NOVA SCOTIA GAMING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2009

Management Responsibilities for Financial Reporting

These financial statements are the responsibility of the management of Nova Scotia Gaming Corporation (NSGC). They have been approved by its Board of Directors.

Management has prepared the financial statements in accordance with generally accepted accounting principles in Canada. The financial information contained in the Annual Report is consistent with the data presented in the financial statements.

The gaming activities of Nova Scotia Gaming Corporation are undertaken by operators acting on its behalf. These gaming activities are audited by independent auditors. The Corporation relies on the audit opinions of these independent auditors. The responsibility of the Auditor General of Nova Scotia is to express an independent opinion on whether the financial statements of Nova Scotia Gaming Corporation are stated fairly, in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Nova Scotia Gaming Corporation maintains books of accounts and systems of financial and management control, which provide reasonable assurance that accurate financial information is available, that assets are protected, and that resources are managed efficiently.

The Board of Directors oversees audit activities through its audit committee. The committee reviews matters related to accounting, auditing and internal control systems, and the financial statements and audit reports of the auditors of the Corporation and its operators.

Certification for the year ended March 31, 2009
We have evaluated the effectiveness of Nova Scotia Gaming Corporation's disclosure controls and procedures as of the end of the year covered by the 2008-09 Annual Report. Except as discussed in the following two paragraphs, we conclude that such disclosure controls and procedures are effective to ensure that the information required to be disclosed is accumulated and communicated to management, including the President & Chief Executive Officer and the Vice President, Finance.

NSGC relied upon procedures performed and certifications provided over disclosure controls and internal controls over financial reporting provided by Great Canadian Gaming Corporation (GCGC). NSGC has contracted GCGC to operate the Halifax and Sydney Casinos and certain balances, including revenues, associated with those businesses are included in the financial statements.

NSGC's evaluation did not include disclosure controls and procedures and internal controls over financial reporting performed by the Atlantic Lottery Corporation Inc. (ALC), and therefore is not intended to identify and report any deficiencies in internal control that might exist at ALC. NSGC has contracted ALC to operate the Video and Ticket Lottery businesses and the revenue, expenses, assets and liabilities associated with those businesses are included in the financial statements.

During the period beginning on April 1, 2008 and ended on March 31, 2009, NSGC has not made any changes in its internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

M. Mullally

Marie T. Mullally, FCA
President & CEO

Robert MacKinnon

Robert MacKinnon, CA
Vice President, Finance

Auditor's Report

NOVA SCOTIA

Office of the Auditor General

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To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance

I have audited the balance sheet of Nova Scotia Gaming Corporation as at March 31, 2009, the statement of income and payment to Province, the statement of retained earnings and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Jacques R. Lapointe, CA • CIA
Auditor General

Halifax, Nova Scotia
May 22, 2009

Balance Sheet

AS AT MARCH 31 (IN THOUSANDS)

	2009	2008
ASSETS		
Current		
Cash and short-term investments (*Note 3*)	$ 7,280	$ 7,794
Cash – restricted (*Note 2*)	2,483	2,714
Inventory, at lower of cost or net realizable value	1,666	1,490
Prepaids	1,236	617
	12,665	12,615
Long-term		
Cash - Casino Capital Replacement Reserve (*Notes 3 and 4*)	1,164	1,406
Deferred charges (*Note 2*)	693	21
Investment in Atlantic Lottery Corporation Inc. (*Notes 2 and 5*)	1	1
Investment in Interprovincial Lottery Corporation (*Notes 2 and 6*)	1	1
Capital assets (*Notes 2 and 7*)	98,963	91,204
	100,822	92,633
	$ 113,487	**$ 105,248**
LIABILITIES		
Current		
Accounts payable	$ 2,216	$ 2,810
Deferred lottery revenue (*Note 2*)	654	498
Liabilities for unclaimed prizes (*Note 2*)	2,483	2,714
Capital obligation - current portion (*Note 8*)	-	6,858
Due to operators (*Note 9*)	9,000	7,760
Due to Atlantic Gaming Equipment Limited - current portion (*Note 10*)	7,837	7,201
Due to Nova Scotia Gaming Foundation *(Note 2)*	52	55
Due to Province of Nova Scotia	68,400	66,430
	90,642	94,326
Long-term		
Due to Atlantic Gaming Equipment Limited (*Note 10*)	16,517	4,978
EQUITY		
Casino Capital Replacement Reserve (*Note 4*)	6,328	5,944
	$113,487	**$105,248**

