GREAT CANADIAN GAMING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month Period Ended
March 31, 2013

As at May 7, 2013

(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in millions of Canadian dollars)

		March 31, 2013	December 31, 2012
Assets			
Current			
Cash and cash equivalents	Note 4	**$ 120.9**	$ 116.2
Restricted cash		**7.3**	4.9
Accounts receivable		**7.0**	7.7
Income taxes receivable		**2.1**	-
Prepaids, deposits and other assets		**5.7**	6.1
		143.0	134.9
Property, plant and equipment	Note 6	**632.3**	621.3
Intangible assets	Note 7	**85.1**	73.3
Goodwill	Note 8	**20.3**	20.1
Deferred tax assets		**9.1**	9.9
Other assets		**3.0**	3.2
		$ 892.8	$ 862.7
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 55.0**	$ 60.4
Income taxes payable		**-**	0.5
Other liabilities		**2.9**	2.9
		57.9	63.8
Long-term debt	Note 9	**440.2**	439.9
Deferred credits, provisions and other liabilities		**25.9**	25.4
Deferred tax liabilities		**61.6**	53.3
		585.6	582.4
Shareholders' equity			
Share capital and contributed surplus	Note 12	**312.7**	313.5
Accumulated other comprehensive loss	Note 13	**(0.6)**	(1.0)
Deficit		**(4.9)**	(32.2)
		307.2	280.3
		$ 892.8	$ 862.7

These financial statements were approved and authorized for issue by the Company's Board of Directors on May 7, 2013.

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Earnings (Loss)
(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

		Three months ended March 31, 2013	2012
Revenues	Note 14	**$ 100.5**	$ 102.8
Expenses			
Human resources		**39.1**	39.1
Property, marketing and administration		**23.1**	24.7
Amortization		**13.0**	12.8
Share-based compensation	Note 12	**2.1**	2.1
(Reversal of) impairment of long-lived assets	Note 5	**(28.5)**	54.2
Impairment of goodwill	Note 5	**-**	3.2
Interest and financing costs, net		**8.2**	7.1
Restructuring and other	Note 15	**1.1**	-
Foreign exchange gain and other		**(0.2)**	(0.3)
		57.9	142.9
Earnings (loss) before income taxes		**42.6**	(40.1)
Income taxes	Note 16	**11.3**	(8.2)
Net earnings (loss)		**$ 31.3**	$ (31.9)
Net earnings (loss) per common share	Note 17		
Basic		**$ 0.44**	$ (0.39)
Diluted		**$ 0.44**	$ (0.39)
Weighted average number of common shares			
Basic		**70,432,051**	82,364,300
Diluted		**71,488,532**	82,364,300

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
(Unaudited - Expressed in millions of Canadian dollars)

	Three months ended March 31, 2013		2012	
Net earnings (loss)	**$**	**31.3**	$	(31.9)
Other comprehensive income (loss), net of tax				
Current period changes in fair values of derivatives designated as cash flow hedges, net of income taxes of $nil (2012 - $0.8)		**-**		(2.4)
Loss on derivatives designated as cash flow hedges transferred to net earnings (loss) in the period, net of income taxes of $nil (2012 - $1.7)		**-**		5.0
Unrealized effect of foreign currency translation of foreign operations		**0.4**		(0.3)
Other comprehensive income		**0.4**		2.3
Total comprehensive income (loss)	**$**	**31.7**	$	(29.6)

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in millions of Canadian dollars)

		Share Capital		Contributed	Share Capital and Contributed	Accumulated Other Comprehensive	Retained Earnings	
		Number [1]	Amount	Surplus	Surplus	Loss	(Deficit)	Total
At December 31, 2011		82,477	$ 313.9	$ 42.6	$ 356.5	$ (6.5)	$ 72.4	$ 422.4
Share-based compensation	Note 12	-	-	1.0	1.0	-	-	1.0
Exercise of incentive stock options		86	0.7	(0.2)	0.5	-	-	0.5
Common shares purchased	Note 12	(2,588)	(10.0)	-	(10.0)	-	(10.9)	(20.9)
Total comprehensive income (loss)		-	-	-	-	2.3	(31.9)	(29.6)
At March 31, 2012		79,975	$ 304.6	$ 43.4	$ 348.0	$ (4.2)	$ 29.6	$ 373.4
At December 31, 2012		70,436	$ 271.3	$ 42.2	$ 313.5	$ (1.0)	$ (32.2)	$ 280.3
Share-based compensation	Note 12	-	-	1.2	1.2	-	-	1.2
Exercise of incentive stock options		132	1.3	(0.4)	0.9	-	-	0.9
Common shares purchased	Note 12	(751)	(2.9)	-	(2.9)	-	(4.0)	(6.9)
Total comprehensive income		-	-	-	-	0.4	31.3	31.7
At March 31, 2013		**69,817**	**$ 269.7**	**$ 43.0**	**$ 312.7**	**$ (0.6)**	**$ (4.9)**	**$ 307.2**

[1] Share information is presented in thousands.

