



GREAT CANADIAN GAMING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Month and Six Month Periods Ended
June 30, 2009

As at August 10, 2009

(Dollar amounts expressed in millions, 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, recent developments, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information of Great Canadian Gaming Corporation (the "Company", "we", "our") is dated as of August 10, 2009. This MD&A should be read in conjunction with our unaudited interim consolidated financial statements for the three month and six month periods ended June 30, 2009 ("Interim Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2008 ("Annual Financial Statements") and our MD&A for the year ended December 31, 2008.

Our discussion in this MD&A is based on the Interim Financial Statements. The Interim Financial Statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements and accordingly, certain information and note disclosures normally included in the Annual Financial Statements are omitted. Unless expressly stated otherwise, all financial information is expressed in Canadian dollars.

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-GAAP Measures

The following non-GAAP 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 Canadian GAAP, do not have standardized meanings prescribed by GAAP, and should not be construed to be alternatives to revenues and net earnings determined in accordance with GAAP 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, stock-based compensation, restructuring and other costs, foreign exchange gain (loss), and non-controlling interests. 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 both management and investors with respect to the operating and financial performance of the Company. A reconciliation of EBITDA to net earnings under GAAP is shown in the "Consolidated Results of Operations" section in 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 which it does not believe are indicative of underlying business performance. Items of note may vary from time to time and in this MD&A include: restructuring and other expenses, future income tax recoveries due to changes in statutory tax rates, and Facility Development Commission ("FDC") catch-up payments. We believe adjusted net earnings provides the reader with a better understanding of the Company's underlying business performance. A reconciliation between net earnings and adjusted net earnings is presented in the Financial Highlights section of this MD&A.

Gross revenues as defined by the Company means revenues on the consolidated statements of earnings plus the portion of the gaming win and other revenues retained by British Columbia Lottery Corporation ("BCLC") and Nova Scotia Gaming Corporation ("NSGC"); gaming taxes paid to Washington State; accruals for payouts of progressive games; payments to horse racing pools; and promotional allowances.

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Gross revenues include slot commissions in Ontario which represent 10% of the win from slot machines operated by the Ontario Lottery and Gaming Corporation ("OLG").

The following non-GAAP measures have common definitions in the gaming industry. 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" 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 that addresses expectations, estimates or projections about the future, including information about the Company's strategy for growth, expected future expenditures, costs, operating and financial results and expected impact of future commitments, is forward-looking information. Such information is not a guarantee of future performance and involves a number of risks and uncertainties. Although forward-looking information is based on information and assumptions which the Company believes are current, reasonable and complete, these statements are subject to a number of factors that could cause actual results to vary materially from those expressed or implied by its forward-looking information.

Such factors may include, but are not limited to: terms of operational service agreements with lottery corporations; pending, proposed or unanticipated regulatory or policy changes; competition from established competitors and new entrants in the gaming business; dependence on key personnel; no assurance that systems, procedures and controls will be adequate to support expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; First Nations claims with respect to some Crown 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; and economic uncertainty and financial market volatility.

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 2008, 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

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Company undertakes no obligation to publicly revise forward-looking information to reflect subsequent events or circumstances. The forward-looking information contained herein is made as of the date hereof and is expressly qualified in its entirety by cautionary statements in this MD&A.

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FINANCIAL HIGHLIGHTS

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Revenues	\$ 93.8	\$ 101.6	(8%)	\$ 189.9	\$ 201.9	(6%)
EBITDA ⁽¹⁾	\$ 30.1	\$ 27.7	9%	\$ 59.4	\$ 54.6	9%
Human resources as a % of Revenues						
before Promotional allowances	41.6%	43.2%		41.2%	43.5%	
EBITDA as a % of Revenues	32.1%	27.3%		31.3%	27.0%	
Net earnings	\$ 6.2	\$ 4.1	51%	\$ 4.2	\$ 9.5	(56%)
Net earnings per common share:						
Basic	\$ 0.08	\$ 0.05		\$ 0.05	\$ 0.11	
Diluted	\$ 0.07	\$ 0.05		\$ 0.05	\$ 0.11	
Total assets				\$1,030.5	\$ 960.1	
Long-term debt, excluding current portion				\$ 423.0	\$ 347.7	
Derivative liabilities				\$ 20.9	\$ 61.1	

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

For both the three month period ended June 30, 2009 ("second quarter of 2009") and the six month period ended June 30, 2009 ("first half of 2009"), Great Canadian Gaming Corporation ("the Company") successfully offset declining revenues through the implementation of expense reductions.

For the second quarter of 2009, revenues declined to \$93.8, an 8% decrease from the second quarter of 2008, while EBITDA rose to \$30.1, a 9% increase. For the first half of 2009, revenues declined to \$189.9, a 6% decrease from the first half of 2008, while EBITDA rose to \$59.4, a 9% increase.

The second quarter of 2009 revenues decline was primarily due to the weakened economy, which reduced both gaming and hospitality revenues at the majority of the Company's properties. Declines in gaming revenues were most pronounced at the River Rock Casino Resort ("River Rock") and Boulevard Casino, where slot win decreased by 12% and 11%, respectively, when compared to second quarter of 2008. In addition, River Rock recorded an unusually low table hold percentage during the second quarter of 2009. Hospitality revenues were also impacted by disruption from construction at both River Rock and View Royal Casino. These declines were partially offset by growth at the Great American Casinos, which benefited from a favourable foreign currency exchange rate when its results were translated.

The second quarter of 2009 EBITDA increase reflects the benefit of the Company's comprehensive expense reduction initiatives. These initiatives reduced operating expenses by \$10.2, when compared to the second quarter of 2008. This reduction generated EBITDA improvements at the majority of the Company's properties during the second quarter and first half of 2009.

For the second quarter of 2009, the Company's EBITDA as a percentage of revenues was 32.1%, a 4.8 percentage point increase from the second quarter of 2008. For the first half of 2009, this percentage was 31.3%, a 4.3 percentage point increase from the first half of 2008. These improvements were primarily due to the expense reduction initiatives, which more than offset the revenues decline.

Net earnings increased by \$2.1 in the second quarter of 2009, when compared to the second quarter of 2008, but decreased by \$5.3 in the first half of 2009, when compared to the first half of 2008. This was primarily due to restructuring expenses associated with the expense reduction initiatives. The current and prior periods' net earnings included some items of note, the after-tax effects of which are summarized in the following table:

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	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Net earnings	\$ 6.2	\$ 4.1		\$ 4.2	\$ 9.5	
Items of note, net of tax						
Restructuring and other expenses	0.5	0.9		8.5	1.1	
Future income tax recoveries due to decreases in enacted statutory tax rates	(0.3)	-		(1.7)	(1.2)	
FDC catch-up payments	-	(0.4)		-	(0.8)	
Adjusted net earnings⁽¹⁾	\$ 6.4	\$ 4.6	39%	\$ 11.0	\$ 8.6	28%

⁽¹⁾ A non-GAAP measure

After adjusting for the above items of note, the Company's adjusted net earnings increased by 39% in the second quarter of 2009, when compared to the second quarter of 2008. The adjusted net earnings for the first half of 2009 compared to the first half of 2008 increased by 28%.

RECENT DEVELOPMENTS

The Canadian economy is experiencing a period of economic weakness, and witnessing a commensurate decline in consumer spending. The Company believes that this decline impacted its results for both the second quarter and first half of 2009, and that this impact will continue until the economy recovers. Given this uncertainty, the Company has taken aggressive steps to reduce its operating expenses.

Beginning in the first quarter of 2009, operating hours were adjusted at several properties, and all properties adjusted their staffing levels. As of June 30, 2009, these adjustments, in combination with adjustments performed during the fourth quarter of 2008, had reduced the Company's number of employees by 805 which includes both voluntary and involuntary terminations. During the second quarter of 2009, these reductions generated \$0.7 of associated restructuring expenses. The Company continues to investigate opportunities to further improve the efficiency of its operations.

The Company has also elected to take a conservative approach to capital deployment. Certain projects have had their timelines revised, and additional revisions may be deemed necessary if the Company's markets display further evidence of vulnerability to the weakened economy.

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The following table summarizes the Company's current major facility development projects:

Property	Development Project	Est. Completion Date	Est. Total Budget	To June 30, 2009	Spend (Accrual Basis) In second quarter 2009	Est. for remaining six months of 2009
River Rock Casino Resort	Hotel footings and infrastructure; 1,200 stall parking garage; 21,000 sq ft of commercial space; 320 hotel and casino parking spaces (\$90.0)	600 stalls completed in September '08, balance in September '09				
	New gaming capacity; upgraded VIP facilities; enhanced F&B offerings; atrium renovation (\$34.0)	Some upgraded VIP facilities completed January '09, balance in November '09	\$169.0	\$113.2	\$11.0	\$10.8
	Additional new gaming capacity; additional upgraded VIP facilities (\$17.0)	Pending revision				
	5 storey, 191 room hotel tower (\$28.0)	Pending revision				
View Royal Casino	560 stall parking garage; new gaming capacity (\$25.0)	Parking garage completed in December '08, new gaming capacity in August '09	\$50.0	\$24.2	\$0.8	\$0.8
	Further new gaming capacity; amenity upgrades (\$25.0)	Pending revision				
Hastings Racecourse	Installation of 600 slot machines and amenity upgrades	All slots installed in Q3/08	\$40.0	\$31.5	\$0.2	\$0.3
Georgian Downs	550 slot machines of new gaming capacity and infrastructure upgrade	400 new slots to be installed in Q3/09, balance in Q2/10	\$33.6	\$22.0	\$6.9	\$8.7

British Columbia

River Rock Casino Resort

The Company is currently developing several enhancements to the River Rock Casino Resort. These enhancements are designed to capitalize on the increased traffic generated by the Canada Line, Vancouver's mass transit system, which will open on August 17, 2009. The enhancements include space for additional gaming capacity at the facility, should the anticipated increase in gaming demand warrant it, as well as upgrades to the property's amenities and VIP offerings. A portion of the upgraded VIP offerings was completed in January of 2009. The balance of this project is expected to reach completion in November of 2009.

