



# GREAT CANADIAN GAMING CORPORATION

## GREAT CANADIAN GAMING ANNOUNCES 2009 FIRST QUARTER RESULTS

### REVENUES DECLINE MORE THAN OFFSET BY EXPENSE REDUCTIONS

**May 11, 2009 – Richmond, BC** – Great Canadian Gaming Corporation [TSX:GC] (“the Company”) announces its financial results for the three month period ended March 31, 2009 (“first quarter of 2009”).

#### **2009 FIRST QUARTER HIGHLIGHTS**

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

- Revenues decrease by 4%, primarily due to the weakening economy
- Expense reductions of \$6.6 drive EBITDA increase of 9%
- Net loss of \$2.0, primarily due to \$11.4 of restructuring charges

	<b>First Quarter</b>		
	<b>2009</b>	<b>2008</b>	<b>% Chg</b>
Revenues	\$ <b>96.1</b>	\$ 100.3	(4%)
EBITDA <sup>(1)</sup>	\$ <b>29.3</b>	\$ 26.9	9%
Human resources as a % of Revenues before Promotional allowances	<b>40.9%</b>	43.8%	
EBITDA as a % of Revenues	<b>30.5%</b>	26.8%	
Net (loss) earnings <sup>(2)</sup>	\$ <b>(2.0)</b>	\$ 5.4	
Net (loss) earnings per common share:			
Basic	\$ <b>(0.02)</b>	\$ 0.06	
Diluted	\$ <b>(0.02)</b>	\$ 0.06	
Total assets	\$ <b>1,045.8</b>	\$ 953.9	
Long-term debt, excluding current portion	\$ <b>464.3</b>	\$ 340.4	
Derivative liabilities	\$ <b>14.0</b>	\$ 57.1	

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

(2) The net (loss) earnings include several items of note that affect the comparability of net (loss) earnings over the periods presented. As a result of these items of note, in aggregate the 2009 first quarter net earnings were \$7.4 lower than the first quarter of 2008. Descriptions of these items of note are shown under the “Adjusted Net Earnings” table at the end of this press release. Excluding these items of note, our net earnings increased \$0.5 (or 12%) in the first quarter of 2009 compared to the first quarter of 2008.

For the three month period ended March 31, 2009, Great Canadian Gaming Corporation recorded revenues of \$96.1, a 4% decline from the first quarter of 2008. The decline is primarily due to the weakening economy, which significantly reduced slot play in both British Columbia and Nova Scotia. This reduction was most pronounced at the Company's two largest facilities, the River Rock Casino Resort ("River Rock") and Boulevard Casino, where slot win decreased by 4% and 7%, respectively. River Rock also recorded an unusually high table hold percentage during the first quarter of 2008. The revenues decline was partially offset by growth at the Great American Casinos, which benefited from a favourable foreign currency exchange rate, and the BC Racinos, which benefited from the additional gaming capacity at Hastings Racecourse.

The Company recorded EBITDA of \$29.3 for the first quarter of 2009, a 9% increase from the first quarter of 2008. This increase reflects the benefit of the Company's recent expense reduction initiatives, which decreased expenses by \$6.6 when compared to the first quarter of 2008. These initiatives generated EBITDA improvements at the majority of the Company's properties during the first quarter of 2009.

The Company's EBITDA as a percentage of revenues for the first quarter of 2009 was 30.5%, a 3.7 percentage point improvement from the first quarter of 2008. This improvement was primarily due to the expense reduction initiatives, which more than offset the decline in revenues.

These expense reduction initiatives included further adjustments to staffing levels, which generated an associated restructuring expense of \$7.2 during the first quarter of 2009. Other initiatives included thorough reviews of all discretionary spending, marketing efforts, and head office expenses. These generated an associated restructuring expense of \$4.2 during the first quarter of 2009. The Company has also decided to reduce its number of Directors by two. This change, in combination with the decrease in cash compensation announced in March, will reduce annual Board fees by approximately 30%.

"I'm very pleased with the progress visible in Great Canadian's results for the first quarter of 2009," stated Ross McLeod, Great Canadian's Chairman and Chief Executive Officer. "In March, I stated that we were preparing our cost structure for a severe revenues decline, and that we would be rewarded if such a decline failed to materialize. Although the weakening economy did impact consumer spending at our properties during the first quarter, the resulting decline was not as severe as we anticipated. These results are our reward.

"These results also reveal the effectiveness of the expense reduction initiatives we have implemented to date, which included adjustments to both our operating hours and staffing levels. The latter adjustment took place at each of our properties, and has so far reduced our headcount by 524 positions.