GREAT CANADIAN GAMING CORPORATION
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in millions of Canadian dollars)

		Three months ended March 31, 2013	2012
Cash Flows from Operating Activities			
Earnings (loss) before income taxes		**$ 42.6**	$ (40.1)
Adjustments to reconcile earnings (loss) before income taxes to net cash generated by operating activities:			
Amortization		**13.0**	12.8
(Reversal of) impairment of long-lived assets	Note 5	**(28.5)**	54.2
Impairment of goodwill	Note 5	**-**	3.2
Share-based compensation		**2.1**	2.1
Interest and financing cost, net		**8.2**	7.1
Foreign exchange gain and other		**(0.2)**	(0.2)
Other		**(0.3)**	(0.2)
Changes in non-cash operating working capital	Note 18	**1.1**	(1.9)
Cash generated from operations		**38.0**	37.0
Income taxes paid		**(4.9)**	(4.6)
Net cash generated by operating activities		**33.1**	32.4
Cash Flows from Investing Activities			
Purchase of property, plant and equipment, net of related accounts payable		**(6.1)**	(6.7)
Restricted cash - construction holdbacks		**(0.4)**	0.2
Interest income received		**0.3**	0.4
Other		**(0.9)**	(0.5)
Cash used in investing activities		**(7.1)**	(6.6)
Cash Flows from Financing Activities			
Repayment of debt, net of proceeds from short-term borrowings		**-**	(0.5)
Common shares issued for cash, net of issuance costs		**0.9**	0.5
Purchase of common shares, net of related accrued liabilites	Note 12	**(6.7)**	(10.8)
Interest paid		**(15.8)**	(10.8)
Cash used in financing activities		**(21.6)**	(21.6)
Effect of foreign exchange on cash and cash equivalents		**0.3**	(0.1)
Cash inflow		**4.7**	4.1
Cash and cash equivalents, beginning of period		**116.2**	134.7
Cash and cash equivalents, end of period		**$ 120.9**	$ 138.8

1. NATURE OF BUSINESS

Great Canadian Gaming Corporation (the "Company") operates gaming, entertainment, and hospitality facilities in British Columbia, Ontario, Nova Scotia, and Washington State. The Company's 17 gaming properties consist of ten casinos, including one with a Four Diamond hotel resort, four horse racetrack casinos, and three community gaming centres.

Great Canadian Gaming Corporation is a publicly listed company incorporated in Canada under the Company Act (British Columbia). The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under TSX symbol: "GC". The principal office is located at 350-13775 Commerce Parkway, Richmond, British Columbia, V6V 2V4. The registered and records office is located at 1500-1055 West Georgia Street, Vancouver, BC, V6E 4N7.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. As a result, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2012 ("Annual Financial Statements").

These condensed interim consolidated financial statements were prepared using the same accounting policies as set out in the Company's Annual Financial Statements, with the exception of the changes in accounting policies described in Note 3. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 3 of the Company's Annual Financial Statements.

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2013, the Company adopted the following revised IFRSs issued by the International Accounting Standards Board ("IASB"). These revised IFRSs did not have a material impact on the Company's condensed interim consolidated financial statements.

- *IAS 1, Presentation of Financial Statements* – amended to clarify the requirements for comparative information in the financial statements.
- *IAS 19, Employee Benefits (2011)* – amended to change the accounting for defined benefit plans and terminations benefits, and improve the understandability and usefulness of disclosures.
- *IAS 16, Property, Plant and Equipment* – amended to clarify the classification of servicing equipment.
- *IAS 32, Financial Instruments: Presentation* – amended to clarify that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12.
- *IAS 34, Interim Financial Reporting* – amended to clarify the requirements for segment information related to total assets and total liabilities.
- *IFRS 13, Fair Value Measurement* – provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

Effective January 1, 2013, the Company also concurrently adopted the following five new and revised standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements with other entities. These standards did not have a material impact on the Company's condensed interim consolidated financial statements.

- *IFRS 10, Consolidated Financial Statements ("IFRS 10")* – replaces the consolidation guidance in IAS 27 (2008), *Consolidated and Separate Financial Statements* ("IAS 27 (2008)"), and SIC-12, *Consolidated Special Purpose Entities*, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee.
- *IFRS 11, Joint Arrangements ("IFRS 11")* – replaces IAS 31, *Interests in Joint Ventures*. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed.
- *IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")* – requires enhanced disclosures about the entity's interests in subsidiaries, joint arrangements and associates, and unconsolidated structured entities.
- *IAS 27 (2011), Separate Financial Statements* – the consolidation requirements previously forming part of IAS 27 (2008) have been revised and are now contained in IFRS 10.
- *IAS 28 (2011), Investments in Associates and Joint Ventures* – amended to conform to changes based on the issuance of IFRS 10, IFRS 11, and IFRS 12.

