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PRESENTATION

Operator

Good afternoon ladies and gentlemen. Welcome to the Great Canadian Gaming 2005 fourth quarter preliminary results conference call. I would now like to turn the meeting over to Mr. Thomas Bell, vice president corporate development and investor relations of the Great Canadian Gaming Corporation. Please go ahead Mr. Bell.

Thomas Bell, Vice President Corporate Development & Investor Relations

Good afternoon everyone and welcome to Great Canadian Gaming Corporations conference call to discuss the company's preliminary financial results for the fourth quarter ended December 31st, 2005. This conference call is for the purpose of providing the market with additional information regarding the company's earnings warning released earlier today.

Once again I'm Thomas Bell, Great Canadian's vice president of corporate development and investor relations. Here with me today are Great Canadian's president and chief operating officer, Mr. Anthony Martin and Great Canadians chief financial officer, Mr. Howard Hum.

Now before I begin I must caution all participants that this conference call may contain forward looking statements which reflect management's expectations regarding the company's future growth, results of operations, performance, business prospects and opportunities.

Whenever possible such words as anticipate, believe, expect, intend or similar expressions will be used to identify these forward looking statements.

These statements reflect management's current beliefs and are based on information currently available to the company's management. Forward looking statements involve significant risk, uncertainties and assumptions. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward looking statement.

These factors should be considered carefully and prospective investors should not place undue reliance on

the forward looking statements. Although the forward looking statements that may be made in this conference call are based on what management believes to be reasonable assumptions the company cannot assure prospective purchasers of the company's securities that actual results will be consistent with these forward looking statements.

These statements are made as of the date of this call and the company assumes no obligation to update or revise them to reflect new events or circumstances.

I'd now like to introduce Great Canadian's president and chief operating officer, Mr. Anthony Martin. Mr. Martin will discuss the various operational factors influencing the fourth quarter results and then discuss the steps management is taking to improve efficiency through 2006.

Howard Hum, our chief financial officer will then discuss the accounting for these results. Following that we will answer questions from investors and analysts. I'd like to caution participants that while the company is prepared to handle questions relating to the content of this morning's press release, specific questions about the company's performance should be postponed until the announcement of the audited year end financial results which will be released in March. Now I'd like to introduce Anthony Martin.

Anthony Martin, President and Chief Operating Officer

Thank you Tom. The fourth quarter of 2005 delivered substantial changes to the scope of operation of Great Canadian. Foremost among these challenges or changes and challenges were the delivery of the River Rock Hotel and Theatre just prior to the start of the quarter and the completion of the Boulevard Casino and Parkade which opened to the public on November 19th, 2005.

The company also completed it's acquisition of two racetracks in Ontario, Georgian Downs and Flamboro Downs.

To open a property and maximize the success of its operations takes a great many months of work. Staff must be recruited and trained well in advance of the opening. Customer awareness is created through pre marketing, opening events and post opening marketing. These costs are both necessary and substantial.

Once opened casinos, hotel and fruit and beverage operations have large fixed cost components including staffing, utilities, property taxes, insurance, amortization and interest. Revenues take time to build out. In the months following opening margins improve for both the growth in revenues and the realization of cost efficiency. Howard will speak in a moment about the nature and scope of one time and ramp up costs that we've incurred during the quarter. He'll also discuss the effects of amortization, depreciation and interest of acquisitions along with our diminishing yet ongoing costs of integration at our new properties.

Prior to that I'd like to discuss the performance of our major BC properties prior to and post opening their expansions. The fourth quarter saw the introduction of the Boulevard Casino to the lower mainland of BC. The new supply of gaming positions saw an immediate lift in the size of the gaming market without detriment to the existing properties.

Gaming revenues for our BC properties in the fourth quarter are broken out as follows. Now I'll speak slowly as there's a list. The River Rock Casino \$19 million one hundred thousand in the fourth quarter as GCGC's revenue. The Boulevard Casino, approximately \$9.8 million reflecting seven weeks of degraded operations and six weeks of new operations in the quarter.

Holiday Inn \$2 million four hundred and forty one. View Royal, approximately \$5 million. Nanaimo, \$3.3 million. All BC properties maintained or improved their revenue performance over the previous quarter.

Gaming revenues for our other properties for the fourth quarter are as follows. Nova Scotia, \$12 million eight hundred thousand. Washington State, \$7 million four hundred thousand. Fraser Downs, \$4.8 million. Hastings \$3.3 million. Georgian Downs, \$4.5 million, Flamboro Downs, \$4.3 million.

Casino revenue is measured by the house win which may fluctuate when measured over a short period of time. To more fully gauge the performance of the casino you need to examine other metrics of the volume of play.

Table drop is a volume measure of the player buy in at the table. It provides a gross measure of table play. Coin in is the volume measure of the dollar value placed in the slot machine. Patron counts are the number of visitors entering the casino in a day that provides a gross measure of the visitation to the casino.

