GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As at August 13, 2013

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

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INTRODUCTION

Basis of Discussion and Analysis

This management's discussion and analysis ("MD&A") of the financial highlights, major developments, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information of Great Canadian Gaming Corporation ("Great Canadian", the "Company", "we", "our") is dated as of August 13, 2013.

This MD&A should be read in conjunction with our unaudited condensed interim consolidated financial statements for the three month and six month periods ended June 30, 2013 ("Condensed Interim Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2012 ("Annual Financial Statements"), and our MD&A for the year ended December 31, 2012. The Condensed Interim Financial Statements are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting,* ("IAS 34"). Certain information and note disclosures normally included in the Annual Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. Unless expressly stated otherwise, all financial information is expressed in Canadian dollars.

Capitalized terms are either defined when they first appear or are defined at the end of this MD&A in the section titled "Other Financial Information – Definitions of Other Terms Used of the MD&A".

Non-IFRS Measures

The following non-IFRS definitions are used in this MD&A because management believes that they provide useful information regarding our ongoing operations. Readers are cautioned that the definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to revenues and net earnings determined in accordance with IFRS or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities and accordingly our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

EBITDA as defined by the Company means Earnings Before Interest and financing costs (net of interest income), Income Taxes, Depreciation and Amortization, share-based compensation, (reversals of) impairments of long-lived assets, impairment of goodwill, litigation settlement, restructuring and other, and foreign exchange gain and other. EBITDA is derived from the condensed interim consolidated statements of earnings (loss), and can be computed as revenues less human resources expenses and property, marketing and administration expenses. We believe EBITDA is a useful measure because it provides information to both management and investors with respect to the operating and financial performance of the Company. A reconciliation of EBITDA to shareholders' net earnings (loss) under IFRS is shown in the "Consolidated Results of Operations" section of this MD&A.

Adjusted net earnings, as defined by the Company, means net earnings (loss) plus or minus items of note that management may reasonably quantify and that it believes will provide the reader with a better understanding of the Company's underlying business performance. Items of note may vary from time to time and in this MD&A include (reversals of) impairments of long-lived assets, impairment of goodwill, litigation settlement, equity investment loss, FDC revenues previously deferred, without prejudice dispute resolution payments received from the Ontario Lottery and Gaming Corporation ("OLG"), severance costs, and income taxes on the above items of note. A reconciliation between net earnings (loss) and adjusted net earnings is presented in the "Financial Highlights" section of this MD&A. Adjusted net earnings per common share is defined as adjusted net earnings divided by the weighted average number of common shares outstanding.

The following non-IFRS measures have common definitions in the gaming industry:

- Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games, and is commonly computed as the aggregate amount of money counted in the table games' drop boxes. Generally, the table drop is an indicator of our gaming business; however over the short-term, the table drop is subject to shifts in customer behaviour around buying, retaining and cashing-in of casino chips.

- Table hold is calculated as the table drop plus or minus the net change in casino chip inventory.

- Table hold percentage is the ratio of table hold divided by table drop. Table hold percentage fluctuates with the statistical variations or volatility inherent in casino games, as well as with changes in customer behaviour around buying, retaining and cashing-in of casino chips.

- Poker rake is the commission we earn from poker games at our casinos, and is calculated as a fixed percentage of the amount wagered by customers on every hand of poker played.

- Slot coin-in is the aggregate amount of money customers have wagered on slots and other electronic gaming machines.

- Slot win is the slot coin-in less amounts cashed out and prizes won by customers.

- Slot win per machine per day ("Slot Win/Slot/Day") is the average daily slot win earned per slot machine, and is calculated as the slot win divided by the number of days in the period, divided by the average number of slot machines that operated during the period.

- Slot win percentage is the ratio of slot win divided by slot coin-in.

Forward-Looking Information

This MD&A contains certain "forward-looking information" or statements within the meaning of applicable securities legislation. Forward-looking information is based on the Company's current expectations, estimates, projections and assumptions that were made by the Company in light of its historical trends and other factors. All information or statements, other than statements of historical fact, are forward-looking information including statements that address expectations, estimates or projections about the future, the terms and expected benefits of the normal course issuer bid, the Company's strategy for growth and its objectives, expected future expenditures, costs, operating and financial results and expected impact of future commitments, the future ability of the Company to operate the Georgian Downs and Flamboro Downs facilities and their profitability, and implications of changes in legislation and government policies. Forward-looking information may be identified by words such as "anticipate", "believe", "expect", or similar expressions. Such forward-looking information is not a guarantee of future performance and may involve a number of risks and uncertainties.

Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to unknown risks, uncertainties, and a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information. Such factors may include, but are not limited to: terms of operational services agreements; pending, proposed or unanticipated regulatory or policy changes; the Company's ability to obtain and renew required business licenses, leases, and operational services agreements; unanticipated fines, sanctions and suspensions imposed on the Company by its regulators; impact of global liquidity and credit availability; adverse tourism trends and decreases in levels of travel, leisure and consumer spending; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the Company's ability to manage its capital projects and its expanding operations; the risk that systems, procedures and controls may not be adequate to meet regulatory requirements or to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; First Nations rights with respect to some land on which we conduct our operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; non-realization of cost reductions and synergies; demand for new products and services; fluctuations in operating results; and economic uncertainty and financial market volatility. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the "Risk Factors" section of the Company's Annual Information Form for fiscal 2012 (dated March 5, 2013), and as identified in the Company's disclosure record on SEDAR at www.sedar.com.

The forward-looking information in documents incorporated by reference speak only as of the date of those documents. Readers are cautioned not to place undue reliance on the forward-looking information, as there can be no assurance that the plans, intentions, or expectations upon which they are based will occur. The Company undertakes no obligation to revise forward-looking information to reflect subsequent events or circumstances except as required by law. The forward-looking information contained herein is made as of the date hereof, is subject to change after such date, and is expressly qualified in its entirety by cautionary statements in this MD&A.

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

FINANCIAL HIGHLIGHTS

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Revenues	**$ 102.1**	$ 101.3	1%	**$ 202.6**	$ 204.1	(1%)
EBITDA [(1)]	**$ 38.0**	$ 35.3	8%	**$ 76.3**	$ 74.3	3%
EBITDA as a % of Revenues	**37.2%**	34.8%		**37.7%**	36.4%	
Net earnings (loss)	**$ 11.3**	$ 2.7	319%	**$ 42.6**	$ (29.2)	
Net earnings (loss) per common share						
Basic	**$ 0.17**	$ 0.03	398%	**$ 0.61**	$ (0.36)	
Diluted	**$ 0.16**	$ 0.03	377%	**$ 0.60**	$ (0.36)	
Adjusted net earnings [(1)]	**$ 10.4**	$ 11.9	(13%)	**$ 21.6**	$ 24.1	(10%)
				June 30, 2013	December 31, 2012	% Chg
Total assets				**$ 905.5**	$ 862.7	5%
Long-term debt, excluding current portion				**$ 440.4**	$ 439.9	0%

(1) EBITDA and Adjusted net earnings are non-IFRS measures and are defined in the "Introduction - Non-IFRS Measures" section of this MD&A.

Revenues
For the three month period ended June 30, 2013 ("second quarter of 2013"), the Company recorded revenues of $102.1, a $0.8 increase from the second quarter of 2012. This revenue increase was primarily due to increases at River Rock Casino Resort ("River Rock"), the Other BC Casinos, and Great American Casinos. River Rock continued to show strong growth in table drop. The increase at the Other BC Casinos was primarily due to the commencement of slot operations at Chances Chilliwack on November 1, 2012. The increase at Great American Casinos was mainly due to an above-average table hold percentage. These increases were partially offset by declines at Boulevard Casino ("Boulevard") and the Ontario Racetracks.

For the six month period ended June 30, 2013 ("first half of 2013"), the Company recorded revenues of $202.6, a $1.5 decrease from the first half of 2012. The revenue decrease was primarily due to declines at Boulevard and the Ontario Racetracks. At Boulevard, the declines in table drop, slot coin-in and food and beverage revenues were attributable to decreased visitation due to a weakened local economy and construction disruption primarily associated with a heightened level of proximate highway construction that has been ongoing since 2010. During the first half of 2013, this construction included intermittent weekday and multiple weekend evening road closures affecting access to the property. As described in the "Major Developments" section of this MD&A, since April 1, 2013, the Company's Ontario Racetracks no longer receive 10% of OLG's slot machine revenues nor share in the horse racing pari-mutuel wagering revenues that the tracks generate. Instead, these Ontario Racetracks currently receive slot facility lease revenues from the OLG and fixed horse racing transition funds from the Government of Ontario. Consequently, there has been a decline in revenues at the Ontario Racetracks in the second quarter of 2013 when compared to the second quarter of 2012. These decreases were partially offset primarily by increased gaming revenues at River Rock and at the Other BC Casinos.

EBITDA
The $2.7 increase in EBITDA in the second quarter of 2013 was primarily due to both the previously mentioned improvement in revenues as well as reductions in operating expenses. The EBITDA

improvements were most noticeable at River Rock, the Other BC Casinos, Great American Casinos and the BC Racinos and were partially offset by declines at Boulevard and the Ontario Racetracks. EBITDA as a percentage of revenues for the second quarter of 2013 was 37.2%, a 2.4 percentage point increase from the second quarter of 2012.

The $2.0 increase in EBITDA in the first half of 2013 was primarily due to increases at River Rock, the Other BC Casinos and Great American Casinos as well as reduced Corporate & Other expenses, which were partially offset by EBITDA decreases at Boulevard and the Ontario Racetracks. EBITDA as a percentage of revenues for the first half of 2013 was 37.7%, a 1.3 percentage point increase from the second half of 2012.

Net earnings (loss)

Net earnings increased by $8.6 in the second quarter of 2013, when compared to the second quarter of 2012. This increase was primarily due to both the growth in EBITDA in the second quarter of 2013 and the non-recurring expense of $11.0 ($8.3 after tax) associated with the settlement of a legal dispute in the second quarter of 2012. The decrease in amortization by $1.4 in the second quarter of 2013, when compared to the second quarter of 2012 also contributed to the increase. These increases were partially offset by the increase in net interest and financing costs due to a higher amount of long-term debt and the increase in income taxes due to higher earnings before income taxes in 2013, which included the one percentage point increase to the British Columbia provincial corporate income tax rate in 2013 to 26%.

