



GREAT CANADIAN GAMING CORPORATION

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month and Six Month Periods Ended
June 30, 2011

As at August 10, 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)

		June 30, 2011	December 31, 2010 (Note 23)
ASSETS			
CURRENT			
Cash and cash equivalents	Note 5	\$ 79.1	\$ 50.9
Short-term investments		35.2	53.0
Restricted cash		5.0	1.6
Accounts receivable		8.6	9.3
Prepays, deposits and other assets		6.2	5.9
		134.1	120.7
Property, plant and equipment	Note 6	672.3	663.0
Intangible assets	Note 7	127.3	129.4
Goodwill		23.1	23.3
Deferred taxes		7.8	7.8
Other assets		1.1	2.0
		\$ 965.7	\$ 946.2
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 55.3	\$ 51.3
Income taxes payable		1.6	5.4
Other liabilities	Note 8	5.2	4.1
		62.1	60.8
Long-term debt	Note 9	315.5	325.8
Derivative liabilities	Note 11	77.0	67.6
Deferred credits, provisions and other liabilities	Note 12	25.4	25.9
Deferred taxes		65.7	65.0
		545.7	545.1
SHAREHOLDERS' EQUITY			
Share capital and contributed surplus	Note 13	358.1	354.9
Accumulated other comprehensive loss	Note 14	(5.2)	(4.9)
Retained earnings		67.1	51.1
		420.0	401.1
		\$ 965.7	\$ 946.2

These financial statements were approved and authorized for issue by the Company's Board of Directors on August 10, 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 June 30,		Six months ended June 30,	
		2011	2010	2011	2010
			(Note 23)		(Note 23)
REVENUES	Note 15	\$ 99.5	\$ 97.0	\$ 191.5	\$ 190.0
EXPENSES					
Human resources		38.9	39.1	76.3	76.7
Property, marketing and administration		22.8	22.9	45.9	46.9
Amortization		14.6	13.6	29.0	27.1
Stock-based compensation	Note 13	1.7	0.9	3.4	3.2
Restructuring and other		0.1	-	0.4	0.1
		78.1	76.5	155.0	154.0
EARNINGS FROM OPERATIONS		21.4	20.5	36.5	36.0
Interest and financing costs, net		7.2	7.1	13.9	14.1
Foreign exchange (gain) loss and other		(0.2)	0.3	(0.2)	0.3
EARNINGS BEFORE INCOME TAXES		14.4	13.1	22.8	21.6
Income taxes	Note 16	4.1	3.0	6.8	6.2
NET EARNINGS		\$ 10.3	\$ 10.1	\$ 16.0	\$ 15.4
NET EARNINGS ATTRIBUTABLE TO:					
Shareholders of the Company		\$ 10.3	\$ 10.1	\$ 16.0	\$ 15.2
Non-controlling interests		-	-	-	0.2
		\$ 10.3	\$ 10.1	\$ 16.0	\$ 15.4
SHAREHOLDERS' NET EARNINGS PER COMMON SHARE	Note 17				
Basic		\$ 0.12	\$ 0.12	\$ 0.19	\$ 0.18
Diluted		\$ 0.12	\$ 0.12	\$ 0.19	\$ 0.18
WEIGHTED AVERAGE NUMBER OF COMMON SHARES					
Basic		83,092,933	82,614,302	83,004,165	82,507,749
Diluted		84,691,484	84,355,753	84,649,128	84,359,607

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
	(Note 23)		(Note 23)	
Net earnings	\$ 10.3	\$ 10.1	\$ 16.0	\$ 15.4
Other comprehensive (loss) income, net of tax				
Current period changes in fair values of derivatives designated as cash flow hedges, net of income taxes of \$0.9 (2010 - \$4.5) and \$2.5 (2010 - \$2.0)	(2.5)	11.2	(6.9)	4.9
Loss (gain) on derivatives designated as cash flow hedges transferred to net earnings in the period, net of income taxes of \$0.4 (2010 - \$4.7) and \$2.6 (2010 - \$1.4)	1.2	(11.7)	7.2	(3.6)
Unrealized effect of foreign currency translation of foreign operations	(0.1)	1.1	(0.6)	0.3
Other comprehensive (loss) income	(1.4)	0.6	(0.3)	1.6
Comprehensive income	\$ 8.9	\$ 10.7	\$ 15.7	\$ 17.0
Comprehensive income attributable to:				
Shareholders of the Company	\$ 8.9	\$ 10.7	\$ 15.7	\$ 16.8
Non-controlling interests	-	-	-	0.2
	\$ 8.9	\$ 10.7	\$ 15.7	\$ 17.0

