



GOLD REEF

CASINO RESORTS

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

UNAUDITED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2004

- ATTRIBUTABLE PROFIT UP 57,9%
- HEPS UP 37,8%
- EBITDA: REVENUE 40,8%
- NET EXTERNAL GROUP DEBT DOWN 54,4%

REVENUE (Rm)	EBITDA (Rm)	ATTRIBUTABLE PROFIT (Rm)	HEPS (cents)
429	151	55	29,1
493	201	87	40,1
June 2003	June 2003	June 2003	June 2003
June 2004	June 2004	June 2004	June 2004

COMMENTS

The unaudited interim financial results for the six months ended 30 June 2004 ("the interim period") have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The accounting policies used in the preparation of these unaudited interim financial results are consistent with those used in the audited annual financial statements for the year ended 31 December 2003 ("the previous year"). The calculations of earnings and headline earnings per share for June 2003 have been restated to include the deduction of the secondary tax on companies (STC) paid by GRCR, making them comparable with the unaudited interim financial statements and the audited annual financial statements for the previous year.

THE INTERIM PERIOD

GRCR continued its positive growth trend to deliver another strong performance. Lower interest rates boosted disposable income and together with management's ongoing cost discipline reduced the group's net external debt by more than half.

Gold Reef City again performed well with revenue of R371,3 million up 14,7% while net external debt reduced by a significant 67,3% to R45,3 million. In line with expectations the casino's new 500-seater conference centre is scheduled for completion this month. This is anticipated to broaden the patron profile and to contribute to revenue in the second half of the year. Expansion of the Theme Park's entertainment and retail facilities continued on schedule. The recently imported rollercoaster was installed during the interim period and is expected to be operational shortly.

Golden Horse posted an 11,5% increase in revenue to R45,4 million and reduced net external debt by 40,8% to R46,8 million. EBITDA reflects management's cost discipline, rising 11,9% to R22,1 million from R19,7 million for the previous comparative period.

Casino Mykonos continued to capitalise on robust trade to post a further 18,1% rise in revenue, off a base of 26,7% growth in the previous comparative period. The casino also completely eliminated its net external debt. This cash positive position will enable Casino Mykonos to shortly begin the repayment of shareholder loans.

The group's stellar performance came from the Garden Route Casino, with revenue of R46,7 million and EBITDA of R20,4 million up by an impressive 38,2% and 52,1% respectively. To accommodate the casino's heavy patronage the number of both slot machines and tables will soon be increased and the Salon Prive doubled in size. In addition the casino will introduce a sports bar and expand its restaurant facilities.

The new Goldfields Casino, opened in Welkom in December 2003, performed exceptionally well with revenue of R38,7 million for the first six months of trading exceeding expectations. The casino has no external debt and has already begun to repay shareholders' loans, with GRCR's loan to the casino reduced from R21,9 million to R8,6 million. In addition to a 10% stake in the

casino GRCR holds the management contract. The management fee based on revenue and operating profit is increasing steadily.

THE NATIONAL GAMBLING BILL

As a member of the Casino Association of South Africa (CASA) GRCR made representations in respect of the regulations under the National Gambling Bill. The amended regulations are soon to be promulgated. GRCR is confident that the group's membership of CASA will facilitate a continued relationship with the legislature to ensure ongoing satisfactory discussions.

FINANCIAL RESULTS

For the interim period consolidated group revenue increased by 14,9% to R492,2 million. A 71,2% reduction in finance costs contributed to the 57,9% rise in profit attributable to shareholders of R86,8 million. The casinos' performances and tight cost control resulted in group EBITDA of R201,1 million, up 32,8% from the previous comparative period and representing a 40,8% margin on revenue.

