



# QUARTERLY REPORT


For the third quarter ended December 31, 2016




## OPERATIONAL HIGHLIGHTS


 Casino Nova Scotia celebrated New Year's Eve with shows by Dallas Smith and other entertainment. Casino Nova Scotia also started offering ticket lottery products at its Halifax and Sydney properties.


 Two Lotto 6/49 Super Draws were held with one \$10,000 and two \$100,000 winners. Nova Scotians also won \$1 million and \$5.3 million in prizes in the quarter.


 Five Lotto Max \$50+ million plus MAXMILLION draws and six new Scratch'N Win tickets were launched in the quarter.


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

## COMMUNITY HIGHLIGHTS

 *Support4Sport* provided \$1.1 million in dedicated profits for amateur sports in Nova Scotia. The fund helps to develop community and provincial sport programs for athletes, coaches and officials.

 *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)

*ASSETS*

	<u>2016</u>	<u>2015</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 15,546	\$ 19,597
Cash – restricted	5,384	6,383
Trade and other receivables	1,522	2,116
Prepaid expenses	5,858	4,986
Inventories	1,816	1,858
	<u>30,126</u>	<u>34,940</u>
<b>Non-current assets</b>		
Property, plant and equipment	82,489	93,023
Cash – casino capital replacement reserve	10,604	9,523
Disputed HST assessments	51,607	43,938
Investment in Atlantic Lottery Corporation	7,158	1,266
Investment in Interprovincial Lottery Corporation	1	1
	<u>151,859</u>	<u>147,751</u>
	<u>\$ 181,985</u>	<u>\$ 182,691</u>

*LIABILITIES and EQUITY*

<b>Current liabilities</b>		
Bank indebtedness	\$ 417	\$ 387
Trade and other payables	25,178	25,954
Deferred revenue	632	1,413
Liabilities for unclaimed prizes	5,384	6,383
Due to Atlantic Gaming Equipment Limited	7,322	1,743
Other liabilities	1,025	909
Due to Province of Nova Scotia	100,844	97,485
	<u>140,802</u>	<u>134,274</u>
<b>Non-current liabilities</b>		
Due to Atlantic Gaming Equipment Limited	19,895	34,849
Other long term liabilities - asset retirement obligation	301	267
	<u>20,196</u>	<u>35,116</u>

*EQUITY*

Casino capital replacement reserve	17,865	16,208
Retained surplus/(deficit)	3,122	(2,907)
	<u>20,987</u>	<u>13,301</u>
	<u>\$ 181,985</u>	<u>\$ 182,691</u>



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the third quarter ended December 31 (unaudited)  
*(in thousands)*

	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	-	-	-	-	3,257	10,485	3,368	-	-	-	-	3,368	10,798
Payment to Province	\$ 6,336	\$ 14,376	\$ 24,000	\$ (1,461)	\$ (2,855)	\$ 40,396	\$ 106,315	\$ 6,533	\$ 16,206	\$ 21,129	\$ (1,488)	\$ (2,141)	\$ 40,239	\$ 112,232

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the third quarter ended December 31 (unaudited)  
*(in thousands)*

	2016		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	\$ 13,301	\$ 13,301



# CONSOLIDATED STATEMENT OF CASH FLOWS

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

	<u>2016</u>	<u>2015</u>
<b>Operating</b>		
Net Income	\$ 40,395	\$ 40,239
Allocation of income to Province	(40,395)	(40,239)
Depreciation	2,190	3,340
Loss on disposal of capital assets	6	68
Net transfers of property, plant and equipment	(56)	487
Net changes in non-cash working capital	6,484	2,587
	<u>8,624</u>	<u>6,482</u>
<b>Financing</b>		
(Decrease)/increase in obligation to Atlantic Gaming Equipment Limited	<u>(1,550)</u>	<u>2,040</u>
<b>Investing</b>		
Purchases of capital assets, net additions	(1,648)	(5,622)
Change in investment of Atlantic Lottery Corporation	(2,949)	160
Increase in Casino Capital Replacement Reserve, net of cash	1,419	163
	<u>(3,178)</u>	<u>(5,299)</u>
Net increase in cash & cash equivalents	3,896	3,223
Cash and cash equivalents, beginning of quarter	<u>11,233</u>	<u>15,987</u>
Cash and cash equivalents, end of quarter	<u>\$ 15,129</u>	<u>\$ 19,210</u>