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

		Common Shares		Contributed Surplus	Share Capital and Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Non-Controlling Interests	Total
		Number ⁽¹⁾	Amount						
At January 1, 2010	Note 23	82,374	\$ 312.9	\$ 35.9	\$ 348.8	\$ (4.6)	\$ 59.2	\$ -	\$ 403.4
Stock-based compensation		-	-	3.2	3.2	-	-	-	3.2
Exercise of incentive stock options		352	1.4	(0.5)	0.9	-	-	-	0.9
Net earnings		-	-	-	-	-	15.2	0.2	15.4
Other comprehensive income		-	-	-	-	1.6	-	-	1.6
Distribution of non-controlling interest		-	-	-	-	-	-	(0.2)	(0.2)
At June 30, 2010	Note 23	82,726	\$ 314.3	\$ 38.6	\$ 352.9	\$ (3.0)	\$ 74.4	\$ -	\$ 424.3
At December 31, 2010	Note 23	82,872	\$ 314.7	\$ 40.2	\$ 354.9	\$ (4.9)	\$ 51.1	-	\$ 401.1
Stock-based compensation		-	-	2.5	2.5	-	-	-	2.5
Exercise of incentive stock options		249	1.0	(0.3)	0.7	-	-	-	0.7
Net earnings		-	-	-	-	-	16.0	-	16.0
Other comprehensive loss		-	-	-	-	(0.3)	-	-	(0.3)
At June 30, 2011		83,121	\$ 315.7	\$ 42.4	\$ 358.1	\$ (5.2)	\$ 67.1	\$ -	\$ 420.0

⁽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)

	Six months ended June 30,	
	2011	2010
Cash Flows from Operating Activities		
Net earnings before tax	\$ 22.8	\$ 21.6
Adjustments to reconcile net earnings to cash		
Amortization	29.0	27.1
Stock-based compensation	3.4	3.2
Interest and financing cost, net	13.9	14.1
Other	(1.4)	(0.3)
Changes in non-cash operating working capital	(1.0)	(3.4)
	Note 18	
Cash generated from operations	66.7	62.3
Income taxes paid	(10.1)	(2.3)
Net cash generated by operating activities	56.6	60.0
Cash Flows from Investing Activities		
Proceeds from the maturity of short-term investments	53.1	-
Purchase of short-term investments	(35.3)	-
Purchase of property, plant and equipment, net of related accounts payable	(23.4)	(11.9)
Acquisition of Chilliwack Bingo	(10.2)	-
	Note 22	
Funds due from Nova Scotia Gaming Corporation for purchases of plant and equipment	(0.2)	(3.2)
Funds received from Nova Scotia Gaming Corporation	1.2	1.6
Restricted cash - construction holdbacks	(0.8)	1.8
Deconsolidation of TBC Teletheatre B.C.	-	(1.4)
Interest income received	0.6	0.1
Cash used in investing activities	(15.0)	(13.0)
Cash Flows from Financing Activities		
Repayment of long-term debt	(1.0)	(13.0)
Common shares issued for cash, net of issuance costs	0.7	0.9
Interest paid	(13.2)	(13.6)
Cash used in financing activities	(13.5)	(25.7)
Effect of foreign exchange on cash and cash equivalents	0.1	0.3
Cash Inflow	28.2	21.6
Cash and cash equivalents, beginning of period	50.9	34.6
Cash and cash equivalents, end of period	\$ 79.1	\$ 56.2

GREAT CANADIAN GAMING CORPORATION

Notes to the Condensed Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 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 bingo hall, 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 consolidated financial statements were prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments, using the same accounting policies as set out in the Company’s condensed consolidated financial statements for the three months ended March 31, 2011. In addition, the Company approved a deferred and restricted share unit plan (see Note 13(c)), and accordingly was required to establish a policy for such transactions. The Company had no prior plans of this nature, and accordingly no prior transactions for which this policy would have been relevant.

a) Cash-settled stock-based compensation

Cash-settled stock-based compensation such as Deferred Share Units (“DSUs”) and Restricted Share Units (“RSUs”), which vest immediately, are recognized as a liability at the grant date based on the market value of the Company’s common shares, and are re-measured at each reporting period and at the redemption date, with any changes in fair value recognized in the “stock-based compensation” line of the consolidated statements of earnings. The DSUs are settled when the unit holder ceases to be a director, and the RSUs are settled three years after the grant date.

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 2011

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

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 Cash-Generating Unit (“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, EBITDA⁽¹⁾ 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.

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.

