



GOLD REEF

CASINO RESORTS

Gold Reef Casino Resorts Limited ("GRCR")
 Registration number: 1989/002108/06
 Share Code: GDF ISIN Code: ZAE 000028338

- ATTRIBUTABLE PROFIT UP 38,5%
- HEPS UP 26,6%
- NET CASH GENERATED IN OPERATING ACTIVITIES OF 41 CENTS PER SHARE
- WELKOM CASINO LICENSE AWARDED

UNAUDITED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

GROUP INCOME STATEMENT					
		For the 6 months ended 30 June 2003	For the 6 months ended 30 June 2002	Proforma for the 6 months ended 30 June 2002	Audited for the 12 months ended 31 December 2002
	%	R'000	R'000	R'000	R'000
Revenue		429 230	-	385 333	787 125
Direct costs		(164 257)	-	(152 103)	(292 342)
Gross profit		264 973	-	233 230	494 783
Other operating income		1 480	-	-	-
Other operating expenses		(114 977)	-	(98 062)	(186 268)
Operating profit before depreciation and amortisation		151 476	-	135 168	308 515
Depreciation and amortisation		(40 935)	-	(39 366)	(86 467)
Operating profit		110 541	-	95 802	222 048
Finance costs		(19 213)	-	(26 131)	(50 879)
Profit before taxation		91 328	23 989	69 671	171 169
Taxation		(30 409)	(6 404)	(20 539)	(56 149)
Net profit after tax		60 919	17 585	49 132	115 020
Equity accounted earnings		-	22 094	-	-
Profit from ordinary activities		60 919	39 679	49 132	115 020
Outside shareholders' interest		(5 981)	-	(9 453)	(13 663)
Profit attributable to shareholders	38,5	54 938	39 679	39 679	101 357
STC on dividend paid		3 736	-	-	-
Basic earnings per EPS		58 674	39 679	39 679	101 357
Amortisation of goodwill		3 679	3 679	3 679	7 358
Profit on disposal of property, plant and equipment		-	-	-	(248)
Amortisation of NDR to the income statement		-	-	-	(1 030)
Headline earnings		62 353	43 358	43 358	107 437
Number of shares in issue ('000)		213 542	177 941	177 941	213 542
Weighted average number of shares in issue ('000)		201 629	177 941	177 941	213 542
HEPS (cents)	26,6	30,9	24,4	24,4	50,3
EPS (cents)	30,5	29,1	22,3	22,3	47,5
Diluted EPS (cents)	30,5	29,1	22,3	22,3	47,4
Net cash generated in operating activities per share (cents)	1476,9	41,0	2,6	35,2	103,8

GROUP BALANCE SHEET				
	At 30 June 2003	At 30 June 2002	Proforma at 30 June 2002	Audited at 31 December 2002
	R'000	R'000	R'000	R'000
ASSETS				
Non-current assets				
Property, plant and equipment	838 235	149	892 376	866 440
Leasehold improvements	142 312	-	142 814	144 280
Intangible assets	77 058	-	46 036	81 847
Investment in associates	11 224	530 536	56	11 361
Available-for-sale investments	1	2	2	1
Share incentive scheme	7 872	7 406	7 406	7 872
Deferred tax	1 810	111	5 372	-
	1 078 512	538 204	1 094 062	1 111 801
Current assets				
Inventories	3 447	-	3 301	3 513
Receivables and prepayments	24 064	3 792	19 900	9 472
Cash and cash equivalents	37 114	52 730	80 633	153 365
Amounts owing by related parties	8 842	-	30 282	3 027
	73 467	56 522	134 116	169 377
	1 151 979	594 726	1 228 178	1 281 178
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital	3 983	3 558	3 558	4 271
Share premium	422 548	359 366	359 366	465 454
Non-distributable reserves	1 774	13 238	13 238	1 774
Retained earnings	315 998	218 077	218 077	290 206
	744 303	594 239	594 239	761 705
Outside shareholders' interest				
	61 852	-	118 161	58 178
Non-current liabilities				
Interest bearing borrowings	146 115	-	320 530	262 608
Deferred tax liability	10 519	-	7 994	8 708
	156 634	-	328 524	271 316
Current liabilities				
Trade and other payables	38 287	455	36 038	38 809
Provisions	27 346	-	18 567	17 538
Bank overdraft	5 595	32	14 286	-
Tax liabilities	15 246	-	2 043	29 926
Current portion of interest bearing borrowings	102 615	-	86 062	102 676
Amounts owing to related parties	101	-	30 258	1 030
	189 190	487	187 254	189 979
	1 151 979	594 726	1 228 178	1 281 178
Net asset value per share (cents)	373,7	334,0	334,0	356,7