(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Recent accounting pronouncements

The IASB issued the following new and revised accounting pronouncement, which is not expected to have a material impact on the Company's consolidated financial statements:

- *IFRS 9, Financial Instruments* ("IFRS 9") – replaces IAS 39, *Financial Instruments: Recognition and measurement* ("IAS 39"). IFRS 9 simplifies the classification and measurement requirements for financial instruments, which replaces the multiple classification and measurement models in IAS 39. It is effective for annual periods beginning on or after January 1, 2015.

4. CASH AND CASH EQUIVALENTS

	March 31, 2013	December 31, 2012
Cash in banks	**$ 100.9**	$ 96.0
Cash floats	**10.0**	10.2
Cash equivalents	**10.0**	10.0
	$ 120.9	$ 116.2

5. (REVERSAL OF) IMPAIRMENT OF LONG-LIVED ASSETS AND IMPAIRMENT OF GOODWILL

In March 2012, the Government of Ontario announced the cancellation of the “Slots at Racetracks” program for all Ontario racetracks effective on March 31, 2013, and directed the Ontario Lottery and Gaming Corporation (“OLG”) to end the program on March 31, 2013 and locate slot facilities more strategically in an effort to modernize that province’s gaming model. As part of that plan, and as permitted under the related agreements, on March 29, 2012, OLG provided notice that the site holder agreements with the Company’s Georgian Downs and Flamboro Downs racetracks would terminate on March 31, 2013. All other “Slots at Racetracks” facilities in Ontario received similar termination notices, with the exception of three facilities located proximate to the U.S. border, which closed on April 30, 2012.

As a result of the early termination of Georgian Downs’ site holder agreement, which was previously scheduled to expire in November 2021, the Company recorded in the first quarter of 2012 impairments of goodwill, intangible assets, and property, plant and equipment of $3.2, $8.2, and $13.2, respectively. The Company also recorded impairments of intangible assets and property, plant and equipment of $24.2 and $5.2, respectively, in connection with Flamboro Downs’ site holder agreement, which was previously scheduled to expire in April 2016.

Subsequent to March 31, 2013, Georgian Downs Limited received from the OLG a one-time settlement payment of $31.5 in connection with the Georgian Downs facility, and the Company and Georgian Downs Limited provided OLG with a release of claims.

On March 9, 2013, the Company and OLG signed non-binding letters of intent outlining terms by which OLG will lease the slot machine areas of Georgian Downs and Flamboro Downs commencing April 1, 2013 for a term of five years. The Company and OLG have been operating as though the key provisions of these leases came into effect on April 1, 2013. In the coming weeks, the Company expects to sign definitive agreements with OLG related to these letters of intent. These definitive agreements remain subject to the approval process that is required by legislation to be followed by OLG. If agreements are not signed, the Company may recognize further impairments of its long-lived assets.

On March 26, 2013, the Company and the Government of Ontario signed non-binding letters of intent outlining terms under which the Company will operate a reduced level of horse racing at Georgian Downs and Flamboro Downs until March 31, 2015 on a transitional basis in exchange for transition funding from the Government of Ontario. In the coming weeks, the Company expects to sign definitive agreements with the Government of Ontario related to these letters of intent.

Based on the terms of the letters of intent with the Province of Ontario, the Company expects Georgian Downs will operate a significantly reduced number of race days in the twelve months ended March 31, 2014 (estimated 25 race days over a three-month period, subject to government approval) as compared to the twelve months ended December 31, 2012 (103 race days over a 10-month period). The Company expects Flamboro Downs will operate a reduced number of race days in the twelve-months ended March 31, 2014 (estimated 100 race days over a six-month period, subject to government approval) as compared to the twelve months ended December 31, 2012 (188 race days over an 11-month period). In addition, the Company expects that both Georgian Downs and Flamboro Downs will no longer share in the horse racing pari mutuel wagering revenues that these properties generate. It is expected that racing revenue will go to a consolidated horse racing industry fund to be shared by the provinces’ horsemen associations for their purses.

5. (REVERSAL OF) IMPAIRMENT OF LONG-LIVED ASSETS AND IMPAIRMENT OF GOODWILL (Continued)

In exchange for the horse racing transition funding that Georgian Downs and Flamboro Downs expect to receive under the terms of these non-binding letters of intent, the Company anticipates that the racing operations at these tracks will continue for up to two years. For racing operations to continue under the new model, they will require significant operating cost reductions from previous levels. Under the terms of the letters of intent, the transition funding will be conditional on achieving specific cost reduction targets.

Based on the terms of these letters of intent with OLG and the Province of Ontario, the anticipated racing schedules, which also remain subject to approval, and assumptions regarding operating costs, the Company expects Georgian Downs' and Flamboro Downs' EBITDA will decline as compared to levels realized prior to March 31, 2013.

