



GREAT CANADIAN GAMING CORPORATION

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month Period Ended
March 31, 2011

As at May 12, 2011

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

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

		March 31, 2011	December 31, 2010 (Note 23)	January 1, 2010 (Note 23)
ASSETS				
CURRENT				
Cash and cash equivalents	Note 5	\$ 76.2	\$ 50.9	\$ 34.6
Short-term investments		35.1	53.0	-
Restricted cash		4.0	1.6	5.6
Accounts receivable		8.1	9.3	9.0
Prepays, deposits and other assets		6.5	5.9	7.2
		129.9	120.7	56.4
Property, plant and equipment	Note 6	659.2	663.0	708.2
Intangible assets	Note 7	125.7	129.4	156.4
Goodwill		23.2	23.3	37.9
Deferred taxes		7.6	7.8	5.9
Other assets		1.5	2.0	4.6
		\$ 947.1	\$ 946.2	\$ 969.4
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities		\$ 51.0	\$ 51.3	\$ 62.7
Income taxes payable		-	5.4	0.1
Other liabilities	Note 8	4.4	4.1	3.6
		55.4	60.8	66.4
Long-term debt	Note 9	317.3	325.8	356.9
Derivative liabilities	Note 11	73.6	67.6	50.8
Deferred credits, provisions and other liabilities	Note 12	25.2	25.9	24.8
Deferred taxes		65.5	65.0	67.1
		537.0	545.1	566.0
SHAREHOLDERS' EQUITY				
Share capital and contributed surplus	Note 13	357.1	354.9	348.8
Accumulated other comprehensive loss	Note 14	(3.8)	(4.9)	(4.6)
Retained earnings		56.8	51.1	59.2
		410.1	401.1	403.4
		\$ 947.1	\$ 946.2	\$ 969.4

These financial statements were approved and authorized for issue by the Company's Board of Directors on May 11, 2011.

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

		Three months ended March 31,	
		2011	2010
			(Note 23)
REVENUES	Note 15	\$ 92.0	\$ 93.0
EXPENSES			
Human resources		37.4	37.6
Property, marketing and administration		23.1	24.0
Amortization		14.4	13.5
Stock-based compensation		1.7	2.3
Restructuring and other		0.3	0.1
		76.9	77.5
EARNINGS FROM OPERATIONS		15.1	15.5
Interest and financing costs, net		6.7	7.0
EARNINGS BEFORE INCOME TAXES		8.4	8.5
Income taxes	Note 16	2.7	3.2
NET EARNINGS		\$ 5.7	\$ 5.3
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of the Company		\$ 5.7	\$ 5.1
Non-controlling interests		-	0.2
		\$ 5.7	\$ 5.3
SHAREHOLDERS' NET EARNINGS PER COMMON SHARE	Note 17		
Basic		\$ 0.07	\$ 0.06
Diluted		\$ 0.07	\$ 0.06
WEIGHTED AVERAGE NUMBER OF COMMON SHARES			
Basic		82,914,410	82,400,027
Diluted		84,613,486	84,376,361

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

	Three months ended March 31,	
	2011	2010 (Note 23)
Net earnings	\$ 5.7	\$ 5.3
Other comprehensive income, net of tax		
Current period changes in fair values of derivatives designated as cash flow hedges, net of income taxes of \$1.6 (2010 - \$2.5)	(4.4)	(6.3)
Loss on derivatives designated as cash flow hedges transferred to net earnings in the period, net of income taxes of \$2.2 (2010 - \$3.2)	6.0	8.1
Unrealized effect of foreign currency translation of foreign operations	(0.5)	(0.8)
Other comprehensive income	1.1	1.0
Comprehensive income	\$ 6.8	\$ 6.3
Comprehensive income attributable to:		
Shareholders of the Company	\$ 6.8	\$ 6.1
Non-controlling interests	-	0.2
	\$ 6.8	\$ 6.3

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

		Common Shares		Contributed	Share Capital and	Accumulated	Retained	Non-	
		Number ⁽¹⁾	Amount	Surplus	Contributed	Other	Earnings	Controlling	Total
					Surplus	(Loss) Income		Interests	
At January 1, 2010	(Note 23)	82,374	\$ 312.9	\$ 35.9	\$ 348.8	\$ (4.6)	\$ 59.2	\$ -	\$ 403.4
Stock-based compensation		-	-	2.3	2.3	-	-	-	2.3
Exercise of incentive stock options		179	0.6	(0.1)	0.5	-	-	-	0.5
Net earnings		-	-	-	-	-	5.1	0.2	5.3
Other comprehensive income		-	-	-	-	1.0	-	-	1.0
Distribution of non-controlling interest		-	-	-	-	-	-	(0.2)	(0.2)
At March 31, 2010	(Note 23)	82,553	\$ 313.5	\$ 38.1	\$ 351.6	\$ (3.6)	\$ 64.3	\$ -	\$ 412.3
At December 31, 2010	(Note 23)	82,872	\$ 314.7	\$ 40.2	\$ 354.9	\$ (4.9)	\$ 51.1	\$ -	\$ 401.1
Stock-based compensation		-	-	1.7	1.7	-	-	-	1.7
Exercise of incentive stock options		195	0.7	(0.2)	0.5	-	-	-	0.5
Net earnings		-	-	-	-	-	5.7	-	5.7
Other comprehensive income		-	-	-	-	1.1	-	-	1.1
At March 31, 2011		83,067	\$ 315.4	\$ 41.7	\$ 357.1	\$ (3.8)	\$ 56.8	\$ -	\$ 410.1

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

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

	Three months ended March 31,	
	2011	2010
Cash Flows from Operating Activities		
Net earnings	\$ 5.7	\$ 5.3
Adjustments to reconcile net earnings to cash generated by operating activities:		
Amortization	14.4	13.5
Stock-based compensation	1.7	2.3
Deferred taxes	0.1	1.4
Non-cash interest and financing costs	0.4	0.4
Other	(0.3)	(0.4)
Changes in non-cash operating working capital	(9.2)	(3.2)
	Note 18	
Cash generated by operating activities	12.8	19.3
Cash Flows from Investing Activities		
Proceeds from the maturity of short-term investments	17.9	-
Purchase of property, plant and equipment, net of related accounts payable	(5.8)	(9.7)
Funds due from Nova Scotia Gaming Corporation for purchases of plant and equipment	(0.1)	(2.5)
Funds received from Nova Scotia Gaming Corporation	0.8	1.3
Restricted cash - construction holdbacks	(0.3)	1.9
Cash provided by (used in) investing activities	12.5	(9.0)
Cash Flows from Financing Activities		
Repayment of long-term debt	(0.5)	(12.5)
Common shares issued for cash, net of issuance costs	0.5	0.5
Cash used in financing activities	-	(12.0)
Effect of foreign exchange on cash and cash equivalents	-	(0.1)
Cash Inflow (Outflow)	25.3	(1.8)
Cash and cash equivalents, beginning of period	50.9	34.6
Cash and cash equivalents, end of period	\$ 76.2	\$ 32.8
Supplemental Disclosure		
Interest paid	\$ 10.0	\$ 10.3
Income taxes paid	\$ 7.9	\$ 1.3
Interest received	\$ 0.2	\$ -

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Consolidated Financial Statements

For the Three Month Period Ended March 31, 2011

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

1. NATURE OF BUSINESS

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

Great Canadian Gaming Corporation is a publicly listed company incorporated in Canada under the Company Act (British Columbia). The Company’s common shares are listed on the Toronto Stock Exchange (“TSX”) under TSX symbol: “GC”. The principal office is located at 350-13775 Commerce Parkway, Richmond British Columbia, V6V 2V4. The registered and records office is located at 1500-1055 West Georgia Street, Vancouver, BC, V6E 4N7.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting using accounting policies compliant with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Standards Interpretations Committee (“IFRIC”). The disclosures concerning the transition from historical Canadian generally accepted accounting principles (“Canadian GAAP”) to IFRS are included in Note 23.

The accounting policies adopted by the Company comply with IFRSs in effect, or expected to be in effect, as at December 31, 2011. The IFRS standards that will be effective or available for voluntary early adoption in the financial statements for the year ending December 31, 2011 are subject to change and may be affected by any additional interpretations issued subsequent to the release of these financial statements. Accordingly, the accounting policies will be finalized when the first annual IFRS financial statements are prepared for the year ending December 31, 2011.

These condensed financial statements were prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments.

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements

For the Three Month Period Ended March 31, 2011

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies. Generally, the Company has a shareholding of more than 50% of the voting rights in its subsidiaries. The effects of potential voting rights that are currently exercisable and Board of Directors presence are also considered when assessing whether control exists. Subsidiaries are fully consolidated from the date the Company acquires control of them and are deconsolidated from the date control ceases. Significant inter-company balances and transactions with subsidiaries are eliminated upon consolidation.

