GREAT CANADIAN GAMING CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Month Period Ended March 31, 2007

(Unaudited – Prepared by Management)

(Expressed in millions, except per share information)

GREAT CANADIAN GAMING CORPORATION
Interim Consolidated Statements of Financial Position
(Unaudited - Prepared by Management)
(Expressed in millions, except per share information)

		March 31, 2007	December 31, 2006
ASSETS			
CURRENT			
Cash and cash equivalents	Note 4	**$ 120.5**	$ 56.8
Restricted cash		**3.6**	2.6
Accounts receivable		**11.5**	13.3
Income taxes receivable		**6.4**	9.9
Due from Nova Scotia Gaming Corporation, current		**17.1**	17.1
Prepaids, deposits and other		**9.9**	12.9
		169.0	112.6
Property, plant and equipment		**561.4**	565.8
Intangible assets		**199.7**	202.0
Goodwill		**31.7**	30.6
Due from Nova Scotia Gaming Corporation		**13.3**	17.7
Future income taxes		**10.0**	10.7
Other assets	Note 5	**6.4**	1.3
		$ 991.5	$ 940.7
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		**$ 56.2**	$ 62.0
Long-term debt, deferred credit and other liabilities, current	Note 6	**48.4**	3.7
		104.6	65.7
Long-term debt	Note 6	**385.9**	390.3
Deferred credit, other liabilities and non-controlling interests		**3.5**	3.3
Future income taxes		**83.9**	86.5
Derivative liabilities	Note 7	**13.1**	-
		591.0	545.8
SHAREHOLDERS' EQUITY			
Share capital and contributed surplus	Note 8	**340.1**	335.9
Accumulated other comprehensive income (loss)	Note 3	**(8.2)**	(5.3)
Retained earnings		**68.6**	64.3
		400.5	394.9
		$ 991.5	$ 940.7

See Accompanying Notes to the Interim Consolidated Financial Statements

GREAT CANADIAN GAMING CORPORATION
Interim Consolidated Statements of Earnings

(Unaudited - Prepared by Management)
(Expressed in millions, except per share information)

		Three months ended March 31,	
		2007	2006 (Note 3)
REVENUES		**$ 95.6**	$ 91.3
EXPENSES			
Human resources		**43.6**	43.6
Property, marketing and administration		**26.6**	26.0
Amortization		**9.4**	9.2
Stock-based compensation - human resources		**1.4**	2.2
Restructuring costs		**-**	1.6
		81.0	82.6
EARNINGS FROM OPERATIONS		**14.6**	8.7
Interest and financing costs, net		**6.8**	5.4
Foreign exchange gain		**(0.1)**	(0.2)
		6.7	5.2
EARNINGS BEFORE INCOME TAXES		**7.9**	3.5
Income taxes	Note 9	**3.3**	2.3
EARNINGS BEFORE NON-CONTROLLING INTERESTS		**4.6**	1.2
Non-controlling interests		**0.3**	0.3
NET EARNINGS		**$ 4.3**	$ 0.9
EARNINGS PER COMMON SHARE	Note 10		
Basic		**$ 0.05**	$ 0.01
Diluted		**$ 0.05**	$ 0.01

See Accompanying Notes to the Interim Consolidated Financial Statements

Consolidated Statements of Retained Earnings

	Three months ended March 31, 2007	2006
Retained earnings, beginning of period	**$ 64.3**	$ 83.0
Net earnings	**4.3**	0.9
Retained earnings, end of period	**$ 68.6**	$ 83.9

Consolidated Statements of Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss)

	Three months ended March 31, 2007	2006
Net earnings	**$ 4.3**	$ 0.9
Other comprehensive income (loss), net of tax		
Changes in fair values of derivatives designated as cash flow hedges, net of tax of $4.5	**(8.6)**	-
Loss on derivatives designated as cash flow hedges transferred to net earnings in the current period, net of tax of $3.2	**6.1**	-
Unrealized effect of foreign currency translation of foreign operations	**(0.4)**	0.1
Other comprehensive income (loss)	**(2.9)**	0.1
Comprehensive income (loss)	**$ 1.4**	$ 1.0