⁽¹⁾ EBITDA as defined by the Company means **E**arnings **B**efore **I**nterest and financing costs (net of interest income), **I**ncome **T**axes, **D**epreciation and **A**mortization, 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
Notes to the Condensed Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 2011
(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

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 the fair value of the contingent consideration is recognized as a liability at the time of acquisition. The key assumptions utilized in determining fair value 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 the fair value of assets acquired in business transactions with non-monetary consideration received 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) Equity-settled stock-based compensation

The Company estimates expenses related to equity-settled stock-based compensation using the Black-Scholes option pricing model. The model takes into account management’s best 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
Notes to the Condensed Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 2011
(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

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

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

The Company does not record contingent assets.

h) Hedge accounting

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

Notes to the Condensed Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 2011
(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

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 Teletheatre B.C. ("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 TBC.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The IASB issued the following new and revised accounting pronouncements, which are not expected to have a material impact on the Company's condensed consolidated financial statements:

- *IFRS 7, Financial Instruments: Disclosures* – amended to 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. Effective for annual periods beginning on or after July 1, 2011.
- *IAS 12, Income Taxes* – amended to provide a practical solution to determining the recovery of investment properties as it relates to accounting for deferred taxes. Effective for annual periods beginning on or after January 1, 2012.
- *IAS 1, Presentation of Financial Statements ("IAS 1")* – amended to require the grouping of other comprehensive income ("OCI") into two components: items that might be reclassified to net earnings in subsequent periods, and items that will not be reclassified into net earnings in subsequent periods. Effective for annual periods beginning on or after July 1, 2012.
- *IAS 19, Employee Benefits (2011)* – amended to change the accounting for defined benefit plans and terminations benefits, and improve the understandability and usefulness of disclosures. Effective for annual periods beginning on or after January 1, 2013.
- *IFRS 13, Fair Value Measurement* – provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Effective for annual periods beginning on or after January 1, 2013.
- *IFRS 9, Financial Instruments ("IFRS 9")* – replaces 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. On July 22, 2011, the IASB tentatively agreed to defer the mandatory effective date of IFRS 9 from annual periods beginning on or after January 1, 2013 to January 1, 2015.

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 2011

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

4. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

The IASB also issued the following new and revised standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements with other entities:

- *IFRS 10, Consolidated Financial Statements (“IFRS 10”)* – replaces the consolidation guidance in IAS 27 (2008), Consolidated and Separate Financial Statements, and SIC-12, Consolidated Special Purpose Entities, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee.
- *IFRS 11, Joint Arrangements (“IFRS 11”)* – replaces IAS 31, Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed.
- *IFRS 12, Disclosure of Interests in Other Entities (“IFRS 12”)* – requires enhanced disclosures about the entity’s interests in subsidiaries, joint arrangements and associates, and unconsolidated structured entities.
- *IAS 27 (2011), Separate Financial Statements (“IAS 27 (2011)”)* – the consolidation requirements previously forming part of IAS 27 (2008) have been revised and are now contained in IFRS 10.
- *IAS 28, Investments in Associates and Joint Ventures (2011)* – amended to conform to changes based on the issuance of IFRS 10, IFRS 11, and IFRS 12.

These five standards must be adopted concurrently and are effective for annual periods beginning on or after January 1, 2013.

5. CASH AND CASH EQUIVALENTS

	June 30, 2011	December 31, 2010
Cash in banks	\$ 72.6	\$ 45.7
Cash floats	6.5	5.2
	\$ 79.1	\$ 50.9

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements
For the Three Month and Six Month Periods Ended June 30, 2011
(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

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	8.4	(0.6)	-	1.9	15.8	25.5
Acquired through business combination ⁽¹⁾	5.7	-	-	-	-	5.7
Reclassifications	0.1	0.2	4.2	0.3	(4.8)	-
Translation and other	(0.1)	(0.2)	(0.1)	(0.2)	-	(0.6)
Balance at June 30, 2011	\$ 79.9	\$ 651.2	\$ 75.5	\$ 97.8	\$ 20.2	\$ 924.6
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	-	(13.8)	(3.4)	(4.3)	-	(21.5)
Reclassifications	-	-	(1.9)	-	1.9	-
Translation and other	-	0.1	-	0.1	-	0.2
Balance at June 30, 2011	\$ (0.9)	\$ (122.0)	\$ (43.5)	\$ (82.3)	\$ (3.6)	\$ (252.3)
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 June 30, 2011	\$ 79.0	\$ 529.2	\$ 32.0	\$ 15.5	\$ 16.6	\$ 672.3

⁽¹⁾ The land acquired through business combination relates to the Chilliwack Bingo acquisition (see Note 22).