The acquisition method of accounting is used to account for the acquisition of subsidiaries as follows:

- cost is measured as the aggregate of the fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange;
- identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date;
- the excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill; and
- if the acquisition cost is less than the fair value of the net assets acquired, the fair value of the net assets is re-assessed and any remaining difference is recognized directly in the consolidated statements of earnings.

Equity method investees are entities over which the Company has significant influence, but not control. Generally, in order to have significant influence, the Company has a shareholding of between 20% and 50% of the voting rights. The equity method is used to account for investees over which the Company has significant influence, which results in the presentation of these investments within the “other assets” line of the consolidated statements of financial position. The investment is initially recorded at cost, and is increased by the investment’s periodic net earnings and decreased by any distributions that are received. The Company’s share of the investment’s earnings is recognized in the consolidated statements of earnings.

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements

For the Three Month Period Ended March 31, 2011

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Principal operating entities

Entity	Ownership interest at March 31, 2011 and December 31, 2010
Flamboro Downs Limited	100%
Georgian Downs Limited	100%
Great American Gaming Corporation	100%
Great Canadian Casinos Inc.	100%
Great Canadian Entertainment Centres Ltd.	100%
Hastings Entertainment Inc.	100%
Metropolitan Entertainment Group	100%
Orangeville Raceway Limited	100%
TBC Teletheatre B.C. ("TBC") ⁽¹⁾	50%

⁽¹⁾ On March 18, 2005, the Company increased its ownership interest in TBC to 50% and effectively controlled and consolidated its operating results from that date. On April 1, 2010, the Company's control over this entity was reduced to significant influence so it ceased consolidating TBC from that date.

c) Translation of foreign operations and foreign currency transactions

The Company's financial statements are presented in Canadian dollars, which is also the functional currency for all Canadian operations. The Company's non-Canadian operations are measured in the currency in which they operate and are translated into Canadian dollars at each reporting date. Assets and liabilities are translated into Canadian dollars using the exchange rates in effect on the dates of the consolidated statements of financial position. Revenues and expenses are translated at average exchange rates prevailing during the period which approximates the rates in effect at the transaction date. The resulting translation gains and losses are included as a separate component of other comprehensive income ("OCI").

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

d) Operating segments

The Company's operating segments are organized around the markets it serves and are reported in a manner consistent with the internal reporting provided to the Chairman and Chief Executive Officer, the Company's chief operating decision-maker.

e) Cash and cash equivalents

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

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements

For the Three Month Period Ended March 31, 2011

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Short-term investments

Short-term investments are investments current in nature, with an original maturity greater than three months.

g) Facility Development Commission

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

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

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

h) Marketing fees to BCLC

The Company contributes between 0.5% and 0.6% of the gross gaming win in three of its BC casinos and two of its BC racing properties to BCLC as contributions toward marketing programs. BCLC uses the contributions to fund various marketing programs. The Company records its contributions when incurred as property, marketing and administration expenses on the consolidated statements of earnings.

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Consolidated Financial Statements

For the Three Month Period Ended March 31, 2011

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Reserve Account

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

The Company is required under the AROC to make contributions to the NSGC’s Capital Reserve Account equal to 5% of the annual gross operational revenues from the two Nova Scotia casinos with a minimum contribution of approximately \$5.0 per year adjusted for inflation since April 2010. Reimbursement of qualifying expenditures is received from the Capital Reserve Account, or if there is an insufficient balance in the Capital Reserve Account, is recorded as a receivable from NSGC and recorded as a reduction in the historical cost of the related expenditures at the time approval is given by NSGC. As provided for in the AROC, to the extent a receivable balance exists, the Company earns interest on the balance at a rate of bank prime plus 2% per annum.

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

j) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization, impairments, and amounts approved under the Capital Reserve Account. Amortization is expensed on a straight-line basis from the month assets are available for use over the estimated useful lives of the assets generally at the following rates, which are intended to reduce the carrying value to the estimated residual value:

Land	not amortized
Buildings	lesser of useful life or 40 years
Building improvements	lesser of useful life or 5 years
Equipment	1 to 5 years
Leasehold improvements	lesser of useful life or lease term, including renewal term, if applicable

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

The amortization method, useful life and residual values are assessed annually and are tested for impairment as described in Note 2(m).

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements

For the Three Month Period Ended March 31, 2011

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Intangible assets

The Company has finite-lived intangible assets which consist of COSAs and CGCOSAs in British Columbia, siteholder agreements in Ontario, an operational service agreement in Nova Scotia, and other gaming-related rights. Intangible assets are primarily generated through acquisitions and are amortized over their estimated useful lives ranging from five to twenty years. Judgment is used to estimate an intangible asset's useful life and is based on an analysis of all pertinent factors, including expected use of the intangible asset, contractual provisions that enable renewal or extension of the intangible asset's legal or contractual life without substantial cost, and renewal history. The remaining useful lives of the intangible assets are reviewed at the end of each annual reporting period, with any changes in the estimate of an intangible asset's useful life or the amortization method being treated as a change in accounting estimate and applied prospectively.

Intangible assets are tested for impairment as described below (see Note 2(m)).

l) Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value of the tangible and intangible net assets at the date acquired, and is allocated to the cash generating unit ("CGU") expected to benefit from the related acquisition. A CGU is the smallest group of assets for which there are separately identifiable cash flows.

Goodwill is not amortized but is tested for impairment at least annually and whenever events or circumstances indicate that its carrying value may not be fully recoverable. The impairment test requires comparing the carrying values of the Company's CGUs, including goodwill, to their recoverable amounts. The Company determines the recoverable amounts using estimated future cash flows discounted at a pre-tax rate that management believes reflects the risk adjusted weighted average cost of capital. Any excess of the carrying value amount of a CGU over the recoverable amount is expensed in the period the impairment occurred. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Upon disposal of a business, any attributable goodwill is included in the determination of gain or loss on disposal. Goodwill associated with the Company's foreign operations is translated to the Canadian dollar reporting currency at each period end.

m) Impairment of long-lived assets

Property, plant and equipment and intangible assets are reviewed for impairment at the end of each reporting period for events or circumstances that indicate that the carrying value of an asset may not be recoverable. In such cases where an indicator of impairment exists, the recoverable amount of the asset is estimated to determine whether there is an impairment loss. The recoverable amount of an asset is first tested on an individual basis, if determinable, or otherwise at the CGU level. Corporate level assets are allocated to the respective CGUs where an allocation can be done on a reasonable consistent basis.

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements

For the Three Month Period Ended March 31, 2011

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Impairment of long-lived assets (Continued)

The recoverable amount is the higher of fair value less costs to sell and value in use. The best evidence of fair value is the value obtained from an active market or binding sale agreement. Where neither exists, fair value is based on the best information available to reflect the amount the Company could receive for the asset (or CGU) in an arm's length transaction. The value in use method estimates the net present value of future cash flows expected to be generated by the asset (or CGU), discounted using a pre-tax discount rate that reflects the current market rates and risks specific to the asset (or CGU).

An impairment loss is recognized when the carrying value of an asset (or CGU) is estimated to exceed its recoverable amount. The excess amount is immediately recognized as an impairment loss in the consolidated statements of earnings.

In cases where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to its current recoverable amount, to the extent that the new carrying amount does not exceed the carrying amount that would have existed had the original impairment loss not been recognized. The reversal of an impairment loss is immediately recognized in the consolidated statements of earnings.

n) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are classified as current liabilities if payment is due within one year or less and are recognized initially at fair value and subsequently measured at amortized cost.

o) Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expected expenditures required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provisions due to the passage of time is recognized in "interest and financing costs, net" on the consolidated statements of earnings. Provisions are not recognized for future operating losses.

p) Debt transaction costs

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

GREAT CANADIAN GAMING CORPORATION
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For the Three Month Period Ended March 31, 2011

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) *Comprehensive income*

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

r) *Financial instruments*

Financial Assets

Financial assets are initially recognized at fair value and are classified as: "fair value through profit and loss"; "available-for-sale"; "held-to-maturity"; or "loans and receivables". The classification is determined at initial recognition and depends on the nature and purpose of the financial asset and management's intentions.

Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held-for-trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management.

Financial assets classified at fair value through profit or loss are measured at fair value, with the realized and unrealized changes in fair value recognized each reporting period through "interest and financing costs, net" on the consolidated statements of earnings.

Available-for-Sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in other non-current financial assets unless management intends to dispose of the investment within 12 months of the consolidated statements of financial position date.