Net earnings was $42.6 in the first half of 2013, compared to net loss of $29.2 in the first half of 2012. The improvement is due to the reversal of $28.5 in non-cash impairment charges in the first half of 2013 associated with Georgian Downs and Flamboro Downs that were originally part of the $57.4 non-cash impairment charges recorded in the first half of 2012, as described in the "Major Developments" section of this MD&A, as well as the non-recurring expense of $11.0 associated with the above-mentioned litigation settlement. These recoveries were partially offset by the increase in income taxes due to higher earnings before income taxes in 2013, which included the non-cash long-lived asset impairment reversals, and the increase to the British Columbia provincial corporate income tax rate in 2013.

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

The current and prior periods' net earnings (loss) included some items of note, which are summarized in the following adjusted net earnings table:

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Net earnings (loss)	**$ 11.3**	$ 2.7		**$ 42.6**	$ (29.2)	
Items of note						
(Reversals of) impairments of long-lived assets	**-**	-		**(28.5)**	54.2	
Impairment of goodwill	**-**	-		**-**	3.2	
Litigation settlement	**-**	11.0		**-**	11.0	
Equity investment loss	**-**	0.6		**-**	0.6	
FDC revenues previously deferred	**(0.7)**	-		**(0.7)**	-	
Without prejudice dispute resolution payments received from OLG	**(0.7)**	-		**(0.7)**	-	
Human resources severance costs	**-**	0.5		**-**	0.7	
Restructuring severance costs	**0.2**	-		**1.2**	-	
Income taxes on the above items of note	**0.3**	(2.9)		**7.7**	(16.4)	
Adjusted net earnings [(1)]	**$ 10.4**	$ 11.9	(13%)	**$ 21.6**	$ 24.1	(10%)
Adjusted net earnings per common share [(1)]						
Basic	**$ 0.15**	$ 0.15		**$ 0.31**	$ 0.30	
Diluted	**$ 0.15**	$ 0.15		**$ 0.31**	$ 0.29	
Weighted average shares outstanding						
Basic	**68,329**	**79,075**		**69,375**	**80,720**	
Diluted	**69,471**	**80,488**		**70,475**	**82,098**	

(1) Adjusted net earnings and Adjusted net earnings per common share are non-IFRS measures and are defined in the "Introduction - Non-IFRS Measures" section of this MD&A.

After adjusting for the above items of note, the Company's adjusted net earnings decreased by 13% in the second quarter and 10% in the first half of 2013, when compared to the same periods in 2012. These decreases were primarily due to the increases in net interest and financing costs and income taxes, which were partially offset by the decreases in amortization.

MAJOR DEVELOPMENTS

British Columbia

Boulevard Casino

On July 3, 2013, the Company announced that it plans to rebrand its wholly owned and operated Boulevard Casino, located in Coquitlam, British Columbia, into the "Hard Rock Casino Vancouver" by the end of 2013 under a trademark license from Hard Rock Hotel & Casino HRHH IP, LLC ("HRHH"). The Hard Rock Casino Vancouver facility will continue to be owned and operated by Great Canadian, and the renovations already underway are intended to deliver an improved entertainment experience, including a refreshed gaming floor, updated food and beverage offerings, rock and roll memorabilia as well as guest service that is consistent with the brand standard. The initial term of the license agreement is for a period of 10 years and will renew for additional two periods of five years provided the property achieves specified increased revenue targets. If such revenue targets are not achieved, the license agreement may be extended at the Company's option.

Once the rebranding is completed, the license fees, which are subject to a minimum annual amount, are not expected to have a significant effect on the facility's property, marketing and administration expenses. However, as the facility's revenues grow, the license fees will also increase based on a graduated percentage of revenues. By applying this graduated license fee formula, the value of revenue increases will be significantly more than the value of the license fee increases, so as the business grows, more dollars will be available to contribute to the property's increased operating expenses required to support such growth. The Company's use of the Hard Rock Casino Vancouver trademark is subject to regulatory approval. HRHH must complete its registration with the Company's British Columbia gaming regulator in order for the licensing agreement to be binding on both parties. The Company expects that HRHH will learn the status of its regulatory approval within the next few months.

This rebranding is a key part of the $13.0 property renovation that is currently underway at Boulevard and is expected to reach completion by the end of 2013. During the third quarter of 2012, the Company commenced the refresh and repositioning of Boulevard Casino to both attract new patrons and bring back guests who have been inconvenienced by proximate local highway construction. This project began affecting the gaming floor in January 2013. The Company anticipates that the completion of this first phase of the redevelopment will coincide with the conclusion of the proximate highway construction. During construction, there will be some disruption to the casino gaming floor and the Company will endeavor to minimize the effect of the impact on its guests. As at June 30, 2013, the Company has spent approximately $3.0 of an estimated total of $13.0 on this first phase of the project.

The second phase of the redevelopment is expected to feature a hotel, conference facilities, additional dining options, and better integration of the facility's existing entertainment and dining amenities. The property's performance has experienced substantial erosion and the local economy has not recovered the way we had expected when we had set out our plans for this second phase of development. The Company will need to gain greater certainty of the business's recovery before proceeding with the second phase investments. We believe the Hard Rock Casino Vancouver brand will improve the property's performance and are optimistic that it will create momentum that will support proceeding with the second phase plans. Consequently, the timeline for the second phase will be announced at a later date. The property redevelopments and modifications remain subject to approvals from British Columbia Lottery Corporation ("BCLC") and the City of Coquitlam. As at June 30, 2013, the Company has spent approximately $2.7 of an estimated total of $50.0 on this second phase of the project.

Chances Chilliwack (formerly "Chilliwack Bingo")

On November 1, 2012, the Company relocated its Chilliwack Bingo operations to the newly opened 'Chances Chilliwack', a community gaming centre in Chilliwack, BC. This new, permanent facility has been developed on the approximately five-acre site that the Company purchased as part of the Chilliwack Bingo acquisition in May 2011. The facility features 173 slot machines, two electronic table gaming devices, bingo, dining options, a meeting facility, and approximately 300 parking stalls. The total cost to develop this facility and to acquire adjacent land was $14.3, which was $0.7 below the original estimate of $15.0.

Maple Ridge Community Gaming Centre

The Company is constructing a permanent facility for its Maple Ridge Community Gaming Centre. This new establishment will reach completion prior to November 2013, and will feature approximately 175 slot machines (increased from the original estimate of 150 slot machines), bingo, dining options, a meeting facility, and improved parking capacity. In order to facilitate both the operation of slots at the Company's temporary facility in Maple Ridge and the construction of the permanent facility, the Company committed $4.3 for both property enhancements and servicing commitments to the District of Maple Ridge. As at June 30, 2013, the Company has incurred $2.8 towards fulfilling servicing commitments related to the construction of the permanent facility. The Company has also invested $4.7 for the purchase of land required for the permanent facility and incurred $10.7 of an estimated $13.8 in construction costs.

Ontario

Termination of Site Holder Agreements

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. The termination of the "Slots at Racetracks" program has had and is expected to have a negative effect on the future revenues of Georgian Downs and Flamboro Downs.

On April 26, 2013, Georgian Downs Limited received from 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. The settlement payment has been recorded as a reduction of Georgian Downs' property, plant and equipment.

Lease Agreements and Horse Racing Agreements

The Government of Ontario asked a panel of three former Ontario Cabinet ministers (the "Ontario Horse Racing Industry Transition Panel" or the "Panel") to consult with the horse racing industry to determine how the Government can support the industry's transition to a self-sufficient business model, including the allocation of transition funds. In October 2012, the Panel released a report that included recommendations to materially reduce the total province-wide annual horse racing days by approximately half, with these reduced days to be provided by a minimum of six racetracks. The model proposed by the Panel assumes that the participating racetrack operators will not derive profit from racing operations. The

Panel recommended that operating costs incurred by the racetracks would be publicly funded and that additional public funding be provided to the horse racing industry over three years, subject to ongoing accountability audits. The Panel also supported the development of an alliance between the participating racetracks in Ontario to manage racing operations, subject to certain conditions. While not exhaustive, these conditions include pooling all Ontario pari-mutuel wagering revenues, allocating and directing those revenues towards racing purses and reinvesting any residual industry earnings.

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 will lease these areas for a five-year term commencing April 1, 2013. 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, subject to Government approval. If these agreements are not signed, the Company may recognize impairments of its long-lived assets and a reduction to lease revenues.

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 will provide support to continue horse racing at the Ontario Racetracks for up to two years beyond March 31, 2013 and is conditional upon achievement of specific cost reduction targets. The Company continues 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.

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). Since April 1, 2013, the Ontario Racetracks no longer directly share in the horse racing pari-mutuel wagering revenues that these properties generate, other than any that may be attributed as a source of funding for the horse racing transition payments received from the Government of Ontario.

Based on the terms of both the non-binding letters of intent with OLG and the Ontario Racing Agreements with the Province of Ontario, the anticipated racing schedules, which also remain subject to approval, and assumptions regarding operating costs, the Company expects that the Ontario Racetracks' future EBITDA[1] will decline as compared to levels realized prior to March 31, 2013. While the Company has a practice of refraining from providing forward-looking financial guidance due to a number of factors that could cause actual results to vary materially from those expressed or implied, at March 31, 2013, the Company's preliminary estimate of these properties' combined EBITDA for the twelve month period ending March 31, 2014 was expected to be in the range of approximately $10.0 to $11.0, which compares to combined EBITDA of $17.3 recognized for the twelve month period ended March 31, 2013. This preliminary estimate is based on information available as of March 31, 2013 and will not be updated for subsequent information.

[1] EBITDA is defined in the "Introduction – Non-IFRS Measures" section of this MD&A.

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Long-lived assets impairments and impairment reversals

As a result of the early termination of the site holder agreements for both Georgian Downs and Flamboro Downs, the Company recorded in the first quarter of 2012 impairments of goodwill, intangible assets, and property, plant and equipment for each property. 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.

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.

