GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended
December 31, 2014

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

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INTRODUCTION

Basis of Discussion and Analysis

This management's discussion and analysis ("MD&A") of the financial highlights, major developments, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information of Great Canadian Gaming Corporation ("Great Canadian", the "Company", "we", "our") is dated as of March 2, 2015.

This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014 ("Annual Financial Statements"). The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless expressly stated otherwise, all financial information is expressed in Canadian dollars.

This MD&A is presented on a property or, where appropriate, group of similar properties or consolidated basis as described (and defined) in the "Consolidated Results of Operations" section of this document. Capitalized terms are either defined when they first appear or are defined at the end of this MD&A in the section titled "Other Financial Information - Definitions of Other Terms Used in the MD&A".

Non-IFRS Measures

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

EBITDA as defined by the Company means Earnings Before Interest and financing costs (net of interest income), Income Taxes, Depreciation and Amortization, share-based compensation, impairment (reversal) of long-lived assets and impairment of goodwill, net, restructuring and other, and foreign exchange gain and other. EBITDA is derived from the consolidated statements of earnings, and can be computed as revenues less human resources expenses and property, marketing and administration expenses. We believe EBITDA is a useful measure because it provides information to management about the operating and financial performance of the Company and its ability to generate operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures. EBITDA is also used by the investors and analysts for the purpose of valuing the Company. A reconciliation of EBITDA to net earnings under IFRS is shown in the "Consolidated Results of Operations" section of this MD&A.

Adjusted net earnings, as defined by the Company, means net earnings plus or minus items of note that management may reasonably quantify and that it believes will provide the reader with a better understanding of the Company's underlying business performance. Items of note may vary from time to time and in this MD&A include impairment (reversal) of long-lived assets and impairment of goodwill, special share-based award to employees, rebranding and pre-opening costs for Hard Rock Casino Vancouver, Chances Maple Ridge and Chances Chilliwack, one-time non-recurring accelerated Facility Development Commission ("FDC") revenues at Chances Chilliwack, litigation settlement, equity investment loss, FDC revenues previously deferred at Fraser Downs, without prejudice dispute resolution payments received from the Ontario Lottery and Gaming Corporation ("OLG"), Senior Subordinated Notes redemption costs and previously deferred transaction costs associated with Term Loan B and Senior Subordinated Notes, settlement of derivative liabilities associated with the cross-currency interest rate and principal swaps, human resources severance costs, restructuring severance costs, and income taxes on the above items of note. A reconciliation between net earnings (loss) and adjusted net earnings is presented in the "Financial Highlights" section of this MD&A. Adjusted net earnings per common share is defined as adjusted net earnings divided by the weighted average number of common shares outstanding.

The following non-IFRS measures have common definitions in the gaming industry and provide both investors and management with indications of its business' operating volumes and the volatility inherent in the Company's casino games:

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

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

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

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

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

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

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

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

Forward-Looking Information

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

Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to unknown risks, uncertainties, and a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information. Such factors may include, but are not limited to: terms of operational services agreements with lottery corporations; changes to gaming laws that may impact the operational services agreements; pending, proposed or unanticipated regulatory or policy changes; the outcome of restructuring of gaming in Ontario; the Company's ability to obtain and renew required business licenses, leases, and operational services agreements; the future of horse racing in Ontario; unanticipated fines, sanctions and suspensions imposed on the Company by its regulators; impact of global liquidity and credit availability; possible reassessments of the Company's tax filings by tax authorities; adverse tourism trends and further decreases in levels of travel, leisure and consumer spending; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the Company's ability to manage its capital projects and its expanding operations; the risk that systems, procedures and controls may not be adequate to meet regulatory requirements or to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; First Nations rights with respect to some land on which we conduct our operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; non-realization of cost reductions and synergies; demand for new products and services; fluctuations in operating results; economic uncertainty and financial market volatility; technology dependence; privacy breaches and data theft. The Company cautions that this list of factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the "Risk Factors" section of the Company's Annual Information Form for fiscal 2014, and as identified in the Company's disclosure record on SEDAR at www.sedar.com.

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

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

FINANCIAL HIGHLIGHTS

	Fourth Quarter			Twelve Months of				
	2014	2013	% Chg	**2014**	2013	% Chg	2012	% Chg
Revenues	**$ 115.7**	$ 101.6	14%	**$ 446.5**	$ 407.3	10%	$ 408.7	0%
EBITDA (1)	**$ 47.0**	$ 35.2	34%	**$ 180.1**	$ 150.6	20%	$ 147.6	2%
EBITDA as a % of Revenues	**40.6%**	34.6%		**40.3%**	37.0%		36.1%	
Net earnings	**$ 21.6**	$ 7.2	200%	**$ 78.4**	$ 63.1	24%	$ (27.6)	
Net earnings per common share								
Basic	**$ 0.32**	$ 0.11	191%	**$ 1.16**	$ 0.92	26%	$ (0.36)	
Diluted	**$ 0.31**	$ 0.10	210%	**$ 1.12**	$ 0.90	24%	$ (0.36)	
Adjusted net earnings (1)	**$ 22.0**	$ 11.7	88%	**$ 75.2**	$ 46.9	60%	$ 45.2	4%
				December 31, 2014	December 31, 2013	% Chg	December 31, 2012	% Chg
Total assets				**$ 1,014.1**	$ 915.7	11%	$ 862.7	6%
Long-term debt				**$ 442.0**	$ 441.0	0%	$ 439.9	0%

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

Recent Developments

Chances Maple Ridge opened its new permanent facility on October 23, 2013. Hard Rock Casino Vancouver (formerly "Boulevard Casino") was launched on December 20, 2013. Since these dates, both properties have seen improvements in gaming volumes and food and beverage revenues.

Revenues

For the three month period ended December 31, 2014 ("fourth quarter of 2014"), the Company recorded revenues of $115.7, a $14.1 or 14% increase from the fourth quarter of 2013. This increase was primarily due to the continued strong growth in revenues at the Company's River Rock Casino Resort ("River Rock") and improvements at its Great American Casinos, Other BC Casinos, BC Racinos and Hard Rock Casino Vancouver. River Rock continued to show strong growth in table drop and hold and slot coin-in and win. Growth in revenues at the Great American Casinos, Other BC Casinos and BC Racinos is attributable to improvements in their gaming revenues. Operating under the new brand, Hard Rock Casino Vancouver continues to recover from the challenges it faced previously from the prolonged highway construction and disruption from the property renovation during 2013.

For the twelve month period ended December 31, 2014 ("twelve months of 2014"), the Company recorded revenues of $446.5, a $39.2 or 10% increase from the twelve months of 2013. This increase was primarily due to the strong growth in revenues at River Rock and improvements at Great American Casinos, Hard Rock Casino Vancouver and Other BC Casinos. River Rock and Great American Casinos continued to show growth in table drop. These increases were partially offset by declines at the Nova Scotia Casinos, Ontario Racetracks and Vancouver Island Casinos.

For the twelve month period ended December 31, 2013, the Company recorded revenues of $407.3, a $1.4 decrease from the twelve months of 2012. The revenue decrease was primarily due to declines at Boulevard and the Ontario Racetracks. These decreases were partially offset by increased revenues at River Rock, the Other BC Casinos and Great American Casinos, which include the effect of foreign exchange on the translation of U.S. dollar results.

EBITDA

The 34% increase in EBITDA in the fourth quarter of 2014 was primarily due to the previously mentioned growth in revenues. EBITDA improvements were most noticeable at River Rock, Hard Rock Casino

Vancouver and Great American Casinos. EBITDA as a percentage of revenues for the fourth quarter of 2014 was 40.6%, a 6.0 percentage point increase from the fourth quarter of 2013.

The 20% increase in EBITDA in the twelve months of 2014 was primarily due to the growth at River Rock, Hard Rock Casino Vancouver, Great American Casinos and Other BC Casinos, which was partially offset by EBITDA decreases at the Ontario Racetracks and Vancouver Island Casinos and increased Corporate & Other expenses. EBITDA as a percentage of revenues for the twelve months of 2014 was 40.3%, a 3.3 percentage point increase from the twelve months of 2013.

The $3.0 increase in EBITDA in the twelve months of 2013 was primarily due to EBITDA increases at River Rock, Other BC Casinos, and Great American Casinos and decreased Corporate & Other expenses. These improvements were partially offset by EBITDA decreases at Boulevard and the Ontario Racetracks. EBITDA as a percentage of revenues for the twelve months of 2013 was 37.0%, a 0.9 percentage point increase from the twelve months of 2012.

Net earnings
During the fourth quarter of 2014, Great Canadian's net earnings increased by $14.4, primarily due to both the growth in EBITDA and the impact of the special share-based award of $4.8 issued in the fourth quarter of 2013, which were partially offset by the $4.8 increase in income taxes expense during the fourth quarter of 2014.

During the twelve months of 2014, Great Canadian's net earnings increased by $15.3, primarily due to the growth in EBITDA, which was partially offset by a $4.7 net non-cash impairment reversal on long-lived assets that was recognized during the twelve months of 2014 compared to a $28.5 non-cash impairment reversal on long-lived assets that was recognized during the twelve months of 2013 as described in the "Major Developments - Ontario" section of this MD&A.

Net earnings was $63.1 in the twelve months of 2013, compared to net loss of $27.6 in the twelve months of 2012. The improvement is primarily due to two factors: the reversal of $28.5 in non-cash impairment charges on long-lived assets in the twelve months of 2013 associated with Georgian Downs and Flamboro Downs that were originally part of the $64.3 non-cash impairment charges recorded in the twelve months of 2012, as described in the "Major Developments" section of this MD&A, as well as the non-recurring expense of $11.0 associated with a litigation settlement in the second quarter of 2012. Partially offsetting these two factors were the increase in share-based compensation expense and higher income taxes due to earnings growth, which included the non-cash long-lived asset impairment reversals and the increase to the British Columbia provincial corporate income tax rate in 2013.

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

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

	Fourth Quarter			Twelve Months of				
	2014	2013	% Chg	**2014**	2013	% Chg	2012	% Chg
Net earnings (loss)	**$ 21.6**	$ 7.2	200%	**$ 78.4**	$ 63.1	24%	$ (27.6)	
Items of note								
Impairment (reversal) of long-lived assets and goodwill, net	**0.5**	-		**(4.7)**	(28.5)		64.3	
Special share-based award to employees	**-**	4.8		**-**	4.8		-	
Rebranding and pre-opening costs for Hard Rock Casino Vancouver, Chances Maple Ridge and Chances Chilliwack	**-**	1.1		**-**	1.7		0.2	
One-time non-recurring accelerated FDC revenues at Chances Chilliwack	**-**	-		**-**	-		(1.7)	
Litigation settlement	**-**	-		**-**	-		11.0	
Equity investment loss	**-**	-		**-**	-		3.5	
FDC revenues previously deferred at Fraser Downs	**-**	-		**(0.2)**	(0.7)		-	
Without prejudice dispute resolution payments received from OLG	**-**	-		**-**	(0.7)		-	
Senior Subordinated Notes redemption costs and previously deferred transaction costs associated with Term Loan B and Senior Subordinated Notes	**-**	-		**-**	-		6.3	
Settlement of derivative liabilities associated with the cross-currency interest rate and principal swaps	**-**	-		**-**	-		8.1	
Human resources severance costs	**-**	-		**-**	-		1.8	
Restructuring severance costs	**-**	0.2		**0.4**	1.3		-	
Income taxes on the above items of note	**(0.1)**	(1.6)		**1.3**	5.9		(20.7)	
Adjusted net earnings (1)	**$ 22.0**	$ 11.7	88%	**$ 75.2**	$ 46.9	60%	$ 45.2	4%
Adjusted net earnings per common share (1)								
Basic	**$ 0.32**	$ 0.17		**$ 1.11**	$ 0.68		$ 0.59	
Diluted	**$ 0.31**	$ 0.17		**$ 1.08**	$ 0.67		$ 0.58	
Weighted average shares outstanding								
Basic	**68,421**	67,327		**67,864**	68,560		76,814	
Diluted	**70,598**	69,208		**69,789**	69,934		78,219	

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

After adjusting for the above items of note, the Company's adjusted net earnings increased by $10.3 in the fourth quarter and $28.3 in the twelve months of 2014, when compared to the same periods in 2013. These increases were primarily due to the growth in EBITDA. Adjusted net earnings for the twelve months of 2013 were relatively consistent with the twelve months of 2012.

Total assets

Total assets increased by $98.4 in the twelve months of 2014, when compared to the total assets as at December 31, 2013. This increase was primarily due to cash generated by operating activities, which was partially offset by the amortization of long-lived assets and decrease in income taxes receivable.

Total assets increased by $53.0 in the twelve months of 2013, when compared to the total assets as at December 31, 2012. This increase was primarily due to cash generated by operating activities and reversal of impairment charges associated with Georgian Downs and Flamboro Downs, as described in the "Major Developments" section of this MD&A, which was partially offset by the $31.5 settlement payment from OLG, common shares repurchased of $46.6 and the amortization of property, plant and equipment.

Long-term debt

Long-term debt was relatively consistent as at December 31, 2014 when compared with the balances as at December 31, 2013 and December 31, 2012.

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

BUSINESS DESCRIPTION

General

The Company operates gaming, entertainment, and hospitality facilities in British Columbia, Ontario, Nova Scotia, and Washington State. The Company's 17 gaming properties consist of three community gaming centres, four racetracks and ten casinos, including one with a Four Diamond resort hotel. In Canada, the Company operates its casinos both within managed markets that feature high barriers to entry and under agreements as partners with provincial lottery corporations. As at December 31, 2014, the Company had approximately 4,500 employees.

Information on the Canadian and Washington State gaming industries, regulatory environment and the Company's operating agreements in these jurisdictions are included in the Annual Information Form located on the SEDAR website at www.sedar.com or on the Company's website at www.gcgaming.com.

The Company's principal operating entities as at December 31, 2014 and 2013 were:

Entity	Ownership interest at December 31, 2014 and 2013
Chilliwack Gaming Ltd.	100%
Flamboro Downs Limited	100%
Georgian Downs Limited	100%
Great American Gaming Corporation	100%
Great Canadian Casinos Inc.	100%
Great Canadian Entertainment Centres Ltd.	100%
Hastings Entertainment Inc.	100%
Metropolitan Entertainment Group	100%
Orangeville Raceway Limited	100%
TBC Teletheatre B.C.[(1)]	50%

[(1)] The Company accounts for its ownership interest in TBC using the equity method.

Business Strategy

The Company's vision is to be the leading gaming, entertainment and hospitality company in its chosen markets by providing superior entertainment value and exceptional experiences. To achieve this goal, the Company has adopted the strategies as outlined below.

1. **Discover New Growth Opportunities.** Great Canadian is actively seeking opportunities to grow shareholder value. These opportunities may be located within both the Company's existing markets and new jurisdictions, and include property expansions, the implementation of new offerings, the development of new properties or projects, and strategic acquisitions. Depending upon the size, scope, and regulatory requirements associated with these opportunities, the Company may elect to align itself with strategic business partners. As a result, the Company may hold minority positions in new investment vehicles.

2. **Drive Incremental Growth at the Company's Existing Facilities.** The majority of Great Canadian's existing properties operate within mature, highly regulated markets. As a result of this regulation, these markets offer advantages and protection for incumbent operators. This regulation also requires that the Company work alongside its Crown corporation partners when expanding or introducing gaming offerings. These partners also oversee any loyalty programs within the Company's existing markets. In order to increase market share, penetrate new demographics, and drive incremental growth within this environment, the Company seeks to provide its patrons with a superior entertainment experience. In pursuit of this goal, the Company actively reinvests in its properties, supports its gaming offerings with premium non-gaming entertainment and hospitality options, and strives to maintain the highest standards of guest service.

