



Saskatchewan Gaming Corporation • Annual Report



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Operating as Casinos Regina & Moose Jaw

Corporate Overview

- SGC is a Treasury Board Crown Corporation that was established in 1994 to operate casino gaming on behalf of the province and currently operates Casino Regina and Casino Moose Jaw.
- The Corporation is responsible to the Saskatchewan Government through a Board of Directors appointed by Cabinet. The Board of Directors is comprised of seven members, three of whom are nominated by the Federation of Saskatchewan Indian Nations (FSIN).
- The Corporation operates Casino Regina and Casino Moose Jaw under the regulatory authority and supervision of the Saskatchewan Liquor and Gaming Authority (SLGA).
- Casino Regina, located in Regina's historic Union Station, opened to the public on January 26, 1996. Casino Regina's Show Lounge opened in November 2001. Casino Regina is conveniently located in the heart of Regina's downtown and is connected to the Delta Regina and the Cornwall Centre by a pedestrian walkway.
- Casino Moose Jaw, also located downtown, opened September 6, 2002 and is connected via pedestrian walkway to Temple Gardens Mineral Spa.
- Casino Regina is open seven days a week. It has 788 slot machines, including specialty games and multi-line games in one cent, two cent, five cent, 25 cent, \$1 and \$2 credits. It has 26 table games, including craps, and eight poker tables plus 12 additional tables in the tournament room, as well as full food and beverage services, a Show Lounge and parkade.
- Casino Moose Jaw is open seven days a week. It operates six table games, one poker table and 207 slot machines, as well as a lounge/snack bar and parking facilities.
- One hundred percent of SGC's profits are delivered to the province's General Revenue Fund. An amount equal to 25% of SGC's profit is distributed to non-profit community organizations through the Community Initiatives Fund. Similarly, 25% is allocated to the First Nations Trust Fund to fund initiatives in First Nations communities. Fifty percent is distributed to important provincial programs through the General Revenue Fund.
- The total combined workforce for Casinos Regina and Moose Jaw is 1,010 employees. Employees of Aboriginal heritage represent 47.4% of the total workforce. Women represent 55.1% of the total. Visible minorities represent 9.7% and people with disabilities represent 3.27%.
- In-scope gaming operation, customer service and bank staff at Casino Regina are represented by the Public Service Alliance of Canada (PSAC). In-scope food and beverage employees at Casino Regina and all in-scope employees at Casino Moose Jaw are represented by the Retail, Wholesale and Department Store Union (RWDSU). Sound and lighting technicians in the Show Lounge are represented by the International Alliance of Theatrical Stage Employees (IATSE).

2006-2007 Results at a Glance

- Revenues were: \$102 million
- Operating expenses were: \$67.1 million
- Slot revenues were: \$89.9 million
- Table revenues were: \$9.5 million
- The average daily attendance for Casino Regina was 7,085.
Casino Moose Jaw averaged 1,679 per day.
- Annual payroll of: \$29.7 million
- Capital expenditures of: \$7 million
- Capital assets of: \$62.6 million
- The payout percentage on slot machines remained stable at 93%.

The Saskatchewan Gaming Corporation Executive Team



Pictured left to right: Bob Arlint, Vice-President of Security; Marty Klyne, President and CEO; Tony Coppola, Vice-President of Marketing and Product Development; Gerry Fischer, Vice-President of Gaming Operations; Twyla Meredith, Senior Vice-President of Finance and Business Development; Bill Davies, Vice-President of Corporate Affairs; Blaine Pilatzke, A/Vice-President of Human Resources and Aboriginal Relations.

Mandate, Vision, Mission and Values

Mandate

To offer casino entertainment in a socially responsible manner, generating quality employment, economic benefit to the community, and profit for Saskatchewan people in partnership with First Nations.

Vision

We are the first choice entertainment destination, delivering exhilarating experiences worth sharing and repeating. We lead the industry through innovative casino entertainment ... even our competitors come to play.

Mission

To provide our guests with outstanding entertainment in a fun, friendly and exciting atmosphere.

Values

Respect

We support and respect diverse backgrounds. People matter and we treat everyone as we expect to be treated.

Risk-taking

We understand that to secure our place in the future, measured risks need to be taken today.

Integrity

We are honest, fair and keep our commitments. We accept responsibility for our actions, both personally and corporately.

Passion

We feel strongly about achieving our goals and it shows in our enthusiasm for everything we say and do.

Innovation

We encourage and support new ideas. We nurture and embrace those forward thinking acts, even if they do not succeed.

Minister's Letter of Transmittal



To His Honour
The Honourable Gordon Barnhart
Lieutenant Governor of Saskatchewan

Your Honour:

I am pleased to submit the annual report of the Saskatchewan Gaming Corporation (SGC) for the period ending March 31, 2007. This report includes the financial statements in the form required by Treasury Board and in accordance with the *Saskatchewan Gaming Corporation Act, 1994*.

Together, Casinos Regina and Moose Jaw make a valuable contribution to the province. One hundred percent of SGC's profits are paid to the province's General Revenue Fund (GRF), available for such initiatives as roads, hospitals, education, and other community projects. An amount equal to 25% of the net profits goes to non-profit community organizations through the Community Initiatives Fund and Métis Development Fund, and the remaining 25% goes to the First Nations Trust Fund to fund initiatives in First Nations communities. Fifty percent remains with the GRF and is distributed to important provincial programs.

In addition to the economic contribution and having a significant and positive impact upon tourism, SGC is also recognized as a leader in responsible gaming and in creating employment opportunities for Aboriginal people.

I would like to thank all employees of SGC for their valuable contributions to the province and for being such an important part of the communities they serve.

Respectfully submitted,

Glenn Hagel
Minister Responsible for the Saskatchewan Gaming Corporation

Chair of the Board's Message

Regina, Saskatchewan

The Honourable Glenn Hagel
Minister Responsible for the Saskatchewan Gaming Corporation

Mr. Minister:

On behalf of the Board of Directors, I am pleased to submit the 2006-2007 annual report of the Saskatchewan Gaming Corporation (SGC) for the period ending March 31, 2007.

During the year under review, SGC continued to build upon its reputation of excellence and continued to generate profits that benefit all citizens of our province. SGC has a number of achievements to be proud of including its commitment to Aboriginal employment and a corporate culture that places the highest emphasis on guest service excellence.

We will continue to remain accountable to the people of this province as our properties strive to remain premiere entertainment destinations.

On behalf of the Board of Directors, we look forward to continuing to build on these achievements and developing SGC's reputation as a valued partner and corporate citizen of the province.

Respectfully submitted,



Thomas J. Waller, Q.C.
Chair of the Board
Saskatchewan Gaming Corporation



Board of Directors

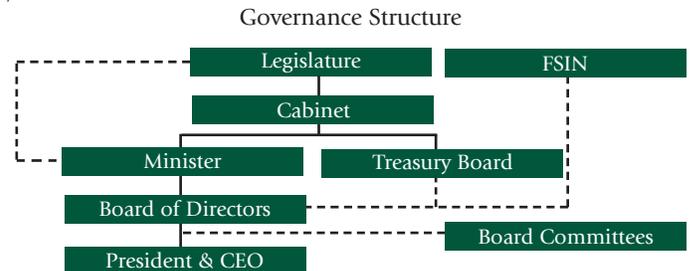
The Saskatchewan Gaming Corporation Act, 1994 provides, in part, as follows:

- 6 (1) The Corporation shall consist of seven persons appointed by the Lieutenant Governor in Council.
- (2) The Lieutenant Governor in Council shall appoint as members:
 - (a) Three persons nominated by the Chief's Legislative Assembly of the Federation of Saskatchewan Indian Nations
 - (b) Four other persons

The Saskatchewan Gaming Corporation Board of Directors



Pictured left to right: Kevin Missens, Sandy Boughen, Tom Waller, Ron Martin, Gladys Johnston, and Larry Deters



Report from the President and CEO



It seems like yesterday, not two years since I wrote my first letter to you as CEO of the Saskatchewan Gaming Corporation. To our stakeholders and the outstanding employees of Casinos Regina and Moose Jaw, I am pleased to say that 2006-2007 was an exceptional year for this organization.

