



GREAT CANADIAN GAMING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month Periods Ended
March 31, 2018 and 2017

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

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

		March 31, 2018	December 31, 2017
Assets			
Current			
Cash and cash equivalents		\$ 391.7	\$ 322.3
Accounts receivable		52.8	21.8
Land held for sale		8.1	8.1
Prepays, deposits and other assets		19.5	12.1
		472.1	364.3
Property, plant and equipment	Note 7	766.2	665.4
Intangible assets		79.0	70.8
Goodwill		22.0	21.8
Deferred tax assets		11.9	11.4
Cash on deposit with Canada Revenue Agency	Note 8	43.5	29.3
Other assets		3.6	8.4
		\$ 1,398.3	\$ 1,171.4
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 111.5	\$ 91.9
Income taxes payable		5.4	4.3
Other liabilities		3.1	2.8
		120.0	99.0
Long-term debt	Note 4	607.9	482.6
Deferred credits, provisions and other liabilities		27.9	28.6
Deferred tax liabilities		91.3	91.0
		847.1	701.2
Equity			
Share capital and reserves	Note 5	322.5	318.6
Accumulated other comprehensive income		2.7	2.0
Retained earnings		173.5	144.3
Equity attributable to shareholders of the Company		498.7	464.9
Non-controlling interests		52.5	5.3
Total equity		551.2	470.2
		\$ 1,398.3	\$ 1,171.4

These condensed interim consolidated financial statements were approved and authorized by the Company's Board of Directors for issuance on May 9, 2018.

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

		Three months ended March 31,	
		2018	2017
Revenues	Note 6	\$ 230.5	\$ 142.7
Expenses			
Human resources		74.5	52.6
Property, marketing and administration		67.7	42.5
Share of profit of equity investments		-	(0.6)
Amortization		16.5	14.6
Share-based compensation	Note 5	2.2	1.1
Impairment reversal of long-lived assets		-	(0.9)
Interest and financing costs, net		8.9	8.5
Business acquisition, restructuring and other		4.9	(0.2)
Foreign exchange (gain) loss and other		(0.6)	0.1
		174.1	117.7
Earnings before income taxes		56.4	25.0
Income taxes	Note 8	11.1	7.1
Net earnings		\$ 45.3	\$ 17.9
Net earnings attributable to:			
Shareholders of the Company		\$ 29.2	\$ 17.8
Non-controlling interests		16.1	0.1
		\$ 45.3	\$ 17.9
Net earnings		\$ 45.3	\$ 17.9
Other comprehensive income (loss)			
Items that may be reclassified subsequently to net earnings			
Unrealized gain (loss) of foreign currency translation of foreign operations		0.7	(0.2)
		0.7	(0.2)
Total comprehensive income		\$ 46.0	\$ 17.7
Total comprehensive income attributable to:			
Shareholders of the Company		\$ 29.9	\$ 17.6
Non-controlling interests		16.1	0.1
		\$ 46.0	\$ 17.7
Net earnings per common share attributable to shareholders of the Company	Note 9		
Basic		\$ 0.48	\$ 0.29
Diluted		\$ 0.46	\$ 0.29
Weighted average number of common shares (in thousands)			
Basic		60,969	61,323
Diluted		62,817	62,417

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

	Share Capital		Share Capital and Reserves		Accumulated Other Comprehensive Income	Retained Earnings	Equity Attributable To Shareholders	Non-Controlling Interests	Total Equity
	Number ⁽¹⁾	Amount	Reserves	Reserves					
At January 1, 2017	60,792	\$ 258.9	\$ 46.8	\$ 305.7	\$ 3.2	\$ 76.5	\$ 385.4	\$ 3.9	\$ 389.3
Share-based compensation	Note 5	-	1.2	1.2	-	-	1.2	-	1.2
Exercise of incentive share options	Note 5	738	(1.4)	7.7	-	-	7.7	-	7.7
Net earnings		-	-	-	-	17.8	17.8	0.1	17.9
Other comprehensive loss		-	-	-	(0.2)	-	(0.2)	-	(0.2)
At March 31, 2017	61,530	\$ 268.0	\$ 46.6	\$ 314.6	\$ 3.0	\$ 94.3	\$ 411.9	\$ 4.0	\$ 415.9
At January 1, 2018	60,894	\$ 268.2	\$ 50.4	\$ 318.6	\$ 2.0	\$ 144.3	\$ 464.9	\$ 5.3	\$ 470.2
Share-based compensation	Note 5	-	2.2	2.2	-	-	2.2	-	2.2
Exercise of incentive share options	Note 5	103	(0.3)	1.7	-	-	1.7	-	1.7
Net earnings		-	-	-	-	29.2	29.2	16.1	45.3
Other comprehensive loss		-	-	-	0.7	-	0.7	-	0.7
Contributions		-	-	-	-	-	-	31.1	31.1
At March 31, 2018	60,997	\$ 270.2	\$ 52.3	\$ 322.5	\$ 2.7	\$ 173.5	\$ 498.7	\$ 52.5	\$ 551.2

⁽¹⁾ Number of shares presented in thousands.

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

	Three months ended March 31,	
	2018	2017
Cash Flows from Operating Activities		
Earnings before income taxes	\$ 56.4	\$ 25.0
Adjustments to reconcile earnings before income taxes to cash generated by operating activities:		
Amortization	16.5	14.6
Impairment reversal of long-lived assets	-	(0.9)
Share-based compensation	2.2	1.1
Interest and financing cost, net	8.9	8.5
Foreign exchange (gain) loss and other	(0.6)	0.1
Other	0.5	(1.3)
Changes in non-cash operating working capital	8.8	3.6
Income taxes paid	(10.3)	(6.9)
Cash generated by operating activities	82.4	43.8
Cash Flows from Investing Activities		
Purchase of property, plant and equipment, net of related accounts payable of \$5.5 (2017 - \$12.1)	(35.2)	(19.2)
Acquisition of GTA Gaming Bundle	(92.1)	-
Receivable from OLG related to acquisition of GTA Gaming Bundle	(1.3)	-
HST receivable related to acquisition of GTA Gaming Bundle	(10.3)	-
Investment in Ontario Gaming West GTA Limited Partnership	(1.7)	-
Interest income received	1.0	0.5
Amounts deposited with Canada Revenue Agency	(14.2)	-
Other	(0.6)	(0.7)
Cash used in investing activities	(154.4)	(19.4)
Cash Flows from Financing Activities		
Increase in borrowings under credit facilities	141.7	3.0
Debt financing transaction costs	(16.9)	-
Proceeds from exercise of incentive share options, net of issuance costs	1.7	7.7
Contributions from non-controlling interests	32.8	-
Interest paid	(18.9)	(16.1)
Cash generated by (used in) financing activities	140.4	(5.4)
Effect of foreign exchange on cash and cash equivalents	1.0	(0.1)
Cash inflow	69.4	18.9
Cash and cash equivalents, beginning of period	322.3	228.7
Cash and cash equivalents, end of period	\$ 391.7	\$ 247.6

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

For the Three Month Periods Ended March 31, 2018 and 2017
(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

1. 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”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Standards Interpretation Committee (“IFRIC”) have been omitted or condensed. As a result, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Great Canadian Gaming Corporation (the “Company” or “GCGC”) for the year ended December 31, 2017 (“Annual Financial Statements”).