Commitments (*Notes 3, 12, 14 and 16*)

See accompanying notes to the financial statements

Approved on behalf of the Board,

Gordon D. Gillis, BA, LLB
Chair

Statement of Income and Payment to Province

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	2009	2008
SALES		
Casinos *(Schedule I)*	$ 89,379	$ 93,987
Ticket lottery (*Schedule II*)	203,562	203,334
Video lottery *(Schedule ii)*	147,037	140,738
	439,978	438,059
Cost of Sales	291,256	289,293
	148,722	148,766
Amortization	(2,724)	(2,868)
Distributions to Community Programs *(notes 12, 14 and 15)*	(5,172)	(3,544)
Interest expense	(843)	(2,018)
Responsible Gambling	(7,506)	(7,742)
Interest & other income	4,059	3,983
Net income	**136,536**	**136,577**
Win tax	**16,128**	**16,989**
Payment to Province	**$152,664**	**$153,566**

Statement of Retained Earnings

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	2009	2008
Retained earnings, beginning of year	**$ -**	**$ -**
Net income	**136,536**	**136,577**
Net income paid to Province	**(136,536)**	**(136,577)**
Retained earnings, end of year	**$ -**	**$ -**

See accompanying notes to the financial statements

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	2009	2008
OPERATING		
Net income	$ 136,536	$ 136,577
Allocation of income to Province	(136,536)	(136,577)
Amortization of capital assets	10,978	14,071
Net changes in working capital (*Note 13*)	1,302	15,003
	12,280	29,074
FINANCING		
Increase in due to Atlantic Gaming Equipment Limited	12,175	1,087
Reduction of capital obligation	(6,858)	(17,192)
	5,317	(16,105)
INVESTING		
Purchases of capital assets, net of dispositions	(18,737)	(10,711)
Increase (decrease) in Casino Capital Replacement Reserve, net of cash decrease	626	(2,109)
	(18,111)	(12,820)
Net Increase (decrease) in cash and short-term investments	**(514)**	**149**
Cash and short-term investments, beginning of year	**7,794**	**7,645**
Cash and short-term investments, end of year	**$7,280**	**$7,794**

See accompanying notes to the financial statement

Notes to the Financial Statements
FOR THE YEAR ENDED MARCH 31

1) DESCRIPTION OF BUSINESS
The Corporation was incorporated on February 15, 1995 by Chapter 4 of the Acts of 1994-95, the *Gaming Control Act*. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery schemes on behalf of the Province.

2) ACCOUNTING POLICIES

a) Basis of Presentation
The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

b) Casino Revenues
In accordance with industry practice, Casino revenues are reported as the net win from gaming activities, which is the difference between amounts wagered and amounts paid as winnings. Casino revenues are reported net of accruals for anticipated amounts to be paid as winnings for progressive slot machine jackpots.

c) Ticket Lottery Revenues
Gross ticket lottery sales are recorded before deducting sales discounts and prize expense.

Receipts for lottery tickets sold prior to March 31, 2009 for draws held subsequent to that date are recorded as deferred revenue.

d) Video Lottery Revenues
Video lottery revenues are reported as the net revenues from video lottery activities, which is the difference between amounts wagered and amounts paid as winnings.

e) Capital Assets
Capital assets are stated at cost less accumulated amortization.

Amortization of the Corporation's head office capital assets is provided on the declining balance basis at the following annual rates:

Computer equipment	30%
Furniture and equipment	20%

Amortization of the Halifax and Sydney casino assets is recorded on a straight-line basis according to their estimated useful lives at rates between 2.5% and 20%.

