

AUDITOR'S REPORT

To The Directors Of
Brewers' Distributor Ltd. – British Columbia

I have audited sections a) and b) of the annual container stewardship report dated July 05, 2007, of **Brewers' Distributor Ltd. – British Columbia** for the year ended March 31, 2007. The attached information is the responsibility of the Company's management and has been prepared to enable the Company to report to the Environmental Management Branch-Environment Protection Division and not to report on **Brewers' Distributor Ltd. – British Columbia** as a separate legal entity. My responsibility is to express an opinion on this information based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In my opinion, the annual container stewardship report presents fairly, in all material respects, the container sales and returns related to **Brewers' Distributor Ltd. – British Columbia** for the year ended March 31, 2007.

Calgary, Alberta
July 05, 2007


CHARTERED ACCOUNTANT



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July 05, 2007

Charles Porter
 Director, Environmental Management Branch
 Environment Protection Division
 PO Box 9342 Stn Prov. Gov.
 Victoria, B.C. V8W 9M1

Fax: (250) 387-8897

Dear Mr. Porter,

As per the Beverage Container Stewardship Program Regulations, the following is Brewers' Distributor Ltd. annual report detailing the effectiveness of our stewardship plan during the period April 1, 2006 to March 31, 2007. Note that this information is commercially confidential, and is for review only by the Ministry of the Environment, Lands and Parks.

- a) *The recovery rate, by regional district and container type, expressed as a percentage and independently audited.*

Recovery rates are given in the following table.

Audited

Container Type	Sales Dozens	Returns Dozens	Recovery Rate
Cans	34,188,302	30,509,527	89.24%
Industry Standard Bottles	11,989,516	11,121,626	92.76%
Non-Industry Standard Bottles (Refillable)	3,529,943	3,559,165	100.8%

* Sales for the Non-Industry Standard Bottle (Refillable) have been provided by British Columbia Liquor Distribution Branch.

- b) *Annual financial statements, prepared by an independent audit, of all deposits received and refunds paid by the brand owners covered under the plan.*

Deposits received and refunds paid can be reasonably estimated by multiplying sales in dozens by \$1.20, and returns in dozens by \$1.20:

Container Type	Deposits Received	Refunds Paid
Cans	\$41,025,962	\$36,611,432
Industry Standard Bottles	\$14,387,419	\$13,345,951
Non-Industry Standard Bottles (Refillable)	\$4,235,931	\$4,270,998

- c) *The percentage of containers that were refilled or recycled after the collection and, if recycled, how utilized.*

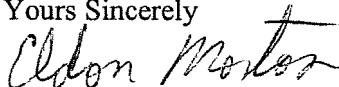
The vast majority of bottles are refilled. However, a small percentage of these bottles are culled out because they are unsuitable for refilling. On average, each bottle is refilled 15 times. The culled glass is sent to a glass facility for destruction and subsequent use in the remanufacture of bottles and various other uses.

All the cans recovered are crushed into biscuits and shipped to an aluminum recycler.

- d) *How much of the stewardship plan has been implemented during the previous calendar year, what has not been implemented, and why it has not been implemented.*

Our stewardship plan is fully implemented.

Yours Sincerely



Eldon Moston,
BDL Inventory Manager

.cc Beau Pyatt, Garry Clermont, Derek Drummond-Young, Alison Howden



Province of
British Columbia

Liquor Distribution
Branch

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Telephone: 604 252-3000
Fax: 604 252-3464
website: www.bcliquorstores.com

June 22, 2007

Mr. Hu Wallis
Director, Environmental Quality Branch
Ministry of Environment,
P. O. Box 9341, Stn Prov Govt,
Victoria, BC V8W 9M1

Dear Mr. Wallis:

Attached is the Liquor Distribution Branch's (LDB) audited statement of deposits received and refunds paid for the year ended March 31, 2007 as required by section 8(2)(f)(i) of the Recycling Regulation. This will be the last stewardship report filed by the LDB. Encorp Pacific has been appointed as the new stewardship agency for the containers in this report and will be filing subsequent reports.

Yours sincerely,

Gord Hall
Director Corporate Policy

Attachment

**British Columbia Liquor Distribution Branch
Deposits and Refunds by Container Type
For the year ended March 31, 2007**



Report of the
Office of the Auditor General
of British Columbia

*To the Director, Environmental Management Branch,
Ministry of Environment, Province of British Columbia:*

At the request of the British Columbia Liquor Distribution Branch, I have audited the schedule of *Deposits and Refunds by Container Type* for the year ended March 31, 2007 calculated in accordance with section 8(2)(f)(i) of the *Recycling Regulation* and the interpretation thereof. Under the Branch's interpretation of section 4 of schedule 1 of the Regulation, information pertaining to beverage containers made from plastic materials is reported for two sizes and one category of plastic material, although the regulation stipulates three sizes for two categories of plastic material. Furthermore, aluminum beverage container information is not reported in this schedule since the information is included in the annual report prepared by Brewers Distributors Ltd. This financial information is the responsibility of the management of the British Columbia Liquor Distribution Branch. My responsibility is to express an opinion on this financial information based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In my opinion, this schedule, when read together with the information set out in the introductory paragraph, presents fairly, in all material respects, the *Deposit and Returns by Container Type* for the year ended March 31, 2007 in accordance with the provisions of section 8(2)(f)(i) of the *Recycling Regulation* and the interpretation thereof referred to above.