During the three months ended March 31, 2013, as a result of signing the letters of intent and the anticipated future execution of definitive agreements, the Company recorded reversals of impairments related to Georgian Downs' intangible assets and property plant and equipment of $8.0 and $11.7, respectively. The Company also recorded reversals of impairments related to Flamboro Downs' intangible assets and property, plant and equipment of $7.4 and $1.4, respectively.

The recoverable amounts for long-lived assets and goodwill were determined based on the value in use method, which estimates the net present value of the future cash flows expected to be generated, using a pre-tax discount rate based on the Company's weighted-average cost of capital. The estimates of future cash flows require a number of key assumptions about future business performance. These assumptions and estimates are primarily based on the relevant business' historical experience and economic trends, and consider past and ongoing communications with relevant stakeholders of the Company. These key assumptions include the future revenue levels, EBITDA(1), and the expected useful life of the cash generating unit ("CGU"). The assumptions are subject to a number of factors and it is possible that actual results could vary materially from management's estimates.

As the carrying value of Georgian Downs' and Flamboro Downs' long-lived assets as at March 31, 2013 were equal to their estimated recoverable amounts, a subsequent change in any key assumption utilized in the estimate of future cash flows may result in a further impairment loss or reversal of an impairment loss. As at March 31, 2013, the carrying values of the intangible assets and property, plant and equipment associated with Georgian Downs were $23.3 and $41.4, respectively. As at March 31, 2013, the carrying values of the intangible assets and property, plant and equipment associated with Flamboro Downs were $17.9 and $8.4, respectively.

In connection with the impairments and subsequent impairment reversals recorded for Georgian Downs and Flamboro Downs, the Company revised the estimated remaining useful lives of its intangible assets and property, plant and equipment. The net effect of this change in estimate of remaining useful lives, the impairments and the impairment reversals will be a $0.8 decrease in the annual non-cash amortization expense related to these assets on a prospective basis, when compared to the year ended December 31, 2012.

In addition, during the three months ended March 31, 2012 and the year ended December 31, 2012, the Company recorded impairments of $3.4 and $10.3, respectively, related to land in Ontario that was written down to its estimated recoverable amount.

(1) EBITDA as defined by the Company means **E**arnings **B**efore **I**nterest and financing costs (net of interest income), Income **T**axes, **D**epreciation and **A**mortization, share-based compensation, (reversal of) impairment of long-lived assets, impairment of goodwill, restructuring and other, and foreign exchange gain and other. EBITDA can be computed as revenues less human resources and property, marketing and administration expenses.

(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Building Improvements	Leasehold Improvements	Equipment	Properties Under Development	Total
Cost						
Balance at December 31, 2011	$ 82.2	$ 673.2	$ 76.3	$ 102.3	$ 7.8	$ 941.8
Additions	0.1	0.1	0.2	2.6	21.4	24.4
Disposals	-	-	(0.1)	(0.2)	-	(0.3)
Reclassifications	-	8.4	5.2	4.6	(18.2)	-
Translation and other	-	(0.3)	(0.2)	(0.1)	-	(0.6)
Balance at December 31, 2012	$ 82.3	$ 681.4	$ 81.4	$ 109.2	$ 11.0	$ 965.3
Additions	**-**	**0.5**	**-**	**0.5**	**6.0**	**7.0**
Disposals	**-**	**-**	**-**	**(0.2)**	**-**	**(0.2)**
Reclassifications	**-**	**0.3**	**0.3**	**-**	**(0.6)**	**-**
Translation and other	**0.1**	**0.2**	**0.1**	**0.1**	**-**	**0.5**
Balance at March 31, 2013	**$ 82.4**	**$ 682.4**	**$ 81.8**	**$ 109.6**	**$ 16.4**	**$ 972.6**
Accumulated amortization and impairments						
Balance at December 31, 2011	$ (0.9)	$ (136.5)	$ (51.1)	$ (86.1)	$ (3.6)	$ (278.2)
Amortization	-	(27.6)	(2.9)	(7.1)	-	(37.6)
Disposals	-	-	0.1	0.2	-	0.3
Impairments [(1)]	(10.3)	(18.0)	-	(0.4)	-	(28.7)
Reclassifications [(2)]	-	-	(0.2)	-	0.2	-
Translation and other	-	0.1	-	0.1	-	0.2
Balance at December 31, 2012	$ (11.2)	$ (182.0)	$ (54.1)	$ (93.3)	$ (3.4)	$ (344.0)
Amortization	**-**	**(6.8)**	**(0.9)**	**(1.7)**	**-**	**(9.4)**
Disposals	**-**	**-**	**-**	**0.2**	**-**	**0.2**
Impairment reversals [(3)]	**-**	**12.9**	**-**	**0.2**	**-**	**13.1**
Translation and other	**-**	**(0.1)**	**-**	**(0.1)**	**-**	**(0.2)**
Balance at March 31, 2013	**$ (11.2)**	**$ (176.0)**	**$ (55.0)**	**$ (94.7)**	**$ (3.4)**	**$ (340.3)**
Carrying amount						
At December 31, 2011	$ 81.3	$ 536.7	$ 25.2	$ 16.2	$ 4.2	$ 663.6
At December 31, 2012	$ 71.1	$ 499.4	$ 27.3	$ 15.9	$ 7.6	$ 621.3
At March 31, 2013	**$ 71.2**	**$ 506.4**	**$ 26.8**	**$ 14.9**	**$ 13.0**	**$ 632.3**

(1) The impairments relate to Georgian Downs, Flamboro Downs, and land previously held for development (see Note 5).