Before providing an overview of our financial successes and recognizing the good things coming out of every department of this organization, I'd like to express my gratitude to every one of our employees who make it all happen. At the Saskatchewan Gaming Corporation and Casinos Regina and Moose Jaw, we all agree that the only real source of success is inspired people.

We have a significant number of people at all levels of the organization relentlessly pursuing the right things - leading by example and encouraging others. I am, along with many others, inspired by their efforts and contributions.

Nurturing an environment that encourages Five Star service is vital to our efforts, which is why it gives me great pleasure to say that everywhere I turn, I see our people providing excellent service. More and more I hear our employees and our guests validating the things we are doing and telling us we are on the right track.

Against that backdrop, my objective is to ensure that we sustain revenue growth and create advancement opportunities for our employees and become the leader in responsible gaming.

This past year has been very significant for the Saskatchewan Gaming Corporation (SGC) as we accomplished a number of programs over the twelve months. Our skill is in getting a number of key things right and being leaders on a number of fronts. We are among the first to embrace exciting new games and formats with the aim of "Always Entertaining" and seemingly endless prizes, promotions, excitement and energy.

Our slot department reached several Canadian and North American firsts this year, with the introduction of the "Wild Race" multiplayer station game, our new community gaming slot machines (first in Canada), the first WMS Gaming test machines, which will be used industry-wide to develop new game concepts, and the first "downloadable ready" slots in Canada, which will help us prepare to lead the way into the future of gaming.

On the table games front, the introduction of Ladies Only tournaments, our charity poker program and the continuing popularity of our major annual poker tournaments have helped us continue to expand on the phenomenal demand for first-class table games offerings. Casino Moose Jaw has expanded its table games offerings as well.

We are more than just our games - our new valet parking service and Casino Cruiser shuttle have been phenomenally popular with our guests. The lineup of performances and entertainers has been exceptional. Food and Beverage revenues topped \$7 million for the first time ever, establishing Casino Regina as the largest food and beverage operations in the province. Extensive renovations to Casino Regina and the introduction of our one-of-a-kind external LED light show provided a fresh, exciting look that keeps our guests coming back. We have also created our first internal Information Technology unit, which will tackle the projects that keep us on the cutting edge.

We are proud to be continually committed to our community, sponsoring events such as the Oskana Cup Aboriginal Hockey Challenge, National Aboriginal Day, the United Way, and the Moose Jaw Charity Road Race benefiting the Moose Jaw Hospital Foundation.

The results of this hard work and innovation are clear. We were honoured to be named one of Saskatchewan's Top 10 Employers, affirming that we are headed in the right direction to becoming an employer of choice and attracting choice employees. As well, Casinos Regina and Moose Jaw stood as finalists for Business of the Year at the 2006 Tourism Association Industry of Canada (TIAC) National Awards for Tourism Excellence.

We could only have achieved these milestones with the support of each and every department in the corporation. Starting with the launch of our Five Star Approach to customer service last spring, we are bringing about a corporate culture change that will impact every facet of everything we do, to the benefit of our employees and guests.

Growing our business is critical to our future. I am pleased to report that we made progress in 2006-2007. Highlighting our financial achievements this year, revenue reached \$102 million, a 7.9% increase over the previous year and net income was recorded at \$34.9 million, which is \$5.7 million ahead of last year.

Both are clear indications that the impact of the smoking ban is well behind us. We are on the right track in our goal of being gaming and community leaders.

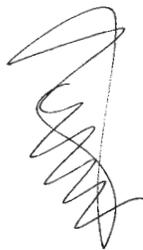
We offer what our guests expect of an entertainment destination. Guests have come to regard Casinos Regina and Moose Jaw as their own; they want to share their experiences and bring their friends back with them. We are at the forefront of delivering on our brand promise, Always Entertaining.

I thank and ask our stakeholders, Board of Directors and employees for their continued support as we continue to establish the reputation for Five Star service in Five Star properties and as we strengthen our commitment to responsible gaming and establishing a reputation for being the global leader in that regard.

We know we must continually reinvent ourselves by being forward-looking and by connecting to our customers in order to be successful. I know all of us at SGC and Casinos Regina and Moose Jaw believe in working hard. Receiving the accolades of our guests is the rewarding and fun part!

Before you read on, on behalf of everyone at SGC and Casinos Regina and Moose Jaw, I'd like to personally say thank you to our guests for their continued support. We are in the midst of an exciting and dynamic time. We look forward to meeting your expectations.

SASKATCHEWAN GAMING CORPORATION



M.L. (Marty) Klyne
President and CEO

SGC's performance is measured against the following key objectives:

	Strategic Direction	Corporate Objectives	Corporate Measure	2006-2007 Target	2006-2007 Actual
Customer	To create an outstanding experience where SGC's guests see that the Corporation has gone beyond their expectations to provide a welcoming, fun and exciting atmosphere.	To consistently exceed guest expectations in every interaction. To provide an outstanding entertainment experience.	Customer Satisfaction Index Recommendation Index	To gather results from new Customer Satisfaction Index scale. To gather results from new Recommendation Index.	New index in use; based on 10 point scale. Casino Regina: 8.73 Casino Moose Jaw: 8.82 Casino Regina: 89% of respondents would recommend; Casino Moose Jaw: 92.8% of respondents would recommend.
	To create a representative workforce of highly competent and enthusiastic people who model our corporate values.	Achieve a values-driven workforce of highly satisfied employees. Achieve 50% Aboriginal representation at all levels of the Corporation and ensure a representative workforce of other designated groups.	Use the Hewitt and Associates Best Employers in Canada survey to establish base live data. Representation by designated groups.	Use the survey for the first time to measure employee engagement and satisfaction. To meet the mandate of SGC's gaming framework agreement with the FSIN to have 50% employees of Aboriginal Heritage and develop a workforce that is representative of the population served.	There was a 65% completion rate of the Hewitt survey. An Employee Engagement Committee will analyze results and formulate recommendations. 47.4% of the workforce is of Aboriginal Heritage. Women represent 55.1% of the workforce. Visible Minorities represent 9.7% of the workforce. People with Disabilities represent 3.27% of the workforce.
Employee	To be a model corporate citizen, contributing to our community in a socially responsible manner, demonstrated in part through our unique partnerships.	To create greater public understanding and acceptance of SGC's positive impacts.	Develop the corporate image through a detailed communications plan in line with government policy.	To establish a comprehensive communications plan to increase SGC's visibility in the community.	Regular media monitoring and reports; participation in community events; monitor and respond to customer comments.
		Maintain an environment for all staff and guests where they feel safe and secure. To be a leader in responsible gaming.	Score for security satisfaction on the Customer Service Index (CSI). Establish Responsible Gaming Information Centre. Investigate and develop system to predict problem gaming behaviour.	Casino Regina scored 8.77 on the CSI in the area of security satisfaction. Casino Moose Jaw scored 8.98 on the CSI in the area of security satisfaction. Implement staff training and contact with players on the floor through the Responsible Gaming Information Centre and the iCare system. Promote iCare responsible gaming program.	Security focused on increasing/ improving technology and employee development to provide greater tools and knowledge. The Responsible Gaming Information Centre focus is a positive one, increasing player awareness and keeping gaming fun.
Social Responsibility					

