



# GREAT CANADIAN GAMING CORPORATION

## GREAT CANADIAN GAMING ANNOUNCES FIRST QUARTER 2010 RESULTS

### IMPROVED EFFICIENCY AND RIVER ROCK COMBINE TO CREATE CONTINUED EBITDA GROWTH

**May 10, 2010 – Richmond, BC** – Great Canadian Gaming Corporation [TSX:GC] (“the Company”) announces its financial results for the three month period ended March 31, 2010 (“first quarter of 2010”).

#### **2010 FIRST QUARTER HIGHLIGHTS**

(Amounts presented in \$millions, except for per share information)

- Revenues of \$93.0 million, 3% decline from the first quarter of 2009
- EBITDA of \$31.4 million, 7% improvement from the first quarter of 2009
- EBITDA margin of 33.8%, 3.3 percentage point improvement from the first quarter of 2009

	First Quarter		
	2010	2009	% Chg
Revenues	\$ 93.0	\$ 96.1	(3%)
EBITDA <sup>(1)</sup>	\$ 31.4	\$ 29.3	7%
EBITDA as a % of Revenues	33.8%	30.5%	
Shareholders' net earnings (loss) <sup>(2)</sup>	\$ 4.3	\$ (2.0)	
Shareholders' net earnings (loss) per common share:			
Basic	\$ 0.05	\$ (0.02)	
Diluted	\$ 0.05	\$ (0.02)	
Total assets	\$ 997.6	\$ 1,045.8	
Long-term debt, excluding current portion	\$ 333.4	\$ 464.3	
Derivative liabilities	\$ 59.6	\$ 14.0	

(1) EBITDA is a non-GAAP measure and is defined in the Disclaimer section of this press release.

(2) Shareholders' net earnings (loss) increased by \$6.3 in the first quarter of 2010, when compared to the first quarter of 2009. The increase was due to both the EBITDA improvement and a reduction of \$11.3 in restructuring expenses, when compared to the first quarter of 2009.

For the three month period ended March 31, 2010 (“first quarter of 2010”), Great Canadian Gaming Corporation (“the Company”) reported revenues of \$93.0 million, a 3% decline from the first quarter of 2009, as its operations continued to experience a challenging economic

environment. However, efficiency improvements allowed the Company to generate EBITDA of \$31.4 million, a 7% increase from the first quarter of 2009.

The year-over-year revenue decline was due to the impact of the challenging economy, the mandatory February closure of Hastings Racecourse during the Winter Olympics, and the effect of the weakened American dollar on the Great American Casinos' revenues. These declines were offset by a revenue increase of \$1.8 million at the River Rock Casino Resort ("River Rock"). This increase can be attributed to both the opening of the Canada Line during the third quarter of 2009 and the completion of the property's redevelopments during the fourth quarter of 2009. These factors have improved both visitation and gaming volumes at River Rock.

The year-over-year EBITDA improvement reflects both the revenue increase at River Rock and the benefit of the Company's expense reduction initiatives, which were implemented throughout 2009. These initiatives reduced the Company's operating expenses for the first quarter of 2010 by \$5.2 million, when compared to the first quarter of 2009.

EBITDA as a percentage of revenues for the first quarter of 2010 was 33.8%, a 3.3 percentage point increase from the first quarter of 2009. This improvement was primarily due to both River Rock's revenue increase and the operating expense reductions, which mitigated revenue declines at the Company's other properties.

"Great Canadian's results for the first quarter of 2010 present a mixed outlook for the year ahead," stated Ross J. McLeod, Great Canadian's Chairman and Chief Executive Officer. "Many of our properties continue to witness the impact of a challenging economy. While visitation levels have remained relatively robust, our patrons across Canada have become more conservative in their entertainment spending. Throughout 2010, we will continue to improve every customer-facing facet of our business. This is the most cost effective route to both recovering those revenues lost during 2009 and generating new growth.

"This strategy will be particularly important at Boulevard Casino, our second largest property. Boulevard is currently facing challenges from both a competitor's facility and disruption related to provincial highway enhancements, in addition to the pressure the economy has placed upon its patrons. We have already begun to address these challenges, and Boulevard will remain an area of focus over the coming quarters.

