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FRONTIER DUTY FREE ASSOCIATION
ASSOCIATION FRONTIERE HORS TAXES

INDUSTRY SURVEY RESULTS

2006

FRONTIER DUTY FREE ASSOCIATION
INDUSTRY SURVEY RESULTS
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2006 F.D.F.A. Industry Survey Results

Selected Highlights

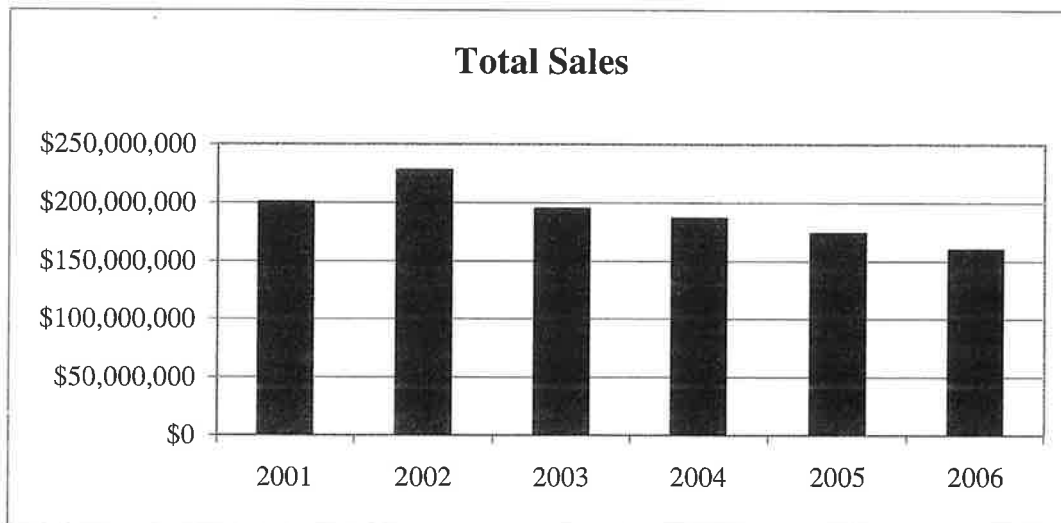
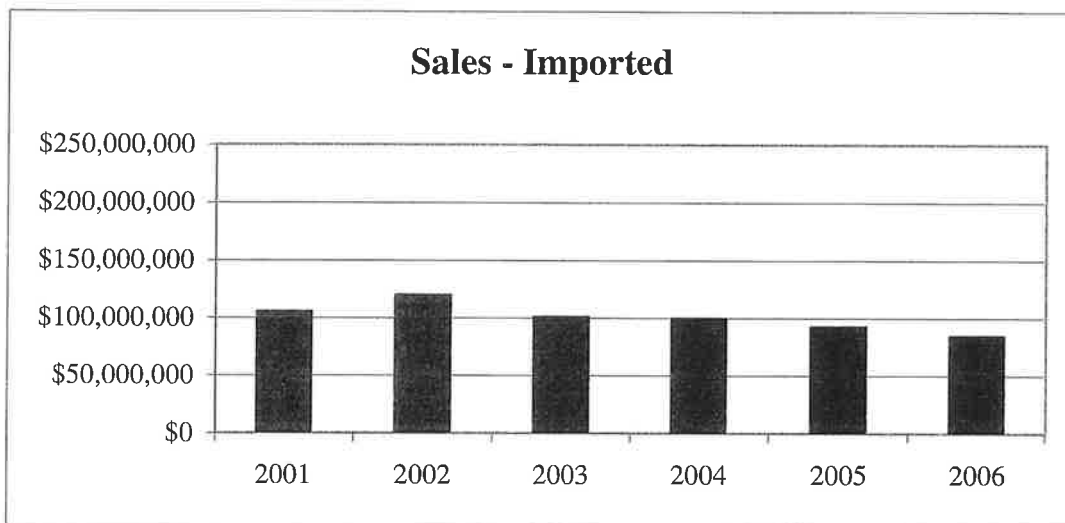
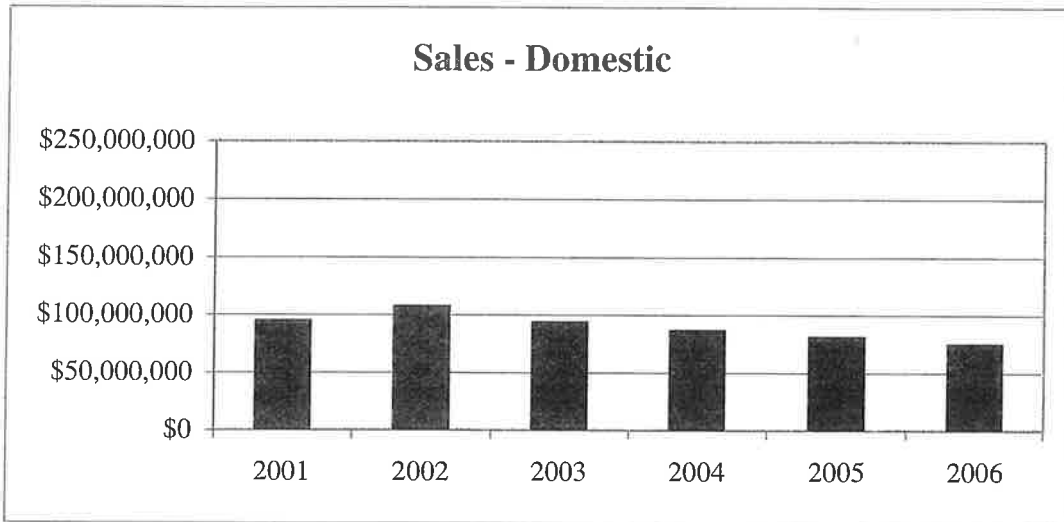
	<u>2006</u>	<u>2005</u>
Total Survey Forms Received	20	20
Estimated GBV of Industry Assets	\$72,127,139	\$67,512,424
Estimated Total Staff During Peak Period	1,064	1,040
Estimated Total Students Employed	251	260
Reported Overall Store Capture Rates	9.60%	12.64%
Reported Overall Gross Margin on Sales	45.37%	45.38%
Average Inventory Turns	4.87	5.76
<u>U.S. Customer Sales</u>		
Percentage of Total Sales Transactions	44.10%	47.70%
Percentage of Total Sales Dollars	45.55%	49.36%
Average Sale Amount	\$49.43	\$48.60
<u>Canadian Customer Sales</u>		
Percentage of Total Sales Transactions	55.90%	52.30%
Percentage of Total Sales Dollars	54.45%	50.64%
Average Sale Amount	\$46.60	\$46.53
<u>Current Year vs. Prior Year</u>		
% Change in U.S. Brand Tobacco Carton Sales	-44.19%	-26.03%
% Change in Canadian Brand Tobacco Carton Sales	7.59%	-26.19%
<u>Current Year vs. 2001</u>		
% Change in U.S. Brand Tobacco Carton Sales	-72.78%	-53.58%
% Change in Canadian Brand Tobacco Carton Sales	-49.13%	-51.76%