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 River Rock in Richmond, British Columbia. On August 22, 2008, the Company entered into definitive agreements for this transaction.

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The first 600 stalls of this parking garage were completed in September of 2008. The remaining 600 stalls are expected to reach completion by the end of September 2009, at which time the agreed parking services for Canada Line passengers will commence.

Under the terms of the agreements, the Company will reserve 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 has agreed to provide 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 is being used for the new parking garage, and \$2.5 in cash. As at June 30, 2009 the Company has received legal title to approximately 3.8 acres of the land and the remaining 1.2 acres will be transferred to the Company once its sub-division has been approved by the local municipality. The Company will also receive 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 the 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 will provide additional capacity for future patron demand. As at June 30, 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 also receive incremental revenue from the operation of the parking garage during the hours the stalls are dedicated to Canada Line passengers.

The Company is also developing approximately 320 additional parking spaces and 21,000 square feet of commercial space. These facilities, including the Canada Line Bridgeport station, will connect directly to the existing River Rock complex using an enclosed sky bridge. The additional parking spaces are expected to reach completion by the end of September 2009. The commercial space has had its timeline revised, and a new date for its completion will be announced once greater clarity is available around future market conditions.

View Royal Casino

In May 2008, the Company commenced the redevelopment of the View Royal Casino ("View Royal"), including the construction of a 560 stall parking garage. The Company also entered into an agreement to acquire approximately 1.5 acres of commercial property adjacent to the casino, which will create 160 stalls of additional surface parking capacity. The parking garage reached completion on December 31, 2008. The Company also plans to increase View Royal's gaming capacity by approximately 120 slot machines. This component of the redevelopment is expected to reach completion in August of 2009. As at June 30, 2009, BCLC has approved approximately \$13.9 of this redevelopment's incurred capital expenditures to date for accelerated FDC reimbursement. The anticipated cost of this redevelopment is \$25.0. Further new gaming capacity and amenity upgrades have had their timelines revised, and a new date for completion will be announced once greater clarity is available around future market conditions.

Hastings Racecourse

On August 15, 2008, the Company completed the installation of 600 slot machines at Hastings Racecourse, and thus the gaming component of that facility's redevelopment. The complete redevelopment includes an estimated \$40.0 in capital improvements during the initial five-year term of Hastings' operating agreement with the City of Vancouver of which \$31.5 has been spent to the end of June 30, 2009.

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Ontario

The Company is expanding Georgian Downs to allow OLG to increase that property's slot capacity. Slot machines at Georgian Downs are owned and operated by OLG. The Company will spend an estimated \$33.6 on this redevelopment, an amount that now includes the cost of a mandatory infrastructure upgrade. OLG will bear the costs for upgrades to the slot floor, food and beverage offerings, and various back-of-house operations. The Company anticipates that OLG will add 400 machines to Georgian Downs in August of 2009, and that the balance of the new slot capacity will reach completion during the second quarter of 2010.

In addition, through supplemental agreements, OLG has extended the term and guaranteed the Company's 10% slot machine revenue share at Georgian Downs through to November 30, 2021. The supplemental agreements include a provision for extension until November 30, 2026, at OLG's discretion. With an extension of its siteholder agreement for the property secured, the Company has drafted a master plan for further development at Georgian Downs.

Construction Considerations

As described above, the Company is undertaking several capital projects designed to improve both its facilities and future guest experiences. These necessary developments may have an unquantifiable impact on attendance in the short-term, as the disruption caused by construction may impact facilities' appearances and operations. The Company will make efforts to minimize the disruption and is confident that not only will these redevelopments both increase revenues and allow properties to meet future market demand, but also that any disruption will be more than offset by a commensurate long-term benefit.

Normal Course Issuer Bid

During the six months ended June 30, 2009, the Company did not purchase any shares under its normal course issuer bid. Under the bid, the Company can purchase up to an additional 5.7 million of its common shares through September 18, 2009 or earlier if the number of shares sought in the bid have been obtained.

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CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes the consolidated operating results for the three month and six month periods ended June 30, 2009 with comparatives for the prior period.

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 65.7	\$ 69.3	(5%)	\$ 134.3	\$ 141.0	(5%)
Racetrack revenues	7.8	8.6	(9%)	14.7	15.7	(6%)
Facility Development Commission	7.2	7.4	(3%)	14.7	15.1	(3%)
Hospitality and other revenues	15.8	19.0	(17%)	31.8	35.5	(10%)
	96.5	104.3	(7%)	195.5	207.3	(6%)
Less: Promotional allowances	(2.7)	(2.7)	0%	(5.6)	(5.4)	4%
Revenues	93.8	101.6	(8%)	189.9	201.9	(6%)
Human resources	40.1	45.1	(11%)	80.6	90.2	(11%)
Property, marketing and administration	23.6	28.8	(18%)	49.9	57.1	(13%)
	63.7	73.9	(14%)	130.5	147.3	(11%)
EBITDA	30.1	27.7	9%	59.4	54.6	9%
Human resources as a % of Revenues before Promotional allowances	41.6%	43.2%		41.2%	43.5%	
EBITDA as a % of Revenues	32.1%	27.3%		31.3%	27.0%	
Amortization	11.6	10.6	9%	23.2	20.6	13%
Stock-based compensation	1.4	1.9	(26%)	3.1	4.0	(23%)
Restructuring and other	0.7	1.4	(50%)	12.1	1.7	612%
Interest and financing costs, net	7.3	6.6	11%	14.2	14.1	1%
Other expenses	0.1	0.2	(50%)	1.4	0.3	367%
Income taxes	2.8	2.9	(3%)	1.2	4.4	(73%)
Net earnings	\$ 6.2	\$ 4.1	51%	\$ 4.2	\$ 9.5	(56%)
Net earnings per common share:						
Basic	\$ 0.08	\$ 0.05		\$ 0.05	\$ 0.11	
Diluted	\$ 0.07	\$ 0.05		\$ 0.05	\$ 0.11	
Weighted average number of common shares (in thousands):						
Basic	82,090	83,357		82,088	83,784	
Diluted	82,943	83,443		82,164	83,924	

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Discussion of Results

The Company's operating results are discussed in two sections. Revenues, human resources expenses, property, marketing and administration expenses, and EBITDA are discussed on a property or, where appropriate, group of similar properties basis. Items excluded from EBITDA are discussed on a consolidated basis. The following table reconciles the property results to the consolidated results of operations above.

REVENUES and EBITDA

	Second Quarter			First Half		
	2009	2008	% Change	2009	2008	% Change
REVENUES						
Casinos						
River Rock Casino Resort	\$ 24.7	\$ 29.6	(17%)	\$ 53.1	\$ 63.2	(16%)
Boulevard Casino	16.4	17.4	(6%)	33.4	34.4	(3%)
Vancouver Island Casinos	10.1	11.0	(8%)	20.0	21.7	(8%)
Other BC Casinos	1.5	1.6	(6%)	3.1	3.3	(6%)
Nova Scotia Casinos	10.6	11.6	(9%)	21.0	22.2	(5%)
Great American Casinos	6.9	6.4	8%	14.5	12.3	18%
	70.2	77.6	(10%)	145.1	157.1	(8%)
Racinos						
BC Racinos	14.4	14.4	0%	27.1	26.5	2%
Georgian Downs	4.0	4.0	0%	7.4	7.6	(3%)
Flamboro Downs	5.1	5.5	(7%)	10.1	10.5	(4%)
	23.5	23.9	(2%)	44.6	44.6	0%
Corporate & Other	0.1	0.1	0%	0.2	0.2	0%
Total Revenues	\$ 93.8	\$ 101.6	(8%)	\$ 189.9	\$ 201.9	(6%)
EBITDA						
Casinos						
River Rock Casino Resort	\$ 9.7	\$ 9.9	(2%)	\$ 22.0	\$ 24.8	(11%)
Boulevard Casino	7.9	7.5	5%	15.8	14.7	7%
Vancouver Island Casinos	6.1	6.1	0%	11.8	11.5	3%
Other BC Casinos	0.4	0.5	(20%)	0.8	1.0	(20%)
Nova Scotia Casinos	2.9	3.1	(6%)	4.9	3.9	26%
Great American Casinos	1.3	1.2	8%	2.5	2.2	14%
	28.3	28.3	0%	57.8	58.1	(1%)
Racinos						
BC Racinos	3.6	2.6	38%	6.3	4.0	58%
Georgian Downs	1.9	1.6	19%	3.5	3.2	9%
Flamboro Downs	2.0	2.3	(13%)	3.7	3.6	3%
	7.5	6.5	15%	13.5	10.8	25%
Corporate & Other	(5.7)	(7.1)	20%	(11.9)	(14.3)	17%
Total EBITDA	\$ 30.1	\$ 27.7	9%	\$ 59.4	\$ 54.6	9%

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Casinos

River Rock Casino Resort ⁽¹⁾

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 16.9	\$ 19.1	(12%)	\$ 37.2	\$ 42.3	(12%)
Facility Development Commission	2.7	2.8	(4%)	5.6	6.6	(15%)
Hospitality and other revenues	5.9	8.4	(30%)	11.8	15.6	(24%)
Revenues before Promotional allowances	25.5	30.3	(16%)	54.6	64.5	(15%)
Less: Promotional allowances	(0.8)	(0.7)	14%	(1.5)	(1.3)	15%
Revenues	24.7	29.6	(17%)	53.1	63.2	(16%)
Human resources	10.4	12.6	(17%)	20.7	24.7	(16%)
Property, marketing and administration	4.6	7.1	(35%)	10.4	13.7	(24%)
EBITDA	\$ 9.7	\$ 9.9	(2%)	\$ 22.0	\$ 24.8	(11%)
Human resources as a % of Revenues						
before Promotional allowances	40.8%	41.6%		37.9%	38.3%	
EBITDA as a % of Revenues	39.3%	33.4%		41.4%	39.2%	

⁽¹⁾ The results of the Racebook at the River Rock are included in the results of our BC Racinos as it is operated by TBC Teletheatre B.C.

