

LIQUOR STORES N.A. LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2017 and 2016

(Unaudited, expressed in thousands of Canadian dollars)



Liquor Stores N.A. Ltd.

Condensed Interim Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	Note	June 30, 2017 \$	December 31, 2016 \$
Assets			
Current assets:			
Cash		3,206	7,020
Accounts receivable		4,326	3,184
Inventory		152,779	155,425
Prepaid expenses and deposits		11,763	10,380
Derivative instrument		280	-
		172,354	176,009
Deferred tax assets		17,524	16,819
Purchase option		575	1,537
Property and equipment		66,956	63,674
Intangible assets		46,087	46,690
Goodwill		157,896	158,318
		461,392	463,047
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities		61,663	67,402
Income taxes payable		3,080	399
Dividends payable	7	1,023	830
Derivative instrument		-	52
Current portion of long-term debt		394	323
		66,160	69,006
Long-term debt	3	152,139	135,838
Provisions	13	4,138	455
Deferred tax liabilities		3,373	8,037
Non-controlling interest put option		14,022	14,316
		239,832	227,652
Shareholders' Equity			
Equity attributable to shareholders		217,618	230,889
Equity attributable to non-controlling interest		3,942	4,506
		221,560	235,395
		461,392	463,047

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Liquor Stores N.A. Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Attributable to Shareholders of the Company						Non-controlling interest	Total equity
	Share capital	Equity component of convertible debentures	Contributed surplus	Accumulated other comprehensive income	Deficit	Total		
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance – January 1, 2016	249,303	3,328	175,761	24,460	(197,193)	255,659	77	255,736
Net earnings for the period	-	-	-	-	2,378	2,378	816	3,194
Foreign currency translation adjustment	-	-	-	(7,176)	-	(7,176)	(360)	(7,536)
Comprehensive income (loss) for the period	-	-	-	(7,176)	2,378	(4,798)	456	(4,342)
Share-based payments	-	-	542	-	-	542	-	542
Settlement of equity-based payments	279	-	(279)	-	-	-	-	-
Dividends declared (note 7)	-	-	-	-	(8,262)	(8,262)	-	(8,262)
Dividend reinvestment plan issuance (note 7)	1,065	-	-	-	-	1,065	-	1,065
Initial recognition of non-controlling interest put liability	-	-	-	-	(14,474)	(14,474)	-	(14,474)
Acquisition of Birchfield Ventures LLC	-	-	-	-	-	-	4,854	4,854
Dividends declared by subsidiaries	-	-	-	-	-	-	(1,119)	(1,119)
Transactions with owners	1,344	-	263	-	(22,736)	(21,129)	3,735	(17,394)
Balance – June 30, 2016	250,647	3,328	176,024	17,284	(217,551)	229,732	4,268	234,000
Opening balance – January 1, 2017	251,180	6,334	176,881	20,744	(224,250)	230,889	4,506	235,395
Net earnings (loss) for the period	-	-	-	-	(6,977)	(6,977)	810	(6,167)
Foreign currency translation adjustment	-	-	-	(2,488)	-	(2,488)	(153)	(2,641)
Comprehensive income (loss) for the period	-	-	-	(2,488)	(6,977)	(9,465)	657	(8,808)
Share-based payments	-	-	1,090	-	-	1,090	-	1,090
Settlement of equity-based payments	455	-	(455)	-	-	-	-	-
Redemption of debenture (note 3)	-	(3,328)	2,997	-	-	(331)	-	(331)
Dividends declared (note 7)	-	-	-	-	(4,990)	(4,990)	-	(4,990)
Dividend reinvestment plan issuance (note 7)	425	-	-	-	-	425	-	425
Dividends declared by subsidiaries	-	-	-	-	-	-	(1,221)	(1,221)
Transactions with owners	880	(3,328)	3,632	-	(4,990)	(3,806)	(1,221)	(5,027)
Balance – June 30, 2017	252,060	3,006	180,513	18,256	(236,217)	217,618	3,942	221,560

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Liquor Stores N.A. Ltd.