The Company’s principal operating entities as at March 31, 2018 were:

Entity	Abbreviation	Location of operations	Ownership interest at March 31, 2018
Chilliwack Gaming Ltd.	CGL	British Columbia	100%
Flamboro Downs Limited	FDL	Ontario	100%
Georgian Downs Limited	GDL	Ontario	100%
Great American Gaming Corporation	GAGC	Washington	100%
Great Canadian Casinos Inc.	GCCI	British Columbia	100%
Great Canadian Entertainment Centres Ltd.	GCEC	British Columbia	100%
Great Canadian Gaming (New Brunswick) Ltd.	GCGNB	New Brunswick	100%
Hastings Entertainment Inc.	HEI	British Columbia	100%
Metropolitan Entertainment Group	MEG	Nova Scotia	100%
Orangeville Raceway Limited	ORL	British Columbia	100%
Ontario Gaming East Limited Partnership	OGELP	Ontario	90.5%
Ontario Gaming GTA Limited Partnership ⁽¹⁾	OGGTA	Ontario	49%
TBC Teletheatre B.C.	TBC	British Columbia	50%

⁽¹⁾ OGGTA became a principal operating entity of the Company after acquiring certain gaming assets of the GTA Gaming Bundle on January 23, 2018 (see Note 13(a)). For the three month period ended March 31, 2018, OGGTA was a principal operating entity of the Company for 68 days.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed interim financial statements are the same as those disclosed in Note 2 of the Company’s Annual Financial Statements.

The changes in accounting policies are also expected to be reflected in the Company’s consolidated financial statements as at and for the year ending December 31, 2018.

a) *Standards, amendments and interpretations effective and applied*

Effective January 1, 2018, the Company adopted the following revised IASs and IFRSs issued by the IASB.

- i) IFRS 9, *Financial Instruments* (“IFRS 9”) – replaced IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduced amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. IFRS 9 became effective on January 1, 2018 and is applied retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Management completed its assessment of the new standard and concluded that it does not have a material impact on the Company’s condensed interim consolidated financial statements.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) *Standards, amendments and interpretations effective and applied (Continued)*

- ii) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") – requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers and replaced IAS 18. Under IFRS 15, a five-step model is utilized to achieve the core revenue recognition principle: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the obligations in the contract; and (5) recognize revenue when (or as) the Company satisfies a performance obligation. New disclosures are also required.

The Company has adopted IFRS 15 using the modified retrospective method whereby the cumulative effect of the change determined by applying the principles and practices in IFRS 15 for contracts that are incomplete on the date of adoption, if any, are recognized in retained earnings at January 1, 2018. Upon application of the new revenue standard, there was no cumulative effect adjustment required to be recognized at January 1, 2018. The comparative information has not been adjusted and continues to be reported under the accounting standards in effect for those periods.

The Company has determined there has been no material impact on recognized revenue in the period ended March 31, 2018 from the adoption of the new revenue standard. The principal effects of the new standard on the Company's previous revenue recognition practices relate to the accounting for certain of the Company's customer loyalty programs and promotional allowances.

The Company has various customer loyalty programs it operates in each of its jurisdictions. Under the new revenue standard, loyalty points earned by our customers are ascribed a value and recognized in revenue when the rewards are redeemed or expire. The impact of adopting this new policy for customer loyalty programs was not material at January 1, 2018. For customer loyalty programs operated by the Provincial Crown corporations, there is no impact to the Company under the new guidance. Loyalty points that offer customers the rights to receive cash meet the definition of financial liability under IFRS 9, and therefore are outside of the scope of IFRS 15.

The Company previously presented the various sources of revenue gross of complimentary goods and services provided to guests with a corresponding reduction in promotional allowances in the notes to its financial statements. Under the new standard, the Company's note disclosure of the sources of revenue are now presented net of their respective promotional allowances (see Note 6). This change in presentation has been made retrospectively to the comparable period. There was no impact from this change in presentation on total revenue in these condensed interim consolidated statements of earnings and other comprehensive income.

Certain additional disclosures are required under the new revenue standard to be made in the Company's interim and annual financial statements.

The Company's revenue recognition accounting policy in accordance with IFRS 15 is provided below.

The Company evaluates all contractual arrangements it enters into and evaluates the nature of the promises it makes, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are concluded to be distinct from each other, the consideration the Company expects to be entitled under the arrangement is allocated to each performance obligation based on its relative estimated stand-alone selling prices. Performance obligations that are concluded not to be distinct are combined together into a single unit of account. Revenue is recognized at an amount equal to the transaction price allocated to the specific performance obligation when it is satisfied.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a) *Standards, amendments and interpretations effective and applied (Continued)*
- ii) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") (Continued)

The Company's arrangements include some or all of the following sources of revenue:

Gaming revenues

Gaming revenues presented in these condensed interim consolidated financial statements include the following sources:

- *Operational services agreements with Provincial Crown corporations*

The Company's gaming operations in Canada are conducted pursuant to operational services agreements with Provincial Crown corporations. The Company earns remuneration for services provided in connection with, or that are necessary for, the operation and management under contract of gaming facilities, including services related to the Facility Development Commission ("FDC") program from the British Columbia Lottery Corporation ("BCLC") and Permitted Capital Expenditures ("PCE") from the Ontario Lottery and Gaming Corporation ("OLG"). Revenue from the operation and management under contract of gaming facilities includes the aggregate net difference between gaming wins and losses calculated on a daily basis from table games, slot machines, and bingo games, after deduction for the portion of gaming and other revenues belonging to BCLC, OLG, Nova Scotia Gaming Corporation ("NSGC"), and the New Brunswick Lotteries and Gaming Corporation ("NBLGC") and accruals for payouts on progressive games. Services that give rise to gaming revenues are earned on an ongoing basis as calculated in accordance with the related contract.