2006 Industry Summary Information

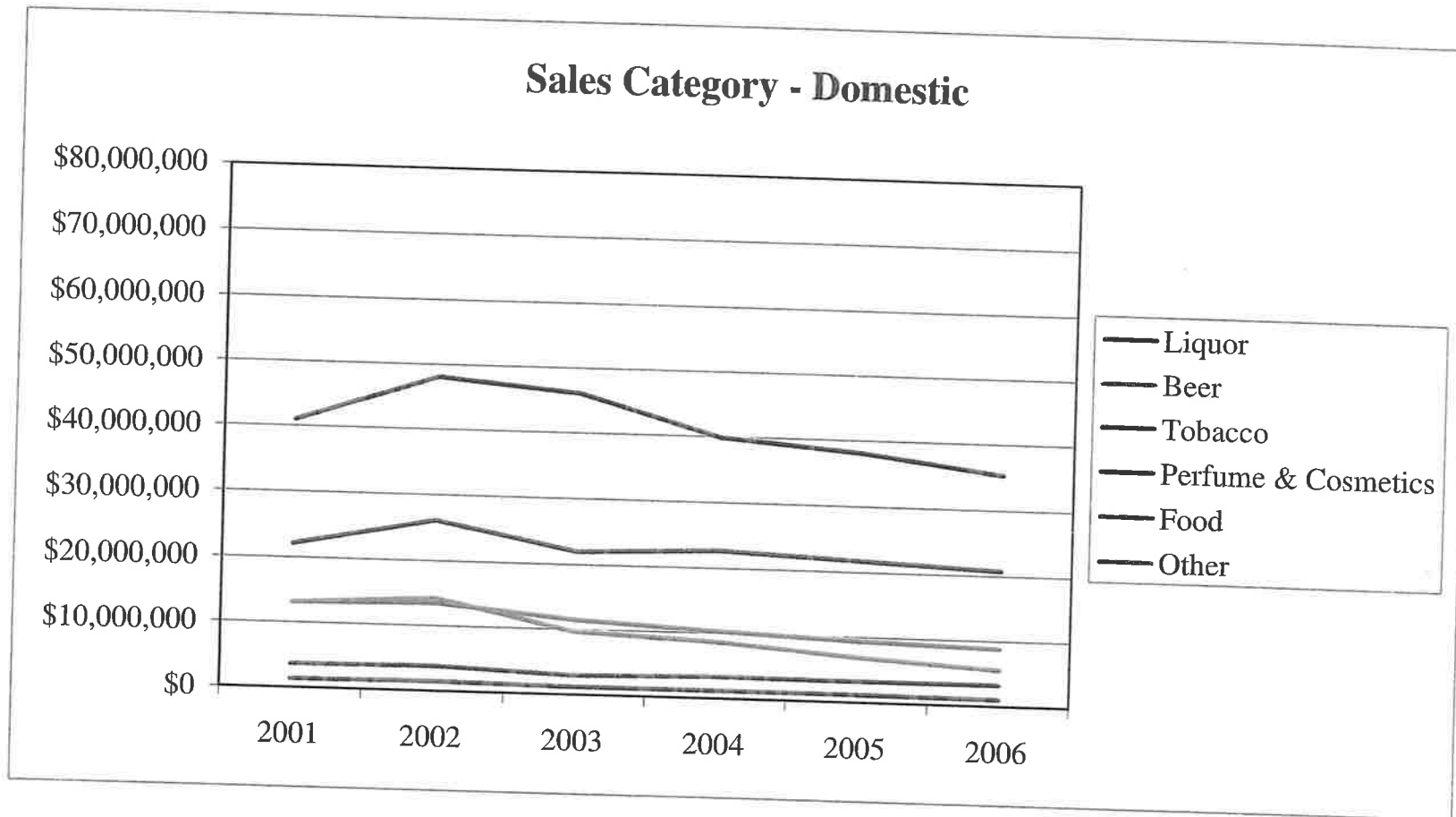
Provincial Distribution of Shops:

	<u>Total</u> <u>Duty Free</u> <u>Shops</u>	<u>F.D.F.A.</u> <u>Members</u>
Alberta	2	1
British Columbia	7	7
Manitoba	3	3
New Brunswick	2	2
Newfoundland and Labrador	0	0
Nova Scotia	0	0
Nunavut	0	0
Ontario	11	10
Prince Edward Island	0	0
Quebec	8	6
Saskatchewan	1	1
Yukon	0	0
Total Canadian Land Border Shops	<hr/> 34 <hr/>	<hr/> 30 <hr/>

