



# GOLD REEF

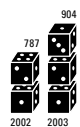
CASINO RESORTS

Gold Reef Casino Resorts Limited ("GRCR")

Registration number: 1989/002108/06 Share Code: GDF, ISIN Code: ZAE 000028338

## PROVISIONAL REVIEWED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

- DIVIDEND OF 27 CENTS PER SHARE UP 80%
- ATTRIBUTABLE PROFIT UP 23,4%
- HEPS OF 65,1 CENTS UP 29,4%
- EBITDA: REVENUE 38,6%
- NET CASH GENERATED IN OPERATING ACTIVITIES (BEFORE DEDUCTING DIVIDEND) OF 141,7 CENTS PER SHARE



### COMMENTS

The provisional annual financial results for the year ended 31 December 2003 ("the year") have been reviewed by PricewaterhouseCoopers Inc. and their unqualified review opinion is available for inspection at GRCR's registered office. The provisional reviewed annual financial results have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The accounting policies used in the preparation of these provisional reviewed annual financial results are consistent with those used in the annual financial statements for the year ended 31 December 2002 ("the previous year").

### THE YEAR UNDER REVIEW

The group continued its consistent performance with real earnings growth and strong cash flows. Each of GRCR's casinos exceeded budget, reflecting excellent trading driven in part by reduced inflation and interest rates. This, together with continued strict cost discipline, further reduced net external debt at a quicker rate than anticipated.

GRCR capitalised on the Rand's strength during the year to enhance its offering of imported casino equipment, concentrating on popular video gaming machines to further entrench its competitive advantage in the gaming and leisure sector.

### Gold Reef City

Gold Reef City continued to perform well with revenue up 14,5%. EBITDA of R265,9 million represented a healthy 37,3% margin on revenue.

Successful marketing initiatives and superior service levels assisted the casino in increasing its market share in Gauteng. Its impressive 15,3% growth in gaming revenues exceeded the province's 11,3% growth. The casino also substantially reduced net external debt from R223,4 million to R80,2 million.

The Theme Park exhibited a satisfactory performance. Taking advantage of the Rand's strength during the year the group imported a new world-class rollercoaster which is expected to be operational in the third quarter of 2004.

A new 500-seater conference facility at Gold Reef City Casino is currently under construction and is expected to open in the third quarter of 2004, which will broaden the casino's customer profile.

The Apartheid Museum, which is independently run by a section 21 company, enjoyed improved trading with Gold Reef City Casino continuing to contribute a fixed monthly fee to fund operational expenses.

### Golden Horse

Golden Horse Casino reflected moderate growth which was satisfactory in light of increased competition in the area. The casino posted revenue of R122,5 million, 3,3% higher than the previous year. Cost discipline resulted in EBITDA of R43,7 million representing a 35,6% margin on revenue. Net external debt was reduced from R85,3 million to R62,1 million.

### Casino Mykonos

Another year of excellent trading at Casino Mykonos increased revenue by 21,3% to R55,3 million. Management's focus on cost control contributed to the casino's EBITDA margin on revenue of 33,5%, a commendable achievement in a casino of this size. Term loan funding was reduced from R6,8 million to R2,7 million at 31 December 2003, which is expected to be fully repaid in the first half of 2004.

### Garden Route Casino

The Garden Route Casino's results have been proportionately consolidated following the acquisition by GRCR on 19 September 2003 of an additional 32,5% stake. (Further detail is set out below under 'Empowerment and Transactions'.) Robust trading and a particularly strong festive season saw the casino post revenue of R74,7 million. EBITDA of R30,2 million represented a 40,4% margin on revenue. Net external debt at year-end was down from R50,0 million to R32,8 million. No trading comparison can be made to the previous year as the casino only opened mid-December 2002.

Environmental approvals for the adjacent golf course development have been obtained. Construction has begun and 80 golf lodges are expected to be completed by year-end, which should impact positively on the casino.

