



# GREAT CANADIAN GAMING CORPORATION

## GREAT CANADIAN GAMING ANNOUNCES 2011 SECOND QUARTER RESULTS

**August 11, 2011 – Richmond, BC** – Great Canadian Gaming Corporation [TSX:GC] (“the Company”) today announced its financial results for the three month period ended June 30, 2011 (“second quarter of 2011”).

### **2011 SECOND QUARTER HIGHLIGHTS**

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

- EBITDA growth of 8% on 3% Revenues increase
- Shareholders' net earnings of \$10.3 million, a 2% increase from the second quarter of 2010
- Acquisition of Chilliwack Bingo for \$10.2 million plus contingent trailing payments

	Second Quarter			First Half		
	2011	2010	% Chg	2011	2010	% Chg
Revenues	\$ 99.5	\$ 97.0	3%	\$ 191.5	\$ 190.0	1%
EBITDA <sup>(1)</sup>	\$ 37.8	\$ 35.0	8%	\$ 69.3	\$ 66.4	4%
EBITDA as a % of Revenues	38.0%	36.1%		36.2%	34.9%	
Shareholders' net earnings <sup>(2)</sup>	\$ 10.3	\$ 10.1	2%	\$ 16.0	\$ 15.2	5%
Shareholders' net earnings per common share:						
Basic	\$ 0.12	\$ 0.12		\$ 0.19	\$ 0.18	
Diluted	\$ 0.12	\$ 0.12		\$ 0.19	\$ 0.18	
Total assets	\$ 965.7	\$ 973.8		\$ 965.7	\$ 973.8	(1%)
Long-term debt & Derivative liabilities, excluding current portion	\$ 392.5	\$ 393.4		\$ 392.5	\$ 393.4	0%

<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 \$0.2 million in the second quarter and by \$0.8 million in the first half of 2011 when compared to the second quarter and first half of 2010. These increases were primarily due to improvements in EBITDA and decreases in other expenses, which were partially offset by increases in amortization, stock-based compensation and income taxes.

For the second quarter of 2011, Great Canadian Gaming Corporation recorded revenues of \$99.5 million, a \$2.5 million increase from the second quarter of 2010. EBITDA was \$37.8 million, a \$2.8 million increase from the second quarter of 2010.

The growth in revenues was primarily due to increases at the River Rock Casino Resort (“River Rock”), the Other BC Casinos, and the Great American Casinos. River Rock’s quarterly revenues increased by \$3.7 million, primarily due to a 19% improvement in table drop. The Other BC Casinos’ quarterly revenues increased by \$1.1 million, primarily due to

the installation of 100 slot machines at the Maple Ridge Community Gaming Centre in October 2010. The Great American Casinos' quarterly revenues increased by \$0.8 million, due both to a 13% improvement in table drop and the effect of a below average table hold percentage in the second quarter of 2010.

The advancements at River Rock, the Other BC Casinos, and the Great American Casinos were partially offset by decreased revenues at both the Boulevard Casino ("Boulevard") and the BC Racinos. Boulevard's quarterly revenues decreased by \$2.0 million, primarily due to disruption caused by construction on provincial highway enhancements adjacent to that facility as well as proximate competition, including the Company's Maple Ridge Community Gaming Centre. Quarterly revenues at the BC Racinos decreased by \$1.1 million, primarily due to the ongoing industry-wide decline in horse race wagering.

EBITDA as a percentage of revenues for the second quarter of 2011 was 38.0%, a 1.9 percentage point increase from the second 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.

On May 31, 2011, the Company purchased the assets and undertaking of the Chilliwack Bingo Association ("CBA") for upfront cash consideration of \$10.2 million. The CBA operated Chilliwack Bingo, a bingo hall located in Chilliwack, British Columbia. This leased facility generated the greatest bingo revenues in British Columbia during the 2009-2010 fiscal year, and recorded \$0.9 million of EBITDA during the CBA's 2010-2011 fiscal year. The CBA also owned an approximately five-acre site in Chilliwack. The Company intends to utilize this site for the development of a community gaming centre. The agreement between the Company and the CBA also includes contingent trailing payments to be paid over 20 years dependent on the level of future slot win generated by a future community gaming centre. The Company estimates it will spend approximately \$15.0 million to build the community gaming centre, which should reach completion by the first quarter of 2013.

"Great Canadian's financial results for the second quarter of 2011 are an improvement over 2010," stated Ross J. McLeod, Great Canadian's Chairman and Chief Executive Officer. "While we are witnessing notable increases in gaming volumes at River Rock, revenues at the majority of our properties are still well below those achieved prior to the economic collapse of 2009. Boulevard Casino continues to experience significant gaming revenue pressure as a result of external factors, while the BC Racinos continue to experience a decline in racing revenues.