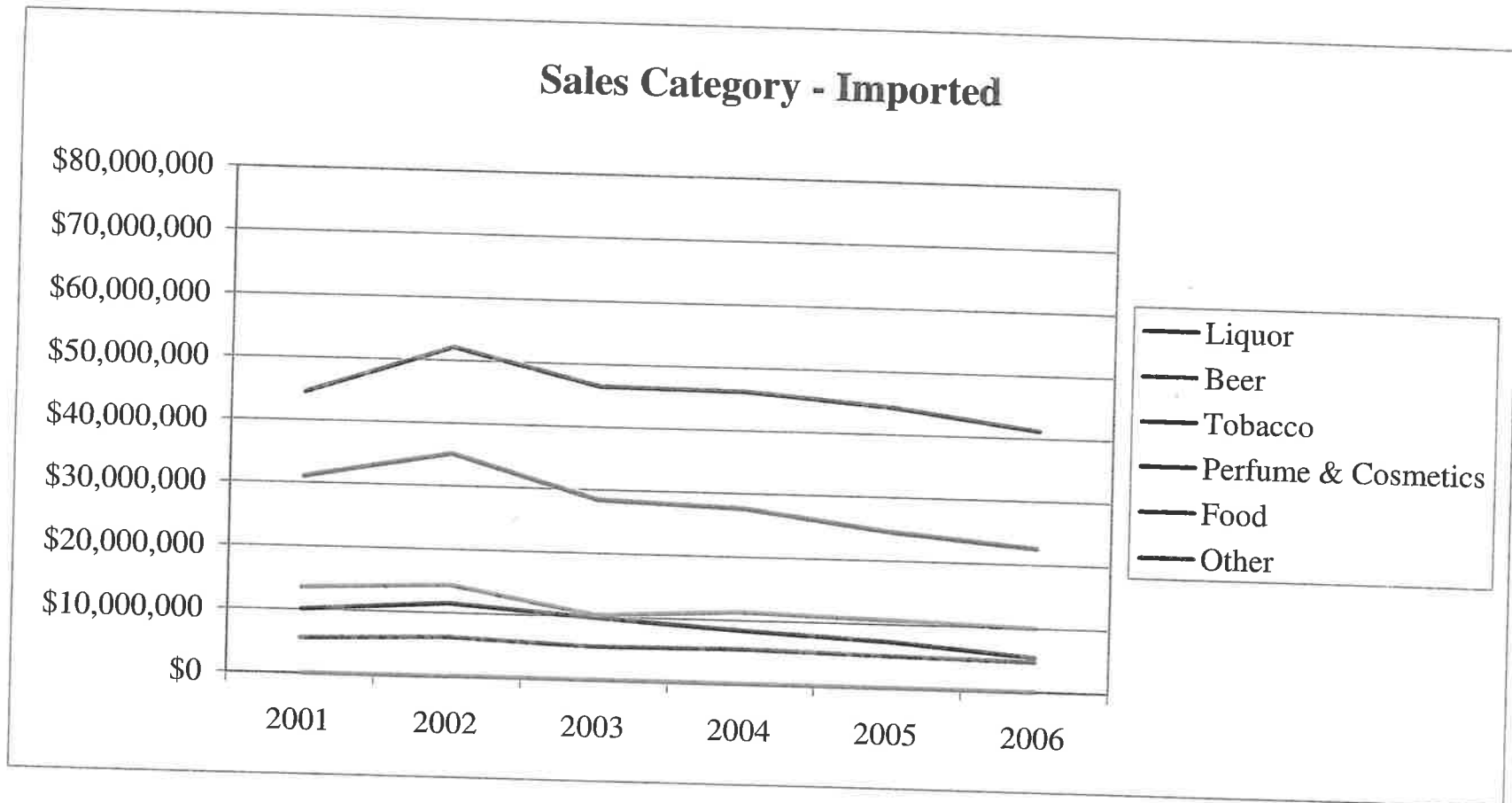
Frontier Duty Free Association
Industry Summary Information
2001 to 2006 Total Industry Sales