- *Gaming in Washington State*

The Company operates table games in Washington State pursuant to annual gaming licenses issued by the Washington State Gaming Commission ("WSGC"). Gaming revenues are the net difference between gaming wins and losses calculated on a daily basis from table games and exclude county or municipal gaming taxes which are presented as an expense.

- *Facility Development Commission*

In British Columbia ("B.C."), the Company receives FDC from BCLC, calculated as a fixed percentage of Gross Gaming Revenues generated by the B.C. properties, for incurring Approved Amounts (a defined term in the Company's COSAs) of qualified, primarily capital, gaming-related expenditures. Provided that the Company's operating agreements with BCLC remain in good standing and that sufficient Gross Gaming Revenues are generated, the Company would continue to receive FDC until the related Approved Amounts are recovered. Approved Amounts are not recorded in the consolidated statements of financial position. For accounting purposes, FDC is recorded when received and subject to having sufficient BCLC Approved Amounts remaining to be recovered. For income tax purposes, management believes that FDC received from BCLC is appropriately characterized under the relevant income tax regulations as a reduction of the cost of either the related long-lived asset (primarily buildings) or the operating expenses being reimbursed, which gives rise to deferred income taxes being recognized.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) *Standards, amendments and interpretations effective and applied (Continued)*

ii) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") (Continued)

- *Permitted Capital Expenditures*

In Ontario, the Company is entitled to remuneration from OLG for services provided up to a predefined annual amount per gaming property in each operating year for incurring PCE, a term defined in the Company's Casino Operational Services Agreement ("COSA") with OLG. Revenue is recognized as eligible expenditures are incurred up to the predefined annual amount. PCE approved by OLG can be carried forward for up to four years. PCE incurred, including amounts incurred in prior years that are carried forward, in excess of the current period's annual amount represents variable consideration which is not recorded in the consolidated financial statements until the Company is able to conclude that it will receive consideration for the services provided.

- *Customer loyalty programs*

For customer loyalty programs operated by the Company, a portion of gaming revenues received for which loyalty rights are earned by our customers are recorded as a contract liability based on the rewards' allocated amount using their relative selling price and then subsequently recognized as revenue in a future period when the rewards are redeemed. The revenue classification at that time will depend on the type of rewards redeemed.

The estimated selling price of loyalty rewards is determined using an equivalent cash cost approach which uses historical data of award redemption patterns considering the alternative goods or services for which the rewards can be redeemed. The estimated selling price of rewards is adjusted for an estimate of rewards that will not be redeemed based on historical redemption patterns. Historically non-redeemed loyalty rewards have not been significant.

- *Promotional allowances*

Promotional allowances relating to gaming revenues are recorded at the face value awarded to guests without charge and are deducted from revenues when redeemed.

Hospitality revenues

Hospitality revenues, which include food and beverage revenues, hotel revenues, and theatre offerings, are recorded as goods are delivered, or services are performed. Advance deposits on rooms and advance ticket sales are recorded as a deposit liability until services are provided to the customer.

Promotional allowances related to hospitality revenues are recorded at the retail value of food and beverage, accommodations, and other incentives furnished to guests without charge and are deducted from hospitality revenues when redeemed.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) *Standards, amendments and interpretations effective and applied (Continued)*

ii) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") (Continued)

Racetrack, lease and other revenues

On-site and simulcast racetrack revenues generated in B.C., net of amounts returned as winning wagers, simulcast fees, and provincial and federal pari-mutuel taxes, are pooled into a shared industry fund (the "B.C. Horse racing Industry Fund") and then distributed to the Company and the B.C. racing breed associations according to an agreed allocation. During 2018, the Company is allocated 43% of the shared industry funds (2017 - 43%). The remainder is allocated to the B.C. racing breed associations for administration and distribution of racing purses and breeder supplements.

In Ontario, under the terms of the revenue sharing agreements among the Standardbred Alliance members, racetracks' pari-mutuel revenues and transitional funding received from the Province of Ontario are pooled and shared among the Ontario Alliance Racetracks. The Company's share of this revenue is recognized 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.

Lease revenues include income for leasing the slot machine areas at Georgian Downs and Flamboro Downs and are recorded over time, generally on a straight-line basis over the term the leasing service is provided.

Other revenues include automated teller machine commissions, and other income from ancillary services.

b) *Accounting standards issued but not yet effective*

Effective January 1, 2019

- IFRS 16, *Leases* ("IFRS 16") – specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with lessor accounting substantially unchanged from its predecessor, IAS 17, *Leases*. The Company currently has operating lease commitments. The presentation of the majority of these operating leases will change by increasing the "property, plant and equipment", current and long-term lease liability amounts on the Consolidated Statements of Financial Position. The current presentation of lease expenses on the Consolidated Statements of Earnings and Other Comprehensive Income as a component of "property, marketing and administration" expense will change to "amortization" and "interest and financing costs, net". As the "principal" on the lease obligations is repaid, the Consolidated Statements of Cash Flows will reflect a higher amount of "cash generated by operating activities", which will be offset by an equally higher amount of "cash used in financing activities". The Company's financial covenants on its long-term debt are based on financial measures that will change under IFRS 16. The Company is currently assessing the impact of the new standard.
- IFRIC 23, *Uncertainty Over Income Tax Treatments* ("IFRIC 23") - On June 7, 2017, the IASB published IFRIC 23 which includes requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Company is currently assessing the impact of the new standard.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

3. CHANGES IN CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Except as described below, the critical accounting estimates and judgments applied in these condensed interim consolidated financial statements are the same as those disclosed in Note 3 of the Company's Annual Financial Statements.

The changes in critical accounting estimates and judgments are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending December 31, 2018.

- *Control of Subsidiaries*

The Company consolidates the balances, operations and cash flows of the entities in which it controls. In determining control, management assesses whether the Company has power over the entity, exposure, or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

In determining if the Company has power over OGGTA, management makes judgments when identifying which activities of OGGTA are relevant in significantly affecting returns and the extent of the existing rights that give the Company the current ability to direct the relevant activities. The operating and development of OGGTA are the key relevant activities and through the management service agreement and development service agreement, the Company has the ability to contractually direct the relevant activities of OGGTA. Other parties with protective rights do not have power that prevents the Company's power over OGGTA. Based on management's evaluation of the key criteria, it was determined the Company controls OGGTA, as disclosed in Note 13(a).

- *Revenue Recognition*

The application of IFRS 15 requires the Company make a number of estimates and judgements, including determination of the nature of its performance obligations under its contracts, the assessment of amount we expect to be entitled for variable consideration in determining the transaction price and the timing of recognition and allocation of the transaction price to loyalty programs based on the estimated relative selling price method.

