GREAT CANADIAN GAMING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month and Nine Month Periods Ended September 30, 2012

As at November 6, 2012

(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, 2012	December 31, 2011
Assets			
Current			
Cash and cash equivalents	Note 4	$ **83.2**	$ 134.7
Restricted cash		**7.0**	7.1
Accounts receivable		**7.2**	8.9
Prepaids, deposits and other assets		**8.3**	6.6
		105.7	157.3
Property, plant and equipment	Note 6	**632.3**	663.6
Intangible assets	Note 7	**76.9**	119.7
Goodwill	Note 8	**20.1**	23.5
Deferred tax assets		**10.0**	9.1
Other assets		**4.2**	2.9
		$ **849.2**	$ 976.1
Liabilities			
Current			
Accounts payable and accrued liabilities		$ **54.1**	$ 59.0
Income taxes payable		**0.1**	0.8
Other liabilities		**3.2**	5.1
		57.4	64.9
Long-term debt	Note 9	**439.7**	332.6
Derivative liabilities	Note 11	**-**	66.3
Deferred credits, provisions and other liabilities		**24.5**	23.7
Deferred tax liabilities		**51.1**	66.2
		572.7	553.7
Shareholders' equity			
Share capital and contributed surplus	Note 12	**312.5**	356.5
Accumulated other comprehensive loss	Note 13	**(1.3)**	(6.5)
(Deficit) retained earnings		**(34.7)**	72.4
		276.5	422.4
		$ **849.2**	$ 976.1

These financial statements were approved and authorized for issue by the Company's Board of Directors on November 6, 2012.

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, **2012**	2011	Nine months ended September 30, **2012**	2011
Revenues	Note 14	**$ 101.8**	$ 101.0	**$ 305.9**	$ 292.5
Expenses					
Human resources		**42.3**	39.5	**123.0**	115.8
Property, marketing and administration		**23.7**	22.9	**72.8**	68.8
Amortization		**12.8**	14.7	**38.7**	43.7
Share-based compensation	Note 12	**0.6**	0.9	**3.4**	4.3
Impairment of long-lived assets	Note 5	**-**	-	**54.2**	-
Impairment of goodwill	Note 5	**-**	-	**3.2**	-
Interest and financing costs, net	Note 9	**14.1**	7.9	**28.6**	21.8
Litigation settlement	Note 22	**-**	-	**11.0**	-
Equity investment loss and other	Note 21	**2.1**	0.3	**2.7**	0.7
Foreign exchange loss and other	Note 11	**8.1**	4.3	**7.0**	4.1
(Loss) earnings before income taxes		**(1.9)**	10.5	**(38.7)**	33.3
Income taxes	Note 15	**(1.0)**	2.6	**(8.6)**	9.4
Net (loss) earnings		**$ (0.9)**	$ 7.9	**$ (30.1)**	$ 23.9
Net (loss) earnings per common share	Note 16				
Basic		**$ (0.01)**	$ 0.10	**$ (0.38)**	$ 0.29
Diluted		**$ (0.01)**	$ 0.09	**$ (0.38)**	$ 0.28
Weighted average number of common shares					
Basic		**75,557,455**	82,522,689	**78,986,338**	82,841,909
Diluted		**75,557,455**	84,078,635	**78,986,338**	84,453,688

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

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

	Three months ended September		Nine months ended September 30,	
	2012	2011	**2012**	2011
Net (loss) earnings	**$ (0.9)**	$ 7.9	**$ (30.1)**	$ 23.9
Other comprehensive income (loss), net of tax				
Current period changes in fair values of derivatives designated as cash flow hedges, net of income taxes of $1.4 (2011 - $5.2) and $0.8 (2011 - $2.7)	**(4.1)**	14.4	**(2.4)**	7.5
Loss on derivatives designated as cash flow hedges transferred to net (loss) earnings in the period, net of income taxes of $2.7 (2011 - $6.2) and $2.7 (2011 - $3.6)	**8.1**	(17.0)	**8.2**	(9.8)
Unrealized effect of foreign currency translation of foreign operations	**(0.8)**	1.8	**(0.6)**	1.2
Other comprehensive income (loss)	**3.2**	(0.8)	**5.2**	(1.1)
Total comprehensive income (loss)	**$ 2.3**	$ 7.1	**$ (24.9)**	$ 22.8

