



**2007 Third Quarter
Interim Consolidated Financial Statements
for the nine month period ended September 30, 2007**

Notice of No Auditor Review

The accompanying unaudited Financial Statements of the Fund have been prepared by management in accordance with Canadian generally accepted accounting principles. Management accepts sole responsibility for the material correctness of reported results.

Readers are cautioned that these Financial Statements have not been independently audited or reviewed by the Fund's external auditors.

Readers should also understand that these unaudited Financial Statements should be read in conjunction with the Fund's audited consolidated financial statements for the year ended December 31, 2006.

Interim Consolidated Balance Sheets
(Unaudited)

	Audited	
	September 30, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents		
Floats and bank balances	\$ 12,695,603	\$ 7,684,671
Restricted cash (note 7)	162,388	370,373
Accounts receivable	733,268	1,208,560
Current portion of note receivable	-	28,645
Inventories	252,359	253,360
Prepaid expenses	552,673	321,962
	14,396,291	9,867,571
Note receivable	-	58,820
Property, plant & equipment	34,693,859	35,676,659
Licenses	-	3,500,000
Goodwill	42,579,216	42,579,216
	\$ 91,669,366	\$ 91,682,266
Liabilities and unit holder equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,107,998	\$ 2,224,290
Term loan(s) (note 9)	15,048,545	10,397,157
Due to related parties (note 10)	27,000	135,451
Unit holder distributions payable	1,407,170	8,583,738
	18,590,713	21,340,636
Class B limited partnership units	35,779,507	35,583,320
	56,706,539	56,923,956
Unitholders' equity	34,962,827	34,758,310
	\$ 91,669,366	\$ 91,682,266

see accompanying notes to Financial Statements



Interim Consolidated Statements of Unit Holders' Equity
(Unaudited)

	nine months ended September 30		three months ended September 30	
	2007	2006	2007	2006
Balance at beginning of period	\$ 34,758,310	\$ 34,528,213	\$ 36,985,080	\$ 36,366,565
Net income	6,488,859	7,433,988	132,382	2,686,885
Distributions to unit holders	(6,284,342)	(4,524,724)	(2,154,635)	(1,615,973)
Balance at end of period	\$ 34,962,827	\$ 37,437,477	\$ 34,962,827	\$ 37,437,477

See accompanying notes to financial statements



Interim Consolidated Statements of Earnings and Comprehensive Income

(Unaudited)

	nine months ended September 30		three months ended September 30	
	2007	2006	2007	2006
Revenue				
Hotel - rooming	\$ 6,549,214	\$ 5,485,273	\$ 2,267,709	\$ 2,115,999
Table games	6,009,878	5,094,701	1,928,139	1,657,162
Slot machines	17,392,196	15,070,952	5,954,327	5,302,230
Food & beverage services	8,939,773	7,066,459	2,841,052	2,475,474
Lease and rental	238,977	236,847	79,659	83,755
Other	3,578,116	2,854,270	1,208,995	1,038,337
	42,708,154	35,808,502	14,279,881	12,672,957
Expenses				
Cost of goods sold	2,940,278	2,603,819	923,099	876,406
Human resources	10,838,714	9,332,422	3,614,256	3,230,840
Marketing and promotions	1,609,508	1,059,057	558,835	364,922
Operating	4,749,883	4,121,521	1,677,935	1,550,878
Corporate and general administration	1,526,540	1,371,308	573,138	463,433
	21,664,923	18,488,127	7,347,263	6,486,479
Earnings before the following:	21,043,231	17,320,375	6,932,618	6,186,478
Amortization of property, plant and equipment	1,661,101	1,807,343	553,700	619,448
Amortization of licenses (note 6)	3,500,000	-	3,500,000	-
Interest charges	832,365	947,815	283,231	302,687
Earnings before income taxes	15,049,765	14,565,217	2,595,687	5,264,343
Future income tax expense (note 8)	2,336,319	-	2,336,319	-
Net earnings before allocation to Class B Limited Partners	12,713,446	14,565,217	259,368	5,264,343
Allocation to Class B Limited Partners	6,224,587	7,131,229	126,986	2,577,458
Net earnings and comprehensive income	\$ 6,488,859	\$ 7,433,988	\$ 132,382	\$ 2,686,885
Net earnings per unit, basic and fully diluted	\$ 1.807	\$ 2.070	\$ 0.037	\$ 0.748
Units outstanding, basic and fully diluted	3,591,051	3,591,051	3,591,051	3,591,051