Amortization of the Corporation's capital assets used in the operation of its lottery businesses is recorded on the straight-line basis according to their estimated useful lives at rates between 4% and 33%. Leasehold improvements are amortized over the remaining lease term, including one renewal period.

f) Nova Scotia Gaming Foundation Contribution
Video Lottery retailers in Nova Scotia have agreed, under the terms of their retailer agreements with the Atlantic Lottery Corporation Inc., to contribute 1% of their Video Lottery commission to the Nova Scotia Gaming Foundation. The Corporation has agreed to contribute an amount equal to all contributions made by the Video Lottery retailers.

g) Deferred Charges
The deferred charges relate to payments made to site holders to remove video lottery terminals from certain sites. These costs are being amortized on a straight-line basis over five years.

h) Long-term Investments
Investments in the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation are recorded using the cost method of accounting for investments.

i) Cash – Restricted and Unclaimed Prizes

Unclaimed prizes from regional lottery games are retained in a prize fund for one year from the announced beginning date of the draw. Prizes of national lottery games are funded by the Interprovincial Lottery Corporation, with the exception of prizes for certain free tickets, which are paid out of general funds as incurred.

j) Prize Expense

Prize expense for regional online games is recorded based on the theoretical prize expense for each game. The actual expense incurred each year will vary from the estimate based on the nature of games of chance. Over the long term it is expected that the actual prize expense will approximate the theoretical expense.

k) Use of Estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

l) Financial Instruments

The Corporation is required to designate its financial instruments into one of the following five categories: (i) held for trading, (ii) available for sale, (iii) held to maturity, (iv) loans and receivables, or (v) other financial liabilities. All financial instruments are initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are measured at amortized cost using the effective interest method.

The Corporation has designated its financial instruments as follows:

a) Cash is classified as "Held for Trading". Due to the nature and/or short-term maturity of these financial instruments, carrying value approximates fair value.

b) Accounts payable, deferred revenue, liabilities for unclaimed prizes, due to operators, Nova Scotia Gaming Foundation and Province of Nova Scotia are classified as "Other Financial Liabilities". Initial measurement is at fair value with any transaction costs included in the fair value amount. Subsequently, they are measured at amortized cost using the effective interest method. For the Corporation, the carrying value approximates fair value.

c) Long-term debt is classified as "Loans and receivables". Initial measurement is at fair value and subsequent measurement is at amortized cost using the effective interest rate method. The approximate fair value of long-term debt at March 31, 2009 was $24.4 million.

m) Adoption of New Accounting Pronouncements

Effective April 1, 2008, the Corporation adopted the Canadian Institute of Chartered Accountants Handbook Sections 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments – Presentation.

Section 3862, Financial Instruments – Disclosures, describes the required disclosures related to the significance of financial instruments on the Corporation's financial position and performance and the nature and extent of risks arising for financial instruments to which the entity is exposed and how the entity manages those risks.

Section 3863, Financial Instruments – Presentation, establishes standards for presentation of financial instruments and non financial derivatives.

As required by the transition provisions, these new standards have been applied without restatement of prior period amounts. The required disclosures of sections 3862 and 3863 are included in note 18.

In addition the Corporation adopted the Canadian Institute of Chartered Accountants Handbook Section 1535, Capital Disclosures, which requires the Corporation to disclose its objectives, policies and processes for managing capital and whether the Corporation has complied with any externally imposed capital requirements.

The Corporation carries out its operations and manages its capital largely through the operating contract for the casinos (note 3) and in conjunction with the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation (notes 5 and 6).

n) Future Accounting Pronouncements – International Financial Reporting Standards (IFRS)

All publicly accountable enterprises will be required to apply IFRS, in full and without modification, on fiscal years beginning on or after January 1, 2011. The Corporation will adopt IFRS beginning April 1, 2011 with restatement, for comparative purposes, of amounts reported for the year ended March 31, 2011, and of the opening balance sheet as at April 1, 2010.

