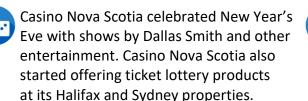
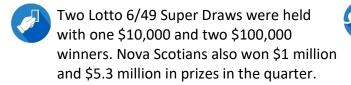
### NOVA SCOTIA PROVINCIAL LOTTERIES & CASINO CORPORATION

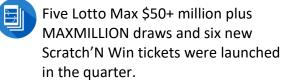
## **QUARTERLY REPORT**

For the third quarter ended December 31, 2016

#### **OPERATIONAL HIGHLIGHTS**

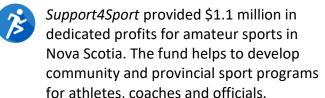






The Responsible Gambling Resource Centres distributed over 1,000 pieces of responsible gambling information to casino patrons.

### **COMMUNITY HIGHLIGHTS**



Support4Culture provided \$0.4 million for initiatives such as the Artistic Innovation Program, the Built Heritage Development Fund and the Mi'kmaq Cultural Activities Program.

NSPLCC supported eight Monte Carlo nights as part of the *Support4Communities* Casino Nights Program, raising more than \$67,000 for organizations across the province.

Four Spotlight on Community Fundraising seminars were held focusing on charitable Bingo, Chase the Ace and how to host a Monte Carlo fundraiser.



### \$40.4 million was paid to the Province in the third quarter.

This is \$0.2 million higher than the same quarter last year primarily due to lower expenses in the current year.

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

Contributions and expenditures for responsible gambling and prevention programming initiatives totalled \$1.5 million.





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at December 31 (unaudited)

(in thousands)

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ASSETS	<u>2016</u>	<u>2015</u>
Current assets Cash and cash equivalents Cash – restricted Trade and other receivables Prepaid expenses Inventories	\$ 15,546 5,384 1,522 5,858 1,816 30,126	\$ 19,597 6,383 2,116 4,986 1,858 34,940
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	82,489 10,604 51,607 7,158 1 151,859	93,023 9,523 43,938 1,266 1 147,751
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	\$ 417 25,178 632 5,384 7,322 1,025 100,844 140,802	\$ 387 25,954 1,413 6,383 1,743 909 97,485 134,274
Non-current liabilities  Due to Atlantic Gaming Equipment Limited  Other long term liabilities - asset retirement obligation  EOUITY	19,895 301 20,196	34,849 267 35,116
Casino capital replacement reserve Retained surplus/(deficit)	17,865 3,122 20,987	16,208 (2,907) 13,301
	\$ <u>181,985</u>	\$182,691



### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the third quarter ended December 31 (unaudited) (in thousands)

													(111 61	roadarra
	2016					2015								
	Casinos	Ticket Lottery	Video Lottery	RG	Other	3rd Quarter	Year to date	Casinos	Ticket Lottery	Video Lottery	RG	Other	3rd Quarter	Year to date
Revenues	\$ 18,359	\$ 57,625	\$ 34,388	\$ -	\$ -	\$ 110,372	\$ 323,761	\$ 19,098	\$ 62,580	\$ 33,848	\$ -	\$ -	\$ 115,526	\$ 334,007
Expenses	15,280	43,249	10,388	232	1,327	70,476	218,080	15,933	46,374	12,719	256	917	76,199	222,265
Net profit	3,079	14,376	24,000	(232)	(1,327)	39,896	105,681	3,165	16,206	21,129	(256)	(917)	39,327	111,742
Contributions				(1,229)	(1,528)	(2,757)	(9,851)				(1,232)	(1,224)	(2,456)	(10,308)
Net Income	3,079	14,376	24,000	(1,461)	(2,855)	37,139	95,830	3,165	16,206	21,129	(1,488)	(2,141)	36,871	101,434
Win Tax	3,257		<u> </u>			3,257	10,485	3,368					3,368	10,798
Payment to Province	\$6,336_	\$ 14,376	\$ 24,000	\$ <u>(1,461)</u>	\$ <u>(2,855)</u>	\$ 40,396	\$ <u>106,315</u>	\$ 6,533	\$ <u>16,206</u>	\$ 21,129	\$ <u>(1,488)</u>	\$ <u>(2,141)</u>	\$ 40,239	\$ <u>112,232</u>

### **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the third quarter ended December 31 (unaudited) (in thousands)

	20	16	2015			
	3rd Quarter	Year to date	3rd Quarter	Year to date		
Casino Capital Replacement Reserve						
Balance, beginning of period	\$ 16,736	\$ 16,208	\$ 15,069	\$ 14,187		
Change in reserve	1,129	1,657	1,139	2,021		
Balance, end of period	17,865	17,865	16,208	16,208		
Retained Deficit						
Balance, beginning of period	1,916	(2,907)	(4,132)	(6,390)		
Net and comprehensive income	40,396	106,315	40,239	112,232		
Payment to Province	(40,396)	(106,315)	(40,239)	(112,232)		
Change in investment in Atlantic Lottery Corporation	1,206	6,029	1,225	3,483		
Balance, end of period	3,122	3,122	(2,907)	(2,907)		
Equity, end of period	\$ 20,987	\$ 20,987	<u>\$</u> 13,301	<u>\$</u> 13,301		



### CONSOLIDATED STATEMENT OF CASH FLOWS

For the third quarter ended December 31 (unaudited) (in thousands)

	<u>20</u>	<u>16</u>	<u>2015</u>
Operating			
Net Income	\$ 40,39	5 \$	40,239
Allocation of income to Province	(40,39	5)	(40,239)
Depreciation	2,19	0	3,340
Loss on disposal of capital assets		6	68
Net transfers of property, plant and equipment	•	6)	487
Net changes in non-cash working capital	6,48		2,587
	8,62	<u> </u>	6,482
Financing (Decrease)/increase in obligation to			
Atlantic Gaming Equipment Limited	(1,55	<u></u>	2,040
Investing			
Purchases of capital assets, net additions	(1,64	8)	(5,622)
Change in investment of Atlantic Lottery Corporation	(2,94	,	160
Increase in Casino Capital Replacement Reserve, net of cash	1,41		163
	(3,17	<u> </u>	(5,299)
Net increase in cash & cash equivalents	3,89	6	3,223
Cash and cash equivalents, beginning of quarter	11,23	<u> </u>	15,987
Cash and cash equivalents, end of quarter	\$ 15,12	<u>9</u> \$	19,210

