GREAT CANADIAN GAMING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month and Nine Month Periods Ended September 30, 2013

As at November 5, 2013

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

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

		September 30, 2013	December 31, 2012
Assets			
Current			
Cash and cash equivalents	Note 4	**$ 169.3**	$ 116.2
Restricted cash		**6.4**	4.9
Accounts receivable		**6.4**	7.7
Income taxes receivable		**2.1**	-
Prepaids, deposits and other assets		**7.7**	6.1
		191.9	134.9
Property, plant and equipment	Note 6	**595.6**	621.3
Intangible assets	Note 7	**78.8**	73.3
Goodwill	Note 8	**20.4**	20.1
Deferred tax assets		**9.4**	9.9
Other assets		**2.8**	3.2
		$ 898.9	$ 862.7
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 51.7**	$ 60.4
Income taxes payable		**-**	0.5
Other liabilities		**2.7**	2.9
		54.4	63.8
Long-term debt	Note 9	**440.7**	439.9
Deferred credits, provisions and other liabilities		**26.6**	25.4
Deferred tax liabilities		**68.5**	53.3
		590.2	582.4
Shareholders' equity			
Share capital and contributed surplus	Note 12	**305.8**	313.5
Accumulated other comprehensive loss	Note 13	**(0.3)**	(1.0)
Retained earnings (deficit)		**3.2**	(32.2)
		308.7	280.3
		$ 898.9	$ 862.7

These financial statements were approved and authorized for issue by the Company's Board of Directors on November 5, 2013.

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Consolidated Statements of Earnings (Loss)

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

		Three months ended September 30, 2013	2012	Nine months ended September 30, 2013	2012
Revenues	Note 14	**$ 103.1**	$ 101.8	**$ 305.7**	$ 305.9
Expenses					
Human resources	Note 20	**40.2**	42.3	**119.7**	123.0
Property, marketing and administration		**23.8**	23.7	**70.6**	72.8
Amortization		**12.2**	12.8	**36.9**	38.7
Share-based compensation	Note 12, 20	**0.9**	0.6	**3.6**	3.4
(Reversal of) impairment of long-lived assets	Note 5	**-**	-	**(28.5)**	54.2
Impairment of goodwill	Note 5	**-**	-	**-**	3.2
Interest and financing costs, net		**8.4**	14.1	**24.8**	28.6
Litigation settlement	Note 22	**-**	-	**-**	11.0
Restructuring and other	Note 15	**0.1**	2.1	**1.4**	2.7
Foreign exchange (gain) loss and other		**(0.2)**	8.1	**(0.6)**	7.0
		85.4	103.7	**227.9**	344.6
Earnings (loss) before income taxes		**17.7**	(1.9)	**77.8**	(38.7)
Income taxes	Note 16	**4.4**	(1.0)	**21.9**	(8.6)
Net earnings (loss)		**$ 13.3**	$ (0.9)	**$ 55.9**	$ (30.1)
Net earnings (loss) per common share	Note 17				
Basic		**$ 0.20**	$ (0.01)	**$ 0.81**	$ (0.38)
Diluted		**$ 0.19**	$ (0.01)	**$ 0.80**	$ (0.38)
Weighted average number of common shares					
Basic		**68,190,104**	75,557,455	**68,975,587**	78,986,338
Diluted		**69,470,979**	75,557,455	**70,115,035**	78,986,338

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(Unaudited - Expressed in millions of Canadian dollars)

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Net earnings (loss)	**$ 13.3**	$ (0.9)	**$ 55.9**	$ (30.1)
Other comprehensive income (loss), net of tax				
Current period changes in fair values of derivatives designated as cash flow hedges, net of income taxes of $nil (2012 - $1.4) and $nil (2012 - $0.8)	**-**	(4.1)	**-**	(2.4)
Loss on derivatives designated as cash flow hedges transferred to net earnings (loss) in the period, net of income taxes of $nil (2012 - $2.7) and $nil (2012 - $2.7)	**-**	8.1	**-**	8.2
Unrealized effect of foreign currency translation of foreign operations	**(0.5)**	(0.8)	**0.7**	(0.6)
Other comprehensive income (loss)	**(0.5)**	3.2	**0.7**	5.2
Total comprehensive income (loss)	**$ 12.8**	$ 2.3	**$ 56.6**	$ (24.9)

