

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

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

	2019	2018
ASSETS		
Current Assets		
Cash	\$ 37,318	\$ 36,672
Trade and other receivables	53,927	54,534
Inventories	59,123	56,777
Prepayments	7,851	7,916
	<u>158,219</u>	<u>155,899</u>
Property and Equipment, and Intangible Assets	<u>381,451</u>	<u>394,528</u>
	<u>\$ 539,670</u>	<u>\$ 550,427</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	\$ 113,613	\$ 119,569
Contract liabilities	7,006	8,373
Payable to the Province of Manitoba	43,876	59,676
Current portion of long-term debt	53,493	54,766
	<u>217,988</u>	<u>242,384</u>
Long-term debt	<u>316,682</u>	<u>303,043</u>
Equity	<u>5,000</u>	<u>5,000</u>
	<u>\$ 539,670</u>	<u>\$ 550,427</u>

Operating Activities

Net income and comprehensive income	\$ 329,876	\$ 324,676
Add (deduct) items not involving cash:		
Depreciation and amortization	27,970	26,159
Depreciation on assets related to Conduct and Management agreements	1,486	2,132
Loss (gain) on disposal of property and equipment	653	(36)
	<u>359,985</u>	<u>352,931</u>

Changes in non-cash working capital items:

Trade and other receivables	(343)	(3,234)
Inventories	(9,487)	(8,769)
Prepayments	(3,100)	(3,567)
Trade and other payables	(4,859)	4,267
Contract liabilities	(680)	2,789
Cash provided by operating activities	<u>341,516</u>	<u>344,417</u>

Investing Activities

Purchase of property and equipment, and intangible assets	(13,975)	(27,510)
Proceeds from disposal of property and equipment	117	39
Cash used in investing activities	<u>(13,858)</u>	<u>(27,471)</u>

Financing Activities

Cash distributions to the Province of Manitoba	(336,075)	(319,362)
Proceeds from long-term debt	30,140	25,290
Repayment of long-term debt	(30,165)	(28,323)
Cash used in financing activities	<u>(336,100)</u>	<u>(322,395)</u>

Net decrease in cash during the year	(8,442)	(5,449)
Cash, beginning of the year	<u>45,760</u>	<u>42,121</u>
Cash, end of the year	<u>\$ 37,318</u>	<u>\$ 36,672</u>

QUARTERLY FINANCIAL REPORT

MANITOBA
LIQUOR
& LOTTERIES



**For the six months ended
September 30, 2019**

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Operational Highlights

Manitoba Liquor and Lotteries Corporation's consolidated net income and comprehensive income for the six months ended September 30, 2019 was \$329.9 million, an increase of \$5.2 million from the same period last year. There were increases of \$4.6 million in Video Lotto and \$2.2 million in Casinos; offset by decreases of \$3.8 million in Lottery and \$0.9 million in Liquor Operations. Cannabis Operations recorded net income of \$3.1 million.

Revenue, net of cost of sales, increased \$11.6 million from the same period last year, while the share of profit of Western Canada Lottery Corporation decreased \$4.0 million. On the expenditure side, operating expenses increased \$0.5 million; depreciation and amortization, GST expense and interest expense net of interest income increased \$2.3 million; and allocations and payments decreased by \$0.4 million.

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

	2019					2018	
	Cannabis Operations	Casinos	Liquor Operations	Lottery	Video Lotto	Total	Total
Revenue							
Revenue	\$ 22,487	\$ 132,964	\$ 428,865	\$ 1,070	\$ 185,083	\$ 770,469	\$ 735,129
Cost of Sales	18,637	9,625	214,043	595	60,284	303,184	279,446
	3,850	123,339	214,822	475	124,799	467,285	455,683
Expenses							
Operating	642	58,110	55,581	3,076	6,310	123,719	123,162
Depreciation and amortization	-	13,467	3,529	-	10,974	27,970	26,159
Goods and Services Tax	-	536	-	21	1,011	1,568	1,351
	642	72,113	59,110	3,097	18,295	153,257	150,672
Operating Income	3,208	51,226	155,712	(2,622)	106,504	314,028	305,011
Share of profit of Western Canada Lottery Corporation	-	858	-	27,977	-	28,835	32,803
Interest expense on long-term debt	-	(4,026)	(566)	(52)	(1,249)	(5,893)	(5,685)
Interest income	2	208	123	16	227	576	627
Income before Allocations and Payments	3,210	48,266	155,269	25,319	105,482	337,546	332,756
Allocations and payments	95	1,947	3,989	354	1,285	7,670	8,080
Net Income and Total Comprehensive Income	\$ 3,115	\$ 46,319	\$ 151,280	\$ 24,965	\$ 104,197	\$ 329,876	\$ 324,676

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.