





QUARTERLY REPORT

For the second quarter ended September 30, 2016



OPERATIONAL HIGHLIGHTS

-  Responsible Gambling Awareness Week occurred September 25 to October 1. The “Balance is the Name of the Game” campaign engaged adults at bingo, casino and VLT sites.
-  Casino Nova Scotia added new slots capable of better tournament play and rewards for prizes, food and other promotional items.
-  There were 8 Lotto Max \$50+ million plus MAXMILLION draws. A \$500,000 Scratch’N Win ticket was won by someone in Dartmouth and Lotto 6/49 Super Wednesdays in July and August saw more guaranteed prizes offered.
-  All remaining obsolete terminals were replaced in video lottery sites.

COMMUNITY HIGHLIGHTS

-  *Support4Sport* provided \$1.0 million in dedicated profits for amateur sport in Nova Scotia. *Support4Sport* celebrated its 10th anniversary with an online contest that received over 10,000 votes.
-  *Support4Culture* provided \$0.5 million for initiatives such as the Artistic Innovation Program, the Built Heritage Development Fund and the Mi’kmaq Cultural Activities Program.
-  NSPLCC supported 8 Monte Carlo nights as part of the *Support4Communities* Casino Nights Program, helping raise more than \$67,000 for organizations across the province.

\$33.7 million was paid to the Province in the second quarter.

This is \$3.2 million lower than the same quarter last year due primarily to lower ticket lottery revenue.

Overall, revenue from gaming is lower as a result of lower jackpot amounts than was experienced last year in the same quarter.

Contributions and expenditures for responsible gambling and prevention programming initiatives totaled \$1.4 million.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30 (unaudited)
(in thousands)

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 11,552	\$ 16,335
Cash – restricted	5,575	5,730
Trade and other receivables	2,262	1,669
Prepaid expenses	7,605	6,134
Inventories	1,817	1,930
	<u>28,811</u>	<u>31,798</u>
Non-current assets		
Property, plant and equipment	82,981	91,296
Cash – casino capital replacement reserve	10,894	8,547
Disputed HST assessments	49,672	42,014
Investment in Atlantic Lottery Corporation	3,003	201
Investment in Interprovincial Lottery Corporation	1	1
	<u>146,551</u>	<u>142,059</u>
	<u>\$ 175,362</u>	<u>\$ 173,857</u>

LIABILITIES and EQUITY

Current liabilities		
Bank indebtedness	\$ 319	\$ 348
Trade and other payables	23,105	25,132
Deferred revenue	788	876
Liabilities for unclaimed prizes	5,575	5,730
Due to Atlantic Gaming Equipment Limited	5,285	1,801
Other liabilities	1,073	972
Due to Province of Nova Scotia	96,782	95,043
	<u>132,927</u>	<u>129,902</u>
Non-current liabilities		
Due to Atlantic Gaming Equipment Limited	23,467	32,751
Other long term liabilities - asset retirement obligation	316	267
	<u>23,783</u>	<u>33,018</u>

EQUITY

Casino capital replacement reserve	16,736	15,069
Retained deficit	1,916	(4,132)
	<u>18,652</u>	<u>10,937</u>
	<u>\$ 175,362</u>	<u>\$ 173,857</u>



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the second quarter ended September 30 (unaudited)
(in thousands)

	2016							2015						
	Casinos	Ticket Lottery	Video Lottery	RG	Other	2nd Quarter	Year to date	Casinos	Ticket Lottery	Video Lottery	RG	Other	2nd Quarter	Year to date
Revenues	\$ 20,878	\$ 54,542	\$ 33,099	\$ -	\$ -	\$ 108,519	\$ 213,390	\$ 21,856	\$ 55,634	\$ 32,991	\$ -	\$ -	\$ 110,481	\$ 218,481
Expenses	17,309	43,257	13,056	355	921	74,898	147,604	18,142	42,237	11,610	355	795	73,139	146,065
Net profit	3,569	11,285	20,043	(355)	(921)	33,621	65,786	3,714	13,397	21,381	(355)	(795)	37,342	72,416
Contributions	-	-	-	(1,037)	(2,651)	(3,688)	(7,095)	-	-	-	(1,037)	(3,370)	(4,407)	(7,853)
Net Income	3,569	11,285	20,043	(1,392)	(3,572)	29,933	58,691	3,714	13,397	21,381	(1,392)	(4,165)	32,935	64,563
Win Tax	3,771	-	-	-	-	3,771	7,228	3,984	-	-	-	-	3,984	7,431
Payment to Province	\$ 7,340	\$ 11,285	\$ 20,043	\$ (1,392)	\$ (3,572)	\$ 33,704	\$ 65,919	\$ 7,698	\$ 13,397	\$ 21,381	\$ (1,392)	\$ (4,165)	\$ 36,919	\$ 71,994

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the second quarter ended September 30 (unaudited)
(in thousands)

	2016		2015	
	2nd Quarter	Year to date	2nd Quarter	Year to date
Casino Capital Replacement Reserve				
Balance, beginning of period	\$ 15,457	\$ 15,069	\$ 13,767	\$ 12,898
Change in reserve	1,281	1,668	1,302	2,171
Balance, end of period	16,738	16,737	15,069	15,069
Retained Deficit				
Balance, beginning of period	737	(4,132)	(5,289)	(7,583)
Net and comprehensive income	33,704	65,919	36,919	71,994
Payment to Province	(33,704)	(65,919)	(36,919)	(71,994)
Change in investment in Atlantic Lottery Corporation	1,179	6,048	1,157	3,451
Balance, end of period	1,916	1,916	(4,132)	(4,132)
Equity, end of period	\$ 18,654	\$ 18,653	\$ 10,937	\$ 10,937



CONSOLIDATED STATEMENT OF CASH FLOWS

For the second quarter ended
September 30 (unaudited)
(in thousands)

	<u>2016</u>	<u>2015</u>
Operating		
Net Income	\$ 33,704	\$ 36,919
Allocation of income to Province	(33,704)	(36,919)
Depreciation	2,488	2,369
Loss on disposal of capital assets	6	18
Net transfers of property, plant and equipment	(1,227)	(37)
Net changes in non-cash working capital	122	5,730
	<u>1,389</u>	<u>8,080</u>
Financing		
Decrease in obligation to Atlantic Gaming Equipment Limited	<u>(754)</u>	<u>(1,767)</u>
Investing		
Purchases of capital assets, net additions	(393)	(282)
Change in investment of Atlantic Lottery Corporation	1,096	(357)
Increase in Casino Capital Replacement Reserve, net of cash	371	221
	<u>1,074</u>	<u>(418)</u>
Net increase in cash & cash equivalents	1,709	5,895
Cash & cash equivalents, beginning of quarter	<u>9,524</u>	<u>10,092</u>
Cash & cash equivalents, end of quarter	<u>\$ 11,233</u>	<u>\$ 15,987</u>