Improving gross measures over time are an indicator of improving performance of the casino. Staff counts can assist in determining the efficiency of play.

The Boulevard Casino for the period of October 2005 through January 2006 had the following measurements of performance. October, Great Canadian's revenue from the casino, its share of the revenue, \$2.5 million. November, \$2 million nine hundred and fifty six. December \$4.3 million. January, \$4.1 million.

Table drop for October was \$11 million four hundred. November was \$13 million four hundred. December was \$19 million. January, \$21 million.

Coin in in October was \$92 million. In November \$97 million. In December \$131 million. In January \$138 million. Patron count or visitation 93,000 in October. 105,000 in November. 199,000 in December. 201,000 in January. Employees, 630 in October, 691 in November, 690 in December and 682 in January.

The data provides an indication of both the early stage acceptance of the location and the trend to improving human resource efficiency as the revenue is building while staff counts have remained relatively constant.

The River Rock Casino Resort opened its hotel late in the third quarter adding both accommodation and several food and beverage outlets to it's suite of entertainment offerings.

Hotel, food and beverage revenues have ramped up over that period. In October the River Rock Hotel grossed hotel food and beverage number was \$2.7 million. In November \$2.6 million but keep in mind November had 30 days versus 31. And December \$3.3 million. As to the number of employees there were 682 in October, 682 in November and 650 in December.

Now the hotel has achieved strong occupancy rates skewing strongly towards weekend dates which in the hotel industry is the difficult end of the week. Marketing efforts to build the front end of the week business traffic to the hotel are well underway.

Hotel margins should continue to improve with client increases in the average daily rate and the marketing efforts focused on traffic during the middle of the week.

As a casino and hotel development and planned acquisitions have been delivered revenues have begun to accrue to the company. Management is now focused on delivering greater efficiency of operations at these locations.

In Nova Scotia changes in the first quarter of this year will include the introduction of widespread improvements to gaming technology. These improvements will stimulate play and reduce operating expenses. Initiatives scheduled for the completion in the first quarter include ticket in, ticket out, shuffle master, multi denominational slots and digital surveillance.

At race tracks management is focused on efficiencies related to shared services and simulcast signals, food and beverage acquisitions or purchasing, marketing and accounting.

Efforts will be undertaken over the next three to six months with the goal of reducing operating costs and improving operating margin.

As you are aware human resources constitute the largest expense grouping for Great Canadian. The months following the opening of a new facility typically reveal higher staff attrition rates than those apparent in steady state operations.

To improve staff efficiency we've been limiting the replacement of natural staff attrition. In September GCGC staff counts totaled 5,400. In October they were 5,481. In November 5,400. December 5,333 and in January 5,184.

Management has also introduced discretionary expense controls and is both committed and focused on reducing ongoing operating costs. I'd now like to turn the call to Howard Hum.

Howard Hum, Chief Financial Officer

Thank you Tony. We understand everyone's desire to have greater financial clarity over some of the details that was presented in the press release. Our primary objective was to give timely warning of results that will not meet market consensus and provide estimated ranges for those results.

As Tom and Tony mentioned we are in the middle of our year end financial reporting process. We are gaining greater information ourselves as we analyze the results and work through our year end audit. Thus I do caution that the financial information provided in our press release and in this call are preliminary, unaudited and to the best of our knowledge.

This information is being refined and may change from today to the date we officially release our quarter and year end financial results.

I will speak to some of the areas covered in our press release and mentioned by Tony. We will of course be providing more detailed information in the management discussion and analysis next month.

The opening of the River Rock Hotel, theatre and food and beverage outlets as well as the expanded Boulevard Casino required substantial upfront costs in the recruiting and training of staff and in marketing and promotions for the openings. The openings themselves were planned soft openings allowing the staff and operations to iron out the bugs and gradually ramp up in scale and build efficiency.

We have yet to achieve steady state operations and more importantly from a financial perspective we have yet to achieve steady state margins.

Importantly last year for the River Rock Casino project we were able to capitalize many of the upfront costs associated with that project.

With the River Rock Hotel, theatre, food and beverage project and the Boulevard Casino project we were not able to capitalize these costs as they were considered extensions to existing facilities and not new developments. Accordingly these costs were expensed.

The company completed four acquisitions during the year, Orangeville Raceway, Metropolitan Entertainment, Georgian Downs and Flamboro Downs. Our integration team has been working to develop, receive approval and implement business plans for each location. The results of their efforts will be to increase revenues and improved operating efficiencies as Tony mentioned. The cost of these teams are also being expensed.

These integration activities and costs will extend into 2006. Again in the MD&A we will be quantifying the elements of start up, non recurring and recurring costs.