3. **Continually Improve Guest Experiences.** Great Canadian believes guest satisfaction to be the primary driver of patron loyalty, particularly within mature markets. As a result, the Company constantly strives to provide exceptional guest service across its entire property portfolio. The Company pursues this service vision through staff training, performance recognition, and communication, all of which emphasizes the importance of each employee taking personal responsibility to exceed our guests' expectations.

4. **Continuously Improve the Company's Operating Efficiency and Effectiveness.** Great Canadian's ongoing success can be partially attributed to the Company's commitment to operating efficiency, pro-active labour management and disciplined purchasing. This efficiency has been supported by an integrated corporate structure that centralizes major property functions such as accounting, purchasing, and human resources. The Company continually seeks new ways to realize operational synergies, business process improvements and optimal labour utilization.

5. **Pursue and Promote Exceptional Corporate Culture.** Since its founding, Great Canadian has placed great emphasis on the importance of social responsibility and corporate citizenship. These core values are best reflected in the Company's commitment to developing and assisting the communities in which it operates. The Company is also committed to maintaining an inclusive corporate culture that rewards and recognizes exceptional service and teamwork. The Company mandates a respectful workplace that prioritizes regulatory compliance.

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

Operations

The following table summarizes our Canadian casino operations as at December 31, 2014:

Facility and Location	Year Built/ Renovated	Additional Facilities and Activities	Slot Machines	Table Games	Operational Services Agreements Initial / Renewal Term Expiry Dates[1]
British Columbia					
River Rock Casino Resort, Richmond, BC	2012	2 hotels with 395 rooms, 1,000 seat show theatre, 7 dining options, conference facilities, pool/spa, Racebook[3], marina, 28 Touch Bet Roulette terminals	1,110	115	June 23, 2024[2]
Hard Rock Casino Vancouver[4] (formerly "Boulevard Casino"), Coquitlam, BC	2013	1,051 seat show theatre convertible to 729 seat cabaret with dance floor, 7 dining options, Racebook[3], 22 Touch Bet Roulette terminals	850	54	November 16, 2015 / November 16, 2025
View Royal Casino, Victoria, BC	2009	2 dining options, 10 Touch Bet Roulette terminals	555	13	February 28, 2021
Casino Nanaimo, Nanaimo, BC	2013	1 dining option, Racebook[3]	384	6	February 28, 2021
Chances Chilliwack, Chilliwack, BC	2012	Bingo, 1 dining option, meeting facility	189	-	October 31, 2022 / October 31, 2032
Chances Maple Ridge[5], Maple Ridge, BC	2013	Bingo, 1 dining option, 2 meeting rooms, entertainment space, outdoor patio, Racebook[3], 2 electronic table gaming devices	173	-	October 31, 2023 / October 31, 2033
Chances Dawson Creek, Dawson Creek, BC	2006	Bingo, 1 dining option, 3 electronic table gaming devices	149	-	June 30, 2016/ June 30, 2026
Hastings Racecourse and Slots Facility (Thoroughbred Racing), Vancouver, BC	2008	3 dining options[6], concession, Racebook[3]	596	-	November 9, 2016[7]
Fraser Downs Racetrack and Casino (Standardbred Racing), Surrey, BC	2005	4 dining options, 6 Touch Bet Roulette terminals, Racebook[3]	469	22	March 31, 2024
TBC Teletheatre BC[3]	various	21 Racebooks[3]	-	-	-
Ontario					
Georgian Downs (Standardbred Racing)[8], Innisfil, Ontario	2009	4 dining options offered by OLG, concession, meeting facilities, Racebook, 1,000 slot machines owned and operated by OLG	-	-	March 31, 2018
Flamboro Downs (Standardbred Racing)[8], Flamborough, Ontario	2001	4 dining options, meeting facility, Racebook, 800 slot machines owned and operated by OLG	-	-	March 31, 2018
Nova Scotia					
Casino Nova Scotia Halifax[9], Halifax, Nova Scotia	2006	2 dining options, entertainment show room, lounge, meeting facilities	563	32	July 1, 2025
Casino Nova Scotia Sydney[9], Sydney, Nova Scotia	2006	1 dining option, lounge	275	11	July 1, 2025
			5,313	253	

(1) Renewal terms, at the option of the Company in BC and Nova Scotia. For Ontario, lease expiry date subject to OLG renewal rights.
(2) On September 19, 2013, BCLC approved the Company's request to exercise its 10-year extension for River Rock's COSA.

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

(3) The Company owns or holds an interest in 23 Racebooks in BC. We own and operate two Racebooks; one at each of Hastings Racecourse and Slots Facility and Fraser Downs Racetrack and Casino. The remaining 21 Racebooks, including those at River Rock Casino & Resort, Hard Rock Casino Vancouver, Casino Nanaimo and Chances Maple Ridge are operated by TBC. TBC also offers internet and phone racetrack wagering. The Company owns a 50% interest in TBC and the remaining 50% interest is held by two horsemen's associations, the Harness Racing BC Society and the Horsemen's Benevolent and Protective Association.

(4) The Company completed its rebranding of Boulevard Casino into Hard Rock Casino Vancouver in December 2013, as described in the "Major Developments" section of this MD&A.

(5) Chances Maple Ridge opened its permanent facility in October 2013, as described in the "Major Developments" section of this MD&A. The Community Gaming Centre Operational Services Agreement with BCLC was extended for a 10-year term.

(6) There are up to 5 dining options during the racing season.

(7) The term of Hastings' COSA with BCLC is conditional upon the renewal of the lease term with the City of Vancouver, which expires on November 9, 2016.

(8) The Site Holder Agreements with OLG for the Ontario Racetracks terminated on March 31, 2013. Effective April 1, 2013, OLG is leasing the slot machine areas at the Ontario Racetracks for a five-year term, as described in the "Major Developments" section of this MD&A. Slot machines are owned and operated by OLG and lease revenues are earned from OLG at these properties.

(9) Casino Nova Scotia Halifax and Casino Nova Scotia Sydney operate under a single operating agreement.

The following table summarizes the Company's consolidated revenues for the years ended December 31, 2014, 2013, and 2012:

	Twelve Months of		
	2014	2013	2012
Gross Gaming Revenues	**$ 894.7**	$ 814.9	$ 803.3
Facility Development Commission	**37.7**	34.1	35.2
Hospitality, lease and other revenues [1]	**108.4**	103.2	107.2
Racetrack revenues	**14.6**	14.3	15.8
	1,055.4	966.5	961.5
Less:			
Provincial / state government portion of Gross Gaming Revenues	**(586.3)**	(540.7)	(533.0)
Promotional allowances	**(22.6)**	(18.5)	(19.8)
Revenues	**$ 446.5**	$ 407.3	$ 408.7

(1) The Company has reclassified its gaming revenues of $6.4 and $24.6 for the twelve months of 2013 and 2012, respectively, that related to its prior Ontario Racetrack site holder agreements as "Hospitality, lease and other revenues". Management believes this presentation improves the comparability with the current year's revenues from OLG for their lease of the slot machine areas at the Ontario Racetracks. The prior site holder agreements were terminated by OLG effective March 31, 2013 and replaced by 5-year lease agreements effective April 1, 2013, as described in the "Major Developments - Ontario" section of this MD&A.

The following table summarizes the Company's racetrack operations and the number of actual live race days in 2014, 2013, and 2012:

		Live Race Days		
Property	**Location**	**2014**	2013	2012
Hastings Racecourse and Slot Facility	Vancouver, BC	**54**	63	67
Fraser Downs Racetrack and Casino	Surrey, BC	**68**	77	79
Georgian Downs	Innisfil, ON	**40**	29	103
Flamboro Downs	Flamborough, ON	**143**	94	188

All of our racetrack operations offer simulcast wagering, which allows patrons to place wagers on international and domestic live horse racing events.

British Columbia

Regulatory

In British Columbia, gaming activities are managed and conducted by the British Columbia Lottery Corporation ("BCLC"). BCLC in turn engages service providers, such as the Company, to operate the gaming activities pursuant to operational services agreements. The Company earns a commission based upon its casinos' gaming win, but a significant portion of that gaming win is retained by BCLC. BCLC provides a portion of its share of the gaming win to the municipalities where the gaming win is earned ("host municipalities") and the remainder is provided to the Province of British Columbia, which then dedicates the funds to many areas. These areas include the consolidated revenue fund for public service programs such as education, the Health Special Account for health care expenditures, and disbursements to charitable organizations.

Since 1997, when BCLC assumed responsibility for casino gaming and introduced slot machines in the BC marketplace, the casino business has developed into BCLC's largest earnings stream. The Company believes that the current market and regulatory environment favours the province's incumbent gaming operators.

BCLC's strategy is to continue to develop casino properties that provide players with an exceptional entertainment experience, while positioning casino gaming as a potential tourism attraction where market demand allows. BCLC is also working closely with service provider partners to provide players with tournaments and services that provide entertaining gaming experiences. In addition, the FDC component of the operational services agreements encourages service providers such as the Company to receive additional funds from reimbursement of capital improvements invested in their gaming facilities.

According to BCLC's annual report for its fiscal year ended March 31, 2014, the Company's facilities represented 42% of the province's slot machines, which produced 43% of the province's win from slot machines, and 44% of the province's table games, which produced 54% of the province's win from table games.

In BC, the strategic direction and business leadership of the local horse racing industry is provided by the B.C. Horse Racing Industry Management Committee ("BCHRIMC"), which also provides a forum for industry participants to cooperate collectively in the development of the industry. The current BCHRIMC members include representatives from both the thoroughbred and standardbred horse associations, the Interim President and Chief Executive Officer of BCLC, representatives from the Government of British Columbia, and the Vice-President of Business Development for the Company. The Agreement provides for mandatory representation on the Committee of a representative of the major racetracks in the province that are owned by the Company.

Under the direction of the BCHRIMC, as described in the "Business of the Company" section of the Company's 2014 Annual Information Form, the Company's BC horse racing operations shared approximately 43% of a consolidated horse racing industry revenue fund in 2014 (2013 - 42%). This fund includes all revenues generated from horse racing and government grants in the province and which has been established and maintained for the purpose of facilitating financial allocations among industry organizations. Also under the direction of the BCHRIMC, TBC Teletheatre B.C. currently operates on a break-even basis whereby it is allocated and permitted to retain a sufficient portion of its revenues to cover its operating expenses, with any surplus of funds being provided to the consolidated horse racing industry revenue fund. Financial allocations from the consolidated horse racing industry revenue fund may be adjusted by resolution of the BCHRIMC. Under the current financial allocations for 2015, the Company's racing industry revenue share percentage is expected to be consistent with 2014.

Seasonality

While the Company's BC casinos operate year-round, its racetracks are subject to seasonal variations due to the timing of their respective live racing seasons. Live racing generally operates from April to October at Hastings Racecourse, and from October to April at Fraser Downs. Gaming offerings and Racebooks at both locations operate year-round.

Metro Vancouver and Vancouver Island, where the majority of the Company's BC facilities are located, occasionally experience extreme winter weather conditions, which can produce a negative impact upon short-term attendance at the Company's BC facilities. River Rock has experienced increased visitation from foreign guests during their holiday seasons.

Ontario

Regulatory

In Ontario, gaming activities are managed and conducted by OLG. OLG's operations and revenues are organized under five business lines: lotteries, slots and casinos, resort casinos, iGaming and charitable bingo. Prior to April 1, 2013, the Company operated two racetracks, with slot operations owned and operated by OLG pursuant to site holder agreements. The Company earned a site holder payment based upon the win generated from the OLG slot machines, but a substantial portion of that win was retained by OLG. According to OLG's website, it directs gaming proceeds to the host municipalities, Ontario's health care, education, infrastructure, amateur sports, problem gaming prevention, treatment and research, and to charitable organizations and non-profit corporations through the Ontario Trillium Foundation.

In March 2012, the Government of Ontario and OLG decided to end the "Slots at Racetracks" program for all Ontario racetracks on March 31, 2013 as part of an overall plan 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 would terminate on March 31, 2013. On March 9, 2013, the Company and OLG signed non-binding letters of intent governing the slot machine areas at the Ontario racetracks. On March 26, 2013, the Company and the Government of Ontario signed non-binding letters of intent governing horse racing operations at the Ontario racetracks. On May 24, 2013, the Company signed binding agreements (the "Ontario Racing Agreements") with the Government of Ontario for horse racing transition funding. The funding would provide support to continue horse racing at the Ontario Racetracks for up to two years beyond March 31, 2013 and is conditional upon achievement of specific cost reduction targets. On November 29, 2013, the Company signed definitive agreements with OLG whereby OLG would lease slot machine areas at the Ontario racetracks for a five-year term terminating on March 31, 2018. The Company would earn hospitality and other revenues by providing food and beverage to OLG's guests at Flamboro Downs.

Effective April 1, 2014, the Company signed agreements with five other Ontario racetrack operators and the Ontario Racing Commission ("ORC") in support of the Horse Racing Partnership Plan, as described in the "Major Developments - Ontario" section of this MD&A.

Seasonality

According to the Ontario Racing Agreements, Georgian Downs will operate live racing from June to August, and Flamboro Downs will operate from January to May and from September to December.

Nova Scotia

Regulatory

In Nova Scotia, gaming activities are managed and conducted by the Nova Scotia Provincial Lotteries & Casinos Corporation ("NSPLCC"). NSPLCC operates two different gaming models: commercial casinos, of which the Company operates the only two within the province, and ticket and video lotteries. Lottery ticket sales are permitted at various locations, whereas video lottery terminals are permitted in licensed liquor establishments, and on First Nations' land. The Company is a service provider to NSPLCC and earns a commission based upon its casinos' revenues, a portion of which are retained by NSPLCC. According to NSPLCC's website, the revenues that it retains are directed to the provincial government's general revenue account to help pay for programs and services that benefit the province's residents. These programs and services include investments in infrastructure, schools, hospitals, community organizations and problem gambling prevention, education and treatment.

In October 2012, the Company signed the second amended and restated operating contract ("AROC") with NSPLCC, effective October 1, 2012. Under the AROC, the Company is entitled to receive an operator's fee equal to 52.24% of total gaming revenue, plus an additional 47.76% of non-gaming revenues after deduction of the capital reserve contribution ("CRC"). The CRC is the greater of 5% of total revenue and $5.0 (adjusted for inflation in each year since 2009). The Company is also entitled to receive an additional operator's fee equal to the lesser of $1.3 or 10% of leased slot machines revenues. Prior to October 1, 2012, the Company received 55.5% of both gross gaming and non-gaming revenues, after deduction of the CRC, as well as $1.0 per year related to the operation of leased slot machines.

In June 2014, the Company extended the term of the AROC with NSPLCC, effective July 1, 2015. Under the 10-year extension, the Company has committed to make substantial capital investments totalling $10.0, subject to a renovation plan and schedule approved by NSPLCC. The Company is entitled to receive an operator's fee equal to 52.24% of total gaming revenue, plus an additional 47.76% of non-gaming revenues after deduction of the CRC and the marketing fund contribution ("MFC"). The annual CRC is $4.5 (annually adjusted for inflation) and annual MFC is $1.5, which is reduced by any approved gaming promotional allowance greater than $0.9. The Company is also entitled to receive an additional operator's fee equal to the annual MFC if the Company spends more than $6.7 in qualifying marketing initiatives in an operating year or has increased total gaming revenue by $3.0 over the preceding operating year, as well as a growth incentive fee if total gaming revenue exceeds a baseline annual revenue by 5% or more.

Seasonality

Halifax and Sydney, where the Nova Scotia casinos are located, occasionally experience extreme winter weather conditions, which can result in a negative impact on short-term attendance. The gaming industry in Nova Scotia has also historically witnessed a slight increase in business volumes during the summer months, primarily as a result of both tourism and favourable weather conditions.

