

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

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

	2019	2018
ASSETS		
Current Assets		
Cash	\$ 56,584	\$ 49,162
Trade and other receivables	66,189	60,979
Inventories	51,692	53,892
Prepayments	2,324	9,468
	<u>176,789</u>	<u>173,501</u>
Property and Equipment, and Intangible Assets		
	<u>388,287</u>	<u>385,769</u>
	<u>\$ 565,076</u>	<u>\$ 559,270</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	\$ 109,329	\$ 116,679
Contract liabilities	5,372	5,329
Payable to the Province of Manitoba	60,283	60,840
Current portion of long-term debt	56,341	55,277
	<u>231,325</u>	<u>238,125</u>
Long-term debt	<u>328,751</u>	<u>316,145</u>
Equity	<u>5,000</u>	<u>5,000</u>
	<u>\$ 565,076</u>	<u>\$ 559,270</u>

	2019	2018
Operating Activities		
Net income and comprehensive income	\$ 165,208	\$ 162,478
Add items not involving cash:		
Depreciation and amortization	13,839	13,090
Depreciation on assets related to Conduct and Management agreements	979	1,153
	<u>180,026</u>	<u>176,721</u>
Trade and other receivables	(12,605)	(9,679)
Inventories	(2,056)	(5,884)
Prepayments	2,427	(5,119)
Trade and other payables	(9,143)	1,377
Contract liabilities	(2,314)	(255)
Cash provided by operating activities	<u>156,335</u>	<u>157,161</u>
Investing Activities		
Purchase of property and equipment, and intangible assets	(5,403)	(4,700)
Cash used in investing activities	<u>(5,403)</u>	<u>(4,700)</u>
Financing Activities		
Cash distributions to the Province of Manitoba	(155,000)	(156,000)
Proceeds from long-term debt	30,140	25,000
Repayment of long-term debt	(15,248)	(14,420)
Cash used in financing activities	<u>(140,108)</u>	<u>(145,420)</u>
Net increase in cash during the year	<u>10,824</u>	<u>7,041</u>
Cash, beginning of the year	<u>45,760</u>	<u>42,121</u>
Cash, end of the year	<u><u>\$ 56,584</u></u>	<u><u>\$ 49,162</u></u>

QUARTERLY FINANCIAL REPORT

MANITOBA
LIQUOR
& LOTTERIES



**For the three months ended
June 30, 2019**

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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, 2019 was \$165.2 million, an increase of \$2.7 million from the same period last year. There were increases of \$2.8 million in Video Lotto and \$2.4 million in Casinos; offset by decreases of \$3.2 million in Lottery and \$0.8 million in Liquor Operations. Cannabis Operations recorded net income of \$1.5 million.

Revenue, net of cost of sales, increased \$7.8 million from the same period last year, while the share of profit of Western Canada Lottery Corporation decreased \$3.3 million. On the expenditure side, operating expenses increased \$0.8 million; depreciation and amortization, GST expense and interest expense net of interest income increased \$1.0 million; and allocations and payments remained consistent with the prior year.

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

	2019						2018
	Cannabis Operations	Casinos	Liquor Operations	Lottery	Video Lotto	Total	Total
Revenue							
Revenue	\$ 10,764	\$ 68,049	\$ 212,495	\$ 577	\$ 92,824	\$ 384,709	\$ 366,236
Cost of Sales	8,939	4,959	106,460	294	29,335	149,987	139,346
	1,825	63,090	106,035	283	63,489	234,722	226,890
Expenses							
Operating	321	29,440	27,605	1,597	3,014	61,977	61,164
Depreciation and amortization	-	6,817	1,695	-	5,327	13,839	13,090
Goods and Services Tax	-	247	-	12	547	806	664
	321	36,504	29,300	1,609	8,888	76,622	74,918
Operating Income	1,504	26,586	76,735	(1,326)	54,601	158,100	151,972
Share of profit of Western Canada Lottery Corporation	-	418	-	13,440	-	13,858	17,211
Interest expense on long-term debt	-	(2,039)	(287)	(26)	(640)	(2,992)	(2,882)
Interest income	1	103	58	8	111	281	256
Income before Allocations and Payments	1,505	25,068	76,506	12,096	54,072	169,247	166,557
Allocations and payments	28	988	2,184	176	663	4,039	4,079
Net Income and Total Comprehensive Income	\$ 1,477	\$ 24,080	\$ 74,322	\$ 11,920	\$ 53,409	\$ 165,208	\$ 162,478

Notes to the Consolidated Financial Statements

1. These interim consolidated financial statements should be read in conjunction with the Manitoba Liquor and Lotteries Corporation 2018-19 Annual Report.
2. These interim consolidated financial statements have been prepared following the same accounting policies that are disclosed in the Annual Report.