"The expense reduction initiatives we implemented during 2009 once again facilitated an encouraging EBITDA return in the first quarter of 2010. This was most evident at River Rock Casino Resort. The Canada Line and River Rock's recent redevelopments have created significant growth in both visitation and gaming volumes at that property. Increased efficiency allowed this growth to translate into an impressive improvement in River Rock's EBITDA."

Mr. McLeod concluded, "Great Canadian's results for the first quarter of 2010 have further fortified the company's financial position. We attained this position through the adoption of a conservative philosophy. We will maintain this philosophy going forward, and seek to further improve both our efficiency and our offerings. Although we have made progress in this regard, it remains not only our focus for 2010, but also our greatest near-term opportunity for increasing stakeholder value."

Great Canadian will host a conference call for investors and analysts today, May 10, 2010, at 2:00 PM Pacific Time to review the financial results for the period ended March 31, 2010. To participate in the conference call, please dial 647-427-7450, or toll free at 888-231-8191. Questions will be reserved for institutional investors and analysts. Interested parties may also access the call on the Internet at [www.gcgaming.com](http://www.gcgaming.com); please allow 15 minutes to register and install any necessary software. A replay of the call will also be available at [www.gcgaming.com](http://www.gcgaming.com).

#### **ABOUT GREAT CANADIAN GAMING CORPORATION**

Great Canadian Gaming Corporation is a multi-jurisdictional gaming and entertainment operator with operations in British Columbia, Ontario and Nova Scotia, and Washington State. The Company operates ten casinos, a thoroughbred racetrack that offers slot machines, three standardbred racetracks (two offer slot machines and one offers both slot machines and table games), a community gaming centre, a bingo hall, a hotel and conference centre, two show theatres and various associated food and beverage and entertainment facilities. As of March 31, 2010, the Company had approximately 3,900 employees in Canada and 600 in Washington State. Further information is available on the Company's website, [www.gcgaming.com](http://www.gcgaming.com).

Please refer to the Consolidated Annual Financial Statements and Management's Discussion and Analysis ("MD&A") at [www.gcgaming.com](http://www.gcgaming.com) (available on May 10, 2010) or [www.sedar.com](http://www.sedar.com) (available on May 11, 2010) for detailed financial information and analysis.

**The financial results on the following pages are unaudited and prepared by management.  
Amounts are in millions, except for per share information.**

## Consolidated Results of Operations

(Dollar amounts expressed in millions, except for per share information)

	First Quarter		
	2010	2009	% Chg
Gaming revenues	\$ 66.5	\$ 68.6	(3%)
Racetrack revenues	6.2	6.9	(10%)
Facility Development Commission	7.2	7.5	(4%)
Hospitality and other revenues	15.9	16.0	(1%)
	<b>95.8</b>	99.0	(3%)
Less: Promotional allowances	(2.8)	(2.9)	(3%)
<b>Revenues</b>	<b>93.0</b>	96.1	(3%)
Human resources	37.6	40.5	(7%)
Property, marketing and administration	24.0	26.3	(9%)
	<b>61.6</b>	66.8	(8%)
<b>EBITDA</b>	<b>31.4</b>	29.3	7%
Human resources as a % of Revenues before Promotional allowances	39.2%	40.9%	
EBITDA as a % of Revenues	33.8%	30.5%	
Amortization	14.0	11.6	
Stock-based compensation	2.7	1.7	
Restructuring and other	0.1	11.4	
Interest and financing costs, net	7.0	6.9	
Other expenses	0.3	1.3	
Income taxes	3.0	(1.6)	
<b>Shareholders' net earnings (loss)</b>	<b>\$ 4.3</b>	\$ (2.0)	
Shareholders' net earnings (loss) per common share:			
Basic	\$ 0.05	\$ (0.02)	
Diluted	\$ 0.05	\$ (0.02)	
Weighted average number of common shares (in thousands):			
Basic	82,400	82,087	
Diluted	84,327	82,087	

**GREAT CANADIAN GAMING CORPORATION**  
**Interim Consolidated Statements of Financial Position**  
(Unaudited - Dollar amounts expressed in millions)