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

		Common Shares		Contributed	Share Capital and Contributed	Accumulated Other Comprehensive	Retained Earnings	
		Number [(1)]	Amount	Surplus	Surplus	Loss	(Deficit)	Total
At December 31, 2010		82,872	$ 314.7	$ 40.2	$ 354.9	$ (4.9)	$ 51.1	$ 401.1
Share-based compensation		-	-	3.4	3.4	-	-	3.4
Exercise of incentive stock options		358	1.6	(0.6)	1.0	-	-	1.0
Common shares purchased		(1,480)	(5.7)	-	(5.7)	-	(4.9)	(10.6)
Total comprehensive (loss) income		-	-	-	-	(1.1)	23.9	22.8
At September 30, 2011		81,750	$ 310.6	$ 43.0	$ 353.6	$ (6.0)	$ 70.1	$ 417.7
At December 31, 2011		82,477	$ 313.9	$ 42.6	$ 356.5	$ (6.5)	$ 72.4	$ 422.4
Share-based compensation		-	-	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

[(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 September 30, 2012	2011
Cash Flows from Operating Activities			
(Loss) earnings before income taxes		**$ (38.7)**	$ 33.3
Adjustments to reconcile (loss) earnings to net cash provided by operating activities:			
Amortization		**38.7**	43.7
Impairment of long-lived assets	Note 5	**54.2**	-
Impairment of goodwill	Note 5	**3.2**	-
Share-based compensation		**3.4**	4.3
Interest and financing cost, net		**28.6**	21.8
Foreign exchange loss and other	Note 11	**7.0**	4.1
Equity investment loss	Note 21	**2.6**	-
Other		**(1.0)**	(1.3)
Changes in non-cash operating working capital	Note 17	**(2.8)**	(4.0)
Cash generated from operations		**95.2**	101.9
Income taxes paid		**(9.8)**	(12.0)
Net cash generated by operating activities		**85.4**	89.9
Cash Flows from Investing Activities			
Proceeds from the maturity of short-term investments		**-**	88.3
Purchase of short-term investments		**-**	(35.3)
Purchase of property, plant and equipment, net of related accounts payable		**(19.5)**	(34.3)
Acquisition of Chilliwack Bingo		**-**	(10.2)
Restricted cash - construction holdbacks		**(0.4)**	(1.3)
Equity investment in PDX Entertainment Company	Note 21	**(3.5)**	-
Other		**0.2**	(1.1)
Interest income received		**1.1**	0.9
Cash (used in) generated by investing activities		**(22.1)**	7.0
Cash Flows from Financing Activities			
Proceeds from long-term debt	Note 9	**450.0**	-
Repayment of debt and related derivative liabilities	Note 9	**(403.4)**	(1.5)
Debt refinancing transaction costs	Note 9	**(14.9)**	(2.7)
Common shares issued for cash, net of issuance costs		**7.2**	1.0
Purchase of common shares	Note 12	**(130.1)**	(10.6)
Interest paid		**(23.7)**	(23.8)
Cash used in financing activities		**(114.9)**	(37.6)
Effect of foreign exchange on cash and cash equivalents		**0.1**	0.9
Cash (outflow) inflow		**(51.5)**	60.2
Cash and cash equivalents, beginning of period		**134.7**	50.9
Cash and cash equivalents, end of period		**$ 83.2**	$ 111.1

1. NATURE OF BUSINESS

Great Canadian Gaming Corporation (the "Company") is a multi-jurisdictional gaming, entertainment, and hospitality operator with 17 gaming facilities, which include ten casinos, four horse racetrack casinos, three community gaming centres, and a Four Diamond hotel resort, located in British Columbia, Ontario, Nova Scotia, and Washington State.

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, 2011 ("Annual Financial Statements").

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

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2012, 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 12, Income Taxes ("IAS 12")* – amended to provide a practical solution to determining the recovery of investment properties as it relates to accounting for deferred taxes.

- *IFRS 7, Financial Instruments: Disclosures* – amended to increase the disclosure requirements in connection with the transfer of financial assets to a third party that are not derecognised from the Company's condensed interim consolidated financial statements.

Recent accounting pronouncements
The IASB issued the following new and revised accounting pronouncements, which are not expected to have a material impact on the Company's condensed interim consolidated financial statements:

Effective for annual periods beginning on or after January 1, 2013:

- *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 ("IAS 16")* – amended to clarify the classification of servicing equipment.

- *IAS 32, Financial Instruments: Presentation* – amended to clarify that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12.

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

- *IFRS 13, Fair Value Measurement* – provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

Effective for annual periods beginning on or after January 1, 2015:

- *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.