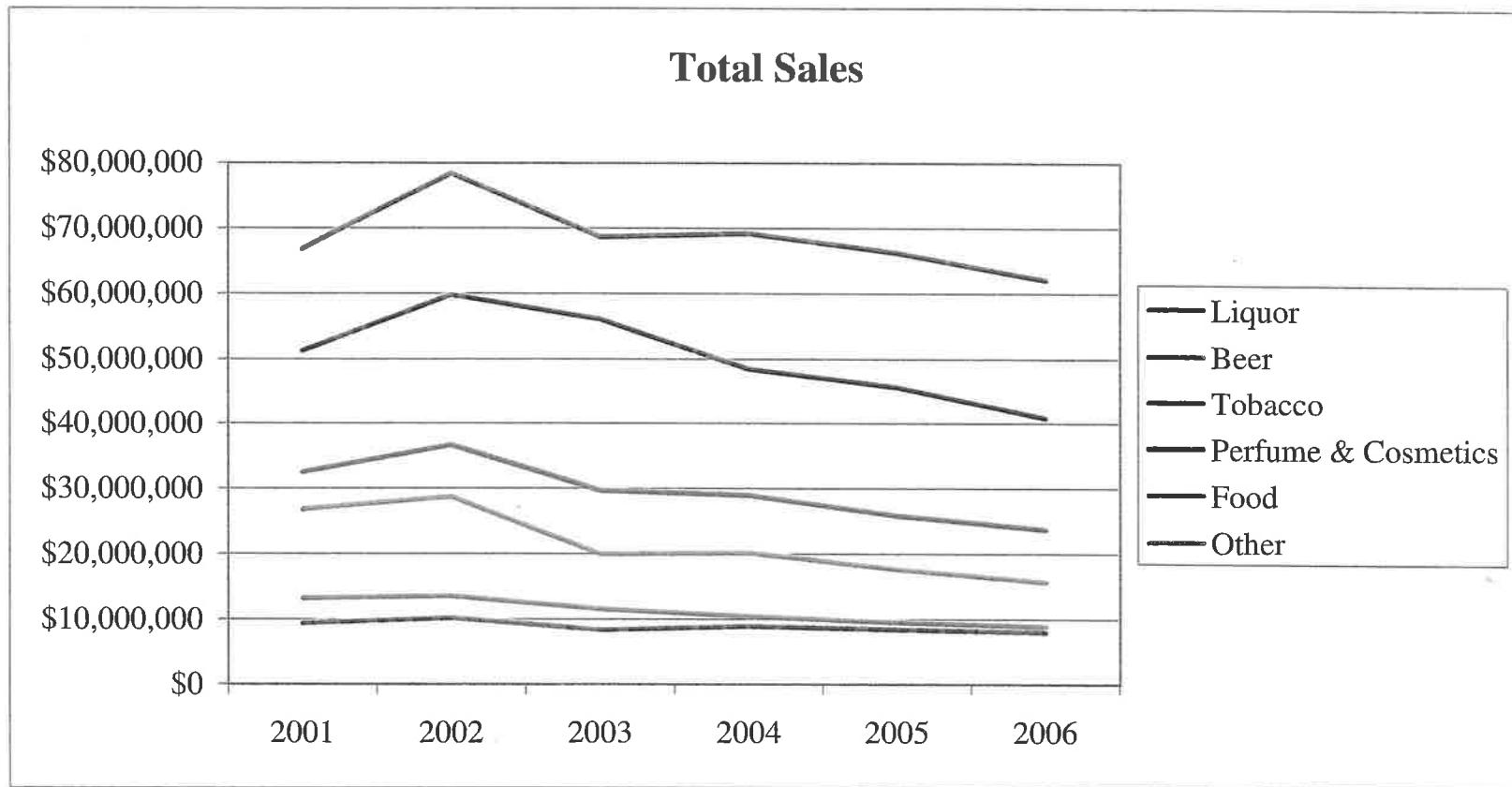
**Frontier Duty Free Association
Industry Summary Information
2001 to 2006 Category Sales**



Frontier Duty Free Association
Industry Summary Information
2001 to 2006 Category Sales



Frontier Duty Free Association
Industry Summary Information
2001 to 2006 Category Sales