See accompanying notes to financial statements



Consolidated Statements of Cash Flows

(Un-audited)

	nine months ended September 30		three months ended September 30	
	2007	2006	2007	2006
Cash provided by (used for) operating activities				
Net earnings	\$ 6,488,859	\$ 7,433,988	\$ 132,382	\$ 2,686,885
Add non-cash items:				
Future income tax expense	2,336,319	-	2,336,319	-
Amortization of licenses	3,500,000	-	3,500,000	-
Amortization of property, plant & equipment	1,661,101	1,807,343	553,700	619,448
Allocation to Class B Limited Partners	6,224,587	7,131,229	126,986	2,577,458
	<u>20,210,866</u>	<u>16,372,560</u>	<u>6,649,387</u>	<u>5,883,791</u>
Net changes in non-cash working capital:				
Accounts receivable	475,292	(27,698)	163,153	2,430
Inventories	1,001	(39)	11,638	(914)
Prepaid expenses	(230,711)	(224,981)	228,659	247,664
Accounts payable and accrued liabilities	(131,508)	(1,201,921)	(10,500)	101,682
	<u>20,324,940</u>	<u>14,917,921</u>	<u>7,042,337</u>	<u>6,234,653</u>
Cash provided by (used for) financing activities				
Advances (to) from related parties	(108,451)	(15,966)	77,447	(21,579)
Term loans advances (payments)	4,651,388	(27,352)	458,386	(3,409,972)
Proceeds from collection of notes receivable	87,465	19,654	-	6,660
Distributions to Class B Limited Partners	(9,542,096)	(6,269,536)	(2,066,880)	(1,550,160)
Unitholder distributions	(9,947,214)	(6,535,713)	(2,154,633)	(1,615,974)
	<u>(14,858,908)</u>	<u>(12,828,913)</u>	<u>(3,685,680)</u>	<u>(6,591,025)</u>
Cash provided by (used for) investing activities				
Property, plant & equipment	(663,085)	(1,759,400)	(512,472)	(317,983)
Increase (decrease) in cash and cash equivalents	4,802,947	329,608	2,844,185	(674,355)
Opening cash and cash equivalents	<u>8,055,044</u>	<u>8,528,002</u>	<u>10,013,806</u>	<u>9,531,965</u>
Closing cash and cash equivalents	<u>\$ 12,857,991</u>	<u>\$ 8,857,610</u>	<u>\$ 12,857,991</u>	<u>\$ 8,857,610</u>
Supplemental cash flow information:				
Interest earned	\$ 162,800	\$ 134,689	\$ 59,123	\$ 63,187
Interest paid and recorded as expense	832,365	947,815	283,231	302,686

Non-monetary transaction:

\$15,216 in balance sheet accounts payable relating to capital costs are reported in this statement as a reduction to Investments, Property, plant and equipment for both the Period and Quarter

See accompanying notes to financial statements



Notes to Consolidated Financial Statements

nine month period ended September 30, 2007
(Unaudited)

1. Organization Structure

Fund

Gamehost Income Fund (the "Fund") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 9, 2003 (the "Fund Agreement").

Trust

Gamehost Trust (the "Trust") is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta and is governed by a trust agreement dated April 10, 2003 (the "Trust Agreement"). All of the issued and outstanding units of the Trust are owned by the Fund. The trustees of the Trust are the trustees of the Fund.

Limited Partnership

Gamehost Limited Partnership (the "Limited Partnership") is a limited partnership formed under the laws of the Province of Alberta. The Limited Partnership owns the assets and business operations of the Fund. These assets were acquired from Service Plus Hospitality Ltd., Will Inns Ltd. and Boomtown Casino Ltd. pursuant to a Plan of Arrangement (the "Plan of Arrangement") under the Business Corporations Act (Alberta) (the "ABCA"). The Limited Partnership began operations of the Fund effective June 1, 2003.

Manager

The general partner of the Limited Partnership is Gamehost Management Inc. (the "Manager"). Pursuant to a management agreement (the "Management Agreement") between the Fund and the Manager, the administration and management of the Fund was delegated to the Manager.

Units

An unlimited number of Fund Units and Special Voting Units may be created and issued pursuant to the Fund Agreement. The Limited Partnership is authorized to issue unlimited numbers of both Class A units ("A Units") and Class B Limited Partnership units ("B Units"). The A Units are held by, and can only be issued to, the Trust. All B Units are held by the remaining partners of the Limited Partnership. There are 3,591,051 A Units and 3,444,800 B Units of the Limited Partnership issued and outstanding. B Units are exchangeable, on a one-for-one basis, for Fund Units. Holders of Fund Units and holders of B Units have equal voting rights.

