALES	2015-2016 ($ 000s)
Public	274 118	66.0	271 003
Licensee	44 381	10.7	44 093
Agent	92 260	22.2	92 696
Grocery	3 148	0.8	1 438
Other	1 213	0.3	1 160
Totals	**415 120**	**100.0**	**410 390**

SPIRITS

Spirits sales increased by 1.4%, to $97.2 million in 2016-17 from $95.8 million in 2015-16, a positive increase in a category which consistently remains stable. Volume increased by 2%.

Spirits sales from ANBL's November on-site store at the New Brunswick Spirits Festival in Fredericton, totalled $201,000.

BEER

Beer sales decreased 0.8%, totalling $199.7 million in 2016-17 compared to $201.3 million last. Volume increased by 4.8%.

WINE

Wine sales increased by 4.6%, to $91.6 million in 2016-17 from $87.5 million in 2015-16. Wine volume increased by 3.2%.

Sales at the World Wine and Food Expo on-site store, held in Moncton in early November, totalled $366,000.

OTHER BEVERAGES

Sales of other beverages continued to rapidly grow in 2016-17. We saw an increase of 3.3%, totalling $26.6 million compared to $25.8 million in 2015-16. Volume increased by 2.8%.

REMITTANCES TO GOVERNMENTS

TO THE PROVINCE OF NEW BRUNSWICK	2016-2017	2015-2016
Distributions from net income and comprehensive income	$ 157 575 743	$ 160 809 119
Environmental Trust Fund	2 807 894	2 532 148
Property Taxes	297 333	288 125
	$ 160 680 970	**$ 163 629 392**
TO THE GOVERNMENT OF CANADA		
Harmonized Sales Tax	$ 32 691 562	$ 30 715 836
Excise tax and customs duties	17 376 061	16 492 849
	$ 50 067 623	**$ 47 208 685**
Total	**$ 210 748 593**	**$ 210 838 077**

STRATEGIC **GOAL 2**

ELIMINATE WASTE AND ADD VALUE

SUPPLY CHAIN AND WAREHOUSE

In November 2016, the Supply Chain department transitioned into the Property Management and Retail Operations division, combining all functional areas of retail.

The department continued to strengthen regional co-operation by working with the Atlantic liquor boards to negotiate a Halifax, N.S. Regional Distribution Centre (RDC). The RDC would warehouse European beer products represented by Mark Anthony Group. In March 2017, Philippe Dandurand Wine opened their Regional Distribution Centre in Halifax. They plan to transition all import brands to the Local Distribution Centre by September 2017. Additionally, Carlsberg Brewery announced their intention to establish a Regional Distribution Centre in Halifax to warehouse their international products. The RDCs will service all four Atlantic liquor boards, resulting in less product lead time, improved inventory turnover and reduced on hand warehouse inventory.

In 2016-17, Supply Chain's focus was better understanding the Great Plains Dynamics system to improve process flow, documentation and procedure adherence following its May 2016 rollout. The team also focused on eliminating waste and adding value by conducting three LEAN process review projects: inventory, special orders and transportation. This work resulted in:

- Goal of reducing inventory from a high of 325,000 cases to a more manageable 265-270,000 cases.
- An increased focus on service excellence through our developing licensee channel and support from the Opimian Society and approved festivals.
- A decrease in warehouse cost-per-case shipped (CALJ standard measure) to $1.59 per case. The 2015-16 result was $1.60 per case compared with the 2014-15 cost-per-case of $1.67.

After going to tender for outbound freight last year, O.C. Maillet Transport and Armour Transport are now the shipment carriers for our retail network. The net result was a savings of approximately $110,000. The corporate objective for outbound trucking cost-versus-budget was set at $0.51 per case. The result was $0.50 per case. With our carriers' support, the warehouse team achieved 100% on-time delivery to retail.

ANBL's warehouse manages more than 4,000,000 cases annually with a team of 18 bargaining and two non-bargaining staff. The warehouse improved load planning in the Warehouse Management System for added efficiency. The team also participated in a LEAN process review involving TAKT Time and developed a plan to install additional racking to reduce wasted movement and increase bulk storage. Further, the warehouse bought two additional pieces of equipment for the safe and efficient transport of materials.

The warehouse also partnered with Scotia Recycling to implement a revenue neutral recycling program for all corrugate and shrink wrap. Baled low-density polyethylene (LDPE) plastic wrap will be salvaged into class four recycled goods and divert waste from landfills.

STORE BUILDS

Efficiencies and Changes for Improved Service Delivery

We incorporated integrated design methodologies to construct or renovate retail outlets. One example is the recent renovation to our Vaughan Harvey location in Moncton where the design increased natural light to provide a pleasant environment for customers and team members.

COLD ROOM

Outdoor Air Pilot

ANBL began testing an improved cool air delivery system (free air cooling) for the cold room in our Moncton North location. The pilot project uses outside air to cool the chilled products section of the store. This differs from mechanical cooling used in our other stores.

RETAIL OPERATION CENTRE POWER UPGRADES

ANBL continues to modernize and improve energy efficiency at the Retail Operations Centre (ROC). In 2016-17, ANBL completed normal and emergency power upgrades at the ROC to prepare for unplanned power outages. The project replaced the original electrical service entrance and installed an automatic emergency backup power generator to operate the ROC during outages or interruptions. The ROC is now business-ready every single day.

STRATEGIC GOAL 3

ESTABLISH A HIGH-PERFORMANCE CULTURE

EMPLOYEE **ENGAGEMENT**

98% of employees completed ANBL's spring 2017 Employee Engagement Survey. Similar to last year, we focused on the delivery of team and individual action plans to increase employee engagement. Action plans include:

- Providing engagement reports and instruction booklets to all managers.
- Creating team goals to drive engagement.
- Prioritizing engagement goals and focusing on those commitments.
- Continuing to change conversations by regularly following up on goals.
- Celebrating success!

ACCELERATED LEADERSHIP DEVELOPMENT PROGRAM (ALDP)

The Accelerated Leadership Development Program (ALDP) impacts developing leadership from within ANBL. Over 70 employees have completed the ALDP since its 2007 inception. Participants promoted to leadership roles experience a shorter learning curve and exceptional performance results. This year, nine participants from the ALDP's phase five concluded their individual development plans. This group delivered on major projects such as district and store manager acting assignments, new location openings and developing and implementing the Salisbury depot strategy. Ten new participants began their personal leadership development journey with phase six this year.

SAFETY **LEADERSHIP**

ANBL partnered with Worksafe N.B. to engage our people in a new safety leadership program. This is in addition to our daily efforts to reduce workplace injuries and promote a healthy and safe workplace. The initiative involved a safety culture assessment and a 2017-18 action plan targeting deeper safety awareness and continuous improvement efforts for safety practices.

COACHING

Our "Coaching on the Floor" certification program was a huge success. In 2016-17, 74% of managers, assistant managers and product advisors became certified coaches. The program equips the leadership team in corporate stores with tools to coach teammates on elevating overall customer experience through exceptional service. A training video was created for employees to access the program online and fine-tune their skills independently.

INTENSIVE **SELLING**

In 2015-16, the "Intensive Selling" program was introduced as a pilot program in corporate stores. The program focuses on selling skills, merchandizing standards, business acumen and product knowledge. The program's success means it will be an ongoing course for retail employees. Six employees graduated from phase two of the "Intense Selling" program in the 2016-17 fiscal year. The program will be offered again in fiscal 2017-18.

STORE IMPROVEMENTS **TO INCREASE PERFORMANCE**

By the end of the fiscal year, Redi-rack systems were installed in 26 corporate stores' cold rooms. The remaining stores will be completed next fiscal year. The Redi-rack system improves product visibility and as a result, the customer shopping experience. The other benefits include: less inventory required to maintain merchandizing standards, better stock rotation and a less strenuous system of product handling for the sales team.

Merchandizing, selling, and coaching remain key business priorities at retail. These three priorities place sales growth and customer experience at the core. The priorities are measured, monitored and inspected to ensure consistent execution province-wide.

STORE **AWARDS**

The awards were presented to Managers and Assistant Managers at the 2017 Spring Conference Gala Dinner on behalf of all store staff.

SERVICE EXCELLENCE AWARDS

These awards are given to the stores with the top overall scores on their best three out of four mystery shops. Three stores tied for silver so we conducted a fourth mystery shop to try and break the tie.

91% BRONZE
Mountain Road, Moncton and Campbellton

91% SILVER
Riverview

99% GOLD
Newcastle

Awarded to the stores with the highest percent of challenges vs. transactions and a perfect mystery shopper score.

9.54% BRONZE
Richibucto

10.54% SILVER
Elmwood Drive, Moncton

17.12% GOLD
Sackville

STRATEGIC GOAL 4

FOCUS ON OPTIMIZING OUR RELEVANCE TO OUR CUSTOMER

THE JOURNEY CONTINUES: **ANBL'S NEW LOOK AND FEEL.**

In 2016-17, ANBL made huge strides towards becoming an ultra-relevant retailer for customers. With last year's incredibly successful rollout of our first experiential store concept in East Point, Saint John, we brought this retail concept to life in other areas throughout the province. Four new stores were constructed in Elmwood Drive and Moncton North (Moncton), Wellington Row (Saint John) and Corbett Centre (Fredericton), replacing old structures. Several of the locations feature ANBL's new logo and provide an expanded retail experience including:

- Improved growler bars with more taps and digital signage for widened selection and education.
- More interactive wine tasting and cocktail stations to help the customer find the perfect pairing.
- A newly designed cold room to ensure beer, cider, and cooler customers leave happy.
- A stunning overall décor and design package allowing customers to easily find, browse and discover product.

