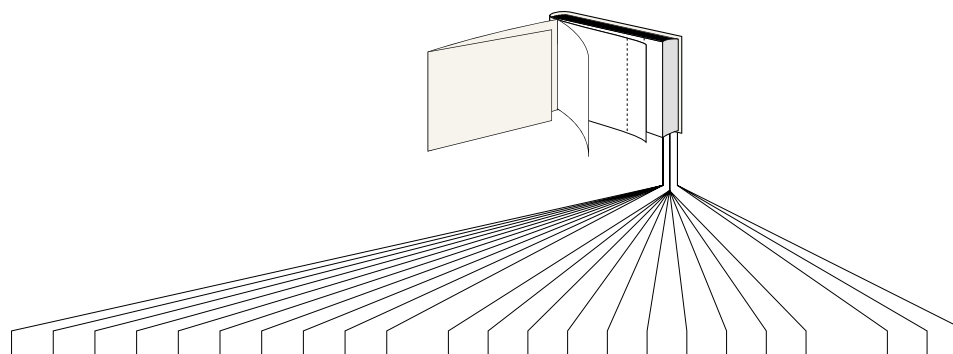




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## Gold Reef Casino Resorts Annual Report



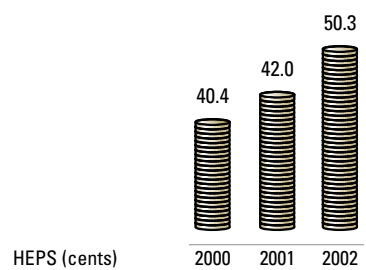
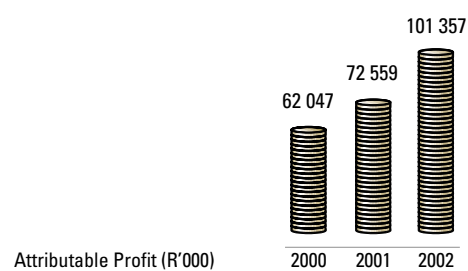
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## DEFINITIONS

"Akani Egoli"	Akani Egoli (Pty) Limited	"EPS"	Earnings per share
"Akani Egoli Management"	Akani Egoli Management (Pty) Limited	"FD"	Financial director
"Akani Leisure Casinos"	Akani Leisure Casinos (Pty) Limited	"GRCR" or "the company"	Gold Reef Casino Resorts Limited
"Akani Leisure Investments"	Akani Leisure Investments (Pty) Limited	"the group"	Gold Reef Casino Resorts Limited and its subsidiaries, associates and affiliates
"Akani Leisure Msunduzi Investments"	Akani Leisure Msunduzi Investments (Pty) Limited	"HDIs"	Historically disadvantaged individuals
"Akani Msunduzi"	Akani Msunduzi (Pty) Limited	"HEPS"	Headline earnings per share
"Akani Msunduzi Management"	Akani Msunduzi Management (Pty) Limited	"JSE"	JSE Securities Exchange South Africa
"Aldiss Investments"	Aldiss Investments (Pty) Limited	"MD"	Managing director
"BEE"	Black economic empowerment	"NAV"	Net asset value
"the board"	The board of directors of Gold Reef Casino Resorts Limited	"NRGP"	National Responsible Gaming Programme
"CAIGR"	CAI Gold Reef Management (Pty) Limited	"Pinnacle Point Casino"	Pinnacle Point Casino (Pty) Limited
"Casinos Austria"	Casinos Austria International Holding GmbH	"the previous year" or "the prior year"	The financial year of Gold Reef Casino Resorts Limited ended 31 December 2001
"CEO"	Chief executive officer	"SA"	South Africa
"COO"	Chief operating officer	"West Coast Leisure"	West Coast Leisure (Pty) Limited
"EBITDA"	Earnings before interest, taxation, depreciation and amortisation	"the year"	The financial year of Gold Reef Casino Resorts Limited ended 31 December 2002
"Eglin"	Eglin Investments No. 30 (Pty) Limited		

- ATTRIBUTABLE PROFIT UP 39.7%
- HEPS UP 19.8%
- NET CASH GENERATED IN OPERATING ACTIVITIES OF R221.7 MILLION

- EBITDA/REVENUE MARGIN OF 39.2%
- MAIDEN DIVIDEND OF 15 CENTS PER SHARE
- THE GARDEN ROUTE CASINO OPENS



#### Trading

Revenue*		
EBITDA*		
Attributable profit		
Headline earnings		
- Basic		
- Before deducting depreciation on buildings		

\* 2001 is based on proforma consolidated figures

#### JSE Performance

HEPS (cents)		
- Basic		
- Before deducting depreciation on buildings		
EPS (cents)		
Net cash generated in operating activities per share (cents)		
Dividend per share (cents)		

#### Financial Ratios

Return on equity (%)	
Gearing (%)	
Interest cover (times)	
Dividend cover (times)	
NAV per share (cents)	
Tangible NAV per share (cents)	

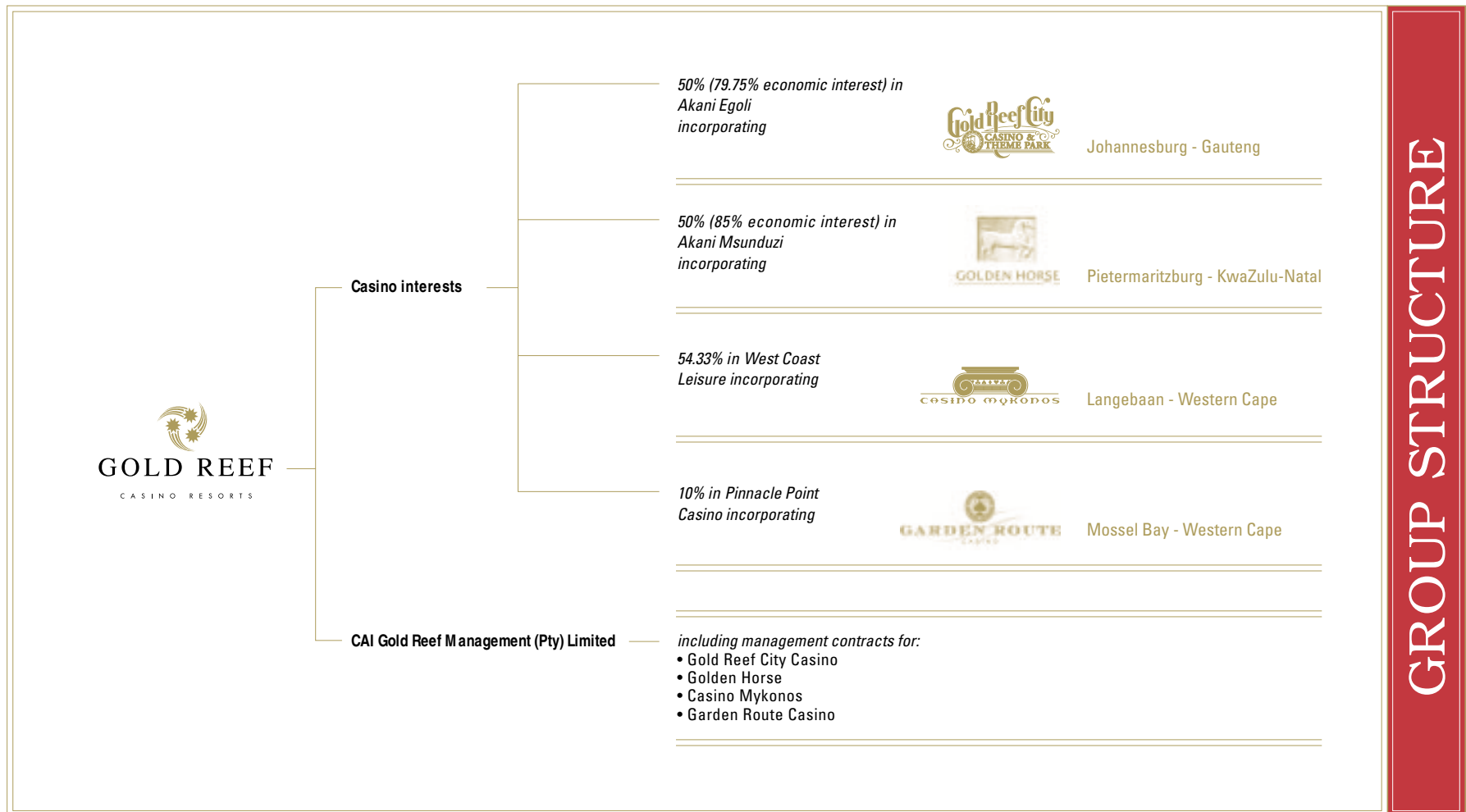
2002 R'000	2001 R'000	%
787 125	605 730	29.9
308 515	230 973	33.6
101 357	72 559	39.7
107 437	74 362	44.5
116 519	82 780	40.8
50.3	42.0	19.8
54.6	46.7	16.9
47.5	40.9	16.1
103.8	16.1	544.7
15.0	-	
15.4		
26.0		
4.4		
3.4		
356.7		
318.4		

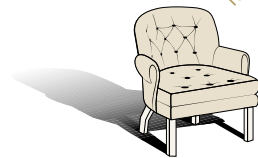
## GROUP OBJECTIVES

LIKE MANY OF MAN'S GREAT ACHIEVEMENTS OUR COMPANY WAS BORN FROM A VISION. WHILE IT WILL CONTINUE TO GROW FROM THIS DYNAMIC VISION, CERTAIN CORE VALUES WILL REMAIN CONSTANT:



- We are in the business of providing good value family fun and entertainment to our patrons.
- We will strive at all times to enhance the quality of our patrons' experience through exceptional service and product in all spheres of our activities.
- We expect from our staff dedication to the highest principles of quality, service and integrity.
- We offer our staff the opportunity to be part of a winning team, just reward, the best training, advancement commensurate with merit and freedom to reach the highest levels of employment regardless of sex, colour, race or creed.
- We will strive to deliver consistent earnings growth and to enhance shareholder value.
- We will contribute to our country as a responsible corporate citizen and will conduct our affairs accordingly.
- We will constantly strive to be the best at what we do.





Alternate Directors  
Non-Executive Directors  
Executive Directors

#### SENIOR MANAGEMENT

- M Bartholomeusz (55) - General Manager, Gold Reef City Casino
- B Biyela (32) – Deputy General Manager, Gold Reef City Casino
- DJ Appleton (72) – General Manager, Gold Reef City Theme Park
- P Beney (40) – General Manager, Casino Mykonos
- SH Bullen (46) – General Manager, Golden Horse
- RJ Seabrook (31) – General Manager, Garden Route Casino



**JS Friedman (30)**

**FD CA (SA)**

Has a background in tourism, hospitality and leisure having served articles in this division of Grant Thornton Kessel Feinstein. Completed the financial Accounting and Auditing course offered by the Gaming Management Department of the University of Reno, Nevada.



**SB Joffe (32)**

**CEO B.Com (Hons Taxation) H.Dip (Company Law) CA (SA)**

Served as FD of GRCR before being appointed as CEO in 2000. Was previously an assistant to the Chairman of Ozz Limited and a manager of the Tourism, Hospitality and Leisure Division of Grant Thornton Kessel Feinstein for 3 years.



**C Neuberger (37)**

**COO MBA (Vienna)**

Has 14 years' experience in gaming. Has held various positions with GRCR's international partner Casinos Austria in Europe, Australia and South Africa. *"Austrian Citizen"*



**BJ Schutte (55)**

**MD Gold Reef City Theme Park**

Has 33 years' experience in the leisure industry having manufactured amusement park rides and cellular transmission masts for export. Also holds executive directorships of a number of private companies in the leisure industry.



R Vierziger (49)

**Alternate director** Hotel Management School (Salzburg)  
Currently the MD of Casinos Austria International GmbH, Casinos Austria's European operation, and Regional Manager of Casinos Austria for Europe, the Middle East and Africa. Has more than 25 years' experience in the hospitality, marketing and casino industries.  
*"Austrian Citizen"*



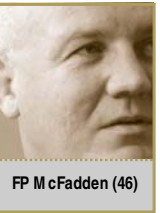
S Krok (73)

**Alternate director** Doctor of Humane Letters Honoris Causa  
Serves as a director of a number of private companies.



A Krok (73)

**Alternate director** Dipl. Pharmacy Doctor of Humane Letters Honoris Causa  
Serves as a director of a number of private companies.



FP McFadden (46)

**Non-executive director** BA (Hons) (London)  
COO of Casinos Austria and CEO of Casinos Austria International Limited, Casinos Austria's listed vehicle in Australia. Responsible for Casinos Austria's interests in over 60 casinos worldwide. Has more than 15 years' experience in the international gaming industry in the Americas, Europe, the Middle East, Africa and Australia Asia Pacific.  
*"Irish Citizen"*



M Z Krok (45)

**Non-executive director**  
Has more than 20 years' experience in diverse business fields and currently holds directorships of a number of private companies.



M Krok (46)

**Non-executive chairman** B.Proc. LLB  
Has more than 17 years' experience in diverse business fields. Is currently a non-executive director of Aspen Pharmacare Holdings Limited and a director of numerous private companies.



RJ Khoza (53)

**Non-executive director** BA (Hons) MA (Lancaster) PMD (Harvard) IMPD MD (Lausanne)  
Currently Chairman of Eskom and Quayside Limited and a director of Sail Group Limited. In addition is a director of a number of private companies. Is also a member and a past director of the Black Management Forum and is the President of the Institute of Directors of Southern Africa. 2001 recipient of the UNISA 'Leadership in Practice' award.



AJ Aaron (71)

**Non-executive director** B.Com LLB  
Director of Werksmans Inc. attorneys with over 50 years' experience in commercial and corporate law. In addition serves as non-executive chairman of Aspen Pharmacare Holdings Limited and as a non-executive director of Edgars Consolidated Stores Limited and Transpaco Limited.



A proforma consolidated Income Statement and a proforma consolidated Balance Sheet, taking into account the decision to consolidate previously equity-accounted investments in which at least a 50% investment is held, have been prepared for the 2001 financial year for comparative purposes. These do not form part of the audited financial statements but have been reviewed by the company's auditors. A copy of the report of the independent auditors on the proforma comparative results is available for inspection at the registered office of the company.

## INCOME STATEMENT

For the year ended 31 December 2002

	Audited 2002	Proforma 2001
Revenue	787 125	605 730
Direct costs	(292 342)	(224 694)
Gross profit	494 783	381 036
Other operating income	-	15 438
Other operating expenses	(186 268)	(165 501)
Operating profit before depreciation and amortisation	308 515	230 973
Depreciation and amortisation	(86 467)	(64 517)
Operating profit	222 048	166 456
Net finance costs	(50 879)	(46 228)
Pre-opening costs expensed	-	(7 438)
Profit before taxation	171 169	112 790
Taxation	(56 149)	(32 643)
Net profit after taxation	115 020	80 147
Outside shareholders' interest	(13 663)	(7 588)
Profit attributable to shareholders	101 357	72 559

PROPERTY	REVENUE R'000	EBITDA R'000	EBITDA %	EXTERNAL DEBT/ SHAREHOLDERS' EQUITY**	NUM BER OF TABLES	NUM BER OF SLOTS	NUM BER OF EM PLOYEES
				%			
Gold Reef City	622 558	233 954	37.6	45.6	50	1600	1193
Golden Horse	118 604	42 714	36.0	74.1	22	450	312
Casino Mykonos	45 607	13 797	30.3	18.6	9	250	166
Garden Route Casino*	5 917	2 281	38.5	94.1	12	250	194

\* The Garden Route Casino only opened on 12 December 2002

\*\* Shareholders' equity includes intragroup shareholders' loans

**BALANCE SHEET****At 31 December 2002****Assets****Non-current assets**

Property, plant and equipment  
 Leasehold improvements  
 Intangible assets  
 Investment in associates  
 Available-for-sale investments  
 Share incentive scheme

**Current assets**

Inventories  
 Receivables and prepayments  
 Cash and cash equivalents  
 Amounts owing by related parties

**Total assets****Equity and liabilities****Capital and reserves**

Ordinary share capital  
 Share premium  
 Non-distributable reserves  
 Retained earnings

**Outside shareholders' interest****Non-current liabilities**

Interest bearing borrowings  
 Deferred taxation

**Current liabilities**

Trade and other payables  
 Provisions  
 Bank overdraft  
 Tax liabilities  
 Current portion of interest bearing borrowings  
 Amounts owing to related parties

**Total equity and liabilities**

Audited 2002	Proforma 2001
866 440	896 111
144 280	125 995
81 847	53 308
11 361	-
1	2
7 872	7 406
1 111 801	1 082 822
3 513	3 503
9 472	16 727
153 365	-
3 027	5 162
169 377	25 392
1 281 178	1 108 214
4 271	3 545
465 454	357 340
1 774	14 120
290 206	178 398
761 705	553 403
58 178	92 839
262 608	65 014
8 708	2 357
271 316	67 371
38 809	56 606
17 538	9 414
-	269 144
29 926	22 611
102 676	32 790
1 030	4 036
189 979	394 601
1 281 178	1 108 214

**ADMIT 1****TICKET**

GOLD REEF CASINO RESORTS

GARDEN ROUTE  
CASINOGARDEN ROUTE  
CASINO**Nº 07**

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**GOLD REEF**  
CASINO RESORTS**TICKET**  
CHAIRMAN'S REPORT MAXIM KROK



## CHAIRMAN'S REPORT

The global economic downturn persisted throughout 2002. Interest rates in South Africa spiralled by 4% in an attempt to mitigate the impact on the local economy and to combat inflation. The casino industry was particularly affected with casinos by their nature requiring extensive gearing in the start-up phase. The rise in interest rates had the added negative effect of reducing our patrons' disposable income.