### Goldfields Casino

The new casino in which GRCR holds a 10% interest and the management contract, opened in Welkom on 4 December 2003 and has traded well ahead of budget. The casino reported revenue for 28 days of R5,8 million, with EBITDA of R2,7 million. Based on early positive indications GRCR is confident of the growth prospects for the casino, which is expected to contribute to profits in 2004.

### CAI Gold Reef Management (Pty) Ltd ("CAIGR")

CAIGR, which holds one theme park and five casino management contracts, continued to perform well and generated strong cash flows.

### EMPOWERMENT AND TRANSACTIONS

In November 2003 the Gauteng Gambling Board approved the purchase from Genspec by Eglin No.30 (Pty) Ltd of its 24,8% investment in Akani Leisure Investments (Pty) Ltd ("ALI"). ALI is GRCR's empowerment partner in Akani Egoli (Pty) Ltd which owns and

operates Gold Reef City Casino. This transaction has increased GRCR's effective economic interest in Akani Egoli by 4,19%.

As announced on 29 September 2003 GRCR acquired an additional 32,5% interest in Pinnacle Point Casino (Pty) Ltd, which owns the Garden Route Casino, increasing its interest to 42,5%. The total purchase consideration was financed out of operating cash flow.

### CORPORATE ACTIONS

As previously announced GRCR:

- through its wholly-owned subsidiary Aldis Investments (Pty) Ltd ("Aldis"), effected a pro-rata share repurchase of 14 225 347 shares at a cost of R42,7 million on 31 January 2003. Aldis subsequently purchased 192 255 shares on the open market at a cost of R678 052. The purchases were financed out of GRCR's existing cash resources. The shares will continue to be held as treasury stock; and
- successfully implemented an odd-lot offer to shareholders holding fewer than 200 ordinary shares on 4 July 2003. 13 501 ordinary shares were repurchased for a total cash consideration of R48 469 and were cancelled, while 1 831 additional ordinary shares were issued for a total cash consideration of R6 573.

### FINANCIAL RESULTS

Consolidated group revenue for the year increased 14,8% to R903,9 million while profit attributable to shareholders rose 23,4% to R125,1 million. EBITDA of R349,0 million, representing a 38,6% margin on revenue, was up 13,1% on the previous year. The results reflect the group's exceptional performance and tight cost control.

	Revenue		EBITDA		EBITDA %	
	Dec 2003	Dec 2002	Dec 2003	Dec 2002	Dec 2003	Dec 2002
	R'000	R'000	R'000	R'000	%	%
Gold Reef City	712 918	622 558	265 935	233 954	37,3	37,6
Golden Horse	122 534	118 604	43 662	42 714	35,6	36,0
Casino Mykonos	55 336	45 607	18 550	13 797	33,5	30,3
Garden Route Casino*	74 654	5 917	30 183	2 281	40,4	38,6
Goldfields Casino**	5 832	-	2 716	-	46,6	-

\* opened 12 December 2002

\*\* opened 4 December 2003

The group experienced a higher effective tax rate for the year due primarily to secondary tax on companies (STC) of R3,7 million on the dividend paid to shareholders.

Total net external debt across the group was down to R137,7 million at year-end from R211,9 million at 31 December 2002, reflecting in a debt-to-equity ratio of 24,9%.

HEPS increased by 29,4% to 65,1 cents. Net cash generated from operations of R286,2 million before deducting the dividend paid of R29,2 million, equated to 141,7 cents per share.

### NATIONAL GAMBLING BILL

GRCR supports the government's endeavours to ameliorate the impact of compulsive and problem gaming. As a member of the Casino Association of South Africa, GRCR will make representations on the regulations promulgated pursuant to the National Gambling Bill. The group is hopeful that the regulations will be drafted based on international research and best practice and looks forward to engaging with the Department of Trade and Industry to ensure a mutually desirable outcome.

### OUTLOOK

Management will continue to explore opportunities in line with the group's growth strategy and will pursue only those opportunities that meet the appropriate threshold and criteria. The group anticipates steady growth in the year ahead, underpinned by its continued robust cash flow and reduced gearing levels.

