



GREAT CANADIAN GAMING CORPORATION

AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

As at March 8, 2010

(Dollar amounts expressed in millions, except for per share information)

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Auditors' Report

To the Shareholders of
Great Canadian Gaming Corporation

We have audited the consolidated statements of financial position of Great Canadian Gaming Corporation as at December 31, 2009 and 2008 and the consolidated statements of earnings, retained earnings, comprehensive income and accumulated other comprehensive loss and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) Deloitte & Touche LLP

Chartered Accountants
March 2, 2010

GREAT CANADIAN GAMING CORPORATION
Consolidated Statements of Financial Position

(Dollar amounts expressed in millions)

As at December 31,

		2009	2008
ASSETS			
CURRENT			
Cash and cash equivalents	Note 4	\$ 34.6	\$ 43.6
Restricted cash	Note 4	5.6	10.6
Accounts receivable		7.3	14.2
Income taxes receivable		-	1.1
Due from Nova Scotia Gaming Corporation	Note 5	1.7	3.7
Prepays, deposits and other assets		7.2	9.1
		56.4	82.3
Property, plant and equipment	Note 6	735.6	704.0
Intangible assets	Note 9	167.6	180.5
Goodwill	Note 10	37.9	39.0
Future income taxes	Note 17	2.0	8.6
Other assets	Note 13	4.6	9.6
		\$ 1,004.1	\$ 1,024.0
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 63.4	\$ 74.8
Income taxes payable		0.1	-
Long-term debt, deferred credits and other liabilities, current		2.9	2.3
		66.4	77.1
Long-term debt	Note 11	356.9	440.0
Derivative liabilities	Note 13	50.8	23.4
Deferred credits and other liabilities	Note 7	27.0	22.4
Future income taxes	Note 17	68.6	68.4
		569.7	631.3
SHAREHOLDERS' EQUITY			
Share capital and contributed surplus	Note 14	347.6	341.7
Accumulated other comprehensive loss		(10.4)	(22.7)
Retained earnings		97.2	73.7
		434.4	392.7
		\$ 1,004.1	\$ 1,024.0

See Accompanying Notes to the Consolidated Financial Statements

GREAT CANADIAN GAMING CORPORATION**Consolidated Statements of Earnings**

(Dollar amounts expressed in millions, except for per share information)

For the years ended December 31,

			2009		2008
REVENUES	Note 15	\$	382.2	\$	403.7
EXPENSES					
Human resources			155.6		179.0
Property, marketing and administration			100.0		117.0
Amortization			48.5		43.3
Stock-based compensation			4.9		11.6
Restructuring and other	Note 16		13.4		3.2
			322.4		354.1
EARNINGS FROM OPERATIONS			59.8		49.6
Interest and financing costs, net	Note 11		29.2		27.7
Foreign exchange loss (gain)			0.8		(1.0)
			30.0		26.7
EARNINGS BEFORE INCOME TAXES			29.8		22.9
Income taxes	Note 17		5.2		8.0
EARNINGS BEFORE NON-CONTROLLING INTERESTS			24.6		14.9
Non-controlling interests			1.1		1.4
NET EARNINGS		\$	23.5	\$	13.5
NET EARNINGS PER COMMON SHARE	Note 18				
Basic		\$	0.29	\$	0.16
Diluted		\$	0.28	\$	0.16
WEIGHTED AVERAGE NUMBER OF COMMON SHARES					
Basic			82,182,940		83,068,996
Diluted			83,171,871		83,096,306

See Accompanying Notes to the Consolidated Financial Statements

GREAT CANADIAN GAMING CORPORATION

(Dollar amounts expressed in millions)

For the years ended December 31,

Consolidated Statements of Retained Earnings

	2009		2008	
Retained earnings, beginning of year	\$	73.7	\$	78.0
Net earnings		23.5		13.5
Purchase of common shares		-		(17.8)
Retained earnings, end of year	\$	97.2	\$	73.7

Consolidated Statements of Comprehensive Income and Accumulated Other Comprehensive Loss

	2009		2008	
Net earnings	\$	23.5	\$	13.5
Other comprehensive income (loss), net of tax				
Current period changes in fair values of derivatives designated as cash flow hedges, net of income taxes of \$9.7 (2008 - \$16.6)		(25.1)		30.2
Loss (Gain) on derivatives designated as cash flow hedges transferred to net earnings in the period, net of income taxes of \$16.2 (2008 - \$25.6)		39.9		(50.9)
Unrealized effect of foreign currency translation of foreign operations		(2.5)		7.1
Other comprehensive income (loss)		12.3		(13.6)
Comprehensive income (loss)	\$	35.8	\$	(0.1)

	2009		2008	
Accumulated other comprehensive loss comprises:				
Changes in fair values of derivatives designated as cash flow hedges, net of income taxes	\$	(36.3)	\$	(11.2)
Loss (Gain) on derivatives designated as cash flow hedges transferred to net earnings, net of income taxes		31.7		(8.2)
Unrealized effect of foreign currency translation of foreign operations		(5.8)		(3.3)
Accumulated other comprehensive loss	\$	(10.4)	\$	(22.7)

GREAT CANADIAN GAMING CORPORATION
Consolidated Statements of Cash Flows
(Dollar amounts expressed in millions)
For the years ended December 31,

	2009	2008
Cash Flows from Operating Activities		
Net earnings	\$ 23.5	\$ 13.5
Adjustments to reconcile net earnings to cash provided by operating activities:		
Amortization	48.5	43.3
Stock-based compensation	4.9	11.6
Non-cash restructuring costs	4.2	-
Non-cash interest and financing costs	1.6	3.2
Future income taxes	0.6	1.3
Other	(0.1)	0.3
Changes in non-cash operating working capital	10.6	(8.2)
	Note 19	
Cash generated by operating activities	93.8	65.0
Cash Flows from Investing Activities		
Purchase of property, plant and equipment, net of related accounts payable	(86.7)	(134.2)
Proceeds from the sale of property, plant and equipment	4.6	-
Funds received from Nova Scotia Gaming Corporation	3.4	14.8
Funds due from Nova Scotia Gaming Corporation for purchases of plant and equipment	(1.4)	(1.3)
Restricted cash - construction holdback	4.0	(8.3)
Promissory note receivable	0.7	-
Acquisitions related contingent payments	-	(5.9)
Acquisition	-	(1.0)
Cash used in investing activities	(75.4)	(135.9)
Cash Flows from Financing Activities		
Proceeds from long-term debt	59.0	48.0
Repayment of long-term debt	(87.1)	(16.1)
Common shares issued for cash, net of issuance costs	0.8	0.2
Purchase of common shares	-	(29.2)
Cash (used in) provided by financing activities	(27.3)	2.9
Effect of foreign exchange on cash and cash equivalents	(0.1)	4.5
Cash Outflow	(9.0)	(63.5)
Cash and cash equivalents, beginning of year	43.6	107.1
Cash and cash equivalents, end of year	\$ 34.6	\$ 43.6
Supplemental Disclosure		
Interest paid	\$ 28.2	\$ 28.3
Interest received	\$ 0.4	\$ 3.2
Income taxes paid	\$ 2.8	\$ 9.6

See Accompanying Notes to the Consolidated Financial Statements

GREAT CANADIAN GAMING CORPORATION

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

(Dollar amounts expressed in millions, except for per share information)

1. NATURE OF BUSINESS

Great Canadian Gaming Corporation (the "Company") is a multi-jurisdictional gaming and entertainment operator with operations in British Columbia, Ontario and Nova Scotia, Canada, and Washington State, United States of America. The Company operates ten casinos, a thoroughbred racetrack that offers slot machines, three standardbred racetracks (two offer slot machines and one offers both slot machines and table games), a community gaming centre, a hotel & conference centre, two show theatres, a bingo hall and various associated food and beverage and entertainment facilities.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are presented in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

a) *Principles of consolidation*

These consolidated financial statements include the accounts of the Company and its subsidiaries. Significant inter-company balances and transactions with subsidiaries are eliminated upon consolidation.

b) *Principal operating entities*

Entity	Ownership interest at December 31, 2009 and 2008
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.	50% ⁽¹⁾

⁽¹⁾ On March 18, 2005, the Company increased its ownership interest in TBC to 50% and effectively controlled and consolidated its operating results from that date.

c) *Uncertainty in management estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, the fair value of net assets acquired in business combinations, the fair value of assets acquired in business transactions with non-monetary consideration (see Note 7), impairment of goodwill and long-lived assets, estimated useful lives of property, plant and equipment and intangible assets, stock-based compensation, determination of fair value of derivatives, income taxes and contingencies. Actual results may differ from those estimates.

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008
(Dollar amounts expressed in millions, except for per share information)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Cash and cash equivalents

Cash and cash equivalents include cash and liquid investments with an original maturity of three months or less.

e) Facility Development Commission

The Facility Development Commission ("FDC") is a compensation component of the Company's Casino Operational Services Agreements ("COSAs") with the British Columbia Lottery Corporation ("BCLC"). FDC is earned (payable by BCLC to the Company) as a fixed percentage of gross gaming win, subject to the Company incurring sufficient Approved Amounts (a defined term in the COSAs and generally consists of approved capital and operating expenditures related to the development or improvement of gaming properties), and is paid weekly to the Company. Approved Amounts are reduced by the FDC receipts.