Financial assets classified as available-for-sale are measured at fair value, with the unrealized changes in fair value recorded each reporting period in OCI. Investments in equity instruments classified as available-for-sale, whose fair value cannot be reliably measured, are recorded at cost. Available-for-sale assets are written down to fair value through "interest and financing costs, net" on the consolidated statements of earnings if impairments are considered to be other than temporary.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Financial instruments (Continued)

Held-to-Maturity and Loans and Receivables

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the intention and ability to hold to maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the consolidated statements of financial position date, which are classified as non-current assets.

Financial instruments classified as held-to-maturity or loans and receivables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

Impairment

At the end of each reporting period, the Company assesses whether a financial asset or a group of financial assets, other than those classified as fair value through profit and loss, is impaired. If there is objective evidence that an impairment exists, the loss is recognized in the consolidated statements of earnings. The impairment loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of earnings.

Financial Liabilities

Financial liabilities are classified as either “financial liabilities at fair value through profit or loss”, or “other financial liabilities”. Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged, and fair value for liabilities that are hedged. Non-performance risk, including the Company's own credit risk for financial liabilities, is considered when determining the fair value of financial assets or liabilities, including derivative liabilities.

Classification of Financial Instruments

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

Financial instrument	Classification
Cash	Fair value through profit or loss
Cash equivalents	Held-to-maturity
Short-term investments	Held-to-maturity
Restricted cash	Fair value through profit or loss
Accounts receivable	Loans and receivables
Due from Nova Scotia Gaming Corporation	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Long-term debt	Other financial liabilities
Derivative liabilities	Cash flow hedge

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) *Hedges*

The Company entered into cross-currency interest rate swaps (see Note 11) to hedge the U.S. dollar exchange rate and interest rate risks associated with its long-term debt. The Company designated these cross-currency interest rate swaps as cash flow hedges. The fair value of these hedging instruments is included in the consolidated statements of financial position. The portion of the changes in fair values of the cross-currency interest rate swaps that is determined to be effective is recorded in OCI, and any ineffective portion is recorded in the consolidated statements of earnings. The hedged debt is translated to Canadian dollars at the exchange rate in effect on the last day of the reporting period, and through the application of hedge accounting, the resulting foreign exchange gains or losses recognized in the consolidated statements of earnings are effectively offset by the gains or losses on derivatives designated as cash flow hedges.

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

t) *Stock-based compensation*

The Company applies the fair value method of accounting for stock option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expense for employee stock option awards, based on the grant date fair value, over the vesting period of the options.

Non-employee equity-settled share-based payments are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably. If the fair value cannot be measured reliably, non-employee equity-settled share-based payments are measured at the fair value of the equity instrument granted, measured at the date the entity obtains the goods or the counterparty renders the service. The Company subsequently measures non-employee equity-settled share-based payments at each vesting period and settlement date, with any changes in fair value recognized in the consolidated statements of earnings. Stock-based compensation expense is recognized over the contract life of the options or the option settlement date, whichever is earlier.

The Company adjusts the stock-based compensation expense based on the number of stock options expected to vest.

GREAT CANADIAN GAMING CORPORATION
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Revenue recognition

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

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

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

v) Taxation

Income tax expense represents the sum of current and deferred taxes. Current and deferred taxes are recognized in the consolidated statement of earnings, except to the extent it relates to items recognized in OCI or directly in equity.

Current tax

The tax currently payable is based on taxable income for the year. Taxable income differs from earnings as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

GREAT CANADIAN GAMING CORPORATION
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Taxation (Continued)

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting earnings.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

GREAT CANADIAN GAMING CORPORATION
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) Earnings per common share

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

The estimates and judgments used in determining the recorded amounts in these financial statements include the following:

a) Impairment of long-lived assets and goodwill

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

The key assumptions utilized in the determination of future cash flows represent management's best estimate of the range of economic conditions relating to the CGU, and are based on historical experience, economic trends, and communications with other key stakeholders of the Company. These key assumptions include the revenue growth rate, EBITDA¹ margin as a percentage of revenues, capital expenditures as a percentage of revenues, and the inflation growth rate. Significant changes in the key assumptions utilized in the determination of future cash flows could result in an impairment charge or reversal of an impairment loss.

¹ 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, and non-controlling interests. EBITDA can be computed as revenues less human resources, and property, marketing and administration expenses.

GREAT CANADIAN GAMING CORPORATION
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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

b) Estimated useful lives of long-lived assets

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

c) Fair value of net assets acquired in business combinations

The cost of an acquired business ("purchase price") is assigned to the identifiable tangible and intangible assets purchased and liabilities assumed on the basis of their fair values at the date of acquisition. The identification of assets purchased and liabilities assumed and the valuation thereof is specialized and judgmental. Where appropriate, the Company engages business valuers to assist in the valuation of tangible and intangible assets acquired. Any excess of purchase price over the fair value of the identifiable tangible and intangible assets purchased and liabilities assumed is allocated to goodwill.

When a business combination involves contingent consideration, an amount equal to management's best estimate of the contingent consideration is recognized as a liability at the time of acquisition. Such estimates may include probabilities associated with the occurrence of specified future events, financial projections of the acquired business, the timing of future cash flows, and the appropriate discount rate.

d) Fair value of assets acquired in business transactions with non-monetary consideration

The Company measures non-monetary consideration received in a business transaction at the fair value of the asset given up and the fair value of the asset received, whichever is more reliably measurable. Measurement of fair value is based on an analysis of pertinent information that may include third-party asset appraisals, market values evidenced from similar transactions, and discounted cash flows.

e) Stock-based compensation

The Company estimates expenses related to stock-based compensation using the Black-Scholes option pricing model. The model takes into account management's best estimate of the exercise price of the stock option, an estimate of the expected life of the option, the current price of the underlying stock, an estimate of the stock's volatility, an estimate of future dividends on the underlying stock, the risk-free rate of return expected for an instrument with a term equal to the expected life of the option, and the expected forfeiture rate.

GREAT CANADIAN GAMING CORPORATION
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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

f) Income taxes

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

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

g) Contingencies

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

The Company does not record contingent assets.

h) Hedge accounting

As described in Note 2(s), the Company designated its cross-currency interest rate swaps as cash flow hedges, and assesses the effectiveness of its hedging instruments at each reporting period. The fair values of the Company's cross-currency interest rate swaps are based on credit risk adjusted discounted cash flows that require 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 U.S.

The Company applies hedge accounting as it believes this is more representative of the economic substance of the underlying transactions. If the Company chooses to revoke this designation at a future period, the changes in fair value of the cross-currency interest rate swaps are required to be recognized in the consolidated statements of earnings.

GREAT CANADIAN GAMING CORPORATION

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

i) Control over a subsidiary

In April 2010, there was a change in accounting for the Company's 50% ownership investment in TBC. Prior to April 2010, the Company effectively controlled TBC and fully consolidated it. In April 2010, the Company signed a Memorandum of Agreement and related Addendum with the B.C. Horse Racing Industry (the "B.C. Horse Racing Industry Agreement") in order to support efforts to revitalize and restore financial strength to British Columbia's horseracing industry. On signing the B.C. Horse Racing Industry Agreement, the Company deconsolidated TBC and accounts for its 50% ownership investment using the equity method since it has significant influence over it (see Note 2(a)).

4. RECENT ACCOUNTING PRONOUNCEMENTS

In October 2010, the IASB issued amendments to IFRS 7, Financial Instruments: Disclosures ("IFRS 7"). These amendments increase the disclosure requirements in connection with the transfer of financial assets to a third party that are not derecognised from the Company's consolidated financial statements. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011, and are not expected to have a material impact on the Company's consolidated financial statements.

In October 2010, the IASB issued IFRS 9, Financial Instruments ("IFRS 9"), which is the result of the first phase of the IASB's project to replace IAS 39, Financial Instruments: Recognition and measurement ("IAS 39"). IFRS 9 uses a single model approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification and measurement models in IAS 39. IFRS 9 is effective for interim and annual financial statements for fiscal years beginning on or after January 1, 2013, and is not expected to have a material impact on the Company's consolidated financial statements.