The following table summarizes the impairments of the first quarter 2012 and the impairment reversals of the first quarter 2013 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
Net Book Value at January 1, 2012	$ 64.9	$ 25.5	$ 3.2	$ 93.6	$ 13.9	$ 40.6	$ 54.5
Net additions and amortization	(0.7)	(0.5)	-	(1.2)	(0.3)	(0.7)	(1.0)
Impairments	(16.6)	(8.2)	(3.2)	(28.0)	(5.2)	(24.2)	(29.4)
Net Book Value at March 31, 2012	$ 47.6	$ 16.8	$ -	$ 64.4	$ 8.4	$ 15.7	$ 24.1
Net additions and amortization	(1.2)	(1.2)	-	(2.4)	(1.0)	(3.9)	(4.9)
Impairments	(6.9)	-	-	(6.9)	-	-	-
Net Book Value 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
Net Book Value 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)**	**-**	**-**	**-**
Net Book Value at June 30, 2013	**$ 19.6**	**$ 23.0**	**$ -**	**$ 42.6**	**$ 8.4**	**$ 16.9**	**$ 25.3**

The recoverable amounts for Georgian Downs' and Flamboro Downs' long-lived assets and goodwill at March 31, 2013 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, 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 values 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.

Request for Gaming Service Providers

In May 2012, OLG issued a request for information ("RFI") to obtain input from potential industry participants regarding the modernization of gaming in Ontario. OLG stated that as a result of the feedback from the RFI, and to enable OLG to more effectively manage the gaming market in Ontario, OLG is grouping many of the 29 Gaming Zones into Gaming Bundles where each bundle represents a separate bidding opportunity. In November 2012, OLG initiated the request for pre-qualifications ("RFPQ") process to pre-qualify service providers for eligibility to participate in the request for proposals process for the Gaming Bundles. The Company is participating in the potential future opportunities that may arise from the continued modernization of gaming in Ontario. It is not certain at this time the full extent of the impact that the continued modernization of gaming in Ontario may have on the Company.

Casino Nova Scotia

In October 2012, the Company and the Nova Scotia Provincial Lotteries & Casinos Corporation ("NSPLCC", formerly Nova Scotia Gaming Corporation) signed the second Amended and Restated Operating Contract ("AROC"), effective October 1, 2012. Under the second AROC, the Company is entitled to receive an operator's fee equal to 52.24% of the facilities' total revenues, plus an additional 47.76% of non-gaming revenues after deduction of the capital reserve contribution ("CRC"). The CRC is the greater of 5% of total revenue and $5.0 (adjusted for inflation in each year since 2009). The Company is also entitled to receive an additional operator's fee equal to the lesser of $1.3 or 10% of leased slot machines revenues. Prior to October 1, 2012, under the first AROC, the Company received 55.5% of both gross gaming and non-gaming revenues, after deduction of the CRC, as well as $1.0 per year related to the operation of leased slot machines. Prior to October 1, 2012, the $1.0 per year received for the leased slot machines was recorded as a reduction to the related leased slot operating expenses that were part of property, marketing and administration expenses.

Debt Refinancing

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 ("Senior Unsecured Notes"). 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.

Normal Course Issuer Bid

The normal course issuer 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. 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 this bid. All shares purchased by the Company were subsequently cancelled.

CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three month and six month periods ended June 30, 2013 with comparatives for the prior periods.

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 68.4**	$ 72.9	(6%)	**$ 143.4**	$ 149.7	(4%)
Facility Development Commission	**8.9**	7.9	13%	**17.6**	16.8	5%
Hospitality, lease and other revenues	**25.2**	21.2	19%	**43.5**	39.2	11%
Racetrack revenues	**4.0**	4.3	(7%)	**7.1**	8.1	(12%)
	106.5	106.3	0%	**211.6**	213.8	(1%)
Less: Promotional allowances	**(4.4)**	(5.0)	(12%)	**(9.0)**	(9.7)	(7%)
Revenues	**102.1**	101.3	1%	**202.6**	204.1	(1%)
Human resources	**40.4**	41.6	(3%)	**79.5**	80.7	(1%)
Property, marketing and administration	**23.7**	24.4	(3%)	**46.8**	49.1	(5%)
	64.1	66.0	(3%)	**126.3**	129.8	(3%)
EBITDA	**38.0**	35.3	8%	**76.3**	74.3	3%
Human resources as a % of Revenues before Promotional allowances	**37.9%**	39.1%		**37.6%**	37.7%	
EBITDA as a % of Revenues	**37.2%**	34.8%		**37.7%**	36.4%	
Amortization	**11.7**	13.1		**24.7**	25.9	
Share-based compensation	**0.6**	0.7		**2.7**	2.8	
(Reversals of) impairments of long-lived assets	**-**	-		**(28.5)**	54.2	
Impairment of goodwill	**-**	-		**-**	3.2	
Interest and financing costs, net	**8.2**	7.4		**16.4**	14.5	
Litigation settlement	**-**	11.0		**-**	11.0	
Restructuring and other	**0.2**	0.6		**1.3**	0.6	
Foreign exchange gain and other	**(0.2)**	(0.8)		**(0.4)**	(1.1)	
Income taxes	**6.2**	0.6		**17.5**	(7.6)	
Net earnings (loss)	**$ 11.3**	$ 2.7	319%	**$ 42.6**	$ (29.2)	
Net earnings (loss) per common share						
Basic	**$ 0.17**	$ 0.03		**$ 0.61**	$ (0.36)	
Diluted	**$ 0.16**	$ 0.03		**$ 0.60**	$ (0.36)	
Weighted average number of common shares (in thousands)						
Basic	**68,329**	79,075		**69,375**	80,720	
Diluted	**69,471**	80,488		**70,475**	80,720	

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

Discussion of Results

The Company's operating results are discussed in two sections. Revenues, human resources expenses, property, marketing and administration expenses, and EBITDA are discussed on a property or, where appropriate, group of similar properties basis. Items excluded from EBITDA are discussed on a consolidated basis. The following table reconciles the property results to the consolidated results of operations on the previous page.

REVENUES and EBITDA

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
REVENUES						
Casinos						
River Rock Casino Resort	**$ 40.6**	$ 38.9	4%	**$ 83.2**	$ 81.0	3%
Boulevard Casino	**12.6**	14.7	(14%)	**25.4**	29.4	(14%)
Vancouver Island Casinos	**9.8**	9.7	1%	**19.3**	19.2	1%
Other BC Casinos	**4.9**	3.2	53%	**9.5**	6.5	46%
Nova Scotia Casinos	**10.5**	10.2	3%	**19.8**	20.1	(1%)
Great American Casinos	**6.2**	5.4	15%	**12.1**	11.1	9%
	84.6	82.1	3%	**169.3**	167.3	1%
BC Racinos	**10.9**	10.8	1%	**19.5**	20.3	(4%)
Ontario Racetracks	**6.6**	8.4	(21%)	**13.8**	16.5	(16%)
Total Revenues	**$ 102.1**	$ 101.3	1%	**$ 202.6**	$ 204.1	(1%)
EBITDA						
Casinos						
River Rock Casino Resort	**$ 21.2**	$ 19.2	10%	**$ 43.9**	$ 42.0	5%
Boulevard Casino	**3.5**	5.5	(36%)	**7.6**	11.1	(32%)
Vancouver Island Casinos	**5.5**	5.5	0%	**10.8**	10.4	4%
Other BC Casinos	**2.4**	1.3	85%	**4.7**	2.8	68%
Nova Scotia Casinos	**2.9**	2.6	12%	**4.9**	4.9	0%
Great American Casinos	**1.3**	0.5	160%	**2.2**	1.3	69%
	36.8	34.6	6%	**74.1**	72.5	2%
BC Racinos	**2.8**	2.0	40%	**4.3**	3.9	10%
Ontario Racetracks	**3.3**	4.3	(23%)	**7.3**	8.5	(14%)
Corporate & Other	**(4.9)**	(5.6)	13%	**(9.4)**	(10.6)	11%
Total EBITDA	**$ 38.0**	$ 35.3	8%	**$ 76.3**	$ 74.3	3%

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

Casinos

River Rock Casino Resort

	Second Quarter			**First Half**		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 27.4**	$ 25.8	6%	**$ 57.9**	$ 56.2	3%
Facility Development Commission	**3.9**	3.8	3%	**8.3**	8.2	1%
Hospitality and other revenues	**11.1**	11.3	(2%)	**20.8**	20.5	1%
Revenues before Promotional allowances	**42.4**	40.9	4%	**87.0**	84.9	2%
Less: Promotional allowances	**(1.8)**	(2.0)	(10%)	**(3.8)**	(3.9)	(3%)
Revenues	**40.6**	38.9	4%	**83.2**	81.0	3%
Human resources	**12.6**	12.8	(2%)	**25.1**	24.9	1%
Property, marketing and administration	**6.8**	6.9	(1%)	**14.2**	14.1	1%
EBITDA	**$ 21.2**	$ 19.2	10%	**$ 43.9**	$ 42.0	5%
Human resources as a % of Revenues before Promotional allowances	**29.7%**	31.3%		**28.9%**	29.3%	
EBITDA as a % of Revenues	**52.2%**	49.4%		**52.8%**	51.9%	

	Q2 2013	**Q1 2013**	**Q4 2012**	**Q3 2012**	**Q2 2012**	**Q1 2012**	**Q4 2011**	**Q3 2011**	**Q2 2011**	**Average**
Table Drop	$ 221.4	$ 227.6	$ 233.4	$ 205.3	$ 189.0	$ 219.6	$ 169.4	$ 175.9	$ 178.4	
Table Hold	$ 44.6	$ 53.8	$ 41.7	$ 42.0	$ 40.9	$ 53.3	$ 32.5	$ 39.2	$ 39.1	
Table Hold %	20.2%	23.7%	17.9%	20.5%	21.6%	24.3%	19.2%	22.3%	21.9%	21.3%
Poker Rake	$ 0.9	$ 1.0	$ 1.2	$ 1.0	$ 1.1	$ 1.1	$ 1.2	$ 1.1	$ 1.1	
Slot Coin-In	$ 511.5	$ 545.4	$ 521.7	$ 518.1	$ 519.6	$ 493.4	$ 522.8	$ 490.9	$ 477.3	
Slot Win	$ 35.3	$ 35.2	$ 34.9	$ 35.2	$ 34.6	$ 33.9	$ 34.5	$ 34.1	$ 34.3	
Slot Win/Slot/Day[(1,2)]	$ 352	$ 355	$ 345	$ 349	$ 355	$ 372	$ 375	$ 376	$ 384	
Slot Win %	6.9%	6.5%	6.7%	6.8%	6.7%	6.9%	6.6%	6.9%	7.2%	6.8%

(1) Slot Win/Slot/Day is an average, presented in dollars.
(2) During the second quarter of 2012, the Company added 104 slot machines at River Rock, resulting in 1,110 slot machines since June 30, 2012.

