



# GREAT CANADIAN GAMING CORPORATION

## **GREAT CANADIAN GAMING FIRST QUARTER PRODUCES 5% IMPROVEMENT IN REVENUES, 6% IMPROVEMENT IN EBITDA**

**May 12, 2008 – Richmond, BC** – Great Canadian Gaming Corporation [TSX:GC] (“the Company”) announces its financial results for the quarter ended March 31, 2008.

### **2008 FIRST QUARTER HIGHLIGHTS**

- Revenue growth of 5%, EBITDA growth of 6%
- Net earnings improved by 26% or \$1.1 million to \$0.06 per common share
- Right-sizing of operations underway at Casino Nova Scotia

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

	<b>First Quarter</b>		
	<b>2008</b>		<b>2007 % Chg</b>
Revenues	\$ <b>100.3</b>	\$ 95.6	5%
EBITDA <sup>(1)</sup>	\$ <b>26.9</b>	\$ 25.4	6%
Human resources as a % of Revenues before Promotional allowances	<b>43.8%</b>	44.4%	
EBITDA as a % of Revenues	<b>26.8%</b>	26.6%	
Net earnings	\$ <b>5.4</b>	\$ 4.3	26%
Earnings per common share:			
Basic	\$ <b>0.06</b>	\$ 0.05	
Diluted	\$ <b>0.06</b>	\$ 0.05	
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Total assets	\$ <b>953.9</b>	\$ 991.5	
Long-term debt, excluding current portion	\$ <b>340.4</b>	\$ 385.9	
Derivative liabilities	\$ <b>57.1</b>	\$ 13.1	

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

For the quarter ended March 31, 2008, Great Canadian recorded a 5% improvement in revenues, which rose to \$100.3 million, and a 6% improvement in EBITDA, which rose to \$26.9 million compared to the first quarter of 2007. The improvement in revenues reflects continued double-digit year-over-year gains at River Rock Casino Resort (“River Rock”) and Boulevard Casino (“Boulevard”) (13% and 14%, respectively) and the introduction of new gaming offerings at Fraser Downs and Hastings Racecourse, which generated a 24% improvement in BC Racino revenues. These gains were partially offset by the loss of revenue from the Casino on Broadway, which the Company closed in late 2007.

The year-over-year EBITDA gain primarily reflects 26% and 31% improvements in EBITDA generated by the River Rock and Boulevard properties (\$4.8 million in aggregate), respectively, as well as modest improvements from the Vancouver Island casinos. These increases were partially offset by declines at both the BC Racinos and the Nova Scotia casinos.

The Company's EBITDA as a percentage of revenues of 26.8% was consistent with the level achieved in the first quarter of 2007. While River Rock and Boulevard continued to improve EBITDA as a percentage of revenues, their performance was offset by decreases at the Nova Scotia casinos and the changes in scope at the BC Racino properties.

Net earnings increased by \$1.1 million to \$5.4 million, or \$0.06 per common share, largely due to increased EBITDA and substantively enacted reductions to the British Columbia provincial corporate income tax rate that were partially reduced by higher interest and financing costs, net and higher non-cash items such as amortization and stock-based compensation.

"During a period in which many U.S. gaming operators are witnessing the impact of an increasingly challenging economic environment, Great Canadian continues to record solid year-over-year revenue and EBITDA growth," stated Ross J. McLeod, Chairman and CEO. "Our 2008 first quarter results reflect the benefits we continue to generate from redeveloped gaming and service offerings at both River Rock Casino Resort and Boulevard Casino. In aggregate these two properties recorded a \$6 million, or 13%, improvement in revenues and a \$4.8 million, or 28%, improvement in EBITDA. The operating leverage realized on the revenue growth is impressive, especially given how it was achieved despite increased competition in the market.

"However, challenges at several of our other properties somewhat offset these gains. Our Nova Scotia properties have increased their promotional programs in an effort to improve visitation, which has suffered due to an ongoing anti-gaming campaign in the province and various market specific factors. Given this decrease in demand, we are currently taking steps to reduce both the staffing levels and hours of operation at these properties. We believe these steps will result in sustainable EBITDA improvements, and that results will be visible as early as the second quarter.