In analyzing its contracts with the differing Provincial Crown corporations, the Company first evaluates whether its various promises to provide goods or services represents that of the principal in the transactions with casino patrons or as the provincial body's agent in providing such services. In Canada, the Company has concluded its services are as an agent since the legal party in the wagering transaction with customers rests with the Provincial Crown corporations and the Company is engaged to provide services under their authority. As a result, revenue is recognized net of the amounts paid to the Provincial Crown corporations.

- *Segment reporting*

The Chief Operating Decision Maker ("CODM") reviews the operating results and performance of the Company on a regional basis. Each region is an operating segment as disclosed in Note 11.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

4. LONG-TERM DEBT

	March 31, 2018	December 31, 2017
Senior Unsecured Notes, net of unamortized transaction costs of \$4.6 (2017 - \$4.9) (Note 4(a)(i))	\$ 445.4	\$ 445.1
Non-recourse Revolving and Capital Expenditure Credit Facilities, net of unamortized transaction costs of \$16.7 (2017 - nil) (Note 4(b))	125.0	-
Non-recourse Revolving Credit Facility, net of unamortized transaction costs of \$0.5 (2017 - \$0.5) (Note 4(c))	37.5	37.5
	\$ 607.9	\$ 482.6

a) Long-term debt of GCGC

i) Senior Unsecured Notes

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. The Senior Unsecured Notes are due on July 25, 2022.

ii) Senior Secured Revolving Credit Facility

As at March 31, 2018, subject to compliance with the related financial covenants, the Company had \$306.8 (December 31, 2017 - \$281.8) of available undrawn credit on its Senior Secured Revolving Credit Facility after deducting outstanding letters of credit of \$43.2 (December 31, 2017 - \$68.2).

As at March 31, 2018, the Company was in compliance with its financial covenants under the terms of its Senior Unsecured Notes and the Senior Secured Revolving Credit Facility.

b) Non-recourse Revolving and Capital Expenditures Credit Facilities of OGGTA

On March 6, 2018, OGGTA arranged credit facilities in the aggregate capacity of up to \$1,050.0 for the acquisition, operation, construction and development of its gaming facilities in the Greater Toronto Area ("GTA") acquired from OLG. The credit facilities comprise a \$200.0 revolving facility and an \$850.0 capital expenditures facility and will expire on March 6, 2023. Draws on the credit facilities can be prime rate loans or bankers' acceptances. Until project completion, prime rate loans and bankers' acceptances are subject to prime plus margin of 1.25% and current market rate plus margin of 2.25%, respectively. OGGTA's assets are pledged as collateral on the credit facilities. The counterparties to the credit facilities are major financial institutions with minimum "A" credit ratings. The credit facilities are not subject to any financial covenants.

As at March 31, 2018, OGGTA has \$858.3 of available credit on its Non-recourse Revolving and Capital Expenditures credit facilities, after deducting outstanding letters of credit of \$50.0.

Transaction costs associated with the issuance of the credit facilities totalling \$16.9 are amortized through the "interest and financing costs, net" line of the condensed interim consolidated statements of earnings and other comprehensive income over the term of the credit facilities using the straight-line method.

In accordance with a condition under the credit agreement for the advancing of funds, the Company has agreed to contribute its 50% share of the 35% equity contribution target to support the completion of the GTA development program. The equity contributions can first be satisfied by reinvested cash flows generated from the business, with any shortfalls of the target coming from cash injections from the sponsors, of which \$100.0 can be deferred and drawn against the credit facility. In the event of default, the remaining committed equity amount can be called to complete the balance of the development program.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

4. LONG-TERM DEBT (Continued)

c) *Long-term debt of OGELP*

i) Non-recourse Revolving Credit Facility of OGELP

On January 11, 2016, OGELP arranged a \$60.0 revolving credit facility for the acquisition of the assets and operations of certain casinos in Ontario from OLG. The Non-recourse Revolving Credit Facility Credit Agreement, which expires on January 11, 2020, is non-recourse to the Company and its other subsidiaries, other than the Company's historic investment in the OGELP subsidiary, which may not be recovered in the event of default of OGELP. OGELP's assets are pledged as collateral on the facility. The counterparties to this credit facility are major financial institutions with minimum "A" credit ratings.

As at March 31, 2018, subject to compliance with the related financial covenants, OGELP has \$5.7 (December 31, 2017 - \$5.7) of available undrawn credit on its Non-recourse Revolving Credit Facility after deducting outstanding letters of credit of \$16.3 (December 31, 2017 - \$16.3).

Transaction costs associated with the issuance of the Non-recourse Revolving Credit Facility totalling \$1.1 are amortized through the "interest and financing costs, net" line of the condensed interim consolidated statements of earnings and other comprehensive income over the term of the Non-recourse Revolving Credit Facility using the straight-line method.

As at March 31, 2018, OGELP was in compliance with its financial covenants under the terms of its Non-recourse Revolving Credit Facility.

ii) Interest rate swap

On January 19, 2016, the Company's OGELP subsidiary entered into an interest rate swap that effectively converted the floating interest rate on the debt borrowed from its Non-recourse Revolving Credit Facility into fixed interest rate debt. As at March 31, 2018, the interest rate swap had a notional principal of \$35.0 and matures on January 10, 2020. OGELP receives interest based on a 3-month Canadian Dealer Offered Rate and pays interest at 0.813% per annum.

OGELP designated the interest rate swap as a cash flow hedge of the interest rate exposure on the debt. OGELP has evaluated the interest rate swap and assessed it as an effective hedge of the cash flows associated with the Non-recourse Revolving Credit Facility. Accordingly, the change in fair values of the swap, net of income taxes, has been recorded in other comprehensive income. The fair value of the interest rate swap is calculated based on the market conditions at the time of reporting.

At March 31, 2018, the fair value of the interest rate swap was in a \$0.9 (December 31, 2017 - \$0.9) asset position and the amount was recorded in "other assets" on the condensed interim consolidated statements of financial position.

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Month Periods Ended March 31, 2018 and 2017
(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

5. SHARE CAPITAL AND RESERVES

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

a) *Share repurchases*

During the three months ended March 31, 2018, the Company did not purchase any common shares for cancellation under the normal course issuer bid which expired on March 14, 2018 (2017 – nil).

b) *Share option plan*

The changes in the number of share options and their weighted-average exercise price during the three months ended March 31, 2018 and 2017 were as follows:

	March 31, 2018		March 31, 2017	
	Options ⁽¹⁾	Weighted-Average Exercise Price	Options ⁽¹⁾	Weighted-Average Exercise Price
Outstanding, beginning of period	5,346	\$ 20.86	4,226	\$ 15.77
Granted	640	33.79	1,599	24.07
Forfeited	(34)	20.86	(127)	17.96
Exercised	(103)	16.70	(738)	10.46
Outstanding, end of period	5,849	\$ 22.35	4,960	\$ 19.18

⁽¹⁾ Option information is presented in thousands.