Washington State

The following table summarizes our Washington gaming operations as at December 31, 2014:

Name	Location	Table Games
Great American Casino Everett	Everett, WA	15
Great American Casino Kent	Kent, WA	14
Great American Casino Lakewood	Lakewood, WA	15
Great American Casino Tukwila	Tukwila, WA	15
		59

Regulatory

In Washington State, gaming operations are regulated by the Washington State Gambling Commission ("WSGC") and fall into three categories: charitable, commercial and tribal. The Company operates four commercial card rooms in the Greater Seattle area.

While the commercial gaming environment in Washington State is highly regulated, it does not feature the significant barriers to entry associated with the Company's Canadian operations. Individual cities or counties within Washington State may choose to restrict card room operations within their jurisdiction, which could result in the closure of certain locations. Washington State card room operations are conducted pursuant to house banked card room licenses that limit the number of table games to fifteen per location. These card room licenses must be renewed annually with WSGC, and the Company's renewals have historically been granted automatically.

MAJOR DEVELOPMENTS

British Columbia

Hard Rock Casino Vancouver (formerly "Boulevard Casino")

On July 3, 2013, the Company announced plans to rebrand its wholly owned and operated Boulevard Casino, located in Coquitlam, British Columbia, as "Hard Rock Casino Vancouver" under a trademark license from Hard Rock Hotel & Casino HRHH IP, LLC ("HRHH"). The initial term of the license agreement is for a period of 10 years and will renew for additional two periods of five years provided Hard Rock Casino Vancouver achieves specified increased revenue targets. If such revenue targets are not achieved, the license agreement may be extended at the Company's option. The first phase of the project was substantially completed on December 20, 2013. As at December 31, 2014, the Company has spent approximately $13.3 on this first phase of the project.

The Company continues to assess its plans for the second phase of the property's redevelopment. It is contemplated that this second phase will feature a hotel, conference facilities, additional dining options, and further integration of Hard Rock Casino Vancouver's existing entertainment and dining amenities. Prior to the rebranding to Hard Rock Casino Vancouver, the property's performance experienced substantial erosion and the local marketplace has not recovered the way the Company had expected when plans were initially made for this second phase of development. The Company will need to gain greater certainty of the business's recovery before proceeding with the second phase investments. Management believes the Hard Rock Casino Vancouver brand will improve the property's long-term performance and is optimistic that it will create momentum that will support proceeding with the second phase plans. The timeline for the second phase will be announced at a later date. The related property redevelopments and modifications remain subject to approvals from BCLC and the City of Coquitlam. As at December 31, 2014, the Company has spent approximately $2.8 of an estimated total of $50.0 on this second phase of the project.

In the fourth quarter of 2014, the Company began renovating the VIP gaming area at the Hard Rock Casino Vancouver to capitalize on the high-end baccarat play that is continuing to grow in the marketplace. The layout of the facility was changed to better position the VIP gaming area. An enhanced high-limit table area was added, with two new private VIP gaming rooms. The newly renovated area opened to the public on February 17, 2015. As at December 31, 2014, the Company has spent approximately $0.1 of an estimated total of $0.5 on the renovation.

Chances Maple Ridge (formerly "Maple Ridge Community Gaming Centre")

On October 23, 2013, the Company closed its temporary facility and relocated its Maple Ridge Community Gaming Centre operations to the newly opened "Chances Maple Ridge", a community gaming centre in Maple Ridge, BC. This permanent facility features 173 slot machines, two electronic table games, bingo, dining options with liquor service throughout the facility, a meeting facility, and improved parking capacity. In order to facilitate both the operation of slots at the Company's temporary facility in Maple Ridge and the construction of the permanent facility, the Company committed $4.3 for both property enhancements and servicing commitments to the District of Maple Ridge. As at December 31, 2014, the Company has incurred $3.8 towards fulfilling servicing commitments related to the construction of the permanent facility. The Company has also invested $4.7 for the purchase of land required for the permanent facility and incurred $13.8 in construction costs.

With the opening of the new facility, the operational services agreement with BCLC was extended for a 10-year term, expiring on October 31, 2023, with a second renewal term at the Company's option until October 31, 2033.

River Rock Casino Resort

On September 19, 2013, BCLC approved the Company's request to exercise its 10-year extension option for the River Rock Casino Resort's Casino Operational Services Agreement ("COSA"). This 10-year extension extends the COSA expiry date to June 23, 2024.

In the fourth quarter of 2014, the Company began renovating the Salon Privé VIP gaming area at River Rock. An expansion of the VIP gaming area provided over 3,500 square feet of additional VIP gaming space, including one new private gaming room and two semi private rooms. Ten additional baccarat tables have been added to this new gaming area and five additional tables have been added to the Phoenix Room, for a total of fifteen additional VIP baccarat tables. On the main gaming floor, twelve stand-up baccarat tables have been replaced with sit-down tables to better service mid-level premium mass market. The newly renovated area opened to the public on February 12, 2015. As at December 31, 2014, the Company has spent approximately $1.0 of an estimated total of $2.9 on the renovation.

BC Horse Racing

On February 14, 2014, the BCHRIMC finalized a multi-year industry funding arrangement amongst both the province's Thoroughbred sector and the Standardbred sector and their respective track operators, Hastings Racecourse and Slots Facility ("Hastings") and Fraser Downs Racetrack and Casino ("Fraser Downs"). The BCHRIMC has indicated that this funding arrangement will be in place for the next three years for the Thoroughbred sector and for the next five years for Standardbreds.

The funding model is an extension of the arrangements in place since 2012 whereby pooled income from all the industry's revenue sources is allocated to the industry stakeholders. For 2015, the total of both Hastings' and Fraser Downs' racing industry revenue share percentage is expected to be consistent with the prior year. The BCHRIMC also approved race days and season lengths for 2015, subject to ratification by the provincial Gaming Policy and Enforcement Branch. These days include 54 confirmed Thoroughbred race days at Hastings over a seven-month season (2014 - six) and 62 confirmed Standardbred race days at Fraser Downs over a seven-month season (2014 - eight). The season length at Fraser Downs will move to six months in 2016.

The Company looks forward to collaborating with industry stakeholders to achieve greater sustainability and certainty for the industry.

Hastings Racecourse and Slots Facility

In October 2014, the Company and the City of Vancouver reached an agreement to extend the operating lease agreement for Hastings Racecourse until November 9, 2016. Both the Company and the City of Vancouver are committed to working together towards a longer term arrangement at Hastings Racecourse that achieves greater sustainability for all parties.

Fraser Downs Racetrack and Casino

The Company exercised its renewal option with BCLC to extend the term of the COSA under which the Company operates the casino at Fraser Downs. Under the terms of the contract extension, the Company will have an additional 10 years of term certainty until March 31, 2024. As part of the requirements of the renewal, the Company has completed market research that will be used to determine the scope of a property redevelopment or renovation of approximately $11.0 that is scheduled to complete by the Fall of 2015. The renovation will include gaming, facility layout, food and beverage and entertainment enhancements throughout the property. Exterior changes to the facility will provide more street presence to passing traffic.

Ontario

Termination of Site Holder Agreements

In March 2012, the Government of Ontario announced the cancellation of the "Slots at Racetracks" program for all Ontario racetracks. On March 29, 2012, OLG provided notice that the site holder agreements with the Company's Ontario Racetracks would terminate on March 31, 2013. After the termination of these agreements, the revenues and earnings of Georgian Downs and Flamboro Downs decreased.

Lease Agreements and Horse Racing Agreements

The Government of Ontario asked a panel of three former Ontario Cabinet ministers (the "Ontario Horse Racing Industry Transition Panel" or the "Panel") to consult with the horse racing industry to determine how the Government of Ontario could support the industry's transition to a self-sufficient business model, including the allocation of transition funds. In October 2012, the Panel released a report that included recommendations to materially reduce the total province-wide annual horse racing days by approximately half, with these reduced days to be provided by a minimum of six racetracks. The model proposed by the Panel assumed that the participating racetrack operators will not derive profit from racing operations. The Panel recommended that operating costs incurred by the racetracks would be publicly funded and that additional public funding be provided to the horse racing industry over three years, subject to ongoing accountability audits. The Panel also supported the development of an alliance between the participating racetracks in Ontario to manage racing operations, subject to certain conditions. While not exhaustive, these conditions include pooling all Ontario pari-mutuel wagering revenues, allocating and directing those revenues towards racing purses and reinvesting any residual industry earnings.

On March 9, 2013, the Company and OLG signed non-binding letters of intent governing the slot machine areas at the Ontario Racetracks. Under the terms of these letters, OLG would lease these areas for a five-year term commencing April 1, 2013. The Company and OLG operated as though the key provisions of these leases came into effect on April 1, 2013 as evidenced by interim arrangements. On April 26, 2013, Georgian Downs received from OLG a one-time settlement payment of $31.5 in connection with the Georgian Downs facility, and the Company and Georgian Downs provided OLG with a release of claims. The settlement payment was recorded as a reduction to Georgian Downs' property, plant and equipment. On November 29, 2013, the Company signed definitive lease agreements with OLG related to these letters of intent.

On March 26, 2013, the Company and the Government of Ontario signed non-binding letters of intent governing horse racing operations at the Ontario Racetracks. On May 24, 2013, the Company signed binding agreements (the "Ontario Racing Agreements") with the Government of Ontario for horse racing transition funding. The funding provided support to continue horse racing at the Ontario Racetracks for up to two years beyond March 31, 2013 and was conditional upon achievement of specific cost reduction targets.

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

On October 11, 2013, the Government of Ontario released a five-year horse racing plan (the "Horse Racing Plan"), consistent with the recommendations of the Panel as contained in their final report which was also publicly released on the same day. Effective April 1, 2014, the Horse Racing Plan includes proposed annual government funding of $80.0 to support live racing, approximately 75% of which would be directed to supporting industry programs and a core group of tracks centred around the concentrated horse supply in Central and South West Ontario that would conduct Thoroughbred, Standardbred and Quarter Horse racing attractive to wagering customers.

On March 31, 2014, the Government of Ontario announced that the Horse Racing Plan would provide annual funding of up to $100.0, which increased from the proposed annual funding of $80.0 previously announced in October 2013. Effective April 1, 2014, the Company signed agreements with five other Ontario racetrack operators and the Ontario Racing Commission ("ORC") in support of the Horse Racing Partnership Plan. These agreements establish an unprecedented standardbred alliance (the "Standardbred Alliance") amongst a core group of racetracks centered around the concentrated horse supply in Central and South-Western Ontario and provide better stability and clarity for all industry stakeholders.

The Standardbred Alliance members represent a three-tier racing hierarchy, 'Grass Roots' (Clinton Raceway, Hanover Raceway), 'Signature' (Flamboro Downs, Georgian Downs, Grand River Raceway and The Raceway at Western Fair) and 'Premier' (Mohawk Racetrack and Woodbine Racetrack). The Standardbred Alliance has worked closely with government, regulators and industry participants to develop a racing plan that will see a coordinated year-round racing calendar that is attractive to both foreign and domestic customers, provides for consistent purse levels at each track, and enables enhanced operational efficiencies among the tracks.

Under a new horse racing program that is administered by the ORC, the Company's Georgian Downs and Flamboro Downs racetracks receive provincial funding for their racing purses. In addition, under the terms of the revenue sharing agreements among the Standardbred Alliance members, the racetracks' pari-mutuel revenues are pooled and shared among the tracks. These agreements are not expected to have a material financial impact on the Company's Ontario Racetrack operations and have replaced the horse racing transition funding that was previously received by the Company's Ontario racetracks from the Government of Ontario during the twelve months ended March 31, 2014.

Long-lived assets impairments and impairment reversals

After the termination of the site holder agreements for both Georgian Downs and Flamboro Downs, the Company recorded in the first quarter of 2012 impairments of goodwill, intangible assets, and property, plant and equipment for each property. During the first quarter of 2013, as a result of signing the non-binding letters of intent with OLG, the anticipated execution of definitive agreements, and the settlement payment received from OLG on April 26, 2013, the Company recorded reversals of impairments related to Georgian Downs' and Flamboro Downs' intangible assets and property, plant and equipment.

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

In addition, during the three months ended March 31, 2012 and the year ended December 31, 2012, the

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

Company recorded impairments of $3.4 and $10.3, respectively, related to land in Ontario that was written down to its estimated recoverable amount.

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

	Georgian Downs				Flamboro Downs		
	Property, plant and equipment	Intangible assets	Goodwill	Total	Property, plant and equipment	Intangible assets	Total
Carrying amount at January 1, 2012	$ 64.9	$ 25.5	$ 3.2	$ 93.6	$ 13.9	$ 40.6	$ 54.5
Net additions and amortization	(1.9)	(1.7)	-	(3.6)	(1.3)	(4.6)	(5.9)
Impairments	(23.5)	(8.2)	(3.2)	(34.9)	(5.2)	(24.2)	(29.4)
Carrying amount at December 31, 2012	$ 39.5	$ 15.6	$ -	$ 55.1	$ 7.4	$ 11.8	$ 19.2
Net additions and amortization	(0.5)	(0.3)	-	(0.8)	(0.4)	(1.3)	(1.7)
Impairment reversals	11.7	8.0	-	19.7	1.5	7.3	8.8
Carrying amount at March 31, 2013	$ 50.7	$ 23.3	$ -	$ 74.0	$ 8.5	$ 17.8	$ 26.3
Net additions and amortization	0.4	(0.3)	-	0.1	(0.1)	(0.9)	(1.0)
Settlement payment	(31.5)	-	-	(31.5)	-	-	-
Carrying amount at June 30, 2013	$ 19.6	$ 23.0	$ -	$ 42.6	$ 8.4	$ 16.9	$ 25.3
Net additions and amortization	(0.2)	(0.5)	-	(0.7)	(0.3)	(1.8)	(2.1)
Carrying amount at December 31, 2013	$ 19.4	$ 22.5	$ -	$ 41.9	$ 8.1	$ 15.1	$ 23.2
Net additions and amortization	(0.1)	(0.3)	-	(0.4)	(0.1)	(0.9)	(1.0)
Impairment reversal	-	-	-	-	1.0	4.2	5.2
Carrying amount at March 31, 2014	$ 19.3	$ 22.2	$ -	$ 41.5	$ 9.0	$ 18.4	$ 27.4
Net additions and amortization	**(0.2)**	**(0.8)**	**-**	**(1.0)**	**(0.7)**	**(3.4)**	**(4.1)**
Carrying amount at December 31, 2014	**$ 19.1**	**$ 21.4**	**$ -**	**$ 40.5**	**$ 8.3**	**$ 15.0**	**$ 23.3**

The recoverable amounts for Georgian Downs' and Flamboro Downs' long-lived assets at December 31, 2014 were determined based on the value in use method, which estimates the net present value of the future cash flows expected to be generated, using an after-tax discount rate based on the Company's weighted-average cost of capital. The estimates of future cash flows require a number of key assumptions about future business performance. These assumptions and estimates are primarily based on the relevant business' historical experience and economic trends, and consider past and ongoing communications with relevant stakeholders of the Company. These key assumptions include the future revenue levels, EBITDA, and the expected useful life of the cash generating unit ("CGU"). The assumptions are subject to a number of factors and it is possible that actual results could vary materially from management's estimates. As the carrying values of Georgian Downs' and Flamboro Downs' long-lived assets as at December 31, 2014 were equal to their estimated recoverable amounts, a subsequent change in any key assumption utilized in the estimate of future cash flows may result in a further impairment loss or reversal of an impairment loss.