Based on information so far here are some of the things that have impacted the quarter. At the Boulevard Casino fourth quarter gaming revenues increased by approximately 25% from the third quarter. This increase was achieved despite the disruption from the construction, sorry, despite the disruption from construction which impacted the operations through reduced tables, slots and parking for the first seven weeks of the quarter.

From an expectations perspective it was an opportunity loss of revenues and EBITDA for this period. The expanded casino did open in late November and contributed six weeks of revenues in the fourth quarter.

We have mentioned the lead time required to recruit and train staff at the casino expansion. We also pay for training costs and staff time while under training for which there are no revenues associated.

Boulevard staffing was being added several months in advance of the casino's opening. These additional staff persons were deployed at Boulevard and at are other casino locations prior to Boulevard opening.

Therefore we incurred labor for a full quarter yet only realized revenues for about six weeks. We do expect labor efficiency to improve from the level experienced in the fourth quarter.

Marketing expenditures also increased in promoting the new and expanded casino as well as, sorry, as well there was higher operating supplies and occupancy costs associated with the larger facility.

At the River Rock Casino Resort fourth quarter gaming revenues increased by approximately 5% from the third quarter. Other revenues at the casino which includes hotel, entertainment, food and beverage doubled from the third quarter.

River Rock's results were significantly impacted by theatre start up losses, opening gala and marketing costs and hotel, food and beverage margins that are currently well below expectations.

We have conducted business valuations on the acquired operations for the purpose of determining a purchase price allocation. Those business valuations are currently being finalized.

The result of these valuations will result in increased non cash amortization of fixed and intangible assets in the fourth quarter and forward.

Interest and financing costs will increase in the fourth quarter concurrent with the opening of River Rock and Boulevard expansions.

We are analyzing all of our costs to determine an appropriate level of one time start up and nonrecurring costs and an appropriate level of sustaining and recurring costs. We know this information is important and we'll provide details in our MD&A.

In our press release we indicated that these start up and nonrecurring costs are significant especially when one looks at projected fourth quarter EBITDA to the third quarter reported EBITDA.

We presently estimate that these one time and start up costs could be at least \$5 million or more, although we are in the middle of our reporting process and we have much work to do.

We do know what costs have been incurred, we have and are taking further actions to manage and reduce costs into the future and we are working with management to determine exactly what will be recurring charges and what will be nonrecurring charges.

In addition we are looking to see what changes could be subsidized in the, sorry, what charges could be subsidized in the future through our casino operating contracts. All of this analysis is quite fluid at this time and again we will provide further information in our MD&A next month. I'd like to turn this call back to Tom.

Thomas Bell, Vice President Corporate Development & Investor Relations

Thank you Howard. Now before we open the line to questions I'd like to remind the callers to limit those questions to address only the content of this presentation as well as this morning's press release.

Specific questions about the company's financial performance should be postponed until the announcement and conference call for the audited year end financials. I'd like to now ask the operator to open the lines for calls to questions.

QUESTION AND ANSWER SESSION

Operator

Thank you Mr. Bell. We will now take questions from the telephone lines. If you have any questions please press *1 on your telephone keypad. If you are using a speaker phone please lift the handset and then press *1. If at any time you wish to cancel your question please press the #

sign. Please press *1 at this time if you have a question. There will be a brief pause while participants register for questions. We thank you for your patience. Our first question is from Blake Hossack from Versant Partners. Please go ahead sir.

Blake Hossack, Versant Partners, Analyst

Good afternoon, I have several questions. I'll try to work through them as quickly as possible and then open up the call. Just wanted to clarify on the one time costs Howard are you guys in a position right now where you're able to break out some of the shortfall versus expectations or is the \$5 million soft circle right now as far as you're willing to go on what's one time and what's reoccurring?

Howard Hum, Chief Financial Officer

Hi Blake. As I mentioned earlier I really understand the need for greater clarity and accuracy. Our primary objective today was just to give timely warning of results that won't meet market consensus.

We haven't completed our year end financial reporting process and as you can appreciate we have experienced a substantial growth in our business just in the fourth quarter that we need to incorporate into our year end.

At this time I've provided as much information as I'm comfortable disclosing. We really have a lot more to do from a financial reporting perspective.

So with respect to the \$5 million number I quoted earlier that's kind of the current estimate and we expect that it could go north from that number.

Blake Hossack, Versant Partners, Analyst

Are you guys in a position right now to provide a sense of how 2006 shapes up from an ongoing perspective in terms of margins?

Howard Hum, Chief Financial Officer

Blake we're not commenting on 2006 run rate in this call. We have seen a large change in our business you know scope of activities, complexity, geographical coverage. I think Tom has mentioned earlier to a lot of people, we are planning an analysts day next month to really provide better understanding of our business, our revenues, cost structures, financing components so we can do a better job of managing expectations. So you know until that time we're not commenting in this call.