I am pleased to report that despite these conditions GRRC continued to perform well. Revenue grew by 30% to R787.1 million while attributable profit increased by 39.7% to R101.4 million. EBITDA of R308.5 million representing a 39.2% margin on revenue, together with a NAV of 356.7 cents per share, reflects the group's robust performance. Net cash generated in operating activities amounted to R221.7 million equating to 103.8 cents per share. Growth in key areas reflects our ongoing efforts to address seasonal gaming patterns, rationalise costs and consolidate our platform.

The 42% reduction in net interest bearing external debt, which reduced gearing from 57% to 26%, and the group's healthy cash flow have firmly positioned GRRC for sustainable future growth.

I am further pleased to confirm that the board has declared a maiden dividend of 15.0 cents per share, covered 3.4 times by HEPS, as announced on 19 March 2003. This dividend will be financed out of GRRC's free cash flow. From time to time the board will reconsider dividend cover based on the group's cash flow, gearing and capital requirements.

**Finalisation of Casinos Austria transactions**

Subsequent to the finalisation of the R107 million linked transactions with Casinos Austria, in which that company acquired a 17% stake in GRRC, Casinos Austria has raised its interest in GRRC to 29.5% by acquiring a further 24 615 384 shares at 325 cents per share.

Casinos Austria is renowned as one of the world's leading casino operators with casinos on 5 continents and on many ocean cruiseliners. The Austrian national mint, a subsidiary of the Austrian Reserve Bank, is its largest shareholder, with the remainder of its equity shared between high-profile banks and institutions as well as private individuals.

These transactions and the further acquisition of shares have formalised our relationship with Casinos Austria, effective since our inception as a gaming company in 1998, and introduced a significant international shareholder to GRRC. In addition GRRC has consolidated its interests in Gold Reef City Casino, Golden Horse and Casino Mykonos and in the management contracts of these casinos, and has further secured access to international opportunities. The pooling of expertise in developing, structuring, financing and managing casinos will enable GRRC to pursue projects both abroad and in SA.

**ADMIT 1****TICKET**

GOLD REEF CASINO RESORTS

Admirals

GARDEN ROUTE  
CITY**Nº 09**

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**GOLD REEF**  
CASINO RESORTS

TICKET

## CHAIRMAN'S REPORT

Casinos Austria's increasing participation in the group is an encouraging endorsement of our capability and prospects while its material investment ensures an ongoing commitment to exploit the group's embedded value.

**Corporate responsibility**

The group is committed to responsible corporate citizenship and we endeavour to fulfill the requirements laid down in the King II Report.

Our focus on transformation is evidenced by our empowerment, employment equity and skills development and training programmes. The post year-end financing of the purchase by Eglin from Gensec of its investment in Akani Leisure Investments, our empowerment partner in Akani Egoli, is one example of our commitment to facilitating real BEE. Eglin is headed by Akani Egoli Chairman and GRCR non-executive director Reuel Khoza. The transaction, subject to the approval of the Gauteng Gambling Board which is expected mid 2003, will increase GRCR's effective economic interest in Akani Egoli by 4.19%.

Social responsibility remains an ongoing priority and we are involved in a number of schemes to alleviate dire social conditions and to foster an environment of self-empowerment. We further continue to share government's concern for the welfare of impoverished communities exposed to the temptations of gambling and GRCR is an active participant in the NRGp.

(Further detail is set out in the Corporate Citizenship Report.)

**Post year-end share repurchase**

On 31 January 2003 GRCR through a wholly-owned subsidiary, effected a pro-rata repurchase of 14 235 346 shares, 8% of its issued share capital, at 300 cents per share totalling R42.7 million. The shares will neither be cancelled nor delisted from the JSE. The repurchase was financed out of GRCR's existing cash resources.

**Future developments**

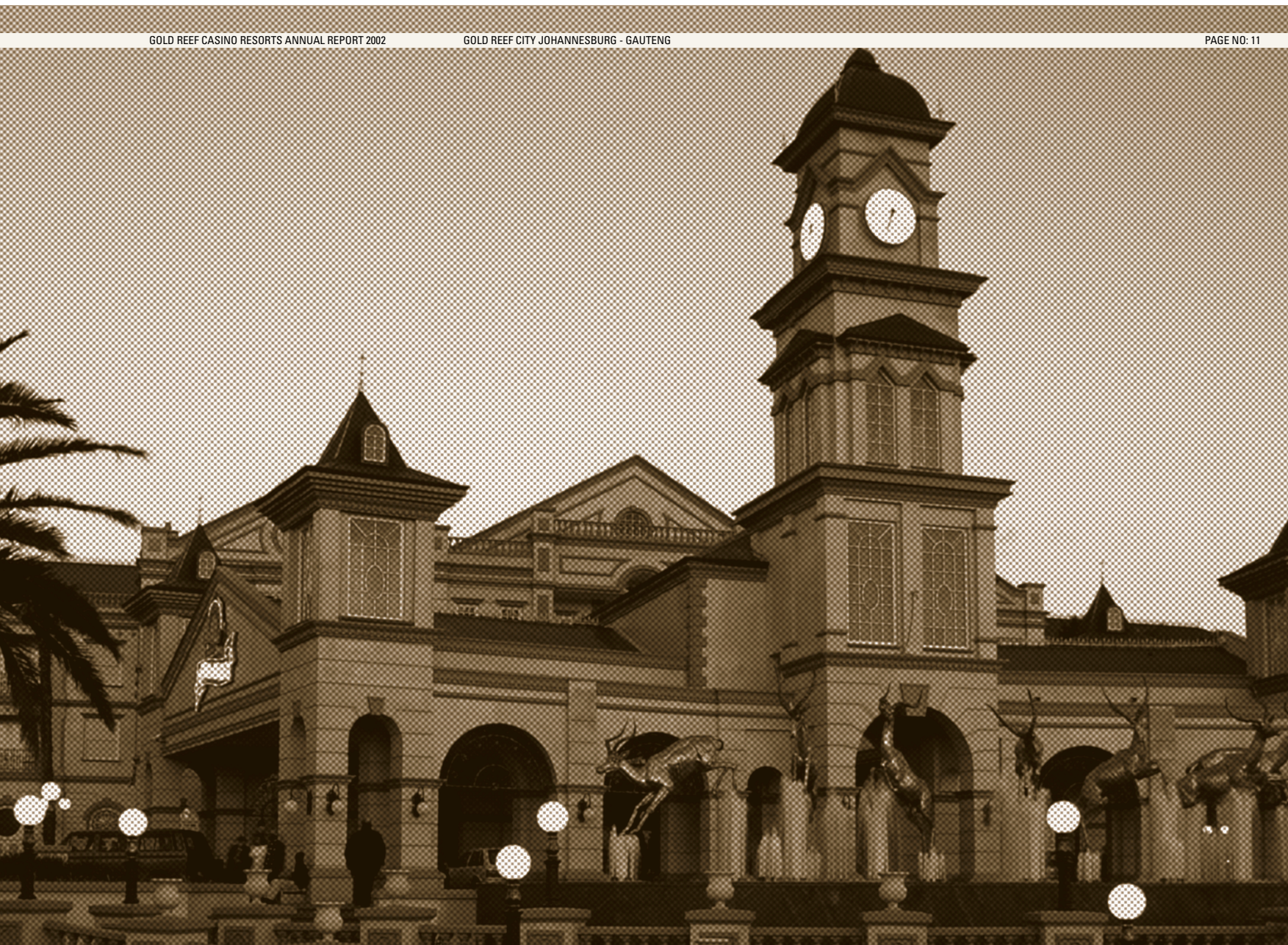
GRCR holds a minority interest in the consortium bidding for a casino licence in Welkom. Following the application hearing held on 21 January 2003 the consortium anticipates being announced as the preferred applicant. CAIGR will hold the management contract for the new casino.

The currently strengthening Rand bodes well for the group as it should stem the rising cost of gaming equipment, most of which is imported, translating positively both for our operations under development and for those in need of an equipment upgrade or replacement.

**Appreciation**

Our management, staff, patrons and suppliers have enabled the group's strong performance. I thank them for their dedication and hard work, and also thank my fellow directors for their ongoing support and advice. Finally my thanks to our shareholders for their faith in the group.





**ADMIT 1**

**TICKET**

GOLD REEF CASINO RESORTS

**Gold Reef City**  
CASINO &  
THEME PARK

**Gold Reef City**  
CASINO &  
THEME PARK

**Nº 11**

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**GOLD REEF**  
CASINO RESORTS**TICKET**

CEO'S REPORT STEVEN JOFFE



## CEO'S REPORT

GRCR reported strong results for the year against challenging business conditions. In line with strategy all operations concentrated successfully on reducing external debt levels.

#### Financial results

Following the Casinos Austria transactions the board decided to consolidate previously equity-accounted investments in which GRCR holds at least a 50% investment, in order to present more meaningful results. A proforma consolidated Income Statement and a proforma consolidated Balance Sheet for the year ended 31 December 2001 have been presented on pages 6 and 7. The results further 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 previous year have accordingly been restated for comparative purposes.

The adoption of AC 123 resulted in additional charges to the income statement totalling R9.1 million. HEPS before deducting depreciation on buildings amounted to R116.5 million translating into 54.6 cents a share for the year. This is a growth of 16.9% over the previous year's published HEPS of 46.7 cents.

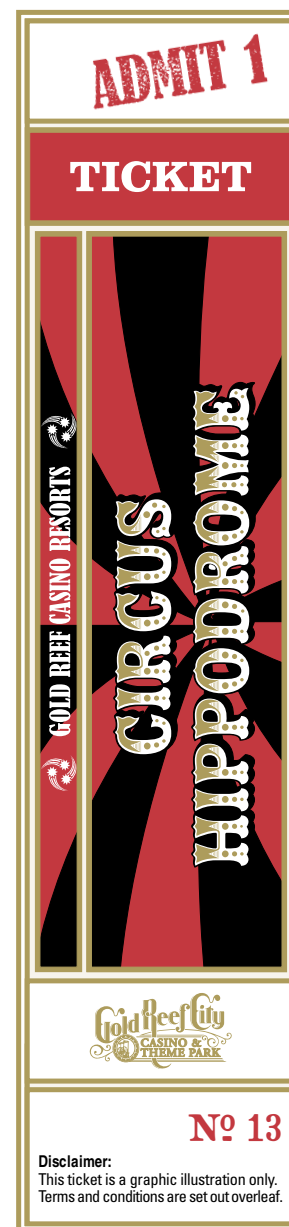
#### Review of operations

##### Gold Reef City

Gold Reef City continued to perform exceptionally well. A resilient Gauteng gaming market and successful marketing initiatives contributed to a 15.9% increase in revenue to R622.6 million. Strict cost control resulted in EBITDA of R234 million and assisted in reducing external debt to R223.4 million. An additional indoor smoking facility was opened in November to mitigate the effect of prohibitive smoking legislation and noticeably contributed to the casino's performance.

The Theme Park also continued to trade strongly with all major developments completed. Its 27% rise in revenue to R47.9 million boosted net profit to R20 million.

The South African Apartheid Museum exceeded initial development benchmarks and costs were well controlled. The museum operates as a Section 21 non-profit organisation and will be managed independently by trustees. Although the group will continue to contribute monthly to the museum's operation, the museum will focus on establishing a programme with a view to becoming self-funding.





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TICKET

## CEO'S REPORT

**Golden Horse**

The casino performed in line with expectations achieving revenue of R118.6 million. A 36% EBITDA margin on revenue reflects good cost control with net external debt totalling only R85.3 million at year-end.

As anticipated the opening of Durban's new casino in November did not materially impact Golden Horse's performance with early trends indicating that the two casinos will retain geographic exclusivity. The casino also benefited from synergies with the adjacent Scottsville racecourse.

Management will continue to monitor the impact of Durban's new casino on Golden Horse and to rationalise cost structures as successfully executed at Casino Mykonos in 2001.

**Casino Mykonos**

Excellent trading confirmed the benefits of the 2001 rationalisation and shareholders' recapitalisation of R13.5 million, and resulted in the casino exceeding targets. Revenue grew by 14.3% to R45.6 million with net external debt reduced to R6.8 million.

The completion of a new conference facility is anticipated to be an additional driver of weekday revenue in the current year.

**The Garden Route Casino**

The new casino in which GRCR has a 10% investment, opened in Mossel Bay in December 2002 and performed well over the festive season. Substantial non-recurring pre-opening expenses of R7.1 million resulted in a nil contribution on an equity-accounted basis.

Management will assess the seasonal influence on performance going forward and manage costs accordingly. The adjacent golf course residential development in which GRCR holds a 10% stake and the new hotel to be opened in the third quarter of 2003 are anticipated to have a positive effect on the casino.

**CAIGR**

CAIGR contributed well to the group's results. Its performance can be attributed to the casinos' excellent performances and minimum bid costs.

**Prospects**

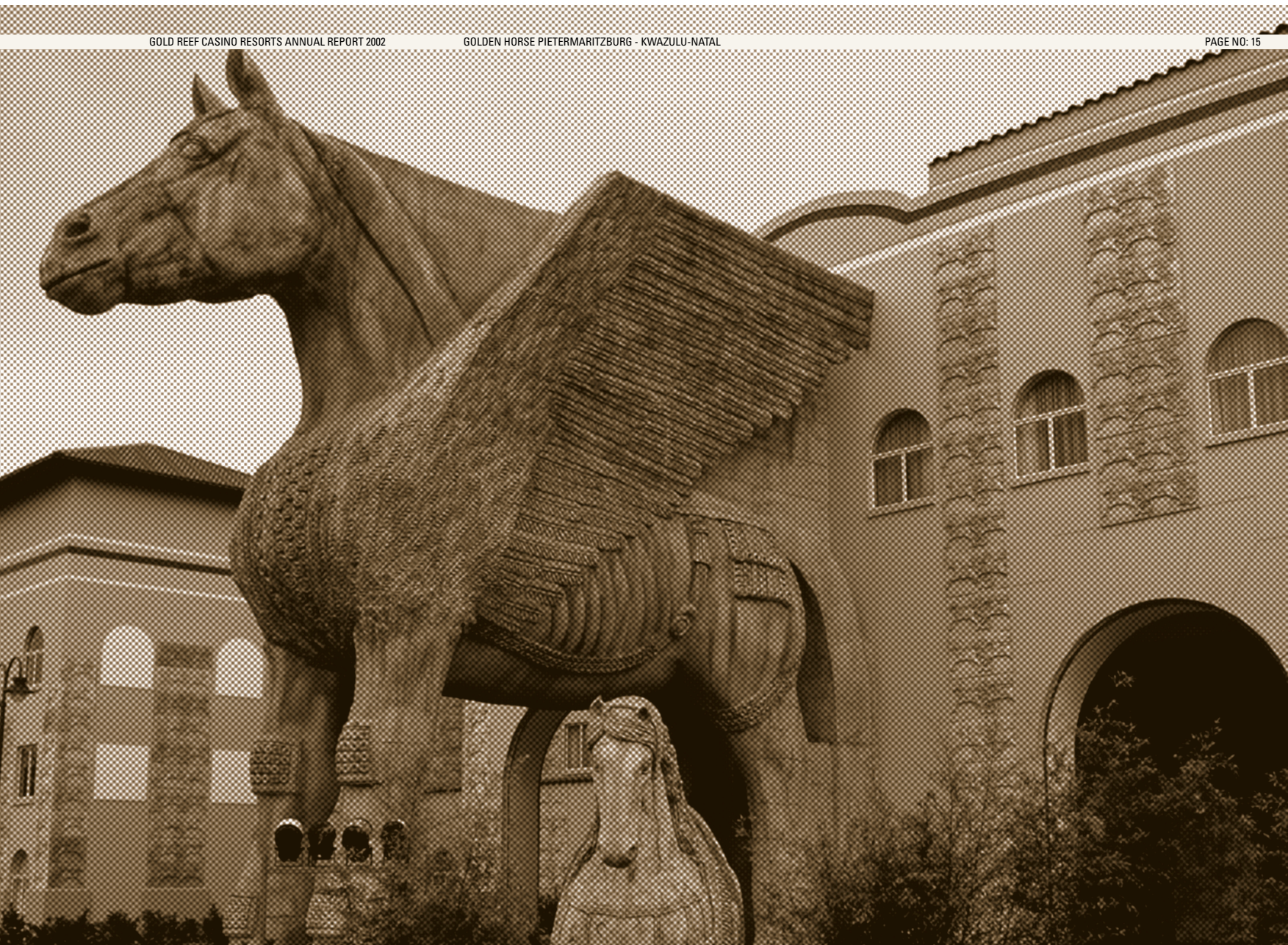
Casinos Austria's global expertise in managing casinos has augmented the group's significant expertise in developing, structuring and financing casinos. Looking ahead GRCR will endeavour to capitalise on this combined expertise in line with its future growth strategy. Access to new opportunities should further benefit CAIGR which will pursue the management contracts for new developments.

