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Jada Yee, Manager of Casino Operations, has been with Sask Gaming since 1999, holding a number of positions including Security Guard, Pit Boss, Slot Shift Manager and Food and Beverage Shift Manager before becoming Manager of Casino Operations. Why does he love to work at Sask Gaming? It's simple.

"I love working for Sask Gaming because there is something new to learn every day – every day is an adventure. I look forward to coming to work because of the great staff who work at Sask Gaming. You cannot find a friendlier and more dedicated staff anywhere else. I truly believe we are the best place to work in Canada!"

Employer of Choice, Choice Employees

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March 31, 2009

The Honourable Dr. Gordon Barnhart
Lieutenant Governor
Province of Saskatchewan

May it please Your Honour:

I respectfully submit the Annual Report of Saskatchewan Gaming Corporation for the year ended December 31, 2008, in accordance with The Saskatchewan Gaming Corporation Act. The Financial Statements are in the form approved by the Treasury Board, and have been reported on by the Corporation's auditors.

Bill Hutchinson

Honourable Bill Hutchinson
Minister Responsible for Saskatchewan Gaming Corporation



Minister's Letter

As the Minister Responsible for the Saskatchewan Gaming Corporation I am pleased to note that during the nine-month period covered by this report the Corporation has made significant contributions to Saskatchewan's healthy economy. Sask Gaming also stands out for having a young workforce with 32% under 30 years of age, and 42% Aboriginal employees. Once again this year the Corporation was recognized by Media Corp Canada as a Top 100 Employer in the country and among the Top 10 Employers in Saskatchewan.

Sask Gaming contributes 50 percent of its profits to the General Revenue Fund and, during the period covered by this report, paid its first dividend to the Crown Investment Corporation. The General Revenue Fund distributes gaming profits to First Nations Trust, Métis Development Fund and Community Initiatives Fund.

The Corporation, in fulfilling its role as a good corporate citizen, also supports hard working volunteers and provides funding for many important events and projects in our province. I offer my congratulations to the more than 1,000 employees of Sask Gaming for their valued contributions to our provincial economy, and particularly our vibrant tourism industry.

Respectfully submitted,

Bill Hutchinson

Honourable Bill Hutchinson,
Minister Responsible for Saskatchewan Gaming Corporation

Saskatchewan Gaming Corporation has achieved great success over the past 13 years. The Corporation has established the benchmark for casino operations in Saskatchewan, creating a viable entity that gives back to the province through a strong demonstration of social responsibility, quality employment, and providing a sound economic return to the shareholder.

Since I assumed responsibility as Chair of the Board in April 2008, Sask Gaming has achieved a significant milestone with the conversion from a Treasury Board Crown to a Crown Investments Corporation (CIC) Crown. We are adapting our governance and responsibility practices accordingly and preparing the organization for continued success.

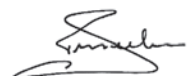
I am pleased to be working with a Board that is committed to governing the organization with passion and diligence. This year was one of challenge, change and opportunity. The shareholder provided direction that the expansion of gaming would not continue until further notice. As a result management put forward a proposal to refresh our existing facilities in keeping with Five Star standards and address the working conditions of our staff. This was approved by CIC in September. Further, we received a clear set of directions for the future, including: youth; supporting Aboriginal and Saskatchewan business; environmental stewardship; administrative effectiveness; and ensuring that we continue to deliver high value service to our guests.

2008 was once again a successful year from a service and experience standpoint. Guest counts at both locations have increased; we attracted more people and entertained them to ensure a memorable experience. The Corporation has enjoyed strong financial results consecutively since the first year of operation, and 2008 was no exception. This perfect combination of great people with a passion for service, a business model that is founded on integrity, a Five Star environment, and a sound management team places the Corporation in a solid position for the future.

Through strategic planning, the board of directors identified the key risk areas for the future and provided long term direction for 2009 and beyond.

- Generating quality employment amidst a war for talent continues with the competition for skilled and talented people. Our ability to meet our Aboriginal representation target of 50 percent as well as other diversity targets will require a competitive approach.
- Providing an economic benefit to the province and people of Saskatchewan in a potentially challenged economy will require that we continue practicing effective corporate governance, enterprise risk management and resource management.
- Competitive positioning requires that we continue to focus on customer intimacy and experience excellence. We must ensure that our facilities are maintained at a Five Star standard and make investments accordingly through a managed approach.
- Governance structure was a key consideration in 2008 and, will continue, moving forward. We must ensure that the organization is structured appropriately.
- Last but not least is the need to ensure that we are demonstrating responsibility, integrity and security at every turn, such that we are exercising duty of care in meeting the social and economic needs of our stakeholders.

On behalf of the Board, I would like to thank the talented management team of Sask Gaming and the employees whose dedication to excellence makes it possible for the organization to contribute both financially and socially to the people of Saskatchewan. This pride and dedication to excellence is resoundingly evident on the pages of this annual report.



Wes Becker, Chair

2008 was a year of change and transition for Sask Gaming in many respects. During the year Sask Gaming successfully transitioned through a change in leadership and senior management, and welcomed four new members to the Board of Directors.

Our strong financial results indicate that the Corporation is built on a solid foundation, and is headed in the right direction. I believe that our financial results are the result of everything else that we do: our strategic planning, our employee recruitment and retention policies, our emphasis on offering outstanding service to our guests, our involvement in the community and continuing initiatives to strengthen our governance and administrative practices. You will see in this report that we have ambitious plans in place, and are moving forward in all of these areas in 2009.

Ultimately, our employees and our customers are the central focus of our business. Beginning in 2009, with completion in 2010, we will refresh both our properties to enhance the experience for our employees and our guests. The interior décor at Casino Regina will be refreshed, training facilities will be improved and corporate staff will be re-located to office space that meets their needs. At Casino Moose Jaw the decor will be refreshed, the food and beverage service will be expanded and offices will be housed in an addition on the second floor. Employees will also benefit from expanded fitness, locker and storage space.

For a second straight year, in 2008 Sask Gaming was named one of Canada's top 100 employers by Media Corp Canada, and we want to continue the streak. We are also proud that Media Corp placed Sask Gaming among the top 10 employers in Saskatchewan.

The government has stated that there will be no expansion of gaming in the province until further notice. This means Sask Gaming will be looking closely at its existing and ancillary revenue streams to ensure continued growth in profitability and efficiency in our existing operations.

Looking to the future, we see challenge, change and opportunity. Over the past decade, the gaming industry in Saskatchewan has been evolving and maturing.

We are excited about the possibilities that the future may bring. Sask Gaming has 13 years of demonstrated knowledge and expertise in the gaming industry, homegrown, right here in our province.

As we solidify our reputation as a socially responsible corporation that is well-managed with a high level of integrity, we see opportunities to leverage our knowledge and reputation to see Sask Gaming become a major player on the provincial and national stage.



Twyla Meredith, A/President and CEO

Guest Experience Excellence



We're more than just a great gaming experience – in 2008, more than 122,000 people came to the Casino Regina's Show Lounge. The Show Lounge welcomed some of the most well-known names in entertainment, including Johnny Reid, Bobby Vinton, The Proclaimers, Pat Benatar, Boz Scaggs and Charley Pride. In fact, readers of WestJet's Up! magazine chose Casino Regina as the best nightlife in the city!



- Sask Gaming currently operates Casino Regina and Casino Moose Jaw. Both locations are conveniently located in the downtown area of their respective cities, and both are open seven days a week.
- Casino Regina is located in Regina's historic Union Station and is connected to the Delta Regina hotel and the Cornwall Centre shopping mall by a pedestrian walkway.
- Sask Gaming has 995 slot machines, 32 table games, nine poker tables plus 12 additional tables in the Casino Regina tournament room. We offer full food and beverage services, a Show Lounge and parking facilities.
- Sask Gaming was established in 1994 as a Treasury Board Crown Corporation and in 2008 came under the direction of Crown Investment Corporation (CIC), bringing Sask Gaming in line with the governance and performance management best practices of Saskatchewan's Crown sector.
- Sask Gaming contributes to the province's General Revenue Fund (GRF) and now pays dividends to CIC. In 2008, 50 percent of profits were paid to the GRF and for the current year 80 percent of net income (after the payment to the GRF) was paid as a dividend to CIC. The GRF distributes gaming funds to First Nations Trust, the Métis Development Fund, and the Community Initiatives Fund.
- Sask Gaming is responsible to the Government of Saskatchewan through a Board of Directors appointed by the provincial Cabinet. The Board is composed of seven members, including three nominated by the Chiefs' Legislative Assembly of the Federation of Saskatchewan Indian Nations.
- Sask Gaming employs more than 1,000 people, and is proud to be named one of the top 100 employers in Canada, and one of the top 10 in Saskatchewan by Media Corp Canada. Currently, 42 percent of our workforce is of Aboriginal heritage, and we are working toward a representative workforce of 50 percent Aboriginal people.

The following results are for the nine-month period from April 1, 2008 to December 31, 2008, reflecting Sask Gaming's new status as a CIC Crown. Results in future annual reports will be for the full calendar year.

- Revenues were \$105.1 million
- Operating expenses were \$59.7 million
- Slot revenues were \$85.3 million
- Table revenues were \$7.6 million
- The average daily attendance for Casino Regina was 7,435
- Casino Moose Jaw averaged 2,042 guests per day
- Capital expenditures totaled \$3.2 million
- Sask Gaming has capital assets of \$56.8 million
- The payout percentage of slot machines has remained stable at 93 percent

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 premier destination for casino entertainment, setting the standards for Five Star service experience and properties.

Mission: Excellence in providing our guests with an outstanding casino experience.

Values:

Respect – We embrace diverse backgrounds. People matter and we treat everyone as we expect to be treated.

Integrity – We are honest, fair and honour our commitments. We accept responsibility for our actions, both personally and professionally.

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

Innovation – We understand that to secure our place in the future, measured risks need to be taken today. To that end, we encourage and support cutting edge ideas that move us toward our goals.



Community and Industry Leader



In 2008 alone we gave over \$560,000 in charitable community investment and marketing sponsorships to hundreds of local events and organizations. Through our efforts in promoting responsible gaming, supporting the growth of Aboriginal and Saskatchewan businesses, environmental practices and community giving, we are keeping our promise to be a responsible corporation with the highest standards of integrity.



Photo credit: Bobbi-Jo Slager



Introduction

The Management's Discussion and Analysis (MD&A) highlights the primary factors that had an impact on the results of the Saskatchewan Gaming Corporation (Sask Gaming; the Corporation) for the period ending December 31, 2008. The MD&A should be read in conjunction with the audited financial statements and accompanying notes.

Effective April 1, 2008, Sask Gaming was placed under the direction of the Crown Investments Corporation of Saskatchewan (CIC). As a CIC Crown, Sask Gaming's fiscal year end changed to December 31. The 2008 results reflect only nine months of operations from April 1, 2008 to December 31, 2008.

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

Strategic Plan

Sask Gaming employs an integrated planning process using the balanced scorecard methodology to build clarity about the Corporation's strategic direction and ensure alignment with shareholder priorities through a result-focused, actionable performance plan.

Sask Gaming's four business goals are to be an employer of choice, to offer guest experience excellence, to be a community and industry leader and to be a sustainable corporation. The following chart summarizes these goals and the strategic objectives for each goal:



Sask Gaming adopted the balanced scorecard reporting in 2008; accordingly measures and targets are not available for the prior period. The following are the results for 2008 and targets for 2009 and beyond.