2. Nature of Operations

The Fund's activities are currently confined to the Province of Alberta, Canada. Operations include the Boomtown Casino in Ft. McMurray, the Great Northern Casino in Grande Prairie and Service Plus Inns & Suites ("Service Plus"), a limited service hotel, also located in Grande Prairie. As a complement to Service Plus, the Fund owns a retail complex (the "Strip Mall") that leases space to separate liquor store, pub and full service restaurant operations. The Fund is also a 40% joint venture partner in Deerfoot Inn & Casino Inc., (the "Deerfoot Joint Venture") in Calgary.



Notes to Consolidated Financial Statements
nine month period ended September 30, 2007
(Unaudited)

2. Nature of Operations (cont.)

These interim consolidated financial statements (“Financial Statements”) of the Fund have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”). The preparation of these Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Financial Statements and accompanying notes. Actual results could differ from those estimates. The Financial Statements have, in management’s opinion, been properly prepared using careful judgment with reasonable limits of materiality.

Financial Statements include the activities of the Fund, the Trust, the Limited Partnership with all its operating divisions and the Fund’s proportionate share of the activities of the Deerfoot Joint Venture.

Financial Statements are reported in Canadian dollars.

3. Comparative Figures

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

4. Accounting Policies

The unaudited consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the most recent annual financial statements dated December 31, 2006 except where noted in changes to accounting policies

Principles of Consolidation

The Financial Statements include the accounts of wholly owned subsidiaries, partnerships and trusts and its proportionate share of a joint venture. All significant accounts and transactions between consolidated entities are eliminated.

Estimates

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates. Estimates are used when accounting for such items and matters as long-term contracts, allowance for doubtful accounts, inventory obsolescence, amortization, employee benefits, impairment of long-lived assets, accrued liabilities, intangibles and contingencies.

Cash and cash equivalents

Floats and bank balances

Floats and bank balances consist of cash on hand, bank balances and credit card accounts. US dollar balances have been converted to Canadian equivalents using exchange rates at September 30, 2007.



Notes to Consolidated Financial Statements
nine month period ended September 30, 2007
(Unaudited)

4. Accounting Policies (cont.)

Inventories

Inventories are valued at the lower of cost and net realizable value, cost being determined by using the first-in, first-out method.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is based on their estimated useful life using the following rates and methods:

Land improvements	- 2% straight line
Buildings	- 4% - 5% reducing balance
Leaseholds	- 5 to 10 years straight line
Furniture, fixtures and equipment	- 20% - 45% reducing balance
Work in progress	- 0%

Goodwill

Goodwill arose during the Asset Transfer Agreement of a Plan of Arrangement which saw the Great Northern Casino, Grande Prairie Real Estate consisting of Service Plus and the Strip Mall, Boomtown Casino and a 40% interest in the Deerfoot Joint Venture transfer to Gamehost Limited Partnership. Valuations for goodwill represent the excess of fair value over carrying value of the physical assets at time of transfer. An annual impairment test is performed to determine if the recorded cost exceeds the current fair market value of the account. Where the carrying value exceeds the fair value, a charge against net income is recorded in the period in which the impairment occurred. An impairment loss is recognized when the assets carrying value is no longer recoverable from its future estimated undiscounted cash flows and exceeds its fair value. Based on management's review, the Fund does not believe an impairment of the carrying value of goodwill or licences has occurred and no provision for impairment has been made in these financial statements.

Construction in progress

The Fund limits additions to construction in progress to hard constructions costs, third party planning, legal, permits and fees, fixturing, interest on financing during construction, and any other costs normally associated with building construction. Costs that would otherwise be treated as operational in nature for a pre-existing asset are included in the operating results for the Period for the new asset.

Revenue recognition

Revenues from gaming operations consist of the Fund's share of the gaming wins pursuant to its operating agreement with Alberta Gaming and Liquor Commission and are recognized on a daily basis.

Revenues from hotel operations and food and beverage sales are recognized when services are rendered.

Revenues from rental operations are recognized in accordance with the lease agreements.



Notes to Consolidated Financial Statements

nine month period ended September 30, 2007
(Unaudited)

4. Accounting Policies (cont.)

Income taxes

Income earned directly by the Limited Partnership is not subject to income taxes as its income is taxed directly to the Limited Partnership unit holders or to the Fund unit holders. The Fund has established a policy to distribute all of its taxable income to unit holders on an annual basis.

