



## GREAT CANADIAN GAMING CORPORATION.

### **GREAT CANADIAN GAMING CORPORATION REPORTS RESULTS FOR 2004: A PROFITABLE YEAR FULL OF GROWTH, ACQUISITIONS AND OPPORTUNITIES**

**March 8, 2005 – Richmond, BC** – Great Canadian Gaming Corporation [TSX:GCD] (the “Company”) is pleased to announce its financial results for the year ended December 31, 2004.

“It has truly been a remarkable year in the history of Great Canadian. We accomplished the strategic growth initiatives we set for the year. We achieved record revenues and profitability, but more importantly, we established a solid foundation of people, processes and projects to ensure our continued growth into the future. In 2005, we will continue to focus on improving the efficiency of our operation, ensure the successful integration of our acquisitions, and seek opportunities to expand our operations into markets which are consistent with our overall strategy and core operating principles,” said Mr. Ross J. McLeod, Chairman and Chief Executive Officer.

Annual consolidated revenues increased to \$178.5 million in 2004 from \$114.5 million in 2003, an increase of 56% over the prior year, and net income increased to \$26.7 million in 2004 from \$14.4 million in 2003, an increase of 86% (restated figures for 2003, see note following Financial Highlights). Basic earnings per common share and diluted earnings per common share for 2004 were \$1.01 and \$0.95, respectively, both an increase of 53% over the respective restated 2003 earnings per common share.

Management’s decisions in 2004 to seek operational efficiencies, implement restructuring of our underperforming assets and terminate legal proceedings resulted in one-time after-tax charges against income of \$3.7 million for restructuring costs and \$1.5 million for a payment to terminate legal proceedings with Allegiance Capital Corporation (“Allegiance”). Net income without the restructuring costs and Allegiance payment would have been \$31.9 million for 2004, or \$1.21 basic earnings per common share or \$1.13 diluted earnings per common share.

“During 2004, we increased the scope of our operations and revenue base with the opening of River Rock Casino Resort Phase I and the acquisition of Hastings Entertainment Inc. Just before the year-end, the Company entered into a purchase agreement to acquire Orangeville Raceway Limited, which operates the Fraser Downs Racecourse and Casino, and Sandown Park Racecourse. This acquisition is expected to close in March 2005. We worked to reduce the business risks associated with operations not within the direct control of the Company by acquiring the minority interests in our casinos in Washington State and selling part of our ownership interest in Creation Casinos Inc. In the fourth quarter of 2004, the Washington operations achieved break-even quarterly net income and the gain on sale of Creation’s shares was reflected in non-operating income. In 2005, we expect to complete construction projects at our Coquitlam Casino, River Rock Phases II and III, Bear Mountain Bingo, and Fraser Downs Racecourse and Casino,” added Mr. Anthony R. Martin, President and Chief Operating Officer.

Mr. Martin continued, “We also positioned the Company to fund our long-term growth strategy by graduating to the senior TSX and obtaining a BBB (stable) rating on our debt from Dominion Bond Rating Service. We issued \$150 million in 10-year senior notes at an interest rate of



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5.74% and secured a \$100 million line of credit at an interest rate of prime in September 2004. After the year-end, we raised over \$59 million in cash from an issuance of 1.5 million common shares. The combination of short and long-term credit facilities and equity offering allowed us to close on several integral acquisitions and fund the construction of several major projects.”

## FINANCIAL HIGHLIGHTS

\$000, Except per share	Three Months Ended December 31,			Years Ended December 31,		
	2004	2003	% Chg	2004	2003	% Chg
Gaming revenues	\$ 50,002	\$ 29,237	71%	\$ 162,610	\$ 109,548	48%
Food & beverage	4,263	1,521	180%	11,472	3,459	232%
Other income	2,398	397	504%	4,433	1,475	201%
Revenues	<b>56,663</b>	31,155	82%	<b>178,515</b>	114,482	56%
Human resources	<b>26,782</b>	16,690	60%	<b>89,361</b>	58,709	52%
Other operating expenses	<b>10,677</b>	5,738	86%	<b>32,209</b>	18,957	70%
	<b>37,459</b>	22,428	67%	<b>121,570</b>	77,666	57%
EBITDA	<b>19,204</b>	8,727	120%	<b>56,945</b>	36,816	55%
Stock based compensation	<b>936</b>	3,030	(69%)	<b>2,209</b>	5,401	(59%)
Amortization	<b>1,559</b>	769	103%	<b>4,825</b>	2,520	91%
Restructuring costs	-	-	n/a	<b>5,557</b>	-	n/a
Allegiance	<b>2,275</b>	-	n/a	<b>2,275</b>	-	n/a
Income from operations	<b>14,434</b>	4,928	193%	<b>42,079</b>	28,895	46%
Non-operating (income) expenses	<b>(1,616)</b>	473	(442%)	<b>(1,814)</b>	370	(590%)
Interest and financing, net	<b>1,158</b>	453	156%	<b>2,201</b>	1,426	54%
Income taxes	<b>5,206</b>	2,840	83%	<b>14,967</b>	12,728	18%
Net Income	<b>\$ 9,686</b>	\$ 1,162	734%	<b>\$ 26,725</b>	\$ 14,371	86%
Earnings per common share:						
Basic	<b>\$ 0.35</b>	\$ 0.05	600%	<b>\$ 1.01</b>	\$ 0.66	53%
Diluted	<b>\$ 0.34</b>	\$ 0.05	580%	<b>\$ 0.95</b>	\$ 0.62	53%
Earnings per common share factoring out restructuring and Allegiance:						
Basic	<b>\$ 0.41</b>	\$ 0.05	720%	<b>\$ 1.21</b>	\$ 0.66	83%
Diluted	<b>\$ 0.39</b>	\$ 0.05	680%	<b>\$ 1.13</b>	\$ 0.62	82%