FDC is recorded as part of revenues on the consolidated statements of earnings when earned, limited to the extent that sufficient Approved Amounts have previously been made by the Company. Currently, the FDC percentage is 3% of the gross win from gaming activities.

BCLC provides for an additional accelerated FDC amount equal to 2% of the gross win from a redeveloped casino property on projects approved by the BCLC. The accelerated FDC is a one-time initiative that is limited to the initial redevelopment of a property and continues to be received until the approved eligible costs of the redevelopment are recovered.

f) Marketing fees to BCLC

Prior to December 31, 2008, the Company contributed between 0.5% and 1.5% of the gaming win in four of its BC casinos and two of its racing properties to BCLC as prepayment for marketing programs. The Company then recorded the contribution to BCLC as a prepaid expense and expensed the prepayment based on confirmation of expenditures made by BCLC from this fund. In the event of and to the extent that the amounts contributed were not expended on marketing programs within the defined periods, the Company was entitled to repayment of the contribution. On December 28, 2008 the program was changed by BCLC such that the contribution was reduced to 0.6% of gaming win for those properties that were paying 1.5%. The contributions subsequently paid to BCLC are used at the discretion of BCLC to fund various marketing programs. Since December 28, 2008, the contribution has been recorded when incurred as property, marketing and administration expenses on the consolidated statements of earnings.

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008
(Dollar amounts expressed in millions, except for per share information)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Capital Reserve Account

The Amended and Restated Operating Contract (“AROC”) with the Nova Scotia Gaming Corporation (“NSGC”) includes a provision for reimbursement of certain of the Company’s qualifying expenditures under the NSGC’s Capital Reserve Account.

The Company is required under the AROC to make contributions to the NSGC’s Capital Reserve Account equal to 5% of the annual gross operational revenues from the two Nova Scotia casinos with a minimum annual contribution of \$5.0 beginning in April 2009. Reimbursement of qualifying expenditures is received from the Capital Reserve Account, or if there is an insufficient balance in the Capital Reserve Account, is recorded as a receivable from NSGC and recorded as a reduction in the historical cost of the related expenditures at the time approval is given by NSGC. As provided for in the AROC, to the extent a receivable balance exists, the Company earns interest on the balance at a rate of bank prime plus 2% per annum.

The replacement assets acquired using funds from the Capital Reserve Account are the property of the Company until the end of the term of the AROC, at which time, the assets revert to NSGC.

h) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization and amounts approved under the Capital Reserve Account. Amortization is expensed on a straight-line basis from the month assets are put in use over the estimated useful lives of the assets generally at the following rates:

Land	not amortized
Buildings	20 to 40 years
Equipment	1 to 5 years
Leasehold improvements and interests	lesser of useful life or lease term

During the construction period of significant facilities, the Company capitalizes construction and overhead costs, including interest, directly attributable to the construction project. The costs of construction of the Company’s gaming and ancillary facilities are classified as properties under development. When the property or portion thereof is substantially complete and ready for use, costs cease to be capitalized, are transferred from properties under development to their respective asset categories, and are amortized over the assets’ estimated useful lives down to the estimated residual value, if applicable.

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

(Dollar amounts expressed in millions, except for per share information)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Intangible assets

The Company's finite-lived intangible assets consist primarily of electronic gaming rights, operational service agreements, siteholder agreements and horse racing licences. Intangible assets are amortized over their estimated useful lives ranging from five to twenty years. Judgment is used to estimate an intangible asset's useful life and is based on an analysis of all pertinent factors, including expected use of the intangible asset, contractual provisions that enable renewal or extension of the intangible asset's legal or contractual life without substantial cost, and renewal history. Changes in the estimate of an intangible asset's useful life are treated as a change in accounting estimate and are applied prospectively.

Intangible assets are tested for impairment consistent with the method described for long-lived assets below (Note 2 (k)).

j) Goodwill

Goodwill represents the excess of the purchase price of acquired companies over the estimated fair value of the tangible and intangible net assets acquired. Goodwill is tested for impairment at least annually and whenever events or circumstances indicate that its carrying value may not be fully recoverable. The impairment test requires comparing the carrying values of the reporting units, including goodwill, to their fair values. The Company determines fair value using price-to-earnings multiples or discounted cash flows, whichever is the most appropriate in the circumstances. The excess of the carrying value amount over the fair value of goodwill, if any, is charged to operations in the period the impairment occurred.

k) Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the carrying value of a long-lived asset intended for use exceeds the sum of the undiscounted cash flows expected from its use and eventual disposition. The impairment loss is measured as the excess of the carrying value of the asset over its fair value.

l) Debt refinancing transaction costs

Debt refinancing transaction costs relate to the costs associated with securing long-term financing and credit facilities. These costs are expensed to interest and financing costs, net on the consolidated statements of earnings over the term of the related debt using the effective interest method. When a debt facility is retired by the Company, any remaining balance of related debt refinancing transaction costs is expensed to interest and financing costs, net on the consolidated statements of earnings in the period that the debt facility is retired.

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

(Dollar amounts expressed in millions, except for per share information)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Comprehensive Income

Comprehensive income consists of net earnings on the consolidated statements of earnings and other comprehensive income (loss) ("OCI"). OCI represents changes in shareholders' equity in a period arising from the portion of the change in the fair values of the Company's derivatives designated as cash flow hedges that are determined to be effective, gains and losses on derivatives designated as cash flow hedges transferred to net earnings in the current period, and the unrealized effect of foreign currency translation of foreign operations.

n) Financial Instruments

Financial instruments are initially recognized at fair value. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values of financial instruments are based on independent prices quoted in active markets. In the absence of an active market, fair values are determined based on valuation models such as discounted cash flows, which require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. Subsequent measurement depends on management's classification of the financial assets as held-for-trading, available-for-sale, held-to-maturity or loans and receivables, and financial liabilities as held-for-trading or other liabilities. The classification of financial instruments depends on the nature of and the purpose of the financial instruments, management's choice and in some circumstances, management's intentions.

Held-for-Trading

Financial instruments classified as held-for-trading are measured at fair value with the realized and unrealized changes in fair value recognized each reporting period through interest and financing costs, net on the consolidated statement of earnings.

Available-for-Sale

Financial assets classified as available-for-sale are measured at fair value with the unrealized changes in fair value recorded each reporting period in OCI. Investments in equity instruments classified as available-for-sale that do not have a quoted price in an active market are recorded at cost. Each reporting period, available-for-sale assets are written down to fair value through interest and financing costs, net on the consolidated statement of earnings to reflect impairments that are considered to be other than temporary.

GREAT CANADIAN GAMING CORPORATION

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

(Dollar amounts expressed in millions, except for per share information)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) *Financial Instruments (Continued)*

Held-to-Maturity, Loans and Receivables and Other Liabilities

Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost using the effective interest rate method.

The following table summarizes the Company's selected financial instrument classifications based on its intentions:

Financial instrument	Classification
Cash	Held-for-trading
Cash equivalents	Held-to-maturity
Restricted cash	Held-for-trading
Accounts receivable	Loans and receivables
Due from Nova Scotia Gaming Corporation	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities
Derivative liabilities	Cash flow hedge

o) *Hedges*

The Company entered into cross-currency interest rate swaps (Note 13) to hedge the U.S. dollar exchange rate and interest rate risks associated with the debt issued in 2007. The Company designated these cross-currency interest rate swaps as cash flow hedges. These hedging instruments are presented on the consolidated statements of financial position at December 31, 2009 at fair value. The portion of the changes in fair values of the cross-currency interest rate swaps that is determined to be effective is recorded in OCI as changes in fair value of derivatives designated as cash flow hedges, and any ineffective portion is recorded as interest and financing costs, net in the consolidated statements of earnings. The hedged debt is translated to Canadian dollars at the exchange rate in effect on the last day of the reporting period, and through the application of hedge accounting, the resulting foreign exchange gains or losses included in the foreign exchange loss (gain) line of the consolidated statements of earnings are effectively offset by the gains or losses on derivatives designated as cash flow hedges.

The Company assesses the effectiveness of its hedging instruments at each reporting period. Hedge accounting is discontinued prospectively when the hedging relationship no longer qualifies as an effective hedge, or it is terminated upon the early termination of the hedged item. When hedge accounting is discontinued, changes in fair value of these financial instruments are recorded as interest and financing costs, net on the consolidated statements of earnings.

p) *Translation of foreign operations and foreign currency transactions*

The Company's financial statements are presented in Canadian dollars. The Company's non-Canadian operations are translated into Canadian dollars using the current rate method. Under this method, assets and liabilities are translated into Canadian dollars using the exchange rates in effect on the dates of the consolidated statements of financial position. Revenues and expenses are translated at average exchange rates prevailing during the year. The resulting translation gains and losses are included as a separate component of comprehensive income.

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

(Dollar amounts expressed in millions, except for per share information)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Translation of foreign operations and foreign currency transactions (continued)

Transactions completed in foreign currencies are translated into Canadian dollars at the rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are reflected in the consolidated financial statements at the exchange rates prevailing at the dates of the consolidated statements of financial position with the resulting gain or loss included in the consolidated statements of earnings in the period in which it occurs.

q) Stock-based compensation

The Company applies the fair value method of accounting for all stock option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expense for employee stock option awards, based on the grant date fair value, over the vesting period of the options. The Company re-measures non-employee stock option awards at each reporting period and on the settlement date and recognizes the compensation expense over the contract life of the options or the option settlement date, whichever is earlier. The Company assumes that all awards will vest and recognizes the effect of forfeitures as they occur.

r) Revenue recognition

Gaming revenues, which include revenues from table games, slot machines, bingo games, FDC from BCLC, and the siteholder payments from Ontario Lottery and Gaming Corporation ("OLG") are recorded when earned and payable to the Company after deduction for the portion of gaming and other revenues payable to BCLC, OLG, and NSGC, accruals for payouts on progressive games, and gaming taxes payable to Washington State.