GROUP STATEMENT OF CHANGES IN EQUITY				
	For the 6 months ended 30 June 2003	For the 6 months ended 30 June 2002	Audited for the 12 months ended 31 December 2002	
	R'000	R'000	R'000	
Ordinary share capital				
At beginning of period	4 271	3 545	3 545	
Ordinary shares issued	-	13	726	
Ordinary shares repurchased	(288)	-	-	
At end of period	3 983	3 558	4 271	
Share premium				
At beginning of period	465 454	357 340	357 340	
Share premium raised	-	2 026	108 114	
Share premium utilised on share repurchase	(42 906)	-	-	
At end of period	422 548	359 366	465 454	
Total share capital at end of period	426 531	362 924	469 725	
Non-distributable reserve				
At beginning of period	1 774	14 120	14 120	
NDR raised on acquisition of subsidiaries and consolidation of share trust	-	-	2 053	
NDR released	-	(882)	(14 399)	
At end of period	1 774	13 238	1 774	
Retained earnings				
At beginning of period	290 206	178 398	178 398	
Net income for period	54 938	39 679	101 357	
Prior year adjustment *	-	-	(1 029)	
Adjustment due to increased holdings in subsidiaries	-	-	(1 760)	
Transfer from reserves	-	-	13 240	
Dividends paid	(29 146)	-	-	
At end of period	315 998	218 077	290 206	

* The prior year adjustment relates primarily to goodwill not previously amortised

GROUP CASH FLOW				
	For the 6 months ended 30 June 2003	For the 6 months ended 30 June 2002	Audited for the 12 months ended 31 December 2002	
	R'000	R'000	R'000	
Cash flow from operating activities				
Profit before taxation	91 328	23 989	171 169	
Non-cash items and other adjustments	60 893	(24 358)	136 005	
Cash flow from trading operations	152 221	(369)	307 174	
(Increase)/decrease in working capital	(5 241)	(7 033)	7 983	
Cash flow from operating activities	146 980	(7 402)	315 157	
Net interest (paid)/received	(19 213)	24 439	(50 879)	
Taxation paid	(45 088)	(12 481)	(42 575)	
Net cash generated in operating activities	82 679	4 556	221 703	
Cash flow from investing activities				
Acquisition of property, plant and equipment	(5 972)	(9)	(67 400)	
Acquisition of subsidiaries and other intangible assets	-	-	(297 615)	
Investment in associate	-	-	(11 361)	
Net cash utilised in investing activities	(5 972)	(9)	(376 376)	
Cash flow from financing activities				
Ordinary shares (repurchased)/issued	(288)	-	40	
Share premium (utilised)/raised	(42 906)	-	5 960	
(Decrease)/increase in interest bearing borrowings	(116 553)	16 932	267 480	
(Decrease)/increase in outside shareholders' loans	(2 307)	-	3 805	
Loans advanced to related parties	(6 604)	-	(466)	
Dividends paid	(29 895)	-	-	
Net cash (utilised)/generated in financing activities	(198 553)	16 932	276 819	
Net (decrease)/increase in cash and cash equivalents	(121 846)	21 479	122 146	
Cash and cash equivalents at beginning of period	153 365	31 219	31 219	
Cash and cash equivalents at end of period	31 519	52 698	153 365	

COMMENTS

The unaudited interim financial results have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. As reported at year-end the results take into account a change in accounting policy in accordance with accounting statement AC 123. The group now depreciates its buildings to nil over a period of fifty years. Results for the six-month period ended 30 June 2002 ("the previous comparative period") have been restated for comparative purposes. In all other respects the accounting policies used in the preparation of these unaudited interim financial results are consistent with those used in the interim financial statements for the previous comparative period.

THE INTERIM PERIOD

Operations

The decrease in interest rates during the interim period contributed to the casinos' strong performances, which together with continued strict cost discipline resulted in healthy EBITDA margins and a reduction in net external debt across the group.

Gold Reef City continued its robust performance with R323,8 million revenue up 11,3% from the previous comparative period after an R84,5 million reduction in external debt to R138,7 million. The Gold Reef City Theme Park continued to trade satisfactorily.

Golden Horse maintained its revenue levels, a pleasing result in light of the November opening of Durban's new casino, and reduced its external debt by R6,3 million to R79 million. Excellent trading enabled casino Mykonos to grow its revenue by 26,7% to R27,4 million and to reduce its external debt by R4,1 million to R2,9 million.