On June 12, 2007, the Canadian government passed legislation that would affectively tax the distributions of all income trusts effective January 2011.

Joint venture

The Fund's investment in the Deerfoot Joint Venture is accounted for using the proportionate consolidation method.

5. Changes in Accounting Policies

The Fund adopted the Canadian Institute of Chartered Accountants ("CICA") handbook sections 1530 "Comprehensive Income", section 3251 "Equity" and section 3855 "Financial Instruments – Recognition and Measurement". These standards result in changes in the accounting for financial instruments as well as introduction of comprehensive income as a separate component of unitholders capital. These standards have been adopted prospectively and comparative amounts for prior periods have not been restated.

Comprehensive income, section 1530

Comprehensive income is comprised of net earnings(loss) and other comprehensive income ("OCI"). OCI represents the change in capital for a period that arises from unrealized gains(losses) on available for sale securities and changes in the fair value of derivative instruments designated as cash flow hedges. The Fund had no OCI transactions during the Period and no opening or closing balances for accumulated OCI.

Equity, section 3251

This section establishes standards for presentation of capital and changes in capital during the period. It requires separate presentation of changes in unitholders capital for the period arising from net income, OCI, contributed surplus, retained earnings, unitholders' capital and reserves. Accumulated OCI would be included in the consolidated balance sheet as a separate component of unitholders' capital.

Financial Instruments, section 3855

This section establishes standards for the recognition and measurement of financial instruments which is comprised of: financial assets, financial liabilities, derivatives and non-financial derivatives.

A financial assets is cash or a contractual right to receive cash or another financial asset, including equity from another party. A financial liability is the contractual obligation to deliver cash or another financial asset to another party.

Notes to Consolidated Financial Statements
nine month period ended September 30, 2007
(Unaudited)

5. Changes in Accounting Policies (cont.)

A derivative is a financial instrument whose value changes in response to a specified variable, requires little or no net investment and is settled at a future date. An embedded derivative is a derivative that is part of a non derivative contract and not directly related to that contract. Under this standard, embedded derivatives must be accounted for as a separate financial instrument. A non-financial derivative is a contract that can be settled net in cash or another financial instrument.

Under this standard, all financial instruments are initially recorded at fair value and are subsequently accounted for based on one of four classifications: held for trading, held to maturity, loans and receivables or available for sale. The classification of a financial instrument depends on its characteristics and the purpose for which it was required. Fair values are based on quoted market prices available from active markets or are otherwise determined using a variety of valuation techniques and models.

Under this standard, all guarantees upon inception are required to be recognized on the balance sheet at their fair value. No subsequent re-measurement is required to fair value each guarantee at each subsequent balance sheet date unless the guarantee is considered a derivative.

Held for trading

Held for trading financial instruments are financial assets or financial liabilities that are purchased with the intention of selling or repurchasing in the near term. Any financial instrument can be designated as held for trading as long as its fair value can be reliably measured. A derivative is classified as held for trading as long as its fair value can be reliably measured. Held for trading instruments are recorded at fair value with any subsequent gains(losses) from changes in the fair value recorded directly to earnings.

All of the Fund's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and distributions payable are designated as held for trading and are recorded at their fair value.

Held to maturity

Held to maturity assets are financial assets with fixed or determinable payments and a fixed maturity that the Fund has the intent and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest method. Any gain(loss) arising from the sale of a held to maturity investment is recorded directly to earnings.

The Fund has not designated any financial instruments as held to maturity.

Loans and receivables and other financial liabilities

Loans and receivables and other financial liabilities are accounted for at amortized cost using the effective interest rate method.

The fair value of term debt approximates their carrying value due to their floating interest rates.



Notes to Consolidated Financial Statements
nine month period ended September 30, 2007
(Unaudited)

5. Changes in Accounting Policies (cont.)

Available for sale

Available for sale financial instruments are all those financial instruments that are not classified as one of the three preceding financial instruments. Available for sale financial instruments are recorded at their fair value. Any gain(loss) rising from a change in fair value is recorded in OCI and upon the sale of the instrument or other than temporary impairment, the cumulative gain(loss) is transferred into earnings.

The Fund has not designated any financial instrument as available for sale.

The methods used by the Fund in determining fair value of financial instruments are unchanged as a result of implementing the new standard.