	2007	2006
Accumulated other comprehensive income (loss), beginning of period	**$ (5.3)**	$ (7.2)
Other comprehensive income (loss)	**(2.9)**	0.1
Accumulated other comprehensive income (loss), end of period	**$ (8.2)**	$ (7.1)

GREAT CANADIAN GAMING CORPORATION
Consolidated Statements of Cash Flows
(Unaudited - Prepared by Management)
(Expressed in millions, except per share information)

		Three months ended March 31, 2007	2006
			(Note 3)
Cash Flows from Operating Activities			
Net earnings		**$ 4.3**	$ 0.9
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Amortization		**9.4**	9.2
Non-cash interest and financing costs		**0.8**	0.6
Stock-based compensation and non-cash restructuring costs		**1.4**	2.7
Foreign exchange gain		**(0.1)**	(0.2)
Future income taxes		**(0.7)**	(2.4)
Other		**-**	(0.4)
Changes in non-cash operating working capital	Note 11	**1.1**	(1.4)
Net cash provided by operating activities		**16.2**	9.0
Cash Flows from Investing Activities			
Restricted cash		**(1.0)**	1.5
Funds received from Nova Scotia Gaming Corporation		**4.6**	7.4
Funds advanced to Nova Scotia Gaming Corporation to purchase plant and equipment		**(0.6)**	(24.9)
Purchase of property, plant and equipment, net of related accounts payable		**(4.1)**	-
Other		**-**	0.2
Net cash used in investing activities		**(1.1)**	(15.8)
Cash Flows from Financing Activities			
Proceeds from long-term debt		**402.0**	-
Repayment of long-term debt		**(345.2)**	(43.2)
Transaction costs		**(11.0)**	(1.4)
Common shares issued for cash, net of issuance costs		**2.8**	79.8
Net cash provided by financing activities		**48.6**	35.2
Effect of foreign exchange on cash and cash equivalents		**-**	0.2
Net Cash Inflow		**63.7**	28.6
Cash and cash equivalents, beginning of the period		**56.8**	69.8
Cash and cash equivalents, end of the period		**$ 120.5**	$ 98.4
Supplemental Disclosure			
Interest received		**$ 1.6**	$ 1.0
Interest paid		**$ 3.5**	$ 11.2
Income taxes paid		**$ 0.3**	$ 4.1

See Accompanying Notes to the Interim Consolidated Financial Statements

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 in Canada, and Washington State in the United States of America. The Company operates eleven casinos, a thoroughbred racetrack, four standardbred racetracks (three of which offer slot machines), a community gaming centre, a hotel, two show theatres and numerous associated food and beverage and entertainment facilities.

2. INTERIM CONSOLIDATED FINANCIAL STATEMENTS – BASIS OF PRESENTATION

These unaudited interim consolidated financial statements include the accounts of the Company, its subsidiaries and variable interest entities subject to consolidation. The interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and accordingly, certain information and note disclosures normally included in the audited annual consolidated financial statements have been omitted. As a result, these unaudited interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2006 ("Annual Financial Statements").

These unaudited interim consolidated financial statements have been prepared using the same accounting principles as set out in the Audited Financial Statements of the Company for the year ended December 31, 2006, with the exception of those described in Note 3.

Certain of the prior period's comparative figures have been reclassified to conform to the current period's presentation.

3. CHANGE IN ACCOUNTING POLICIES

a) *Financial Instruments*

On January 1, 2007, the Company adopted new accounting policies for financial instruments by adopting the following new standards of the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1530 – Comprehensive Income; Handbook Section 3251 – Equity; Handbook Section 3855 – Financial Instruments – Recognition and Measurement; Handbook Section 3861 – Financial Instruments – Disclosure and Presentation; and Handbook Section 3865 – Hedges. These new standards have been applied retrospectively without prior period restatement, except for the presentation of the cumulative unrealized effect of foreign currency translation of foreign operations on the consolidated statements of financial position as a component of accumulated other comprehensive income or loss. The change in accounting policies had no other material impact on the Company's consolidated financial statements at January 1, 2007.

