



QUARTERLY REPORT


For the first quarter ended June 30, 2017




OPERATIONAL HIGHLIGHTS


 Casino Nova Scotia started renovations to the Halifax casino to include new carpet, bar/buffet, and off-track betting. This is scheduled to be complete in the fall of 2017.


 There was one \$1.0 million Atlantic 49 and one Set for Life Grand Prize winner from Nova Scotia in the quarter.


 There were four Lotto Max \$50+ million plus MAXMILLION draws and a new Scratch'N Win ticket "Mucho Donair-o" launched.

 The Responsible Gambling Resource Centres distributed nearly 1,000 pieces of responsible gambling information.

COMMUNITY HIGHLIGHTS

 *Support4Sport* provided \$1.0 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 \$0.2 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, helping raise more than \$50,000 for organizations across the province.

\$36.8 million was paid to the Province in the first quarter.

This is \$4.6 million higher than the same quarter last year due to higher profits in all lines of business.

Overall, revenue is higher than in the same quarter last year due to an increase in Scratch'N Win and casino promotions.

Contributions and expenditures for responsible gambling and prevention programming initiatives totalled \$0.8 million.



CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
As at June 30 (unaudited)
(in thousands)

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 8,611	\$ 9,919
Cash – restricted	5,015	4,803
Trade and other receivables	2,030	2,456
Prepaid expenses	6,997	6,967
Inventories	2,936	1,843
	<u>25,589</u>	<u>25,988</u>
Non-current assets		
Property, plant and equipment	77,760	83,855
Cash – casino capital replacement reserve	10,779	9,986
Disputed HST assessments	55,550	47,736
Investment in Atlantic Lottery Corporation	11,340	2,920
Investment in Interprovincial Lottery Corporation	1	1
	<u>155,430</u>	<u>144,498</u>
	<u>\$ 181,019</u>	<u>\$ 170,486</u>

LIABILITIES and EQUITY

Current liabilities		
Bank indebtedness	\$ 98	\$ 395
Trade and other payables	21,310	20,374
Deferred revenue	805	1,231
Liabilities for unclaimed prizes	5,015	4,803
Due to Atlantic Gaming Equipment Limited	1,714	3,290
Other liabilities	1,038	925
Due to Province of Nova Scotia	102,428	96,742
	<u>132,408</u>	<u>127,760</u>
Non-current liabilities		
Due to Atlantic Gaming Equipment Limited	22,559	26,242
Other long term liabilities - asset retirement obligation	255	290
	<u>22,814</u>	<u>26,532</u>

EQUITY

Casino capital replacement reserve	17,258	15,457
Retained earnings	8,539	737
	<u>25,797</u>	<u>16,194</u>
	<u>\$ 181,019</u>	<u>\$ 170,486</u>



CONSOLIDATED STATEMENT OF NET AND COMPREHENSIVE INCOME

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

	2017							2016						
	LOTTERIES		CASINOS		RG	OTHER	TOTAL	LOTTERIES		CASINOS		RG	OTHER	TOTAL
	Ticket Lottery	Video Lottery	HFX	SYD			1st Quarter and Year to date	Ticket Lottery	Video Lottery	HFX	SYD			1st Quarter and Year to date
Revenues	\$ 53,700	\$ 35,232	\$ 15,766	\$ 5,396	\$ -	\$ -	\$ 110,094	\$ 51,671	\$ 34,254	\$ 14,252	\$ 4,694	\$ -	\$ -	\$ 104,871
Expenses	<u>41,842</u>	<u>13,125</u>	<u>13,079</u>	<u>4,347</u>	<u>185</u>	<u>2,490</u>	<u>75,068</u>	<u>40,902</u>	<u>14,878</u>	<u>11,846</u>	<u>3,746</u>	<u>162</u>	<u>1,172</u>	<u>72,706</u>
Net Income before Contributions	11,858	22,107	2,687	1,049	(185)	(2,490)	35,026	10,769	19,376	2,406	948	(162)	(1,172)	32,165
Contributions to Community Programs	-	-	-	-	<u>569</u>	<u>1,505</u>	<u>2,074</u>	-	-	-	-	<u>1,864</u>	<u>1,542</u>	<u>3,406</u>
Net Income	11,858	22,107	2,687	1,049	(754)	(3,995)	32,952	10,769	19,376	2,406	948	(2,026)	(2,714)	28,759
Win Tax	-	-	<u>2,833</u>	<u>975</u>	-	-	<u>3,808</u>	-	-	<u>2,600</u>	<u>857</u>	-	-	<u>3,457</u>
Payment to Province	\$ <u>11,858</u>	\$ <u>22,107</u>	\$ <u>5,520</u>	\$ <u>2,024</u>	\$ <u>(754)</u>	\$ <u>(3,995)</u>	\$ <u>36,760</u>	\$ <u>10,769</u>	\$ <u>19,376</u>	\$ <u>5,006</u>	\$ <u>1,805</u>	\$ <u>(2,026)</u>	\$ <u>(2,714)</u>	\$ <u>32,216</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	2017	2016
	First Quarter & Year to date	First Quarter & Year to date
Casino Capital Replacement Reserve		
Casino capital replacement reserve balance, beginning of period	\$ 15,975	\$ 14,294
Change in reserve	<u>1,283</u>	<u>1,163</u>
Casino capital replacement reserve, end of period	<u>17,258</u>	<u>15,457</u>
Retained Earnings (Deficit)		
Retained earnings (deficit) balance, beginning of period	7,346	(457)
Net and comprehensive income	36,760	32,216
Change in investment in Atlantic Lottery Corporation Inc.	1,193	1,194
Payment to province	<u>(36,760)</u>	<u>(32,216)</u>
Retained earnings balance, end of period	<u>8,539</u>	<u>737</u>
Equity, end of period	\$ <u>25,797</u>	\$ <u>16,194</u>



CONSOLIDATED STATEMENT OF CASH FLOWS

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

	<u>2017</u>	<u>2016</u>
Operating		
Net and comprehensive income	\$ 36,760	\$ 29,238
Allocation of income to Province	(36,760)	(29,238)
Depreciation	2,178	5,215
Loss on disposal of capital assets	-	53
Net transfers of property, plant and equipment	22	(5,887)
Net changes in non-cash working capital	<u>(1,354)</u>	<u>5,469</u>
	<u>846</u>	<u>4,850</u>
Financing		
Decrease in obligation to Atlantic Gaming Equipment Limited	<u>(1,437)</u>	<u>(1,826)</u>
Investing		
Purchases of capital assets, net additions	(761)	3,951
Change in investment of Atlantic Lottery Corporation	245	(2,559)
Increase in Casino Capital Replacement Reserve, net of cash	<u>1,052</u>	<u>1,569</u>
	<u>536</u>	<u>2,961</u>
Net (decrease) increase in cash & cash equivalents	(55)	5,985
Cash & cash equivalents, beginning of quarter	<u>8,568</u>	<u>5,227</u>
Cash & cash equivalents, end of quarter	<u>\$ 8,513</u>	<u>\$ 11,212</u>

