



GOLD REEF

CASINO RESORTS

FOR THE YEAR ENDED

31 DECEMBER 2001

GROUP INCOME STATEMENT

	% change	Audited 12 months ended 31 December 2001 R' 000	Audited 12 months ended 31 December 2000 R' 000
Net profit	25.2%	64,092	51,186
Taxation		17,077	17,881
Net profit after taxation	41.2%	47,015	33,305
Share of results in associates	24.5%	35,792	28,742
Akani Egoli (Gold Reef City)		37,595	26,177
Akani Msunduzi (Golden Horse)		(3,840)	-
West Coast Leisure (Casino Mykonos)		(955)	-
CAI Gold Reef Management		2,992	2,565
Profit attributable to shareholders	33.5%	82,807	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)	15.0%	46.7	40.6
Headline earnings per share (cents)	15.6%	46.7	40.4

GROUP BALANCE SHEET

	Audited at 31 December 2001 R' 000	Audited at 31 December 2000 R' 000
Assets		
<i>Non-current assets</i>		
Property, plant and equipment	188	102
Investment in associates	538,196	445,652
- Akani Egoli	409,100	396,369
- Akani Msunduzi	99,702	19,554
- West Coast Leisure	6,837	8,514
- CAI Gold Reef Management	22,557	21,215
Other Investments	2	500
Loan to share incentive trust	7,406	7,406
Deferred taxation	111	-
	545,903	453,660
<i>Current assets</i>		
Receivables and prepayments	1,140	2,461
Cash and cash equivalents	45,801	97,462
	46,941	99,923
	592,844	553,583
Equity and liabilities		
<i>Capital and reserves</i>		
Ordinary shareholders' equity	360,885	360,885
Non-distributable reserves	14,120	15,885
Retained earnings	192,344	110,287
	567,349	487,057
<i>Current liabilities</i>		
Payables and provisions	6,799	13,213
Bank overdraft	14,582	35,438
Taxation liabilities	4,114	17,875
	25,495	66,526
	592,844	553,583
Net asset value per share (cents)	320	275

GROUP STATEMENT OF CHANGES IN EQUITY

	Audited 12 months ended 31 December 2001 R' 000	Audited 12 months ended 31 December 2000 R' 000
Share capital		
<i>Ordinary shares</i>		
- at the beginning of the year	3,545	2,636
- ordinary shares issued	-	909
- at the end of the year	3,545	3,545
Share premium		
- at the beginning of the year	357,340	258,343
- share premium raised	-	98,997
- at the end of the year	357,340	357,340
Total share capital at the end of the year	360,885	360,885
Non-distributable reserves		
- at the beginning of the year	15,885	17,650
- NDR released	(1,765)	(1,765)
- at the end of the year	14,120	15,885
Retained earnings		
- at the beginning of the year	110,287	48,240
- net profit for the year	82,807	62,047
- prior year adjustment	(750)	-
- at the end of the year	192,344	110,287

GROUP CASH FLOW

	Audited 12 months ended 31 December 2001 R' 000	Audited 12 months ended 31 December 2000 R' 000
Cash flow from operating activities		
Net profit	64,092	51,186
Non-cash items and other adjustments	(56,339)	(52,789)
Cash flow from trading activities	7,753	(1,603)
(Increase)/decrease in working capital	(5,093)	291
Cash flow from operating activities	2,660	(1,312)
Net interest received	56,903	55,178
Taxation paid	(30,949)	(15,323)
Net cash generated by operating activities	28,614	38,543
Cash flow from investing activities	(2,556)	(20,000)
Cash flow from financing activities	(56,863)	43,752
Net (decrease)/increase in cash and cash equivalents	(30,805)	62,295
Cash and cash equivalents at the beginning of the year	62,024	(271)
Cash and cash equivalents at the end of the year	31,219	62,024

**INCREASE IN ATTRIBUTABLE PROFIT OF 33,5%
NAV PER SHARE AT 320 CENTS
PROPOSED SHARE REPURCHASE AT R3,00**

THE YEAR UNDER REVIEW

The emphasis in the year ended 31 December 2001 for Gold Reef Casino Resorts (GRCR) has been on building on its existing platform. In common with most of the South African gaming industry, the group is still very young and this phase presents us with the opportunity to review our progress and, where necessary, to refine our operations.

The latter half of the year witnessed a weakening in most world economies. This, combined with certain events, adversely affected the South African gaming sector. The weaker Rand has dramatically increased the cost of gaming equipment but fortunately, GRCR had completed its major development programs and has not been seriously affected. Nevertheless, the softening in global economies has reduced public confidence and further limited disposable income. In spite of this, growth was achieved in all important areas, including profitability.