GREAT CANADIAN GAMING CORPORATION
Notes to the Condensed Consolidated Financial Statements

For the Three Month and Six Month Periods Ended June 30, 2011
(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

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	\$ 76.1	\$ 34.6	\$ 106.0	\$ 2.5	\$ 219.2
Acquired through business combination ⁽¹⁾	5.4	-	-	-	5.4
At June 30, 2011	\$ 81.5	\$ 34.6	\$ 106.0	\$ 2.5	\$ 224.6
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	(3.0)	(2.2)	(2.2)	(0.1)	(7.5)
At June 30, 2011	\$ (41.1)	\$ (17.7)	\$ (37.4)	\$ (1.1)	\$ (97.3)
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 June 30, 2011	\$ 40.4	\$ 16.9	\$ 68.6	\$ 1.4	\$ 127.3

⁽¹⁾ The intangible asset acquired through business combination relates to the Chilliwack Bingo acquisition (see Note 22).

8. OTHER LIABILITIES

	June 30, 2011	December 31, 2010
Long-term debt, current (Note 9)	\$ 2.0	\$ 2.0
Provisions, current (Note 12)	2.3	1.0
Deferred credits, current	0.7	0.7
Other current liabilities	0.2	0.4
	\$ 5.2	\$ 4.1

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9. LONG-TERM DEBT

	June 30, 2011	December 31, 2010
Term Loan B, net of unamortized transaction costs of \$1.3 (2010 - \$1.5)	\$ 155.7	\$ 161.2
Senior Subordinated Notes and unamortized premium of \$1.0 (2010 - \$1.1), net of unamortized transaction costs of \$3.2 (2010 - \$3.6)	161.8	166.6
	317.5	327.8
Less: current portion (Note 8)	2.0	2.0
	\$ 315.5	\$ 325.8

The expected repayments of long-term debt for the four following twelve month periods ended June 30 are as follows:

2012	\$ 2.0
2013	2.0
2014	153.0
2015	164.0
Total repayments	321.0
Less: unamortized transaction costs and premium	3.5
Total long-term debt (including current portion)	\$ 317.5

The Company has a \$200.0 Senior Secured Revolving Credit Facility (the "Revolving Credit Facility") of which \$32.3 (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 June 30, 2011, the Company has \$167.7 (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.

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9. LONG-TERM DEBT (Continued)

On July 21, 2011, the Company amended and extended its Revolving Credit Facility. The new undrawn \$350.0 Revolving Credit Facility is denominated in Canadian dollars and expires on July 21, 2016. Transaction costs associated with refinancing the Revolving Credit Facility of approximately \$2.7 will be included in the “other assets” line of the consolidated statements of financial position and amortized through the “interest and financing costs, net” line of the consolidated statements of earnings over the five-year term. The interest rate on advanced amounts and the commitment fee on the unused facility are determined from a sliding scale pricing grid based on the Company’s Total Debt to Adjusted EBITDA ratio for the trailing twelve months as defined in the underlying long-term debt agreement. The Company reports this Total Debt to Adjusted EBITDA ratio quarterly (see Note 10). The following table summarizes the interest rates and commitment fee on the Revolving Credit Facility that will apply, depending on the Company’s quarterly Total Debt to Adjusted EBITDA ratio:

Total Debt / Adjusted EBITDA	Margin on Bankers’ Acceptances or Eurodollar Rate Advances & Letters of Credit	Margin on Canadian Prime Rate or U.S. Base Rate Advances	Commitment Fee
>= 4.50	3.500%	2.500%	0.875%
4.00 to < 4.50	3.000%	2.000%	0.750%
3.50 to < 4.00	2.750%	1.750%	0.688%
3.00 to < 3.50	2.375%	1.375%	0.594%
2.50 to < 3.00	2.125%	1.125%	0.531%
2.00 to <2.50	1.875%	0.875%	0.469%
< 2.00	1.625%	0.625%	0.406%

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.

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10. CAPITAL DISCLOSURES (Continued)

At June 30, 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	2.84
Senior Debt to Adjusted EBITDA ratio ⁽¹⁾	< 3.50	1.39
Interest Coverage ratio ⁽¹⁾	> 2.25	5.18
Fixed Charge Coverage ratio ⁽²⁾	> 2.00	5.28

⁽¹⁾ Defined in the long-term debt agreement covering the Term Loan B and Revolving Credit Facility, as amended on July 21, 2011.

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

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

	Moody's ⁽³⁾	Standard & Poor's
Corporate	Ba3 Stable	BB+ Stable
Term Loan B and Revolving Credit Facility	Ba2	BBB
Senior Subordinated Notes	B2	BB

⁽³⁾ On July 22, 2011, Moody's assigned a Ba2 rating to the Company's amended Credit and Guarantee agreement covering its Term Loan B and Revolving Credit Facility, and reaffirmed its ratings on the Company's Corporate family rating and Senior Subordinated Notes.

11. DERIVATIVES

Cross-currency interest rate swaps

The Company 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 June 30, 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	\$162.8 ⁽⁴⁾	\$192.3 ⁽⁴⁾	US LIBOR+1.50%	6.1%	February 13, 2014
Subordinated Notes	\$170.0	\$201.1	7.25%	6.6%	February 15, 2015

⁽⁴⁾ The Term Loan B cross-currency interest rate swap's notional principal reduces by 0.25% of the original principal of \$170.0 USD quarterly to match the scheduled principal reductions on the Term Loan B.

