



# GREAT CANADIAN GAMING CORPORATION

## **GREAT CANADIAN GAMING CORPORATION REPORTS THIRD QUARTER 2005 RESULTS DELIVERING GROWTH AND INTEGRATION**

**November 7, 2005 – Richmond, BC** – Great Canadian Gaming Corporation [TSX:GCD] (“the Company”) announces its financial results for the period ended September 30, 2005.

“Our financial results continue to reflect Great Canadian’s growth through both expansion and acquisition. Our EBITDA has once again increased, and I am very pleased with our Company’s progress. We have become broader in our scope and entered into complementary businesses that drive our core gaming product. Our assessment of the Canadian gaming market is proving accurate and our strategy for developing that market continues as planned. Gaming in Canada continues to grow, and Great Canadian’s stakeholders are positioned to benefit from this growth,” said Ross J. McLeod, Chairman and CEO. “Our progress is reflected in the highlights of our overall performance.”

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2005	2004	% Chg	2005	2004	% Chg
<b><u>Derived From the Interim Financial Statements</u></b>						
Revenues	\$ 75,065	\$ 51,075	47%	\$ 196,840	\$ 121,852	62%
EBITDA <sup>(1)</sup>	\$ 19,749	\$ 16,898	17%	\$ 55,760	\$ 37,741	48%
Adjusted EBITDA <sup>(1)</sup>	\$ 27,161	\$ 20,418	33%	\$ 71,180	\$ 46,325	54%
Net Income	\$ 9,026	\$ 6,285	44%	\$ 28,744	\$ 17,039	69%
Earnings per common share:						
Basic	\$ 0.12	\$ 0.09	33%	\$ 0.38	\$ 0.26	46%
Diluted	\$ 0.11	\$ 0.09	22%	\$ 0.37	\$ 0.24	54%

The Company has accounted for the results of operation of Georgian Downs since July 2, 2005, the date of acquisition under a bare trust arrangement, to September 30, 2005, the date of regulatory approval, under the equity basis of accounting, whereby the net results from its operations are reflected as “income from investments” in the statement of income. The following table reflects the financial results as if the Company had accounted for the results of operation of Georgian Downs on a consolidated basis since July 2, 2005:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2005	2004	% Chg	2005	2004	% Chg
<b><u>Adjusted to Consolidate Georgian Downs <sup>(2)</sup></u></b>						
Revenues	\$ 80,300	\$ 51,075	57%	\$ 202,075	\$ 121,852	66%
EBITDA <sup>(1)</sup>	\$ 21,304	\$ 16,898	26%	\$ 57,315	\$ 37,741	52%
Adjusted EBITDA <sup>(1)</sup>	\$ 28,716	\$ 20,418	41%	\$ 72,735	\$ 46,325	57%
Net Income	\$ 9,026	\$ 6,285	44%	\$ 28,744	\$ 17,039	69%
Earnings per common share:						
Basic	\$ 0.12	\$ 0.09	33%	\$ 0.38	\$ 0.26	46%
Diluted	\$ 0.11	\$ 0.09	22%	\$ 0.37	\$ 0.24	54%

The financial results for the nine-month periods ended September 30, 2005 and 2004, reflect the inclusion of River Rock Casino Resort's operations since June 2004, Fraser Downs' slot operations since March 2005, two Nova Scotia casinos from May 2005, and the expansion of non-casino activities, such as food & beverage, horseracing, entertainment and hotel operations.

For the nine month period ended September 30, 2005, the Company's revenues reached \$196.8 million, a 62% increase from the same period in 2004. EBITDA reached \$71.2 million, a 54% increase from 2004. Net income was \$28.7 million, a 69% increase from 2004. Basic earnings per share were \$0.38, up 46% from 2004. Diluted earnings per share were \$0.37, up 54% from 2004.

For the three month period ended September 30, 2005, revenues were \$75.1 million, a 47% increase from the third quarter of 2004 and a 10% increase from the second quarter of 2005. EBITDA was \$19.7 million, a 17% increase from the third quarter of 2004 and a 2% increase from the second quarter of 2005. Net income was \$9.0 million, a 44% increase from the third quarter of 2004 (which included an after-tax restructuring charge of \$3,663) and a 14% decrease from the second quarter of 2005. Basic earnings per share were \$0.12, a 33% increase over the third quarter of 2004 and a 14% decrease from the second quarter of 2005. Diluted earnings per share were \$0.11, an increase of 22% over the third quarter of 2004 and a 21% decrease from the second quarter of 2005.