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

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Recent accounting pronouncements (Continued)
The IASB also issued the following new and revised standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements with other entities:

- *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.

These five standards must be adopted concurrently and are effective for annual periods beginning on or after January 1, 2013.

4. CASH AND CASH EQUIVALENTS

	September 30, 2012	December 31, 2011
Cash in banks	**$ 76.1**	$ 109.4
Cash floats	**7.1**	9.8
Cash equivalents	**-**	15.5
	$ 83.2	$ 134.7

5. IMPAIRMENT OF LONG-LIVED ASSETS AND GOODWILL

In March 2012, the Government of Ontario directed the Ontario Lottery and Gaming Corporation ("OLG") to end the "Slots at Racetracks" program for all Ontario racetracks on March 31, 2013, in an effort to modernize that province's gaming model. As part of that plan, and as permitted under the related agreements, on March 29, 2012, OLG provided notice that the site holder agreements with the Company's Georgian Downs and Flamboro Downs racetracks will terminate on March 31, 2013. There may be a negative effect on the future revenues of Georgian Downs and Flamboro Downs as a result of these terminations. All other "Slots at Racetracks" facilities in Ontario received similar termination notices, with the exception of three facilities located proximate to the U.S. border, which closed on April 30, 2012.

As a result of the early termination of Georgian Downs' site holder agreement, which was previously scheduled to expire in November 2021, the Company has recorded impairments of goodwill, intangible assets, and property, plant and equipment of $3.2, $8.2, and $16.6, respectively. The Company also recorded impairments of intangible assets and property, plant and equipment of $24.2 and $5.2, respectively, in connection with Flamboro Downs' site holder agreement, which was previously scheduled to expire in April 2016.

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

In May 2012, OLG issued a request for information ("RFI") to obtain input from potential industry participants regarding the expansion of private-sector gaming. After the completion of the RFI process a similar request for pre-qualifications and request for proposals process will follow. OLG has stated that it may begin the request for pre-qualifications process in late fall 2012, and the request for proposals process in early 2013.

The Company is in continuing discussions with OLG regarding its existing operations and the potential future opportunities that may arise from the continued modernization of gaming in Ontario. The Company and OLG are currently negotiating short-term lease agreements that are expected to ensure the ongoing operations of slot machines at Georgian Downs and Flamboro Downs beyond March 31, 2013.

[(1)] 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, impairments of long-lived assets and goodwill, litigation settlement, equity investment loss and other, and foreign exchange loss and other. EBITDA can be computed as revenues less human resources and property, marketing and administration expenses.

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

Additional changes in OLG's operating model, such as the expansion of its business lines, could increase competition and negatively impact the Company's two racetracks in Ontario. The Government of Ontario has also asked an expert panel of three former Ontario Cabinet ministers (the "Ontario Horse Racing Industry Transition Panel") to consult with the horse racing industry to determine how the Government can support the transition to a self-sufficient business model, including the allocation of transitional funds. In October 2012, the Ontario Horse Racing Industry Transition 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 Ontario Horse Racing Industry Transition Panel assumes that the participating racetrack operators will not derive profit from racing operations. With the elimination of the Slots at Racetracks program, the recommended operating costs incurred by the racetracks would be publicly funded, subject to an expert external review. Similarly, it recommended public funding to the horse racing industry over three years, subject to ongoing accountability audits. The Ontario Horse Racing Industry Transition 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 earnings in the industry. Consequently, it is not certain at this time the full extent of the impact that the continued modernization of gaming and the change in horse racing business model in Ontario may have on the Company.

As the carrying value of Georgian Downs' and Flamboro Downs' assets are 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 a reversal of an impairment loss. As at September 30, 2012, the carrying values of the intangible assets and property, plant and equipment associated with Georgian Downs were $16.0 and $46.8, respectively. As at September 30, 2012, the carrying values of the intangible assets and property, plant and equipment associated with Flamboro Downs were $13.2 and $7.7, respectively.

In connection with the impairments 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 and the impairment is a $0.7 increase in the annual non-cash amortization expense related to these assets on a prospective basis.