At June 30, 2011, the Company's swap associated with the Term Loan B was in a \$48.8 liability position (December 31, 2010 - \$44.7 liability) and the swap associated with the Subordinated Notes was in a \$28.2 liability position (December 31, 2010 - \$22.9 liability). The swaps are recorded in the "derivative liabilities" line of the consolidated statements of financial position.

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11. DERIVATIVES (Continued)

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.

On August 4, 2011, the Company early settled a portion of the cross-currency interest rate swaps in connection with the amendment of its Credit and Guarantee Agreement. The cumulative losses totalling \$1.9 included in “accumulated other comprehensive income” associated with the early settled portion of the cross-currency interest rate swaps will be amortized in the “interest and financing costs, net” line of the consolidated statements of earnings on a straight-line basis over the remaining lives of the underlying Term Loan B and the Subordinated Notes, respectively.

The prior lender’s portion of the cross-currency interest rate swap position that was early settled was assumed by another lender. The Company will be applying hedge accounting to the assumed portion of the cross-currency interest rate swaps. Subsequent to August 4, 2011, the cross-currency interest rate swaps are as follows:

Debt	Notional Principal		Interest Rate		Maturity Date
	Receive (USD)	Pay (CAD)	Receive (USD)	Pay (CAD)	
Term Loan B	\$ 97.7 ⁽¹⁾	\$ 115.4 ⁽¹⁾	US LIBOR+1.50%	6.1%	February 13, 2014
Term Loan B	\$ 65.1 ⁽¹⁾	\$ 76.9 ⁽¹⁾	US LIBOR+1.50%	6.7%	February 13, 2014
Subordinated Notes	\$ 102.0	\$ 120.7	7.25%	6.6%	February 15, 2015
Subordinated Notes	\$ 68.0	\$ 80.4	7.25%	7.1%	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.

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12. DEFERRED CREDITS, PROVISIONS AND OTHER LIABILITIES, NON-CURRENT

	June 30, 2011	December 31, 2010
Deferred credits	\$ 20.0	\$ 20.3
Provisions, non-current	2.7	4.7
Other non-current liabilities	2.7	0.9
	\$ 25.4	\$ 25.9

Movements in provisions for the six months ended June 30, 2011 and 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
Charges	0.2	-	0.3	0.5
Payments or utilization	(0.3)	(0.2)	(0.2)	(0.7)
Reversals	-	(0.4)	(0.1)	(0.5)
Balance at June 30, 2011	1.9	1.1	2.0	5.0
Less: current portion (Note 8)	0.9	0.4	1.0	2.3
	\$ 1.0	\$ 0.7	\$ 1.0	\$ 2.7

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 and six months ended June 30, 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 six months ended June 30, 2011, and year ended December 31, 2010 are as follows:

	June 30, 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	1,130	7.17	1,940	7.62
Forfeited	(67)	9.63	(420)	11.03
Expired	(265)	11.63	(81)	16.92
Exercised	(249)	2.62	(498)	2.67
Outstanding, end of period	7,515	\$ 7.20	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 and Six Months Ended June 30,	
	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%

The Company recognized equity-settled stock-based compensation expense of \$0.8 for the three months ended June 30, 2011 (2010 – \$0.9), and \$2.5 for the six months ended June 30, 2011 (2010 – \$3.2).

On July 15, 2011, the Company granted 425,000 stock options at an exercise price of \$7.94.

c) Deferred Share Units and Restricted Share Unit Plan

On June 16, 2011, the Board of Directors approved the Non-Employee Directors' Cash-Settled Deferred Share Unit and Restricted Share Unit Plan ("the Share Unit Plan"). Non-employee directors who are eligible to receive DSUs under the Share Unit Plan are no longer eligible to receive stock options under the Company's Stock Option Plan. In addition, non-employee directors have the option to transfer some or all of their annual retainer and attendance fees into RSUs.

During the three months and six months ended June 30, 2011, the Company granted 113,400 DSUs, with a grant-date fair value of \$7.60, based on the market value of the common share at the grant date. The Company recognized a DSU liability of \$0.9 at June 30, 2011, and cash-settled stock-based compensation expense of \$0.9 for the three months and six months ended June 30, 2011.

No RSUs were granted during the three months and six months ended June 30, 2011.