"These expense reduction initiatives have produced positive results, but they are not complete. While the revenues decline witnessed in the first quarter was not as great as we anticipated, the Canadian economy continues to weaken. We will thus continue to implement improvements to both the efficiency and flexibility of our cost structure."

Mr. McLeod concluded, "Although these first quarter results have bolstered our balance sheet, Great Canadian's primary priority for 2009 remains the protection of our strong financial position. Our conservative strategy towards both cost and capital management has met with initial success, but we remain cautious about the challenges presented by this economy. Continuing to optimize our business will not only improve our ability to react to these challenges, but also enhance shareholder value."

## Development Projects

The following table summarizes Great Canadian's current major facility redevelopment projects:

Property	Development Project	Est. Completion Date	Est. Total Budget	To March 31, 2009	Spend (Accrual Basis)	
					In first quarter 2009	Est. for remaining nine months of 2009
River Rock Casino Resort	Hotel footings and infrastructure; 1,200 stall parking garage; 21,000 sq ft of commercial space; 320 hotel and casino parking spaces (\$90.0)	600 stalls completed in September '08, balance by November '09	\$169.0	\$102.2	\$21.5	\$16.3
	New gaming capacity; upgraded VIP facilities; enhanced F&B offerings; atrium renovation (\$34.0)	Some upgraded VIP facilities completed January '09, balance by January '10				
	Additional new gaming capacity; additional upgraded VIP facilities (\$17.0)	Pending revision				
	5 storey, 191 room hotel tower (\$28.0)	Pending revision				
View Royal Casino	560 stall parking garage; new gaming capacity (\$25.0)	Parking garage completed in December '08, new gaming capacity in September '09	\$50.0	\$23.4	\$1.4	\$1.6
	Further new gaming capacity; amenity upgrades (\$25.0)	Pending revision				
Hastings Racecourse	Installation of 600 slot machines and amenity upgrades	All slots installed in Q3/08	\$40.0	\$31.2	\$0.1	\$ -
Georgian Downs	550 slot machines of new gaming capacity	400 new slots to be installed in Q3/09, balance in Q2/10	\$30.3	\$15.1	\$4.8	\$12.3

The Company will host a conference call for investors and analysts today, May 11, 2009 at 5:00 PM Eastern Time, or 2:00 PM Pacific Time, to review the financial results for the period ended March 31, 2009. To participate in the conference call, please dial 416-695-6272, or toll free at 800-766-6630. 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 May 18, 2009 by dialing 416-695-5800, or toll free at 800-408-3053 (Passcode: 3283426). 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. We operate ten casinos, a thoroughbred racetrack that offers slot machines, four 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, 2009, the Company had approximately 4,800 employees. 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 at [www.gcgaming.com](http://www.gcgaming.com) (available on May 11, 2009) or [www.sedar.com](http://www.sedar.com) (available on May 12, 2009) 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 share information.**

## Consolidated Results of Operations

(Expressed in millions, except for share information)

	First Quarter	
	2009	2008
Gaming revenues	\$ 68.6	\$ 71.7
Racetrack revenues	6.9	7.2
Facility Development Commission	7.5	7.6
Hospitality and other revenues	16.0	16.5
	<b>99.0</b>	103.0
Less: Promotional allowances	(2.9)	(2.7)
<b>Revenues</b>	<b>96.1</b>	100.3
Human resources	40.5	45.1
Property, marketing and administration	26.3	28.3
	<b>66.8</b>	73.4
<b>EBITDA</b>	<b>29.3</b>	26.9
Human resources as a % of Revenues before Promotional allowances	40.9%	43.8%
EBITDA as a % of Revenues	30.5%	26.8%
Amortization	11.6	10.0
Stock-based compensation	1.7	2.1
Restructuring and other	11.4	0.3
Interest and financing costs, net	6.9	7.5
Other expenses	1.3	0.1
Income taxes (recovery) expense	(1.6)	1.5
<b>Net (loss) earnings</b>	<b>\$ (2.0)</b>	\$ 5.4
Net (loss) earnings per common share:		
Basic	\$ (0.02)	\$ 0.06
Diluted	\$ (0.02)	\$ 0.06
Weighted average number of common shares (in thousands):		
Basic	82,087	84,214
Diluted	82,087	84,491

**GREAT CANADIAN GAMING CORPORATION**  
**Interim Consolidated Statements of Financial Position**  
**(Unaudited - Prepared by Management)**  
(Expressed in millions, except for share information)