3. CHANGE IN ACCOUNTING POLICIES (Continued)

a) Financial Instruments (Continued)

i) Comprehensive Income

CICA Handbook Section 1530 introduces comprehensive income, which consists of net earnings on the consolidated statements of earnings and other comprehensive income ("OCI"). OCI represents changes in shareholders' equity in a period arising from the unrealized effect of foreign currency translation of foreign operations, gains and losses on derivatives designated as cash flow hedges transferred to net earnings in the current period, and 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.

ii) Financial Instruments

CICA Handbook Sections 3855 and 3861 establish standards for the recognition, measurement, presentation and disclosure of financial instruments. Financial instruments are initially recognized at fair value. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values of financial instruments are based on independent prices quoted in active markets. In the absence of an active market, fair values are determined based on valuation models such as discounted cash flows, which require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. Subsequent measurement depends on management's classification of the financial assets as held-for-trading, available-for-sale, held-to-maturity or as loans and receivables and financial liabilities as held-for-trading or as other liabilities. The classification of financial instruments depends on the nature of and the purpose of the financial instruments, management's choice and in some circumstances, management's intentions.

Held-for-Trading
Financial instruments classified as held-for-trading are measured at fair value with the realized and unrealized changes in fair value recognized each reporting period in the consolidated statement of earnings. The Company had no transition adjustments at January 1, 2007 for held-for-trading financial instruments, as the Company's held-for-trading financial instruments were already carried at fair value.

Available-for-Sale
Financial assets classified as available-for-sale are measured at fair value with the unrealized changes in fair value recorded each reporting period in OCI. Investments in equity instruments classified as available-for-sale that do not have a quoted price in an active market are recorded at cost. Each reporting period, available-for-sale assets are written down to fair value through the consolidated statement of earnings to reflect impairments that are considered to be other than temporary. The Company had no transition adjustments at January 1, 2007, as its available-for-sale financial instruments were carried at their fair value of $nil to reflect an impairment.

3. CHANGE IN ACCOUNTING POLICIES (Continued)

a) Financial Instruments (Continued)

ii) Financial Instruments (Continued)

Held-to-Maturity, Loans and Receivables and Other Liabilities
Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost using the effective interest method. The Company had no material transition adjustments at January 1, 2007 for held-to-maturity financial instruments, loans and receivables, or other liabilities as their historical cost as at January 1, 2007 approximated their amortized cost.

iii) Embedded derivatives

The Company performed a search for embedded derivatives, and other than the embedded derivative related to the early redemption option on the Senior Subordinated Notes (Note 7(b)), the Company does not have any material embedded derivatives that require separate accounting.

iv) Hedges

CICA Handbook Section 3865 specifies the criteria that must be satisfied in order for a financial instrument to be considered an effective hedge and for hedge accounting to be applied. It also defines the accounting treatment for each of the permitted hedging strategies: fair value hedges, cash flow hedges, and hedges of foreign currency exposures of net investments in self-sustaining foreign operations. 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, net on the consolidated statements of earnings.

The Company had no transition adjustments for hedges, as it had no hedging relationships at January 1, 2007.

In anticipation of refinancing the Company's debt in the current period, the Company entered into cross-currency interest rate swaps (Note 7(a)) to hedge the U.S. dollar exchange rate and interest rate risks associated with the issued debt. The Company designated these cross-currency interest rate swaps as cash flow hedges. These hedging instruments are presented on the consolidated statements of financial position at March 31, 2007 at fair value. The portion of the changes in fair values of the cross-currency interest rate swaps that is determined to be effective is recorded in OCI as changes in fair value of derivatives designated as cash flow hedges, and any ineffective portion is recorded as interest and financing, net in the consolidated statements of earnings. The hedged debt is translated to Canadian dollars at the exchange rate in effect on the last day of the reporting period.