"While the introduction of slot machines at Hastings Racecourse and the new gaming capacity at Fraser Downs have generated increased revenue, the expense structure associated with these new offerings created a reduction in BC Racinos' EBITDA. This was not unanticipated, as new markets take some time to reach maturity. Boulevard Casino, which struggled to rationalize expenses after its redevelopment at the end of 2005, is a good example of this phenomenon. While we expect the performance of these properties to improve as their markets mature and various start-up inefficiencies are reduced, we will nonetheless seek to rationalize their expenses towards a level more commensurate with their early revenue improvements.

"Overall, the strong performance of our recent gaming and service redevelopments is a very positive signal. We're confident that Great Canadian has the proper team and capital structure in place to realize further growth from the property redevelopments currently underway. Throughout the first quarter of 2008 we continued to make steady progress on redevelopment projects at River Rock, Georgian Downs and Hastings Racecourse. We've also received the development permit necessary for our planned changes at View Royal, and expect that facility's redevelopment to reach completion by the end of 2009.

Mr. McLeod concluded, "Our focus throughout the balance of 2008 is on driving further revenue growth, executing against initiatives put in place to address market specific pressures that are impacting operating efficiency at several of our properties, and continuing to progress on our robust pipeline of development projects. We're also continuing to repurchase our shares in accordance with our normal course issuer bid. Given the success we have recently demonstrated with similar initiatives, we are confident that all these goals will be achieved, and that this will result in the continued creation of additional shareholder value."

## Development Projects

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

(\$ in millions)

Property	Scope of Project/Gaming Positions	Estimated Completion Date	Planned or Estimated Total Budget/Spent to Date/Spent 1Q '08
<b>River Rock Casino Resort</b>	1,200 stall parking garage; 5 story, 191 room hotel featuring 350 additional parking spaces; 21,000 sq ft of commercial space	Initial 600 stalls in 3Q'08 Remaining 950 stalls by 4Q'09 New hotel by early 2010	\$118.0/\$19.6/\$11.6
<b>Georgian Downs</b>	Introduction of 550 slot machines	400 new slots installed by 2Q '09 Balance to come online by early 2010	\$30.3/\$2.2/\$0.7 (OLG also plans to spend approximately \$45.7 for facility upgrades)
<b>Hastings Racecourse</b>	Installation of 600 slots and new food, beverage and entertainment facilities	150 machines installed in 4Q '07; Balance of redevelopment to be completed by early 2009	\$40.0/\$13.4/\$5.5
<b>View Royal</b>	37,000 sq ft for slots, poker and Racebook; F&B upgrade; entertainment lounge; back-of-house space; 380 additional parking spaces	Parking garage: 4Q '08 Facility: 4Q '09	\$50.0/\$1.1/\$0.5

The Company will host a conference call for investors and analysts today, Monday, May 12, 2008 at 5:00 PM Eastern Time, or 2:00 PM Pacific Time, to review the financial results for the period ended March 31, 2008. To participate in the conference call, please dial 416-695-6272, or toll free at 1-800-766-6630. 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 19, 2008 by dialing 416-695-5800, or toll free at 1-800-408-3053 (Passcode: 3260175). 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, 2008 the Company had approximately 5,500 employees. Further information is available on the Company's website, [www.gcgaming.com](http://www.gcgaming.com).

Please refer to the Consolidated Interim Financial Statements and Management's Discussion and Analysis at [www.gcgaming.com](http://www.gcgaming.com) (available on May 12, 2008) or [www.sedar.com](http://www.sedar.com) (available on May 13, 2008) for detailed financial information and analysis.