Request for Gaming Service Providers

In May 2012, OLG issued a request for information ("RFI") to obtain input from potential industry participants regarding the modernization of gaming in Ontario. OLG stated that as a result of the feedback from the RFI, and to enable OLG to more effectively manage the gaming market in Ontario, OLG has grouped many of the 25 Gaming Zones into Gaming Bundles where each bundle represents a separate bidding opportunity. Potential relocation of the existing Gaming Sites in Gaming Zones to other locations within such Gaming Zones are subject to municipal, OLG and Ontario Government approvals. In November 2012, OLG initiated the request for pre-qualifications ("RFPQ") process to pre-qualify service providers for eligibility to participate in the request for proposals process for the Gaming Bundles. The Company is seeking to participate in the future opportunities that have arisen from the intention to modernize gaming in Ontario. To that end, the Company (alone and with proposed partners) has submitted several RFPQs to OLG.

While the RFPQ process is still ongoing, the Company has been notified by OLG on one of its RFPQ submissions – Gaming Bundle 2 (East). The Company is pre-qualified to submit a Request for Proposal ("RFP") for that Gaming Bundle which contains three gaming zones. The first gaming zone includes the City of Peterborough and surrounding areas, and is currently served by OLG Slots at Kawartha Downs. The second gaming zone includes a new build opportunity to service the City of Belleville and the municipality of Quinte West. Lastly, the third gaming zone includes the City of Kingston and surrounding areas, including Gananoque and Leeds, and is currently served by OLG Casino Thousand Islands. The Company is bidding on Gaming Bundle 2 (East) with two partners, with the Company intended to be the majority partner. OLG has publicly stated that they expect to announce a successful proponent for this Gaming Bundle in 2015. The Company has not received a response on its other RFPQ submissions. OLG stated on April 25, 2014 that it will release the RFPs for the remaining Gaming Bundles in the coming months.

It is not certain at this time whether the Company will be successful in being granted an opportunity to bid on more than one bundle or whether it would be a successful bidder on any bundle. While it is one of the entities that has been granted an opportunity to submit an RFP, there is no certainty that the Company will be able to secure an operational services contract(s) to operate a gaming facility in Ontario. Accordingly, the full extent of the impact that the continued modernization of gaming in Ontario may have on the Company is not yet known.

Casino Nova Scotia

In June 2014, the Company exercised its renewal option with NSPLCC to extend the term of the AROC, effective July 1, 2015. Under the terms of the contract option extension, the Company will have a minimum of 10 years of term certainty as the casino operator of the Nova Scotia casinos and has committed to make capital investments totalling $10.0 to the casino properties, subject to a renovation plan and schedule approved by NSPLCC.

Great American Casinos Kent

Subsequent to December 31, 2014, the Company decided to close its Great American Casino located in Kent, Washington on March 14, 2015. In connection with the closure, the Company expects to incur during the three months ending March 31, 2015 restructuring costs of approximately $0.8, which are primarily attributed to an uneconomic lease agreement and employee severance costs.

Normal Course Issuer Bid

In January 2013, the Company commenced a normal course issuer bid that authorized the Company to purchase up to 4,511,644 of its common shares. For the year ended December 31, 2013, the Company completed this normal course issuer bid by purchasing 4,511,644 common shares at a volume weighted-average price per share of $10.32.

In January 2014, the Company received approval from the TSX to commence another normal course issuer bid for up to 4,231,075 of its common shares, representing approximately 10% of the Company's common shares in the public float. The bid commenced on January 30, 2014 and ended on January 29, 2015. During the twelve months ended December 31, 2014, the Company purchased and cancelled 800 common shares under this normal course issuer bid at a volume weighted-average price per share of $14.02.

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 consolidated statements of changes in equity.

Subsequent to December 31, 2014, the Company received approval from the TSX to commence another normal course issuer bid for up to 5,033,078 of its common shares, representing approximately 10% of the Company's common shares in the public float. The bid commenced on February 26, 2015 and will end on February 25, 2016, or earlier if the number of shares sought in the issuer bid has been obtained. Pursuant to TSX policies, daily purchases made by the Company will not exceed 34,220 common shares or 25% of the prior six-month average daily trading volume of 136,878 common shares on the TSX. Purchases will be by way of open market purchases through the facilities of the TSX, and other Canadian market places, and payment for the shares will be in accordance with the TSX's by-laws and rules. All shares purchased by the Company will be subsequently cancelled.

MARKET UPDATE

British Columbia

Competition

One of the Company's direct competitors, Paragon Gaming LLC ("Paragon"), operates the Edgewater Casino in downtown Vancouver, BC. In December 2013, the City of Vancouver conditionally approved the relocation of Edgewater Casino to a new complex across the street from the existing location. On January 20, 2015, the City of Vancouver approved the development for the new facility, which is restricted to maintain its current gaming capacity. The new complex is expected to include two hotel towers, restaurants and commercial space with completion in the fourth quarter of 2016. Management is closely monitoring the development as it may impact our facilities.

CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three month and twelve month periods ended December 31, 2014 with comparatives for the prior periods.

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Gaming revenues [1]	**$ 79.9**	$ 67.7	18%	**$ 308.4**	$ 274.2	12%
Facility Development Commission	**9.7**	8.2	18%	**37.7**	34.1	11%
Hospitality, lease and other revenues [1]	**28.6**	27.1	6%	**108.4**	103.2	5%
Racetrack revenues	**3.6**	3.4	6%	**14.6**	14.3	2%
	121.8	106.4	14%	**469.1**	425.8	10%
Less: Promotional allowances	**(6.1)**	(4.8)	27%	**(22.6)**	(18.5)	22%
Revenues	**115.7**	101.6	14%	**446.5**	407.3	10%
Human resources	**42.3**	40.8	4%	**164.8**	160.5	3%
Property, marketing and administration	**26.4**	25.6	3%	**101.6**	96.2	6%
	68.7	66.4	3%	**266.4**	256.7	4%
EBITDA	**47.0**	35.2	34%	**180.1**	150.6	20%
Human resources as a % of Revenues before Promotional allowances	**34.7%**	38.3%		**35.1%**	37.7%	
EBITDA as a % of Revenues	**40.6%**	34.6%		**40.3%**	37.0%	
Amortization	**10.3**	11.6		**45.3**	48.5	
Share-based compensation	**1.4**	6.1		**4.8**	9.7	
Impairment (reversal) of long-lived assets and goodwill, net	**0.5**	-		**(4.7)**	(28.5)	
Interest and financing costs, net	**7.7**	8.0		**31.6**	32.8	
Restructuring and other	**0.2**	0.6		**0.8**	2.0	
Foreign exchange gain and other	**(1.5)**	(0.3)		**(2.4)**	(0.9)	
Income taxes	**6.8**	2.0		**26.3**	23.9	
Net earnings	**$ 21.6**	$ 7.2	200%	**$ 78.4**	$ 63.1	24%
Net earnings per common share						
Basic	**$ 0.32**	$ 0.11		**$ 1.16**	$ 0.92	
Diluted	**$ 0.31**	$ 0.10		**$ 1.12**	$ 0.90	
Weighted average number of common shares (in thousands)						
Basic	**68,421**	67,327		**67,864**	68,560	
Diluted	**70,598**	69,208		**69,789**	69,934	

[1] For the twelve months of 2013, the Company has reclassified its Ontario gaming revenues of $6.4 that related to its prior Ontario Racetrack site holder agreements as "Hospitality, lease and other revenues". Management believes this presentation improves the comparability with the current year's revenues from OLG for their lease of the slot machine areas at the Ontario Racetracks; however, included in the twleve months of 2013 were $0.7 of non-recurring without prejudice dispute resolution payments received from OLG. The prior site holder agreements were terminated by OLG effective March 31, 2013 and replaced by 5-year lease agreements effective April 1, 2013, as described in the "Major Developments" section of this MD&A.

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

Discussion of Results

The Company's operating results are discussed in two sections: (1) EBITDA, consisting of revenues, human resources expenses, property, marketing and administration expenses, which is discussed on a property or, where appropriate, group of similar properties basis, and (2) items excluded from EBITDA, which are discussed on a consolidated basis. The following table reconciles the property results to the consolidated results of operations on the previous page.

REVENUES and EBITDA

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
REVENUES						
River Rock Casino Resort	**$ 54.3**	$ 43.2	26%	**$ 205.0**	$ 170.1	21%
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	**13.3**	13.0	2%	**52.4**	50.0	5%
Vancouver Island Casinos	**9.3**	9.1	2%	**37.0**	38.2	(3%)
Other BC Casinos	**5.5**	5.0	10%	**21.2**	19.1	11%
Nova Scotia Casinos	**9.7**	9.8	(1%)	**39.5**	41.0	(4%)
Great American Casinos	**8.2**	6.6	24%	**28.9**	24.8	17%
BC Racinos	**9.0**	8.4	7%	**37.4**	37.9	(1%)
Ontario Racetracks	**6.4**	6.5	(2%)	**25.1**	26.2	(4%)
Total Revenues	**$ 115.7**	$ 101.6	14%	**$ 446.5**	$ 407.3	10%
EBITDA						
River Rock Casino Resort	**$ 31.3**	$ 22.3	40%	**$ 119.0**	$ 89.8	33%
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	**3.9**	2.6	50%	**15.0**	13.3	13%
Vancouver Island Casinos	**4.8**	4.8	0%	**19.7**	20.9	(6%)
Other BC Casinos	**2.7**	2.0	35%	**10.3**	8.9	16%
Nova Scotia Casinos	**2.5**	2.3	9%	**10.7**	11.1	(4%)
Great American Casinos	**2.1**	0.9	133%	**5.6**	3.9	44%
BC Racinos	**1.6**	1.3	23%	**7.2**	7.2	0%
Ontario Racetracks	**3.3**	3.6	(8%)	**12.9**	14.0	(8%)
Corporate & Other	**(5.2)**	(4.6)	(13%)	**(20.3)**	(18.5)	(10%)
Total EBITDA	**$ 47.0**	$ 35.2	34%	**$ 180.1**	$ 150.6	20%

(1) EBITDA is a non-GAAP measure defined in the Introduction - Non-GAAP Measures section of this MD&A.

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

Casinos

River Rock Casino Resort

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Gaming revenues	**$ 38.7**	$ 29.0	33%	**$ 146.7**	$ 116.6	26%
Facility Development Commission	**5.4**	4.2	29%	**20.8**	16.8	24%
Hospitality and other revenues	**12.7**	11.9	7%	**47.5**	44.4	7%
Revenues before Promotional allowances	**56.8**	45.1	26%	**215.0**	177.8	21%
Less: Promotional allowances	**(2.5)**	(1.9)	32%	**(10.0)**	(7.7)	30%
Revenues	**54.3**	43.2	26%	**205.0**	170.1	21%
Human resources	**14.1**	13.3	6%	**53.3**	51.4	4%
Property, marketing and administration	**8.9**	7.6	17%	**32.7**	28.9	13%
EBITDA	**$ 31.3**	$ 22.3	40%	**$ 119.0**	$ 89.8	33%
Human resources as a % of Revenues before Promotional allowances	**24.8%**	29.5%		**24.8%**	28.9%	
EBITDA as a % of Revenues	**57.6%**	51.6%		**58.0%**	52.8%	

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Average
Table Drop	$ 286.7	$ 326.9	$ 338.5	$ 266.9	$ 241.4	$ 283.0	$ 221.4	$ 227.6	$ 233.4	
Table Hold	$ 71.8	$ 64.9	$ 72.0	$ 59.1	$ 48.7	$ 49.7	$ 44.6	$ 53.8	$ 41.7	
Table Hold %	25.0%	19.9%	21.3%	22.2%	20.2%	17.6%	20.2%	23.7%	17.9%	20.9%
Poker Rake	$ 0.9	$ 1.0	$ 1.1	$ 1.0	$ 1.1	$ 1.0	$ 0.9	$ 1.0	$ 1.2	
Slot Coin-In	$ 588.2	$ 583.8	$ 578.6	$ 498.1	$ 525.2	$ 536.0	$ 511.5	$ 545.4	$ 521.7	
Slot Win	$ 37.7	$ 39.3	$ 38.3	$ 34.5	$ 35.5	$ 37.0	$ 35.3	$ 35.2	$ 34.9	
Slot Win/Slot/Day[1]	$ 372	$ 389	$ 383	$ 350	$ 351	$ 364	$ 352	$ 355	$ 345	
Slot Win %	6.4%	6.7%	6.6%	6.9%	6.8%	6.9%	6.9%	6.5%	6.7%	6.7%

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

Revenues

Gaming revenues at River Rock increased by 33% in the fourth quarter of 2014 when compared to the fourth quarter of 2013. This growth was primarily due to the 19% increase in table drop and the 4.8 percentage point increase in table hold percentage, resulting in a 47% increase in table hold. The increase in table drop was partially attributed to the opening of a new high-limit table games room in the first quarter of 2014. Slot win increased by 6% due to a 12% increase in slot coin-in, which was partially offset by a 0.4 percentage point decrease in slot win percentage.

Gaming revenues at River Rock increased by 26% in the twelve months of 2014 when compared to the twelve months of 2013. This growth was primarily due to the 25% increase in table drop.

Hospitality and other revenues increased by 7% in both the fourth quarter and twelve months of 2014, when compared to the same periods in 2013. These increases were primarily due to growth in hotel and food and beverage revenues.

River Rock's hotel capacity includes the "River Rock Casino Resort Suites", which has 202 rooms, and "The Hotel at River Rock" with 193 rooms offered at a lower price point. On a combined basis, including the effect of interdepartmental sales to the casino that are deducted as promotional allowances to arrive at facility revenues, River Rock's average daily hotel revenue per available room ("REVPAR") was $109 dollars in the fourth quarter of 2014, compared to $106 dollars in the fourth quarter of 2013. This increase was due to an 11% increase in the average daily room rate ("ADR") to $168 dollars for the fourth quarter of 2014, which was partially offset by a five percentage point decrease in the average hotel occupancy rate to 65%. For the twelve months of 2014, River Rock's REVPAR was $121 dollars, compared to $106 dollars in the twelve months of 2013. This increase was due to a 10% increase in the ADR to $163 dollars and a two percentage point increase in the average hotel occupancy rate to 74%.

Expenses
Human resources expenses increased by 6% and 4% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013. These increases were primarily due to increased staffing costs to meet the growth in the gaming and hospitality businesses. Property, marketing and administration expenses increased by 17% and 13% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013. These increases were primarily due to the growth in business volume and increases in marketing and promotions expenses.

EBITDA
EBITDA increased by 40% and 33% in the fourth quarter and twelve months of 2014, when compared to the same periods in 2013. These increases were attributed to significant growth in gaming revenues.