Net income, and basic and diluted earnings per share in the third quarter of 2005, as compared to the second quarter, has been impacted by increased interest and financing charges, an increase in the income tax provision rate, and non-cash operating expenses, such as amortization and stock based compensation. In addition, the issuance of 3.7 million common shares in the third quarter, without the corresponding income from the acquisition of Flamboro Downs, had a dilutive effect on the earnings per share for the quarter.

"In the third quarter, we continued to focus and deliver on our strategy. The final phase of the River Rock Casino Resort fully opened in September, and the grandstand, food and beverage amenities at Fraser Downs completed in the beginning of October. As expected, following the opening of these two properties, we saw an immediate lift in customer count, and volume of play. The Coquitlam Boulevard Casino expansion is scheduled to open on November 17, with 68 table games, and 1,000 slot and electronic games. We achieved our registration in Ontario and took over the management of Georgian Downs on September 30 and completed our acquisition of Flamboro Downs on October 19. The Ontario Lottery and Gaming Corporation has increased weekend hours of operation at Georgian Downs," said Mr. Anthony Martin, President and COO.

"Last month, we received the final approval of the City of Vancouver's Council and the Development Permit Board for the installation of slots at Hastings Racecourse. We will work directly with city staff on finalizing the development and building permits, and creating an operating agreement for the site. We will then commence demolition and construction activities, at which time we will indicate an expected opening date for the Hastings Racecourse expansion," said Mr. Martin.

The Company's operations have diversified into non-casino activities, including horseracing, food and beverage, hospitality and entertainment products. These activities are offered primarily to increase traffic into the core casino business, where the company enjoys strong margins. EBITDA margins on non-gaming products are lower than those derived from gaming operations, and are expected to improve with additional revenues from coordinating events between

racetracks, increased cross-marketing and promotion, and expansion of teletheatres. In addition, the opening and achievement of full scale operations at food and beverage, hotel and theatre facilities will allow the Company to achieve full economies of scale.

“In the short-term, our restructuring activities have resulted in profitability in the Washington State operations for the fourth consecutive quarter. The Company’s Integration Team has already achieved reductions in the cost structure of the Nova Scotia casinos. Additional improvements are now planned, which should bring the operations closer to the financial performance of our British Columbia properties,” said Mr. Martin. “Importantly, our commitment to long-term growth with the delivery of our capital projects is evidenced in the delivery of the Coquitlam casino expansion. The maintenance of our flexible financing structure and a strong balance sheet will allow us to complete our current projects and, where accretive, pursue attractive expansion opportunities across Canada.”

Total assets increased to \$807,206 at September 30, 2005, an increase of 123% from the year-end and a 17% increase from June 30, 2005. These increases are primarily due to the acquisition of Orangeville, MEG and Georgian Downs, and the continued build-out of the River Rock and Coquitlam expansions. Working capital was \$46,928 at September 30, 2005, an increase of 74% from the year-end and an increase of 62% from June 30, 2005.

Due from provincial gaming corporations increased from \$117.0 million to \$255.2 million. Property, plant and equipment increased to \$319.3 million at September 30, 2005. Due from provincial gaming corporations and property, plant and equipment, collectively, have increased by 137% from December 31, 2004 and 18% from June 30, 2005, representing the continued capital investment on facilities construction, and the acquisitions of Orangeville, MEG and Georgian Downs.

To finance acquisitions and capital development projects, the Company issued 3.75 million common shares for net proceeds of \$60.3 million on January 13, 2005, increased its revolving credit facility from \$100 million to \$200 million on April 26, 2005, issued \$150 million in 10-year 5.50% Senior B Series Notes on July 21, 2005 and issued 3.7 million special warrants, which were converted to an equivalent number of common shares, for net proceeds of \$72.8 million on August 3, 2005.

The Company will continue to focus on the delivery of its expansions, integration of its acquisitions and seek efficiencies in its operations. In the fourth quarter of 2005, the Company expects to see the opening of the expansion at the Coquitlam Boulevard Casino, the start-up of the live racing season at Fraser Downs, a full quarter of financial results from the added hotel, theatre, and food and beverage facilities at the River Rock Casino Resort, the additional income from the added hours of operations at Georgian Downs and full consolidation of its results, the integration of and financial results from the acquisition of Flamboro Downs, and added gaming revenues from River Rock and Coquitlam as these properties return to a steady state of operations and growth.

Great Canadian, home to approximately 5,400 employees, is a multi-jurisdictional gaming and entertainment operator with facilities in British Columbia, Ontario, Nova Scotia and Washington State. Great Canadian operates casinos, thoroughbred and standardbred racecourses, a community gaming centre, hotel, theatre, and various food and beverage facilities.