Racetrack revenues are recorded when earned and payable to the Company, net of amounts returned as winning wagers, provincial and federal taxes, and purses for wagering. Racetrack revenues also include the net amount of the on-site wagering on races simulcast from other associations as well as fees received based on off-site wagering on races simulcast to other associations.

Hotel, food and beverage, entertainment and other operating revenues are recognized as goods are delivered and services are performed.

s) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated tax payable for the current year. Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future income tax assets, if any, are recognized only to the extent that, in the opinion of the Company, it is more likely than not that the future income tax assets will be realized. To the extent that the Company does not consider it more likely than not that a future income tax asset will be recovered, it provides a valuation allowance against the excess. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of the enactment or substantive enactment.

GREAT CANADIAN GAMING CORPORATION

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

(Dollar amounts expressed in millions, except for per share information)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Earnings per common share

Basic earnings per common share are calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per common share are presented using the treasury stock method and are calculated by dividing net earnings applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

3. CHANGES IN ACCOUNTING POLICIES

On January 1, 2009, the Company adopted the following new accounting standard of the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 3064 - Goodwill and Intangible Assets, which replaced Section 3062. The new section provides additional guidance on measuring the cost of goodwill, intangible assets and research and development costs. The new standard had no material impact on these consolidated financial statements and has been applied retrospectively without prior period restatement.

On January 20, 2009, the Company adopted the new accounting abstract EIC-173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This abstract requires that an entity's own credit risk and the credit risk of the counterparty be taken into account when determining the fair value of financial assets and liabilities, including derivative instruments. This standard affects the fair value of the Company's long-term debt financial liabilities. As a result of this change, at December 31, 2009, Derivative liabilities decreased by \$7.9, Future income tax liabilities increased by \$2.2 and Other comprehensive income (loss) increased by \$5.7. This standard has no impact on the effectiveness of the Company's cross-currency interest rate swaps. The abstract has been applied retrospectively without prior period restatement.

Recent Accounting Pronouncements

In January 2009, the CICA issued new accounting standards entitled Business Combinations, Section 1582; Consolidated Financial Statements, Section 1601; and Non-Controlling Interests, Section 1602. These standards replace the existing guidance and correspond to similar provisions of International Financial Reporting Standards. The three standards must be adopted concurrently and are effective for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Earlier application is permitted at the beginning of a fiscal year. The Company will early adopt the new standards effective January 1, 2010. The Company's future consolidated financial statements may be materially affected by the Business Combinations standard.

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

(Dollar amounts expressed in millions, except for per share information)

4. CASH AND CASH EQUIVALENTS

	As at December 31,	
	2009	2008
Cash in banks	\$ 26.1	\$ 28.5
Cash floats	8.5	8.6
Cash equivalents	-	6.5
	\$ 34.6	\$ 43.6

Cash equivalents may include investments in term deposits, commercial paper, bankers' acceptances, money market investments and guaranteed investment certificates with original maturities within three months of the year end. At December 31, 2009 and 2008, the Company did not hold any cash equivalents in asset-backed commercial paper.

Cash and cash equivalents excludes cash floats of \$15.4 (2008 - \$16.4) provided by BCLC for use in BC casino operations. Since these cash floats are owned by BCLC, they are not included in the Company's cash and cash equivalents balances. The Company has issued letters of credit in favour of BCLC as security for these amounts (Note 25).

Restricted cash is comprised primarily of \$4.4 (2008 - \$8.5) related to future payments for construction projects, \$0.5 (2008 - \$0.4) held for capital expenditures that require approval from OLG, and \$0.7 (2008 - \$1.7) for horsemen's purse pools.

5. DUE FROM NOVA SCOTIA GAMING CORPORATION

The \$1.7 due from NSGC is the Capital Reserve Account receivable (2008 - \$3.7). The Capital Reserve Account receivable represents amounts spent by the Company on approved expenditures, plus accrued interest on the outstanding balance at bank prime plus 2% per annum, less repayments from the NSGC's Capital Reserve Account based on 5% of the gross operational revenues from the two Nova Scotia casinos.

As provided for in an agreement with NSGC, the Company was entitled to the repayment of the initial capital investment in building the Nova Scotia casinos through the Operator's Capital Investment and Mandatory Deferral receivables which accrued interest on the outstanding balances at 12% and prime plus 1% per annum, respectively. The final instalments of the Operator's Capital Investment and the Mandatory Deferral receivables were received in April 2007 and September 2008, respectively.

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

(Dollar amounts expressed in millions, except for per share information)

6. PROPERTY, PLANT AND EQUIPMENT

	As at December 31, 2009		
	Historical	Accumulated	Net Book
	Cost	Amortization	Value
Land	\$ 78.9	\$ -	\$ 78.9
Buildings	641.8	78.8	563.0
Properties under development	11.4	-	11.4
Equipment	91.1	68.3	22.8
Leasehold improvements and interests	69.7	10.2	59.5
	\$ 892.9	\$ 157.3	\$ 735.6

	As at December 31, 2008		
	Historical	Accumulated	Net Book
	Cost	Amortization	Value
Land	\$ 77.8	\$ -	\$ 77.8
Buildings	510.4	58.3	452.1
Properties under development	87.6	-	87.6
Equipment	89.4	61.3	28.1
Leasehold improvements and interests	65.7	7.3	58.4
	\$ 830.9	\$ 126.9	\$ 704.0

7. RIVER ROCK CANADA LINE PARKING GARAGE

In 2006, the Company entered into a letter of intent with the South Coast British Columbia Transportation Authority ("TransLink") and Canada Line Rapid Transit Inc. ("Canada Line") to build and operate a 1,200 stall multi-level parking garage at Bridgeport Station, across from the River Rock Casino Resort ("River Rock") in Richmond, British Columbia. On August 22, 2008, the Company entered into definitive agreements for this transaction. The first 600 stalls of this parking garage were completed in September of 2008. The remaining 600 stalls were completed in August of 2009, and the agreed parking services for Canada Line passengers commenced on August 17, 2009.

Under the terms of the agreements, the Company reserves 1,200 parking stalls for Canada Line passengers on weekdays between 5:30am and 7:00pm and 600 stalls at all other times. As compensation for the cost of providing these parking services, TransLink provided the Company with approximately 5 acres of land (with an estimated market value of \$17.2 as at June of 2008), 2.6 acres of which was used to accommodate the new parking garage, and \$2.5 in cash. The Company also received from TransLink a \$2.0 cash payment for an option to purchase the portion of the parking garage used by the 1,200 stalls. TransLink may only exercise this option if certain events defined in the agreement occur. Examples of these include the relocation of River Rock, or the Company failing to provide Canada Line's passengers access to the parking stalls as set out in the agreement.

The new parking garage has addressed River Rock's existing weekend and evening parking shortage, and provides additional capacity for future patron demand. As at December 31, 2009, BCLC has approved \$20.1 of this parking facility's incurred capital expenditures to date for accelerated Facility Development Commission ("FDC") reimbursement. The Company will receive incremental revenue from the operation of the parking garage.

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7. RIVER ROCK CANADA LINE PARKING GARAGE (Continued)

This transaction was mainly a non-monetary transaction and the consideration received from TransLink is being treated as compensation for the cost of providing future parking services to Canada Line's passengers. Accordingly, the fair value of the land received of \$17.2 and cash of \$4.5 have been recorded as "Property, Plant and Equipment" and "Cash", respectively, with a corresponding credit to "Deferred credits and other liabilities". Upon completion of the parking garage in August 2009, the Company started amortizing the deferred credit on a straight-line basis over a period of 32 years.

The portion of land received that is subject to TransLink's purchase option has a cost of \$9.6 and has been recorded as a leasehold interest within "Property, Plant and Equipment" and amortized over its estimated 33-year economic useful life. The remaining \$7.6 of freehold land consideration is not being amortized.

8. CHANGE IN ESTIMATE OF USEFUL LIFE OF NOVA SCOTIA ASSETS

As a result of the Company's continued cooperation with the Nova Scotia Gaming Corporation, the operational performance of its Nova Scotia casinos has improved since April 2008. However, since the original acquisition of this business, the operating environment in Nova Scotia has become more challenging. Unanticipated issues included the unionization of employees at the Halifax casino, the province's weakened tourism base, and the continued negative effect of the province-wide smoking ban. Consequently, in September 2008, the Company revised the estimated remaining useful lives of its building and intangible assets associated with its Nova Scotia casinos so that they coincided with July 1, 2015, the end of the initial term of the related casino operating agreement with the NSGC, rather than July 1, 2025, the end of the Company's optional extension term. The effect of this change in estimate is a \$4.3 increase in the annual non-cash amortization expense (\$2.8 after tax) related to these assets on a prospective basis.

9. INTANGIBLE ASSETS

	As at December 31,	
	2009	2008
Cost	\$ 217.2	\$ 216.4
Accumulated amortization	(49.6)	(35.9)
	\$ 167.6	\$ 180.5

Intangible assets amortization expense was \$13.7 (2008 - \$11.9) for the year ended December 31, 2009.