6. Change in Accounting Estimates

Management changed their estimate of the useful life of the licenses which had been carried at their full value since the Fund's inception. The previous estimate was based on an indefinite life for the licenses. Those licenses were originally issued for a one year term which has expired. Alberta Gaming and Liquor Commission regularly renews the licenses but is not obligated to do so. As a result management elected to change the estimate and fully amortize the original licenses. Current licenses have been issued for a period of three years.

7. Restricted Cash

Restricted cash consists of progressive jackpot funds. Progressive jackpots are divided into two pots. The first and larger of the two is reserved for the eventual winner of the jackpot. The second is used to seed the next pot after a jackpot is won.

8. Future Income Taxes

The Department of Finance announced proposed tax legislation which included a provision to eliminate the deduction of distributions from taxable income for certain forms of publicly traded income trusts and partnerships. The legislation was enacted law on June 12, 2007 at which time the Fund must give recognition to these new taxes.

The Fund accounts for income taxes using the asset and liability method. Under this method, future income taxes are recognized for all significant temporary differences between the tax and accounting treatment bases of assets and liabilities and for certain carry-forward items. Future income tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of the enactment or substantive enactment of the change.

Notes to Consolidated Financial Statements
nine month period ended September 30, 2007
(Unaudited)

8. Future Income Taxes (cont.)

The Fund will not be liable for current income taxes until January 1, 2011.

9. Term Loans

The Fund has a \$9.0 million revolving term loan with Canadian Western Bank (“CWB”) during the Period. The loan has an outstanding balance of \$7.1 million (December 31, 2006 - \$2.0 million) at the end of the Period. Terms of the loan include a floating interest rate at 1.0% above CWB prime. This rate was 7.25% at the end of the Period (December 31, 2006 – 7.0%). The repayment schedule allows for interest only payments to maturity of the loan on May 15, 2008. Security for the loan includes;

- A promissory note
- General security agreement for first charge on Service Plus, Great Northern Casino and the Strip Mall.
- Demand collateral mortgage first charge in the amount of \$9,000,000
- Assignment of rents and leases
- Assignment of all risk casualty and liability insurance

The Deerfoot Joint Venture has a term finance instrument. The term loan has two segments:

- Segment (1) of the loan stipulates demand non-revolving terms in the principal amount of \$21,599,252.
- Segment (2) of the loan stipulates demand revolving terms in the principal amount of \$2,000,000.

Interest on both segments is at prime plus 1.0% above the Canadian Western Bank prime lending rate. This rate was 7.25% at the end of the Period (December 31, 2006 – 7.0%). Amortization of the loan is 15 years, regardless of prepayment and re-advance of Segment (2). Blended monthly payments are \$240,000. The bank has the right to adjust the monthly installments to reflect changes in Prime.

At the end of the Period the balance of Segment (1) was \$19.9 million and Segment (2), the revolving portion of the term loan, was \$nil. The Fund has recorded their 40% Participating Interest in this debt of \$7.9 million in these Financial Statements.

10. Related Party Transactions

Related party transactions are measured at the exchange amount which is the exchange amount agreed to by related parties. Related party transactions are non-interest bearing with no specific terms of repayment.

The Fund had related party transactions with companies controlled by David Will and/or Darcy Will. David Will and Darcy Will are both trustees of the Fund. Together, David Will and Darcy Will also exercise control over the Fund with direct ownership or control of 45.1% of the outstanding units of all unit classes of the Fund. Transactions include the following:

- The Fund paid management services fees during the Period of \$779,981 (\$573,674 - 2006), which is recorded in human resources expenses. The Fund, either directly or through the Deerfoot Joint Venture has management services contracts with companies controlled by the Wills. Other than

Notes to Consolidated Financial Statements
nine month period ended September 30, 2007
(Unaudited)

10. Related Party Transactions (cont.)

trustee fees, the Wills receive no other form of compensation from the Fund except through these management services contracts. Management fees are based on a percentage of revenues and/or EBITDA. At the end of the Period there was \$27,000 (\$19,515 – 2006) in due to/from accounts and \$43,697 (\$nil – 2006) in accounts payable.

