

Consolidated Statement of Financial Position
As at September 30
(\$000s, unaudited)

	2018	2017
ASSETS		
Current Assets		
Cash	\$ 36,672	\$ 33,388
Trade and other receivables	54,534	53,205
Inventories	56,777	53,629
Prepayments	7,916	9,320
	<u>155,899</u>	<u>149,542</u>
Property and Equipment, and Intangible Assets		
	<u>394,528</u>	<u>402,906</u>
	<u>\$ 550,427</u>	<u>\$ 552,448</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	\$ 127,942	\$ 110,589
Payable to the Province of Manitoba	59,676	62,565
Current portion of long-term debt	54,766	51,875
	<u>242,384</u>	<u>225,029</u>
Long-term debt	303,043	322,419
Equity	<u>5,000</u>	<u>5,000</u>
	<u>\$ 550,427</u>	<u>\$ 552,448</u>

Consolidated Statement of Cash Flows
For the six months ended September 30
(\$000s, unaudited)

	2018	2017
Operating Activities		
Net income and comprehensive income	\$ 324,676	\$ 327,565
Add (deduct) items not involving cash:		
Depreciation and amortization	26,159	24,962
Depreciation on assets related to Conduct and Management agreements	2,132	2,519
Gain on disposal of property and equipment & assets held for sale	(36)	(5,898)
	<u>352,931</u>	<u>349,148</u>
Changes in non-cash working capital items:		
Trade and other receivables	(3,234)	(2,900)
Inventories	(8,769)	(2,029)
Prepayments	(3,567)	(4,130)
Trade and other payables	7,056	4,265
Cash provided by operating activities	<u>344,417</u>	<u>344,354</u>
Investing Activities		
Purchase of property and equipment, and intangible assets	(27,510)	(24,335)
Proceeds from disposal of property and equipment & assets held for sale	39	15,231
Cash used in investing activities	<u>(27,471)</u>	<u>(9,104)</u>
Financing Activities		
Cash distributions to the Province of Manitoba	(319,362)	(328,725)
Proceeds from long-term debt	25,290	20,000
Repayment of long-term debt	(28,323)	(26,305)
Cash used in financing activities	<u>(322,395)</u>	<u>(335,030)</u>
Net increase (decrease) in cash during the year	<u>(5,449)</u>	<u>220</u>
Cash, beginning of the year	<u>42,121</u>	<u>33,168</u>
Cash, end of the year	<u>\$ 36,672</u>	<u>\$ 33,388</u>

QUARTERLY FINANCIAL REPORT

MANITOBA
LIQUOR
& LOTTERIES



**For the six months ended
September 30, 2018**

For further information, contact:

Manitoba Liquor & Lotteries
830 Empress Street
Winnipeg, MB R3G 3H3

(204) 957-2500 www.mbl.ca
Toll free: 1-800-782-0363

Operational Highlights

Manitoba Liquor and Lotteries Corporation's consolidated net income and comprehensive income for the six months ended September 30, 2018 was \$324.7 million, a decrease of \$2.9 million from the same period last year. Consolidated income from operations was up from last year by \$2.9 million, but this increase was offset by a one-time gain of \$5.8 million on the disposal of the head office location in the prior year. There were increases of \$4.5 million in Lottery and \$0.1 million in Video Lotto; offset by decreases of \$1.1 million in Liquor Operations and \$0.6 million in Casinos.

Revenue, net of cost of sales, decreased \$8.4 million from the same period last year, \$5.8 million of which related to the one-time gain on disposal of the head office location, while the share of profit of Western Canada Lottery Corporation increased \$4.5 million. On the expenditure side, operating expenses remained consistent with the prior year; depreciation and amortization, GST expense and interest expense net of interest income increased \$0.7 million; and allocations and payments decreased \$1.7 million.

Consolidated Statement of Operations For the six months ended September 30 (\$000s, unaudited)

	2018					2017
	Casinos	Liquor Operations	Lottery	Video Lotto	Total	Total
Revenue						
Revenue	\$ 130,806	\$ 426,767	\$ 1,054	\$ 177,397	\$ 736,024	\$ 743,843
Cost of Sales	8,924	213,626	599	57,192	280,341	279,727
	121,882	213,141	455	120,205	455,683	464,116
Expenses						
Operating	59,554	53,232	3,193	7,183	123,162	123,174
Depreciation and amortization	12,807	3,318	-	10,034	26,159	24,962
Goods and Services Tax	453	-	14	884	1,351	1,353
	72,814	56,550	3,207	18,101	150,672	149,489
Operating Income	49,068	156,591	(2,752)	102,104	305,011	314,627
Share of profit of Western Canada Lottery Corporation	797	-	32,006	-	32,803	28,263
Interest expense on long-term debt	(3,905)	(339)	(56)	(1,385)	(5,685)	(5,965)
Interest income	242	114	17	254	627	460
Income before Allocations and Payments	46,202	156,366	29,215	100,973	332,756	337,385
Allocations and payments	2,070	4,166	418	1,426	8,080	9,820
Net Income and Total Comprehensive Income	44,132	152,200	28,797	99,547	324,676	327,565

Notes to the Consolidated Financial Statements

1. These interim consolidated financial statements should be read in conjunction with the Manitoba Liquor and Lotteries Corporation 2017-18 Annual Report.
2. These interim consolidated financial statements have been prepared following the same accounting policies that are disclosed in the Annual Report.