

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

	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 33,388	\$ 26,450
Trade and other receivables	53,205	51,503
Inventories	53,629	55,127
Prepayments	9,320	7,511
	<u>149,542</u>	<u>140,591</u>
<b>Property and Equipment, and Intangible Assets</b>		
	<u>402,906</u>	<u>400,596</u>
	<b><u>\$ 552,448</u></b>	<b><u>\$ 541,187</u></b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	\$ 110,589	\$ 100,261
Payable to the Province of Manitoba	62,565	68,278
Current portion of long-term debt	51,875	47,708
	<u>225,029</u>	<u>216,247</u>
<b>Long-term debt</b>	322,419	319,940
<b>Equity</b>	<u>5,000</u>	<u>5,000</u>
	<b><u>\$ 552,448</u></b>	<b><u>\$ 541,187</u></b>

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

	2017	2016
<b>Operating Activities</b>		
Net income and comprehensive income	\$ 327,565	\$ 300,607
Add (deduct) items not involving cash:		
Depreciation and amortization	24,962	24,431
Depreciation on assets related to Conduct and Management agreements	2,519	2,295
Gain on disposal of property and equipment	(5,898)	(113)
	<u>349,148</u>	<u>327,220</u>
Net change in non-cash working capital items:		
Trade and other receivables	(2,900)	(5,581)
Inventories	(2,029)	(5,257)
Prepayments	(4,130)	(2,276)
Trade and other payables	4,265	(9,258)
<b>Cash provided by operating activities</b>	<b><u>344,354</u></b>	<b><u>304,848</u></b>
<b>Investing Activities</b>		
Purchase of property and equipment, and intangible assets	(24,335)	(26,959)
Proceeds from disposal of property and equipment	15,231	114
<b>Cash used in investing activities</b>	<b><u>(9,104)</u></b>	<b><u>(26,845)</u></b>
<b>Financing Activities</b>		
Cash distributions to the Province of Manitoba	(328,725)	(288,000)
Proceeds from long-term debt	20,000	22,800
Repayment of long-term debt	(26,305)	(24,406)
<b>Cash used in financing activities</b>	<b><u>(335,030)</u></b>	<b><u>(289,606)</u></b>
<b>Net increase (decrease) in cash during the year</b>	<b>220</b>	<b>(11,603)</b>
<b>Cash, beginning of the year</b>	<b><u>33,168</u></b>	<b><u>38,053</u></b>
<b>Cash, end of the year</b>	<b><u>\$ 33,388</u></b>	<b><u>\$ 26,450</u></b>

# QUARTERLY FINANCIAL REPORT

MANITOBA  
LIQUOR  
& LOTTERIES



**For the six months ended  
September 30, 2017**

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Alternate formats available on request.

## Operational Highlights

Manitoba Liquor and Lotteries Corporation's consolidated net income and comprehensive income for the six months ended September 30, 2017 was \$327.6 million, an increase of \$27.0 million from the same period last year. This change is due to increases of \$12.8 million in Casinos, \$7.6 million in Liquor Operations, and \$7.2 million in Video Lotto; offset by a decrease of \$0.6 million in Lottery.

Revenue, net of cost of sales, increased \$35.6 million from the same period last year while the share of profit of Western Canada Lottery Corporation decreased \$0.9 million. On the expenditure side, operating expenses increased \$3.5 million; depreciation and amortization, GST expense and interest expense net of interest income increased \$0.3 million; and allocations and payments increased \$3.9 million.

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

	2017					2016
	Casinos	Liquor Operations	Lottery	Video Lotto	Total	Total
<b>Revenue</b>						
Revenue	\$ 131,024	\$ 429,051	\$ 1,624	\$ 182,144	\$ 743,843	\$ 697,358
Cost of Sales	8,466	212,281	751	17,030	238,528	227,686
	<b>122,558</b>	<b>216,770</b>	<b>873</b>	<b>165,114</b>	<b>505,315</b>	<b>469,672</b>
<b>Expenses</b>						
Operating	58,103	53,167	3,264	8,640	123,174	119,644
Depreciation and amortization	11,436	3,251	-	10,275	24,962	24,431
Goods and Services Tax	405	-	5	943	1,353	1,619
	<b>69,944</b>	<b>56,418</b>	<b>3,269</b>	<b>19,858</b>	<b>149,489</b>	<b>145,694</b>
<b>Operating Income</b>	<b>52,614</b>	<b>160,352</b>	<b>(2,396)</b>	<b>145,256</b>	<b>355,826</b>	<b>323,978</b>
Share of profit of Western Canada Lottery Corporation	568	-	27,695	-	28,263	29,176
Interest expense on long-term debt	(3,951)	(333)	(65)	(1,616)	(5,965)	(5,863)
Interest income	197	33	4	226	460	456
<b>Income before Allocations and Payments</b>	<b>49,428</b>	<b>160,052</b>	<b>25,238</b>	<b>143,866</b>	<b>378,584</b>	<b>347,747</b>
Allocations and payments	4,015	4,040	371	42,593	51,019	47,140
<b>Net Income and Total Comprehensive Income</b>	<b>45,413</b>	<b>156,012</b>	<b>24,867</b>	<b>101,273</b>	<b>327,565</b>	<b>300,607</b>

#### Notes to the Consolidated Financial Statements

1. These interim consolidated financial statements should be read in conjunction with the Manitoba Liquor and Lotteries Corporation 2016-17 Annual Report.
2. These interim consolidated financial statements have been prepared following the same accounting policies that are disclosed in the Annual Report.