The new Garden Route Casino, opened in Mossel Bay in December 2002, continued to exceed expectations with revenue of R33,8 million. The group is confident of the casino's positive growth prospects.

Events

On 31 January 2003 GRRC, through wholly-owned subsidiary Aldiss Investments (Pty) Ltd ("Aldiss"), effected a pro-rata share repurchase of 14 235 347 shares at R3,00 per share totalling R42,7 million. Aldiss subsequently purchased 150 000 shares on the open market at an average price of R3,25 per share amounting to R487 905. The purchases were financed out of GRRC's existing cash resources. The shares will be held as treasury stock and neither cancelled nor delisted from the JSE Securities Exchange SA ("JSE").

On 4 July 2003 GRRC implemented an odd-lot offer to shareholders holding fewer than 200 ordinary shares. 13 501 ordinary shares were repurchased at R3,59 per share amounting to a total cash consideration of R48 469. These shares will be cancelled and delisted. The odd-lot offer has reduced the number of GRRC ordinary shareholders by 225 representing approximately 20% of total shareholders, eliminating the substantial recurring costs of administration in respect of this large number of shareholders holding a small amount of shares. GRRC further issued 1 831 additional ordinary shares at R3,59 per share to odd-lot holders electing to increase their individual holdings to 200 ordinary shares for a total cash consideration of R6 573. The listing of these shares has been approved by the JSE.

FINANCIAL RESULTS

As reported at year-end the board decided to consolidate investments in which the company holds at least a 50% interest following conclusion of the Casinos Austria transactions. This new approach has been applied in arriving at the financial information for the six months ended 30 June 2003 and results in a more meaningful presentation of the group's results. Proforma consolidated comparative information, to illustrate how the results for the six months ended 30 June 2002 would have been reported, were the new approach adopted, is provided in the group Income Statement and group Balance Sheet. This information does not reflect the effects of the Casinos Austria transactions.

For the interim period group revenue grew to R429,2 million while attributable profit increased by 38,5% to R54,9 million from R39,7 million. EBITDA of R151,5 million, representing a 35,3% margin on revenue, reflects the casinos' performances and tight cost control.

Property	Revenue		EBITDA		EBITDA %	
	June 2003	June 2002	June 2003	June 2002	June 2003	June 2002
	R'000	R'000	R'000	R'000	%	%
Gold Reef City	323 839	291 016	114 532	103 655	35,4	35,6
Golden Horse	58 671	58 959	19 734	20 911	33,6	35,5
Casino Mykonos	27 440	21 646	9 797	6 190	35,7	28,6
Garden Route Casino	33 789	-	13 412	-	39,7	-

Net cash generated in operating activities amounted to R82,7 million equating to 41,0 cents per share, an increase of 16,5% over the proforma 35,2 cents for the previous comparative period. Notwithstanding the cash utilised for the group's 15 cents per share maiden dividend and the share repurchase, the group's debt-to-equity ratio remained stable at 27% compared with 26% for the previous year.

HEPS of 30,9 cents per share increased by 26,6% over HEPS of 24,4 cents for the previous comparative period.

NEW PROJECTS AND FUTURE DEVELOPMENTS

As anticipated at year-end the consortium in which GRRC holds a 10% stake was successfully awarded the casino license for Welkom. CAI Gold Reef Management secured the casino management contract. Ground has been broken and the casino should be open for trading before the end of the current year.

The purchase by Eglin Investments No. 30 (Pty) Ltd from Gensec of its investment in Akani Leisure Investments (Pty) Ltd, GRRC's empowerment partner in Akani Egoli (Pty) Ltd, is still subject to the approval of the Gauteng Gambling Board which is expected later this year.

OUTLOOK

GRRC anticipates that expected stronger market conditions and a further reduction in interest rates should enhance the group's performance in the six months ahead to year-end. The recent strengthening of the Rand should impact positively on the cost of imported gaming equipment, which bodes particularly well for the new Welkom casino. The new casino will have no material effect on results to year-end and is expected to contribute to profits in 2004.

ON BEHALF OF THE BOARD.

11 AUGUST 2003

Directors: M Krok (Chairman)*; AJ Aaron*; JS Friedman; SB Joffe; RJ Khoza*; A Krok*; MZ Krok*; S. Krok*; FP McFadden*; C Neuberger*; BJ Schutte; R Vierziger***; (*Non-executive ** Alternate director "Austrian Citizen ^ Irish Citizen")
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