	Strategic Direction	Corporate Objectives	Corporate Measure	2006-2007 Target	2006-2007 Actual
Social Responsibility cont'd		<p>Develop and maintain partnerships to support Saskatchewan communities, recognizing unique commitment to Aboriginal people.</p> <p>Ensure a high standard of integrity and accountability.</p>	<p>Enhance corporate image through cost-effective sponsorship program.</p> <p>Favourable audit reports.</p> <p>Timely reports to management, Board, Government and the public.</p>	<p>Develop new policies, procedures and corporate measures.</p> <p>Meet all requirements of Provincial Auditor and SLGA.</p> <p>Maintain current high standards.</p>	<p>The iCare product, comprised of state-of-the-art computer software and comprehensive staff training, works to help casinos integrate responsible gaming into day to day operations.</p> <p>Corporate Affairs department has responsibility for community sponsorships, and developing policy to identify appropriate opportunities.</p> <p>Provincial Auditor issued unqualified opinion of SGC's financial statements.</p> <p>Corporate results published and posted on quarterly basis; annual report tabled according to legislated timelines.</p>
Innovation, Sustainability and Profitability	To continue to innovate, partner and develop new opportunities aimed at creating value and ensuring long-term sustainability and profitability.	<p>To ensure a high level of sustainable profitability for Saskatchewan people.</p> <p>To pursue and identify business risks and new opportunities.</p>	<p>Net income</p> <p>Net operating income (NOI) as % of revenue</p> <p>To identify new opportunities or ventures to grow the Corporation and share knowledge of the gaming industry.</p>	<p>\$31.1 million</p> <p>34.8% NOI</p> <p>Explore potential business development opportunities.</p>	<p>\$34.9 million</p> <p>37.1% NOI (as percentage of net revenue)</p> <p>Ongoing partnership with iView Systems on iCare system; there will be opportunities to share this product with other casino operators worldwide.</p>

STRATEGIC DIRECTIONS

2006-2007 Performance Results



The 2006-2007 Performance Results illustrate the Saskatchewan Gaming Corporation's progress in achieving the goals and objectives outlined in the 2006-2007 Performance Plan.

The key objectives presented in the 2006-2007 business plan are listed, followed by a report on actual progress. Actual results are included for key actions and performance measures included in the plan.

STRATEGIC DIRECTIONS

A: Outstanding Entertainment Experience, Customer Service and Guest Relations

To create an outstanding experience where SGC's guests see that the Corporation has gone beyond its expectations to provide a welcoming, fun and exciting atmosphere.

Corporate Objective – To consistently exceed guest expectations in every interaction.

2006-2007 Corporate Measure:

- Customer Satisfaction Index

Actual Results:

- Casino Regina received a score of 8.73 out of 10. Casino Moose Jaw was rated 8.82 overall by its customers.

Discussion of Results:

During the year under review, the Corporation continued measuring the customer satisfaction index. The index is determined using customer exit surveys at both properties.

The index is based on an average of the 10 point scale from the following areas: coat check, parking lot, box office, bank cashiers, slot attendants, security, restaurant, customer service representatives, and table games dealers.

Key Activities Supporting the Corporate Objective

Double Diamond Rewards and Recognition Program

2006-2007 Corporate Measure:

- Establish and implement a new employee-driven rewards program, based on the results gathered from Double Diamond surveys distributed to all SGC employees.

Actual Results:

- A new Double Diamond employee committee was established, and the new program was launched in January 2006. Casino Regina and Casino Moose Jaw later established separate committees for each property.
- 2,777 nominations were received this fiscal year, up from 641 the previous year.

Discussion of Results:

The Double Diamond program is overseen by a committee comprised of a cross-section of staff including gaming floor and corporate staff. Casino Regina and Casino Moose Jaw have separate committees in order to best represent the interests of each property.

Under the new program, all employees, at every level of the Corporation can nominate their co-workers. All employees, including managers, are eligible for nomination.

A draw for one major prize takes place each month at each property. On a quarterly basis, successful nominees are recognized at Town Hall meetings and our internal newsletter, All Aboard. The top service act employees are entered into a grand prize draw at an annual employee celebration event. This year's grand prize was a trip to Las Vegas, valued at \$3,000.

Facility Improvements

2006-2007 Corporate Measures:

- Casino Regina facility improvements
- Casino Moose Jaw facility improvements

Actual Results:

- Completion of LED exterior lighting project at Casino Regina
- Completion of interior renovations at Casino Regina
- Commencement of work on a master plan for future development

Casino Regina underwent extensive renovations this fiscal year, including construction of a new Box Office and customer service desk, additional Learning and Development office space, renovations to the CPR Lounge, the new CR Express fast food kiosk, a new Player Relations office, transformation of the Coach Room to an expanded poker tournament facility, expanded washrooms in the casino's west end, a new technical training room, new resource centre, expanded storage space and the installation of a catwalk in the CR Show Lounge.

Casino Regina also launched its new and unique LED light show, which is a dazzling exterior sequence of multi-coloured lights programmed to change to the rhythm of the music. The light show is capable of over 16 million colour combinations, so each show is a new and entertaining event for audiences. Once inside Casino Regina, visitors will be able to take in a light show that illuminates the interior architecture of the historic Union Station.

Work has also begun on the master planning process for the future development of Casinos Regina and Moose Jaw. The process includes short and long-term requirements of the Corporation for the next two to ten years.

Corporate Objective – To Provide an Outstanding Entertainment Experience

2006-2007 Corporate Measure:

- Recommendation Index

Actual Results:

- In the August 2006 exit survey, 89% of respondents would recommend Casino Regina to family/friends. In the same survey for the Moose Jaw property, 92.8% of survey respondents would recommend Casino Moose Jaw to family/friends.

Discussion of Results:

Both results were unchanged from the previous year, within the survey margin of error.



STRATEGIC DIRECTIONS

A: Outstanding Entertainment Experience, Customer Service and Guest Relations

Key Activities Supporting the Corporate Objective

Member Rewards and Loyalty Program

2006-2007 Corporate Measure:

- Using the Players Club card (PC) as the base, segmented players' events, tournaments and promotions will be held.

Actual Results:

- Over 60,000 PC members in Saskatchewan receive personalized communication pieces every month.
- Players Club members have been hosted at various events including Dinners On Us, Oktoberfest, game shows, slot tournaments, Chinese New Year, an Evening in Greece, Regina Pats games, and more. Over 200 PC members and guests were invited to Craven for a VIP experience at the Craven Country Jamboree, and 150 members and guests were invited to the Regina Rolling Stones concert.
- All planned events and programs aimed at PC members were a success in numbers and responses.

Discussion of Results:

The Player Relations program at SGC remains in the Operations department but has been moved under the umbrella of Entertainment Services, creating the new Events and Player Relations area. This move brings together the teams responsible for creating the entertainment experience for guests. As well, the Player Relations office at Casino Regina has been relocated to the casino floor to better serve PC members.