GREAT CANADIAN GAMING CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in millions of Canadian dollars)

		Share Capital Number [1]	Share Capital Amount	Contributed Surplus	Share Capital and Contributed Surplus	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
At December 31, 2011		82,477	$ 313.9	$ 42.6	$ 356.5	$ (6.5)	$ 72.4	$ 422.4
Share-based compensation	Note 12		-	1.9	1.9	-	-	1.9
Exercise of incentive stock options		1,437	9.6	(2.4)	7.2	-	-	7.2
Common shares purchased	Note 12	(13,657)	(53.1)	-	(53.1)	-	(77.0)	(130.1)
Total comprehensive income (loss)			-	-	-	5.2	(30.1)	(24.9)
At September 30, 2012		70,257	$ 270.4	$ 42.1	$ 312.5	$ (1.3)	$ (34.7)	$ 276.5
At December 31, 2012		70,436	$ 271.3	$ 42.2	$ 313.5	$ (1.0)	$ (32.2)	$ 280.3
Share-based compensation	Note 12	-	-	2.0	2.0	-	-	2.0
Exercise of incentive stock options		834	5.2	(1.0)	4.2	-	-	4.2
Common shares purchased	Note 12	(3,538)	(13.9)	-	(13.9)	-	(20.5)	(34.4)
Total comprehensive income		-	-	-	-	0.7	55.9	56.6
At September 30, 2013		**67,732**	**$ 262.6**	**$ 43.2**	**$ 305.8**	**$ (0.3)**	**$ 3.2**	**$ 308.7**

(1) Share information is presented in thousands.

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

		Nine months ended Septebmer 30, 2013	2012
Cash Flows from Operating Activities			
Earnings (loss) before income taxes		**$ 77.8**	$ (38.7)
Adjustments to reconcile earnings (loss) before income taxes to net cash generated by operating activities:			
Amortization		**36.9**	38.7
(Reversals of) impairments of long-lived assets	Note 5	**(28.5)**	54.2
Impairment of goodwill	Note 5	**-**	3.2
Share-based compensation	Note 12	**3.6**	3.4
Interest and financing cost, net		**24.8**	28.6
Foreign exchange (gain) loss and other		**(0.6)**	7.0
Other		**(1.0)**	1.6
Changes in non-cash operating working capital	Note 18	**(3.4)**	(2.8)
Cash generated from operations		**109.6**	95.2
Income taxes paid		**(8.8)**	(9.8)
Net cash generated by operating activities		**100.8**	85.4
Cash Flows from Investing Activities			
Purchase of property, plant and equipment, net of related accounts payable		**(17.6)**	(19.5)
Georgian Downs facility settlement payment	Note 5, 6	**31.5**	-
Restricted cash - construction holdbacks		**(1.1)**	(0.4)
Interest income received		**1.1**	1.1
Other		**(0.1)**	(3.3)
Cash generated by (used in) investing activities		**13.8**	(22.1)
Cash Flows from Financing Activities			
Proceeds from long-term debt	Note 9	**-**	450.0
Repayment of debt		**-**	(403.4)
Debt refinancing transaction costs	Note 9	**-**	(14.9)
Common shares issued for cash, net of issuance costs		**4.2**	7.2
Purchase of common shares	Note 12	**(34.4)**	(130.1)
Interest paid		**(32.0)**	(23.7)
Cash used in financing activities		**(62.2)**	(114.9)
Effect of foreign exchange on cash and cash equivalents		**0.7**	0.1
Cash inflow (outflow)		**53.1**	(51.5)
Cash and cash equivalents, beginning of period		**116.2**	134.7
Cash and cash equivalents, end of period		**$ 169.3**	$ 83.2

1. NATURE OF BUSINESS

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

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

2. BASIS OF PRESENTATION

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

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

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.

2. BASIS OF PRESENTATION (Continued)

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 (see Note 14).

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2013, the Company adopted the following revised IASs and 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 16, Property, Plant and Equipment* – amended to clarify the classification of servicing equipment.

- *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 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, *Income Taxes*.

- *IAS 34, Interim Financial Reporting* – amended to clarify the requirements for segment information related to total assets and total liabilities.

- *IFRS 7*, *Financial Instruments: Disclosures ("IFRS 7")* – amended to require disclosure about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

- *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.