Blake Hossack, Versant Partners, Analyst

Moving right to the content of the press release on the revenue side, you discussed Coquitlam being up 25% sequentially. River Rock you noted was up 5%. That appears to have risen obviously from the 7% drop in Q3. I would have expected a little bit stronger in terms of the gaming revenue on River Rock, can you guys comment on whether or not we're seeing some cannibalization there at River Rock or just your thoughts on that facility in general with the opening at Coquitlam?

Howard Hum, Chief Financial Officer

Blake with the River Rock performance what we saw immediately with the opening of the hotel and the theatre, the soft opening in August and then a full opening in September was a rise in revenues. But at the same time Coquitlam opened up in November.

The nature of the gaming market in Vancouver is it, there is capacity, it does develop, but there are honeymoon periods associated with our openings. So in some respect Coquitlam would have taken some of our regular customers from River Rock for the brief period.

Unknown Male

(Inaudible) but the trend now Tony talked about earlier.

Anthony Martin, President and Chief Operating Officer

I also think Blake you would need to look at patron counts, table drop and coin in to determine the true performance of River Rock. Often times we see fluctuations from one quarter to the next, not based on the volume of play but just simply the hold percentage that's retained by the casino. It does fluctuate on a daily basis certainly and sometimes quarter over quarter.

So we did see growth in the fourth quarter with River Rock. We saw our drop and our coin in improve in those properties. And we see that, we, you know we hope to see that continue through the first quarter of this year.

Blake Hossack, Versant Partners, Analyst

Okay. And moving over to Nova Scotia, you noted that there was a week winter impact on those results. How does that affect your ongoing view for the properties, somewhere in the \$50 million range on revenue and eight to twelve on EBITDA? Have we changed based on this current experience?

Unknown Male

No. In the third quarter call we actually briefly talked about seasonality. The customer demographics at Nova Scotia tends to be a tourist based business which peaks in the summer months. So this was not an unusual downturn for us.

Unknown Male

Not at all Blake. And I think that when we look at the year to date results we're pleased with Nova Scotia. So to answer your question although there's a fluctuation in the quarter it's understood and we viewed that number as an annual number.

Blake Hossack, Versant Partners, Analyst

Okay, fair enough. Just moving to the balance sheet just as a quick clarification. The EBITDA range for Q4 that you discussed in the press release is 9 to 11, do you have an associated adjusted EBTIDA number?

Howard Hum, Chief Financial Officer

Not at this time.

Blake Hossack, Versant Partners, Analyst

As you previously disclose it, okay.

Howard Hum, Chief Financial Officer

We'll disclose that in our MD&A.

Blake Hossack, Versant Partners, Analyst

Okay. Is there any concern right now on bank covenants right now? Can you remind us what the previous covenant was on the series B notes?

Howard Hum, Chief Financial Officer

Sure, there is no concern on covenants at this point. There are two primary covenants on our debt facilities. Number one is a net debt divided by adjusted EBITDA margin. And the second one is effectively an interest coverage ratio. And we are in compliance with both of those.

Blake Hossack, Versant Partners, Analyst

Okay, I'll open it up for other callers. Thanks.

Operator

Thank you. Our next question is from David McFadgen from Sprott Securities. Please go ahead.

David McFadgen, Sprott Securities, Analyst

Yes, just a couple of questions. The first one is can you quantify the sort of increase in corporate costs as a result of this integration team? Cause I think in the past you were capitalizing those costs and putting them against acquisitions. Now you're expensing them. Can you just quantify what that differential is?

Unknown Male

So you're talking about, I just missed part of that question. The corporate overhead costs?

Unknown Male

(Inaudible).

Unknown Male

Oh, the integration team costs. No I haven't separately identified those costs. We're in the process of analyzing it right now. It's true that some of our overhead costs in previous quarters had been capitalized. And it was not so

much the integration team which is expensed. But it was the capital construction development group and those costs were capitalized to the actual physical building of the facilities. That can be capitalized but start up, preopening, the mergers and acquisitions group needs to be expensed.

David McFadgen, Sprott Securities, Analyst

Okay. So you can't quantify the differential or the increase versus Q3 into Q4?

Unknown Male

Not at this time.

David McFadgen, Sprott Securities, Analyst

Okay. How many quarters do you think it's going to take to get to a more normalized level? Is it going to be two quarters, one quarter, three quarters, four quarters? You know how long do we have to wait till we sort of see things stabilize here?

Unknown Male

You're talking with regards to acquired operations?

David McFadgen, Sprott Securities, Analyst

Well just everything, you know the new properties, everything.

Howard Hum, Chief Financial Officer

I think Dave you know when I went through some of the gross revenues numbers and staff counts I think you can see that that process has already begun. It's certainly the focus of management and it has both the attention and the direction of our CEO. So I would say to you that we're proceeding in all due haste. It's part of opening the properties.

If I look back at River Rock and I look at the cost structure of River Rock, if I look at the cost structure of River Rock it took about two quarters I think to kind of stabilize those.