The new store concepts were a hit and nominated for Best In-Store Experience and Design through the Retail Council of Canada in 2016.

In addition to the new constructions, we completed a full-scale renovation in our St. Andrews store in May 2016. This marked the first time we used the new design in an existing building with much less foot traffic. Two other renovation projects also began with completion scheduled for early 2017-18 fiscal: Salisbury and Vaughan Harvey (Moncton). Salisbury is set to feature our full depot store concept, the first of its kind in Atlantic Canada. The Vaughan Harvey store will have the same improved growler, wine tasting, and cocktail stations as other new stores with an enhanced chilled products area.

Along with the constructions and renovations, our teams continued to build, develop and enhance ANBL's brand story. In today's ever-changing business world, it isn't enough to have enticing stores, unparalleled customer service and an ever-growing product selection. Teams from across the organization worked together to write a compelling brand story to help customers connect with us every single day. Through customer research, analysis, and a deep dive into processes and customer interactions, we know our brand will continue to come to life.

We look forward to rolling out our new brand in its entirety during the 2017-18 fiscal year. Our strategic goals formed the foundation of the brand to ensure organizational success, customer satisfaction and team development exceed expectations.

RELEVANCE IN TODAY'S BUSINESS WORLD

Incredible, shareable experiences in-store with design and décor help develop customer satisfaction. However, our products, programming, and processes must improve simultaneously. Although all of our strategic goals are crucial for success, enhancing customer relevance guided our efforts during the 2016-17 fiscal year.

IN-STORE EXPERIENCE CONNECTING WITH TEAMS AND CUSTOMERS

Managing our in-store point-of-sale (POS) signage in-house presented new opportunities to connect with customers. We used research to learn about our customers' paths-to-purchase and in-store behaviours. We also accessed new customer data using technology like eye tracking and heat mapping, combined with customer surveys and observing interactions. Our findings informed everything from marketing program placement to point-of-sale signage to shelf merchandizing.

During the 2016-17 fiscal year, we implemented a monthly occasion-driven thematic in-stores instead of seasonal updates. Monthly themes signalled a new occasion for customers to enjoy our products and as a result, shifted purchase behaviour.

Further, we updated monthly execution guides to create consistent merchandizing execution and match the ever-growing needs of our customers and teams who serve them. This enhances customer relevance and gives our retail team more time to create memorable experiences our customers love to share.

We also moved towards larger presence in-store for ANBL programs like "Top Picks", "Wines under $25", and "Stock up the Cottage". Now, in-store programming aligns with our strategy and research. Further, we streamlined processes to reduce our semi-annual call for supplier programming to once a year. This means our teams can focus on customer research and spend less time booking programs.

WINE: SOMETHING NEW TO EXPERIENCE

Our wine category continued to see strong growth in 2016-17. We made changes to in-store promotions and programming such as: in-store themes to educate and entice customers, better pricing strategies, in-store tastings and more highly trained teams. We continue to educate customers on the benefits of enjoying wine responsibly as part of everyday life with programs focused on food pairings and how to serve wine. Our renowned bundle program accounted for over $6,000,000 in revenue.

Further, we launched ANBL's EXPÉRIENCE program after the success of various premium promotions. EXPÉRIENCE is inspired by the industry's best specialty wine programs. Each month, EXPÉRIENCE features two in-store themes focusing on world wine trends requested by customers. The program products ranged from $17.99 to $49.99 and featured themes like big and bold reds, sparkling and rosés. The program contributed over $1,000,000 in premium wine revenue in its pilot year. The EXPÉRIENCE program's second phase will roll out during the 2017-18 year.

Wine is also now for sale in select New Brunswick grocery stores. After a successful six-store pilot, the initiative was permanently approved and rolled out to 12 additional stores. The largest beneficiary of this program has been New Brunswick's cottage wine producers, accounting for 30% of all grocery wine sales.

SPIRITS: COCKTAILS ARE HERE TO STAY

Fostering a cocktail culture in New Brunswick was our response to an underdeveloped spirits category. We promoted easy cocktails with pre-bundled promotion prices to debunk the perception of cocktails being time-consuming, messy, and expensive. The "cocktails-at-home" sub-brand in-store and online shared tips, tricks, and recipes for customers to try at home. With the installation of cocktail stations in our new store design, customers could sample cocktails mixed by a Product Advisor, view the recipes presented on the digital screens and find the products bundled on display nearby. Also in the spirits category, each period "hot deals" bundle promotions attempted to drive traffic and impulse purchases.

2016-17 marked the first year of the June "Stock Up the Cottage" program to help cottage owners offer a variety of beverage alcohol to whomever they're entertaining on summer nights. The program offered a selection of eight top-selling 1140 ml spirits to customers with an offer of "buy 1, save $3 or buy 3, save $12". The promotion ran for seven days and contributed $184,329 to spirits sales.

ANBL's "Bar-in-a-box" annual program ran during our holiday period for the third straight year. After two years of momentous growth, the focus was maintaining relevance and accelerating revenue growth. We added new product to the offering and maintained the promotion price point customers expect. The program generated $1,490,767 in revenue last year, growing 72% compared to last year's incredibly successful program.

BEER: SOMETHING FOR EVERYONE

Last year made it clearer than ever that beer is the ANBL's largest revenue and traffic driver. Following the "15 is the new 12" program's success last August, we launched the next evolution of our beer program in May – the "Mix and Match" promotion. Customers could select any two 15-packs of domestic mainstream beer for $49.99, a savings of $6.00. Price-sensitive beer customers could now find their favourite brand at an affordable price.

We also added a historic beer pricing promotion: selling four 15-packs of domestic mainstream beer for a retail price of $74.99. This offer was possible through partnerships with select vendors and a reduced margin promotion. After research, analysis and modelling, we launched this promotion in July. The program was originally scheduled to end on Labour Day but was extended until Thanksgiving weekend.

COOLERS ARE COOL AGAIN

New flavours launch every spring as suppliers search for a competitive advantage. This year, the category focus was usage and occasions, to show coolers have become a year-round drink for many customers. Most cooler sales are during summer but this category grew during non-peak season as more hard sodas, iced teas, and spritzers hit the market.

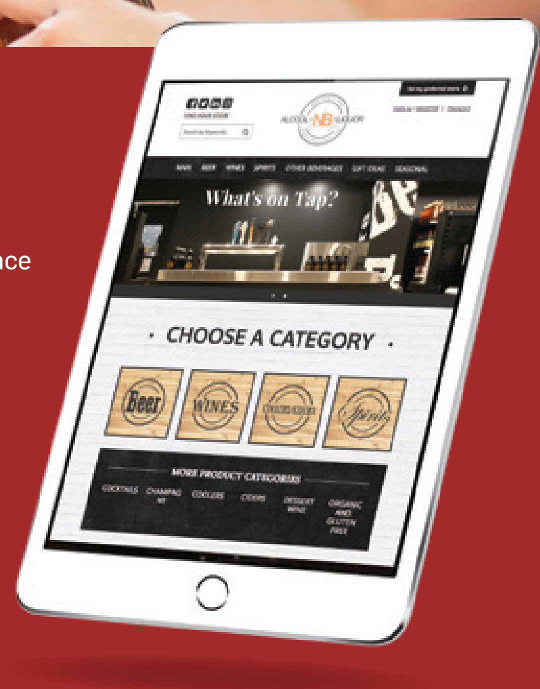
To support customers shopping this ever-changing category with ease and confidence, we worked with industry leaders to revamp the category. This included clearer product classification (sodas, iced teas, etc.) and updated merchandising in-store. ANBL was the first liquor corporation in Canada to do so.

ONLINE: COMPLETING THE TOTAL RETAIL EXPERIENCE

We've worked hard to build our online community. In 2015-16, our digital presence evolved as our social media reach grew. Facebook continues to be customers' platform of choice. However, we've recently ventured into Instagram for its potential to promote product-usage, showcase responsible consumption and engage with followers.

Also in the digital landscape, we shifted some media spend to digital advertising from traditional print and radio. Through customer research and work with our supplier partners, we created customer profiles. Now we can better engage everyone from the loyal domestic beer consumer to the millennial itching to try the latest bourbon they read about online.

Our web renovation project work this year prepared ANBL for business in a competitive e-commerce landscape. The new ANBL.com is slated to launch in the 2017-18 fiscal year, with in-store pick-up rollout scheduled for 2018.



COMMITTED TO **NEW BRUNSWICK CRAFT BEVERAGE ALCOHOL**

NEW BRUNSWICK **CRAFT BEER**

Following industry consultation, ANBL announced major changes to its Brewery Agency Store Policy. As a result, craft producers operating in New Brunswick pay less in total markup than ever before.