5. CASH AND CASH EQUIVALENTS

	March 31, 2011	December 31, 2010	January 1, 2010
Cash in banks	\$ 69.4	\$ 45.7	\$ 26.1
Cash floats	6.8	5.2	8.5
	<u>\$ 76.2</u>	<u>\$ 50.9</u>	<u>\$ 34.6</u>

GREAT CANADIAN GAMING CORPORATION
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6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and building improvements	Leasehold improvements	Equipment	Properties under development	Total
Cost						
Balance at January 1, 2010	\$ 68.0	\$ 640.9	\$ 69.7	\$ 91.1	\$ 11.4	\$ 881.1
Additions	1.8	-	0.1	4.0	14.7	20.6
Disposals	(3.9)	-	(0.2)	(1.0)	-	(5.1)
Reclassifications	-	12.0	2.3	2.6	(16.9)	-
Deconsolidation of TBC	-	-	(0.2)	(0.6)	-	(0.8)
Translation and other	(0.1)	(1.1)	(0.3)	(0.3)	-	(1.8)
Balance at December 31, 2010	\$ 65.8	\$ 651.8	\$ 71.4	\$ 95.8	\$ 9.2	\$ 894.0
Additions	-	(0.6)	-	0.7	7.2	7.3
Reclassifications	-	0.1	3.8	0.2	(4.1)	-
Translation and other	(0.1)	(0.3)	-	(0.1)	-	(0.5)
Balance at March 31, 2011	\$ 65.7	\$ 651.0	\$ 75.2	\$ 96.6	\$ 12.3	\$ 900.8
Accumulated amortization and impairments						
Balance at January 1, 2010	\$ -	\$ (78.8)	\$ (24.1)	\$ (69.8)	\$ (0.2)	\$ (172.9)
Amortization	-	(27.9)	(4.0)	(8.7)	-	(40.6)
Disposals	-	-	0.1	0.9	-	1.0
Impairments	(0.9)	(1.7)	(10.4)	(0.9)	(5.3)	(19.2)
Deconsolidation of TBC	-	-	0.1	0.2	-	0.3
Translation and other	-	0.1	0.1	0.2	-	0.4
Balance at December 31, 2010	\$ (0.9)	\$ (108.3)	\$ (38.2)	\$ (78.1)	\$ (5.5)	\$ (231.0)
Amortization	-	(7.0)	(1.6)	(2.1)	-	(10.7)
Reclassifications	-	-	(1.9)	-	1.9	-
Translation and other	-	-	-	0.1	-	0.1
Balance at March 31, 2011	\$ (0.9)	\$ (115.3)	\$ (41.7)	\$ (80.1)	\$ (3.6)	\$ (241.6)
Carrying amount						
At January 1, 2010	\$ 68.0	\$ 562.1	\$ 45.6	\$ 21.3	\$ 11.2	\$ 708.2
At December 31, 2010	\$ 64.9	\$ 543.5	\$ 33.2	\$ 17.7	\$ 3.7	\$ 663.0
At March 31, 2011	\$ 64.8	\$ 535.7	\$ 33.5	\$ 16.5	\$ 8.7	\$ 659.2

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7. INTANGIBLE ASSETS

	BC Gaming Operating Agreements	Nova Scotia Gaming Operating Agreement	Ontario Siteholder Agreements	Other	Total
Cost					
At January 1, 2010	\$ 74.1	\$ 34.6	\$ 106.0	\$ 2.5	\$ 217.2
Acquired through business transactions	2.0	-	-	-	2.0
At December 31, 2010 and March 31, 2011	\$ 76.1	\$ 34.6	\$ 106.0	\$ 2.5	\$ 219.2
Accumulated amortization and impairments					
At January 1, 2010	\$ (26.1)	\$ (11.3)	\$ (22.6)	\$ (0.8)	\$ (60.8)
Amortization	(3.5)	(4.2)	(5.2)	(0.2)	(13.1)
Impairments	(8.5)	-	(7.4)	-	(15.9)
At December 31, 2010	\$ (38.1)	\$ (15.5)	\$ (35.2)	\$ (1.0)	\$ (89.8)
Amortization	(1.4)	(1.1)	(1.2)	-	(3.7)
At March 31, 2011	\$ (39.5)	\$ (16.6)	\$ (36.4)	\$ (1.0)	\$ (93.5)
Carrying amount					
At January 1, 2010	\$ 48.0	\$ 23.3	\$ 83.4	\$ 1.7	\$ 156.4
At December 31, 2010	\$ 38.0	\$ 19.1	\$ 70.8	\$ 1.5	\$ 129.4
At March 31, 2011	\$ 36.6	\$ 18.0	\$ 69.6	\$ 1.5	\$ 125.7

8. OTHER LIABILITIES

	March 31, 2011	December 31, 2010	January 1, 2010
Long-term debt, current	\$ 2.0	\$ 2.0	\$ 2.1
Provisions, current	1.3	1.0	0.7
Deferred credits, current	0.7	0.7	0.7
Other current liabilities	0.4	0.4	0.1
	\$ 4.4	\$ 4.1	\$ 3.6

9. LONG-TERM DEBT

	March 31, 2011	December 31, 2010	January 1, 2010
Term Loan B, net of unamortized transaction costs of \$1.4 (2010 - \$1.5)	\$ 156.9	\$ 161.2	\$ 171.3
Senior Subordinated Notes and unamortized premium of \$1.0 (2010 - \$1.1), net of unamortized transaction costs of \$3.3 (2010 - \$3.6)	162.4	166.6	175.6
Senior Secured Revolving Credit Facility	-	-	12.0
Other	-	-	0.1
	319.3	327.8	359.0
Less: current portion (Note 8)	2.0	2.0	2.1
	\$ 317.3	\$ 325.8	\$ 356.9

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9. LONG-TERM DEBT (Continued)

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

2012	\$	2.0
2013		2.0
2014		154.2
2015		164.8
Total repayments		323.0
Less: unamortized transaction costs and premium		3.7
Total long-term debt (including current portion)		\$ 319.3

The Company has a \$200.0 Senior Secured Revolving Credit Facility (the “Revolving Credit Facility”) of which \$37.3 (December 31, 2010 - \$37.3) has been utilized to draw letters of credit to guarantee performance primarily under construction contracts, gaming cash floats and provincial gaming corporation payables. As at March 31, 2011, the Company has \$162.7 (December 31, 2010 - \$162.7) of available credit on its Revolving Credit Facility. The counter-parties to this Revolving Credit Facility are major financial institutions with minimum “A” credit ratings.

10. CAPITAL DISCLOSURES

The Company’s capital structure comprises:

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

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

At March 31, 2011 the Company is in compliance with its financial covenants as shown below:

Covenant test	Required ratio	Actual ratio
Total Debt to Adjusted EBITDA ratio ⁽¹⁾	< 5.00	2.92
Senior Debt to Adjusted EBITDA ratio ⁽¹⁾	< 3.50	1.43
Interest Coverage ratio ⁽¹⁾	> 2.25	5.02
Fixed Charge Coverage ratio ⁽²⁾	> 2.00	5.15

⁽¹⁾ Defined in the long-term debt agreement covering the Term Loan B and Revolving Credit Facility.

⁽²⁾ Defined in the long-term debt agreement covering the Senior Subordinated Notes. Tested on specified events.

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10. CAPITAL DISCLOSURES (Continued)

As part of its capital structure monitoring process, the Company's current independent credit ratings are as follows:

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

11. DERIVATIVES

Cross-currency interest rate swaps

The Company has entered into cross-currency interest rate and principal swaps that effectively converted both the U.S. dollar floating interest rate Term Loan B and the U.S. dollar fixed interest rate Senior Subordinated Notes ("Subordinated Notes") into Canadian dollar fixed interest rate debt. As at March 31, 2011 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	\$163.2 ⁽¹⁾	\$192.8 ⁽¹⁾	US LIBOR+1.50%	6.1%	February 14, 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 March 31, 2011, the Company's swap associated with the Term Loan B was in a \$47.0 liability position (December 31, 2010 - \$44.7 liability) and the swap associated with the Subordinated Notes was in a \$26.6 liability position (December 31, 2010 - \$22.9 liability). The swaps are recorded in derivative liabilities on the consolidated statements of financial position.

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

GREAT CANADIAN GAMING CORPORATION
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12. DEFERRED CREDITS, PROVISIONS AND OTHER LIABILITIES, NON-CURRENT

	March 31, 2011	December 31, 2010	January 1, 2010
Deferred credits	\$ 20.2	\$ 20.3	\$ 20.9
Provisions, non-current	4.2	4.7	3.9
Other non-current liabilities	0.8	0.9	-
	\$ 25.2	\$ 25.9	\$ 24.8

Movements in provisions for the three months ended March 31, 2011 and the year ended December 31, 2010 are as follows:

	Service Commitment	Vacated Head Office Lease	Other Provisions	Total Provisions
Opening balance at January 1, 2010	\$ -	\$ 2.4	\$ 1.7	\$ 4.1
Charges	2.0	-	0.9	2.9
Payments or utilization	-	(0.7)	(0.4)	(1.1)
Reversals	-	-	(0.2)	(0.2)
Balance at December 31, 2010	2.0	1.7	2.0	5.7
Less: current portion	-	-	1.0	1.0
	\$ 2.0	\$ 1.7	\$ 1.0	\$ 4.7
Opening balance at December 31, 2010	\$ 2.0	\$ 1.7	\$ 2.0	\$ 5.7
Payments or utilization	-	(0.1)	(0.1)	(0.2)
Balance at March 31, 2011	2.0	1.6	1.9	5.5
Less: current portion (Note 8)	-	0.5	0.8	1.3
	\$ 2.0	\$ 1.1	\$ 1.1	\$ 4.2

13. SHARE CAPITAL AND CONTRIBUTED SURPLUS

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

a) *Normal course issuer bid*

For the three months ended March 31, 2011, the Company did not purchase any shares under its normal course issuer bid, which expires on January 26, 2012. During 2010, no common shares were purchased under the normal course issuer bid.