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

3. CHANGES IN ACCOUNTING POLICIES (Continued)

- *IAS 27 (2011), Separate Financial Statements ("IAS 27")* – 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 10, 12 and IAS 27* – IFRS 10 has been amended to introduce an exception from the requirement to consolidate subsidiaries for an investment entity. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities. IFRS 7 and IAS 27 have been amended to introduce new disclosure requirements for investment entities. These amendments are 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. The effective date will be determined when all phases of IFRS 9 are completed.

4. CASH AND CASH EQUIVALENTS

	September 30, 2013	December 31, 2012
Cash in banks	**$ 129.8**	$ 96.0
Cash floats	**9.5**	10.2
Cash equivalents	**30.0**	10.0
	$ 169.3	$ 116.2

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

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

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

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 as evidenced by interim lease arrangements, of which the most recent extension was signed in October 2013 and ends on November 15, 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 the Government of Ontario's 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.

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 by the Ontario Racing Commission, 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.

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

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

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

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
Net additions and amortization	**(0.1)**	**(0.2)**	**-**	**(0.3)**	**(0.2)**	**(0.9)**	**(1.1)**
Net Book Value at September 30, 2013	**$ 19.5**	**$ 22.8**	**$ -**	**$ 42.3**	**$ 8.2**	**$ 16.0**	**$ 24.2**

The recoverable amounts for 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. 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.

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

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

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Building Improvements	Leasehold Improvements	Equipment	Properties Under Development	Total
Cost						
Balance at December 31, 2011	$ 82.2	$ 673.2	$ 76.3	$ 102.3	$ 7.8	$ 941.8
Additions	0.1	0.1	0.2	2.6	21.4	24.4
Disposals	-	-	(0.1)	(0.2)	-	(0.3)
Reclassifications	-	8.4	5.2	4.6	(18.2)	-
Translation and other	-	(0.3)	(0.2)	(0.1)	-	(0.6)
Balance at December 31, 2012	$ 82.3	$ 681.4	$ 81.4	$ 109.2	$ 11.0	$ 965.3
Additions	**-**	**0.5**	**-**	**2.6**	**16.1**	**19.2**
Settlement payment [(1)]	**-**	**(31.5)**	**-**	**-**	**-**	**(31.5)**
Disposals	**-**	**-**	**-**	**(0.3)**	**-**	**(0.3)**
Reclassifications	**-**	**(0.2)**	**0.8**	**0.1**	**(0.7)**	**-**
Translation and other	**0.1**	**0.4**	**0.1**	**0.2**	**-**	**0.8**
Balance at September 30, 2013	**$ 82.4**	**$ 650.6**	**$ 82.3**	**$ 111.8**	**$ 26.4**	**$ 953.5**
Accumulated amortization and impairments						
Balance at December 31, 2011	$ (0.9)	$ (136.5)	$ (51.1)	$ (86.1)	$ (3.6)	$ (278.2)
Amortization	-	(27.6)	(2.9)	(7.1)	-	(37.6)
Disposals	-	-	0.1	0.2	-	0.3
Impairments [(2)]	(10.3)	(18.0)	-	(0.4)	-	(28.7)
Reclassifications [(3)]	-	-	(0.2)	-	0.2	-
Translation and other	-	0.1	-	0.1	-	0.2
Balance at December 31, 2012	$ (11.2)	$ (182.0)	$ (54.1)	$ (93.3)	$ (3.4)	$ (344.0)
Amortization	**-**	**(19.2)**	**(2.7)**	**(5.2)**	**-**	**(27.1)**
Disposals	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Impairment reversals [(4)]	**-**	**13.0**	**-**	**0.2**	**-**	**13.2**
Translation and other	**-**	**(0.1)**	**(0.1)**	**(0.1)**	**-**	**(0.3)**
Balance at September 30, 2013	**$ (11.2)**	**$ (188.3)**	**$ (56.9)**	**$ (98.1)**	**$ (3.4)**	**$ (357.9)**
Carrying amount						
At December 31, 2011	$ 81.3	$ 536.7	$ 25.2	$ 16.2	$ 4.2	$ 663.6
At December 31, 2012	$ 71.1	$ 499.4	$ 27.3	$ 15.9	$ 7.6	$ 621.3
At September 30, 2013	**$ 71.2**	**$ 462.3**	**$ 25.4**	**$ 13.7**	**$ 23.0**	**$ 595.6**

(1) The settlement payment received from OLG relates to the Georgian Downs facility (see Note 5).
(2) The impairments relate to Georgian Downs, Flamboro Downs and land previously held for development (see Note 5).
(3) The reclassifications relate to properties under development that were previously impaired and subsequently transferred to leasehold improvements.
(4) The impairment reversals relate to Georgian Downs and Flamboro Downs (see Note 5).