	Revenue		EBITDA		EBITDA %	
	June 2004	June 2003	June 2004	June 2003	June 2004	June 2003
	R'000	R'000	R'000	R'000	%	%
Gold Reef City	371 326	323 839	135 675	114 532	36,5	35,4
Golden Horse	45 425	59 671	22 086	19 734	33,8	33,6
Casino Mykonos	32 424	27 440	11 795	9 797	36,4	35,7
Garden Route Casino	46 709	33 789	20 399	13 412	43,7	39,7
Goldfields Casino*	38 712	-	16 852	-	43,5	-

* opened 4 December 2003

Net cash generated in operating activities of R104,4 million after tax payments of R79,5 million but before the payment of the dividend and STC, equated to 51,4 cents per share. This was up by 20,9% over the restated 42,5 cents for the previous comparative period. Total net external debt was slashed by 54,4% to R99,1 million reflecting in a debt-to-equity ratio of 11,7%, compared with 24,9% at year-end.

Headline earnings per share (HEPS) of 40,1 cents was up by 37,8% over the restated 29,1 cents for the previous comparative period.

OUTLOOK

The directors are confident that continued lower interest rates and the traditionally buoyant holiday season bode well for the group in the second half of the year. The directors accordingly anticipate continued real growth in earnings.

The current dividend policy of the group is to pay one dividend annually at the end of the financial year.

On behalf of the Board,
 25 August 2004

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

Registered office: Gold Reef City, Gate 4, Northern Parkway, Ormonde, 2159

Transfer secretaries: Ultra Registrars (Pty) Ltd, 5th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg 2000).

www.grcresorts.co.za

GROUP INCOME STATEMENT

	For the 6 months ended 30 June 2004	For the 6 months ended 30 June 2003	Audited for the 12 months ended 31 December 2003
	R'000	R'000	R'000
Revenue	493 213	429 230	903 903
Direct costs	(191 817)	(164 257)	(357 618)
Gross profit	301 396	264 973	546 285
Other operating income	11 916	1 480	2 887
Other operating expenses	(112 204)	(114 977)	(200 152)
Operating profit before depreciation and amortisation	201 108	151 476	349 020
Depreciation and amortisation	(42 930)	(40 935)	(89 790)
Operating profit	158 178	110 541	259 230
Net finance costs	(5 530)	(19 213)	(31 070)
Profit before taxation	152 648	91 328	228 160
Taxation	(52 968)	(30 409)	(81 925)
Net profit after taxation	99 680	60 919	146 235
Associate earnings	537	-	-
Outside shareholders' interests	(13 453)	(5 981)	(21 166)
Net profit attributable to shareholders	86 764	54 938	125 069
HEPS reconciliation			
Net profit attributable to shareholders	86 764	54 938	125 069
Amortisation of goodwill	2 859	3 679	7 320
Profit on disposal of property, plant and equipment	(315)	-	(958)
Profit on sale of shares	(7 800)	-	-
Headline earnings	81 508	58 617	131 431
Number of shares in issue (000)	217 860	213 542	217 860
Weighted average number of shares in issue (000)	203 258	201 629	202 031
HEPS (cents)	40,1	29,1	65,1
EPS (cents)	42,7	27,2	61,9
Diluted EPS (cents)	42,6	27,2	61,8
Net cash generated in operating activities per share before deducting dividend and STC (cents)	51,4	42,5	143,5
Dividend per share (cents)	-	-	27,0

GROUP BALANCE SHEET

	At 30 June 2004	At 30 June 2003	Audited at 31 December 2003
	R'000	R'000	R'000
ASSETS			
Non-current assets			
Property, plant and equipment	851 395	838 235	865 107
Leasehold improvements	138 367	142 312	140 461
Intangible assets	81 688	77 058	84 305
Deferred tax assets	2 810	1 810	2 640
Investment in associates	9 125	11 224	21 888
Loans to joint ventures	18 564	-	23 398
Financial assets	1	1	1
Share incentive scheme	21 177	7 872	21 715
	1 123 127	1 078 512	1 189 535
Current assets			
Inventories	3 244	3 447	3 340
Receivables and prepayments	23 084	24 064	12 785
Cash and cash equivalents	12 669	37 114	65 791
Amounts owing by related parties	1 739	8 842	812
	40 736	73 467	82 728
Total assets	1 163 863	1 151 979	1 242 263
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	4 064	3 983	4 064
Share premium	437 915	422 548	437 915
Non-distributable reserves	1 605	1 774	1 611
Retained earnings	406 715	315 984	372 880
	850 299	744 289	816 470
Outside shareholders' interest	83 168	61 852	69 715
Non-current liabilities			
Interest bearing borrowings	50 141	146 115	98 338
Deferred tax liabilities	61 197	10 519	11 656
	111 338	156 634	109 994
Current liabilities			
Trade and other payables	58 100	38 301	59 379
Provisions	24 175	27 346	23 999
Bank overdraft	-	5 595	-
Tax liabilities	24 012	15 246	57 057
Current portion of interest bearing borrowings	61 646	102 645	105 144
Amounts owing to related parties	1 206	101	1 105
	169 199	189 204	246 684
Total equity and liabilities	1 163 863	1 151 979	1 242 263
Net asset value per share (cents)	418,3	373,7	401,7