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13. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

b) Stock Option Plan

The changes in stock options during the three months ended March 31, 2011, and year ended December 31, 2010 are as follows:

	March 31, 2011		December 31, 2010	
	Options ⁽¹⁾	Weighted-Average Exercise Price	Options ⁽¹⁾	Weighted-Average Exercise Price
Outstanding, beginning of period	6,966	\$ 7.23	6,025	\$ 7.12
Granted	1,072	7.14	1,940	7.62
Forfeited	(40)	11.26	(420)	11.03
Expired	-	-	(81)	16.92
Exercised	(195)	2.62	(498)	2.67
Outstanding, end of period	7,803	\$ 7.31	6,966	\$ 7.23

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

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

	Three Months Ended March 31,	
	2011	2010
Option award fair value	\$ 2.47	\$ 2.67
Risk-free interest rate	1.7%	1.2%
Expected lives	2.5 years	2.5 years
Expected volatility	54.0%	56.0%
Dividend yield	0.0%	0.0%

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

	March 31, 2011	December 31, 2010	January 1, 2010
Accumulated other comprehensive loss comprises:			
Changes in fair values of derivatives designated as cash flow hedges, net of income taxes	\$ (54.1)	\$ (49.7)	\$ (36.3)
Loss on derivatives designated as cash flow hedges transferred to net earnings, net of income taxes	52.1	46.0	31.7
Unrealized effect of foreign currency translation of foreign operations	(1.8)	(1.2)	-
Accumulated other comprehensive loss	\$ (3.8)	\$ (4.9)	\$ (4.6)

GREAT CANADIAN GAMING CORPORATION
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15. REVENUES

	Three Months Ended March 31,	
	2011	2010
Gaming revenues	\$ 67.5	\$ 66.5
Facility Development Commission	7.5	7.2
Hospitality and other revenues	15.7	15.9
Racetrack revenues	4.6	6.2
	95.3	95.8
Less: Promotional allowances	(3.3)	(2.8)
Revenues	\$ 92.0	\$ 93.0

16. INCOME TAXES

The Company's income tax expense is as follows:

	Three Months Ended March 31,	
	2011	2010
Basic federal and provincial statutory income tax rate	26.50%	28.50%
Expected income tax provision for the period	\$ 2.2	\$ 2.4
Effect of:		
Non-deductible stock-based compensation	0.5	0.8
Changes in tax rates for future income taxes	(0.1)	-
Other items	0.1	-
	\$ 2.7	\$ 3.2

17. SHAREHOLDERS' NET EARNINGS PER COMMON SHARE

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

	Three Months Ended March 31,	
	2011	2010
Shareholders' net earnings (A)	\$ 5.7	\$ 5.1
Weighted average number of common shares outstanding (B) ⁽¹⁾	82,914	82,400
Dilutive adjustment for stock options ⁽¹⁾	1,699	1,976
Diluted weighted-average number of common shares (C) ⁽¹⁾	84,613	84,376
Shareholders' net earnings per common share		
Basic (A/B)	\$ 0.07	\$ 0.06
Diluted (A/C)	\$ 0.07	\$ 0.06

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

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17. SHAREHOLDERS' NET EARNINGS PER COMMON SHARE (Continued)

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

	Three Months Ended March 31,	
	2011	2010
Options ⁽¹⁾	5,227	4,688

⁽¹⁾ Information is presented in thousands.

18. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three Months Ended March 31,	
	2011	2010
Restricted cash - operating	\$ (2.1)	\$ (1.6)
Accounts receivable	0.7	(2.6)
Income taxes receivable or payable	(5.4)	0.5
Prepays, deposits and other assets	(0.6)	(1.2)
Accounts payable and accrued liabilities	(1.8)	1.7
	\$ (9.2)	\$ (3.2)

19. FACILITY DEVELOPMENT COMMISSION APPROVED AMOUNTS

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

	2011	2010
Opening Approved Amounts at January 1,	\$ 445.1	\$ 385.7
Additional Approved Amounts	1.3	5.4
FDC receipts	(7.5)	(7.2)
Closing Approved Amounts at March 31,	\$ 438.9	\$ 383.9

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

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20. SEGMENTED INFORMATION

The Company and its subsidiaries operate in one industry segment, the gaming industry. The Company conducts business in two geographic segments: Canada and the United States (“US”). The accounting policies applied by the reportable segments are the same as those applied by the Company (see Note 2).

Revenues, EBITDA¹, and additions to long-lived assets and goodwill attributable to each reportable segment are as follows:

	Three months ended March 31, 2011			Three months ended March 31, 2010		
	Revenues	EBITDA ⁽¹⁾	Additions to long-lived assets and goodwill	Revenues	EBITDA ⁽¹⁾	Additions to long-lived assets and goodwill
Canada	86.1	30.0	7.3	86.8	30.2	5.9
US	5.9	1.5	-	6.2	1.2	0.1
	\$ 92.0	\$ 31.5	\$ 7.3	\$ 93.0	\$ 31.4	\$ 6.0

⁽¹⁾ 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, and non-controlling interests. EBITDA can be computed as revenues less human resources and property, marketing and administration expenses.

The following table presents a reconciliation of EBITDA, as presented in the above table, to earnings before income taxes as presented in the Company’s consolidated statement of earnings:

	Three months ended March 31,	
	2011	2010
EBITDA	\$ 31.5	\$ 31.4
Amortization	14.4	13.5
Stock-based compensation	1.7	2.3
Restructuring and other	0.3	0.1
	15.1	15.5
Interest and financing costs, net	6.7	7.0
Earnings before income taxes	\$ 8.4	\$ 8.5

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

	As at March 31, 2011			As at December 31, 2010		
	Property, plant and equipment	Goodwill	Total assets	Property, plant and equipment	Goodwill	Total assets
Canada	646.1	16.7	921.6	649.3	16.7	924.3
US	13.1	6.5	25.5	13.7	6.6	21.9
	\$ 659.2	\$ 23.2	\$ 947.1	\$ 663.0	\$ 23.3	\$ 946.2

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21. RELATED PARTY TRANSACTIONS

Key management personnel comprise the Company's Board of Directors and executive officers. Key management compensation as determined by the Compensation Committee based on performance and market trends is as follows:

	Three months ended March 31,	
	2011	2010
Salaries and other benefits	\$ 0.9	\$ 0.8
Stock-based compensation	0.8	1.4
Total	\$ 1.7	\$ 2.2

22. SUBSEQUENT EVENT

In March 2011, the Company entered into an agreement to purchase the assets and undertakings of the Chilliwack Bingo Association ("CBA"). The CBA operates Chilliwack Bingo, a bingo hall located in Chilliwack, British Columbia, whose bingo operating services agreement is scheduled for renewal in May 2016. The CBA also owns an approximately five acre site in Chilliwack, which the Company intends to utilize for the development of a community gaming centre.

The acquisition of the CBA's assets and undertakings is targeted to close on May 31, 2011, for an estimated cash consideration of \$10.0. The agreement also includes contingent trailing payments to be paid over 20 years dependent on the level of future slot win generated by a future community gaming centre. The purchase price allocation and acquisition-related costs will be finalized when the acquisition is completed.

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23. TRANSITION TO IFRS

These condensed consolidated financial statements represent the first interim financial statements of the Company and its subsidiaries prepared in accordance with the accounting policies described in Note 2 and in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards (“IFRS 1”). The first annual financial statements issued by the Company that will comply with IFRS will be those issued for the year ending December 31, 2011. Accordingly, the Company will make an unreserved statement of compliance with IFRS beginning with its 2011 annual consolidated financial statements. The first date at which IFRS was applied was January 1, 2010 (the “Transition Date”) and the Company has prepared its IFRS opening consolidated statement of financial position at that date. In accordance with IFRS 1, the Company has:

- applied the same accounting policies throughout all periods presented;
- applied the policies on a retrospective basis, subject to any mandatory exceptions or any optional exemptions elected which require or allow a different basis of application; and
- selected and applied accounting policies based on the IFRSs expected to be effective as at the end of the first IFRS annual reporting period, which is December 31, 2011 for the Company and its subsidiaries.

a) *Initial elections upon first-time adoption*

IFRS 1 includes a number of elective exemptions and mandatory exceptions that allow or require a first-time adopter to implement certain standards in a manner other than full retrospective application. Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

IFRS elective exemption options

Business combinations – IFRS 1 provides an option to apply IFRS 3, Business Combinations, (“IFRS 3”) on a full retrospective basis or prospectively from the Transition Date onwards. The full retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Company has elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to the Transition Date and such business combinations have not been restated. As required under the IFRS 1 exemption, the Company has performed a goodwill impairment test at the Transition Date. Any goodwill arising on such business combinations before the Transition Date has not been adjusted from the carrying value previously determined under Canadian GAAP as a result of applying these exemptions.