Promotions and Advertising

2006-2007 Corporate Measure:

- Continue to develop and implement a strategic combination of advertising and promotions to increase guest counts.

Actual Results:

- System-generated promotions and marketing tools such as "Hot Seat" and "Quick Draw" were continued.
- Casinos Regina and Moose Jaw were the promotional sponsor for the October 2006 Rolling Stones concerts in Regina, offering the chance to win the "Ultimate VIP Experience."
- Introduction of charity poker program.

Discussion of Results:

In 2006-2007 the Corporation continued to focus communications efforts on promotions and events, as well as branding and awareness initiatives.

A number of promotions were held throughout the year including quick draws, hot seats and the "Ultimate VIP Experience" that coincided with Regina's Rolling Stones concerts.

The "Odds" advertising campaign continued, driving home the message that Casinos Regina and Moose Jaw are "Always Entertaining."



Game Mix and Industry Trends

Slot Development Strategy

2006-2007 Corporate Measure:

- To provide an industry leading slot product that creates an exciting entertainment experience, measured by performance per device.

Actual Results:

- 100% of Casino Moose Jaw slots were e-TICKET enabled by August 2006.
- 100% of Casino Regina slots were e-TICKET enabled by October 2006.
- A total of 142 slots were replaced with new product in 2006.
- A total of 112 slots underwent a game theme conversion in 2006 keeping the slot floors fresh with new and exciting themes and game concepts.
- North American first: "Wild Race" multiplayer station horse race. In September 2006, SGC installed 12 player stations that offer remarkable graphics resolution and a bonus game in addition to the base horse racing wagers.
- Canadian first in November 2006: Casino Regina installed the first "downloadable ready" casino slots in Canada. SGC opted to install "downloadable ready" slots to prepare the gaming floor for the "downloadable" future. Casino Regina is planning to begin testing the download feature in late 2007.
- Canadian first in December 2006: "Community Gaming Slot Machines - Monopoly Big Event" was launched at Casino Regina in December 2006. This product is the latest innovation in slot gaming where all eligible players participate in bonus games together. This innovation has created noticeable camaraderie among Big Event slot players.
- Canadian first in December 2006: SGC implemented the first WMS Gaming "test" slot machines. The play information from these machines will be used to develop new games and game concepts.

STRATEGIC DIRECTIONS

A: Outstanding Entertainment Experience, Customer Service and Guest Relations

Discussion of Results:

The Saskatchewan Gaming Corporation prides itself on keeping up with the latest industry trends. A great deal of effort goes into researching new games and technology to ensure Casinos Regina and Moose Jaw continue to be known for having the newest, most exciting games available.



Table Games Development Strategy

2006-2007 Corporate Measure:

- To provide the most entertaining, exciting, and productive mix of games available, meeting guest demand for new, popular products.

Actual Results:

- New games: introduction of Texas Hold'em Bonus at Casino Moose Jaw in October 2006 and Casino Regina in December 2006.
- Ladies Only Poker introduced in Moose Jaw in January 2006, and brought into the weekly Casino Regina tournament schedule in August 2006. These events have flourished; regular monthly events have been popular with guests and a new schedule is being developed for the fall.
- Casino Regina's Coach Room was redesigned to accommodate larger events.
- Poker tournament schedule increased to three tournaments per week.
- Introduction of charity poker fundraising tournaments to qualified community groups.

Discussion of Results:

SGC continues to keep up with industry trends and guest expectations by introducing new games, reviewing the game mix and industry advancements, and exploring promotional opportunities.

The popularity of poker continues to explode. In 2006-2007, we reevaluated our poker tournament needs based on player feedback. Based on ideas gathered through player focus groups, the Coach Room was renovated into a facility able to accommodate the highest level tournaments, and the tournament schedule was increased to three times a week.

Casino Regina's major poker events, the Harvest Poker Classic (November), Station Poker Classic (March) and Diamond Poker Classic (July) resulted in record breaking months, including SGC's best March to date and single monthly record with a cash drop over \$6.3 million.

In January, SGC launched a new charity poker program, which provides charitable and not-for-profit groups with a fundraising alternative that harnesses the popularity of poker. SGC provides the facility and staff so that charitable groups can host a professional and exciting event. Response has been very positive.

Service Delivery Strategy

2006-2007 Corporate Measures:

- Ensure the appropriate level of customer service and staffing is maintained and manage the productivity and enforcement of policies and procedures on the gaming floor.
- Implement customer service initiatives as required to provide outstanding entertainment value to guests.
- Standard performance measures established through SGC's Double Diamond customer service program.



Actual Results:

- In November 2006, valet parking was introduced to Casino Regina on Thursday, Friday and Saturday evenings as well as for busy nights in the CR Show Lounge. The popularity of the service has grown steadily.
- Completed the installation of ATM machines in both properties (10 in total) and Point of Sale (POS) equipment in Casino Regina. In compliance with regulations, the ATMs are off the gaming floor but conveniently located on the premises for guest access.

STRATEGIC DIRECTIONS

A: Outstanding Entertainment Experience, Customer Service and Guest Relations



Discussion of Results:

By implementing improved technology, SGC staff are able to improve guest relations and have more time to devote to delivering outstanding customer service, rather than spending time filling machines or facing long lineups. e-TICKET slot machines also enable Slot Attendants to focus more attention on guests' needs and less on the machines themselves.

SGC held three quarterly town hall meetings and an employee conference all focused on issues and themes around guest service excellence.

Internal communications and training have a heavily weighted focus on guest service excellence.

SGC staff is consistently trained to take a proactive approach in seeking feedback from guests so the Corporation can improve service delivery. This approach will ensure both casino properties maintain and improve upon their reputation for outstanding customer service.

Food and Beverage Strategy

2006-2007 Corporate Measure:

- To create an outstanding experience where our guests see that we've gone beyond their expectations to provide a welcoming, fun and exciting atmosphere.

Actual Results:

- Sales revenues from 2006–2007 will top \$7 million, making Casino Regina one of Saskatchewan's largest food and beverage operations.
- Casino Regina Food and Beverage revenues increased 10% over the previous year. Monthly sales increases of 8-12 % have remained consistent throughout the year. Sales increases are primarily due to increased Show Lounge activity, the addition of a new food kiosk on the casino floor, and the renovation of the CPR Lounge and Whistle Stop coffee shop.
- Casino Regina averages 900 people every week for its popular Sunday brunch.

Discussion of Results:

Our facilities are equipped to serve a wide variety of needs. Our customers generally want well-priced, Saskatchewan sized portions of comfort food that isn't too out of the ordinary. But when we have private bookings like the Dilawri Fundraiser Grand Gala, the Agribition International Reception and the Rolling Stones pre-concert celebration, demand for innovation is high and expectations are in line with the top restaurants in the country, and we respond.

Casino Regina Food and Beverage department also supports fundraising efforts like Fantasy Food, Taste of Spring, Meet the Chefs and Taste of Regina, welcoming the opportunity to showcase its abilities to the community at large. Staff is also encouraged to volunteer their time with community-based organizations.



Over the past year, they have supported the Regina District Chef's Academy, Regina Children's Justice Foundation and Saskatchewan Science Center. We have also recently partnered with the Regina Food Bank to provide on-the-job training to nine candidates.

The Food and Beverage department remembers its internal customers too. The Casino Regina staff cafeteria was renovated to allow for a greater variety of products more quickly. As well, emphasis has continued on providing staff with healthy food options.