Revenues
Gaming revenues at River Rock increased by 6% in the second quarter of 2013 when compared to the second quarter of 2012. This growth was primarily due to the 17% increase in table drop which was partially offset by the 1.4 percentage point decrease in table hold percentage, resulting in a 9% increase in table hold. Slot win increased by 2% due to a 0.2 percentage point increase in slot win percentage, which was partially offset by a 2% decrease in slot coin-in.

Gaming revenues increased by 3% in the first half of 2013, when compared to the first half of 2012. This increase was primarily attributable to the growth in table drop of 10%.

Hospitality and other revenues in the second quarter and first half of 2013 were relatively consistent with the second quarter and first half of 2012.

River Rock's hotel capacity includes the "River Rock Casino Resort Suites", which has 202 rooms, and "The Hotel at River Rock" with 193 rooms offered at a lower price point. On a combined basis, River Rock's average daily hotel revenue per available room ("REVPAR") was $106 dollars in the second quarter of 2013, compared to $109 dollars in the second quarter of 2012. This decrease was due to a four percentage point decrease in the average hotel occupancy rate to 73% and is offset by a 2% increase in the average daily room rate ("ADR") to $145 dollars.

Expenses
Both human resources and property, marketing and administration expenses in the second quarter and first half of 2013 were relatively consistent with the second quarter and first half of 2012.

EBITDA

EBITDA increased by 10% and 5% in the second quarter and first half of 2013, respectively, when compared to the same periods in 2012. These increases were primarily due to River Rock's revenue increase.

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

Boulevard Casino

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 9.3**	$ 11.1	(16%)	**$ 19.0**	$ 22.1	(14%)
Facility Development Commission	**1.6**	1.7	(6%)	**3.2**	3.5	(9%)
Hospitality and other revenues	**2.2**	2.5	(12%)	**4.3**	4.9	(12%)
Revenues before Promotional allowances	**13.1**	15.3	(14%)	**26.5**	30.5	(13%)
Less: Promotional allowances	**(0.5)**	(0.6)	(17%)	**(1.1)**	(1.1)	0%
Revenues	**12.6**	14.7	(14%)	**25.4**	29.4	(14%)
Human resources	**5.9**	6.2	(5%)	**12.0**	12.3	(2%)
Property, marketing and administration	**3.2**	3.0	7%	**5.8**	6.0	(3%)
EBITDA	**$ 3.5**	$ 5.5	(36%)	**$ 7.6**	$ 11.1	(32%)
Human resources as a % of Revenues before Promotional allowances	**45.0%**	40.5%		**45.3%**	40.3%	
EBITDA as a % of Revenues	**27.8%**	37.4%		**29.9%**	37.8%	

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Average
Table Drop	$ 36.2	$ 37.9	$ 41.6	$ 40.9	$ 42.1	$ 42.0	$ 41.6	$ 39.7	$ 40.3	
Table Hold	$ 7.3	$ 7.8	$ 8.2	$ 8.4	$ 8.4	$ 9.0	$ 8.4	$ 8.6	$ 8.5	
Table Hold %	20.2%	20.6%	19.7%	20.5%	20.0%	21.4%	20.2%	21.7%	21.1%	20.6%
Poker Rake	$ 0.6	$ 0.7	$ 1.0	$ 0.7	$ 0.9	$ 1.2	$ 1.1	$ 1.4	$ 1.0	
Slot Coin-In	$ 313.8	$ 353.3	$ 385.5	$ 391.3	$ 414.6	$ 400.4	$ 400.6	$ 392.1	$ 394.4	
Slot Win	$ 23.9	$ 24.8	$ 26.7	$ 27.2	$ 28.5	$ 26.6	$ 26.7	$ 27.2	$ 28.0	
Slot Win/Slot/Day(1,2)	$ 326	$ 310	$ 292	$ 302	$ 315	$ 298	$ 289	$ 294	$ 305	
Slot Win %	7.6%	7.0%	6.9%	6.9%	6.9%	6.6%	6.7%	6.9%	7.1%	7.0%

(1) Slot Win/Slot/Day is an average, presented in dollars.
(2) During the first half of 2013, the Company removed 173 slot machines at Boulevard resulting in 817 slot machines as at June 30, 2013.

Revenues
Revenues at Boulevard decreased by 14% both in the second quarter and first half of 2013, when compared to the same periods in 2012. These decreases were attributed to declines in table drop, slot coin-in and food and beverage revenues, which we believe was a result of decreased visitation due to a weakened local economy and guest disruption primarily associated with a heightened level of proximate highway construction that has been ongoing since 2010. During the first half of 2013, this construction included intermittent weekday and multiple weekend evening road closures affecting access to the property. To a lesser extent, guests were also affected by the property repositioning and refresh that commenced on the gaming floor in January 2013. Both the highway construction and the first phase of the property redevelopment are expected to conclude by the end of the fourth quarter of 2013. These decreases were partially offset by a 0.7 percentage point improvement in the slot win percentage. Boulevard has also been impacted by nearby competition, including the Company's recently opened Chances Chilliwack and the poker room at the Fraser Downs Racetrack and Casino.

Expenses
Human resources expenses decreased by 5% in the second quarter of 2013, when compared to the second quarter of 2012, primarily due to a lower staff requirement associated with the closure of areas in the casino for renovations. Human resources expenses were relatively consistent in the first half of 2013, when compared to the first half of 2012. Property, marketing and administration expenses in the second quarter and first half of 2013 include rebranding expenses of $0.3.

EBITDA
EBITDA decreased by 36% and 32% in the second quarter and first half of 2013, respectively, when compared to the same periods in 2012. This decrease was primarily due to the decline in revenues.

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

Vancouver Island Casinos (View Royal Casino and Casino Nanaimo)

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 7.8**	$ 7.8	0%	**$ 15.3**	$ 15.4	(1%)
Facility Development Commission	**1.3**	1.3	0%	**2.7**	2.7	0%
Hospitality and other revenues	**1.1**	1.1	0%	**2.1**	2.0	5%
Revenues before Promotional allowances	**10.2**	10.2	0%	**20.1**	20.1	0%
Less: Promotional allowances	**(0.4)**	(0.5)	(20%)	**(0.8)**	(0.9)	(11%)
Revenues	**9.8**	9.7	1%	**19.3**	19.2	1%
Human resources	**3.0**	3.0	0%	**5.9**	6.1	(3%)
Property, marketing and administration	**1.3**	1.2	8%	**2.6**	2.7	(4%)
EBITDA	**$ 5.5**	$ 5.5	0%	**$ 10.8**	$ 10.4	4%
Human resources as a % of Revenues before Promotional allowances	**29.4%**	29.4%		**29.4%**	30.3%	
EBITDA as a % of Revenues	**56.1%**	56.7%		**56.0%**	54.2%	

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Average
Table Drop	$ 12.6	$ 12.4	$ 12.5	$ 13.0	$ 12.4	$ 13.0	$ 11.6	$ 11.7	$ 11.7	
Table Hold	$ 2.8	$ 2.9	$ 2.9	$ 2.8	$ 2.9	$ 2.7	$ 2.5	$ 2.6	$ 2.6	
Table Hold %	22.0%	23.4%	23.2%	21.5%	23.4%	20.8%	21.6%	22.2%	22.2%	22.3%
Slot Coin-In	$ 392.0	$ 372.6	$ 379.8	$ 390.0	$ 397.2	$ 378.1	$ 381.4	$ 386.6	$ 394.1	
Slot Win	$ 28.0	$ 26.7	$ 26.9	$ 28.3	$ 27.8	$ 27.1	$ 27.5	$ 28.9	$ 28.8	
Slot Win/Slot/Day(1)	$ 314	$ 294	$ 289	$ 305	$ 303	$ 295	$ 296	$ 311	$ 318	
Slot Win %	7.2%	7.2%	7.1%	7.3%	7.0%	7.2%	7.2%	7.5%	7.3%	7.2%

(1) Slot Win/Slot/Day is an average, presented in dollars.

Revenues, Expenses, and EBITDA

Revenues, Expenses, and EBITDA at the Vancouver Island Casinos in the second quarter and first half of 2013 were relatively consistent with the same periods in 2012.

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

Other BC Casinos (Chances Dawson Creek, Maple Ridge Community Gaming Centre and Chances Chilliwack (formerly Chilliwack Bingo))

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 3.7**	$ 2.5	48%	**$ 7.2**	$ 5.0	44%
Facility Development Commission	**0.7**	0.4	75%	**1.4**	0.8	75%
Hospitality and other revenues	**0.7**	0.4	75%	**1.3**	0.9	44%
Revenues before Promotional allowances	**5.1**	3.3	55%	**9.9**	6.7	48%
Less: Promotional allowances	**(0.2)**	(0.1)	100%	**(0.4)**	(0.2)	100%
Revenues	**4.9**	3.2	53%	**9.5**	6.5	46%
Human resources	**1.6**	1.2	33%	**3.1**	2.3	35%
Property, marketing and administration	**0.9**	0.7	29%	**1.7**	1.4	21%
EBITDA	**$ 2.4**	$ 1.3	85%	**$ 4.7**	$ 2.8	68%
Human resources as a % of Revenues before Promotional allowances	**31.4%**	36.4%		**31.3%**	34.3%	
EBITDA as a % of Revenues	**49.0%**	40.6%		**49.5%**	43.1%	

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Average
Slot Coin-In	$ 189.6	$ 191.2	$ 165.3	$ 107.3	$ 107.9	$ 114.1	$ 118.7	$ 102.4	$ 104.5	
Slot Win	$ 13.2	$ 12.6	$ 10.6	$ 7.0	$ 7.1	$ 7.6	$ 7.4	$ 6.9	$ 7.0	
Slot Win/Slot/Day[(1)]	$ 331	$ 321	$ 315	$ 296	$ 305	$ 327	$ 316	$ 294	$ 300	
Slot Win %	7.0%	6.6%	6.4%	6.5%	6.6%	6.7%	6.2%	6.7%	6.7%	6.6%

[(1)] Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Revenues at the Company's Other BC Casinos increased by 53% in the second quarter and 46% in the first half of 2013, when compared to the same periods in 2012. These increases were primarily due to incremental revenues associated with the commencement of slot operations at Chances Chilliwack on November 1, 2012.

