



# GREAT CANADIAN GAMING CORPORATION

## **GREAT CANADIAN GAMING'S SECOND QUARTER EBITDA RISES 11% ON 2% REVENUE GAIN**

**August 13, 2007 – Richmond, BC** – Great Canadian Gaming Corporation [TSX:GC] (the “Company”) announces its financial results for the quarter ended June 30, 2007.

### **2007 SECOND QUARTER HIGHLIGHTS**

- EBITDA growth of 11% resulting from both 2% revenue growth and operating efficiencies
- EBITDA as a percentage of revenues rises to 27.4%, improving by 220 basis points compared to 2Q 2006
- Net earnings improved by \$4.0 million when compared to 2Q 2006, after adjusting for unusual, non-cash future income tax recoveries of \$5.2 million in 2Q 2006 and \$1.0 million in 2Q 2007 that resulted from decreases in enacted tax rates

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Revenues	\$ 97.7	\$ 95.6	2%	\$ 193.3	\$ 186.9	3%
EBITDA <sup>(1)</sup>	\$ 26.8	\$ 24.1	11%	\$ 52.2	\$ 45.8	14%
Human resources as a % of Revenues before promotional allowances	45.8%	45.2%		45.1%	45.9%	
EBITDA as a % of Revenues	27.4%	25.2%		27.0%	24.5%	
Net earnings (loss)	\$ 5.9	\$ 6.1	(3%)	\$ 10.2	\$ 7.0	46%
Earnings (loss) per common share:						
Basic	\$ 0.07	\$ 0.07		\$ 0.12	\$ 0.08	
Diluted	\$ 0.07	\$ 0.07		\$ 0.12	\$ 0.08	
Total assets	\$ 1,006.0	\$ 914.2	10%	\$ 1,006.0	\$ 914.2	10%
Long-term debt, excluding current portion	\$ 355.1	\$ 303.4	17%	\$ 355.1	\$ 303.4	17%

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

The unaudited summary of 2006 second quarter financial results above reflects the retrospective application of the change in accounting policy for the Facilities Development Commission (“FDC”) received from the British Columbia Lottery Corporation (“BCLC”). FDC is recorded as revenues when earned (when it is payable by BCLC to the Company), subject to the Company making sufficient improvement or development expenditures, approved by BCLC, on its BC gaming properties. The disclosure of this change is presented in Note 3 of the Interim Consolidated Financial Statements for the three-month period ended June 30, 2007.

For the quarter ended June 30, 2007, Great Canadian Gaming recorded improvements in both revenues, which rose by 2% to \$97.7 million, and EBITDA, which rose by 11% to \$26.8 million, when compared to the second quarter of 2006. For the first half of 2007, revenues increased by 3% and EBITDA increased by 14%, as the Company’s revenue gains were complemented further by operating and corporate expense efficiencies.

The Company’s second quarter of 2007 improvements were led by Boulevard Casino, where revenues and EBITDA rose by 18% and 38%, respectively. These increases were driven by new marketing initiatives and increased patronage of the property’s Red Robinson Show Theatre. Improved performance at BC Racinos and Other BC Casinos also contributed to the

gains, as did a reduced level of corporate expense. These positives combined to more than offset the impact of a decline in hold percentage at the River Rock Casino Resort, and the continued effects of a 2006 smoking ban on the Company's Nova Scotia casinos.

Reflecting the higher revenues and the benefit derived from efforts to realize operational efficiencies and expense reductions, Great Canadian's 2Q 2007 EBITDA margin as a percentage of revenues improved by 220 basis points to 27.4% compared to 25.2% in the second quarter of 2006, and by 80 basis points from 26.6% in the first quarter of 2007.

"Great Canadian's progress with its ongoing implementation of revenue growth and operational efficiency initiatives are reflected in our year-over-year improvements," stated Ross J. McLeod, Chairman and CEO.

"We achieved significant revenue and EBITDA improvements at Boulevard Casino. These were driven primarily by slot coin-in, which rose by 22% in the second quarter of 2007 when compared to the second quarter of 2006. We believe these gains reflect the growing market acceptance of the Red Robinson Show Theatre, which in turn is driving increased patronage on the casino floor. As Boulevard's volume of play increases, so does its operating leverage. The positive contributions from Boulevard Casino helped to offset a quarter of reduced table hold percentage at River Rock Casino Resort, where table hold was 360 basis points lower than the average of the prior seven quarters. Overall, our improved operating results have been driven by revenue growth and the continued realization of efficiencies at both the site and head office levels.

"We continue to implement programs that will benefit revenues, EBITDA and operating margins for our diversified portfolio of properties. An example of these efforts can be found in Nova Scotia, where several marketing initiatives are being used to offset the impact of a recently introduced smoking ban. These include additional slot and table game tournaments, prize giveaways, high-end room promotions, new player programs, stay and play promotions with local hotels, and increased bus tour marketing. We remain focused on similar initiatives at our properties in other jurisdictions."