(2) The reclassifications relate to properties under development that were previously impaired and subsequently transferred to leasehold improvements.

(3) The impairment reversals relate to Georgian Downs and Flamboro Downs (see Note 5).

(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

7. INTANGIBLE ASSETS

	BC Gaming Operating Agreements	Nova Scotia Gaming Operating Agreement	Ontario Siteholder/ Lease Agreements	Other	Total
Cost					
Balance at December 31, 2011 and 2012 and March 31, 2013	**$ 81.4**	**$ 34.6**	**$ 106.0**	**$ 2.5**	**$ 224.5**
Accumulated amortization and impairments					
Balance at December 31, 2011	$ (44.0)	$ (19.7)	$ (39.9)	$ (1.2)	$ (104.8)
Amortization	(3.3)	(4.2)	(6.3)	(0.2)	(14.0)
Impairments [1]	-	-	(32.4)	-	(32.4)
Balance at December 31, 2012	$ (47.3)	$ (23.9)	$ (78.6)	$ (1.4)	$ (151.2)
Amortization	**(0.8)**	**(1.2)**	**(1.6)**	**-**	**(3.6)**
Impairment reversals [2]	**-**	**-**	**15.4**	**-**	**15.4**
Balance at March 31, 2013	**$ (48.1)**	**$ (25.1)**	**$ (64.8)**	**$ (1.4)**	**$ (139.4)**
Carrying amount					
At December 31, 2011	$ 37.4	$ 14.9	$ 66.1	$ 1.3	$ 119.7
At December 31, 2012	$ 34.1	$ 10.7	$ 27.4	$ 1.1	$ 73.3
At March 31, 2013	**$ 33.3**	**$ 9.5**	**$ 41.2**	**$ 1.1**	**$ 85.1**

[1] The impairments relate to Georgian Downs and Flamboro Downs (see Note 5).
[2] The impairment reversals relate to Georgian Downs and Flamboro Downs (see Note 5).

8. GOODWILL

	Total
Cost	
Balance at December 31, 2011	$ 47.6
Foreign exchange movements	(0.2)
Balance at December 31, 2012	$ 47.4
Foreign exchange movements	0.2
Balance at March 31, 2013	**$ 47.6**
Impairments	
Balance at December 31, 2011	$ (24.1)
Impairment [1]	(3.2)
Balance at December 31, 2012	$ (27.3)
Balance at March 31, 2013	**$ (27.3)**

Carrying amount	**GCCI**	**GCEC**	**Fraser Downs**	**Georgian Downs**	**Great American Casinos**	**Total**
At December 31, 2011	$ 1.6	$ 3.8	$ 8.1	$ 3.2	$ 6.8	$ 23.5
At December 31, 2012	$ 1.6	$ 3.8	$ 8.1	$ -	$ 6.6	$ 20.1
At March 31, 2013	**$ 1.6**	**$ 3.8**	**$ 8.1**	**$ -**	**$ 6.8**	**$ 20.3**

[1] The impairment relates to Georgian Downs (see Note 5).

(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

9. LONG-TERM DEBT

	March 31, 2013	December 31, 2012
Senior Unsecured Notes, net of unamortized transaction costs of $9.8 (2012 - $10.1)	**$ 440.2**	$ 439.9
	440.2	439.9
Less: current portion	**-**	-
	$ 440.2	$ 439.9

As at March 31, 2013 and December 31, 2012, the Company's long-term debt facilities consist of $450.0 Senior Unsecured Notes ("Senior Unsecured Notes") and a $350.0 Senior Secured Revolving Credit Facility (the "Revolving Credit Facility").

a) *Senior Unsecured Notes*

On July 24, 2012, the Company completed a long-term debt refinancing and issued $450.0 of 6.625% Senior Unsecured Notes due on July 25, 2022. The net proceeds were $439.5 after transaction costs of $10.5. The use of proceeds included repayment of the US$161.1 Senior Secured Term Loan B ("Term Loan B"), repurchase or redemption of the US$170.0 Senior Subordinated Notes ("Subordinated Notes"), settlement of the derivative liabilities associated with the related cross-currency interest rate and principal swaps, and the remainder was retained for general corporate purposes.