**The financials 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		% Chg
	2008	2007	
Gaming revenues	\$ 71.7	\$ 70.7	1%
Racetrack revenues	7.2	6.6	9%
Facility Development Commission	7.6	5.0	52%
Hospitality and other revenues	16.5	15.8	4%
	<b>103.0</b>	98.1	5%
Less: Promotional allowances	(2.7)	(2.5)	8%
<b>Revenues</b>	<b>100.3</b>	95.6	5%
Human resources	45.1	43.6	3%
Property, marketing and administration	28.3	26.6	6%
	<b>73.4</b>	70.2	5%
<b>EBITDA</b>	<b>26.9</b>	25.4	6%
Human resources as a % of Revenues before Promotional allowances	<b>43.8%</b>	44.4%	
EBITDA as a % of Revenues	<b>26.8%</b>	26.6%	
Amortization	10.0	9.4	6%
Stock-based compensation	2.1	1.4	50%
Restructuring and other	0.3	-	
Interest and financing costs, net	7.5	6.8	10%
Other expenses	0.1	0.2	(50%)
Income taxes	1.5	3.3	(55%)
<b>Net earnings</b>	<b>\$ 5.4</b>	\$ 4.3	26%
Earnings per common share:			
Basic	\$ 0.06	\$ 0.05	
Diluted	\$ 0.06	\$ 0.05	
Weighted average number of common shares (in thousands):			
Basic	84,214	86,408	
Diluted	84,491	86,802	

**GREAT CANADIAN GAMING CORPORATION**  
**Interim Consolidated Statements of Financial Position**

(Unaudited - Prepared by Management)

(Expressed in millions, except for share information)

	<b>March 31, 2008</b>	December 31, 2007
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 98.5	\$ 107.1
Restricted cash	5.2	3.6
Accounts receivable	12.6	13.3
Income taxes receivable	1.4	-
Due from Nova Scotia Gaming Corporation	13.8	17.2
Prepays, deposits and other assets	10.9	12.0
	<b>142.4</b>	153.2
Property, plant and equipment	579.6	567.3
Intangible assets	189.6	191.5
Goodwill	38.8	37.0
Other assets	3.5	5.0
	<b>\$ 953.9</b>	<b>\$ 954.0</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 76.2	\$ 69.5
Income taxes payable	-	3.6
Long-term debt, deferred credit and other liabilities, current	10.4	8.8
	<b>86.6</b>	81.9
Long-term debt	340.4	329.4
Derivative liabilities	57.1	62.8
Deferred credit, other liabilities and non-controlling interests	1.8	2.0
Future income taxes	65.3	67.7
	<b>551.2</b>	543.8
<b>SHAREHOLDERS' EQUITY</b>		
Share capital and contributed surplus	339.8	341.3
Accumulated other comprehensive loss	(12.0)	(9.1)
Retained earnings	74.9	78.0
	<b>402.7</b>	410.2
	<b>\$ 953.9</b>	<b>\$ 954.0</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>2008</b>	<b>2007</b>
REVENUES	\$ 100.3	\$ 95.6
EXPENSES		
Human resources	45.1	43.6
Property, marketing and administration	28.3	26.6
Amortization	10.0	9.4
Stock-based compensation	2.1	1.4
Restructuring and other	0.3	-
	<b>85.8</b>	<b>81.0</b>
EARNINGS FROM OPERATIONS	14.5	14.6
Interest and financing costs, net	7.5	6.8
Foreign exchange gain	(0.2)	(0.1)
	<b>7.3</b>	<b>6.7</b>
EARNINGS BEFORE INCOME TAXES	7.2	7.9
Income taxes	1.5	3.3
EARNINGS BEFORE NON-CONTROLLING INTERESTS	5.7	4.6
Non-controlling interests	0.3	0.3
NET EARNINGS	\$ 5.4	\$ 4.3
EARNINGS PER COMMON SHARE		
Basic	\$ 0.06	\$ 0.05
Diluted	\$ 0.06	\$ 0.05
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		
Basic	84,213,530	86,407,642
Diluted	84,490,748	86,801,808

## 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, proposed and unanticipated 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; impact of construction disruption on our business; ongoing requirements to comply with financial covenants associated with credit facilities and long-term debt; 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 2007, 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 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 and other costs, foreign exchange gain 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 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. 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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