During the year the development program at Gold Reef City was, to all intents and purposes, completed.

Gold Reef City Theme Park continued to trade well and major developments, including the Shaft of Terror and the Big Wheel, were completed and opened during the year.

The Freedom Park, renamed the South African Apartheid Museum, opened on 30 November 2001 and is attracting great interest, particularly from both local and international media.

At Pietermaritzburg, Golden Horse opened its doors on 9 September 2001. By year-end, most of the development had been completed with the science centre and museum scheduled for completion in April 2002.

RESULTS

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice.

The group's flagship, Gold Reef City, in which GRCR holds a 50% direct investment and a 75,6% economic interest, reported further growth, notwithstanding that smoking legislation introduced during the year had an adverse affect on revenues. Separate smoking facilities only became operational in December. Equity accounted profits grew to R37,595 million after deducting taxation of R13,998 million (Taxation in 2000: R2,056 million).

Trading at Golden Horse started slowly but a strong December performance was followed by encouraging results in January and February. In accordance with accounting guidelines, non-recurring pre-opening expenses of R7,438 million have been deducted from the net profit after tax, resulting in a net charge to the income statement of R3,840 million. The company is budgeting to make a profit in the current financial year. The opening of a new casino in Durban is not expected to have a significant impact as Golden Horse does not attract many patrons from the Durban area.

Casino Mykonos completed its first full year of trading, emphasising the seasonal influence on performance. A focus on reducing costs, followed by a significant growth in trading for the December holiday period has left management with a good understanding of the trends and the ability to achieve profitability.

Despite the accounting losses, both Golden Horse and Casino Mykonos generated positive cashflows.

GRCR has continued to benefit from its investment in CAI Gold Reef Management (CAIGR), the joint venture with Casinos Austria International Holding GmbH (Casinos Austria), which manages all of the casino operations. Bid costs of R2,928 million (2000 – nil) diluted what would have otherwise reflected better growth.

Group net profit before taxation showed a 25,2% improvement to R64,092 million. After tax profit was up by 41,2% to R47,015 million. The group's share of profits from its associate companies rose by 24,5% to R35,792 million with Akani Egoli, the parent company of the Gold Reef City operation, and CAIGR accounting for the growth.

Attributable profit grew by 33,5% to R82,807 million, translating into headline earnings per share of 46,7 cents – a growth of 15% after an increase in the weighted average number of shares in issue of approximately 16%.

FUTURE DEVELOPMENTS

The group's bid for a licence to operate a casino at Welkom in the Free State is still pending and awaits the reconstitution of the local gaming board. The application for a licence at George was unsuccessful but the group is involved in negotiations with the successful bidder. Any investment in either of these regions will not be material with the focus being on obtaining management contracts.

THE YEAR AHEAD

Subsequent to the financial year-end, the group concluded linked transactions with Casinos Austria, significantly increasing that company's direct investment in GRCR. This arrangement is expected to produce meaningful benefits in the longer term, along with strong, immediate cashflows. The transactions are subject, inter alia, to the necessary consents from the relevant gaming boards.

In the current year, emphasis will be on consolidation, repayment of debt and growing the group's market share in the various regions in which it operates. At this early stage it would be imprudent to predict earnings for the year. However, the group has budgeted for growth, notwithstanding the Gaming Board's decision to award a sixth casino licence in Gauteng.

PROPOSED SHARE REPURCHASE

The board has resolved to recommend to shareholders that a wholly owned subsidiary of GRCR makes an offer to all GRCR shareholders to purchase up to 8% of their shareholdings at R3 per share (share repurchase), being the price at which shares will be issued to Casinos Austria, pursuant to the transactions referred to above. The offer will not be made to Casinos Austria in respect of the 35,6 million shares to be issued to it, pursuant to those transactions. If all shareholders accept the offer in full GRCR will repurchase a total of 14 235 346 shares at a cost of R42 706 038. The share repurchase will be financed out of existing cash resources and cashflow.

Shareholder approval for the proposed repurchase will be sought at the forthcoming annual general meeting due to be held during June 2002. A full announcement containing the information required in terms of the JSE listing requirements will be made shortly.

CAUTIONARY ANNOUNCEMENT

Shareholders are advised to exercise caution in their share dealings until the above mentioned announcement is made.

Registered office	Transfer secretaries	Directors
Gold Reef City Gate 4 Northern Parkway Ormonde, 2157	Mercantile Registrars limited 10th Floor 11 Diagonal Street Johannesburg, 2001	M Krok (Chairman), A J Aaron, J S Friedman, S B Joffe, R J Khoza, M Z Krok, B J Schutte.
www.grcresorts.co.za	JSE Code - GDF. ISIN - ZAE000028338	