Expenses

Human resources expenses increased by 33% in the second quarter and 35% in the first half of 2013, when compared to the same periods in 2012. Property, marketing and administration expenses increased by 29% in the second quarter and 21% in the first half of 2013 when compared to the second quarter and first half of 2012. These increases were primarily due to the incremental costs associated with Chances Chilliwack, which commenced slot operations on November 1, 2012.

EBITDA

EBITDA increased by 85% in the second quarter and 68% in the first half of 2013, when compared to the same periods in 2012. This increase was primarily due to the growth in revenues resulting primarily from the commencement of slot operations at Chances Chilliwack.

Labour Relations

Previously a collective agreement between Chilliwack Gaming Limited and National Automobile, Aerospace, Transportation and General Workers Union of Canada ("CAW"), Local 3000, governed wages and working conditions for the property's bingo workers.

Effective February 13, 2013, following a decertification application and a representation vote, the BC Labour Relations Board cancelled the Certification held by the CAW for the property's bingo workers and, as a result, Chances Chilliwack is now union-free.

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

Nova Scotia Casinos (Casino Nova Scotia Halifax and Casino Nova Scotia Sydney)

	Second Quarter			**First Half**		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 9.2**	$ 9.8	(6%)	**$ 17.5**	$ 19.3	(9%)
Hospitality and other revenues	**1.7**	1.2	42%	**3.1**	2.4	29%
Revenues before Promotional allowances	**10.9**	11.0	(1%)	**20.6**	21.7	(5%)
Less: Promotional allowances	**(0.4)**	(0.8)	(50%)	**(0.8)**	(1.6)	(50%)
Revenues	**10.5**	10.2	3%	**19.8**	20.1	(1%)
Human resources	**4.2**	4.3	(2%)	**8.1**	8.6	(6%)
Property, marketing and administration	**3.4**	3.3	3%	**6.8**	6.6	3%
EBITDA	**$ 2.9**	$ 2.6	12%	**$ 4.9**	$ 4.9	0%
Human resources as a % of Revenues before Promotional allowances	**38.5%**	39.1%		**39.3%**	39.6%	
EBITDA as a % of Revenues	**27.6%**	25.5%		**24.7%**	24.4%	

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Average
Table Drop	$ 11.3	$ 9.6	$ 10.9	$ 10.4	$ 9.8	$ 10.5	$ 11.0	$ 11.4	$ 11.8	
Table Hold	$ 2.0	$ 2.4	$ 2.5	$ 1.9	$ 1.9	$ 2.3	$ 2.2	$ 2.4	$ 2.3	
Table Hold %	17.7%	25.0%	22.9%	18.3%	19.4%	21.9%	20.0%	21.1%	19.5%	20.6%
Poker Rake	$ 0.5	$ 0.6	$ 0.5	$ 0.5	$ 0.4	$ 0.4	$ 0.5	$ 0.6	$ 0.5	
Slot Coin-In	$ 202.6	$ 174.4	$ 193.7	$ 228.3	$ 206.2	$ 192.6	$ 193.5	$ 231.2	$ 205.2	
Slot Win	$ 15.8	$ 13.6	$ 14.8	$ 18.3	$ 16.1	$ 15.2	$ 15.0	$ 18.5	$ 16.2	
Slot Win/Slot/Day(1)	$ 208	$ 184	$ 185	$ 227	$ 205	$ 191	$ 185	$ 225	$ 198	
Slot Win %	7.8%	7.8%	7.6%	8.0%	7.8%	7.9%	7.8%	8.0%	7.9%	7.9%

(1) Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Gaming revenues at the Nova Scotia Casinos decreased by 6% in the second quarter and 9% in the first half of 2013, when compared to the same periods in 2012. These declines were primarily due to a decrease in the Company's percentage of gaming revenues earned from NSPLCC as a result of the AROC amendment on October 1, 2012, as described in the "Major Developments" section of this MD&A. The decrease in the Company's share of gaming revenues was offset by an increase in the operator's fee associated with leased slots that was previously recorded as a contribution towards slot leases under property, marketing and administrative expenses.

Hospitality and other revenues increased by 42% in the second quarter and 29% in the first half of 2013, when compared to the same periods in 2012. These increases were primarily due to the increase in the Company's operator's fee related to non-gaming revenues as a result of the AROC amendment.

Promotional allowances decreased by $0.4 in the second quarter and $0.8 in the first half of 2013, when compared to the same periods in 2012. These decreases were primarily due to a change in direct marketing efforts and strategies.

Expenses and EBITDA

Expenses and EBITDA at the Nova Scotia Casinos in the second quarter and first half of 2013 were relatively consistent with the same periods in 2012.

Great American Casinos

Results in U.S. Dollars (in millions)

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 5.2**	$ 4.5	16%	**$ 10.0**	$ 9.2	9%
Hospitality and other revenues	**1.6**	1.4	14%	**3.1**	2.8	11%
Revenues before Promotional allowances	**6.8**	5.9	15%	**13.1**	12.0	9%
Less: Promotional allowances	**(0.6)**	(0.5)	20%	**(1.3)**	(1.0)	30%
Revenues	**6.2**	5.4	15%	**11.8**	11.0	7%
Human resources	**3.3**	3.3	0%	**6.6**	6.5	2%
Property, marketing and administration	**1.6**	1.6	0%	**3.2**	3.3	(3%)
EBITDA	**$ 1.3**	$ 0.5	160%	**$ 2.0**	$ 1.2	67%
Human resources as a % of Revenues before Promotional allowances	**48.5%**	55.9%		**50.4%**	54.2%	
EBITDA as a % of Revenues	**21.0%**	9.3%		**16.9%**	10.9%	

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Average
Table Drop	$ 34.1	$ 33.9	$ 34.5	$ 31.6	$ 33.2	$ 35.5	$ 35.5	$ 31.7	$ 31.6	
Table Hold	$ 5.9	$ 5.5	$ 5.1	$ 4.7	$ 5.1	$ 5.4	$ 5.4	$ 5.2	$ 5.8	
Table Hold %	17.3%	16.2%	14.7%	14.9%	15.4%	15.2%	15.2%	16.4%	18.4%	15.9%

Results in Canadian Dollars

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Revenues	**$ 6.2**	$ 5.4	15%	**$ 12.1**	$ 11.1	9%
EBITDA	**$ 1.3**	$ 0.5	160%	**$ 2.2**	$ 1.3	69%

Discussion in U.S. Dollars

<u>Revenues</u>
Revenues at Great American Casinos increased by 15% in the second quarter and 7% in the first half of 2013 when compared to the same periods in 2012. These increases were mainly due to the improvement in table hold percentage.

<u>Expenses</u>
Human resources expenses and property, marketing and administration expenses were relatively consistent in the second quarter and first half of 2013, when compared to the same periods in 2012.

<u>EBITDA</u>
Great American Casinos' EBITDA increased by 160% in the second quarter and 67% in the first half of 2013 when compared to the same periods in 2012. These increases were mainly due to the increase in revenues.

The value of the Great American Casinos' functional currency, the U.S. dollar, in comparison to the Company's reporting currency, the Canadian dollar, affects the reported results of the Great American Casinos. The average value of the U.S. dollar increased by 0.3% in the second quarter and increased by 2% in the first half of 2013, when compared to the same periods in 2012.

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

BC Racinos (Fraser Downs Racetrack and Casino, and Hastings Racecourse and Slots Facility)

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 5.0**	$ 5.2	(4%)	**$ 9.9**	$ 10.1	(2%)
Facility Development Commission	**1.4**	0.7	100%	**2.0**	1.6	25%
Racetrack revenues	**2.9**	3.2	(9%)	**5.1**	5.8	(12%)
Hospitality and other revenues	**2.0**	2.2	(9%)	**3.3**	3.7	(11%)
Revenues before Promotional allowances	**11.3**	11.3	0%	**20.3**	21.2	(4%)
Less: Promotional allowances	**(0.4)**	(0.5)	(20%)	**(0.8)**	(0.9)	(11%)
Revenues	**10.9**	10.8	1%	**19.5**	20.3	(4%)
Human resources	**4.8**	5.3	(9%)	**8.8**	9.7	(9%)
Property, marketing and administration	**3.3**	3.5	(6%)	**6.4**	6.7	(4%)
EBITDA	**$ 2.8**	$ 2.0	40%	**$ 4.3**	$ 3.9	10%
Human resources as a % of Revenues before Promotional allowances	**42.5%**	46.9%		**43.3%**	45.8%	
EBITDA as a % of Revenues	**25.7%**	18.5%		**22.1%**	19.2%	

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Average
Table Drop	$ 6.0	$ 7.0	$ 7.1	$ 7.0	$ 7.2	$ 6.4	$ 6.0	$ 6.5	$ 6.1	
Table Hold	$ 1.4	$ 1.7	$ 1.7	$ 1.4	$ 1.4	$ 1.4	$ 1.3	$ 1.5	$ 1.3	
Table Hold %	23.3%	24.3%	24.2%	20.0%	19.4%	21.9%	21.7%	23.1%	21.3%	22.1%
Poker Rake	$ 0.2	$ 0.3	$ 0.1	$ 0.5	$ 0.3	$ 0.2	$ -	$ -	$ -	
Slot Coin-In	$ 225.8	$ 218.5	$ 227.3	$ 239.4	$ 246.3	$ 234.7	$ 240.4	$ 241.8	$ 228.4	
Slot Win	$ 17.7	$ 16.1	$ 16.5	$ 17.9	$ 18.4	$ 17.6	$ 17.3	$ 18.4	$ 17.8	
Slot Win/Slot/Day(1)	$ 184	$ 170	$ 169	$ 184	$ 191	$ 183	$ 179	$ 189	$ 185	
Slot Win %	7.8%	7.4%	7.3%	7.5%	7.5%	7.5%	7.2%	7.6%	7.8%	7.5%

(1) Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Revenues at the BC Racinos were relatively consistent in the second quarter of 2013, when compared to the second quarter of 2012. The 4% decrease in the first half of 2013 when compared to the first half of 2012 was primarily due to decreases in racetrack and hospitality and other revenues. These decreases are attributable to the ongoing industry-wide decline in horse race wagering.