The Senior Unsecured Notes are guaranteed by the Company's material restricted subsidiaries as defined in the long-term debt agreement covering the Trust Indenture. Interest on the Senior Unsecured Notes is payable semi-annually in arrears on January 25 and July 25 of each year. There are customary provisions for early redemptions of the Senior Unsecured Notes during defined periods prior to maturity with payment of defined premiums.

Transaction costs of approximately $10.5 associated with the issuance of the Senior Unsecured Notes were primarily related to underwriting fees, legal fees, and other expenses, and are amortized through the "interest and financing costs, net" of the condensed interim consolidated statements of earnings (loss) over the term of the Senior Unsecured Notes using the effective interest method.

9. LONG-TERM DEBT (Continued)

b) Revolving Credit Facility

As at March 31, 2013, subject to compliance with the related financial covenants, the Company has $320.1 (December 31, 2012 – $320.1) of available credit on its Revolving Credit Facility after deducting outstanding letters of credit of $29.9 (December 31, 2012 - $29.9). The counterparties to this facility are major financial institutions with minimum “A” credit ratings.

On July 24, 2012, the Company extended the maturity of its Credit and Guarantee Agreement (“Credit Agreement”), which covers the terms of its $350.0 Revolving Credit Facility by one year to July 21, 2017. The interest rate on advanced amounts and the commitment fee on the unused facility are based on the Company’s Total Debt to Adjusted EBITDA ratio, which is calculated quarterly (see Note 10).

Transaction costs associated with past refinancing of the Revolving Credit Facility totaling $1.3 during the years 2012 and 2011 are included in the “other assets” line of the condensed interim consolidated statements of financial position and are amortized through the “interest and financing costs, net” line of the condensed interim consolidated statements of earnings (loss) over the term of the Revolving Credit Facility using the effective interest method.

The Revolving Credit Facility is guaranteed and secured by substantially all of the assets of the Company and its subsidiaries. The Revolving Credit Facility requires the Company to comply with certain operational and financial covenants (which are defined in the underlying agreements). The financial covenants which are tested quarterly are: Total Debt to Adjusted EBITDA ratio of 5.00 or less, Senior Secured Debt to Adjusted EBITDA ratio of 3.50 or less, and Interest Coverage ratio of 2.25 or more (see Note 10).

(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

10. CAPITAL DISCLOSURES

The Company's capital structure comprises:

- Shareholders' equity;
- Long-term debt;
- Cash and cash equivalents; and
- Outstanding letters of credit.

The Company monitors its capital structure and must comply with certain financial covenants related to its long-term debt. The Company intends to manage its capital by operating at a level that provides a conservative margin compared to the limits of its covenants.

As at March 31, 2013, the Company was in compliance with its financial covenants as shown below:

Covenant test	Required ratio	Actual ratio
Total Debt to Adjusted EBITDA ratio [(1)]	< 5.00	3.02
Senior Secured Debt to Adjusted EBITDA ratio [(1)]	< 3.50	0.00
Interest Coverage ratio [(1)]	> 2.25	4.88
Fixed Charge Coverage ratio [(2)]	> 2.00	4.89

(1) Calculated on a trailing twelve month basis and defined in the Credit and Guarantee Agreement, as amended on July 24, 2012.

(2) Calculated on a trailing twelve month basis and tested on specified events as defined in the long-term debt agreement covering the Trust Indenture dated July 24, 2012.

As part of its capital structure monitoring process, the Company's independent credit ratings as at March 31, 2013 were as follows:

	Moody's	Standard & Poor's
Corporate	Ba3 Stable	BB+ Stable
Revolving Credit Facility	Ba1	BBB
Senior Unsecured Notes	B1	BB+

11. DERIVATIVES

In 2007, the Company entered into cross-currency interest rate and principal swaps to hedge the U.S. dollar exchange rate and interest rate risks associated with the Term Loan B and Subordinated Notes issued in that year. The Company designated these cross-currency interest rate and principal swaps as cash flow hedges, wherein the effective portion of the swap was recorded in “other comprehensive income”.

On July 24, 2012, as part of the long-term debt refinancing (see Note 9), the Company settled all of its cross-currency interest rate and principal swaps and paid $69.9 to its counterparties, which represented the fair value of the swaps.

12. SHARE CAPITAL AND CONTRIBUTED SURPLUS

The Company is authorized to issue an unlimited number of common shares with no par value.

a) *Normal course issuer bid*

During the three months ended March 31, 2013, the Company purchased 751,040 common shares at a volume weighted-average price per share of $9.29 under its normal course issuer bid. This bid allows the Company to purchase up to 4,511,644 of its common shares, commenced on January 30, 2013, and expires on January 29, 2014, or earlier if the number of shares approved for purchase in the issuer bid has been obtained. As at March 31, 2013, the Company had $0.2 in accrued liabilities relating to common shares purchased, which was paid in April 2013. Subsequent to March 31, 2013, the Company purchased 1,772,100 common shares at a volume weighted-average price per share of $9.34. All shares purchased by the Company were subsequently cancelled.

