



GREAT CANADIAN GAMING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month and Six Month Periods Ended
June 30, 2014 and 2013

(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)

		June 30, 2014	December 31, 2013
Assets			
Current			
Cash and cash equivalents	Note 4	\$ 243.8	\$ 192.6
Accounts receivable		6.6	7.2
Income taxes receivable		-	3.7
Prepays, deposits and other assets		8.2	8.0
		258.6	211.5
Property, plant and equipment	Note 6	583.3	596.3
Intangible assets	Note 7	74.3	75.8
Goodwill	Note 8	20.6	20.6
Deferred tax assets		10.4	8.8
Other assets		2.5	2.7
		\$ 949.7	\$ 915.7
Liabilities			
Current			
Accounts payable and accrued liabilities	Note 11, 18	\$ 55.0	\$ 67.9
Income taxes payable		0.6	-
Other liabilities		2.5	2.6
		58.1	70.5
Long-term debt	Note 9	441.5	441.0
Deferred credits, provisions and other liabilities	Note 11, 18	26.4	26.4
Deferred tax liabilities		74.7	70.3
		600.7	608.2
Shareholders' equity			
Share capital and reserves	Note 11	309.7	305.1
Accumulated other comprehensive income		0.4	0.4
Retained earnings		38.9	2.0
		349.0	307.5
		\$ 949.7	\$ 915.7
Commitments (Note 6)			

These financial statements were approved and authorized by the Company's Board of Directors for issue on August 13, 2014.

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

		Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Revenues	Note 12	\$ 114.7	\$ 102.1	\$ 218.5	\$ 202.6
Expenses					
Human resources	Note 18	40.6	40.4	81.2	79.5
Property, marketing and administration		24.6	23.7	49.7	46.8
Amortization		12.1	11.7	24.3	24.7
Share-based compensation	Note 11,18	1.8	0.6	2.2	2.7
Reversal of impairment of long-lived assets	Note 5	-	-	(5.2)	(28.5)
Interest and financing costs, net		7.9	8.2	16.0	16.4
Restructuring and other	Note 13	0.2	0.2	0.2	1.3
Foreign exchange loss (gain) and other		0.1	(0.2)	(0.2)	(0.4)
		87.3	84.6	168.2	142.5
Earnings before income taxes		27.4	17.5	50.3	60.1
Income taxes	Note 14	7.5	6.2	13.4	17.5
Net earnings		\$ 19.9	\$ 11.3	\$ 36.9	\$ 42.6
Net earnings per common share	Note 15				
Basic		\$ 0.29	\$ 0.17	\$ 0.55	\$ 0.61
Diluted		\$ 0.29	\$ 0.16	\$ 0.53	\$ 0.60
Weighted average number of common shares					
Basic		67,677,565	68,329,249	67,569,000	69,374,844
Diluted		69,497,869	69,471,072	69,323,739	70,475,156

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net earnings	\$ 19.9	\$ 11.3	\$ 36.9	\$ 42.6
Other comprehensive income, net of tax				
Unrealized effect of foreign currency translation of foreign operations	(0.9)	0.8	-	1.2
Total comprehensive income	\$ 19.0	\$ 12.1	\$ 36.9	\$ 43.8

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

	Share Capital		Reserves	Share Capital and Reserves		Accumulated	Other	Retained	Total
	Number ⁽¹⁾	Amount		Reserves	Reserves	Comprehensive Income (Loss)	Earnings (Deficit)		
At January 1, 2013	70,436	\$ 271.3	\$ 42.2	\$ 313.5	\$ (1.0)	\$ (32.2)	\$	\$ 280.3	
Share-based compensation	Note 11	-	-	1.6	1.6	-	-	1.6	
Exercise of incentive stock options		496	3.4	(0.9)	2.5	-	-	2.5	
Common shares purchased	Note 11	(2,523)	(9.9)	-	(9.9)	-	(13.6)	(23.5)	
Net earnings		-	-	-	-	-	-	-	
Other comprehensive income		-	-	-	-	1.2	42.6	43.8	
At June 30, 2013		68,409	\$ 264.8	\$ 42.9	\$ 307.7	\$ 0.2	\$ (3.2)	\$ 304.7	
At January 1, 2014		67,333	\$ 262.7	\$ 42.4	\$ 305.1	\$ 0.4	\$ 2.0	\$ 307.5	
Share-based compensation	Note 11	-	-	1.1	1.1	-	-	1.1	
Exercise of incentive stock options		479	4.4	(0.9)	3.5	-	-	3.5	
Common shares purchased	Note 11	(1)	-	-	-	-	-	-	
Net earnings		-	-	-	-	-	36.9	36.9	
At June 30, 2014		67,811	\$ 267.1	\$ 42.6	\$ 309.7	\$ 0.4	\$ 38.9	\$ 349.0	

⁽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)