The Accounting Standards Board proposes in CICA Handbook section – Accounting Changes, paragraph 1506.30, an entity to disclose information relating to a new primary source of GAAP that has been issued but is not yet effective and that the entity has not applied. The Corporation is currently assessing the financial reporting impacts of the adoption of IFRS and, at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable. The Corporation is continuing to assess the level of disclosure required with the adoption of IFRS, as well as operational changes that may be necessary to gather and process the information.

3) CASINO NOVA SCOTIA

a) Operating Contract

i) Term and Structure

On May 31, 1995, the Corporation entered into an Operating Contract with Metropolitan Entertainment Group, referred to as MEG or the Operator, then a partnership between ITT Sheraton Canada Ltd. (now Park Place Entertainment Scotia Limited) and Purdy's Wharf Development Limited (now East Port Properties Ltd.), to operate casinos in Halifax and Sydney for a period expiring on December 31, 2015.

On July 1, 2005, the Corporation amended and restated the Operating Contract with Metropolitan Entertainment Group (now a partnership between 6364942 Canada Inc. and 6364951 Canada Inc.) to operate casinos in Halifax and Sydney for a period expiring on July 1, 2015, renewable until July 1, 2025, at the Operator's option.

ii) Payments to Operator

Under the Amended and Restated Casino Operating Contract, effective July 1, 2005, the Operator is entitled to certain payments from each casino, calculated with reference to the following items, which are included in Article 7 of the Amended and Restated Casino Operating Contract:

- an amount based upon the Operator's Capital Investment in Halifax ($92.0 million total, $0 outstanding), to be amortized straight-line over a seven year term, with interest calculated monthly at 12% per annum on the original capital investment outstanding;
- an Operator Fee in the amount equal to 55.5% of total casino revenue after deducting payment to fund a capital replacement reserve;
- an amount based on the Mandatory Deferral ($24.5 million total, $0.0 million outstanding) to be repaid over a four year term, with interest calculated monthly at prime + 1% per annum; and,
- an amount based on funds advanced by the Operator to purchase approved capital expenditures, with interest calculated at prime + 2% per annum.

iii) Option to Terminate
Under the Amended and Restated Casino Operating Contract, either the Corporation or the Operator has the option to terminate the Contract. NSGC may terminate the Contract immediately on written notice with cause, or on six months written notice at its option. The Operator may terminate the Contract upon sixty days written notice with cause.

Upon termination the Operator must be repaid the unpaid balance of Payments to Operator, and unamortized balance of Operator's Additional Acquisition Costs.

If the Operator terminates the contract, or the Corporation terminates without cause, the Corporation must pay the Operator a compensation fee calculated as the greater of the net present value of 10% of the Operator fee or Operator's actual earnings before interest, taxes, depreciation and amortization (EBITDA) for the preceding twelve months.

No compensation fee is payable to the Operator if NSGC terminates the contract for cause.

b) Cash in Casino Accounts
Under the Amended and Restated Casino Operating Contract, total casino revenues are the Corporation's revenue and the casino bank accounts and Capital Reserve accounts (CRA) are owned by the Corporation. The Corporation included $2.1 million in cash from the casino accounts on the balance sheet at March 31, 2009 (2008 - $3.2 million).

c) Casino Capital Replacement Reserve
A capital replacement reserve is intended to provide for replacement of casino capital assets. From April 1, 2007 to March 31, 2008, it was based on 6% of total revenues of the casinos. From April 1, 2008 to March 31, 2009, it was based on 5% of total revenues of the casinos. Cash has been segregated on the balance sheet in the amount of $1.2 million (2008 - $1.4 million) for this purpose.