Condensed Interim Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)

Three and Six Months Ended June 30, 2017 and 2016

(in thousands of Canadian dollars)

	Note	Three months ended		Six months ended	
		June 30, 2017 \$	June 30, 2016 \$	June 30, 2017 \$	June 30, 2016 \$
Sales		208,078	209,273	370,497	381,307
Cost of sales		153,727	156,783	274,512	285,203
Gross margin		54,351	52,490	95,985	96,104
Selling and distribution expenses		42,187	34,174	78,035	69,074
Administrative expenses		6,859	5,912	11,891	12,540
Operating profit before amortization		5,305	12,404	6,059	14,490
Amortization					
Property and equipment		3,070	3,082	6,021	6,163
Intangible assets		121	110	220	240
Operating profit (loss)		2,114	9,212	(182)	8,087
Finance costs	4	3,596	2,631	6,763	5,152
Net loss (gain) on foreign exchange from financing activities		85	(84)	182	(2,047)
Fair value adjustments	5	211	515	797	870
Earnings (loss) before income taxes		(1,778)	6,150	(7,924)	4,112
Income tax expense (recovery)	8	(397)	1,484	(1,757)	918
Net earnings (loss)		(1,381)	4,666	(6,167)	3,194
Other comprehensive income (loss)					
Items that may be reclassified subsequently to net earnings:					
Currency translation difference on foreign subsidiaries		(2,400)	(75)	(3,316)	(9,072)
Net investment hedge	6	483	105	675	1,536
Comprehensive income (loss)		(3,298)	4,696	(8,808)	(4,342)
Net earnings (loss) attributable to					
Owners of the parent		(2,067)	4,121	(6,977)	2,378
Non-controlling interest		686	545	810	816
		(1,381)	4,666	(6,167)	3,194
Comprehensive income (loss) attributable to					
Owners of the parent		(3,878)	3,872	(9,465)	(4,798)
Non-controlling interest		580	824	657	456
		(3,298)	4,696	(8,808)	(4,342)
Earnings (loss) per share					
Basic	10	(0.07)	0.15	(0.25)	0.09
Diluted	10	(0.07)	0.15	(0.25)	0.09

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Liquor Stores N.A. Ltd.**Condensed Interim Consolidated Statements of Cash Flow****Three and Six Months Ended June 30, 2017 and 2016***(in thousands of Canadian dollars)*

	Note	Three months ended		Six months ended	
		June 30, 2017 \$	June 30, 2016 \$	June 30, 2017 \$	June 30, 2016 \$
Cash provided by (used in)					
Operating activities:					
Net earnings (loss) for the period		(1,381)	4,666	(6,167)	3,194
Adjustments to reconcile net income to net cash flows from operating activities:					
Amortization of property and equipment		3,070	3,082	6,021	6,163
Amortization of intangible assets		121	110	220	240
Amortization of financing charges	4	71	104	142	208
Non-cash interest on convertible debentures	4	457	347	1,147	674
Loss on redemption of convertible debentures	4	1,196	-	1,196	-
Unrealized foreign exchange gain (loss)		65	(71)	128	(2,279)
Fair value adjustments	5	211	515	797	870
Increase in provisions	13	3,807	-	3,833	-
Deferred income tax		(403)	1,452	(5,943)	(3,298)
Equity-settled share-based payments		621	320	1,090	542
Cash provided by operating activities before changes in non-cash working capital		7,835	10,525	2,464	6,314
Net change in non-cash working capital items	12	5,114	45	(8,234)	(13,552)
		12,949	10,570	(5,770)	(7,238)
Investing activities:					
Purchase of property and equipment		(3,380)	(2,886)	(6,119)	(7,099)
Purchase of intangible assets		(149)	(167)	(387)	(668)
Acquisition, net of cash acquired		-	-	-	(20,912)
		(3,529)	(3,053)	(6,506)	(28,679)
Financing activities:					
Proceeds from (repayment of) long-term debt	3	61,201	(3,016)	81,608	48,374
Repayment of convertible debentures	3	(67,500)	-	(67,500)	-
Dividends paid	7	(2,287)	(2,222)	(4,562)	(8,839)
Dividends paid to non-controlling interest by subsidiaries		(587)	(391)	(1,023)	(730)
		(9,173)	(5,629)	8,523	38,805
Foreign exchange gain (loss) on cash held in foreign currency		(23)	42	(61)	(472)
Increase (decrease) in cash		224	1,930	(3,814)	2,416
Cash - Beginning of period		2,982	4,276	7,020	3,790
Cash - End of period		3,206	6,206	3,206	6,206