Casino Regina has some of the province's most experienced and educated chefs working in its kitchen, and continues to assist staff in upgrading their skills. The Executive Chef is one of three Certified Chef de Cuisines (CCC) in Regina, which is equivalent to the "Master Chef" title. As well, the Food and Beverage department has partnered with SIAST to offer an upgrading course for chefs; nine are currently registered to take the Red Seal exam. There are currently 18 Red Seal Chefs at Casino Regina. This is by far the highest number of Red Seal Chefs working in one location anywhere in the province, which is a testament to our commitment to continuing training and education throughout the Corporation.

As well, all management staff are working towards the Professional Leadership Certificate offered in partnership with the University of Regina.

STRATEGIC DIRECTIONS

A: Outstanding Entertainment Experience, Customer Service and Guest Relations

Bus Tour Program

2006-2007 Corporate Measures:

- Maximize the bus tour impact on the guest traffic count through a cost-effective use of promotions.

Actual Results:

- A total of 39,226 bus tour guests visited Casinos Regina and Moose Jaw (24,084 to Regina, and 15,142 to Moose Jaw).

Discussion of Results:

Out-of-province, multi-day visits continue to increase in Moose Jaw. Regina numbers are down slightly, but continue to be strong with one day, in-province traffic. Bus tour traffic has been segregated, with gamers heading to Casino Regina and tourists heading to Casino Moose Jaw. We continue to maintain a core of tour operators that are using Casino Regina and Casino Moose Jaw as a destination for their guests.



Entertainment Services

2006-2007 Corporate Measure:

- Increase programming that contributes to incremental door count in a cost-effective manner and in line with SGC's corporate brand and image.
- Implement new initiatives comprised of enhanced entertainment lineups as well as numerous non-traditional events including: sports events, conventions, speakers, trade shows, player events and promotions.

Actual Results:

Casino Regina Show Lounge

- Casino Regina Show Lounge hosted 293 events in 2006-2007, with over 130,000 guests in attendance. This included 132 concert entertainment performances, 58 private events (including corporate internal events) and 103 player events.
- Programming provided an outstanding, diverse lineup to the community, including acts such as the Harlem Gospel Choir, Bo Diddley, Our Lady Peace, Gordon Lightfoot, Kenny Rogers, Charley Pride and Colin Mochrie, as well as sporting events on the big screen such as Saskatchewan Roughrider away games.
- Twelve summer dates of musical theatre programming were offered at an affordable price through a contract with Applause Feast & Folly.

- The Show Lounge hosted 59 events in which SGC provided support and sponsorship, including: The Saskatchewan Equity and Diversity Awards, 2006 Saskatchewan First Nation Winter Games Fundraiser, The Story of Jazz in Saskatchewan (supporting the Regina Jazz Society), SPFFA Calendar Night (supporting the Professional Firefighters Burn Fund), CKRM Talent Night, Hecho en Cuba (supporting Blue Sky Cultural Connection), WAWA Midwest Shrine Conference Dinner, Dilawri Grand Gala (supporting the Hospitals of Regina Foundation), Shaolin Kung Fu demonstrations (supporting the Chinese Cultural Society of Saskatchewan), Mid-Winter Blues Festival, and Canadian Western Agribition Reception.

Casino Moose Jaw:

- 2006-2007 was the second full year of programming for the Mae Wilson Theatre at the Moose Jaw Cultural Centre.
- Casino Moose Jaw presented 55 shows at the Mae Wilson Theatre with over 11,000 guests in attendance. This includes the Applause Feast and Folly musical theatre performances and Players Club game shows.

Discussion of Results:

Visitors and residents of Regina continue to give high praise to the Casino Regina Show Lounge, raving about the high calibre and variety of entertainers, sound quality and layout of the facility. Entertainers who perform at the Show Lounge are also appreciative of the outstanding facilities and high quality of service they receive when entertaining in Regina.



The entertainment at the Mae Wilson Theatre in Moose Jaw has been an excellent program to actively participate in the interests of the Moose Jaw community, and we are pleased to be able to add to the arts, culture, and entertainment in Moose Jaw.

STRATEGIC DIRECTIONS

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

Corporate Objective – Achieve a values-driven workforce of highly satisfied employees.

2006-2007 Corporate Measures:

- Use the Hewitt Associates Best Employers in Canada survey for a second time to further establish and build on baseline data gathered for the first time in 2005-2006.
- The objective was to measure employee engagement.

Actual Results:

- There was a 65% completion rate of the Hewitt survey which is up significantly from the inaugural use of the survey.
- There was a 40% engagement score, as indicated by the survey of levels of staff engagement.
- An Employee Engagement Committee has been formed to analyze survey results gathered through the survey and recommend initiatives to increase levels of staff engagement.

Discussion of Results:

SGC understands that engaged employees have a direct impact on the level of customer service and consequently on financial returns. The Hewitt survey was used to establish base line data and gauge employees' perception of the Corporation on a number of topics, such as career opportunities, corporate citizenship, recognition and people practices. The 40% engagement rate indicates that SGC is well-positioned in the developmental phase of employee engagement.

SGC was proud to be named one of Saskatchewan's Top 10 Employers as part of the 2007 Canada's Top 100 Employers Competition held by Mediacorp Canada Inc. Winners were selected on a wide scope of criteria, including the workplaces' physical environment, work atmosphere, health benefits, financial benefits and compensation, family-friendly benefits, vacation policy, internal communications, performance management, continuing education and professional development, and community involvement.

Human Resource Information System

2006-2007 Corporate Measure:

- Establishment of a corporate-wide Human Resources Information System.



Actual Results:

- A comprehensive P2K System and Business Process Review was completed by a Business Systems consultant. The final report has been received and includes recommendations currently under consideration.
- A team has been established to develop and implement changes to the systems and business processes and will complete their work during the 2007-2008 fiscal year.

Discussion of Results:

The implementation of a new Human Resources Information System has been reviewed and considered. The costs to develop and implement a new system will be considerable. There have been 32 issues identified with the current P2K system, most of which can be addressed through training and with the purchase of a number of system upgrades. A working committee has been established that will develop an implementation plan for changes to the existing system to achieve more functionality.

Performance Management System

2006-2007 Corporate Measure:

- Implementation of a new appraisal tool to measure employee performance.

Actual Results:

- A Performance Management Framework and performance tools have been developed for implementation during the 2007-2008 fiscal year.

Discussion of Results:

Considerable effort has been taken to develop performance management tools to ensure that each employee has the opportunity to receive feedback on a quarterly and annual basis. The implementation of the framework and tools was scheduled for April 1, 2007.

Learning and Development Strategy

2006-2007 Corporate Measures:

- Implement training sessions to build guest service competencies.
- Introduce guest service training program for all employees and have 300 front-line employees trained.
- Increase the number of employees involved in learning and development opportunities by 20%.
- Increase employee utilization of career planning and development services by 20%.
- Maintain utilization of SGC's tuition reimbursement program.
- Continue to provide developmental opportunities for Aboriginal Management Development Program (AMDP) participants.
- Develop corporate performance management system for April 1, 2007 implementation.
- Develop and deliver coaching training to managers and supervisors as part of the corporate performance management system.
- Develop potential SGC leaders.
- Develop community partnerships to access labour force supply.
- Develop a customer service approach to the responsible service of alcohol.

Actual Results:

- AchieveGlobal customer service training modules have been purchased and revised to meet SGC needs; 700 employees attended training in 2006-2007.
- There were 617 employees who received guest service training in the first mandatory module, "Reaching for Stellar Service."
- Employee participation in learning and development opportunities increased by 245% over the previous year.