ANBL is invested and committed to creating conditions for the local craft brewing industry to thrive. ANBL has provided over $2,000,000 in annual subsidies through a reduced markup structure. We will also maintain open dialogue with the New Brunswick Craft Alcohol Producers Association (NBCAPA) to ensure this relationship prospers.

During a brewer's first 500 hectalitres (HL) of production, we eliminated any product markup sold through the breweries' on-site retail stores. Further, ANBL increased upper limits for established local craft producers. There's now an additional tier for local producers in excess of 10,000HL of production, where previous policies ended our support at 10,000HL of production.

ANBL is also working with the NBCAPA to finalize an economic impact statement for the N.B. craft beer industry. Soon, stakeholders will be able to quantify the industry's provincial economic impact.

NEW BRUNSWICK **COTTAGE WINERIES**

ANBL worked with Vins N.B. Wines members to update the Cottage Winery Policy. Changes help members work through their strategic plan to improve N.B. wines' quality and enhance crops and property development around the province.

Through policy revisions, cottage producers have increased retail sales points. Local cottage wineries have direct access to ANBL Corporate and Agency Stores as well as licensees around the province. Cottage winery operators can also participate in the Grocery Wine Program which has increased sales and the public's exposure to local products.

NEW BRUNSWICK CRAFT SPIRITS

After consultation with local producers, we introduced a new craft distillers Agency Store program to help local producers to grow and prosper. Under the new policy, local distillers who produce under 50,000 litres of spirits annually are eligible for significant markup reductions. The new policy led to a dramatic increase in local entrepreneurs filing business plans with ANBL.

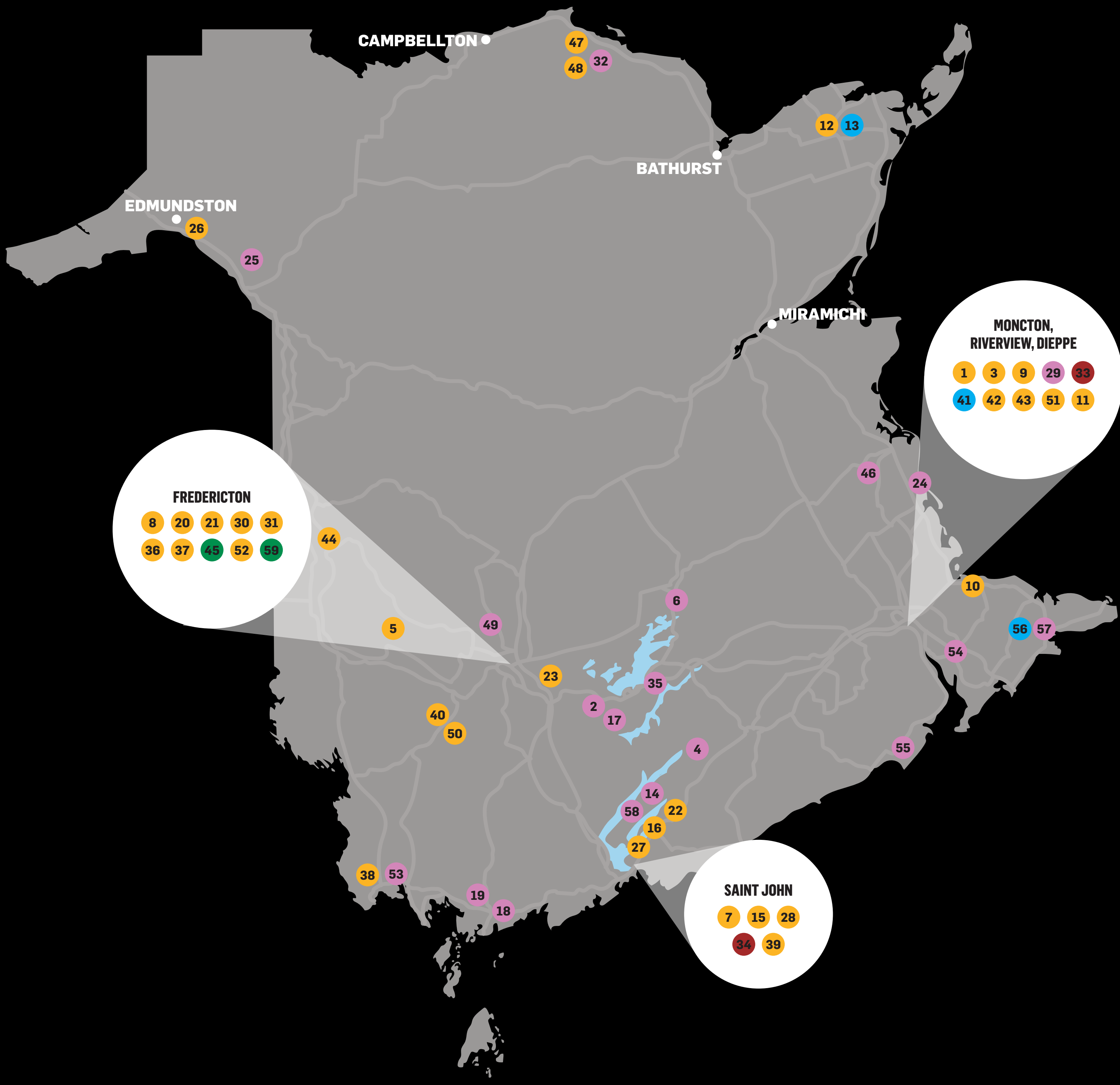
RESULTS

New Brunswick's craft industry consists of 29 brewers, 2 cider producers, 19 cottage wineries and 3 distillers. Thanks to policies and programs to support local industry expansion is already in the works for next year.

LIST OF PRODUCERS

1	Acadie-Broue Inc.	Moncton
2	Appleman Farms Ltd.	Gagetown
3	Beckwith Road Brewing Company	Moncton
4	Belleisle Vineyards	Springfield
5	Big Axe Brewery Inc.	Nackawic
6	Big Sky Ventures	Chipman
7	Big Tide Brewing	Saint John
8	Bogtrotter Craft Brewery	Fredericton
9	Bore City Brewing	Moncton
10	Brule Brewing Company (Flying Boats)	Boudreau Ouest
11	Celtic Knot	Riverview
12	Distillerie Fils du Roy Inc	Paquetville
13	Distillerie Fils du Roy Inc	Paquetville
14	Dunham's Run Estate Winery	Kingston
15	First City Brewing	Saint John
16	Foghorn Brewing Company	Rothesay
17	Gagetown Fruit Farms	Gagetown
18	Gordon McKay & sons 1996 Ltd.	Pennfield
19	Granite Town Farms	St. George
20	Gray Stone Brewing	Fredericton
21	Grimross Brewing Corp.	Fredericton
22	Hammond River	Quispamsis
23	Johnny Jacks	Oromocto
24	La Ferme Maury	St-Edouard-de-Kent
25	La Framboise Francoeur	Notre Dame de Lourde
26	Les Brasseurs du Petit-Sault	Edmundston
27	Long Bay Brewing	Rothesay
28	Loyalist City Brewing Co	Saint John
29	Magnetic Hill Winery	Moncton
30	Mama's Brew Pub	Fredericton
31	Maybee Brewing Company	Fredericton
32	Miel-N-Bee Honey	Charlo
33	Molson-Coors Brewing	Moncton
34	Moosehead Beweries Limited	Saint John
35	Motts Landing Vineyards	Cambridge Narrows
36	Northampton Brewing (Picaroons)	Fredericton - Queen St
37	Northampton Brewing (Picaroons)	Fredericton - Union St
38	Northampton Brewing (Picaroons)	St. Stephen
39	Northampton Brewing (Picaroons)	Saint John
40	Off Grid Ales	Harvey Station
41	Port Royal Distillers (Snow Fox)	Moncton
42	Pump House	Moncton - Orange Lane
43	Pump House	Moncton - Mill Street
44	Railcar Brewing Company	Florenceville-Bristol
45	Red Rover Craft Cider	Fredericton
46	Richibucto River Wine Estates	Mundleville
47	Savoies Brewhouse	Charlo
48	Shiretown Beer Inc	Charlo
49	Sunset Heights Meadery	McLeod Hill
50	Think Brewing Co.	Harvey
51	Tide & Boar	Moncton
52	TrailWay Brewing	Fredericton
53	Tuddenham Farms	St. Stephen (Oak Bay)
54	Verger Belliveau Orchard	Memramcook
55	Waterside Farms Cottage Winery	Waterside
56	Winegarden Estate Ltd. Distillery	Baie Verte
57	Winegarden Estate Ltd. Winery	Baie Verte
58	Yip Cider	Kingston
59	York County Cider	Fredericton

NB MANUFACTURERS OF BEVERAGE ALCOHOL



LEGEND

Small Brewery · Distillery · Large Brewery · Cottage Winery · Cider Agency Store

STRATEGIC GOAL 5

BE RECOGNIZED AS A GOOD CORPORATE CITIZEN

COMMUNITY CORPORATE CITIZENSHIP

DAFFODIL CAMPAIGN-CANADIAN CANCER SOCIETY OF NEW BRUNSWICK

ANBL hosted a daffodil pin sales campaign across the province. The fiscal campaign was held March 20 - March 27, 2017 and raised $47,2000.

