

Charitable Gaming  
**THE VIEW**



On-Line @ [www.cgao.ca](http://www.cgao.ca)

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**998 – Paul Johnstone – BRM (OLG)**

As you may be aware, Mr. Paul Johnstone, *Business Relationship Manager – North (OLG)*, recently resigned to undertake a new position with the *British Columbia Lottery Corporation (BCLC)* on Vancouver Island as a Regional Manager.

Paul had worked within Bob Longman's Operational Team and was a very effective *Business Relationship Manager*, winning the confidence of both his internal colleagues and the Service Providers. His constructive and positive attitude will be missed and I am sure you will join me in wishing him and his family every success in his new role at BCLC.

**999 – BRM Vacancy Notice**

As a result of the departure of Paul Johnstone, a vacancy exists for a *Business Relationship Manager – North (OLG)*. The vacancy notice details are available on our web site ([www.cgao.ca](http://www.cgao.ca)). If you are interested you should immediately express that interest to the OLG.

This is part of Ron Ko's & Bob Longman's engagement of the industry in making vacancy notices available to the industry at large.

**1000 – Charity Training (OCGA) – Up & Running**

As the launch dates get closer and closer, the preparation among our Charities is now underway. The OCGA is leading the charity training process. It has now activated training at

Valley Bingo Centre (Sudbury) and will slowly be engaging the other Centres as they move closer to launch dates.

If any charity group or Association has questions in this area, please direct them to the OCGA directly.

### **1001 – New Application Notice - Woodstock**

Please find enclosed a notice that has been received for New Application of Opening in the Town of Woodstock.

If you wish to make any comments on this application, please refer to the notice and follow the instructions. As you may be aware, the Town of Woodstock doesn't currently host a Bingo Centre.

### **1002 – Summer Trading**

As we had reported in our last newsletter, the summer trading conditions remain rather challenging. The extended period of warm weather, combined with the impact of the Olympics, continues to affect the business and this is likely to continue through the summer.

However, this is a good time to plan for the *September promotional period* and the re-engagement of consumers who may have lapsed during the summer for whatever reason. This is a great time to engage with your Gaming Suppliers and tap into their promotional knowledge.

### **1003 – Customer Experience - Critical**

This Association has for some time been raising the importance of the *customer experience* on the overall success of the business. The Industry has developed on the track of a 'product-centric' approach. This may have served us well while growth was happening but as the customer has developed and with more *options and exposure* to other leisure opportunities, we need to transition into being more '*customer centric*' in our outlook and approach.

This type of approach is occurring in every area of retail, including Leisure Retail & Fast Food Service. There is no better example than the changes we are seeing in place like *McDonalds, Tim Hortons and Starbucks*, where we see a combination of environment and menu innovation. The ambience is evolving with things like fireplaces, free Wi-Fi and more comfortable chairs. The customers are looking for better options and these companies are responding accordingly.

The first key of the process is understanding who is the customer, *what is their profile, what are their preferences and what are they looking for in their leisure experience*. Doing the research and, more importantly, understanding the data is critical prior to forming or launching strategies for the future.

In the Charitable Gaming Sector we need to refine *our offering, our positioning, our messaging*, and set out a case as to why customers should make a visit to our venues. We have a valuable resource in the connection with the various Charitable Groups that raise valuable dollars for their projects. We need to better *leverage this unique element of our business*. It is the key factor that differentiates us from other gaming venues.

From our position, the CGAO will shortly re-convene its Internal Working Group to see how we can encourage and develop a more '*customer centric*' approach. I do want to say that this is not easy. It is about *cultural change*.

It is about challenging our methods of operating and managing the business but we have to *face-it-head-on* in order to maximize opportunity for the future.

#### 1004 – Strategic Working Group (AGCO)

The next scheduled SWG meeting is set for early September 2012. The key issue on the agenda will be the impacts and changes on the *Risk Base Regulation & Registration*. There have been some questions asked about the new categories. Where does 'food service employees' fit into the new framework and why are they now actually being registered, etc.

Naturally, this is change but it is constructive change for the Industry and Gaming Sector as a whole. I know that through my time working with Mr. Jean Major (CEO – AGCO), if we ask questions and get engaged in the process we will get answers and co-operation. Working constructively through the change will be better to secure our future and integrity of the Gaming Sector.

If anyone has any immediate questions, I would encourage you to speak directly to Ms. Kathy Klas (Director – Sector Liaison) at the AGCO.

#### 1005 – Rank Group PLC

The Rank Group PLC hosted a General Meeting on Thursday, 26<sup>th</sup> July 2012, to present to Shareholders the acquisition of Gala Casinos (land-base), which was announced earlier in the year. The meeting approved the resolution.

#### 1006 – Great Canadian Gaming – 2<sup>nd</sup> Quarter Results

Enclosed below is the information on Great Canadian Gaming 2<sup>nd</sup> Quarter Results. If you require more information on this company, please refer directly to their web-site at [www.gcgaming.com](http://www.gcgaming.com).