FDC revenues increased in the second quarter and first half of 2013, when compared to the same periods in 2012, due to the recognition of $0.7 previously deferred FDC revenues that were realized in the second quarter of 2013 when BCLC approved the related eligible expenditures for reimbursement.

Expenses

Human resources expenses decreased by 9% both in the second quarter and the first half of 2013, when compared to the same periods in 2012. This decrease was primarily due to severance costs of $0.3 in the second quarter and the first half of 2012 and operational efficiencies implemented as a result of reduced revenues.

EBITDA

EBITDA increased by 40% in the second quarter and 10% in the first half of 2013, when compared to the same periods in 2012. These increases were primarily due to the decrease in expenses.

Labour relations

There are two collective agreements in force at Hastings Racecourse:

1. A collective agreement with **UNITE HERE!, Local 40**, with a term covering April 01, 2008 through December 31, 2010, is applicable to the property's food and beverage workers. Collective bargaining for a renewal collective agreement commenced on January 20, 2011 and no further meetings have been held since that date. Collective bargaining is in abeyance.

2. A collective agreement with **Canadian Office and Professional Employees Union (COPE), Local 378,** is applicable to specified racing, general and casino workers at the property. Collective bargaining commenced in January 2013, and a new collective agreement was reached in June 2013, following a last offer vote, for the term August 1, 2012 through December 31, 2014.

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

Ontario Racetracks

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Gaming revenues	**$ 0.7**	$ 6.2	(89%)	**$ 6.4**	$ 12.3	(48%)
Racetrack revenues	**1.1**	1.1	0%	**2.0**	2.3	(13%)
Hospitality, lease and other revenues [(1)]	**4.8**	1.1	336%	**5.4**	1.9	184%
Revenues before Promotional allowances	**6.6**	8.4	(21%)	**13.8**	16.5	(16%)
Less: Promotional allowances	**-**	-		**-**	-	
Revenues	**6.6**	8.4	(21%)	**13.8**	16.5	(16%)
Human resources	**1.4**	2.0	(30%)	**3.0**	3.8	(21%)
Property, marketing and administration	**1.9**	2.1	(10%)	**3.5**	4.2	(17%)
EBITDA	**$ 3.3**	$ 4.3	(23%)	**$ 7.3**	$ 8.5	(14%)
Human resources as a % of Revenues before Promotional allowances	**21.2%**	23.8%		**21.7%**	23.0%	
EBITDA as a % of Revenues	**50.0%**	51.2%		**52.9%**	51.5%	

(1) Included in Hospitality, lease and other revenues are lease and food and beverage revenues from OLG for the second quarter of 2013.

Revenues

Revenues decreased by 21% in the second quarter and 16% in the first half of 2013, when compared to the same periods in 2012. As described in the "Major Developments" section of this MD&A, since April 1, 2013, the Company's Ontario Racetracks no longer receive 10% of OLG's slot machine revenues nor share in the horse racing pari-mutuel wagering revenues that the tracks generate. Instead, these Ontario Racetracks currently receive slot facility lease revenues from the OLG and fixed horse racing transition funds from the Government of Ontario. Consequently, there has been a decline in revenues at the Ontario Racetracks in the second quarter of 2013 when compared to the second quarter of 2012.

Included in gaming revenues in the second quarter of 2013 was a total of $0.7 without prejudice payments received to resolve disputes with OLG regarding the calculation of compensation due under the Flamboro Downs and Georgian Downs site holder agreements that ended on March 31, 2013.

Expenses

Human resources and property, marketing and administration expenses decreased by 30% and 10%, respectively, in the second quarter of 2013, when compared to the second quarter of 2012. Human resources and property, marketing and administration expenses decreased by 21% and 17%, respectively, in the first half of 2013, when compared to the first half of 2012. These decreases were primarily due to operational adjustments implemented as a result of operating cost reductions required under the Ontario Racing Agreements.

In May 2013, the Company and the Government of Ontario signed Ontario Racing Agreements outlining terms under which the Company will operate a reduced level of horse racing at the properties until March 31, 2015 on a transitional basis and will receive transition funding from the Government of Ontario.

EBITDA

EBITDA in the second quarter and first half of 2013 declined by 23% and 14%, respectively, when compared to the same periods in 2012 mainly as a result of the decrease in revenues.

Recent Developments

As described in the "Major Developments" section of this MD&A, the Company received notice from OLG regarding the early termination of Georgian Downs' and Flamboro Downs' site holder agreements effective March 31, 2013. On March 9, 2013, the Company and OLG signed non-binding letters of intent outlining the key terms under which, subject to the approval process that is required by legislation to be followed by OLG, OLG and the Company would enter into leases, whereby OLG would lease the previously-existing slot machine areas of the properties for a period of five years commencing on April 1, 2013.

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

Corporate & Other

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Human resources	**$ 3.6**	$ 3.5	3%	**$ 6.8**	$ 6.5	5%
Property, marketing and administration	**1.3**	2.1	(38%)	**2.6**	4.1	(37%)
EBITDA	**$ (4.9)**	$ (5.6)	13%	**$ (9.4)**	$ (10.6)	11%

EBITDA

EBITDA improved by 13% in the second quarter and 11% in the first half of 2013, when compared to the same periods in 2012. These improvements were primarily due to decreased legal expenses in the second quarter of 2013 as a result of the litigation settlement during the second quarter of 2012.

Discussion of Items Excluded from EBITDA

Amortization
Amortization decreased by $1.4 in the second quarter and $1.2 in the first half of 2013, when compared to the second quarter and first half of 2012. These decreases were primarily due to the settlement payment received from OLG in 2013, which was applied against the long-lived assets at Georgian Downs as described in the "Major Developments" section of this MD&A in addition to long-lived assets that were fully amortized in the prior year.

Share-Based Compensation
Share-based compensation of $0.6 (2012 - $0.7) in the second quarter of 2013 comprises equity-settled share-based compensation of $0.4 (2012 - $0.4) and cash-settled share-based compensation of $0.2 (2012 - $0.3). Share-based compensation was relatively consistent in the second quarter of 2013, when compared to the second quarter of 2012.

Share-based compensation of $2.7 (2012 - $2.8) in the first half of 2013 comprises equity-settled share-based compensation of $1.6 (2012 - $1.5) and cash-settled share-based compensation of $1.1 (2012 - $1.3). Share-based compensation was relatively consistent in the first half of 2013, when compared to the first half of 2012.

(Reversals of) Impairments of Long-Lived Assets and Impairment of Goodwill
In the first half of 2013, the Company recorded non-cash impairment reversals of long-lived assets of $28.5 in connection with signing letters of intent for leases and horse racing transition funding for Georgian Downs and Flamboro Downs, as described in the "Major Developments" section of this MD&A.

In the first half of 2012, the Company recorded non-cash impairments of long-lived assets of $50.8 and a non-cash impairment of goodwill of $3.2 associated with the early termination notice of the site holder agreements for Georgian Downs and Flamboro Downs, as described in the "Major Developments" section of this MD&A, as well as a non-cash impairment charge of $3.4 related to land in Ontario that was written down to its estimated recoverable amount.

Interest and Financing Costs, net
Interest and financing costs, net of interest income, increased by $0.8 in the second quarter and $1.9 in the first half of 2013, when compared to the second quarter and first half of 2012. These increases were primarily due to the increase in long-term debt related to the debt refinancing as described in the "Capital Resources" section of this MD&A.

Litigation Settlement
Litigation settlement of $11.0 in the second quarter and first half of 2012 relates to the settlement of a legal dispute.

Restructuring and other
Restructuring and other expenses decreased by $0.4 in the second quarter of 2013, when compared to the same period in 2012. These expenses included the equity investment loss of $0.6 attributable to the acquisition of PDX Entertainment Company that was incurred in the second quarter of 2012.

Restructuring and other expenses increased by $0.7 in the first half of 2013, when compared to the first half of 2012. Restructuring expenses included $1.2 related to non-recurring staff severance costs incurred during the first half of 2013 primarily as a result of an expected reduction in the number live horse racing days to be held at Georgian Downs and Flamboro Downs, as described in the "Major Developments" section of this MD&A.

Foreign exchange gain and other

Foreign exchange gain and other income decreased by $0.6 in the second quarter and $0.7 in the first half of 2013, when compared to the same periods in 2012. This included the effect of gains recognized on the Company's cross-currency and interest rate swaps that were in place in the second quarter of 2012 and subsequently settled in July 2012.

Income Taxes

Income taxes increased by $5.6 in the second quarter and $25.1 in the first half of 2013, when compared to the same periods in 2012. These increases were primarily due to higher earnings before income taxes in 2013, which included the non-cash long-lived asset impairment reversals, as compared to the related original impairments recorded in the prior year period, as described above, and a corporate income tax rate that increased from 25% in 2012 to 26% in 2013.

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

CONSOLIDATED QUARTERLY RESULTS TREND

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Revenues	$ 102.1	$ 100.5	$ 102.8	$ 101.8	$ 101.3	$ 102.8	$ 95.7	$ 101.0	$ 99.5
EBITDA	$ 38.0	$ 38.3	$ 37.5	$ 35.8	$ 35.3	$ 39.0	$ 31.0	$ 38.6	$ 37.8
EBITDA as a % of Revenues	37.2%	38.1%	36.5%	35.2%	34.8%	37.9%	32.4%	38.2%	38.0%
Net earnings (loss)	$ 11.3	$ 31.3	$ 2.5	$ (0.9)	$ 2.7	$ (31.9)	$ 2.3	$ 7.9	$ 10.3
Net earnings (loss) per common share									
Basic	$ 0.17	$ 0.44	$ 0.04	$ (0.01)	$ 0.03	$ (0.39)	$ 0.03	$ 0.10	$ 0.12
Diluted	$ 0.16	$ 0.44	$ 0.03	$ (0.01)	$ 0.03	$ (0.39)	$ 0.03	$ 0.09	$ 0.12

In the second quarter of 2013, the Company's consolidated revenues increased by 1% from those in the prior year comparable period. As described earlier in this MD&A, this increase was primarily due to growth in revenues at River Rock, the Other BC Casinos, and Great American Casinos and was partially offset by declines in revenues at Boulevard and the Ontario Racetracks. Gaming revenues have declined compared to the prior year primarily due to continued revenue decreases at Boulevard arising from a weakened local economy and guest disruption from proximate highway construction that has been ongoing since 2010. During the first half of 2013, this construction included intermittent weekday and multiple weekend evening road closures affecting access to the property. Despite the receipt of lease income from OLG and horse racing transition funding from the Government of Ontario, there was an overall decline in revenues at the Ontario Racetracks.

