

support

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LIVING UP TO THE
HIGHEST STANDARDS

MESSAGE FROM THE PRESIDENT & CEO

LIVING UP TO THE HIGHEST STANDARDS

At the Nova Scotia Gaming Corporation (NSGC), we strive to be great managers, living up to the high expectations we know Nova Scotians have of us. And we don't take that lightly. We manage the business of gaming in a way that balances economic sustainability and social responsibility. Every day, we endeavour to be the people that others look up to for leadership, guidance and expertise in this delicate balance.

In doing so, we have a strong commitment to corporate social responsibility and to proactively representing the public's interest in all decision-making. Our commitment is about responsibly managing Nova Scotia's gaming industry so all Nova Scotians benefit. It's about leading the way locally and globally, employing the highest standards of responsible gaming and prevention programming. And it's about supporting communities across Nova Scotia. We believe that if we do our very best in setting this bar high, we will continue to earn the trust of the people to whom we are accountable.

We also make every effort to lead the industry in the development of responsible gaming programs and tools. As the manager of the Province's gaming industry, we work with our operators, the Atlantic Lottery Corporation and Casino Nova Scotia, to ensure Nova Scotians have entertaining and responsible products that create revenue for the Province.



MARIE MULLALLY
PRESIDENT & CEO

In fact, our efforts to maintain this balance have put Nova Scotia on the global map. This year, NSGC became one of the first organizations in the world to be certified by the World Lottery Association (WLA) at the highest standard of responsible gaming. This is an enormous achievement of which all Nova Scotians can be proud – others around the world are looking up to us as the industry leader.

We not only strive to be great managers, we strive to lead, and that comes with different responsibilities. First and foremost is the responsibility to be an active participant in the communities in which we live and work. This means reinvesting every dollar from the regulated gaming industry back into our Province.

I am incredibly proud that these funds help support programs and services that are important to Nova Scotians, including health care, transportation infrastructure and schools.

\$ 7.5 million

- A) Bill Gates' weekly interest.
- B) J.K. Rowling's latest advance.
- C) The average cost of a yacht registered in the Cayman Islands.
- D) The amount spent in Nova Scotia on responsible gambling programs and problem gambling treatment and prevention in the past year.

If you chose "D", you guessed right. Through more than a dozen responsible gambling and prevention programs, the Nova Scotia Gaming Corporation is working to help Nova Scotians be the most informed players in the world. Learn more about Nova Scotia's gambling industry and our world-leading responsible gambling efforts at www.nsgc.ca/facts.



This year, NSGC provided almost \$153 million to our Province. While this is a substantial number, it doesn't tell the whole story. Our regulated gaming industry also sustains hundreds of jobs, generates revenues for small business owners, and supports local companies. According to an independent national study by the Canadian Gaming Association, all of this amounted to approximately \$670 million in direct and indirect economic benefits for the people of Nova Scotia in the last year.

And there's another important part of the story – Nova Scotia invests more per capita than any other jurisdiction in Canada on responsible gambling, prevention and problem gambling programs.

In 2008-09, NSGC invested \$7.5 million funding world-first initiatives such as *BetStopper*, an innovative Internet-blocking software that helps parents keep their children safe from accessing online gambling sites, and the Video Lottery Informed Player Choice System (IPCS), an interactive, real-time information tool that provides players access to information about their play.

These efforts help to ensure that the rate of problem gambling in Nova Scotia remains among the lowest in Canada – less than one per cent. At NSGC, we recognize that prevention, through education and awareness, is key to empowering players to make informed decisions and preventing problems before they start.

Living up to our social responsibility commitment also means supporting communities across the Province. An example of NSGC's support that is benefiting hundreds of Nova Scotians is *Support4Sport*, our dedicated funding program. In 2008-09 alone, NSGC provided \$3.5 million to amateur sport in Nova Scotia through this program. As a result, since 2006, almost \$6 million has been raised to help more than 289 Nova Scotian athletes, 57 coaches and officials, and 189 community programs that reach over 120,000 Nova Scotians. We are proud to support and encourage a healthier and stronger Nova Scotia.

As a contributor to the social and economic success of the Province, NSGC is providing support on many levels to make Nova Scotia an even better place to live, work, and raise our families. I would particularly like to thank NSGC's employees and Board members whose hard work and dedication, not only to the organization but to their neighbours and communities, make them the people that I look up to.

I hope you find our story on the pages that follow to be compelling and full of tangible evidence of the hard work that continues to move the bar up for the entire industry.



Marie T. Mullally, FCA
President & CEO

“Our commitment is about responsibly managing Nova Scotia's gaming industry so all Nova Scotians benefit.”

**MARIE MULLALLY,
PRESIDENT & CEO**



100%

- A) Chances that a Nova Scotian teen will use the word 'like' 100 times (or more) a day.
- B) Chances that cockroaches will be around on Earth when humans are gone.
- C) Chances that the weather in Nova Scotia will change every 10 minutes.
- D) Percentage of profits from regulated gambling that go back to the people of Nova Scotia.

If you chose "D", you guessed right. With the \$153 million from regulated gambling, the province is able to build better roads, schools, hospitals and communities. Learn more about the Nova Scotia Gaming Corporation and where the money goes at www.nsgc.ca/facts.





BENEFITING
DELIVERING RESULTS THAT
BENEFIT NOVA SCOTIA

BENEFITING

DELIVERING RESULTS THAT BENEFIT NOVA SCOTIA

Nova Scotians have a vested interest in knowing the benefits that gaming generates for the Province. That's because they are NSGC's shareholders. In other words, the regulated gaming industry belongs to all Nova Scotians. It's not just the direct profits from gaming that benefit this Province. It's also the hundreds of jobs, millions in tax dollars that go to all levels of government, the revenue generated for small businesses and the charitable sector, and the indirect jobs and economic benefits the industry creates, that are all helping to elevate the economy and Nova Scotia.

Each year, 100% of gaming industry profits go directly to the Province to help pay for programs and services that are important to Nova Scotians. In 2008-09, NSGC provided almost \$153 million to the Government of Nova Scotia. To put this in context, this funding would pay for the construction of 15 elementary schools, the salaries of approximately 2,800 registered nurses, the construction of 50.9 kilometres of new twinned-lane highway, or the repaving of 509 kilometres of roads in Nova Scotia.

In 2008-09, NSGC and its operators provided more than \$21 million to all three levels of Government for various taxes and supported 1,600 small businesses with more than \$43 million in commissions. And every year, approximately 700 people are directly employed by the industry, with wages totalling \$29 million.

In addition, many industry suppliers are local companies that benefit from the work they do for the gaming industry. It is estimated that a total of 7,000 jobs are directly and indirectly created by the gaming industry in this Province.

In total, the regulated gaming industry generates more than \$670 million for the Nova Scotia economy.

ECONOMIC IMPACT

\$152.7 million Payment to Province
7,000 Nova Scotians directly and indirectly employed
\$21.2 million in taxes/contributions to governments
\$43.3 million in commissions for small businesses
\$670 million total economic impact of Nova Scotia's regulated gaming industry

Public Sector Contributions

(in millions)

Municipal Taxes	\$ 2.6
Federal Lottery Contribution	\$ 1.6
Payroll Remittances	\$ 5.4
Harmonized Sales Tax	\$ 11.6
Gaming Payment to Province	\$ 152.7
Total	\$ 173.9

2008-09 BUSINESS HIGHLIGHTS

Enhancing customer experience through new and improved products and greater entertainment offerings guided NSGC's approach to delivering results that benefited Nova Scotia in 2008-09.



