



QUARTERLY REPORT


For the second quarter ended September 30, 2017




OPERATIONAL HIGHLIGHTS


 Casino Nova Scotia completed renovations to the Halifax casino to introduce a new bar, buffet, entertainment lounge, off-track betting and relocated poker room.


 There were two Set for Life Grand Prize winners and two major Keno winners from Nova Scotia in the quarter.


 New lottery games were launched as part of a technology upgrade that included a national game (Daily Grand) and online games at alc.ca.

 The Responsible Gambling Resource Centres distributed nearly 900 pieces of responsible gambling information.

COMMUNITY HIGHLIGHTS

 *Support4Sport* provided \$0.9 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 \$0.5 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 \$30,000 for organizations across the province.

\$37.3 million was paid to the Province in the second quarter.

This is \$3.6 million higher than the same quarter last year primarily due to higher profits in Video Lottery and Casinos.

Overall, revenue from gaming is higher than the same quarter last year due to an increase in video lottery revenue and as a result of casino promotions.

Contributions and expenditures for responsible gambling and prevention programming initiatives totalled \$0.7 million.



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

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 12,633	\$ 11,552
Cash – restricted	4,945	5,575
Trade and other receivables	2,104	2,262
Prepaid expenses	5,130	7,605
Inventories	2,424	1,817
	<u>27,236</u>	<u>28,811</u>
Non-current assets		
Property, plant and equipment	79,063	82,981
Cash – casino capital replacement reserve	8,954	10,894
Disputed HST assessments	57,595	49,672
Investment in Atlantic Lottery Corporation	12,099	3,003
Investment in Interprovincial Lottery Corporation	1	1
	<u>157,712</u>	<u>146,551</u>
	<u>\$ 184,948</u>	<u>\$ 175,362</u>

LIABILITIES and EQUITY

Current liabilities		
Bank indebtedness	\$ 118	\$ 319
Trade and other payables	22,983	23,105
Deferred revenue	638	788
Liabilities for unclaimed prizes	4,945	5,575
Due to Atlantic Gaming Equipment Limited	3,434	5,285
Other liabilities	1,175	1,073
Due to Province of Nova Scotia	103,766	96,782
	<u>137,059</u>	<u>132,927</u>
Non-current liabilities		
Due to Atlantic Gaming Equipment Limited	19,203	23,467
Other long term liabilities - asset retirement obligation	255	316
	<u>19,458</u>	<u>23,783</u>

EQUITY

Casino capital replacement reserve	18,700	16,736
Retained earnings	9,731	1,916
	<u>28,431</u>	<u>18,652</u>
	<u>\$ 184,948</u>	<u>\$ 175,362</u>



CONSOLIDATED STATEMENT OF NET AND COMPREHENSIVE INCOME

For the second quarter ended September 30 (unaudited)
(in thousands)

	2017							2016						
	Casinos	Ticket Lottery	Video Lottery	RG	Other	2nd Quarter	Year to date	Casinos	Ticket Lottery	Video Lottery	RG	Other	2nd Quarter	Year to date
Revenues	\$ 23,614	\$ 51,633	\$ 34,601	\$ -	\$ -	\$ 109,848	\$ 219,942	\$ 20,878	\$ 54,542	\$ 33,099	\$ -	\$ -	\$ 108,519	\$ 213,390
Expenses	19,579	40,710	11,511	219	825	72,844	147,912	17,309	43,257	13,056	355	921	74,898	147,604
Net profit	4,035	10,923	23,090	(219)	(825)	37,004	72,030	3,569	11,285	20,043	(355)	(921)	33,621	65,786
Contributions	-	-	-	(448)	(3,517)	(3,965)	(6,039)	-	-	-	(1,037)	(2,651)	(3,688)	(7,094)
Net Income	4,035	10,923	23,090	(667)	(4,342)	33,039	65,991	3,569	11,285	20,043	(1,392)	(3,572)	29,933	58,692
Win Tax	4,263	-	-	-	-	4,263	8,071	3,771	-	-	-	-	3,771	7,228
Payment to Province	\$ 8,298	\$ 10,923	\$ 23,090	\$ (667)	\$ (4,342)	\$ 37,302	\$ 74,062	\$ 7,340	\$ 11,285	\$ 20,043	\$ (1,392)	\$ (3,572)	\$ 33,704	\$ 65,920

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the second quarter ended September 30 (unaudited)
(in thousands)

	2017		2016	
	2nd Quarter	Year to date	2nd Quarter	Year to date
Casino Capital Replacement Reserve				
Casino Capital Replacement Reserve, beginning of period	\$ 17,258	\$ 15,975	\$ 15,457	\$ 14,294
Change in reserve	1,442	2,725	1,279	2,442
Casino Capital Replacement Reserve, end of period	18,700	18,700	16,736	16,736
Retained Earnings (deficit)				
Retained earnings (deficit), beginning of period	8,539	7,346	737	(457)
Net and comprehensive income	37,302	74,062	33,704	65,920
Change in investment in Atlantic Lottery Corporation	1,192	2,385	1,179	2,373
Payment to Province	(37,302)	(74,062)	(33,704)	(65,920)
Retained earnings, end of period	9,731	9,731	1,916	1,916
Equity, end of period	\$ 28,431	\$ 28,431	\$ 18,652	\$ 18,652



CONSOLIDATED STATEMENT OF CASH FLOWS

For the second quarter ended
September 30 (unaudited)
(in thousands)

	<u>2017</u>	<u>2016</u>
Operating		
Net and comprehensive income	\$ 37,302	\$ 33,704
Allocation of income to Province	(37,302)	(33,704)
Depreciation	2,194	2,488
Loss on disposal of capital assets	-	6
Net transfers of property, plant and equipment	(95)	(1,227)
Net changes in non-cash working capital	3,241	122
	<u>5,340</u>	<u>1,389</u>
Financing		
Decrease in obligation to Atlantic Gaming Equipment Limited	(1,636)	(754)
Investing		
Purchases of capital assets, net additions	(3,402)	(393)
Change in investment of Atlantic Lottery Corporation	433	1,096
Increase in Casino Capital Replacement Reserve, net of cash	3,267	371
	<u>298</u>	<u>1,074</u>
Net increase in cash & cash equivalents	4,002	1,709
Cash & cash equivalents, beginning of quarter	<u>8,513</u>	<u>9,524</u>
Cash & cash equivalents, end of quarter	<u>\$ 12,515</u>	<u>\$ 11,233</u>