(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, 2010	$ 65.8	$ 651.8	$ 71.4	$ 95.8	$ 9.2	$ 894.0
Additions	10.7	-	0.2	2.9	28.9	42.7
Acquired through business combination	5.7	-	-	-	-	5.7
Disposals	-	-	-	(0.8)	-	(0.8)
Reclassifications	-	21.6	4.6	4.1	(30.3)	-
Translation and other	-	(0.2)	0.1	0.3	-	0.2
Balance at December 31, 2011	$ 82.2	$ 673.2	$ 76.3	$ 102.3	$ 7.8	$ 941.8
Additions	0.1	0.1	0.2	2.2	16.7	19.3
Disposals	-	-	(0.1)	(0.2)	-	(0.3)
Reclassifications	-	2.0	1.3	2.8	(6.1)	-
Translation and other	(0.1)	(0.5)	(0.1)	(0.2)	-	(0.9)
Balance at September 30, 2012	**$ 82.2**	**$ 674.8**	**$ 77.6**	**$ 106.9**	**$ 18.4**	**$ 959.9**
Accumulated amortization and impairments						
Balance at December 31, 2010	$ (0.9)	$ (108.3)	$ (38.2)	$ (78.1)	$ (5.5)	$ (231.0)
Amortization	-	(28.1)	(7.1)	(8.3)	-	(43.5)
Disposals	-	-	-	0.8	-	0.8
Impairments	-	-	(3.9)	(0.5)	-	(4.4)
Reclassifications	-	-	(1.9)	-	1.9	-
Translation and other	-	(0.1)	-	-	-	(0.1)
Balance at December 31, 2011	$ (0.9)	$ (136.5)	$ (51.1)	$ (86.1)	$ (3.6)	$ (278.2)
Amortization	-	(20.8)	(2.1)	(5.4)	-	(28.3)
Disposals	-	-	0.1	0.2	-	0.3
Impairments [(1)]	(3.4)	(18.0)	-	(0.4)	-	(21.8)
Translation and other	-	0.2	0.1	0.1	-	0.4
Balance at September 30, 2012	**$ (4.3)**	**$ (175.1)**	**$ (53.0)**	**$ (91.6)**	**$ (3.6)**	**$ (327.6)**
Carrying amount						
At December 31, 2010	$ 64.9	$ 543.5	$ 33.2	$ 17.7	$ 3.7	$ 663.0
At December 31, 2011	$ 81.3	$ 536.7	$ 25.2	$ 16.2	$ 4.2	$ 663.6
At September 30, 2012	**$ 77.9**	**$ 499.7**	**$ 24.6**	**$ 15.3**	**$ 14.8**	**$ 632.3**

(1) The impairments 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 Agreements	Other	Total
Cost					
Balance at December 31, 2010	$ 76.1	$ 34.6	$ 106.0	$ 2.5	$ 219.2
Acquired through business combination	5.3	-	-	-	5.3
Balance at December 31, 2011	$ 81.4	$ 34.6	$ 106.0	$ 2.5	$ 224.5
Balance at September 30, 2012	**$ 81.4**	**$ 34.6**	**$ 106.0**	**$ 2.5**	**$ 224.5**
Accumulated amortization and impairments					
Balance at December 31, 2010	$ (38.1)	$ (15.5)	$ (35.2)	$ (1.0)	$ (89.8)
Amortization	(5.9)	(4.2)	(4.7)	(0.2)	(15.0)
Balance at December 31, 2011	$ (44.0)	$ (19.7)	$ (39.9)	$ (1.2)	$ (104.8)
Amortization	(2.6)	(3.2)	(4.5)	(0.1)	(10.4)
Impairments [(1)]	-	-	(32.4)	-	(32.4)
Balance at September 30, 2012	**$ (46.6)**	**$ (22.9)**	**$ (76.8)**	**$ (1.3)**	**$ (147.6)**
Carrying amount					
At December 31, 2010	$ 38.0	$ 19.1	$ 70.8	$ 1.5	$ 129.4
At December 31, 2011	$ 37.4	$ 14.9	$ 66.1	$ 1.3	$ 119.7
At September 30, 2012	**$ 34.8**	**$ 11.7**	**$ 29.2**	**$ 1.2**	**$ 76.9**

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

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

8. GOODWILL

		Total
Cost		
Balance at December 31, 2010	$	47.4
Foreign exchange movements		0.2
Balance at December 31, 2011	$	47.6
Foreign exchange movements		(0.2)
Balance at September 30, 2012	**$**	**47.4**

Impairments		
Balance at December 31, 2010	$	(24.1)
Balance at December 31, 2011	$	(24.1)
Impairment [(1)]		(3.2)
Balance at September 30, 2012	**$**	**(27.3)**