Status Legend	●	●	●	●	●
	Exceptional	Achieving	Progressing	Not Met	No report

GOAL: EMPLOYER OF CHOICE, CHOICE EMPLOYEES

Sask Gaming's goal is to be recognized as a top employer in the marketplace, offering an excellent employee experience to a diverse workforce. We continue to invest in our people and human resources practices, ensuring that we are building leadership skills and preparing our staff to be successful in their jobs every day.

We are implementing corporate-wide performance management and service excellence programs to provide our employees with the tools they need to be successful. We are working to ensure the organization has the right people, competencies and skills required to be successful. We continue to focus on attraction and retention strategies to meet the needs of the business and achieve our 50 percent Aboriginal representation target as well as other human rights targets.

Employee Engagement

The employee engagement score is an aggregate measure of three components. These components assess 1) how positively employees speak about the organization; 2) employee willingness to stay with the organization, and 3) if they are striving to achieve their best for the organization. The 2008 Hewitt Survey results indicated that more focus is required on performance management, learning and development and ensuring that we have an environment where people can be successful. The 2009 target is to increase our employee engagement by 3 percent.

Top 100

For the second straight year, Sask Gaming has been named one of Canada's Top 100 Employers and we continue to focus on engagement since it is a key driver.

Strategic Objectives (Measures)	2008 Target/Actual	Status	2009	2010	2011	2012	2013
Our employees are engaged, motivated and succeeding.							
Best Employer Status (Hewitt) Employee Engagement Survey	60%/54%	●	57%	63%	68%	75%	80%
Top 100	Yes/Yes	●	Yes	Yes	Yes	Yes	Yes

Towards a Culture of Inclusion

As an employer of Aboriginal people, we are exceeding the targets set by the Saskatchewan Human Rights Commission (SHRC). Aboriginal representation will continue to be a major focus as we move toward our 50 percent mandate target.

Since inception, Sask Gaming has had a mandate target of 50 percent of employees be of Aboriginal descent. Sask Gaming is currently at 42 percent, in comparison to the SHRC target of 13.9 percent. Sask Gaming is also successful in meeting or exceeding our SHRC targets with respect to persons with disabilities (5.3 percent) and visible minorities (12 percent).

Women in under represented occupations are as follows: 2 Executive - (33 percent); 6 Senior Management/Directors- (33 percent); 9 Trades - (20 percent); and 1 Technical - (2 percent). Sask Gaming strives to meet and exceed its representative targets.

Strategic Objectives (Measures)	2008 Target/Actual	Status	2009	2010	2011	2012	2013
We live our values while fostering a culture of inclusiveness. Our workforce reflects our mandate of 50 percent Aboriginal representation, as well as targets as established by Saskatchewan Human Rights Commission.							
Aboriginal representation (Mandate)	48%/42%	●	45%	47%	50%	50%	50%
Persons with disabilities representation	5.0%/5.3%	●	5.5%	5.7%	6.0%	6.5%	6.5%
Visible minorities representation	7.0%/12%	●	7.0%	7.0%	7.0%	7.0%	7.0%
Women in under-represented occupations (includes executive, senior management, trades and technical)	45.5%/<45%	●	45.5%	46%	46.5%	47%	47%

GOAL: GUEST EXPERIENCE EXCELLENCE

We provide a WOW experience every time a guest enters our properties.

Sask Gaming is in the business of entertaining guests. We must therefore ensure that our facilities are top notch and that the experience from our properties and customer service exceeds guests' expectations. We are advancing efforts through service excellence initiatives and property refresh initiatives to ensure continued excellence in customer service and experience.

Guest Experience

Net Promoter and Mystery Shopper scores are similar to Client Satisfaction targets. A positive score of 12 indicates that more guests are pleased with the experience and would recommend us, than those who are not. The 2009 Net Promoter Score target is 12 and Mystery Shopper target is 3.8/5. This target is cascaded to all parts of the organization that interact with our guests in the delivery of the experience, including operations, security and facilities so that they can see how they affect the success of the organization and work toward improving outcomes.

In addition, a Sask Gaming employee received the award for Leadership and Outstanding Contribution at the Canadian Gaming Summit, recognizing the personal contribution of the employee to Sask Gaming and the industry. As well, the WestJet Value Award for Best Nightlife in Regina was awarded to Sask Gaming. These awards also affirm Sask Gaming's results in creating an outstanding guest experience.

Strategic Objectives (Measures)	2008 Target/Actual	Status	2009	2010	2011	2012	2013
We put on a show to create a memorable personal, "Always Entertaining" experience for our guests. We build strong relationships and create an experience worth repeating. We are proud of how we present ourselves and our work environment.							
Net promoter score	10/6.65	●	12%	14%	16%	18%	18%
Mystery shopper	3.6 of 5/3.6 of 5	●	3.8/5	4.0/5	4.2/5	4.5/5	4.5/5

GOAL: COMMUNITY INDUSTRY LEADER

We demonstrate leadership through our actions as champions of corporate social responsibility and best practices in the gaming industry.

In 2009, we are developing and implementing a corporate social responsibility strategy.

The new framework will further enhance Sask Gaming's efforts at promoting responsible gaming, supporting the growth of Aboriginal business and Saskatchewan business, environmental stewardship, community giving, and demonstrating responsibility, integrity and safety. This ensures that we operate in a manner that is accountable to the public.

Aboriginal and Saskatchewan Business

Sask Gaming actively pursues working with Aboriginal businesses and Saskatchewan businesses. In 2008, we established a baseline for these two measures. As of December 31, 2008, purchases totalled \$26,350,610. Aboriginal suppliers represented 1.68 percent at \$444,732. Saskatchewan supplier purchases represented 68.21 percent at \$17,972,487. The remaining 30.1 percent of procurement was from other suppliers totalling \$7,933,390. Looking ahead to 2009, we will develop long term targets and supporting strategies.

Strategic Objectives (Measures)	2008 Target/Actual	Status	2009	2010	2011	2012	2013
We support Aboriginal and Saskatchewan business.							
Aboriginal procurement: percentage of total purchases	Establish Base-line/1.68%	●	1.26% / reassess in Q3*	*	*	*	*
Saskatchewan procurement: percentage of total purchases	Establish Base-line/68.21%	●	74.45% / reassess in Q3*	*	*	*	*

Responsible Gaming

In 2008, an operational plan was developed to increase awareness about responsible gaming. Sask Gaming will be benchmarking the program's effectiveness and setting targets for 2010.

Strategic Objectives (Measures)	2008 Target/Actual	Status	2009	2010	2011	2012	2013
We protect Sask Gaming's guests, staff and shareholder from the adverse effects of problem gambling.							
Effectiveness of our Responsible Gaming Program	New/An operational plan was developed with expanded capabilities	●	Implementation of the expanded plan/ benchmark by Q2				
Casino visitor awareness	New/An operational plan was developed with expanded capabilities	●	Implementation of the expanded plan/ benchmark by Q2				
Community awareness	New/An operational plan was developed with expanded capabilities	●	Implementation of the expanded plan/ benchmark by Q2				

Community Investment

During 2008, Sask Gaming benchmarked our current state at .85 percent of our 2008 budget. Our 2009 plan demonstrates an increase to 1.0 percent, which will be reassessed with longer term targets for the 2010 plan.

Strategic Objectives (Measures)	2008 Target/Actual	Status	2009	2010	2011	2012	2013
We support our community through sponsorships.							
Percentage of net income awarded to sponsorships and community initiatives	New/0.85%	●	1%/reassess in Q3	1%	1%	1%	1%

Sustainable Environment

Sask Gaming is participating in the CIC Carbon Footprint Project in support of CIC's strategic priority to reduce Greenhouse Gas Emissions. Strategy and targets will be developed in 2009 and benchmarks established based on the strategy.

Strategic Objectives (Measures)	2008 Target/Actual	Status	2009	2010	2011	2012	2013
We promote a sustainable environment.							
Reduction of greenhouse gas emission through CIC carbon footprint project	Energy consumption levels reported	●	Strategy and targets developed by June 30/establish benchmarks based on strategy				

GOAL: A SUSTAINABLE CORPORATION

We demonstrate good governance and sound management practices to ensure the long term sustainability of the Corporation and our ability to provide an economic benefit to the community and profit for Saskatchewan people.

Strategic Objectives (Measures)	2008 Target/Actual	Status	2009	2010	2011	2012	2013
We will ensure that we meet our mandate and achieve profitability targets.							
Debt ratio ¹	45.8%/45.8%	●	37.5%	28.8%	23.3%	19.7%	16.3%
Return on assets ²	46.7% (actual)	●	63.5%	61.4%	64.9%	66.4%	68.4%
Annual net revenue growth	N/A**	●	N/A*	2.6%	4.2%	4.8%	5.5%

1. Percent debt ratio = (debt)/(debt+equity), where debt = (long term debt + capital lease obligation + current portion of long term debt + current portion of capital lease obligation)

2. Return on assets = (income before payment to the GRF)/total assets

* Note: Reflects nine months of earnings.

**Note: In 2008, Sask Gaming's fiscal year was only nine months as it became a CIC Crown April 1, 2008. Therefore, the percentage year over year will not be calculated.

Net Operating Income:

Sask Gaming's measure for efficiency is net operating income ratio. The target is 37.6 percent for 2009, a decline from the previous year due to the expenses associated with property renovations.

Strategic Objectives (Measures)	2008 Target/Actual	Status	2009	2010	2011	2012	2013
We manage our business effectively and efficiently to inspire quality and innovative outcomes.							
Net operating income ¹	37.8%/41.4%	●	37.6%	35.3%	36.1%	37.0%	38.2%

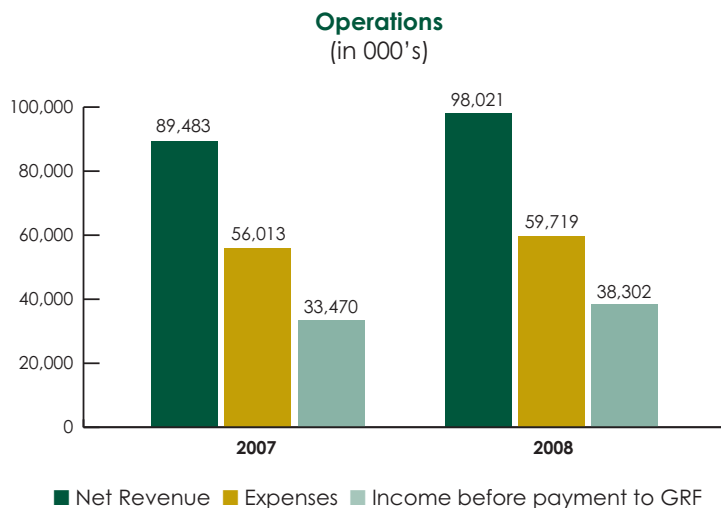
1. Net operating income percent = (income before payment to the GRF + contractual obligations)/net revenue

Financial Results

(in 000's)	Nine months ended December 31			
	2008 Actual	2007 Actual (unaudited)	Change	%
Net revenue	\$ 98,021	\$ 89,483	\$ 8,538	9.5%
Expenses	59,719	56,013	3,706	6.6%
Income before payment to GRF	\$ 38,302	\$ 33,470	\$ 4,832	14.4%
Payment to GRF	19,151	---	19,151	
Net Income	\$ 19,151	\$ 33,470	\$ (14,319)	

Sask Gaming converted to a CIC Crown on April 1, 2008, and as a result its year end changed to December 31. Consequently, 2008 includes the results of operations from April 1, 2008 to December 31, 2008. As audited comparative figures are not available for the same time period, comparisons for the purpose of the following discussion will be for the nine months from April to December 2007 to 2008.