3. CHANGE IN ACCOUNTING POLICIES (Continued)

a) Financial Instruments (Continued)

v) Translation of foreign operations

As specified in CICA Handbook Section 1530, on transition, the Company presented the unrealized effect of foreign currency translation of foreign operations as a component of accumulated OCI for the current and prior periods.

vi) Transaction costs

In accordance with its accounting policy election under CICA Handbook Section 3855, the Company recorded transaction costs for the Term Loan B and the Senior Subordinated Notes (Note 6) as a reduction of the related debt, and amortizes these costs using the effective interest method over the term of the related debt. Transaction costs related to the Revolving Credit Facility are included in other assets on the consolidated statements of financial position and are amortized on a straight-line basis over the term of the Revolving Credit Facility.

3. CHANGE IN ACCOUNTING POLICIES (Continued)

b) Facility Development Commission

As disclosed in the Company's Annual Financial Statements, effective September 30, 2006, the Company changed its accounting policy for the Facility Development Commission ("FDC", formerly known as the Facility Development Improvement Fund). The FDC is a compensation component of the Company's Casino Operational Services Agreements ("COSAs") with the British Columbia Lottery Corporation ("BCLC"). The new accounting policy was applied on a retrospective basis to prior periods as if the new accounting policy had always been applied. The following table outlines the impact of the change in accounting policy on the comparative balances in these unaudited interim consolidated financial statements.

	Increase (Decrease) Three Months Ended March 31, 2006
Consolidated Statements of Earnings (Loss)	
Revenues	$ 4.7
Expenses:	
Property, marketing and administration	0.1
Amortization	2.7
	2.8
Earnings before the following	1.9
Accretive income	(2.7)
Earnings (loss) before income taxes	(0.8)
Income taxes (recovery)	(0.3)
Net earnings (loss)	$ (0.5)
Consolidated Statements of Cash Flows	
Net cash provided by (used in) operating activities	$ 4.7
Net cash provided by (used in) investing activities	(4.7)
Net cash provided by (used in) financing activities	-
Net cash inflow (outflow)	$ -
Earnings per common share	
Basic	$ (0.01)
Diluted	$ (0.01)

4. CASH AND CASH EQUIVALENTS

	March 31, 2007	December 31, 2006
Cash in bank	**$ 24.3**	$ 30.0
Cash floats	**9.4**	9.2
Cash equivalents	**86.8**	17.6
	$ 120.5	$ 56.8

Cash and cash equivalents include $41.7 for the repayment of the Flamboro Promissory Note on June 30, 2007 (Note 6).

5. OTHER ASSETS

	March 31, 2007	December 31, 2006
Revolving Credit Facility unamortized transaction costs	**$ 2.6**	$ -
Derivative asset (Note 7(b))	**2.5**	-
Other	**1.3**	1.3
	$ 6.4	$ 1.3

6. LONG-TERM DEBT

	March 31, 2007	December 31, 2006
Term Loan B, net of unamortized transaction costs of $3.4 (Note 7(a))	**$ 192.9**	$ -
Senior Subordinated Notes and $2.1 unamortized premium (Note 7(b), net of unamortized transaction costs of $6.9 (Note 7(a))	**191.5**	-
Flamboro Promissory Note	**41.7**	41.7
HEI Promissory Note	**3.3**	3.4
Obligations under capital leases and other debt	**1.4**	1.4
Bridge Credit Facility - Revolving Credit Facility	**-**	95.0
Bridge Credit Facility - Non-Revolving Credit Facility	**-**	250.0
	430.8	391.5
Less: current portion	**44.9**	1.2
	$ 385.9	$ 390.3

6. LONG-TERM DEBT (Continued)

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

2007	$ 44.9
2008	3.1
2009	2.6
2010	2.6
2011	2.6

a) Debt refinancing

On February 14, 2007, the Company completed its debt refinancing. The refinancing consisted of three components: (i) an undrawn $200.0 Senior Secured Revolving Credit Facility; (ii) a US$170.0 Senior Secured Term Loan B; and (iii) US$170.0 of Senior Subordinated Notes. The gross proceeds of the debt refinancing were $401.9. The net proceeds were $388.7 after transaction costs of $13.2, and were used to repay and retire the Bridge Credit Facility, provide cash for the repayment of the Flamboro Promissory Note in June 2007 and provide cash for future capital expenditures and working capital purposes.