STRATEGIC DIRECTIONS

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

- Employees consulted with the Employee Development Consultant more than 202 times, up 70% from last year.
- There were 22 employees who used the Tuition Reimbursement Program to further their education, the same number as last year.
- Three of five remaining AMDP participants have completed their studies and have been provided employment opportunities within the Corporation.
- Performance management in-scope and out-of-scope assessment tools were developed with additional components to follow.
- Coaching training has been implemented using AchieveGlobal modules "Developing Others" and "Giving Constructive Feedback." Training began in March 2007 with 30 managers trained by the end of the fiscal year.
- A partnership was formed with the University of Regina's Centre for Continuing Education to provide leadership training for SGC management.
- Learning and Development worked with the Regina Food Bank to utilize their client base and training facilities to prepare potential employees for the workplace.
- An innovative guest service and safety approach concerning intoxicated guests has been developed, with 60 employees trained to the end of the fiscal year.

Discussion of Results:

Employee learning and development is of utmost importance to SGC; providing employees with the opportunity to enhance their skills adds confidence and pride in the work being done. There has been a dramatic increase in the number of employees taking advantage of learning and development opportunities over the past year.



Partnerships were important to Learning and Development this year, particularly a new agreement with the University of Regina's Centre for Continuing Education, which provides leadership training for SGC management. Almost 300 seats were filled in more than 10 workshops, with 18 managers and directors completing their Professional Leadership Certificate this year.

Internal Communication

2006-2007 Corporate Measure:

- Through SGC's Corporate Affairs department, identify internal communications needs and priorities and ensure these needs are met.

Actual Results:

- A variety of internal communications pieces are distributed to all SGC staff to meet different needs, including: On Track magazine (quarterly), the All Aboard employee newsletter (bi-weekly), Week at a Glance (weekly), and an employee bulletin to update all staff on new promotions or initiatives, as needed.
- The SGC Intranet site for employees was redesigned and relaunched in Spring 2006.
- Town Hall meetings were held quarterly for all SGC employees, so that everyone at all levels of the Corporation is able to receive, provide, and share information.
- Corporate Affairs staff have been working diligently with other departments, to offer strategic communications advice.

Discussion of Results:

Internal communications is a high priority for SGC; it is a challenging venture, as it is for all businesses with diverse workforces from numerous backgrounds, access to technology and shift work occupations. The Corporate Affairs department endeavours to provide staff at all levels of the Corporation with the informational tools they need to do their jobs effectively. The Town Hall meetings are an important communication tool, as they provide a forum for all staff to share information and ask questions of the Executive Team and management who may not work together on a regular basis. Both verbal and written questions posed at these meetings are collected so that they may be answered and these are printed and distributed to all staff in a document called Keeping Track.

Labour Relations

2006-2007 Corporate Measures:

- Successfully negotiate a renewal of the collective agreement with the Public Service Alliance of Canada (PSAC) at Casino Regina and the Retail, Wholesale, Department Store Union (RWDSU) at Casino Moose Jaw.
- To establish a committee to gauge employee engagement based on results of the 2005 and 2006 Hewitt Employee Opinion Surveys.

Actual Results:

- The Employee Engagement Committee was established and has developed recommendations to address the action items identified in the survey.
- Negotiations have been concluded with the Public Service Alliance of Canada (PSAC) at Casino Regina.
- A memorandum of settlement has been reached with the RWDSU at Casino Moose Jaw and it is currently being considered through the ratification and approval processes.

Discussion of Results:

SGC has set a goal to become an Employer of Choice and ranked in the Top 50 Employers in Canada. The most recent Hewitt Employee Opinion Survey resulted in a 40% engagement score for SGC. This will require measures to further develop a workplace environment where the employees are engaged, positive, have an intense desire to work and engage in behaviours that contribute to organizational success. The Employee Engagement Committee will continue to work with the results of the surveys to develop strategies and address issues brought forward in the survey.

STRATEGIC DIRECTIONS

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.



Healthy and Safe Workplace

2006-2007 Corporate Measures:

- To continue to ensure that our employees work in a safe and healthy workplace.
- To provide employees with Occupational Health and Safety (OH&S) Training as "safety" of employees and guests is SGC's #1 guiding principle.
- To implement the new block shift schedule in all departments at Casino Regina, to increase the full-time employees by 10% at Casino Regina, and assist employees in balancing their life and work.
- To develop and implement a block shift schedule in collaboration with RWDSU at Casino Moose Jaw.

Actual Results:

- SGC continues to assist injured workers with an early and successful return to the workplace through the Return to Work Program.
- A general overview of OH&S and a "Safe Lifting" component have been added to the Corporation's Orientation Program.
- Block shift implementation has been fully implemented at Casino Regina.
- There has been agreement reached between Casino Moose Jaw and RWDSU on the general guidelines and process to implement block shifting. The parties will implement during the 2007-2008 fiscal year.

Discussion of Results:

SGC is committed to ensuring a positive, healthy and safe workplace for its employees, as the work environment is an important part of employee success. The new block shift schedules have been well received and are designed to help employees balance their working and personal lives.

Employee Appreciation

2006-2007 Corporate Measures:

- Recognize long-service employees through appropriate corporate functions.
- Organize corporate annual Family Fun Days, Children's Christmas parties, and other events.
- Capitalize on forums as an opportunity to address staff and openly appreciate and recognize the contributions made through hard work.
- Motivational customer service event held to show appreciation for staff's efforts and excellence.

Actual Results:

- In March, a new Five Star Awards gala was introduced, honouring long service recipients, the Double Diamond Rewards and Recognition program grand prize winner, and four new awards: the President's Leadership Award, Five Star Individual, Five Star Team, and Spirit of Volunteerism.
- Casino Regina and Casino Moose Jaw hosted separate children's Christmas parties; 512 attended in Regina and 84 attended in Moose Jaw.
- A special license was received by SLGA to hold an open house at Casino Regina and Casino Moose Jaw for children on December 24, which is one of only two days that the casinos are closed (the other is December 25).
- Family Fun Days are held for all employees each summer.
- Achievements are highlighted at quarterly Town Hall meetings.
- Internal communications used to highlight achievements.

Discussion of Results:

With the goal of becoming an employer of choice, it is critical that SGC recognize the contributions of its employees, through the above initiatives and a corporate culture that recognizes employee contributions on a regular basis.

Corporate Objective – Achieve 50% Aboriginal representation at all levels of the Corporation and ensure a representative workforce of other designated groups.

2006-2007 Corporate Measure:

- To meet the mandate of SGC's gaming framework agreement with the FSIN to have 50% employees of Aboriginal Heritage and develop a workforce that is representative of the population served.



STRATEGIC DIRECTIONS

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

Actual Results:

- 47.4% of the workforce is of Aboriginal Heritage.
- Women represent 55.1% of the workforce.
- Visible minorities represent 9.7% of the workforce.
- People with disabilities represent 3.27% of the workforce.

Discussion of Results:

SGC is proud to be a diverse workforce and continues to be one of the most inclusive workforces in the country. Many of SGC's Aboriginal employees, through the assistance and encouragement of the Corporation, develop themselves professionally and personally with skills training, education and work experience. We continue to be committed to achieving and exceeding our 50% Aboriginal workforce mandate.

As pressures increase on the supply of labour in Western Canada, many public and private sector employers will continue to present other opportunities for the consideration of Aboriginal employees at SGC. This competitive environment is a challenge, not only for SGC but for all employers. To address this, SGC is currently developing recruitment and retention strategies that will ensure that we attract, retain and develop the employees we require to meet our current and future needs.