Mr. McLeod concluded, "It was approximately one year ago that Great Canadian first embarked on a series of operational changes and cost savings initiatives. The initial progress of these measures in successfully rationalizing costs to revenue growth is visible in our improved operating results. In the past year, we strengthened our senior executive team, took over management of our hospitality function, and transformed our capital structure. Combined, these steps have placed Great Canadian in a position where we can continue to support consistent revenue growth while also achieving further improvements in both our EBITDA and EBITDA as a percentage of revenues. We also expect to benefit from the recently announced expansion of Georgian Downs and other, longer-term project development opportunities. In July, we announced a normal course issuer bid. This action was taken in recognition of both the improvements achieved to date and our strong financial position. We continue to position ourselves towards both consistent operating improvements and increased shareholder value."

The Company will host a conference call for investors and analysts today, Monday, August 13, 2007 at 5:00 PM Eastern Daylight Time, or 2:00 PM Pacific Daylight Time, to review the financial results for the period ended June 30, 2007. To participate in the conference call, please dial 416-340-2220, or toll free at 1-866-226-1792. 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. Following completion of the call, a replay will be available until August 20, 2007 by dialing 416-695-5800, or toll free at 1-800-408-3053 (Passcode: 3230817). A replay of the call will also be available at [www.gcgaming.com](http://www.gcgaming.com).

## **ABOUT GREAT CANADIAN GAMING CORPORATION**

Great Canadian is a multi-jurisdictional gaming and entertainment operator with facilities in British Columbia, Ontario, Nova Scotia and Washington State. Great Canadian operates eleven casinos, a thoroughbred racetrack, four standardbred racetracks (three of which offer slot machines), a community gaming centre, a hotel, two show theatres, and various food and beverage facilities. Further information is available on the Company's website, [www.gcgaming.com](http://www.gcgaming.com).

Please refer to the Consolidated Financial Statements and Management's Discussion and Analysis at [www.gcgaming.com](http://www.gcgaming.com) (available on August 13, 2007) or [www.sedar.com](http://www.sedar.com) (available on August 14, 2007) for detailed financial information and analysis.

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

## Consolidated Results of Operations

(Expressed in millions, except for share and per share information)

	Second Quarter			First Half		
	2007	2006	% Chg	2007	2006	% Chg
Gaming revenues	\$ 69.0	\$ 68.4	1%	\$ 139.7	\$ 134.8	4%
Racetrack revenues	8.3	8.1	2%	14.9	14.5	3%
Facility Development						
Commission	5.0	4.6	9%	10.0	9.3	8%
Hospitality and other revenues	17.8	16.9	5%	33.6	32.9	2%
	<b>100.1</b>	98.0	2%	<b>198.2</b>	191.5	3%
Less: promotional allowances	(2.4)	(2.4)	0%	(4.9)	(4.6)	7%
<b>Revenues</b>	<b>97.7</b>	95.6	2%	<b>193.3</b>	186.9	3%
Human resources	45.8	44.3	3%	89.4	87.9	2%
Property, marketing and administration	25.1	27.2	(8%)	51.7	53.2	(3%)
	<b>70.9</b>	71.5	(1%)	<b>141.1</b>	141.1	0%
<b>EBITDA</b>	<b>26.8</b>	24.1	11%	<b>52.2</b>	45.8	14%
Human resources as a % of Revenues before promotional allowances	45.8%	45.2%		45.1%	45.9%	
EBITDA as a % of Revenues	27.4%	25.2%		27.0%	24.5%	
Amortization	9.0	11.2	(20%)	18.4	20.4	(10%)
Stock-based compensation	2.0	1.5	33%	3.4	3.7	(8%)
Restructuring costs	-	1.0	(100%)	-	2.6	(100%)
Interest and financing costs, net	6.6	4.2	57%	13.4	9.6	40%
Other expenses	0.7	2.3	(70%)	0.9	2.4	(63%)
Income taxes	2.6	(2.2)	N/M <sup>(1)</sup>	5.9	0.1	N/M <sup>(1)</sup>
<b>Net earnings</b>	<b>\$ 5.9</b>	\$ 6.1	(3%)	<b>\$ 10.2</b>	\$ 7.0	46%
Earnings per common share:						
Basic	\$ 0.07	\$ 0.07		\$ 0.12	\$ 0.08	
Diluted	\$ 0.07	\$ 0.07		\$ 0.12	\$ 0.08	
Weighted average number of common shares (in thousands):						
Basic	86,672	85,847		86,540	82,805	
Diluted	87,216	86,560		86,959	83,871	

<sup>(1)</sup> Not meaningful

<sup>(2)</sup> "EBITDA" is a non-GAAP measure and is defined in the Disclaimer section of this press release.

