



# GREAT CANADIAN GAMING CORPORATION

## GREAT CANADIAN GAMING ANNOUNCES 2011 THIRD QUARTER RESULTS

**November 10, 2011 – Richmond, BC** – Great Canadian Gaming Corporation [TSX:GC] (“Great Canadian” or “the Company”) today announced its financial results for the three month period ended September 30, 2011 (“third quarter of 2011”).

### **2011 THIRD QUARTER HIGHLIGHTS**

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

- Revenues increase of 5%
- EBITDA growth of 9%
- Shareholders’ net earnings of \$7.9 million, an increase of 27% from the third quarter of 2010

	Third Quarter			First Nine Months of		
	2011	2010	% Chg	2011	2010	% Chg
Revenues	\$ 101.0	\$ 96.3	5%	\$ 292.5	\$ 286.3	2%
EBITDA <sup>(1)</sup>	\$ 38.2	\$ 35.0	9%	\$ 106.9	\$ 101.4	5%
EBITDA as a % of Revenues	37.8%	36.3%		36.5%	35.4%	
Shareholders' net earnings <sup>(2)</sup>	\$ 7.9	\$ 6.2	27%	\$ 23.9	\$ 21.4	12%
Shareholders' net earnings per common share:						
Basic	\$ 0.10	\$ 0.07		\$ 0.29	\$ 0.26	
Diluted	\$ 0.09	\$ 0.07		\$ 0.28	\$ 0.25	
Total assets				\$ 966.6	\$ 972.9	(1%)
Long-term debt & Derivative liabilities, excluding current portion				\$ 400.5	\$ 393.4	2%

<sup>(1)</sup> EBITDA is a non-IFRS measure and is defined in the Disclaimer section of this press release.

<sup>(2)</sup> Shareholders' net earnings increased by \$1.7 million in the third quarter and by \$2.5 million in the first nine months of 2011 when compared to the third quarter and first nine months of 2010. These increases were primarily due to improvements in EBITDA and decreases in restructuring and other expenses and impairment of long-lived assets. These improvements were partially offset by increases in foreign exchange and other expenses and amortization expense.

For the third quarter of 2011, Great Canadian Gaming Corporation recorded revenues of \$101.0 million, a \$4.7 million increase from the third quarter of 2010. EBITDA was \$38.2 million, a \$3.2 million increase from the third quarter of 2010.

The growth in revenues was primarily due to increases at both the River Rock Casino Resort (“River Rock”) and the Other BC Casinos. River Rock’s quarterly revenues increased by \$4.5 million, primarily due to improvements in table drop, table hold percentage and slot coin-in. The Other BC Casinos’ quarterly revenues increased by \$1.5

million. Included in this \$1.5 million was a \$0.8 million increase in quarterly revenues at the Maple Ridge Community Gaming Centre, primarily due to the installation of 100 slot machines at this location in October 2010 and \$0.6 million of new revenues from the acquisition of Chilliwack Bingo in May 2011.

The improvements at River Rock and the Other BC Casinos were partially offset by decreased revenues at the Boulevard Casino (“Boulevard”). Boulevard’s quarterly revenues decreased by \$0.8 million, primarily due to disruption caused by construction on provincial highway enhancements adjacent to that facility as well as proximate competition. This competition included the Company’s Maple Ridge Community Gaming Centre.

EBITDA as a percentage of revenues for the third quarter of 2011 was 37.8%, a 1.5 percentage point increase from the third quarter of 2010, primarily due to the above-noted revenue increases, as well as the benefit of efficiency initiatives implemented across the Company’s property portfolio.

“Prior to a discussion of this quarter's results, it is important that we pay our respects to Ross J. McLeod, Great Canadian’s founder. On September 5, 2011, Mr. McLeod passed away,” stated Rod N. Baker, Great Canadian’s President and Chief Executive Officer. “His entrepreneurial and innovative spirit built this great company. As I assume the responsibilities of the position of the Chief Executive Officer, as appointed to me by the Board of Directors, I hope to honour Mr. McLeod’s legacy by continuing to grow Great Canadian to the levels he always envisioned.”