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

(in thousands of Canadian dollars)

1 Nature of the business

Liquor Stores N.A. Ltd. (the “Company”) was incorporated under the Canada Business Corporations Act. The address of the Company’s registered office is 101, 17220 Stony Plain Road, Edmonton, Alberta. The Company’s common shares and convertible unsecured subordinated debentures trade on the Toronto Stock Exchange (the “TSX”) under the symbols “LIQ” and “LIQ.DB.B”.

The Company’s principal activity is the retailing of wines, beers and spirits. As at June 30, 2017, the Company operated 251 (2016 - 253) retail liquor stores, of which 177 (2016 - 179) were in Alberta, 34 (2016 - 35) were in British Columbia, 22 (2016 - 22) were in Alaska, 15 (2016 - 15) were in Kentucky, two (2016 - two) were in New Jersey and one (2016 - none) was in Connecticut. Of the stores operated, 191 (2016 - 197) were acquired and 60 (2016 - 56) were developed by the Company.

These condensed interim consolidated financial statements (the “financial statements”) were approved and authorized for issuance by the Board of Directors on August 9, 2017.

2 Basis of preparation and significant accounting policies

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, and do not include all of the information required for full annual financial statements. Accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto, for the year ended December 31, 2016.

The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2016.

The Company’s operations are seasonal in nature. Accordingly, sales will vary by quarter based on consumer spending behaviour. The Company is able to adjust certain variable costs in response to seasonal revenue patterns; however, costs such as occupancy are fixed, causing the Company to report a higher level of earnings in the third and fourth quarters. This business seasonality results in quarterly performance that is not necessarily indicative of the year’s performance.

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company and there have been no changes to critical accounting estimates or judgements made from those as described in its consolidated financial statements as at and for the year ended December 31, 2016.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

(in thousands of Canadian dollars)

3 Long term debt

Long-term debt comprises the following:

	Maturity date	June 30, 2017 \$	December 31, 2016 \$
Credit facility advance	September 30, 2019	80,900	-
5.85% debentures	April 30, 2018	-	66,197
4.70% debentures	January 31, 2022	73,808	73,430
Finance lease liability	November 27, 2019 to November 30, 2021	1,151	993
		<u>155,859</u>	<u>140,620</u>
Unamortized deferred financing costs:			
Credit facility		(355)	(497)
Debentures		(2,971)	(3,962)
		<u>152,533</u>	<u>136,161</u>
Less: Current portion of finance lease liability		(394)	(323)
		<u>152,139</u>	<u>135,838</u>

In April 2012, Liquor Stores issued \$67,500 of convertible unsecured subordinated debentures bearing interest at a rate of 5.85% per annum payable semi-annually in arrears on April 30 and October 31 of each year, with a maturity date of April 30, 2018 (“the 5.85% debentures”).

On May 3, 2017, Liquor Stores redeemed the entire \$67,500 of the 5.85% debentures, prior to their maturity date, in accordance with the terms of the trust indenture governing the 5.85% debentures. Of the amount paid, \$65,982 million was recorded as a reduction in the liability component of the 5.85% debentures, a non-cash loss on early redemption of \$1,196 was recorded as finance costs, \$331 was recorded as a decrease in the equity component of the debentures, and \$2,997 was reclassified from the equity component of the debentures to contributed surplus.