UNITED WAY/CENTRAIDE 2016 CENTRAL NEW BRUNSWICK CAMPAIGN

From September – November 2016, ANBL sponsored a loaned representative for the United Way Central N.B. 2016 campaign.

Additionally, employees participated in the United Way National Day of Caring, contributed through payroll deductions and completed a three-day long prompt-at-cash program. On behalf of our customers, ANBL donated over $30,000 in 2016 from all fundraising efforts. We're proud of our team's dedication to the United Way of New Brunswick.

In tandem with the United Way prompt-at-cash campaign, ANBL also raised $5,549 during a prompt-at-cash campaign for the Centre Bénévolat de la Péninsule Acadienne.

CANADIAN MENTAL HEALTH ASSOCIATION OF NEW BRUNSWICK

From August 4 – August 6, 2016, we held a prompt-at-cash campaign for the Canadian Mental Health Association of New Brunswick (CMHANB). With support from customers, we donated $38,570 to this important cause.

CANADIAN RED CROSS - NEW BRUNSWICK CHAPTER

Between May 5 – May 7, 2016, we held a prompt-at-cash campaign in support of those impacted by the fires in Fort McMurray, AB, and another from January 31 – February 4, 2017, in support of those affected by the N.B. Ice Storms. On behalf of our customers, we donated $231,823 to the Canadian Red Cross.

ANBL COMMUNITY FOUNDATION

In the fall of 2015, we launched the ANBL Community Foundation. The province was divided into zones and registered charitable organizations could apply for a quarterly lottery. ANBL offered up to two $2,000 awards per zone, per quarter. A total of $100,000 was donated through this program to assist local not-for-profit organizations with their important work.

PROTECT OUR RIVERS

From August 22 – September 25, 2016, we ran the fifth annual "Protect Our Rivers" campaign. We proudly donated $58,251 to the Atlantic Salmon Conservation Foundation on behalf of our suppliers and customers.

Additionally, ANBL supported over 100 charitable events throughout the province by donating merchandise in support of fundraising efforts.

FESTIVALS

The 10th annual Atlantic Beer Festival took place in Moncton on May 27 and 28, 2016. Over 3,000 people attended and close to $4,000 was donated to local registered charities.

FestiVin kicked off the Acadian peninsula tourism season in Caraquet on June 3-4, 2016. Over $15,478 was generated in sales at the onsite wine boutique.

The 25th annual World Wine and Food Expo hosted over 5,000 attendees during the November 4 and 5 shows in Moncton. ANBL sold $366,000 in products, down approximately $32,787 from 2015 sales of $397,879. Over $60,000 was raised and donated to several Moncton-area registered charitable organizations.

To expand our Social Responsibility campaign, we also introduced a free water “bar” during the event. We provided over 3,000 bottles of water to attendees.

Over 800 people attended the 21st annual N.B. Spirit Festival on November 25, 2016. Sales reached a record high, exceeding $240,888. $25,006 of this came from pre-festival sales from our new pre-festival pop-up shops at three master class dinners. In total, organizers hosted over 20 classes throughout the week and donated $7,000 to various local not-for-profit organizations. As part of a Social Responsibility campaign, ANBL also gave away 1,000 bottles of water to attendees.

CORPORATE SOCIAL RESPONSIBILITY

MADD CANADA

MADD Canada and its New Brunswick chapters continue being a key partner in our social responsibility program. At ANBL, we believe by educating the middle school level about responsible consumption of beverage alcohol they will carry the information into adulthood. ANBL provided MADD Canada with the following in their fundraising efforts:

$50,000
School Assembly Program

$28,715
Prompt at Cash

$5,356
Donation Boxes

NEW BRUNSWICK HIGH SCHOOL SAFE GRAD VIDEO CONTEST

For the ninth consecutive year, we offered our Safe Grad initiative to all New Brunswick high schools. Sanctioned by the Department of Education, we engaged high school students to help deliver the message about making responsible choices when it comes to beverage alcohol. Students created videos and submitted them for evaluation. A total of $15,000 was equally distributed and awarded to 13 graduating classes in New Brunswick.

KEEP IT SOCIAL – UNIVERSITY PROGRAM

Keep It Social is a branded social responsibility platform informed by students and delivered by students. The program began as a partnership between the Nova Scotia Liquor Corporation and Nova Scotia Universities and has since expanded to universities across Atlantic Canada through local liquor jurisdictions.

The goal of the program is a long-term, collaborative strategy aimed at promoting responsible consumption and harm reduction among university and college students. Keep It Social is the branded platform to demonstrate normalized versus at-risk drinking behavior. Scenarios and collateral are relatable to and approved by students. ANBL used this program with the University of New Brunswick and Mount Allison University for the entire 2016-17 school year.

CHECK 30

This year, ANBL continued to raise the bar on ID checks with our Check 30 program. ANBL team members must ask for valid identification from anyone who appears under 30 years of age. This program requested ID from 890,568 customers during this fiscal year and 15,682 were denied service because they could not provide identification. ANBL saw an increase in the number of people challenged as it rose to 10.02% of customers from 9.74% in the previous year. Our corporate goal is checking 10% of customer IDs each year.

SAFE RIDE PROGRAM

In an effort to eliminate impaired driving, ANBL sponsored transportation at seven major events held throughout the province:

- Festivin
- Atlantic Beer Festival
- Harvest Jazz and Blues Festival
- World Wine and Food Expo
- N.B. Spirit Festival
- Saint John Red Cross Wine Festival
- World Pond Hockey Championship

Although a safe ride program was not feasible for the Shediac Lobster Festival and Area506 in Saint John, ANBL was a sponsor at both events. ANBL also partnered with both organizers and promoted social responsibility with marketing in prime locations to influence attendees and impact safe choices with the consumption of beverage alcohol.

LABOUR RELATIONS

ANBL uses interest-focused labour relations as a formal strategy. Regular meetings of the Labour and Management Committee is held to constructively address items of mutual concern.

There were three outstanding grievances at the beginning of the year, and five others filed during the year. Of the eight, two were withdrawn, two were resolved at arbitration, one was resolved through talks between Management and CUPE and three were outstanding at year-end.

There were 10 language complaints received throughout the year. All complaints were duly investigated. ANBL worked in collaboration with the Office of the Commission of Official Languages to develop a working strategy to address the complaints and are in the process of implementing recommendations.

GOVERNANCE

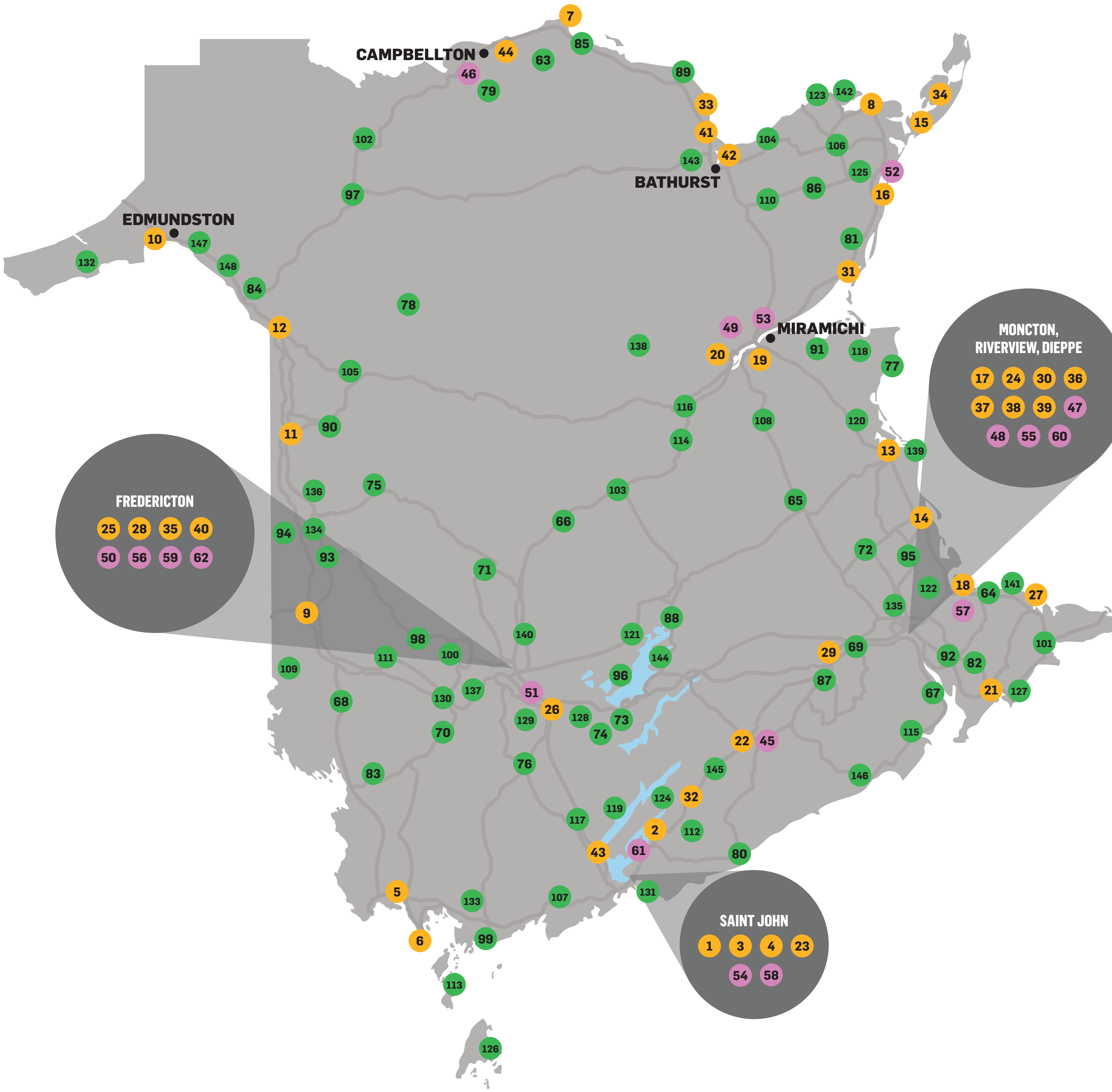
The renewal of the Government's Mandate Letter continues to be a key component in governance of ANBL. This mandate letter is formalized for the Board of Directors of the New Brunswick Liquor Corporation to inform them of the government's current intentions and expectations. ANBL is central to the future of New Brunswick and through this letter the government reinforces its strong and constructive relationship with ANBL's Board and Management.