Current budget deficits in world economies may offer further expansion opportunity for the group, with governments traditionally looking to develop highly taxed industries such as gaming to alleviate economic turmoil.

**Appreciation**

My thanks to management and staff who have persevered through a challenging business environment to achieve these results. Thank you too to our loyal patrons for their ongoing support.





**ADMIT 1**

**TICKET**

**GOLD REEF CASINO RESORTS**



**GOLDEN HORSE**



**GOLDEN HORSE**

**Nº 15**

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**GOLD REEF**  
CASINO RESORTS

TICKET

## CODE OF ETHICS AND BUSINESS CONDUCT

The Code of Ethics and Business Conduct, currently work-in-progress, will establish the guidelines for maintaining the group's reputation for integrous conduct:

- **Corporate citizenship:** The group is committed to the highest standards of corporate governance, embracing 'triple bottom-line reporting' and advocating social and environmental responsibility.
- **Stakeholder communications:** The group and its employees are obliged to communicate with one another, internal and external parties and other stakeholders in a respectful, timely and reliable manner.
- **Compliance:** The group and its employees respect the laws of SA, including common law and regulations laid down by the regional gambling boards.
- **Responsible interaction:**
  - The group and its employees will neither accept gifts from, nor offer gifts to any third party that may in any way cause undue influence or embarrass the group.
  - No employee will disclose confidential information about the group or any of its interests, while the group will similarly respect the confidentiality of information regarding its employees.
  - The group and its employees will avoid any association that could potentially conflict with the interests of the group or compromise judgement.
  - The group is committed to responsible gambling and is a member of the NRGF.
  - The group is committed to avoiding any adverse environmental impact arising from its business activities.
- **Marketing:** The group will seek to avoid misrepresentation, exaggeration and overstatement in advertising and other public communications. The group is further cognisant of its obligation to promote responsible gambling in marketing materials.

- **Employment practices :** The group is committed to fair and equitable treatment of all employees with a focus on redressing historic imbalances where these exist. The group will afford all employees development opportunities through training, skills-transfer and career-related study programmes.

### Enforcement of the Code of Ethics and Business Conduct

It is the responsibility of all employees to report to management any actual, perceived or potential violation of the Code of Ethics and Business Conduct. The group therefore supports the need for confidential reporting ("whistle blowing") and is in the process of establishing a whistle blowing hotline that will be independently operated.

The group will employ disciplinary procedures to address corruption, illegality, unethical behaviour and any other transgression of the Code of Ethics and Business Conduct, and will consider legal proceedings where appropriate.

### Communication of the Code of Ethics and Business Conduct

The Code of Ethics and Business Conduct, once complete, will be communicated verbally and in writing to all employees by the relevant immediate supervisor. These supervisors will be responsible for ensuring that it is fully understood, to which each employee will attest by signing a declaration of acknowledgement. The group intends to perform this function during new employees' induction.

## CORPORATE GOVERNANCE

GRCR is committed to principles of good corporate governance and supports the comprehensive approach set out in the King II Report. The directors accept the responsibility of ensuring that the principles incorporated in the Code of Corporate Practices and Conduct and in the King II Report are observed. The directors monitor this compliance on an ongoing basis, continually improving operational and corporate practices to maintain the highest standards of corporate governance.

### The board

The board is unitary, comprising four executive directors, five non-executive directors and three alternate non-executive directors. The board meets at least quarterly to evaluate performance, assess risk and review the strategic direction of the group.

The offices of Chairman and CEO are completely separated. The Chairman is elected for a period of one year, being eligible for re-election, and is independent of the executive directors. Non-executive directors provide objectivity and independence in board deliberations and internal decision-making processes. Executive directors bear the responsibility of implementing operational decisions through management.

All directors have unrestricted access to the advice and services of the company secretary and to company records, information, documents and property. Non-executive directors also have unfettered access to management at any time. All directors are entitled, at GRCR's expense, to seek independent professional advice on any matters pertaining to the group where they deem this to be necessary.

The board is currently considering the implementation of a Board Charter. The board is also reviewing the representation on the board of independent non-executive directors in accordance with the King II Report guidelines.

### Board processes

Board appointments are based on a blend of skills and experience as well as concerns such as diversity. New board appointments are approved by the entire board and the directors appointed hold office until the next annual general meeting at which they retire in terms of GRCR's articles of association. Their reappointment is subject to the approval of shareholders. One-third of directors excluding the CEO retire each year by rotation and being eligible, stand for re-election.

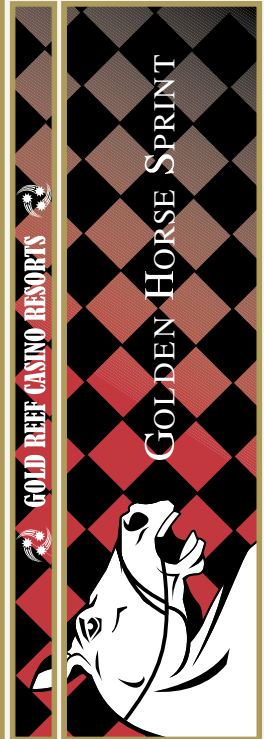
The board has formalised a share-trading policy. All directors and other employees who have access to financial results or any other information considered by the JSE to be price-sensitive, are prohibited from dealing in GRCR shares for specified time periods preceding the publication of results or other information.

### Board committees

The composition of all major board committees complies with the recommendations of the King II Report.

**ADMIT 1**

**TICKET**



**Nº 17**

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**GOLD REEF**  
CASINO RESORTS

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## CORPORATE GOVERNANCE

**Audit committee**

The audit committee, chaired by non-executive director AJ Aaron and comprising three further non-executive directors, meets at least three times a year. The group's Internal Audit Manager and external auditors are invited to attend every meeting and management members attend as required.

The audit committee reviews the interim results and the annual financial statements before they are approved by the board. It considers accounting, auditing, financial reporting and internal control matters to ensure that an effective control environment is maintained. The committee also monitors proposed changes to accounting policy, reviews the internal audit function and advises the board on the accounting implications of major transactions. The committee further recommends the appointment of the external auditors to the board for approval by shareholders in general meeting.

Attendance by audit committee members at meetings during the year is set out below, with the number in brackets indicating the total number of meetings:

DIRECTORS	AUDIT COMMITTEE MEETINGS
AJ Aaron	2 (3)
M Krok	3 (3)
MZ Krok	2 (3)
FP McFadden (appointed 6 December 2002)	1 (1)

Akani Egoli, Akani Msunduzi, West Coast Leisure and Pinnacle Point Casino have separate audit committees which comply with the standards and practices set by GRCA's audit committee.

**Remuneration committee**

The remuneration committee chaired by non-executive group Chairman M Krok, comprises a further three non-executive directors.

The remuneration committee is responsible for determining the terms of employment and remuneration of the company's executive directors and senior management, which includes assessment of specific reward proposals. The committee ensures that the company remunerates and incentivises senior management fairly taking all circumstances into account. The committee is further responsible for the remuneration strategy for the group as approved by the board.

The CEO and FD attend remuneration committee meetings by invitation to provide input but are excluded from deliberations regarding their own remuneration.

The remuneration committee has satisfied its responsibilities during the year in compliance with its terms of reference, which are in the process of being formalised in a Remuneration Committee Charter. Committee members' attendance at meetings during the year is set out below, with the number in brackets indicating the total number of meetings:

DIRECTORS	REMUNERATION COMMITTEE MEETINGS
AJ Aaron	2 (2)
M Krok	2 (2)
MZ Krok	2 (2)
FP McFadden (appointed 6 December 2002)	1 (1)

A schedule setting out the directors' remuneration and interests is included in the Directors' Report and note 28 to the financial statements.

### Management

Operational management is appointed by the board based on the skills and experience necessary to perform the relevant function. Processes have been formalised to promote interactive dialogue and decision-making between management and executive directors and to facilitate the independent review of management.

### Internal audit

The group's internal audit function is housed in Akani Egoli and seconded to Akani Msunduzi, West Coast Leisure and Pinnacle Point Casino on a cost recovery basis. The group's Internal Audit Manager co-ordinates this process and attends all audit committee meetings. He also reports at GRCR audit committee meetings.

The internal audit function independently evaluates and examines the group's activities and resultant business risks. The scope of the internal audit function includes compliance auditing of specific areas stipulated by the gambling boards' rules as well as assessing the adequacy of internal controls, fraud prevention, risk management and the safeguarding of assets.

Management encourages unrestricted consultation between the internal audit function and GRCR's external auditors. An Internal Audit Charter has been approved by the board.

### Risk management and internal controls

The board is responsible for the group's systems of internal control. These systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard and maintain accountability

of the group's assets. Specifically, these systems provide reasonable but not absolute assurance regarding:

- the safeguarding of assets against unauthorised disposal or use;
- compliance with statutory laws and regulations; and
- the maintenance of proper accounting records and the adequacy and reliability of financial information.

The group's systems of internal control are further designed to detect and minimise significant fraud, potential liability, loss and material misstatement. The systems are designed to manage rather than eliminate risk of failure and opportunity risk.

The board is responsible for monitoring the ongoing effectiveness of the internal systems of control. In order to enable management to integrate these systems into day-to-day operations, risk and control policies are communicated throughout the group. Critical control areas are identified by management and remain subject to internal audit.

The directors have satisfied themselves that adequate systems of internal control are in place to mitigate significant risks identified to an acceptable level, and that nothing has come to their attention to indicate that a material breakdown in the functioning of these systems has occurred during the year.

### Integrated sustainability reporting

GRCR is committed to 'triple-bottom-line reporting'. The directors recognise that social and environmental responsibilities, where applicable, must be prioritised alongside more conventional business objectives in order to ensure responsible corporate citizenship. GRCR has therefore reported on the group's financial, social and environmental progress.



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## CORPORATE GOVERNANCE

**Transformation**

The group continues to support the social and economic empowerment of HDIs and internally facilitates the development of all employees.

**Employment equity**

Specifically GRCR seeks to:

- eliminate any discriminatory barrier or practice that prevents an employee from enjoying the fundamental opportunities, rights, benefits and privileges accorded to any other employee within the group;
- achieve an employment status that fairly represents the demographics of the country as well as the regions in which the group's operations are located;
- entrench a culture in which employment equity is a business imperative that addresses any shortage of skilled personnel and the projected management requirements of the group.

The group has submitted its Employment Equity and Skills Development plans to the relevant authorities and is on track to meet its targets. However, the difficulty in finding appropriate candidates within specific regions is practically slowing the achievement of these targets.

All of the group's operations have identified positions to be filled by disabled employees with Gold Reef City Casino, Golden Horse and the new Garden Route Casino currently employing disabled personnel.

**Total employees**

Asian  
Black  
Coloured  
White

Female

Total HDI

Permanent

Temporary

**Broken down as follows:****Senior management**

Asian  
Black  
Coloured  
White

Female

**Middle and junior management**

Asian  
Black  
Coloured  
White

Female

**Supervisory**

Asian  
Black  
Coloured  
White

Female

**General staff**

Asian  
Black  
Coloured  
White

Female

Projected	Actual 2002	Actual 2001	Actual 2000
%	%	%	%
2	7	1	1
67	65	70	73
11	12	15	9
20	16	14	17
36	41	40	38
87	85	93	89
100	95	100	99
-	5	-	1
-	7	4	5
19	13	10	8
14	0	10	5
67	80	76	82
33	20	34	21
3	4	-	1
35	36	35	34
11	5	16	11
51	55	49	54
35	45	40	40
1	3	1	2
50	67	70	49
17	13	15	19
32	17	14	30
38	43	39	32
2	7	1	1
76	70	77	85
10	13	16	7
12	10	6	7
36	44	41	39

TICKET

### Skills development and training

Ongoing staff training is encouraged throughout the group with internal and external training courses offered to enhance skills. Close to one thousand Gold Reef City employees participated in skills training and development courses during the year, ranging from Customer Care through Performance Management and Strategic Planning to Crime Investigation, Fraud Management and Credit Control. Golden Horse introduced special training courses designed to accelerate HDI advancement to more senior positions – 60% of staff attended general courses including Customer Care; Industrial Relations; Health and Safety Management and Responsible Gaming and gaming operational courses including Dealing; Chipping; Cashiering and Slots Technical. During the year Casino Mykonos successfully trained candidates who have now graduated to management level. The Garden Route Casino trained more than 50% of its staff to occupy new positions and offered additional courses to all staff including Cheat Training and Customer Care. The casino is also in the process of developing an integrated skills database.

Succession planning is encouraged throughout the group with emphasis on facilitating the advancement of HDIs, and formal leadership programmes are currently being researched for implementation.

In addition study loans are made available to employees wishing to further their existing skills at recognised institutions. The group also has an ongoing skills-transfer programme with Casinos Austria through which senior casino management is exposed to international best-practice and attends international conferences.

Employee participation in ownership of the group is facilitated through the Gold Reef Share Scheme, details of which are set out in the Directors' Report. The group's culture encourages open communications throughout all levels of employees and promotes employee participation in decision-making processes.

### Safety, health and environment (SHE)

Safety, health and environmental issues are managed by the boards of each of the group's operations. Policies have been formalised and Health and Safety Officers appointed. In certain of the group's operations a Health and Safety Committee has also been established.

#### Safety

The group is committed to enforcing stringent standards of safety in the workplace. Health and Safety Officers supported by management ensure compliance with the requirements of the South African Occupational Health and Safety Act, 1993, to safeguard the welfare of both employees and patrons. Risk avoidance strategies detail effective methods of risk detection and elimination and are constantly updated to take account of potential new risks identified.

Employee co-operation in the implementation of health and safety policies is imperative, with employees being encouraged to identify, report and eradicate potential risks. In addition employees are currently being trained in health and safety procedures including first-aid and fire management to ensure accident prevention in the workplace.

#### Health

Certain of the group's operations have onsite clinics staffed by medical professionals, with access free of charge for employees. The group's operations also offer medical aid membership.

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**GOLD REEF CASINO RESORTS**

**GLOBE THEATRE**

Presents

Richard Loring's  
**African footprint**

**Gold Reef City**  
CASINO &  
ATTITUDE PARK

**Nº 21**

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**GOLD REEF**  
CASINO RESORTS

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## CORPORATE GOVERNANCE

Condoms are distributed free of charge by clinics and education programmes regarding safe sex and the proper use of condoms are currently being implemented. The group will also look to develop more comprehensive education programmes that encompass AIDS/HIV prevention, precautions, transmission, treatment alternatives and counselling.

GRCR respects the right of all employees to maintain confidentiality regarding their AIDS status and is committed to fostering a supportive working environment for employees infected with HIV/AIDS. Formal assistance programmes have been established in certain of the group's operations, which utilise external HIV/AIDS institutions and treatment centres to maximise the efficiency of these programmes where necessary.

**Environment**

GRCR is committed to environmentally responsible practices. Environmental impact studies are undertaken on construction of new developments in environmentally sensitive regions, for instance in the Western Cape where the Garden Route Casino is situated in the heart of a fynbos area. Here the casino benchmarks progress against an operational environmental plan while independent environmental specialists inspect the premises regularly to ensure compliance.

**BEE**

The group embraces the transformation of the SA economy and is committed to supporting its sustainability through true empowerment initiatives. GRCR currently targets three distinct goals:

- affirmative action - (see 'Employment equity' and 'Skills development and training' above);
- ownership; and
- affirmative procurement.