- The Fund paid charter aircraft rentals to a company controlled by the Wills during the Period of \$240,429 (\$161,770 – 2006) which is recorded in operating expenses except for \$11,758 which was capitalized as part of the Boomtown Casino Expansion. Charter aircraft are used by the Fund to reduce travel times for senior officers of the Fund. Senior officers of the Fund are based in Red Deer and Lethbridge. These cities do not have convenient public carrier services to the Fund's operational cities of Grande Prairie and Ft. McMurray. At the end of the Period there was \$128,890 (\$nil - 2006) in accounts payable.
- The Fund paid \$256,810 (\$242,760 – 2006) for R&M and other operating expenses during the Period. Amounts represent reimbursements for costs shared with the Fund or paid by Will companies on the Funds behalf. At the end of the Period there was \$24,103 (\$6,699 - 2006) in accounts payable.
- The Fund paid \$5,368,650 (\$3,921,580 – 2006) in cash distributions to companies controlled by the Wills on Class B Limited Partnership units during the Period.
- The Fund paid \$33,500 (\$38,000 – 2006) in trustee fees to the Wills which are included in human resources during the Period. At the end of the Period there was \$4,000 (\$nil - 2006) in accounts payable.
- The Fund received \$81,021 (\$997 – 2006), which is recorded as a reduction to general and administrative expenses during the Period. Amounts represent reimbursement for insurance premiums paid by the Fund on Will company's behalf. At the end of the Period there was \$2,564 (\$nil - 2006) in accounts receivable.

The Fund had related party transactions with other trustees or companies controlled by other trustees of the Fund. \$84,400 (\$74,486 – 2006) is recorded in human resource expenses during the Period for trustee fees and consulting services. At the end of the Period there was \$21,000 (\$nil - 2006) in accounts receivable.

Management Agreements

The Fund has a management agreement with Gamehost Management Inc. for management services provided to the Fund. The agreement provides for monthly management fees owing to Gamehost Management Inc. based on a percentage of EBITDA of the Fund.

The Fund has negotiated a management agreement with 10688202 Alberta Ltd. The agreement replaces a previous salary and cost reimbursement arrangement for the same services. The agreement provides for monthly management fees payable to 1068802 Alberta Ltd. on a monthly fixed fee basis.

The Deerfoot Joint Venture has a management services agreement with 1016312 Alberta Ltd. The Fund has a 40% Participating Interest in this management services contract.



Notes to Consolidated Financial Statements
nine month period ended September 30, 2007
(Unaudited)

12. Distributions to Unit Holders

Declared distributions during the Quarter include regular monthly distributions of \$0.20 per unit for each of July, August and September. Subsequent to the end of the Period a \$0.20 per unit regular cash distribution was declared for both October 2007 and November 2007. Distributions totaled \$6,285,739 for the Period (2006 - \$4,524,724) and \$2,154,631 (2006 - \$1,615,973) for the Quarter respectively.

2007 Distribution Summary

<u>Month</u>	<u>Date Declared</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Distribution per Unit</u>
January	15-Jan-07	31-Jan-07	15-Feb-07	\$0.15
February	16-Feb-07	28-Feb-07	15-Mar-07	\$0.20
March	12-Mar-07	31-Mar-07	16-Apr-07	\$0.20
April	17-Apr-07	30-Apr-07	15-May-07	\$0.20
May	14-May-07	31-May-07	15-Jun-07	\$0.20
June	7-Jun-07	30-Jun-07	16-Jul-07	\$0.20
July	5-Jul-07	31-Jul-07	15-Aug-07	\$0.20
August	17-Aug-07	31-Aug-07	14-Sep-07	\$0.20
September	13-Sep-07	30-Sep-07	15-Oct-07	\$0.20
October	10-Oct-07	31-Oct-07	15-Nov-07	\$0.20
November	13-Nov-07	30-Nov-07	14-Dec-07	\$0.20

13. Investment in the Deerfoot Joint Venture

The Fund has a 40% Participating Interest and a 47.75% Project Contributing Interest in Deerfoot Inn & Casino Inc., a Joint Venture, which constructed and opened Deerfoot Inn & Casino on November 21, 2005 in Calgary, Alberta.

The Fund is severally liable for all obligations of the Deerfoot Joint Venture in proportion to its Participating Interest or Contributing Responsibility as the case may be. All Deerfoot Joint Venture partners are contingently liable for obligations of the Deerfoot Joint Venture in situations where other Deerfoot Joint Venture partners are in default as defined by the Deerfoot Joint Venture Agreement. All of the assets of the Deerfoot Joint Venture are available for the purpose of satisfying any such obligation. No provision for any contingent amount payable has been accrued to these financial statements.

The following statements report the Funds proportionate share of the Deerfoot Joint Venture's assets, liabilities, revenues and expenses and net income, and cash flows resulting from operating, financing and investing activities.