	Six months ended June 30,	
	2014	2013
Cash Flows from Operating Activities		
Earnings before income taxes	\$ 50.3	\$ 60.1
Adjustments to reconcile earnings before income taxes to cash generated by operating activities:		
Amortization	24.3	24.7
Reversal of impairment of long-lived assets	Note 5 (5.2)	(28.5)
Share-based compensation	Note 11, 18 2.2	2.7
Interest and financing cost, net	16.0	16.4
Foreign exchange gain and other	(0.2)	(0.4)
Other	(1.0)	(0.8)
Changes in non-cash operating working capital	Note 16 (9.1)	5.5
Income taxes paid	(6.3)	(7.3)
Cash generated by operating activities	71.0	72.4
Cash Flows from Investing Activities		
Purchase of property, plant and equipment, net of related accounts payable	(8.7)	(11.9)
Georgian Downs facility settlement payment	Note 5, 6 -	31.5
Interest income received	1.0	0.7
Other	0.3	(0.2)
These financial statements were approved and authorized by the Company's Board c	(7.4)	20.1
Cash Flows from Financing Activities		
Proceeds from exercise of incentive stock options, net of issuance costs	3.5	2.5
Purchase of common shares	Note 11 -	(23.5)
Interest paid	(16.1)	(16.4)
Cash used in financing activities	(12.6)	(37.4)
Effect of foreign exchange on cash and cash equivalents	0.2	0.7
Cash inflow	51.2	55.8
Cash and cash equivalents, beginning of period	192.6	121.1
Cash and cash equivalents, end of period	Note 4 \$ 243.8	\$ 176.9

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 2014 and 2013

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

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 three community gaming centres, four racetracks and ten casinos, including one with a Four Diamond hotel resort.

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, 2013 ("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, except as described below. 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

Standards, amendments and interpretations effective and applied

Effective January 1, 2014, the Company adopted the following revised IASs and IFRSs issued by the IASB and interpretation of the International Financial Reporting Standards Interpretations Committee ("IFRIC"). These revised standards and interpretation did not have a material impact on the Company's condensed interim consolidated financial statements.

- *IAS 32, Financial Instruments: Presentation* – amended to clarify under what circumstances financial assets and financial liabilities should be offset.
- *IAS 36, Impairment of Assets* – amended to clarify the standard's disclosure requirements and require the disclosure of the discount rate used in determining an impairment value calculated using a present value technique.
- *IFRS 10, Consolidated Financial Statements ("IFRS 10")*, *IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")* and *IAS 27, Separate Financial Statements ("IAS 27")* – IFRS 10 has been amended to introduce an exception from the requirement to consolidate subsidiaries for an investment entity. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities. IFRS 12 and IAS 27 have been amended to introduce new disclosure requirements for investment entities.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 2014 and 2013

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

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Standards, amendments and interpretations effective and applied (Continued)

- *IFRIC 21, Levies* – provides guidance for applying IAS 37, *Provisions, contingent liability and contingent assets*, with respect to when a company should recognize a liability for a levy imposed by a government.

Standards, amendments and interpretations not yet effective and not applied

The IASB issued the following new and revised accounting pronouncements. The Company does not anticipate early adoption of these standards at this time.

- *IFRS 2, Share based payments* – amended the definitions of “vesting condition” and “market conditions” and added definitions for “performance condition” and service condition”. These amendments apply to share based payment transactions with a grant date on or after July 1, 2014.
- *IFRS 8, Operating Segments* – amended to require the disclosure of the judgements made by management in applying the aggregation criteria to operating segments and to clarify that the reconciliation of the segment assets is required if they are regularly provided to the chief operation decision-maker. It is effective for annual periods beginning on or after July 1, 2014.
- *IFRS 13, Fair Value Measurement (“IFRS 13”)* – the Basis of Conclusions was amended to clarify that issuing IFRS 13 and amending IFRS 9, *Financial Instruments (“IFRS 9”)* and IAS 39, *Financial Instruments: Recognition and measurement (“IAS 39”)* did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis. IFRS 13 was also amended to clarify the scope of the portfolio exception. It is effective for annual periods beginning on or after July 1, 2014.
- *IAS 16, Property, Plant and Equipment and IAS 38, Intangible assets* – amended to clarify that, under the revaluation method, the gross amount of property, plant and equipment and intangible asset is adjusted in a manner consistent with the revaluation of the carrying amount of the asset. It is effective for annual periods beginning on or after July 1, 2014.
- *IAS 24, Related Party Disclosures (“IAS 24”)* – amended to clarify how payments to entities providing management services are to be disclosed. It is effective for annual periods beginning on or after July 1, 2014.
- *IAS 16 and IAS 38* – amended to clarify that a depreciation and amortization method based on revenue generated by an activity that includes the use of an asset and intangible asset, respectively, is not appropriate. It is effective for annual periods beginning on or after January 1, 2016.
- *IFRS 15, Revenue from Contracts with Customers* – provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various other matters. New disclosures about revenue are also introduced. It is effective for annual periods beginning on or after January 1, 2017.
- *IFRS 9* – replaces IAS 39. IFRS 9 introduces limited amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. It is effective for annual periods beginning on or after January 1, 2018.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 2014 and 2013