Both West Coast Leisure and Pinnacle Point Casino have issued a percentage of their shareholdings to HDIs or consortia for no consideration. Empowerment consortia also hold 50% of the respective shareholdings of Akani Egoli and Akani Msunduzi, partnering with GRCR.

The group believes that affirmative procurement is an effective tool to encourage sustainable macro-economic development and the operations have therefore formalised procurement targets that align with SA's economic growth strategy. HDIs and organisations are awarded preference in the assignment of procurement contracts, with further priority on SMMEs. Outsourcing is obviously favoured to implement this policy. Not only does this enable the group to achieve its empowerment objectives but also assists with the upliftment of surrounding communities as local companies are targeted.

Achievement of affirmative procurement targets by the group's operations is monitored by the regional gambling boards. Each of the group's operations met and in many cases exceeded these targets in 2002 and is on track to meet, if not exceed, the targets for 2003.

## SOCIAL RESPONSIBILITY

### Responsible gaming

GRCR recognises the impact on impoverished communities of exposure to the temptations of excessive gambling, and is accordingly a member of the NRG.

The NRG, a coalition of SA casino operators, is unique in the world. Although endorsed by government through partnership with the SA Responsible Gaming Trust, it is funded entirely by the private sector. In the two years since inception the NRG has maximised the industry's voluntary contribution of R10 million by integrating research, treatment and education.

During the year the NRG published a comprehensive gambling report used as a benchmark throughout Africa, logged close to 30 000 calls through its toll-free hotline referring callers for free professional medical treatment and assisting others telephonically; and extended its 24/7 multi-lingual treatment network across southern Africa. The landmark 'Gamble with your head not your heart' programme was also launched, introducing gaming education on the continent.

In addition 75% and 71% of NRG counsellors and clinical psychologists respectively are HDIs and affirmative procurement targets were exceeded during the year.

### Community involvement

The group's casino operations endeavour to empower their respective surrounding communities by prioritising the appointment of locals to entry-level positions.

### Corporate investment

GRCR advocates a policy of contributing financial resources to social and community upliftment and empowerment. Although the implementation of this function is decentralised, certain of the group's operations have similar formal policies.

West Coast Leisure has committed to donating 5% of before-tax-profits to the West Coast Community Trust, established to identify donation opportunities for social and community development with a focus on further job creation. Pinnacle Point Casino has established a similar trust and will donate R250 000 annually for three years to projects that better the standards of living, education and tolerance in the surrounding community. Pinnacle Point Casino intends to increase this amount to 1% of gross gaming revenue.

Akani Egoli and Akani Msunduzi have established companies solely devoted to identifying donation schemes. Their sponsorship of major social projects during the year included:

#### Chris Hani Baragwanath Hospital

The new specialised paediatric ward at Chris Hani Baragwanath Hospital is expected to be completed by June 2003 and will for the first time offer, among other essential features:

- private cubicles for examination of teenage patients;
- air conditioning to control excessive temperatures and to prevent bacteria and the spread of infection;
- a private counselling area for bereaved parents;
- a comfortable reception area for parents and patients; and
- isolated cubicles for children with highly contagious infections.

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GOLD REEF CASINO RESORTS

CASINO MOKONOS

CASINO MOKONOS

**Nº 23**

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CASINO RESORTS

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## SOCIAL RESPONSIBILITY

### Dube Sports Centre

The Dube Sports Centre aims to cultivate sporting excellence within the historically disadvantaged community of Soweto. Promising athletes receive advanced training at the centre, which also caters for cultural activities such as drama. One of the main focus sports at the center is boxing and legend Baby Jake Matlala was coached at the centre's original venue.

### The West Orlando Golf Club

The West Orlando Golf Club was founded in 1977 by a group of professionals and began hosting fundraising events such as the annual memorial dinner held at Gold Reef City.

Akani Egoli first sponsored this event in November 2002 and the proceeds of R50 000 were donated to the Township Aids Programme (TAP). The proceeds of R30 000 from the subsequent event were donated to People Opposing Women Abuse (POWA).

### SOJO

SOJO is an association for the upliftment of facilities and the establishment of employment opportunities in the south of Johannesburg. The association has held workshops with the Mayoral Committee, City Management team, City Board of Directors, the business sector and the public.

### Project Gateway

Project Gateway is a church-based organisation in Pietermaritzburg that aims to empower local youngsters from Kwazulu-Natal through skills training. The project enables these youngsters to become income-productive through ownership enterprise.

### SOS Children's Village

SOS Children's Village offers a family-style sanctuary to orphans or children who are no longer able to live with their families. The personal and emotional development and educational needs of these children are supported by the village.

### Olwazini Discovery Centre

The centre, opened in February 2002 by King Goodwill Zwelatini, aims to foster a better understanding of science. All the science, technology and cultural exhibits at the centre are interactive and children are encouraged to participate.





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**CASINO MYKONOS**

**Nº 25**

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## DIRECTORS' STATEMENT OF RESPONSIBILITY

The directors of GRCR are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information of GRCR and its subsidiaries, associates and affiliates.

The financial statements, which are presented on pages 28 to 64, have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act, 1973. They are based on appropriate accounting policies that have been consistently applied, unless otherwise indicated, and are supported by reasonable and prudent judgements and estimates. The directors have also prepared the other information included in the annual report and are responsible for its accuracy and consistency with the financial statements.

The financial statements have been prepared on the going concern basis since the directors have every reason to believe that the company and the group have adequate resources to continue in operation for the foreseeable future. The financial statements support the viability of the company and the group.

The auditors PricewaterhouseCoopers Inc. are responsible for reporting on the fair presentation of the financial statements. The report of PricewaterhouseCoopers Inc. is presented on page 27.

The financial statements were approved by the directors on 2 May 2003 and are signed on their behalf by:

**SB Joffe**  
CEO

**JS Friedman**  
FD  
Johannesburg  
2 May 2003

## DECLARATION BY COMPANY SECRETARY

I declare that to the best of my knowledge the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the South African Companies Act, 1973 and that all such returns are true, correct and up to date.

**JS Friedman CA (SA)**  
Johannesburg  
2 May 2003

## REPORT OF THE INDEPENDENT AUDITORS

We have audited the annual financial statements and group annual financial statements of GRCR set out on pages 28 to 64 for the year. These financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

### Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

### Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2002 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



**PricewaterhouseCoopers Inc.**

Registered Accountants and Auditors  
Chartered Accountants (SA)  
Johannesburg  
2 May 2003

**ADMIT 1**

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**BAR  
BAR**

**BAR  
BAR**



**Gold Reef City**  
CASINO &  
GOLF & COUNTRY CLUB

**Nº 27**

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**GOLD REEF**  
CASINO RESORTS

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## DIRECTORS' REPORT

### Nature of business

GRCR is a gaming and entertainment company. Its interests incorporate Akani Egoli which operates the Gold Reef City Casino and Theme Park; Akani Msunduzi which operates Golden Horse; West Coast Leisure which operates Casino Mykonos and Pinnacle Point Casino which operates the Garden Route Casino.

GRCR also owns CAIGR which provides management services to all of the group's properties.

### Financial results and dividend

The financial results of the company and the group for the year are set out in the financial statements and accompanying notes.

The board declared a maiden dividend to shareholders of 15.0 cents per share covered 3.4 times by basic HEPS. From time to time the board will reconsider dividend cover based on the group's cash flow, gearing and capital requirements. The dividend was financed out of GRCR's free cash flow. (Salient dates are set out in the Shareholders' Diary incorporated in this annual report.)

### Share capital

On 1 January 2002 the authorised share capital of the company comprised 590 000 000 ordinary shares of which 177 261 830 were issued.

On 1 January 2002, 680 000 ordinary shares of 2 cents each were issued to the promoters of Golden Horse at a premium of 298 cents per share for the purchase of an additional 2% interest in that company.

In terms of linked transactions with Casinos Austria announced on 7 March 2002, 33 600 000 ordinary shares of 2 cents each were issued to Casinos Austria at a premium of 298 cents per share.

The specific issue of a further 2 000 000 ordinary shares to Casinos Austria at an issue price of 300 cents per share for cash was approved by shareholders in a general meeting held on 30 November 2002.

At 31 December 2002 the aggregate number of ordinary shares in issue was accordingly 213 541 830.

Post year-end GRCR, through a wholly-owned subsidiary, effected a prorata share repurchase of 14 235 346 ordinary shares (which will not be cancelled or delisted from the JSE) at a cost of R42.7 million.

The company's unissued shares have been placed under the control of the directors until the forthcoming annual general meeting.

### Directorate

The directors of the company at the date of this annual report are set out in the table opposite. The number of meetings attended by each of the directors during the year is indicated, with the number in brackets reflecting the total number of meetings held during the year.

**Board attendance**

DIRECTOR	MEETINGS ATTENDED
AJ Aaron*++°	6 (6)
JS Friedman (FD)	6 (6)
SB Joffe (CEO)	6 (6)
RJ Khoza*	1 (6)
A Krok**	1 (6 - by invitation)
M Krok*+°° (Chairman)	6 (6)
MZ Krok*+°	5 (6)
S Krok**	- (6 - by invitation)
FP McFadden*+°^ (appointed 6 December 2002)	1 (1)
C Neuberger" (COO) (appointed 6 December 2002)	1 (1)
BJ Schutte	5 (6)
R Vierziger*** (appointed 6 December 2002)	0 (1 - by invitation)

\* Non-executive \*\* Alternate ° Austrian Citizen ^ Irish Citizen

+ Audit Committee ++ Audit Committee Chairman ° Remuneration Committee °° Remuneration Committee Chairman

In terms of the articles of association MZ Krok and BJ Schutte, and FP McFadden and C Neuberger who were appointed by the board of directors on 6 December 2002, retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

**Directors' shareholding**

DIRECTOR	BENEFICIAL		NON-BENEFICIAL	
	Direct	Indirect	Direct	Indirect
AJ Aaron	10 000	-	-	63 472 369
JS Friedman	-	-	-	46 000
SB Joffe	794 289	-	-	102 048
RJ Khoza	27 500	27 500	-	-
A Krok	81 661	-	-	63 472 369
M Krok	2 063	17 290 907 *	-	46 181 462 *
		315 205		
MZ Krok	55 900	1 015 119 °	-	1 541 332 °
S Krok	47 134	-	-	2 556 451
FP McFadden	-	-	-	63 051 989 †
C Neuberger	-	-	-	63 051 989 †
BJ Schutte	-	14 061 267	-	-
R Vierziger	-	-	-	63 051 989 †

\* Included in shareholding held non-beneficially by AJ Aaron and A Krok

° Included in shareholding held non-beneficially by S Krok

† Relates to Casinos Austria's beneficial shareholding in GRCR

Note: These shareholdings are as per the last practicable date and subsequent to the prorata share repurchase.

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CASINO MOKRONOS

**№ 29**

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**GOLD REEF**  
CASINO RESORTS

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## DIRECTORS' REPORT

**Directors' and officers' interests in contracts**

The interests of directors and officers in the group's contracts are set out in note 27 to the financial statements.

**Directors' remuneration**

DIRECTOR	DIRECTORS' FEES	BASIC REM UNERATION	OTHER SERVICES	RETIREMENT/ MEDICAL	PERFORM ANCE INCENTIVES	TOTAL
	R	R	R	R	R	R
<b>Executive</b>						
Paid by the company						
JS Friedman	-	508 554	10 000	83 131	330 000	931 685
SB Joffe	-	928 814	10 000	155 984	600 000	1 694 798
BJ Schutte	-	-	636 847	-	-	636 847
C Neuberger	-	-	-	-	-	-
Paid by subsidiaries						
JS Friedman	-	-	-	-	-	-
SB Joffe	-	-	-	-	-	-
BJ Schutte	-	-	-	-	-	-
C Neuberger	8 000	-	-	-	-	8 000
<b>Non-executive</b>						
Paid by the company						
AJ Aaron	80 000	-	292 482	-	-	372 482
RJ Khoza	10 000	-	-	-	-	10 000
M Krok	148 500	-	10 000	-	-	158 500
MZ Krok	68 500	-	10 000	-	-	78 500
F P McFadden	23 000	-	-	-	-	23 000
Paid by subsidiaries						
AJ Aaron	-	-	-	-	-	-
RJ Khoza	26 500	-	-	-	-	26 500
M Krok	15 000	-	-	-	-	15 000
MZ Krok	10 000	-	-	-	-	10 000
FP McFadden	-	-	-	-	-	-
<b>Alternate</b>						
A Krok	-	-	-	-	-	-
S Krok	-	-	-	-	-	-
R Vierziger	-	-	-	-	-	-
<b>TOTAL</b>	<b>389 500</b>	<b>1 437 368</b>	<b>969 329</b>	<b>239 115</b>	<b>930 000</b>	<b>3 965 312</b>

**Subsidiaries, associates and other investments**

Information relating to GRCR's financial interest in its subsidiaries, associates and other investments is set out on page 65.

**Company secretary**

The secretary of the company is JS Friedman whose business and postal addresses, which are also the company's registered addresses, are set out on page 72.

**Auditors**

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the South African Companies Act, 1973.

**Special resolutions**

The following special resolutions were passed during the year and are in the process of being registered by the Registrar of Companies:

- general authority for the company to effect buy-backs of the company's shares on the JSE; and
- general authority for the company's subsidiaries to acquire shares in the company.

**Adoption of new articles of association**

Shareholders will be requested to approve the adoption of new articles of association at the forthcoming annual general meeting.

The proposed new articles of association will lie for inspection at the company's registered office from the date of posting of the 2002 Annual Report until the date of the annual general meeting.

**Post balance sheet events**

GRCR financed the purchase from Gensec by Eglin of its investment

in Akani Leisure Investments, GRCR's empowerment partner in Akani Egoli. Eglin is headed by Akani Egoli Chairman and GRCR non-executive director Reuel Khoza. The transaction is subject to the approval of the Gauteng Gambling Board which is expected mid 2003. This transaction will increase GRCR's effective economic interest in Akani Egoli by 4.19%.

GRCR also effected a prorata share repurchase, details of which are set out under 'Share Capital' above.

**The Gold Reef Share Scheme**

The group operates an employee share incentive scheme. The following changes took place during the year:

Awards/Options at beginning of year	5 155 000
Granted	859 000
Directors	100 000
Staff	759 000
Lapsed	-
Exercised and delivered	1 151 666
Directors	666 667
Staff	484 999
<b>Balance of awards/options at end of year</b>	<b>4 862 334</b>

Further awards will be made to incentivise staff and management and to encourage commitment and performance.

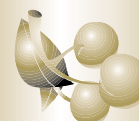
The maximum number of shares that may be issued in terms of the Gold Reef Share Scheme may not in aggregate exceed 5% of GRCR's issued share capital.