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

	Three months ended March 31,	
	2018	2017
Option award fair value	\$ 8.36	\$ 5.28
Risk-free interest rate	1.6%	1.0%
Expected lives ⁽¹⁾	3.8 years	3.5 years
Expected volatility ⁽²⁾	29.4%	27.8%

⁽¹⁾ Estimated based on the Company's vesting policy and historical exercise pattern.

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

The Company recorded equity-settled share-based compensation expense of \$2.2 associated with share options for the three months ended March 31, 2018 (2017 - \$1.2).

c) *Deferred Share Units ("DSUs")*

The changes in DSUs provided to non-employee directors of the Company were as follows:

	Three months ended March 31,	
	2018	2017
Number of Units (in thousands)		
Outstanding, beginning of period	169	217
Issued	10	4
Settled in cash	-	(15)
Outstanding, end of period	179	206

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

5. SHARE CAPITAL AND RESERVES (Continued)

c) *Deferred Share Units ("DSUs") (Continued)*

Related to these DSUs, the Company recorded a liability of \$6.0 in "deferred credits, provisions and other liabilities" at March 31, 2018 (December 31, 2017 - \$6.1), and cash-settled share-based compensation recovery of \$0.1 for the three months ended March 31, 2018 (2017 - \$0.1 expense).

d) *Restricted Share Units ("RSUs")*

Great Canadian Incentive Plan RSU ("GCIP RSU")

The Company's GCIP RSU is an employee incentive program that contains the opportunity for eligible employees to be awarded cash-settled RSUs if they exceed certain business targets for a prior fiscal year. RSUs granted vest in two equal tranches, one on each of the two anniversary dates following the date of grant. During the three months ended March 31, 2018, nil RSUs were issued (2017 - nil).

The changes in RSUs provided to employees of the Company were as follows:

Number of Units (in thousands)	Three months ended March 31,	
	2018	2017
Outstanding, beginning of period	30	34
Forfeited	-	(3)
Outstanding, end of period	30	31

Assuming both a constant market price for the Company's common shares and no award forfeitures, these RSUs would result in cash settlement payments of \$0.5 to employees after they vest in 2018, \$0.6 in 2019 and \$0.1 in 2020.

Related to these RSUs, the Company recorded a liability of \$0.5 in "accounts payable and accrued liabilities" at March 31, 2018 (December 31, 2017 - \$0.5), \$0.4 in "deferred credits, provisions and other liabilities" at March 31, 2018 (December 31, 2017 - \$0.5), and cash-settled share-based compensation expense of \$0.1 for the three months ended March 31, 2018 (2017 - recovery of \$0.2).

Cash RSU

On March 14, 2018, a new cash-settled RSU plan was created to align the interest of eligible employees with the long term success of the Company. Cash RSUs represent a right to a bonus to eligible employees for services rendered in a fiscal year to be paid within three years following the fiscal year. During the three months ended March 31, 2018, 11,000 RSUs were issued (2017 - nil).

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

6. REVENUES

The Company's sources of revenue are shown below. For the three months ended March 31, 2017, certain revenues were retrospectively reclassified to conform with the presentation adopted in the current year.

	Three months ended March 31,	
	2018	2017
Gaming revenues ⁽¹⁾ ⁽²⁾	\$ 192.5	\$ 108.6
Hospitality revenues ⁽¹⁾	23.4	22.4
Racetrack, lease and other revenues ⁽³⁾	14.6	11.7
	\$ 230.5	\$ 142.7

⁽¹⁾ Promotional allowances of \$10.1 for the three months ended March 31, 2017, previously presented separately as a reduction to total revenue, has been reclassified to net against its related revenue streams. Promotional allowances of \$4.3 and \$5.8 have been netted against "gaming revenues" and "hospitality revenues", respectively.

⁽²⁾ Facility Development Commission of \$9.3 for the three months ended March 31, 2017, previously presented separately, has been included in gaming revenues.

⁽³⁾ Lease and other revenues of \$8.9, previously included in hospitality, lease and other revenues for the three months ended March 31, 2017, has been grouped with racetrack, lease and other revenues.

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Month Periods Ended March 31, 2018 and 2017
(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

7. PROPERTY, PLANT AND EQUIPMENT

a) *Reconciliation of carrying amount*

	Land	Buildings, Building Improvements and Leasehold	Equipment	Properties Under Development	Total
Cost					
Balance at January 1, 2017	\$ 84.0	\$ 856.3	\$ 152.8	\$ 42.6	\$ 1,135.7
Additions	0.1	0.6	2.0	44.1	46.8
Disposals	-	-	(0.3)	-	(0.3)
Transfers	-	27.2	26.2	(53.4)	-
Translation and other	(0.2)	(1.1)	(0.4)	-	(1.7)
Balance at December 31, 2017	\$ 83.9	\$ 883.0	\$ 180.3	\$ 33.3	\$ 1,180.5
Additions	3.4	-	0.3	26.0	29.7
Acquired through business combination ⁽¹⁾	-	42.5	42.2	-	84.7
Transfers	-	20.5	10.5	(31.0)	-
Translation and other	0.1	0.4	0.1	-	0.6
Balance at March 31, 2018	\$ 87.4	\$ 946.4	\$ 233.4	\$ 28.3	\$ 1,295.5
Accumulated amortization and reversal of impairment					
Balance at January 1, 2017	\$ (11.2)	\$ (331.5)	\$ (125.3)	\$ -	\$ (468.0)
Amortization	-	(30.6)	(17.7)	-	(48.3)
Disposals	-	-	0.2	-	0.2
Impairment reversal ⁽²⁾	-	0.3	-	-	0.3
Translation and other	-	0.5	0.3	-	0.8
Balance at December 31, 2017	\$ (11.2)	\$ (361.3)	\$ (142.5)	\$ -	\$ (515.0)
Amortization	-	(7.6)	(6.4)	-	(14.0)
Translation and other	-	(0.2)	(0.1)	-	(0.3)
Balance at March 31, 2018	\$ (11.2)	\$ (369.1)	\$ (149.0)	\$ -	\$ (529.3)
Carrying amount					
At December 31, 2017	\$ 72.7	\$ 521.6	\$ 37.8	\$ 33.3	\$ 665.4
At March 31, 2018	\$ 76.2	\$ 577.3	\$ 84.4	\$ 28.3	\$ 766.2

⁽¹⁾ The assets were acquired through a business combination related to OGGTA's acquisition of the GTA Gaming Bundle (see Note 13(a)).