2006 F.D.F.A. Industry Survey Results

National Land Border Duty Free Sales - 2006 and 2005

National Gross Sales - Land Border Department (product lines) Rayon (gamme de produits)	Jan - Dec 2006		
	Imported Importees	Domestic Nationales	Total
Liquor/Liqueurs/Wines/etc.	\$41,305,002.32	\$20,868,787.09	\$62,173,789.41
Beer	\$75,667.79	\$8,927,893.67	\$9,003,561.46
Tobacco/Cigars/Pipe	\$5,561,657.91	\$35,431,753.90	\$40,993,411.81
Perfume/Cosmetics	\$22,803,869.79	\$1,077,525.41	\$23,881,395.20
Jewellery	\$2,996,266.21	\$891,015.65	\$3,887,281.86
Glassware/Crystal/China/Figuines	\$1,971,730.39	\$72,372.48	\$2,044,102.87
Clothing (excluding leather and furs)	\$1,388,635.71	\$2,383,563.32	\$3,772,199.03
Leather Goods	\$548,442.40	\$256,301.26	\$804,743.66
Fur Items / Articles de fourrure	\$0.00	\$16,243.07	\$16,243.07
Arts/Crafts/Carvings	\$127,654.20	\$229,400.73	\$357,054.93
Food (Chocolates/maple/etc.)	\$4,761,910.95	\$3,295,824.08	\$8,057,735.03
Souvenirs	\$1,346,896.82	\$1,228,910.38	\$2,575,807.20
Other	\$1,829,951.27	\$588,738.35	\$2,418,689.62
TOTAL / TOTAUX	\$84,717,685.76	\$75,268,329.39	\$159,986,015.15

National Gross Sales - Land Border Department (product lines) Rayon (gamme de produits)	Jan - Dec 2005		
	Imported Importees	Domestic Nationales	Total
Liquor/Liqueurs/Wines/etc.	\$44,463,666.88	\$21,847,716.76	\$66,311,383.64
Beer	\$72,266.80	\$9,486,361.70	\$9,558,628.50
Tobacco/Cigars/Pipe	\$7,462,653.93	\$38,274,743.06	\$45,737,396.99
Perfume/Cosmetics	\$24,773,156.96	\$1,209,055.56	\$25,982,212.52
Jewellery	\$3,170,467.82	\$1,043,816.83	\$4,214,284.65
Glassware/Crystal/China/Figuines	\$2,487,302.96	\$114,207.49	\$2,601,510.45
Clothing (excluding leather and furs)	\$1,262,125.58	\$3,043,352.50	\$4,305,478.08
Leather Goods	\$490,543.00	\$246,127.52	\$736,670.52
Fur Items / Articles de fourrure	\$0.00	\$27,398.81	\$27,398.81
Arts/Crafts/Carvings	\$163,221.74	\$329,814.63	\$493,036.37
Food (Chocolates/maple/etc.)	\$5,168,858.24	\$3,300,142.69	\$8,469,000.93
Souvenirs	\$1,369,107.79	\$1,501,277.90	\$2,870,385.69
Other	\$1,911,843.35	\$674,585.51	\$2,586,428.86
TOTAL / TOTAUX	\$92,795,215.05	\$81,098,600.96	\$173,893,816.01

National Gross Sales - Land Border Department (product lines) Rayon (gamme de produits)	2006 vs. 2005 - Variance		
	Imported +/- %	Domestic +/- %	Total +/- %
Liquor/Liqueurs/Wines/etc.	-7.10%	-4.48%	-6.24%
Beer	4.71%	-5.89%	-5.81%
Tobacco/Cigars/Pipe	-25.47%	-7.43%	-10.37%
Perfume/Cosmetics	-7.95%	-10.88%	-8.09%
Jewellery	-5.49%	-14.64%	-7.76%
Glassware/Crystal/China/Figuines	-20.73%	-36.63%	-21.43%
Clothing (excluding leather and furs)	10.02%	-21.68%	-12.39%
Leather Goods	11.80%	4.13%	9.24%
Fur Items / Articles de fourrure	0.00%	-40.72%	-40.72%
Arts/Crafts/Carvings	-21.79%	-30.45%	-27.58%
Food (Chocolates/maple/etc.)	-7.87%	-0.13%	-4.86%
Souvenirs	-1.62%	-18.14%	-10.26%
Other	-4.28%	-12.73%	-6.49%
TOTAL / TOTAUX	-8.70%	-7.19%	-8.00%

2006 F.D.F.A. Industry Survey Results

Survey Respondents

Q1 What sales classification does your duty free shop fall into?