# GREAT CANADIAN GAMING CORPORATION

## Interim Consolidated Statements of Financial Position

(Unaudited - Prepared by Management)

(Expressed in millions, except per share information)

	June 30, 2007	December 31, 2006
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 134.5	\$ 56.8
Restricted cash	4.1	2.6
Accounts receivable	10.8	13.3
Income taxes receivable	4.4	9.9
Due from Nova Scotia Gaming Corporation, current	17.1	17.1
Prepays, deposits and other	17.3	12.9
	<b>188.2</b>	<b>112.6</b>
Property, plant and equipment	560.3	565.8
Intangible assets	197.3	202.0
Goodwill	33.2	30.6
Due from Nova Scotia Gaming Corporation	10.6	17.7
Future income taxes	11.1	10.7
Other assets	5.3	1.3
	<b>\$ 1,006.0</b>	<b>\$ 940.7</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 64.3	\$ 62.0
Long-term debt, deferred credit and other liabilities, current	48.0	3.7
	<b>112.3</b>	<b>65.7</b>
Long-term debt	355.1	390.3
Derivative liabilities	36.0	-
Deferred credit, other liabilities and non-controlling interests	3.4	3.3
Future income taxes	86.5	86.5
	<b>593.3</b>	<b>545.8</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital and contributed surplus	344.0	335.9
Accumulated other comprehensive income (loss)	(5.8)	(5.3)
Retained earnings	74.5	64.3
	<b>412.7</b>	<b>394.9</b>
	<b>\$ 1,006.0</b>	<b>\$ 940.7</b>

**GREAT CANADIAN GAMING CORPORATION**  
**Interim Consolidated Statements of Earnings**

(Unaudited - Prepared by Management)

(Expressed in millions, except per share information)

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
REVENUES	\$ 97.7	\$ 95.6	\$ 193.3	\$ 186.9
EXPENSES				
Human resources	45.8	44.3	89.4	87.9
Property, marketing and administration	25.1	27.2	51.7	53.2
Amortization	9.0	11.2	18.4	20.4
Stock-based compensation	2.0	1.5	3.4	3.7
Restructuring costs	-	1.0	-	2.6
	<b>81.9</b>	<b>85.2</b>	<b>162.9</b>	<b>167.8</b>
EARNINGS FROM OPERATIONS	15.8	10.4	30.4	19.1
Interest and financing costs, net	6.6	4.2	13.4	9.6
Foreign exchange loss	0.4	1.9	0.3	1.7
	7.0	6.1	13.7	11.3
EARNINGS BEFORE INCOME TAXES	8.8	4.3	16.7	7.8
Income taxes	2.6	(2.2)	5.9	0.1
EARNINGS BEFORE NON-CONTROLLING INTERESTS	6.2	6.5	10.8	7.7
Non-controlling interests	0.3	0.4	0.6	0.7
NET EARNINGS	\$ 5.9	\$ 6.1	\$ 10.2	\$ 7.0
EARNINGS PER COMMON SHARE				
Basic	\$ 0.07	\$ 0.07	\$ 0.12	\$ 0.08
Diluted	\$ 0.07	\$ 0.07	\$ 0.12	\$ 0.08

## DISCLAIMER

This news release contains forward-looking statements which reflect management's current expectations regarding the Company's objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities. These forward-looking statements are not guarantees, but only predictions. Although the Company believes that these statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a number of factors that could cause actual results to vary significantly from current expectations. Such differences may be caused by factors which include, but are not limited to, limited terms of operational service agreements with gaming regulators, pending and proposed legislative or regulatory developments, competition from established competitors and new entrants in the gaming business, dependence on key personnel, no assurance that systems, procedures and controls will be adequate to support expanding operations, potential undisclosed liabilities and capital expenditures associated with acquisitions, negative connotations linked to the gaming industry, First Nations claims with respect to public lands on which we conduct our operations, impact of legal proceedings, impact of smoking bans, ongoing requirements to comply with financial covenants associated with credit facilities, interest and exchange rate fluctuations, non-realization of cost reductions and synergies, acceptance and demand for new products and services, fluctuations in operating results and general economic conditions. The Company cautions that this list of factors is not exhaustive. These factors and other risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including in the "Risks Factors" section of the Company's Annual Information Form for fiscal 2006, or as identified in the Company's disclosure record on [www.sedar.com](http://www.sedar.com). The forward-looking statements included in this news release and are expressly qualified in their entirety by this cautionary statement. Readers should not place undue reliance on the forward-looking statements, which reflect management's plans, estimates, projections, and views only as of the date hereof. The Company does not undertake to publicly update these forward-looking statements to reflect subsequent events or circumstances.

The Company has included non-generally accepted accounting principles ("non-GAAP") measures in this news release. "EBITDA", a non-GAAP measure 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 costs, goodwill impairment, foreign exchange loss and non-controlling interests. EBITDA is derived from the consolidated statement of earnings and can also 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 income 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. 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**

---

Milton Woensdregt, CA  
Chief Financial Officer

**GREAT CANADIAN GAMING CORPORATION [TSX:GC]**  
Suite #200 - 13775 Commerce Parkway  
Richmond, BC  
V6V 2V4  
(604) 303-1000  
Website: [www.gcgaming.com](http://www.gcgaming.com)

For investor enquiries:

Mr. Thomas Bell

Vice-President, Corporate Development & Investor Relations

(604) 303-1000

or

Mr. Richard Land or Mr. David Jacoby

Jaffoni & Collins Incorporated

(212) 835-8500, [GCD@jcir.com](mailto:GCD@jcir.com)

For media enquiries:

Mr. Howard Blank

Vice-President, Media & Entertainment

(604) 512-6066