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

Hard Rock Casino Vancouver (formerly "Boulevard Casino")

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Gaming revenues	**$ 9.6**	$ 9.7	(1%)	**$ 38.3**	$ 37.5	2%
Facility Development Commission	**1.6**	1.5	7%	**6.2**	6.2	0%
Hospitality and other revenues	**3.0**	2.5	20%	**10.6**	8.6	23%
Revenues before Promotional allowances	**14.2**	13.7	4%	**55.1**	52.3	5%
Less: Promotional allowances	**(0.9)**	(0.7)	29%	**(2.7)**	(2.3)	17%
Revenues	**13.3**	13.0	2%	**52.4**	50.0	5%
Human resources	**5.8**	6.6	(12%)	**23.5**	24.5	(4%)
Property, marketing and administration	**3.6**	3.8	(5%)	**13.9**	12.2	14%
EBITDA	**$ 3.9**	$ 2.6	50%	**$ 15.0**	$ 13.3	13%
Human resources as a % of Revenues before Promotional allowances	**40.8%**	48.2%		**42.6%**	46.8%	
EBITDA as a % of Revenues	**29.3%**	20.0%		**28.6%**	26.6%	

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Average
Table Drop	$ 38.9	$ 38.5	$ 40.6	$ 51.3	$ 38.9	$ 32.7	$ 36.2	$ 37.9	$ 41.6	
Table Hold	$ 7.3	$ 7.3	$ 7.5	$ 7.1	$ 7.6	$ 6.6	$ 7.3	$ 7.8	$ 8.2	
Table Hold %	18.8%	19.0%	18.6%	13.8%	19.4%	20.2%	20.2%	20.6%	19.7%	18.7%
Poker Rake	$ 1.0	$ 1.0	$ 1.4	$ 1.2	$ 1.1	$ 0.8	$ 0.6	$ 0.7	$ 1.0	
Slot Coin-In	$ 324.3	$ 319.3	$ 321.1	$ 318.9	$ 306.0	$ 304.0	$ 313.8	$ 353.3	$ 385.5	
Slot Win	$ 23.4	$ 23.1	$ 23.4	$ 23.2	$ 23.0	$ 22.6	$ 23.9	$ 24.8	$ 26.7	
Slot Win/Slot/Day(1,2)	$ 275	$ 265	$ 275	$ 270	$ 271	$ 300	$ 326	$ 310	$ 292	
Slot Win %	7.2%	7.2%	7.3%	7.3%	7.5%	7.4%	7.6%	7.0%	6.9%	7.3%

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

(2) During the twelve months of 2013, the Company removed 41 slot machines at Hard Rock Casino Vancouver resulting in 949 slot machines as at December 31, 2013. During December 2014, the Company removed 99 slot machines resulting in 850 slot machines at December 31, 2014. 75 slot machines were reinstalled in February 2015.

Recent Developments

As described in the "Major Developments" section of this MD&A, the Company completed the renovation and repositioning of Boulevard Casino with its relaunch as Hard Rock Casino Vancouver on December 20, 2013. Throughout 2013, as proximate highway construction and internal property redevelopments continued, gaming volumes declined each quarter on a year-over-year basis. Since the relaunch, the property has seen improvements in its gaming volumes and food and beverage revenues.

Revenues

Gaming revenues decreased by 1% in the fourth quarter of 2014, when compared to the same period in 2013, mainly due to a 0.6 percentage point decrease in table hold percentage. Slot coin-in increased by 6% in the fourth quarter of 2014, when compared to the fourth quarter of 2013, which was offset by a 0.3 percentage point decrease in slot win percentage. Gaming revenues increased by 2% in the twelve months of 2014, when compared to the same period in 2013, mainly due to a 44% increase in poker rake and a 16% increase in table drop, which was partially offset by decreases in table hold percentage.

Hospitality and other revenues increased by 20% and 23% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013. These improvements were primarily due to increases in food and beverage revenues in the fourth quarter and twelve months of 2014, when compared to the same periods in 2013, that were associated with improved food and beverage amenity offerings and increased visitation resulting from the property's rebranding in December 2013.

Expenses
Human resources expenses decreased by 12% and 4% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013, primarily due to the decrease in human resources costs associated with operating efficiencies implemented in 2014 and the impact of the $0.4 rebranding and pre-opening training costs incurred in the fourth quarter of 2013.

Property, marketing and administration expenses decreased by 5% in the fourth quarter of 2014, when compared to the same period in 2013, mainly due to the impact of the $0.6 rebranding and pre-opening costs incurred in the fourth quarter of 2013, which was partially offset by the impact of license and memorabilia rental fees related to the new brand. Property, marketing and administration expenses increased by 14% in the twelve months of 2014, when compared to the same period in 2013, primarily due to increased business volumes as well as license and memorabilia rental fees related to the new brand.

EBITDA
EBITDA increased by 50% and 13% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods of 2013. These increases were due primarily to the improvement in hospitality revenues and the decrease in expenses attributed to the property rebranding.

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

Vancouver Island Casinos (View Royal Casino and Casino Nanaimo)

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Gaming revenues	**$ 7.4**	$ 7.3	1%	**$ 29.6**	$ 30.3	(2%)
Facility Development Commission	**1.2**	1.2	0%	**4.7**	5.2	(10%)
Hospitality and other revenues	**1.1**	1.1	0%	**4.4**	4.4	0%
Revenues before Promotional allowances	**9.7**	9.6	1%	**38.7**	39.9	(3%)
Less: Promotional allowances	**(0.4)**	(0.5)	(20%)	**(1.7)**	(1.7)	0%
Revenues	**9.3**	9.1	2%	**37.0**	38.2	(3%)
Human resources	**3.1**	3.0	3%	**12.0**	11.9	1%
Property, marketing and administration	**1.4**	1.3	8%	**5.3**	5.4	(2%)
EBITDA	**$ 4.8**	$ 4.8	0%	**$ 19.7**	$ 20.9	(6%)
Human resources as a % of Revenues before Promotional allowances	**32.0%**	31.3%		**31.0%**	29.8%	
EBITDA as a % of Revenues	**51.6%**	52.7%		**53.2%**	54.7%	

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Average
Table Drop	$ 12.6	$ 11.3	$ 11.9	$ 11.4	$ 10.8	$ 12.2	$ 12.6	$ 12.4	$ 12.5	
Table Hold	$ 2.9	$ 2.7	$ 2.7	$ 2.8	$ 2.7	$ 2.6	$ 2.8	$ 2.9	$ 2.9	
Table Hold %	23.0%	23.9%	22.7%	24.8%	25.0%	21.1%	22.0%	23.4%	23.2%	23.2%
Slot Coin-In	$ 353.5	$ 367.2	$ 364.1	$ 365.9	$ 359.8	$ 382.0	$ 392.0	$ 372.6	$ 379.8	
Slot Win	$ 25.7	$ 25.9	$ 26.6	$ 25.2	$ 25.9	$ 27.6	$ 28.0	$ 26.7	$ 26.9	
Slot Win/Slot/Day(1)	$ 298	$ 302	$ 313	$ 306	$ 287	$ 305	$ 314	$ 294	$ 289	
Slot Win %	7.3%	7.0%	7.3%	6.9%	7.2%	7.2%	7.2%	7.2%	7.1%	7.1%

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

<u>Revenues</u>
Gaming and hospitality and other revenues were relatively consistent in the fourth quarter and twelve months of 2014, when compared to the same periods in 2013. FDC revenues decreased by 10% in the twelve months of 2014, when compared to the twelve months of 2013, as the majority of the eligible expenditures approved by BCLC for the accelerated FDC project at Casino Nanaimo were reimbursed.

<u>Expenses and EBITDA</u>
Expenses and EBITDA at the Vancouver Island Casinos in the fourth quarter and twelve months of 2014 were relatively consistent with the same periods in 2013.

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

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

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Gaming revenues	**$ 3.9**	$ 3.5	11%	**$ 15.1**	$ 14.1	7%
Facility Development Commission	**0.8**	0.7	14%	**2.9**	2.7	7%
Hospitality and other revenues	**1.1**	1.0	10%	**4.1**	3.0	37%
Revenues before Promotional allowances	**5.8**	5.2	12%	**22.1**	19.8	12%
Less: Promotional allowances	**(0.3)**	(0.2)	50%	**(0.9)**	(0.7)	29%
Revenues	**5.5**	5.0	10%	**21.2**	19.1	11%
Human resources	**1.6**	1.6	0%	**6.6**	6.0	10%
Property, marketing and administration	**1.2**	1.4	(14%)	**4.3**	4.2	2%
EBITDA	**$ 2.7**	$ 2.0	35%	**$ 10.3**	$ 8.9	16%
Human resources as a % of Revenues before Promotional allowances	**27.6%**	30.8%		**29.9%**	30.3%	
EBITDA as a % of Revenues	**49.1%**	40.0%		**48.6%**	46.6%	

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Average
Slot Coin-In	$ 208.2	$ 201.1	$ 200.1	$ 196.3	$ 196.5	$ 180.6	$ 189.6	$ 191.2	$ 165.3	
Slot Win	$ 14.3	$ 14.1	$ 13.9	$ 13.3	$ 13.2	$ 12.4	$ 13.2	$ 12.6	$ 10.6	
Slot Win/Slot/Day[1,2]	$ 295	$ 291	$ 291	$ 281	$ 286	$ 308	$ 331	$ 321	$ 315	
Slot Win %	6.9%	7.0%	7.0%	6.8%	6.7%	6.9%	7.0%	6.6%	6.4%	6.8%

(1) Slot Win/Slot/Day is an average, presented in dollars.
(2) During the third quarter of 2013, the Company added 73 slot machines at Chances Maple Ridge, resulting in 493 slot machines at the Other BC Casinos since October 23, 2013. During the twelve months of 2014, 18 slot machines were added, resulting in 511 slot machines at December 31, 2014.

Recent Developments
As described in the "Major Developments" section of this MD&A, Chances Maple Ridge relocated from its temporary facility to its new permanent facility on October 23, 2013. Since the grand opening, the property has seen improvements in its gaming volumes and food and beverage revenues.

Revenues
Revenues at the Other BC Casinos increased by 10% and 11% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013. The increase in the fourth quarter of 2014 was mainly attributable to the growth in gaming and food and beverage revenues at all properties, especially at Chances Maple Ridge, which moved to its permanent facility in October 2013. The increase in gaming revenues was mainly attributable to the increase in slot coin-in and slot win percentage.

Expenses
Human resources expenses were relatively consistent in the fourth quarter of 2014, when compared to the same period in 2013. Human resources expenses increased by 10% in the twelve months of 2014, when compared to the same period in 2013. This increase was mainly due to the incremental staffing costs associated with the permanent facility at Chances Maple Ridge.

Property, marketing and administration expenses decreased by 14% in the fourth quarter of 2014, when compared to the fourth quarter of 2013. This decrease was primarily due to the impact of the $0.1 pre-opening costs for the permanent facility at Chances Maple Ridge in the fourth quarter of 2013. Property, marketing and administration expenses were relatively consistent in the twelve months of 2014, when compared to the same period in 2013.

EBITDA

EBITDA increased by 35% in the fourth quarter of 2014, when compared with the same period in 2013. The increase was attributable to the increase in revenues and the decrease in property, marketing and administration expenses.

EBITDA increased by 16% in the twelve months of 2014, when compared with the same period in 2013. The increase was attributable to the increase in revenues, which was partially offset by the increase in human resources expenses.

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

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

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Gaming revenues	**$ 8.6**	$ 8.4	2%	**$ 35.3**	$ 36.1	(2%)
Hospitality and other revenues	**1.8**	1.8	0%	**6.6**	6.6	0%
Revenues before Promotional allowances	**10.4**	10.2	2%	**41.9**	42.7	(2%)
Less: Promotional allowances	**(0.7)**	(0.4)	75%	**(2.4)**	(1.7)	41%
Revenues	**9.7**	9.8	(1%)	**39.5**	41.0	(4%)
Human resources	**4.2**	4.0	5%	**16.0**	16.1	(1%)
Property, marketing and administration	**3.0**	3.5	(14%)	**12.8**	13.8	(7%)
EBITDA	**$ 2.5**	$ 2.3	9%	**$ 10.7**	$ 11.1	(4%)
Human resources as a % of Revenues before Promotional allowances	**40.4%**	39.2%		**38.2%**	37.7%	
EBITDA as a % of Revenues	**25.8%**	23.5%		**27.1%**	27.1%	

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Average
Table Drop	$ 11.5	$ 11.7	$ 10.0	$ 9.8	$ 10.0	$ 11.9	$ 11.3	$ 9.6	$ 10.9	
Table Hold	$ 2.0	$ 2.3	$ 2.0	$ 2.2	$ 2.4	$ 2.2	$ 2.0	$ 2.4	$ 2.5	
Table Hold %	17.4%	19.7%	19.7%	21.9%	24.0%	18.8%	17.7%	25.0%	22.9%	20.7%
Poker Rake	$ 0.5	$ 0.4	$ 0.4	$ 0.5	$ 0.4	$ 0.5	$ 0.5	$ 0.6	$ 0.5	
Slot Coin-In	$ 194.0	$ 226.7	$ 197.3	$ 179.2	$ 182.0	$ 222.5	$ 202.6	$ 174.4	$ 193.7	
Slot Win	$ 14.7	$ 16.6	$ 14.9	$ 13.5	$ 14.0	$ 17.6	$ 15.8	$ 13.6	$ 14.8	
Slot Win/Slot/Day(1)	$ 199	$ 219	$ 204	$ 184	$ 186	$ 228	$ 208	$ 184	$ 185	
Slot Win %	7.6%	7.3%	7.6%	7.6%	7.7%	7.9%	7.8%	7.8%	7.6%	7.6%

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

Recent Developments
In June 2014, the Company exercised its renewal option with NSPLCC to extend the term of the AROC, effective July 1, 2015. Under the terms of the contract option extension, the Company will have a minimum of 10 years certainty as the casino operator of the Nova Scotia casinos and has committed to make capital investments totalling $10.0 to the casino properties, subject to a renovation plan and schedule approved by NSPLCC.

Revenues
Revenues at the Nova Scotia Casinos were relatively consistent in the fourth quarter of 2014, when compared to the same period in 2013. Revenues decreased by 4% in the twelve months of 2014, when compared to the same period in 2013. The decrease was primarily due to decreases in table hold due to lower table hold percentages, partially offset by increases in table drop, and decreases in slot win due to lower slot win percentages, partially offset by increases in slot coin-in. The increase in promotional allowances was offset by a corresponding decrease in marketing costs reflected in property, marketing and administration expenses.

Expenses
Human resources expenses increased by 5% in the fourth quarter of 2014, when compared to the same period in 2013. This increase was attributable to $0.2 incremental market research consulting costs associated with the planned 2015 capital investments for the casino properties. Human resources expenses were relatively consistent in the twelve months of 2014, when compared to the same period in 2013.

Property, marketing and administration expenses decreased by 14% and 7% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013. These decreases were mainly attributable to the increase in marketing costs reflected as promotional allowances and decreases in equipment lease costs.

EBITDA
EBITDA increased by 9% in the fourth quarter of 2014, when compared to the same period in 2013. This increase was primarily due to decreases in property, marketing and administration costs. EBITDA decreased by 4% in the twelve months of 2014, when compared to the same period in 2013. This decrease was primarily due to the decrease in gaming revenues, which was partially offset by decreases in operating expenses.

Labour Relations
A collective agreement with Service Employees International Union (SEIU), Local 902, with a term covering February 1, 2012 through January 31, 2015, is applicable to employees (excluding security) at Casino Nova Scotia Halifax. Notice to commence collective bargaining was served on November 28, 2014, and negotiations commenced on January 20, 2015.

A collective agreement with Service Employees International Union (SEIU), Local 902, with a term covering February 1, 2012 through January 31, 2015, is applicable to only security employees at Casino Nova Scotia Halifax. Notice to commence collective bargaining was served on November 28, 2014, and negotiations are anticipated to commence in April 2015.