	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Average
Table Drop	\$ 134.4	\$ 145.5	\$ 137.8	\$ 134.3	\$ 136.5	\$ 147.5	\$ 146.0	\$ 121.7	\$ 119.9	
Table Hold	\$ 24.6	\$ 31.8	\$ 27.8	\$ 33.3	\$ 26.9	\$ 37.3	\$ 30.7	\$ 25.8	\$ 24.2	
Table Hold %	18.3%	21.9%	20.2%	24.8%	19.7%	25.3%	21.0%	21.2%	20.2%	21.4%
Poker Rake	\$ 1.0	\$ 1.1	\$ 1.5	\$ 1.5	\$ 1.6	\$ 1.6	\$ 1.7	\$ 1.5	\$ 1.7	
Slot Coin-In	\$ 351.9	\$ 375.1	\$ 351.1	\$ 413.7	\$ 420.8	\$ 401.0	\$ 420.9	\$ 429.3	\$ 400.8	
Slot Win	\$ 25.5	\$ 26.7	\$ 24.8	\$ 28.3	\$ 29.1	\$ 27.9	\$ 29.7	\$ 30.3	\$ 27.9	
Slot Win/Slot/Day ⁽²⁾	\$ 324	\$ 342	\$ 308	\$ 341	\$ 354	\$ 335	\$ 351	\$ 358	\$ 333	
Slot Win %	7.2%	7.1%	7.1%	6.8%	6.9%	7.0%	7.1%	7.1%	7.0%	7.0%

⁽²⁾ Slot Win/Slot/Day is an average, presented in dollars.

Revenues

Gaming revenues at River Rock in the second quarter of 2009 decreased by 12%, when compared to the second quarter of 2008. This decrease was primarily due to the weakened economy, which did not affect table drop but did reduce slot win by 12%. Gaming revenues were also impacted by both disruption from construction at the property and a table hold percentage that was 3.1 percentage points below River Rock's nine-quarter average.

Gaming revenues at River Rock in the first half of 2009 decreased by 12%, when compared to the first half of 2008. This decrease was primarily due to both the weakened economy and disruption from construction at the property.

FDC revenues decreased by 4% in the second quarter of 2009, when compared to the second quarter of 2008. This decrease was due to the decline in gaming revenues. FDC revenues decreased by 15% in the first half of 2009, when compared to the first half of 2008. This decrease was due to both the decline in gaming revenues and a \$0.5 accelerated FDC catch-up payment that River Rock received in the first quarter of 2008. This catch-up payment was not repeated during the first quarter of 2009.

Hospitality and other revenues decreased by 30% in the second quarter and 24% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to the weakened economy and disruption from construction at the property, which necessitated both the closure or

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temporary relocation of several food and beverage outlets and a reduction in River Rock's hotel capacity.

River Rock's average daily revenue per available room ("REVPAR") was \$118 in the second quarter of 2009, compared to \$149 in the second quarter of 2008. This decline was due to both a 14.0 percentage point decrease in the average hotel occupancy rate to 71% and a \$10 decrease in the average daily room rate to \$175. The occupancy rate decrease can be attributed to both the weakened economy and disruption from construction at the property.

Expenses

Human resources expenses decreased by 17% in the second quarter and 16% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to staffing level adjustments.

Property, marketing and administration expenses decreased by 35% in the second quarter and 24% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to streamlined marketing and entertainment campaigns, reduced food and beverage costs related to the decline in hospitality business, and various expense reduction initiatives.

EBITDA

EBITDA was relatively unchanged for the second quarter of 2009, when compared to the second quarter of 2008. Although revenues decreased by 17%, this decline was offset by both staffing level adjustments and the benefit of various expense reduction initiatives. EBITDA for the first half of 2009 declined by 11%, when compared to the first half of 2008. This was primarily due to a 16% revenues decrease, which was only partially offset by the expense reduction initiatives.

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Boulevard Casino ⁽¹⁾

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 12.5	\$ 13.4	(7%)	\$ 25.4	\$ 26.6	(5%)
Facility Development Commission	2.1	2.2	(5%)	4.2	4.4	(5%)
Hospitality and other revenues	2.1	2.2	(5%)	4.5	4.1	10%
Revenues before Promotional allowances	16.7	17.8	(6%)	34.1	35.1	(3%)
Less: Promotional allowances	(0.3)	(0.4)	(25%)	(0.7)	(0.7)	0%
Revenues	16.4	17.4	(6%)	33.4	34.4	(3%)
Human resources	5.8	6.5	(11%)	11.7	13.2	(11%)
Property, marketing and administration	2.7	3.4	(21%)	5.9	6.5	(9%)
EBITDA	\$ 7.9	\$ 7.5	5%	\$ 15.8	\$ 14.7	7%
Human resources as a % of Revenues before Promotional allowances	34.7%	36.5%		34.3%	37.6%	
EBITDA as a % of Revenues	48.2%	43.1%		47.3%	42.7%	

⁽¹⁾ The results of the Racebook at Boulevard are included in the results of our BC Racinos as it is operated by TBC Teletheatre B.C.

	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Average
Table Drop	\$ 50.0	\$ 54.6	\$ 50.9	\$ 52.7	\$ 51.8	\$ 50.9	\$ 50.4	\$ 48.6	\$ 50.4	
Table Hold	\$ 9.6	\$ 10.0	\$ 10.5	\$ 10.2	\$ 9.3	\$ 9.5	\$ 11.2	\$ 9.9	\$ 10.8	
Table Hold %	19.2%	18.3%	20.6%	19.4%	18.0%	18.7%	22.2%	20.4%	21.4%	19.8%
Poker Rake	\$ 1.1	\$ 1.2	\$ 1.4	\$ 1.3	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.2	\$ 1.4	
Slot Coin-In	\$ 426.1	\$ 460.3	\$ 470.5	\$ 521.7	\$ 531.4	\$ 515.9	\$ 504.6	\$ 512.1	\$ 493.0	
Slot Win	\$ 31.5	\$ 31.9	\$ 31.6	\$ 35.1	\$ 35.2	\$ 34.3	\$ 33.8	\$ 35.0	\$ 33.1	
Slot Win/Slot/Day ⁽²⁾	\$ 369	\$ 377	\$ 366	\$ 406	\$ 401	\$ 397	\$ 391	\$ 414	\$ 387	
Slot Win %	7.4%	6.9%	6.7%	6.7%	6.6%	6.6%	6.7%	6.8%	6.7%	6.8%

⁽²⁾ Slot Win/Slot/Day is an average, presented in dollars.

Revenues, Expenses and EBITDA

Gaming revenues at Boulevard decreased by 7% in the second quarter and 5% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were primarily due to the weakened economy, which reduced slot win by 11% in the second quarter of 2009. Both the second quarter and first half decreases were partially offset by improved table performance at the property.

Human resource expenses decreased by 11% in both the second quarter and first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to staffing level adjustments.

Property, marketing, and administration expenses decreased by 21% in the second quarter and 9% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to both a streamlined marketing and entertainment campaign and various expense reduction initiatives.

EBITDA increased by 5% in the second quarter and 7% in the first half of 2009, when compared to the second quarter and first half of 2008. Although revenues decreased for both periods, the declines were offset by both staffing level adjustments and the benefit of various expense reduction initiatives.