GROUP STATEMENT OF CHANGES IN EQUITY

	For the 6 months ended 30 June 2004	For the 6 months ended 30 June 2003	Audited for the 12 months ended 31 December 2003
	R'000	R'000	R'000
Share capital			
Ordinary share capital	4 064	4 271	4 271
At beginning of period	-	-	86
Ordinary shares issued	-	-	-
Ordinary shares acquired	-	-	-
Treasury shares acquired	-	(288)	(293)
At end of period	4 064	3 983	4 064
Share premium			
At beginning of period	437 915	465 454	465 454
Share premium raised	-	-	16 084
Ordinary shares acquired	-	-	(42)
Treasury shares acquired	-	(42 906)	(43 561)
At end of period	437 915	422 548	437 915
Total share capital at end of period	441 979	426 531	441 979
Non-distributable reserves			
At beginning of period	1 611	1 774	1 774
Transfer to retained earnings	(6)	-	(163)
At end of period	1 605	1 774	1 611
Retained earnings			
At beginning of period	372 880	290 206	276 808
Transfer from NDR	6	-	163
Attributable profit for the period	86 764	54 938	125 069
Dividend declared	(29 253)	(29 160)	(29 160)
At end of period	406 715	315 984	372 880

GROUP CASH FLOW STATEMENT

	For the 6 months ended 30 June 2004	For the 6 months ended 30 June 2003	Audited for the 12 months ended 31 December 2003
	R'000	R'000	R'000
Cash flow from operating activities			
Profit before taxation	152 648	91 328	228 160
Non-cash items and other adjustments	48 145	60 158	121 317
Cash flow from trading operations	200 793	151 486	349 477
(Increase)/decrease in working capital	(11 246)	(5 241)	21 044
Cash flow from operating activities	189 547	146 245	370 521
Net interest paid	(5 530)	(19 213)	(29 194)
Dividend received	(2 925)	(2 916)	(29 160)
Taxation paid	(86 163)	(45 088)	(55 106)
Net cash generated in operating activities	44 919	52 784	257 061
Cash flow from investing activities			
Acquisition of property, plant and equipment	(25 907)	(5 972)	(39 761)
Proceeds from disposal of property, plant and equipment	2 648	-	3 103
Investment in joint ventures (net of cash acquired)	-	-	(24 219)
Investment in subsidiaries	-	-	(5 603)
Investment in associates	-	-	-
Investment in intangibles	(933)	-	(59)
Decrease/(increase) in loans to joint ventures	4 834	-	(26 051)
Decrease/(increase) in loans to associates	13 300	-	(20 667)
Net advances (to)/from subsidiaries and related parties	(8 826)	(6 604)	(2 290)
Net cash utilised in investing activities	(6 880)	(12 576)	(110 967)
Cash flow from financing activities			
Treasury shares acquired	-	(43 194)	(43 854)
Ordinary shares acquired in odd lot offer	-	-	(42)
Decrease in share incentive scheme loan	538	-	2 308
Decrease in outside shareholders' loans	48 145	(2 307)	(15 168)
Decrease in interest bearing borrowings	(91 695)	(116 553)	(176 312)
Net cash utilised in financing activities	(91 157)	(162 054)	(233 668)
Net decrease in cash and cash equivalents	(53 122)	(121 846)	(87 574)
Cash and cash equivalents at beginning of period	65 791	153 365	153 365
Cash and cash equivalents at end of period	12 669	31 519	65 791

* Amount less than R1000