Notes to Consolidated Financial Statements
 nine month period ended September 30, 2007
 (Unaudited)

13. Investment in the Deerfoot Joint Venture (cont.)

Deerfoot Joint Venture (Gamehost Participating Interest)
Interim Balance Sheets
 (Unaudited)

	September 30, 2007	Audited December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents		
Floats and bank balances	\$ 6,123,964	\$ 2,591,821
Restricted cash	70,181	31,424
Accounts receivable	398,344	350,336
Inventories	128,382	124,168
Prepaid expenses	159,957	120,915
	<u>6,880,828</u>	<u>3,218,664</u>
Property, plant & equipment	15,635,081	15,793,322
	<u>\$ 22,515,909</u>	<u>\$ 19,011,986</u>
Liabilities and unit holder equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 936,240	\$ 899,505
Term loan	7,948,545	8,397,157
Due to related parties	-	33,082
	<u>8,884,785</u>	<u>9,329,744</u>
Equity	13,631,124	9,682,242
	<u>\$ 22,151,909</u>	<u>\$ 19,011,986</u>

Notes to Consolidated Financial Statements
nine month period ended September 30, 2007
(Unaudited)

13. Investment in the Deerfoot Joint Venture (cont.)

Deerfoot Joint Venture (Gamehost Participating Interest)
Interim Statements of Operations
(Unaudited)

	nine months ended September 30		three months ended September 30	
	2007	2006	2007	2006
Revenue				
Hotel - rooming	\$ 2,756,267	\$ 1,911,740	\$ 1,017,057	\$ 847,325
Table games	2,726,317	1,939,104	910,524	694,652
Slot machines	4,059,082	2,840,964	1,528,385	1,094,297
Food & beverage services	3,571,601	2,657,133	1,142,708	918,850
Lease and rental	2,520	6,436	840	5,036
Other	1,380,065	845,009	497,247	364,489
	<u>14,495,852</u>	<u>10,200,386</u>	<u>5,096,761</u>	<u>3,924,649</u>
Expenses				
Cost of goods sold	1,126,832	981,725	348,164	332,898
Human resources	4,419,470	3,817,209	1,472,903	1,327,495
Marketing and promotions	892,997	550,298	335,626	197,645
Operating	1,478,441	1,297,220	584,470	473,554
Corporate and general administration	420,992	342,944	140,180	108,438
	<u>8,338,732</u>	<u>6,989,396</u>	<u>2,881,343</u>	<u>2,440,030</u>
	6,157,120	3,210,990	2,215,418	1,484,619
Amortization	712,849	1,049,983	237,617	350,259
Interest charges	415,387	478,656	146,386	158,102
Net earnings	<u>\$ 5,028,884</u>	<u>\$ 1,682,351</u>	<u>\$ 1,831,415</u>	<u>\$ 976,258</u>

Notes to Consolidated Financial Statements
nine month period ended September 30, 2007
(Unaudited)

13. Investment in the Deerfoot Joint Venture (cont.)

Deerfoot Joint Venture (Gamehost Participating Interest)
Statements of Cash Flows

(Un-audited)

	nine months ended September 30		three months ended September 30	
	2007	2006	2007	2006
Cash provided by (used for) operating activities				
Net earnings	\$ 5,028,844	\$ 1,682,352	\$ 1,831,416	\$ 976,259
Add non-cash items:				
Future income tax expense	-	-	-	-
Amortization of property, plant & equipment	712,849	1,049,983	237,617	350,259
	5,741,733	2,732,336	2,069,032	1,326,518
Net changes in non-cash working capital:				
Accounts receivable	(48,009)	83,503	(60,765)	(84,179)
Inventories	(4,214)	18,013	2,509	3,132
Prepaid expenses	(39,042)	(71,347)	90,711	23,982
Accounts payable and accrued liabilities	3,653	(989,364)	(64,652)	86,221
	5,654,122	1,773,140	2,036,835	1,355,674
Cash provided by (used for) financing activities				
Advances (to) from related parties	-	(6,000)	-	-
Term loan advances (payments)	(448,613)	970,236	(141,614)	(926,851)
Contribution by joint venturers	-	(744,231)	-	-
Joint venturer distributions	(1,080,000)	(2,080,000)	-	(1,280,000)
	(1,528,613)	(1,859,995)	(141,614)	(2,206,851)
Cash provided by (used for) investing activities				
Property, plant & equipment	(554,608)	(16,658)	(499,016)	(27,786)
Increase (decrease) in cash and cash equivalents	3,570,901	(103,512)	1,396,205	(878,963)
Opening cash and cash equivalents	2,623,245	2,403,991	4,797,941	3,179,442
Closing cash and cash equivalents	\$ 6,194,645	\$ 2,300,479	\$ 6,194,145	\$ 2,300,479