The Senior Secured Revolving Credit Facility (the "Revolving Credit Facility") and the Senior Secured Term Loan B (the "Term Loan B") are guaranteed and secured by substantially all of the assets of the Company and its subsidiaries. Both the Revolving Credit Facility and the Term Loan B require the Company to comply with certain operational covenants and the following financial covenants (capitalized terms are defined in the underlying debt agreements): Total Debt to Adjusted EBITDA ratio of 5.0 or less; Senior Debt to Adjusted EBITDA ratio of 3.5 or less, and Interest Coverage ratio of greater than 2.0 for the first three years following February 14, 2007 and greater than 2.25 thereafter.

Subject to compliance with all operational and financials covenants, the Company has the option to increase the Revolving Credit Facility or issue additional term loans by up to $150.0 on the same terms and conditions in the case of the Revolving Credit Facility and on the same terms and conditions except with limitations on the market interest rate margin applicable at that time in the case of the term loans.

The Revolving Credit Facility has a five-year term. The interest rate on advanced amounts and the commitment fee on the unused facility are based on the Company's Total Debt to Adjusted EBITDA ratio, which is calculated quarterly.

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

6. LONG-TERM DEBT (Continued)

a) Debt refinancing (Continued)

The Senior Subordinated Notes (the "Subordinated Notes") are unsecured and guaranteed by the Company and substantially all of its subsidiaries. The Subordinated Notes are denominated in U.S. dollars (US$170.0) and bear interest at a rate of 7.25%, payable semi-annually. The Company has hedged the currency risk to effectively result in a principal of $201.1 in Canadian dollars at a fixed interest rate of 6.6% per annum. The Subordinated Notes have a term of 8 years with the principal amount of the notes repayable at maturity on February 15, 2015. There are provisions for early redemptions of the Subordinated Notes during defined periods prior to maturity with payment of defined premiums. These provisions for early redemption were recorded at their fair value on February 14, 2007 as a derivative asset and as a premium on the Subordinated Notes (Note 7(b)).

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

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

The transaction costs of establishing the Term Loan B and the Subordinated Notes were $10.5 and were recorded as a reduction of the balance of the related debt, and 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.

b) Bridge Credit Facility

Using the proceeds from the issuance of the Term Loan B and Subordinated Notes, the Bridge Credit Facility was retired on February 14, 2007. Deferred transaction costs of $1.6 associated with the Bridge Credit Facility were expensed to interest and financing costs, net on the consolidated statement of earnings during the period.

7. DERIVATIVES

a) Cross-currency interest rate swaps

The Company's risk management strategy is to minimize exposure to currencies other than Canadian dollars and, with the exception of revolving lines of credit, to fix substantially all of its floating interest rate debt. The Company's interest rate risk is limited to the floating interest rate risk associated with the Revolving Credit Facility.

In anticipation of issuance of the Company's debt refinancing, the Company entered into a series of cross-currency interest rate swaps that effectively converted both the $170.0 U.S. dollar floating interest rate Term Loan B and the $170.0 U.S. dollar fixed interest rate Subordinated Notes into Canadian dollar fixed interest rate debt. The cross-currency interest rate swap agreements are:

	Notional Principal		Interest Rate		
Debt	Receive (USD)	Pay (CAD)	Receive (USD)	Pay (CAD)	Maturity Date
Term Loan B	$170.0 [1]	$200.8 [1]	US LIBOR+1.50%	6.1%	February 13, 2014
Subordinated Notes	$170.0	$201.1	7.25%	6.6%	February 15, 2015

[1] The cross currency interest rate swap's notional principal reduces by 0.25% quarterly to match the scheduled principal reductions on the Term Loan B.

These cross-currency interest rate swaps have been evaluated by the Company and have been designated 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 to be representative of the economic substance of the underlying transactions.

The cross-currency interest rate swaps have been recorded as a long-term liability at their fair value of $13.1. The cross-currency interest rate swaps were determined to be fully effective hedges of the cash flows associated with the Term Loan B and the Subordinated Notes and, accordingly 100% of the changes in fair values have been recorded in other comprehensive income.