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Vancouver Island Casinos (View Royal Casino and Nanaimo Casino)

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 8.2	\$ 9.1	(10%)	\$ 16.2	\$ 18.1	(10%)
Facility Development Commission	1.3	1.0	30%	2.6	2.0	30%
Hospitality and other revenues	0.8	1.1	(27%)	1.6	2.1	(24%)
Revenues before Promotional allowances	10.3	11.2	(8%)	20.4	22.2	(8%)
Less: Promotional allowances	(0.2)	(0.2)	0%	(0.4)	(0.5)	(20%)
Revenues	10.1	11.0	(8%)	20.0	21.7	(8%)
Human resources	2.8	3.5	(20%)	5.7	7.0	(19%)
Property, marketing and administration	1.2	1.4	(14%)	2.5	3.2	(22%)
EBITDA	\$ 6.1	\$ 6.1	0%	\$ 11.8	\$ 11.5	3%

Human resources as a % of Revenues

before Promotional allowances

EBITDA as a % of Revenues

	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Average
Table Drop	\$ 12.1	\$ 12.4	\$ 13.2	\$ 15.2	\$ 16.3	\$ 16.5	\$ 16.8	\$ 14.9	\$ 15.4	
Table Hold	\$ 2.8	\$ 3.0	\$ 3.4	\$ 3.6	\$ 3.6	\$ 3.7	\$ 3.8	\$ 3.3	\$ 3.6	
Table Hold %	23.1%	24.2%	25.8%	23.7%	22.1%	22.4%	22.6%	22.1%	23.4%	23.2%
Slot Coin-In	\$ 385.1	\$ 392.0	\$ 392.1	\$ 429.4	\$ 433.5	\$ 407.8	\$ 404.4	\$ 418.1	\$ 403.9	
Slot Win	\$ 29.1	\$ 28.3	\$ 27.5	\$ 30.3	\$ 30.9	\$ 30.1	\$ 30.1	\$ 30.8	\$ 30.2	
Slot Win/Slot/Day ⁽¹⁾	\$ 374	\$ 374	\$ 371	\$ 418	\$ 419	\$ 405	\$ 414	\$ 413	\$ 409	
Slot Win %	7.6%	7.2%	7.0%	7.1%	7.1%	7.4%	7.4%	7.4%	7.5%	7.3%

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

Revenues, Expenses and EBITDA

Revenues at the Company's Vancouver Island Casinos decreased by 8% in both the second quarter and first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to both the weakened economy and disruption from construction, and were partially offset by the addition of accelerated FDC revenues, which View Royal did not receive during the first half of 2008.

Human resources expenses decreased by 20% in the second quarter and by 19% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to adjustments to the staffing levels at both properties.

Property, marketing, and administration expenses decreased by 14% in the second quarter and by 22% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to various expense reduction initiatives.

EBITDA was relatively unchanged in both the second quarter and first half of 2009, when compared to the second quarter and first half of 2008. Although revenues decreased by 8%, this decline was offset by both staffing level adjustments and the benefit of various expense reduction initiatives.

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Other BC Casinos (Chances Gaming Entertainment in Dawson Creek and Haney Bingo Plex)

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 1.1	\$ 1.2	(8%)	\$ 2.2	\$ 2.4	(8%)
Facility Development Commission	0.1	0.1	0%	0.3	0.2	50%
Hospitality and other revenues	0.3	0.3	0%	0.6	0.7	(14%)
Revenues before Promotional allowances	1.5	1.6	(6%)	3.1	3.3	(6%)
Less: Promotional allowances	-	-		-	-	
Revenues	1.5	1.6	(6%)	3.1	3.3	(6%)
Human resources	0.7	0.7	0%	1.4	1.4	0%
Property, marketing and administration	0.4	0.4	0%	0.9	0.9	0%
EBITDA	\$ 0.4	\$ 0.5	(20%)	\$ 0.8	\$ 1.0	(20%)

Human resources as a % of Revenues

before Promotional allowances

46.7% 43.8%

45.2% 42.4%

EBITDA as a % of Revenues

26.7% 31.3%

25.8% 30.3%

	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Average
Slot Coin-In	\$ 49.9	\$ 55.2	\$ 51.6	\$ 58.5	\$ 54.2	\$ 60.6	\$ 59.1	\$ 66.6	\$ 70.0	
Slot Win	\$ 2.9	\$ 2.8	\$ 3.0	\$ 3.3	\$ 3.1	\$ 3.3	\$ 3.1	\$ 3.7	\$ 3.9	
Slot Win/Slot/Day ⁽¹⁾	\$ 212	\$ 207	\$ 217	\$ 239	\$ 227	\$ 242	\$ 225	\$ 268	\$ 286	
Slot Win %	5.8%	5.1%	5.8%	5.6%	5.7%	5.4%	5.2%	5.6%	5.6%	5.5%

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

Revenues, Expenses, and EBITDA

Revenues for the Company's Other BC Casinos decreased by 6% for both the second quarter and first half of 2009, when compared to the second quarter and first half of 2008. Expenses were relatively unchanged, while EBITDA decreased by 20% for both the second quarter and the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to the weakened economy, and were partially offset by a one-time FDC payment in the first quarter of 2009.

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

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 10.0	\$ 10.7	(7%)	\$ 19.3	\$ 20.7	(7%)
Hospitality and other revenues	1.2	1.6	(25%)	2.9	2.9	0%
Revenues before Promotional allowances	11.2	12.3	(9%)	22.2	23.6	(6%)
Less: Promotional allowances	(0.6)	(0.7)	(14%)	(1.2)	(1.4)	(14%)
Revenues	10.6	11.6	(9%)	21.0	22.2	(5%)
Human resources	4.3	4.9	(12%)	8.9	10.4	(14%)
Property, marketing and administration	3.4	3.6	(6%)	7.2	7.9	(9%)
EBITDA	\$ 2.9	\$ 3.1	(6%)	\$ 4.9	\$ 3.9	26%
Human resources as a % of Revenues before Promotional allowances	38.4%	39.8%		40.1%	44.1%	
EBITDA as a % of Revenues	27.4%	26.7%		23.3%	17.6%	

	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Average
Table Drop	\$ 11.1	\$ 10.4	\$ 11.3	\$ 12.3	\$ 11.8	\$ 10.9	\$ 12.6	\$ 13.9	\$ 13.5	
Table Hold	\$ 1.9	\$ 2.0	\$ 2.3	\$ 2.4	\$ 2.2	\$ 2.0	\$ 2.4	\$ 2.8	\$ 2.8	
Table Hold %	17.1%	19.2%	20.4%	19.5%	18.6%	18.3%	19.0%	20.1%	20.7%	19.3%
Poker Rake	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.5	\$ 0.6	\$ 0.4	\$ 0.5	\$ 0.5	
Slot Coin-In	\$ 220.5	\$ 213.9	\$ 219.9	\$ 258.2	\$ 232.5	\$ 218.8	\$ 223.3	\$ 276.9	\$ 234.3	
Slot Win	\$ 17.3	\$ 16.0	\$ 16.5	\$ 20.2	\$ 17.6	\$ 16.7	\$ 17.5	\$ 21.6	\$ 17.6	
Slot Win/Slot/Day ⁽¹⁾	\$ 221	\$ 207	\$ 198	\$ 238	\$ 198	\$ 175	\$ 181	\$ 223	\$ 184	
Slot Win %	7.8%	7.5%	7.5%	7.8%	7.6%	7.6%	7.8%	7.8%	7.5%	7.7%

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

Revenues

Revenues for the Nova Scotia casinos decreased by 9% in the second quarter and 5% in the first half of 2009, when compared to the second quarter and first half of 2008. These declines were primarily due to the weakened economy.

Expenses and Operational Improvements

At the beginning of the second quarter of 2008, the Company implemented significant operational changes at its Nova Scotia casinos. These changes were intended to better align the Nova Scotia casinos' offerings with their markets' demands, and included an adjustment of both the gaming capacity and staffing levels at both locations.

Human resources expenses decreased by 12% in the second quarter and by 14% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to staffing level adjustments, the majority of which occurred during the second quarter of 2008.

Property, marketing, and administration expenses decreased by 6% in the second quarter and by 9% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to the improved alignment of the Nova Scotia casinos' offerings to market demand.

EBITDA

EBITDA decreased by 6% in the second quarter of 2009, when compared to the second quarter of 2008. This decline was due to the weakened economy, the impact of which more than offset reductions in expenses. EBITDA increased by 26% in the first half of 2009, when compared to the first half of 2008. This increase resulted from the various operational changes, which had not yet taken place during the first quarter of 2008.

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Great American Casinos

Results in US Dollars

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 5.2	\$ 5.3	(2%)	\$ 10.4	\$ 10.5	(1%)
Hospitality and other revenues	1.0	1.1	(9%)	2.2	2.3	(4%)
Revenues before Promotional allowances	6.2	6.4	(3%)	12.6	12.8	(2%)
Less: Promotional allowances	(0.3)	(0.1)	200%	(0.6)	(0.4)	50%
Revenues	5.9	6.3	(6%)	12.0	12.4	(3%)
Human resources	3.3	3.4	(3%)	6.8	6.7	1%
Property, marketing and administration	1.5	1.7	(12%)	3.1	3.4	(9%)
EBITDA	\$ 1.1	\$ 1.2	(8%)	\$ 2.1	\$ 2.3	(9%)
Human resources as a % of Revenues before Promotional allowances	53.2%	53.1%		54.0%	52.3%	
EBITDA as a % of Revenues	18.6%	19.0%		17.5%	18.5%	

(in US dollars)	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Average
Table Drop	\$ 27.5	\$ 29.1	\$ 25.0	\$ 24.9	\$ 25.8	\$ 24.7	\$ 23.1	\$ 23.1	\$ 25.7	
Table Hold	\$ 5.9	\$ 5.9	\$ 5.5	\$ 5.8	\$ 6.0	\$ 5.7	\$ 5.7	\$ 5.7	\$ 5.8	
Table Hold %	21.5%	20.3%	22.0%	23.3%	23.3%	23.1%	24.7%	24.7%	22.6%	22.7%
Poker Rake	\$ -	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	

Results in Canadian Dollars

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Revenues	\$ 6.9	\$ 6.4	8%	\$ 14.5	\$ 12.3	18%
EBITDA	\$ 1.3	\$ 1.2	8%	\$ 2.5	\$ 2.2	14%

Revenues and EBITDA in US Dollars

Revenues at the Company's Great American Casinos decreased by 6% in the second quarter and by 3% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to declines in table hold percentage, which more than offset increases in table drop.