Bill Cosby on stage at Casino Nova Scotia

Changes to Scratch'N Win tickets were made to bring the category in line with player demand for better products. Improvements included better paper quality, a new Scratch'N Win logo and new game themes such as the Price is Right, Royal 7's, Scrabble and Indiana Jones. 2008-09 also saw the introduction of Salsa Bingo, a new regional draw game that provided another entertaining option for consumers.

In March 2009, there was much talk about what the new ticket lottery game Keno is and what it isn't. Keno is a product that is very similar to Lotto 6/49. Players receive a selection slip and pick their numbers; the slip is then put into a machine and a ticket is produced. The winning numbers are displayed on a television screen.

Nova Scotia's Keno Ticket Lottery is considered by experts to be the most socially responsible version of the game. In fact, the made-in-Nova Scotia version doesn't exist anywhere else in the world. That is because NSGC did its homework and consulted with top international experts in responsible gaming and problem gambling to create this unique product. As with any new program, this ticket will be evaluated to determine its social and economic impacts.



Howie Mandel performs at Casino Nova Scotia

The focus at Casino Nova Scotia continued to be on enhancing its entertainment offerings, making it Atlantic Canada's Premier Entertainment Destination.

In Halifax, this included the addition of free, live entertainment on the Casino floor, including Atlantic Cirque performances and a regular weekend show by Tony Quinn. The Schooner Showroom attracted exciting performers like Bill Cosby, Howie Mandel, Regis Philbin, Burton Cummings, and Kris Kristofferson. These high-calibre acts have led to increased show attendance and visitation to the Casino. The always popular Songwriter's Circle, which promotes great, local talent, saw continued success in 2008-09, resulting in a regular East Coast series held in the Compass Room. In July, the Sydney Casino attracted large crowds with an outdoor concert by Matt Minglewood and a 'Boxing and Barbeque' event. Sydney also featured its annual holiday season dinner theatre, which sold almost a third more tickets than the previous year.

In March, new weekend entertainment at the Sydney lounge brought in a different demographic of patrons and increased Player's Club sign-ups. This new series includes local acts as well as pay-per-view sporting events like Ultimate Fighting Championship, which was presented to a sell-out crowd.

In 2008-09, the gaming floor saw the introduction of Electronic Table Games in both Halifax and Sydney to popular demand. Sydney also held a number of successful promotions. The always popular 'Battle for Bucks' slots tournament returned and the 'Gas and Go' contest awarded three new cars to lucky contestants. The sold-out Super Bowl promotion provided patrons with a great evening of entertainment and the chance to go home with amazing prizes.



Sydney Casino Boxing and Barbecue Event



Electronic Table Games Launch



LEADING
ON THE CUTTING-EDGE OF
SOCIAL RESPONSIBILITY

LEADING

ON THE CUTTING-EDGE OF SOCIAL RESPONSIBILITY

Responsibility is the cornerstone of our business. In fact, in 2008-09, NSGC was one of the first organizations in the world to be certified by the World Lottery Association (WLA) at its highest level of responsible gambling standards. This award represents best practices in social responsibility and in fostering responsible gambling behaviour. It is reflective of NSGC's continued commitment to being a world leader in social responsibility and responsible gambling.

Our goal is to empower players by providing them with the tools they need to make informed choices. Through information and clearly communicated messages about responsible gambling, NSGC provides players with information tools and targeted programs that educate and raise awareness. In 2008-09, NSGC spent more than \$7.5 million – the highest reported provincial per capita amount – and reached more than 41,000 Nova Scotians through over a dozen prevention and education programs. NSGC provided approximately \$4 million to the Department of Health Promotion and Protection for prevention, education and help for the 0.9% of Nova Scotians who are problem gamblers. In addition, \$655,000 from gaming revenues was provided to the Nova Scotia Gaming Foundation.

Research shows that these prevention and education efforts are having a positive impact. According to the 2007 Nova Scotia Gambling Prevalence Study, the number of Nova Scotians who are at low risk of developing a problem has dropped by 25%. We will continue to invest in this area to ensure that if Nova Scotians are going to play, they have the tools to make the most informed decisions possible and keep their play responsible.

“The commitment your organization has made to the principles of responsible gaming serves as a model for our members to aspire to...

Congratulations on this important accomplishment, which is a milestone not only for the Nova Scotia Gaming Corporation but also for the WLA.”

**JEAN JORGENSEN & ARCH GLEASON,
WORLD LOTTERY ASSOCIATION**



CERTIFIED
WLA RESPONSIBLE GAMING
FRAMEWORK
LEVEL 4 | VALID THROUGH 2012

The World Lottery Association (WLA) is a global professional organization of state lottery and gaming organizations from 76 countries and five continents. Its vision is to be recognized as the global authority on the lottery business and to uphold the highest standards of corporate responsibility.

BETSTOPPER

Research has shown that youth in Nova Scotia gamble online three times more than adults. These findings suggest that as a society, we should be more concerned about the prevalence of youth gambling and investing in programs aimed at prevention. The increase of Internet use among young people, coupled with the exponential growth of unregulated online casino-style gambling sites, means parents need new ways to protect their children.

In 2008-09, NSGC gave parents an innovative option with *BetStopper*, a world-first, customized Internet-blocking software invented and developed by NSGC for Nova Scotian families. *BetStopper* helps parents prevent their children from accessing the more than 2,500 gambling websites that have proliferated globally. Successfully piloted with over 250 Nova Scotian families, 92% of participants found that *BetStopper* is an effective youth gambling prevention tool. Beginning in 2009-10, NSGC will offer *BetStopper* free of charge to all Nova Scotian families.

BETSTOPPER

GAMTALK

Canada's first online gambling support forum was launched with support from NSGC at the 2008 Responsible Gambling Conference. GamTalk is an innovative online service that provides opportunities for people to offer or receive advice on responsible gambling, discuss their own personal gambling issues, or share concerns about a friend or relative. GamTalk created a new support network for individuals and is a valuable complement to the range of support services currently provided in Nova Scotia and across the country.

YOUTH GAMBLING AWARENESS PROGRAM



2008-09 also marked the second year of a three-year pilot project with the YMCA's Youth Gambling Awareness Program (YGAP). Targeted at children and youth aged 8-24, the NSGC-sponsored program is designed to address knowledge, behaviours and attitudes related to youth gambling. The program provides youth with the opportunity to learn decision-making skills that help them make informed choices about gambling. YGAP also teaches the signs of problem gambling and highlights where participants or a family member can receive help. Additionally, the program raises awareness among parents/guardians and other adults, such as teachers, involved in young peoples' lives. In its first year, the program surpassed its target for the number of youth it reached by more than 50%. And results show the message is being heard. After attending the program, approximately 80% of participants were able to identify three signs of problem gambling and three harm reduction strategies.

"The YMCA believes that there is tremendous potential in finding innovative ways to support young people in making informed decisions as they grow and develop. Our collaboration with NSGC is an example of creating resources for youth capacity-building and skill development. Engaging young people in discussions around responsible gambling encourages critical thinking that supports youth in making healthy choices."

