



**2005 First Quarter  
Interim Financial Statements  
for the three month period ended March 31, 2005**

## Consolidated Balance Sheets

(un-audited)

	<u>March 31, 2005</u>	<u>December 31, 2004</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,329,495	\$ 5,238,021
Accounts receivable	545,296	431,643
Current portion of Notes Receivable	18,457	24,423
Inventories	77,954	82,688
Prepaid expenses	128,638	36,544
Due from related parties	-	216,522
	<u>7,099,840</u>	<u>6,029,841</u>
Notes receivable	113,914	113,914
Property, plant & equipment	26,150,495	24,277,603
Licenses	3,500,000	3,500,000
Goodwill	42,579,216	42,579,216
	<u>\$ 79,443,465</u>	<u>\$ 76,500,574</u>
<b>Liabilities and unitholder equity</b>		
Current liabilities:		
Accounts payable	\$ 1,446,265	\$ 1,876,660
Accrued liabilities	744,473	685,841
Term loan	3,800,000	2,300,000
Project loan (note 8)	2,667,694	-
Unitholder distributions payable	844,302	2,814,340
	<u>9,502,734</u>	<u>7,676,841</u>
Class B limited partnership units	<u>38,908,051</u>	<u>38,306,640</u>
	48,410,785	45,983,481
Unitholders' equity	<u>31,032,680</u>	<u>30,517,093</u>
	<u>\$ 79,443,465</u>	<u>\$ 76,500,574</u>

**see accompanying notes to consolidated financial statements**

On behalf of the Board:

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David J. Will, Trustee  
Gamehost Income Fund

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Darcy J. Will, Trustee  
Gamehost Income Fund

## Consolidated Statements of Unitholders' Equity

*(un-audited)*

	<b>three months ended March 31</b>	
	<b>2005</b>	<b>2004</b>
Balance at the beginning of the period	\$ 30,517,093	\$ 30,200,980
Correction of prior year earnings allocation	(69)	-
Net income	1,684,954	1,392,017
Distributions to unitholders	<u>(1,169,298)</u>	<u>(1,169,298)</u>
Balance at the end of the period	<u>\$ 31,032,680</u>	<u>\$ 30,423,699</u>

## Consolidated Statements of Operations

(un-audited)

	March 31 (three months)	
	2005	2004
Revenue		
Hotel - rooming	\$ 993,901	\$ 922,735
Table games	1,159,880	1,056,676
Slot machines	3,079,195	2,622,682
Food & beverage services	1,189,432	933,845
Lease and rental	74,875	72,451
Other	550,265	467,126
	<u>7,047,548</u>	<u>6,075,515</u>
Expenses		
Cost of goods sold	476,692	387,130
Human resources	1,537,071	1,364,458
Marketing and promotions	130,838	113,321
Operating	725,594	662,244
Corporate and general administration	292,413	276,764
	<u>3,162,608</u>	<u>2,803,917</u>
Earnings before amortization and income allocation to Class B Limited Partners	3,884,940	3,271,598
Amortization	(235,034)	(256,244)
Income allocation to Class B Limited Partners	<u>(1,964,952)</u>	<u>(1,623,337)</u>
Net income	<u>\$ 1,684,954</u>	<u>\$ 1,392,017</u>
Earnings per unit		
Basic and fully diluted	<u>\$ 0.519</u>	<u>\$ 0.429</u>

## Consolidated Statements of Cash Flows

(un-audited)

	three months ended March 31	
	2005	2004
Cash provided by (used for) operations		
Net income	\$ 1,684,954	\$ 1,392,017
Add non-cash item:		
Allocation of net income to class B limited partners	1,964,952	1,623,337
Amortization of property, plant & equipment	235,034	256,244
	<u>3,884,940</u>	<u>3,271,598</u>
Net changes in non-cash working capital:		
Accounts receivable	(113,653)	(431,043)
Inventories	4,734	4,299
Prepaid expenses	(92,094)	(153,022)
Accounts payable and accrued liabilities	(371,763)	342,505
Unitholder distributions payable	(1,970,038)	0
	<u>1,342,126</u>	<u>3,034,337</u>
Financing		
Advances to/from related parties	216,522	(322,158)
Drawings from Term Loan	1,500,000	-
Drawings from Project Loan	2,667,694	-
Proceeds from collection of notes receivable	5,966	6,844
Distributions to Class B Limited Partners	(1,363,608)	(1,344,669)
Unitholder distributions	(1,169,298)	(1,153,058)
	<u>1,857,276</u>	<u>(2,813,041)</u>
Investments		
Purchase of property, plant & equipment	(2,107,928)	(149,176)
	<u>(2,107,926)</u>	<u>(149,176)</u>
Increase in cash and cash equivalents	1,091,474	72,120
Opening cash and cash equivalents	<u>5,238,021</u>	<u>4,106,951</u>
Closing cash and cash equivalents	<u>\$ 6,329,495</u>	<u>\$ 4,179,071</u>
Supplemental cash flow information:		
Cash interest paid	\$ 64,152	\$ 769
Cash interest received	16,690	-

see accompanying notes to financial statements

## Notes to Consolidated Financial Statements

three months ended March 31, 2005

(un-audited)