Carrying amount		GCCI		GCEC		Fraser Downs		Georgian Downs		Great American Casinos		Total
At December 31, 2010	$	1.6	$	3.8	$	8.1	$	3.2	$	6.6	$	23.3
At December 31, 2011	$	1.6	$	3.8	$	8.1	$	3.2	$	6.8	$	23.5
At September 30, 2012	**$**	**1.6**	**$**	**3.8**	**$**	**8.1**	**$**	**-**	**$**	**6.6**	**$**	**20.1**

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

9. LONG-TERM DEBT

		September 30, 2012		December 31, 2011
Senior Unsecured Notes, net of unamortized transaction costs of $10.3 (2011 - $nil)	**$**	**439.7**	$	-
Term Loan B, net of unamortized transaction costs of $nil (2011 - $1.1)		**-**		163.7
Senior Subordinated Notes and unamortized premium of $nil (2011 - $0.8), net of unamortized transaction costs of $nil (2011 - $2.7)		**-**		170.9
		439.7		334.6
Less: current portion		**-**		2.0
	$	**439.7**	$	332.6

a) *Long-term 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 (see Note 11), and the remainder was retained for general corporate purposes.

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

9. LONG-TERM DEBT (Continued)

a) *Long-term debt refinancing (Continued)*

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 commencing on January 25, 2013. There are customary provisions for early redemptions of the Senior Unsecured Notes during defined periods prior to maturity with payment of defined premiums.

As part of this refinancing, on July 5, 2012, the Company commenced a cash tender offer and consent solicitation with respect to the Subordinated Notes ("Tender Offer"). A total of approximately US$146.7 (or 86.3%) of the US$170.0 Subordinated Notes were validly tendered and repurchased under the Tender Offer, which expired on August 2, 2012. On July 24, 2012, the Company issued a 30 day advanced notice of mandatory redemption of the remaining US$23.3 Subordinated Notes, which were outstanding after the Tender Offer. These remaining Subordinated Notes were redeemed on August 23, 2012. The total transaction costs of $3.9 associated with the repurchase and redemption of the Subordinated Notes were expensed as "interest and financing costs, net" on the condensed interim consolidated statements of earnings (loss), and included a $3.1 tender premium related to the Tender Offer, a $0.4 redemption premium, and legal and other costs of $0.4.

On July 24, 2012, the Company extended the maturity of its $350.0 Senior Secured Revolving Credit Facility ("Revolving Credit Facility) by one year to July 21, 2017. As at September 30, 2012, the Company has $318.0 (December 31, 2011 – $317.7) of available credit on its Revolving Credit Facility after deducting outstanding letters of credit of $32.0 (December 31, 2011 - $32.3) utilized to guarantee performance primarily related to gaming cash floats, construction contracts and provincial gaming corporation payables. The counterparties to this facility are major financial institutions with minimum "A" credit ratings.

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 will be amortized to "interest and financing costs, net" on the condensed interim consolidated statements of earnings (loss) over the term of the Senior Unsecured Notes using the effective interest method. Transaction costs of $0.5 associated with the Revolving Credit Facility amendment are recorded as a component of "other assets" on the condensed interim consolidated statements of financial position, and will be amortized to "interest and financing costs, net" on the condensed interim consolidated statements of earnings (loss) over the term of the Revolving Credit Facility using the effective interest method.

b) *Interest and financing costs, net*

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
Interest and financing costs on long-term debt	**$ 10.5**	$ 7.9	**$ 25.4**	$ 21.9
Subordinated Notes redemption premium and fees	**3.9**	**-**	**3.9**	-
Bank charges and other	**-**	0.3	**0.4**	0.9
Interest income	**(0.3)**	(0.3)	**(1.1)**	(1.0)
Interest and financing costs, net	**$ 14.1**	$ 7.9	**$ 28.6**	$ 21.8

During the three months ended September 30, 2012, the Company expensed the remaining deferred financing transaction costs and premium associated with the Term Loan B and the Subordinated Notes of $2.4 as "interest and financing costs on long-term debt" within "interest and financing costs, net" on the condensed interim consolidated statements of earnings (loss).