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14. ACCUMULATED OTHER COMPREHENSIVE LOSS

	June 30, 2011	December 31, 2010
Accumulated other comprehensive loss comprises:		
Changes in fair values of derivatives designated as cash flow hedges, net of income taxes	\$ (56.6)	\$ (49.7)
Loss on derivatives designated as cash flow hedges transferred to net earnings, net of income taxes	53.2	46.0
Unrealized effect of foreign currency translation of foreign operations	(1.8)	(1.2)
Accumulated other comprehensive loss	\$ (5.2)	\$ (4.9)

15. REVENUES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Gaming revenues	\$ 72.3	\$ 69.0	\$ 139.8	\$ 135.5
Facility Development Commission	7.9	7.5	15.5	14.7
Hospitality and other revenues	17.9	17.0	33.6	32.9
Racetrack revenues	5.3	6.3	9.8	12.5
	103.4	99.8	198.7	195.6
Less: Promotional allowances	(3.9)	(2.8)	(7.2)	(5.6)
Revenues	\$ 99.5	\$ 97.0	\$ 191.5	\$ 190.0

16. INCOME TAXES

The Company's income tax expense is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Basic federal and provincial statutory income tax rate	26.50%	28.50%	26.50%	28.50%
Expected income tax provision for the period	\$ 3.8	\$ 3.7	\$ 6.0	\$ 6.2
Effect of:				
Non-deductible equity-settled stock-based compensation	0.2	0.2	0.7	1.0
Changes in tax rates for deferred taxes	(0.3)	(0.7)	(0.2)	(0.7)
Other items	0.4	(0.2)	0.3	(0.3)
	\$ 4.1	\$ 3.0	\$ 6.8	\$ 6.2

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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 June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Shareholders' net earnings (A)	\$ 10.3	\$ 10.1	\$ 16.0	\$ 15.2
Weighted average number of common shares outstanding (B) ⁽¹⁾	83,093	82,614	83,004	82,508
Dilutive adjustment for stock options ⁽¹⁾	1,598	1,742	1,645	1,852
Diluted weighted-average number of common shares (C) ⁽¹⁾	84,691	84,356	84,649	84,360
Shareholders' net earnings per common share				
Basic (A/B)	\$ 0.12	\$ 0.12	\$ 0.19	\$ 0.18
Diluted (A/C)	\$ 0.12	\$ 0.12	\$ 0.19	\$ 0.18

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Options ⁽²⁾	4,993	4,682	4,993	4,682

⁽²⁾ Information is presented in thousands.

18. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Six Months Ended June 30,	
	2011	2010
Restricted cash - operating	(2.6)	\$ (1.3)
Accounts receivable	0.2	0.9
Prepays, deposits and other assets	(0.3)	(4.3)
Accounts payable and accrued liabilities	1.7	1.3
	\$ (1.0)	\$ (3.4)

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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	1.4	5.9
FDC receipts	(15.8)	(14.7)
Closing Approved Amounts at June 30,	\$ 430.7	\$ 376.9

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.

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 U.S. The accounting policies applied by the reportable segments are the same as those applied by the Company.

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

	Three months ended June 30, 2011			Three months ended June 30, 2010		
	Revenues	EBITDA	Additions to long-lived assets and goodwill	Revenues	EBITDA	Additions to long-lived assets and goodwill
Canada	\$ 93.8	\$ 36.6	\$ 18.1	\$ 92.1	\$ 34.8	\$ 1.7
U.S.	5.7	1.2	0.1	4.9	0.2	0.7
	\$ 99.5	\$ 37.8	\$ 18.2	\$ 97.0	\$ 35.0	\$ 2.4

	Six months ended June 30, 2011			Six months ended June 30, 2010		
	Revenues	EBITDA	Additions to long-lived assets and goodwill	Revenues	EBITDA	Additions to long-lived assets and goodwill
Canada	\$ 179.9	\$ 66.6	\$ 25.4	\$ 178.9	\$ 65.0	\$ 7.6
U.S.	11.6	2.7	0.1	11.1	1.4	0.8
	\$ 191.5	\$ 69.3	\$ 25.5	\$ 190.0	\$ 66.4	\$ 8.4

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20. SEGMENTED INFORMATION

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
EBITDA	\$ 37.8	\$ 35.0	\$ 69.3	\$ 66.4
Amortization expense	14.6	13.6	29.0	27.1
Stock-based compensation	1.7	0.9	3.4	3.2
Restructuring and other	0.1	-	0.4	0.1
	21.4	20.5	36.5	36.0
Interest and financing costs, net	7.2	7.1	13.9	14.1
Foreign exchange (gain) loss and other	(0.2)	0.3	(0.2)	0.3
Earnings before income taxes	\$ 14.4	\$ 13.1	\$ 22.8	\$ 21.6

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

	June 30, 2011			December 31, 2010		
	Property, plant and equipment	Goodwill	Total assets	Property, plant and equipment	Goodwill	Total assets
Canada	\$ 659.5	\$ 16.7	\$ 940.2	\$ 649.3	\$ 16.7	\$ 924.3
US	12.8	6.4	25.5	13.7	6.6	21.9
	\$ 672.3	\$ 23.1	\$ 965.7	\$ 663.0	\$ 23.3	\$ 946.2

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 June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Human resources	\$ 0.8	\$ 0.8	\$ 1.7	\$ 1.6
Stock-based compensation ⁽¹⁾	1.2	0.6	2.0	2.0
Total	\$ 2.0	\$ 1.4	\$ 3.7	\$ 3.6

⁽¹⁾ Stock-based compensation includes equity and cash settled stock-based compensation as per Note 13(c).