David McFadgen, Sprott Securities, Analyst

Okay. Are you expensing any of the BCLT marketing funds yet?

Unknown Male

Howard?

Howard Hum, Chief Financial Officer

We expensed a portion of that in the fourth quarter and that was related...and that was related to an opening gala that was held at the River Rock Theater.

David McFadgen, Sprott Securities, Analyst

Okay, but as far as Coquitlam and River Rock and Fraser Downs those haven't really been expensed yet starting in the fourth quarter, have they?

Howard Hum, Chief Financial Officer

Well let me just correct that David. The BC Lottery Corporation marketing fund applies to River Rock, Coquitlam and the Vancouver Island casinos. We will be expensing that starting in 2006.

David McFadgen, Sprott Securities, Analyst

Okay.

Howard Hum, Chief Financial Officer

Fraser Downs has a required spend on marketing. It does not go into a fund but they need to spend that themselves and that has been expensed all along.

Unknown Male

I'd also say David that it's BCLC who actually directs and expends the funds. We contribute to the fund, we provide input into the marketing fund. But those expenditures haven't yet started. And so we'll, we believe that we'll commence expensing it with the actual expenditure by BCLC which would tie to an improvement in revenue.

David McFadgen, Sprott Securities, Analyst

Okay. And just the last question, sorry for the noise in the background, I'm traveling, were there any properties aside from this, aside from Coquitlam and maybe River Rock that sort of disappointed you in the quarter?

Unknown Male

If I may, I don't believe that the properties disappointed us. I think what we're expressing is that the start up costs and the ramp up costs impacted the quarters performance. I think we're actually quite pleased with the performance of Coquitlam since it came on board. And the hotel as I mentioned the hard end of the week to fill is the weekend in any hotel. And we see that aspect of our operation as being fully occupied. So I really do believe it's a question of start up.

David McFadgen, Sprott Securities, Analyst

Okay.

Unknown Male

And the answer to the other question was no, there wasn't, the other properties performed at or above the previous quarters level from a gross revenue perspective.

David McFadgen, Sprott Securities, Analyst

Okay.

Unknown Male

We also are proactive at even looking at the gaming product at our casinos. And River Rock for example we've increased the number of tables in the casino in order to capture some of the post event crowds. And again you know that's trying to balance the right offering to the demographics of the customer visiting the casino.

David McFadgen, Sprott Securities, Analyst

Okay. Okay, alright, that's it for me. Thanks.

Unknown Male

Thanks David.

Operator

Thank you. Our next question is from Peter Sklar of BMO Nesbitt Burns. Please go ahead.

Peter Sklar, BMO Nesbitt Burns, Analyst

No, I'm fine, all my questions have been answered. Thank you.

Operator

Thank you sir. Our following question is from Peter Goudron from OSS Capital. Please go ahead sir.

Peter Goudron, OSS Capital, Analyst

Hi guys. Just a quick question, just understanding the, this upfront cost issue with hiring and so forth, is it fair to say that you feel like you've sort of gotten the churn out and you know I'll use a generic example, you know at River Rock maybe you needed to hire 500 people to fill, ultimately fill 250 spots. Do you feel like you have the dealers you need in Coquitlam, you have the cocktail servers and you're kind of at a steady state point or are you still churning through that group of people and is it something we need to be thinking about going forward? Thanks.

Unknown Male

That's a great question actually because that's indeed what does happen. When you go out and recruit and then you train and then you put dealers or cocktail waitresses or whomever in a live environment often times the person finds that they're either not right for the job, even though you do your very best to recruit appropriately, or that you find they're not the right person for the job.

And so in the days and weeks following a casino opening we do see higher than normal attrition rates. Our typical attrition rate runs at about 14%. In the days and weeks and months following a casino opening typically it lasts for a period of a quarter or two we can see as much as 30 to 35%.

And so what we do to avoid shortages at the casino is we actually over recruit and over train going in and then we reduce staff over time to the appropriate level. That way we don't impact the live production environment.

So we do expect it to slow in the coming months and we'll get down to steady state as we say in the quarters that follow.

Peter Goudron, OSS Capital, Analyst

Okay, so it sounds like, I mean you're certainly not at the spike you were let's say when you opened Coquitlam.

Unknown Male

That's correct.

Peter Goudron, OSS Capital, Analyst

But if you're from, you sort of are positioned as analysts, investors, it's probably not, it's not something we can assume is sort of smooth sailing at this point, probably looking out a few months more.

Unknown Male

I think that you can assume that it's slowed. Certainly we're production now right.

Unknown Male

Oh you can certainly assume that it's slow. We've gone in heavier than required and we're now pulling back.

Peter Goudron, OSS Capital, Analyst

One other question too just thinking about the longer term aspect of the story. If you think about what's going on in Ontario with racino's and when Hastings finally comes up, do you have the same sort of dynamic in terms of this, this differential between revenue recognition and expensing in terms of up front costs or because it's more of a racino situation that kind of go away?