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

4. CASH AND CASH EQUIVALENTS

	June 30, 2014	December 31, 2013
Cash in banks	\$ 206.7	\$ 152.4
Cash floats	6.8	10.1
Cash equivalents	30.3	30.1
	\$ 243.8	\$ 192.6

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. As a result of this announcement, OLG was directed to both end this program on March 31, 2013 and strategically redistribute the province's slot facilities in an effort to modernize that province's gaming model. On March 29, 2012, OLG provided notice that the site holder agreements with the Company's Ontario racetracks would terminate on March 31, 2013. Georgian Downs' site holder agreement was otherwise scheduled to expire in November 2021 and Flamboro Downs' site holder agreement was otherwise scheduled to expire in April 2016.

As a result of the early termination of the Georgian Downs site holder agreement, the Company recorded 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 the Flamboro Downs site holder agreement. In addition, during the year ended December 31, 2012, the Company recorded \$10.3 of impairment related to land in Ontario that was written down to its estimated recoverable amount.

On March 9, 2013, the Company and OLG signed non-binding letters of intent governing the slot machine areas at the Ontario racetracks. Under the terms of these letters, OLG would lease these areas for a five-year term commencing April 1, 2013. The Company and OLG operated as though the key provisions of these leases came into effect on April 1, 2013. On November 29, 2013, the Company signed definitive agreements with OLG related to these letters of intent.

On March 26, 2013, the Company and the Government of Ontario signed non-binding letters of intent governing horse racing operations at the Ontario racetracks. On May 24, 2013, the Company signed binding agreements (the "Ontario Racing Agreements") with the Government of Ontario for horse racing transition funding. The funding provided support to continue horse racing at the Ontario racetracks for up to two years beyond March 31, 2013 and was conditional upon achievement of specific cost reduction targets. The Company continued to work with the Ontario government and the province's horse racing industry to pursue a longer-term, more sustainable business model for horse racing in Ontario.

On April 26, 2013, Georgian Downs received from OLG a one-time settlement payment of \$31.5 in connection with the Georgian Downs facility, and the Company and Georgian Downs provided OLG with a release of claims. The settlement payment was recorded as a reduction of Georgian Downs' property, plant and equipment.

During the first quarter of 2013, as a result of signing the non-binding letters of intent with OLG, the anticipated future execution of definitive agreements, and the settlement payment received from OLG on April 26, 2013, the Company recorded reversals of impairments related to Georgian Downs' and Flamboro Downs' intangible assets and property, plant and equipment.

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For the Three Month and Six Month Periods Ended June 30, 2014 and 2013
(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

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

In April 2014, as a result of signing the Standardbred Alliance agreements with five other Ontario racetrack operators and the Ontario Racing Commission, the Company secured racing funding for its Georgian Downs and Flamboro Downs racetracks for up to five years and is working with the Standardbred Alliance to realize racing operating cost efficiencies. As a result, Flamboro Downs recorded a \$5.2 long-lived asset impairment reversal at March 31, 2014.

The following table summarizes the impairments during 2012 and the impairment reversals during 2013 and 2014 by property and by asset class:

	Georgian Downs				Flamboro Downs		
	Property, plant and equipment	Intangible assets	Goodwill	Total	Property, plant and equipment	Intangible assets	Total
Carrying amount at January 1, 2012	\$ 64.9	\$ 25.5	\$ 3.2	\$ 93.6	\$ 13.9	\$ 40.6	\$ 54.5
Net additions and amortization	(1.9)	(1.7)	-	(3.6)	(1.3)	(4.6)	(5.9)
Impairments	(23.5)	(8.2)	(3.2)	(34.9)	(5.2)	(24.2)	(29.4)
Carrying amount at December 31, 2012	\$ 39.5	\$ 15.6	\$ -	\$ 55.1	\$ 7.4	\$ 11.8	\$ 19.2
Net additions and amortization	(0.5)	(0.3)	-	(0.8)	(0.4)	(1.3)	(1.7)
Impairment reversals	11.7	8.0	-	19.7	1.5	7.3	8.8
Carrying amount at March 31, 2013	\$ 50.7	\$ 23.3	\$ -	\$ 74.0	\$ 8.5	\$ 17.8	\$ 26.3
Net additions and amortization	0.4	(0.3)	-	0.1	(0.1)	(0.9)	(1.0)
Settlement payment	(31.5)	-	-	(31.5)	-	-	-
Carrying amount at June 30, 2013	\$ 19.6	\$ 23.0	\$ -	\$ 42.6	\$ 8.4	\$ 16.9	\$ 25.3
Net additions and amortization	(0.2)	(0.5)	-	(0.7)	(0.3)	(1.8)	(2.1)
Carrying amount at December 31, 2013	\$ 19.4	\$ 22.5	\$ -	\$ 41.9	\$ 8.1	\$ 15.1	\$ 23.2
Net additions and amortization	(0.1)	(0.3)	-	(0.4)	(0.1)	(0.9)	(1.0)
Impairment reversal	-	-	-	-	1.0	4.2	5.2
Carrying amount at March 31, 2014	\$ 19.3	\$ 22.2	\$ -	\$ 41.5	\$ 9.0	\$ 18.4	\$ 27.4
Net additions and amortization	(0.1)	(0.3)	-	(0.4)	(0.2)	(1.0)	(1.2)
Carrying amount at June 30, 2014	\$ 19.2	\$ 21.9	\$ -	\$ 41.1	\$ 8.8	\$ 17.4	\$ 26.2