Before April 1, 2008, Sask Gaming paid all of its net income to the General Revenue Fund (GRF). Beginning April 1, the payment to the GRF is considered an expense item, and is deducted to arrive at the net income figure. For the purpose of this discussion, comparisons will be made based on income before the payment to the GRF.



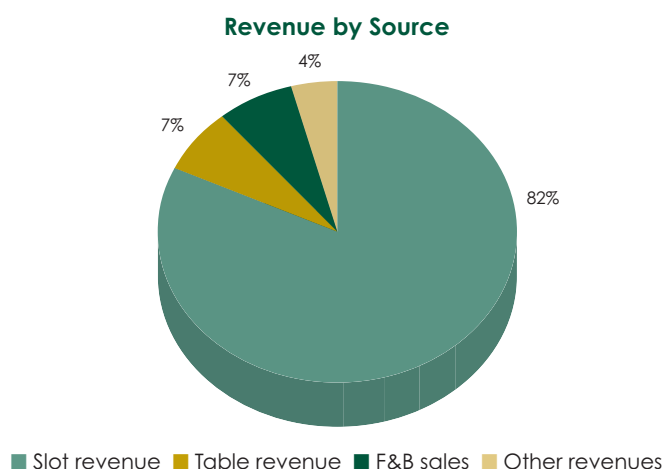
Financial Highlights

Income before payment to the GRF increased by \$4.8 million from the same period in 2007 due to increased net revenues of \$8.5 million, which were offset by \$3.7 million in increased expenses.

Revenues

(in 000's)	Nine months ended December 31			
	2008 Actual	2007 Actual (unaudited)	Change	%
Slot revenue	\$ 85,285	\$ 77,754	\$ 7,531	9.7%
Table revenue	7,594	7,993	(399)	(5.0%)
F&B sales	7,723	6,968	755	10.8%
Other revenues	4,556	3,743	813	21.7%
Gross revenues	\$ 105,158	\$ 96,458	\$ 8,700	9.0%
Promotional Allowances	4,504	4,610	(106)	(2.3%)
Cost of goods sold	2,633	2,365	268	11.3%
Net revenue	\$ 98,021	\$ 89,483	\$ 8,538	9.5%

- Saskatchewan's strong economy in 2008 was reflected in increased guest visits and guest spend, translating into increased revenues.
- Other revenues consist primarily of ticket revenue, parking revenue and ATM revenue.
- The \$8.7 million increase in gross revenues was driven primarily by increased slot revenues.
- Food & beverage sales and other revenue also increased.
- Although table revenue decreased slightly year over year, there was increased activity at the tables; however, the overall table hold percentage declined from the prior year. Roulette, known to be volatile, performed poorly for four out of the nine months, while blackjack had three months of poor performance.



Expenses

(in 000's)	Nine months ended December 31			
	2008 Actual	2007 Actual (unaudited)	Change	%
Direct operating	\$ 50,685	\$ 45,550	\$ 5,135	11.3%
Amortization	4,870	5,870	(1,000)	(17.0%)
Taxes	2,397	2,569	(172)	(6.7%)
Interest	1,767	2,024	(257)	(12.7%)
	<u>\$ 59,719</u>	<u>\$ 56,013</u>	<u>\$ 3,706</u>	<u>6.6%</u>

- Direct operating expenses were \$5.1 million higher due mainly to increased salaries and benefits, plus higher equipment related costs and entertainment expenses.
- Salaries and benefits increased \$3.2 million due to additional staffing requirements and higher wage and benefit rates.
- Equipment related costs increased \$1.3 million for increased computer maintenance, gaming equipment rental, one-time equipment replacement items, such as slot bases, and an increase in the capitalization limit resulting in additional equipment being expensed rather than being capitalized.
- Entertainment costs increased \$0.4 million.
- Amortization expense decreased due to an increase in the capitalization limit resulting in numerous assets being written off in the previous period. Accordingly, amortization for these assets did not occur in the current fiscal period as compared to the previous period.
- GST expense decreased due to a reduction in the GST rate from 6 percent to 5 percent.
- Interest expense reflects the loan amortization schedules; there was no new debt in 2008.

Sask Gaming expects continued growth in revenues and net income in 2009, however to a much lesser extent than it has seen in the past. Revenue is expected to be adversely affected if a downturn in the economy impacts discretionary dollars available to consumers for entertainment. Competition for the entertainment dollar is also a factor in the revenue expectations as more entertainment options vie for the same consumer dollars.

Future Accounting Changes

In February 2008 the Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board confirmed that publicly accountable enterprises, including Sask Gaming 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.

Sask Gaming has commenced an IFRS conversion project, including initiating the development of a high level IFRS implementation plan. An external advisor has been engaged to perform a detailed review of the major differences between current Canadian GAAP and IFRS as they relate to the Corporation. At this time the impact on the Corporation's future financial position and results of operations cannot reasonably be determined.

Sustainable Corporation



Since we began in 1996, Saskatchewan Gaming Corporation has contributed over \$356 million to the province's General Revenue Fund, helping to provide important programs and services to the people of Saskatchewan. This year was our first as a subsidiary of Crown Investment Corporation (CIC), and we paid over \$15 million in dividends.

We are committed to ensuring our long term sustainability for the good of our province and its people.



Saskatchewan Gaming Corporation
CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended December 31, 2008

The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial information included elsewhere in this annual report is consistent with that in the financial statements. Management is responsible for the integrity, objectivity and reliability of the financial statements.

The financial statements for the period ending December 31, 2008 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation maintains a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and policy, and that assets are safeguarded. There is an effective segregation of duties and responsibilities, and reliable records are maintained. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit & Finance Committee of the Board.

The Corporation's independent auditors, Deloitte & Touche LLP, on behalf of management have examined the Corporation's financial statements as at December 31, 2008. The Auditors' report, which follows, outlines the scope of their examination and sets forth their opinion.



Twyla Meredith
A/President and CEO



Wendy Hutchison
A/Senior Vice President Finance

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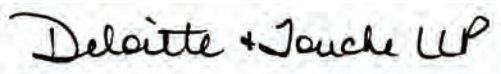
Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the consolidated statement of financial position of the Saskatchewan Gaming Corporation as at December 31, 2008 and the consolidated statements of operations and comprehensive income, retained earnings and cash flows for the nine month period then ended. The Corporation's management is responsible for preparing these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Regina, Saskatchewan
February 13, 2009

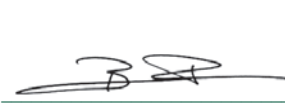
Consolidated Statement of Financial Position

	◆ As at December 31, 2008 (in 000's)	As at March 31, 2008 (in 000's)
ASSETS		
Current assets:		
Cash	\$ 23,780	\$ 11,207
Accounts receivable	918	229
Inventory	276	252
Prepaid expenses	205	204
	<u>25,179</u>	<u>11,892</u>
Capital assets (Note 3)	<u>56,858</u>	<u>58,501</u>
Total assets	<u>\$ 82,037</u>	<u>\$ 70,393</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,896	\$ 8,515
Payable to the General Revenue Fund (Note 1)	5,801	29,805
Dividend payable	5,298	—
Current portion of long-term debt (Note 4)	5,105	4,835
Current portion of capital lease obligation (Note 5)	900	900
	<u>26,000</u>	<u>44,055</u>
Long-term liabilities:		
Long-term debt (Note 4)	15,513	19,375
Capital lease obligation (Note 5)	6,889	6,963
	<u>22,402</u>	<u>26,338</u>
Total Liabilities	<u>48,402</u>	<u>70,393</u>
Equity advance (Note 12)	29,805	—
Retained earnings	3,830	—
	<u>33,635</u>	<u>—</u>
Total liabilities and equity	<u>\$ 82,037</u>	<u>\$ 70,393</u>
Commitments (Note 6)		

On behalf of the Board:



Director



Director

(See accompanying notes)



Consolidated Statement of Operations and Comprehensive Income



	Nine months Ended December 31, 2008 (in 000's)	Twelve months Ended March 31, 2008 (in 000's)
Revenue: (Note 7)		
Gross revenues	\$ 105,158	\$ 128,711
Less:		
Promotional allowances	4,504	6,112
Ancillary cost of goods sold	2,633	3,161
	<u>98,021</u>	<u>119,438</u>
Operating expenses (Notes 7 & 8):	<u>59,719</u>	<u>75,666</u>
Income before payment to the General Revenue Fund	38,302	43,772
Payment to General Revenue Fund (Note 1)	<u>19,151</u>	<u>—</u>
Net Income	19,151	43,772
Other comprehensive income	<u>—</u>	<u>—</u>
Comprehensive income	<u>\$ 19,151</u>	<u>\$ 43,772</u>

Consolidated Statement of Retained Earnings



	Nine months Ended December 31, 2008 (in 000's)	Twelve months Ended March 31, 2008 (in 000's)
Retained earnings (deficit), beginning of the period	\$ —	\$ (1,510)
Net income	19,151	43,772
Dividends	15,321	—
Transfer to General Revenue Fund (Note 1)	<u>—</u>	<u>42,262</u>
Retained earnings, end of the period	<u>\$ 3,830</u>	<u>\$ —</u>

(See accompanying notes)

Consolidated Statement of Cash Flows

	◆	
	Nine months Ended December 31, 2008 (in 000's)	Twelve months Ended March 31, 2008 (in 000's)
Operating activities:		
Net income	\$ 19,151	\$ 43,772
Items not involving cash:		
Amortization of capital assets	4,859	7,336
Loss on sale of capital assets	11	350
Changes in non-cash working capital balances:		
Accounts receivable	(689)	(80)
Inventory	(24)	(76)
Prepaid expenses	(1)	(44)
Accounts payable and accrued liabilities	381	567
	<u>23,688</u>	<u>51,825</u>
Investing activities:		
Proceeds from sale of capital assets	–	63
Purchase of capital assets	(3,227)	(5,196)
	<u>(3,227)</u>	<u>(5,133)</u>
Financing activities:		
Payment to General Revenue Fund	(24,004)	(40,098)
Equity advance	29,805	–
Dividends paid	(10,023)	–
Repayment of capital lease obligation	(74)	(90)
Repayment of long-term debt	(3,592)	(4,498)
	<u>(7,888)</u>	<u>(44,686)</u>
Net increase in cash	12,573	2,006
Cash, beginning of the period	<u>11,207</u>	<u>9,201</u>
Cash, end of the period	<u>\$ 23,780</u>	<u>\$ 11,207</u>
Supplemental Information:		
Cash interest paid	<u>\$ 1,186</u>	<u>\$ 1,874</u>

(See accompanying notes)



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. Also, SGC will pay monies to the General Revenue Fund to the extent required to meet the Government's obligations under the *The Saskatchewan Gaming Corporation Act, 1994* 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. As a provincial Crown corporation, SGC is not subject to federal or provincial income or capital taxes.