### DIVIDEND

Last year GRCR declared a maiden dividend of 15 cents per share, covered 3,4 times by HEPS. In view of the group's strong performance and healthy cash flows, the board has declared a dividend for the year of 27 cents per share covered 2,4 times by HEPS. From time to time the board will reconsider dividend cover having regard to the group's cash flow, financing and capital requirements.

The dividend will be financed out of GRCR's free cash flow after servicing the debt of the group's underlying operations.

The salient dates for the dividend are as follows:

Last day to trade shares "cum" dividend	Friday 26 March 2004
Shares trade "ex" dividend	Monday 29 March 2004
Record date	Friday 2 April 2004
Payment date	Monday 5 April 2004

No share certificates may be dematerialised or rematerialised between Monday 29 March 2004 and Friday 2 April 2004, both dates inclusive.

On behalf of the Board.

9 March 2004

### GROUP INCOME STATEMENT

	Reviewed for the year ended 31 December 2003	Audited for the year ended 31 December 2002
	R'000	R'000
Revenue	903 903	787 125
Direct costs	(257 818)	(282 242)
Gross profit	646 085	504 883
Other operating income	2 887	-
Other operating expenses	(200 152)	(186 268)
Operating profit before depreciation and amortisation	348 020	308 515
Depreciation and amortisation	(67 829)	(69 457)
Operating profit	259 230	229 048
Net finance costs	(31 070)	(50 879)
Profit before taxation	228 160	171 169
Taxation	(81 925)	(56 149)
Net profit after taxation	146 235	115 020
Outside shareholders' interest	(21 166)	(13 863)
Net profit attributable to shareholders	125 069	101 157
<b>HEPS reconciliation</b>		
Net profit attributable to shareholders	125 069	101 157
Amortisation of goodwill	7 320	7 358
Profit on disposal of property, plant and equipment	(958)	(248)
Amortisation of NDR to income statement	-	(1 030)
Headline earnings	131 431	107 437
Number of shares in issue (000)	217 860	213 542
Weighted average number of shares in issue (000)	202 031	213 542
<b>HEPS (cents)</b>	29,4%	65,1
<b>EPS (cents)</b>	30,3%	61,9
<b>Diluted EPS (cents)</b>	30,4%	61,8
<b>Net cash generated in operating activities per share before deducting dividend paid (cents)</b>	36,5%	141,7
<b>Dividend per share (cents)</b>	80,0%	27,0

### GROUP BALANCE SHEET

	Reviewed at 31 December 2003	Audited at 31 December 2002
	R'000	R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	865 107	866 440
Leasehold improvements	140 461	144 280
Intangible assets	84 305	81 847
Investment in associates	21 888	11 361
Financial assets	1	1
Share incentive scheme	21 715	7 872
Loans to joint ventures	23 398	-
	1 156 875	1 111 801
<b>Current assets</b>		
Inventories	3 340	3 513
Receivables and prepayments	12 785	9 472
Cash and cash equivalents	65 791	153 365
Amounts owing by related parties	812	3 027
	82 728	169 377
	1 239 603	1 281 178
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Ordinary share capital	4 064	4 271
Share premium	437 915	465 454
Non-distributable reserves	1 611	1 774
Retained earnings	372 880	276 808
	816 470	748 307
<b>Outside shareholders' interest</b>	69 715	71 576
<b>Non-current liabilities</b>		
Interest bearing borrowings	98 338	262 608
Deferred tax liabilities	8 396	8 708
	106 734	271 316
<b>Current liabilities</b>		
Trade and other payables	59 379	43 655
Provisions	23 999	12 692
Tax liabilities	57 267	29 226
Current portion of interest bearing borrowings	105 144	102 676
Amounts owing to related parties	1 105	1 030
	246 884	189 979
<b>Total equity and liabilities</b>	1 239 603	1 281 178
<b>Net asset value per share (cents)</b>	401,7	356,7

