






QUARTERLY REPORT


For the fourth quarter ended March 31, 2018

OPERATIONAL HIGHLIGHTS


 Casino Nova Scotia introduced new technology that allowed patrons to use their Player's Club card at both casinos and download offers at gaming terminals.


 Atlantic Lottery launched new ticket lottery games Poker Lotto and Lotto 4, and Scratch'N Win games "Cash Explosion" and "Dream Makeover".


 Nova Scotians won prizes of \$1 million on a Scratch'N Win ticket and a \$1 million guaranteed prize on Lotto 6/49.


 Atlantic Lottery introduced content on video lottery terminals with older, favourite games during specific days and hours.

COMMUNITY HIGHLIGHTS

 The Responsible Gambling Resource Centres saw a 33% increase in visitors compared to the same quarter last year, and translated new brochures into four languages for players.

 *Support4Sport* provided \$0.9 million in dedicated profits for amateur sports in Nova Scotia. The fund helps to develop community and provincial sport programs.

 *Support4Culture* provided \$3.2 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 \$14,500 for organizations in Nova Scotia.

\$35.9 million was paid to the Province in the fourth quarter.

This is \$2.4 million lower than the same quarter last year primarily due to increased expenses from new lottery technology.

Overall, revenue from gaming is higher than the same quarter last year due to increased Scratch'N Win sales and casino promotions and marketing.

Contributions and expenditures for responsible gambling and prevention programming initiatives totaled \$1.6 million.



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

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets		
Cash and cash equivalents	\$ 7,041	\$ 6,130
Cash – restricted	5,297	5,290
Trade and other receivables	1,304	1,491
Prepaid expenses	4,754	6,537
Inventories	2,048	2,260
	<u>20,444</u>	<u>21,708</u>
 Non-current assets		
Property, plant and equipment	75,664	79,198
Cash – casino capital replacement reserve	6,522	10,548
Disputed HST assessments	61,483	53,473
Investment in Atlantic Lottery Corporation	13,990	10,559
Investment in Interprovincial Lottery Corporation	1	1
	<u>157,660</u>	<u>153,779</u>
	<u>\$ 178,104</u>	<u>\$ 175,487</u>

LIABILITIES and EQUITY

Current liabilities		
Bank indebtedness	\$ 115	\$ 365
Trade and other payables	17,889	17,528
Deferred revenue	589	754
Liabilities for unclaimed prizes	5,297	5,290
Due to Atlantic Gaming Equipment Limited	6,970	6,885
Other liabilities	1,274	1,098
Due to Province of Nova Scotia	104,648	101,166
	<u>136,782</u>	<u>133,086</u>
 Non-current liabilities		
Due to Atlantic Gaming Equipment Limited	12,376	18,826
Other long term liabilities - asset retirement obligation	253	254
	<u>12,629</u>	<u>19,080</u>

EQUITY

Casino capital replacement reserve	16,723	15,975
Retained earnings	11,970	7,346
	<u>28,693</u>	<u>23,321</u>
	<u>\$ 178,104</u>	<u>\$ 175,487</u>



CONSOLIDATED STATEMENT OF NET AND COMPREHENSIVE INCOME

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

	2018							2017						
	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	\$ 19,838	\$ 57,176	\$ 33,199	\$ -	\$ 14	\$ 110,227	\$ 447,568	\$ 18,349	\$ 55,399	\$ 34,175	\$ -	\$ 7	\$ 107,930	\$ 431,691
Expenses	17,019	46,129	10,491	393	654	74,686	301,456	15,670	42,443	10,017	495	1,569	70,194	288,274
Net profit	2,819	11,047	22,708	(393)	(640)	35,541	146,112	2,679	12,956	24,158	(495)	(1,562)	37,736	143,417
Contributions	-	-	-	(1,205)	(2,009)	(3,214)	(14,654)	-	-	-	(1,185)	(1,573)	(2,758)	(12,609)
Net Income	2,819	11,047	22,708	(1,598)	(2,649)	32,327	131,458	2,679	12,956	24,158	(1,680)	(3,135)	34,978	130,808
Win Tax	3,556	-	-	-	-	3,556	15,443	3,285	-	-	-	-	3,285	13,770
Payment to Province	\$ 6,375	\$ 11,047	\$ 22,708	\$ (1,598)	\$ (2,649)	\$ 35,883	\$ 146,901	\$ 5,964	\$ 12,956	\$ 24,158	\$ (1,680)	\$ (3,135)	\$ 38,263	\$ 144,578

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	2018		2017	
	4th Quarter	Year to date	4th Quarter	Year to date
Casino Capital Replacement Reserve				
Casino Capital Replacement Reserve, beginning of period	\$ 20,028	\$ 15,975	\$ 17,865	\$ 14,294
Change in reserve	(3,305)	748	(1,890)	1,681
Casino Capital Replacement Reserve, end of period	16,723	16,723	15,975	15,975
Retained Earnings (deficit)				
Retained earnings (deficit), beginning of period	10,925	7,346	3,122	(457)
Net and comprehensive income	35,883	146,901	38,263	144,578
Change in investment in Atlantic Lottery Corporation	1,045	4,624	4,224	7,803
Payment to Province	(35,883)	(146,901)	(38,263)	(144,578)
Retained earnings, end of period	11,970	11,970	7,346	7,346
Equity, end of period	\$ 28,693	\$ 28,693	\$ 23,321	\$ 23,321



CONSOLIDATED STATEMENT OF CASH FLOWS

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

	<u>2018</u>	<u>2017</u>
Operating		
Net and comprehensive income	\$ 35,883	\$ 38,263
Allocation of income to Province	(35,883)	(38,263)
Depreciation	6,278	5,215
Loss on disposal of capital assets	13	6
Net transfers of property, plant and equipment	(124)	(100)
Net changes in non-cash working capital	<u>(10,901)</u>	<u>(10,091)</u>
	<u>(4,734)</u>	<u>(4,970)</u>
Financing		
Decrease in obligation to Atlantic Gaming Equipment Limited	<u>(1,623)</u>	<u>(1,553)</u>
Investing		
Purchases of capital assets, net additions	(1,197)	(1,830)
Change in investment of Atlantic Lottery Corporation	1,230	823
Decrease in Casino Capital Replacement Reserve, net of cash	<u>(3,310)</u>	<u>(1,834)</u>
	<u>(3,277)</u>	<u>(2,841)</u>
Net decrease in cash & cash equivalents	(9,634)	(9,364)
Cash & cash equivalents, beginning of quarter	<u>16,560</u>	<u>15,129</u>
Cash & cash equivalents, end of quarter	<u>\$ 6,926</u>	<u>\$ 5,765</u>