EBITDA was relatively unchanged in both the second quarter and first half of 2009, when compared to the second quarter and first half of 2008. Modest decreases in both gaming and hospitality revenues were offset by the benefit of various expense reduction initiatives.

The changing value of the Great American Casinos' functional currency, the US dollar, in comparison to the Company's reporting currency, the Canadian dollar, had a significant impact on the reported results of the American casinos. The average value of the U.S. dollar increased 16% against the Canadian dollar during the second quarter and 20% during the first half of 2009, when compared to the second quarter and first half of 2008.

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Racinos

BC Racinos (Fraser Downs Racetrack and Casino, Hastings Racecourse and TBC Teletheatre B.C.)

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 5.1	\$ 4.3	19%	\$ 10.0	\$ 8.8	14%
Facility Development Commission	1.0	1.3	(23%)	2.0	1.9	5%
Racetrack revenues	6.4	\$ 7.1	(10%)	12.0	\$ 12.8	(6%)
Hospitality and other revenues	2.2	2.0	10%	3.7	3.5	6%
Revenues before Promotional allowances	14.7	14.7	0%	27.7	27.0	3%
Less: Promotional allowances	(0.3)	(0.3)	0%	(0.6)	(0.5)	20%
Revenues	14.4	14.4	0%	27.1	26.5	2%
Human resources	5.7	6.2	(8%)	10.6	11.7	(9%)
Property, marketing and administration	5.1	5.6	(9%)	10.2	10.8	(6%)
EBITDA	\$ 3.6	\$ 2.6	38%	\$ 6.3	\$ 4.0	58%

Human resources as a % of Revenues

before Promotional allowances	38.8%	42.2%	38.3%	43.3%
EBITDA as a % of Revenues	25.0%	18.1%	23.2%	15.1%

	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Average
Table Drop	\$ 7.0	\$ 6.6	\$ 5.6	\$ 4.8	\$ 4.7	\$ 4.2	\$ 1.8	-	-	-
Table Hold	\$ 1.4	\$ 1.5	\$ 1.3	\$ 1.3	\$ 1.0	\$ 1.0	\$ 0.3	-	-	-
Table Hold %	20.0%	22.7%	23.2%	27.1%	21.3%	23.8%	16.7%	-	-	22.5%
Slot Coin-In	\$ 244.6	\$ 235.4	\$ 235.0	\$ 239.4	\$ 214.9	\$ 224.2	\$ 222.3	\$ 209.7	\$ 207.3	
Slot Win	\$ 18.8	\$ 18.4	\$ 17.7	\$ 18.5	\$ 15.8	\$ 17.1	\$ 16.8	\$ 15.8	\$ 15.5	
Slot Win/Slot/Day ⁽¹⁾	\$ 197	\$ 194	\$ 184	\$ 234	\$ 266	\$ 283	\$ 293	\$ 391	\$ 390	
Slot Win %	7.7%	7.8%	7.5%	7.7%	7.4%	7.6%	7.6%	7.5%	7.5%	7.6%

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

Revenues

Gaming revenues at the Company's BC Racinos increased by 19% in the second quarter and by 14% in the first half of 2009, when compared to the second quarter and first half of 2008. These increases were primarily due to the additional gaming capacity installed at Hastings during the third quarter of 2008, and were partially offset by the weakened economy. FDC revenues decreased in the second quarter of 2009 compared to the second quarter of 2008 due to \$0.6 accelerated FDC catch-up payments at Fraser and Hastings received in the second quarter of 2008.

Expenses

Human resources expenses decreased by 8% in the second quarter and 9% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to staffing level adjustments.

Property, marketing, and administration expenses decreased by 9% in the second quarter and 6% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to various expense reduction initiatives.

EBITDA

EBITDA at the BC Racinos increased by 38% in the second quarter and by 58% in the first half of 2009, when compared to the second quarter and first half of 2008. These improvements were due to the increased gaming revenues at Hastings, as well as staffing level adjustments and further experience with the new gaming offerings at both Fraser Downs and Hastings, which has allowed for better management of their operating expenses.

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Georgian Downs

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 2.6	\$ 2.6	0%	\$ 5.0	\$ 5.0	0%
Racetrack revenues	0.5	0.5	0%	0.8	0.9	(11%)
Hospitality and other revenues	1.0	1.1	(9%)	1.9	2.0	(5%)
Revenues before Promotional allowances	4.1	4.2	(2%)	7.7	7.9	(3%)
Less: Promotional allowances	(0.1)	(0.2)	50%	(0.3)	(0.3)	0%
Revenues	4.0	4.0	0%	7.4	7.6	(3%)
Human resources	0.9	1.0	(10%)	1.6	1.8	(11%)
Property, marketing and administration	1.2	1.4	(14%)	2.3	2.6	(12%)
EBITDA	\$ 1.9	\$ 1.6	19%	\$ 3.5	\$ 3.2	9%
Human resources as a % of Revenues before Promotional allowances	22.0%	23.8%		20.8%	22.8%	
EBITDA as a % of Revenues	47.5%	40.0%		47.3%	42.1%	

Revenues, Expenses, and EBITDA

Revenues at Georgian Downs were relatively unchanged in both the second quarter and first half of 2009, when compared to the second quarter and first half of 2008. The consistency of these revenues, despite the weakened economy, was due to the facility's market being underserved.

EBITDA increased by 19% in the second quarter and by 9% in the first half of 2009, when compared to the second quarter and first half of 2008. This was due to both staffing level adjustments and various expense reduction initiatives.

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Flamboro Downs

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 3.3	\$ 3.5	(6%)	\$ 6.5	\$ 6.6	(2%)
Racetrack revenues	0.9	1.0	(10%)	1.9	2.0	(5%)
Hospitality and other revenues	1.0	1.1	(9%)	1.9	2.1	(10%)
Revenues before Promotional allowances	5.2	5.6	(7%)	10.3	10.7	(4%)
Less: Promotional allowances	(0.1)	(0.1)	0%	(0.2)	(0.2)	0%
Revenues	5.1	5.5	(7%)	10.1	10.5	(4%)
Human resources	1.5	1.7	(12%)	3.2	3.5	(9%)
Property, marketing and administration	1.6	1.5	7%	3.2	3.4	(6%)
EBITDA	\$ 2.0	\$ 2.3	(13%)	\$ 3.7	\$ 3.6	3%
Human resources as a % of Revenues before Promotional allowances	28.8%	30.4%		31.1%	32.7%	
EBITDA as a % of Revenues	39.2%	41.8%		36.6%	34.3%	

Revenues, Expenses, and EBITDA

Revenues at Flamboro Downs decreased by 7% in the second quarter and by 4% in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases were due to the weakened economy and the temporary closure of a nearby competitor in the second quarter of 2008, which positively impacted Flamboro Downs' visitation.

EBITDA decreased by 13% in the second quarter of 2009, when compared to the second quarter of 2008. This decrease was due to the decline in revenues, which was partially offset by various expense reduction initiatives. EBITDA increased by 3% in the first half of 2009, when compared to the first half of 2008. This improvement was due to staffing level adjustments, various expense reduction initiatives, and increased gaming revenues in the first quarter of 2009.

Corporate & Other

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Revenues	\$ 0.1	0.1	0%	\$ 0.2	0.2	0%
Human resources	4.1	4.6	(11%)	8.6	9.8	(12%)
Property, marketing and administration	1.7	2.6	(35%)	3.5	4.7	(26%)
EBITDA	\$ (5.7)	\$ (7.1)	20%	\$ (11.9)	\$ (14.3)	17%

EBITDA

EBITDA from Corporate & Other improved by 20% in the first quarter and by 17% in the first half of 2009, when compared to the second quarter and first half of 2008. These improvements were primarily due to reductions in staff, legal, and head office lease expenses.

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Discussion of Items Excluded from EBITDA

Amortization

Amortization increased by \$1.0 in the second quarter and \$2.6 in the first half of 2009, when compared to the second quarter and first half of 2008 primarily due to the September 2008 revision to the estimated useful lives of the building and intangible assets associated with the Nova Scotia casinos and increased amortization resulting from the major development projects completed. These increases were partially offset by reduced amortization related to items that were fully amortized.

Stock-Based Compensation

Stock-based compensation decreased by \$0.5 in the second quarter and \$0.9 in the first half of 2009, when compared to the second quarter and first half of 2008. These decreases are primarily due to a reduction in the number of unvested options outstanding and a lower fair value of new options granted.

Restructuring and Other

Restructuring and other costs in the second quarter and first half of 2009 primarily related to severance associated with staff reductions made at the Company's gaming properties and at the head office location that totalled \$0.7 and \$7.9, respectively. In the first quarter of 2009, an additional \$4.2 of restructuring expenses was recorded associated with leased head office space that the Company vacated.

Interest and Financing Costs, net

Interest and financing costs, net of interest income increased by \$0.7 in the second quarter of 2009, when compared to the second quarter of 2008. This increase was primarily the result of \$0.5 lower interest income earned due to a lower average level of short-term investments and interest bearing receivables, as well as lower comparative interest rates. An additional \$0.2 higher interest cost was due to higher debt balances in 2009.

Interest and financing costs, net of interest income increased by \$0.1 for the first half of 2009, when compared to the first half of 2008. This was primarily the result of the first quarter of 2008's \$1.3 write-down of the fair value of the embedded derivative arising from the early redemption option on the Subordinated Notes (as described in our Annual Financial Statements). This was partially offset by lower interest income from lower average levels of short-term investments and interest bearing receivables held in the first half of 2009 at lower interest rates, when compared to the first half of 2008.