Please refer to the Interim Consolidated Financial Statements and Management Discussion and Analysis at [www.qcgaming.com](http://www.qcgaming.com) (available on November 7, 2005) or [www.sedar.com](http://www.sedar.com) (available on November 8, 2005) for detailed financial information and analysis.

The Company will hold a conference call for investors and analysts on Tuesday, November 8<sup>th</sup>, 2005 at 8:30 am Eastern Standard Time, or 5:30 am Pacific Standard Time. The Company will discuss its financial results for the period ended September 30, 2005, and provide an update on the Company's activities. To participate in the conference call, please dial 416-695-6622, or toll free at 1-888-789-0150. This call is intended solely for investors and analysts.

All media representatives and other interested parties are asked to forward their enquiries to Mr. Howard Blank, Vice President, Media & Entertainment. Mr. Blank can be reached at 604-512-6066.

ON BEHALF OF  
**GREAT CANADIAN GAMING CORPORATION**

*Signed (Howard S. Hum)*

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Howard S. Hum, CA  
Chief Financial Officer

**GREAT CANADIAN GAMING CORPORATION [TSX:GCD]**

Suite #350, 13775 Commerce Parkway  
Richmond, BC  
V6V 2V4  
Phone: (604) 303-1000  
Fax: (604) 279-8605  
Website: [www.qcgaming.com](http://www.qcgaming.com)

For investor enquiries:  
Mr. Thomas Bell  
Vice-President, Corporate Development & Investor Relations

For media enquiries:  
Mr. Howard Blank  
Vice-President, Media & Entertainment

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<sup>1</sup> EBITDA means earnings before interest, taxes, depreciation, amortization, stock based compensation and restructuring charges. Adjusted EBITDA means EBITDA plus any repayments under the Facility Development Improvement Fund from British Columbia Lottery Corporation, or Capital Recovery Account, Operator's Capital Investment or Mandatory Deferral from Nova Scotia Gaming Corporation. Both EBITDA and Adjusted EBITDA are non-generally accepted accounting standards ("non-GAAP") measures. See additional comments on non-GAAP measures in the Management Discussion & Analysis.

<sup>2</sup> Calculated by adding the financial results from Georgian Downs for the three-month period ended September 30, 2005 as if it were consolidated instead of accounted for using the equity method.

# GREAT CANADIAN GAMING CORPORATION

## Interim Consolidated Balance Sheets

(Unaudited - Prepared by Management)

(In thousands)

As at September 30, 2005 and December 31, 2004

	September 30, 2005	December 31, 2004
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 58,062	\$ 43,133
Accounts receivable	10,192	6,040
Promissory notes receivable, current	3,145	1,639
Due from Provincial Gaming Corporations, current	34,948	15,000
Prepaid expenses and deposits	11,776	3,201
	<b>118,123</b>	<b>69,013</b>
Promissory notes receivable	600	7,462
Advance and deposit on acquisitions	33,761	4,000
Due from Provincial Gaming Corporations	220,297	102,065
Property, plant and equipment	319,345	125,352
Goodwill	21,208	20,038
Intangible assets	79,435	28,629
Other assets	14,437	5,856
	<b>\$ 807,206</b>	<b>\$ 362,415</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Gaming revenue payables	\$ 11,772	\$ 6,272
Accounts payable and accrued liabilities	55,561	33,044
Income taxes payable	3,179	1,797
Long-term debt, current	683	860
	<b>71,195</b>	<b>41,973</b>
Long-term debt	356,812	154,000
Future income taxes	51,616	11,536
Deferred credit and other liabilities	1,703	-
Non-controlling interest	750	836
	<b>482,076</b>	<b>208,345</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital and other equity	245,395	101,801
Cumulative foreign currency translation	(7,186)	(5,908)
Retained earnings	86,921	58,177
	<b>325,130</b>	<b>154,070</b>
	<b>\$ 807,206</b>	<b>\$ 362,415</b>

Summary statement - Readers should refer to the complete Interim Consolidated Financial Statements

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

(Unaudited - Prepared by Management)

(In thousands, except for share and per share information)