Currency translation differences – Retrospective application of IFRS would require the Company to determine cumulative currency translation differences in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at the Transition Date. The Company elected to reset all cumulative translation gains and losses to zero in opening retained earnings at the Transition Date.

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23. TRANSITION TO IFRS (Continued)

a) *Initial elections upon first-time adoption (Continued)*

Share-based payments – IFRS 2, Share-based Payments, (“IFRS 2”), encourages application of its provisions to all equity instruments within the scope of IFRS 2, but allows a first-time adopter to apply the requirements only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. Similarly, a first-time adopter may elect to apply IFRS 2 only to liabilities within the scope of IFRS 2, that were not settled at the date of transition. The Company elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by the Transition Date. Further, the Company applied IFRS 2 only to those liabilities arising from share-based payment transactions that existed at the Transition Date. As a result of the transition method elected, the Company reversed the historical Canadian GAAP share-based compensation charges within shareholders’ equity from retained earnings to share capital and contributed surplus.

Fair value as deemed cost – IFRS 1 permits the Company to take an election to record assets of its choice at their fair value as their deemed cost on transition. The Company elected to apply the exemption to land held for development for more than 24 months and engaged a third party appraiser to prepare valuations for these properties. As a result of this election, the Company has recorded a reduction in the carrying value of property, plant and equipment and a corresponding reduction to retained earnings at the Transition Date.

Borrowing costs – IFRS 1 permits a first-time adopter to elect to apply the transitional provisions of IAS 23, Borrowing Costs, (“IAS 23”) as an alternative to full retrospective application. The Company has elected to apply this exemption and therefore is not required to restate borrowing costs previously incurred under Canadian GAAP.

IFRS mandatory exceptions

Set forth below are the applicable mandatory exceptions in IFRS 1 applied in the conversion from Canadian GAAP to IFRS.

Hedge accounting – Hedge accounting can only be applied prospectively from the Transition Date to financial instruments that satisfy the hedge accounting criteria in IAS 39, Financial Instruments: Recognition and Measurement, at that date. Hedging relationships cannot be designated retrospectively and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of the Transition Date are reflected as hedges in the Company’s results under IFRS. All derivatives were recorded at fair value in the consolidated statements of financial position.

Estimates – Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS.

Non-controlling interests – Certain requirements of IAS 27, Consolidated and Separate Financial Statements (“IAS 27”) are required to be applied on a prospective basis unless IFRS 3 is applied retrospectively. As the Company has elected not to apply IFRS 3 retrospectively, prospective application of IAS 27 is required for the provisions related to accounting for changes in ownership interests and the allocation of comprehensive income between non-controlling interest and the parent.

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23. TRANSITION TO IFRS (Continued)

b) Reconciliation of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity and comprehensive income from historical Canadian GAAP to IFRS at the Transition Date and as at, and for the period ending on, the last Canadian GAAP reporting date. An entity is also required to explain material adjustments to cash flows, however, as the Company's first-time adoption of IFRS did not have an impact on the total operating, investing, or financing cash flows, no additional commentary or analysis is required.

The following represents the reconciliations from historical Canadian GAAP to IFRS for the respective periods noted for equity, net earnings (loss) and comprehensive income (loss):

Reconciliation of Equity

As at	Note	December 31, 2010	March 31, 2010	January 1, 2010
Shareholders' equity under Canadian GAAP		\$ 419.1	\$ 443.0	\$ 434.4
Differences increasing (decreasing) reported shareholders' equity:				
Impairments	i	(10.6)	(26.8)	(26.8)
Fair value as deemed cost	ii	(10.9)	(10.9)	(10.9)
Contingent consideration	iii	(1.1)	-	-
Amortization	iv	2.2	0.5	-
Income taxes	vii	2.4	6.5	6.7
Shareholders' equity under IFRS		\$ 401.1	\$ 412.3	\$ 403.4

Reconciliation of Net Earnings (Loss)

For the year to date periods ended	Note	December 31, 2010	March 31, 2010
Net (loss) earnings under Canadian GAAP		\$ (21.9)	\$ 4.5
Differences in GAAP increasing (decreasing) reported net (loss) earnings:			
Impairments	i	16.2	-
Contingent consideration	iii	(1.1)	-
Amortization	iv	2.2	0.5
Foreign exchange	v	0.4	0.1
Stock-based compensation	vi	0.6	0.4
Income taxes	vii	(4.3)	(0.2)
Net (loss) earnings under IFRS		\$ (7.9)	\$ 5.3

Reconciliation of Comprehensive Income (Loss)

For the year to date periods ended	December 31, 2010	March 31, 2010
Comprehensive (loss) income under Canadian GAAP	\$ (21.8)	\$ 5.6
Differences in GAAP increasing (decreasing) reported comprehensive income (loss):		
Differences in net (loss) earnings, net of tax	14.0	0.8
Foreign currency translation adjustments to net (loss) earnings	(0.4)	(0.1)
Comprehensive (loss) income under IFRS	\$ (8.2)	\$ 6.3

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23. TRANSITION TO IFRS (Continued)

b) Reconciliation of Canadian GAAP to IFRS (Continued)

(i) Impairments of long-lived assets

Recoverable Amount

Historical Canadian GAAP policy – A recoverability test for long-lived assets was performed by first comparing the undiscounted expected future cash flows to be derived from the asset to its carrying amount. If the undiscounted cash flows of the asset were less than its carrying value, an impairment loss was calculated as the excess of the asset's carrying amount over its fair value. The best evidence of fair value was the value obtained from an active market or binding sale agreement. Where neither exists, fair value was based on the best information available to reflect the amount the Company could receive for the asset in an arm's length transaction. This amount was often estimated using discounted cash flow techniques.

Current IFRS policy – The impairment loss is calculated as the excess of the asset's (or CGU's) carrying amount over its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Under the value in use calculation, the expected future cash flows from the asset (or CGU) are discounted to their net present value. IFRS does not include the evaluation of the undiscounted expected future cash flows.

Impact – At the Transition Date, the Company recognized an impairment related to Hastings Racecourse, which resulted in a lower impairment recognized during the fourth quarter of 2010 under IFRS than that under Canadian GAAP. In accordance with IFRS, the Company recognized additional impairments related to Flamboro Downs during the fourth quarter of 2010.

(ii) Fair value as deemed cost

As previously noted in the section entitled "IFRS elective exemption options", the Company has applied the one-time exemption to restate the carrying values of land held for development for more than 24 months to their fair values as deemed cost.

(iii) Contingent consideration

Historical Canadian GAAP policy – For business combinations prior to January 1, 2010, contingent consideration was recognized as part of the cost of the purchase when it could be reasonably estimated, and the outcome of the contingency could be determined beyond reasonable doubt. Subsequent adjustments in relation to contingent consideration were reflected in goodwill.

Current IFRS policy – Contingent consideration is measured at fair value at the acquisition date, and subsequent goodwill adjustments associated with changes in the fair value of contingent consideration are prohibited. Subsequent adjustments to the fair value of contingent consideration are recorded in the consolidated statements of earnings in the period they occur.

Impact – The Company recognized an expense for the contingent trailing payments associated with its 2008 acquisition of Maple Ridge Community Gaming Centre (formerly Haney Bingo Plex), which was previously treated as an increase in goodwill.

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23. TRANSITION TO IFRS (Continued)

b) Reconciliation of Canadian GAAP to IFRS (Continued)

(iv) Amortization

As previously noted in the “impairments of long-lived assets” section, the Company recorded an IFRS impairment adjustment at the Transition Date, resulting in a decrease in the carrying amount of certain assets. Consequently, under IFRS, the amortization expense decreased during the year ended December 31, 2010.

(v) Foreign currency translation adjustment

As previously noted in the section entitled “IFRS elective exemption options,” the Company has applied the one-time exemption to set the foreign currency cumulative translation adjustment (“CTA”) to zero as of January 1, 2010. The application of the exemption resulted in an adjustment in accumulated other comprehensive loss and retained earnings, with a \$nil impact on total equity. Additionally, deferred foreign currency gains and losses on loans repaid that are reclassified into earnings from CTA will differ under IFRS since they exclude the translation differences that arose before the Transition Date.