**BETTE WATSON-BORG, PRESIDENT AND CEO,
YMCA OF GREATER HALIFAX/DARTMOUTH**

HOUSE OF CARDS

NSGC sponsored the high-school drama, *House of Cards*, an interactive program developed by the Responsible Gambling Council of Canada (RGC), which visited 12 schools and reached more than 3,000 high-school students across Nova Scotia. The production used young actors and age-specific language and messaging designed to address the risks associated with youth gambling by exploring the monetary and non-monetary costs facing a first-year university student, and those around him, as he becomes more and more focused on his next bet.

VIDEO LOTTERY INFORMED PLAYER CHOICE SYSTEM

Nova Scotia is the first jurisdiction in the world to test and implement interactive, personalized Video Lottery player information tools. The Video Lottery Informed Player Choice System (IPCS) is about providing the highest level of information to the player in order to foster informed decision-making. Players will be able to access information about how much time and money they are spending and can even set limits for their play. The development of the IPCS is almost complete, with the roll-out of the system taking place in 2009-10.



Marie Mullally speaks at RGAW



ICED Display visits Halifax Shopping Centre

2008-09 RESPONSIBLE GAMBLING & PREVENTION INITIATIVES

- *Know the Score* Education Program
- *House of Cards* Prevention Program
- Video Lottery Informed Player Choice System (IPCS)
- 7th Annual Responsible Gambling Awareness Week
- Interactive Community Education Display on Responsible Gambling
- Youth Gambling Awareness Program Pilot, in partnership with YMCA
- Responsible gambling awareness campaign, "The Responsible Gambler"
- *BetStopper* Initiative
- GamTalk Initiative
- Casino Nova Scotia's Responsible Gambling Resource Centres
- Mobile Access to Responsible Gaming Information (MARGI) at the Casinos



SUPPORTING

MAKING NOVA SCOTIA A GREAT PLACE
TO LIVE, WORK, AND RAISE A FAMILY

SUPPORTING

MAKING NOVA SCOTIA A GREAT PLACE TO LIVE, WORK,
AND RAISE A FAMILY

Supporting Nova Scotia's communities is a critical part of NSGC's mandate. And through this commitment, communities across the Province are benefitting in a significant way. In fact, support from NSGC's funding programs and grassroots support initiatives reached more than 100 communities in 2008-09.

NSGC's Charitable Sector Support Program provides critical support for many grassroots organizations in the Province. The program helps charities raise much-needed funds for their good causes. It also connects community leaders and charities with NSGC's expertise, teaching them best practices in charitable gaming. Since its inception, SuperStar Bingo has provided more than \$1.6 million in support to charities across the Province. Another popular component of the program, the Community Casino Nights initiative, supports "Monte Carlo" fundraisers for community causes. Since it began, the Community Casino Nights initiative has helped charities raise more than \$150,000 in support of local programs, including house fire response, early intervention programs for children, and accessible recreation programs. More than 250 volunteer hours have been contributed by NSGC employees for the Casino Nights.



Community Fundraising Seminar

"NSGC stepped up when others turned away and helped Crosbie House become a reality. This past year, Crosbie House Society treated 115 people in its 28-day residential program, conducted four, two-day family seminars and delivered addiction training to 160 managers, supervisors and occupational health professionals from 25 Nova Scotia-based organizations. This would not have been possible without the Nova Scotia Gaming Corporation's commitment to turning social responsibility into actions that make a difference."

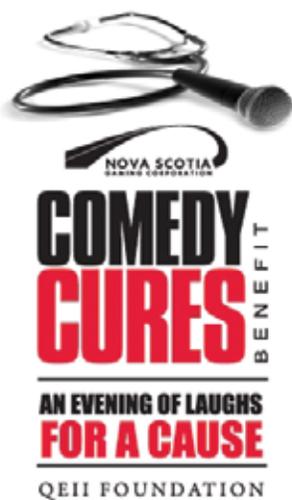
**PERRY BOYD, PRESIDENT & CHAIR,
CROSBIE HOUSE SOCIETY**

Directly sponsoring non-profit organizations such as Crosbie House, Marguerite Centre, and good causes like the QEII Foundation's Comedy Cures, and the Nova Scotia Hearing and Speech Foundation are a key part of NSGC's mandate of stepping up its support for communities.

In 2008-09, NSGC also provided \$1 million in vital support to harness racing in Nova Scotia, helping to sustain an industry which generates an estimated \$8 million in provincial gross domestic product for Nova Scotia.



*Monte Carlo Casino Night
in Support of The Red Cross*



“Thanks to NSGC’s Community Casino Nights Program, we more than doubled the fundraising profits of our ‘Las Vegas Casino Night,’ in support of the Pictou County Special Olympics. These funds raised mean more local athletes have the opportunity to compete, meet new friends, and gain confidence in their abilities. We can’t say thank you enough.”

**CATHY MASON, REGIONAL COORDINATOR,
PICTOU COUNTY SPECIAL OLYMPICS**

One of NSGC's most notable contributions is to Nova Scotia's sporting community. NSGC believes in the power of sport and its importance in building a stronger and healthier Province. That's why NSGC is helping to create opportunities for Nova Scotians of all ages and abilities through the *Support4Sport* Program. NSGC is proud to dedicate 100% of the profits from the sale of *Support4Sport* products directly to fund sport in this Province.

This funding was used to buy sports equipment, create and enhance recreation and participation programming for all ages, support performance training programs for competitive athletes, as well as hire coaches at all levels.

“Because of the Nova Scotia Gaming Corporation and its leadership through the *Support4Sport* Program, more coaches are being hired and sporting opportunities are being created that benefit our kids.”

DANIEL WORTHINGTON,
SUPPORT4SPORT FUNDED COACH,
SOCCER NOVA SCOTIA



In 2008-09, NSGC provided \$3.5 million to the *Support4Sport* Program, helping fund 151 amateur athletes, the hiring of three full-time coaches, training and support for 39 additional coaches and officials, and 136 allocations to community sport programs which benefited more than 120,000 individual members.

In 2008-09, NSGC and its operators, the Atlantic Lottery Corporation and Casino Nova Scotia, provided more than \$1.6 million in support for Nova Scotian communities.

My Version of burning rubber.

My name is Adrienne Power. When I run the 200 metre I generate a lot of torque off the line. Good for my time, bad for the 12 pairs of shoes I burn through every year. *Support4Sport* stepped up and helped send me to a training camp where I burned a whole second off my personal best. That got me to the Olympics... with new shoes, of course.

Through *Support4Sport*, the Nova Scotia Gaming Corporation is proud to have dedicated more than \$6 million to date from *Support4Sport* lottery tickets to fund Nova Scotian athletes of all ages and abilities.

support | NOVA SCOTIA
 4 sport | GAMING CORPORATION

Learn more at support4sport.ca. It will just take a second.



