

Saskatchewan Gaming Corporation

First Quarter Report 2009

For the three month period ended March 31, 2009

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Corporate Overview

The Saskatchewan Gaming Corporation (SGC) was established in 1994 as a Treasury Board Crown Corporation to operate casino gaming on behalf of the province and currently operates Casino Regina and Casino Moose Jaw. Effective April 1, 2008, SGC came under the direction of the Crown Investments Corporation of Saskatchewan (CIC). SGC operates Casino Regina and Casino Moose Jaw under the regulatory authority 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 and is a full-service entertainment facility offering slot machines, table games, a Show Lounge, restaurant, and on-site parking.

Casino Moose Jaw opened September 6, 2002, and is connected via pedestrian walkway to Temple Gardens Mineral Spa. It has table games, slot machines, a lounge/snack bar and parking facilities.

SGC's vision is as follows:

"We are the premier destination for casino entertainment, setting the standards for Five Star Service experience and properties."

Management's Discussion and Analysis

The Management's Discussion and Analysis highlights the primary factors that impacted the operations and financial results of SGC for the three month period ended March 31, 2009. This discussion should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes. The Board of Directors for SGC has approved these interim financial statements. For additional information relative to its operations and financial position, refer to the Corporation's Annual Report for the period ended December 31, 2008.

This discussion includes forward looking statements about the corporate direction and financial objectives of SGC. Due to the risks and uncertainties inherent in any forecast, the actual results could differ materially from those anticipated.

In February 2008, the Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board confirmed that publicly accountable enterprises, including SGC and its subsidiary, will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian generally accepted accounting principles (GAAP) for interim and annual reporting in the fiscal year beginning January 1, 2011, including comparative figures for the prior year. SGC has commenced an IFRS conversion project, including the development of a high level IFRS implementation plan. An external advisor has been engaged to assist with the development of the plan and to perform a detailed review of the differences between current Canadian GAAP and IFRS as they relate to SGC. At this time, the impact on the Corporation's future financial position and results of operations is not reasonably determinable.

Financial Highlights

The following information provides details of the corporation's financial performance for the period January 1 to March 31, 2009, with comparable figures for the same period last year.

(in 000's)	Three months ended March 31			%
	2009	2008	Change	
Net Revenue	32,242	29,899	2,343	7.8%
Expenses	19,710	19,597	113	0.6%
	12,532	10,302	2,230	21.6%
Payment to GRF	6,266	-	6,266	
Net Income	6,266	10,302	(4,036)	

SGC's net income in the first quarter decreased \$4.0 million from the prior year. However, prior to April 1, 2008, SGC paid all of its net income to the General Revenue Fund (GRF). Beginning April 1, 2008 the payment to the GRF is now considered an expense item and is deducted in arriving at the net income figure. On a comparative basis, income before the payment to the GRF increased \$2.2 million in the first quarter from the prior year.

1. Net Revenue

Net revenue for the first quarter was \$32.2 million, an increase of \$2.3 million over the same period in 2008. The increase in net revenue is due primarily to slot revenues. Food & beverage sales and ticket revenue also saw an increase. The guest visits at SGC's properties have increased year over year.

2. Expenses

Expenses were \$19.7 million in the first quarter, an increase of \$0.1 million from the same period in 2008. Direct operating expenses increased \$0.6 million primarily due to increased labour costs due to additional staffing requirements and increased salary and benefit rates, offset by decreased equipment purchased in the first quarter.

Outlook

The Corporation's net income target for 2009 is \$25.4 million. Revenues were down from budget in the 1st quarter, however the net income target was achieved through expenditures timing. There has been a slowdown in the anticipated growth included in the budget and SGC will be keeping a close watch on the revenues and managing its expenses accordingly.

