



QUARTERLY REPORT


For the fourth quarter ended March 31, 2017




OPERATIONAL HIGHLIGHTS


 Casino Nova Scotia introduced new gift giveaways and food deals, including All You Can Eat Prime Rib and Lobster Tails on Friday and Saturday nights at its Halifax and Sydney sites.


 One Lotto 6/49 Super Draw was held with a \$5.4 million and a \$1.0 million winner from Nova Scotia.


 There were five Lotto Max \$50+ million plus MAXMILLION draws and three new Scratch'N Win tickets launched with the region's first \$30 ticket.


 Responsible Gambling Resource Centres distributed over 2,500 pieces of responsible gambling information.

COMMUNITY HIGHLIGHTS

 *Support4Sport* provided \$0.7 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 \$1.2 million for initiatives such as the Artistic Innovation Program, the Built Heritage Development Fund and the Mi'kmaq Cultural Activities Program.

 NSPLCC supported two Monte Carlo nights as part of the *Support4Communities* Casino Nights Program, helping raise more than \$18,000 for organizations across the province.

 A *Spotlight on Monte Carlo Fundraising* Seminar was held in Dartmouth to provide charities with learning opportunities.

\$38.3 million was paid to the Province in the fourth quarter.

This is \$9.1 million higher than the same quarter last year due to lower expenses from the write-off of obsolete equipment done in 2015-16.

Overall, revenue from gaming is \$0.9 million higher than last year due to an increase in casino revenue as a result of new games and equipment.

Contributions and expenditures for responsible gambling and prevention programming initiatives totalled \$1.7 million.



CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
As at March 31 (unaudited)
(in thousands)

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 6,130	\$ 6,025
Cash – restricted	5,290	5,766
Trade and other receivables	1,491	1,588
Prepaid expenses	6,537	5,123
Inventories	2,260	1,976
	<u>21,708</u>	<u>20,478</u>
Non-current assets		
Property, plant and equipment	79,198	85,499
Cash – casino capital replacement reserve	10,548	10,392
Disputed HST assessments	53,473	45,781
Investment in Atlantic Lottery Corporation	10,559	-
Investment in Interprovincial Lottery Corporation	1	1
	<u>153,779</u>	<u>141,673</u>
	<u>\$ 175,487</u>	<u>\$ 162,151</u>

LIABILITIES and EQUITY

Current liabilities		
Bank indebtedness	\$ 365	\$ 798
Trade and other payables	17,528	15,668
Deferred revenue	754	1,152
Liabilities for unclaimed prizes	5,290	5,766
Due to Atlantic Gaming Equipment Limited	6,885	9,318
Other liabilities	1,098	940
Due to Province of Nova Scotia	101,166	91,509
	<u>133,086</u>	<u>125,151</u>
Non-current liabilities		
Due to Atlantic Gaming Equipment Limited	18,826	22,061
Investment in Atlantic Lottery Corporation Inc.	-	833
Other long term liabilities - asset retirement obligation	254	269
	<u>19,080</u>	<u>23,163</u>

EQUITY

Casino capital replacement reserve	15,975	14,294
Retained earnings (deficit)	7,346	(457)
	<u>23,321</u>	<u>13,837</u>
	<u>\$ 175,487</u>	<u>\$ 162,151</u>



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the fourth quarter ended March 31 (unaudited)
(in thousands)

	2017							2016						
	Casinos	Ticket Lottery	Video Lottery	RG	Other	4th Quarter	Year to date	Casinos	Ticket Lottery	Video Lottery	RG	Other	4th Quarter	Year to date
Revenues	\$ 18,349	\$ 55,399	\$ 34,175	\$ -	\$ 7	\$ 107,930	\$ 431,691	\$ 17,350	\$ 56,307	\$ 33,400	\$ -	\$ 7	\$ 107,064	\$ 441,071
Expenses	15,670	42,443	10,017	495	1,569	70,194	288,274	14,646	45,361	16,679	369	1159	78,214	300,489
Net profit	2,679	12,956	24,158	(495)	(1,562)	37,736	143,417	2,704	10,946	16,721	(369)	(1,152)	28,850	140,582
Contributions	-	-	-	(1,185)	(1,573)	(2,758)	(12,609)	-	-	-	(1,156)	(1,591)	(2,747)	(13,056)
Net Income	2,679	12,956	24,158	(1,680)	(3,135)	34,978	130,808	2,704	10,946	16,721	(1,525)	(2,743)	26,103	127,526
Win Tax	3,285	-	-	-	-	3,285	13,770	3,135	-	-	-	-	3,135	13,933
Payment to Province	\$ 5,964	\$ 12,956	\$ 24,158	\$ (1,680)	\$ (3,135)	\$ 38,263	\$ 144,578	\$ 5,839	\$ 10,946	\$ 16,721	\$ (1,525)	\$ (2,743)	\$ 29,238	\$ 141,459

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the fourth quarter ended March 31 (unaudited)
(in thousands)

	2017		2016	
	4th Quarter	Year to date	4th Quarter	Year to date
Casino Capital Replacement Reserve				
Balance, beginning of period	\$ 17,865	\$ 14,294	\$ 16,208	\$ 12,638
Change in reserve	(1,889)	1,680	(1,914)	1,657
Balance, end of period	15,976	15,974	14,294	14,295
Retained Deficit				
Balance, beginning of period	3,122	(457)	(2,907)	(6,480)
Net and comprehensive income	38,263	144,578	29,238	141,459
Payment to Province	(38,263)	(144,578)	(29,238)	(141,459)
Change in investment in Atlantic Lottery Corporation	4,224	7,803	2,450	6,023
Balance, end of period	7,346	7,346	(457)	(457)
Equity, end of period	\$ 23,322	\$ 23,320	\$ 13,837	\$ 13,838



CONSOLIDATED STATEMENT OF CASH FLOWS

For the fourth quarter ended
March 31 (unaudited)
(in thousands)

	<u>2017</u>	<u>2016</u>
Operating		
Net Income	\$ 38,263	\$ 29,238
Allocation of income to Province	(38,263)	(29,238)
Depreciation	5,215	9,407
Loss on disposal of capital assets	5	53
Net transfers of property, plant and equipment	(100)	(5,887)
Net changes in non-cash working capital	<u>(10,091)</u>	<u>(18,062)</u>
	<u>(4,971)</u>	<u>(14,489)</u>
Financing		
Decrease in obligation to Atlantic Gaming Equipment Limited	<u>(1,553)</u>	<u>(5,211)</u>
Investing		
Purchases of capital assets, net additions	(1,830)	3,951
Change in investment of Atlantic Lottery Corporation	823	4,549
Increase in Casino Capital Replacement Reserve, net of cash	<u>(1,834)</u>	<u>(2,783)</u>
	<u>(2,841)</u>	<u>5,717</u>
Net decrease in cash & cash equivalents	(9,365)	(13,983)
Cash & cash equivalents, beginning of quarter	<u>15,129</u>	<u>19,210</u>
Cash & cash equivalents, end of quarter	<u>\$ 5,764</u>	<u>\$ 5,227</u>

