



# GREAT CANADIAN GAMING CORPORATION

## GREAT CANADIAN GAMING ANNOUNCES 2009 SECOND QUARTER RESULTS

### OPERATIONAL EFFICIENCY IMPROVEMENTS DRIVE 9% EBITDA INCREASE

**August 10, 2009 – Richmond, BC** – Great Canadian Gaming Corporation [TSX:GC] (“the Company”) announces its financial results for the three month period ended June 30, 2009 (“second quarter of 2009”).

#### **2009 SECOND QUARTER HIGHLIGHTS**

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

- Expense reductions of \$10.2 million drive EBITDA increase of 9%
- Revenues decrease by 8%, primarily due to the weakened economy
- Redevelopment projects near completion in both BC and Ontario

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Revenues	\$ 93.8	\$ 101.6	(8%)	\$ 189.9	\$ 201.9	(6%)
EBITDA <sup>(1)</sup>	\$ 30.1	\$ 27.7	9%	\$ 59.4	\$ 54.6	9%
Human resources as a % of Revenues before Promotional allowances	41.6%	43.2%		41.2%	43.5%	
EBITDA as a % of Revenues	32.1%	27.3%		31.3%	27.0%	
Net earnings <sup>(2)</sup>	\$ 6.2	\$ 4.1	51%	\$ 4.2	\$ 9.5	(56%)
Net earnings per common share:						
Basic	\$ 0.08	\$ 0.05		\$ 0.05	\$ 0.11	
Diluted	\$ 0.07	\$ 0.05		\$ 0.05	\$ 0.11	
Total assets				\$ 1,030.5	\$ 960.1	
Long-term debt, excluding current portion				\$ 423.0	\$ 347.7	
Derivative liabilities				\$ 20.9	\$ 61.1	

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

(2) The net earnings include several items of note that affect the comparability of net earnings over the periods presented. As a result of these items of note, in aggregate the 2009 second quarter and first half net earnings in 2009 were \$2.1 higher and \$5.3 lower, respectively, than the second quarter and first half 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, the Company’s net earnings increased \$1.8 (or 39%) in the second quarter and \$2.4 (or 28%) in the first half of 2009, when compared to the second quarter and first half of 2008.

For the second quarter of 2009, Great Canadian Gaming Corporation recorded EBITDA of \$30.1, a 9% increase from the second quarter of 2008, despite revenues declining to \$93.8, an 8% decrease from the second quarter of 2008.

The revenues decrease was primarily due to the weakened economy, which reduced both gaming and hospitality revenues at the majority of the Company's properties. Declines in gaming revenues were most pronounced at the River Rock Casino Resort ("River Rock") and Boulevard Casino, where slot win decreased by 12% and 11%, respectively. In addition, River Rock recorded an unusually low table hold percentage. Hospitality revenues were also impacted by construction disruption at both River Rock and View Royal Casino. These revenues declines were partially offset by growth at the Company's Great American Casinos, which benefited from a favourable foreign currency exchange rate.

The EBITDA increase reflects the benefit of the Company's comprehensive expense reduction initiatives, which reduced operating expenses by \$10.2 when compared to the second quarter of 2008. These initiatives generated EBITDA improvements at the majority of the Company's properties during the second quarter of 2009.

The Company's EBITDA as a percentage of revenues for the second quarter of 2009 was 32.1%, a 4.8 percentage point improvement from the second quarter of 2008. This was primarily due to the expense reduction initiatives, which more than offset the decline in revenues.

These initiatives reduced operating expenses for the second quarter of 2009 by \$10.2 million, when compared to the second quarter of 2008, and generated \$0.7 in associated restructuring expenses. The initiatives included adjustments to staffing levels, thorough reviews of all discretionary spending, streamlined marketing efforts, and reduced corporate costs.

"I continue to be very pleased with Great Canadian's financial results for 2009," stated Ross McLeod, Great Canadian's Chairman and Chief Executive Officer. "These results reveal the full impact of our various expense reduction initiatives, which have generated significant and sustainable improvement to our cost structure. In the second quarter, these improvements allowed us to once again achieve an EBITDA increase, despite a revenues decline. However, the full benefit of our efforts will only become apparent once our revenues resume an upward trend.

"Great Canadian is favourably positioned to benefit from an economic recovery, as three of our redevelopment projects are rapidly approaching completion. These redevelopments, and the conclusion of any disruption caused by their construction, should serve as positive catalysts for both our visitation and volume of play. Two of these projects provide additional gaming capacity to underserved markets: View Royal, which will add 120 new slot machines on August 18, and Georgian Downs, which will add 400 new slot machines on August 26. We're excited about our patrons' reactions to these new entertainment options.