The New Brunswick Liquor Corporation Act was amended during the year. In December 2016, Government made changes to the Act for administrative clean-up and removed Board of Management and replaced with Treasury Board.


ALL TAXI

1 Fairville Blvd., Saint John
2 Kennebecasis Valley
3 Somerset St., Saint John
4 Wellington Row, Saint John
5 St. Stephen
6 St. Andrews
7 Dalhousie
8 Caraquet
9 Woodstock
10 Edmundston
11 Perth-Andover
12 Grand Falls
13 Richibucto
14 Bouctouche
15 Shippagan
16 Tracadie-Sheila
17 Vaughan Harvey Blvd., Moncton
18 Shediac
19 Chatham
20 Newcastle
21 Sackville
22 Sussex
23 East Point Center, Saint John
24 Mountain Rd., Moncton
25 Devon Park, Fredericton
26 Oromocto
27 Cap-Pelé
28 York St., Fredericton
29 Salisbury
30 Moncton North
31 Neguac
32 Hampton
33 Petit-Rocher
34 Lamèque
35 Prospect St., Fredericton
36 Dieppe Blvd., Dieppe
37 Riverview
38 Elmwood Dr., Moncton
39 Regis St., Dieppe
40 Brookside Mall, Fredericton
41 Beresford
42 Bathurst
43 Grand Bay-Westfield
44 Campbellton
45 Sussex Atlantic Superstore
46 Atholville Atlantic Superstore
47 Riverview Atlantic Superstore
48 Moncton Atlantic Superstore Main St.
49 Miramichi Atlantic Superstore
50 Fredericton Atlantic Superstore Nashwaaksis
51 Oromocto Atlantic Superstore
52 Tracadie Co-op
53 Douglastown Sobeys
54 Saint John Atlantic Superstore Rothesay Ave.
55 Moncton Atlantic Superstore Trinity Dr.
56 Fredericton Atlantic Superstore Smythe St.
57 Shediac Sobeys
58 Saint John Sobeys Lansdowne Ave.
59 Fredericton Sobeys Prospect St.
60 Moncton Sobeys Mountain Rd.
61 Rothesay Sobeys
62 Fredericton Co-op
63 Balmoral
64 Shediac
65 Harcourt
66 Boisetown
67 Hillsborough
68 Canterbury
69 Salisbury
70 Harvey
71 Stanley
72 Saint-Paul
73 Cambridge Narrows
74 Gagetown
75 Juniper
76 Fredericton Junction
77 Pointe-Sapin
78 Riley Brook
79 Saint-Arthur
80 St. Martins
81 Brantville
82 Dorchester
83 McAdam
84 Saint-Léonard
85 Charlo
86 Saint-Sauveur
87 Petitcodiac
88 Chipman
89 Belledune
90 Arthurette
91 Bay du Vin
92 Memramcook
93 Hartland
94 Centerville
95 Saint-Antoine
96 Douglas Harbour
97 Saint-Quentin
98 Zealand
99 Blacks Harbour
100 Mactaquac
101 Port Elgin
102 Kedgwick
103 Doaktown
104 Janeville
105 Plaster Rock
106 Paquetville
107 Lepreau
108 Rogersville
109 Debec
110 Allardville
111 Nackawic
112 Barnesville
113 Campobello
114 Blackville
115 Riverside-Albert
116 Renous
117 Welsford
118 Baie-Ste-Anne
119 Public Landing
120 Saint-Louis-de-Kent
121 Minto
122 Cocagne
123 Grande-Anse
124 Kingston
125 Saint-Isidore
126 Grand Manan
127 Aulac
128 Burton
129 Waasis
130 Prince William
131 Loch Lomond
132 Clair
133 St. George
134 Florenceville
135 Irishtown
136 Bath
137 Hanwell
138 Sunny Corner
139 Richibucto-Village
140 Penniac
141 Grand-Barachois
142 Maisonnette
143 South Tetagouche
144 Youngs Cove
145 Norton
146 Alma
147 Rivière-Verte
148 Sainte-Anne-de-Madawaska

STORE **LOCATIONS**



LEGEND

Corporate Grocery Agency

SALES BY LOCATION

LOCATION	PUBLIC	LICENSEE	TOTAL	TOTAL
	2016-2017 ($000'S)			2015-2016 ($000'S)
Bathurst (3)	$ 8 803	$ 1 333	$ 10 136	$ 10 062
Beresford	3 327	161	3 488	3 268
Bouctouche (2)	2 997	228	3 225	3 235
Campbellton (2)	2 924	737	3 661	3 781
Cap-Pelé	2 861	156	3 017	2 982
Caraquet (2)	4 091	668	4 759	4 580
Dalhousie (2)	1 748	254	2 002	2 149
Dieppe City				
Dieppe Blvd.	6 364	625	6 989	6 760
Regis St.	13 444	3 343	16 787	16 008
Total Dieppe Stores	19 808	3 968	23 776	22 768
Edmundston (1)	8 410	1 987	10 397	10 393
Fredericton City				
Brookside Mall (3)	7 803	2 531	10 334	10 810
Devon Park (6)	9 439	946	10 385	9 726
Prospect St. (1))	12 482	1 353	13 835	14 260
York St. (1)	11 885	2 140	14 025	13 807
Total Fredericton Stores	41 609	6 970	48 579	48 603
Grand Bay-Westfield (3)	2 971	283	3 254	3 357
Grand Falls (3)	5 495	537	6 032	5 817
Hampton (1)	3 937	95	4 032	3 992
Kennebecasis Valley (3)	13 095	918	14 013	14 467
Lamèque	2 042	134	2 176	2 137
Miramichi City				
Chatham (3)	4 917	746	5 663	5 478
Newcastle (3)	7 162	790	7 952	8 325
Total Miramichi Stores	12 079	1 536	13 615	13 803

LOCATION	PUBLIC	LICENSEE	TOTAL	TOTAL
	2016-2017 ($000'S)			2015-2016 ($000'S)
Moncton City				
Elmwood Dr. (2)	$ 6 507	$ 1 024	$ 7 531	$ 7 234
Moncton North	9 582	1 409	10 991	10 387
Mountain Rd. (1)	8 098	2 420	10 518	10 153
Vaughan Harvey Blvd.	10 053	2 224	12 277	13 048
Total Moncton Stores	34 240	7 077	41 317	40 822
Neguac	2 326	287	2 613	2 632
Oromocto (5)	7 891	1 130	9 021	8 822
Perth-Andover (4)	3 399	167	3 566	3 573
Petit-Rocher	2 431	134	2 565	2 344
Richibucto (4)	4 516	531	5 047	5 149
Riverview (3)	8 223	1 720	9 943	9 804
Sackville (3)	5 528	555	6 083	5 365
Saint John City				
Somerset St.	7 783	2 203	9 986	9 586
East Point Center (2)	11 495	1 775	13 270	11 118
Wellington Row	4 648	1 259	5 907	7 811
Fariville Blvd. (2)	10 206	1 922	12 128	11 986
Total Saint John Stores	34 132	7 159	41 291	40 501
Salisbury	6 377	30	6 407	7 215
St. Andrews	2 172	912	3 084	3 106
St. Stephen (2)	5 945	313	6 258	6 178
Shediac (3)	6 247	1 104	7 351	7 557
Shippagan	2 493	383	2 876	2 828
Sussex (3)	6 295	590	6 885	7 139
Tracadie-Sheila (3)	5 290	641	5 931	5 753
Woodstock (6)	6 439	583	7 022	6 955
Warehouse*	90 598	1 100	91 698	89 253
TOTAL	**$ 370 739**	**$ 44 381**	**$ 415 120**	**$ 410 390**

(#) Indicates number of agents at this location * Includes web-based ordering for licensee's

