



GOLD REEF

CASINO RESORTS

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2001

- Increase in attributable profit of 43%
- NAV per share at 296 cents
- Golden Horse Casino opens on schedule

GROUP INCOME STATEMENT

	Unaudited 6 months ended 30 June 2001 %	Unaudited 6 months ended 30 June 2000	Audited 12 months ended 31 December 2000
	change	R'000	R'000
Net profit		28 438	51 186
Taxation		8 531	17 881
Net profit after tax		19 907	33 305
Share of results in associates		19 460	28 742
Akani Egoli		18 517	26 177
West Coast Leisure		-	-
CAI Gold Reef Management		943	2 565
Profit attributable to shareholders	43	39 367	62 047
Number of shares in issue (000)		177 262	177 262
Weighted average number of shares in issue (000)		177 262	152 854
Earnings per share (cents)	6	22,2	40,6
Headline earnings per share (cents)	6	22,2	40,4

GROUP BALANCE SHEET

	Unaudited at 30 June 2001 R'000	Unaudited at 30 June 2000 R'000	Audited at 31 December 2000 R'000
Assets			
Non-current assets			
Property, plant and equipment	202	128	102
Investment in associates	518 938	470 843	445 652
- Akani Egoli	425 688	449 114	396 369
- West Coast Leisure	9 257	-	8 514
- Akani Msunduzi	62 743	-	19 554
- CAI Gold Reef Management	21 250	21 729	21 215
Other investments	500	4 127	500
Loan to share incentive trust	7 406	-	7 406
	527 046	475 098	453 660
Current assets			
Receivables and prepayments	494	342	2 461
Cash and cash equivalents	47 101	17 736	97 462
	47 595	18 078	99 923
	574 641	493 176	553 583
Equity and liabilities			
Capital and reserves			
Ordinary shareholders' equity	360 885	260 979	360 885
Non-distributable reserves	15 002	17 650	15 885
Retained earnings	149 654	75 813	110 287
	525 541	354 442	487 057
Non-current liabilities			
Non-interest bearing borrowings	-	92 500	-
Current liabilities			
Payables and provisions	11 849	3 495	13 213
Bank overdraft	28 720	33 180	35 438
Tax liabilities	8 531	9 559	17 875
	49 100	46 234	66 526
	574 641	493 176	553 583
Net asset value per share (cents)	296	269	275

GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months ended 30 June 2001 R'000	Unaudited 6 months ended 30 June 2000 R'000	Audited 12 months ended 31 December 2000 R'000
Share capital			
Ordinary shares			
- at the beginning of the period	3 545	2 636	2 636
- ordinary shares issued	-	-	909
- at the end of the period	3 545	2 636	3 545
Share premium			
- at the beginning of the period	357 340	258 343	258 343
- share premium raised	-	-	98 997
- at the end of the period	357 340	258 343	357 340
Total share capital at the end of the period	360 885	260 979	360 885
Non-distributable reserves			
- at the beginning of the period	15 885	17 650	17 650
- NDR released	(883)	-	(1 765)
- at the end of the period	15 002	17 650	15 885
Retained earnings			
- at the beginning of the period	110 287	48 240	48 240
- net profit for the period	39 367	27 573	62 047
- at the end of the period	149 654	75 813	110 287

GROUP CASH FLOW STATEMENT

	Unaudited 6 months ended 30 June 2001 R'000	Unaudited 6 months ended 30 June 2000 R'000	Audited 12 months ended 31 December 2000 R'000
Cash flow from operating activities			
Net profit	28 438	31 469	51 186
Non-cash items and other adjustments	(30 705)	(28 831)	(52 789)
Cash flow from trading activities	(2 267)	2 638	(1 603)
Decrease in working capital	603	6 008	291
Cash flow from operating activities	(1 664)	8 646	(1 312)
Net interest received	29 867	28 858	55 178
Tax paid	(17 875)	(13 027)	(15 323)
Net cash generated by operating activities	10 328	24 477	38 543
Cash flow from investing activities	(145)	(20 000)	(20 000)
Cash flow from financing activities	(53 826)	(19 650)	43 752
Net (decrease)/increase in cash and cash equivalents	(43 643)	(15 173)	62 295
Cash and cash equivalents at the beginning of the period	62 024	(271)	(271)
Cash and cash equivalents at the end of the period	18 381	(15 444)	62 024

COMMENT

The period under review

The period under review marks the start of the third financial year of Gold Reef Casino Resorts (GRCR). Each half-year has witnessed substantial developments within the group when compared with the preceding period. Accordingly, the results achieved for each six-month period have not been strictly comparable with prior periods. The latest half-year is no exception.