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### 1. Basis of Preparation

These interim consolidated financial statements of the Fund have been prepared by management in accordance with Canadian generally accepted accounting principles. They were prepared applying the same accounting policies and methods as are used to prepare annual audited consolidated financial statements of the Fund. Interim consolidated figures include the results of the Fund, the Trust, the Limited Partnership with all its operating divisions and the Fund's proportionate share of the activities of the Joint Venture. The preparation of these interim consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality.

### 2. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year method of presentation.

### 3. Related Party Transactions

The Deerfoot Inn & Casino Inc. Joint Venture is jointly owned by Will Inns Ltd., Winners Gaming Corp. and JM Wood Investments Ltd. The Fund's 40% interest is accounted for utilizing the proportionate consolidation method. JM Wood Investments Ltd. is controlled by Mr. Jed Wood. Winners Gaming Corp. is controlled by Mr. Darcy J. Will. Mr. David J. Will, Mr. Darcy J. Will and Mr. Jed Wood are trustees of the Fund.

Included in human resource costs and accrued payables are \$75,000 accrued to Mr. David J. Will and Mr. Darcy J. Will for management services provided to the Fund. For the comparable quarter in 2004, this remuneration totaled \$63,000 accrued to Mr. David J. Will and Mr. Darcy J. Will through Gamehost Management Inc. Gamehost Management Inc. is controlled by Mr. David J. Will and Mr. Darcy J. Will. Current compensation amounts are based on 2% of distributable cash as approved by the Board.

The Fund paid cash distributions \$1,363,608 (2003 - \$1,363,608) to DJ Will Holdings Limited, Will Inns Ltd. and Boomtown Casino Ltd. who own all of the Class B Partnership Units. DJ Will Holdings Limited and Will Inns Ltd. are controlled by Mr. David J. Will and Boomtown Casino Ltd. is controlled by Mr. Darcy J. Will.

Related party transactions are measured at the exchange amounts which are the amounts agreed to by the related parties.

### 4. Distributions to Unitholders

The Fund declared distributions totaling \$2,532,906 for the Quarter (2003 - \$2,532,906) which include regular monthly planned distributions of \$0.12/unit for each of the months January, February and March. The March distribution is payable at the end of the Quarter. Following the end of the Quarter Trustees declared a \$0.12/unit cash distribution for the month of April. Significant dates for these distributions are set out below.

## Notes to Consolidated Financial Statements

three months ended March 31, 2005

(un-audited)

### 4. Distributions to Unitholders (cont)

#### 2005 Distribution Summary

Month	Date Declared	Record Date	Date Paid	Distribution per Unit
January	18-Jan-05	31-Jan-05	15-Feb-05	\$0.12
February	14-Feb-05	28-Feb-05	15-Mar-05	\$0.12
March	21-Mar-05	31-Mar-05	15-Apr-04	\$0.12
April	19-Apr-05	30-Apr-04	16-May-05	\$0.12

### 5. Class B Partnership Units

The B Units have the attributes of a minority interest position and have been reflected in these consolidated financial statements as such. There are 3,787,800 B Units issued and outstanding at the end of the Quarter. There was no change in the number of B Units issued or outstanding during the Quarter.

### 6. Fund Units

All Fund Units were issued effective June 1, 2003. There are 3,248,051 Fund Units issued and outstanding at the end of the Quarter. The Fund does not have any options, warrants, rights or convertible instruments which would be potentially dilutive. There was no change in the number of Fund Units issued or outstanding during the Quarter.

### 7. Segmented Information

The Fund's operations are predominantly in the hotel accommodation and gaming industries. The Fund derives its revenues from marketing its services in Western Canada.

The hotel division includes the operations of the Hotel and Strip Mall. The gaming division includes the operations of GNC and BTC. Food, beverage and entertainment functions are carried out within the casino facilities but have their own management reporting to the casino management. General Administration includes administration of the Fund, the Trust and the Limited Partnership.