AGENT SALES BY LOCATION

AGENCY LOCATION	ANBL LOCATION	2017 ($000'S) SALES	2016 ($000'S) SALES
Allardville	Bathurst	$ 543	$ 603
Alma	Riverview	358	368
Arthurette	Perth-Andover	348	417
Aulac	Sackville	2 223	1 075
Baie-Sainte-Anne	Chatham	832	891
Balmoral	Dalhousie	790	810
Barnesville	Kennebecasis Valley	587	613
Bath	Perth-Andover	910	949
Bay du Vin	Chatham	444	478
Belledune	Petit-Rocher	673	763
Blacks Harbour	Fairville Blvd., Saint John	826	822
Blackville	Newcastle	1 013	1 001
Boiestown	Devon Park, Fredericton	699	715
Brantville	Tracadie	1 313	1 479
Burton	Oromocto	905	900
Cambridge Narrows	Sussex	840	889
Campobello	St. Stephen	322	326
Canterbury	Woodstock	478	478
Centreville	Woodstock	914	972
Charlo	Dalhousie	775	836
Chipman	Devon Park, Fredericton	1 208	1 226
Clair	Edmundston	486	443
Cocagne	Shediac	2 546	2 670
Debec	Woodstock	483	478
Doaktown	Devon Park, Fredericton	722	749
Dorchester	Sackville	209	279
Douglas Harbour	Oromocto	531	549
Florenceville	Perth-Andover	1 681	1 673
Fredericton Junction	Oromocto	1 026	1 049
Gagetown	Oromocto	526	634
Grand-Barachois	Shediac	402	
Grand Manan	East Point Center, Saint John	1 781	1 648
Grande-Anse	Caraquet	1 040	831
Hanwell	Prospect Street, Fredericton	4 031	3 443
Harcourt	Richibucto	602	670
Hartland	Woodstock	1 567	1 603
Harvey	Devon Park, Fredericton	1 138	1 191
Haute-Aboujagane **	Shediac		233
Hillsborough	Riverview	1 074	1 164
Irishtown	Elmwood Dr., Moncton	1 634	1 639
Janeville	Bathurst	393	419
Juniper	Woodstock	299	295
Kedgwick	Campbellton	978	1 056
Kingston	Hampton	1 140	1 227
Lepreau	Grand Bay-Westfield	985	1 157
Loch Lomond	Kennebecasis Valley	3 329	3 367
Mactaquac	Brookside Mall, Fredericton	1 440	1 742
Maisonnette *	Caraquet	38	386
McAdam	St. Stephen	536	525
Memramcook	Elmwood Drive, Moncton	2 041	2 100
Minto	Devon Park, Fredericton	1 704	1 758
Nackawic	Woodstock	1 408	1 458
Norton	Sussex	2 141	2 315
Paquetville	Caraquet	1 952	1 977
Penniac	Devon Park, Fredericton	220	
Petitcodiac	Sussex	1 852	1 930
Plaster Rock	Perth-Andover	930	979
Pointe-Sapin	Richibucto	268	289

AGENCY LOCATION	ANBL LOCATION	2017 ($000'S) SALES	2016 ($000'S) SALES
Port Elgin	Sackville	2 102	1 432
Prince William	York St., Fredericton	1 283	1 282
Public Landing	Grand Bay-Westfield	694	791
Renous	Newcastle	909	1 165
Richibucto-Village	Richibucto	430	
Riley Brook	Grand Falls	263	286
Riverside-Albert	Riverview	323	352
Rivière-Verte *	Edmundston	540	596
Rogersville	Chatham	1 526	1 653
Sainte-Anne-de-Madawaska *	Edmundston	71	428
Saint-Antoine	Bouctouche	1 612	1 738
Saint-Arthur	Campbellton	220	225
Saint-Isidore	Tracadie	858	1 022
Saint-Léonard	Grand Falls	899	764
Saint-Louis-de-Kent	Richibucto	1 329	1 481
Saint-Paul	Bouctouche	320	327
Saint-Quentin	Grand Falls	1 548	1 611
Saint-Sauveur	Tracadie	220	278
Salisbury	Mountain Road, Moncton	2 053	2 057
Shediac	Shediac	2 764	2 493
South Tetagouche	Bathurst	303	366
St. George	Fairville Blvd., Saint John	3 096	3 187
St. Martins	East Point Center, Saint John	629	655
Stanley	Brookside Mall, Fredericton	942	964
Sunny Corner	Newcastle	1 038	341
Waasis	Oromocto	2 958	2 985
Welsford	Grand Bay-Westfield	710	742
Youngs Cove	Kennebecasis Valley	809	923
Zealand	Brookside Mall, Fredericton	934	908
Manufacturer Agents	Retail Operation Centre, Fredericton	743	1 104

TOTAL AGENT SALES		$ 92 260	$ 92 696

GROCERY

Atholville Atlantic Superstore	$ 69	$
Douglastown Sobeys	39	
Fredericton Atlantic Superstore Smythe St.	472	536
Fredericton Co-op	69	
Fredericton Sobeys Prospect St.	15	
Miramichi Atlantic Superstore	98	94
Moncton Atlantic Superstore Main St.	225	
Moncton Sobeys Mountain Rd.	11	
Moncton Atlantic Superstore Trinity Dr.	404	412
Fredericton Atlantic Superstore Nashwaaksis	141	
Oromocto Atlantic Superstore	85	
Riverview Atlantic Superstore	163	
Rothesay Sobeys	6	
Saint John Atlantic Superstore Rothesay Ave.	267	321
Saint John Sobeys Lansdowne Ave.	10	
Shediac Sobeys	48	
Sobeys Distribution Centre	900	
Sussex Atlantic Superstore	66	
Sussex Co-op **		16
Tracadie Co-op	61	59
TOTAL GROCERY SALES	$ 3 147	$ 1 438

* closed during the year
** closed in the previous year

2016-2017 Agent Sales do not account for Sales by Agents to Licensees. 2015-2016 Agent Sales have been restated to remain consistent with the 2016-2017 approach.

MANAGEMENT AND AUDITOR'S REPORT

MANAGEMENT REPORT

The preparation of financial information is an integral part of management's responsibilities, and the accompanying financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with International Financial Reporting Standards in Canada. Financial information presented elsewhere in this Annual Report is consistent with these financial statements.

The Corporation maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Internal Audit department performs audits designed to test the adequacy and consistency of the Corporation's internal controls, practices and procedures.

The Board of Directors is assisted in its responsibilities by its Audit Committee. This committee reviews and recommends approval of the financial statements and Annual Report, meets periodically with management, the Manager of Internal Audit and the external auditors, concerning internal controls and all other matters relating to financial reporting.

KPMG, the external auditors of the Corporation, have performed an independent audit of the financial statements of the Corporation in accordance with Canadian generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and the opinion expressed.

Brian Harriman
PRESIDENT AND CHIEF EXECUTIVE OFFICER
June 29, 2017

Richard A. Smith, FCPA, CGA, FCMA
SENIOR VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER
June 29, 2017

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the New Brunswick Liquor Corporation

We have audited the accompanying financial statements of the New Brunswick Liquor Corporation, which comprise the statement of financial position as at March 26, 2017, the statements of operations and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of New Brunswick Liquor Corporation as at March 26, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Comparative Information
The financial statements of New Brunswick Liquor Corporation as at and for the year ended March 27, 2016 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 24, 2016.

KPMG LLP

Chartered Professional Accountants
June 29, 2017
Fredericton, Canada

2016-2017 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION (IN 000'S)

As at	MARCH 26 2017	MARCH 27 2016
ASSETS		
Current Assets		
Cash	$ 3 206	$ 4 425
Trade and other receivables	13 773	4 793
Inventories	33 938	29 568
Prepaid expenses	900	624
	51 817	39 410
Property and equipment (note 5)	11 406	10 115
Intangible assets (note 6)	5 086	4 525
	$ 68 309	**$ 54 050**
LIABILITIES		
Current Liabilities		
Trade and other payables	$ 21 626	$ 17 516
Beverage container redemptions	532	532
	22 158	18 048
Non Current Liabilities		
Beverage container redemptions	1 061	1 593
Retiring allowances (note 7)	2 487	2 637
	25 706	22 278
EQUITY OF THE PROVINCE OF NEW BRUNSWICK		
Equity	42 603	31 772
	$ 68 309	**$ 54 050**

Commitments and Contingencies (notes 12 and 13)

See accompanying notes to the financial statements

Approved on behalf of the Board:

Director

Director

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (IN 000'S)

Year ended

	MARCH 26 2017	MARCH 27 2016
Total sales (note 9)	$ 415 120	$ 410 390
Less: discounts	7 372	7 220
Net sales	407 748	403 170
Cost of sales	182 648	177 088
Gross profit	225 100	226 082
Other income	3 444	2 802
Operating expenses (note 10)	60 137	57 328
Net income and comprehensive income	**$ 168 407**	**$ 171 556**

See accompanying notes to the financial statements

STATEMENTS OF CHANGES IN EQUITY (IN 000'S)