Great American Casinos

Results in U.S. Dollars (in millions)

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Gaming revenues	**$ 6.0**	$ 5.0	20%	**$ 21.7**	$ 20.0	9%
Hospitality and other revenues	**2.0**	1.9	5%	**7.3**	6.7	9%
Revenues before Promotional allowances	**8.0**	6.9	16%	**29.0**	26.7	9%
Less: Promotional allowances	**(0.7)**	(0.6)	17%	**(2.8)**	(2.6)	8%
Revenues	**7.3**	6.3	16%	**26.2**	24.1	9%
Human resources	**3.5**	3.4	3%	**13.8**	13.3	4%
Property, marketing and administration	**1.9**	2.0	(5%)	**7.3**	6.9	6%
EBITDA	**$ 1.9**	$ 0.9	111%	**$ 5.1**	$ 3.9	31%
Human resources as a % of Revenues before Promotional allowances	**43.8%**	49.3%		**47.6%**	49.8%	
EBITDA as a % of Revenues	**26.0%**	14.3%		**19.5%**	16.2%	

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Average
Table Drop	$ 36.5	$ 35.3	$ 36.5	$ 36.6	$ 35.4	$ 34.7	$ 34.1	$ 33.9	$ 34.5	
Table Hold	$ 6.7	$ 5.7	$ 6.2	$ 5.9	$ 5.7	$ 5.6	$ 5.9	$ 5.5	$ 5.1	
Table Hold %	18.4%	16.1%	16.9%	16.1%	16.0%	16.1%	17.3%	16.2%	14.7%	16.4%

Results in Canadian Dollars

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Revenues	**$ 8.2**	$ 6.6	24%	**$ 28.9**	$ 24.8	17%
EBITDA	**$ 2.1**	$ 0.9	133%	**$ 5.6**	$ 3.9	44%

Discussion in U.S. Dollars

<u>Recent Developments</u>
The value of the Great American Casinos' functional currency, the U.S. dollar, in comparison to the Company's reporting currency, the Canadian dollar, affects the reported results of the Great American Casinos. The average value of the U.S. dollar increased by 8% in the fourth quarter and increased by 7% in the twelve months of 2014, when compared to the same periods in 2013. An increase in the average value of the U.S. dollar results in an increase in the Canadian dollar translation of the operating results.

Subsequent to December 31, 2014, the Company decided to close its Great American Casino located in Kent, as described in the "Major Developments" section of this MD&A.

<u>Revenues</u>
Revenues at Great American Casinos increased by 16% and 9% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013. These increases were mainly due to improvements in table drop and table hold, as well as increased food and beverage revenues.

Expenses
Both human resources and property, marketing and administration expenses in the fourth quarter of 2014 were relatively consistent with the same period in 2013. Human resources expenses increased by 4% in the twelve months of 2014, when compared to the same period in 2013. Property, marketing and administration expenses increased by 6% in the twelve months of 2014, when compared to the twelve months of 2013. These increases were primarily due to increased human resources costs and food and beverage costs associated with the growth in gaming and hospitality revenues.

EBITDA
Great American Casinos' EBITDA increased by 111% and 31% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013. These improvements were mainly attributable to the increase in gaming revenues.

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

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

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Gaming revenues	**$ 4.9**	$ 4.5	9%	**$ 19.4**	$ 19.0	2%
Facility Development Commission	**0.7**	0.6	17%	**3.1**	3.2	(3%)
Racetrack revenues	**2.4**	2.2	9%	**9.9**	10.1	(2%)
Hospitality and other revenues	**1.5**	1.5	0%	**6.8**	7.3	(7%)
Revenues before Promotional allowances	**9.5**	8.8	8%	**39.2**	39.6	(1%)
Less: Promotional allowances	**(0.5)**	(0.4)	25%	**(1.8)**	(1.7)	6%
Revenues	**9.0**	8.4	7%	**37.4**	37.9	(1%)
Human resources	**4.3**	4.1	5%	**17.9**	17.9	0%
Property, marketing and administration	**3.1**	3.0	3%	**12.3**	12.8	(4%)
EBITDA	**$ 1.6**	$ 1.3	23%	**$ 7.2**	$ 7.2	0%
Human resources as a % of Revenues before Promotional allowances	**45.3%**	46.6%		**45.7%**	45.2%	
EBITDA as a % of Revenues	**17.8%**	15.5%		**19.3%**	19.0%	

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Average
Table Drop	$ 5.9	$ 5.9	$ 6.0	$ 5.7	$ 5.5	$ 5.6	$ 6.0	$ 7.0	$ 7.1	
Table Hold	$ 1.5	$ 1.4	$ 1.5	$ 1.4	$ 1.5	$ 1.4	$ 1.4	$ 1.7	$ 1.7	
Table Hold %	25.4%	23.7%	24.7%	25.3%	26.8%	24.6%	23.3%	24.3%	24.2%	24.7%
Poker Rake	$ 0.4	$ 0.4	$ 0.4	$ 0.3	$ 0.2	$ 0.1	$ 0.2	$ 0.3	$ 0.1	
Slot Coin-In	$ 223.7	$ 228.1	$ 225.2	$ 209.5	$ 196.9	$ 207.3	$ 225.8	$ 218.5	$ 227.3	
Slot Win	$ 16.2	$ 17.2	$ 17.3	$ 15.3	$ 15.4	$ 16.1	$ 17.7	$ 16.1	$ 16.5	
Slot Win/Slot/Day(1)	$ 167	$ 177	$ 180	$ 160	$ 161	$ 167	$ 184	$ 170	$ 169	
Slot Win %	7.2%	7.5%	7.7%	7.3%	7.8%	7.8%	7.8%	7.4%	7.3%	7.5%

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

Live race days	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Fraser Downs	27	8	8	25	26	13	12	26	27
Hastings	8	27	19	-	6	30	27	-	7

Revenues

Gaming revenues at the BC Racinos increased by 9% in the fourth quarter of 2014, when compared to the fourth quarter of 2013. This increase was primarily due to a 14% increase in slot coin-in, partially offset by a 0.6 percentage point decrease in slot win percentage. Gaming revenues were relatively consistent in the twelve months of 2014, when compared to the same period in 2013.

Racetrack revenues were relatively consistent in the fourth quarter and twelve months of 2014, when compared to the same periods in 2013.

Hospitality and other revenues were relatively consistent in the fourth quarter of 2014 and decreased by 7% in the twelve months of 2014, when compared to the same periods in 2013. The decrease is due to fewer live race days at Hastings during 2014, when compared to 2013.

Expenses

Human resources expenses were relatively consistent in the fourth quarter and twelve months of 2014, when compared to the same periods in 2013. Property, marketing and administration expenses were relatively consistent in the fourth quarter of 2014, when compared to the same period in 2013. Property, marketing and administration expenses decreased by 4% in the twelve months of 2014, when compared to the same period in 2013. This decrease was primarily due to fewer live race days at Hastings during 2014, as well as operational efficiencies implemented as a result of reduced revenues.

EBITDA

EBITDA at the BC Racinos increased by 23% in the fourth quarter of 2014, when compared with the fourth quarter of 2014. This increase was primarily due to the increase in revenues.

EBITDA was consistent in the twelve months of 2014, when compared with the same period in 2013.

Labour Relations

A collective agreement with Canadian Office and Professional Employees Union (COPE), Local 378, with a term covering August 1, 2012 through December 31, 2014, is applicable to employees of Hastings Racecourse, excluding food and beverage workers. Notice to commence collective bargaining has not been served or received.

A collective agreement with UNITE HERE!, Local 40, with a term covering April 1, 2008 through December 31, 2010, is applicable to food and beverage workers at Hastings Racecourse. Collective bargaining for a renewal collective agreement recommenced on May 29, 2014 and concluded on July 11, 2014. A new collective agreement, with a term covering January 1, 2011 through June 30, 2016, was ratified on August 15, 2014.

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

Ontario Racetracks (Georgian Downs and Flamboro Downs)

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Racetrack revenues	**$ 1.2**	$ 1.2	0%	**$ 4.7**	$ 4.2	12%
Hospitality, lease and other revenues [1]	**5.2**	5.3	(2%)	**20.4**	22.0	(7%)
Revenues	**6.4**	6.5	(2%)	**25.1**	26.2	(4%)
Human resources	**1.4**	1.3	8%	**5.3**	5.5	(4%)
Property, marketing and administration	**1.7**	1.6	6%	**6.9**	6.7	3%
EBITDA	**$ 3.3**	$ 3.6	(8%)	**$ 12.9**	$ 14.0	(8%)
Human resources as a % of Revenues before Promotional allowances	**21.9%**	20.0%		**21.1%**	21.0%	
EBITDA as a % of Revenues	**51.6%**	55.4%		**51.4%**	53.4%	

[1] For the twelve months of 2013, the Company has reclassified its gaming revenues of $6.4 that related to its prior Ontario Racetrack site holder agreements as "Hospitality, lease and other revenues". Management believes this presentation improves the comparability with the current year's revenues from OLG for their lease of the slot machine areas at the Ontario Racetracks; however, included in the twleve months of 2013 were $0.7 of non-recurring without prejudice dispute resolution payments received from OLG. The prior site holder agreements were terminated by OLG effective March 31, 2013 and replaced by 5-year lease agreements effective April 1, 2013, as described in the "Major Developments" section of this MD&A.

Live race days	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Georgian	-	27	13	-	-	18	7	4	46
Flamboro	52	17	26	48	29	-	16	49	35

<u>Recent Developments</u>
As described in the "Major Developments - Ontario" section of this MD&A, the Company's site holder agreements for Georgian Downs and Flamboro Downs were terminated by OLG effective March 31, 2013. On November 29, 2013, the Company and OLG signed lease agreements, whereby OLG would lease the previously-existing slot machine areas of the properties for a period of five years commencing on April 1, 2013.

In May 2013, the Company and the Government of Ontario signed Ontario Racing Agreements outlining terms under which the Company operated a reduced level of horse racing at the properties until March 31, 2014 on a transitional basis and received transition funding from the Government of Ontario. Effective April 1, 2014, the properties receive government funding for their racing purses and share in the pari-mutuel revenues pooled by the Standardbred Alliance, as described in the "Major Developments" section of this MD&A.

<u>Revenues</u>
Revenues at the Ontario Racetracks were relatively consistent in the fourth quarter of 2014, when compared to the fourth quarter of 2013.

Revenues decreased by $1.1 or 4% in the twelve months of 2014, when compared to the same period in 2013, due to recent changes in the Company's agreements with OLG, as described in the "Major Developments - Ontario - Lease Agreements and Horse Racing Agreements" section of this MD&A, as well as $0.7 of without prejudice dispute resolution payments received from OLG in the second quarter of 2013. The $1.6 decrease in hospitality, lease and other revenues was partially offset by a $0.5 increase in racetrack revenues due to the Company's share of the increased annual funding provided to the Standardbred Alliance by the Government of Ontario effective April 1, 2014.

Expenses
Human resources expenses increased by $0.1 or 8% in the fourth quarter of 2014, when compared to the same period in 2013, primarily due to a higher number of live race days in the fourth quarter of 2014. Human resources expenses decreased by $0.2 or 4% in the twelve months of 2014, when compared to the same periods in 2013, primarily due to operational adjustments implemented as a result of the Ontario Racing Agreements, which were partly offset by incremental costs in connection with the higher number of live race days in 2014.

Property, marketing and administration expenses increased by $0.1 or 6% in the fourth quarter of 2014, when compared to the same period in 2013, primarily due to an increase in food and beverage volumes. Property, marketing and administration expenses increased by $0.2 or 3% in the twelve months of 2014, when compared to the same period in 2013, primarily due to incremental costs related to increases in both live race days and food and beverage volumes. These increases were partly offset by reduced general and administrative and marketing expenses resulting from certain racing responsibilities assumed by Woodbine Racetrack, as part of the Standardbred Alliance formed in April 2014, as described in the "Major Developments - Ontario" section of this MD&A.

EBITDA
EBITDA declined by 8% in both the fourth quarter and twelve months of 2014, when compared to the same periods in 2013, mainly as a result of the decreases in revenues and increases in expenses.

Labour Relations
A collective agreement with Service Employees International Union ("SEIU"), Local 2, with a term covering January 1, 2011 through December 31, 2014, is applicable to employees of Flamboro Downs. Notice to commence collective bargaining was served and received on November 26, 2014, and negotiations commenced on January 28, 2015.

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

Corporate & Other

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Human resources	**$ 3.8**	$ 3.3	15%	**$ 15.0**	$ 13.5	11%
Property, marketing and administration	**1.4**	1.3	8%	**5.3**	5.0	6%
EBITDA	**$ (5.2)**	$ (4.6)	(13%)	**$ (20.3)**	$ (18.5)	(10%)

EBITDA

Corporate and other EBITDA decreased by 13% and 10% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013. Human resources expenses increased by $0.5 and $1.5 in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013. These increases were primarily due to expanded participation of key staff in a performance-based bonus incentive program, additional consulting costs associated with implementing an information technology disaster recovery plan and other business process improvements, and reduced capitalized wages associated with fewer active development projects in 2014 as compared to the prior year period. Property, marketing and administration expenses increased by 8% and 6% in the fourth quarter and twelve months of 2014, respectively, when compared to the same periods in 2013, primarily as a result of software licenses fees required to support the business operations.

Discussion of Items Excluded from EBITDA

Amortization
Amortization decreased by $1.3 in the fourth quarter and $3.2 in the twelve months of 2014, when compared to the same periods in 2013, primarily due to $1.6 reduced amortization of long-lived assets for the fourth quarter of 2014 at the Company's Nova Scotia Casinos as a result of the AROC extension (see "Major Developments" section of this MD&A). These decreases were offset by increased amortization associated with recent property, plant and equipment additions.

Share-Based Compensation
Share-based compensation of $1.4 (2013 - $6.1) in the fourth quarter of 2014 comprises equity-settled share-based compensation of $0.7 (2013 - $0.3) and cash-settled share-based compensation of $0.7 (2013 - $5.8). The increase in equity-settled share-based compensation was mainly attributable to an increase in the vesting period for options granted in the first quarter of 2014 as compared to those granted in the first quarter of 2013. This change resulted in a higher number of unvested options being expensed during the fourth quarter of 2014 than in the comparable period of 2013. The increase in cash-settled share-based compensation is a result of the effect of the special share-based award of $4.8 issued in 2013.

Share-based compensation of $4.8 (2013 - $9.7) in the twelve months of 2014 comprises equity-settled share-based compensation of $2.4 (2013 - $2.3) and cash-settled share-based compensation of $2.4 (2013 - $7.4). The increase in cash-settled share-based compensation is a result of the effect of the special share-based award of $4.8 issued in 2013.

Impairment (Reversal) of Long-Lived Assets and Goodwill, Net
During the twelve months of 2014, the Company recorded non-cash impairment reversal of long-lived assets of $5.2 in connection with signing the Standardbred Alliance agreements in April 2014 with respect to the Company's Ontario Racetracks as described in the "Major Developments" section of this MD&A. During the twelve months of 2013, the Company recorded non-cash impairment reversals of long-lived assets of $28.5 in connection with signing letters of intent for lease arrangements and horse racing transition funding for Georgian Downs and Flamboro Downs, as described in the "Major Developments" section of this MD&A.

This impairment reversal was partially offset by the impairment of long-lived assets and goodwill of $0.4 and $0.1, respectively, recognized in the fourth quarter of 2014 associated with the closure of Great American Casino Kent planned for the first quarter of 2015. The restructuring costs estimated to be incurred during the first quarter of 2015 are approximately $0.8 and primarily relate to an uneconomic lease provision and employees severance costs.

Interest and Financing Costs, net
Interest and financing costs, net of interest income was relatively consistent in the fourth quarter and twelve months of 2014, when compared to the same periods in 2013.

Restructuring and other
Restructuring and other expenses decreased by $0.4 in the fourth quarter of 2014, when compared to the fourth quarter of 2013, primarily due to a decrease in the provision for contingent future trailing payments in 2014 when compared to 2013 and the impact of non-recurring staff severance costs incurred in 2013.

Restructuring and other expenses decreased by $1.2 in the twelve months of 2014, when compared to the twelve months of 2013. Restructuring expenses included $1.3 related to non-recurring staff severance costs incurred during the twelve months of 2013 primarily as a result of the reduction in the number of live race days held at Flamboro Downs and Georgian Downs under the Ontario Racing

Agreements.

Foreign Exchange Gain and Other

Foreign exchange gain and other increased in the fourth quarter and twelve months of 2014, when compared to the same periods in 2013. The increases were primarily due to the revaluation of net assets denominated in U.S. dollar, the value of which increased during 2014.