## Notes to Consolidated Financial Statements

three months ended March 31, 2005  
(un-audited)

### 7. Segmented Information (cont)

Hotel	Q1 three months			Previous Quarter	
	2005	2004	+(-)	Q4	+(-)
<b>Total revenue</b>	<b>1,073</b>	1,009	6.4%	940	14.2%
<b>Operating Expenses</b>					
Cost of goods sold	15	19	(21.5%)	25	(41.0%)
Human resources	209	200	4.4%	202	3.5%
Marketing and promotions	28	33	(13.9%)	37	(24.6%)
Operating	108	114	(4.8%)	117	(7.5%)
Other	68	58	17.0%	63	7.8%
	<b>428</b>	424	1.1%	444	(3.7%)
<b>Operating earnings before amortization</b>	<b>645</b>	585	10.3%	496	30.2%

(in thousands of dollars unless stated otherwise)

An improvement in occupancy rates and overall revenue against stable expenses resulted in improved earnings vs. the previous quarter and comparable quarter in 2004.

Casino	Q1 three months			Previous Quarter	
	2005	2004	+(-)	Q4	+(-)
<b>Revenue</b>					
Tables	1,160	1,057	9.8%	1,028	12.9%
Slots	3,079	2,623	17.4%	3,038	1.4%
Other	524	444	18.2%	512	2.3%
<b>Total revenue</b>	<b>4,763</b>	4,123	15.5%	4,578	4.0%
<b>Operating Expenses</b>					
Cost of goods sold	0	0	0.0%	0	0.0%
Human resources	857	754	13.7%	836	2.5%
Marketing and promotions	61	40	52.6%	96	(37.1%)
Operating	367	285	29.1%	331	10.9%
Other	49	72	(32.4%)	46	5.3%
	<b>1,334</b>	1,150	16.0%	1,310	1.9%
<b>Operating earnings before amortization</b>	<b>3,430</b>	2,973	15.4%	3,269	4.9%

(in thousands of dollars unless stated otherwise)

Net earnings have benefited from economies of scale as visitor levels continue to increase resulting in higher table and slot play with minimal increase in expenses.

## Notes to Consolidated Financial Statements

three months ended March 31, 2005  
(un-audited)

### 7. Segmented Information (cont)

Food & Beverage	Q1 three months			Previous Quarter	
	2005	2004	+(-)	Q4	+(-)
<b>Total revenue</b>	<b>1,189</b>	934	27.3%	1,183	0.5%
<b>Operating Expenses</b>					
Cost of goods sold	462	368	25.4%	457	1.1%
Human resources	254	156	63.3%	279	(8.7%)
Marketing and promotions	40	185	(78.2%)	64	(37.1%)
Operating	245	187	31.0%	277	(11.6%)
Other	33	53	(38.4%)	31	5.3%
	<b>1,034</b>	949	8.9%	1,108	(6.7%)
<b>Operating earnings before amortization</b>	<b>155</b>	(15)	1,159.9%	75	106.1%

(in thousands of dollars unless stated otherwise)

Continued high visitor volumes helped to maintain sales at the previous quarter levels. Results for the Quarter are significantly higher than levels from one year ago. Expenses declined from the previous quarter when Christmas and seasonal expenses including staffing are at their highest.

General & Admin	Q1 three months			Previous Quarter	
	2005	2004	+(-)	Q4	+(-)
<b>Interest revenue</b>	<b>21</b>	10	107.4%	43	(51.2%)
<b>Operating Expenses</b>					
Cost of goods sold	0	0	0.0%	0	0.0%
Human resources	217	155	40.0%	322	(32.7%)
Marketing and promotions	2	0	100.0%	11	(84.6%)
Operating	0	0	0.0%	60	(100.0%)
Other	148	126	17.3%	(39)	(483.4%)
	<b>367</b>	281	30.4%	355	3.4%
<b>Operating earnings before amortization</b>	<b>(346)</b>	(271)	(27.5%)	(311)	(11.0%)
<b>Amortizations</b>	<b>235</b>	256	(8.2%)	260	(9.5%)
<b>Earnings after amortizations</b>	<b>(581)</b>	(527)	(10.2%)	(571)	1.7%

(in thousands of dollars unless stated otherwise)

## Notes to Consolidated Financial Statements

three months ended March 31, 2005  
(un-audited)

### 7. Segmented Information (cont)

Trustee remunerations for all of 2004 were recorded in Q4 2004. On an ongoing basis these expenses are recorded quarterly. Reclassifications affecting Interest revenue, operating and other expenses are skewing otherwise comparable figures.