Notes: 2003 figures have been restated to reflect the retroactive application of a change in accounting policy for stock-based compensation as recommended by the Canadian Institute of Chartered Accountants. EBITDA means Earnings Before Income Taxes, Interest Expense, Depreciation and Amortization, stock-based compensation, non-operating expenses, restructuring costs and Allegiance, and is a non-generally accepted accounting principles (“non-GAAP”) measure. Earnings per common share factoring out restructuring and Allegiance means earnings per share computed under GAAP plus the after-tax per share impact of restructuring costs and Allegiance, and is a non-GAAP measure. Please see additional comments in the Management Discussion and Analysis in regards to the use of non-GAAP measures.

Total assets increased to \$362.4 million at the end of 2004 compared to \$156.5 million at the end of 2003, an increase of 132% primarily due to the construction of River Rock and the acquisition of



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Hastings. At the end of 2004, the Company's cash and cash equivalents and total Facility Development Improvement Fund ("FDIF") receivables of \$160.2 million exceeded total long-term debt of \$154.9 million. At the end of 2004, the Company's cash and cash equivalents were \$43.1 million and working capital was \$27 million (\$34.2 million and \$17.6 million, respectively at the end of 2003). Costs of construction are funded from operations, credit facilities and equity, and are expected to be refunded back to the Company through the provisions of the FDIF in the operational services agreements with British Columbia Lottery Corporation.

Please refer to the Audited Consolidated Financial Statements and Management Discussion and Analysis at [www.gcgaming.com](http://www.gcgaming.com) or [www.sedar.com](http://www.sedar.com) for detailed financial information and analysis.

The Company will hold a conference call for investors and analysts on Tuesday, March 8, 2005 at 4:30 pm Eastern Standard Time, or 1:30 pm Pacific Standard Time. The Company will discuss its financial results for the year ended December 31, 2004, and provide an update on the Company's activities. To participate in the conference call, please dial 416-695-5275 or toll free 1-888-509-0082. This call is for investors and analysts only.

All media representatives and other interested parties are directed to forward their enquiries to Mr. Howard Blank, Executive Director, Media & Public Relations. Mr. Blank can be reached at the following number (604) 512-6066.

Great Canadian Gaming Corporation, with over 3,200 employees, is a multi-jurisdictional gaming and entertainment operator with six operating casinos, a thoroughbred racecourse, a community gaming centre, numerous licensed restaurants and a marina operation in British Columbia and, through Great American Gaming Corporation, four gaming and restaurant / entertainment facilities in Washington State.

Upon closing of the acquisition of Orangeville, the Company will also own two standardbred racecourses, one of which has a casino.

### **GREAT CANADIAN GAMING CORPORATION [TSX:GCD]**

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**ON BEHALF OF  
GREAT CANADIAN GAMING CORPORATION**

*Signed (Howard S. Hum)*

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Howard S. Hum, CA  
Controller & Acting Chief Financial Officer

