



First Quarter Report
2012

For the three months ended March 31, 2012

Contents

CORPORATE OVERVIEW.....	3
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
OUTLOOK.....	4
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	5
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	8

CORPORATE OVERVIEW

The Saskatchewan Gaming Corporation (SaskGaming or the Corporation) was established in 1994 as a Treasury Board Crown Corporation to operate casino gaming on behalf of the province of Saskatchewan. It currently operates Casino Regina and Casino Moose Jaw. Effective April 1, 2008, SaskGaming came under the direction of the Crown Investments Corporation of Saskatchewan (CIC). SaskGaming 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. It offers guests table games, slot machines, food and beverage services and parking facilities. Entertainment is offered to Moose Jaw customers through a partnership with the Mae Wilson Theatre.

SaskGaming's vision is as follows:

SaskGaming is the recognized leader in providing gaming entertainment in Saskatchewan.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis highlights the primary factors that impacted the operations and financial results of SaskGaming for the three month period ended March 31, 2012. This discussion should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes. For additional information relative to its operations and financial position, refer to the Corporation's Annual Report for the year ended December 31, 2011.

FINANCIAL RESULTS

The following information provides details of the Corporation's financial performance for the period January 1 to March 31, 2012, with comparative figures for 2011.

	Three months ended March 31			
	2012	2011	Change	%
(in 000's)				
Revenue	\$ 33,048	\$ 32,298	\$ 750	2.3%
Expenses	20,602	20,274	328	1.6%
Income before payment to General Revenue Fund	12,446	12,024	422	3.5%
Payment to GRF	6,223	6,012	211	3.5%
Net Income	\$ 6,223	\$ 6,012	\$ 211	3.5%

SaskGaming's net income for the first quarter of 2012 was \$6.2 million, an increase over the same period in 2011 of \$0.21 million. Revenues increased \$0.75 million, and expenses increased \$0.33 million.

1. Revenue

Revenue for the first quarter was \$33.0 million, an increase of \$0.75 million over the same period in 2011. Gaming revenues increased \$0.65 million and ancillary revenues increased \$0.15 million. Guest counts at Casino Regina increased 8.1% year over year in the first quarter. Casino Moose Jaw guest counts increased 13.4%. The increase can be partly attributed to the milder winter experienced in 2012.

2. Expenses

Total expenses for the first quarter were \$20.6 million, an increase year over year of \$0.33 million. Operating expenses increased \$0.45 million due primarily to higher salaries and employee benefits as a result of economic rate increases.

OUTLOOK

The Corporation's net income before payment to GRF target for 2012 is \$50.8 million. At the end of the first quarter, net income before payment to GRF is ahead of budget by \$422,000. At this time, SaskGaming believes it will achieve its net income target for 2012.

SASKATCHEWAN GAMING CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)

As at (in 000s)	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash	\$ 16,086	\$ 13,221
Accounts receivable	269	290
Inventory	279	300
Prepaid expenses	105	435
	16,739	14,246
Property, plant and equipment	67,505	68,754
	\$ 84,244	\$ 83,000
 LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	\$ 10,439	\$ 9,777
Payable to the General Revenue Fund	6,223	6,146
Dividend payable	5,121	5,366
Current portion of long-term debt	1,321	1,300
Current portion of finance lease obligation	932	918
	24,036	23,507
Long-term debt	11,769	12,107
Finance lease obligation	6,461	6,510
	42,266	42,124
Equity advance	12,805	12,805
Retained earnings	29,173	28,071
	41,978	40,876
	\$ 84,244	\$ 83,000

(See accompanying notes)

SASKATCHEWAN GAMING CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended March 31
(Unaudited)

(in 000s)	2012	2011
Revenue	\$ 33,048	\$ 32,298
Operating expenses	16,931	16,479
Depreciation	1,724	1,805
Taxes	845	845
Contractual obligations	754	754
Finance expense	348	391
Income before payment to the General Revenue Fund	12,446	12,024
Payment to the General Revenue Fund	6,223	6,012
Net income	6,223	6,012
Other comprehensive income	---	---
Comprehensive income	<u>\$ 6,223</u>	<u>\$ 6,012</u>

(See accompanying notes)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended March 31
(Unaudited)

(in 000s)	March 31, 2012			March 31, 2011		
	Retained Earnings	Equity Advance	Total	Retained Earnings	Equity Advance	Total
Balance as at January 1	\$ 28,071	\$ 12,805	\$ 40,876	\$ 22,897	\$ 19,805	\$ 42,702
Comprehensive income	6,223	---	6,223	6,012	---	6,012
Dividends	(5,121)	---	(5,121)	(5,109)	---	(5,109)
Balance as at March 31	<u>\$ 29,173</u>	<u>\$ 12,805</u>	<u>\$ 41,978</u>	<u>\$ 23,800</u>	<u>\$ 19,805</u>	<u>\$ 43,605</u>

(See accompanying notes)

SASKATCHEWAN GAMING CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended March 31
(Unaudited)

(in 000s)	2012	2011
Operating activities:		
Net income	\$ 6,223	\$ 6,012
Adjustments for:		
Finance expense	348	391
Depreciation	1,724	1,816
Gain on sale of property, plant and equipment	---	(11)
Changes in non-cash working capital balances:		
Accounts receivable	21	39
Inventory	21	11
Prepaid expenses	330	(34)
Trade and other payables	619	203
Payable to the General Revenue Fund	77	926
	9,363	9,353
Investing activities:		
Proceeds from sale of property, plant and equipment	---	12
Purchases of property, plant and equipment	(475)	---
	(475)	12
Financing activities:		
Dividends paid	(5,366)	(2,825)
Interest paid	(305)	(348)
Repayment of finance lease obligation	(35)	(32)
Repayment of long-term debt	(317)	(1,438)
	(6,023)	(4,643)
Increase in cash	2,865	4,722
Cash, beginning of period	13,221	9,993
Cash, end of period	\$ 16,086	\$ 14,715

(See accompanying notes)

SASKATCHEWAN GAMING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012
(Unaudited)

1. Description of Business

The Saskatchewan Gaming Corporation (SaskGaming) is a corporation domiciled in Canada. The address of SaskGaming's registered office and principal place of business is 1880 Saskatchewan Drive, Regina, SK, S4P 0B2.

SaskGaming manages and operates Casino Regina and Casino Moose Jaw. SaskGaming was established under *The Saskatchewan Gaming Corporation Act, 1994* (Act) to provide for separation of regulatory and operational aspects of gaming. SaskGaming 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 SaskGaming's operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

SaskGaming operates under the direction of its owner, the Crown Investments Corporation of Saskatchewan (CIC). CIC is the provincial government's holding corporation for its commercial Crown corporations. The financial results of SaskGaming are included in the consolidated financial statements of CIC.

2. Basis of Preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 25, 2012.

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments which are classified as fair value through profit and loss, which are measured at fair value.

c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is SaskGaming's functional currency.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include: useful lives of property, plant and equipment and the customer loyalty program.

3. Significant Accounting Policies

The accounting policies applied by the Corporation in these condensed consolidated interim financial statements are consistent with those applied by the Corporation in its December 31, 2011 annual financial statements.