The Company's quarterly EBITDA trend reflects the Company's continued focus on operating efficiencies, as well as non-recurring severance costs of $1.1 in the third quarter of 2012, increased legal costs in the second quarter of 2012 that were primarily associated with a litigation settlement, and the one-time start-up costs for the new hotel at River Rock, which opened in October 2011.

The net earnings (loss) trend reflects the items noted above, as well as certain impairment charges, reversals of impairment charges, equity investment loss, business development expenses, litigation settlement costs, expenses associated with the debt refinancing and settlement of the related derivative liabilities, and the related income tax effects.

LIQUIDITY AND CAPITAL RESOURCES

The Company manages liquidity risks by closely monitoring its capital structure and operating costs, regularly monitoring forecast and actual cash flows, taking a conservative approach to capital investment, managing the maturity profiles of financial assets and financial liabilities and maintaining credit capacity within its Revolving Credit Facility.

As at June 30, 2013, the Company had:

- Relatively low levels of receivables of which the majority are due from: sales tax rebates from the federal government, racetrack operators, other provincial gaming corporations, and financial institutions;
- Low exposure to foreign currency exchange rate movements and low exposure to floating interest rate changes since it has relatively low levels of foreign denominated assets and liabilities and has fixed interest rates with its Canadian dollar denominated Senior Unsecured Notes;
- $320.2 of available credit on its Revolving Credit Facility, subject to compliance with the related financial covenants; and
- Counterparties to its existing debt and credit facilities that are primarily major financial institutions that have minimum grade "A" credit ratings.

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

Financial Position

		June 30, 2013		December 31, 2012	% Chg
Cash and cash equivalents	**$**	**169.7**	$	116.2	46%
Other current assets		**22.6**		18.7	21%
Property, plant and equipment		**598.7**		621.3	(4%)
Other long-term assets		**114.5**		106.5	8%
Total Assets	**$**	**905.5**	$	862.7	5%
Current liabilities	**$**	**68.5**	$	63.8	7%
Long-term debt		**440.4**		439.9	0%
Other long-term liabilities		**91.9**		78.7	17%
Total Liabilities		**600.8**		582.4	3%
Shareholders' equity		**304.7**		280.3	9%
Total Liabilities and Shareholders' equity	**$**	**905.5**	$	862.7	5%

Total Assets
Total assets increased by $42.8 in the first half of 2013, when compared to the total assets as at December 31, 2012. This increase was primarily due to non-cash reversal of impairment charges associated with Georgian Downs and Flamboro Downs and cash generated by operating activities. These increases were partially offset by amortization of property, plant and equipment and intangible assets, and cash outflows to repurchase common shares and service financial obligations.

Total Liabilities
Total liabilities increased by $18.4 in the first half of 2013, when compared to the total liabilities as at December 31, 2012. This increase was primarily due to the increase in deferred tax liabilities associated with the reversals of impairments of Georgian Downs' and Flamboro Downs' long-lived assets and the increase in current liabilities primarily associated with the deferred income recognized for the horse racing transition funding received from the Government of Ontario.

Shareholders' equity
Shareholders' equity increased by $24.4 in the first half of 2013, when compared to shareholders' equity as at December 31, 2012. This increase was primarily due to the net earnings of $42.6, equity-settled share-based compensation of $1.6, and share options exercised of $2.5. The increase was partially offset by common shares repurchased of $23.5.

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

Cash Flows

	Second Quarter			First Half		
	2013	2012	% Chg	**2013**	2012	% Chg
Net cash generated by operating activities	**$ 37.7**	$ 32.9	15%	**$ 70.8**	$ 65.3	8%
Cash generated by (used in) investing activities	**26.5**	(9.4)		**19.4**	(16.0)	
Cash used in financing activities	**(15.8)**	(22.7)	30%	**(37.4)**	(44.3)	16%
Effect of foreign exchange on cash and cash equivalents	**0.4**	0.4	0%	**0.7**	0.3	133%
Cash inflow	**$ 48.8**	$ 1.2	3967%	**$ 53.5**	$ 5.3	909%

Net cash generated by operating activities was higher in the second quarter and first half of 2013, when compared to the same periods in 2012. This increase was primarily due to higher EBITDA.

Cash generated by investing activities in the second quarter and first half of 2013 was primarily due to the settlement payment related to the Georgian Downs facility that was received from OLG in April 2013 as described in the "Major Developments" section of this MD&A. This was partially offset by the development of the permanent Maple Ridge Community Gaming Centre and the redevelopment of Boulevard.

Cash used in financing activities was lower in the second quarter of 2013, when compared to the second quarter of 2012. A lower amount of cash was used to repurchase and cancel the Company's common shares in the second quarter of 2013, when compared to the same period in 2012, and a lower amount of interest was paid during the second quarter of 2013, when compared to the same period in 2012. Cash used in financing activities was lower in the first half of 2013, when compared to the first half of 2012. A lower amount of cash was used to repurchase and cancel the Company's common shares in the first half of 2013, when compared to the first half of 2012. This decrease was partially offset by a higher amount of interest paid during the first half of 2013, when compared to the first half of 2012.

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

Capital Resources

Long-Term Debt and Equity

	June 30, 2013	December 31, 2012
Senior Unsecured Notes, net of unamortized transaction costs of $9.6 (2012 - $10.1)	$ 440.4	$ 439.9
	440.4	439.9
Less: current portion	-	-
	$ 440.4	$ 439.9

As at June 30, 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	2.45
Senior Secured Debt to Adjusted EBITDA ratio (1)	< 3.50	0.00
Interest Coverage ratio (1)	> 2.25	5.83
Fixed Charge Coverage ratio (2)	> 2.00	5.84

(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.

The Company and its debt facilities had independent credit ratings as at June 30, 2013 as follows:

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

Outstanding Share Data

As at June 30, 2013 there were 68,409,235 common shares issued and outstanding compared to 70,436,319 as at December 31, 2012. This decrease was primarily due to the purchase and cancellation of common shares under the Company's normal course issuer bid during the six months ended June 30, 2013.

As at June 30, 2013, there were 5,133,293 share options outstanding at a weighted-average exercise price of $7.49.

As at August 13, 2013, there were 68,434,802 common shares outstanding and 5,063,226 share options outstanding.

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

Capital Spending and Development

Under its operating agreements in BC, the Company earns a commission on capital investments as a percentage of Gross Gaming Revenues. Under its operating agreement in Nova Scotia, the Company is reimbursed for the majority of its capital projects. The majority of the Company's capital expenditures on gaming operations in British Columbia and Nova Scotia are eligible for reimbursement by the provincial gaming authorities. In British Columbia, through the FDC program, BCLC provides commissions for approved capital and operating expenditures related to the development or improvement of gaming properties as defined in the operating services agreements. Currently, the FDC percentage is 3% of the Gross Gaming Revenues from gaming activities. BCLC provides for an accelerated FDC equal to 2% of the Gross Gaming Revenues towards site-specific reimbursements of new gaming redevelopments. The accelerated FDC is limited to the initial redevelopment of a property and continues to be received until the approved eligible costs of the redevelopment are recovered.

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,	
	2013	2012
Opening Approved Amounts	**$ 412.0**	$ 424.4
Additional Approved Amounts	**1.9**	1.1
FDC receipts	**(17.8)**	(16.8)
Closing Approved Amounts	**$ 396.1**	$ 408.7

The differences between the FDC Additional Approved Amounts and the additions to property, plant and equipment are primarily due to the difference in timing between when the expenditures are incurred, when the invoices are received, and when they are submitted to BCLC for approval.

Approved expenditures incurred to improve or maintain the two Nova Scotia casinos facilities are reimbursed by NSPLCC from a Capital Reserve Account ("CRA"). The Company is required to make contributions to the CRA equal to 5% of the annual gross operational revenues from the two Nova Scotia casinos with a minimum contribution of approximately $5.0 per year adjusted for inflation since April 2010. If the CRA is in a deficit balance, the amount owed to the Company accrues interest at a rate of bank prime plus 2% per annum.

During the second quarter and first half of 2013, the Company's capital expenditures net of related accounts payable totalled $5.8 and $11.9, respectively. Maintenance capital expenditures were primarily related to various property upgrades and information technology. Development capital expenditures during the second quarter and first half of 2013 were primarily related to the planned Maple Ridge Community Gaming Centre and the redevelopment of Boulevard. For the remaining six months of 2013, the Company estimates that development capital expenditures and maintenance capital expenditures net of related accounts payable will total approximately $14.8 and $3.8, respectively.

Contingencies

The Company has issued letters of credit to guarantee performance primarily under gaming cash floats, construction contracts, and provincial gaming corporation payables in the aggregate amount of $29.8 as at June 30, 2013 (December 31, 2012 - $29.9).

Litigation

There were no new material litigation claims in the first half of 2013.

Guarantees and Indemnifications

The Company may provide guarantees and indemnifications in conjunction with transactions in the normal course of operations. These are recorded as liabilities when reasonable estimates of the obligations can be made. Guarantees and indemnifications that the Company has provided include obligations to indemnify:

- directors and officers of the Company and its subsidiaries for potential liability while acting as a director or officer of the Company, together with various expenses associated with defending and settling such suits or actions due to association with the Company, the risk of which is mitigated by the Company's directors' and officers' liability insurance;
- certain vendors of acquired companies or properties for obligations that may or may not have been known at the date of the transaction;
- certain financial institutions for costs that they may incur as a result of representations made in our debt and equity offering documents; and
- lessors of leased properties for personal injury claims that may arise at the facilities we operate.

Commitments

There were no material changes outside of the Company's ordinary course of business that affected the Company's contractual obligations for the first half of 2013.