### GROUP STATEMENT OF CHANGES IN EQUITY

	Reviewed for the year ended 31 December 2003	Audited for the year ended 31 December 2002
	R'000	R'000
<b>Share capital</b>		
<b>Ordinary share capital</b>		
At beginning of year	4 271	3 545
Ordinary shares issued	86	726
Ordinary shares acquired in odd lot offer	-	-
Treasury shares acquired	(283)	-
At end of year	4 054	4 271
<b>Share premium</b>		
At beginning of year	465 454	357 340
Share premium raised	16 064	108 114
Ordinary shares acquired in odd lot offer	(42)	-
Treasury shares acquired	(43 561)	-
At end of year	437 915	465 454
<b>Total share capital at end of year</b>	441 979	469 725
<b>Non-distributable reserves</b>		
At beginning of year	1 774	14 120
NDR released	-	(14 359)
NDR raised on consolidation of share trust	-	1 663
Transfer to retained income	(163)	-
NDR raised on acquisition of subsidiaries	-	390
At end of year	1 611	1 774
<b>Retained earnings</b>		
At beginning of year	276 808	178 398
Adjustment to outside shareholders' interest due to prior losses not recognised	-	(13 398)
Adjustment due to increased holding in subsidiaries	-	(1 760)
Prior year adjustment	-	(1 029)
Transfer from NDR	163	13 165
Share of subsidiaries' retained income prior to becoming subsidiaries	-	55
Attributable profit for year	125 069	101 157
Dividend paid	(29 160)	-
At end of year	372 880	276 808

\* Amount less than R1000

### GROUP CASH FLOW STATEMENT

	Reviewed for the year ended 31 December 2003	Audited for the year ended 31 December 2002
	R'000	R'000
<b>Cash flow from operating activities</b>		
Profit before taxation	228 160	171 169
Non-cash items and other adjustments	121 317	136 005
Cash flow from trading operations	349 477	307 174
Decrease in working capital	21 044	7 983
Cash flow from operating activities	370 521	315 157
Net interest paid	(29 194)	(50 879)
Dividends paid	(29 160)	-
Taxation paid	(65 166)	(42 575)
Net cash generated in operating activities	257 061	221 703
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(39 761)	(67 400)
Proceeds from disposal of property, plant and equipment	3 103	2 479
Investment in joint ventures (net of cash acquired)	(24 219)	(300 222)
Investment in subsidiaries	(5 603)	-
Investment in associates	-	-
Loans to joint ventures	(26 051)	-
Loans to associates	(20 667)	(11 361)
Investment in intangibles	(59)	(381)
Net advances from subsidiaries and related parties	2 229	509
Net cash utilised in investing activities	(110 567)	(376 376)
<b>Cash flow from financing activities</b>		
Ordinary shares issued	-	40
Share premium raised	-	5 960
Treasury shares acquired	(43 854)	-
Ordinary shares acquired in odd lot offer	-	(42)
Decrease/(increase) in share incentive scheme loan	2 308	(466)
(Decrease)/increase in outside shareholders' loans	(15 768)	3 805
(Decrease)/increase in interest bearing borrowings	(176 312)	267 480
Net cash utilised/(generated) in financing activities	(233 686)	276 819
<b>Net (decrease)/increase in cash and cash equivalents</b>	(87 574)	122 146
Cash and cash equivalents at beginning of year	158 265	31 219
<b>Cash and cash equivalents at end of year</b>	65 791	153 365

\* Amount less than R1000

Directors: M Krok (Chairman); SB Joffe (CEO); AJ Aaron; JS Friedman; RJ Khoza; A Krok\*; MZ Krok\*; S Krok\*; FP McFadden\*; C Neuberger; BJ Schutte; R Vierzigier\*\*  
 (\*Non-executive director \*\*Alternate director \*Austrian Citizen \*\*Irish Citizen) Registered office: Gold Reef City, Gate 4, Northern Parkway, Ormonde, 2157  
 Trading secretaries: Ultra Registrars (Pty) Ltd, 5th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg 2000). www.gcrresorts.co.za