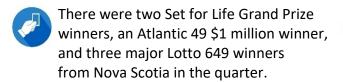


QUARTERLY REPORT

For the third quarter ended December 31, 2017

OPERATIONAL HIGHLIGHTS





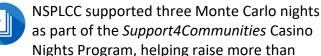
New Scratch'N Win games were launched including a \$20 Mega Holiday Pack, and a \$10 national ticket "Holiday Diamonds".

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.



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)

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ASSETS	<u>2017</u>	<u>2016</u>
Current assets Cash and cash equivalents Cash – restricted Trade and other receivables Prepaid expenses Inventories	\$ 16,644 5,495 1,087 5,314 2,772 31,312	\$ 15,546 5,384 1,522 5,858 1,816 30,126
Non-current assets Property, plant and equipment Cash – casino capital replacement reserve Disputed HST assessments Investment in Atlantic Lottery Corporation Investment in Interprovincial Lottery Corporation	80,634 6,517 59,627 14,175 1 160,954	82,489 10,604 51,607 7,158 1 151,859
LIABILITIES and EQUITY		
Current liabilities Bank indebtedness Trade and other payables Deferred revenue Liabilities for unclaimed prizes Due to Atlantic Gaming Equipment Limited Other liabilities Due to Province of Nova Scotia	\$ 84 26,527 736 5,495 5,159 1,291 105,958 145,250	\$ 417 25,178 632 5,384 7,322 1,025 100,844 140,802
Non-current liabilities Due to Atlantic Gaming Equipment Limited Other long term liabilities - asset retirement obligation EOUITY	15,809 254 16,063	19,895 301 20,196
Casino capital replacement reserve Retained earnings	20,028 10,925 30,953	17,865 3,122 20,987
	\$ <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	\$	\$ 12,810	\$ 23,438	\$ <u>(3,576)</u>	\$ <u>(3,023)</u>	\$36,956_	\$ <u>111,018</u>	\$6,335	\$ <u>14,376</u>	\$_24,000	\$ <u>(1,461)</u>	\$ <u>(2,855)</u>	\$ 40,395	\$ <u>106,315</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	20	017	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>20</u> ′	<u>17</u>	<u>2016</u>
Operating			
Net and comprehensive income	\$ 36,95	6 \$	40,395
Allocation of income to Province	(36,95	6)	(40,395)
Depreciation	2,20	8	2,190
Loss on disposal of capital assets		-	6
Net transfers of property, plant and equipment	(7	,	(56)
Net changes in non-cash working capital	4,40		6,484
	6,53	<u> 7</u>	8,624
Financing Decrease in obligation to			
Atlantic Gaming Equipment Limited	(1,67	0)	(1,550)
Adantic Gaming Equipment Elimited	(1,07	<u> </u>	(1,000)
Investing			
Purchases of capital assets, net additions	(3,70	5)	(1,648)
Change in investment of Atlantic Lottery Corporation	(88	•	(2,949)
Increase in Casino Capital Replacement Reserve, net of cash	3,76	<u>5</u>	1,419
	(82	2)	(3,178)
Not increase in each 8 each equivalents	4,04	5	3,896
Net increase in cash & cash equivalents	4,04	5	3,090
Cash & cash equivalents, beginning of quarter	12,51	5	11,233
Cash & cash equivalents, end of quarter	\$ <u>16,56</u>	<u>0 \$ </u>	15,129