10. GOODWILL

	As at December 31,	
	2009	2008
Balance, beginning of year	\$ 39.0	\$ 37.0
Additions for contingent consideration	-	0.6
Foreign currency translation	(1.1)	1.4
Balance, end of year	\$ 37.9	\$ 39.0

The additions to goodwill in 2008 relate to further contingent consideration based on financial performance relating to a prior year acquisition of a subsidiary.

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11. LONG-TERM DEBT

	As at December 31,	
	2009	2008
Term Loan B, net of unamortized transaction costs of \$2.0 (2008 - \$2.5)	\$ 171.3	\$ 200.6
Senior Secured Revolving Credit Facility	12.0	38.0
Senior Subordinated Notes and unamortized premium of \$1.3 (2008 - \$1.6) net of unamortized transaction costs of \$4.4 (2008 - \$5.3)	175.6	203.4
Other	0.1	0.1
	359.0	442.1
Less: current portion	2.1	2.1
	\$ 356.9	\$ 440.0

The expected repayments of long-term debt for the five following twelve month periods ended December 31 are as follows:

2010	\$ 2.1
2011	2.0
2012	14.0
2013	2.0
2014	165.3
Thereafter	178.7
Total repayments	364.1
Less: unamortized transaction costs and premium	5.1
Total long-term debt (including current portion)	\$ 359.0

On February 14, 2007, the Company completed its debt refinancing. The Company's long-term debt facilities initially consisted of (a) US\$170.0 Senior Secured Term Loan B (the "Term Loan B"), and a \$200.0 Senior Secured Revolving Credit Facility (the "Revolving Credit Facility"), secured by a common credit agreement and (b) US\$170.0 of Senior Subordinated Notes (the Subordinated Notes"). The gross proceeds of the debt refinancing were \$401.9. The net proceeds were \$388.7 after transaction costs of \$13.2, and were used to repay and retire other debt existing at the time and provide cash for future capital expenditures and working capital purposes.

a) Term Loan B and Revolving Credit Facility

The Term Loan B is denominated in U.S. dollars (US\$170.0 initial principal; US\$165.3 at December 31, 2009) and bears interest at a floating rate (U.S. LIBOR plus 1.50%), payable quarterly. The Company has hedged both the currency risk and the floating interest rate risk to effectively result in a principal of \$200.8 in Canadian dollars and a fixed interest rate of 6.1% per annum (see Note 13). The Term Loan B has a term of 7 years and is repayable without premium or penalty, subject to customary costs, at any time. Principal repayments of \$0.5 in Canadian dollars are required quarterly, with the balance due at maturity on February 13, 2014.

The Revolving Credit Facility is denominated in Canadian dollars and has a five-year term that expires in February 2012. The interest rate on advanced amounts and the commitment fee on the unused facility (see Note 26 (c)) are based on the Company's Total Debt to Adjusted EBITDA ratio, which is calculated quarterly (see Note 12).

The Term Loan B and the Revolving Credit Facility are guaranteed and secured by substantially all of the assets of the Company and its subsidiaries. Both the Term Loan B and

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11. LONG-TERM DEBT (Continued)

a) Term Loan B and Revolving Credit Facility (Continued)

the Revolving Credit Facility require the Company to comply with operational and financial covenants (which are defined in the underlying agreements). The financial covenants which are tested quarterly are: Total Debt to Adjusted EBITDA ratio of 5.0 or less; Senior Debt to Adjusted EBITDA ratio of 3.5 or less, and Interest Coverage ratio of 2.0 or greater for the first three years following February 14, 2007 and 2.25 thereafter.

After deducting outstanding letters of credit (see Note 25 (a)) and borrowings on the Revolving Credit Facility, at December 31, 2009 the Company had \$152.9 (2008 – \$167.7) remaining credit available on the Revolving Credit Facility. The counter-parties to this facility are major financial institutions with minimum “A” credit ratings.

Subsequent to December 31, 2009 the Company paid an additional \$7.0 against the Revolving Credit Facility.

b) Subordinated Notes

The Subordinated Notes are unsecured and guaranteed by the Company and substantially all of its subsidiaries. The Subordinated Notes are denominated in U.S. dollars (US\$170.0) and bear interest at a rate of 7.25%, payable semi-annually. The Company has hedged the currency risk to effectively result in a principal of \$201.1 in Canadian dollars at a fixed interest rate of 6.6% per annum (see Note 13). The Subordinated Notes have a term of 8 years with the principal amount of the notes repayable at maturity on February 15, 2015. There are provisions for early redemption of the Subordinated Notes at the Company’s option during defined periods prior to maturity with payment of defined premiums. On February 14, 2007 these provisions for early redemption were recorded at their fair value of \$2.1 as a derivative asset and as a premium on the Subordinated Notes (Note 13 (b)).

The Subordinated Notes require the Company to comply with operational and financial covenants. The financial covenants require the Company to maintain a Fixed Charge Coverage Ratio, as defined in the underlying note agreement, of greater than 2.0 and is tested on the occurrence of specified events.

The Subordinated Notes have been structured so that interest payments are not subject to Canadian withholding taxes. To the extent that Canadian tax regulations change to impose a withholding tax on the interest payments, the Company has agreed to gross-up the interest payments to ensure the holder of the Subordinated Notes receives the same amount in the absence of the withholding tax, subject to certain requirements and limitations.

All the debt facilities have: (i) mandatory repayments in the case of proceeds from certain asset sales or receipt of insurance proceeds that are not re-invested by the Company within certain time limits; (ii) restrictions on certain asset sales, acquisitions, and distributions; (iii) limitations on the incurrence of additional debt or indebtedness or liens; and (iv) provisions for the Company to re-purchase and re-issue portions of the Term Loan B and/or Subordinated Notes should the holder be required to register with a gaming authority having jurisdiction over the Company and either refuses or is found to be unsuitable for registration.

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11. LONG-TERM DEBT (Continued)

The transaction costs of establishing the Term Loan B and the Subordinated Notes were \$10.5 and were recorded as a reduction of the balance of the related debt, and are expensed to interest and financing costs, net on the consolidated statements of earnings over the term of the related debt using the effective interest method. The transaction costs of establishing the Revolving Credit Facility were \$2.7 and are recorded as a component of other assets on the consolidated statements of financial position, and are expensed to interest and financing costs, net on the consolidated statements of earnings over the term of the Revolving Credit Facility.

c) Interest and financing costs, net

Interest and financing costs, net consists of:

	Year ended December 31,	
	2009	2008
Interest expense on long-term debt	\$ 29.7	\$ 30.7
Interest income	(0.5)	(3.0)
Interest expense, net	\$ 29.2	\$ 27.7

Interest costs capitalized to property, plant and equipment that was under development during the year ended December 31, 2009 totalled \$0.5 (2008 - \$0.5).

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12. CAPITAL DISCLOSURES

The Company's capital structure comprises:

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

The Company's objectives are to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk levels and to manage capital in a manner that balances the interests of equity and debt holders. The Company manages its capital structure in light of changes in economic conditions and the risk characteristics of the Company's operations. The Company's major capital allocation decisions include a comparison of the expected financial returns from those investments to its estimated weighted-average cost of capital. The Company currently plans to use its cash and cash equivalents, cash flows from operations, and established debt facilities to finance its properties' development plans.

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

At December 31, 2009 the Company is in compliance with its financial covenants as shown below:

Covenant test	Related long-term debt	Required ratio	Actual ratio
Total Debt to Adjusted EBITDA ratio	Term Loan B & Revolving Credit Facility	< 5.00	3.14
Senior Debt to Adjusted EBITDA ratio	Term Loan B	< 3.50	1.60
Interest Coverage ratio	Term Loan B	> 2.00	4.54
Fixed Charge Coverage ratio ⁽¹⁾	Subordinated Notes	> 2.00	4.49

⁽¹⁾ Tested on specified events.

As part of the capital structure monitoring process, the Company has independent credit ratings as follows:

	Moody's	Standard & Poor's
Corporate	Ba3 Stable	BB Stable
Term Loan B and Revolving Credit Facility	Ba2	BBB-
Subordinated Notes	B2	BB-

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13. DERIVATIVES

a) *Cross-currency interest rate swaps*

The Company entered into cross-currency interest rate swaps that effectively converted both the U.S. dollar floating interest rate Term Loan B and the U.S. dollar fixed interest rate Subordinated Notes into Canadian dollar fixed interest rate debt (see Note 26 (c)). As at December 31, 2009, the cross-currency interest rate swap agreements are:

Debt	Notional Principal		Interest Rate		Maturity Date
	Receive (USD)	Pay (CAD)	Receive (USD)	Pay (CAD)	
Term Loan B	\$165.3 ⁽¹⁾	\$195.3 ⁽¹⁾	US LIBOR+1.50%	6.1%	February 13, 2014
Subordinated Notes	\$170.0	\$201.1	7.25%	6.6%	February 15, 2015

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

At December 31, 2009, the Company's swap associated with the Term Loan B was in a \$35.1 liability position (December 31, 2008 - \$23.4 liability) and is recorded in derivative liabilities on the consolidated statements of financial position. The swap associated with the Subordinated Notes was in a \$15.7 liability position (December 31, 2008 - \$7.4 asset) and is recorded in derivative liabilities on the consolidated statements of financial position at December 31, 2009, and in other assets at December 31, 2008.