SGC is often called upon to share its best practices with other organizations. SGC has presented on Métis and First Nations recruitment and retention to a number of groups, including Regina Regional Economic Development Authority (RREDA), the Saskatchewan Public Service Commission and the Provincial Aboriginal Representative Workforce Council (PARWC). SGC representatives have also participated in local career fairs and educational events.



STRATEGIC DIRECTIONS

C: Public Acceptance, Social Responsibility and Partnership Relations

To be a model corporate citizen, contributing to our community in a socially responsible manner, demonstrated in part through our unique partnerships.

Corporate Objective – To create greater public understanding and acceptance of the positive impacts of SGC in Saskatchewan.

Key Activities Contributing to Success in Meeting this Objective:

External Communications Plan

2006-2007 Corporate Measure:

- Develop the corporate image through a detailed communications plan in line with government policy.

Actual Results:

- Regular updates to www.casinoregina.com and www.casinomoosejaw.com.
- Regular participation in news conferences (LED launch, Rolling Stones concerts, Meet the Chefs) to enhance SGC's public profile.
- Regular media monitoring to track SGC's portrayal in local, national and international media, as well as other related topics (problem gambling, other gaming jurisdictions, smoking ban).
- Monitor and respond to customer comments.
- SGC representatives spoke at a number of community events, such as the "Excellence in Action" Aboriginal Economic Development Symposium, Oskana Cup Aboriginal Hockey Tournament, Juvenile Diabetes Research Foundation Corporate Recruitment Luncheon, "A Proud Generation" calendar launch and Regina Aboriginal Professional Association social.

Discussion of Results:

SGC places high importance on communicating with external stakeholders and the public at large. Through a comprehensive communications plan, the Corporation aims to increase its visibility in the community and maintain and strengthen its reputation as a good corporate citizen and community partner.

Corporate Objective – Maintain an environment for all staff and guests where they feel safe and secure.

2006-2007 Corporate Measure:

- Score for security satisfaction on the Customer Service Index (CSI).

Actual Results:

- Casino Regina scored 8.8 on the CSI in the area of security satisfaction.
- Casino Moose Jaw scored 9.0 on the CSI in the area of security satisfaction.
- Digital recording project now complete at Casino Regina and Casino Moose Jaw, and all security and surveillance staff have been trained on the new system.
- Floor Security staff have begun training to allow documentation of all security-related incidents into the iTrack database to allow for better reporting and retrieval of incidents and information.

STRATEGIC DIRECTIONS

C: Public Acceptance, Social Responsibility and Partnership Relations



Discussion of Results:

Security's focus for the year centered on exceeding customers' expectations, along with providing a safe and secure gaming environment for staff and guests. Our commitment to staff training is paramount to a successful department, and this initiative continues with staff receiving training in areas of customer service, game protection and responsible service of alcohol.

Several technical projects are underway for 2007-2008, including:

- Parking lot surveillance system upgrade
- New key dispensing system for Casino Regina
- EBI upgrade at Casino Moose Jaw
- Installation of Honeywell Video Matrix at Casino Regina
- Micros Digital Interface for Casinos Regina and Moose Jaw

Corporate Objective – To be a leader in Responsible Gaming.

2006-2007 Corporate Measures:

- Operationalize responsible gaming, including the Responsible Gaming Information Centre (RGIC) to provide on-site education, resources and referrals.
- Investigate and develop a system to predict high risk gambling behaviour (iCare).
- Work with SaskHealth, the Saskatchewan Responsible Gaming Association and other agencies to enhance the image of gaming and address problem gambling issues.

Actual Results:

- A total of 1,436 interactions, providing education, resources, and referrals, occurred with players and guests on the floor of the casinos and within the RGIC from April 1, 2006 to March 31, 2007. Of these, 299 were referred to the RGIC for further education and resources, 23 were referred to health authorities (problem gambling counsellors), 17 were referred to the Problem Gambling Help Line, 13 were referred to Gambler's Anonymous and 23 were referred to the voluntary banning program.
- From April 1, 2006 - March 31, 2007, Casino Regina had 124 guest-requested voluntary bans and Casino Moose Jaw had 23 guest-requested voluntary bans.

Discussion of Results:

The Saskatchewan Gaming Corporation's responsible gaming goal is to provide quality casino entertainment in a safe environment of fun, excitement and customer care. We have been mandated since our opening to implement policies and procedures that will identify persons exhibiting behaviour reasonably evidencing a problem with gaming and to provide those persons with information respecting appropriate intervention programs.

The Responsible Gaming Information Centre is the second centre of its kind in the country.

The RGIC's focus is a positive one, increasing player awareness and keeping gambling fun. The Responsible Gaming Resource Person provides information about gaming, so guests are educated about how the games work, randomness, house advantage and the costs of different kinds of gaming.

The Resource Person can also assist those concerned about their own or someone else's gambling and provides referrals to community resources, such as the Regional Health Authority (problem gambling counselors) or Gamblers Anonymous, for help.

In conjunction with SGC Security, the Responsible Gaming Resource Person also assists in the Casinos Regina and Moose Jaw voluntary ban program. Players who may be experiencing problems can have themselves banned from the casinos for a specified period of time.

The iCare product, comprised of state-of-the-art computer software and comprehensive staff training, is a one-of-a-kind creation that works to help casinos integrate responsible gaming into day to day operations, as part of a commitment to complete customer care.

iCare, a joint venture of the SGC and iView Systems, builds on current gaming practices, such as teaching staff to identify signs of high risk behaviour and providing players with information about the games they play.

The training component of iCare incorporates responsible gaming as part of good customer service, making customer safety the first priority and provides staff with the confidence to be able to identify and assist players who are exhibiting high risk behaviours.

The iCare program has been presented at conferences in Toronto, Vancouver, Las Vegas and Auckland, New Zealand.

Corporate Objective - Develop and maintain partnerships to support Saskatchewan's communities, recognizing our unique commitment to Saskatchewan's Aboriginal people.

2006-2007 Corporate Measures:

- Enhance the corporate image through cost-effective sponsorship of community events and activities that support SGC's brand, image, values and public policy objectives.
- Develop a comprehensive Aboriginal Supplier Registry.



STRATEGIC DIRECTIONS

C: Public Acceptance, Social Responsibility and Partnership Relations

Actual Results:

- SGC's Corporate Affairs department took on the responsibility for community sponsorships, developing a comprehensive policy to identify appropriate opportunities.
- The Finance and Administration department continues to work with the Crown Procurement Committee to network and develop our Aboriginal and Saskatchewan supplier base.

Discussion of Results:

SGC continues to take pride in being a model corporate citizen and working with local business and tourism partners to improve the quality of life for the communities of Regina and Moose Jaw and the province.

SGC staff regularly sit on tourism boards and committees – at the national level with the National Aboriginal Economic Development Board, Aboriginal Government Employee's Network, Aboriginal Human Resource Development Council of Canada and Access to Capital; at the provincial level with Tourism Saskatchewan, the Clarence Campeau Development Fund and the Saskatchewan Responsible Gaming Association; at the regional level with Tourism Regina and Tourism Moose Jaw; and at the local level with a number of organizations such as Downtown Regina, Regina Regional Economic Development Authority, Regina and Moose Jaw Problem Gambling Committees and the Community Services Village Capital Campaign.