Historical information in respect of directors' outstanding options at 31 December 2002 is as follows:

DIRECTOR	SHARE OPTIONS AT 31 DECEMBER 2001		SHARE OPTIONS GRANTED DURING THE YEAR		SHARE OPTIONS EXERCISED AND SOLD DURING THE YEAR			SHARE OPTIONS AT 31 DECEMBER 2002	
	Number	Average Price (R)	Number	Price (R)	Number	Price (R)	Benefit	Number	Average Price (R)
JS Friedman	700 000	1.54	-	-	166 667	3.00	291 667	533 333	1.64
SB Joffe	3 000 000	1.42	-	-	500 000	3.00	875 000	2 500 000	1.46
C Neuberger	-	-	100 000	2.50	-	-	-	100 000	2.50

**ADMIT 1****TICKET**

GOLD REEF CASINO RESORTS

**BAR  
BAR****BAR  
BAR  
BAR**

GOLDEN HORSE

**Nº 31**

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**GOLD REEF**  
CASINO RESORTS

**TICKET**

# INCOME STATEMENT

For the year ended 31 December 2002

Revenue	
Direct costs	
Gross profit	
Other operating income	
Other operating expenses	
Operating profit before depreciation and amortisation	
Depreciation and amortisation	
Operating profit	
Net finance (costs)/income	
Profit before taxation	
Taxation	
Net profit after taxation	
Equity accounted earnings	
Akani Egoli (Gold Reef City)	
Akani Msunduzi (Golden Horse)	
West Coast Leisure (Casino Mykonos)	
Pinnacle Point Casino (Garden Route Casino)	
CAIGR	
Profit from ordinary activities	
Outside shareholders' interest	
Profit attributable to shareholders	
Number of shares in issue (000)	
Weighted average number of shares in issue (000)	
<b>HEPS (cents)</b>	
- Basic	
- Before deducting depreciation on buildings	
<b>EPS (cents)</b>	
<b>Diluted earnings per share (cents)</b>	
<b>Net cash generated in operating activities per share (cents)</b>	
<b>Dividend per share (cents)</b>	

Note	GROUP		COMPANY	
	2002 R'000	2001 R'000	2002 R'000	2001 R'000
2	787 125	-	-	-
2	(292 342)	-	-	-
	494 783	-	-	-
	-	17 734	25 507	17 734
	(186 268)	(5 159)	(9 125)	(6 887)
	308 515	12 575	16 382	10 847
	(86 467)	(3 659)	(91)	(3 659)
2	222 048	8 916	16 291	7 188
4	(50 879)	53 346	61 239	53 342
	171 169	62 262	77 530	60 530
5	(56 149)	(17 077)	(18 313)	(17 077)
	115 020	45 185	59 217	43 453
	-	27 374	-	27 374
	-	29 290	-	29 290
	-	(3 840)	-	(3 840)
	-	(1 068)	-	(1 068)
	-	-	-	-
	-	2 992	-	2 992
	115 020	72 559	59 217	70 827
	(13 663)	-	-	-
	101 357	72 559	59 217	70 827
6	213 542	177 262		
6	213 542	177 262		
6	50.3	42.0		
	54.6	46.7		
6	47.5	40.9		
6	47.4	40.7		
	103.8	16.1		
7	15.0	-		

**BALANCE SHEET**

At 31 December 2002

**Assets****Non-current assets**

Property, plant and equipment	8	866 440	188	-	188
Leasehold improvements	9	144 280	-	-	-
Intangible assets	10	81 847	-	-	-
Investment in subsidiaries	11	-	-	84 180	1
Investment in associates	12	11 361	524 250	10 829	524 250
Available-for-sale investments	13	1	2	1	2
Loans to subsidiaries	11	-	-	459 990	-
Share incentive scheme	14	7 872	7 406	6 210	7 406
Deferred tax assets	20	-	111	390	111
		<b>1 111 801</b>	<b>531 957</b>	<b>561 600</b>	<b>531 958</b>

**Current assets**

Inventories	15	3 513	-	-	-
Receivables and prepayments	16	9 472	1 140	412	1 055
Cash and cash equivalents	17	153 365	31 219	93 750	31 140
Amounts owing by related parties	27.3	3 027	-	-	-
		<b>169 377</b>	<b>32 359</b>	<b>94 162</b>	<b>32 195</b>
		<b>1 281 178</b>	<b>564 316</b>	<b>655 762</b>	<b>564 153</b>

**Total assets****Equity and liabilities****Capital and reserves**

Ordinary share capital	25	4 271	3 545	4 271	3 545
Share premium	25	465 454	357 340	465 454	357 340
Non-distributable reserves		1 774	14 120	-	-
Retained earnings		290 206	178 398	157 836	175 234
		<b>761 705</b>	<b>553 403</b>	<b>627 561</b>	<b>536 119</b>

**Outside shareholders' interest****Non-current liabilities**

Interest bearing borrowings	19	262 608	-	-	-
Deferred taxation	20	8 708	-	-	-
Loans from subsidiaries	11	-	-	24 096	17 294
		<b>271 316</b>	<b>-</b>	<b>24 096</b>	<b>17 294</b>

**Current liabilities**

Trade and other payables	22	38 809	6 799	1 515	6 626
Provisions	21	17 538	-	733	-
Tax liabilities	26	29 926	4 114	1 857	4 114
Current portion of interest bearing borrowings	19	102 676	-	-	-
Amounts owing to related parties	27.4	1 030	-	-	-
		<b>189 979</b>	<b>10 913</b>	<b>4 105</b>	<b>10 740</b>
		<b>1 281 178</b>	<b>564 316</b>	<b>655 762</b>	<b>564 153</b>

**Total equity and liabilities**

Note	GROUP		COMPANY	
	2002 R'000	2001 R'000	2002 R'000	2001 R'000
8	866 440	188	-	188
9	144 280	-	-	-
10	81 847	-	-	-
11	-	-	84 180	1
12	11 361	524 250	10 829	524 250
13	1	2	1	2
11	-	-	459 990	-
14	7 872	7 406	6 210	7 406
20	-	111	390	111
	<b>1 111 801</b>	<b>531 957</b>	<b>561 600</b>	<b>531 958</b>
15	3 513	-	-	-
16	9 472	1 140	412	1 055
17	153 365	31 219	93 750	31 140
27.3	3 027	-	-	-
	<b>169 377</b>	<b>32 359</b>	<b>94 162</b>	<b>32 195</b>
	<b>1 281 178</b>	<b>564 316</b>	<b>655 762</b>	<b>564 153</b>
25	4 271	3 545	4 271	3 545
25	465 454	357 340	465 454	357 340
	1 774	14 120	-	-
	290 206	178 398	157 836	175 234
	<b>761 705</b>	<b>553 403</b>	<b>627 561</b>	<b>536 119</b>
18	58 178	-	-	-
19	262 608	-	-	-
20	8 708	-	-	-
11	-	-	24 096	17 294
	<b>271 316</b>	<b>-</b>	<b>24 096</b>	<b>17 294</b>
22	38 809	6 799	1 515	6 626
21	17 538	-	733	-
26	29 926	4 114	1 857	4 114
19	102 676	-	-	-
27.4	1 030	-	-	-
	<b>189 979</b>	<b>10 913</b>	<b>4 105</b>	<b>10 740</b>
	<b>1 281 178</b>	<b>564 316</b>	<b>655 762</b>	<b>564 153</b>

**ADMIT 1****TICKET**

**GARDEN ROUTE**  
CASINO
**Nº 33**

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TICKET

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2002

### Share capital

#### Ordinary shares

At beginning of year  
Ordinary shares issued  
At end of year

### Share premium

At beginning of year  
Share premium raised  
At end of year

### Total share capital at end of year

### Non-distributable reserves

At beginning of year  
NDR raised on acquisition of subsidiaries  
NDR raised on consolidation of share trust  
NDR released  
At end of year

### Retained earnings

At beginning of year  
Change in accounting policy  
Prior year adjustment  
Adjustment due to associates becoming subsidiaries  
Adjustment due to increased holding in subsidiaries  
Share of subsidiaries' retained income prior to becoming subsidiaries  
Attributable profit for year  
Transfer from reserves  
At end of year

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

Note	GROUP		COMPANY	
	2002 R'000	2001 R'000	2002 R'000	2001 R'000
25	3 545	3 545	3 545	3 545
	726	-	726	-
	4 271	3 545	4 271	3 545
25	357 340	357 340	357 340	357 340
	108 114	-	108 114	-
	465 454	357 340	465 454	357 340
	469 725	360 885	469 725	360 885
	14 120	15 885	-	-
	390	-	-	-
	1 663	-	-	-
	(14 399)	(1 765)	-	-
	1 774	14 120	-	-
1	178 398	110 287	175 234	109 605
	-	(38)	-	(5 198)
	(1 029)	(4 410)*	-	-
	-	-	(76 615)	-
	(1 760)	-	-	-
	55	-	-	-
	101 357	72 559	59 217	70 827
	13 185	-	-	-
	290 206	178 398	157 836	175 234

**CASH FLOW STATEMENT**

For the year ended 31 December 2002

**Cash flow from operating activities**

Profit before taxation	
Non-cash items and other adjustments	
Cash flow from trading operations	
Decrease/(increase) in working capital	
Cash flow from operating activities	
Net interest (paid)/received	
Taxation paid	
Net cash generated in operating activities	

**Cash flow from investing activities**

Acquisition of property, plant and equipment	
Proceeds on disposal of property, plant and equipment	
Acquisition of intangibles	
Investment in associates	
Increase in loans to associates	
Net advances from related parties	
Repayment of advances to subsidiaries	
Acquisition of subsidiaries (net of cash acquired)	
Increase in other investments	
Net cash (utilised)/generated in investing activities	

**Cash flow from financing activities**

Ordinary shares issued	
Share premium raised	
(Increase)/decrease in share incentive scheme loan	
Increase in interest bearing borrowings	
Increase in outside shareholders' loans	
Net cash generated in financing activities	

**Net increase/(decrease) in cash and cash equivalents**

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year

\* Amount less than R1 000

Note	GROUP		COMPANY	
	2002 R'000	2001 R'000	2002 R'000	2001 R'000
26.1	171 169	62 262	77 530	60 530
26.1	136 005	(50 952)	(78 252)	(49 183)
	307 174	11 310	(722)	11 347
26.1	7 983	(5 093)	(1 695)	(5 089)
26.1	315 157	6 217	(2 417)	6 258
4	(50 879)	53 346	61 239	53 342
26.2	(42 575)	(30 949)	(20 849)	(30 949)
	221 703	28 614	37 973	28 651
11	(67 400)	(177)	(10)	(177)
	2 479	-	107	-
	(381)	-	-	-
	*	(2 377)	*	(2 377)
	(11 361)	(56 863)	(10 829)	(56 863)
	509	-	-	-
	-	-	28 173	-
	(300 222)	-	-	-
	-	(2)	-	(2)
	(376 376)	(59 419)	17 441	(59 419)
	40	-	40	-
17	5 960	-	5 960	-
	(466)	-	1 196	-
	267 480	-	-	-
	3 805	-	-	-
	276 819	-	7 196	-
	122 146	(30 805)	62 610	(30 768)
	31 219	62 024	31 140	61 908
	153 365	31 219	93 750	31 140

**ADMIT 1****TICKET**

**Gold Reef City**  
CASINO & THERM SPA

**Nº 35**

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**GOLD REEF**  
CASINO RESORTS

TICKET

## ACCOUNTING POLICIES

### 1. Basis of preparation

The annual financial statements and group annual financial statements have been prepared using the historical cost concept, except as disclosed in the accounting policies below, and in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act, 1973. The principal accounting policies of the group set out below are consistent in all material aspects with those adopted in the previous year, unless otherwise indicated.

### 2. Group accounting

#### 2.1 Subsidiary undertakings

Subsidiary undertakings, which are those entities in which the group has an interest of at least one half of the voting rights or otherwise has the power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

#### 2.2 Associate undertakings

Investments in associate undertakings are accounted for on the equity-accounted basis. These are undertakings over which the group generally has between 20% and 50% of the voting rights, or over which the group has significant influence but which it does not control. The group's investment in associate undertakings includes goodwill (net of accumulated amortisation) on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associate undertaking reaches zero, unless the group has incurred obligations or guaranteed obligations in respect of the associate undertaking.

### 3. Revenue recognition

Revenue includes casino winnings which are accounted for on a cash received basis, entrance fees, theatre revenue,

hotel revenue, parking revenue, rental income, management fees and commissions and food and beverage revenue.

VAT and other taxes levied on casino winnings are included in revenue and treated as direct costs as these are borne by the group and not the customers. VAT on all other revenue transactions is excluded from revenue.

Other revenues earned by the group are recognised on the following bases:

- royalty income: on an accrual basis in accordance with the substance of the relevant agreement;
- interest income: as it accrues (taking into account the effective yield on the assets) unless collectability is in doubt.

### 4. Property, plant and equipment

All property, plant and equipment is included at cost.

Depreciation is recorded by a charge to income computed on a straight-line basis so as to write off the assets over their expected useful lives. The expected useful lives are as follows:

Buildings	50 years
Furniture, fittings and equipment	5 years
Computer equipment	3 years

Theme Park rides are depreciated to a residual value taking into account a dollar based secondary market and the fact that these assets are maintained in a consistent state of good repair, such that the depreciable amount is minimal, making a depreciation charge insignificant.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in operating profit.

Borrowing costs and certain direct costs relating to major capital projects are capitalised during the period of development or construction.

### 5. Leasehold improvements

Leasehold improvements are capitalised and amortised using the straight-line method over the period of the lease.

### 6. Leased assets

Leases of property, plant and equipment where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest bearing borrowings. The interest element of the finance charges is charged to the income statement over the lease period. The property, plant and equipment acquired under finance lease contracts are depreciated over the useful life of the assets.

Leases of assets under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

### 7. Intangible assets

Expenditure on the acquisition of gaming licences is capitalised and amortised using the straight-line method over a period of 10 years.

### 8. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of associate undertakings is included in investments in associate undertakings. Goodwill is amortised using the straight-line method over a period of 10 years.

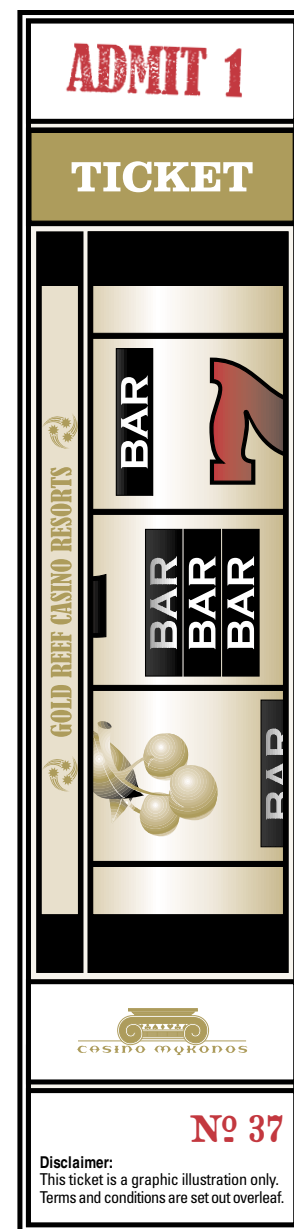
### 9. Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

### 10. Investments

In terms of AC 133 investments are classified into the following categories : trading, held-to-maturity and available-for-sale. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and are included in current assets. Investments with fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets. During the year the group did not hold any investments in trading nor any held-to-maturity investments. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value, whilst held-to-maturity investments are carried at amortised cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of trading investments and available-for-sale investments are included in the income statement in the period in which they arise.





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**GOLD REEF**  
CASINO RESORTS

TICKET

**12. Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts.

**13. Deferred taxation**

Deferred taxation is provided, using the balance sheet liability method, for all temporary differences arising between tax bases of assets and liabilities and their carrying value for financial reporting purposes. Currently enacted tax rates are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**14. Employee benefits****Provident fund obligations**

The group operates a defined contribution plan. The group's contribution to the defined contribution provident plan is charged to the income statement in the period to which the contribution relates.

**15. Provisions**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**Employee leave entitlement**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave to the employees up to the balance sheet date. This provision has been included in the provisions balance in the balance sheet.

**16. Borrowing costs**

Interest incurred on the financing of major projects is capitalised. Such interest relates to expenditure incurred prior to the project becoming operational. An effective rate is utilised to determine the amount of borrowing costs eligible for capitalisation.

**17. Gold Reef Share Scheme**

Options are granted to permanent employees at the discretion of the directors in terms of which shares in GRCR may be acquired at prices prevailing at the dates of grant of the options. Delivery of the shares so acquired is effected at future dates, which are determined at the time of granting the options. Shares acquired through the share incentive scheme have to be paid for by the employees at the subscription prices as determined in the option contracts. The company does not provide any assistance to the employees in order to purchase such shares. Shares under option, which have not yet been delivered to participants, carry no rights accruing to option holders.

**18. Segmental reporting**

In terms of AC 115, the group operates in one segment only. However, information has been disclosed on page 6 of the annual report for the individual casino operations within the group.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 1.CHANGE IN ACCOUNTING POLICY

- During the year the group restated its policy with regard to the depreciation of buildings. Previously buildings had not been depreciated.
- Additionally, the company changed its policy to amortise goodwill on associate undertakings. Previously goodwill had only been amortised on a group level. This will impact only the company's prior year figures as the associates became subsidiaries during the year.

Comparative amounts have been appropriately restated.