Other Expenses

Other expenses, including foreign exchange gains and losses and non-controlling interests, in the second quarter of 2009 were consistent with those in the second quarter of 2008. Other expenses in the first half of 2009 increased \$1.1, when compared to the first half of 2008 primarily due to the realization of a \$0.9 non-cash foreign exchange loss arising from the receipt of principal on a US dollar denominated debt due from one of the Company's US based subsidiaries in the first half of 2009. The realization of this foreign exchange loss resulted in a corresponding reduction in accumulated other comprehensive loss.

Income Taxes

Income taxes decreased \$0.1 in the second quarter of 2009, when compared to the second quarter of 2008. The decrease is primarily due to the benefits of a \$0.3 recovery from non-cash future income taxes. The decrease is partially offset by higher earnings before income taxes for the second quarter of 2009, when compared to the second quarter of 2008.

Income taxes decreased \$3.2 in the first half of 2009, when compared to the first half of 2008. The decrease is primarily the result of lower earnings before income taxes resulting in decreased income taxes of \$2.7. The first halves of 2009 and 2008 include the benefits of non-cash future income tax

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recoveries of \$1.7 and \$1.2, respectively, due to decreases in substantively enacted corporate income tax rates.

Net earnings

Net earnings for the second quarter of 2009 was \$6.2, an increase of 51% from the second quarter of 2008. The increase was primarily the result of improvements in EBITDA related directly to the expense reduction initiatives implemented by the Company.

Net earnings for the first half of 2009 was \$4.2, a decrease of 56% from the first half of 2008. The decrease in the first half of 2009 compared to the first half of 2008 was primarily due to an increase in restructuring and other expenses of \$10.4, a decline of \$12.0 in revenues, and increased amortization expense of \$2.6. These factors were partially offset by decreases of \$16.8 in human resources expenses and property, marketing and administration expenses and \$3.2 in income taxes.

CONSOLIDATED QUARTERLY RESULTS TREND

	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
Revenues	\$ 93.8	\$ 96.1	\$ 96.7	\$ 105.1	\$ 101.6	\$ 100.3	\$ 100.7	\$ 103.2
EBITDA	\$ 30.1	\$ 29.3	\$ 23.6	\$ 29.5	\$ 27.7	\$ 26.9	\$ 27.9	\$ 30.9
EBITDA as a % of Revenues	32.1%	30.5%	24.4%	28.1%	27.3%	26.8%	27.7%	29.9%
Net earnings (loss)	\$ 6.2	\$ (2.0)	\$ (1.7)	\$ 5.7	\$ 4.1	\$ 5.4	\$ 13.0	\$ 12.6
Net earnings (loss) per common share:								
Basic	\$ 0.08	\$ (0.02)	\$ (0.02)	\$ 0.07	\$ 0.05	\$ 0.06	\$ 0.15	\$ 0.15
Diluted	\$ 0.07	\$ (0.02)	\$ (0.02)	\$ 0.07	\$ 0.05	\$ 0.06	\$ 0.15	\$ 0.15

Financial results for the second quarter of 2009 continued to display the benefits of the Company's expense reduction initiatives. Revenues for the second quarter of 2009 decreased by 8%, however, EBITDA increased by 9%, when compared to the second quarter of 2008. This translated to a 4.8 percentage point increase in EBITDA as a percentage of revenues for the second quarter of 2009, when compared to the first quarter of 2008. The second quarter of 2009 revenues decline, when compared to the second quarter of 2008, is primarily due to the weakened economy, which significantly reduced slot play in both British Columbia and Nova Scotia. The EBITDA increase reflects the benefit of the Company's recent expense reduction initiatives, which reduced operating expenses by \$10.2, when compared to the second quarter of 2008.

LIQUIDITY AND CAPITAL RESOURCES

The Company manages the risks of the weakened Canadian economy 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.

At June 30, 2009, the Company had:

- No exposure to asset backed commercial paper or sub-prime mortgage-backed investments;
- Relatively low levels of receivables of which the majority of these are due from: the Nova Scotia

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Gaming Corporation (a branch of that province's government) and other provincial gaming corporations, sales tax rebates from the federal and provincial governments, racetrack operators, and financial institutions;

- Low exposure to foreign currency exchange rate movements and low exposure to floating interest rate changes since it has cross-currency interest rate swaps that hedge the cash flows associated with its U.S. dollar denominated Term Loan B and Subordinated Notes and has relatively low levels of foreign denominated assets and liabilities;
- \$120.5 of available credit on its Revolving Credit Facility;
- Additional debt capacity within the limitations established by the covenants on its existing credit and debt facilities; and
- Counterparties to its existing debt and credit facilities and cross-currency interest rate swaps that are primarily major financial institutions that have minimum grade "A" credit ratings.

Financial Position

	As at June 30, 2009	As at December 31, 2008	%
Cash and cash equivalents	\$ 40.2	\$ 43.6	(8%)
Due from Nova Scotia Gaming Corporation	2.9	3.7	(22%)
Other current assets	34.9	35.0	(0%)
Property, plant and equipment	734.2	704.0	4%
Other long-term assets	218.3	237.7	(8%)
	\$ 1,030.5	\$ 1,024.0	1%
Current liabilities	85.8	77.1	11%
Long-term debt (excluding current portion)	423.0	440.0	(4%)
Other long-term liabilities	112.0	114.2	(2%)
Shareholders' equity	409.7	392.7	4%
	\$ 1,030.5	\$ 1,024.0	1%

Cash and cash equivalents have decreased since December 31, 2008 primarily due to the purchase of property, plant and equipment associated with development projects at existing properties. The decrease was partially offset by cash generated from operations and additional net amounts borrowed against the Company's Revolving Credit Facility.

The additions to property, plant and equipment in the first half of 2009 were primarily related to improvements of our existing properties as described in the Recent Developments section of this MD&A.

The decrease in other long-term assets is due to the amortization of intangible assets, a decrease in future income tax assets and a decrease in other assets primarily from the decline in fair value of the derivative asset associated with the interest rate swap on the Subordinated Notes.

Current liabilities increased \$8.7 since December 31, 2008, due to the timing of settlements of accounts payable and accrued liabilities and higher liability levels due to the seasonal nature of the racetrack operations. These increases were partially offset by reduced construction payables reflective of the volume of construction activity as compared to year end.

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Long-term debt, excluding current portion, consists primarily of the Company's Term Loan B, Revolving Credit Facility and Subordinated Notes. This balance decreased by \$17.0 in the first half of 2009 due to the strengthening Canadian dollar's effect on the underlying U.S. dollar debt.

The other long-term liabilities have decreased \$2.2 since December 31, 2008. This was primarily due to a decrease in the fair value of the Company's cross-currency interest rate swap relating to the Term Loan B as at June 30, 2009.

During the first half of 2009, shareholders' equity increased by \$17.0 due to net earnings of \$4.2, a decrease in accumulated other comprehensive loss of \$9.7 and stock-based compensation of \$3.1.

Cash Flows

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Cash inflow from operating activities	\$ 26.2	\$ 9.2	185%	\$ 49.0	\$ 31.9	54%
Cash outflow from investing activities	(19.5)	(29.2)	33%	(53.5)	(47.5)	(13%)
Cash (outflow) inflow from financing activities	(8.5)	(3.9)	(118%)	1.0	(17.4)	
Effect of foreign exchange on cash and cash equivalents	(0.2)	-		0.1	0.5	(80%)
Decrease in cash	\$ (2.0)	\$ (23.9)	92%	\$ (3.4)	\$ (32.5)	90%

Cash inflow from operating activities was higher during the second quarter of 2009 relative to the second quarter of 2008 due to an increase in net earnings associated with the expense reduction initiatives, as well as a decrease in non-cash working capital, which relates primarily to the timing of the settlement of various receivables and payables. Cash inflow from operating activities was higher in the first half of 2009 relative to the first half of 2008 primarily due to a decrease in non-cash working capital offset partially by the expenses incurred in the first quarter of 2009 to implement the expense reduction initiatives.

The change in cash outflows from investing activities in the second quarter and first half of 2009 relative to the second quarter and first half of 2008 was primarily due to the major development projects (as described in the "Recent Developments" Section of this MD&A) that were in progress in the first half of 2009. These included the multi-level parking garage and property at River Rock, the Georgian Downs redevelopment, and the View Royal redevelopment. The main construction projects underway in the first half of 2008 were the multi-level parking garage and property at River Rock, the phase two Hastings redevelopment, the Georgian Downs redevelopment, and the View Royal redevelopment.

Cash outflow from financing activities in the second quarter of 2009 related primarily to the net repayment towards our borrowings under the Revolving Credit Facility. Cash outflow from financing activities in the second quarter of 2008 was primarily due to the purchase of the Company's common shares offset partially by drawings against the Revolving Credit Facility. Cash inflow from financing activities of \$1.0 for the first half of 2009 related to the net borrowings against the Revolving Credit Facility. The cash outflow from financing activities in the first half of 2008 related primarily to the purchase of common shares offset partially from long-term debt drawings against the Revolving Credit Facility.