# GREAT CANADIAN GAMING CORPORATION

## Consolidated Balance Sheets

(In thousands, except for share and per share information)  
As at December 31,

	2004	2003
		Restated
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 43,133	\$ 34,193
Accounts receivable	6,040	1,885
Current portion of promissory notes receivable	1,639	1,031
Current portion of FDIF receivable	15,000	10,081
Prepaid expenses and deposits	3,201	2,448
	<b>69,013</b>	<b>49,638</b>
Promissory notes receivable	7,462	9,447
FDIF receivable	102,065	15,224
Property, plant and equipment	125,352	72,877
Goodwill	20,038	5,029
Intangible assets	28,629	573
Other assets	9,856	3,672
	<b>\$ 362,415</b>	<b>\$ 156,460</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Gaming commission and wager revenue payable	\$ 6,272	\$ 7,118
Accounts payable and accrued liabilities	33,044	17,448
Income taxes payable	1,797	1,354
Current portion of long-term debt	860	6,137
	<b>41,973</b>	<b>32,057</b>
Long-term debt	154,000	28,092
Future income taxes	11,536	725
Non-controlling interest	836	972
	<b>208,345</b>	<b>61,846</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital and other equity	101,801	66,609
Cumulative foreign currency translation	(5,908)	(3,447)
Retained earnings	58,177	31,452
	<b>154,070</b>	<b>94,614</b>
	<b>\$ 362,415</b>	<b>\$ 156,460</b>

The 2003 numbers have been restated for the change in accounting policy for stock-based compensation.

# GREAT CANADIAN GAMING CORPORATION

## Consolidated Statements of Income

(In thousands, except for share and per share information)

Years ended December 31,

	<b>2004</b>	2003
		Restated
REVENUES	\$ 178,515	\$ 114,482
EXPENSES		
Amortization	4,825	2,520
Human resources	89,361	58,709
Stock-based compensation	2,209	5,401
Marketing and promotion	9,426	5,269
Occupancy costs	9,852	6,558
Operating supplies	12,931	7,130
	<b>128,604</b>	<b>85,587</b>
INCOME BEFORE UNDERNOTED ITEMS	49,911	28,895
Restructuring costs	5,557	-
Termination of legal proceedings	2,275	-
INCOME FROM OPERATIONS	42,079	28,895
Income (loss) from investments	1,874	(495)
Interest and financing, net of interest income	(2,201)	(1,426)
Foreign exchange gain (loss)	340	(44)
INCOME BEFORE INCOME TAXES	42,092	26,930
Income taxes	14,967	12,728
INCOME BEFORE NON-CONTROLLING INTEREST	27,125	14,202
Non-controlling interest	400	(169)
NET INCOME	\$ 26,725	\$ 14,371
EARNINGS PER COMMON SHARE		
Basic	\$ 1.01	\$ 0.66
Diluted	\$ 0.95	\$ 0.62
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		
Basic	26,365,328	21,831,067
Diluted	28,261,107	23,332,741

The 2003 numbers have been restated for the change in accounting policy for stock-based compensation.

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## Consolidated Statements of Cash Flows

(In thousands, except for share and per share information)

As at December 31,

	2004	2003
		Restated
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 26,725	\$ 14,371
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	4,825	2,520
Non-cash restructuring costs	558	-
Write-down of equity investment	300	-
Imputed interest on FDIF receivable	(1,365)	-
Gain from sale of equity investment	(1,975)	-
Stock based compensation	2,209	5,401
Operating expenses reduced by FDIF receivable	(7,312)	(604)
Other activities	1,562	1,076
Future income taxes	607	(494)
Changes in non-cash operating working capital	3,509	(3,418)
<b>Net cash provided by operating activities</b>	<b>29,643</b>	<b>18,852</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from long-term debt	222,451	14,239
Repayment of long-term debt	(110,352)	(8,896)
Deferred financing costs	(2,846)	-
Common shares issued for cash	32,983	39,246
Purchase of treasury shares	-	(965)
<b>Net cash provided by financing activities</b>	<b>142,236</b>	<b>43,624</b>
<b>Cash Flows from Investing Activities</b>		
Investment in and advances to equity investees	(251)	(3,472)
Deposit on acquisition of Orangeville	(4,000)	-
FDIF received	12,455	9,002
Purchase of property, plant and equipment, net of related accounts payable	(137,581)	(35,465)
Acquisition of HEI, net of cash	(28,943)	-
Acquisition of Vetter Management	(1,919)	-
Acquisition of Evergreen and Grand Central Properties	(1,632)	-
Acquisition of Pair O'Dice, net of cash acquired	(139)	(8,109)
Acquisition of Jack O'Clubs, net of cash acquired	-	(729)
Acquisition of River Rock	-	(3,681)
Promissory notes and advances receivable, net	511	(6,524)
<b>Net cash used in investing activities</b>	<b>(161,499)</b>	<b>(48,978)</b>
Effect of foreign exchange on cash and cash equivalents	(1,440)	(2,200)
<b>Net Cash Inflow</b>	<b>8,940</b>	<b>11,298</b>
<b>Cash and cash equivalents, Beginning of Year</b>	<b>34,193</b>	<b>22,895</b>
<b>Cash and cash equivalents, End of Year</b>	<b>\$ 43,133</b>	<b>\$ 34,193</b>

The 2003 numbers have been restated for the change in accounting policy for stock-based compensation.