Prior to April 1, 2008, SGC was a Treasury Board Crown and paid all of its net profits to the General Revenue Fund.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies which have been adopted are described below.

a) Basis of Consolidation

The consolidated financial statements combine the accounts of Saskatchewan Gaming Corporation 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.

b) Revenue

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and pay-outs by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots. Food, beverage and parking revenue is recognized when the good & services are provided. Show Lounge revenue is recognized when the event occurs.

c) Players Club Program

As part of its customer loyalty initiative, SGC offers a players club program to patrons. Under the program, club members accumulate reward points or dollars based on the amounts wagered and time spent playing on slot machines and tables. Members can redeem their points for cash or vouchers. SGC records the points earned as a reduction of gaming revenue.

d) Promotional Allowances

The retail value of goods and services furnished to casino guests without charge is included in revenue and then deducted as promotional allowances.

e) Inventory

Inventory is stated at the lower of cost and net realizable value. The cost of inventory is determined using the most recent cost.

f) Capital Assets

Capital assets are stated at cost less accumulated amortization. Assets are amortized commencing in the year in which assets are placed in service using the straight-line method over their useful lives as follows:

Building and renovations	Five to forty years
Gaming equipment	Three to five years
Computer equipment	Three to five years
Furniture and equipment	Three to five years

g) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

h) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported value of assets and liabilities and the disclosure of contingent liabilities and commitments at the date of the financial statements and the amounts of revenues and expenses for the year then ended. Significant items subject to estimates include the carrying amounts of property, plant and equipment and underlying estimations of useful lives, certain accrued liabilities, and the carrying amounts of accounts receivable and underlying provision for bad debts. Actual results could differ from those estimates.

i) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash is classified as held-for-trading and is recorded at fair value. Accounts receivable are classified as loans and receivables and are recorded at amortized cost. Amortized cost approximates fair value due to the short-term nature of these instruments.

Accounts payable and accrued liabilities and payable to the General Revenue Fund are classified as other liabilities and are recorded at amortized cost. Amortized cost approximates fair value due to the short-term nature of these instruments. Long-term debt is classified as other liabilities and is recorded at amortized cost using the effective interest method. An estimate of fair value is disclosed in Note 4.



j) Change in Accounting Policies

Effective April 1, 2008, SGC adopted CICA Handbook Sections 3862 – Financial Instruments – Disclosures, and 3863 – Financial Instruments – Presentation. These sections replace the existing CICA Handbook Section 3861 – Financial Instruments – Presentation and Disclosure. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which SGC is exposed, and how the risks are managed by SGC. Section 3863 provides standards for the presentation of financial instruments and non-financial instrument derivatives. As these standards only address disclosure and presentation requirements, there is no impact on SGC's operating results.

Effective April 1, 2008, SGC adopted CICA Handbook Section 1535 Capital Disclosures. This section requires disclosure of information related to the objectives, policies and processes for managing capital, and particularly whether externally imposed capital requirements have been complied with. As this standard only addresses disclosure requirements, there is no impact on SGC's operating results.

Effective April 1, 2008, SGC adopted CICA Handbook Section 3031 Inventories. The new recommendations establish standards for the determination of the cost of inventories and the subsequent recognition as expense, including any write-down to net realizable value and reversals of previous write-downs for increases to net realizable value. There is no material impact on SGC's operating results as a result of implementing the new recommendation.

k) Recent Accounting Pronouncements

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises, including SGC, will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting in the fiscal year beginning on or after January 1, 2011, including comparative figures for the prior year. SGC has commenced an IFRS conversion project including initiating the development of a high level IFRS implementation plan. An external advisor has been engaged by SGC to assist with the development of this plan and to perform a detailed review of major differences between current Canadian GAAP and IFRS. Work is in the early stages and as a result, the impact on SGC's future financial position and results of operations is not reasonably determinable.

3. Capital Assets

	As at December 31, 2008 (in 000's)			As at March 31, 2008 (in 000's)
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Building and renovations	\$ 59,780	\$ 20,069	\$ 39,711	\$ 40,202
Gaming equipment	14,738	7,357	7,381	6,957
Land	5,218	–	5,218	5,218
Computer equipment	8,686	5,848	2,838	4,002
Furniture and equipment	4,584	2,874	1,710	2,122
	<u>\$ 93,006</u>	<u>\$ 36,148</u>	<u>\$ 56,858</u>	<u>\$ 58,501</u>
Included in the above are the following assets under capital lease:				
Building	\$ 7,277	\$ 1,152	\$ 6,125	\$ 6,261
Land	990	–	990	990
Total Assets under capital lease	<u>\$ 8,267</u>	<u>\$ 1,152</u>	<u>\$ 7,115</u>	<u>\$ 7,251</u>

4. Long-Term Debt

	As at December 31, 2008 (in 000's)	As at March 31, 2008 (in 000's)
Land and Building Loan, repayable in monthly instalments of \$256,715 including interest at 9.2%, due April 1, 2011	\$ 6,447	\$ 8,243
Building Loan, repayable in monthly instalments of \$76,572 including interest at 6.48%, due December 1, 2016	5,724	6,124
Building Loan, repayable in monthly instalments of \$67,790 including interest at 6.17%, due December 1, 2016	5,126	5,490
Equipment Loan, repayable in monthly instalments of \$129,529 including interest at 4.527%, due March 28, 2011	<u>3,321</u>	<u>4,353</u>
	20,618	24,210
Less current portion	<u>5,105</u>	<u>4,835</u>
	<u><u>\$ 15,513</u></u>	<u><u>\$ 19,375</u></u>

The above loans are secured by assets and shares of SGC Holdings Inc. The loans may only be repaid early with a penalty. Principal repayments required in the next five years are as follows:

	(in 000's)
2009	\$ 5,105
2010	5,490
2011	2,616
2012	1,300
2013	1,385
2014 and subsequent	<u>4,722</u>
	<u><u>\$ 20,618</u></u>

The fair value of the long-term debt is approximately \$23 million (as at March 31, 2008 - \$26 million). The fair value is determined by discounting the future contractual cash flows using rates currently available for debt of similar terms and maturities.



5. Capital Lease Obligation

On July 31, 2001, SGC made an agreement with a private company for the construction of Casino Moose Jaw. Beginning in September 2002, SGC leased the property from that company for 25 years at an annual cost of \$900,000 for the first ten years, and \$955,000 annually thereafter. At the end of the lease, SGC will acquire the property for the sum of one dollar.

The minimum lease payments under the capital lease obligation are as follows:

		(in 000's)	
	Building	Land	Total
2009	\$ 792	\$ 108	\$ 900
2010	792	108	900
2011	792	108	900
2012	808	110	918
2013	841	114	955
2014 and subsequent	11,489	1,563	13,052
Total minimum lease payments	15,514	2,111	17,625
Amount representing interest at 10.3%	(8,658)	(1,178)	(9,836)
Balance of the obligation	6,856	933	7,789
Less current portion	(792)	(108)	(900)
	<u>\$ 6,064</u>	<u>\$ 825</u>	<u>\$ 6,889</u>

The fair value of the capital lease obligation is approximately \$9.0 million (as at March 31, 2008 - \$8.9 million). The fair value is determined by discounting the future contractual cash flows using rates currently available for debt of similar terms and maturities.

6. Commitments

a) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SGC entered into an agreement with the Association to fulfil previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the termination provisions of the agreement, SGC agreed to pay the Association monthly payments of \$235,417 for the first year following termination of the agreement and, subject to certain conditions, monthly payments of \$216,667 until 2027.

b) Agreement with Moose Jaw Exhibition Company Ltd. (MJEX)

On July 31, 2001, SGC entered into an agreement with MJEX regarding the maintenance of a certain level of income upon the opening of Casino Moose Jaw.

Under this agreement, SGC agreed to pay MJEX \$34,583 monthly, subject to certain conditions, starting in 2003 and continuing until 2028.

7. Segmented Information

The operations of SGC's two casinos have been segmented in the table below. Corporate revenue consists of rental and interest income. Corporate expenses include general head office administration expenses. These expenses have not been allocated to the casino operations because of their nature.

	Casino Regina	Casino Moose Jaw	Corporate	Nine months ended Dec. 31, 2008 Total	Twelve months ended Mar. 31, 2008 Total
(in 000's)					
Slot machine revenue	\$ 69,234	\$ 16,051	\$ –	\$ 85,285	\$104,130
Table games revenue	6,888	706	–	7,594	10,403
Ancillary revenue:					
Food and Beverage	6,989	734	–	7,723	9,323
Parking	1,196	122	–	1,318	1,573
Show lounge	1,627	174	–	1,801	1,953
Other	692	146	–	838	1,063
Corporate other revenue	–	–	599	599	266
	<u>86,626</u>	<u>17,933</u>	<u>599</u>	<u>105,158</u>	<u>128,711</u>
Less:					
Promotional allowances	3,646	858	–	4,504	6,112
Ancillary cost of goods sold	2,400	233	–	2,633	3,161
	<u>6,046</u>	<u>1,091</u>	<u>–</u>	<u>7,137</u>	<u>9,273</u>
Casino operating expenses	39,997	8,274	–	48,271	62,611
Corporate expenses	–	–	11,448	11,448	13,055
	<u>39,997</u>	<u>8,274</u>	<u>11,448</u>	<u>59,719</u>	<u>75,666</u>
Income (loss) before payment to General Revenue Fund	<u>\$ 40,583</u>	<u>\$ 8,568</u>	<u>\$(10,849)</u>	<u>\$ 38,302</u>	<u>\$ 43,772</u>

8. Expenses by Object

	Nine months ended December 31, 2008 (in 000's)	Twelve months ended March 31, 2008 (in 000's)
Salaries and benefits	\$ 30,245	\$ 35,817
Marketing, communication and entertainment	6,665	8,518
Utilities, insurance, supplies and maintenance	6,124	7,715
Amortization and asset write down	4,870	7,686
Contractual obligations (Notes 6 a & 6 b)	2,261	3,015
Interest – long-term debt	1,166	1,848
Interest – capital lease obligation and other	601	810
Taxes (Note 9)	2,397	3,642
Professional services	1,126	1,177
Uniforms, recruitment and training	1,649	2,208
Lease and rental	1,759	2,235
Other operating expenses	856	995
Total expenses	<u>\$ 59,719</u>	<u>\$ 75,666</u>



9. Taxes

SGC is on the prescribed list of lottery corporations pursuant to Section 188 of The Excise Tax Act. In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SGC calculates and remits GST according to a formula prescribed by the Canada Revenue Agency (CRA). The formula requires SGC to pay 10 % (12 % up to January 2008) on the purchase of goods and services related to gaming activities.

GST and provincial sales tax on leased equipment is expensed over the term of the lease. Also included in taxes are grants in lieu of property tax.

10. Pension Plan

Substantially all of SGC's permanent employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan administered by the Plan's Board of Directors, using staff and facilities provided by Crown Investments Corporation of Saskatchewan. The amount required to be contributed by employees is 5.5 % of salary. SGC's financial obligation is limited to making the employer's required contributions. During the year, SGC expensed \$1,236 thousand (for the twelve months ended March 31, 2008 - \$1,458 thousand) for the employer's required contributions.

11. Bank Indebtedness

SGC has established a line of credit of \$2 million with its financial institution. The line of credit is unsecured. Interest is charged on the line of credit at the bank's prime rate.

SGC did not have any amount owing on the line of credit.