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

7. INTANGIBLE ASSETS

	BC Gaming Operating Agreements	Nova Scotia Gaming Operating Agreement	Ontario Siteholder/ Lease Agreements	Other	Total
Cost					
Balance at December 31, 2011 and 2012 and September 30, 2013	**$ 81.4**	**$ 34.6**	**$ 106.0**	**$ 2.5**	**$ 224.5**
Accumulated amortization and impairments					
Balance at December 31, 2011	$ (44.0)	$ (19.7)	$ (39.9)	$ (1.2)	$ (104.8)
Amortization	(3.3)	(4.2)	(6.3)	(0.2)	(14.0)
Impairments [(1)]	-	-	(32.4)	-	(32.4)
Balance at December 31, 2012	$ (47.3)	$ (23.9)	$ (78.6)	$ (1.4)	$ (151.2)
Amortization	**(2.6)**	**(3.2)**	**(3.9)**	**(0.1)**	**(9.8)**
Impairment reversals [(2)]	**-**	**-**	**15.3**	**-**	**15.3**
Balance at September 30, 2013	**$ (49.9)**	**$ (27.1)**	**$ (67.2)**	**$ (1.5)**	**$ (145.7)**
Carrying amount					
At December 31, 2011	$ 37.4	$ 14.9	$ 66.1	$ 1.3	$ 119.7
At December 31, 2012	$ 34.1	$ 10.7	$ 27.4	$ 1.1	$ 73.3
At Septemeber 30, 2013	**$ 31.5**	**$ 7.5**	**$ 38.8**	**$ 1.0**	**$ 78.8**

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

8. GOODWILL

	Total
Cost	
Balance at December 31, 2011	$ 47.6
Foreign exchange movements	(0.2)
Balance at December 31, 2012	$ 47.4
Foreign exchange movements	0.3
Balance at September 30, 2013	**$ 47.7**
Impairments	
Balance at December 31, 2011	$ (24.1)
Impairment [(1)]	(3.2)
Balance at December 31, 2012	$ (27.3)
Balance at September 30, 2013	**$ (27.3)**

Carrying amount	**GCCI [(2)]**	**GCEC [(3)]**	**Fraser Downs**	**Georgian Downs**	**Great American Casinos**	**Total**
At December 31, 2011	$ 1.6	$ 3.8	$ 8.1	$ 3.2	$ 6.8	$ 23.5
At December 31, 2012	$ 1.6	$ 3.8	$ 8.1	$ -	$ 6.6	$ 20.1
At September 30, 2013	**$ 1.6**	**$ 3.8**	**$ 8.1**	**$ -**	**$ 6.9**	**$ 20.4**

[(1)] The impairment relates to Georgian Downs (see Note 5).
[(2)] "GCCI" means Great Canadian Casinos Inc., a wholly-owned subsidiary of the Company.
[(3)] "GCEC" means Great Canadian Entertainment Centres Ltd., a wholly-owned subsidiary of the Company.

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

9. LONG-TERM DEBT

	September 30, 2013	December 31, 2012
Senior Unsecured Notes, net of unamortized transaction costs of $9.3 (2012 - $10.1)	**$ 440.7**	$ 439.9

As at September 30, 2013 and December 31, 2012, the Company's long-term debt facilities consist of $450.0 Senior Unsecured Notes ("Senior Unsecured Notes") and a $350.0 Senior Secured Revolving Credit Facility (the "Revolving Credit Facility").

a) *Senior Unsecured Notes*

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

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

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

9. LONG-TERM DEBT (Continued)

b) Revolving Credit Facility

As at September 30, 2013, subject to compliance with the related financial covenants, the Company has $320.0 (December 31, 2012 - $320.1) of available credit on its Revolving Credit Facility after deducting outstanding letters of credit of $30.0 (December 31, 2012 - $29.9). The counterparties to this facility are major financial institutions with minimum “A” credit ratings.