	<u>Under \$5m</u>	<u>Over \$5m</u>	<u>National</u>
Total surveys mailed	18	12	30
Total responses	10	10	20
No response	8	2	10
Percentage of responses	50.00%	50.00%	100.00%
Percentage of FDFA members responding	56.00%	83.00%	67.00%

2006 F.D.F.A. Industry Survey Results

Investment

Q10 Please provide the following information regarding the level of investment in your duty free business:

	Under \$5m		Over \$5m		National	
	Amount	Stores	Amount	Stores	Amount	Stores
Total reported gross book value of assets	\$ 12,830,410	8	\$ 20,828,922	6	\$ 33,659,332	14
Total number of respondents	10		10		20	
Total number of respondents for Q10	8		6		14	
	Under \$5m		Over \$5m			
	2006	2005	2006	2005		
Average gross book value	\$ 1,603,801	\$ 1,188,722	\$ 3,471,487	\$ 3,644,832		
	2006 National			2005 National		
Estimated total gross book value of industry	\$72,127,139			\$67,512,424		

Note: Above represents the sum total investment for store's responding to survey.

2006 F.D.F.A. Industry Survey Results

Employment

Q4 How many staff does your Duty Free Shop employ during peak season periods?

	2006 Under \$5m	2005 Under \$5m	2006 Over \$5m	2005 Over \$5m	2006 National	2005 National
Peak Season						
Average number of staff	15	16	56	60	35	38
Number of surveys	10	10	10	10	20	20
<hr/>						
	2006 National			2005 National		
Estimated total staff employed in industry	1,064			1,040		
<hr/>						
	2006 Under \$5m Average	2005 Under \$5m Average	2006 Over \$5m Average	2005 Over \$5m Average	2006 National Average	2005 National Average
Peak Season						
Full-time staff						
Owners	1	1	1	1	1	1
Non-owners	9	12	33	37	21	24
Part-time staff						
Owners	0	0	0	0	0	0
Non-owners	4	3	22	22	13	13
Total responses	10	10	10	10	20	20
No response	0	0	0	0	0	0

Q5 How many students does your Duty Free Shop employ during peak season periods?

	2006 Under \$5m	2005 Under \$5m	2006 Over \$5m	2005 Over \$5m	2006 National	2005 National
Peak Season						
Average number of staff	4	4	12	15	8	9
Number of surveys	10	10	10	10	20	20
<hr/>						
	2006 National			2005 National		
Estimated total students employed in industry	251			260		

2006 F.D.F.A. Industry Survey Results

Operational Aspects

Demographical Sales and Transaction Sizes

Q2 Please provide details regarding your store's total customers served:

	2006	2005	2006	2005	2006	2005
	Under \$5m	Under \$5m	Over \$5m	Over \$5m	National	National
CD license plate – customers %	67.47%	66.25%	53.00%	49.59%	55.90%	52.30%
US license plate – customers %	32.53%	33.75%	47.00%	50.41%	44.10%	47.70%
Total %	100.00%	100%	100.00%	100%	100.00%	100.00%
Total responses	8	7	8	7	16	14
No response	2	3	2	3	4	6

Q3 Please provide details regarding your store's average transaction sizes:

	2006	2005	2006	2005	2006	2005
	Under \$5m	Under \$5m	Over \$5m	Over \$5m	National	National
CD plate average transaction size	\$45.15	\$41.87	\$48.05	\$49.86	\$46.60	\$46.53
US plate average transaction size	\$43.95	\$42.93	\$54.90	\$52.64	\$49.43	\$48.60
Overall average transaction size	\$44.94	\$42.97	\$51.84	\$52.33	\$48.39	\$48.43
Total responses	7	5	7	7	14	12
No response	3	5	3	3	6	8

Demographic Distribution of Reported Store Sales Revenue

	2006	2005	2006	2005	2006	2005
	Under \$5m	Under \$5m	Over \$5m	Over \$5m	National	National
CD license plate – sales %	68.06%	65.69%	49.67%	48.24%	54.45%	50.64%
US license plate – sales %	31.94%	34.31%	50.33%	51.76%	45.55%	49.36%
Total %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2006 F.D.F.A. Industry Survey Results

Operational Aspects

Capture Rates

Q11 Please provide bridge/tunnel Canada outbound traffic information:

	2006 Under \$5m		2006 Over \$5m		2006 National		2005 National	
	Average %	Stores	Average %	Stores	Average %	Stores	Average %	Stores
Statistics Canada capture	7.47%	8	9.97%	8	9.47%	16	12.64%	17
Ontario BT Operators capture	17.13%	1	13.44%	6	11.61%	7	9.59%	8

Premium on US Dollar

Q9 What was the premium given on duty free purchases at your store, for those paying with US dollars?