12. Equity Advance

SGC does not have share capital. However, SGC has received an advance from CIC which represents an equity investment in the SGC by CIC.

13. Capital Disclosures

SGC's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of the Corporation, and to ensure adequate returns to the shareholder.

SGC funds its capital requirements through internal operating activities and debt. By Order-in-Council, SGC may only borrow up to \$56.2 million, which includes capital leases and temporary loans. SGC also has an available line of credit of \$2 million at a financial institution.

SGC monitors its capital structure using the percent debt ratio. The ratio is calculated as total debt divided by total capital. Total debt includes long and short term debt and capital lease. Capital includes total debt, equity advance and retained earnings at the period end.

For fiscal 2008, SGC's goal was a debt to equity ratio of 65 %. Comparative data is not applicable for the prior year as SGC did not retain any equity under the Treasury Board structure.

The debt ratio is as follows:

	December 31, 2008
Long term debt	\$ 20,618
Capital lease obligation	7,789
Total debt	<u>28,407</u>
Equity advance from CIC	29,805
Retained earnings	<u>3,830</u>
Total capital	<u>\$ 62,042</u>
Debt ratio	<u>45.8%</u>

14. Financial Risk Management

a) Foreign Exchange Risk

SGC faces exposure to the U.S./Canadian dollar exchange rate through the purchase of goods and services payable in the U.S. dollar. The risk is not considered significant.

b) Interest Rate Risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SGC may be exposed to interest rate risk on future borrowings, however this risk is not considered significant. SGC has not provided a sensitivity analysis of the impact of interest rate changes on net income as all of SGC's debt is at fixed rates.

c) Credit Risk

SGC does not extend credit to its gaming customers. Credit risk is limited to its accounts receivable balance which consists primarily of credit extended to business entities for business functions held at the Showlounge. Credit risk is not considered significant.

d) Liquidity Risk

Liquidity risk is the risk that SGC is unable to meet its financial commitments as they become due or can only do so at excessive cost. SGC manages its cash resources based on financial forecasts and anticipated cash flows. The following summarizes the contractual maturities of SGC's financial liabilities as at December 31, 2008:

Financial Liabilities	Contractual cash flows						
	Carrying Amount	Total	0 – 6 months	7 – 12 months	1 – 2 years	3 – 5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 8,896	\$ 8,896	\$ 8,896	\$ –	\$ –	\$ –	\$ –
Payable to GRF	5,801	5,801	5,801	–	–	–	–
Dividend payable	5,298	5,298	5,298	–	–	–	–
Debt	20,618	24,546	3,184	3,184	6,367	6,614	5,197
Capital Lease	7,789	17,625	450	450	900	2,773	13,052
	<u>\$48,402</u>	<u>\$62,166</u>	<u>\$23,629</u>	<u>\$ 3,634</u>	<u>\$ 7,267</u>	<u>\$ 9,387</u>	<u>\$18,249</u>

Management believes its ability to generate funds will be adequate to support these financial liabilities.



15. Related Party Transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

In the year ended March 31, 2008, one of SGC's previous directors was a partner in an organization which provided professional services to SGC. During that year those services amounted to \$47 thousand.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year-end are as follows:

	Nine months ended December 31, 2008	Twelve months ended March 31, 2008
	(in 000's)	(in 000's)
Category:		
Salaries and benefits	\$ 706	\$ 1,060
Utilities, insurance, supplies and maintenance	1,608	1,918
Restaurant - cost of sales	756	879
Other operating expenses	86	17
Accounts payable and accrued liabilities	458	595
Accounts receivable	742	36

In addition, SGC pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SGC also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance.

Other amounts and transactions due to and from related parties are described separately in these consolidated financial statements and the notes thereto.

16. Comparative Figures

Certain of the prior year's balances have been reclassified to conform with the current year's presentation.

The comparative figures for the year ended March 31, 2008 were reported on by another public accountant.

SGC Holdings Inc.

FINANCIAL STATEMENTS

For the Nine Months Ended December 31, 2008

The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial information included elsewhere in this annual report is consistent with that in the financial statements. Management is responsible for the integrity, objectivity and reliability of the financial statements.

The financial statements for the period ending December 31, 2008 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation maintains a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and policy, and that assets are safeguarded. There is an effective segregation of duties and responsibilities, and reliable records are maintained. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit & Finance Committee of the Board.

The Corporation's independent auditors, Deloitte & Touche LLP, on behalf of management have examined the Corporation's financial statements as at December 31, 2008. The Auditors' report, which follows, outlines the scope of their examination and sets forth their opinion.



Twyla Meredith
A/President and CEO



Wendy Hutchison
A/Senior Vice President Finance

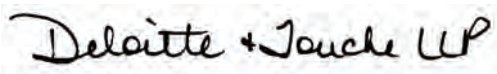
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To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of financial position of SGC Holdings Inc. as at December 31, 2008 and the statements of operations and comprehensive income, retained earnings and cash flows for the nine month period then ended. The Corporation's management is responsible for preparing these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Regina, Saskatchewan
February 13, 2009

Statement of Financial Position

As at
December 31, 2008As at
March 31, 2008**ASSETS**

Current assets:

Cash	\$ 307,051	\$ 120,606
Current portion of lease receivable (Note 3)	8,844,338	8,591,337

	9,151,389	8,711,943
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Long-term lease receivable (Note 3)	22,417,148	25,886,323
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Total assets	<u>\$ 31,568,537</u>	<u>\$ 34,598,266</u>
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LIABILITIES AND EQUITY

Current liabilities:

Accounts payable and accrued liabilities	\$ 47,304	\$ 204,050
Due to SGC (Note 4)	10,899,596	10,222,946
Current portion of long-term debt (Note 5)	5,105,064	4,834,508

	16,051,964	15,261,504
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Long-term debt (Note 5)	15,513,181	19,375,677
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Total liabilities	<u>31,565,145</u>	<u>34,637,181</u>
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Equity:

Share capital (Note 8)	1,000	1,000
Retained earnings (deficit)	2,392	(39,915)

	3,392	(38,915)
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Total liabilities and equity	<u>\$ 31,568,537</u>	<u>\$ 34,598,266</u>
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On behalf of the Board:



Director



Director

(See accompanying notes to the financial statements)

Statement of Operations and Comprehensive Income



	Nine months Ended December 31, 2008	Twelve months Ended March 31, 2008
Revenue:		
Bank interest and other	\$ 6,805	\$ 16,095
Expenses:		
Bank charges and other	221	222
Foreign exchange loss	4,192	55,788
	<u>4,413</u>	<u>56,010</u>
Net income (loss)	2,392	(39,915)
Other comprehensive income	<u>-</u>	<u>-</u>
Comprehensive income (loss)	<u>\$ 2,392</u>	<u>\$ (39,915)</u>

Statement of Retained Earnings



	Nine months Ended December 31, 2008	Twelve months Ended March 31, 2008
(Deficit) retained earnings, beginning of the period	\$ (39,915)	\$ 8,803
Net income (loss)	2,392	(39,915)
Less transfer (to) from SGC	<u>39,915</u>	<u>(8,803)</u>
Retained earnings (deficit), end of period	<u>\$ 2,392</u>	<u>\$ (39,915)</u>

(See accompanying notes to the financial statements)



Statement of Cash Flows



	Nine months Ended December 31, 2008	Twelve months Ended March 31, 2008
Operating activities:		
Net income (loss)	\$ 2,392	\$ (39,915)
Changes in non-cash working capital balances:		
Prepaid expenses	–	179,898
Accounts payable and accrued liabilities	(156,746)	(644,189)
	<u>(154,354)</u>	<u>(504,206)</u>
Investing activities:		
Purchase of capital assets for lease	(3,227,328)	(5,196,178)
Lease payments received from SGC	6,443,502	11,137,240
	<u>3,216,174</u>	<u>5,941,062</u>
Financing activities:		
Transfer from (to) SGC	39,915	(8,803)
Increase (decrease) in due to SGC	676,650	(947,709)
Repayment of long term debt	(3,591,940)	(4,497,316)
	<u>(2,875,375)</u>	<u>(5,453,828)</u>
Net increase (decrease) in cash	186,445	(16,972)
Cash, beginning of period	120,606	137,578
Cash, end of period	<u>\$ 307,051</u>	<u>\$ 120,606</u>

(See accompanying notes to the financial statements)

SGC Holdings Inc.

1. Description of Business

SGC Holdings Inc. (SGC Holdings) was incorporated under *The Business Corporations Act (Saskatchewan)* and is a wholly owned subsidiary of the Saskatchewan Gaming Corporation (SGC). As a subsidiary of a CIC (Crown Investments Corporation) Crown, SGC Holdings is not subject to federal or provincial income or capital taxes. Since its inception, SGC Holdings purchases capital assets and leases them to SGC for the operation of Casino Regina and Casino Moose Jaw. The financial results of SGC Holdings are included in the consolidated financial statements of SGC.

SGC Holdings changed its fiscal year end from March 31 to December 31, effective December 31, 2008. Accordingly, SGC Holdings has a 9 month fiscal period ended December 31, 2008 compared to a 12 months fiscal year ended March 31, 2008. The change of its fiscal year end was due to the change in the year end of its parent, SGC. Effective April 1, 2008, SGC operates under the direction of the CIC which has a year end of December 31.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

a) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

b) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported value of assets and liabilities and the disclosure of contingent liabilities and commitments at the date of the financial statements and the amounts of revenues and expenses for the year then ended. Actual results could differ from those estimates.

c) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash is classified as held-for-trading and is recorded at fair value. Lease receivable is classified as loans and receivables and is recorded at amortized cost. Amortized cost approximates fair value due to the nature of this instrument (see Note 3).

Accounts payable and accrued liabilities and due to SGC are classified as other liabilities and are recorded at amortized cost. Amortized cost approximates fair value due to the short-term nature of these instruments. Long-term debt is classified as other liabilities and is recorded at amortized cost. An estimate of fair value is disclosed in Note 5.

d) Changes in Accounting Policies

Effective April 1, 2008, SGC Holdings adopted CICA Handbook Sections 3862 – Financial Instruments – Disclosures, and 3863 – Financial Instruments – Presentation. These sections replace the existing CICA Handbook Section 3861 – Financial Instruments – Presentation and Disclosure. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which SGC Holdings is exposed, and how the risks are managed by SGC Holdings. Section 3863 provides standards for the presentation of financial instruments and non-financial instrument derivatives. As these standards only address disclosure and presentation requirements, there is no impact on SGC Holdings' operating results.

Effective April 1, 2008 SGC Holdings adopted CICA Handbook Section 1535 Capital Disclosures. This section requires disclosure of information related to the objectives, policies and processes for managing capital, and particularly whether externally imposed capital requirements have been complied with. As this standard only addresses disclosure requirements, there is no impact on SGC Holdings' operating results.

e) Recent Accounting Pronouncements

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises, including SGC and its' subsidiary SGC Holdings, will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting in the fiscal year beginning on or after January 1, 2011, including comparative figures for the prior year. SGC has commenced an IFRS conversion project including initiating the development of a high level IFRS implementation plan. An external advisor has been engaged by SGC to assist with the development of this plan and to perform a detailed review of major differences between current Canadian GAAP and IFRS. Work is in the early stages and as a result, the impact on SGC Holdings' future financial position and results of operations is not reasonably determinable.