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

Transaction costs associated with past refinancing of the Revolving Credit Facility totalling $3.3 during the years 2012 and 2011 are included in the “other assets” line of the condensed interim consolidated statements of financial position and are amortized through the “interest and financing costs, net” line of the condensed interim consolidated statements of earnings (loss) over the term of the Revolving Credit Facility using the effective interest method.

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

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

10. CAPITAL DISCLOSURES

The Company's capital structure comprises:

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

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

As at September 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	2.41
Senior Secured Debt to Adjusted EBITDA ratio (1)	< 3.50	0.00
Interest Coverage ratio (1)	> 2.25	5.86
Fixed Charge Coverage ratio (2)	> 2.00	5.87

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

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

As part of its capital structure monitoring process, the Company's independent credit ratings as at September 30, 2013 were as follows:

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

11. DERIVATIVES

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

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

12. SHARE CAPITAL AND CONTRIBUTED SURPLUS

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

a) Substantial issuer bid

On August 21, 2012, the Company accepted for purchase under a substantial issuer bid 10,000,000 validly tendered common shares at a purchase price of $10.00 per share for a total of $100.0 and $0.3 in related transaction costs. All shares purchased by the Company were subsequently cancelled.

b) 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 nine months ended September 30, 2013, the Company purchased 3,538,440 common shares at a volume weighted-average price per share of $9.73 under this bid. Subsequent to September 30, 2013, the Company purchased 729,300 common shares at a volume weighted-average price per share of $11.69. All shares purchased by the Company were subsequently cancelled.

During the nine months ended September 30, 2012, the Company purchased 3,657,210 common shares at a volume weighted-average price per share of $8.15 under normal course issuer bid. All shares purchased by the Company were subsequently cancelled.

c) Share option plan

The changes in the number of share options and their weighted-average exercise price during the nine months ended September 30, 2013 and the year ended December 31, 2012 were as follows:

	September 30, 2013		December 31, 2012	
	Options [1]	**Weighted-Average Exercise Price**	Options [1]	Weighted-Average Exercise Price
Outstanding, beginning of period	**4,493**	**$ 7.08**	5,895	$ 7.16
Granted	**1,425**	**9.11**	1,288	7.73
Forfeited	**(64)**	**8.65**	(89)	8.73
Expired	**(280)**	**13.40**	(985)	11.92
Exercised	**(834)**	**5.06**	(1,616)	4.88
Outstanding, end of period	**4,740**	**$ 7.65**	4,493	$ 7.08

(1) Option information is presented in thousands.

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

	Nine Months Ended September 30,	
	2013	2012
Option award fair value	**$ 1.54**	$ 1.67
Risk-free interest rate	**1.1%**	1.1%
Expected lives	**2.5 years**	2.5 years
Expected volatility [1]	**25.0%**	30.5%
Dividend yield	**0.0%**	0.0%

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

The Company recorded equity-settled share-based compensation expense of $0.4 for the three months ended September 30, 2013 (2012 - $0.4), and $2.0 for the nine months ended September 30, 2013 (2012 - $1.9).

d) Deferred Share Units (“DSUs”) and Restricted Share Units (“RSUs”)

The changes in the number of DSUs and RSUs provided to non-employee directors of the Company during the nine months ended September 30, 2013 and the year ended December 31, 2012 were as follows:

	September 30, 2013		December 31, 2012	
Number of Units [2]	**DSUs [2]**	**RSUs [2]**	DSUs [2]	RSUs [2]
Outstanding, beginning of period	**216**	**17**	106	7
Issued	**103**	**8**	128	10
Settled in cash	**-**	**(25)**	(18)	-
Outstanding, end of period	**319**	**-**	216	17

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

The Company recorded a liability of $3.5 in “deferred credits, provisions and other liabilities” at September 30, 2013 (December 31, 2012 - $2.2), and cash-settled share-based compensation expense of $0.5 for the three months ended September 30, 2013 (2012 - $0.2), and $1.6 for the nine months ended September 30, 2013 (2012 - $1.5).