Mr. Baker continued, “Great Canadian’s financial results for the third quarter of 2011 are an improvement over 2010. While we continue to achieve increases in gaming volumes at River Rock, revenue levels at many of our other properties remain below those recorded in the third quarter of 2010 and prior to the economic challenges of 2009.

“River Rock’s strong quarter can be attributed to increases in table drop, table hold percentage and slot coin-in. The table hold percentage of 22.3% during the third quarter of 2011 was 2.7 percentage points above the property’s table hold percentage during the third quarter of 2010 and 1.8 percentage points above the property’s trailing nine-quarters average. The improvement in table hold percentage in the third quarter of 2011 contributed \$2.1 million toward River Rock’s \$4.5 million increase in revenues in this quarter, when compared to the third quarter of 2010. The improvements in table game and slot volumes have been assisted by our ongoing enhancements at the property. These enhancements continued with the opening of our third hotel tower at River Rock on October 17. This tower adds 193 rooms to the resort, nearly doubling its hotel capacity. Furthermore, the additional hotel tower enhances River Rock’s ability to serve as a conference and convention destination, complementing the facility’s location on the Canada Line between the airport and downtown Vancouver. Construction of the hotel created minimal disruption for River Rock’s patrons and was completed two months early and under budget.

“Boulevard Casino continues to experience significant gaming revenue pressure as a result of ongoing highway construction proximate to the facility. As part of our focus to reposition and revive this property, we have been investigating the feasibility of adding a hotel complex at this facility to take advantage of its location near a major highway running through Metro Vancouver. As a result of this investigation, we are pleased to announce the construction of

a hotel that will feature approximately 181 rooms, meeting facilities and additional dining options in order to attract a greater number of guests to this facility. We anticipate that construction of the hotel will commence in the first quarter of 2012 and will reach completion by the fourth quarter of 2013, which is aligned with the scheduled completion of the proximate highway construction. In addition to the hotel and related amenities, the Company is considering concurrent gaming floor renovations and a property rebranding to revitalize the casino area of the property. These property developments and modifications remain subject to approvals from BCLC and the local municipality. The estimated total cost of these projects is \$60.0 million.

“Great Canadian’s investments in the Maple Ridge Community Gaming Centre and Chilliwack Bingo have contributed to revenue growth this quarter. While our success at Maple Ridge is partly driven by Boulevard gaming patrons displaced by the construction adjacent to that property, our temporary gaming offerings in Maple Ridge have been well received and that market continues to develop.

Mr. Baker concluded, “Investments in the development of our properties will be a critical factor in our long-term revenue growth. This growth remains one of Great Canadian’s opportunities for creating shareholder value.”

Great Canadian will host a conference call for investors and analysts today, November 10, 2011, at 2:00 PM Pacific Time to review the financial results for the period ended September 30, 2011. 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), two community gaming centres, a bingo hall, a hotel and conference centre, two show theatres and various associated food and beverage and entertainment facilities. As of September 30, 2011, the Company had approximately 4,000 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 Condensed Consolidated Financial Statements and Management’s Discussion and Analysis (“MD&A”) at [www.gcgaming.com](http://www.gcgaming.com) (available on November 10, 2011) or [www.sedar.com](http://www.sedar.com) (available on November 14, 2011) for detailed financial information and analysis.