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Capital Resources

Long-Term Debt and Equity

	June 30, 2009	December 31, 2008
Term Loan B, net of unamortized transaction costs of \$2.2 (2008 - \$2.5)	\$ 190.7	\$ 200.6
Senior Secured Revolving Credit Facility	40.0	38.0
Senior Subordinated Notes and unamortized premium of \$1.5 (2008 - \$1.6) net of unamortized transaction costs of \$4.9 (2008 - \$5.3)	194.3	203.4
Obligations under capital leases and other debt	0.1	0.1
	425.1	442.1
Less: current portion	2.1	2.1
	\$ 423.0	\$ 440.0

The Company and its debt facilities are rated as follows:

	Moody's	Standard & Poor's
Corporate	Ba3 Stable	BB Stable
Term Loan B and Revolving Credit Facility	Ba2	BBB-
Subordinated Notes ⁽¹⁾	B2	BB-

⁽¹⁾ On May 8, 2009, Standard & Poor's reduced its rating on the Company's Subordinated Notes to BB- from the BB rating that was in place since March 19, 2008.

Cross-Currency Interest Rate and Currency Swap Agreements & Hedge Accounting

In anticipation of issuance of the Company's debt refinancing in February 2007, 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. As at June 30, 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	\$166.2 ⁽¹⁾	\$196.3 ⁽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 June 30, 2009, the Company's swap associated with the Term Loan B was in a \$20.9 liability position (December 31, 2008 - \$23.4 liability) and is recorded in derivative liabilities on the consolidated statements of financial position, and the swap associated with the Subordinated Notes was in a \$0.5 asset position (December 31, 2008 - \$7.4 asset) and is recorded in other assets on the consolidated statements of financial position.

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,

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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 June 30, 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. 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.

Outstanding Share Data

As at June 30, 2009 there were 82,092,359 common shares issued and outstanding as compared to 82,086,526 as at December 31, 2008. As at June 30, 2009, there were 6,591,611 stock options outstanding at a weighted average exercise price of \$7.18.

As at August 7, 2009, there were 82,144,025 common shares outstanding and 6,523,070 stock options outstanding.

Capital Spending and Development

The majority of our capital expenditures on gaming operations in British Columbia and Nova Scotia are eligible for reimbursement by the provincial gaming authorities. In British Columbia the BCLC's FDC program permits an additional commission of 3% of gross gaming win from casinos, racetracks and community gaming centres. In addition, the BCLC introduced an accelerated FDC program in 2006 that provides an additional 2% of gross gaming win towards site-specific reimbursements of new gaming redevelopments.

Approved expenditures incurred to improve or maintain the two Nova Scotia casinos facilities are reimbursed by the NSGC from a Capital Reserve Account ("CRA"). We are required to make contributions to the CRA equal to 5% of the annual gross operation revenues from the two Nova Scotia casinos with a minimum contribution of \$5.0 per year beginning in 2009. If the CRA is in a deficit balance, the amount owed to us accrues interest at a rate of bank prime plus 2% per annum.

During the second quarter and first half of 2009, our capital expenditures net of related accounts payable totalled \$19.7 and \$54.1 respectively. Maintenance capital expenditures primarily related to various property upgrades and information technology. Development capital expenditures are primarily related to the ongoing construction costs associated with the multi-level parking garage and property at River Rock, the Georgian Downs redevelopment, and the View Royal redevelopment. For the remaining six months of 2009, we estimate maintenance and development capital expenditures net of related accounts payable will total approximately \$24.0.

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

	2009	2008
Opening Approved Amounts at January 1,	\$ 357.3	\$ 342.3
Additional Approved Amounts	52.8	23.8
FDC receipts	(14.7)	(15.1)
Closing Approved Amounts at June 30,	\$ 395.4	\$ 351.0

The majority of the Company's additions to property, plant and equipment in 2009 were related to its B.C. gaming operations and consequently may be eligible for FDC reimbursement. FDC Approved Amounts during 2009 were lower than the additions to property, plant and equipment primarily due to the difference in timing between when the expenditures are incurred, when the invoices are received, and when they are submitted to BCLC for approval.

Contingencies

We have issued letters of credit to guarantee performance, primarily under construction contracts and gaming cash floats in the aggregate amount of \$39.5 at June 30, 2009 (December 31, 2008 - \$44.9). As part of certain acquisition agreements including those entered into on the acquisition of Bear Mountain Community Gaming Centre (now "Chances Dawson Creek") and Haney Bingo Plex, we have agreed to make future contingent payments dependent on operations at these locations.

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.

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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 June 30, 2009					Total
	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years		
Accounts payable and accrued liabilities	\$ 83.6	\$ -	\$ -	\$ -	\$ 83.6	
Payments related to cross-currency interest rate swaps	27.6	51.4	241.2	214.6	534.8	
Receipts related to cross-currency interest rate swaps	(21.2)	(40.7)	(226.1)	(212.2)	(500.2)	
Term Loan B and Subordinated Notes	21.2	40.7	226.1	212.2	500.2	
Revolving Credit Facility	1.1	42.1	-	-	43.2	
Capital leases	0.1	-	-	-	0.1	
Operating leases	4.0	6.8	2.8	3.6	17.2	
Other contractual commitments	3.4	4.5	2.9	1.3	12.1	
Total	\$ 119.8	\$ 104.8	\$ 246.9	\$ 219.5	\$ 691.0	

The expected payments related to the cross-currency interest rate swaps represent the Canadian dollar fixed interest and principal payments we are required to make 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 June 30, 2009 foreign currency exchange rate.

The Term Loan B and the Subordinated Notes amounts represent interest and principal payments, converted to Canadian dollars at the June 30, 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 June 30, 2009 of 2.42% has been applied to all future periods in the above table. The Subordinated Notes bear interest at a fixed rate of 7.25%.

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The Revolving Credit Facility amounts represent expected interest and principal payments of the Company's drawings at June 30, 2009 and assumes full repayment of the Revolving Credit Facility borrowings on February 14, 2012 when that facility matures. The interest rates applicable at June 30, 2009 to the various drawings, which range between 2.03% and 2.88%, have been applied to all future periods in the above table.

Operating leases include property leases for our head office, a ground lease with the City of Surrey, BC for Fraser Downs, a ground lease with the City of Sydney, NS for our Casino Nova Scotia Sydney, and an operating agreement with the City of Vancouver, BC for Hastings.

Other contractual commitments include amounts committed to the NSGC to fund responsible gaming programs.

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

Future Cash Requirements

We believe that our current approved capital plans and operational requirements can be funded from existing cash, cash generated from operations, proceeds from the exercise of stock options, and our existing credit and debt facilities. If we have increased cash requirements and do not want 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. If we raise additional funds through the issuance of equity securities or the exercise of stock options, the current shareholders' ownership percentages will be reduced and such equity securities may have rights, preferences, or privileges senior to our common shares.

OTHER FINANCIAL INFORMATION

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. During the three months ended March 31, 2009, prior to acquiring CGI, the Company did not require dealer training services.

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 the first half of 2009 includes \$0.2 in fees for the Consulting company's advice on the Company's strategic

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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.

Change 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 to the financial statements and 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 has yet to adopt these standards. The Company's future consolidated financial statements may be materially affected by the Business Combinations standard, dependent on the date the Company elects to adopt the standard and the specific facts of future business combinations, if any, that may subsequently occur.

Transition to International Financial Reporting Standards

The Canadian Institute of Chartered Accountants has announced a plan which requires the transition to International Financial Reporting Standards ("IFRS") as replacement guidance for Canadian generally accepted accounting principles ("GAAP") currently employed by Canadian public companies. The changeover will occur no later than fiscal years beginning January 1, 2011. As a result of this announcement, the Company is planning and preparing for the coming changes in financial reporting requirements. Based on its initial assessments, the Company currently believes its transition to IFRS will not materially affect the manner in which its revenues and EBITDA are currently recognized and measured. The Company's first financial statements presented in accordance with IFRS will be for the three-month period ended March 31, 2011.

The Company's IFRS implementation plan addresses project management, accounting policy changes, reporting and disclosure changes, training and communication and business impacts. The following progress has been made in these areas:

a) *Project management*

The Company has formed an IFRS Steering Committee to provide guidance during the IFRS implementation project and has developed a timeline for key project milestones and deliverables. A detailed project plan with assigned responsible sub-project owners and deadlines is being followed to ensure IFRS readiness for 2011;

b) *Accounting policy changes*

The Company has completed its research and documentation of expected differences between its current accounting policies that are in accordance with Canadian GAAP and those to be adopted under IFRS. The Company has begun developing its future accounting policies that will

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be required under current IFRS standards. The areas with the most potential for future impact on the Company's financial statements are expected to be the recognition, measurement and disclosure of: property, plant & equipment; intangible assets; business combinations; impairment of long-lived assets; stock-based compensation; and income taxes.

The IFRS standard setter, the International Accounting Standards Board, has activities currently underway which are expected to change certain IFRS. These changes may impact the Company. The Company will assess any change as part of its continuous IFRS implementation plan.

c) *Reporting and disclosure changes*

The Company is considering the financial statement presentation and disclosure options available to it upon initial changeover to IFRS and is developing ongoing reporting mechanisms to capture future IFRS disclosure information. At the date of transition to IFRS the Company has the option to adopt certain exemptions from the full retrospective application, presentation and disclosure requirements of certain IFRS. The Company currently expects to apply the following exemptions:

- It will not restate the accounting of past business combinations; and
- It will reset its foreign currency translation account to nil.

The calculation of the Company's debt covenants will not be affected by the transition to IFRS since they are structured to use Canadian GAAP that was effective at February 14, 2007, the date the Company entered into agreements for its Term Loan B, Revolving Credit Facility and Subordinated Notes.