The effects of the changes are as follows:

		GROSS	TAXATION	OUTSIDE SHAREHOLDERS' INTEREST	NET
<b>Group</b>					
Reduction in net profit due to:					
- Increase in depreciation	2002	11 936	(265)	(2 589)	9 082
	2001	8 418	-	-	8 418
Restatement of opening retained income balance in respect of prior year adjustment due to:					
- Increase in depreciation	2002	8 456	-	-	8 456
	2001	38	-	-	38
<b>Company</b>					
Reduction in net profit due to:					
- Increase in depreciation	2002	-	-	-	-
	2001	8 418	-	-	8 418
- Amortisation of goodwill					
	2002	-	-	-	-
	2001	3 568	-	-	3 568
Restatement of opening retained income balance in respect of prior year adjustment due to:					
- Increase in depreciation	2002	8 456	-	-	8 456
	2001	38	-	-	38
- Amortisation of goodwill					
	2002	8 728	-	-	8 728
	2001	5 160	-	-	5 160

**ADMIT 1**

**TICKET**



**Nº 39**

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# TICKET

GROUP		COM PANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
(687 891)	-	-	-
(47 865)	-	-	-
(5 754)	-	-	-
(5 479)	-	-	-
(20 792)	-	-	-
(10 963)	-	-	-
(780)	-	-	-
(5 498)	-	-	-
(2 103)	-	-	-
(787 125)	-	-	-
77 238	-	-	-
60 874	-	-	-
116 339	-	-	-
27 976	-	-	-
5 074	-	-	-
4 367	-	-	-
474	-	-	-
292 342	-	-	-

**2. OPERATING PROFIT (CONTINUED)****Depreciation on property, plant and equipment**

Owned

Leasehold

**Amortisation of intangible assets**

Goodwill

Trademarks

Casino licences

Bid costs

**Operating lease charges**

Leasehold land and buildings

Plant, equipment and vehicles

**NDR released****Auditors' remuneration**

Audit fees

- Current year

- Prior year under provision

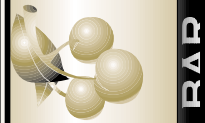
Other services

**Profit on disposal of subsidiary****Profit on disposal of property, plant and equipment**

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
47 210	91	91	91
29 514	-	-	-
76 724	91	91	91
7 358	3 568	-	3 568
100	-	-	-
718	-	-	-
1 567	-	-	-
9 743	3 568	-	3 568
3 679	-	-	-
322	-	-	-
4 001	-	-	-
(1 030)	(1 765)	-	-
989	124	240	88
180	-	95	-
717	86	233	87
1 886	210	568	175
-	-	(17 104)	-
(311)	-	-	-

**ADMIT 1****TICKET**

GOLD REEF CASINO RESORTS

GARDEN ROUTE  
CASINO**Nº 41**

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**GOLD REEF**  
CASINO RESORTS

**TICKET**

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 3. STAFF COSTS

Salaries and wages  
Provident fund costs - defined contribution plan

Average weekly number of persons employed by the group during the year:

- Full time
- Part time

### 4. FINANCE COSTS

Interest income  
- Bank  
- Other  
  
Interest expense  
- Bank loans and overdrafts  
- Finance leases  
- Other

Finance costs capitalised  
Net finance (costs)/income

### 5. TAXATION

Current taxation  
Prior year overprovision  
Deferred taxation

The tax on the group's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of SA as follows:

Standard Rate (%)  
Adjusted for:  
Exempt income (%)  
Non-deductible expenses (%)  
Prior year adjustments (%)  
Utilisation of assessed losses (%)

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
158 445	2 294	3 661	2 294
7 596	151	328	151
166 041	2 445	3 989	2 445
1 730	8	7	8
143	-	-	-
8 994	6 239	6 263	6 235
4 777	54 952	55 251	54 952
13 771	61 191	61 514	61 187
(49 129)	(4 288)	(275)	(4 288)
(11 208)	-	-	-
(5 156)	(3 557)	-	(3 557)
(65 493)	(7 845)	(275)	(7 845)
843	-	-	-
(50 879)	53 346	61 239	53 342
51 984	17 188	18 592	17 188
(2 186)	-	-	-
6 351	(111)	(279)	(111)
56 149	17 077	18 313	17 077
30	30	30	30
(0.7)	(5.3)	(6.8)	(5.3)
4.3	2.7	0.4	3.5
(0.4)	-	-	-
(0.4)	-	-	-
32.8	27.4	23.6	28.2

**6. EPS**

Basic EPS are calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the year.

**Basic EPS**

Profit attributable to shareholders

Weighted average number of shares in issue (000)

Total number of shares in issue (000)

Basic EPS (cents)

**Diluted EPS**

For the diluted EPS the weighted average number of shares in issue is adjusted to assume conversion of all potentially dilutive shares.

Profit attributable to shareholders

Effective earnings relating to a share option in favour of SB Joffe over 600 000 shares at R2.34 per share outstanding

Weighted average number of shares in issue (000)

**Adjusted for:**

Shares to be issued to promoters (000)

Share options outstanding (000)

Diluted EPS (cents)

GROUP	
2002 R'000	2001 R'000
101 357	72 559
213 542	177 262
213 542	177 262
47.5	40.9
101 357	72 559
147	128
101 504	72 687
213 542	177 262
-	680
600	600
214 142	178 542
47.4	40.7

**HEPS**

Profit attributable to shareholders

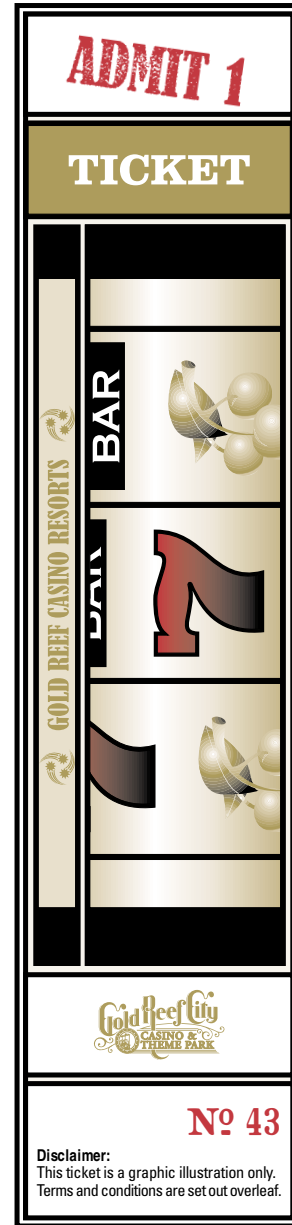
Amortisation of goodwill

Profit on disposal of property, plant and equipment

Amortisation of NDR to income statement

HEPS (cents)

PROFIT BEFORE TAXATION	TAXATION	OUTSIDE SHAREHOLDERS' INTEREST	HEADLINE EARNINGS	
R'000	R'000	R'000	2002 R'000	2001 R'000
171 169	(56 149)	(13 663)	101 357	72 559
7 358	-	-	7 358	3 568
(311)	-	63	(248)	-
(1 030)	-	-	(1 030)	(1 765)
177 186	(56 149)	(13 600)	107 437	74 362
			50.3	42.0





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**GOLD REEF**  
CASINO RESORTS

**TICKET**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**For the year ended 31 December 2002**

**7. DIVIDEND PER SHARE**

Subsequent to year-end, a dividend of 15.0 cents was declared. In terms of AC 107 this is regarded as a non-adjusting event and will be accounted for in the 2003 annual financial statements. (Salient dates are set out in the Shareholders' Diary incorporated in this annual report.)

**8. PROPERTY, PLANT AND EQUIPMENT**

**Group**

For the year ended 31 December 2001

At beginning of year

Additions

Disposals

Depreciation

At end of year

At 31 December 2001

Cost

Accumulated depreciation

Closing carrying value

For the year ended 31 December 2002

At beginning of year

Acquisition of subsidiaries (note 11)

Cost acquired

Accumulated depreciation acquired

Additions

Disposals

Depreciation

At end of year

At 31 December 2002

Cost

Accumulated depreciation

Closing carrying value

FURNITURE, FITTINGS AND EQUIPMENT	COMPUTER EQUIPMENT AND SOFTWARE	LAND AND BUILDINGS	THEME PARK RIDES	TOTAL
R'000	R'000	R'000	R'000	R'000
85	17	-	-	102
-	177	-	-	177
-	-	-	-	-
(30)	(61)	-	-	(91)
55	133	-	-	188
158	216	-	-	374
(103)	(83)	-	-	(186)
55	133	-	-	188
55	133	-	-	188
182 631	18 458	604 043	90 897	896 029
261 384	27 736	615 863	90 897	995 880
(78 753)	(9 278)	(11 820)	-	(99 851)
18 520	2 421	21 788	2 065	44 794
(2 143)	(25)	-	-	(2 168)
(50 908)	(9 561)	(11 934)	-	(72 403)
148 155	11 426	613 897	92 962	866 440
277 919	30 348	637 651	92 962	1 038 880
(129 764)	(18 922)	(23 754)	-	(172 440)
148 155	11 426	613 897	92 962	866 440

**8.PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****Company**

For the year ended 31 December 2001

At beginning of year

Additions

Disposals

Depreciation

At end of year

At 31 December 2001

Cost

Accumulated depreciation

Closing carrying value

For the year ended 31 December 2002

At beginning of year

Additions

Disposals

Depreciation

At end of year

At 31 December 2002

Cost

Accumulated depreciation

Closing carrying value

FURNITURE, FITTINGS AND EQUIPMENT	COMPUTER EQUIPMENT AND SOFTWARE	TOTAL
R'000	R'000	R'000
85	17	102
-	177	177
-	-	-
(30)	(61)	(91)
55	133	188
158	216	374
(103)	(83)	(186)
55	133	188
55	133	188
-	10	10
(21)	(86)	(107)
(34)	(57)	(91)
-	-	-
-	-	-
-	-	-
-	-	-

Leased assets included above, where the group is a lessee under a finance lease, comprise furniture, fittings and equipment:

Cost

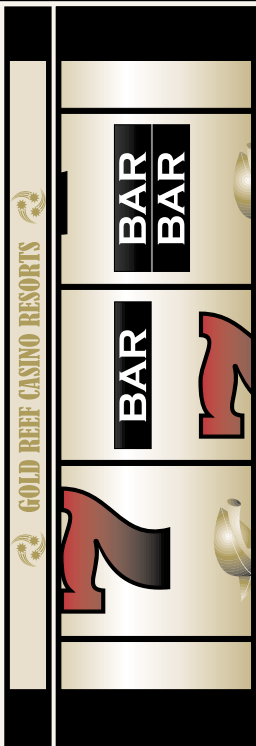
Accumulated depreciation

Closing carrying value

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
164 404	-	-	-
(85 906)	-	-	-
78 498	-	-	-

Refer to note 19 for disclosure on securities for borrowings.

A register of freehold land and buildings owned by the group is available for inspection at the registered office of the company.

**ADMIT 1****TICKET**

CASINO MOKONOS

**Nº 45**

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**GOLD REEF**  
CASINO RESORTS

**TICKET**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**For the year ended 31 December 2002**

**9. LEASEHOLD IMPROVEMENTS**

**Group**

For the year ended 31 December 2002

At beginning of year

Acquisition of subsidiaries (note 11)

Additions

Depreciation

At end of year

At 31 December 2002

Cost

Accumulated depreciation

Closing carrying value

TOTAL
-
125 995
22 606
(4 321)
144 280
149 812
(5 532)
144 280

**10. INTANGIBLE ASSETS**

**Group**

For the year ended 31 December 2002

At beginning of year

Goodwill previously included under investment in associates

Acquisition of subsidiaries (note 11)

Additions

Bid cost refunds

Amortisation charge

At end of year

At 31 December 2002

Cost

Accumulated amortisation

Closing carrying value

GOODWILL	TRADE MARKS	CASINO LICENCES	BID COSTS	TOTAL
-	-	-	-	-
26 949	-	-	-	26 949
-	700	9 931	15 728	26 359
37 901	-	42	1 039	38 982
-	-	-	(700)	(700)
(7 358)	(100)	(718)	(1 567)	(9 743)
57 492	600	9 255	14 500	81 847
73 578	1 000	10 211	17 420	102 209
(16 086)	(400)	(956)	(2 920)	(20 362)
57 492	600	9 255	14 500	81 847

**11. PRINCIPAL SUBSIDIARY UNDERTAKINGS**

Shares at cost

Net indebtedness:

Loans from subsidiaries

Loans to subsidiaries

**Aggregate attributable after tax profits/losses of subsidiaries:**

Profits

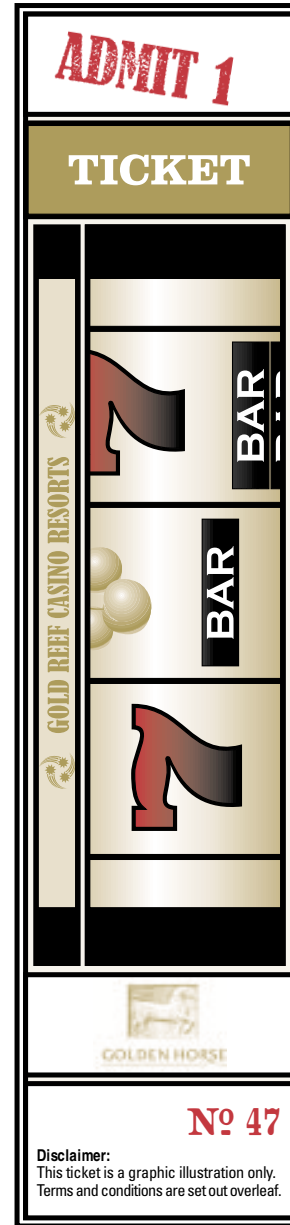
Losses

COMPANY	
2002 R'000	2001 R'000
84 180	1
(24 096)	(17 294)
459 990	-
520 074	(17 293)
65 860	-
-	33

The loans to and from subsidiaries bear interest at a rate determined from time to time.

The following information relates to the company's interest in its subsidiaries:

NAME	COUNTRY OF INCORPORATION	LISTED/ UNLISTED	PROPORTION OWNED	ECONOMIC INTEREST	NATURE OF BUSINESS
			%	%	
Akani Egoli	SA	Unlisted	50.00	79.75	Gaming and entertainment
Akani Msunduzi	SA	Unlisted	50.00	85.00	Gaming and entertainment
West Coast Leisure	SA	Unlisted	54.33	54.33	Gaming and entertainment
CAIGR	SA	Unlisted	100.00	100.00	Management of casino interests
Akani Egoli Management	SA	Unlisted	59.80	59.80	Management of casino interests
Akani Msunduzi Management	SA	Unlisted	61.00	61.00	Management of casino interests
Aldiss Investments	SA	Unlisted	100.00	100.00	Investment holding



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**GOLD REEF**  
CASINO RESORTS

TICKET

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 11. PRINCIPAL SUBSIDIARY UNDERTAKINGS (CONTINUED)

#### Acquisition of subsidiaries

Aldiss Investments was incorporated as a wholly-owned subsidiary in May 2002 with a nominal share capital of R1.

With effect from 1 January 2002 the group acquired controlling interests in the following companies:

NAME	ECONOMIC INTEREST 31 DECEMBER 2001	ACQUIRED	ECONOMIC INTEREST 31 DECEMBER 2002
	%	%	%
Akani Egoli	75.60	4.15	79.75
Akani Msunduzi	68.00	17.00	85.00
West Coast Leisure	26.67	27.66	54.33
CAIGR	50.00	50.00	100.00
Akani Egoli Management	35.00	24.80	59.80
Akani Msunduzi Management	36.00	25.00	61.00

On 1 January 2002, an agreement was entered into between GRCR and Casinos Austria whereby GRCR acquired Casinos Austria's South African assets in exchange for an issue of shares. In terms of the transaction GRCR acquired controlling interests in Akani Egoli, Akani Msunduzi, West Coast Leisure, CAIGR, Akani Egoli Management and Akani Msunduzi Management. A further 1% interest in West Coast Leisure was acquired from Merla Management Consultants (Pty) Limited with effect from 25 May 2002.

The consideration paid for the above interests was as follows:

Akani Egoli  
Akani Msunduzi  
West Coast Leisure  
CAIGR  
Akani Egoli Management  
Akani Msunduzi Management

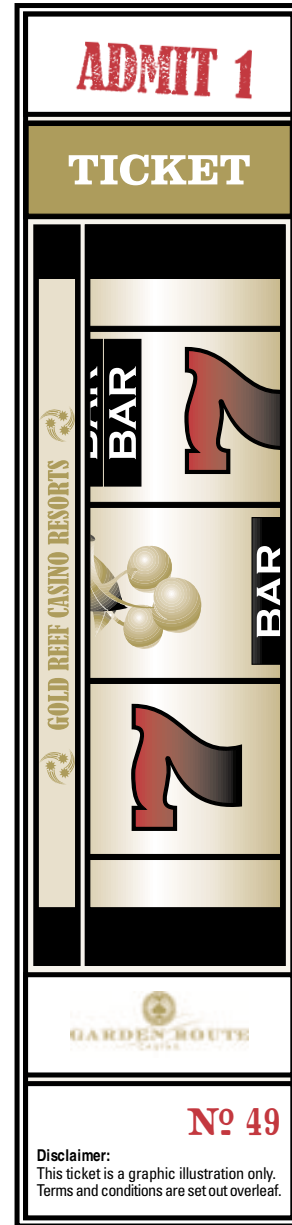
R'000
†*
†*
†*
48 501
*
*
48 502

\* Amount less than R1 000

† Loan accounts were acquired via a share issue to the value of R52 298 672. The additional share capital was acquired at nominal value.