Income Taxes

Income taxes increased by $4.8 in the fourth quarter and $2.4 in the twelve months of 2014, respectively, when compared to the fourth quarter and twelve months of 2013. These increases were primarily due to higher earnings before income taxes and a corporate income tax rate that was 26.0% in 2014 compared to 25.75% in 2013.

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

CONSOLIDATED QUARTERLY RESULTS TREND

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenues	$ 115.7	$ 112.3	$ 114.7	$ 103.8	$ 101.6	$ 103.1	$ 102.1	$ 100.5
EBITDA	$ 47.0	$ 45.5	$ 49.5	$ 38.1	$ 35.2	$ 39.1	$ 38.0	$ 38.3
EBITDA as a % of Revenues	40.6%	40.5%	43.2%	36.7%	34.6%	37.9%	37.2%	38.1%
Net earnings	$ 21.6	$ 19.9	$ 19.9	$ 17.0	$ 7.2	$ 13.3	$ 11.3	$ 31.3
Net earnings per common share								
Basic	$ 0.32	$ 0.29	$ 0.29	$ 0.25	$ 0.11	$ 0.20	$ 0.17	$ 0.44
Diluted	$ 0.31	$ 0.28	$ 0.29	$ 0.25	$ 0.10	$ 0.19	$ 0.16	$ 0.44

For the past eight quarters, revenues have trended positively. Revenues during 2013 were affected by intermittent weekday and multiple weekend evening road closures that affected access to the former Boulevard Casino. This disruption continued to have a negative impact on the property's performance throughout 2013, which was offset by positive revenue trends at River Rock and Great American Casinos. As a result of OLG's termination of the site holder agreements at Flamboro Downs and Georgian Downs on March 31, 2013, revenues for the Ontario racetracks have declined. During the fourth quarter of 2013, inclement weather conditions in Nova Scotia and Vancouver Island contributed to declines in revenues at these properties. Since the opening of the new Chances Maple Ridge and Hard Rock Casino Vancouver in October 2013 and December 2013, respectively, growth in food and beverage revenues contributed to the increases in hospitality, lease and other revenues. The significant revenue growth in the second quarter of 2014 is mainly attributable to gaming revenues at River Rock which remained high during the remainder of 2014.

Changes in EBITDA were mainly attributable to changes in revenues, as discussed above, as well as decreased expenses as a result of the Company's continued focus on operating efficiencies. EBITDA in the fourth quarter of 2013 was affected by the pre-opening costs totalling $1.1 for both Hard Rock Casino Vancouver and Chances Maple Ridge.

The net earnings trend reflects the items noted above, as well as certain impairment charges, reversals of impairment charges, share-based compensation expense, business development expenses, and the related income tax effects of these items.

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

LIQUIDITY AND CAPITAL RESOURCES

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

As at December 31, 2014, the Company had:

- Relatively low levels of receivables of which the majority are due from: sales tax rebates from the federal government, racetrack operators, other provincial gaming corporations, and financial institutions;
- Low exposure to foreign currency exchange rate movements and low exposure to floating interest rate changes since it has relatively low levels of foreign denominated assets and liabilities and has fixed interest rates with its Canadian dollar denominated Senior Unsecured Notes;
- $322.0 of available credit on its Revolving Credit Facility, subject to compliance with the related financial covenants; and
- Counterparties to its existing debt and credit facilities that are primarily major financial institutions that have minimum grade "A" credit ratings.

Financial Position

	December 31, 2014	December 31, 2013	% Chg	December 31, 2012	% Chg
Cash and cash equivalents	**$ 324.4**	$ 192.6	68%	$ 121.1	59%
Other current assets	**13.7**	18.9	(28%)	13.8	37%
Property, plant and equipment	**574.0**	596.3	(4%)	621.3	(4%)
Other long-term assets	**102.0**	107.9	(5%)	106.5	1%
Total Assets	**$ 1,014.1**	$ 915.7	11%	$ 862.7	6%
Current liabilities	**$ 70.1**	$ 70.5	(1%)	$ 63.8	11%
Long-term debt	**442.0**	441.0	0%	439.9	0%
Other long-term liabilities	**101.7**	96.7	5%	78.7	23%
Total Liabilities	**613.8**	608.2	1%	582.4	4%
Shareholders' equity	**400.3**	307.5	30%	280.3	10%
Total Liabilities and Shareholders' equity	**$ 1,014.1**	$ 915.7	11%	$ 862.7	6%

Total Assets
Total assets increased by $98.4 in the twelve months of 2014, when compared to the total assets as at December 31, 2013. This increase was primarily due to cash generated by operating activities, which was partially offset by the effect of amortization on long-lived assets and decrease in income taxes receivable.

Total Liabilities
Total liabilities increased by $5.6 in the twelve months of 2014, when compared to the total liabilities as at December 31, 2013. This decrease was primarily due to the increase in tax liabilities, which was partially offset by the decrease in accounts payable and accrued liabilities.

Shareholders' equity
Shareholders' equity increased by $92.8 in the twelve months of 2014, when compared to shareholders' equity as at December 31, 2013. This increase was primarily due to the net earnings of $78.4, share options exercised of $11.3 and equity-settled share-based compensation of $2.4.

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

Cash Flows

	Fourth Quarter			Twelve Months of		
	2014	2013	% Chg	**2014**	2013	% Chg
Cash generated by operating activities	**$ 48.9**	$ 34.2	43%	**$ 163.1**	$ 135.4	21%
Cash (used in) generated by investing activities	**(2.3)**	(7.8)	71%	**(12.0)**	7.1	
Cash generated by (used in) financing activities	**5.7**	(10.0)		**(20.9)**	(72.2)	71%
Effect of foreign exchange on cash and cash equivalents	**0.5**	0.5	0%	**1.6**	1.2	33%
Cash inflow	**$ 52.8**	$ 16.9	212%	**$ 131.8**	$ 71.5	84%

Cash generated by operating activities was higher in the fourth quarter of 2014, when compared to the same period in 2013. This was primarily due to increased EBITDA as discussed in the "Financial Highlights" section of this MD&A.

Cash generated by operating activities was higher in the twelve months of 2014, when compared to the same period in 2013. This was primarily due to increased EBITDA as discussed in the "Financial Highlights" section of this MD&A, which was partially offset by changes in the timing of the settlement of accounts payable and accrued liabilities.

Cash used in investing activities was lower in the fourth quarter of 2014, when compared to the same period in 2013. This was mainly attributable to the development of Chances Maple Ridge and the redevelopment of Boulevard Casino and subsequent rebranding to Hard Rock Casino Vancouver in 2013.

Cash generated by investing activities in the twelve months of 2013 was mainly attributable to the $31.5 settlement payment related to the Georgian Downs facility that was received from OLG in April 2013 as described in the "Major Developments" section of this MDA, which was partially offset by the capital investment for the development of Chances Maple Ridge and the redevelopment of Boulevard Casino and subsequent rebranding to Hard Rock Casino Vancouver.

The cash generated in financing activities in the fourth quarter of 2014 was mainly attributable to proceeds from the exercise of stock options during the quarter. Cash used in financing activities in the fourth quarter and twelve months of 2013 were mainly attributable to the repurchase of common shares under the Company's Normal Course Issuer Bid of $12.2 and $46.6 in the fourth quarter and twelve months of 2013, respectively. There were no significant common share repurchases during the twelve months of 2014.

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

Capital Resources

Long-Term Debt and Equity

	December 31, 2014	December 31, 2013
Senior Unsecured Notes, net of unamortized transaction costs of $8.0 (2013 - $9.0)	**$ 442.0**	$ 441.0

As at December 31, 2014, the Company was in compliance with its financial covenants as shown below:

Covenant test	**Required ratio**	**Actual ratio**
Total Debt to Adjusted EBITDA ratio (1)	≤ 5.00	2.45
Senior Secured Debt to Adjusted EBITDA ratio (1)	≤ 3.50	0.00
Interest Coverage ratio (1)	≥ 2.25	5.79
Fixed Charge Coverage ratio (2)	≥ 2.00	5.80

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

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

The Company and its debt facilities had independent credit ratings as at December 31, 2014 as follows:

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

Outstanding Share Data

As at December 31, 2014 there were 68,813,683 common shares issued and outstanding compared to 67,333,429 as at December 31, 2013. This increase was primarily due to the exercise of employee stock options during the twelve months of 2014.

As at December 31, 2014, there were 4,122,703 share options outstanding at a weighted-average exercise price of $10.17.

As at March 2, 2015, there were 68,930,778 common shares outstanding and 5,486,908 share options outstanding.

Capital Spending and Development

The majority of the Company's capital expenditures on gaming operations in British Columbia and Nova Scotia are eligible for reimbursement by the provincial gaming authorities. In British Columbia, through the FDC program, BCLC reimburses Approved Amounts (a term defined in the Company's operating services agreements with BCLC) of qualified, primarily capital, gaming-related expenditures that have been incurred by the Company. The FDC amounts that BCLC reimburses for Approved Amounts are calculated as a fixed percentage of Gross Gaming Revenues generated by the B.C. properties. The FDC reimbursement percentage is currently 3% of the Gross Gaming Revenues from gaming activities. BCLC provides for an additional accelerated FDC reimbursement equal to 2% of the Gross Gaming Revenues that is intended to be a one-time reimbursement of the timely development or redevelopment of gaming facilities and additional entertainment amenities of significant value which may be completed through phases. BCLC considers accelerated FDC submissions for approval on a project-by-project basis.

Reimbursement of the Approved Amounts under the terms of BCLC's FDC policy requires that the Company's operating agreements with BCLC remain in good standing and that sufficient Gross Gaming Revenues are generated. Provided these conditions are met, the Company would continue to receive FDC until the related FDC Approved Amounts are recovered. Approved Amounts have not been recorded in the consolidated statements of financial position. For accounting purposes, FDC is recorded as part of revenues on the consolidated statements of earnings when received and subject to having sufficient BCLC Approved Amounts remaining to be reimbursed. 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.

Canada Revenue Agency ("CRA") is conducting an audit of the Company's FDC filing position for 2009. As part of their audit, CRA has taken the view that FDC should be included in taxable income when received. That position does not align with the results of CRA's findings in their previous audits of the Company's Great Canadian Casinos Inc. subsidiary in 2000 and 2001. If CRA's more recent view prevails, it would accelerate the timing of when the Company recognizes taxable income. The Company strongly disagrees with the CRA's current view of FDC and in the event that CRA issues one or more notices of reassessment for material amounts of taxes, interest or penalties for 2009 or subsequent years, the Company is prepared to vigorously defend its position.

BCLC has permitted the Company and certain of its B.C. subsidiaries to be considered a group for the FDC purposes. That group includes Company subsidiaries that operate the River Rock Casino Resort, Hard Rock Casino Vancouver, Vancouver Island Casinos and Other BC Casinos. As a result, one gaming facility's FDC Approved Amounts may be notionally transferred to another facility within the group. For the presentation of the property's or, where appropriate, groups of similar properties' results in the "Discussion of Results" section of this MD&A, the FDC received from BCLC is reflected as a component of revenues at the property that generated the Gross Gaming Revenues on which the FDC reimbursement percentage was applied as opposed to revenues of the property that incurred the Approved Amounts being reimbursed.

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

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

	Year ended December 31,	
	2014	2013
Opening Approved Amounts	**$ 380.9**	$ 412.0
Additional Approved Amounts	**3.3**	3.0
FDC receipts	**(37.7)**	(34.1)
Closing Approved Amounts	**$ 346.5**	$ 380.9

The difference between the FDC Additional Approved Amounts indicated above and the additions to property, plant and equipment during the same periods is partly due to the Company's non-gaming related (and therefore non-FDC qualified) expenditures as well as the timing differences between when an FDC eligible expenditure is incurred, when the related invoices are received, and when they are submitted to BCLC for approval.

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

The following table summarizes the Company's consolidated maintenance and development capital expenditures net of accounts payable for the fourth quarter and twelve months of 2014:

	Fourth Quarter		**Twelve Months of**	
	2014	2013	**2014**	2013
Maintenance capital expenditures net of related accounts payable	**$ 1.7**	$ -	**$ 3.5**	$ 3.6
Development capital expenditures net of related accounts payable	**1.5**	7.3	**11.4**	21.3
Total capital expenditures net of related accounts payable	**$ 3.2**	$ 7.3	**$ 14.9**	$ 24.9

Maintenance capital expenditures were primarily related to various property and infrastructure upgrades. Development capital expenditures during the fourth quarter and twelve months of 2014 were primarily related to River Rock, Hard Rock Casino Vancouver and Chances Maple Ridge. For the upcoming twelve months of 2015, the Company estimates that development capital expenditures and maintenance capital expenditures net of related accounts payable will total approximately $13.0 and $6.0, respectively.

Contingencies

The Company has issued letters of credit to guarantee performance primarily under gaming cash floats, construction contracts, and provincial gaming corporation payables in the aggregate amount of $28.0 as at December 31, 2014 (2013 - $29.8).

Litigation

The Company is subject to legal proceedings, claims and investigations in the ordinary course of business. Liabilities related to such matters are recorded when it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. All legal costs associated with litigation are expensed as incurred.

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

Guarantees and Indemnifications

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

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

Commitments

The Company expects the following maturities of its financial liabilities (including interest), operating leases and other contractual commitments:

	Expected payments by period as at December 31, 2014				
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	$ 60.3	$ -	$ -	$ -	$ 60.3
Income taxes payable	7.2	-	-	-	7.2
Senior Unsecured Notes	29.8	59.6	59.6	539.4	688.4
Provisions	1.7	0.9	2.1	6.0	10.7
Operating leases (1)	3.9	4.7	3.3	6.2	18.1
Other contractual commitments (2)	9.2	14.1	5.6	13.8	42.7
Total	$ 112.1	$ 79.3	$ 70.6	$ 565.4	$ 827.4

(1) Operating leases include a ground lease with the City of Surrey, BC for Fraser Downs Racetrack and Casino, an operating agreement with the City of Vancouver, BC for Hastings Racecourse and Slots Facility, property leases for the Company's head office and Great American Gaming Corporation, and a ground lease with the City of Sydney, NS for Casino Nova Scotia Sydney.

(2) Other contractual commitments include the acquisition of property, plant and equipment of $2.0 (2013 - $0.8), various service contracts of $13.6 (2013 - $14.6), and amounts committed to NSPLCC to fund responsible gaming programs over the remaining 10.5-year term of the AROC of $17.1 (2013 - over the remaining 1.5-year term of $1.5). Under the terms of the contract option extension with NSPLCC, the Company has committed to make capital investments totalling $10.0 in the Nova Scotia casino properties, subject to a renovation plan and schedule approved by NSPLCC. This capital commitment is not eligible for reimbursement from the CR.

Expected payments related to facility development projects are not reflected in this table unless they are contractually committed.

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

Future Cash Requirements

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

OTHER FINANCIAL INFORMATION

Related Party Transactions

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

	Year ended December 31,	
	2014	2013
Human resources [1]	**$ 2.3**	$ 2.4
Share-based compensation [2]	**2.6**	5.6
Total	**$ 4.9**	$ 8.0

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

[2] Share-based compensation includes equity and cash-settled share-based compensation.

As at December 31, 2014, the liabilities of the Company included amounts due to key management personnel of $0.9 (2013 - $1.5) in "accounts payable and accrued liabilities" and $4.7 (2013 - $3.3) in "deferred credits, provisions and other liabilities" in the consolidated statements of financial position.

Anti-money laundering in the gaming sector

Certain industries in Canada, like the gaming sector, are subject to the federal *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* ("PCMLTFA"). Other sectors regulated under the PCMLTFA include banks, credit unions, securities dealers, accountants, real estate brokers, dealers in precious metals and stones, and money service businesses. The PCMLTFA provides for the creation of the federal Financial Transactions and Reports Analysis Centre of Canada ("FinTRAC"), which fulfills the role of Canada's financial intelligence unit. FinTRAC is given responsibility for regulating those sectors of the economy subject to the PCMLTFA and in particular for making sure regulated entities have appropriate and effective anti-money laundering regimes in place.