	March 31, 2010	December 31, 2009
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 32.8	\$ 34.6
Restricted cash	5.3	5.6
Accounts receivable	9.9	7.3
Due from Nova Scotia Gaming Corporation	2.9	1.7
Prepays, deposits and other assets	8.4	7.2
	<b>59.3</b>	<b>56.4</b>
Property, plant and equipment	730.5	735.6
Intangible assets	164.3	167.6
Goodwill	37.7	37.9
Future income taxes	1.6	2.0
Other assets	4.2	4.6
	<b>\$ 997.6</b>	<b>\$ 1,004.1</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 61.5	\$ 63.4
Income taxes payable	0.6	0.1
Long-term debt, deferred credits and other liabilities, current	2.9	2.9
	<b>65.0</b>	<b>66.4</b>
Long-term debt	333.4	356.9
Derivative liabilities	59.6	50.8
Deferred credits and other liabilities	26.5	27.0
Future income taxes	70.1	68.6
	<b>554.6</b>	<b>569.7</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital and contributed surplus	350.8	347.6
Accumulated other comprehensive loss	(9.3)	(10.4)
Retained earnings	101.5	97.2
	<b>443.0</b>	<b>434.4</b>
	<b>\$ 997.6</b>	<b>\$ 1,004.1</b>

## DISCLAIMER

This news release contains certain “forward-looking information” or statements within the meaning of applicable securities legislation. Forward-looking information is based on the Company’s current expectations, estimates, projections and assumptions that were made by the Company in light of its historical trends and other factors. All information or statements, other than statements of historical fact, are forward-looking information including statements that address expectations, estimates or projections about the future, the Company’s strategy for growth, expected future expenditures, costs, operating and financial results and expected impact of future commitments. Such forward-looking information is not a guarantee of future performance and may involve a number of risks and uncertainties. Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information. Such factors may include, but are not limited to: terms of operational service agreements with lottery corporations; changes to gaming laws that may impact our operational service agreements; pending, proposed or unanticipated regulatory or policy changes; impact of global liquidity and credit availability; adverse tourism trends and further decreases in levels of travel, leisure and consumer spending; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the risk that systems, procedures and controls may not be adequate to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; First Nations claims with respect to some Crown land on which we conduct our operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; non-realization of cost reductions and synergies; demand for new products and services; fluctuations in operating results; and economic uncertainty and financial market volatility. These factors and other risks and uncertainties are discussed in the Company’s continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the “Risk Factors” section of the Company’s Annual Information Form for fiscal 2009, and as identified in the Company’s disclosure record on SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking information in documents incorporated by reference speak only as of the date of those documents. Readers are cautioned not to place undue reliance on the forward-looking information, as there can be no assurance that the plans, intentions, or expectations upon which they are based will occur. The Company undertakes no obligation to publicly revise forward-looking information to reflect subsequent events or circumstances except as required by law. The forward-looking information contained herein is made as of the date hereof and is expressly qualified in its entirety by cautionary statements in this news release.

The Company has included non-generally accepted accounting principles (“non-GAAP”) measures in this news release. EBITDA as defined by the Company means Earnings Before Interest and financing costs (net of interest income), Income Taxes, Depreciation and Amortization, stock-based compensation, restructuring and other costs, foreign exchange gain (loss), and non-controlling interests. EBITDA is derived from the consolidated statements of earnings, and can be computed as revenues less human resources expenses and property, marketing and administration expenses.

Readers are cautioned that these non-GAAP definitions are not recognized measures under Canadian GAAP, do not have standardized meanings prescribed by GAAP, and should not be construed to be alternatives to net earnings determined in accordance with GAAP or as indicators of performance or liquidity or cash flows. The Company’s method of calculating these measures may differ from methods used by other entities and accordingly our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions. The Company uses these measures because it believes they provide useful information to both management and investors with respect to the operating and financial performance of the Company.

ON BEHALF OF

## **GREAT CANADIAN GAMING CORPORATION**

“Original Signed By Milton Woensdregt”

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Milton Woensdregt, CA  
Chief Financial Officer

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