

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

	2018	2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 49,162	\$ 38,811
Trade and other receivables	60,979	71,808
Inventories	53,892	53,092
Prepayments	9,468	9,970
	<u>173,501</u>	<u>173,681</u>
<b>Property and Equipment, and Intangible Assets</b>	<u>385,769</u>	<u>399,477</u>
	<b><u>\$ 559,270</u></b>	<b><u>\$ 573,158</u></b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	\$ 122,008	\$ 116,210
Payable to the Province of Manitoba	60,840	74,502
Current portion of long-term debt	55,277	52,506
	<u>238,125</u>	<u>243,218</u>
<b>Long-term debt</b>	316,145	324,940
<b>Equity</b>	<u>5,000</u>	<u>5,000</u>
	<b><u>\$ 559,270</u></b>	<b><u>\$ 573,158</u></b>

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

	2018	2017
<b>Operating Activities</b>		
Net income and comprehensive income	\$ 162,478	\$ 167,777
Add (deduct) items not involving cash:		
Depreciation and amortization	13,090	12,478
Depreciation on assets related to Conduct and Management agreements	1,153	1,262
Gain on disposal of property and equipment & assets held for sale	-	(5,769)
	<u>176,721</u>	<u>175,748</u>
Changes in non-cash working capital items:		
Trade and other receivables	(9,679)	(21,503)
Inventories	(5,884)	(1,492)
Prepayments	(5,119)	(4,780)
Trade and other payables	1,122	9,886
<b>Cash provided by operating activities</b>	<b><u>157,161</u></b>	<b><u>157,859</u></b>
<b>Investing Activities</b>		
Purchase of property and equipment, and intangible assets	(4,700)	(7,113)
Proceeds from disposal of property and equipment & assets held for sale	-	15,050
<b>Cash provided by (used in) investing activities</b>	<b><u>(4,700)</u></b>	<b><u>7,937</u></b>
<b>Financing Activities</b>		
Cash distributions to the Province of Manitoba	(156,000)	(157,000)
Proceeds from long-term debt	25,000	10,000
Repayment of long-term debt	(14,420)	(13,153)
<b>Cash used in financing activities</b>	<b><u>(145,420)</u></b>	<b><u>(160,153)</u></b>
<b>Net increase in cash during the year</b>	<b>7,041</b>	<b>5,643</b>
<b>Cash, beginning of the year</b>	<b><u>42,121</u></b>	<b><u>33,168</u></b>
<b>Cash, end of the year</b>	<b><u>\$ 49,162</u></b>	<b><u>\$ 38,811</u></b>

# QUARTERLY FINANCIAL REPORT

MANITOBA  
**LIQUOR  
& LOTTERIES**



**For the three months ended  
June 30, 2018**

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## Operational Highlights

Manitoba Liquor and Lotteries Corporation's consolidated net income and comprehensive income for the three months ended June 30, 2018 was \$162.5 million, a decrease of \$5.3 million from the same period last year. Consolidated income from operations was up from last year by \$0.5 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 was an increase of \$3.7 million in Lottery; offset by decreases of \$1.4 million in Video Lotto, \$1.3 million in Casinos, and \$0.5 million in Liquor Operations.

Revenue, net of cost of sales, decreased \$8.5 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 \$4.0 million. On the expenditure side, operating expenses increased \$1.1 million; depreciation and amortization, GST expense and interest expense net of interest income increased \$0.6 million; and allocations and payments decreased \$0.9 million.

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

	2018					2017
	Casinos	Liquor Operations	Lottery	Video Lotto	Total	Total
<b>Revenue</b>						
Revenue	\$ 64,624	\$ 212,483	\$ 541	\$ 88,976	\$ 366,624	\$ 375,074
Cost of Sales	4,501	106,742	306	28,185	139,734	139,646
	<b>60,123</b>	<b>105,741</b>	<b>235</b>	<b>60,791</b>	<b>226,890</b>	<b>235,428</b>
<b>Expenses</b>						
Operating	29,402	26,714	1,646	3,402	61,164	60,087
Depreciation and amortization	6,424	1,649	-	5,017	13,090	12,478
Goods and Services Tax	203	-	10	451	664	640
	<b>36,029</b>	<b>28,363</b>	<b>1,656</b>	<b>8,870</b>	<b>74,918</b>	<b>73,205</b>
<b>Operating Income</b>	<b>24,094</b>	<b>77,378</b>	<b>(1,421)</b>	<b>51,921</b>	<b>151,972</b>	<b>162,223</b>
Share of profit of Western Canada Lottery Corporation	416	-	16,795	-	17,211	13,246
Interest expense on long-term debt	(1,976)	(172)	(28)	(706)	(2,882)	(2,980)
Interest income	107	33	5	111	256	228
<b>Income before Allocations and Payments</b>	<b>22,641</b>	<b>77,239</b>	<b>15,351</b>	<b>51,326</b>	<b>166,557</b>	<b>172,717</b>
Allocations and payments	1,042	2,102	219	716	4,079	4,940
<b>Net Income and Total Comprehensive Income</b>	<b>21,599</b>	<b>75,137</b>	<b>15,132</b>	<b>50,610</b>	<b>162,478</b>	<b>167,777</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 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.