PP&E <sup>1</sup> and Intangibles at Cost	Q1 three months			Previous Quarter	
	2005	2004	+(-)	Q4	+(-)
<b>Hotel</b>					
Goodwill and licenses	4,579	4,579	0.0%	4,579	0.0%
Working assets	8,968	9,113	(1.6%)	8,949	0.2%
Work-in-progress	5,600	1,204	364.9%	4,447	25.9%
	19,147	14,896	28.5%	17,975	6.5%
<b>Casino</b>					
Goodwill and licenses	41,500	41,500	0.0%	41,500	0.0%
Working assets	5,242	5,159	1.6%	5,277	(0.7%)
Work-in-progress	3,030	657	361.1%	2,426	24.9%
	49,772	47,316	5.2%	\$49,204	1.2%
<b>Food &amp; Beverage</b>					
Working assets	3,495	3,440	1.6%	3,428	1.9%
Work-in-progress	1,515	328	361.1%	1,214	24.8%
	5,009	3,768	32.9%	4,641	7.9%
<b>General Administration</b>					
Working assets	106	105	0.7%	106	(0.0%)
Work-in-progress	0	0	0.0%	0	0.0%
	106	105	0.7%	106	(0.0%)
<b>Total</b>					
Goodwill and licenses	46,079	46,079	0.0%	46,079	0.0%
Working assets	17,811	17,817	0.0%	17,760	0.3%
Work-in-progress	10,144	2,190	363.2%	8,087	25.4%
	74,035	66,086	12.0%	71,926	2.9%

PP&E <sup>1</sup> and Intangibles at NBV <sup>2</sup>	Q1 three months			Previous Quarter	
	2005	2004	+(-)	Q4	+(-)
<b>Hotel</b>					
	12,689	13,310	(4.7%)	12,781	(0.7%)
<b>Casino</b>	46,202	46,423	(0.5%)	43,254	(0.1%)
<b>F&amp;B</b>	3,134	3,282	(4.5%)	3,170	(1.1%)
<b>General &amp; Admin</b>	60	83	(27.7%)	65	(7.2%)
<b>Work-in-progress</b>	10,144	2,190	363.2%	8,087	25.4%
	72,230	65,289	10.6%	67,357	2.7%

(in thousands of dollars unless stated otherwise)

<sup>1</sup> PP&E (Property, Plant & Equipment)

<sup>2</sup> NBV (Net Book Value)

## Notes to Consolidated Financial Statements

three months ended March 31, 2005  
(un-audited)

### 8. Investment in the Joint Venture

The Fund is invested in Deerfoot Inn & Casino Inc. Joint Venture, a hotel/convention/entertainment/gaming joint venture project in Calgary, Alberta. The Fund holds a 40% Participating Interest and a 47.75% Project Contributing Interest in this joint venture. The Fund's consolidated financial statements include its Participating Interest in the assets, liabilities, revenues and expenses and net income, and cash flows resulting from operating, investing and financing activities of the joint venture, which are as follows:

#### Deerfoot Inn & Casino Inc.

(un-audited)

	three months ended March 31	
	2005	2004
<b>Balance Sheet</b>		
<b>Assets</b>		
Cash	\$ 1,131,860	\$ 26,125
Other current assets	84,728	5,825
Current assets	1,216,587	31,950
Non-current assets	\$ 8,711,494	\$ 2,189,894
	\$ 9,928,082	\$ 2,221,844
<b>Current Liabilities</b>		
Payables and accrued liabilities	\$ 755,601	\$ -
Construction loan	2,667,694	-
	3,423,296	-
Equity	\$ 6,504,786	\$ 2,221,844
	\$ 9,928,082	\$ 2,221,844
<b>Cash Flows</b>		
Operating activities	(\$ 10,085)	(\$ 5,474)
Investing activities	(1,967,133)	(112,549)
financing activities	2,667,694	132,729
Increase in cash	690,476	14,706
Beginning cash	441,384	11,419
Ending cash	\$ 1,131,860	\$ 26,125

The above statement reports the Funds 40% proportionate share of the Joint Ventures activities including a loss in the joint venture operations of \$10,085.

## Notes to Consolidated Financial Statements

three months ended March 31, 2005

*(un-audited)*

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### 8. Investment in the Joint Venture (cont)

The Fund is contingently liable for the other participants' portion of the liabilities of this joint venture. However, all of the assets of the joint venture are available for the purpose of satisfying such obligation. No provision for any contingent amount payable has been accrued to these financial statements.