Unknown Male

Howard do you want to comment to that? That's the difference in the, you know in the accounting treatment that we would have afforded something like River Rock versus the accounting treatment that afforded Coquitlam. Do we expect that (Inaudible) the expensed or?

Howard Hum, Chief Financial Officer

Well it's really a bit of a grey area, the extent of the development that qualifies for capitalization. At this point the, you know the projects we've announced so far that's still on the plate would be the Hastings slot deployment and the community game center in Dawson Creek.

With the Ontario operations right now they are pretty much steady state operations. So we don't anticipate similar ramp up, start up, preopening issues of a substantial nature.

Peter Goudron, OSS Capital, Analyst

I mean presumably you don't have dealer costs and so forth. But you know I was talking more in terms of you know cleaning crews or you talked about insurance or you talked about you know cocktail servers and training them and food preparation and that sort of thing. I mean could there could still be a little bit of that in those properties?

Unknown Male

Don't forget that the Ontario properties are up and running.

Peter Goudron, OSS Capital, Analyst

Okay. Okay, so maybe Ontario is a bad... I'm thinking in terms of Hastings maybe.

Unknown Male

In terms of Hastings they have slots going in.

Unknown Male

I was going to say are the greatest training needs for our recruits would be dealers on the table games. And they go through a, I think it's three weeks training program before they even hit the casinos. Most of the other positions have a relatively short learning curve start up

curve. So we're really dealing with expansions, sorry, we're dealing with substantial start up costs only with expansions of the table operations.

Peter Goudron, OSS Capital, Analyst

Okay. And the last question, in terms of, if you're talking about table operations you've talked about public, you know the table side of the business at River Rock for instance has been such a success. And I think you've actually moved away from some slots and put more tables in there.

Lets say you have to do that going forward, would you anticipate the same sort of upfront expense cost to get more dealers for those new tables or do you have kind of a pipeline of people that you can slot in in an easier fashion than has currently been the problem? Does that question make sense?

Unknown Male

Well I guess you have to look at the rate of expansion. When we, when we opened River Rock we added, we went from about a 30 table venue to today we're 102 tables in the River Rock between poker and table play, 108, the number is always changing. So you have to look at the rate of expansion.

We wouldn't see that, that level of expansion again at River Rock. You add you know 10 tables or 15 tables and they typically accommodate it within their normal recruiting. We do just in time recruiting. So we look to see the attrition rate in the organization on a steady state and we constantly recruit and train through the year so we keep level staff loading. So to add new tables it's typically a lead time to that would be, that would be sufficient to add the extra ten or fifteen dealers depending on the nature of the table and it's location.

Peter Goudron, OSS Capital, Analyst

Okay, got it, okay. Thanks guys.

Unknown Male

Thanks.

Operator

Thank you. Our next question is from Robert Windslow from Wellington West Capital. Please go ahead sir.

Robert Windslow, Wellington West Capital, Analyst

Good evening.

Unknown Male

Good evening.

Robert Windslow, Wellington West Capital, Analyst

I think I might have missed one of your responses and I apologize if this has been asked, but I just wanted to try to get my head around the, you talked about capitalizing costs versus expensing them on Coquitlam versus say River Rock in the past. I'm sorry, could you walk me through that again why this time expense is not capitalized?

Unknown Male

Sure.

Robert Windslow, Wellington West Capital, Analyst

Cause it was not extension, not a new project?

Unknown Male

Sure. And I think as a generality the Canadian accounting is moving more towards a US accounting model and it would be very typical in US accounting just to expense all costs. It seems that we're moving towards capitalizing less.

Now the difference between the two projects, River Rock was a complete build from the ground up. So it was clearly a brand new development, a new casino and a brand new facility on a piece of land we acquired.

So in that respect it's very easy to make the argument that there's ramp up, preopening of start up costs. In addition some of those costs were also picked up under our facility development improvement program with BC Lotteries.

And currently we added to River Rock hotel, food and beverage and a theatre. And when we look at Canadian accounting and working with our auditors that's not viewed as a brand new development but merely an extension of an existing facility and the tendency or the accounting principles would say that those costs, those start up costs would now be expensed. So that's the difference. The costs are still there, it's just where you treat them for accounting purposes.

Robert Windslow, Wellington West Capital, Analyst

Yes, okay, got it. So presumably Hastings then because it's not a brand new development once you start putting the slots in it's the same idea that will all be expensed through '06 presuming you get the permit and so on? As opposed to being capitalized?

Unknown Male

I'm not sure I could answer that at this point. It's kind of facing the facts of the situation so it could go both ways I would think.

Unknown Male

(Inaudible).

Robert Windslow, Wellington West Capital, Analyst

Sorry?