*"Dreams aren't made
out of thin air."*

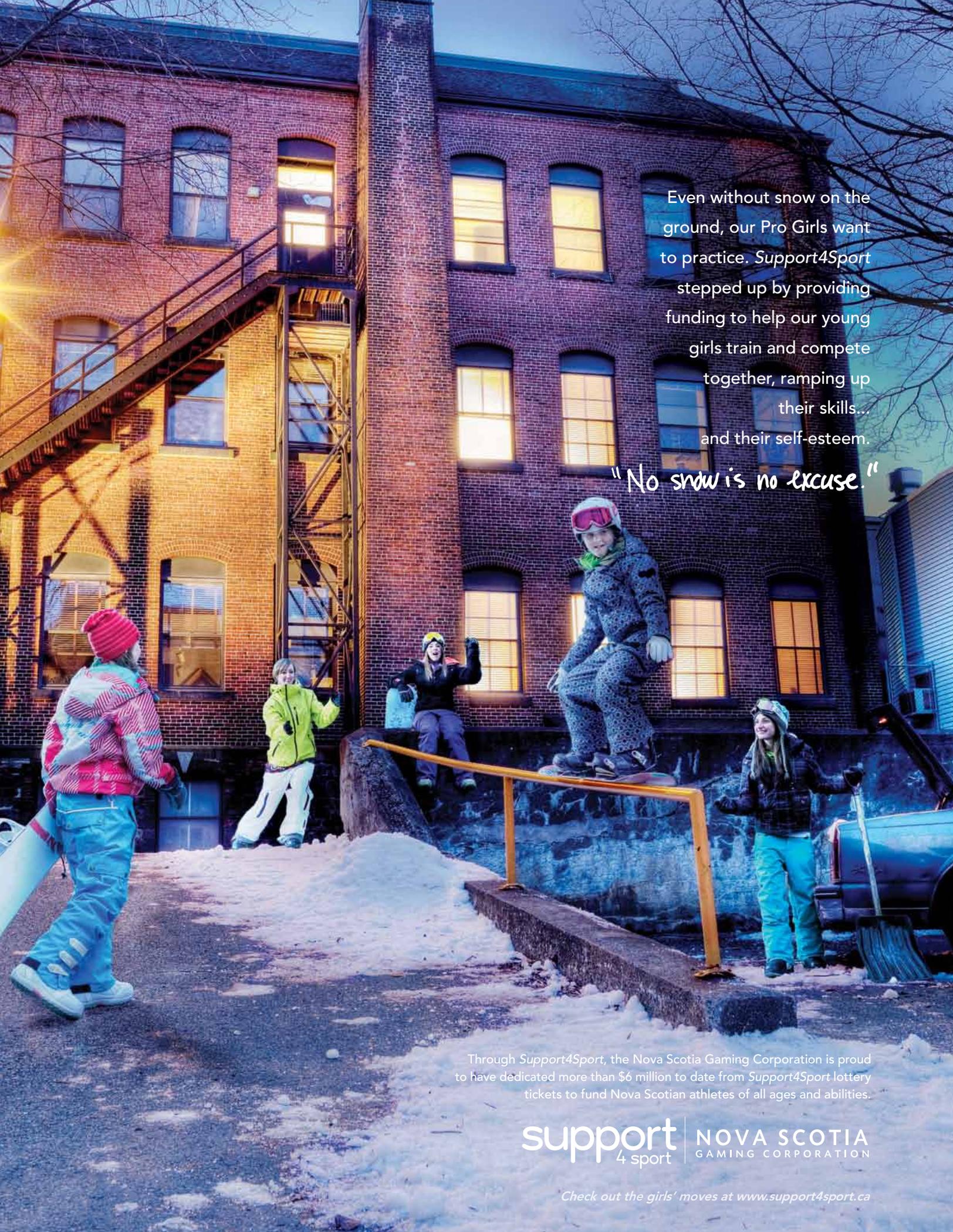
They're made out of practice,
practice and more practice.
And *Support4Sport*. I'm Daniel
Worthington, *Support4Sport*
funded Nova Scotia soccer
coach. My dream is to help
our kids achieve their's.



Through *Support4Sport*, the Nova Scotia Gaming Corporation
is proud to have dedicated more than \$6 million to date from *Support4Sport*
lottery tickets to fund Nova Scotian athletes of all ages and abilities.

support | **NOVA SCOTIA**
4 sport | GAMING CORPORATION

Learn great coaching tips at www.support4sport.ca



Even without snow on the ground, our Pro Girls want to practice. *Support4Sport* stepped up by providing funding to help our young girls train and compete together, ramping up their skills... and their self-esteem.

"No snow is no excuse."

Through *Support4Sport*, the Nova Scotia Gaming Corporation is proud to have dedicated more than \$6 million to date from *Support4Sport* lottery tickets to fund Nova Scotian athletes of all ages and abilities.

support
4 sport | NOVA SCOTIA
GAMING CORPORATION

Check out the girls' moves at www.support4sport.ca

NSGC IS PROUD TO STEP UP AND SUPPORT COMMUNITIES ACROSS NOVA SCOTIA



- Support4Communities Initiatives**
Supporting the Nova Scotia Hearing and Speech Centres, QEII Foundation, Feed Nova Scotia, Symphony Nova Scotia, Crosbie House Society and the Marguerite Centre.
- Support4Sport Program**
Funding athletes, coaches and community programs across Nova Scotia.
- Charitable Sector Support Program**
Supporting charities across Nova Scotia through Community Casino Nights, SuperStar Bingo and Community Fundraising Seminars.

SUMMARY OF RESULTS

RESPONSIBLE

- Became one of the first jurisdictions in the world to be certified at “level 4” by the World Lottery Association; its highest standard of social responsibility.
- Successfully sponsored or delivered more than a dozen responsible gambling/prevention programs, including:
 - *Know the Score* Education Program
 - *House of Cards* Prevention Program
 - 7th Annual Responsible Gambling Awareness Week
 - Interactive Community Education Display on responsible gambling
 - Responsible gambling awareness campaign, “The Responsible Gambler”
 - Youth Gambling Awareness Program Pilot, in partnership with YMCA
- First jurisdiction in the world to test and implement interactive, personalized player information tools. The Informed Player Choice System (IPCS) will be rolled-out across the Province in 2009-10.
- Completed 268 Social Responsibility Assessments (SRA), of which 203 were approved, 62 approved with modifications and 3 declined.

PROGRESSIVE

- Invented and developed a world-first Internet-blocking software, called *BetStopper*, which was customized specifically to prevent children from accessing gambling websites.
- Finalized a world-class Advertising Code of Standards that formalizes advertising standards for Nova Scotia’s gaming industry. Nova Scotia now has one of the most robust advertising codes in Canada.

- Provided funding to enable the launch of GamTalk, Canada’s first online gambling support forum.
- Launched a world-first Nova Scotia Ticket Lottery product, incorporating leading responsible gaming elements to create the most socially responsible Keno game in the world.
- Launched Electronic Table Games at Casino Nova Scotia to popular demand. The interactive, experience-based games provide patrons with a new option to enjoy Blackjack.

ACCOUNTABLE

- Maintained shareholder/stakeholder support and communications:
 - Quarterly and Annual Reports to shareholder
 - Updates on strategic/operational matters to the Minister
 - Quarterly reporting meetings with operators
 - Regular meetings/discussions with stakeholder groups
- Reported 165 incidents to the Alcohol and Gaming Division related to Section 24(1) of the *Gaming Control Act*, all of which were resolved through the prescribed procedures.
- Continued strong community support, including the following categories:
 - Prevention, education and treatment \$7.5 million
 - Retailer Commissions \$43.3 million
 - Community Contributions by NSGC and operators \$1.6 million
 - Employment 700 directly employed
 - Community Programs:
 - » *Harness Racing Industry* \$1 million
 - » *Support4Sport Program* \$3.5 million
 - » *Charitable Sector Support Program* \$461,000
 - » *Sport Nova Scotia* \$100,000
 - » *Exhibition Association of Nova Scotia* \$50,000
 - » *Cultural Federation of Nova Scotia* \$50,000



**NOVA SCOTIA GAMING CORPORATION
PRESIDENT & BOARD OF DIRECTORS**

Top Right:

Chair, Gordon Gillis
Corporate Director

Director, Jeff Langley
Operational Controller, Flagstone[®]

Director, Merlin Fownes
Corporate Director

President & CEO, Marie T. Mullally
NSGC

Director, Wayne Adams
Adams Consulting & Management Group

Director, Charles Cox
Barrister and Solicitor, C. F. Cox Law Office

CORPORATE PROFILE

NSGC is a Crown corporation governed by the provincial *Gaming Control Act*.