SGC continues to develop relationships with Aboriginal, disability and visible minority communities and explore sponsorship opportunities with organizations and events. For example, each year on June 21, the First Nations and Métis community celebrate their culture, spirituality and heritage during National Aboriginal Day, and SGC recognizes this by hosting a special celebration. SGC provides major financial sponsorship and provides employees as volunteers for the event.

SGC was also the presenting sponsor of the Oskana Cup Aboriginal Hockey Challenge, highlighting the best in Aboriginal hockey talent from across the Prairies.

SGC has maintained its strong commitment to the First Nations and Métis communities through the support of Aboriginal events and organizations, including the First Nations Family Support Centre, File Hills Qu'Appelle Tribal Council, The Federation of Saskatchewan Indian Nations, Rainbow Youth Centre, Aboriginal Kinsmen Club, The Circle Project Inc. and the First Nations University of Canada.

To develop and seek out Aboriginal-based businesses, Support Services staff attended the Excellence in Action trade show and bi-annual SPM Purchaser's Showcase, as well as the Aboriginal Partnership Conference organized by RREDA and the File Hills Qu'Appelle Tribal Council.





Corporate Objective – Ensure a high standard of integrity and accountability for all gaming and non-gaming activities.

2006-2007 Corporate Measures:

- Meet all requirements of the Provincial Auditor and the Saskatchewan Liquor and Gaming Authority.
- Provide accurate, timely and relevant information to management, the Board of Directors, the Government and the public.

Actual Results:

- Corporate results are posted on SGC's website on a quarterly basis and our annual report is tabled according to legislated timelines.
- The Provincial Auditor issued an unqualified opinion of SGC's 2006-2007 Consolidated Financial Statements.

Discussion of Results:

Internal control systems are continually reviewed to meet the highest standards of integrity and meet with all regulatory obligations or audits and internal control standards.

Present control systems meet all necessary requirements and all procedural changes are brought before the Corporation's Internal Control Committee before implementation. Compliance with approved policies and procedures is closely monitored.

STRATEGIC DIRECTIONS

D: Innovation, Sustainability and Profitability



To continue to innovate, partner and develop new opportunities aimed at creating value and ensuring long-term sustainability and profitability.

Corporate Objective – To ensure a high level of sustainable profitability for Saskatchewan people.

2006-2007 Corporate Measures:

- Net income of \$31.1 million
- Net operating income as a % of revenue: 34.8%

Actual Results:

- During the 2006-2007 fiscal year, SGC posted a net income of \$34.9 million, an increase of \$5.7 million over the previous year's profit of \$29.2 million.
- Net revenues for the year were \$102 million, an increase of \$7.4 million or 7.8% from the previous year.
- Due to marketing efforts, including couponing, slot revenues increased \$9 million and table revenues increased \$0.8 million.
- Other revenues – that include Food & Beverage, parking, Show Lounge, interest, rent and ATM fees – decreased \$302,000 from the prior year.
- SGC saw an increase in its Food & Beverage operations of \$811,000, as a result of the popularity of the Sunday Brunch and increased events in the Show Lounge.
- Ticket revenue increased \$322,000.
- Parking revenue increased \$318,000 as free parking was offered during the implementation period of the new PERK system in 2005-2006.
- Corporate other revenue decreased \$1.8 million due to a GST recovery that was recorded in the prior year.
- Expenses rose from \$65.3 million in 2005-2006 to \$67.1 million in 2006-2007, a 2.8% increase. This increase reflects increased operating costs such as salaries, training and entertainment.
- SGC achieved a 37.1% net operating income (as a percentage of net revenue) which is above our goal of 34.8%.

Corporate Objective – To pursue and identify business risks and new opportunities.

Business Development Strategy

2006-2007 Corporate Measure:

- To identify either new developments or ventures to grow the Corporation vertically, as well as horizontally and to share knowledge of the gaming industry.

Actual Results:

- SGC continues to explore a number of potential business development opportunities.

Discussion of Results:

SGC is recognized as a leader in responsible gaming and has been asked to share its knowledge with other gaming jurisdictions. The expansion of legalized gambling has been accompanied by social concerns about increased rates of problem gambling, the costs associated with those increased rates and the industry's responsibility for dealing with the issue. SGC, in partnership with iView systems, developed the iCare responsible gaming software and training system to work as a complete risk management tool so that operators may exercise a reasonable duty of care toward their customers. There will be opportunities to share this product with other casino operators worldwide on a commercial basis, as there is no other product like it available.

Risk Management

2006-2007 Corporate Measure:

- Be proactive in managing corporate risks, including changes to the industry and the business environment.

Actual Results:

- A plan has been developed to address insurance incidents with a goal to minimize the number of incidents and to reduce the annual insurance premium costs.

Discussion of Results:

The casino business is cash-intensive and socially sensitive, so SGC has to operate in a highly controlled environment. At SGC, the Director of Internal Audit reports directly to the Finance and Audit Committee of the Board of Directors. Because Internal Audit is an independent function – created to examine and evaluate the activities within SGC – its Director reports to SGC's Finance and Audit Committee.

The Corporation has identified five areas of risk that must be well managed to ensure its continued success and long-term viability. These key areas are:

- Ensuring fairness and integrity in gaming operations,
- Maintaining Casinos Regina and Moose Jaw's competitive positions as top tourist destinations,
- Meeting government expectations for reasonable profitability and performance accountability,
- Offering quality employment and career opportunities consistent with employment equity objectives, and
- Operating in a socially responsible manner.

2007-2008 Outlook

There is no doubt 2006-2007 was a successful year for us. The ability of our employees to accept and share the vision and work as a team to achieve our goals is leading us to success. We will continue to advance on many fronts by developing products, services and business formats based on what our guests want, and continuously anticipating change. At the same time, we will foster good relations with all of our stakeholders.

We have a business plan that is built upon our values, vision and mission and lays out the strategic direction as stated through our business goals, core strategies and corporate initiatives. On many fronts, we won't be doing anything out of the ordinary. Indeed, we will be getting back to the basics in client expectations to move from great to excellent.

Nevertheless, it is important that we distinguish clearly between things that need to be changed and identify what is already successful.

We recognize that we must work together. We need an "army of one" relentlessly pursuing excellence. Our success requires communication and embracing the plan at all levels of the organization. It will be an ongoing challenge that we at SGC are ready to meet.

We will be adopting an abbreviated business plan that will fit on the back of a business card sized tag for all staff to carry. This will complement our internal communications and make it easier for all employees to understand and remind themselves of the overall goal and how they fit in.

As you can guess, everyone at SGC is excited and cautiously optimistic. As an entertainment destination, we face an ever-changing, often challenging environment.

However, we know that nothing creates more success or value than guest service excellence, complemented by the right product in the right property and delivering on our brand promise, "Always Entertaining."

We are also aware that the dynamic nature of our business demands that we stay focused on leading the industry, knowing what our guests want and how we're doing in terms of meeting their expectations.

We must continue to steadily and relentlessly pursue being an employer of choice with a goal of delivering guest service excellence. We will be recognized not only as a leader in the industry, but as a leader in the communities we serve by understanding and anticipating the needs of society, employees and our customers.

We pledge to advance toward achieving three goals: becoming an employer of choice; pursuing guest service excellence; and, being recognized as leaders. Our employees will be admired for their integrity and the quality of gaming product and guest service they provide, and for their commitment to the communities we serve.

With the talent and dedication of the staff at Casino Regina and Casino Moose Jaw, we will continue working towards our vision of becoming premiere entertainment destinations.