The recoverable amounts for long-lived assets at June 30, 2014 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 an after-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, human resources and property, marketing and administration expenses, and the expected useful life of the 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 values of Georgian Downs' and Flamboro Downs' long-lived assets as at June 30, 2014 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.

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 \$1.2 increase in the annual non-cash amortization expense related to these assets on a prospective basis, when compared to the year ended December 31, 2013.

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 2014 and 2013
(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

6. PROPERTY, PLANT AND EQUIPMENT

		Buildings and Building		Leasehold	Equipment	Properties Under Development	Total
	Land	Improvements	Improvements				
Cost							
Balance at January 1, 2013	\$ 82.3	\$ 681.4	\$ 81.4	\$ 109.2	\$ 11.0	\$ 965.3	
Additions	-	0.4	0.1	3.4	24.3	28.2	
Settlement payment ⁽¹⁾	-	(31.5)	-	-	-	(31.5)	
Disposals	-	-	-	(0.3)	-	(0.3)	
Reclassifications	0.1	22.2	0.9	5.1	(28.3)	-	
Translation and other	0.2	0.7	0.2	0.4	-	1.5	
Balance at December 31, 2013	\$ 82.6	\$ 673.2	\$ 82.6	\$ 117.8	\$ 7.0	\$ 963.2	
Additions	(0.3)	0.1	-	1.8	2.8	4.4	
Disposals	-	-	-	-	-	-	
Reclassifications	-	0.6	0.7	1.1	(2.4)	-	
Translation and other	-	0.1	-	-	-	0.1	
Balance at June 30, 2014	\$ 82.3	\$ 674.0	\$ 83.3	\$ 120.7	\$ 7.4	\$ 967.7	
Accumulated amortization and impairments							
Balance at January 1, 2013	\$ (11.2)	\$ (182.0)	\$ (54.1)	\$ (93.3)	\$ (3.4)	\$ (344.0)	
Amortization	-	(25.3)	(3.5)	(6.9)	-	(35.7)	
Disposals	-	-	-	0.3	-	0.3	
Impairment reversals ⁽²⁾	-	13.0	-	0.2	-	13.2	
Translation and other	-	(0.2)	(0.2)	(0.3)	-	(0.7)	
Balance at December 31, 2013	\$ (11.2)	\$ (194.5)	\$ (57.8)	\$ (100.0)	\$ (3.4)	\$ (366.9)	
Amortization	-	(13.1)	(1.6)	(3.9)	-	(18.6)	
Impairment reversal ⁽³⁾	-	0.9	-	0.1	-	1.0	
Translation and other	-	0.1	-	-	-	0.1	
Balance at June 30, 2014	\$ (11.2)	\$ (206.6)	\$ (59.4)	\$ (103.8)	\$ (3.4)	\$ (384.4)	
Carrying amount							
At December 31, 2013	\$ 71.4	\$ 478.7	\$ 24.8	\$ 17.8	\$ 3.6	\$ 596.3	
At June 30, 2014	\$ 71.1	\$ 467.4	\$ 23.9	\$ 16.9	\$ 4.0	\$ 583.3	

⁽¹⁾ The settlement payment received from OLG relates to the Georgian Downs facility (see Note 5).

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

⁽³⁾ The impairment reversal relates to Flamboro Downs (see Note 5).

In June 2014, the Company exercised its renewal option with the Nova Scotia Provincial Lotteries and Casino Corporation ("NSPLCC") to extend the term of the Amended and Restated Operating Contract ("AROC"), effective July 1, 2015. Consequently, the Company revised the estimated remaining useful lives of the property, plant and equipment associated with its Nova Scotia casino properties so that they coincided with July 1, 2025, the end of the extension term. The net effect of this change in estimate is a \$9.1 decrease in the annual non-cash amortization expense related to these assets on a prospective basis, when compared to the year ended December 31, 2013.

Under the terms of the contract option extension with NSPLCC, the Company has committed to make capital investments totalling \$10.0 in the Nova Scotia casino properties by the end of 2015.