(vi) Stock-based compensation

Recognition of Expense

Historical Canadian GAAP policy – Certain share-based awards made by the Company were subject to graded vesting conditions wherein the awards vest in discrete tranches over the vesting period of the award. The total fair value of these awards was expensed on a straight-line basis over the expected life of the stock option.

Current IFRS policy – Where an award contains graded vesting conditions, each tranche in the award is considered a separate grant at each vesting date, with its own fair value.

Impact – The Company increased the cumulative expense recognized for share-based awards at the Transition Date. Due to this accelerated recognition of the expense, the Company decreased stock-based compensation expense during the year ended December 31, 2010.

Forfeitures

Historical Canadian GAAP policy – Forfeitures of awards were recognized as they occurred.

Current IFRS policy – At the grant date, an estimate is made of the number of awards expected to vest and is revised if subsequent information indicates that actual forfeitures are likely to differ from previous estimates.

Impact – The Company decreased its expense for unvested share-based awards during the year ended December 31, 2010.

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23. TRANSITION TO IFRS (Continued)

b) Reconciliation of Canadian GAAP to IFRS (Continued)

(vii) Income Taxes

Initial acquisition of assets and liabilities

Historical Canadian GAAP policy – When an asset was acquired other than in a business combination and the tax basis of that asset was less than its cost, the cost of deferred taxes recognized at the time of acquisition was added to the cost of the asset. Conversely, when an asset was acquired other than in a business combination and the tax basis of that asset was greater than its cost, the benefit related to deferred taxes recognized at the time of acquisition was deducted from the cost of the asset.

Current IFRS policy – Deferred taxes are not recognized on the initial acquisition of an asset or liability, unless the asset or liability was acquired in a business combination or the transaction affected accounting earnings or taxable income.

Impact – The Company derecognized deferred taxes associated with assets and liabilities with temporary differences that were initially acquired outside of a business combination and did not affect accounting earnings or taxable income.

Items recognized outside earnings

Historical Canadian GAAP policy – Costs related to the issue of share capital and the related deferred taxes were charged to share capital and contributed surplus when incurred. Changes in deferred tax balances recognized as a result of changes in tax laws or rates were included in income because such changes are considered to be a result of normal business activities, regardless of whether the deferred tax balances relate to transactions that were originally recorded to equity accounts or earnings.

Current IFRS policy – Income taxes relating to transactions originally recorded to equity accounts are credited or charged to the respective equity account.

Impact – The Company decreased share capital and contributed surplus and increased retained earnings for income tax expense relating to prior periods' changes in deferred tax balances recognized as a result of changes in tax rates for share issue costs originally recorded in share capital and contributed surplus.

Income tax effect of other reconciling differences between Canadian GAAP and IFRS

Differences for income taxes include the effect of recording, where applicable, the deferred tax effect of other differences between Canadian GAAP and IFRS.

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23. TRANSITION TO IFRS (Continued)

c) Presentation Reclassifications

(i) Provisions

Historical Canadian GAAP presentation – Provisions that were current in nature were presented as part of “accounts payable and accrued liabilities”.

Current IFRS presentation – Provisions that are current in nature are presented as part of “other liabilities”.

The following tables present the measurement and presentation differences between the Company’s historical Canadian GAAP consolidated statements of financial position, consolidated statements of earnings and consolidated statements of comprehensive income compared to those required under its current IFRS policies for the periods presented.

Reconciliation of the consolidated statement of financial position as at January 1, 2010

Canadian GAAP Accounts	Under Canadian GAAP	Measurement adjustments	Presentation adjustments	Under IFRS	IFRS Accounts
ASSETS					
CURRENT					
Cash and cash equivalents	\$ 34.6	\$ -	\$ -	\$ 34.6	Cash and cash equivalents
Restricted cash	5.6	-	-	5.6	Restricted cash
Accounts receivable	7.3	-	-	7.3	Accounts receivable
Due from Nova Scotia Gaming Corporation	1.7	-	-	1.7	Due from Nova Scotia Gaming Corporation
Prepays, deposits and other assets	7.2	-	-	7.2	Prepays, deposits and other assets
	56.4	-	-	56.4	
Property, plant and equipment	735.6	(27.4)	-	708.2	Property, plant and equipment
Intangible assets	167.6	(11.2)	-	156.4	Intangible assets
Goodwill	37.9	-	-	37.9	Goodwill
Future income taxes	2.0	3.9	-	5.9	Deferred taxes
Other assets	4.6	-	-	4.6	Other assets
	\$ 1,004.1	\$ (34.7)	\$ -	\$ 969.4	
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ 63.4	\$ -	\$ (0.7)	\$ 62.7	Accounts payable and accrued liabilities
Income taxes payable	0.1	-	-	0.1	Income taxes payable
Long-term debt, deferred credits and other liabilities, current	2.9	-	0.7	3.6	Other liabilities
	66.4	-	-	66.4	
Long-term debt	356.9	-	-	356.9	Long-term debt
Derivative liabilities	50.8	-	-	50.8	Derivative liabilities
Deferred credits and other liabilities	27.0	(2.2)	-	24.8	Deferred credits, provisions and other liabilities
Future income taxes	68.6	(1.5)	-	67.1	Deferred taxes
	569.7	(3.7)	-	566.0	
SHAREHOLDERS' EQUITY					
Share capital and contributed surplus	347.6	1.2	-	348.8	Share capital and contributed surplus
Accumulated other comprehensive loss	(10.4)	5.8	-	(4.6)	Accumulated other comprehensive loss
Retained earnings	97.2	(38.0)	-	59.2	Retained earnings
	434.4	(31.0)	-	403.4	
	\$ 1,004.1	\$ (34.7)	\$ -	\$ 969.4	

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23. TRANSITION TO IFRS (Continued)

Reconciliation of the consolidated statement of financial position as at March 31, 2010

Canadian GAAP Accounts	Under Canadian GAAP	Measurement adjustments	Presentation adjustments	Under IFRS	IFRS Accounts	
ASSETS					ASSETS	
CURRENT					CURRENT	
Cash and cash equivalents	\$ 32.8	\$ -	\$ -	\$ 32.8	Cash and cash equivalents	
Restricted cash	5.3	-	-	5.3	Restricted cash	
Accounts receivable	9.9	-	-	9.9	Accounts receivable	
Due from Nova Scotia Gaming Corporation	2.9	-	-	2.9	Due from Nova Scotia Gaming Corporation	
Prepays, deposits and other assets	8.4	-	-	8.4	Prepays, deposits and other assets	
	59.3	-	-	59.3		
Property, plant and equipment	730.5	(27.0)	-	703.5	Property, plant and equipment	
Intangible assets	164.3	(11.1)	-	153.2	Intangible assets	
Goodwill	37.7	-	-	37.7	Goodwill	
Future income taxes	1.6	3.8	-	5.4	Deferred taxes	
Other assets	4.2	-	-	4.2	Other assets	
	\$ 997.6	\$ (34.3)	\$ -	\$ 963.3		
LIABILITIES					LIABILITIES	
CURRENT					CURRENT	
Accounts payable and accrued liabilities	\$ 61.5	\$ -	\$ (1.0)	\$ 60.5	Accounts payable and accrued liabilities	
Income taxes payable	0.6	-	-	0.6	Income taxes payable	
Long-term debt, deferred credits and other liabilities, current	2.9	-	1.0	3.9	Other liabilities	
	65.0	-	-	65.0		
Long-term debt	333.4	-	-	333.4	Long-term debt	
Derivative liabilities	59.6	-	-	59.6	Derivative liabilities	
Deferred credits and other liabilities	26.5	(2.2)	-	24.3	Deferred credits, provisions and other liabilities	
Future income taxes	70.1	(1.4)	-	68.7	Deferred taxes	
	554.6	(3.6)	-	551.0		
SHAREHOLDERS' EQUITY					SHAREHOLDERS' EQUITY	
Share capital and contributed surplus	350.8	0.8	-	351.6	Share capital and contributed surplus	
Accumulated other comprehensive loss	(9.3)	5.7	-	(3.6)	Accumulated other comprehensive loss	
Retained earnings	101.5	(37.2)	-	64.3	Retained earnings	
	443.0	(30.7)	-	412.3		
	\$ 997.6	\$ (34.3)	\$ -	\$ 963.3		

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23. TRANSITION TO IFRS (Continued)

Reconciliation of the consolidated statement of earnings for the three months ended March 31, 2010