*Victoria, British Columbia
June 21, 2007*

Errol S. Price, CA
Acting Auditor General

Deposits and Refunds by Container Type
Year Ended March 31, 2007

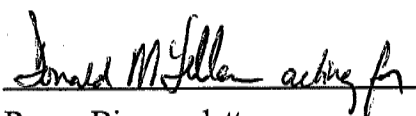
Container (type & size)	Deposit and Refund (\$)	Sales (units)	Deposits Received (\$)	Returns (units)	Refunds Paid (\$)	Recovery Rate (%)
Glass - wine & spirits						
Less than or equal to 1 litre	0.10	65,589,995	6,559,000	57,169,768	5,716,977	87%
Greater than 1 litre	0.20	11,895,089	2,379,018	10,348,941	2,069,788	87%
		<u>77,485,084</u>	<u>8,938,017</u>	<u>67,518,709</u>	<u>7,786,765</u>	<u>87%</u>
Glass - non-refillable beer, cider, cooler						
Less than or equal to 1 litre	0.10	109,374,574	10,937,457	100,004,010	10,000,401	91%
Greater than 1 litre	0.20	653,396	130,679	575,873	115,175	88%
		<u>110,027,970</u>	<u>11,068,137</u>	<u>100,579,883</u>	<u>10,115,576</u>	<u>91%</u>
Plastic						
Less than or equal to 1 litre	0.10	7,814,486	781,449	5,901,976	590,198	76%
Greater than 1 litre	0.20	3,187,083	637,417	2,974,134	594,827	93%
		<u>11,001,569</u>	<u>1,418,865</u>	<u>8,876,110</u>	<u>1,185,024</u>	<u>81%</u>
Bag in box						
Greater than 1 litre	0.20		<u>1,805,241</u>	<u>361,048</u>	<u>752,395</u>	<u>150,479</u>
			<u>200,319,864</u>	<u>21,786,067</u>	<u>177,727,097</u>	<u>19,237,844</u>
					<u>89%</u>	

The accompanying notes are an integral part of this schedule.

Approved:



Gordon Hall
 Director, Corporate Policy



Roger Bissoondatt
 Executive Director, Finance

Deposits and Refunds by Container Type
Year Ended March 31, 2007

Notes

1. Purpose of Deposits and Refunds by Container Type Schedule

The Deposits and Refunds by Container Type schedule has been prepared to comply with section 8(2)(f)(i) of the *Recycling Regulation* (Regulation). The Regulation requires the annual reporting of deposits received and refunds paid by container type.

All of the containers covered by the LDB's Stewardship Plan are included in this schedule with the exception of cans.

2. Container Types

The containers included in this report fall under the following four categories:

Glass – wine & spirits

This category includes glass wine and spirit containers of all sizes

Glass – non-refillable beer, cider & cooler

This category includes non-refillable glass beer, cider and cooler containers for all sizes.

Plastic

This category includes wine, spirit, beer, cider and cooler plastic containers of all sizes.

Bag in Box

The containers included in this category consist of bag in box which is a cardboard container enclosing an inner bag containing the alcohol.

3. Financial Information

The information provided in each column of the schedule is explained below:

Deposit and Refund Rate (\$)

The deposit rates are as established by the Regulation. The deposit and refund rate is \$0.10 for containers less than or equal to one litre and \$0.20 for containers greater than one litre.

Deposits and Refunds by Container Type
Year Ended March 31, 2007

Sales (units)

The gross sales are determined at the point of sale and include the daily counter sales of all the Government Liquor Stores and all liquor purchases made by authorized liquor retailers and licensees (pubs and restaurants).

Deposits Received (\$)

The deposits are determined and collected at the point of sale. The calculation is based on multiplying the deposit and refund rate by the number of units sold for each of the various product lines.

Returns (units)

The returns are determined at the point in time when the container return is reported to the LDB. Returns can be made at either an LDB-controlled outlet or any of the various types of outlets that are authorized to accept containers for a refund.

Refunds Paid (\$)

The refunds are determined at the time containers are returned to an authorized location. The calculation is based on multiplying the deposit and refund rate by the number of units returned for each of the various product lines.

Recovery Rate (%)

The recovery rate is arrived at by dividing the number of containers returned for a refund in a given period by the number of containers for which a deposit was collected in the same period.