The Company has evaluated these cross-currency interest rate swaps and designated them as effective hedges of the cash flows associated with the Term Loan B and the Subordinated Notes. The Company has applied hedge accounting to these swaps as it believes hedge accounting best represents the economic substance of the underlying transactions. Accordingly, the changes in fair values of the swaps, net of income taxes, have been recorded in other comprehensive income (loss).

The fair values of the Company's cross-currency interest rate swaps at December 31, 2009 and at December 31, 2008 were determined based on a discounted cash flow model. This model makes assumptions regarding the U.S. dollar exchange rate and discount rates, which are based on the prevailing U.S. dollar exchange rates and prevailing interest rates in Canada and the U.S. at the respective period ends.

b) *Embedded derivative*

The Company's Subordinated Notes agreement has provisions for early redemption during defined periods prior to maturity with the payment of defined premiums. On issuance of the Subordinated Notes on February 14, 2007, the \$2.1 fair value of this embedded derivative was recorded as a derivative asset in other assets and as a premium on the long-term debt on the consolidated statements of financial position. The fair value of this embedded derivative included in other assets as at December 31, 2009 was \$nil (2008 - \$nil). The premium is amortized over the term of the Subordinated Notes using the effective interest method.

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14. SHARE CAPITAL AND CONTRIBUTED SURPLUS

a) *Share capital and contributed surplus*

	Common Shares		Contributed	Share Capital And
	Number ⁽¹⁾	Amount	Surplus	Contributed Surplus
At December 31, 2007	84,816	\$ 322.3	\$ 19.0	\$ 341.3
Stock based compensation	-	-	11.6	11.6
Exercise of incentive stock options	18	0.3	(0.1)	0.2
Common shares purchased	(2,748)	(10.6)	(0.8)	(11.4)
At December 31, 2008	82,086	\$ 312.0	\$ 29.7	\$ 341.7
Stock based compensation	-	-	4.9	4.9
Exercise of incentive stock options	288	1.1	(0.1)	1.0
At December 31, 2009	82,374	\$ 313.1	\$ 34.5	\$ 347.6

⁽¹⁾ Share information is presented in thousands of common shares.

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

b) *Normal course issuer bid*

On September 19, 2008, the Company commenced a normal course issuer bid which ended on September 18, 2009. The Company received approval from the TSX to commence another issuer bid on December 15, 2009. This bid will end on December 14, 2010 or earlier if the number of shares sought in the issuer bid have been obtained. Pursuant to TSX policies, daily purchases made by the Company will not exceed 43,197 common shares. The current normal course issuer bid allows the Company to purchase up to 5.8 million of its common shares representing approximately 10% of the public float of the common shares in the Company. Purchases will be by way of open market purchases through the facilities of the TSX, and conducted at the market price at the time of acquisition. All shares purchased by the Company will be subsequently cancelled.

During 2009, the Company did not purchase any shares under either of the normal course issuer bids. During the year ended December 31, 2008, the Company purchased and cancelled 2,747,800 common shares at a cost of \$29.2.

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14. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

c) *Stock option plan*

Under the Company's stock option plan, the maximum number of stock options reserved for issuance is limited to 10% of the common shares issued and outstanding at any given time. In addition, no one individual may receive stock options in excess of 5% of the issued and outstanding common shares of the Company at the time of a stock option grant. Stock options granted vest over three years and expire five years from the date of grant.

As at December 31, 2009, 2,212,324 stock options remain available for granting. Subsequent to December 31, 2009, 1,940,000 stock options were granted at an exercise price of \$7.62.

Outstanding stock options under the plan are as follows:

	2009		2008	
	Options ⁽¹⁾	Weighted-Average Exercise Price	Options ⁽¹⁾	Weighted-Average Exercise Price
Outstanding, beginning of year	4,406	\$ 11.87	6,023	\$ 12.74
Granted	3,527	2.76	2,095	13.78
Forfeited	(474)	12.28	(3,409)	14.66
Expired	(1,146)	10.96	(285)	11.01
Exercised	(288)	2.62	(18)	10.80
Outstanding, end of year	6,025	\$ 7.12	4,406	\$ 11.87

⁽¹⁾ Option information is presented as options for thousands of common shares.

Options outstanding and exercisable at December 31, 2009 are as follows:

Exercise Price	Number Outstanding ⁽¹⁾	Weighted-Average Contractual Life	Weighted-Average	
			Exercise Price	Number Exercisable ⁽¹⁾
\$2.62-\$3.99	2,982	4.0 years	\$ 2.63	859
\$4.00-\$9.99	322	4.3 years	4.99	111
\$10.00-\$11.99	2,252	1.9 years	11.85	2,056
\$12.00-\$14.99	425	2.7 years	13.95	282
\$15.00-\$20.47	44	0.4 years	19.47	44
	6,025	3.1 years	\$ 7.12	3,352

⁽¹⁾ Option information is presented as options for thousands of common shares.

The fair values of stock options granted during 2009 were determined using the Black-Scholes option pricing model with the following assumptions: no dividends are to be paid; average expected volatility of 49% (2008 – 33%); average risk-free interest rate of 1.2% (2008 – 3.8%); and expected life of 2.5 years (2008 – 3 years). The weighted average grant-date fair value per stock option granted during 2009 was \$0.86 (2008 – \$3.73).

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14. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

c) Stock option plan (Continued)

During the year ended December 31, 2009, the total compensation expense related to the fair value of stock options was \$4.9 (2008 - \$11.6). In 2008, the non-cash stock-based compensation expense included \$5.8 in non-vested compensation relating to 2.3 million voluntarily forfeited options that had a weighted average exercise price of \$13.41.

d) Employee share purchase plan

Eligible employees of the Company may elect to participate in the Employee Share Purchase Plan (the "Share Purchase Plan") by contributing up to 5% of their gross pay, with the Company matching 25% of the contributions. As at December 31, 2009, 866,325 (2008 – 659,888) common shares were held by employees under the Share Purchase Plan and 36% of employees participated in the Plan (2008 – 43%). Due to the uncertain economic climate during 2009, on April 1, 2009 the Company temporarily suspended its contribution match to the Share Purchase Plan. As of December 31, 2009, this temporary suspension is still in effect.

15. REVENUES

	Year ended December 31,	
	2009	2008
Gross table win	\$ 218.5	\$ 231.9
Gross slot win	524.6	541.4
Gross racetrack revenues	142.5	145.4
Hospitality and other revenues	76.5	83.3
Facility Development Commission	29.2	29.4
	991.3	1,031.4
Less:		
Gaming commissions, taxes and other	(484.4)	(502.0)
Racetrack purses	(113.8)	(114.2)
Promotional allowances	(10.9)	(11.5)
Revenues	\$ 382.2	\$ 403.7

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16. RESTRUCTURING AND OTHER

In anticipation of a weakening Canadian economy, the Company commenced expense reduction initiatives in November 2008. Since that time, restructuring and other expenses associated with these initiatives have totalled \$14.8. The following table summarizes the movement in the restructuring and other expenses accruals associated with these initiatives:

	Severance	Vacated head office lease	Total
Balance at October 31, 2008	\$ -	\$ -	\$ -
Restructuring and other expenses	1.4	-	1.4
Payments	(0.6)	-	(0.6)
Balance at December 31, 2008	0.8	-	0.8
Restructuring and other expenses, excluding \$1.0 in impairments of leasehold improvements and \$0.2 in stock-based compensation	9.0	3.2	12.2
Payments	(9.3)	(0.8)	(10.1)
Balance at December 31, 2009	\$ 0.5	\$ 2.4	\$ 2.9

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17. INCOME TAXES

The Company's income tax expense is as follows:

	Year Ended December 31,	
	2009	2008
Current income tax expense	\$ 4.6	\$ 6.7
Future income tax expense	0.6	1.3
	\$ 5.2	\$ 8.0
Basic federal and provincial statutory income tax rate	30.00%	31.00%
Expected income tax provision for the period	\$ 8.9	\$ 7.1
Effect of:		
Non-deductible stock-based compensation	1.5	3.5
Changes in tax rates on future income taxes	(6.0)	(1.3)
Change in valuation allowance on future income tax assets	0.4	(1.6)
Other items	0.4	0.3
	\$ 5.2	\$ 8.0

Temporary differences and carry-forwards which give rise to future income tax assets and liabilities at December 31 are as follows:

	2009	2008
Future income tax asset (liability) arising from:		
Intangible assets	\$ (44.9)	\$ (52.6)
Property, plant and equipment	(34.2)	(29.0)
Deferred partnership income	(3.6)	(4.7)
Debt refinancing transaction costs	(0.3)	0.4
Share issue costs	-	0.5
Uneconomic lease costs	0.6	-
Deferred compensation costs	0.6	1.2
Cross-currency interest rate swaps	1.8	8.3
Tax loss carry-forwards	3.5	5.2
Former debt redemption costs	4.0	5.1
Deferred credits	6.0	5.4
Other	(0.1)	0.4
	\$ (66.6)	\$ (59.8)

Presented on the consolidated statements of financial position as:

	2009	2008
Future income tax assets	\$ 2.0	\$ 8.6
Future income tax liabilities	(68.6)	(68.4)
Future income tax liabilities, net	\$ (66.6)	\$ (59.8)

The company has non-capital loss carry-forwards for tax purposes of approximately \$11.7 (2008 - \$17.7) available to reduce future years' income for tax purposes. These losses will expire as follows:

2013 - 2014	\$ 0.3
2025 - 2029	11.4
	\$ 11.7

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18. NET EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

	Year Ended December 31,	
	2009	2008
Net earnings (A)	\$ 23.5	\$ 13.5
Weighted average number of common shares outstanding (B) ⁽¹⁾	82,183	83,069
Dilutive adjustment for stock options ⁽¹⁾	989	27
Diluted weighted-average number of common shares (C) ⁽¹⁾	83,172	83,096
Net earnings per common share		
Basic (A/B)	\$ 0.29	\$ 0.16
Diluted (A/C)	\$ 0.28	\$ 0.16

⁽¹⁾ Share information is presented in thousands of common shares.