The transition to IFRS will affect the presentation and measurement of balances and transactions included in the Company's interim and annual consolidated financial statements and related notes. The Company will provide quantifications of those effects closer to the 2011 implementation date.

d) *Training and communication*

The Company's plans are to ensure that its key stakeholders are informed about the anticipated effects of the IFRS transition. IFRS training for relevant finance staff is ongoing, while targeted programs for operational staff are to be developed and deployed. Investor relations' representation on the project's steering committee has enabled that department to address shareholder questions and concerns about the IFRS transition's impact on our financial reporting. The Audit, Risk and Finance Committee of the Company's Board has received quarterly presentations and project status updates from management.

e) *Business impacts*

The Company is considering what effects the IFRS transition will have on our business policies and activities. The following key areas are likely to be affected:

- Internal controls over financial reporting;
- Dual reporting obligation for the year 2010 when statements are required under both Canadian GAAP and IFRS; and
- Budgeting and forecasting for the IFRS transition year, 2010.

This disclosure reflects expectations based on information available at the time of reporting. Changes in circumstances may cause the Company to revise its IFRS project plans and policy choices before the changeover date.

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Critical Accounting Estimates

Our reported financial position and results of operations are dependent on our selection of accounting policies that are based on Canadian generally accepted accounting principles and accounting estimates that underlie the preparation of our consolidated financial statements. Our consolidated financial statements contain a summary of our significant accounting policies and accounting estimates. Estimates by their nature are subject to risks, uncertainties and assumptions, which could cause our financial position and operating results to differ materially from those presented in our consolidated financial statements. Future changes in accounting estimates will be applied on a prospective basis.

The critical accounting estimates that we believe are the most judgmental or are material to our consolidated financial statements are those relating to business combinations, value of assets acquired in business transactions with non-monetary consideration, long-lived asset and goodwill impairment tests, estimated useful lives of property, plant and equipment and intangible assets, stock-based compensation, determination of fair value of derivatives, income taxes, and contingencies.

There have been no changes to the commentary, methods, or estimates on these critical accounting estimates to those presented in our MD&A for the year ended December 31, 2008.

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 instruments that give rise or may give rise to the most significant exposure to foreign currency and floating interest rate risk are the Term Loan B, the Subordinated Notes, and the Revolving Credit Facility.

The Company entered into a series of cross-currency interest rate swaps to hedge the currency and interest rate risks associated with the Term Loan B and the Subordinated Notes. Refer to the "Capital Resources" section of this MD&A for information on our long-term debt and the hedging activities used to manage the foreign currency and interest rate risks associated therewith.

Definitions of Other Terms Used in the MD&A

Racebook – an off-racetrack wagering facility (previously described as a teletheatre).

Revenues – means the sum of the following:

- Casino gaming in BC – gaming revenues are net of commissions paid to BCLC (commissions are 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 commissions paid to BCLC (commissions are 75% of the win on slots, and 40% to 75% of the weekly bingo win) and are net of prizes.
- Horse racing in BC and Ontario – racino revenues represent 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.

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- 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 – gaming revenues are approximately equal to 52.725% of the gaming win.
- Slot commissions in Ontario – slot machine commissions represent 10% of the win from slot machines, all of which are operated by OLG.
- Facility Development Commission (“FDC”) – revenues earned from BCLC as a fixed percentage of gross gaming win, subject to the Company incurring sufficient Approved Amounts (a defined term in the casino operating service agreements and generally consists of approved capital and operating expenditures related to the development or improvement of gaming properties). Specifically, BCLC’s program permits a 3% FDC commission on gross gaming win from casinos, racetracks and community gaming centres and provides an additional, accelerated 2% of gross gaming win towards site-specific reimbursements of new gaming redevelopments.
- Hospitality and other revenues:
 - Food and beverage revenues – revenues are recorded at the retail price at the time of service. Food and beverage revenues in Nova Scotia are generally recorded at retail price less the 47.275% revenue retained by the NSGC.
 - Hotel revenues – revenues are recognized as services are performed.
 - Other revenues – ATM commissions, theatre revenues, advertising 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 food and beverage revenues, are deducted.

Win – the amount wagered on gaming activities, less the payout or prizes to winning customers. Win, as a percentage of the slot coin in or drop, can fluctuate with the statistical variations of casino games.

Additional Information

Additional information relating to the Company, including the Company’s latest Interim Financial Statements, 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.

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SUPPLEMENTAL FINANCIAL INFORMATION

Consolidated Quarterly Results Trend

	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Gaming Revenues					
River Rock Casino Resort	\$ 16.9	\$ 20.3	\$ 18.5	\$ 21.5	\$ 19.1
Boulevard Casino	12.5	12.9	13.1	13.7	13.4
Vancouver Island Casinos	8.2	8.0	8.2	8.9	9.1
Other BC Casinos	1.1	1.1	1.0	1.2	1.2
Nova Scotia Casinos	10.0	9.3	10.1	12.0	10.7
Great American Casinos	6.0	6.5	5.9	5.4	5.4
BC Racinos	5.1	4.9	4.8	4.9	4.3
Georgian Downs	2.6	2.4	2.4	2.9	2.6
Flamboro Downs	3.3	3.2	3.0	3.5	3.5
Corporate & Other	-	-	-	0.2	-
	65.7	68.6	67.0	74.2	69.3
Racetrack Revenues					
BC Racinos	6.4	5.6	5.8	6.9	7.1
Georgian Downs	0.5	0.3	0.4	0.5	0.5
Flamboro Downs	0.9	1.0	0.7	1.2	1.0
	7.8	6.9	6.9	8.6	8.6
Facility Development Commission					
River Rock Casino Resort	2.7	2.9	2.7	2.9	2.8
Boulevard Casino	2.1	2.1	2.1	2.2	2.2
Vancouver Island Casinos	1.3	1.3	1.3	1.0	1.0
Other BC Casinos	0.1	0.2	0.1	0.1	0.1
BC Racinos	1.0	1.0	0.9	1.0	1.3
	7.2	7.5	7.1	7.2	7.4
Hospitality and Other Revenues					
River Rock Casino Resort	5.9	5.9	7.6	7.4	8.4
Boulevard Casino	2.1	2.4	2.5	2.0	2.2
Vancouver Island Casinos	0.8	0.8	0.9	1.0	1.1
Other BC Casinos	0.3	0.3	0.3	0.3	0.3
Nova Scotia Casinos	1.2	1.7	1.5	1.8	1.6
Great American Casinos	1.2	1.5	1.3	1.0	1.1
BC Racinos	2.2	1.5	2.1	2.3	2.0
Georgian Downs	1.0	0.9	1.2	1.1	1.1
Flamboro Downs	1.0	0.9	1.1	1.2	1.1
Corporate & Other	0.1	0.1	0.2	0.1	0.1
	15.8	16.0	18.7	18.2	19.0
Promotional Allowances	(2.7)	(2.9)	(3.0)	(3.1)	(2.7)
Revenues	\$ 93.8	\$ 96.1	\$ 96.7	\$ 105.1	\$ 101.6
EBITDA					
River Rock Casino Resort	\$ 9.7	\$ 12.3	\$ 8.8	\$ 11.9	\$ 9.9
Boulevard Casino	7.9	8.0	7.5	7.9	7.5
Vancouver Island Casinos	6.1	5.7	5.5	5.7	6.1
Other BC Casinos	0.4	0.4	0.2	0.5	0.5
Nova Scotia Casinos	2.9	2.1	2.7	4.2	3.1
Great American Casinos	1.3	1.3	0.6	0.7	1.2
BC Racinos	3.6	2.7	1.4	2.1	2.6
Georgian Downs	1.9	1.5	1.5	1.7	1.6
Flamboro Downs	2.0	1.8	1.6	2.1	2.3
Corporate & Other	(5.7)	(6.5)	(6.2)	(7.3)	(7.1)
	\$ 30.1	\$ 29.3	\$ 23.6	\$ 29.5	\$ 27.7

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Presentation of Gross Revenues

Gross revenues, a non-GAAP measure, is revenue on the consolidated statements of earnings plus the portion of gaming win and other revenues retained by BCLC and NSGC, gaming taxes paid to Washington State, accruals for payouts of progressive games, payments to horse racing purse pools and promotional allowances. Gross revenues include slot commissions in Ontario, which represent 10% of the win from slot machines operated by the OLG. A reconciliation of gross revenues to revenues is presented below.

	Second Quarter			First Half		
	2009	2008	%Chg	2009	2008	%Chg
Gross table win	\$ 49.9	\$ 52.8	(5%)	\$ 108.7	\$ 115.9	(6%)
Gross slot win	130.4	137.9	(5%)	259.5	272.9	(5%)
Gross racetrack revenues	38.7	40.9	(5%)	72.9	73.2	(0%)
Hospitality and other revenues	18.0	21.1	(15%)	36.3	39.6	(8%)
FDC revenues	7.2	7.4	(3%)	14.7	15.1	(3%)
Gross revenues (a non-GAAP measure)	244.2	260.1	(6%)	492.1	516.7	(5%)
Less:						
Gaming, taxes and other commissions	(116.9)	(123.5)	(5%)	(238.5)	(251.9)	(5%)
Racetrack purses	(30.8)	(32.3)	(5%)	(58.1)	(57.5)	1%
Promotional allowances	(2.7)	(2.7)	0%	(5.6)	(5.4)	4%
Revenues	\$ 93.8	\$ 101.6	(8%)	\$ 189.9	\$ 201.9	(6%)