Key developments and events during the period under review have included:

- the first full financial half-year of trading by:
 - Akani Egoli in its permanent facility at Gold Reef City
 - Casino Mykonos
 - CAI Gold Reef Management (CAIGR), the group's management company jointly controlled with Casinos Austria
- costs incurred in the establishment of the Golden Horse casino resort which commenced trading in Pietermaritzburg this weekend
- an increase in the number of shares in issue by some 45 million shares

Other events of significance included ongoing expansion and development at the Gold Reef City Theme Park and the granting of a permanent casino licence to Gold Reef City by the Gauteng Gambling Board.

Results

Earnings per share for the half-year ended 30 June 2001 are not strictly comparable with those of the equivalent period of the previous year or any subsequent period. However, good growth has been achieved in line with management's stated objective of establishing the group as a prominent participant in the gaming and related entertainment sector, capable of delivering long-term sustainable returns on investment to the benefit of all stakeholders.

Net operating profit - essentially comprising interest from funds on deposit and on loan to group operating companies less head office expenses - declined to R28,44 million compared with R31,47 million in the equivalent period of the previous year. A virtually unchanged rate of effective taxation left post-tax profit at R19,91 million compared with the previous R21,91 million.

The group's share of profits from associates grew substantially from R5,66 million in the first half of the previous year to R19,46 million, derived almost entirely from the contribution by the group's 75,6% economic interest in Akani Egoli. This is equivalent to 68% of the total achieved in the entire 2000 financial year.

Trading by West Coast Leisure, operating from its casino on the Cape west coast, is strongly influenced by seasonal factors, favouring the second half of the year. For the first six months the company incurred a loss, the group's share of which amounted to R0,56 million. As this is treated on an equity accounted basis, the group's exposure is nil.

CAIGR experienced sound growth, generating management fees of some R6,59 million. A reallocation of bid costs to this company, amounting to R2,5 million over the period, has resulted in a net share of income to the group from this source totalling R0,94 million.

Profit attributable to shareholders totalled R39,37 million against the previous R27,57 million which, on the increased equity in issue, produced headline and ordinary earnings per share of 22,2 cents compared with 20,9 cents a year ago.

The 43% increase in attributable profit did not flow through to the earnings per share level because of the additional shares issued, which related to the acquisition of the Theme Park, as previously disclosed.

Cash flow remained healthy in the face of an outflow of R53,83 million, primarily towards funding the group's Pietermaritzburg venture. The balance sheet was further strengthened with a reduction in overall borrowings and an increase in net asset value per share from 275 cents at 31 December 2000 to 296 cents at 30 June 2001.

Prospects

The Golden Horse casino at Scottsville, Pietermaritzburg, commenced trading this weekend. While it is expected to break even in the current year, after deducting pre-opening expenses, its contribution from 2002 is expected to be material.

The second half of the year incorporates the Casino Mykonos active season, taking in the December festive period, and is expected to show substantial improvement over the first half.

GRCR has a 50% interest in a company which is the sole bidder for a licence in the Welkom area of the Free State. This bid is currently under evaluation by the relevant authorities. Before proceeding, the board will ensure that the project meets the group's policy that all new ventures should satisfy strict return on investment criteria and that projected levels of capital expenditure will be commensurate with anticipated revenues and resultant profits.

Emphasis will remain on deriving increased returns from the group's existing businesses in which area management is confident that substantial further opportunity exists. At the same time, management is actively engaged in evaluating new opportunities to develop the group's activities, both on its own and in partnership. The outlook for the balance of the current financial year is for further steady growth in the group's businesses.

Dividend

In accordance with group policy to reinvest resources in the funding of ongoing expansion, no dividend has been declared.

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