GREAT CANADIAN GAMING CORPORATION
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(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 January 1, 2013, January 1, 2014 and June 30, 2014	\$ 81.4	\$ 34.6	\$ 106.0	\$ 2.5	\$ 224.5
Accumulated amortization and impairments					
Balance at January 1, 2013	\$ (47.3)	\$ (23.9)	\$ (78.6)	\$ (1.4)	\$ (151.2)
Amortization	(3.2)	(4.3)	(5.1)	(0.2)	(12.8)
Impairment reversals ⁽¹⁾	-	-	15.3	-	15.3
Balance at January 1, 2014	\$ (50.5)	\$ (28.2)	\$ (68.4)	\$ (1.6)	\$ (148.7)
Amortization	(1.3)	(1.8)	(2.5)	(0.1)	(5.7)
Impairment reversal ⁽²⁾	-	-	4.2	-	4.2
Balance at June 30, 2014	\$ (51.8)	\$ (30.0)	\$ (66.7)	\$ (1.7)	\$ (150.2)
Carrying amount					
At December 31, 2013	\$ 30.9	\$ 6.4	\$ 37.6	\$ 0.9	\$ 75.8
At June 30, 2014	\$ 29.6	\$ 4.6	\$ 39.3	\$ 0.8	\$ 74.3

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

⁽²⁾ The impairment reversal relates to Flamboro Downs (see Note 5).

As a result of the June 2014 renewal of the AROC with NSPLCC, the Company revised the estimated remaining useful lives of the intangible assets associated with its Nova Scotia casino properties so that they coincided with July 1, 2025, the end of the extension term. The net effect of this change in estimate is a \$3.8 decrease in the annual non-cash amortization expense related to these assets on a prospective basis, when compared to the year ended December 31, 2013.

8. GOODWILL

						Total
Cost						
Balance at January 1, 2013						\$ 47.4
Foreign exchange movements						0.5
Balance at January 1, 2014						\$ 47.9
Foreign exchange movements						-
Balance at June 30, 2014						\$ 47.9
Impairments						
Balance at January 1, 2013, January 1, 2014 and June 30, 2014						\$ (27.3)
Carrying amount						
	GCC ⁽¹⁾	GCEC ⁽²⁾	ORL ⁽³⁾	Great American Casinos ⁽⁴⁾	Total	
At December 31, 2013	\$ 1.6	\$ 3.8	\$ 8.1	\$ 7.1	\$ 20.6	
At June 30, 2014	\$ 1.6	\$ 3.8	\$ 8.1	\$ 7.1	\$ 20.6	

⁽¹⁾ "GCC" means Great Canadian Casinos Inc., a wholly-owned subsidiary of the Company.

⁽²⁾ "GCEC" means Great Canadian Entertainment Centres Ltd., a wholly-owned subsidiary of the Company.

⁽³⁾ "ORL" means Orangeville Raceway Limited, a wholly-owned subsidiary of the Company.

⁽⁴⁾ "Great American Casinos" means Great American Gaming Corporation, a wholly-owned subsidiary of the Company.

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9. LONG-TERM DEBT

	June 30, 2014	December 31, 2013
Senior Unsecured Notes, net of unamortized transaction costs of \$8.5 (2013 - \$9.0)	\$ 441.5	\$ 441.0

As at June 30, 2014 and December 31, 2013, 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 over the term of the Senior Unsecured Notes using the effective interest method.

b) Revolving Credit Facility

As at June 30, 2014, subject to compliance with the related financial covenants, the Company has \$321.7 (December 31, 2013 - \$320.2) of available undrawn credit on its Revolving Credit Facility after deducting outstanding letters of credit of \$28.3 (December 31, 2013 - \$29.8). 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 Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio (as defined in the underlying Credit Agreement), which is calculated quarterly on a trailing twelve month basis (see Note 10).

Transaction costs associated with past refinancing of the Revolving Credit Facility totalling \$0.5 during the year 2012 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 over the term of the Revolving Credit Facility using the effective interest method.

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9. LONG-TERM DEBT (Continued)

b) Revolving Credit Facility (Continued)

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 calculated quarterly on a trailing twelve month basis 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).

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's objectives are to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk levels and to manage capital in a manner that balances the interests of equity and debt holders. The Company manages its capital structure in light of changes in economic conditions and the risk characteristics of the Company's operations. The Company's major capital allocation decisions include a comparison of the expected financial returns from those investments to its estimated weighted-average cost of capital. The Company currently plans to use its cash and cash equivalents, cash flows from operations, and established debt facilities to finance its business development plans.