At June 30, 2011, the liabilities of the Company include amounts due to key management personnel of \$1.5 (2010 - \$1.1).

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22. CHILLIWACK BINGO ACQUISITION

On May 31, 2011, the Company, through its wholly owned subsidiary, Chilliwack Gaming Ltd., purchased the assets and undertaking of the Chilliwack Bingo Association (“CBA”). The CBA operated Chilliwack Bingo, a bingo hall located in Chilliwack, British Columbia, whose Bingo Operational Services Agreement (“BOSA”) is scheduled for renewal in May 2016. The CBA also owned an approximately five-acre site in Chilliwack, which the Company purchased and intends to utilize for the development of a community gaming centre.

The purchase price includes an upfront cash consideration of \$10.2 and contingent future trailing payments to be paid over 20 years, dependent on the level of future slot win generated by a future community gaming centre. There is no maximum contingent future trailing payment, however, the Company estimates that the undiscounted contingent trailing payments will likely range from \$nil to \$4.0. The discounted contingent trailing payments liability recognized at the acquisition date was \$0.8.

The total purchase price of \$11.0 is allocated to current assets of \$0.4, land of \$5.7, intangible assets of \$5.4, current liabilities of \$0.4, and a deferred tax liability of \$0.1. The acquisition had an insignificant impact on the Company’s consolidated financial results.

23. TRANSITION TO IFRS

These condensed consolidated financial statements were prepared in accordance with the accounting policies described in Note 2 of the Company’s condensed consolidated financial statements for the three months ended March 31, 2011, the new accounting policy described in Note 2 of these condensed consolidated financial statements, and in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards (“IFRS 1”). 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.

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23. TRANSITION TO IFRS (Continued)

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.

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.

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23. TRANSITION TO IFRS (Continued)

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

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 (2008) 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 (2008) 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 and comprehensive income:

Reconciliation of Equity

	Note	December 31, 2010	June 30, 2010	January 1, 2010
Shareholders' equity under Canadian GAAP		\$ 419.1	\$ 454.6	\$ 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	1.0	-
Income taxes	vii	2.4	6.4	6.7
Shareholders' equity under IFRS		\$ 401.1	\$ 424.3	\$ 403.4

Reconciliation of Net Earnings

	Note	Three months ended June 30, 2010	Six months ended June 30, 2010
Net earnings under Canadian GAAP		\$ 9.6	\$ 14.1
Differences in GAAP increasing (decreasing) reported net earnings:			
Amortization	iv	0.5	1.0
Foreign exchange	v	0.1	0.2
Equity-settled stock-based compensation	vi	-	0.4
Income taxes	vii	(0.1)	(0.3)
Net earnings under IFRS		\$ 10.1	\$ 15.4

Reconciliation of Comprehensive Income

		Three months ended June 30, 2010	Six months ended June 30, 2010
Comprehensive income under Canadian GAAP		\$ 10.3	\$ 15.9
Differences in GAAP increasing (decreasing) reported comprehensive income:			
Differences in net earnings, net of tax		0.5	1.3
Foreign currency translation adjustments to net earnings		(0.1)	(0.2)
Comprehensive income under IFRS		\$ 10.7	\$ 17.0

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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 June 30, 2010