The payment for the early redemption was allocated to the liability and equity components of the 5.85% debentures based on their relative fair values on the redemption date. The fair value of the liability component was estimated by discounting the remaining contractual cash flows of the 5.85% debentures at a discount rate comprised of a one year Bank of Canada bond yield plus an appropriate credit spread. The fair value of the equity component was estimated as the residual difference between the aggregate market value of the 5.85% debentures on the redemption date and the estimated fair value of the liability component.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

(in thousands of Canadian dollars)

4 Finance costs

Finance costs comprise the following:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Interest expense				
Long-term debt ⁽ⁱ⁾	672	1,297	1,262	2,503
Convertible debenture ⁽ⁱⁱ⁾	1,728	1,334	4,305	2,649
Loss on redemption of convertible debenture	1,196	-	1,196	-
	3,596	2,631	6,763	5,152

- i) Included in interest expense on long-term debt for the three and six months ended June 30, 2017 was amortization of deferred financing costs of \$71 and \$142, respectively (2016 - \$104 and \$208).
- ii) Interest expense on the convertible debentures for the three and six months ended June 30, 2017 of \$1,728 and \$4,305 (2016 - \$1,334 and \$2,649) represents coupon interest of \$1,271 and \$3,158, (2016 - \$987 and \$1,975) and \$457 and \$1,147, respectively (2016 - \$347 and \$674) pertaining to the impact of capitalized transaction costs and the accretion of the debt using the effective interest rate method.

5 Fair value adjustments

Fair value adjustments comprise the following unrealized losses (gains):

	Fair Value Hierarchy	Three months ended		Six months ended	
		June 30,		June 30,	
		2017	2016	2017	2016
		\$	\$	\$	\$
Interest rate swap	Level 2	(376)	(48)	(331)	212
Non-controlling interest put option	Level 3	97	90	191	185
Purchase option	Level 2	490	473	937	473
		211	515	797	870

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

(in thousands of Canadian dollars)

Financial instruments recognized on the balance sheet at fair value are classified in a hierarchy based on the significance of the estimates used in their measurement, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair value of the interest rate swap is calculated as the net present value of the future cash flows expected to arise on the variable and fixed rate tranches, determined using applicable yield curves at each measurement date. The fair value of the non-controlling interest put option and purchase options are calculated using the methods as described in the financial statements for the year-ended December 31, 2016.

6 Hedge of a net investment in foreign operation

The Company is applying hedge accounting to foreign currency differences arising between the \$USD functional currency of the Company's 51% ownership interest in Birchfield Ventures LLC ("Birchfield") and the \$CAD functional currency of the Company. The Company has therefore designated a portion of the principal amount outstanding of the \$USD borrowings made by the Company as a net investment hedge of the net assets of Birchfield. The Company's investments in other subsidiaries are not hedged.

No ineffectiveness was recognized in the current period from the net investment hedge.

7 Dividends

	Three months ended June 30,		Six months ended June 30,	
	2017 \$	2016 \$	2017 \$	2016 \$
Dividends declared	2,498	2,484	4,990	8,262
Dividends paid				
Dividends paid in cash	2,287	2,222	4,562	8,839
Dividends paid in shares	209	261	425	1,065

Dividends were declared on July 14, 2017 in the amount of \$0.03 per common share and will be paid on August 15, 2017 to the holders of common shares as at the close of the record date of July 31, 2017. Dividends are paid mid-month following the month of declaration.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

(in thousands of Canadian dollars)

8 Income tax

Income tax is recognized based on management's estimate of the weighted average annual effective tax rate expected for the full financial year. The estimated average annual effective tax rate for 2017 is 22.1%.