Year ended

	MARCH 26 2017	MARCH 27 2016
Balance at beginning of year	$ 31 772	$ 21 025
Net income and comprehensive income	168 407	171 556
Distributions to the Province of New Brunswick	(157 576)	(160 809)
Balance at end of the year	**$ 42 603**	**$ 31 772**

See accompanying notes to the financial statements

STATEMENTS OF CASH FLOWS (IN 000'S)

Year ended	MARCH 26 2017	MARCH 27 2016
OPERATING		
Net income and comprehensive income	$ 168 407	$ 171 556
Items not involving cash:		
Depreciation	2 450	2 036
Amortization of intangible assets	676	471
Loss on sale of property and equipment		15
Decrease in retiring allowances	(150)	(450)
Change in non-cash working capital (note 8)	(9 516)	(1 734)
Cash available from operations	**161 867**	**171 894**
INVESTING		
Additions to property and equipment	(3 749)	(4 147)
Additions to intangible assets	(1 237)	(2 861)
Proceeds from sale of property and equipment	8	1
Net cash used for capital investments	**(4 978)**	**(7 007)**
FINANCING		
Decrease in beverage container redemptions	(532)	(2 125)
Distributions to the Province of New Brunswick	(157 576)	(160 809)
Net cash used for financing activities	(158 108)	(162 934)
(Decrease) increase in cash	(1 219)	1 953
Cash at beginning of year	4 425	2 472
Cash at end of year	**$ 3 206**	**$ 4 425**

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of Operations

The New Brunswick Liquor Corporation (the Corporation) is a Crown Corporation incorporated under the New Brunswick Liquor Corporation Act and is a Government Business Enterprise as defined by Public Sector Accounting Standards. The immediate parent and ultimate controlling party is the Province of New Brunswick. The Corporation's main office is located in Fredericton, New Brunswick and its primary business is the purchase, distribution and sale of alcoholic beverages throughout the Province of New Brunswick. The Corporation is exempt from Income Taxes under Section 149 of the Income Tax Act.

2. Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements for the year ended March 26, 2017 were approved and authorized for issue by the Board of Directors on June 29, 2017.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for post-employment benefits which are measured as described below. These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All amounts are rounded to the nearest thousand unless otherwise indicated.

3. Summary of Significant Accounting Policies

Use of estimates and judgements

The preparation of financial statements requires management to make certain judgements, estimations and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and any future years affected.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Corporation that have the most significant effect on the financial statements.

Impairment of property and equipment and intangible assets
Judgement is used in determining the aggregate grouping of assets identified as Cash Generating Units (CGUs) for purposes of testing for impairment of property and equipment and intangibles. Judgement is required in determining the lowest level at which independent cash inflows are generated. The Corporation has defined CGUs as its retail stores. In addition, judgement is used to determine whether a triggering event has occured requiring an impairment test to be conducted.

Capitalization of internally developed software
Judgement is required in distinguishing the research and development phases of a new customized software project and determining whether the recognition requirements for the capitalization of development costs are met. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired.

Significant estimations and assumptions

The following are areas where estimates and assumptions have the most significant effect on recognition and measurement of the assets, liabilities, income and expenses of the Corporation.

Net realizable value of inventories
Estimates are required in the determination of the net realizable value of inventories, taking into account the most reliable evidence available at each reporting date. Future selling prices may be impacted by changes in the market and vendor rebates on costs.

Useful lives of property, equipment and intangibles
The Corporation is required to estimate the useful lives and depreciation method for property and equipment and intangible assets. Management determines the estimated useful lives based on historical experience and the expected pattern of consumption of the future economic benefits of the asset. As this information is based on estimates and is subject to change, they are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Retiring allowances
The Corporation makes estimates in recording costs and liabilities associated with retiring allowances. These are based on current information regarding cost, expected plans and discount rates. The accrued retiring allowances reflect the Corporation's best estimate of salary, escalation and the retirement ages of employees. The calculations are sensitive to changes in the actuarial and economic assumptions made regarding future outcomes.

Cash
Cash includes cash and bank deposits.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is defined as average cost. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses. Cost includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. The amount of inventory expensed during the year is shown as cost of sales on the statements of earnings and comprehensive income.

Property and equipment
Assets owned by the Corporation
Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition or construction cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and amortized separately. Depreciation is computed using the straight-line method based on the estimated useful life of the assets. Useful life is reviewed on an annual basis.

Derecognition
An item of property and equipment is derecognized when disposed of or when no future economic benefits are expected to arise from the continued use of the asset. A gain or loss arising on derecognition of an asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal and is included in the statement of operations and comprehensive income in the year in which the item is derecognized.

Subsequent costs
The Corporation recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is possible that the future economic benefits embodied with the item will flow to the Corporation and the cost of the item can be measured reliably. All other costs are recognized in the statement of operations and comprehensive income as an expense as incurred.

Depreciation
Depreciation of an asset begins when it is available for use. This means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged to the statement of operations and comprehensive income on a straight-line basis over their estimated useful lives after considering their estimated residual value using the following rates per annum:

Paving	10 years
Buildings	40 years
Furniture, fixtures and equipment	5 years
Automotive	4 years
Retail equipment	5 years
Refrigeration equipment	10 years

Leasehold improvements are depreciated on the straight-line basis over the lesser of the estimated useful life and the lease term. Property and equipment includes assets purchased or under construction, all or a portion of which may not be in use at the end of the year. As a result, no depreciation is taken on these assets. Assets not in use totalled $446 867 ($3 786 521 in 2016) of which $438 704 ($4 717 in 2016) is included in leasehold improvements, $3 309 ($975 727 in 2016) is included in furniture, fixtures and equipment and $4 853 ($2 806 077 in 2016) is included in intangible assets.

Impairment
The carrying amounts of the Corporation's non-financial assets (property and equipment and intangible assets) are reviewed at the end of each year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash generating unit to which the asset belongs.

Assets are grouped based on their cash generating units (CGU) which is the smallest group of assets which generate cash 'inflows' from their continuing use which are independent from cash inflows of other assets. The Corporation has defined CGUs as its retail stores.

3. Summary of Significant Accounting Policies (continued)

The recoverable amount of a CGU is the greater of its value in use and its fair value less estimated costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are reversed if the recoverable amount in a later period exceeds the carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. At March 26, 2017 and March 27, 2016 there were no indications of impairment.

Intangible assets

Intangible assets include purchased and in-house developed computer software which are recorded at cost and amortized on a straight-line basis over the estimated useful life, as these assets are considered to have finite useful lives. Useful lives are reviewed at each reporting date. The Corporation assesses the carrying value of the intangible assets for impairment on an annual basis. At March 26, 2017 and March 27, 2016 there were no indicators of impairment. Computer software is amortized on a straight-line basis over 10 years.

Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Corporation as Lessee

Assets held under finance leases are initially recognized at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included on the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Corporation's accounting policy on borrowing costs. Finance leased assets are depreciated on a straight-line basis over the estimated useful life of the asset. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Lease Incentives

Lease incentives received to enter into operating leases are recognized as liabilities. The aggregate benefits of incentives are recognized as a reduction of rental expense on a straight-line basis over the term of the lease.

Financial instruments

Recognition, initial measurement

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, all financial assets have been classified as loans and receivables.

The Corporation's loans and receivables include cash and trade and other receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less impairment. Discounting is omitted where the effect of discounting is immaterial.

The Corporation does not hold any financial assets in the other categories.

Classification and subsequent measurement of financial liabilities

The Corporation's financial liabilities include trade and other payables and beverage container redemptions. These financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition
Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received/receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount recognized on the statements of financial position only when there is a legal right to offset the amounts and there is an intention to settle on the net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each year. Financial assets are considered to be impaired when there is objective evidence that the estimated future cash flow of the investment will be negative. The impairment loss on financial assets is based on a review of all outstanding amounts at period end. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, where the carrying amount is reduced using an allowance account.

Provisions

A provision is recognized in the statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in provision due to the passage of time is recognized as an interest expense.

Post-employment benefits

Retiring allowances
Bargaining employees are entitled to a retirement allowance based on years of service and rate of pay in the year of retirement or death. This program is funded in the year the allowance is paid. The cost of the retirement allowance earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement age of employees.

Significant assumptions used in the calculation of the liability are as follows:

	March 26, 2017	March 27, 2016
Discount rate - beginning of year	3.0%	2.8%
Discount rate - end of year	3.0%	3.0%
Future salary increases	2.3%	2.3%
Retirement age	Varies depending on member's current age	

Pension plan
Employees of the Corporation are members of the New Brunswick Public Service Pension Plan (NBPSPP), a multi-employer, shared risk pension plan. Contributions are made by both the Corporation and the employees. Since sufficient information is not readily available to account for the Corporation's participation in the plan using defined benefit pension plan accounting, these financial statements have been prepared using accounting for defined contribution pension plans. Contributions made by the Corporation during the year totaled $2 759 890 ($2 700 164 in 2016).

Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Sales to retail customers
Revenue is recognized at the point of sale to customers.