**11. PRINCIPAL SUBSIDIARY UNDERTAKINGS (CONTINUED)****Analysis of net assets of associates and investments becoming subsidiaries:**

	2002 R'000
Property, plant and equipment	896 029
Intangible assets	26 359
Leasehold improvements	125 995
Inventories	3 503
Receivables and prepayments	19 763
Other current assets	11 179
Shareholders' loans	(503 465)
Other interest bearing borrowings	(65 014)
Deferred taxation	(2 468)
Trade and other payables	(51 120)
Bank overdraft	(300 222)
Provisions	(10 751)
Tax liabilities	(18 976)
Current portion of interest bearing borrowings	(32 790)
Other current liabilities	(4 334)
Net asset value	93 688
Previous equity-accounted earnings	(85 343)
Previous available-for-sale investments	1
Prior year adjustment to equity-accounted earnings	1 029
Outside shareholders	(89)
Net liabilities acquired	9 286
Goodwill acquired	37 901
NDR and inherent goodwill written off to retained income on acquisition	1 315
Purchase consideration	48 502
Net bank overdrafts acquired	300 222
Net non-cash assets purchased	348 724
Shares issued	(48 502)
Net cash outflow	300 222
<b>Disposal of subsidiaries</b>	
Cullinan Hotel and Leisure Group Limited was deregistered on 31 August 2002.	
Investment in subsidiary	1
Net indebtedness to subsidiary at beginning of year	(17 294)
Profit on disposal of subsidiary	17 104
Current year subsidiary profits	189
	-





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**TICKET**

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 12. INVESTMENT IN ASSOCIATES

Investment in associates  
Net share of results in associates  
At end of year  
Loans to associates  
Closing carrying value

*\* Amount less than R1 000*

GRCR's share of equity-accounted losses from its only associate in 2002 amounted to R647 000 after deducting pre-opening expenses of R7 136 000. This loss has not been recognised as the company is not liable for it. In 2001 the net share of results in associates included a R1 737 600 amortisation charge for goodwill in respect of the acquisition of associate undertakings. Investments in associate undertakings at 31 December 2001 included goodwill of R26 948 450, net of accumulated amortisation of R8 727 550.

#### Reconciliation

At beginning of year  
Change in accounting policy  
Prior year adjustment  
Transfer to subsidiaries  
Investment in associates  
Net share of results in associates  
Loans raised during the year  
Goodwill written off  
At end of year

#### Closing carrying value is analysed as follow s:

Akani Egoli  
Akani Msunduzi  
West Coast Leisure  
Pinnacle Point Casino  
CAIGR  
Closing carrying value

*\* Amount less than R1 000*

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
*	84 918	*	84 918
-	27 374	-	27 374
-	112 292	-	112 292
11 361	411 958	10 829	411 958
11 361	524 250	10 829	524 250

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
524 250	445 652	524 250	446 402
-	(38)	-	(38)
-	(4 410)	-	(5 160)
(524 250)	-	(524 250)	-
*	2 377	*	2 377
*	27 374	*	27 374
11 361	56 863	10 829	56 863
-	(3 568)	-	(3 568)
11 361	524 250	10 829	524 250
-	395 305	-	395 305
-	99 702	-	99 702
-	6 686	-	6 686
11 361	-	10 829	-
-	22 557	-	22 557
11 361	524 250	10 829	524 250

**12. INVESTMENT IN ASSOCIATES (CONTINUED)**

Loans to associates is analysed as follows:

Akani Egoli

Akani Msunduzi

West Coast Leisure

Pinnacle Point Casino†

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
-	302 013	-	302 013
-	101 403	-	101 403
-	8 542	-	8 542
<b>11 361</b>	-	<b>10 829</b>	-
<b>11 361</b>	411 958	<b>10 829</b>	411 958

† The loan to Pinnacle Point Casino bears interest at prime.

The directors value the shares in the associate Pinnacle Point Casino, at its carrying value in the financial statements.

The following information relates to the group's interest in its associate:

NAME	COUNTRY OF INCORPORATION	LISTED/ UNLISTED	PROPORTION OWNED	ECONOMIC INTEREST	NATURE OF BUSINESS
			%	%	
Pinnacle Point Casino	SA	Unlisted	10.00	10.00	Gaming and entertainment

The associate was acquired during the current financial year.

The following associates became subsidiaries on 1 January 2002:

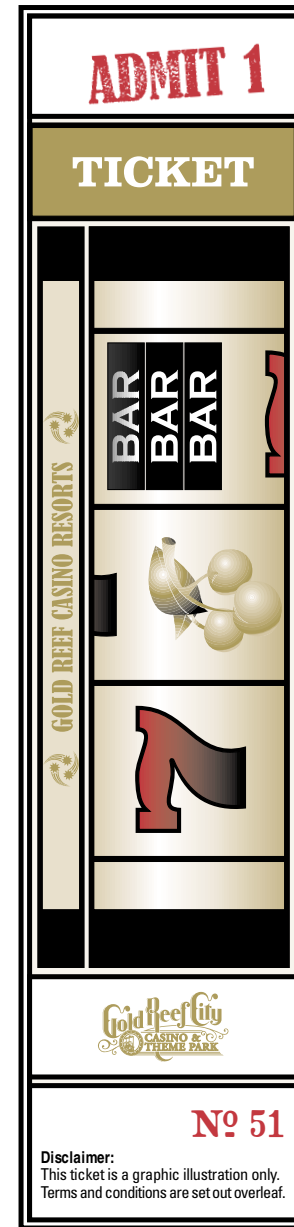
Akani Egoli

Akani Msunduzi

West Coast Leisure

CAIGR

All companies are incorporated in SA.



# TICKET

2002 R'000	2001 R'000
5 917	545 249
2 281	218 968
(6 649)*	35 074
97 852	1 023 253
8 574	26 359
-	5 261
10 930	32 173
117 356	1 087 046
(56 811)	(397 550)
(57 307)	(503 465)
(14 212)	(84 678)
-	(7 729)
(10 974)	93 624

**13. AVAILABLE-FOR-SALE INVESTMENTS**

At beginning of year  
Investments becoming subsidiaries during the year  
Additions  
Fair value adjustments  
At end of year

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
2	500	2	500
(1)	-	(1)	-
-	2	-	2
-	(500)	-	(500)
1	2	1	2

Available-for-sale investments are fair valued annually at the close of business on 31 December.  
For investments traded in active markets, fair value is determined by reference to the JSE quoted closing prices.  
For other investments, fair value is estimated by reference to the current market value of similar instruments.

Available-for-sale investments are classified as non-current assets unless they are expected to be realised within twelve months of the balance sheet date or unless they need to be sold to raise operating capital.

The following information relates to the group's available-for-sale investments:

NAME	NUMBER OF SHARES HELD	CARRYING VALUE	NATURE OF BUSINESS
Akani Leisure Investments†	15 810	*	Investment holding
Akani Leisure Msunduzi Investments†	1 000	*	Investment holding

† The shareholding in these companies comprises preference shares only.

\* Amount less than R1 000.

The following available-for-sale investments became subsidiaries on 1 January 2002:

Akani Egoli Management  
Akani Msunduzi Management

All companies are incorporated in SA.



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**GOLD REEF**  
CASINO RESORTS

**TICKET**

**NOTES TO THE ANNUAL  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2002**

**14. SHARE INCENTIVE SCHEME**

Amounts due by participants  
Loan to share incentive scheme

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
7 872	-	-	-
-	7 406	6 210	7 406
7 872	7 406	6 210	7 406

The Gold Reef Share Scheme was established in September 1999. In October 2000, 5 925 000 shares were issued to the Gold Reef Share Scheme Trust for R7 406 250. During the year 1 151 666 shares vested in and were sold on the open market by participants. A further 89 000 shares were purchased by the Trust and allotted in 2002. This resulted in a decrease in the loan balance to R6 210 000. On a group level, the Gold Reef Share Scheme was consolidated for the first time in 2002.

The loan to the Gold Reef Share Scheme is interest free.

**15. INVENTORIES**

Operating equipment  
Food and beverage  
Stationery  
Promotional items  
Other

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
1 466	-	-	-
924	-	-	-
372	-	-	-
313	-	-	-
438	-	-	-
3 513	-	-	-

**16. RECEIVABLES AND PREPAYMENTS**

Trade receivables  
Prepayments  
Sundry debtors  
Other receivables

2002 R'000	2001 R'000	2002 R'000	2001 R'000
2 418	1 039	412	1 020
1 677	-	-	-
4 026	-	-	-
1 351	101	-	35
9 472	1 140	412	1 055

The company and the group have no significant concentration of credit risk.

**17. CASH AND CASH EQUIVALENTS**

Cash at bank  
Cash on hand

2002 R'000	2001 R'000	2002 R'000	2001 R'000
182 090	45 800	93 748	45 721
10 149	1	2	1
192 239	45 801	93 750	45 722
(38 874)	(14 582)	-	(14 582)
153 365	31 219	93 750	31 140

Bank overdrafts

All bank balances and bank overdrafts are held under cash management for individual group companies.

**18. OUTSIDE SHAREHOLDERS' INTEREST**

At beginning of year
Acquisitions (note 11)
Outside shareholders' loans
Share of net profit in subsidiaries
At end of year

Outside shareholders' loans are analysed as follows:

**Akani Leisure Investments**

The loan bears interest at prime and is unsecured with no fixed terms of repayment. In terms of the funding arrangements with the financier a portion of the loan has been ceded in favour of the term loan with Nedbank.

**Club Mykonos Langebaan Limited**

R4 000 000 bears interest at prime and the remainder is interest free. The loan is unsecured and has no fixed terms of repayment. In terms of the funding arrangements with the financier a portion of the loan has been ceded in favour of the term loan with ABSA. The remainder of the loan has been subordinated in favour of other creditors until such time as the assets of West Coast Leisure, fairly valued, exceed its liabilities.

**Flexcor Thirteen (Pty) Limited**

R1 050 000 bears interest at prime and the remainder is interest free. The loan is unsecured and has no fixed terms of repayment. In terms of the funding arrangements with the financier a portion of the loan has been ceded in favour of the term loan with ABSA. The remainder of the loan has been subordinated in favour of other creditors until such time as the assets of West Coast Leisure, fairly valued, exceed its liabilities.

**Total outside shareholders' loans**

GROUP	
2002 R'000	2001 R'000
-	-
89	-
44 426	-
13 663	-
58 178	-
27 891	-
12 393	-
4 142	-
44 426	-





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**GOLD REEF**  
CASINO RESORTS

**TICKET**

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 19. INTEREST BEARING BORROWINGS

#### Current

Term loans

Finance lease liabilities

#### Non-current

Term loans

Finance lease liabilities

#### Maturity of borrowings (excluding finance lease liabilities):

Not later than 1 year

Later than 1 year but not later than 5 years

Later than 5 years

#### The present value of finance lease liabilities may be analysed as follows:

Not later than 1 year

Later than 1 year but not later than 5 years

Later than 5 years

#### Weighted average effective interest rates:

Term loans (%)

Finance lease liabilities (%)

These interest bearing borrowings are at floating rates linked to prime.

GROUP	
2002 R'000	2001 R'000
65 983	-
36 693	-
102 676	-
233 785	-
28 823	-
262 608	-
65 983	-
233 785	-
-	-
299 768	-
36 693	-
28 823	-
-	-
65 516	-
15.50	-
15.50	-

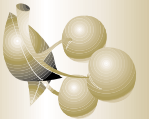
**19. INTEREST BEARING BORROWINGS (CONTINUED)**

The following securities have been provided to the funders of term loans, finance lease liabilities and bank overdrafts:

NATURE OF SECURITY	NATURE OF BORROWINGS	AMOUNT SECURED
		R'000
<b>Akani Egoli</b>		
Mortgage bond over fixed property at Gold Reef City	Nedbank term loan and bank overdraft	265 000
Subordination of shareholders' loans in favour of Nedbank	Nedbank term loan and bank overdraft	265 000
Suretyship by GRCA	Nedbank term loan and bank overdraft	265 000
Notarial bond over moveable casino assets	Wesbank finance leases	100 347
Notarial bond over Gold Reef City Theme Park rides	Wesbank finance leases	92 962
Subordination of shareholders' loans in favour of Wesbank	Wesbank finance leases	343 992
Suretyship by GRCA	Wesbank finance leases	181 000
Suretyship by Akani Leisure Investments	Wesbank finance leases	186 000
<b>Akani Msunduzi</b>		
Mortgage bond over Golden Horse's rights under its property lease	ABSA term loan and bank overdraft	110 000
Notarial bond over moveable assets	ABSA term loan and bank overdraft	65 000
Cession of insurance policy on leasehold improvements and moveable assets	ABSA term loan and bank overdraft	269 000
Subordination of shareholders' loans in favour of ABSA	ABSA term loan and bank overdraft	110 000
Suretyship by GRCA	ABSA term loan and bank overdraft	55 000
Suretyship by Akani Leisure Msunduzi Investments and its individual consortium members	ABSA term loan and bank overdraft	55 000
<b>West Coast Leisure</b>		
Mortgage bond over Casino Mykonos' section in the common property scheme	ABSA term loan and bank overdraft	35 000
Notarial bond over moveable assets	ABSA term loan and bank overdraft	25 000
Cession of insurance policy on fixed property and moveable assets	ABSA term loan and bank overdraft	60 000
Subordination of shareholders' loans in favour of ABSA	ABSA term loan and bank overdraft	32 208
Suretyship by GRCA	ABSA term loan and bank overdraft	8 589
Suretyship by Casinos Austria	ABSA term loan and bank overdraft	8 589
Suretyship by Club Mykonos Langebaan Limited	ABSA term loan and bank overdraft	8 589
Suretyship by Reygrande Investment Holdings (Pty) Limited	ABSA term loan and bank overdraft	3 221
Suretyship by Annford Investments (Pty) Limited	ABSA term loan and bank overdraft	3 221

**ADMIT 1****TICKET**

GOLD REEF CASINO RESORTS



**GARDEN ROUTE**  
CASINO
**Nº 57**

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**GOLD REEF**  
CASINO RESORTS

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**For the year ended 31 December 2002**

**20. DEFERRED TAXATION**

Deferred taxation is calculated in full on temporary differences under the liability method using a principle tax rate of 30% (2001: 30%).

At beginning of year  
Acquisition of subsidiaries  
Current year income statement charge  
At end of year

The deferred tax balance may be analysed as follows:

Capital allowances  
Provisions  
Prepayments  
Assessed losses  
Other temporary differences

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
111	-	111	-
(2 468)	-	-	-
(6 351)	111	279	111
(8 708)	111	390	111
(13 339)	-	-	-
4 166	111	390	111
(64)	-	-	-
964	-	-	-
(435)	-	-	-
(8 708)	111	390	111

Deferred tax assets are recognised only to the extent that realisation of the related tax benefit is probable. The group also has tax losses of R1 600 000 (2001: nil) to carry forward against taxable income, which have not been recognised in these financial statements.

**21. PROVISIONS**

**Group**

At beginning of year  
Acquired through acquisition of subsidiaries (note 11)  
Additional provisions raised  
At end of year

**Company**

At beginning of year  
Additional provisions raised  
At end of year

GAMING PROVISIONS*	LEAVE PAY AND PERFORMANCE INCENTIVE PROVISIONS	TOTAL
R'000	R'000	R'000
-	-	-
4 753	5 998	10 751
2 092	4 695	6 787
6 845	10 693	17 538
-	-	-
-	733	733
-	733	733

\* Gaming provisions include casino jackpot provisions and loyalty point provisions.

**22. TRADE AND OTHER PAYABLES**

Trade payables  
Accrued expenses  
Interest rate swaps  
Other payables

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
11 441	215	331	218
14 330	770	1 172	770
-	3 557	-	3 557
13 038	2 257	12	2 081
38 809	6 799	1 515	6 626

**23. FINANCIAL INSTRUMENTS****Credit risk**

The company and the group do not have a significant concentration of credit risk. From time to time derivative instruments are entered into and cash is placed with reputable financial institutions. There was no credit exposure to derivatives at year-end.

**Fair values**

The carrying amounts of the following financial instruments approximate their fair value:

Cash, investments, trade receivables and payables, other receivables and payables, loans to associates and short term borrowings.