9 Share capital

a) Authorized:

An unlimited number of voting common shares are authorized to be issued.

b) Issued and outstanding:

	#	\$
Balance – January 1, 2016	27,449,891	249,303
Shares issued under dividend reinvestment plan	141,121	1,065
Shares issued on settlement of equity based compensation awards	19,742	279
Balance – June 30, 2016	27,610,754	250,647
Balance – January 1, 2017	27,664,070	251,180
Shares issued under dividend reinvestment plan	43,552	425
Shares issued on settlement of equity based compensation awards	45,611	455
Balance – June 30, 2017	27,753,233	252,060

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

*(in thousands of Canadian dollars)***10 Earnings (loss) per share**

	Three months ended June 30,		Six months ended June 30,	
	2017 \$	2016 \$	2017 \$	2016 \$
Net earnings (loss) attributable to owners of the parent	(2,067)	4,121	(6,977)	2,378
	2017 #	2016 #	2017 #	2016 #
Weighted average number of common shares outstanding – Basic	27,743,138	27,595,667	27,709,969	27,551,091
Effect of dilutive securities				
Equity-settled share-based payment awards	-	48,492	-	35,262
Weighted average number of common shares outstanding – Diluted	27,743,138	27,644,159	27,709,969	27,586,353
	2017 \$	2016 \$	2017 \$	2016 \$
Basic earnings (loss) per share	(0.07)	0.15	(0.25)	0.09
Diluted earnings (loss) per share	(0.07)	0.15	(0.25)	0.09

For the three and six-months ended June 30, 2017, potential shares issuable in exchange for all equity-settled share based payment awards have been excluded in the diluted earnings per share calculation as their effect would have been anti-dilutive. The potential shares issuable in exchange for convertible debentures were not included in the diluted earnings per share calculation for the three and six months ended June 30, 2017 due to their anti-dilutive effect.

11 Related party transactions

The following transactions were carried out with related parties:

a) Operating and administrative expenses

	Three months ended June 30,		Six months ended June 30,	
	2017 \$	2016 \$	2017 \$	2016 \$
Professional fees ⁽ⁱ⁾				
Recognized in operating and administrative expenses	-	15	-	25
	-	15	-	25

⁽ⁱ⁾ A director of the Company was a partner in a law firm to which the Company incurred professional fees for legal services in the prior year. The individual ceased to be a director of the Company on June 20, 2017.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

(in thousands of Canadian dollars)

- b) Subsequent to June 30, 2017, the President and Chief Executive Officer's employment agreement was terminated. Expenses related to this departure are not determinable at this time and will be included in administrative expenses in the corporate operating segment in the subsequent period.

12 Supplementary disclosure of cash flow information

Changes in non-cash working capital items comprise the following:

	Three months ended June 30,		Six months ended June 30,	
	2017 \$	2016 \$	2017 \$	2016 \$
Accounts receivable	(1,689)	(734)	(1,217)	4,536
Inventory	1,049	(75)	694	(7,054)
Prepaid expenses and deposits	(333)	(347)	(1,440)	320
Accounts payable and accrued liabilities	6,632	629	(8,952)	(12,849)
Income tax payable	(545)	572	2,681	1,495
	5,114	45	(8,234)	(13,552)

Interest and income taxes paid (received) are included in cash provided by operating activities in the Statements of Cash Flows.

	Three months ended June 30,		Six months ended June 30,	
	2017 \$	2016 \$	2017 \$	2016 \$
Interest paid	601	3,151	1,120	4,253
Income taxes paid (received)	597	(479)	1,551	(214)

13 Provisions

The Company has recognized an additional \$4.2 million provision in the current period related to an unfavorable lease for an unopened store location in Berlin, Massachusetts. The current portion of the provision has been recorded in accounts payable and accrued liabilities.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

(in thousands of Canadian dollars)

14 Operating segments

The Company has two reportable segments: Canadian Operations and US Operations. Segmentation is based on differences in the regulatory environments of Canada and the US and reflects the basis on which management measures performance and makes decisions regarding the allocation of resources. The Canada and US segments operate retail liquor stores in their respective jurisdictions.

Financial information regarding the results of each reportable segment is included below. Performance is measured based on operating profit before amortization, and is included in the internal management reports that are reviewed regularly by the Company's President and Chief Executive Officer (the Company's chief operating decision maker, or "CODM") and follow the organization, management and reporting structure of the Company. Operating profit before amortization is one of the primary benchmarks used by management to evaluate the performance of its operating segments. A reconciliation of operating profit before amortization to earnings before income taxes, an earnings measure used in the Company's consolidated Statement of Earnings and Comprehensive Income, has been included in the table below.