(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, 2012, the Company was in compliance with its financial covenants as shown below:

Covenant test	Required ratio	Actual ratio
Total Debt to Adjusted EBITDA ratio [1]	< 5.00	3.10
Senior Secured Debt to Adjusted EBITDA ratio [1]	< 3.50	0.00
Interest Coverage ratio [1]	> 2.25	4.89
Fixed Charge Coverage ratio [2]	> 2.00	4.81

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

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

As part of its capital structure monitoring process, the Company's independent credit ratings as at September 30, 2012 were as follows:

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

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

11. DERIVATIVES

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 2007. 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". As at June 30, 2012, the cross-currency interest rate and principal swaps were:

	Notional Principal		Interest Rate		
Debt	**Receive (USD)**	**Pay (CAD)**	**Receive (USD)**	**Pay (CAD)**	**Maturity Date**
Term Loan B	$ 96.7 [(1)]	$ 114.1 [(1)]	US LIBOR+1.50%	6.1%	February 13, 2014
Term Loan B	$ 64.4 [(1)]	$ 76.1 [(1)]	US LIBOR+1.50%	6.7%	February 13, 2014
Subordinated Notes	$ 102.0	$ 120.7	7.25%	6.6%	February 15, 2015
Subordinated Notes	$ 68.0	$ 80.4	7.25%	7.1%	February 15, 2015

[(1)] The Term Loan B cross-currency interest rate swap's notional principal reduces by 0.25% of the original principal of $170.0 USD quarterly to match the scheduled principal reductions on the Term Loan B.

On July 24, 2012, as part of a 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. Accordingly, the accumulated $8.1 loss on derivatives designated as cash flow hedges within "accumulated other comprehensive loss" has been reclassified to "foreign exchange loss and other", which reflects the fair value changes of the underlying elements of the cross-currency interest rate and principal swaps.

During the three months ended September 30, 2011, the Company completed an amendment of its February 14, 2007 Credit and Guarantee Agreement. In connection with this amendment, the Company discontinued hedge accounting for a portion of the cash flows associated with the Term Loan B and Subordinated Notes cross-currency interest rate and principal swaps and recognized foreign exchange losses of $5.0 during the three months ended September 30, 2011.

12. SHARE CAPITAL AND CONTRIBUTED SURPLUS

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

a) Issuer bids

In January 2012, the Company commenced a normal course issuer bid that allows the Company to purchase up to 5,811,197 of its common shares. This bid expires on January 26, 2013, or earlier if the number of shares approved for purchase in the issuer bid has been obtained. For the three months ended September 30, 2012, the Company did not purchase common shares under the normal course issuer bid. For the nine months ended September 30, 2012, the Company purchased 3,657,210 common shares at a weighted-average price per share of $8.15 under the normal course issuer bid.

On July 6, 2012, the Company commenced a substantial issuer bid, pursuant to which the Company offered to purchase for cancellation up to 10,000,000 of its outstanding common shares from shareholders at a purchase price of $10.00 per share. On August 21, 2012, the Company accepted for purchase 10,000,000 of the 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 cancelled. The Company's share capital was reduced by an amount equal to the carrying value of the shares repurchased and the remainder was recorded as a reduction to retained earnings on the condensed interim consolidated statements of changes in equity.

b) Share option plan

The changes in share options during the nine months ended September 30, 2012 and the year ended December 31, 2011 were as follows:

	September 30, 2012		December 31, 2011	
	Options [1]	**Weighted-Average Exercise Price**	Options [1]	Weighted-Average Exercise Price
Outstanding, beginning of period	**5,895**	**$ 7.16**	6,966	$ 7.23
Granted	**1,238**	**7.67**	1,555	7.38
Forfeited	**(59)**	**9.04**	(696)	8.88
Expired	**(985)**	**11.92**	(845)	11.87
Exercised	**(1,437)**	**5.03**	(1,085)	3.12
Outstanding, end of period	**4,652**	**$ 6.93**	5,895	$ 7.16

[1] Option information is presented in thousands.

12. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

b) Share option plan (Continued)

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,	
	2012	2011
Option award fair value	**$ 1.67**	$ 2.38
Risk-free interest rate	**1.1%**	1.6%
Expected lives	**2.5 years**	2.5 years
Expected volatility [1]	**30.5%**	50.0%
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, 2012 (2011 - $0.9), and $1.9 for the nine months ended September 30, 2012 (2011 - $3.4).

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

The changes in DSUs and RSUs during the nine months ended September 30, 2012 and the year ended December 31, 2011 were as follows:

	September 30, 2012		December 31, 2011	
	DSUs [2]	**RSUs [2]**	DSUs [2]	RSUs [2]
Outstanding, beginning of period	**106**	**7**	-	-
Issued	**128**	**8**	113	7
Settled in cash	**(18)**	**-**	(7)	-
Outstanding, end of period	**216**	**15**	106	7

[2] DSU and RSU information are presented in thousands.

The Company recorded a liability of $2.3 in "deferred credits, provisions and other liabilities" at September 30, 2012 (December 31, 2011 - $0.8) for the outstanding DSUs and RSUs. The Company recorded cash-settled share-based compensation expense of $0.2 for the three months ended September 30, 2012 (2011 - $nil), and $1.5 for the nine months ended September 30, 2012 (2011 - $0.9).