Saskatchewan Gaming Corporation
Consolidated Statement of Financial Position

As at (in 000's)	(Unaudited) March 31, 2009	(Audited) December 31, 2008
Assets		
Current assets:		
Cash	\$ 24,970	\$ 23,780
Accounts receivable	912	918
Inventory	264	276
Prepaid expenses	195	205
	<u>26,341</u>	<u>25,179</u>
Property, plant and equipment	55,724	56,858
	<u>55,724</u>	<u>56,858</u>
Total Assets	\$ 82,065	\$ 82,037
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,759	\$ 8,896
Payable to the General Revenue Fund	6,266	5,801
Dividend payable	5,080	5,298
Current portion of long term debt	5,198	5,105
Current portion of capital lease obligation	900	900
	<u>26,203</u>	<u>26,000</u>
Long Term Debt	14,178	15,513
Capital Lease obligation	6,863	6,889
	<u>21,041</u>	<u>22,402</u>
Total Liabilities	47,244	48,402
Equity advance	29,805	29,805
Retained earnings	5,016	3,830
	<u>34,821</u>	<u>33,635</u>
Total liabilities and equity	\$ 82,065	\$ 82,037

(See accompanying notes)

Saskatchewan Gaming Corporation
Consolidated Statement of Operations and Comprehensive Income

(Unaudited) (in 000's)	Three months ended March 31	
	2009	2008
Revenue:		
Gross revenues	\$ 34,799	\$ 32,193
Less:		
Promotional allowances	1,734	1,502
Ancillary cost of goods sold	823	792
	<u>32,242</u>	<u>29,899</u>
Operating Expenses:		
Direct operating expenses	15,885	15,320
GST	450	623
Interest	542	634
Amortization	1,652	1,816
Property taxes	427	450
Contractual obligations	754	754
Total Expenses	<u>19,710</u>	<u>19,597</u>
Income before payment to GRF	12,532	10,302
Payment to GRF	<u>6,266</u>	<u>0</u>
Net Income	6,266	10,302
Other comprehensive income	-	-
Comprehensive income	<u>\$ 6,266</u>	<u>\$ 10,302</u>

Saskatchewan Gaming Corporation
Consolidated Statement of Retained Earnings

(Unaudited) (in 000's)	Three months ended March 31	
	2009	2008
Retained earning, beginning of year	3,830	0
Net income	6,266	10,302
Dividends	5,080	0
Transfer to General Revenue Fund	0	10,302
Retained earnings, end of year	<u>\$ 5,016</u>	<u>\$ -</u>

(See accompanying notes)

Saskatchewan Gaming Corporation
Consolidated Statement of Cashflows

(Unaudited) (in 000's)	Three months ended March 31	
	2009	2008
Operating activities:		
Net income	\$ 6,266	\$ 10,302
Items not involving cash:		
Depreciation of property, plant and equipment	1,622	1,813
Loss on sale of capital assets	30	3
Write off of miscellaneous assets		1,009
Net change in non-cash working capital balances	356	618
	<u>8,274</u>	<u>13,745</u>
Investing activities:		
Purchase of capital assets	(518)	(854)
	<u>(518)</u>	<u>(854)</u>
Financing activities:		
Payment to General Revenue Fund	0	(10,472)
Dividends paid	(5,298)	0
Repayment of capital lease obligation	(26)	(24)
Repayment of long-term debt	(1,242)	(1,154)
	<u>(6,566)</u>	<u>(11,650)</u>
Net increase in cash	1,190	1,241
Cash, beginning of year	23,780	9,965
Cash, end of year	<u>\$ 24,970</u>	<u>\$ 11,206</u>
Supplemental Information:		
Cash interest paid	\$ 349	\$ 436

(See accompanying notes)

Saskatchewan Gaming Corporation
Notes to Consolidated Financial Statements
March 31, 2009
(Unaudited)

1. Description of Business

The Saskatchewan Gaming Corporation (SGC) manages and operates Casino Regina and Casino Moose Jaw. SGC was established under *The Saskatchewan Gaming Corporation Act, 1994* (Act) to provide for separation of regulatory and operational aspects of gaming. SGC must operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997*. Regulation of SGC's operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

Effective April 1, 2008, SGC operates under the direction of the Crown Investments Corporation of Saskatchewan (CIC). As a CIC Crown, SGC's fiscal year end changed to December 31. SGC is required to make payments to the General Revenue Fund to the extent required to meet the Government's obligations under the Act to the First Nations Trust, the Community Initiatives Fund, and the Métis Development Fund. In addition SGC will now pay dividends to the CIC as per its directions.

The consolidated financial statements combine the accounts of the SGC and its wholly-owned subsidiary, SGC Holdings Inc. which is incorporated under The Business Corporations Act (Saskatchewan). All intercompany transactions and accounts have been eliminated on consolidation.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are consistent with those used and described in the December 31, 2008 annual report.