During the three months ended March 31, 2012, the Company purchased 2,588,310 common shares at a volume weighted-average price per share of $8.08 under its normal course issuer bid. This bid allowed the Company to purchase up to 5,811,197 of its common shares and expired on January 26, 2013. As at March 31, 2012, the Company had $10.1 in accrued liabilities relating to common shares purchased, which was paid in April 2012. All shares purchased by the Company were subsequently cancelled.

b) *Stock option plan*

The changes in stock options during the three months ended March 31, 2013 and the year ended December 31, 2012 were as follows:

	March 31, 2013		December 31, 2012	
	Options [1]	**Weighted-Average Exercise Price**	Options [1]	Weighted-Average Exercise Price
Outstanding, beginning of period	**4,493**	**$ 7.08**	5,895	$ 7.16
Granted	**1,425**	**9.11**	1,288	7.73
Forfeited	**(19)**	**8.41**	(89)	8.73
Expired	**(240)**	**14.13**	(985)	11.92
Exercised	**(132)**	**6.93**	(1,616)	4.88
Outstanding, end of period	**5,527**	**$ 7.29**	4,493	$ 7.08

[1] Option information is presented in thousands.

12. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

b) Stock option plan (Continued)

The fair values of stock options granted to employees at the time of the grant and the weighted-average assumptions used in applying the Black-Scholes option pricing model were as follows:

	Three Months Ended March 31, 2013	2012
Option award fair value	**$ 1.54**	$ 1.67
Risk-free interest rate	**1.1%**	1.1%
Expected lives	**2.5 years**	2.5 years
Expected volatility (1)	**25.0%**	30.5%
Dividend yield	**0.0%**	0.0%

(1) Based on the historical volatility of the Company's share price over the most recent period commensurate with the expected lives of the option.

During the three months ended March 31, 2013, the Company recorded equity-settled share-based compensation expense of $1.2 (2012 - $1.0).

c) Deferred Share Units ("DSUs") and Restricted Share Units ("RSUs")

The changes in DSUs and RSUs provided to non-employee directors of the Company during the three months ended March 31, 2013 and the year ended December 31, 2012 were as follows:

	March 31, 2013		December 31, 2012	
	DSUs (2)	**RSUs (2)**	DSUs (2)	RSUs (2)
Outstanding, beginning of period	**216**	**17**	106	7
Issued	**90**	**2**	128	10
Settled in cash	**-**	**-**	(18)	-
Outstanding, end of period	**306**	**19**	216	17

(2) DSU and RSU information is presented in thousands.

The Company recorded a liability of $3.1 in "deferred credits, provisions and other liabilities" at March 31, 2013 (December 31, 2012 - $2.2), and cash-settled share-based compensation expense of $0.9 for the three months ended March 31, 2013 (March 31, 2012 - $1.1).

(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

	March 31, 2013	December 31, 2012
Unrealized effect of foreign currency translation of foreign operations	**$ (0.6)**	$ (1.0)
	$ (0.6)	$ (1.0)

14. REVENUES

	Three months ended March 31, 2013	2012
Gaming revenues	**$ 74.9**	$ 76.8
Facility Development Commission	**8.8**	8.9
Hospitality and other revenues	**18.2**	18.0
Racetrack revenues	**3.2**	3.8
	105.1	107.5
Less: Promotional allowances	**(4.6)**	(4.7)
	$ 100.5	$ 102.8

15. RESTRUCTURING AND OTHER

Restructuring and other includes $1.0 related to non-recurring staff severance costs incurred during the first quarter of 2013 primarily as a result of an expected reduction in the number of live horse racing days to be held at the Company's Georgian Downs and Flamboro Downs properties (See Note 5).

16. INCOME TAXES

	Three months ended March 31, 2013	2012
Applicable federal and provincial statutory income tax rate	**25.0%**	25.0%
Earnings (loss) before income taxes	**$ 42.6**	$ (40.1)
Expected income tax expense (recovery) for the period	**10.7**	(10.0)
Effect of:		
Non-deductible impairment of goodwill	**-**	0.8
Non-deductible share-based compensation	**0.3**	0.3
Deferred income tax rates applied versus current income tax rate	**-**	1.5
Different jurisdictional statutory tax rates on earnings of subsidiaries	**0.4**	(0.7)
Other items	**(0.1)**	(0.1)
	$ 11.3	$ (8.2)

17. NET EARNINGS (LOSS) PER COMMON SHARE

The following table sets forth the computation of basic and diluted net (loss) earnings per common share attributable to the shareholders of the Company:

		Three months ended March 31,			
			2013		2012
Net earnings (loss)	(A)	**$**	**31.3**	$	(31.9)
Weighted-average number of common shares outstanding (1)	(B)		**70,432**		82,364
Dilutive adjustment for stock options (1)			**1,057**		-
Diluted weighted-average number of common shares (1)	(C)		**71,489**		82,364
Net earnings (loss) per common share					
Basic	(A/B)	**$**	**0.44**	$	(0.39)
Diluted	(A/C)	**$**	**0.44**	$	(0.39)

(1) Share information is presented in thousands.