For the Nine months ended, September 30, 2005

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2005	2004	2005	2004
REVENUES	\$ 75,065	\$ 51,075	\$ 196,840	\$ 121,852
EXPENSES				
Amortization	2,838	1,188	6,441	3,266
Human resources	38,128	25,587	97,653	62,579
Marketing and promotion	6,337	2,393	14,090	6,152
Occupancy costs	3,064	2,513	10,861	6,712
Operating supplies	7,787	3,684	18,476	8,668
Stock-based compensation	1,418	286	3,324	1,273
	<b>59,572</b>	<b>35,651</b>	<b>150,845</b>	<b>88,650</b>
INCOME BEFORE UNDERNOTED ITEMS	15,493	15,424	45,995	33,202
Restructuring costs	-	5,557	-	5,557
INCOME FROM OPERATIONS	15,493	9,867	45,995	27,645
Income (loss) from investments	402	(106)	441	27
Loss from disposal of land and investment, net	(463)	-	(463)	-
Interest and financing	(2,625)	(245)	(5,494)	(1,043)
Accretive income	2,093	-	5,295	-
Foreign exchange gain (loss)	18	(30)	102	347
INCOME BEFORE INCOME TAXES	14,918	9,486	45,876	26,976
Income taxes	5,675	3,136	16,608	9,761
INCOME BEFORE NON-CONTROLLING INTEREST	9,243	6,350	29,268	17,215
Non-controlling interest	217	65	524	176
NET INCOME	\$ 9,026	\$ 6,285	\$ 28,744	\$ 17,039

Certain of the prior period's comparative figures have been reclassified to conform to the current period's presentation. Specifically, the FDIF accretive income previously shown as Revenues is now presented as Accretive income. Historical common share information has been recomputed to reflect the subdivision of the Company's common shares on a five for two basis.

Summary statement - Readers should refer to the complete Interim Consolidated Financial Statements

**GREAT CANADIAN GAMING CORPORATION**  
**Interim Consolidated Statements of Cash Flows**  
(Unaudited - Prepared by Management)  
(In thousands)

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2005	2004	2005	2004
<b>Cash Flows from Operating Activities</b>				
Net income	\$ 9,026	\$ 6,285	\$ 28,744	\$ 17,039
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization	2,838	1,188	6,441	3,266
Non-cash restructuring costs	-	559	-	559
Loss from disposal of land and investment, net	463	-	463	-
Accretive income	(2,093)	-	(5,295)	-
Stock based compensation	1,418	286	3,324	1,273
Operating expenses reduced by FDIF	(3,441)	(4,893)	(6,002)	(5,256)
Other activities	520	456	2,359	725
Future income taxes	47	43	(137)	24
Changes in non-cash operating working capital	(1,104)	3,347	(5,419)	(973)
Net cash provided by operating activities	7,674	7,271	24,478	16,657
<b>Cash Flows from Financing Activities</b>				
Proceeds from long-term debt	202,999	163,708	379,243	218,699
Repayment of long-term debt	(176,543)	(81,351)	(177,179)	(90,767)
Deferred financing costs	(2,993)	(2,291)	(3,609)	(2,291)
Deferred credits and other liabilities	1,736	-	1,736	-
Common shares issued for cash, net of issuance costs	72,005	8,839	137,916	19,227
Net cash provided by financing activities	97,204	88,905	338,107	144,868
<b>Cash Flows from Investing Activities</b>				
Investment in and advances to equity investees	(393)	168	(614)	(73)
Funds received from Provincial Gaming Corporations	6,996	3,520	15,004	8,584
Purchase of property, plant and equipment, net of related accounts payable	(69,351)	(36,142)	(146,570)	(105,793)
Proceeds from disposal of property, plant and equipment	2,382	-	2,382	-
Acquisition of Georgian Downs, net of cash acquired	137	-	(25,679)	-
Consolidation of cash of Georgian Downs	1,286	-	1,286	-
Acquisition of MEG, net of cash acquired	-	-	(86,148)	-
Acquisition of Orangeville, net of cash acquired and deposit	445	-	(32,663)	-
Acquisition of Weinlager, net of bank indebtedness	(2)	-	(1,471)	-
Acquisition of HEI, net of cash acquired	-	(10)	-	(4,927)
Acquisition of Evergreen and Grand Central Properties	-	(1,632)	-	(1,632)
Acquisition of Casino, net of cash acquired	-	-	-	(139)
Advance on acquisition of Flamboro Downs	(33,761)	-	(33,761)	-
River Rock prepaid lease	-	-	(9,262)	-
Promissory notes and advances receivable, net	(2,005)	88	(29,869)	61
Net cash used in investing activities	(94,266)	(34,008)	(347,365)	(103,919)
Effect of foreign exchange on cash and cash equivalents	(365)	(859)	(291)	(472)
<b>Net Cash Inflow</b>	<b>10,247</b>	<b>61,309</b>	<b>14,929</b>	<b>57,134</b>
<b>Cash and cash equivalents, Beginning of Period</b>	<b>47,815</b>	<b>30,018</b>	<b>43,133</b>	<b>34,193</b>
<b>Cash and cash equivalents, End of Period</b>	<b>\$ 58,062</b>	<b>\$ 91,327</b>	<b>\$ 58,062</b>	<b>\$ 91,327</b>

Summary statement - Readers should refer to the complete Interim Consolidated Financial Statements