The Nova Scotia Government, and ultimately the people of Nova Scotia, are the shareholders and owners of the gaming industry in the Province. The industry is licensed and regulated by the Alcohol and Gaming Division of the Department of Labour and Workforce Development.

NSGC's role is to ensure the gaming industry provides the necessary balance between economic sustainability and social responsibility. In carrying out its role, NSGC also oversees and manages the gaming operators who carry out the day-to-day business of gaming, Casino Nova Scotia and the Atlantic Lottery Corporation.

Gaming revenues go directly into the general revenues of the Provincial Government and help pay for programs and services that benefit all Nova Scotians. In 2008-09, close to \$153 million was paid to the Government of Nova Scotia to help build better roads, schools, hospitals and communities.

NSGC is recognized as a world leader in responsible gambling with more than a dozen innovative programs and projects designed to help players make informed decisions. As an industry steward, NSGC's goal is to lead a balanced, socially responsible gambling industry that is safe, regulated and accountable.

Nova Scotia's Gaming Structure



MANAGEMENT RESPONSIBILITIES FOR FINANCIAL REPORTING

These financial statements are the responsibility of the management of Nova Scotia Gaming Corporation (NSGC). They have been approved by its Board of Directors.

Management has prepared the financial statements in accordance with generally accepted accounting principles in Canada. The financial information contained in the Annual Report is consistent with the data presented in the financial statements.

The gaming activities of Nova Scotia Gaming Corporation are undertaken by operators acting on its behalf. These gaming activities are audited by independent auditors. The Corporation relies on the audit opinions of these independent auditors. The responsibility of the Auditor General of Nova Scotia is to express an independent opinion on whether the financial statements of Nova Scotia Gaming Corporation are stated fairly, in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Nova Scotia Gaming Corporation maintains books of accounts and systems of financial and management control, which provide reasonable assurance that accurate financial information is available, that assets are protected, and that resources are managed efficiently.

The Board of Directors oversees audit activities through its audit committee. The committee reviews matters related to accounting, auditing and internal control systems, and the financial statements and audit reports of the auditors of the Corporation and its operators.

CERTIFICATION FOR THE YEAR ENDED MARCH 31, 2009

We have evaluated the effectiveness of Nova Scotia Gaming Corporation's disclosure controls and procedures as of the end of the year covered by the 2008-09 Annual Report. Except as discussed in the following two paragraphs, we conclude that such disclosure controls and procedures are effective to ensure that the information required to be disclosed is accumulated and communicated to management, including the President & Chief Executive Officer and the Vice President, Finance.

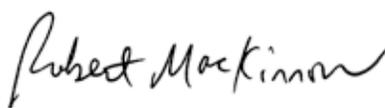
NSGC relied upon procedures performed and certifications provided over disclosure controls and internal controls over financial reporting provided by Great Canadian Gaming Corporation (GCGC). NSGC has contracted GCGC to operate the Halifax and Sydney Casinos and certain balances, including revenues, associated with those businesses are included in the financial statements.

NSGC's evaluation did not include disclosure controls and procedures and internal controls over financial reporting performed by the Atlantic Lottery Corporation Inc. (ALC), and therefore is not intended to identify and report any deficiencies in internal control that might exist at ALC. NSGC has contracted ALC to operate the Video and Ticket Lottery businesses and the revenue, expenses, assets and liabilities associated with those businesses are included in the financial statements.

During the period beginning on April 1, 2008 and ended on March 31, 2009, NSGC has not made any changes in its internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.



Marie T. Mullally, FCA
President & CEO



Robert MacKinnon, CA
Vice President, Finance

AUDITOR'S REPORT



Office of the Auditor General

1888 Brunswick Street, Suite #302, Halifax, Nova Scotia B3J 3J8 · Telephone 902 424-5907 · Fax 902 424-4350 · www.gov.ns.ca/audg

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance

I have audited the balance sheet of Nova Scotia Gaming Corporation as at March 31, 2009, the statement of income and payment to Province, the statement of retained earnings and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'JR Lapointe'.

Jacques R. Lapointe, CA • CIA
Auditor General

Halifax, Nova Scotia
May 22, 2009

BALANCE SHEET

AS AT MARCH 31 (IN THOUSANDS)

ASSETS	2009	2008
Current		
Cash and short-term investments (Note 3)	\$ 7,280	\$ 7,794
Cash – restricted (Note 2)	2,483	2,714
Inventory, at lower of cost or net realizable value	1,666	1,490
Prepays	1,236	617
	12,665	12,615
Long-term		
Cash - Casino Capital Replacement Reserve (Notes 3 and 4)	1,164	1,406
Deferred charges (Note 2)	693	21
Investment in Atlantic Lottery Corporation Inc. (Notes 2 and 5)	1	1
Investment in Interprovincial Lottery Corporation (Notes 2 and 6)	1	1
Capital assets (Notes 2 and 7)	98,963	91,204
	100,822	92,633
	\$ 113,487	\$ 105,248

LIABILITIES

Current		
Accounts payable	\$ 2,216	\$ 2,810
Deferred lottery revenue (Note 2)	654	498
Liabilities for unclaimed prizes (Note 2)	2,483	2,714
Capital obligation - current portion (Note 8)	—	6,858
Due to operators (Note 9)	9,000	7,760
Due to Atlantic Gaming Equipment Limited – current portion (Note 10)	7,837	7,201
Due to Nova Scotia Gaming Foundation (Note 2)	52	55
Due to Province of Nova Scotia	68,400	66,430
	90,642	94,326
Long-term		
Due to Atlantic Gaming Equipment Limited (Note 10)	16,517	4,978

EQUITY

Casino Capital Replacement Reserve (Note 4)	6,328	5,944
	\$ 113,487	\$ 105,248

Commitments (Notes 3, 12, 14 and 16)

See accompanying notes to the financial statements

Approved on behalf of the Board,



Gordon D. Gillis, BA, LLB
Chair

STATEMENT OF INCOME AND PAYMENT TO PROVINCE

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	2009	2008
SALES		
Casinos (Schedule I)	\$ 89,379	\$ 93,987
Ticket lottery (Schedule II)	203,562	203,334
Video lottery (Schedule II)	147,037	140,738
	439,978	438,059
Cost of Sales	291,256	289,293
	148,722	148,766
Amortization	(2,724)	(2,868)
Distributions to Community Programs (Notes 12, 14 and 15)	(5,172)	(3,544)
Interest expense	(843)	(2,018)
Responsible gambling	(7,506)	(7,742)
Interest & other income	4,059	3,983
Net income	136,536	136,577
Win tax	16,128	16,989
Payment to Province	\$ 152,664	\$ 153,566

STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	2009	2008
Retained earnings, beginning of year	\$ —	\$ —
Net income	136,536	136,577
Net income paid to Province	(136,536)	(136,577)
Retained earnings, end of year	\$ —	\$ —