The following table summarizes the outstanding stock options that are not included in the above calculation because their exercise prices are above the average market price of the Company's common shares for the period:

	Year Ended December 31,	
	2009	2008
Options ⁽¹⁾	3,043	4,406

⁽¹⁾ Information is presented in thousands.

19. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Year Ended December 31,	
	2009	2008
Restricted cash - operating	\$ 1.0	\$ 1.4
Accounts receivable	7.0	(1.1)
Income taxes receivable or payable	1.3	(3.7)
Prepays, deposits and other assets	1.2	3.8
Accounts payable and accrued liabilities	0.1	(8.6)
	\$ 10.6	\$ (8.2)

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20. SEGMENTED INFORMATION

The Company and its subsidiaries operate in one industry segment, the gaming industry. The Company conducts business in two geographic segments: Canada and the United States ("US"). Revenues and assets attributable to each geographic segment as at or for the year ended December 31 are as follows:

	2009			2008		
	Canada	US	Total	Canada	US	Total
Revenues	\$ 356.0	\$ 26.2	\$ 382.2	\$ 378.3	\$ 25.4	\$ 403.7
Property, plant and equipment	720.9	14.7	735.6	685.8	18.2	704.0
Goodwill	30.9	7.0	37.9	30.9	8.1	39.0
Total assets	\$ 977.2	\$ 26.9	\$ 1,004.1	\$ 984.8	\$ 39.2	\$ 1,024.0

21. RELATED PARTY TRANSACTIONS

On March 31, 2009, the Company acquired 100% of the outstanding common shares of the Canadian Gaming Institute Inc. ("CGI"), a casino dealer training company controlled by a director of the Company. The total cash purchase price for the common shares was \$0.6. This related party transaction was recorded at the exchange amount, which is the amount of consideration paid or received as negotiated by the related parties. In 2009, there were no transactions with CGI prior to the date of acquisition. Included in human resources expense for the year ended December 31, 2008 is \$0.8 in costs associated with CGI.

On May 1, 2009, the Company's Chairman and Chief Executive Officer entered into a shareholder agreement with Ridge Capital Amalgamated Corp. ("Ridge Capital"), which owns four million common shares in Great Canadian Gaming Corporation. Through this agreement, the Company's Chairman and Chief Executive Officer acquired the right to exercise the votes attached to these shares in return for indemnifying Ridge Capital in certain circumstances should the shares lose value. Ownership of the shares remains with Ridge Capital, subject to the terms of the shareholder agreement.

The Company has engaged the services of a company ("the Consulting company") whose shareholder was, until May 1, 2009, the sole director and officer of Ridge Capital. Human resources expenses for 2009 includes \$0.3 in fees for the Consulting company's advice on the Company's strategic and operational efficiency initiatives. On May 13, 2009, the Company issued to the Consulting company options to acquire 280,000 common shares of the Company at an exercise price of \$4.40 per option. As these transactions were in the normal course of operations, they were measured at the exchange amount agreed to by the Consulting company and the Company.

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For the Years Ended December 31, 2009 and 2008
(Dollar amounts expressed in millions, except for per share information)

22. FACILITY DEVELOPMENT COMMISSION APPROVED AMOUNTS

The following table summarizes the changes in the Company's Approved Amounts to be recovered by future FDC receipts from BCLC:

	2009	2008
Opening Approved Amounts at January 1,	\$ 357.3	\$ 342.3
Additional Approved Amounts	57.6	44.4
FDC receipts	(29.2)	(29.4)
Closing Approved Amounts at December 31,	\$ 385.7	\$ 357.3

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

23. EMPLOYEE FUTURE BENEFITS

The Company maintains a defined contribution pension plan for its Canadian employees. Under this plan, eligible employees contribute a minimum of 2% to a maximum of 15% of their gross pay. The Company makes contributions representing 2% of eligible employees' base pay. Contributions made by the Company during the year ended December 31, 2009 totalled \$1.6 (2008 - \$1.8).

24. ACQUISITION

In January 2008, the Company purchased the assets and undertakings of Ridge Meadows Bingo Association for cash consideration of \$1.0, of which \$0.9 was attributed to the value of the bingo operating service agreement with BCLC. The acquired assets include the Haney Bingo Plex, a 525-seat bingo gaming hall located in downtown Maple Ridge, 45 kilometres east of Vancouver. The agreement also provides for potential additional future consideration of up to \$1.3 over ten years if BCLC and the District of Maple Ridge approve the upgrade of this facility into a Community Gaming Centre and once slot machines are installed and operating for profit.

25. CONTINGENCIES AND LITIGATION

a) *Letters of credit*

As at December 31, 2009, letters of credit in the amount of \$35.1 (2008 - \$44.9) were outstanding as security in connection with gaming cash floats and construction projects.

b) *Contingent payments on acquisition*

As part of the agreement entered into on the acquisition of Haney Bingo Plex, the Company has agreed to make future contingent payments dependent on operations at the location. Such payments will be treated in accordance with the adopted requirements of Section 1582; *Consolidated Financial Statements*, effective January 1, 2010, and will be expensed and accrued as a liability when the conditions triggering the payment of the additional future consideration have been met. Contingent payments related to Haney Bingo Plex are described in Note 24.

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

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25. CONTINGENCIES AND LITIGATION (Continued)

c) Litigation

In 2005, as part of the acquisition of Georgian Downs, the Company entered into an agreement that provided a consultant a deemed contribution for a notional equity interest in Georgian Downs as consideration for certain consulting services for its operations in the Province of Ontario. The notional equity interest entitled the consultant to future remuneration depending on the operating results of Georgian Downs provided that certain services were performed. The consultant had an option to sell his notional equity interest in Georgian Downs to the Company for consideration calculated using a predefined formula based on Georgian Downs' operating results for the twelve month period preceding the option's exercise. The Company had a call option to purchase the consultant's notional equity interest from June 2012 for consideration calculated using the same predefined formula. On July 30, 2007, the Company terminated the agreement and tendered the sum of \$1.6 being the full amount that the Company determined to be validly due and payable to the consultant. The consultant and the Company have significantly different views as to the consultant's monetary entitlement under the agreement. The consultant filed an application in the Ontario Superior Court of Justice that disputes the validity of the termination of the agreement. The Company also filed a suit in the Ontario Superior Court of Justice seeking a declaration that the agreement has been properly terminated by the Company. Management believes that the Company has acted appropriately with respect to both the termination and the tendering of payment to the consultant and intends to vigorously defend its position. On January 9, 2009, the Ontario Superior Court of Justice (Commercial List) granted an Endorsement which ordered that the consultant's application be converted into an action and be consolidated with the Company's action. At this stage, liability or quantum with respect to this litigation cannot be reasonably determined.

The Company is involved in various other disputes, claims and litigation. Management believes the amount of the ultimate liability for these will not materially affect the financial position of the Company.

d) 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:

- i. 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;
- ii. certain vendors of acquired companies or property for obligations that may or may not have been known at the date of the transaction;
- iii. certain financial institutions for costs that they may incur as a result of representations made in debt and equity offering documents; and
- iv. lessors of leased properties for personal injury claims that may arise at the facilities the Company operates.

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26. FINANCIAL INSTRUMENTS

The Company's financial instruments and the types of risks to which their carrying values are exposed are as follows:

Financial instrument	Risks			
	Credit	Liquidity	Market risks	
			Interest rate	Currency
Measured at amortized cost:				
Cash equivalents	x			x
Accounts receivable	x			x
Due from Nova Scotia Gaming Corporation	x			
Accounts payable and accrued liabilities		x		x
Long-term debt		x		x
Measured at fair value:				
Cash	x			x
Restricted cash	x			
Cross-currency interest rate swaps (included in Derivative liabilities)	x	x	x	x

a) *Credit risk*

Credit risk is the risk that a party to one of the Company's financial instruments will cause a financial loss to the Company by failing to discharge an obligation. The carrying values of the Company's financial assets, which represent the maximum exposure to credit risk, are as follows:

	Year ended December 31,	
	2009	2008
Cash in banks	\$ 26.1	\$ 28.5
Cash equivalents	-	6.5
Restricted cash	5.6	10.6
Accounts receivable	7.3	14.2
Due from Nova Scotia Gaming Corporation	1.7	3.7
	\$ 40.7	\$ 63.5

Cash in banks, cash equivalents and restricted cash: Credit risk associated with these assets is minimized substantially by ensuring that these financial assets are placed in the debt instruments of Canadian and U.S. federal governments and well-capitalized financial institutions.