⁽²⁾ In 2012, the Company recorded impairment of property, plant, and equipment of \$5.2 in connection with the early termination of Flamboro Down's site holder agreement. In 2013, \$1.5 of the impairment was reversed after the Company and OLG signed a five-year lease term for Flamboro Downs ending March 31, 2018. In 2017, a five-year lease extension agreement ending on March 31, 2023 for Flamboro Downs was signed, resulting in a reversal of impairment of property, plant, and equipment of \$0.3 for the year ended December 31, 2017.

b) *Change in estimates*

As a result of a depreciation study, the Company reviewed the estimated useful lives of its property, plant and equipment and determined certain building improvements and equipment to have longer expected useful lives than previously estimated by management.

The amortization policy of building improvements, previously estimated to be the lesser of useful life or 5 years, has been revised to lesser of useful life or 10 years. The amortization policy of equipment, previously estimated to be 1 to 5 years, has been revised to lesser of useful life or 10 years.

The prospective effect of these changes on amortization expense for building improvements and equipment existed as at December 31, 2017 is approximately \$2.3 lower for the three months ended March 31, 2018 and approximately \$6.9 lower for the remaining nine months of 2018.

The prospective effect of these changes for future periods is shown below:

Increase (decrease) in amortization expense	2019	2020	2021	2022	Thereafter
Building improvements	\$ (1.4)	\$ (1.2)	\$ 0.9	\$ 1.4	\$ 4.3
Equipment	(3.6)	(2.8)	0.7	3.8	7.1
	\$ (5.0)	\$ (4.0)	\$ 1.6	\$ 5.2	\$ 11.4

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Month Periods Ended March 31, 2018 and 2017
(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

8. INCOME TAXES

The Company's income tax expense is as follows:

	Three Months Ended March 31,	
	2018	2017
Current tax expense	\$ 11.3	\$ 5.8
Deferred tax expense	(0.2)	1.3
Total tax expense	\$ 11.1	\$ 7.1

The Company's income tax expense for the three months ended March 31, 2018 can be reconciled to earnings before income taxes as follows:

	Three Months Ended March 31,	
	2018	2017
Applicable federal and provincial statutory income tax rate ⁽¹⁾	27%	26%
Earnings before income taxes	\$ 56.4	\$ 25.0
Expected income tax expense for the period	15.2	6.5
Effect of:		
Non-deductible stock-based compensation	0.6	0.3
Impact of different jurisdictional statutory tax rates on earnings of subsidiaries	(0.1)	0.2
Partnership income allocated to non-controlling interests ⁽²⁾	(4.3)	-
Other items	(0.3)	0.1
	\$ 11.1	\$ 7.1

(1) The applicable federal and provincial statutory income tax rate used for the 2018 and 2017 reconciliations above is the income tax rate payable by corporate entities in the province of BC on taxable profits under tax law in that jurisdiction. The rate increased on January 1, 2018 from 26% to 27% due to an increase in the BC corporate income tax rate of 1%.

(2) Earnings before income taxes includes 100% of OGELP's and OGGTA's earnings, however, the Company is only required to pay corporate income tax on its 90.5% and 49% share of OGELP's and OGGTA's taxable income, respectively, with the remaining taxable income picked up by the non-controlling interest partners of the partnerships. Accordingly, there is a reconciling item relating to the partnerships' earnings allocated to the non-controlling interests.

The Canada Revenue Agency ("CRA") has conducted audits of the Company's and its subsidiaries' FDC filing positions of its B.C. operations for the 2009 to 2014 years. CRA has taken the position that FDC was received by the Company and its subsidiaries during 2009 and subsequent years as service fee income and should be included in taxable income when received. For income tax purposes, the Company and its subsidiaries treat the reimbursement by BCLC of the approved gaming related property, plant and equipment costs as a reduction in the capital cost of the asset. CRA's current position is inconsistent with the results of CRA's findings in their previous audits of the Company's Great Canadian Casinos Inc. subsidiary for the 2000 and 2001 taxation years.

If CRA's current position prevails, it would accelerate the timing of the Company's and its subsidiaries' recognition of taxable income, but would also increase the tax depreciation deduction (capital cost allowance) that they could recognize in prior and future years.

Based on the FDC received from BCLC between January 1, 2009 to March 31, 2018, if CRA's current position of FDC prevails, preliminary estimates indicate the Company's consolidated current tax expense would increase \$65.1, deferred tax expense would decrease \$63.5, and interest and financing costs would increase \$12.1, resulting in a one-time \$13.7 decrease in net earnings and a corresponding decrease to basic net earnings per share of approximately \$0.22 per share. The Company expects that the effect of the estimated \$8.1 annual increase in current income taxes that would arise from applying the combined federal and provincial income tax rate on future FDC reimbursements, assuming they were consistent with those received in the last 12 months ended March 31, 2018, would be substantially offset by a decrease in deferred income taxes and would consequently have no material effect on net earnings or net earnings per common share going forward.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

8. INCOME TAXES (Continued)

During 2015, the Company received notices of reassessment from CRA for itself and three of its subsidiaries related to the income tax treatment of FDC received from BCLC in 2009 and 2010. During 2016, the Company and five of its subsidiaries received notices of reassessment related to the income tax treatment of FDC received from BCLC in 2011, and 2012, and in some cases 2013. As a part of the notices of reassessment received during 2016, the CRA waived \$1.1M of interest relating to the 2011 and 2012 taxation years. During 2017, the Company and five of its subsidiaries received notices of reassessment related to the income tax treatment of FDC received from BCLC in 2013 and 2014.

The Company strongly disagrees with the CRA's current position of FDC and CRA's adjustments to the taxable income of it and its subsidiaries in respect of FDC. Management believes that the Company's and its subsidiaries' tax filing positions with respect to FDC will prevail and consequently the Company and its subsidiaries have not accrued for additional income tax liabilities, income tax expenses, and interest as a result of the reassessments received from CRA.

The Company and its subsidiaries intend to vigorously defend their tax filing positions and the five subsidiaries that have received notices of reassessment from CRA for 2009 to 2014 have filed notices of objection with CRA's Appeals Division. The Company and its subsidiaries plan to file notices of objection to CRA's Appeals Division to each notice of reassessment received for any subsequent years, where appropriate. In order to file a notice of objection, the Company and its subsidiaries are required to pay at least 50% of the amounts reassessed and will record a corresponding income tax receivable from CRA until the dispute is resolved. As at March 31, 2018, the Company and its subsidiaries have deposited a net amount of \$38.8 (December 31, 2017 - \$29.3) to CRA and is reflected in "cash on deposit with Canada Revenue Agency" on the condensed interim consolidated statements of financial position.