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	2009	2008
OPERATING		
Net income	\$ 136,536	\$ 136,577
Allocation of income to Province	(136,536)	(136,577)
Amortization of capital assets	10,978	14,071
Net changes in working capital (Note 13)	1,302	15,003
	12,280	29,074
FINANCING		
Increase in due to Atlantic Gaming Equipment Limited	12,175	1,087
Reduction of capital obligation	(6,858)	(17,192)
	5,317	(16,105)
INVESTING		
Purchases of capital assets, net of dispositions	(18,737)	(10,711)
Increase (decrease) in Casino Capital Replacement Reserve, net of cash decrease	626	(2,109)
	(18,111)	(12,820)
Net increase (decrease) in cash and short-term investments	(514)	149
Cash and short-term investments, beginning of year	7,794	7,645
Cash and short-term investments, end of year	\$ 7,280	\$ 7,794

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

1) DESCRIPTION OF BUSINESS

The Corporation was incorporated on February 15, 1995 by Chapter 4 of the Acts of 1994-95, the *Gaming Control Act*. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery schemes on behalf of the Province.

2) ACCOUNTING POLICIES

a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

b) Casino Revenues

In accordance with industry practice, Casino revenues are reported as the net win from gaming activities, which is the difference between amounts wagered and amounts paid as winnings. Casino revenues are reported net of accruals for anticipated amounts to be paid as winnings for progressive slot machine jackpots.

c) Ticket Lottery Revenues

Gross Ticket Lottery sales are recorded before deducting sales discounts and prize expense.

Receipts for lottery tickets sold prior to March 31, 2009 for draws held subsequent to that date are recorded as deferred revenue.

d) Video Lottery Revenues

Video Lottery revenues are reported as the net revenues from Video Lottery activities, which is the difference between amounts wagered and amounts paid as winnings.

e) Capital Assets

Capital assets are stated at cost less accumulated amortization.

Amortization of the Corporation's head office capital assets is provided on the declining balance basis at the following annual rates:

Computer equipment	30%
Furniture and equipment	20%

Amortization of the Halifax and Sydney casino assets is recorded on a straight-line basis according to their estimated useful lives at rates between 2.5% and 20%.

Amortization of the Corporation's capital assets used in the operation of its lottery businesses is recorded on the straight-line basis according to their estimated useful lives at rates between 4% and 33%. Leasehold improvements are amortized over the remaining lease term, including one renewal period.

f) Nova Scotia Gaming Foundation Contribution

Video Lottery retailers in Nova Scotia have agreed, under the terms of their retailer agreements with the Atlantic Lottery Corporation Inc., to contribute 1% of their Video Lottery commission to the Nova Scotia Gaming Foundation. The Corporation has agreed to contribute an amount equal to all contributions made by the Video Lottery retailers.

g) Deferred Charges

The deferred charges relate to payments made to site holders to remove video lottery terminals from certain sites. These costs are being amortized on a straight-line basis over five years.

h) Long-term Investments

Investments in the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation are recorded using the cost method of accounting for investments.

i) Cash – Restricted and Unclaimed Prizes

Unclaimed prizes from regional lottery games are retained in a prize fund for one year from the announced beginning date of the draw. Prizes of national lottery games are funded by the Interprovincial Lottery Corporation, with the exception of prizes for certain free tickets, which are paid out of general funds as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

j) Prize Expense

Prize expense for regional online games is recorded based on the theoretical prize expense for each game. The actual expense incurred each year will vary from the estimate based on the nature of games of chance. Over the long term it is expected that the actual prize expense will approximate the theoretical expense.

k) Use of Estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

l) Financial Instruments

The Corporation is required to designate its financial instruments into one of the following five categories: (i) held for trading, (ii) available for sale, (iii) held to maturity, (iv) loans and receivables, or (v) other financial liabilities. All financial instruments are initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are measured at amortized cost using the effective interest method.

The Corporation has designated its financial instruments as follows:

- a) Cash is classified as "Held for Trading". Due to the nature and/or short-term maturity of these financial instruments, carrying value approximates fair value.
- b) Accounts payable, deferred revenue, liabilities for unclaimed prizes, due to operators, Nova Scotia Gaming Foundation and Province of Nova Scotia are classified as "Other Financial Liabilities". Initial measurement is at fair value with any transaction costs included in the fair value amount. Subsequently, they are measured at amortized cost using the effective interest method. For the Corporation, the carrying value approximates fair value.
- c) Long-term debt is classified as "Loans and receivables". Initial measurement is at fair value and subsequent measurement is at amortized cost using the effective interest rate method. The approximate fair value of long-term debt at March 31, 2009 was \$24.4 million.

m) Adoption of New Accounting Pronouncements

Effective April 1, 2008, the Corporation adopted the Canadian Institute of Chartered Accountants' Handbook Sections 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments – Presentation.

Section 3862, Financial Instruments – Disclosures, describes the required disclosures related to the significance of financial instruments on the Corporation's financial position and performance and the nature and extent of risks arising for financial instruments to which the entity is exposed and how the entity manages those risks.

Section 3863, Financial Instruments – Presentation, establishes standards for presentation of financial instruments and non-financial derivatives.

As required by the transition provisions, these new standards have been applied without restatement of prior period amounts. The required disclosures of sections 3862 and 3863 is included in note 18.

In addition, the Corporation adopted the Canadian Institute of Chartered Accountants Handbook Section 1535, Capital Disclosures, which requires the Corporation to disclose its objectives, policies and processes for managing capital and whether the Corporation has complied with any externally imposed capital requirements.

The Corporation carries out its operations and manages its capital largely through the operating contract for the casinos (Note 3) and in conjunction with the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation (Notes 5 and 6).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

n) Future Accounting Pronouncements – International Financial Reporting Standards (IFRS)

All publicly accountable enterprises will be required to apply IFRS, in full and without modification, on fiscal years beginning on or after January 1, 2011. The Corporation will adopt IFRS beginning April 1, 2011 with restatement, for comparative purposes, of amounts reported for the year ended March 31, 2011, and of the opening balance sheet as at April 1, 2010.

The Accounting Standards Board proposes in CICA Handbook section – Accounting Changes, paragraph 1506.30, an entity to disclose information relating to a new primary source of GAAP that has been issued but is not yet effective and that the entity has not applied. The Corporation is currently assessing the financial reporting impacts of the adoption of IFRS and, at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable. The Corporation is continuing to assess the level of disclosure required with the adoption of IFRS, as well as operational changes that may be necessary to gather and process the information.

3) CASINO NOVA SCOTIA

a) Operating Contract

i) Term and Structure

On May 31, 1995, the Corporation entered into an Operating Contract with Metropolitan Entertainment Group, referred to as MEG or the Operator, then a partnership between ITT Sheraton Canada Ltd. (now Park Place Entertainment Scotia Limited) and Purdy's Wharf Development Limited (now East Port Properties Ltd.), to operate casinos in Halifax and Sydney for a period expiring on December 31, 2015.