Notes to Consolidated Financial Statements

nine month period ended September 30, 2007
(Unaudited)

14. 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 segment includes the operations of Service Plus, the Strip Mall and the Funds proportionate share of the Deerfoot Joint Venture's hotel operations. The gaming segment includes the operations of Great Northern Casino, Boomtown Casino and the Funds proportionate share of the Deerfoot Joint Venture's gaming operations. The food and beverage segment includes food, beverage and entertainment activity generated by all properties. Property overhead costs are allocated arbitrarily.

General Administration includes administration of the Fund, the Trust and the Limited Partnership

	Q3 (nine months)			Q3 (three months)			vs. Previous quarter	
	2007	2006	+(-)	2007	2006	+(-)	Q2 2007	+(-)
Revenue								
Tables	6,010	5,095	18.0%	1,928	1,657	16.3%	1,998	(3.5%)
Slots	17,392	15,071	15.4%	5,954	5,302	12.3%	5,952	0.0%
Other	3,067	2,469	24.2%	1,057	872	21.2%	1,051	0.6%
Gaming	26,469	22,635	16.9%	8,940	7,832	14.1%	9,001	(0.7%)
Hotel	7,201	5,980	20.4%	2,471	2,319	6.5%	2,287	8.0%
Food and beverage	8,940	7,066	61.5%	2,841	2,475	23.6%	3,020	(5.9%)
Other	98	127	14.5%	28	46	(39.5%)	38	(26.7%)
Total	42,708	35,809	26.3%	14,279	12,673	14.4%	14,346	(0.5%)
Expenses								
Gaming	8,086	7,922	2.1%	2,784	2,741	1.6%	2,698	3.2%
Hotel	4,495	3,887	15.6%	1,537	1,508	1.9%	1,522	1.0%
Food and beverage	7,483	5,653	32.4%	2,492	1,980	25.9%	2,516	(1.0%)
Other	1,600	1,026	56.0%	534	258	107.1%	502	6.3%
Total	21,665	18,488	17.2%	7,347	6,487	13.3%	7,239	1.5%
EBITDA								
Gaming	18,382	14,713	24.9%	6,156	5,091	20.9%	6,303	(2.3%)
Hotel	2,707	2,093	29.3%	934	811	15.1%	765	22.0%
Food and beverage	1,456	1,413	178.2%	349	495	14.3%	503	(30.7%)
Other	(1,502)	(899)	61.9%	(506)	(212)	138.9%	(465)	9.0%
Total	21,043	17,321	36.1%	6,932	6,186	15.6%	7,107	(2.5%)
EBITDA	21,043	17,321	21.5%	6,932	6,186	12.1%	7,107	(2.5%)
Future Tax	2,336	-	100.0%	2,336	-	100.0%	-	100.0%
Interest	832	948	100.0%	283	303	100.0%	285	(0.6%)
Amortizations	5,161	1,807	185.6%	4,054	619	554.9%	554	632.1%
Net earnings	12,713	14,566	(12.7%)	259	5,264	(95.1%)	6,269	(95.9%)

(in thousands of dollars unless stated otherwise)

Notes to Consolidated Financial Statements
nine month period ended September 30, 2007
(Unaudited)

14. Segmented Information (cont.)

Long-lived Assets		
	September 30, 2007	December 31, 2006
Hotel		
Property, plant & equipment	17,089	16,855
	17,089	16,855
Casino		
Goodwill and licenses	46,079	42,579
Property, plant & equipment	16,714	16,395
Work-in-progress	2	-
	62,795	58,974
Food & Beverage		
Property, plant & equipment	7,512	7,402
	7,512	7,402
General Administration		
Property, plant & equipment	166	166
	166	166
Total		
Goodwill and licenses	46,079	46,079
Property, plant & equipment	41,482	40,817
Work-in-progress	2	-
	87,563	86,896

Long-lived Assets at NBV ¹		
	September 30, 2007	December 31, 2006
Hotel	14,072	19,195
Casino	55,674	56,460
Food & Beverage	6,930	7,092
General Administration	-	9
Work-in-progress	2	-
	76,679	82,756

(in thousands of dollars unless stated otherwise)

¹ NBV (Net Book Value)