	<b>March 31, 2009</b>	December 31, 2008
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 42.2	\$ 43.6
Restricted cash	11.2	10.6
Accounts receivable	11.7	14.2
Income taxes receivable	1.2	1.1
Due from Nova Scotia Gaming Corporation	4.0	3.7
Prepays, deposits and other assets	8.3	9.1
	<b>78.6</b>	<b>82.3</b>
Property, plant and equipment	724.2	704.0
Intangible assets	177.8	180.5
Goodwill	39.3	39.0
Future income taxes	7.7	8.6
Other assets	18.2	9.6
	<b>\$ 1,045.8</b>	<b>\$ 1,024.0</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 77.2	\$ 74.8
Long-term debt, deferred credits and other liabilities, current	2.2	2.3
	<b>79.4</b>	<b>77.1</b>
Long-term debt	464.3	440.0
Derivative liabilities	14.0	23.4
Deferred credits, other liabilities	25.0	22.4
Future income taxes	66.0	68.4
	<b>648.7</b>	<b>631.3</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital and contributed surplus	343.4	341.7
Accumulated other comprehensive loss	(18.0)	(22.7)
Retained earnings	71.7	73.7
	<b>397.1</b>	<b>392.7</b>
	<b>\$ 1,045.8</b>	<b>\$ 1,024.0</b>

**GREAT CANADIAN GAMING CORPORATION**  
**Interim Consolidated Statements of Earnings**  
(Unaudited - Prepared by Management)  
(Expressed in millions, except for share information)

	<b>Three months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
REVENUES	\$ 96.1	\$ 100.3
EXPENSES		
Human resources	40.5	45.1
Property, marketing and administration	26.3	28.3
Amortization	11.6	10.0
Stock-based compensation	1.7	2.1
Restructuring and other	11.4	0.3
	<b>91.5</b>	<b>85.8</b>
EARNINGS FROM OPERATIONS	4.6	14.5
Interest and financing costs, net	6.9	7.5
Foreign exchange loss (gain)	1.0	(0.2)
	<b>7.9</b>	<b>7.3</b>
(LOSS) EARNINGS BEFORE INCOME TAXES	(3.3)	7.2
Income taxes (recovery) expense	(1.6)	1.5
(LOSS) EARNINGS BEFORE NON-CONTROLLING INTERESTS	(1.7)	5.7
Non-controlling interests	0.3	0.3
NET (LOSS) EARNINGS	\$ (2.0)	\$ 5.4
NET (LOSS) EARNINGS PER COMMON SHARE		
Basic	\$ (0.02)	\$ 0.06
Diluted	\$ (0.02)	\$ 0.06
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		
Basic	82,086,526	84,213,530
Diluted	82,086,526	84,490,748

Net earnings decreased by \$7.4 in the first quarter of 2009, when compared to the first quarter of 2008. This was primarily due to restructuring expenses associated with the expense reduction initiatives. The current and prior periods' net (loss) earnings included some items of note, the after-tax effects of which are summarized in the following table:

	First quarter		
	2009	2008	% Chg
<b>Net (loss) earnings</b>	<b>\$ (2.0)</b>	<b>\$ 5.4</b>	
<b>Items of note, net of tax</b>			
Restructuring and other expenses	<b>8.0</b>	0.2	
Future income tax recoveries due to decreases in enacted statutory tax rates	<b>(1.4)</b>	(1.2)	
FDC catch-up payment relating to River Rock	-	(0.4)	
<b>Adjusted net earnings <sup>(1)</sup></b>	<b>\$ 4.6</b>	<b>\$ 4.1</b>	<b>12%</b>

<sup>(1)</sup> A non-GAAP measure

After adjusting for the above items of note, the Company's adjusted net earnings increased by 12% for the first quarter of 2009, when compared to the first quarter of 2008.

#### DISCLAIMER

This news release contains certain "forward-looking information" 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. All information that addresses expectations or projections about the future, including information about the Company's strategy for growth, expected future expenditures, costs, operating and financial results and expected impact of future commitments, is forward-looking information. Such information is not a guarantee of future performance and involves a number of risks and uncertainties. Although forward-looking information is based on information and assumptions which the Company believes are current, reasonable and complete, these statements are subject to a number of factors that could cause actual results to vary materially from those expressed or implied by its forward-looking information. Such factors may include, but are not limited to: terms of operational service agreements with lottery corporations; pending, proposed or unanticipated regulatory or policy changes; 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 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 2008, 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. 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.

To arrive at adjusted net earnings, the Company removes items of note, net of income taxes, from net (loss) earnings. The items of note relate to items that management may reasonably quantify and which it does not believe are indicative of underlying business performance. Items of note may vary from time to time and in this press release include: restructuring and other expenses, future income tax recoveries due to changes in statutory tax rates, and Facility Development Commission ("FDC") catch-up payments. We believe adjusted net earnings provides the reader with a better understanding of the Company's underlying business performance.

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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