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

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

	September 30, 2012	December 31, 2011
Accumulated loss on derivatives designated as cash flow hedges, net of income taxes	$ -	$ (5.8)
Unrealized effect of foreign currency translation of foreign operations	(1.3)	(0.7)
Accumulated other comprehensive loss	$ (1.3)	$ (6.5)

14. REVENUES

	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Gaming revenues	$ 73.8	$ 73.7	$ 223.5	$ 213.5
Facility Development Commission	7.6	8.1	24.5	23.5
Hospitality and other revenues	21.5	17.9	60.7	51.5
Racetrack revenues	4.3	5.2	12.4	15.1
	107.2	104.9	321.1	303.6
Less: Promotional allowances	(5.4)	(3.9)	(15.2)	(11.1)
Revenues	$ 101.8	$ 101.0	$ 305.9	$ 292.5

15. INCOME TAXES

	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Applicable federal and provincial statutory income tax rate	25.00%	26.50%	25.00%	26.50%
Expected income tax (recovery) expense for the period	$ (0.5)	$ 2.8	$ (9.7)	$ 8.8
Effect of:				
Non-deductible impairment of goodwill	-	-	0.8	-
Non-deductible share-based compensation	0.1	0.2	0.5	0.9
Impact of deferred income tax rates applied versus current statutory income tax rate	(0.3)	(0.4)	0.5	(0.6)
Revaluation of income tax liabilities from reassessment of prior year taxes	(0.5)	-	(0.9)	-
Other items	0.2	-	0.2	0.3
	$ (1.0)	$ 2.6	$ (8.6)	$ 9.4

16. NET (LOSS) EARNINGS PER COMMON SHARE

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

		Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Net (loss) earnings	(A)	**$ (0.9)**	$ 7.9	**$ (30.1)**	$ 23.9
Weighted-average number of common shares outstanding [1]	(B)	**75,558**	82,523	**78,986**	82,842
Dilutive adjustment for stock options [1]		**-**	1,556	**-**	1,612
Diluted weighted-average number of common shares [1]	(C)	**75,558**	84,079	**78,986**	84,454
Net (loss) earnings per common share					
Basic	(A/B)	**$ (0.01)**	$ 0.10	**$ (0.38)**	$ 0.29
Diluted	(A/C)	**$ (0.01)**	$ 0.09	**$ (0.38)**	$ 0.28

(1) Share information is presented in thousands.

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

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Options [2]	**4,652**	4,270	**4,652**	4,270

(2) Option information is presented in thousands.

17. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Restricted cash - operating	**$ 0.5**	$ (2.6)
Accounts receivable	**0.6**	-
Prepaids, deposits and other assets	**(1.7)**	(2.3)
Accounts payable and accrued liabilities	**(2.2)**	0.9
	$ (2.8)	$ (4.0)

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

18. SEGMENTED 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 were as follows:

	Three months ended September 30, 2012			Three months ended September 30, 2011		
	Revenues	**EBITDA**	**Additions to long-lived assets and goodwill**	Revenues	EBITDA [1]	Additions to long-lived assets and goodwill
Canada	**$ 96.7**	**$ 35.3**	**$ 6.2**	$ 95.7	$ 37.8	$ 10.9
U.S.	**5.1**	**0.5**	**-**	5.3	0.8	0.1
	$ 101.8	**$ 35.8**	**$ 6.2**	$ 101.0	$ 38.6	$ 11.0

	Nine months ended September 30, 2012			Nine months ended September 30, 2011		
	Revenues	**EBITDA**	**Additions to long-lived assets and goodwill**	Revenues	EBITDA [1]	Additions to long-lived assets and goodwill
Canada	**$ 289.7**	**$ 108.3**	**$ 19.1**	$ 275.6	$ 104.4	$ 36.3
U.S.	**16.2**	**1.8**	**0.2**	16.9	3.5	0.2
	$ 305.9	**$ 110.1**	**$ 19.3**	$ 292.5	$ 107.9	$ 36.5