The CRA also commenced an audit over a payment GDL received from OLG in 2013, as a result of the termination of the Slots at Racetracks Program. During 2017, GDL received a notice of reassessment for its 2013 taxation year. The notice of reassessment was issued in accordance with CRA's position that the payment received should be treated as ordinary business income for GDL. GDL treated the payment as a reimbursement of property, plant and equipment costs it incurred to expand the facility under OLG direction; thus reducing the capital cost of related assets. During the quarter ended March 31, 2018, GDL filed a notice of objection to appeal the notice of reassessment to CRA Appeals Division. As required under the Income Tax Act (Canada), during the quarter, GDL paid the minimum 50% of the income taxes and interest reassessed and recorded a corresponding income tax receivable from CRA until the dispute is resolved. As at March 31, 2018, GDL deposited \$4.7 (December 31, 2017 - \$nil) to CRA and is reflected in "cash on deposit with Canada Revenue Agency" on the condensed interim consolidated statements of financial position.

If CRA's current position prevails, it would accelerate the timing of GDL's recognition of taxable income, but would also increase the tax depreciation deduction (capital cost allowance) available in the prior and future years. GDL estimates current tax expense would increase \$6.1, deferred tax expense would decrease \$6.1 and interest and financing costs would increase \$1.7, resulting in a one-time \$1.7 decrease in net earnings and a corresponding decrease to basic net earnings per share attributable to shareholders of the Company of approximately \$0.03 per share. Management believes that it is probable that GDL's tax filing position will prevail and consequently has not accrued any potential liability arising from this matter. GDL intends to vigorously defend its tax filing position.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

9. NET EARNINGS PER COMMON SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

		Three months ended March 31,	
		2018	2017
Shareholders' net earnings	(A)	\$ 29.2	\$ 17.8
Weighted-average number of common shares outstanding ⁽¹⁾	(B)	60,969	61,323
Dilutive adjustment for share options ⁽¹⁾		1,848	1,094
Diluted weighted-average number of common shares ⁽¹⁾	(C)	62,817	62,417
Shareholders' net earnings per common share			
Basic	(A/B)	\$ 0.48	\$ 0.29
Diluted	(A/C)	\$ 0.46	\$ 0.29

⁽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 March 31,	
	2018	2017
Share options ⁽²⁾	1,490	1,702

⁽²⁾ Share option information is presented in thousands.

10. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended March 31,	
	2018	2017
Accounts receivable	\$ (19.0)	\$ 2.8
Prepays, deposits and other assets	(1.1)	(0.9)
Accounts payable and accrued liabilities	28.9	1.7
	\$ 8.8	\$ 3.6

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

11. SEGMENT INFORMATION

As part of the integration of the GTA Gaming Bundle, which was acquired on January 23, 2018 (Note 13(a)), the Company reorganized its operational structure to reflect the manner in which the CODM now reviews the operations and business performance of the Company. The CODM monitors the Company's operating results on a regional basis using Adjusted EBITDA⁽¹⁾ to assess each region's performance and makes decisions about resources to be allocated to each region. The Company's operating results are divided into four regions and Corporate. The four regions, each of which are operating segments, are: Ontario, B.C., Atlantic, and United States ("U.S."). Comparative historical segmented information has been restated based on available information. Segment information for each operating segment are as follows:

Segment Revenues and Adjusted EBITDA⁽¹⁾	Ontario	B.C.	Atlantic	U.S.	Corporate	Total
Three months ended March 31, 2018						
Gaming revenues	\$ 102.5	\$ 65.7	\$ 15.4	\$ 8.9	\$ -	\$ 192.5
Hospitality revenues	3.9	13.6	4.9	1.0	-	23.4
Racetrack, lease and other revenues	8.0	5.7	0.8	0.1	-	14.6
Revenues	\$ 114.4	\$ 85.0	\$ 21.1	\$ 10.0	\$ -	\$ 230.5
Adjusted EBITDA ⁽¹⁾	\$ 50.6	\$ 35.5	\$ 5.9	\$ 1.4	\$ (4.5)	\$ 88.9
Three months ended March 31, 2017						
Gaming revenues	\$ 19.6	\$ 65.4	\$ 14.1	\$ 9.5	\$ -	\$ 108.6
Hospitality revenues	2.7	13.6	4.8	1.3	-	22.4
Racetrack, lease and other revenues	6.1	4.7	0.8	0.1	-	11.7
Revenues	\$ 28.4	\$ 83.7	\$ 19.7	\$ 10.9	\$ -	\$ 142.7
Adjusted EBITDA ⁽¹⁾	\$ 8.5	\$ 35.9	\$ 5.0	\$ 3.4	\$ (4.6)	\$ 48.2
Segment Assets						
As at March 31, 2018						
Cash and cash equivalents	\$ 128.2	\$ 127.9	\$ 30.1	\$ 13.5	\$ 92.0	\$ 391.7
Total assets	\$ 415.5	\$ 757.5	\$ 91.7	\$ 37.0	\$ 96.6	\$ 1,398.3
As at December 31, 2017						
Cash and cash equivalents	\$ 31.5	\$ 201.3	\$ 40.6	\$ 12.6	\$ 36.3	\$ 322.3
Total assets	\$ 175.4	\$ 789.6	\$ 130.5	\$ 35.3	\$ 40.6	\$ 1,171.4

⁽¹⁾ Adjusted 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, business acquisition, restructuring and other, and foreign exchange gain (loss) and other. Adjusted EBITDA can be computed as revenues less human resources and property, marketing and administration expenses plus share of profit of operating equity investees.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

11. SEGMENT INFORMATION (Continued)

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

	Three months ended March 31,	
	2018	2017
Adjusted EBITDA	\$ 88.9	\$ 48.2
Less:		
Amortization	16.5	14.6
Share-based compensation	2.2	1.1
Impairment reversal of long-lived assets	-	(0.9)
Interest and financing costs, net	8.9	8.5
Business acquisition, restructuring and other ⁽²⁾	5.5	(0.2)
Foreign exchange gain (loss) and other	(0.6)	0.1
Income taxes	11.1	7.1
Net earnings	\$ 45.3	\$ 17.9

⁽²⁾ In calculating Adjusted EBITDA, "share of profit of equity investment" does not include the loss of \$0.6 relating to the Company's share of Ontario Gaming West GTA Limited Partnership's ("OGWGLP") transition costs incurred for the West GTA Gaming Bundle (Note 13(b)). The loss of \$0.6 has been classified under "business acquisition, restructuring and other" instead.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

12. FAIR VALUE MEASUREMENTS

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

The disclosure of the three-level fair value hierarchy reflects the significance of the inputs used in measuring fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, either directly or indirectly.