3. Long-term Lease Receivable

SGC Holdings entered into a direct financing lease agreement with SGC for building and equipment. SGC Holdings records the cost of the leased assets as lease receivable from SGC and SGC records the equivalent amount as capital assets. The receivable is non-interest bearing and has minimum repayments as follows:

	Nine months Ended December 31, 2008	Twelve months Ended March 31, 2008
Year ending		
2009	\$ ---	\$ 8,591,337
2010	8,844,280	8,067,986
2011	8,078,021	7,220,759
2012	4,961,837	3,348,252
2013	2,947,797	1,953,703
2014	2,126,809	1,323,903
2015 and subsequent	4,302,742	3,971,720
Total minimum payments receivable	31,261,486	34,477,660
Less current portion	8,844,338	8,591,337
	<u>\$ 22,417,148</u>	<u>\$ 25,886,323</u>

Due to the nature of this receivable, amortized cost approximates fair value.

4. Due to SGC

Amounts due to SGC are non-interest bearing and payable on demand. These amounts represent payments made by SGC on behalf of SGC Holdings which have not yet been reimbursed.

5. Long-Term Debt

	December 31, 2008	March 31, 2008
Land and Building Loan, repayable in monthly instalments of \$256,715 including interest at 9.2 %, due April 1, 2011	\$ 6,446,755	\$ 8,242,818
Building Loan, repayable in monthly instalments of \$76,572 including interest at 6.48 %, due December 1, 2016	5,724,416	6,124,478
Building Loan, repayable in monthly instalments of \$67,790 including interest at 6.17 %, due December 1, 2016	5,126,110	5,489,597
Equipment Loan, repayable in monthly instalments of \$129,529 including interest at 4.527 %, due March 28, 2011	3,320,964	4,353,292
	20,618,245	24,210,185
Less current portion	5,105,064	4,834,508
	<u>\$ 15,513,181</u>	<u>\$ 19,375,677</u>

The above loans are secured by assets and shares of SGC Holdings. The above loans may only be repaid early with a penalty. Principal repayments required in the next five years are as follows:

2009	\$ 5,105,064
2010	5,490,145
2011	2,615,512
2012	1,300,476
2013	1,385,275
2014 and subsequent	4,721,773
	<u>\$ 20,618,245</u>

Under an agreement between SGC and SGC Holdings, SGC is responsible for paying the interest portion of the loans directly to the lenders. Accordingly, these financial statements do not show the cost of servicing this debt. For the nine months ended December 31, 2008, SGC's financial statements include interest expense of \$1,165,711 (For the twelve months ended March 31, 2008 - \$1,847,921) for this debt.

The fair value of the long-term debt is approximately \$22,639,805 (as at March 31, 2008 - \$25,963,623). The fair value is determined by discounting the future contractual cash flows using rates currently available for debt of similar terms and maturities.



6. Financial Risk Management

a) Foreign exchange risk

SGC Holdings faces exposure to the U.S./Canadian dollar exchange rate through the purchase of capital assets that are payable in US dollars. The risk is not considered significant.

b) Interest rate risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SGC Holdings may be exposed to interest rate risk on future borrowings, however this risk is not considered significant. SGC Holdings has not provided a sensitivity analysis of the impact of interest rate changes on net income as all of SGC Holdings' debt are at fixed rates.

7. Capital Disclosures

SGC Holdings' capital is managed in conjunction with its parent, the Saskatchewan Gaming Corporation. SGC Holdings is in compliance with all external requirements.

8. Share Capital

	December 31, 2008	March 31, 2008
Authorized		
Unlimited voting common shares with no par value		
Unlimited non-voting preferred shares with no par value		
Issued and outstanding		
100 common shares	\$ 1,000	\$ 1,000

9. Related Party Transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

SGC Holdings has not been charged with administration costs. These costs have been absorbed by SGC.

In addition, SGC Holdings pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other amounts and transactions due to and from related parties are described separately in these consolidated financial statements and the notes thereto.

10. Comparative Figures

The comparative figures for the year ended March 31, 2008 were reported on by another public accountant.

The Saskatchewan Gaming Corporation was established by *The Saskatchewan Gaming Corporation Act (1994)* with the mandate to establish and operate casinos in Saskatchewan. According to this Act, the name "Sask Gaming" is the abbreviated form of the name of the Corporation and the abbreviation when used, has the same legal effect and meaning as the full name of the Corporation. While originally a Treasury Board Crown, effective April 1, 2008, Sask Gaming operates under the direction of the Crown Investments Corporation of Saskatchewan (CIC).

CIC is a holding company for Saskatchewan's commercial Crown corporations. CIC's main responsibilities are to establish the strategic direction for the subsidiary crowns through effective governance and performance management, and to enhance the province's long-term economic growth and diversification through Crown corporations.

As a CIC Crown, the Corporation's financial year moves to calendar year reporting periods, rather than the April 1 to March 31 reporting used by Treasury Board crowns. Because this is the first year Sask Gaming is operating under CIC, the financial results are for the nine-month period from April 1, 2008 to December 31, 2008.

Sask Gaming is required to make payments to the province's General Revenue Fund sufficient to meet the government's legislated obligations to the First Nations Trust, the Community Initiatives Fund and the Métis Development Fund. Sask Gaming also now pays dividends to the CIC.

Sask Gaming operates Casino Regina and Casino Moose Jaw under the regulatory authority of the Saskatchewan Liquor and Gaming Authority (SLGA). Day-to-day operating practices at the casinos are governed by provincial regulations. Sask Gaming also operates in accordance with statutory provisions under the *Criminal Code of Canada* and *The Alcohol and Gaming Regulations Act, 1997*.

Role of the Board of Directors

Sask Gaming is responsible to the Government of Saskatchewan through a Minister and a Board of Directors appointed by Cabinet. The Board is comprised of seven members, three of whom are nominated by the Chiefs' Legislative Assembly of the Federation of Saskatchewan Indian Nations (FSIN) as required under our governing legislation.

The Board of Directors functions as stewards of the Corporation, and has the authority and obligation to manage the affairs and the business of the Corporation. The Board supervises management, which is responsible for the day-to-day conduct of the business. The Board also considers the legitimate interests of employees, suppliers, customers, communities and all levels of government in supervising the business of the Corporation.

The fundamental objective of the Board of Directors is to act in the best interests of the Corporation, taking into account the public policy and business objectives of the Corporation, with a view to enhancing shareholder value. In supervising the conduct of the business, the Board, through the President and CEO, sets the standards of conduct for the Corporation and exercises oversight regarding the operations.

Compensation Practices

Compensation rates for Directors are set by the Board of Directors of the Crown Investments Corporation of Saskatchewan. Directors may receive per diems or partial per diems when they are engaged in work for the Corporation consisting of the performance of any duties on behalf of the Corporation, or as a member of a Committee of the Board, in addition to those provided for attendance at meetings of the Board and its Committees.

The CIC Board sets compensation rates according to the level of responsibility of the Board. The maximum per diem for members of the Sask Gaming Board of Directors is as follows:

Chair	\$600
Director	\$500

Code of Conduct

Members of the Sask Gaming Board of Directors are governed by the CIC Code of Conduct for Directors of subsidiary Crown corporations. The CIC Code assists the boards of subsidiary crowns to more effectively fulfill their statutory and fiduciary obligations, and maintain a reputation for the highest standards of public trust and confidence in serving the interests of all stakeholders.

The Governance Committee, serving as Ethics Advisor to the Board, administers and enforces the CIC Code, reporting annually to the Board on compliance with the Code.

Board Composition

The composition of the Board of Directors is set out in our governing legislation, *The Saskatchewan Gaming Corporation Act*. The Board consists of not more than seven members, who are appointed by the provincial Cabinet, usually from recommendations submitted by the CIC Board. Three members of the Sask Gaming Board are nominated by the Federation of Saskatchewan Indian Nations, and all Directors serve for no more than three years. Cabinet may fill any vacancy that occurs on the Board.

Committees

The Board has the authority to appoint any committees that it considers necessary for conducting the business of the Corporation. The Board has developed Terms of Reference prescribing the scope, duties and responsibilities of the three committees it has appointed to assist it in fulfilling its obligations. These three standing committees are: Audit and Finance, Governance, and Human Resources/Compensation.

Audit and Finance Committee

The mandate of the Audit and Finance Committee is to assist the Board in meeting its responsibilities by ensuring the adequacy and effectiveness of the Corporation's financial reporting, internal controls, management information systems and risk management. The Audit and Finance Committee is directly responsible for the internal audit function, approving the internal audit charter, plan and resources and reviewing audit results. The Committee has responsibility to:

- Oversee the work of the internal auditor and external auditor;
- Approve the internal auditor's annual audit plan, including any significant mid-year changes to the plan;
- Resolve any disagreements regarding accounting, internal controls or auditing matters;
- Retain independent counsel, accountants or others to advise the Committee as required, or to assist in conducting an investigation; and,
- Seek any information it requires from external parties or employees to conduct an investigation.

The Audit and Finance Committee has the authority to authorize investigations into any matter referred to it by the Board, or any other matter within the Committee's scope of responsibilities. The Committee meets in-camera with the Corporation's Director of Internal Audit, as necessary, to better understand the information presented by Internal Audit, or any other relevant issues. The Committee met five times between April 1 and December 31, 2008.

Members:

Bill Jameson (Chair)
Blair Ross
Ron Martin
Chief Lindsey Kequahtoway
Wes Becker (Ex-Officio)

Human Resources/Compensation Committee

The Human Resources/Compensation Committee oversees Sask Gaming's overall employment environment and is responsible for the Corporation's policies for human resource management, compensation and succession planning. The Committee's objective is to ensure Sask Gaming is a Corporate leader in the development and implementation of proactive human resource strategies. The Committee also annually reviews the Corporation's diversity initiatives and monitors the Employee Code of Conduct Policy and other workplace policies.

The Human Resources/Compensation Committee met four times during the April 1 to December 31, 2008 time period.

Members:

Ron Bruck (Chair)
Blair Ross
Dr. Ron Martin (Vice Chair)
Kevin Missens
Wes Becker (Ex-Officio)

Governance Committee

The Governance Committee serves as an advisory body to the Board, providing leadership to the Board in relation to governance processes, policies and principles of the Corporation, and assisting the Board in nominating potential candidates for positions on the Board.

The Committee develops and reviews the effectiveness of the Corporation's corporate governance practices and annually reviews the Terms of Reference of the Board and its three committees. The Governance Committee also serves as Ethics Advisor to the Board, administering and enforcing the Crown Investments Corporation Directors' Code of Conduct and reporting annually to the Board on compliance with the Code.

The Governance Committee held four meetings between April 1 and December 31, 2008.

Members:

Blair Ross (Chair)
Ron Bruck
Kevin Missens
Chief Lindsey Kequahtooaway
Wes Becker (Ex-Officio)

Board of Directors

Wes Becker, Chair
Regina, Saskatchewan

- Dedicated career at CIBC that began in 1966 in various positions in Manitoba and Saskatchewan.
- Held various management positions with CIBC in Regina, including within the Commercial Banking division, then becoming program director for the Agricultural Value-Added Loan Program, in partnership with Western Economic Diversification.
- Fellow of the Institute of Canadian Bankers Professional Banking Program.
- Past volunteer activities include the Regina Chamber of Commerce, Boy Scouts of Canada, the Canadian Liver Foundation, the Heart and Stroke Foundation, and the Parents Advisory Board for Riffel High School in Regina.