The following table is a reconciliation of EBITDA, as presented in the above tables, to (loss) earnings 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,**	
	2012	2011	**2012**	2011
EBITDA [1]	**$ 35.8**	$ 38.6	**$ 110.1**	$ 107.9
Amortization	**12.8**	14.7	**38.7**	43.7
Share-based compensation	**0.6**	0.9	**3.4**	4.3
Impairment of long-lived assets	**-**	-	**54.2**	-
Impairment of goodwill	**-**	-	**3.2**	-
Interest and financing costs, net	**14.1**	7.9	**28.6**	21.8
Litigation settlement	**-**	-	**11.0**	-
Equity investment loss and other [1]	**2.1**	0.3	**2.7**	0.7
Foreign exchange loss and other	**8.1**	4.3	**7.0**	4.1
(Loss) earnings before income taxes	**$ (1.9)**	$ 10.5	**$ (38.7)**	$ 33.3

[1] The three months and nine months ended September 30, 2011 include a retrospective reclassification of business development costs that affects EBITDA and equity investment loss and other (see Note 21).

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

18. SEGMENTED INFORMATION (Continued)

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

	As at September 30, 2012			As at December 31, 2011		
	Property, plant and equipment	**Goodwill**	**Total assets**	Property, plant and equipment	Goodwill	Total assets
Canada	**$ 620.0**	**$ 13.5**	**$ 822.9**	$ 650.5	$ 16.7	$ 950.4
U.S.	**12.3**	**6.6**	**26.3**	13.1	6.8	25.7
	$ 632.3	**$ 20.1**	**$ 849.2**	$ 663.6	$ 23.5	$ 976.1

19. 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,**	
	2012	2011	**2012**	2011
Human resources [(1)]	**$ 0.6**	$ 1.0	**$ 1.7**	$ 2.7
Share-based compensation [(2)]	**0.4**	0.6	**2.3**	2.6
Total	**$ 1.0**	$ 1.6	**$ 4.0**	$ 5.3

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

[(2)] Share-based compensation includes equity and cash settled share-based compensation as per Note 12.

As at September 30, 2012, the liabilities of the Company included amounts due to key management personnel of $0.2 (December 31, 2011 - $1.0) in "accounts payable and accrued liabilities" and $2.3 (December 31, 2011 - $0.8) in "deferred credits, provisions and other liabilities" in the condensed interim consolidated statements of financial position.

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

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

	Nine months ended September 30,	
	2012	2011
Opening Approved Amounts	**$ 424.4**	$ 445.0
Additional Approved Amounts	**1.3**	3.4
FDC receipts	**(24.5)**	(23.5)
Closing Approved Amounts	**$ 401.2**	$ 424.9

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.

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21. EQUITY INVESTMENT LOSS AND OTHER

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
Equity investment loss	**$ 2.0**	$ -	**$ 2.6**	$ -
Business development	**0.1**	0.3	**0.3**	1.0
Other	**-**	-	**(0.2)**	(0.3)
Total	**$ 2.1**	$ 0.3	**$ 2.7**	$ 0.7

a) *Investment in PDX Entertainment Company*

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 is pursuing the opportunity to build and operate an entertainment and gaming complex in Wood Village, Oregon and has been incurring related campaign expenses.

The success of the proposed development is subject to a high level of uncertainty. It requires 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 change the state constitution to permit private-sector casino gaming in Oregon. On October 16, 2012, PDX suspended its campaign operations to support the entertainment and gaming complex in Wood Village as the campaign team felt that not enough voters were ready to add the proposed private casino to the state's gaming options. The ballot measures were voted on November 6, 2012, and the preliminary results conclusively indicate that the voters do not support the amendment to the state constitution as proposed. Consequently, the remaining carrying value of the Company's investment in PDX on November 6, 2012 will be impaired.

The Company has determined that it has significant influence over PDX and has applied the equity method of accounting whereby the Company's proportionate share of the investment's net earnings (loss) is recorded in the condensed interim consolidated statements of earnings (loss). As at September 30, 2012, the carrying amount of the Company's investment in PDX was $0.9 (December 31, 2011 - $nil) within "other assets" in the condensed interim consolidated statements of financial position.

b) *Business development*

Certain business development costs previously presented as "property, marketing and administration" have been retrospectively reclassified to "equity investment loss and other" on the condensed interim consolidated statements of earnings (loss). As these costs are non-recurring, this revised presentation provides more useful comparative information regarding the Company's business development activities and operating financial performance.

22. LITIGATION SETTLEMENT

On June 29, 2012, the Company settled a long-standing legal dispute with a former Ontario-based consultant. The dispute with the former consultant arose in 2007 from the Company's termination of the related consulting agreement.

The Company made a total cash payment of $11.0 in July 2012 related to this settlement and recorded a "litigation settlement" expense during the nine months ended September 30, 2012.