The following table summarizes the outstanding stock options that are anti-dilutive and are not included in the above calculation:

	Three months ended March 31,	
	2013	2012
Options (2)	**1,465**	6,082

(2) Option information is presented in thousands.

18. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three Months Ended March 31,			
		2013		2012
Restricted cash - operating	**$**	**(2.0)**	$	(1.7)
Accounts receivable		**1.5**		0.5
Prepaids, deposits and other assets		**0.5**		0.5
Accounts payable and accrued liabilities		**1.1**		(1.2)
	$	**1.1**	$	(1.9)

(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

19. SEGMENT INFORMATION

The Company and its subsidiaries operate in one industry segment, the gaming industry. The Company conducts business in two geographic segments: Canada and the United States ("U.S."). The accounting policies applied by the reportable segments are the same as those applied by the Company (see Note 2 of the Company's Annual Financial Statements).

Revenues, EBITDA, and additions to long-lived assets and goodwill attributable to each reportable segment are as follows:

	Three months ended March 31, 2013			Three months ended March 31, 2012		
	Revenues	**EBITDA**	**Additions to long-lived assets and goodwill**	Revenues	EBITDA	Additions to long-lived assets and goodwill
Canada	**$ 94.8**	**$ 37.4**	**$ 7.0**	$ 97.1	$ 38.2	$ 6.2
U.S.	**5.7**	**0.9**	**-**	5.7	0.8	0.1
	$ 100.5	**$ 38.3**	**$ 7.0**	$ 102.8	$ 39.0	$ 6.3

The following table is a reconciliation of EBITDA, as presented in the above tables, to earnings (loss) before income taxes as presented in the Company's condensed interim consolidated statements of earnings (loss):

	Three months ended March 31,	
	2013	2012
EBITDA	**$ 38.3**	$ 39.0
Amortization	**13.0**	12.8
Share-based compensation	**2.1**	2.1
(Reversal of) impairment of long-lived assets	**(28.5)**	54.2
Impairment of goodwill	**-**	3.2
Interest and financing costs, net	**8.2**	7.1
Restructuring and other	**1.1**	-
Foreign exchange gain and other	**(0.2)**	(0.3)
Earnings (loss) before income taxes	**$ 42.6**	$ (40.1)

Property, plant and equipment, goodwill, and total assets attributable to each reportable segment are as follows:

	As at March 31, 2013			As at December 31, 2012		
	Property, plant and equipment	**Goodwill**	**Total assets**	Property, plant and equipment	Goodwill	Total assets
Canada	**$ 620.0**	**$ 13.5**	**$ 868.6**	$ 609.1	$ 13.5	$ 838.9
U.S.	**12.3**	**6.8**	**24.2**	12.2	6.6	23.8
	$ 632.3	**$ 20.3**	**$ 892.8**	$ 621.3	$ 20.1	$ 862.7

(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

20. RELATED PARTY TRANSACTIONS

As defined under IAS 24, *Related Party Disclosures*, key management personnel comprise the Company's Board of Directors and executive officers. Key management compensation was as follows:

	Three months ended March 31,			
		2013		2012
Human resources [1]	**$**	**0.6**	$	0.5
Share-based compensation [2]		**1.3**		1.5
Total	**$**	**1.9**	$	2.0

[1] Human resources includes salaries and other short-term employee benefits.

[2] Share-based compensation includes equity and cash settled share-based compensation described in Note 12.

As at March 31, 2013, the liabilities of the Company include amounts due to key management personnel of $0.4 (December 31, 2012 - $0.9) in "accounts payable and accrued liabilities" and $3.1 (December 31, 2012 - $2.2) in "deferred credits, provisions and other liabilities" of the condensed interim consolidated statements of financial position.

21. FACILITY DEVELOPMENT COMMISSION ("FDC") APPROVED AMOUNTS

The following table summarizes the changes in the Company's Approved Amounts, a term defined in the Company's operating services agreements with British Columbia Lottery Corporation ("BCLC"), to be recovered by future FDC receipts from BCLC:

	Three months ended March 31,			
		2013		2012
Opening Approved Amounts	**$**	**412.0**	$	424.4
Additional Approved Amounts		**1.1**		1.1
FDC receipts		**(8.8)**		(8.9)
Closing Approved Amounts	**$**	**404.3**	$	416.6

Approved Amounts have not been recorded in the condensed interim consolidated statements of financial position. Since FDC is earned as a fixed percentage of gross gaming win, subject to the Company incurring sufficient Approved Amounts, recovery of Approved Amounts requires that the operating agreements with BCLC remain in good standing and the generation of sufficient gross gaming win.