Unknown Male

I said like we would have to, because it would be substantial, oh Robert, sorry.

Robert Windslow, Wellington West Capital, Analyst

It's okay.

Unknown Male

Sorry Robert. Because it would be, it could be an important cost at that time we would provide some indication as to how we would treat it.

Robert Windslow, Wellington West Capital, Analyst

Okay, alright, and a little bit of housekeeping here. On the covenants you mentioned the, I think you said net debt

Howard to EBITDA margin for the, one of the debt covenants?

Howard Hum, Chief Financial Officer

Yes, it's net debt which is to adjusted EBITDA and net debt is defined as outstanding debt less cash.

Robert Windslow, Wellington West Capital, Analyst

Yes, and to adjusted EBITDA.

Howard Hum, Chief Financial Officer

Adjusted EBITDA would be EBITDA as derived from our financial statements. And the major reconciling items would be to add back the assistance programs, the assistant cash we get back from British Columbia and Nova Scotia.

Robert Windslow, Wellington West Capital, Analyst

Yes. And would you be willing to tell us what that covenant is? Is it two and a half times or...?

Howard Hum, Chief Financial Officer

Sure, it's 3.25 for the year ended December 31, '05.

Robert Windslow, Wellington West Capital, Analyst

And that's a, is that a forward looking EBITDA or a trailing EBITDA?

Howard Hum, Chief Financial Officer

It's a trailing EBITDA.

Robert Windslow, Wellington West Capital, Analyst

Great, that's perfect. Thanks for that clarity. And then I guess the last thing for me would be Georgian Downs and Flamboro, how many weeks in the quarter did we see results from them on that? You gave us the revenues on it, I just wondered how many weeks each?

Howard Hum, Chief Financial Officer

Georgian Downs was in there for a full quarter and Flamboro I believe was from October 19 or 17 so...

Robert Windslow, Wellington West Capital, Analyst

Six, no. Ten.

Unknown Male

Ten or eleven weeks.

Robert Windslow, Wellington West Capital, Analyst

Got it.

Unknown Male

There's thirteen weeks in the quarter, it would be eleven.

Robert Windslow, Wellington West Capital, Analyst

Got it, thank you very much.

Unknown Male

Thanks Robert.

Operator

Thank you. Our next question is from Damir Gunja from TD Securities. Please go ahead.

Damir Gunja, TD Securities, Analyst

Thank you, a couple of items. First one, I guess in light of your current state of the business would your view on expansion, I guess particularly in Ontario have changed at all strategically just timing wise and what you think you would comfortably take on?

And the second one, just some clarity on the exact timing of Hastings, I understand there is some opposition mounting from a legal standpoint, any update there?

Unknown Male

Sure, I'll respond to both questions. First of all we're very committed to the Ontario marketplace. But we don't

control the expansion in that market. That's based on the direction of the Ontario Lottery and Gaming Corporation. If there's an opportunity that presents itself we'll assess the opportunity based on the merits of the business case at that time and we would proceed based on a positive outlook for the company.

One thing you need to understand in Ontario is that we don't operate the slot floor, it's actually operated by the Ontario Lottery and Gaming Corporation. So many of the costs that we see today that impacted us in the fourth quarter from the perspective of start up or one time would actually be born by the Ontario Lottery and Gaming Corporation.

To answer your second question with respect to the Hastings permitting process I believe there is a challenge currently between the city and a citizens group. It's not, I believe it's going to, I'm not quite certain of the process but it's really regarding whether there or not there was the right level of public consultation.

And our view on it and the view of the city of course is that there was indeed the right level of public consultation. I mean this thing went on for a good number of months and we fully complied with the requirements of the city.

So I believe in time that matter will be resolved. In the meantime we continue to proceed with our work with the city negotiating on the lease and determining the scope and extent and timing of the development and our hope is that all will concur and conclude at the same time.

Damir Gunja, TD Securities, Analyst

Thank you.

Unknown Male

Thanks Damir.

Operator

Thank you. Our following question is from Anoop Prihar from GMP Securities. Please go ahead.

Anoop Prihar, GMP Securities, Analyst

Good afternoon. I think earlier on in the call you had mentioned that at the end of January you had about 5,184 employees. I'm just curious to know when your business is running the way you think it's capable of running how much lower should that number go?

Anthony Martin, President and Chief Operating Officer

It's a good question Anoop. We're working on that at this time. I mean we're always very, first of you have to be very cognizant of the fact that the majority of those, the vast majority of those employees are actually front line revenue producing staff.

And so there is the right component of your staff and you don't want to be proceeding below that number. So from the perspective of where other staff may lie, in other words head office or in the integration team we take a good hard look at that.

So I wouldn't want to put a number out there at this point only to say that we work with the managers in the casinos, we make certain that they have an adequate and ample supply of staff and that we look to run head office as efficiently as we can and we're constantly looking to combine work and manage our resources successfully.