"The third project, River Rock's redevelopment and the opening of its Canada Line station, represents a milestone in Great Canadian's history. On August 17, the Canada Line will commence operation. By the end of September, we'll finish construction on the associated parking garage. And in November, River Rock's own renovations will be complete. In 2004,

when we first opened this facility, it redefined expectations for gaming in British Columbia. Before the end of 2009, River Rock will raise that bar again.

“I’m confident that the completion of these three projects will assist in the rejuvenation of our markets. This is a difficult economy, and we are more cognizant than ever of the challenges it presents. These projects, in combination with our expense reduction initiatives, will allow Great Canadian to confront those challenges while maintaining our strong balance sheet.”

Mr. McLeod concluded, “Great Canadian’s conservative strategy towards both cost and capital management continues to meet with success. In the future, while our economic reality will change, this strategy will not. Our company has been galvanized by its recent optimization, and I look forward to translating our improvements into 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	Spend (Accrual Basis)		
				To June 30, 2009	In second quarter 2009	Est. for remaining six months of 2009
<b>River Rock Casino Resort</b>	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 in September '09				
	New gaming capacity; upgraded VIP facilities; enhanced F&B offerings; atrium renovation (\$34.0)	Some upgraded VIP facilities completed January '09, balance in November '09	\$169.0	\$113.2	\$11.0	\$10.8
	Additional new gaming capacity; additional upgraded VIP facilities (\$17.0)	Pending revision				
	5 storey, 191 room hotel tower (\$28.0)	Pending revision				
<b>View Royal Casino</b>	560 stall parking garage; new gaming capacity (\$25.0)	Parking garage completed in December '08, new gaming capacity in August '09	\$50.0	\$24.2	\$0.8	\$0.8
	Further new gaming capacity; amenity upgrades (\$25.0)	Pending revision				
<b>Hastings Racecourse</b>	Installation of 600 slot machines and amenity upgrades	All slots installed in Q3/08	\$40.0	\$31.5	\$0.2	\$0.3
<b>Georgian Downs</b>	550 slot machines of new gaming capacity and infrastructure upgrade	400 new slots to be installed in Q3/09, balance in Q2/10	\$33.6	\$22.0	\$6.9	\$8.7

The Company will host a conference call for investors and analysts today, August 10, 2009, at 2:00 PM Pacific Time to review the financial results for the period ended June 30, 2009. To participate in the conference call, please dial 416-644-3421, or toll free at 800-731-5319. 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 17, 2009 by dialing 416-640-1917, or toll free at 877-289-8525 (Passcode: 21311511#). 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 June 30, 2009, the Company had approximately 4,000 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 Consolidated Annual Financial Statements and Management's Discussion and Analysis at [www.gcgaming.com](http://www.gcgaming.com) (available on August 10, 2009) or [www.sedar.com](http://www.sedar.com) (available on August 11, 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 per share information.**

## Consolidated Results of Operations

(Dollar amounts expressed in millions, except for per share information)

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
Gaming revenues	\$ 65.7	\$ 69.3	(5%)	\$ 134.3	\$ 141.0	(5%)
Racetrack revenues	7.8	8.6	(9%)	14.7	15.7	(6%)
Facility Development Commission	7.2	7.4	(3%)	14.7	15.1	(3%)
Hospitality and other revenues	15.8	19.0	(17%)	31.8	35.5	(10%)
	<b>96.5</b>	104.3	(7%)	<b>195.5</b>	207.3	(6%)
Less: Promotional allowances	(2.7)	(2.7)	0%	(5.6)	(5.4)	4%
<b>Revenues</b>	<b>93.8</b>	101.6	(8%)	<b>189.9</b>	201.9	(6%)
Human resources	40.1	45.1	(11%)	80.6	90.2	(11%)
Property, marketing and administration	23.6	28.8	(18%)	49.9	57.1	(13%)
	<b>63.7</b>	73.9	(14%)	<b>130.5</b>	147.3	(11%)
<b>EBITDA</b>	<b>30.1</b>	27.7	9%	<b>59.4</b>	54.6	9%
Human resources as a % of Revenues before Promotional allowances	41.6%	43.2%		41.2%	43.5%	
EBITDA as a % of Revenues	32.1%	27.3%		31.3%	27.0%	
Amortization	11.6	10.6		23.2	20.6	
Stock-based compensation	1.4	1.9		3.1	4.0	
Restructuring and other	0.7	1.4		12.1	1.7	
Interest and financing costs, net	7.3	6.6		14.2	14.1	
Other expenses	0.1	0.2		1.4	0.3	
Income taxes	2.8	2.9		1.2	4.4	
<b>Net earnings</b>	<b>\$ 6.2</b>	\$ 4.1		<b>\$ 4.2</b>	\$ 9.5	
Net earnings per common share:						
Basic	\$ 0.08	\$ 0.05		\$ 0.05	\$ 0.11	
Diluted	\$ 0.07	\$ 0.05		\$ 0.05	\$ 0.11	
Weighted average number of common shares (in thousands):						
Basic	82,090	83,357		82,088	83,784	
Diluted	82,943	83,443		82,164	83,924	