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 June 30, 2014, 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	2.82
Senior Secured Debt to Adjusted EBITDA ratio ⁽¹⁾	≤ 3.50	0.00
Interest Coverage ratio ⁽¹⁾	≥ 2.25	5.01
Fixed Charge Coverage ratio ⁽²⁾	≥ 2.00	5.05

⁽¹⁾ Calculated on a trailing twelve month basis and defined in the Credit 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 June 30, 2014 were as follows:

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

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11. SHARE CAPITAL AND RESERVES

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

a) *Normal course issuer bid*

During the six months ended June 30, 2014, the Company purchased 800 common shares at a volume weighted-average price per share of \$14.02 under its normal course issuer bid. This bid allows the Company to purchase up to 4,231,075 of its common shares, commenced on January 30, 2014, and expires on January 29, 2015, or earlier if the number of shares approved for purchase in the issuer bid has been obtained. All shares purchased by the Company were subsequently cancelled.

During the six months ended June 30, 2013, the Company purchased 2,523,140 common shares at a volume weighted-average price per share of \$9.32 under its normal course issuer bid which expired January 29, 2014. All shares purchased by the Company were subsequently cancelled.

b) *Share option plan*

The changes in the number of share options and their weighted-average exercise price during the six months ended June 30, 2014 and the year ended December 31, 2013 were as follows:

	June 30, 2014		December 31, 2013	
	Options ⁽¹⁾	Weighted-Average Exercise Price	Options ⁽¹⁾	Weighted-Average Exercise Price
Outstanding, beginning of period	4,155	\$ 8.02	4,493	\$ 7.08
Granted	1,511	13.64	1,432	9.11
Forfeited	(9)	11.58	(81)	8.68
Expired	-	-	(280)	13.40
Exercised	(479)	7.42	(1,409)	5.00
Outstanding, end of period	5,178	\$ 9.71	4,155	\$ 8.02

⁽¹⁾ Option information is presented in thousands.

The fair values of share 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:

	Six months ended June 30,	
	2014	2013
Option award fair value	\$ 2.62	\$ 1.54
Risk-free interest rate	1.3%	1.1%
Expected lives	3.5 years	2.5 years
Expected volatility ⁽²⁾	23.0%	25.0%
Dividend yield	0.0%	0.0%

⁽²⁾ Based on the historical volatility of the Company's share price over the most recent period commensurate with the expected lives of the option.

The Company recorded equity-settled share-based compensation expense of \$0.7 for the three months ended June 30, 2014 (2013 - \$0.4) and \$1.1 for the six months ended June 30, 2014 (2013 - \$1.6).

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11. SHARE CAPITAL AND RESERVES (Continued)

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 six months ended June 30, 2014 and the year ended December 31, 2013 were as follows:

Number of Units ⁽¹⁾	June 30, 2014		December 31, 2013	
	DSUs	RSUs	DSUs	RSUs
Outstanding, beginning of period	278	-	216	17
Issued	7	-	108	8
Settled in cash	(24)	-	(46)	(25)
Outstanding, end of period	261	-	278	-

⁽¹⁾ DSU and RSU information is presented in thousands.

The Company discontinued the RSUs granted to directors and settled all such RSUs in May 2013.

Effective January 1, 2014, the Company introduced a new employee incentive program that contains the opportunity for eligible employees to be awarded employee cash-settled RSUs if they exceed certain business targets for a prior fiscal year. Any RSUs so granted would vest in two equal tranches, one on each of the two anniversary dates following the date of grant. At June 30, 2014, the Company expects to grant RSUs in 2015 related to employees' performance in 2014. Assuming both a constant market price for the Company's common shares and no award forfeitures, these RSUs would result in cash settlement payments of \$1.2 and \$1.2 to employees in March 2016 and March 2017, respectively.

The Company recorded DSU and RSU liabilities totalling \$4.0 in “deferred credits, provisions and other liabilities” at June 30, 2014 (December 31, 2013 - \$3.3) and DSU liability of \$0.5 in “accounts payable and accrued liabilities” at June 30, 2014 (December 31, 2013 - \$0.5). The Company recorded cash-settled share-based compensation expense of \$1.1 for the three months ended June 30, 2014 (2013 - \$0.2) and \$1.1 for the six months ended June 30, 2014 (2013 - \$1.1). Included in both “deferred credits, provisions and other liabilities” and “cash-settled share-based compensation expense” mentioned above are \$0.4 of RSU accruals related to the new employee incentive program.

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12. REVENUES

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Gaming revenues	\$ 79.9	\$ 67.7	\$ 150.9	\$ 137.0
Facility Development Commission	9.7	8.9	18.6	17.6
Hospitality, lease and other revenues ⁽¹⁾	27.1	25.9	52.7	49.9
Racetrack revenues	3.9	4.0	7.2	7.1
	120.6	106.5	229.4	211.6
Less: Promotional allowances	(5.9)	(4.4)	(10.9)	(9.0)
	\$ 114.7	\$ 102.1	\$ 218.5	\$ 202.6

⁽¹⁾ For the second quarter and first half of 2013, the Company has reclassified its Ontario gaming revenues, of \$0.7 and \$6.4 respectively that related to its prior Ontario Racetrack site holder agreements, as "Hospitality, lease and other revenues".

