

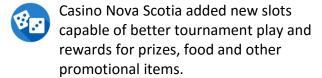
QUARTERLY REPORT

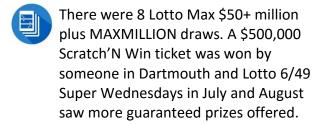
For the second quarter ended September 30, 2016



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.

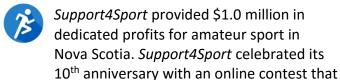




All remaining obsolete terminals were replaced in video lottery sites.

COMMUNITY HIGHLIGHTS

received over 10,000 votes.



Support4Culture provided \$0.5 million for initiatives such as the Artistic Innovation Program, the Built Heritage Development Fund



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.

and the Mi'kmag Cultural Activities Program.

\$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)

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AGGETG	<u>2016</u>	<u>2015</u>
Current assets Cash and cash equivalents Cash – restricted Trade and other receivables Prepaid expenses Inventories	\$ 11,552 5,575 2,262 7,605 	\$ 16,335 5,730 1,669 6,134 1,930 31,798
Non-current assets Property, plant and equipment Cash – casino capital replacement reserve Disputed HST assessments Investment in Atlantic Lottery Corporation Investment in Interprovincial Lottery Corporation	82,981 10,894 49,672 3,003 1 146,551	91,296 8,547 42,014 201 1 142,059 \$ 173,857
LIABILITIES and EQUITY		
Current liabilities Bank indebtedness Trade and other payables Deferred revenue Liabilities for unclaimed prizes Due to Atlantic Gaming Equipment Limited Other liabilities Due to Province of Nova Scotia	\$ 319 23,105 788 5,575 5,285 1,073 96,782 132,927	\$ 348 25,132 876 5,730 1,801 972 95,043 129,902
Non-current liabilities Due to Atlantic Gaming Equipment Limited Other long term liabilities - asset retirement obligation EQUITY	23,467 316 23,783	32,751 267 33,018
Casino capital replacement reserve Retained deficit	16,736 1,916 18,652	15,069 (4,132) 10,937
	\$ <u>175,362</u>	\$ 173,857



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	\$ <u>11,285</u>	\$ 20,043	\$ <u>(1,392)</u>	\$ (3,572)	\$ 33,704	\$_65,919	\$7,698	\$ <u>13,397</u>	\$ <u>21,381</u>	\$ <u>(1,392)</u>	\$ <u>(4,165)</u>	\$ <u>36,919</u>	\$71,994

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	20	116	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	<u>\$</u> 10,937	<u>\$</u> 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 Allocation of income to Province Depreciation Loss on disposal of capital assets Net transfers of property, plant and equipment	\$ 33,704 (33,704) 2,488 6 (1,227)	\$ 36,919 (36,919) 2,369 18 (37)
Net changes in non-cash working capital Financing Decrease in obligation to Atlantic Gaming Equipment Limited	122 1,389 (754)	5,730 8,080 (1,767)
Investing Purchases of capital assets, net additions Change in investment of Atlantic Lottery Corporation Increase in Casino Capital Replacement Reserve, net of cash	(393) 1,096 371 1,074	(282) (357) 221 (418)
Net increase in cash & cash equivalents	1,709	5,895
Cash & cash equivalents, beginning of quarter	9,524	10,092
Cash & cash equivalents, end of quarter	\$11,233	\$ <u>15,987</u>