3. Summary of Significant Accounting Policies (continued)

Sales to agency stores and licensed establishments
Revenue from the sale of goods is recognized when all of the following conditions are satisfied:

- The Corporation has transferred the significant risks and rewards of ownership of the goods to the buyer;
- The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Corporation; and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Vendor rebates

The Corporation records cash consideration received from vendors as a reduction to the cost of related inventory or, if the related inventory has been sold, to the cost of producing revenue.

4. Future accounting pronouncements that are not yet effective and have not been adopted early by the Corporation

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretation Committee (IFRIC) that are not effective for the year ended March 26, 2017 and although early adoption is permitted, they have not been applied in preparing these financial statements. The extent of the impact of adopting the following standards has not yet been determined.

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

IFRS 15 Revenue from Contracts with Customers
On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. On April 12, 2016, the IASB issued Clarifications to IFRS 15, Revenue from Contracts with Customers, which is effective at the same time as IFRS 15.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the Standard to licenses of intellectual property.

IFRS 16 Leases

On January 13, 2016 the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

IAS 7 Statement of Cash Flows

In January 2016, the IASB released amendments to IAS 7, Statement of Cash Flows (IAS 7). IAS 7 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. IAS 7 will be effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

NOTES TO THE FINANCIAL STATEMENTS

5. Property and Equipment (IN 000'S)

COST	LAND	PAVING	BUILDINGS	LEASEHOLD IMPROVEMENTS	FURNITURE, FIXTURES & EQUIPMENT	AUTOMOTIVE	RETAIL EQUIPMENT	REFRIGERATION EQUIPMENT	TOTAL
Balance at March 29, 2015	$ 98	$ 421	$ 9 459	$ 4 224	$ 18 346	$ 301	$ 1 296	$ 2 792	$ 36 937
Additions			1 087	516	2 089	106	14	335	4 147
Disposals		1		628	361	55		127	1 172
Balance at March 27, 2016	$ 98	$ 420	$ 10 546	$ 4 112	$ 20 074	$ 352	$ 1 310	$ 3 000	$ 39 912
Balance at March 27, 2016	$ 98	$ 420	$ 10 546	$ 4 112	$ 20 074	$ 352	$ 1 310	$ 3 000	$ 39 912
Additions			415	497	2 144	126	69	498	3 749
Disposals					21	37			58
Balance at March 26, 2017	$ 98	$ 420	$ 10 961	$ 4 609	$ 22 197	$ 441	$ 1 379	$ 3 498	$ 43 603
Accumulated Depreciation									
Balance at March 29, 2015		$ 391	$ 6 307	$ 3 052	$ 15 568	$ 257	$ 1 278	$ 2 064	$ 28 917
Depreciation		6	165	353	1 294	43	14	161	2 036
Disposals		1		628	344	56		127	1 156
Balance at March 27, 2016		$ 396	$ 6 472	$ 2 777	$ 16 518	$ 244	$ 1 292	$ 2 098	$ 29 797
Balance at March 27, 2016		$ 396	$ 6 472	$ 2 777	$ 16 518	$ 244	$ 1 292	$ 2 098	$ 29 797
Depreciation		6	175	352	1 628	74	18	197	2 450
Disposals					13	37			50
Balance at March 26, 2017		$ 402	$ 6 647	$ 3 129	$ 18 133	$ 281	$ 1 310	$ 2 295	$ 32 197
Carrying Amounts									
At March 27, 2016	$ 98	$ 24	$ 4 074	$ 1 335	$ 3 556	$ 108	$ 18	$ 902	$ 10 115
At March 26, 2017	$ 98	$ 18	$ 4 314	$ 1 480	$ 4 064	$ 160	$ 69	$ 1 203	$ 11 406

6. Intangible Assets (IN 000'S)

Software

Cost		**2017**		**2016**
Opening	$	9 090	$	6 229
Additions		1 237		2 861
Disposals				
Closing		10 327		9 090
Accumulated Amortization				
Opening		4 565		4 094
Amortization		676		471
Disposals				
Closing		5 241		4 565
Carrying Amount	**$**	**5 086**	**$**	**4 525**

7. Post-employment Benefits (IN 000'S)

Retiring Allowances

Pursuant to the direction of the Province of New Brunswick and with the approval of the Board of Directors, the accumulation of retirement allowance benefits ceased for non bargaining employees effective June 30, 2013. The program remains in effect for bargaining employees pending direction from the Province. The last full actuarial valuation of the plan was completed as at March 31, 2016. An extrapolation of the plan was performed as of March 31, 2017.

Information relating to the plan is as follows:

Reconciliation of defined benefit obligation

		2017		**2016**
Opening balance	$	2 637	$	3 086
Employer current service cost		132		140
Interest cost		77		83
Benefit payments		(359)		(540)
Actuarial (gain) / loss due to:				
Experience adjustments				(211)
Changes in financial assumptions				79
Closing balance	**$**	**2 487**	**$**	**2 637**

8. Change in Non-Cash Operating Working Capital (IN 000'S)

	2017	2016
Trade and other receivables	$ 8 980	$ 1 392
Inventories	4 370	3 346
Prepaid expenses	276	132
Trade and other payables	(4 110)	(3 136)
	$ 9 516	**$ 1 734**

9. Sales (IN 000'S)

	2017	2016
Spirits	$ 97 188	$ 95 801
Wine	91 567	87 539
Other Beverages	26 635	25 783
Beer	199 730	201 267
	$ 415 120	**$ 410 390**

10. Operating Expenses (IN 000'S)

	2017	2016
Salaries - stores	$ 19 682	$ 20 181
- administration and warehouse	7 630	6 992
Rent	7 533	7 224
Employee benefits	7 074	6 924
Beverage container redemption costs	2 793	2 479
Bank charges and debit/credit card fees	2 801	2 585
Depreciation	2 450	2 036
Heat and light	1 512	1 521
Advertising and promotions	1 329	903
Professional services	1 119	898
Minor equipment and supplies	704	641
Amortization of intangible assets	676	471
Data processing	644	577
Repairs to property and equipment	599	492
Telecommunications	446	445
Shortages	431	331
Travel	416	419
Other	347	294
Security	326	333
Property taxes	297	288
Retail automation system maintenance	225	209
Management meetings	202	162
Training programs	198	219
Shopping bags	179	234
Cleaning	175	158
Motor vehicle operation	107	82
Insurance	99	89
Warehouse maintenance and supplies	81	68
Directors' remuneration	41	39
Postage	21	34
	$ 60 137	**$ 57 328**

11. Financial Risk Management Objectives and Policies

Liquidity risk
Liquidity risk is the risk the Corporation will be unable to meet its financial obligations as they become due. The Corporation manages this risk through monitoring of future cash flows to ensure that they will have sufficient cash from operations to meeting these obligations. All financial liabilities are due within one year with the exception of beverage container redemptions which are expected to paid over the next three years.

Foreign currency risk
In preparing the financial statements, transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the date of the transaction. The Corporation is exposed to foreign currency risk on purchases that are denominated in a currency other than the Canadian dollar. Currencies giving rise to this risk are primarily the U.S. and Euro dollars. Management has mitigated this risk by limiting the number of purchase transactions originating in foreign currency.

Credit Risk
Credit risk is the risk the Corporation will incur a loss because a customer fails to meet an obligation. The Corporation's exposure is related to the value of trade and other receivables. The Corporation has mitigated the exposure to this risk through limited extension of credit and contractual relationships with business partners. As a March 26, 2017 there are no significant financial receivables greater than 30 days, and no customer accounts amount to more than 10% of total receivables.

Capital Management
The Corporation does not have share capital or long-term debt. Its definition of capital is cash and equity. The Corporation's main objectives for managing capital is to ensure sufficient liquidity in support of its financial obligations and to maximize returns to the Province of New Brunswick.

12. Commitments

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2018 and 2035. Certain of these operating leases contain renewal options at the end of the initial lease term. The following is a schedule, of future minimum lease payments required under operating leases that have, as of March 26, 2017, initial lease terms in excess of one year.

	(IN $000'S)
Due within one year or less	$ 7 136
Between one and five years	23 953
More than five years	33 996
	$ 65 085

13. Contingencies

The Corporation is involved in various legal actions and other matters arising out of the ordinary course and conduct of business. The outcome and ultimate disposition of these actions are not determinable at this time. Accordingly, no provision for these actions is reflected in the financial statements. Settlements, if any, concerning these contingencies will be accounted for in the period in which the settlement occurs. Management has mitigated this risk by maintaining insurance coverage as required.

The Corporation indemnifies its Directors and Officers against any and all claims or losses reasonably incurred in the performance of their service to the Corporation.

14. Related party transactions

The ultimate controlling party of the Corporation is the Province of New Brunswick. Remittances to the Province are disclosed in the Statements of Changes in Equity. The Corporation is related through common ownership with all provincial departments, agencies and Crown Corporations. Transactions with these entities occur in the normal course of business and are recorded at the exchange amount unless disclosed in these financial statements. Transactions with related entities and the Province of New Brunswick are deemed to be collectively insignificant to these financial statements.

Compensation of key management personnel
Members of the Board of Directors and Executive Team are considered to be key management personnel. Total compensation and benefits amounted to $1 033 792 ($952 393 in 2016).

15. Comparative figures

Some of the prior year's figures have been reclassified for comparative purposes and to conform with the presentation adopted in the current year.