4) CASINO CAPITAL REPLACEMENT RESERVE

(in thousands)	2009	2008
Cash balance, beginning of year	$ 1,406	$ 86
Funding	4,338	5,575
Interest	16	32
Proceeds from sale of capital assets	-	3
Proceeds from Natural Gas Conversion	25	-
Capital asset purchases	-	-
Reimbursements to MEG for capital asset purchases	(3,865)	(3,135)
Interest paid on balance owing to MEG for capital asset purchases	-	-
HST related to capital asset purchases and reimbursements	(756)	(1,155)
Capital assets purchased by MEG	-	-
Cash balance, end of year	1,164	1,406
Add: cumulative capital asset purchases	36,407	34,762
Less: accumulated amortization	(27,210)	(23,234)
Less: HST payable	-	-
Less: Capital assets purchased by MEG	(4,033)	(6,990)
Balance, end of year	$ 6,328	$ 5,944

5) ATLANTIC LOTTERY CORPORATION INC.

In 1976, the Atlantic Lottery Corporation Inc. was set up by the four Atlantic Provinces to operate lottery and gaming activities in the region.

The Atlantic Lottery Corporation Inc. is the Corporation's exclusive agent to operate ticket lotteries and video lotteries in Nova Scotia. Each of the Corporation, Province of Newfoundland, Lotteries Commission of New Brunswick and Prince Edward Island Lotteries Commission own 25% of the Atlantic Lottery Corporation Inc.

The Corporation entered into an Agency Agreement (the "Agreement") with the Atlantic Lottery Corporation Inc. whereby the Corporation has appointed the Atlantic Lottery Corporation Inc. to operate ticket and video lotteries in Nova Scotia as an agent of the Corporation on the terms and conditions set out in the Agreement. Under the Agreement, the Atlantic Lottery Corporation Inc. cannot make any material change relating to the conduct and management of lotteries in Nova Scotia without the approval of the Corporation.

The Agreement requires that the Corporation's revenues be kept in a separate account and not co-mingled with those of the other provinces. The Corporation's costs are to be deducted from its account. The Agreement clarified that assets acquired or liabilities incurred by the Atlantic Lottery Corporation Inc. exclusively for the operation of the lotteries in Nova Scotia are the Corporation's. As a result, for financial statement reporting purposes, the Corporation has included these assets and liabilities on its balance sheet, with the balance recorded as amounts due to the Atlantic Lottery Corporation Inc. or Atlantic Gaming Equipment Limited (a subsidiary of the Atlantic Lottery Corporation Inc.), as appropriate. The Corporation has not recorded any portion of those assets and liabilities that are shared by all Atlantic Lottery Corporation Inc. shareholders in which the Corporation has an interest, the treatment and valuation of which has not yet been determined. This includes common capital assets.

The amounts due to the Atlantic Lottery Corporation Inc. and Atlantic Gaming Equipment Limited represent a portion of the Atlantic Lottery Corporation Inc.'s line of credit, which bears interest at prime less 1% on borrowings equal to funds on deposit and prime for amounts borrowed in excess of funds on deposit, and a portion of bank term loans. These loans have various terms and interest rates from 3.76% to 5.13% maturing at various dates through August 2011. The line of credit is secured by a general security agreement over all assets of the Atlantic Lottery Corporation Inc., and those owned by the Corporation. The bank term loans are secured by a general security agreement over present and future assets held by the Atlantic Lottery Corporation Inc. and Atlantic Gaming Equipment Limited and an indenture of subordination from the Corporation up to the value of assets utilized directly for the benefit of Nova Scotia.

The assets and liabilities recorded by the Corporation are recorded for financial statement reporting purposes only and do not necessarily represent the values that the Corporation would take if it were to withdraw from the Atlantic Lottery Corporation Inc.

6) INTERPROVINCIAL LOTTERY CORPORATION

The Interprovincial Lottery Corporation was incorporated on August 16, 1976 under the *Canada Business Corporations Act*. The Interprovincial Lottery Corporation owns and operates nation-wide lottery games (Lotto 6/49, Super 7, Millionaire Life, various national instant games). Nova Scotia holds one of ten shares of this Corporation, and appoints one of 21 directors to the Board of Directors of the Interprovincial Lottery Corporation.