"While improving the results at Boulevard and the BC Racinos remain priorities, Great Canadian also continues to focus on further improving those segments of our property portfolio that are displaying the potential for growth. In November of 2010, we announced the development of a third hotel tower at River Rock. This tower, which will nearly double the facility's hotel capacity, will both considerably enhance River Rock's appeal for future visitors and augment its ability to serve as a conference and convention destination. Construction at River Rock has created minimal disruption for its patrons to date, and is well on its way to reach completion during the fourth quarter of this year. I am confident that the addition of a third tower will contribute to further growth at our flagship facility.

“Great Canadian’s community gaming centres have proven themselves as a source of growth in this otherwise consistent environment. 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. We are also pleased to welcome Chilliwack Bingo to the Great Canadian family and are looking forward to developing a community gaming centre in that growing and underserved market.

Mr. McLeod concluded, “Investments in the development of our properties will be a critical factor in our properties’ long-term revenue growth. This growth remains Great Canadian’s best opportunity for improving stakeholder value.”

Great Canadian will host a conference call for investors and analysts today, August 11, 2011, at 2:00 PM Pacific Time to review the financial results for the period ended June 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 June 30, 2011, 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 Condensed Consolidated Financial Statements and Management’s Discussion and Analysis (“MD&A”) at [www.gcgaming.com](http://www.gcgaming.com) (available on August 11, 2011) or [www.sedar.com](http://www.sedar.com) (available on August 12, 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)

	Second Quarter			First Half		
	2011	2010	% Chg	2011	2010	% Chg
Gaming revenues	\$ 72.3	\$ 69.0	5%	\$ 139.8	\$ 135.5	3%
Facility Development Commission	7.9	7.5	5%	15.5	14.7	5%
Hospitality and other revenues	17.9	17.0	5%	33.6	32.9	2%
Racetrack revenues	5.3	6.3	(16%)	9.8	12.5	(22%)
	<b>103.4</b>	<b>99.8</b>	<b>4%</b>	<b>198.7</b>	<b>195.6</b>	<b>2%</b>
Less: Promotional allowances	(3.9)	(2.8)	39%	(7.2)	(5.6)	29%
<b>Revenues</b>	<b>99.5</b>	<b>97.0</b>	<b>3%</b>	<b>191.5</b>	<b>190.0</b>	<b>1%</b>
Human resources	38.9	39.1	(1%)	76.3	76.7	(1%)
Property, marketing and administration	22.8	22.9	0%	45.9	46.9	(2%)
	<b>61.7</b>	<b>62.0</b>	<b>0%</b>	<b>122.2</b>	<b>123.6</b>	<b>(1%)</b>
<b>EBITDA</b>	<b>37.8</b>	<b>35.0</b>	<b>8%</b>	<b>69.3</b>	<b>66.4</b>	<b>4%</b>
Human resources as a % of Revenues before Promotional allowances	37.6%	39.2%		38.4%	39.2%	
EBITDA as a % of Revenues	38.0%	36.1%		36.2%	34.9%	
Amortization	14.6	13.6		29.0	27.1	
Stock-based compensation	1.7	0.9		3.4	3.2	
Restructuring and other	0.1	-		0.4	0.1	
Interest and financing costs, net	7.2	7.1		13.9	14.1	
Other expenses	(0.2)	0.3		(0.2)	0.5	
Income taxes	4.1	3.0		6.8	6.2	
<b>Shareholders' net earnings</b>	<b>\$ 10.3</b>	<b>\$ 10.1</b>	<b>2%</b>	<b>\$ 16.0</b>	<b>\$ 15.2</b>	<b>5%</b>
Shareholders' net earnings per common share:						
Basic	\$ 0.12	\$ 0.12		\$ 0.19	\$ 0.18	
Diluted	\$ 0.12	\$ 0.12		\$ 0.19	\$ 0.18	
Weighted average number of common shares (in thousands):						
Basic	83,093	82,614		83,004	82,508	
Diluted	84,691	84,356		84,649	84,360	

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

	June 30, 2011	December 31, 2010
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 79.1	\$ 50.9
Short-term investments	35.2	53.0
Restricted cash	5.0	1.6
Accounts receivable	8.6	9.3
Prepays, deposits and other assets	6.2	5.9
	<b>134.1</b>	120.7
Property, plant and equipment	672.3	663.0
Intangible assets	127.3	129.4
Goodwill	23.1	23.3
Deferred taxes	7.8	7.8
Other assets	1.1	2.0
	<b>\$ 965.7</b>	<b>\$ 946.2</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 55.3	\$ 51.3
Income taxes payable	1.6	5.4
Other liabilities	5.2	4.1
	<b>62.1</b>	60.8
Long-term debt	315.5	325.8
Derivative liabilities	77.0	67.6
Deferred credits, provisions and other liabilities	25.4	25.9
Deferred taxes	65.7	65.0
	<b>545.7</b>	545.1
<b>SHAREHOLDERS' EQUITY</b>		
Share capital and contributed surplus	358.1	354.9
Accumulated other comprehensive loss	(5.2)	(4.9)
Retained earnings	67.1	51.1
	<b>420.0</b>	401.1
	<b>\$ 965.7</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, 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 Baker”

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Rod Baker  
President

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