Canadian GAAP Accounts	Under Canadian GAAP	Measurement adjustments	Presentation adjustments	Under IFRS	IFRS Accounts
ASSETS					ASSETS
CURRENT					CURRENT
Cash and cash equivalents	\$ 56.2	\$ -	\$ -	\$ 56.2	Cash and cash equivalents
Restricted cash	5.1	-	-	5.1	Restricted cash
Accounts receivable	5.9	-	-	5.9	Accounts receivable
Due from Nova Scotia Gaming Corporation	3.3	-	-	3.3	Due from Nova Scotia Gaming Corporation
Prepays, deposits and other assets	11.4	-	-	11.4	Prepays, deposits and other assets
	81.9	-	-	81.9	
Property, plant and equipment	722.2	(26.6)	-	695.6	Property, plant and equipment
Intangible assets	160.9	(11.0)	-	149.9	Intangible assets
Goodwill	38.0	-	-	38.0	Goodwill
Future income taxes	0.7	3.7	-	4.4	Deferred taxes
Other assets	4.0	-	-	4.0	Other assets
	\$ 1,007.7	\$ (33.9)	\$ -	\$ 973.8	
LIABILITIES					LIABILITIES
CURRENT					CURRENT
Accounts payable and accrued liabilities	\$ 59.3	\$ -	\$ (1.0)	\$ 58.3	Accounts payable and accrued liabilities
Income taxes payable	1.9	-	-	1.9	Income taxes payable
Long-term debt, deferred credits and other liabilities, current	2.9	-	1.0	3.9	Other liabilities
	64.1	-	-	64.1	
Long-term debt	349.5	-	-	349.5	Long-term debt
Derivative liabilities	43.9	-	-	43.9	Derivative liabilities
Deferred credits and other liabilities	26.1	(2.2)	-	23.9	Deferred credits, provisions and other liabilities
Future income taxes	69.5	(1.4)	-	68.1	Deferred taxes
	553.1	(3.6)	-	549.5	
SHAREHOLDERS' EQUITY					SHAREHOLDERS' EQUITY
Share capital and contributed surplus	352.1	0.8	-	352.9	Share capital and contributed surplus
Accumulated other comprehensive loss	(8.6)	5.6	-	(3.0)	Accumulated other comprehensive loss
Retained earnings	111.1	(36.7)	-	74.4	Retained earnings
	454.6	(30.3)	-	424.3	
	\$ 1,007.7	\$ (33.9)	\$ -	\$ 973.8	

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23. TRANSITION TO IFRS (Continued)

Reconciliation of the consolidated statement of earnings for the six months ended June 30, 2010

Canadian GAAP Accounts	Under Canadian GAAP	Measurement adjustments	Under IFRS	IFRS Accounts
REVENUES	\$ 190.0	\$ -	\$ 190.0	REVENUES
EXPENSES				EXPENSES
Human resources	76.7	-	76.7	Human resources
Property, marketing and administration	46.9	-	46.9	Property, marketing and administration
Amortization	28.1	(1.0)	27.1	Amortization
Stock-based compensation	3.6	(0.4)	3.2	Stock-based compensation
Restructuring and other	0.1	-	0.1	Restructuring and other
	155.4	(1.4)	154.0	
	34.6	1.4	36.0	
Interest and financing costs, net	14.1	-	14.1	Interest and financing costs, net
Foreign exchange loss (gain) and other	0.5	(0.2)	0.3	Foreign exchange loss (gain) and other
EARNINGS BEFORE INCOME TAXES	20.0	1.6	21.6	EARNINGS BEFORE INCOME TAXES
Income taxes	5.9	0.3	6.2	Income taxes
NET EARNINGS	\$ 14.1	\$ 1.3	\$ 15.4	NET EARNINGS
NET EARNINGS ATTRIBUTABLE TO:				NET EARNINGS ATTRIBUTABLE TO:
Shareholders of the Company	\$ 13.9	\$ 1.3	\$ 15.2	Shareholders of the Company
Non-controlling interests	0.2	-	0.2	Non-controlling interests
	\$ 14.1	\$ 1.3	\$ 15.4	
SHAREHOLDERS' EARNINGS PER COMMON SHARE				SHAREHOLDERS' EARNINGS PER COMMON SHARE
Basic	\$ 0.17		\$ 0.18	Basic
Diluted	\$ 0.16		\$ 0.18	Diluted

Reconciliation of the consolidated statement of comprehensive income for the six months ended June 30, 2010

Canadian GAAP Accounts	Under Canadian GAAP	Measurement adjustments	Under IFRS	IFRS Accounts
Net earnings	\$ 14.1	\$ 1.3	\$ 15.4	Net earnings
Other comprehensive income, net of tax				Other comprehensive income, net of tax
Changes in fair values of derivatives	4.9	-	4.9	Changes in fair values of derivatives
Loss on derivatives	(3.6)	-	(3.6)	Loss on derivatives
Changes in foreign currency translation adjustments	0.5	(0.2)	0.3	Changes in foreign currency translation adjustments
Other comprehensive income (loss)	1.8	(0.2)	1.6	Other comprehensive income (loss)
Comprehensive income	\$ 15.9	\$ 1.1	\$ 17.0	Comprehensive income
Comprehensive income attributable to:				Comprehensive income attributable to:
Shareholders of the Company	\$ 15.7	\$ 1.1	\$ 16.8	Shareholders of the Company
Non-controlling interests	0.2	-	0.2	Non-controlling interests
	\$ 15.9	\$ 1.1	\$ 17.0	

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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		

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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)		\$ (0.10)	Basic
Diluted	\$ (0.27)		\$ (0.10)	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)	