7) CAPITAL ASSETS

(in thousands)	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Automotive	$ 891	$ 399	$ 492	$ 476
Computer equipment	18,574	6,157	12,417	2,563
Furniture and equipment	299	202	97	120
Computer software	890	67	823	351
Retail equipment	3,672	2,420	1,252	1,433
Leaseholds	48	23	25	31
Halifax casino assets	91,951	37,616	54,335	56,581
Sydney casino assets	23,206	13,014	10,192	10,424
Casino furniture and equipment	36,407	27,214	9,193	11,525
On-line gaming terminals	11,637	10,816	821	133
Video lottery terminals	59,873	50,557	9,316	7,567
	$247,448	$148,485	$98,963	$91,204

In 2009, the Corporation acquired capital assets of $16.6 million (2008 - $6.1 million) financed through Atlantic Gaming Equipment Limited.

8) CAPITAL OBLIGATION

The Corporation has an obligation under the Amended and Restated Casino Operating Contract to repay the operator of the casinos for the initial cost of the Halifax and Sydney casinos to the extent that there is adequate cash flow from the casinos to fund these obligations. This obligation was completed during the year. The Corporation has the option to purchase these casinos at any time with six months notice.

9) DUE TO OPERATORS

(in thousands)	2009	2008
Due to Atlantic Lottery Corporation Inc.	$ 4,478	$ 88
Due from lottery operations	(7,264)	(6,484)
Due to lottery operations	6,704	6,195
Due to MEG – purchase of capital assets	4,033	6,990
Due to MEG	1,049	971
	$ 9,000	$ 7,760

10) DUE TO ATLANTIC GAMING EQUIPMENT LIMITED

The liability represents a portion of the Atlantic Lottery Corporation Inc. (ALC) debt used in the acquisition of assets operated on behalf of NSGC. All amounts are payable by ALC and are due on or before April 2011. The debt is based on variable interest rates. The aggregate maturities of long-term debt for each of the two years subsequent to March 31, 2009 are approximately as follows: 2010 - $7,837; and 2011 - $16,517. Included in interest expense is $548 (2008 - $714) relating to long-term debt, and $672 (2008 - $726) relating to line of credit.

11) RELATED PARTY TRANSACTIONS

The Province of Nova Scotia, Nova Scotia Harness Racing Incorporated, Atlantic Gaming Equipment Limited and the Atlantic Lottery Corporation Inc. are related parties of the Corporation. Details of any transactions between these related parties are separately disclosed in the financial statements.

12) HARNESS RACING

The Corporation annually contributes to the Nova Scotia Harness Racing Fund amounts approved by the Minister of Finance. The Government of Nova Scotia approved a contribution of $1.0 million in 2009 to support the harness racing industry in Nova Scotia.

The 2010 approved budget includes $1.0 million to support the harness racing industry in Nova Scotia.

13) SUPPLEMENTAL CASH FLOW INFORMATION

Net changes in working capital:

(in thousands)	2009	2008
Inventory	$ (176)	$ 239
Prepaids	(619)	141
Deferred charges	(672)	33
Accounts payable	(594)	(316)
Deferred lottery revenue	156	254
Due to operators	1,240	2,132
Due to Nova Scotia Gaming Foundation	(3)	-
Due to Province of Nova Scotia	1,970	12,520
	$ 1,302	$ 15,003

14) SPECIAL PAYMENTS AND BONUS COMMISSIONS

The Corporation is obligated to make direct payments annually to three provincial government bodies as follows:

(in thousands)	2009	2008
The Department of Tourism, Culture and Heritage (in support of the Cultural Federation of NS)	$ 50	$ 50
The Department of Agriculture (in support of the Exhibition Association of Nova Scotia)	50	50
The Department of Health Promotion and Protection (in support of Sport Nova Scotia)	100	100
	$200	$200

These payments are special funds under the *Provincial Finance Act* established by the Minister of Finance under Section 14(1) of the Atlantic Lottery Regulations as made under the *Gaming Control Act.*

Additionally, as part of its Gaming Strategy, the Government of Nova Scotia approved a contribution of $3.0 million to Nova Scotia Health Promotion and Protection in 2009 (2008 - $3.0 million) to fund problem gambling treatment.