On July 1, 2005, the Corporation amended and restated the Operating Contract with Metropolitan Entertainment Group (now a partnership between 6364942 Canada Inc. and 6364951 Canada Inc.) to operate casinos in Halifax and Sydney for a period expiring on July 1, 2015, renewable until July 1, 2025, at the Operator's option.

ii) Payments to Operator

Under the Amended and Restated Casino Operating Contract, effective July 1, 2005, the Operator is entitled to certain payments from each casino, calculated with reference to the following items, which are included in Article 7 of the Amended and Restated Casino Operating Contract:

- an amount based upon the Operator's Capital Investment in Halifax (\$92.0 million total, \$0 outstanding), to be amortized straight-line over a seven-year term, with interest calculated monthly at 12% per annum on the original capital investment outstanding;
- an Operator Fee in the amount equal to 55.5% of total casino revenue after deducting payment to fund a capital replacement reserve;
- an amount based on the Mandatory Deferral (\$24.5 million total, \$0.0 million outstanding) to be repaid over a four-year term, with interest calculated monthly at prime + 1% per annum; and,
- an amount based on funds advanced by the Operator to purchase approved capital expenditures, with interest calculated at prime + 2% per annum.

iii) Option to Terminate

Under the Amended and Restated Casino Operating Contract, either the Corporation or the Operator has the option to terminate the Contract. NSGC may terminate the Contract immediately on written notice with cause, or on six months written notice at its option. The Operator may terminate the Contract upon sixty days written notice with cause.

Upon termination, the Operator must be repaid the unpaid balance of Payments to Operator, and unamortized balance of Operator's Additional Acquisition Costs.

If the Operator terminates the contract, or the Corporation terminates without cause, the Corporation must pay the Operator a compensation fee calculated as the greater of the net present value of 10% of the Operator fee or Operator's actual earnings before interest, taxes, depreciation and amortization (EBITDA) for the preceding twelve months.

No compensation fee is payable to the Operator if NSGC terminates the contract for cause.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

b) Cash in Casino Accounts

Under the Amended and Restated Casino Operating Contract, total casino revenues are the Corporation's revenue and the casino bank accounts and Capital Reserve accounts (CRA) are owned by the Corporation. The Corporation included \$2.1 million in cash from the casino accounts on the balance sheet at March 31, 2009 (2008 - \$3.2 million).

c) Casino Capital Replacement Reserve

A capital replacement reserve is intended to provide for replacement of casino capital assets. From April 1, 2007 to March 31, 2008, it was based on 6% of total revenues of the casinos. From April 1, 2008 to March 31, 2009, it was based on 5% of total revenues of the casinos. Cash has been segregated on the balance sheet in the amount of \$1.2 million (2008 - \$1.4 million) for this purpose.

4) CASINO CAPITAL REPLACEMENT RESERVE

(in thousands)	2009	2008
Cash balance, beginning of year	\$ 1,406	\$ 86
Funding	4,338	5,575
Interest	16	32
Proceeds from sale of capital assets	–	3
Proceeds from Natural Gas Conversion	25	–
Capital asset purchases	–	–
Reimbursements to MEG for capital asset purchases	(3,865)	(3,135)
Interest paid on balance owing to MEG for capital asset purchases	–	–
HST related to capital asset purchases and reimbursements	(756)	(1,155)
Capital assets purchased by MEG	–	–
Cash balance, end of year	1,164	1,406
Add: cumulative capital asset purchases	36,407	34,762
Less: accumulated amortization	(27,210)	(23,234)
Less: HST payable	–	–
Less: Capital assets purchased by MEG	(4,033)	(6,990)
Balance, end of year	\$ 6,328	\$ 5,944

5) ATLANTIC LOTTERY CORPORATION INC.

In 1976, the Atlantic Lottery Corporation Inc. was set up by the four Atlantic Provinces to operate lottery and gaming activities in the region.

The Atlantic Lottery Corporation Inc. is the Corporation's exclusive agent to operate ticket lotteries and video lotteries in Nova Scotia. Each of the Corporation, Province of Newfoundland and Labrador, New Brunswick Lotteries and Gaming Corporation and Prince Edward Island Lotteries Commission own 25% of the Atlantic Lottery Corporation Inc.

The Corporation entered into an Agency Agreement (the "Agreement") with the Atlantic Lottery Corporation Inc. whereby the Corporation has appointed the Atlantic Lottery Corporation Inc. to operate ticket and video lotteries in Nova Scotia as an agent of the Corporation on the terms and conditions set out in the Agreement. Under the Agreement, the Atlantic Lottery Corporation Inc. cannot make any material change relating to the conduct and management of lotteries in Nova Scotia without the approval of the Corporation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

The Agreement requires that the Corporation's revenues be kept in a separate account and not co-mingled with those of the other provinces. The Corporation's costs are to be deducted from its account. The Agreement clarified that assets acquired or liabilities incurred by the Atlantic Lottery Corporation Inc. exclusively for the operation of the lotteries in Nova Scotia are the Corporation's. As a result, for financial statement reporting purposes, the Corporation has included these assets and liabilities on its balance sheet, with the balance recorded as amounts due to the Atlantic Lottery Corporation Inc. or Atlantic Gaming Equipment Limited (a subsidiary of the Atlantic Lottery Corporation Inc.), as appropriate. The Corporation has not recorded any portion of those assets and liabilities that are shared by all Atlantic Lottery Corporation Inc. shareholders in which the Corporation has an interest, the treatment and valuation of which has not yet been determined. This includes common capital assets.

The amounts due to the Atlantic Lottery Corporation Inc. and Atlantic Gaming Equipment Limited represent a portion of the Atlantic Lottery Corporation Inc.'s line of credit, which bears interest at prime less 1% on borrowings equal to funds on deposit and prime for amounts borrowed in excess of funds on deposit, and a portion of bank term loans. These loans have various terms and interest rates from 3.76% to 5.13% maturing at various dates through August 2011. The line of credit is secured by a general security agreement over all assets of the Atlantic Lottery Corporation Inc., and those owned by the Corporation. The bank term loans are secured by a general security agreement over present and future assets held by the Atlantic Lottery Corporation Inc. and Atlantic Gaming Equipment Limited and an indenture of subordination from the Corporation up to the value of assets utilized directly for the benefit of Nova Scotia.

The assets and liabilities recorded by the Corporation are recorded for financial statement reporting purposes only and do not necessarily represent the values that the Corporation would take if it were to withdraw from the Atlantic Lottery Corporation Inc.

6) INTERPROVINCIAL LOTTERY CORPORATION

The Interprovincial Lottery Corporation was incorporated on August 16, 1976 under the *Canada Business Corporations Act*. The Interprovincial Lottery Corporation owns and operates nation-wide lottery games (Lotto 6/49, Super 7, Millionaire Life, various national instant games). Nova Scotia holds one of ten shares of this Corporation, and appoints one of 21 directors to the Board of Directors of the Interprovincial Lottery Corporation.

7) CAPITAL ASSETS

(in thousands)	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Automotive	\$ 891	\$ 399	\$ 492	\$ 476
Computer equipment	18,574	6,157	12,417	2,563
Furniture and equipment	299	202	97	120
Computer software	890	67	823	351
Retail equipment	3,672	2,420	1,252	1,433
Leaseholds	48	23	25	31
Halifax casino assets	91,951	37,616	54,335	56,581
Sydney casino assets	23,206	13,014	10,192	10,424
Casino furniture and equipment	36,407	27,214	9,193	11,525
On-line gaming terminals	11,637	10,816	821	133
Video lottery terminals	59,873	50,557	9,316	7,567
	\$ 247,448	\$ 148,485	\$ 98,963	\$ 91,204

In 2009, the Corporation acquired capital assets of \$16.6 million (2008 - \$6.1 million) financed through Atlantic Gaming Equipment Limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

8) CAPITAL OBLIGATION

The Corporation has an obligation under the Amended and Restated Casino Operating Contract to repay the operator of the casinos for the initial cost of the Halifax and Sydney casinos to the extent that there is adequate cash flow from the casinos to fund these obligations. This obligation was completed during the year. The Corporation has the option to purchase these casinos at any time with six months notice.