Canadian GAAP Accounts	Under Canadian GAAP	Measurement adjustments	Under IFRS	IFRS Accounts
REVENUES	\$ 93.0	\$ -	\$ 93.0	REVENUES
EXPENSES				EXPENSES
Human resources	37.6	-	37.6	Human resources
Property, marketing and administration	24.0	-	24.0	Property, marketing and administration
Amortization	14.0	(0.5)	13.5	Amortization
Stock-based compensation	2.7	(0.4)	2.3	Stock-based compensation
Restructuring and other	0.1	-	0.1	Restructuring and other
	78.4	(0.9)	77.5	
	14.6	0.9	15.5	
Interest and financing costs, net	7.0	-	7.0	Interest and financing costs, net
Foreign exchange loss (gain)	0.1	(0.1)	-	Foreign exchange loss (gain)
EARNINGS BEFORE INCOME TAXES	7.5	1.0	8.5	EARNINGS BEFORE INCOME TAXES
Income taxes	3.0	0.2	3.2	Income taxes
NET EARNINGS	\$ 4.5	\$ 0.8	\$ 5.3	NET EARNINGS
NET EARNINGS ATTRIBUTABLE TO:				NET EARNINGS ATTRIBUTABLE TO:
Shareholders of the Company	\$ 4.3	\$ 0.8	\$ 5.1	Shareholders of the Company
Non-controlling interests	0.2	-	0.2	Non-controlling interests
	\$ 4.5	\$ 0.8	\$ 5.3	
SHAREHOLDERS' NET EARNINGS PER COMMON SHARE				SHAREHOLDERS' NET EARNINGS PER COMMON SHARE
Basic	\$ 0.05		\$ 0.06	Basic
Diluted	\$ 0.05		\$ 0.06	Diluted

Reconciliation of the consolidated statement of comprehensive income for the three months ended March 31, 2010

Canadian GAAP Accounts	Under Canadian GAAP	Measurement adjustments	Under IFRS	IFRS Accounts
Net earnings	\$ 4.5	\$ 0.8	\$ 5.3	Net earnings
Other comprehensive (loss) income, net of tax				Other comprehensive (loss) income, net of tax
Changes in fair values of derivatives	(6.3)	-	(6.3)	Changes in fair values of derivatives
Loss on derivatives	8.1	-	8.1	Loss on derivatives
Changes in foreign currency translation adjustments	(0.7)	(0.1)	(0.8)	Changes in foreign currency translation adjustments
Other comprehensive income (loss)	1.1	(0.1)	1.0	Other comprehensive income (loss)
Comprehensive income	\$ 5.6	\$ 0.7	\$ 6.3	Comprehensive income
Comprehensive income attributable to:				Comprehensive income attributable to:
Shareholders of the Company	\$ 5.4	\$ 0.7	\$ 6.1	Shareholders of the Company
Non-controlling interests	0.2	-	0.2	Non-controlling interests
	\$ 5.6	\$ 0.7	\$ 6.3	

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements

For the Three Month Period Ended March 31, 2011

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

23. TRANSITION TO IFRS (Continued)

Reconciliation of the consolidated statement of financial position as at December 31, 2010

Canadian GAAP Accounts	Under Canadian GAAP	Measurement adjustments	Presentation adjustments	Under IFRS	IFRS Accounts
ASSETS					ASSETS
CURRENT					CURRENT
Cash and cash equivalents	\$ 50.9	\$ -	\$ -	\$ 50.9	Cash and cash equivalents
Short-term investments	53.0	-	-	53.0	Short-term investments
Restricted cash	1.6	-	-	1.6	Restricted cash
Accounts receivable	7.4	-	-	7.4	Accounts receivable
Due from Nova Scotia Gaming Corporation	1.9	-	-	1.9	Due from Nova Scotia Gaming Corporation
Prepays, deposits and other assets	5.9	-	-	5.9	Prepays, deposits and other assets
	120.7	-	-	120.7	
Property, plant and equipment	675.9	(12.9)	-	663.0	Property, plant and equipment
Intangible assets	136.7	(7.3)	-	129.4	Intangible assets
Goodwill	24.4	(1.1)	-	23.3	Goodwill
Future income taxes	7.7	0.1	-	7.8	Deferred taxes
Other assets	2.0	-	-	2.0	Other assets
	\$ 967.4	\$ (21.2)	\$ -	\$ 946.2	
LIABILITIES					LIABILITIES
CURRENT					CURRENT
Accounts payable and accrued liabilities	\$ 52.3	\$ -	\$ (1.0)	\$ 51.3	Accounts payable and accrued liabilities
Income taxes payable	5.4	-	-	5.4	Income taxes payable
Long-term debt, deferred credits and other liabilities, current	3.1	-	1.0	4.1	Other liabilities
	60.8	-	-	60.8	
Long-term debt	325.8	-	-	325.8	Long-term debt
Derivative liabilities	67.6	-	-	67.6	Derivative liabilities
Deferred credits and other liabilities	28.1	(2.2)	-	25.9	Deferred credits, provisions and other liabilities
Future income taxes	66.0	(1.0)	-	65.0	Deferred taxes
	548.3	(3.2)	-	545.1	
SHAREHOLDERS' EQUITY					SHAREHOLDERS' EQUITY
Share capital and contributed surplus	354.3	0.6	-	354.9	Share capital and contributed surplus
Accumulated other comprehensive loss	(10.3)	5.4	-	(4.9)	Accumulated other comprehensive loss
Retained earnings	75.1	(24.0)	-	51.1	Retained earnings
	419.1	(18.0)	-	401.1	
	\$ 967.4	\$ (21.2)	\$ -	\$ 946.2	

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements

For the Three Month Period Ended March 31, 2011

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

23. TRANSITION TO IFRS (Continued)

Reconciliation of the consolidated statement of earnings (loss) for the year ended December 31, 2010

Canadian GAAP Accounts	Under Canadian GAAP	Measurement adjustments	Under IFRS	IFRS Accounts
REVENUES	\$ 383.5	\$ -	\$ 383.5	REVENUES
EXPENSES				EXPENSES
Human resources	153.2	-	153.2	Human resources
Property, marketing and administration	93.9	-	93.9	Property, marketing and administration
Amortization	55.9	(2.2)	53.7	Amortization
Stock-based compensation	5.4	(0.6)	4.8	Stock-based compensation
Restructuring and other	2.3	1.1	3.4	Restructuring and other
	310.7	(1.7)	309.0	
	72.8	1.7	74.5	
Interest and financing costs, net	28.0	-	28.0	Interest and financing costs, net
Impairment of long-lived assets	51.3	(16.2)	35.1	Impairment of long-lived assets
Impairment of goodwill	14.2	-	14.2	Impairment of goodwill
Foreign exchange loss (gain) and other	0.5	(0.4)	0.1	Foreign exchange loss (gain) and other
(LOSS) EARNINGS BEFORE INCOME TAXES	(21.2)	18.3	(2.9)	(LOSS) EARNINGS BEFORE INCOME TAXES
Income taxes	0.7	4.3	5.0	Income taxes
NET (LOSS) EARNINGS	\$ (21.9)	\$ 14.0	\$ (7.9)	NET (LOSS) EARNINGS
NET (LOSS) EARNINGS ATTRIBUTABLE TO:				NET (LOSS) EARNINGS ATTRIBUTABLE TO:
Shareholders of the Company	\$ (22.1)	\$ 14.0	\$ (8.1)	Shareholders of the Company
Non-controlling interests	0.2	-	0.2	Non-controlling interests
	\$ (21.9)	\$ 14.0	\$ (7.9)	
SHAREHOLDERS' NET LOSS PER COMMON SHARE				SHAREHOLDERS' NET LOSS PER COMMON SHARE
Basic	\$ (0.27)		\$ (0.11)	Basic
Diluted	\$ (0.27)		\$ (0.11)	Diluted

Reconciliation of the consolidated statement of comprehensive income (loss) for the year ended December 31, 2010

Canadian GAAP Accounts	Under Canadian GAAP	Measurement adjustments	Under IFRS	IFRS Accounts
Net (loss) earnings	\$ (21.9)	\$ 14.0	\$ (7.9)	Net (loss) earnings
Other comprehensive (loss) income, net of tax				Other comprehensive (loss) income, net of tax
Changes in fair values of derivatives	(13.4)	-	(13.4)	Changes in fair values of derivatives
Loss on derivatives	14.3	-	14.3	Loss on derivatives
Changes in foreign currency translation adjustments	(0.8)	(0.4)	(1.2)	Changes in foreign currency translation adjustments
Other comprehensive income (loss)	0.1	(0.4)	(0.3)	Other comprehensive income (loss)
Comprehensive (loss) income	\$ (21.8)	\$ 13.6	\$ (8.2)	Comprehensive (loss) income
Comprehensive (loss) income attributable to:				Comprehensive (loss) income attributable to:
Shareholders of the Company	\$ (22.0)	\$ 13.6	\$ (8.4)	Shareholders of the Company
Non-controlling interests	0.2	-	0.2	Non-controlling interests
	\$ (21.8)	\$ 13.6	\$ (8.2)	