Accounts receivable and Due from Nova Scotia Gaming Corporation: Credit risk associated with these assets is minimized due to their nature. The majority of these receivable balances are due from sales tax rebates from the federal and provincial governments, the Nova Scotia Gaming Corporation (a branch of that province's government) and other provincial gaming corporations, racetrack operators, and financial institutions. The provision for doubtful accounts receivable is estimated based on an assessment of individual accounts and the length of time balances have been outstanding. As at December 31, 2009 the provision for doubtful accounts receivable totalled \$0.6 (2008 - \$0.7).

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008
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26. FINANCIAL INSTRUMENTS (Continued)

a) *Credit risk (Continued)*

Cross-currency interest rate swaps: At December 31, 2009, the Company's swap associated with the Term Loan B was in a \$35.1 liability position (2008 - \$23.4) and the swap associated with the Subordinated Notes was in a \$15.7 liability position (2008 - \$7.4 asset). The credit risk associated with these cross-currency interest rate swap agreements is mitigated since the counterparties to these swaps are Canadian chartered banks with minimum "A" credit ratings.

b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by monitoring its capital structure (see Note 12), regularly monitoring forecast and actual cash flows, managing the maturity profiles of financial assets and financial liabilities and maintaining credit capacity within the Revolving Credit Facility (see Note 11). The Company expects the following maturities of its financial liabilities (including interest) and operating leases and contracts:

	Expected payments by period as at December 31, 2009					Total
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years		
Accounts payable and accrued liabilities	\$ 63.4	\$ -	\$ -	\$ -	\$ -	\$ 63.4
Payments related to cross-currency interest rate swaps	27.6	54.7	230.7	207.9		520.9
Receipts related to cross-currency interest rate swaps	(18.0)	(36.0)	(198.5)	(185.3)		(437.8)
Term Loan B and Subordinated Notes	18.0	36.0	198.5	185.3		437.8
Revolving Credit Facility	0.2	12.3	-	-		12.5
Operating leases	3.6	5.4	2.5	3.5		15.0
Income taxes payable	0.1	-	-	-		0.1
Capital leases	0.1	-	-	-		0.1
Other contractual commitments	2.9	4.8	2.7	0.3		10.7
Total	\$ 97.9	\$ 77.2	\$ 235.9	\$ 211.7	\$ -	\$ 622.7

The expected payments related to the cross-currency interest rate swaps (see Note 13) represent the Canadian dollar fixed interest and principal payments required under these contracts.

The expected receipts related to the cross-currency interest rate swaps represent the U.S. dollar interest and principal payments due on the Term Loan B and Subordinated Notes, converted to Canadian dollars at the December 31, 2009 foreign currency exchange rate.

The Term Loan B and the Subordinated Notes (see Note 11) amounts represent interest and principal payments, converted to Canadian dollars at the December 31, 2009 foreign currency exchange rate. Similarly, as the Term Loan B bears interest at a floating rate (U.S. LIBOR plus 1.50%), the interest rate applicable at December 31, 2009 of 1.77% has been applied to all future periods in the above table. The Subordinated Notes bear interest at a fixed rate of 7.25%.

The Revolving Credit Facility amounts represent expected interest and principal payments of the Company's drawings at December 31, 2009 and assumes full repayment of the Revolving Credit Facility borrowings on February 14, 2012 when that facility matures. The interest rates applicable at December 31, 2009 to the various drawings, which range between 2.02% and 2.06%, have been applied to all future periods in the above table.

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26. FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk (Continued)

Operating leases and contracts include property leases for the Company's head office, a ground lease with the City of Surrey, BC for Fraser Downs, a ground lease with the City of Sydney, NS for Casino Nova Scotia Sydney, an operating agreement with the City of Vancouver, BC for Hastings Racecourse and commitments to NSGC to fund responsible gaming programs.

The Company believes that it will not encounter difficulty in meeting the obligations associated with its financial liabilities and further believes that if necessary, it would be able to access the capital markets for additional financial resources at prevailing market rates.

c) Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates and/or foreign currency exchange rates. With the exception of its cross-currency interest rate swaps, the carrying amounts of the Company's financial instruments are not subject to interest rate risk. The following table sets out a sensitivity analysis of the effect on the carrying amount of the Company's financial instruments (with the exceptions of its long-term debt and cross-currency interest rate swaps described below) that are subject to foreign currency risk by applying reasonably possible changes in foreign currency rates relative to the Company's functional currency, the Canadian dollar:

	Carrying amount December 31, 2009	Foreign Currency Risk ⁽¹⁾			
		-25%		+25%	
		Net earnings	OCI ⁽²⁾	Net earnings	OCI ⁽²⁾
Financial Assets					
Cash and cash equivalents	\$ 26.1	\$ (1.1)	\$ (1.1)	\$ 1.1	\$ 1.1
Accounts receivable	7.3	(0.1)	-	0.1	-
Financial Liabilities					
Accounts payable and accrued liabilities	63.4	0.4	0.6	(0.4)	(0.6)
Total (decrease) increase		\$ (0.8)	\$ (0.5)	\$ 0.8	\$ 0.5

⁽¹⁾ Displayed is the effect on the Company's U.S. dollar denominated financial assets and liabilities if the value of the U.S. dollar were to decrease or increase relative to the Canadian dollar by 25% from the actual period end rate.

⁽²⁾ OCI - "Other Comprehensive Income".

Long-term debt and cross-currency interest rate swaps

The Company is required to make payments on the Term Loan B and Subordinated Notes in U.S. dollars. The Company has mitigated its exposure to fluctuations in interest rates and foreign currency rates related to its U.S. dollar denominated debt. The Company entered into a series of cross-currency interest rate swaps that effectively converted both the U.S. dollar floating interest rate Term Loan B and the U.S. dollar fixed interest rate Subordinated Notes into Canadian dollar fixed interest rate debt (see Notes 11 and 13). The fair values of the U.S. dollar denominated debt and related cross-currency interest rate swap derivatives fluctuate with changes in market

GREAT CANADIAN GAMING CORPORATION
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26. FINANCIAL INSTRUMENTS (Continued)

c) *Market risk (Continued)*

interest rates and foreign exchange rates, but their respective future cash flows do not fluctuate. Consequently, absent early redemption at the Company's option, the market risks of the U.S. dollar denominated debt and cross-currency interest rate swaps are effectively eliminated.

Revolving Credit Facility

The Revolving Credit Facility has interest rates on advanced amounts and a commitment fee on the unused facility that are based on the Total Debt to Adjusted EBITDA ratio (defined in the underlying debt agreement) which is calculated quarterly. The following table summarizes the interest rate and commitment fee on the Revolving Credit Facility that apply, depending on the Company's quarterly Total Debt to Adjusted EBITDA ratio calculated for the most recent trailing twelve months:

Total Debt / Adjusted EBITDA	Margin on Bankers' Acceptances or Eurodollar Rate Advances & Letters of Credit	Margin on Canadian Prime Rate or U.S. Base Rate Advances	Commitment Fee
>= 4.50	2.25%	1.00%	0.50%
4.00 to < 4.50	1.88%	0.63%	0.40%
3.50 to < 4.00	1.63%	0.38%	0.35%
3.00 to < 3.50	1.38%	0.13%	0.30%
2.50 to < 3.00	1.13%	0.00%	0.25%
2.00 to < 2.50	0.88%	0.00%	0.20%
< 2.00	0.75%	0.00%	0.18%

d) *Fair values*

The fair values of cash and cash equivalents, restricted cash, accounts receivable, due from Nova Scotia Gaming Corporation, accounts payable and accrued liabilities and cross-currency interest rate swaps approximate their carrying values.

The fair values of the Company's long-term debt instruments totalled \$349.3 as at December 31, 2009 (2008 - \$332.0) and are Level 2⁽¹⁾ liabilities as they are estimated based on quoted prices that are observable for similar instruments or on the current rates offered to the Company for debt of the same maturity.

The fair values of the Company's cross-currency interest rate swaps at December 31, 2009 were in a combined liability position of \$50.8 (2008 – net \$16.0 liability) and were determined based on a credit risk adjusted discounted cash flow model. The cross-currency interest rate swaps are considered Level 2⁽¹⁾ liabilities as the model makes assumptions regarding the U.S. dollar exchange rate and discount rates, which are based on the prevailing U.S. dollar exchange rates and prevailing interest rates in Canada and the U.S. at December 31, 2009.

The Company does not hold any Level 1⁽¹⁾ financial assets or liabilities that are based on unadjusted quoted prices trading in active markets, or, Level 3⁽¹⁾ financial assets or liabilities that require management to make assumptions regarding the measurement of fair value using significant inputs that are not based on observable market data.

¹ References to Level 1; 2; and 3, relate to defined terms in CICA Handbook Section 3862.27A, *Financial Instruments – Disclosures*.

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27. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Company's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which differ from those principles that the Company would have followed had its consolidated financial statements been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

Material variations between financial statement items under Canadian GAAP and the amounts determined under U.S. GAAP are presented in the following reconciliations, which were prepared to comply with the requirements of Item 17 of Form 20-F of the United States Securities and Exchange Commission.