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

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

	September 30, 2013	December 31, 2012
Unrealized effect of foreign currency translation of foreign operations	**$ (0.3)**	$ (1.0)
	$ (0.3)	$ (1.0)

14. REVENUES

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Gaming revenues	**$ 69.5**	$ 73.8	**$ 212.8**	$ 223.5
Facility Development Commission	**8.3**	7.6	**25.9**	24.5
Hospitality, lease and other revenues	**26.3**	21.5	**69.8**	60.7
Racetrack revenues	**3.8**	4.3	**10.9**	12.4
	107.9	107.2	**319.4**	321.1
Less: Promotional allowances	**(4.8)**	(5.4)	**(13.7)**	(15.2)
	$ 103.1	$ 101.8	**$ 305.7**	$ 305.9

15. RESTRUCTURING AND OTHER

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Severance [(a)]	**$ -**	$ -	**$ 1.2**	$ -
Equity investment loss [(b)]	**-**	2.0	**-**	2.6
Business development	**0.1**	0.1	**0.4**	0.3
Other	**-**	-	**(0.2)**	(0.2)
	$ 0.1	$ 2.1	**$ 1.4**	$ 2.7

(a) Severance

Non-recurring severance costs were incurred during the first nine months of 2013 primarily as a result of an expected reduction in the number of live horse racing days to be held at the Company’s Georgian Downs and Flamboro Downs properties (See Note 5).

(b) Equity investment loss

During the nine months ended September 30, 2012, the Company acquired a 38% minority equity interest in PDX Entertainment Company (“PDX”) for $3.5. PDX pursued the opportunity to build and operate an entertainment and gaming complex in Wood Village, Oregon. The proposed development required the approval of Wood Village voters through a local municipal ballot measure, and the approval of Oregon voters through two state ballot measures, one of which would have changed the state constitution to permit private-sector casino gaming in Oregon. The ballot measures were voted on November 6, 2012, and the constituents did not support the amendment to the state constitution as proposed. The Company expensed $2.0 of its investment in PDX in the third quarter of 2012, and the remaining balance of the investment was fully expensed in the last quarter of 2012.

16. INCOME TAXES

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Applicable federal and provincial statutory income tax rates [1]	**25.75%**	25.00%	25.75%	25.00%
Earnings (loss) before income taxes	**$ 17.7**	$ (1.9)	**$ 77.8**	$ (38.7)
Expected income tax expense (recovery) for the period	**4.6**	(0.5)	**20.0**	(9.7)
Effect of:				
Non-deductible impairment of goodwill	**-**	-	**-**	0.8
Non-deductible share-based compensation	**0.1**	0.1	**0.5**	0.5
Deferred income tax rates applied versus current income tax rate	**0.1**	(0.3)	**1.7**	0.5
Different jurisdictional statutory tax rates on earnings of subsidiaries	**0.1**	-	**0.4**	-
Revaluation of income tax liabilities from reassessment of prior year taxes	**-**	(0.5)	**-**	(0.9)
Other items	**(0.5)**	0.2	**(0.7)**	0.2
	$ 4.4	$ (1.0)	**$ 21.9**	$ (8.6)

[1] The applicable federal and provincial statutory income tax rates used for the 2013 and 2012 reconciliations above are the income tax rates payable by corporate entities in the province of British Columbia on taxable profits under tax law in that jurisdiction. The rate increased to 26% effective April 1, 2013.

17. NET EARNINGS (LOSS) PER COMMON SHARE

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

		Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Net earnings (loss)	(A)	**$ 13.3**	$ (0.9)	**$ 55.9**	$ (30.1)
Weighted-average number of common shares outstanding [1]	(B)	**68,190**	75,557	**68,976**	78,986
Dilutive adjustment for stock options [1]		**1,281**	-	**1,139**	-
Diluted weighted-average number of common shares [1]	(C)	**69,471**	75,557	**70,115**	78,986
Net earnings (loss) per common share					
Basic	(A/B)	**$ 0.20**	$ (0.01)	**$ 0.81**	$ (0.38)
Diluted	(A/C)	**$ 0.19**	$ (0.01)	**$ 0.80**	$ (0.38)

[1] Share information is presented in thousands.

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

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Options [2]	**-**	4,652	**1,411**	4,652

[2] Option information is presented in thousands.

18. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Restricted cash - operating	**$ (0.4)**	$ 0.5
Accounts receivable	**1.4**	0.6
Prepaids, deposits and other assets	**(1.6)**	(1.7)
Accounts payable and accrued liabilities	**(2.8)**	(2.2)
	$ (3.4)	$ (2.8)

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

19. SEGMENT INFORMATION

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

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

	Three months ended September 30, 2013			Three months ended September 30, 2012		
	Revenues	**EBITDA**	**Additions to long-lived assets and goodwill**	Revenues	EBITDA	Additions to long-lived assets and goodwill
Canada	**$ 97.1**	**$ 38.3**	**$ 6.3**	$ 96.7	$ 35.3	$ 6.2
U.S.	**6.0**	**0.8**	**-**	5.1	0.5	-
	$ 103.1	**$ 39.1**	**$ 6.3**	$ 101.8	$ 35.8	$ 6.2

	Nine months ended September 30, 2013			Nine months ended September 30, 2012		
	Revenues	**EBITDA**	**Additions to long-lived assets and goodwill**	Revenues	EBITDA	Additions to long-lived assets and goodwill
Canada	**$ 287.6**	**$ 112.4**	**$ 19.1**	$ 289.7	$ 108.3	$ 19.1
U.S.	**18.1**	**3.0**	**0.1**	16.2	1.8	0.2
	$ 305.7	**$ 115.4**	**$ 19.2**	$ 305.9	$ 110.1	$ 19.3

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2013	2012	**2013**	2012
EBITDA	**$ 39.1**	$ 35.8	**$ 115.4**	$ 110.1
Amortization	**12.2**	12.8	**36.9**	38.7
Share-based compensation	**0.9**	0.6	**3.6**	3.4
(Reversals of) impairments of long-lived assets	**-**	-	**(28.5)**	54.2
Impairment of goodwill	**-**	-	**-**	3.2
Interest and financing costs, net	**8.4**	14.1	**24.8**	28.6
Litigation settlement	**-**	-	**-**	11.0
Restructuring and other	**0.1**	2.1	**1.4**	2.7
Foreign exchange (gain) loss and other	**(0.2)**	8.1	**(0.6)**	7.0
Earnings (loss) before income taxes	**$ 17.7**	$ (1.9)	**$ 77.8**	$ (38.7)

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

	As at September 30, 2013			As at December 31, 2012		
	Property, plant and equipment	**Goodwill**	**Total assets**	Property, plant and equipment	Goodwill	Total assets
Canada	**$ 583.5**	**$ 13.5**	**$ 873.6**	$ 609.1	$ 13.5	$ 838.9
U.S.	**12.1**	**6.9**	**25.3**	12.2	6.6	23.8
	$ 595.6	**$ 20.4**	**$ 898.9**	$ 621.3	$ 20.1	$ 862.7

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

20. RELATED PARTY TRANSACTIONS

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Human resources [1]	**$ 0.6**	$ 0.6	**$ 1.8**	$ 1.7
Share-based compensation [2]	**0.7**	0.4	**2.3**	2.3
Total	**$ 1.3**	$ 1.0	**$ 4.1**	$ 4.0

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

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

As at September 30, 2013, the liabilities of the Company include amounts due to key management personnel of $0.8 (December 31, 2012 - $0.9) in "accounts payable and accrued liabilities" and $3.5 (December 31, 2012 - $2.2) in "deferred credits, provisions and other liabilities" of the condensed interim consolidated statements of financial position.

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

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

	Nine months ended September 30,	
	2013	2012
Opening Approved Amounts	**$ 412.0**	$ 424.4
Additional Approved Amounts	**2.9**	1.3
FDC receipts	**(25.9)**	(24.5)
Closing Approved Amounts	**$ 389.0**	$ 401.2

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

22. LITIGATION SETTLEMENT

The Company made a total cash payment of $11.0 in July 2012 related to the settlement of a legal dispute and recorded a "litigation settlement" expense during the second quarter of 2012.

23. FAIR VALUE MEASUREMENT

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

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

The Company's cash equivalents and long-term debt instruments are Level 2 financial instruments as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity. As at September 30, 2013, the fair value and carrying value of the Company's cash equivalents was $30.0 (December 31, 2012 - $10.0). As at September 30, 2013, the Company's long-term debt instruments had a fair value of $456.8 (December 31, 2012 - $468.0) and a carrying value of $440.7 (December 31, 2012 - $439.9).

The Company's contingent future trailing payments are recurring Level 3 financial instruments as they require management to make assumptions regarding the measurement of fair value using significant inputs that are not based on observable market data. As at September 30, 2013, the fair value and carrying value of the Company's contingent future trailing payments was $3.5 (December 31, 2012 - $3.3). The change in the contingent future trailing payments is recorded in "Interest and financing costs, net" on the condensed interim consolidated statements of earnings (loss).

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

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