Level 3 – Inputs that are not based on observable market data.

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

The Company's long-term debt instruments are Level 2 financial instruments as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity. As at March 31, 2018, the Company's long-term debt instruments had a fair value of \$641.0 (December 31, 2017 - \$504.3) and a carrying value of \$607.9 (December 31, 2017 - \$482.6). As at March 31, 2018, the Company's interest rate swap had a carrying value equal to its fair value of \$0.9 (December 31, 2017 - \$0.9) as described in Note 4.

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 March 31, 2018, the fair value and carrying value of the Company's contingent future trailing payments was \$5.8 (December 31, 2017 - \$6.2). The following table reconciles the opening to the ending balances of the trailing payments:

	Trailing payments
Balance at January 1, 2018	\$ 6.2
Net charge to earnings ⁽¹⁾	0.2
Settlement	(0.6)
Balance at March 31, 2018	\$ 5.8

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

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

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

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

For the Three Month Periods Ended March 31, 2018 and 2017
(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

13. ACQUISITIONS

a) *GTA Gaming Bundle*

On January 23, 2018, OGGTA, a partnership in which the Company owns a 49% interest, signed a COSA with OLG, with a minimum 22-year term. Under the business transition and asset purchase agreement, OGGTA acquired certain of OLG's gaming assets in the GTA Gaming Bundle, including OLG Slots at Woodbine (rebranded as Casino Woodbine), OLG Slots at Ajax Downs (rebranded as Casino Ajax), and Great Blue Heron Casino. The purchase price for such assets was \$158.0, including working capital of \$62.6.

The fair value of the identifiable assets acquired and liabilities assumed as at January 23, 2018 were as follows:

Assets acquired	
Cash	\$ 62.0
Prepays, deposits and other assets	3.9
Property, plant and equipment ⁽¹⁾	84.7
Intangible assets ⁽²⁾	10.7
Total assets acquired	\$ 161.3
Liabilities assumed	
Accounts payable and accrued liabilities	\$ 3.3
Total liabilities assumed	3.3
Net assets acquired	\$ 158.0

⁽¹⁾ Of the \$84.7 of property, plant and equipment acquired, \$42.5 was assigned to leasehold improvements and \$42.2 was assigned to equipment.

⁽²⁾ Intangible assets of \$10.7 relates to the casino operating and services agreement with OLG which expires on March 31, 2040 and will be amortized on a straight-line basis over that period.

The initial accounting for the acquisition of the GTA Gaming Bundle has only been provisionally determined at the end of the reporting period. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the fair value of the identifiable assets acquired and liabilities assumed, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

After the acquisition, OGGTA had approximately \$65.0 in partner capital contributions and \$1,050 Non-recourse Revolving and Capital Expenditures Credit Facilities, as described in Note 4(a). OGGTA also arranged for a letter of credit in the amount of \$50.0 in favour of OLG to satisfy the partnership's performance obligations under the COSA, which reduced the available borrowing capacity of the revolving credit facility.

The revenues and net income of the GTA Gaming Bundle for the period from January 23, 2018 to March 31, 2018 were \$86.7 and \$31.3, respectively. If the acquisition had occurred on January 1, 2018, management estimates that the Company's consolidated revenue and net income would have been \$256.0 and \$52.3, respectively, for the three months ended March 31, 2018. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2018.

The Company has accounted for OGGTA as an equity method investee up until January 22, 2018. Upon closing of the acquisition on January 23, 2018, the Company entered into a management and development services agreement to operate the GTA Gaming Bundle. As a result, management has determined that the Company obtained control of OGGTA based on the Company's ability to direct the relevant activities and affect the returns of OGGTA. Starting January 23, 2018, these financial statements have consolidated the financial position and operating results of OGGTA in accordance with IFRS 10.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Month Periods Ended March 31, 2018 and 2017

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

13. ACQUISITIONS (Continued)

b) *West GTA Gaming Bundle*

Subsequent to March 31, 2018, OGWGLP, a partnership in which the Company owns a 55% interest, signed a minimum 20-year term COSA with OLG on May 1, 2018 to acquire certain gaming assets in the West GTA Gaming Bundle. Under the business transition and asset purchase agreement, signed on December 18, 2017, OGWGLP acquired certain of OLG's gaming assets in the West GTA Gaming Bundle, including OLG Casino Brantford, OLG Slots at Mohawk Racetrack, OLG Slots at Flamboro Downs, and OLG Slots at Grand River Raceway, which have been repositioned to the Company's Elements Casino brand. The purchase price at close for such assets was \$134.8 of cash consideration, including working capital of approximately \$26.5 (subject to customary post-close adjustments) and applicable sales taxes arising from the transaction.

OGWGLP arranged a non-recourse revolving credit facility with a capacity of \$285.0, of which approximately 65% of the acquisition costs was drawn against the facility. OGWGLP has arranged for a letter of credit in the amount of \$35.0 in favour of OLG to satisfy the partnership's performance obligations under the COSA, which reduced the available borrowing capacity of the credit facility.

In accordance with a condition under the credit agreement for the advancing of funds, the Company has agreed to contribute its proportionate share of the 35% equity contribution target to support completion of the West GTA development program. The equity contributions can first be satisfied by reinvested cash flows generated from the business, with any shortfalls of the target coming from cash injections from the sponsors, of which \$15.0 can be deferred and drawn against the credit facility. In the event of default, the remaining committed equity amount can be called to complete the balance of the development program.

The Company is in the process of determining the fair values of each major class of assets acquired and liabilities assumed on May 1, 2018, and is consequently not yet able to disclose these values or the pro-forma revenues and net earnings of the assets and operations acquired.

As at March 31, 2018, the Company had significant influence over OGWGLP and accounted for it as an equity method investee. The initial investment of \$1.7 was recorded at cost and included in "other assets" on the condensed interim consolidated statements of financial position. The Company's attributable share of the OGWGLP's net loss for the year ended March 31, 2018 of \$0.6 was included in "share in profit of equity investments" on the condensed interim consolidated statements of earnings and other comprehensive income. Upon closing on May 1, 2018, the Company entered into a management and development services agreement to operate the West GTA Gaming Bundle, and accordingly is currently assessing the accounting treatment of OGWGLP.