	2006 Under \$5m	2005 Under \$5m	2006 Over \$5m	2005 Over \$5m	2006 National	2005 National	2006 Bank of Canada	2005 Bank of Canada
Average – March 31	15.67	25.75	18.00	22.81	16.89	24.28	15.43	22.65
Average – June 30	14.33	25.13	14.50	23.48	14.42	24.31	12.22	24.40
Average – September 30	14.33	23.00	14.00	20.20	14.16	21.60	12.17	20.17
Average – December 31	14.33	21.00	15.60	17.90	15.00	19.45	13.92	17.33
Total responses	9	8	10	10	19	18		
No response	1	2	0	0	1	2		

Gross Margins

Q10 What was your overall gross margin on sales?

	2006 Under \$5m		2006 Over \$5m		2006 National		2005 National	
	Average %	Stores	Average %	Stores	Average %	Stores	Average %	Stores
Average gross margin on sales	44.74%	9	46.08%	8	45.37%	17	45.38%	17

2006 F.D.F.A. Industry Survey Results

Operational Aspects

Wages as a Percentage of Sales

Q10 How much were wages as a percentage of sales?

	2006 Under \$5m		2006 Over \$5m		2006 National		2005 National	
	Average %	Stores	Average %	Stores	Average %	Stores	Average %	Stores
Average sales wages as a percentage of total sales	12.91%	8	5.58%	6	9.77%	14	9.95%	15
Average overall wages as a percentage of total sales	20.63%	8	11.96%	6	16.91%	14	17.14%	15

Tobacco Pricing and Carton Sales

Q7 & 8 Please provide prices for US and Canadian cigarettes at December 31, 2006 (or as of current):

	Under \$5m		Over \$5m		National	
	Average price	Stores	Average price	Stores	Average price	Stores
Duty Free						
Winston	\$35.32	9	\$34.35	9	\$34.83	18
Players Brand	\$44.46	10	\$42.82	9	\$43.69	19
Peter Jackson	\$37.96	9	\$34.92	8	\$36.53	17
Tax Paid						
Winston	\$62.36	7	\$62.06	8	\$62.20	15
Players Brand	\$77.67	8	\$70.76	8	\$74.21	16
Peter Jackson	\$67.36	7	\$63.07	7	\$65.22	14
Average Savings						
Winston	-43.37%		-44.65%		-44.00%	
Players Brand	-42.75%		-39.49%		-41.14%	
Peter Jackson	-43.65%		-44.63%		-43.99%	

Q6 Please provide carton unit sales information for US and Canadian brands:

	National 2001-2002	National 2002-2003	National 2003-2004	National 2004-2005	National 2005-2006
% change – CDN brand carton sales	-15.28%	-16.08%	-11.73%	-26.19%	7.59%
% change – US brand carton sales	-6.14%	-14.34%	-18.71%	-26.03%	-44.19%
Percentage Change vs 2001 Base Year					
% change – CDN brand carton sales	-15.28%	-28.90%	-37.24%	-51.76%	-49.13%
% change – US brand carton sales	-6.14%	-19.60%	-34.64%	-53.58%	-72.78%

2006 F.D.F.A. Industry Survey Results

Operational Aspects

Inventory Turnover Rate

Q10 What was your overall inventory turnover rate?

	2006 Under \$5m		2006 Over \$5m		2006 National		2005 National	
	Average rate	Stores	Average rate	Stores	Average rate	Stores	Average rate	Stores
Average inventory turnover rate per year	3.89	8	5.66	10	4.87	18	5.76	17

2006 F.D.F.A. Industry Survey Results

Operational Aspects

2006 Average Month-End Inventory Values