Blair Ross, Vice-Chair (Chair, Governance Committee)
Regina, Saskatchewan

- President and COO, and co-founder of SRG (Security Resource Group).
- SRG was created in 1996 by Vision Security and investigations Inc., to establish a security consulting and private investigations business. SRG has grown to include information technology security services.
- Managed security of the 1995 Grey Cup in Regina, the 1995 international Conference on AIDS in Vancouver, the 1997 APEC Summit and the 1999 Pan Am Games in Winnipeg.
- Recipient of a Honourary Lifetime Big Brother award for his volunteer commitment to the Regina Big Brothers. Co-chairs the Sandra Schmirler Charity Golf Classic.
- Currently on the board of Regina Airport Authority.

Ron Bruck (Chair, Human Resources/
Compensation Committee)
Moose Jaw, Saskatchewan

- Served with the Royal Canadian Mounted Police at various detachments in Saskatchewan, including eight years as Sergeant and Detachment Commander at Moose Jaw, before retiring in 2006.
- Awards include the RCMP 25-year Long Service Medal Gold Clasp, the Commanding Officer's Commendation, Queen's Golden Jubilee Medal and Saskatchewan Protective Services Medal.
- Past and present volunteer activities include Boy Scouts Canada, the Saskatchewan Minor Hockey Association, Royal Canadian Legion, Rural Crime Watch, Neighbourhood Watch, Moose Jaw Regional Inter-Sectoral Committee and Victim Services Board of Directors.

Bill Jameson (Chair, Audit and Finance
Committee)
Moose Jaw, Saskatchewan

- President, JGL Livestock Ltd.
- President, Saskatchewan Cattle Feeders Association.
- Past president of the Saskatchewan Livestock Markets Association.
- Founding director of Temple Gardens Mineral Spa.

Chief Lindsey Kequahtooway
Grenfell, Saskatchewan

- Chief, Sakimay First Nation (first elected in 1993).
- Studied Social Work at the Saskatchewan Indian Federated College (now the First Nations University of Canada).
- Worked with Yorkton Tribal Council Child Services for six years before moving to the Department of Community Resources and Employment in Regina.

Dr. Ron Martin
Fort Qu'Appelle, Saskatchewan

- Member of the Fond-du-Lac First Nation.
- Received his Bachelor of Arts in Sociology (Advanced) and a Bachelor of Science in Anatomy (Advanced) from the University of Saskatchewan.
- Established Dene Dental in Fort Qu'Appelle in 1995. Dene Dental provides dental services to the community and surrounding areas, as well as to First Nations communities throughout Saskatchewan.
- Member, Fort Qu'Appelle Chamber of Commerce.
- Member, College of Dental Surgeons of Saskatchewan.
- Panel member (past) – Environmental Assessment Review Panel.
- Juror (past) – National Aboriginal Achievement Awards.
- Member – Health Canada Quality Assessment Committee.
- President (past) – Fort Qu'Appelle Minor Hockey Association.
- Dental Consultant (past) – Assembly of First Nations.
- Clinical Instructor (part-time/past) – National School of Dental Therapy.
- Pre-law program (University of Saskatchewan, Summer 1982).
- Coach/assistant coach of various levels of hockey, softball, baseball, soccer – including coaching of the Summer and Winter First Nations Games.

Kevin Missens
Fort Qu'Appelle, Saskatchewan

- Served with the Royal Canadian Mounted Police at St. Walburg, Turtleford and Little Pine-Poundmaker from 1983 to 1992.
- Joined the Touchwood File Hills Qu'Appelle Tribal Council (now the File Hills Qu'Appelle Tribal Council) as a court worker in 1995, later becoming a community justice worker.
- Has served as chair of the Qu'Appelle Policing Agreement, chair of Qu'Appelle Child and Family Services Inc., and with Pasqua Indian Child and Family Services, Pasqua Health and Pasqua Justice.

Governance Practices

Sask Gaming's approach to corporate governance is substantially consistent with the guidelines set out in the Canadian Institute of Chartered Accountants (CICA) Handbook and the Canadian Securities Administrators (CSA) National Policy 58-201 – Corporate Governance Guidelines, and National Instrument 58-101 – Disclosure of Corporate Governance Practices.

The National Policy and National Instrument address the key areas of responsibility for effective corporate governance, including responsibility for stewardship of the Corporation, the Board's role in working with management and the functioning of the Board. Although Sask Gaming is not legally obligated to comply with CSA governance guidelines, the Corporation has benchmarked its corporate governance practices against the CSA National Policy and National Instrument Guidelines in the following corporate governance scorecard.

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
1. Board of Directors Composition The Board should have a majority of independent directors.	There are seven members on the Sask Gaming Board appointed by the Lieutenant Governor in Council. The Federation of Saskatchewan Indian Nations nominates three Board members, and the provincial Cabinet appoints four members. All directors are independent.	Yes
Disclosure of significant shareholders (ability to exercise the majority of votes to elect directors):	Saskatchewan Gaming Corporation, as a statutory Crown corporation does not have any issued share capital. Although CSA is reviewing governance of controlled companies, this feature is not applicable to Sask Gaming.	Not Applicable

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
<p>(a) Disclose the identity of directors; and</p> <p>(b) Describe who is independent and the basis for the determination of independence.</p>	<p>Wes Becker, Chair: Independent, Retired banker</p> <p>Blair Ross, Vice-Chair: Independent, President and COO, co-founder of SRG Security Resource Group</p> <p>Ron Bruck, Independent, Retired RCMP officer</p> <p>Bill Jameson, Independent, President, JGL Livestock Ltd.</p> <p>Chief Lindsey Kequahtooway, Independent, Chief, Sakimay First Nation</p> <p>Dr. Ron Martin, Independent, Dentist</p> <p>Kevin Missens, Independent, Pasqua Treaty Land Entitlement Coordinator and former RCMP officer</p> <p>None of the directors, or their "associates" have worked with or for the Corporation, or have material contracts or relationships with the Corporation, or have received remuneration from the Corporation in excess of the fees and compensation as Directors or Committee members or as Directors of subsidiaries of the Corporation.</p>	Yes
(c) Indicate whether directors are directors of any other issuer that is a reporting issuer	Sask Gaming does not have share capital, and therefore is not an issuer.	Not Applicable
(d) Do directors hold regularly scheduled in-camera meetings to facilitate open and candid discussion? If so, how many meetings were held in the previous 12 months?	At each regular meeting the Board sets aside time on the agenda for an in-camera session where management is excused from the meeting. The Board held nine meetings between April 1, 2008 and December 31, 2008.	Yes
(e) The chair should be independent to provide leadership for the directors.	The Board structure of Sask Gaming is such that the Chair of the Board is independent.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?																
(f) Disclose the attendance record of each director for board meetings held in the most recently completed financial year.	<p>There were nine board meetings in the financial year from April 1, 2008 to December 31, 2008. The following are the attendance statistics for Board meetings:</p> <table><thead><tr><th>Director</th><th>Board Meetings Attended</th></tr></thead><tbody><tr><td>Wes Becker</td><td>9</td></tr><tr><td>Blair Ross</td><td>8</td></tr><tr><td>Ron Bruck</td><td>9</td></tr><tr><td>Bill Jameson</td><td>7</td></tr><tr><td>Chief Lindsey Kequahtooway</td><td>6</td></tr><tr><td>Dr. Ron Martin</td><td>8</td></tr><tr><td>Kevin Missens</td><td>8</td></tr></tbody></table> <p>For the purposes of this report, members who attended meetings in part were considered to be present.</p>	Director	Board Meetings Attended	Wes Becker	9	Blair Ross	8	Ron Bruck	9	Bill Jameson	7	Chief Lindsey Kequahtooway	6	Dr. Ron Martin	8	Kevin Missens	8	Provided
Director	Board Meetings Attended																	
Wes Becker	9																	
Blair Ross	8																	
Ron Bruck	9																	
Bill Jameson	7																	
Chief Lindsey Kequahtooway	6																	
Dr. Ron Martin	8																	
Kevin Missens	8																	
2. Board Mandate The board should adopt a written mandate which explicitly acknowledges responsibility for the stewardship of the Corporation and which delineates its roles and responsibilities, including responsibility for:	<p>The Board has written Terms of Reference that set out its responsibility to function as stewards of the Corporation, and the obligation to manage the affairs and business of the Corporation. While the fundamental objective of the Board is to act in the best interests of the Corporation, the Board has a responsibility to ensure congruence among shareholder expectations, corporate plans and management performance.</p> <p>The Board adopts an Annual Work Plan to ensure the duties and responsibilities identified in the Terms of Reference are scheduled to be achieved.</p>	Yes																
(a) Satisfaction regarding the integrity of the Chief Executive Officer (CEO) and executive and the creation of a culture of integrity;	<p>The Board and all employees act in accordance with the governing legislation, the Corporation's Code of Conduct and Board Terms of Reference.</p> <p>Each of the three committees established by the Board has its own Terms of Reference.</p> <p>Board members are also governed by the CIC Code of Conduct for Directors.</p>	Yes																