15) CHARITABLE SECTOR SUPPORT

NSGC manages the delivery of a program called SuperStar bingo which is delivered by participating charities across the province. Charities are paid a commission. Profits, if any, are paid out to the participating charities; otherwise, NSGC absorbs the excess of costs over expenses. In 2009, the net loss was $395,530 (2008 - $282,135).

16) OTHER COMMITMENTS

The Corporation is required to make annual lease payments of approximately $0.2 million over the next five years.

The Corporation's share of the Atlantic Lottery Corporation Inc.'s minimum annual lease payments for the premises is approximately $3.8 million over the next five years.

17) PENSIONS

All permanent employees of the Corporation are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Plan, a multi-employer plan. The plan is funded by equal employee and employer contributions. The employer accounts for the plan on a deferred contribution basis with contributions included in the Corporation's management expenses. The Corporation is not responsible for any unfunded liability with respect to the Public Service Superannuation Plan.

18) FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of the Corporation's cash and short-term investments, accounts payable, deferred lottery revenue, liabilities for unclaimed prizes, due to operators, due to Atlantic Gaming Equipment Limited, due to the Nova Scotia Gaming Foundation and due to the Province of Nova Scotia approximates their carrying amounts due to their relatively short terms to maturity.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from financial instruments.

19) COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in this fiscal year.

Schedule I: Casino Nova Scotia, Operating Results

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	2009	2008
REVENUE		
Casino revenue	$80,641	$84,944
Beverage, food and other revenue	8,738	9,043
	89,379	93,987
EXPENSES		
Amortization	2,478	2,630
Capital Replacement Reserve (*Note 3*)	4,343	5,576
Operating Expenses	101	-
Harmonized Sales Tax	2,815	3,517
Interest	58	1,045
Operator fee (*Note 3*)	48,585	48,482
Win tax	16,128	16,989
	74,508	78,239
Net income	**14,871**	**15,748**
Win tax	**16,128**	**16,989**
Total payment to Province	**$30,999**	**$32,737**

Schedule II: Ticket Lottery and Video Lottery, Operating Results

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	Ticket Lottery	Video Lottery	Total 2009	Total 2008
REVENUE				
Ticket lottery sales	$203,562	$ -	$203,562	$203,334
Prize expense	114,233	-	114,233	113,590
Net ticket lottery sales	89,329	-	89,329	89,744
Net video lottery sales	-	147,037	147,037	140,738
Total net sales	89,329	147,037	236,366	230,482
Retailer commissions	13,268	30,003	43,271	42,412
Ticket costs	3,948	2,276	6,224	6,502
	17,216	32,279	49,495	48,914
Gross profit	72,113	114,758	186,871	181,568
EXPENSES				
Operating expenses				
Marketing and communications	7,512	226	7,738	6,366
Development and recruitment	407	248	655	363
Equipment and maintenance	949	559	1,508	1,166
General and professional services	972	1,236	2,208	1,722
Lease and amortization	5,639	3,484	9,123	9,270
Movement and storage	513	83	596	710
Occupancy cost	1,038	444	1,482	1,393
Other expenses	249	31	280	202
Research and development	576	151	727	606
Salaries and benefits	9,403	4,952	14,355	12,592
Supplies	167	226	393	457
Telecommunication	2,569	225	2,794	2,766
Travel and vehicle	520	355	875	786
Total operating expenses	30,514	12,220	42,734	38,399
Operating profit	41,599	102,538	144,137	143,169
Interest expense	(248)	(537)	(785)	(974)
Other income	464	3,400	3,864	3,618
Profit before other distributions	41,815	105,401	147,216	145,813
HST expense	3,837	4,275	8,112	8,732
Federal contribution	1,194	459	1,653	1,641
Charity non-profit	74	-	74	45
Retailer bonus	36	-	36	42
Net income	**$ 36,674**	**$ 100,667**	**$137,341**	**$135,353**