9) DUE TO OPERATORS

(in thousands)	2009	2008
Due to Atlantic Lottery Corporation Inc.	\$ 4,478	\$ 88
Due from lottery operations	(7,264)	(6,484)
Due to lottery operations	6,704	6,195
Due to MEG – purchase of capital assets	4,033	6,990
Due to MEG	1,049	971
	\$ 9,000	\$ 7,760

10) DUE TO ATLANTIC GAMING EQUIPMENT LIMITED

The liability represents a portion of the Atlantic Lottery Corporation Inc. (ALC) debt used in the acquisition of assets operated on behalf of NSGC. All amounts are payable by ALC and are due on or before April 2011. The debt is based on variable interest rates. The aggregate maturities of long-term debt for each of the two years subsequent to March 31, 2009 are approximately as follows: 2010 - \$7,837; and 2011 - \$16,517. Included in interest expense is \$548 (2008 - \$714) relating to long-term debt, and \$672 (2008 - \$726) relating to line of credit.

11) RELATED PARTY TRANSACTIONS

The Province of Nova Scotia, Nova Scotia Harness Racing Incorporated, Atlantic Gaming Equipment Limited and the Atlantic Lottery Corporation Inc. are related parties of the Corporation. Details of any transactions between these related parties are separately disclosed in the financial statements.

12) HARNESS RACING

The Corporation annually contributes to the Nova Scotia Harness Racing Fund amounts approved by the Minister of Finance. The Government of Nova Scotia approved a contribution of \$1.0 million in 2009 to support the harness racing industry in Nova Scotia.

The 2010 budget includes \$1.0 million to support the harness racing industry in Nova Scotia.

13) SUPPLEMENTAL CASH FLOW INFORMATION

Net changes in working capital:

(in thousands)	2009	2008
Inventory	\$ (176)	\$ 239
Prepays	(619)	141
Deferred charges	(672)	33
Accounts payable	(594)	(316)
Deferred lottery revenue	156	254
Due to operators	1,240	2,132
Due to Nova Scotia Gaming Foundation	(3)	–
Due to Province of Nova Scotia	1,970	12,520
	\$ 1,302	\$ 15,003

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

14) SPECIAL PAYMENTS AND BONUS COMMISSIONS

The Corporation is obligated to make direct payments annually to three provincial government bodies as follows:

(in thousands)	2009	2008
The Department of Tourism, Culture and Heritage (in support of the Cultural Federation of Nova Scotia)	\$ 50	\$ 50
The Department of Agriculture (in support of the Exhibition Association of Nova Scotia)	50	50
Nova Scotia Health Promotion and Protection (in support of Sport Nova Scotia)	100	100
	\$ 200	\$ 200

These payments are special funds under the *Provincial Finance Act* established by the Minister of Finance under Section 14(1) of the Atlantic Lottery Regulations as made under the *Gaming Control Act*.

Additionally, as part of its Gaming Strategy, the Government of Nova Scotia approved a contribution of \$3.0 million to Nova Scotia Health Promotion and Protection in 2009 (2008 - \$3.0 million) to fund problem gambling treatment.

15) CHARITABLE SECTOR SUPPORT

NSGC manages the delivery of a program called SuperStar Bingo which is delivered by participating charities across the Province. Charities are paid a commission. Profits, if any, are paid out to the participating charities otherwise, NSGC absorbs the excess of costs over expenses. In 2009, the net loss was \$395,530 (2008 - \$282,135).

16) OTHER COMMITMENTS

The Corporation is required to make annual lease payments of approximately \$0.2 million over the next five years.

The Corporation's share of the Atlantic Lottery Corporation Inc.'s minimum annual lease payments for the premises is approximately \$3.8 million over the next five years.

17) PENSIONS

All permanent employees of the Corporation are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Plan, a multi-employer plan. The plan is funded by equal employee and employer contributions. The employer accounts for the plan on a deferred contribution basis with contributions included in the Corporation's management expenses. The Corporation is not responsible for any unfunded liability with respect to the Public Service Superannuation Plan.

18) FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of the Corporation's cash and short-term investments, accounts payable, deferred lottery revenue, liabilities for unclaimed prizes, due to operators, due to Atlantic Gaming Equipment Limited, due to the Nova Scotia Gaming Foundation and due to the Province of Nova Scotia approximates their carrying amounts due to their relatively short terms to maturity.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from financial instruments.

19) COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in this fiscal year.

SCHEDULE I: CASINO NOVA SCOTIA, OPERATING RESULTS

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	2009	2008
REVENUE		
Casino revenue	\$ 80,641	\$ 84,944
Beverage, food and other revenue	8,738	9,043
	89,379	93,987
EXPENSES		
Amortization	2,478	2,630
Capital Replacement Reserve (Note 3)	4,343	5,576
Operating Expenses	101	–
Harmonized Sales Tax	2,815	3,517
Interest	58	1,045
Operator fee (Note 3)	48,585	48,482
Win tax	16,128	16,989
	74,508	78,239
Net income	14,871	15,748
Win tax	16,128	16,989
Total payment to Province	\$ 30,999	\$ 32,737

SCHEDULE II: TICKET LOTTERY AND VIDEO LOTTERY, OPERATING RESULTS

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

REVENUE	Ticket Lottery	Video Lottery	Total 2009	Total 2008
Ticket lottery sales	\$ 203,562	\$ –	\$ 203,562	\$ 203,334
Prize expense	114,233	–	114,233	113,590
Net ticket lottery sales	89,329	–	89,329	89,744
Net video lottery sales	–	147,037	147,037	140,738
Total net sales	89,329	147,037	236,366	230,482
Retailer commissions	13,268	30,003	43,271	42,412
Ticket costs	3,948	2,276	6,224	6,502
	17,216	32,279	49,495	48,914
Gross profit	72,113	114,758	186,871	181,568
EXPENSES				
Operating expenses				
Marketing and communications	7,512	226	7,738	6,366
Development and recruitment	407	248	655	363
Equipment and maintenance	949	559	1,508	1,166
General and professional services	972	1,236	2,208	1,722
Lease and amortization	5,639	3,484	9,123	9,270
Movement and storage	513	83	596	710
Occupancy cost	1,038	444	1,482	1,393
Other expenses	249	31	280	202
Research and development	576	151	727	606
Salaries and benefits	9,403	4,952	14,355	12,592
Supplies	167	226	393	457
Telecommunication	2,569	225	2,794	2,766
Travel and vehicle	520	355	875	786
Total operating expenses	30,514	12,220	42,734	38,399
Operating profit	41,599	102,538	144,137	143,169
Interest expense	(248)	(537)	(785)	(974)
Other income	464	3,400	3,864	3,618
Profit before other distributions	41,815	105,401	147,216	145,813
HST expense	3,837	4,275	8,112	8,732
Federal contribution	1,194	459	1,653	1,641
Charity non-profit	74	–	74	45
Retailer bonus	36	–	36	42
Net income	\$ 36,674	\$ 100,667	\$ 137,341	\$ 135,353

support

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