Operating profit before amortization is not an earnings measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. Therefore, operating profit before amortization may not be comparable to similar measures presented by other issuers. Users are cautioned that operating margin should not be construed as an alternative to earnings before income tax as determined in accordance with IFRS, as an indicator of performance or as an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

(in thousands of Canadian dollars)

	Three months ended June 30, 2017			
	Canadian Operations \$	US Operations \$	Corporate and Other Reconciling Items \$	Consolidated \$
Sales to external customers	135,593	72,485		208,078
Operating profit before amortization	12,607	(443)	(6,859)	5,305
Property and equipment amortization				3,070
Intangible asset amortization				121
Finance costs				3,596
Net loss (gain) on foreign exchange from financing activities				85
Fair value adjustments				211
Loss before income taxes				(1,778)
Other information				
Expenditures for additions to Property and equipment ⁽ⁱ⁾	5,207	1,442	-	6,649
Intangible assets ⁽ⁱ⁾	149	-	-	149
Total assets at June 30, 2017 ⁽ⁱ⁾	322,116	139,276	-	461,392
	Three months ended June 30, 2016			
	Canadian Operations \$	US Operations \$	Corporate and Other Reconciling Items \$	Consolidated \$
Sales to external customers	138,505	70,768	-	209,273
Operating profit before amortization	13,600	4,716	(5,912)	12,404
Property and equipment amortization				3,082
Intangible asset amortization				110
Finance costs				2,631
Net loss (gain) on foreign exchange from financing activities				(84)
Fair value adjustments				515
Earnings before income taxes				6,150
Other information				
Expenditures for additions to Property and equipment ⁽ⁱ⁾	1,492	2,862	-	4,354
Intangible assets ⁽ⁱ⁾	25	142	-	167
Total assets at December 31, 2016 ⁽ⁱ⁾	316,520	146,527	-	463,047

⁽ⁱ⁾ Total corporate assets are not regularly reported to the CODM but rather, a split between US and Canadian assets is provided. The disclosure above reflects what is regularly provided to the CODM.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

(in thousands of Canadian dollars)

	Six months ended June 30, 2017			
	Canadian Operations \$	US Operations \$	Corporate and other reconciling Items \$	Consolidated \$
Sales to external customers	241,131	129,366		370,497
Operating profit before amortization	18,111	(161)	(11,891)	6,059
Property and equipment amortization				6,021
Intangible asset amortization				220
Finance costs				6,763
Net loss (gain) on foreign exchange from financing activities				182
Fair value adjustments				797
Loss before income taxes				(7,924)
Other information				
Expenditures for additions to				
Property and equipment ⁽ⁱ⁾	8,321	1,954	-	10,275
Intangible assets ⁽ⁱ⁾	387	-	-	387
Total assets at June 30, 2017⁽ⁱ⁾	322,116	139,276	-	461,392
	Six months ended June 30, 2016			
	Canadian Operations \$	US Operations \$	Corporate and Other Reconciling Items \$	Consolidated \$
Sales to external customers	248,933	132,374	-	381,307
Operating profit before amortization	19,876	7,154	(12,540)	14,490
Property and equipment amortization				6,163
Intangible asset amortization				240
Finance costs				5,152
Net loss (gain) on foreign exchange from financing activities				(2,047)
Fair value adjustments				870
Earnings before income taxes				4,112
Other information				
Expenditures for additions to				
Property and equipment ⁽ⁱ⁾	2,146	3,303	-	5,449
Intangible assets ⁽ⁱ⁾	81	143	-	224
Total assets at December 31, 2016⁽ⁱ⁾	316,520	146,527	-	463,047

⁽ⁱ⁾ Total corporate assets are not regularly reported to the CODM but rather, a split between US and Canadian assets is provided. The disclosure above reflects what is regularly provided to the CODM.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2017 and 2016

(in thousands of Canadian dollars)

15 Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.