The fair values of the Company's cross-currency interest rate swaps at March 31, 2007 were determined based on a discounted cash flow model. This model makes assumptions regarding the U.S. dollar exchange rate and discount rates, which are based on the prevailing U.S. dollar exchange rates and prevailing interest rates in Canada and the U.S. at March 31, 2007.

b) Embedded derivative

The Company's Subordinated Notes agreement has provisions for early redemption during defined periods prior to maturity with the payment of defined premiums. On issuance of the Subordinated Notes on February 14, 2007, the $2.1 fair value of this embedded derivative was recorded as a derivative asset in other assets and as a premium on the long-term debt on the consolidated statements of financial position. The fair value of this embedded derivative included in other assets as at March 31, 2007 is $2.5 (Note 5) and the change in the fair value was recorded in interest and financing, net on the consolidated statements of earnings. The premium is amortized over the term of the Subordinated Notes using the effective interest method.

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS

a) Share capital and contributed surplus

	Common Shares		Contributed Surplus	Share Capital And Contributed Surplus
	Number *	Amount	Amount	Amount
At December 31, 2005	79,450	$ 239.9	$ 7.9	$ 247.8
Exercise of incentive stock options	491	1.4	(0.4)	1.0
Treasury offering, net of tax effected issuance costs of $0.3	6,206	79.7	-	79.7
Stock based compensation and restructuring costs	-	-	7.4	7.4
At December 31, 2006	86,147	$ 321.0	$ 14.9	$ 335.9
Exercise of incentive stock options	382	3.5	(0.7)	2.8
Stock based compensation	-	-	1.4	1.4
At March 31, 2007	86,529	$ 324.5	$ 15.6	$ 340.1

* Share information is presented in thousands of shares.

b) Stock Options Plans

	Options *	Weighted-Average Exercise Price
Outstanding at December 31, 2006	5,146	$ 12.30
Granted	1,898	$ 11.86
Cancelled/Expired	(118)	$ 16.43
Exercised	(382)	$ 7.53
Outstanding at March 31, 2007	6,544	$ 12.37

* Options information is presented in thousands of options for common shares.

9. INCOME TAXES

The Company's income tax expense is as follows:

	Three Months Ended March 31, 2007	2006 (Note 3)
Basic statutory tax rate	**33.59%**	34.63%
Expected income tax provision (recovery) for the current year	**$ 2.5**	$ 1.2
Non-deductible stock-based compensation	**0.5**	1.0
Other	**0.3**	0.1
	$ 3.3	**$ 2.3**

10. EARNINGS PER COMMON SHARE

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

	Three Months Ended March 31, 2007	2006
Net earnings, as reported (A)	**$ 4.3**	$ 0.9
Weighted average number of common shares outstanding (B) *	**86,408**	79,729
Dilutive adjustment for stock options *	**394**	1,093
Diluted weighted-average number of common shares (C) *	**86,802**	80,822
Earnings per common share		
Basic (A/B)	**$ 0.05**	$ 0.01
Diluted (A/C)	**$ 0.05**	$ 0.01

* Share information is presented in thousands of common shares.

11. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three Months Ended March 31, 2007	2006
Accounts receivable	**$ 1.9**	$ 4.5
Income taxes receivable	**3.5**	0.9
Prepaids, deposits and other assets	**1.9**	(0.3)
Accounts payable and accrued liabilities	**(6.2)**	(6.5)
	$ 1.1	$ (1.4)

12. FACILITY DEVELOPMENT COMMISSION APPROVED AMOUNTS

As at March 31, 2007, the Company has approved amounts (a term defined in the Company's COSAs with the BCLC) under the FDC of $349.8 (December 31, 2006 – $350.4). These approved amounts have not been recorded in the consolidated statements of financial position and will be recorded as revenues when earned (when payable by BCLC to the Company), subject to the Company having sufficient approved amounts. Recovery of approved amounts requires that our operating agreements with BCLC remain in good standing.

14. CONTINGENCIES

As part of the acquisition agreements related to Chances Gaming Entertainment, Fraser Downs Racetrack and Casino, and Georgian Downs, the Company has agreed to make future contingent payments dependent on operations at these locations.