Management believes this presentation improves the comparability with the current year's revenues from OLG for their lease of the slot machine areas at the Ontario Racetracks. The prior site holder agreements were terminated by OLG effective March 31, 2013 and replaced by 5-year lease agreements effective April 1, 2013 as described in Note 5.

13. RESTRUCTURING AND OTHER

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Severance	\$ -	\$ 0.2	\$ 0.2	\$ 1.2
Business development and other	0.2	-	-	0.1
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 1.3

14. INCOME TAXES

The Company's income tax expense is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Current tax expense	\$ 6.4	\$ 2.1	\$ 10.5	\$ 4.3
Deferred tax expense	1.1	4.1	2.9	13.2
Total tax expense	\$ 7.5	\$ 6.2	\$ 13.4	\$ 17.5

The Company's income tax expense for the three and six month periods can be reconciled to net earnings as follows:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Applicable federal and provincial statutory income tax rate ⁽¹⁾	26.00%	25.75%	26.00%	25.75%
Earnings before income taxes	\$ 27.4	\$ 17.6	\$ 50.3	\$ 60.2
Expected income tax expense for the period	7.1	4.8	13.1	15.5
Effect of:				
Non-deductible share-based compensation	0.2	0.1	0.3	0.4
Deferred income tax rates applied versus current income tax rate	-	1.6	-	1.6
Impact of different jurisdictional statutory tax rates on earnings of subsidiaries	0.2	(0.1)	0.2	0.3
Other items	-	(0.2)	(0.2)	(0.3)
	\$ 7.5	\$ 6.2	\$ 13.4	\$ 17.5

⁽¹⁾ The applicable federal and provincial statutory income tax rate used for the 2014 and 2013 reconciliations above is the income tax rate payable by corporate entities in the province of British Columbia on taxable profits under tax law in that jurisdiction. The rate increased effective April 1, 2013 from 25% to 26% due to an increase in the provincial income tax rate of 1%.

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14. INCOME TAXES (Continued)

The Company's operations are conducted in countries with complex tax laws and regulations that can require significant interpretation. As such, the Company and the tax authorities could disagree on tax filing positions and any reassessment of the Company's tax filings could result in material adjustments to tax expense, taxes payable and deferred income taxes.

15. NET EARNINGS PER COMMON SHARE

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

		Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Net earnings	(A)	\$ 19.9	\$ 11.3	\$ 36.9	\$ 42.6
Weighted-average number of common shares outstanding ⁽¹⁾	(B)	67,678	68,329	67,569	69,375
Dilutive adjustment for stock options ⁽¹⁾		1,820	1,142	1,755	1,100
Diluted weighted-average number of common shares ⁽¹⁾	(C)	69,498	69,471	69,324	70,475
Net earnings per common share					
Basic	(A/B)	\$ 0.29	\$ 0.17	\$ 0.55	\$ 0.61
Diluted	(A/C)	\$ 0.29	\$ 0.16	\$ 0.53	\$ 0.60

⁽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 June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Options ⁽²⁾	1,506	1,443	1,506	1,443

⁽²⁾ Option information is presented in thousands.

16. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Six months ended June 30,	
	2014	2013
Accounts receivable	-	2.3
Prepays, deposits and other assets	(0.2)	(1.2)
Accounts payable and accrued liabilities	(8.9)	4.4
	\$ (9.1)	\$ 5.5

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17. SEGMENT INFORMATION

The Company's management considers each of its gaming properties to be an operating segment since it reviews their operating results, assesses their performance, and makes resource allocations decisions on a property-by-property basis. The Company has aggregated these operations as one reportable segment based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environment in which they operate and their management and reporting structure.

The Company also conducts its business in two geographic areas: Canada and the United States ("U.S."). Revenues, EBITDA¹ and additions to long-lived assets and goodwill attributable to these geographic locations are as follows:

	Three months ended June 30, 2014			Three months ended June 30, 2013		
	Revenues	EBITDA	Additions to long-lived assets and goodwill	Revenues	EBITDA	Additions to long-lived assets and goodwill
Canada	\$ 107.7	\$ 48.1	\$ 1.8	\$ 95.9	\$ 36.7	\$ 5.8
U.S.	7.0	1.4	0.1	6.2	1.3	0.1
	\$ 114.7	\$ 49.5	\$ 1.9	\$ 102.1	\$ 38.0	\$ 5.9

	Six months ended June 30, 2014			Six months ended June 30, 2013		
	Revenues	EBITDA	Additions to long-lived assets and goodwill	Revenues	EBITDA	Additions to long-lived assets and goodwill
Canada	\$ 204.4	\$ 84.9	\$ 4.3	\$ 190.5	\$ 74.1	\$ 12.8
U.S.	14.1	2.7	0.1	12.1	2.2	0.1
	\$ 218.5	\$ 87.6	\$ 4.4	\$ 202.6	\$ 76.3	\$ 12.9