### SECOND QUARTER 2012 HIGHLIGHTS

(Amounts presented in millions of Canadian dollars, except for per share information)

- Revenues of \$101.3 million, a 2% increase when compared to the prior year
- EBITDA<sup>(1)</sup> decreased by \$2.5 million, or 7%
- Shareholders' net earnings of \$2.7 million

	Second Quarter			First Half		
	2012	2011	% Chg	2012	2011	% Chg
Revenues	\$ 101.3	\$ 99.5	2%	\$ 204.1	\$ 191.5	7%
EBITDA <sup>(1)</sup>	\$ 35.3	\$ 37.8	(7%)	\$ 74.3	\$ 69.3	7%
EBITDA as a % of Revenues	34.8%	38.0%		36.4%	36.2%	
Net earnings (loss)	\$ 2.7	\$ 10.3	(74%)	\$ (29.2)	\$ 16.0	

Net earnings (loss) per common share

Basic	\$ 0.03	\$ 0.12	\$ (0.36)	\$ 0.19
Diluted	\$ 0.03	\$ 0.12	\$ (0.36)	\$ 0.19

Total assets	\$ 917.8	\$ 965.7	(5%)
Long-term debt & Derivative liabilities, excluding current portion	\$ 395.1	\$ 392.5	1%

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

For the second quarter of 2012, Great Canadian Gaming Corporation recorded revenues of \$101.3 million, a \$1.8 million, or 2%, increase from the second quarter of 2011. EBITDA was \$35.3 million, a \$2.5 million, or 7%, decrease from the second quarter of 2011.

The increase in consolidated revenues was primarily due to increases at both the River Rock Casino Resort ("River Rock") and the Other BC Casinos, when compared to the prior year. Boulevard Casino's revenues continue to show signs of stabilization, despite the significant, prolonged disruption from proximate highway construction that is expected to continue until late 2013. These improvements were partially offset by small decreases in revenues at the remaining properties.

The \$2.5 million decrease in EBITDA in the second quarter of 2012 was primarily due to decreased revenues at certain properties, combined with increases in both human resources costs and property, marketing and administration expenses.

Net earnings (loss) decreased by \$7.6 million in the second quarter of 2012, when compared to the second quarter of 2011, primarily due to a non-recurring expense of \$11.0 million (\$8.3 million after tax) associated with the settlement of a long-standing legal dispute with a former Ontario-based consultant.

"Great Canadian's financial results for the second quarter of 2012 continue to reflect the positive performance of both River Rock and our Other BC Casinos," stated Rod N. Baker, Great Canadian's President and Chief Executive Officer. "River Rock benefited from incremental revenues contributed by 'The Hotel at River Rock', which continues to trend positively since its October 2011 opening. River Rock also continues to improve its gaming performance, producing an increase in table drop. This improvement can be attributed to our recent enhancements of the property's hospitality and gaming offerings.

"Revenues at the Boulevard Casino continue to provide evidence of stabilization. Boulevard has witnessed modest increases in both table drop and slot coin-in during the last two quarters, when compared to the prior year. While we are encouraged by these results, we recognize that the property continues to be negatively impacted by prolonged disruption from construction on provincial highway enhancements adjacent to the facility, a challenging local economy, and proximate competition. Commencing in the third quarter of 2012, we will refresh and rebrand both Boulevard and its amenities. This redevelopment will assist the property in not only attracting new patrons, but also bringing back those guests who have been inconvenienced by the highway construction.

"On July 24, 2012, Great Canadian completed its debt refinancing, issuing \$450.0 million of 6.625% Senior Unsecured Notes due July 25, 2022. The use of proceeds include repayment of our Tranche B term loans that were due in 2014, repurchase or redemption of our senior subordinated notes that were due in 2015, settlement of the related derivative liabilities, and general corporate purposes. We also extended the term of our \$350.0 million undrawn revolving credit facility by one year to July 21, 2017.

"At the close of the second quarter of 2012, Great Canadian had \$140.0 million of cash and cash equivalents. On July 6, 2012, we initiated a substantial issuer bid to purchase up to 10.0 million of the Company's outstanding common shares at a price of \$10.00 per share using our surplus cash on hand."

Mr. Baker concluded, "With our long-term financing completed and a strong balance sheet in place, Great Canadian possesses significant flexibility. This flexibility will allow us to take advantage of future growth opportunities for value creation."

Great Canadian will host a conference call for investors and analysts today, August 9, 2012, at 2:00 PM Pacific Time to review the financial results for the period ended June 30, 2012. To participate in the conference call, please dial 647-427-7450, or toll free at 888-231-8191 (Passcode: 12252487). Questions will be reserved for institutional investors and analysts. Interested parties may also access the call via the Investor Relations section of the Company's website, [www.gcgaming.com](http://www.gcgaming.com); please allow 15 minutes to register and install any necessary software. A replay of the call will also be available at [www.gcgaming.com](http://www.gcgaming.com)

### 1007 – Pollard Banknote Limited

Please see below an announcement by the Board of Pollard Banknote Limited.

#### Pollard Banknote Announces Dividend

WINNIPEG, Aug. 9, 2012 /CNW/ - **Pollard Banknote Limited** (TSX: PBL) today announced that its Board of Directors has declared a cash dividend of \$0.03 per Common Share for the period from July 1, 2012 to September 30, 2012. Payment will be made on October 15, 2012 to shareholders of record on September 30, 2012.

On-Line @ [www.cgao.ca](http://www.cgao.ca)

Information: Resources: Reference

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If you do not wish to receive this newsletter, please contact [Ms. Sandi Nesbitt](mailto:Ms. Sandi Nesbitt) at [nesbitt.s@sympatico.ca](mailto:nesbitt.s@sympatico.ca) and we will remove you from the distribution list