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

# GREAT CANADIAN GAMING CORPORATION

## Consolidated Results of Operations

(Unaudited – Expressed in millions of Canadian dollars, except for per share information)

	Third Quarter			First Nine Months of		
	2011	2010	% Chg	2011	2010	% Chg
Gaming revenues	\$ 73.7	\$ 70.3	5%	\$ 213.5	\$ 205.7	4%
Facility Development Commission	8.1	7.5	8%	23.5	22.2	6%
Hospitality and other revenues	17.9	16.6	8%	51.5	49.5	4%
Racetrack revenues	5.2	5.3	(2%)	15.1	17.9	(16%)
	<b>104.9</b>	<b>99.7</b>	<b>5%</b>	<b>303.6</b>	<b>295.3</b>	<b>3%</b>
Less: Promotional allowances	(3.9)	(3.4)	15%	(11.1)	(9.0)	23%
<b>Revenues</b>	<b>101.0</b>	<b>96.3</b>	<b>5%</b>	<b>292.5</b>	<b>286.3</b>	<b>2%</b>
Human resources	39.5	38.8	2%	115.8	115.5	0%
Property, marketing and administration	23.3	22.5	4%	69.8	69.4	1%
	<b>62.8</b>	<b>61.3</b>	<b>2%</b>	<b>185.6</b>	<b>184.9</b>	<b>0%</b>
<b>EBITDA</b>	<b>38.2</b>	<b>35.0</b>	<b>9%</b>	<b>106.9</b>	<b>101.4</b>	<b>5%</b>
Human resources as a % of Revenues before Promotional allowances	37.7%	38.9%		38.1%	39.1%	
EBITDA as a % of Revenues	37.8%	36.3%		36.5%	35.4%	
Amortization	14.6	13.1		43.7	40.2	
Stock-based compensation	0.9	0.8		4.3	4.0	
Restructuring and other	-	1.2		(0.3)	1.3	
Impairment of long-lived assets	-	3.2		-	3.2	
Interest and financing costs, net	7.9	7.8		21.8	21.9	
Other expenses	4.3	(0.1)		4.1	0.4	
Income taxes	2.6	2.8		9.4	9.0	
<b>Shareholders' net earnings</b>	<b>\$ 7.9</b>	<b>\$ 6.2</b>	<b>27%</b>	<b>\$ 23.9</b>	<b>\$ 21.4</b>	<b>12%</b>
Shareholders' net earnings per common share:						
Basic	\$ 0.10	\$ 0.07		\$ 0.29	\$ 0.26	
Diluted	\$ 0.09	\$ 0.07		\$ 0.28	\$ 0.25	
Weighted average number of common shares (in thousands):						
Basic	82,523	82,743		82,842	82,587	
Diluted	84,079	84,398		84,454	84,367	

**GREAT CANADIAN GAMING CORPORATION**  
**Condensed Consolidated Statements of Financial Position**  
(Unaudited – Expressed in millions of Canadian dollars)

	September 30, 2011	December 31, 2010
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 111.1	\$ 50.9
Short-term investments	-	53.0
Restricted cash	5.6	1.6
Accounts receivable	9.4	9.3
Prepays, deposits and other assets	8.2	5.9
	<b>134.3</b>	120.7
Property, plant and equipment	673.7	663.0
Intangible assets	123.4	129.4
Goodwill	23.7	23.3
Deferred tax assets	7.6	7.8
Other assets	3.9	2.0
	<b>\$ 966.6</b>	<b>\$ 946.2</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 52.0	\$ 51.3
Income taxes payable	2.7	5.4
Other liabilities	5.0	4.1
	<b>59.7</b>	60.8
Long-term debt	343.2	325.8
Derivative liabilities	57.3	67.6
Deferred credits, provisions and other liabilities	24.5	25.9
Deferred tax liabilities	64.2	65.0
	<b>548.9</b>	545.1
<b>SHAREHOLDERS' EQUITY</b>		
Share capital and contributed surplus	352.8	354.9
Accumulated other comprehensive loss	(6.0)	(4.9)
Retained earnings	70.9	51.1
	<b>417.7</b>	401.1
	<b>\$ 966.6</b>	<b>\$ 946.2</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 2010, 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-International Financial Reporting Standards (“non-IFRS”) 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, impairment of long-lived assets, foreign exchange (gain) loss and other, 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-IFRS definitions are not recognized measures under International Financial Reporting Standards (“IFRS”), do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to net earnings determined in accordance with IFRS 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 Rod N. Baker”

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Rod N. Baker  
President and Chief Executive Officer

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