U.S. GAAP Codification Change

Effective July 1, 2009, the Financial Accounting Standards Board ("FASB") issued the authoritative version of the *FASB Accounting Standards Codification* ("Codification") as the single source of authoritative non-governmental U.S. GAAP. On June 30, 2009 the FASB issued FASB Statement No. 168, *The FASB Accounting Standards Codification ("ASC") and the Hierarchy of Generally Accepted Accounting Principles*, that created Codification Topic 105, *Generally Accepted Accounting Principles*, and established that the Codification is effective for interim and annual periods ending after September 15, 2009. All prior accounting standard documents are superseded. All other accounting literature not included in the Codification is considered non-authoritative.

The Codification reorganizes the previous U.S. GAAP pronouncements into roughly 90 accounting topics and displays all topics using a consistent structure. It also includes relevant Securities and Exchange Commission (SEC) guidance that follows the same topical structure in separate sections in the Codification. Subsequent to July 1, 2009, any modifications to the existing U.S. GAAP standards are communicated through an Accounting Standards Update ("ASU").

The Codification did not change the Company's application of U.S. GAAP. The Codification was first effective and implemented in the Company's year ended December 31, 2009 annual financial statements. All future references to authoritative accounting literature will be referenced in accordance with the Codification.

There are no material variations that affected the consolidated statement of earnings for the year ended December 31, 2008 or consolidated statements of cash flows for the years ended December 31, 2009 and 2008. The material variations which affect the consolidated statements of financial position for the year ended December 31, 2009 and 2008, and the consolidated statement of earnings for the year ended December 31, 2009 are as follows:

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(Dollar amounts expressed in millions, except for per share information)

27. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(expressed in millions of Canadian dollars)

As at December 31, 2009	Notes			Under U.S. GAAP
	Under CDN GAAP	a	b	
	\$	\$	\$	\$
ASSETS				
CURRENT				
Cash and cash equivalents	34.6	-	-	34.6
Restricted cash	5.6	-	-	5.6
Accounts receivable	7.3	-	-	7.3
Due from Nova Scotia Gaming Corporation	1.7	-	-	1.7
Prepays, deposits and other assets	7.2	-	-	7.2
	56.4	-	-	56.4
Property, plant and equipment	735.6	-	-	735.6
Intangible assets	167.6	-	-	167.6
Goodwill	37.9	-	-	37.9
Future income taxes	2.0	-	-	2.0
Other assets	4.6	-	-	4.6
	1,004.1	-	-	1,004.1
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	63.4	-	-	63.4
Income taxes payable	0.1	-	-	0.1
Long-term debt, deferred credit and other liabilities, current	2.9	-	-	2.9
	66.4	-	-	66.4
Long-term debt	356.9	-	-	356.9
Derivative liabilities	50.8	-	-	50.8
Deferred credit and other liabilities	27.0	-	-	27.0
Future income taxes	68.6	-	-	68.6
	569.7	-	-	569.7
SHAREHOLDERS' EQUITY				
Share capital and contributed surplus	347.6	(12.5)	-	335.1
Accumulated other comprehensive loss	(10.4)	-	(3.4)	(13.8)
Retained earnings	97.2	12.5	3.4	113.1
	434.4	-	-	434.4
	1,004.1	-	-	1,004.1

See accompanying notes.

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

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27. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(expressed in millions of Canadian dollars)

As at December 31, 2008	Notes			Under U.S. GAAP
	Under CDN GAAP	a	b	
	\$	\$	\$	\$
ASSETS				
CURRENT				
Cash and cash equivalents	43.6	-	-	43.6
Restricted cash	10.6	-	-	10.6
Accounts receivable	14.2	-	-	14.2
Income taxes receivable	1.1	-	-	1.1
Due from Nova Scotia Gaming Corporation, current	3.7	-	-	3.7
Prepays, deposits, and other assets	9.1	-	-	9.1
	82.3	-	-	82.3
Property, plant and equipment	704.0	-	-	704.0
Intangible assets	180.5	-	-	180.5
Goodwill	39.0	-	-	39.0
Future income taxes	8.6	-	-	8.6
Other assets	9.6	-	-	9.6
	1,024.0	-	-	1,024.0
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	74.8	-	-	74.8
Long-term debt, deferred credit and other liabilities, current	2.3	-	-	2.3
	77.1	-	-	77.1
Long-term debt	440.0	-	-	440.0
Derivative liabilities	23.4	-	-	23.4
Deferred credit and other liabilities	22.4	-	-	22.4
Future income taxes	68.4	-	-	68.4
	631.3	-	-	631.3
SHAREHOLDERS' EQUITY				
Share capital and contributed surplus	341.7	(12.5)	-	329.2
Accumulated other comprehensive income (loss)	(22.7)	-	(2.0)	(24.7)
Retained earnings	73.7	12.5	2.0	88.2
	392.7	-	-	392.7
	1,024.0	-	-	1,024.0

See accompanying notes.

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27. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

CONSOLIDATED STATEMENT OF EARNINGS AND COMPREHENSIVE INCOME
(expressed in millions of Canadian dollars, except for share and per share information)

For the year ended December 31, 2009	Notes		
	Under CDN GAAP	b	Under U.S. GAAP
	\$	\$	\$
REVENUES	382.2	-	382.2
EXPENSES			
Human resources	155.6	-	155.6
Property, marketing and administration	100.0	-	100.0
Amortization	48.5	-	48.5
Stock-based compensation	4.9	-	4.9
Restructuring and other	13.4	-	13.4
	322.4	-	322.4
EARNINGS FROM OPERATIONS	59.8	-	59.8
Interest and financing costs, net	29.2	-	29.2
Foreign exchange loss (gain)	0.8	(1.4)	(0.6)
	30.0	(1.4)	28.6
EARNINGS BEFORE INCOME TAXES	29.8	1.4	31.2
Income tax expense	5.2	-	5.2
EARNINGS BEFORE NON-CONTROLLING INTERESTS	24.6	1.4	26.0
Non-controlling interests	1.1	-	1.1
NET EARNINGS	23.5	1.4	24.9
EARNINGS PER COMMON SHARE			
Basic	0.29		0.30
Diluted	0.28		0.30
WEIGHTED AVERAGE NUMBER OF COMMON SHARES			
Basic	82,182,940		82,182,940
Diluted	83,171,871		83,171,871
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Changes in fair values of derivatives	(25.1)	-	(25.1)
Loss on derivatives	39.9	-	39.9
Change in foreign currency translation adjustments	(2.5)	(1.4)	(3.9)
OTHER COMPREHENSIVE INCOME (LOSS)	12.3	(1.4)	10.9
COMPREHENSIVE INCOME	35.8	-	35.8

See accompanying notes.

GREAT CANADIAN GAMING CORPORATION
Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

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27. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

Notes to the Reconciliation between Canadian and U.S. GAAP as at and for the Years Ended December 31, 2009 and 2008

a) Stock-based compensation

Prior to 2006, under Canadian GAAP, the Company applied the fair value method of accounting for all stock option awards, recognizing compensation expense that was recorded as a charge against earnings. Under U.S. GAAP, these awards are accounted for under the recognition and measurement provisions of APB No. 25, "Accounting for Stock Issued to Employees" (APB 25), and its related interpretations. Effective January 1, 2006, the Company adopted ASC Topic 718 "Stock Based Compensation", using the modified-prospective application transition method. Results for prior periods have not been restated. Because the fair value recognition provisions of ASC Topic 718 were materially consistent under the Company's equity plans, the adoption of ASC Topic 718 did not have a significant impact on the financial position or results of operations of the Company. Prior to the Company's adoption of ASC Topic 718, benefits of tax deductions in excess of recognized compensation costs were reported as operating cash flow.

b) Foreign exchange loss

Under Canadian GAAP, a proportionate amount of the cumulative foreign currency translation account is recognized in net income on a partial realization or disposition of an investment in a self-sustaining foreign subsidiary. Under U.S. GAAP, ASC Topic 830-30-40 "Derecognition", such recognition occurs only when there has been a substantially complete realization of the investment.

GREAT CANADIAN GAMING CORPORATION
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27. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

Recent accounting pronouncements

The following U.S. GAAP accounting pronouncements made in the past year may affect the reconciliation of its financial statements prepared under Canadian GAAP to those determined under U.S. GAAP as presented to comply with the requirements of Item 17, of Form 20-F of the United States Securities and Exchange Commission:

In October 2009, the FASB issued ASU 2009-13, "*Revenue Recognition (Topic 605)—Multiple Deliverable Revenue Arrangements*". This update will improve the reporting of transactions to more closely reflect the underlying economics of the transaction. ASU 2009-13 is to be adopted prospectively and is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company expects that adoption of ASU 2009-13 will not have a material impact on its consolidated financial statements.

In August 2009, the FASB issued ASU 2009-05, "Fair Value Measurements and Disclosures (Topic 820)—Measuring Liabilities at Fair Value". This update clarifies how to measure the fair value of a liability when a quoted price in an active market is not available. This ASU is effective for the first reporting period after issuance. The adoption of ASU 2009-5 did not have a material impact on the consolidated financial statements.

In June 2009, the FASB issued ASC Topic 855, "Subsequent Events". This statement establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This statement is effective for the periods ending on or after June 15, 2009. The adoption of ASC Topic 855 did not have a material impact on the consolidated financial statements.

In June 2009, the FASB issued ASC Topic 810, "Accounting for Transfers of Financial Assets". The new standard eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity's continuing involvement in and exposure to the risks related to transferred financial assets. ASC Topic 810 is effective for fiscal years beginning after November 15, 2009. The adoption of ASC Topic 810 did not have a material impact on the consolidated financial statements.