**GREAT CANADIAN GAMING CORPORATION**  
**Interim Consolidated Statements of Financial Position**  
**(Unaudited - Prepared by Management)**

(Dollar amounts expressed in millions, except for per share information)

	<b>June 30, 2009</b>	December 31, 2008
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 40.2	\$ 43.6
Restricted cash	13.2	10.6
Accounts receivable	9.1	14.2
Income taxes receivable	1.5	1.1
Due from Nova Scotia Gaming Corporation	2.9	3.7
Prepays, deposits and other assets	11.1	9.1
	<b>78.0</b>	82.3
Property, plant and equipment	734.2	704.0
Intangible assets	174.4	180.5
Goodwill	38.7	39.0
Future income taxes	2.8	8.6
Other assets	2.4	9.6
	<b>\$ 1,030.5</b>	<b>\$ 1,024.0</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 83.6	\$ 74.8
Long-term debt, deferred credits and other liabilities, current	2.2	2.3
	<b>85.8</b>	77.1
Long-term debt	423.0	440.0
Derivative liabilities	20.9	23.4
Deferred credits and other liabilities	24.7	22.4
Future income taxes	66.4	68.4
	<b>620.8</b>	631.3
<b>SHAREHOLDERS' EQUITY</b>		
Share capital and contributed surplus	344.8	341.7
Accumulated other comprehensive loss	(13.0)	(22.7)
Retained earnings	77.9	73.7
	<b>409.7</b>	392.7
	<b>\$ 1,030.5</b>	<b>\$ 1,024.0</b>

**GREAT CANADIAN GAMING CORPORATION**  
**Interim Consolidated Statements of Earnings**  
**(Unaudited - Prepared by Management)**

(Dollar amounts expressed in millions, except for per share information)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
REVENUES	\$ 93.8	\$ 101.6	\$ 189.9	\$ 201.9
EXPENSES				
Human resources	40.1	45.1	80.6	90.2
Property, marketing and administration	23.6	28.8	49.9	57.1
Amortization	11.6	10.6	23.2	20.6
Stock-based compensation	1.4	1.9	3.1	4.0
Restructuring and other	0.7	1.4	12.1	1.7
	<b>77.4</b>	87.8	<b>168.9</b>	173.6
EARNINGS FROM OPERATIONS	16.4	13.8	21.0	28.3
Interest and financing costs, net	7.3	6.6	14.2	14.1
Foreign exchange (gain) loss	(0.1)	(0.2)	0.9	(0.4)
	7.2	6.4	15.1	13.7
EARNINGS BEFORE INCOME TAXES	9.2	7.4	5.9	14.6
Income taxes	2.8	2.9	1.2	4.4
EARNINGS BEFORE NON-CONTROLLING INTERESTS	6.4	4.5	4.7	10.2
Non-controlling interests	0.2	0.4	0.5	0.7
NET EARNINGS	\$ 6.2	\$ 4.1	\$ 4.2	\$ 9.5
NET EARNINGS PER COMMON SHARE				
Basic	\$ 0.08	\$ 0.05	\$ 0.05	\$ 0.11
Diluted	\$ 0.07	\$ 0.05	\$ 0.05	\$ 0.11
WEIGHTED AVERAGE NUMBER OF COMMON SHARES				
Basic	82,090,372	83,356,802	82,088,460	83,784,475
Diluted	82,942,606	83,442,883	82,164,389	83,923,520

Net earnings increased \$2.1 in the second quarter and decreased \$5.3 in the first half of 2009, when compared to the second quarter and first half of 2008. This was primarily due to restructuring expenses associated with the expense reduction initiatives. The current and prior periods' net earnings included some items of note, the after-tax effects of which are summarized in the following table:

	Second Quarter			First Half		
	2009	2008	% Chg	2009	2008	% Chg
<b>Net earnings</b>	\$ 6.2	\$ 4.1		\$ 4.2	\$ 9.5	
<b>Items of note, net of tax</b>						
Restructuring and other expenses	0.5	0.9		8.5	1.1	
Future income tax recoveries due to decreases in enacted statutory tax rates	(0.3)	-		(1.7)	(1.2)	
FDC catch-up payments	-	(0.4)		-	(0.8)	
<b>Adjusted net earnings <sup>(1)</sup></b>	\$ 6.4	\$ 4.6	39%	\$ 11.0	\$ 8.6	28%

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

After adjusting for the above items of note, the Company's adjusted net earnings increased by 39% in the second quarter of 2009, when compared to the second quarter of 2008. The adjusted net earnings for the first half of 2009 compared to the first half of 2008 increased by 28%.

#### 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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