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
EBITDA	\$ 49.5	\$ 38.0	\$ 87.6	\$ 76.3
Less:				
Amortization	12.1	11.7	24.3	24.7
Share-based compensation	1.8	0.6	2.2	2.7
Reversal of impairment of long-lived assets	-	-	(5.2)	(28.5)
Interest and financing costs, net	7.9	8.2	16.0	16.4
Restructuring and other	0.2	0.2	0.2	1.3
Foreign exchange loss (gain) and other	0.1	(0.2)	(0.2)	(0.4)
Earnings before income taxes	\$ 27.4	\$ 17.5	\$ 50.3	\$ 60.1

¹ EBITDA is a non-IFRS measure and as defined by the Company means Earnings Before Interest and financing costs (net of interest income), Income Taxes, Depreciation and Amortization, share-based compensation, reversal of impairment of long-lived assets, restructuring and other, and foreign exchange loss (gain) and other.

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17. SEGMENT INFORMATION (Continued)

Property, plant and equipment, goodwill, and total assets attributable to each geographic location are as follows:

	As at June 30, 2014			As at December 31, 2013		
	Property, plant and equipment	Goodwill	Total assets	Property, plant and equipment	Goodwill	Total assets
Canada	\$ 571.2	\$ 13.5	\$ 923.9	\$ 583.9	\$ 13.5	\$ 890.0
U.S.	12.1	7.1	25.8	12.4	7.1	25.7
	\$ 583.3	\$ 20.6	\$ 949.7	\$ 596.3	\$ 20.6	\$ 915.7

18. RELATED PARTY TRANSACTIONS

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Human resources ⁽¹⁾	\$ 0.6	\$ 0.6	\$ 1.1	\$ 1.2
Share-based compensation ⁽²⁾	1.1	0.3	1.2	1.6
Total	\$ 1.7	\$ 0.9	\$ 2.3	\$ 2.8

⁽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 11.

As at June 30, 2014, the liabilities of the Company include amounts due to key management personnel of \$0.7 (December 31, 2013 - \$1.5) in "accounts payable and accrued liabilities" and \$3.7 (December 31, 2013 - \$3.3) in "deferred credits, provisions and other liabilities" of the condensed interim consolidated statements of financial position.

19. FACILITY DEVELOPMENT COMMISSION 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 BCLC, to be recovered by future FDC receipts from BCLC:

	Six months ended June 30,	
	2014	2013
Opening Approved Amounts	\$ 380.9	\$ 412.0
Additional Approved Amounts	2.2	1.9
FDC receipts	(18.6)	(17.8)
Closing Approved Amounts	\$ 364.5	\$ 396.1

FDC is a reimbursement by BCLC of Approved Amounts of qualified, primarily capital, expenditures that have been incurred by the Company and is calculated as a fixed percentage of gross gaming revenues generated by the properties. Reimbursement of the Approved Amounts under the terms of BCLC's FDC policy requires that the Company's operating agreements with BCLC remain in good standing and that sufficient gross gaming win is generated. As a result, Approved Amounts have not been recorded in the condensed interim consolidated statements of financial position.

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20. FAIR VALUE MEASUREMENTS

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short term nature.

The Company does not hold any Level 1 financial assets or liabilities that are based on unadjusted quoted prices trading in active markets.

The Company's long-term debt instruments are Level 2 financial instruments as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity. As at June 30, 2014, the fair value and carrying value of the Company's cash equivalents was \$30.3 (December 31, 2013 - \$30.1). As at June 30, 2014, the Company's long-term debt instruments had a fair value of \$478.1 (December 31, 2013 - \$464.7) and a carrying value of \$441.5 (December 31, 2013 - \$441.0).

The Company's contingent future trailing payments are recurring Level 3 financial instruments as they require management to make assumptions regarding the measurement of fair value using significant inputs that are not based on observable market data. As at June 30, 2014, the fair value and carrying value of the Company's contingent future trailing payments was \$3.4 (December 31, 2013 - \$3.7). The following table reconciles the opening to the ending balances of the trailing payments:

	Trailing payments
Balance at January 1, 2014	\$ 3.7
Net charge to earnings ⁽¹⁾	-
Settlement	(0.3)
Balance at June 30, 2014	\$ 3.4

⁽¹⁾ The net charge to earnings comprise of accretion of \$0.2 recorded in "interest and financing costs, net" and a decrease in the estimated provision of \$0.2 recorded in "restructuring and other" on the condensed interim consolidated statements of earnings.

The valuation technique used in the determination of the fair value measurement of contingent future trailing payments is the discounted cash flow approach. The valuation model considers the present value of the cash flows expected to be paid as trailing payments. The key unobservable inputs are the estimated future slot revenues at Chances Chilliwack and the discount rate. The estimated fair value of this liability increases with higher estimated future slot revenues and lower discount rates. The calculation of the fair value of the contingent future trailing payments is performed by the Company at the end of each reporting period.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and Level 3 financial instruments during the period.