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(b) The adoption of a strategic planning process and approval of a strategic plan that takes into account, among other things, the opportunities and risks of the business;	<p>Sask Gaming has implemented an integrated strategic planning process using the balanced scorecard methodology to build clarity about the strategic direction, ensure alignment with shareholder priorities, and to translate that direction into a results-focused, actionable performance plan.</p> <p>At the beginning of the process the Board of Directors engaged in a strategic planning event to review the environmental scan, determine the risks and impact on the Corporation and the shareholder, and determine a set of priorities for action over the next three to five years.</p> <p>The Board and Management have identified four key risks and business priorities in its 2009 Performance Management Plan. These are: Generating Quality Employment; Competitive Positioning; Responsibility, Security and Integrity; and Governance and Sustainability.</p>	Yes
(c) The identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;	Management and the Board will develop and implement an integrated Enterprise Risk Management Framework in 2009 that will formalize and integrate the Corporation's risk management program into its annual planning process.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(d) Succession planning, including appointing, training and monitoring senior management;	<p>The Board is responsible for succession planning, and established the Human Resources/Compensation Committee to approve and/or recommend the Corporation's HR policies, guidelines, procedures and systems, and to report changes in policies to the Board.</p> <p>Sask Gaming has a workforce plan to ensure the Corporation has the right people, competencies and skills needed to be successful. The workforce plan links to the Corporate Learning and Development Plan, through which we manage the development of desired competencies.</p> <p>Sask Gaming is developing a Workforce and Succession Planning Framework that meets the current and long-term needs of the organization, supports the organization in achieving the 50 percent Aboriginal employment target, and ensures that Sask Gaming can meet its business plan goals over the next three to five years.</p>	Yes
(e) A communications policy for the Corporation;	The Saskatchewan Gaming Corporation is committed to the principles of transparency, openness and timeliness in communications with its owner, employees, stakeholders and the public. The Corporation complies with communication requirements set by the shareholder. The Corporation's Board-approved external communications policy is set by statute.	Yes
(f) The integrity of the Corporation's internal control and information management systems;	The Board has a responsibility to ensure the Corporation operates in a businesslike and financially responsible way. The Board has appointed an Audit and Finance Committee to assist the Board in fulfilling its responsibilities with respect to the adequacy and integrity of the Corporation's financial reporting, internal control systems, risk management and relationship with external auditors.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(g) Development of approach to corporate governance, principles and guidelines;	<p>The Governance Committee is mandated through its Terms of Reference to be responsible to the Board for the development, review and effectiveness of Sask Gaming's corporate governance practices. The Committee also serves as the ethics advisory to the Board.</p> <p>Sask Gaming is designing a Corporate Governance Framework that will be implemented in 2009. The Framework includes decision-making protocols, accountabilities and relationship management with our external stakeholders.</p>	Yes
(h) General mandate re: stakeholder relations, and expectations and responsibilities of directors.	<p>The duties of Directors are set out in legislation. A Code of Conduct applicable to the directors of all subsidiary Crown corporations also guides members of the Board.</p> <p>The primary responsibility of the Board of Directors is to foster the long-term success of the Corporation consistent with the Board's responsibility to its shareholder.</p> <p>The Chair of the Board participates in a CIC Chair forum conducted by the statutory shareholder, where feedback and communication is provided to all Crown corporation Board Chairs on the expectations of the Holding Company as representatives of the shareholder.</p> <p>Building on the base of directors' duties outlined in legislation, the Terms of Reference for the Board and its Committees are reviewed annually.</p>	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
3. Position Descriptions (a) The board should develop position descriptions for the chair of the board and chair of each board committee;	<p>The Board Chair operates within the statutory requirements of <i>The Saskatchewan Gaming Corporation Act</i>.</p> <p>The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which sets out the duties and responsibilities of each.</p>	Yes
(b) Together with the CEO, develop a position description for the CEO delineating management's responsibilities and approving corporate goals and objectives that the CEO is responsible to meet.	<p>The Board has developed the Board's Terms of Reference which outline the responsibilities of the Board and Management.</p> <p>The Board has approved a position Description that sets out the primary duties, responsibilities and accountabilities of the CEO.</p> <p>The Board has also approved policies for expenditure authorities for the CEO and Executive Officers. These policies clearly outline the limits of their authorities and the levels for which matters must receive Board approval.</p>	Yes
4. Orientation and Continuing Education The Board should ensure new directors receive comprehensive orientation and fully understand the role and the contribution they are expected to make; and, the Board should provide continuing education opportunities for all directors.	<p>The Governance Committee has responsibility to provide an appropriate orientation program for new directors and a continuing education program for all directors.</p> <p>Directors receive an orientation to the Corporation and the industry from Management. CIC delivers a comprehensive training program for directors focusing on best governance practices and the Board's role and responsibilities.</p>	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
<p>5. Code of Business Conduct and Ethics</p> <p>(a) The board should adopt a written code of business conduct and ethics applicable to directors, officers and employees of the Corporation which is designed to promote integrity and deter wrongdoing. The code should address conflicts of interest, protection, proper use of corporate assets and opportunities, confidentiality, fair dealing, compliance with laws, rules and regulations and provide a mechanism to report illegal or unethical behaviour.</p>	<p>Directors of the Corporation are required to abide by CIC's Directors' Code of Conduct. The Governance Committee, as the Ethics Advisor to the Board, is required to administer, monitor and enforce the Directors' Code of Conduct, which includes reporting annually to the Board concerning compliance. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination of their independence.</p> <p>The Human Resources/Compensation Committee monitors and enforces compliance with the Corporation's Employee Code of Conduct policy, Harassment Free Work Place Policy and Violence in the Work Place Policy.</p>	Yes
<p>(b) The board should monitor compliance with the code and grant any waivers required for directors and executive officers. Any waivers for a material departure from the code for any directors or officers should be granted by the board.</p>	<p>The Governance Committee monitors and reports annually to the Board concerning compliance with the CIC Directors' Code of Conduct. The Committee also advises Directors on conflicts of interest, including actions for avoiding a conflict or potential conflict of interest.</p> <p>No waivers were granted in 2008.</p>	

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
6. Nomination of Directors (a) The board should appoint a nominating committee composed of entirely independent directors, with a written charter establishing the Committee's purpose, responsibilities, member qualifications, appointment, removal, structure and operations.	<p>Sask Gaming does not have a separate nominating committee.</p> <p>Sask Gaming's Governance Committee performs the function of a nominating committee. Its Terms of Reference set out its responsibility related to assessing the size, composition and required qualifications of the Board. The Governance Committee makes recommendations to the shareholder, which has the legislative authority to appoint Directors.</p> <p>All of the Governance Committee members are independent.</p> <p>The Governance Committee has the authority to retain external advisors it determines necessary to assist with carrying out its duties and responsibilities.</p>	Yes
(b) The board should adopt a nomination process which first considers the competencies and skills of the board as a whole; assesses the competencies and skills possessed by each existing director; and, identifies competencies and skills each new nominee would bring to the board, including the ability to devote sufficient time and resources to the job.	<p>The Governance Committee is responsible for assessing the skills and competencies of Board and committee members to support the strategic direction and the operational needs of the Corporation. The Board may make recommendations to the shareholder respecting the appropriate mix of skills, qualifications and expertise required for new directors.</p> <p>The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which set out the duties, responsibilities and expectations of each position.</p> <p>(For Reference: <i>The Saskatchewan Gaming Act</i> requires appointment of directors through Order-in-Council, and limits the Board to recommend candidates only.)</p>	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
<p>7. Compensation</p> <p>(a) The board should appoint a compensation committee composed entirely of independent directors, with a written charter to establish the Committee's purpose, responsibilities, member qualifications, appointment, removal, structure, operations and manner of reporting to the board.</p>	<p>The Board has appointed a Human Resources/ Compensation Committee, which has responsibility to make recommendations to the Board on human resource and compensation-related matters. Written Terms of Reference prescribe the scope, duties and responsibilities of the Committee. The Committee has been given the authority to retain any outside advisor it deems necessary.</p> <p>The Board monitors and evaluates the performance of the CEO on an ongoing basis. The Human Resources/Compensation Committee conducts an annual performance review of the CEO.</p> <p>The Human Resources/Compensation Committee is comprised of independent directors.</p>	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(b) The compensation committee should be responsible for reviewing and approving corporate goals and objectives relative to the CEO's compensation, the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on the evaluation; as well as reviewing executive compensation prior to public disclosure.	<p>The Human Resources/Compensation Committee annually reviews and recommends to the Board the performance objectives and developmental initiatives for the CEO for the coming year.</p> <p>The Committee, with the Chair of the Board, conducts an annual performance review of the CEO, based on agreed-upon objectives and developmental initiatives. The Committee shares the results of the annual performance review with the Board.</p> <p>The Governance Committee reviews the CEO Position Description as required, or at least every three years.</p> <p>The Human Resources/Compensation Committee monitors and annually reviews the compensation and benefit programs and policies for the Executive Officers. The Committee reviews and recommends to the Board, where appropriate, any changes to the compensation levels for the CEO or Executive Officers.</p> <p>The Human Resources/Compensation Committee and the Board have a responsibility to annually review the details of compensation paid to Executive Officers that are required to be reported in the Crown Payee Disclosure Report.</p>	Yes
(c) The compensation committee should be responsible to make recommendations to the board with respect to director compensation.	Compensation levels for Directors, the Chair of the Board and Committee Chairs are set by the CIC Board of Directors.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
8. Other Board Committees Identify standing committees other than audit, compensation and nominating, and describe their function.	The Board has the authority to appoint any committee it considers necessary for the efficient conduct of the affairs and business of the Corporation. The Governance Committee serves as a nominating committee to the Board.	Yes
8. Board Assessments The Board, its committees and each individual director should be regularly assessed with respect to their effectiveness and contribution in terms of the board or committee's terms of reference, or an individual director's position description and competencies and skills.	The Board follows a process to evaluate the performance of the Board, Board Chair, Committees, Committee Chairs and individual Directors. Evaluations are conducted bi-annually, with the Board and Board Chair evaluated one year, and the Committees, Committee Chairs and directors evaluated in alternate years. In 2008 the Board conducted an evaluation of the Board and Board Chair.	Yes

Executive Team

Twyla Meredith, Acting President & CEO,

- Twyla joined Sask Gaming in 1996. She previously held positions at the Department of Justice, the Department of Finance and Saskatchewan Government Insurance.
- She oversaw the project teams that carried out the expansion of Casino Regina with the addition of the Show Lounge, pedway and parking garage. She led the project team that opened Casino Moose Jaw.
- Her community involvement includes Saskatchewan Roughriders Board of Directors, Chair of the CIS Women's Basketball Championship, the Board of Directors for Capital Pension, Finance Chair for Regina Downtown, Financial Executives International and the Hospital of Regina Foundation.
- Twyla has a Bachelor of Administration degree from the University of Regina and is a Certified Management Accountant (CMA).
- She is a member of various clubs and organizations including the University of Regina Alumni Association and the Wascana Country Club.

Gerry Fischer, Senior Vice President, Operations

- Gerry joined Casino Regina in 1995 as Director of Sales and Promotions, becoming Vice President of Marketing the following year. He has held his current position since 2005.
- His background is in corporate fundraising and event organization, working with organizations such as the Hospitals of Regina Foundation, the Canadian Master's Summer Sports Festival and the Children's Health Foundation.
- His previous volunteer activities include chairing the Admin Students Alumni Association, board member for the Prairie Fire Rugby Club, Vice-Chair of Tourism Regina, Vice President of Marketing for the

2005 Grey Cup, Tourism Moose Jaw, Regina Downtown, Marketing Chair for McCain TSN Skins Game, and the Juvenile Diabetes Association.

- Gerry holds an advanced degree in Economics and a Bachelor of Administration degree from the University of Regina.

Tony Coppola, Senior Vice President, Marketing and Product Development

- Tony joined Sask Gaming in 2006 after a 20-year career at SaskTel serving in various roles, including regulatory, financial analysis, business development and marketing of the wireless portfolio, a SaskTel International project, and the corporation's business diversification initiatives.
- Tony is currently serving on the Boards of Tourism Regina and Tourism Saskatchewan in support of Sask Gaming's commitment to be a leader in tourism and community development.
- Tony completed his BA Honours degree in Economics at Campion College, University of Regina, and his Masters degree in Economics at Simon Fraser University. He has also completed the Ivey School of Business Executive Program and the Queen's University Leadership program.

Bob Arlint, Vice President, Security

- Bob completed his education in the Northwest Territories before studying Social Work at Red Deer College. He then returned north to work for the Government of NWT Department of Social Services.
- Bob served with the RCMP for 25 years, with postings in the NWT and then various locations throughout the province.
- Following his retirement from the RCMP Bob joined Sask Gaming in 2001 as a Gaming Control Officer. He was named Vice President Security in 2006.

Blaine Pilatzke, Vice President, Human Resources and Aboriginal Relations

- Blaine worked as a Primary Products Inspector for the Food Production and Inspection branch of Agriculture Canada. There he became active in his union local, and in 1987 he became a Regional Representative with the Public Service Alliance of Canada.
- He spent 17 years working in Labour Relations before coming to Sask Gaming in 2004 as Director of Labour Relations.
- Blaine was appointed Vice President of Human Resources and Aboriginal Relations in 2007.

Wendy Hutchison, Acting Vice President, Finance

- Wendy worked in the Office of the Provincial Auditor before joining Sask Gaming in 1995 as Director of Internal Audit.
- She was appointed acting Vice President, Finance in September 2008.
- She received her Bachelor of Commerce degree from the University of Saskatchewan and is a Chartered Accountant.
- Became Controller in 1998.