Similar to banks and other regulated entities, the Company's casinos operate under and are required to meet the strict anti-money laundering, customer identification and reporting requirements set out in the PCMLTFA. Pursuant to the PCMLTFA, all cash transactions of $10,000 (ten thousand dollars) or more and suspicious transactions in any amount at the Company's facilities are reported to FinTRAC along with the identity of the individuals involved in those transactions. Moreover, transactions of this type are reported to provincial gaming regulators and police agencies which have the authority and responsibility for the investigation of money laundering and other related criminal offences.

The Company's anti-money laundering efforts are subject to independent external review through audits completed by FinTRAC, provincial gaming regulators and Crown Agents responsible for the conduct and management of gaming in a province (typically a provincial lottery corporation). The combination of a strong anti-money laundering program and verification of compliance with anti-money laundering laws through independent auditing help to ensure the Company's operations are protected from being used to launder illicit funds and help to protect the communities in which the Company operates.

For more information on anti-money laundering, the PCMLTFA and FinTRAC see: http://www.fintrac-canafe.gc.ca

Accounting standards, amendments and interpretations effective and applied

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

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

- *IAS 36, Impairment of Assets* – amended to clarify the standard's disclosure requirements and require the disclosure of the discount rate used in determining an impairment value calculated using a present value technique. It is effective for annual periods beginning on or after January 1, 2014.

- *IFRS 10, Consolidated Financial Statements ("IFRS 10"), IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12") and IAS 27, Separate Financial Statements ("IAS 27")* – IFRS 10 has been amended to introduce an exception from the requirement to consolidate subsidiaries for an investment entity. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities. IFRS 12 and IAS 27 have been amended to introduce new disclosure requirements for investment entities. These amendments are effective for annual periods beginning on or after January 1, 2014.

- *IFRIC 21, Levies* – provides guidance for applying IAS 37, *Provisions, contingent liability and contingent assets*, with respect to when a company should recognize a liability for a levy imposed by a government. It is effective for annual periods beginning on or after January 1, 2014.

- *IFRS 2, Share based payments* – amended the definitions of "vesting condition" and "market conditions" and added definitions for "performance condition" and service condition". These amendments apply to share based payment transactions with a grant date on or after July 1, 2014.

Accounting standards, amendments and interpretations not yet effective and not applied

The IASB issued the following new and revised accounting pronouncements. The Company does not anticipate early adoption of these standards at this time and their impact on the Company's consolidated financial statements is not yet known.

- *IFRS 8, Operating Segments* – amended to require the disclosure of the judgments made by management in applying the aggregation criteria to operating segments and to clarify that the reconciliation of the segment assets is required if they are regularly provided to the chief operation decision-maker. It is effective for annual periods beginning on or after July 1, 2014.

- *IFRS 13, Fair Value Measurement ("IFRS 13")* – the Basis of Conclusions was amended to clarify that issuing IFRS 13 and amending IFRS 9, *Financial Instruments* ("IFRS 9") and IAS 39, *Financial Instruments: Recognition and measurement* ("IAS 39") did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis. IFRS 13 was also amended to clarify the scope of the portfolio exception. It is effective for annual periods beginning on or after July 1, 2014.

- *IAS 16, Property, Plant and Equipment ("IAS 16") and IAS 38, Intangible assets ("IAS 38")* – amended to clarify that, under the revaluation method, the gross amount of property, plant and equipment and intangible asset is adjusted in a manner consistent with the revaluation of the carrying amount of the asset. Accumulated amortization is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses as a result of the revaluation. It is effective for annual periods beginning on or after July 1, 2014.

- *IAS 24, Related Party Disclosures* – amended to clarify how payments to entities providing management services to the Company are to be disclosed. It is effective for annual periods beginning on or after July 1, 2014.

- *IAS 16 and IAS 38* – amended to clarify that a depreciation and amortization method based on revenue generated by an activity that includes the use of an asset and intangible asset, respectively, is not appropriate. It is effective for annual periods beginning on or after January 1, 2016.

- *IAS 27* – amended to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. It is effective for annual periods beginning on or after January 1, 2016.

- *IFRS 10 and IAS 28, Investment in Associates and Joint Ventures ("IAS 28")* – amended to require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business and to require partial recognition of gains and losses where the assets do not constitute a business. It is effective for annual periods beginning on or after January 1, 2016.

- *IFRS 10, IFRS 12 and IAS 28* – amended to address issues that have arisen in the context of applying the consolidation exception for investment entities. It is effective for annual periods beginning on or after January 1, 2016.

- *IAS 1, Presentation of Financial Statements* – amended to clarify IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. It is effective for annual periods beginning on or after January 1, 2016.

- *IFRS 5, Non-current Assets Held for Sale and Discontinued Operations* – amended to add specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution to its owners, or vice versa, and cases in which held-for-distribution accounting is discontinued. It is effective for annual periods beginning on or after July 1, 2016.

- *IFRS 7, Financial Instruments - Disclosure* – amended to clarify whether a servicing contract is continuing involvement in a transferred asset and to clarify offsetting disclosure requirements in condensed interim financial statements. It is effective for annual periods beginning on or after July 1, 2016.

- *IAS 9, Employee Benefits* – amended to clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. It is effective for annual periods beginning on or after July 1, 2016.

- *IAS 34, Interim Financial Reporting* – amended to clarify the meaning of "elsewhere in the interim report" and require a cross-reference. It is effective for annual periods beginning on or after July 1, 2016.

- *IFRS 15, Revenue from Contracts with Customers* – provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various other matters. New disclosures about revenue are also introduced. It is effective for annual periods beginning on or after January 1, 2017.

- *IFRS 9* – replaces IAS 39. IFRS 9 introduces limited amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. It is effective for annual periods beginning on or after January 1, 2018.

Critical Accounting Estimates and Judgments

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

The estimates used in determining the recorded amounts in the Company's Annual Financial Statements include the following:

- *Impairment (reversal) of long-lived assets and impairment of goodwill, net*

  The determination of a long-lived asset or goodwill impairment requires significant estimates and assumptions to determine the recoverable amount of an asset and/or CGU, wherein the recoverable amount is the higher of fair value less costs to sell and value in use. The value in use method involves estimating the net present value of future cash flows derived from the use of the asset and/or CGU, discounted at an appropriate rate.

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, economic trends, and consider past communications with relevant stakeholders of the Company. These key assumptions include the future revenue levels and human resources and property, marketing and administration expenses. The assumptions are subject to a number of factors and it is possible that actual results could vary materially from management's estimates. Significant changes in the key assumptions utilized in the estimate of future cash flows could result in an impairment loss or reversal of an impairment loss.

- *Estimated useful lives of long-lived assets*

  Judgment is used to estimate each component of an asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, this could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

- *Equity-settled share-based compensation*

  The Company estimates the cost of equity-settled share-based compensation using the Black-Scholes option pricing model. The model takes into account an estimate of the expected life of the option, the current price of the underlying common share, the expected volatility, an estimate of future dividends on the underlying common share, the risk-free rate of return expected for an instrument with a term equal to the expected life of the option, and the expected forfeiture rate.

- *Cash-settled share-based compensation*

  The cost of cash-settled share-based compensation provided to employees incorporates an expected forfeiture rate based on historic employee retention to estimate the expected number of cash-settled securities that will vest. If the actual employee retention rate differs from the estimated rate, the amount of cash settled could be higher or lower than the accrued liability and the change would be reflected in cash-settled share-based compensation expense.

- *Income taxes*

  Deferred tax assets and liabilities are due to temporary differences between the carrying amount for accounting purposes and the tax basis of certain assets and liabilities, as well as undeducted tax losses. Estimation is required for the timing of the reversal of these temporary differences and the tax rate applied. The carrying amounts of assets and liabilities are based on amounts recorded in the financial statements and are subject to the accounting estimates inherent in those balances. The tax basis of assets and liabilities and the amount of undeducted tax losses are based on the applicable income tax legislation, regulations and interpretations. The timing of the reversal of the temporary differences and the timing of deduction of tax losses are based on estimations of the Company's future financial results.

  Changes in the expected operating results, enacted tax rates, legislation or regulations, and the Company's interpretations of income tax legislation will result in adjustments to the expectations of future timing difference reversals and may require material deferred tax adjustments.

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

- *Contingencies*

  Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the financial statements and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company and its subsidiaries. The adequacy of provisions is regularly assessed as new information becomes available.

  The Company does not record contingent assets.

The judgments used in applying the Company's significant accounting policies include the following:

- *Determination of CGUs*

  The Company's assets are grouped into CGUs based on their ability to generate separate identifiable cash flows. The determination of CGUs involves an assessment regarding the interdependency of cash inflows, and the Company's organizational structure.

- *Segment Reporting*

  The Company has aggregated its operating segments into one reportable segment based on an assessment that each operating segment has similar economic characteristics, types of customers, types of services and products provided, regulatory environments and management and reporting structures.

Financial Instruments and Other Instruments

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

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal controls over financial reporting to provide reasonable assurance a) that material information about the Company and its subsidiaries would have been made known to them and b) regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

The Chief Executive Officer and Chief Financial Officer have evaluated and conclude that the Company's disclosure controls and procedures are adequately designed and effective for providing reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would have been made known to them as of the end of the fiscal year ended December 31, 2014.

As well, as of the end of the fiscal year ended December 31, 2014, the Chief Executive Officer and Chief Financial Officer have evaluated and concluded that the Company's internal controls over financial reporting, designed under the 1992 Committee of Sponsoring Organizations of the Treadway Commission's internal control integrated framework, are adequately designed and effective for providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

During 2014, there was no change in the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Definitions of Other Terms Used in the MD&A

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

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

Revenues – the sum of the following:

- Casino gaming in BC – gaming revenues are net of amounts paid to BCLC (provincial government portion is 60% of the win on most table games and 75% of the slot machine win) and are net of accruals for anticipated payouts of progressive slot machine jackpots and progressive table game payouts.

- Bingo and slots at a community gaming centre in BC – gaming revenues are net of amounts paid to BCLC (provincial government portion is 75% of the win on slots, and 40% to 75% of the weekly bingo win) and are net of prizes.

- Horse racing in BC – Racetrack revenues represent the Company's share of total wagering less amounts returned as winning wagers, provincial and federal taxes, and includes the host track share of wagering on the Company's races simulcast to other associations.

- Horse racing in Ontario – Effective April 1, 2014, racetrack revenues includes the Company's share of pari-mutuel wagering revenue as a result of signing the Standardbred Alliance agreements. From April 1, 2013 to April 1, 2014, racetrack revenues included transition funding for horse racing received from the Government of Ontario. Prior to April 1, 2013, racetrack revenues represented the Company's share of total wagering less amounts returned as winning wagers, provincial and federal taxes, and included the host track share of wagering on the Company's races simulcast to other associations.

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

- Casino gaming in Nova Scotia – effective October 1, 2012, gaming revenues are approximately equal to 52.24% of the gross gaming revenues, plus an additional 47.76% of non-gaming revenues after deduction of the capital reserve contribution ("CRC"). The CRC is the greater of 5% of total revenue or $5.0 (adjusted for inflation in each year since 2009). The Company is also entitled to receive additional Operator Fees equal to the lesser of $1.3, or 10% of leased slot machine revenues.

- Facility Development Commission ("FDC") – BCLC reimburses Approved Amounts (a term defined in the Company's operating services agreements with BCLC) of qualified, primarily capital, gaming-related expenditures that have been incurred by the Company. The FDC amounts that BCLC reimburses for Approved Amounts are calculated as a fixed percentage of Gross Gaming Revenues generated by the B.C. properties. The FDC reimbursement percentage is currently 3% of the Gross Gaming Revenues from gaming activities. BCLC provides for an additional accelerated FDC reimbursement equal to 2% of the Gross Gaming Revenues that is intended to be a one-time reimbursement of the timely development or redevelopment of gaming facilities and additional entertainment amenities of significant value which may be completed through phases. BCLC has permitted the Company and certain of its B.C. subsidiaries to be considered a consolidated group for the FDC purposes. That consolidated group includes Company subsidiaries that operate the River Rock Casino Resort, Hard Rock Casino Vancouver, Vancouver Island Casinos and Other BC Casinos. As a result, one gaming facility's FDC Approved Amounts may be notionally transferred to another facility within the consolidated group.

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

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

Additional Information

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

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

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

SUPPLEMENTAL FINANCIAL INFORMATION

Consolidated Quarterly Results Trend

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Gaming Revenues					
River Rock Casino Resort	$ 38.7	$ 36.4	$ 38.8	$ 32.8	$ 29.0
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	9.6	9.5	10.0	9.2	9.7
Vancouver Island Casinos	7.4	7.4	7.5	7.3	7.3
Other BC Casinos	3.9	3.8	3.8	3.6	3.5
Nova Scotia Casinos	8.6	9.8	8.8	8.1	8.4
Great American Casinos	6.8	5.6	5.9	5.7	5.3
BC Racinos	4.9	5.0	5.1	4.4	4.5
	79.9	**77.5**	**79.9**	**71.1**	**67.7**
Facility Development Commission					
River Rock Casino Resort	5.4	5.2	5.5	4.7	4.2
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	1.6	1.5	1.6	1.5	1.5
Vancouver Island Casinos	1.2	1.2	1.2	1.1	1.2
Other BC Casinos	0.8	0.7	0.7	0.7	0.7
BC Racinos	0.7	0.9	0.7	0.8	0.6
	9.7	**9.5**	**9.7**	**8.8**	**8.2**
Hospitality, Lease and Other Revenues					
River Rock Casino Resort	12.7	11.9	12.1	10.8	11.9
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	3.0	2.4	2.6	2.7	2.5
Vancouver Island Casinos	1.1	1.0	1.2	1.2	1.1
Other BC Casinos	1.1	0.9	1.0	1.0	1.0
Nova Scotia Casinos	1.8	1.8	1.5	1.5	1.8
Great American Casinos	2.2	1.9	1.9	2.0	2.0
BC Racinos	1.5	2.1	1.8	1.3	1.5
Ontario Racetracks	5.2	5.1	5.0	5.1	5.3
	28.6	**27.1**	**27.1**	**25.6**	**27.1**
Racetrack Revenues					
BC Racinos	2.4	2.7	2.7	2.1	2.2
Ontario Racetracks	1.2	1.2	1.2	1.2	1.2
	3.6	**3.9**	**3.9**	**3.3**	**3.4**
Promotional Allowances	(6.1)	(5.7)	(5.9)	(5.0)	(4.8)
Revenues	**$ 115.7**	**$ 112.3**	**$ 114.7**	**$ 103.8**	**$ 101.6**
EBITDA					
River Rock Casino Resort	$ 31.3	$ 29.4	$ 32.7	$ 25.4	$ 22.3
Hard Rock Casino Vancouver (formerly "Boulevard Casino")	3.9	3.8	4.5	2.9	2.6
Vancouver Island Casinos	4.8	5.0	5.2	4.7	4.8
Other BC Casinos	2.7	2.6	2.5	2.4	2.0
Nova Scotia Casinos	2.5	3.5	2.6	2.1	2.3
Great American Casinos	2.1	0.9	1.4	1.2	0.9
BC Racinos	1.6	2.0	2.2	1.5	1.3
Ontario Racetracks	3.3	3.4	3.2	3.1	3.6
Corporate & Other	(5.2)	(5.1)	(4.8)	(5.2)	(4.6)
	$ 47.0	**$ 45.5**	**$ 49.5**	**$ 38.1**	**$ 35.2**