



QUARTERLY REPORT

For the first quarter ended June 30, 2016

OPERATIONAL HIGHLIGHTS



Casino Nova Scotia's revitalization of the Sydney casino was completed along with the opening of the second location of the Nova Scotia Music Hall of Fame.



The Responsible Gambling Resource Centres distributed over 900 pieces of responsible gambling information to casino patrons.



There were 4 Lotto Max \$50+ million plus MAXMILLION draws. A \$9.8 million jackpot in Lotto 6/49 was won by an individual from Dartmouth. New Scratch'N Win tickets were launched including two National tickets.



278 obsolete terminals were replaced in Video Lottery sites within the province.

COMMUNITY HIGHLIGHTS



NSPLCC supported 5 Monte Carlo nights as part of the *Support4Communities* Casino Nights Program, helping to raise more than \$48,000 for organizations across the province.



Support4Sport provided \$0.8 million in dedicated profits for amateur sport in Nova Scotia.



Support4Culture provided \$0.2 million to support initiatives such as the Artistic Innovation Program, the Built Heritage Development Fund and the Mi'kmaq Cultural Activities Program.

\$32.2 million was paid to the Province in the first quarter.

This is \$2.9 million lower than the same quarter last year primarily due 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 \$2.0 million.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30 (unaudited)
(in thousands)

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 9,919	\$ 10,931
Cash – restricted	4,803	5,968
Trade and other receivables	2,456	1,980
Prepaid expenses	6,967	5,443
Inventories	1,843	1,887
	<u>25,988</u>	<u>26,209</u>
Non-current assets		
Property, plant and equipment	83,855	93,364
Cash – casino capital replacement reserve	9,986	7,466
Disputed HST assessments	47,736	40,072
Investment in Atlantic Lottery Corporation Inc.	2,920	-
Investment in Interprovincial Lottery Corporation	1	1
	<u>144,498</u>	<u>140,903</u>
	<u>\$ 170,486</u>	<u>\$ 167,112</u>

LIABILITIES and EQUITY

Current liabilities		
Bank indebtedness	\$ 395	\$ 839
Trade and other payables	20,374	18,984
Deferred revenue	1,231	1,123
Liabilities for unclaimed prizes	4,803	5,968
Due to Atlantic Gaming Equipment Limited	3,290	1,909
Other liabilities	925	950
Due to Province of Nova Scotia	96,742	92,871
	<u>127,760</u>	<u>122,644</u>
Non-current liabilities		
Due to Atlantic Gaming Equipment Limited	26,242	34,410
Investment in Atlantic Lottery Corporation Inc.	-	1,313
Other long term liabilities - asset retirement obligation	290	267
	<u>26,532</u>	<u>35,990</u>

EQUITY

Casino capital replacement reserve	15,457	13,767
Retained deficit	737	(5,289)
	<u>16,194</u>	<u>8,478</u>
	<u>\$ 170,486</u>	<u>\$ 167,112</u>



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter ended June 30 (unaudited)
(in thousands)

	2016						2015					
	Casinos	Ticket Lottery	Video Lottery	RG	Other	1st Quarter & Year-to-date	Casinos	Ticket Lottery	Video Lottery	RG	Other	1st Quarter & Year-to-date
Revenues	\$ 18,947	\$ 51,671	\$ 34,253	\$ -	\$ -	\$ 104,871	\$ 18,986	\$ 55,551	\$ 33,462	\$ -	\$ -	\$ 107,999
Expenses	15,592	40,903	14,878	161	1,172	72,706	15,707	43,129	13,106	172	816	72,926
Net profit	3,355	10,768	19,375	(161)	(1,172)	32,165	3,279	12,422	20,356	(172)	(816)	35,073
Contributions	-	-	-	1,864	1,542	3,406	-	-	-	1,861	1,585	3,446
Net Income	3,355	10,768	19,375	(2,025)	(2,714)	28,759	3,279	12,422	20,356	(2,033)	(2,401)	31,627
Win Tax	3,457	-	-	-	-	3,457	3,446	-	-	-	-	3,446
Payment to Province	\$ 6,812	\$ 10,768	\$ 19,375	\$ (2,025)	\$ (2,714)	\$ 32,216	\$ 6,725	\$ 12,422	\$ 20,356	\$ (2,033)	\$ (2,401)	\$ 35,073

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first quarter ended June 30 (unaudited)
(in thousands)

	2016	2015
	1st Quarter & Year-to-date	1st Quarter & Year-to-date
Casino Capital Replacement Reserve		
Balance, beginning of period	\$ 14,294	\$ 12,638
Change in reserve	1,163	1,129
Balance, end of period	15,457	13,767
Retained Deficit		
Balance, beginning of period	(457)	(6,480)
Net and comprehensive income	32,216	35,073
Payment to Province	(32,216)	(35,073)
Change in investment in Atlantic Lottery Corporation	1,194	1,191
Balance, end of period	737	(5,289)
Equity, end of period	\$ 16,194	\$ 8,478



CONSOLIDATED STATEMENT OF CASH FLOWS

For the first quarter ended
June 30 (unaudited)
(in thousands)

	<u>2016</u>	<u>2015</u>
Operating		
Net Income	\$ 32,216	\$ 35,073
Allocation of income to Province	(32,216)	(35,073)
Depreciation	3,597	2,372
Loss on disposal of capital assets	17	18
Net transfers of property, plant and equipment	(1,271)	34
Net changes in non-cash working capital	<u>5,469</u>	<u>889</u>
	<u>7,812</u>	<u>3,313</u>
Financing		
Decrease in obligation to Atlantic Gaming Equipment Limited	<u>(1,826)</u>	<u>(1,807)</u>
Investing		
Purchases of capital assets, net additions	(699)	(245)
Change in investment of Atlantic Lottery Corporation Inc.	(2,559)	193
Increase in Casino Capital Replacement Reserve, net of cash	<u>1,569</u>	<u>299</u>
	<u>(1,689)</u>	<u>247</u>
Net increase in cash & cash equivalents	4,297	1,753
Cash & cash equivalents, beginning of quarter	<u>5,227</u>	<u>8,339</u>
Cash & cash equivalents, end of quarter	\$ <u>9,524</u>	\$ <u>10,092</u>

