

QUARTERLY REPORT

For the third quarter ended December 31, 2017



OPERATIONAL HIGHLIGHTS



Casino Nova Scotia introduced a Festive Feast Buffet for the holidays at both locations, and welcomed Tom Cochrane for two shows on New Year's Eve at the Halifax casino.



There were two Set for Life Grand Prize winners, an Atlantic 49 \$1 million winner, and three major Lotto 649 winners from Nova Scotia in the quarter.



New Scratch'N Win games were launched including a \$20 Mega Holiday Pack, and a \$10 national ticket "Holiday Diamonds".



A new video lottery game, "Sugar Sugar" was launched.

COMMUNITY HIGHLIGHTS



Responsible Gambling Awareness Week 2017 occurred October 1-7. The week aimed to engage and inform adults at bingo, casino and video lottery sites with interactive displays, games and prizes on gambling responsibly.



NSPLCC supported three Monte Carlo nights as part of the *Support4Communities* Casino Nights Program, helping raise more than \$12,500 for organizations in the province.



The Responsible Gambling Resource Centres distributed nearly 800 pieces of responsible gambling information.

\$37.0 million was paid to the Province in the third quarter.

This is \$3.4 million lower than the same quarter last year primarily due to lower profits in Ticket and Video Lottery products, and higher *Support4Culture* contributions.

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

Contributions and expenditures for responsible gambling and prevention programming initiatives totalled \$3.6 million.



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

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 16,644	\$ 15,546
Cash – restricted	5,495	5,384
Trade and other receivables	1,087	1,522
Prepaid expenses	5,314	5,858
Inventories	2,772	1,816
	<u>31,312</u>	<u>30,126</u>
Non-current assets		
Property, plant and equipment	80,634	82,489
Cash – casino capital replacement reserve	6,517	10,604
Disputed HST assessments	59,627	51,607
Investment in Atlantic Lottery Corporation	14,175	7,158
Investment in Interprovincial Lottery Corporation	1	1
	<u>160,954</u>	<u>151,859</u>
	<u>\$ 192,266</u>	<u>\$ 181,985</u>

LIABILITIES and EQUITY

Current liabilities		
Bank indebtedness	\$ 84	\$ 417
Trade and other payables	26,527	25,178
Deferred revenue	736	632
Liabilities for unclaimed prizes	5,495	5,384
Due to Atlantic Gaming Equipment Limited	5,159	7,322
Other liabilities	1,291	1,025
Due to Province of Nova Scotia	105,958	100,844
	<u>145,250</u>	<u>140,802</u>
Non-current liabilities		
Due to Atlantic Gaming Equipment Limited	15,809	19,895
Other long term liabilities - asset retirement obligation	254	301
	<u>16,063</u>	<u>20,196</u>

EQUITY

Casino capital replacement reserve	20,028	17,865
Retained earnings	10,925	3,122
	<u>30,953</u>	<u>20,987</u>
	<u>\$ 192,266</u>	<u>\$ 181,985</u>



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

	2017							2016						
	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	\$ 21,507	\$ 61,952	\$ 33,940	\$ -	\$ -	\$ 117,399	\$ 337,341	\$ 18,358	\$ 57,625	\$ 34,388	\$ -	\$ -	\$ 110,371	\$ 323,761
Expenses	18,016	49,142	10,502	444	754	78,858	226,770	15,280	43,249	10,388	232	1,327	70,476	218,080
Net profit	3,491	12,810	23,438	(444)	(754)	38,541	110,571	3,078	14,376	24,000	(232)	(1,327)	39,895	105,681
Contributions	-	-	-	(3,132)	(2,269)	(5,401)	(11,440)	-	-	-	(1,229)	(1,528)	(2,757)	(9,851)
Net Income	3,491	12,810	23,438	(3,576)	(3,023)	33,140	99,131	3,078	14,376	24,000	(1,461)	(2,855)	37,138	95,830
Win Tax	3,816	-	-	-	-	3,816	11,887	3,257	-	-	-	-	3,257	10,485
Payment to Province	\$ 7,307	\$ 12,810	\$ 23,438	\$ (3,576)	\$ (3,023)	\$ 36,956	\$ 111,018	\$ 6,335	\$ 14,376	\$ 24,000	\$ (1,461)	\$ (2,855)	\$ 40,395	\$ 106,315

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

	2017		2016	
	3rd Quarter	Year to date	3rd Quarter	Year to date
Casino Capital Replacement Reserve				
Casino Capital Replacement Reserve, beginning of period	\$ 18,700	\$ 15,975	\$ 16,736	\$ 14,294
Change in reserve	1,328	4,053	1,129	3,570
Casino Capital Replacement Reserve, end of period	20,028	20,028	17,865	17,864
Retained Earnings (deficit)				
Retained earnings (deficit), beginning of period	9,731	7,346	1,916	(457)
Net and comprehensive income	36,956	111,018	40,395	106,315
Change in investment in Atlantic Lottery Corporation	1,194	3,579	1,206	3,579
Payment to Province	(36,956)	(111,018)	(40,395)	(106,315)
Retained earnings, end of period	10,925	10,925	3,122	3,122
Equity, end of period	\$ 30,953	\$ 30,953	\$ 20,987	\$ 20,986



CONSOLIDATED STATEMENT OF CASH FLOWS

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

	<u>2017</u>	<u>2016</u>
Operating		
Net and comprehensive income	\$ 36,956	\$ 40,395
Allocation of income to Province	(36,956)	(40,395)
Depreciation	2,208	2,190
Loss on disposal of capital assets	-	6
Net transfers of property, plant and equipment	(74)	(56)
Net changes in non-cash working capital	4,403	6,484
	<u>6,537</u>	<u>8,624</u>
Financing		
Decrease in obligation to Atlantic Gaming Equipment Limited	<u>(1,670)</u>	<u>(1,550)</u>
Investing		
Purchases of capital assets, net additions	(3,705)	(1,648)
Change in investment of Atlantic Lottery Corporation	(882)	(2,949)
Increase in Casino Capital Replacement Reserve, net of cash	3,765	1,419
	<u>(822)</u>	<u>(3,178)</u>
Net increase in cash & cash equivalents	4,045	3,896
Cash & cash equivalents, beginning of quarter	<u>12,515</u>	<u>11,233</u>
Cash & cash equivalents, end of quarter	<u>\$ 16,560</u>	<u>\$ 15,129</u>