I would say that we're following an attrition type process. So we'll continue to allow the natural attrition of the business to take place. And we'll look to control the number of staff in that way.

Anoop Prihar, GMP Securities, Analyst

But is it fair to say Tony that if I understand the comments that you guys have made so far obviously human resource costs are a big issue and we are experiencing

higher than anticipated levels even if it is a revenue employee versus as you say a head office employee?

Anthony Martin, President and Chief Operating Officer

But understand Anoop, you've just brought on two major businesses and the revenues are just starting to build out, right?

Anoop Prihar, GMP Securities, Analyst

Right.

Anthony Martin, President and Chief Operating Officer

If I look at the staff counts that we would have had at the, in the June time frame or the May time frame they're probably within 70 or 80 staff members where we are today. So we are indeed becoming more efficient about our staff counts.

Anoop Prihar, GMP Securities, Analyst

Okay, thank you.

Operator

Thank you. The following question is from Mark Melnyk from Highline. Please go ahead.

Mark Melnyk, Highline, Analyst

Hi, how are you guys? It's Stephen Hoff(ph).

Unknown Male

So hi Stephen.

Unknown Male

Hi Stephen.

Mark Melnyk, Highline, Analyst

I wanted to ask you guys how does today's additional disclosure of expenses affect management's decision or your position on future conversion to an income trust?

Unknown Male

Well first of all the discussion on income trusts we've always said was probably 12 to 18 months out, and the reason we've said that is that we were in the growth phase of our development and that we were consuming our working capital to fuel and fund our growth.

And I don't believe that what's gone on in the fourth quarter has any bearing on the strategy down the road. You know we certainly don't see this as a continued state of operations. And we believe that we'll get to steady state and at an appropriate time in the timeframe that we talked about before make the decision on whether an income trust model is appropriate for the business.

Unknown Male

As we mentioned in the press release we are confident in our business. The revenues are growing and we're managing our costs.

Unknown Male

We always said that we would build the facilities, staff them, grow the revenues, achieve efficiencies and then harvest the profits. So we don't manage business on a short term basis. We manage for the long term and any decision on a long term income trust conversion is based on sustainable cash flows and I don't believe they're not there today.

Unknown Male

Yes, I don't believe that quarter has any impact or change in that view.

Mark Melnyk, Highline, Analyst

Terrific, thanks guys.

Unknown Male

Thanks Stephen.

Unknown Male

We have time for one more, one more caller.

Operator

Thank you. The last question will be from Blake Hossack from Versant Partners. Please go ahead.

Unknown Male

There's Blake.

Blake Hossack, Versant Partners, Analyst

Hi guys. Just wanted to clarify, you announced two events, your quarter and an analyst call, or an analyst's day. Do you have dates for both of those?

Unknown Male

We are planning our financial release on or about middle of March, tentatively planned for March 15th. The call we plan on that day or the following day, depends on the timing within that day and as far as the analyst's day that would be in March, probably after the release.

Unknown Male

But at that time we'll certainly announce the day and location of the analyst's day.

Blake Hossack, Versant Partners, Analyst

Are you guys going to be taking a shot at providing guidance on 2006 at this analysts day to try and enhance clarity going forward and expectations as you guys educate the market on how your business works from a revenue and cost perspective?

Unknown Male

Lets say our goal is to achieve all of what you said towards the tail end which is help analysts understand the business, as far as guidance that's one tool we haven't really reached a conclusion on.

Blake Hossack, Versant Partners, Analyst

Great. Any thoughts and this is just a final comment, in your disclosures to help the investment community on the gaming revenue? Have you thought of breaking that out between tables and slots?

Unknown Male

You know that's something we could certainly consider. I think that we don't operate in a vacuum obviously and we would need to seek the input and support of the Lottery Corporation to see how they would feel about that breakout and also we also want to make certain that it was something that we could sustain in the long term because once we provide it it's generally hard to pull back. So we could certainly consider that if we felt that that would be helpful. We could certainly consider that.

Blake Hossack, Versant Partners, Analyst

Okay, thanks very much.

Thomas Bell, Vice President Corporate Development & Investor Relations

Thank you Blake. Okay, I'd like to thank everybody for their questions and I'd like to remind all participants on this call that forward looking statements were made during the call and I strongly advise that those

participants that joined the call midway to listen to the replay of the call in order to hear my comments regarding these forward looking statements.

This call will be available for replay through our website which is at www.gcgaming.com and it will also be available until February the 27th by dialing the local access number which is, I'll give you two numbers, one is 1-416-695-5275. That's 416-695-5275. The toll free access number is 1-888-509-0082, that's 888-509-0082. And this now concludes Great Canadian Gaming Corporation's conference call for February 13th, 2006.

Operator

Thank you gentlemen. The conference has now ended. Please disconnect your lines at this time. We thank you for your participation and have a nice day.