Future Cash Requirements

Management believes that the Company's current operational requirements and major development plans can be funded from existing cash and cash equivalents, cash generated from operations, and existing capacity on our Revolving Credit Facility. If future circumstances dictate an increased cash requirement and we elect not to delay, limit, or eliminate some of our plans, we may raise additional funds through the refinancing of existing debt, the issuance of additional debt that fits within the limitations established by the covenants on our existing credit and debt facilities, the issuance of hybrid debt-equity securities, or additional equity securities. If the Company needs to access the capital markets for additional financial resources, we believe we will be able to do so at prevailing market rates.

OTHER FINANCIAL INFORMATION

Revenue Recognition Accounting Policy

As a result of changes to the operating arrangements at the Company's Georgian Downs and Flamboro Downs racetracks, effective April 1, 2013, the Company has updated its revenue recognition accounting policy as follows:

> Gaming revenues, which include revenues from table games, slot machines, bingo games, Facility Development Commission from the British Columbia Lottery Corporation ("BCLC"), and site holder payments from the Ontario Lottery and Gaming Corporation ("OLG") up to March 31, 2013, are recorded when earned by the Company after deduction for the portion of gaming and other revenues payable to BCLC, OLG, and the Nova Scotia Provincial Lotteries & Casinos Corporation, accruals for payouts on progressive games, and gaming taxes payable to Washington State.
>
> Racetrack revenues are recorded when earned by the Company, net of amounts returned as winning wagers, provincial and federal taxes, and purses for wagering. Racetrack revenues also include the net amount of the on-site wagering on races simulcast from third parties as well as fees received based on off-site wagering on races simulcast to other racetracks. Transition funding for horse racing received from the Government of Ontario is recorded on a systematic basis over the periods in which the Company records the related eligible horse racing costs for which the funding is intended to compensate.
>
> Food and beverage, hotel, entertainment, lease and other operating revenues are recorded as goods are delivered, or services are performed. Lease revenues includes income from OLG for leasing the slot machine areas at Georgian Downs and Flamboro Downs from April 1, 2013.
>
> The retail value of food and beverage, accommodations, and other incentives furnished to guests without charge is both included in gross revenues and deducted as promotional allowances.

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 ("IAS 32")* – 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.

Recent Accounting Pronouncements

The Company is currently evaluating the effects of the following new and revised accounting pronouncements, which are not expected to have a material impact on the Company's consolidated financial statements:

- *IAS 32* – amended to clarify under what circumstances financial assets and financial liabilities should be offset. It is effective for annual periods beginning on or after January 1, 2014.

- *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. It is effective for annual periods beginning on or after January 1, 2014.

- *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.

Critical Accounting Estimates and Judgments

The Company's reported financial position and results of operations are dependent on the selection of accounting policies that are based on IFRS and accounting estimates that underlie the preparation of the Company's Condensed Interim Financial Statements. The audited consolidated financial statements for the year ended December 31, 2012 ("Annual Financial Statements") contain a summary of the Company's significant accounting policies and accounting estimates. Estimates by their nature are subject to risks, uncertainties and assumptions, which could cause the Company's financial position and operating results to differ materially from those presented in the Company's Annual Financial Statements. Future changes in accounting estimates will be applied on a prospective basis.

The critical accounting estimates and judgments that are the most judgmental or material to the Company's Audited Financial Statements are those relating to the impairments of long-lived assets and goodwill, estimated useful lives of long-lived assets, the fair value of net assets acquired in business combinations, the fair value of assets acquired in business transactions with non-monetary consideration, equity-settled share-based compensation, income taxes, contingencies, hedge accounting, and determination of CGUs. The Company's critical accounting estimates and judgments are further detailed in Note 3 of the Company's Annual Financial Statements.

Financial Instruments and Other Instruments

The Company's risk management strategy is to minimize exposure to currencies other than the Canadian dollar and, with the exception of revolving lines of credit, to fix substantially all of its floating interest rate debt. The financial instrument that gives rise or may give rise to the most significant exposure to floating interest rate risk is the Revolving Credit Facility.

Definitions of Other Terms Used in the MD&A

Gross Gaming Revenues – the amounts wagered on gaming activities, less the payout or prizes to winning customers.

Racebook – an off-racetrack betting facility for pari-mutuel wagering on live horse races displayed by television broadcasts operated by the Company or TBC.

Revenues – the sum of the following:

- Casino gaming in BC – gaming revenues are net of amounts paid to BCLC (provincial government portion is 60% of the win on most table games and 75% of the slot machine win) and are net of accruals for anticipated payouts of progressive slot machine jackpots and progressive table game payouts.
- Bingo and slots at a community gaming centre in BC – gaming revenues are net of amounts paid to BCLC (provincial government portion is 75% of the win on slots, and 40% to 75% of the weekly bingo win) and are net of prizes.
- Horse racing in BC – Racetrack revenues represent the Company's share of total wagering less amounts returned as winning wagers, provincial and federal taxes, and includes the host track share of wagering on the Company's races simulcast to other associations.
- Horse racing in Ontario – Effective April 1, 2013, racetrack revenues includes transition funding

for horse racing received from the Government of Ontario. Prior to April 1, 2013, racetrack revenues represented the Company's share of total wagering less amounts returned as winning wagers, provincial and federal taxes, and included the host track share of wagering on the Company's races simulcast to other associations.

- Casino gaming in Washington – gaming revenues are net of county gaming taxes at various rates ranging from 10% to 11% for card and progressive jackpot games, 5% on pull-tabs and 2% on amusement games.

- Casino gaming in Nova Scotia – effective October 1, 2012, gaming revenues are approximately equal to 52.24% of the gross gaming revenues, after deduction of the capital reserve contribution ("CRC"). The CRC is the greater of 5% of total revenue or $5.0 (adjusted for inflation in each year since 2009). The Company is also entitled to receive additional Operator Fees equal to the lesser of $1.3, or 10% of leased slot machine revenues. Prior to October 1, 2012, gaming revenues were approximately equal to 55.5%, after deduction of the CRC, as described in the "Business Description" section of this MD&A.

- Facility Development Commission ("FDC") – revenues earned from BCLC as a fixed percentage of gross gaming revenues, subject to the Company incurring sufficient Approved Amounts (a defined term in the casino operating service agreements and generally consists of approved capital and operating expenditures related to the development or improvement of gaming properties). BCLC also provides for an accelerated FDC amount towards site-specific reimbursements of new gaming redevelopments. Generally, the FDC percentage is 3% or 5% of gross gaming win from casinos, racetracks and community gaming centres.

- Hospitality, lease and other revenues – food and beverage revenues, hotel revenues, and other revenues such as: ATM commissions, theatre revenues, advertising revenues, lease revenues and other income from ancillary services.

- Promotional allowances – the retail value of promotional allowances furnished to guests without charge, which have been included in gaming revenues or hospitality, lease and other revenues, are deducted.

Additional Information

Additional information relating to the Company, including the Company's latest Condensed Interim Financial Statements, Annual Financial Statements, and Annual Information Form, can be located on the SEDAR website at www.sedar.com or on the Company's website at www.gcgaming.com.

Shareholders of the Company may obtain a copy of the Company's TSX Form 12 Notice of Intention to Make a Normal Course Issuer Bid as filed with and as accepted by the TSX, at no charge, by contacting the Company.

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

SUPPLEMENTAL FINANCIAL INFORMATION

Consolidated Quarterly Results Trend

	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Gaming Revenues					
River Rock Casino Resort	$ 27.4	$ 30.6	$ 26.2	$ 26.1	$ 25.8
Boulevard Casino	9.3	9.7	10.6	10.6	11.1
Vancouver Island Casinos	7.8	7.5	7.6	7.9	7.8
Other BC Casinos	3.7	3.5	3.0	2.3	2.5
Nova Scotia Casinos	9.2	8.3	9.0	11.0	9.8
Great American Casinos	5.3	4.8	4.4	4.3	4.5
BC Racinos	5.0	4.9	4.8	5.1	5.2
Ontario Racetracks	0.7	5.6	5.8	6.5	6.2
	68.4	**74.9**	**71.4**	**73.8**	**72.9**
Facility Development Commission					
River Rock Casino Resort	3.9	4.4	3.9	3.8	3.8
Boulevard Casino	1.6	1.6	1.7	1.7	1.7
Vancouver Island Casinos	1.3	1.5	1.9	1.3	1.3
Other BC Casinos	0.7	0.7	2.6	0.1	0.4
BC Racinos	1.4	0.6	0.6	0.7	0.7
	8.9	**8.8**	**10.7**	**7.6**	**7.9**
Hospitality, Lease and Other Revenues					
River Rock Casino Resort	11.1	9.6	11.4	11.5	11.3
Boulevard Casino	2.2	2.1	2.6	2.2	2.5
Vancouver Island Casinos	1.1	1.0	1.0	1.1	1.1
Other BC Casinos	0.7	0.6	0.7	0.4	0.4
Nova Scotia Casinos	1.7	1.4	2.0	1.3	1.2
Great American Casinos	1.6	1.6	1.6	1.4	1.4
BC Racinos	2.0	1.2	1.5	2.5	2.2
Ontario Racetracks	4.8	0.7	1.1	1.1	1.1
	25.2	**18.2**	**21.9**	**21.5**	**21.2**
Racetrack Revenues					
BC Racinos	2.9	2.2	2.4	3.1	3.2
Ontario Racetracks	1.1	1.0	1.1	1.2	1.1
	4.0	**3.2**	**3.5**	**4.3**	**4.3**
Promotional Allowances	(4.4)	(4.6)	(4.7)	(5.4)	(5.0)
Revenues	**$ 102.1**	**$ 100.5**	**$ 102.8**	**$ 101.8**	**$ 101.3**
EBITDA					
River Rock Casino Resort	$ 21.2	$ 22.7	$ 18.8	$ 19.0	$ 19.2
Boulevard Casino	3.5	4.1	5.1	4.8	5.5
Vancouver Island Casinos	5.5	5.3	5.7	5.3	5.5
Other BC Casinos	2.4	2.3	3.4	0.8	1.3
Nova Scotia Casinos	2.9	2.1	3.1	3.5	2.6
Great American Casinos	1.3	0.9	0.6	0.5	0.5
BC Racinos	2.8	1.4	1.6	1.8	2.0
Ontario Racetracks	3.3	4.0	4.3	4.7	4.3
Corporate & Other	(4.9)	(4.5)	(5.1)	(4.6)	(5.6)
	$ 38.0	**$ 38.3**	**$ 37.5**	**$ 35.8**	**$ 35.3**