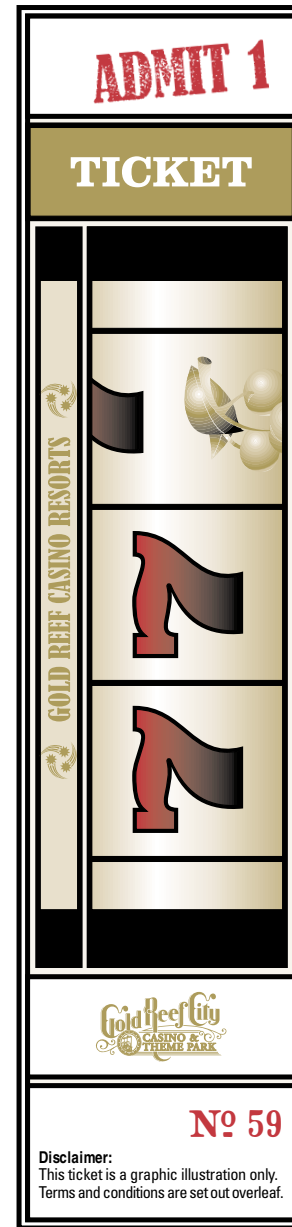
**24. CONTINGENCIES AND COMMITMENTS****Contingent liabilities**

At 31 December 2002 the group had contingent liabilities in respect of bank and other guarantees as well as other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The details are as follows:

Guarantees  
Litigation

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
303 508	351 932	278 198	351 932
500	-	-	-
304 008	351 932	278 198	351 932



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CASINO RESORTS

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**NOTES TO THE ANNUAL  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2002**

**24. CONTINGENCIES AND COMMITMENTS (CONTINUED)**

Akani Egoli has entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank has guaranteed an agreed capital amount not exceeding R21 760 000 for gambling board taxes and working capital.

Akani Msunduzi has entered into an agreement with ABSA and the KwaZulu-Natal Gambling Board whereby the bank has guaranteed an agreed capital amount not exceeding R2 700 000 for gambling board taxes and working capital. ABSA has also issued a guarantee to the Pietermaritzburg Municipal Council for R349 500 on behalf of Akani Msunduzi.

West Coast Leisure has entered into an agreement with ABSA and the Western Cape Gambling and Racing Board whereby the bank has guaranteed an agreed capital amount not exceeding R500 000 for gambling board taxes and working capital.

The company has bound itself as surety for its subsidiaries Akani Egoli, Akani Msunduzi and West Coast Leisure to their bankers for 100%, 50% and 26,67% of their exposure respectively. The contingent liability under these sureties in aggregate amounted to R278 198 000 (2001: R351 932 000).

Litigation comprises a general contingency for litigation and related costs throughout all group companies.

**Operating lease commitments**

The future minimum lease payments under non-cancellable operating leases are as follows:

Not later than 1 year  
Later than 1 year but not later than 5 years  
Later than 5 years

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
1 928	-	-	-
7 230	-	-	-
48 937	-	-	-
58 095	-	-	-



**25. SHARE CAPITAL**

At 1 January 2001  
 Ordinary shares issued in 2001  
 At 31 December 2001  
 Ordinary shares issued in 2002  
 At 31 December 2002

NUMBER OF SHARES	ORDINARY SHARE CAPITAL	SHARE PREMIUM	TOTAL
(000)	R'000	R'000	R'000
177 262	3 545	357 340	360 885
-	-	-	-
177 262	3 545	357 340	360 885
36 280	726	108 114	108 840
213 542	4 271	465 454	469 725

The total authorised number of ordinary shares is 590 000 000 (2001 : 590 000 000) with a par value of 2 cents per share (2001: 2 cents per share). All issued shares are fully paid up.

**26. CASH FLOW INFORMATION****26.1 Profit before taxation****Adjusted for:**

Non-cash items  
 - Net interest paid/(received)  
 - Depreciation  
 - Profit on disposal of subsidiary  
 - Profit on disposal of property, plant and equipment  
 - Intangible assets written off  
 - NDR realised  
 - Other non-cash flow items

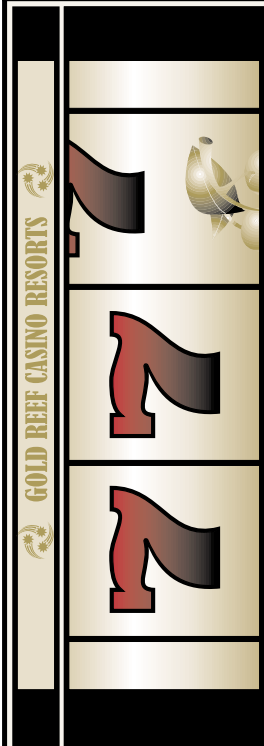
**Decrease/(increase) in working capital**

- Decrease in receivables  
 - Decrease in payables and provisions  
 - Increase in inventories

**26.2 Taxation paid**

Tax liability at beginning of year  
 Acquisition of subsidiaries  
 Current taxation  
 SARS interest  
 Tax liability at end of year

GROUP		COMPANY	
2002 R'000	2001 R'000	2002 R'000	2001 R'000
171 169	62 262	77 530	60 530
136 005	(50 952)	(78 252)	(49 183)
50 879	(53 346)	(61 239)	(53 342)
76 724	91	91	91
-	-	(17 104)	-
(311)	-	-	-
9 743	3 568	-	3 568
(1 030)	(1 765)	-	-
-	500	-	500
7 983	(5 093)	(1 695)	(5 089)
22 610	1 321	643	1 324
(14 617)	(6 414)	(2 338)	(6 413)
(10)	-	-	-
315 157	6 217	(2 417)	6 258
(4 114)	(17 875)	(4 114)	(17 875)
(18 976)	-	-	-
(49 798)	(17 188)	(18 592)	(17 188)
387	-	-	-
29 926	4 114	1 857	4 114
(42 575)	(30 949)	(20 849)	(30 949)

**ADMIT 1****TICKET**

  
CASINO MQRONOS
**Nº 61**

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**GOLD REEF**  
CASINO RESORTS

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 27. RELATED PARTY TRANSACTIONS

The following transactions were carried out with the following related parties:

#### 27.1 Purchase of goods and services

Empire Amusement Parks (Pty) Limited

Empire Amusement Parks (Pty) Limited is owned by the Krok and Schutte families in equal proportions. BJ Schutte, S Krok, A Krok, M Krok and MZ Krok are all directors of GRRCR. A management fee is paid to Empire Amusement Parks (Pty) Limited for services rendered in the performance of the management of Gold Reef City Theme Park. This transaction was carried out on commercial terms and conditions and was approved by the board.

Akani Leisure Investments

Akani Leisure Casinos

Casinos Austria

Akani Leisure Investments owns 50% of Akani Egoli. Akani Leisure Casinos has a 25% share in the management contract of Akani Egoli. A management fee is paid to Akani Leisure Investments and Akani Leisure Casinos for services rendered in the performance of the management of Gold Reef City Casino. These transactions were carried out on commercial terms and conditions and were approved by the board.

Casinos Austria is a 29.5% shareholder in GRRCR. Casinos Austria provides management expertise and technical know-how to all casinos within the group. For this they earn a royalty based on gross gaming revenue. This transaction was carried out on commercial terms and conditions and was approved by the board.

#### 27.2 Outstanding balances arising from the purchase of goods and services

Payable to related parties:

Empire Amusement Parks (Pty) Limited

GROUP	
2002 R'000	2001 R'000
637	765
1 680	-
3 683	-
2602	-
7 965	-
326	-

**27. RELATED PARTY TRANSACTIONS (CONTINUED)****27.3 Amounts owing by related parties**

Akani Leisure Casinos
Akani Leisure Msunduzi Investments
South African Apartheid Museum

Akani Leisure Msunduzi Investments owns 50% of Akani Msunduzi. An amount is owed by Akani Leisure Msunduzi Investments to Akani Msunduzi Management, a subsidiary of GRRC, for expenses paid by Akani Msunduzi Management on behalf of Akani Leisure Msunduzi Investments.

The South African Apartheid Museum is a Section 21 company which operates the museum adjacent to Gold Reef City Theme Park. The South African Apartheid Museum was developed by Akani Egoli as one of its casino licence conditions. An amount is owed by the South African Apartheid Museum to Akani Egoli for expenses paid by Akani Egoli on behalf of the South African Apartheid Museum.

**27.4 Amounts owing to related parties**

Casinos Austria

**27.5 Loans to associate undertakings**

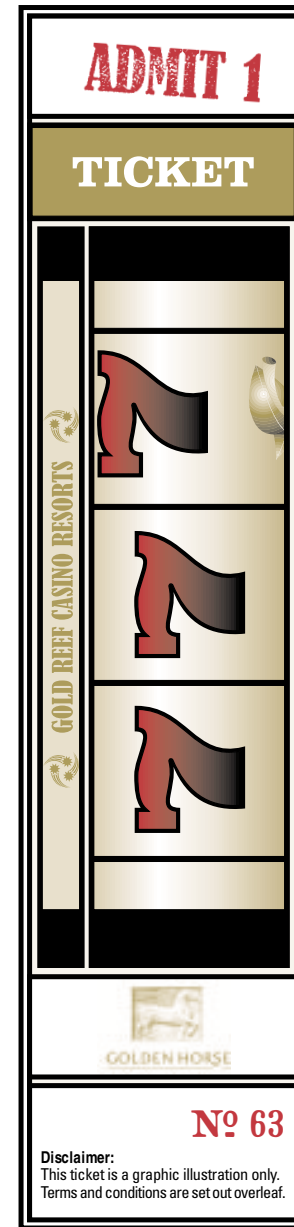
Refer to notes 11 and 12 for details of the loans to associate undertakings.

**27.6 Interest received from associates**

Pinnacle Point Casino

Interest is charged at prime on the loan to Pinnacle Point Casino.

GROUP	
2002 R'000	2001 R'000
3 014	-
7	-
6	-
3 027	-
1 030	-
849	-



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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 28. DIRECTORS' EMOLUMENTS

#### Executive directors

Basic remuneration  
Retirement and medical contributions  
Performance incentives  
Other services

#### Non-executive directors

Directors' fees  
Other services

#### Total directors' emoluments

Emoluments paid by the company  
Emoluments paid by subsidiaries

No directors have service contracts with a notice period in excess of one year.

No directors have service contracts containing predetermined compensation for termination of service exceeding one year's salary and benefits.

A detailed breakdown of individual directors' emoluments is shown on page 30 of the annual report.

A listing of all members of the board is shown on pages 4 and 5 of the annual report.

### 29. POST BALANCE SHEET EVENTS

**29.1** Subsequent to the financial year-end, GRRC executed a prorata share repurchase, approved by shareholders in a general meeting held on 8 January 2003, for 14 235 346 shares being 8% of the issued share capital of the company (excluding 35 600 000 shares issued to Casinos Austria). The shares repurchased will be held by Aldiss Investments, GRRC's wholly-owned subsidiary, as treasury shares and will neither be cancelled nor their listing on the JSE terminated.

**29.2** During March 2003 the company entered into an agreement whereby it financed the purchase by Eglin of its investment in Akani Leisure Investments from Gensec. Eglin is headed by Akani Egoli Chairman and GRRC non-executive director Reuel Khoza. The transaction is subject to the approval of the Gauteng Gambling Board, which is expected mid 2003. This transaction will increase GRRC's effective economic interest in Akani Egoli by 4.19%.

GROUP	
2002 R'000	2001 R'000
1 437	894
239	63
930	628
657	845
3 263	2 430
390	122
312	201
702	323
3 965	2 753
3 905	2 753
60	-

## SUBSIDIARIES, ASSOCIATES AND OTHER INVESTMENTS

### Subsidiaries

Akani Egoli**
Akani Msunduzi**
West Coast Leisure**
CAIGR**
Akani Egoli Management†
Akani Msunduzi Management†
Cullinan Hotel and Leisure Group Limited
Aldiss Investments

EFFECTIVE HOLDING (ECONOMIC INTEREST)		INVESTMENT IN SHARES (COMPANY AND GROUP)		NET INDEBTEDNESS	
2002 %	2001 %	2002 R'000	2001 R'000	2002 R'000	2001 R'000
79.75	75.60	18 300	93 292	316 715	302 013
85.00	68.00	2 377	(1 701)	117 892	101 403
54.33	26.67	*	(1 856)	25 383	8 542
100.00	50.00	63 501	22 557	(23 896)	-
59.80	35.00	1	*	(200)	-
61.00	36.00	1	*	-	-
-	100.00	-	1	-	(17 294)
100.00	-	*	-	-	-
		84 180	112 293	435 894	394 664

\* Amount less than R1 000

\*\* These subsidiaries were associates in 2001. The investment in shares and net indebtedness for 2001 was included under associates.  
The investment in shares for 2002 is stated under the company figures while for 2001 it is stated under the group figures.

† These subsidiaries were investments in 2001. The investment in shares and net indebtedness for 2001 was included under investments.

### Associates

Pinnacle Point Casino

EFFECTIVE HOLDING (ECONOMIC INTEREST)		INVESTMENT IN SHARES (COMPANY AND GROUP)		NET INDEBTEDNESS	
2002 %	2001 %	2002 R'000	2001 R'000	2002 R'000	2001 R'000
10.00	-	*	-	11 361	-

### Investments

Akani Leisure Investments**
Akani Leisure Msunduzi Investments**
Sekunjalo Health Care Limited

EFFECTIVE HOLDING (ECONOMIC INTEREST)		GROUP CARRYING AMOUNT		COMPANY COST	
2002 %	2001 %	2002 R'000	2001 R'000	2002 R'000	2001 R'000
85.00	73.10	*	*	*	*
100.00	80.00	*	*	*	*
0.50	0.50	-	-	500	500
		1	-	501	500

\* Amount less than R1 000

\*\* The shareholding in these companies comprises preference shares only.

# ADMIT 1

## TICKET

GOLD REEF CASINO RESORTS



GARDEN ROUTE  
CASINO

## Nº 65

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**GOLD REEF**  
CASINO RESORTS

TICKET

## ANALYSIS OF SHAREHOLDERS

**Portfolio size**

1 - 1 000  
1 001 - 10 000  
10 001 - 100 000  
100 001 - and over

**Classification**

Close corporations  
Individuals  
Public companies  
Private companies  
Nominee companies or trusts  
Other

An analysis of directors' shareholdings appears on page 29.

The following are the only shareholders holding 1% or more of the ordinary shares in GRCR at 28 February 2003:

Twintech Holdings (Pty) Limited  
Casinos Austria  
Aldiss Investments  
Ben Schutte Family Trust  
Mark Krok  
FNT Investec Unit Trusts  
Gold Reef Share Scheme  
Old Mutual Life Main Account  
Aldenham Investments Limited  
Consolidated Rand Parts (Pty) Limited  
Investment Solutions Limited

NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF ORDINARY SHARE CAPITAL
		%
511	159 631	0.08
443	1 565 642	0.73
116	3 847 088	1.80
59	207 969 469	97.39
1 129	213 541 830	100.00
32	1 142 802	0.53
926	17 221 395	8.06
48	92 373 537	43.26
41	70 823 983	33.17
63	31 254 225	14.64
19	725 888	0.34
1 129	213 541 830	100.00
	63 472 369	29.72
	63 051 989	29.53
	14 078 167	6.59
	14 061 267	6.58
	11 657 067	5.46
	7 232 705	3.39
	4 862 334	2.28
	2 759 068	1.29
	2 717 553	1.27
	2 556 451	1.20
	2 149 200	1.01

## ANALYSIS OF STOCK EXCHANGE PERFORMANCE

Number of shares traded (000)	14 306
Shares traded as a percentage of listed shares in issue at 31 December 2002 (%)	6.70
Highest price traded (cents)	300
Lowest price traded (cents)	220
Closing market price at 31 December 2002 (cents)	275

A list of all shareholders is available for inspection at the registered office of the company.

## NOTICE OF ANNUAL GENERAL MEETING

Gold Reef Casino Resorts Limited  
(Registration number 1989/002108/06)  
(Incorporated in the Republic of South Africa)  
("GRCR" or "the company")

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the offices of GRCR Gold Reef City, Gate 4 Northern Parkway, Ormonde on Thursday, 19 June 2003 at 10:00 for the purpose of considering, and if deemed fit, passing with or without modification, the following resolutions:

1.To receive and consider the annual financial statements of the company and the group for the year ended 31 December 2002, together with the directors' and independent auditor's reports.

2.To re-elect the following as directors of the company, who retire by rotation in terms of the company's articles of association and who are eligible and offer themselves for re-election:

2.1 Mr MZ Krok

2.2 Mr BJ Schutte

An abbreviated curriculum vitae in respect of each director is contained on pages 4 and 5 of the annual report of which this notice forms part.

3.To confirm the election of the following directors of the company who were appointed by the board of directors on 6 December 2002:

3.1 Mr FP McFadden

3.2 Mr C Neuberger

An abbreviated curriculum vitae in respect of each director is contained on pages 4 and 5 of the annual report of which this notice forms part.

4. To approve the remuneration of the directors reflected on page 30 of the annual report of which this notice forms part.

5.To re-appoint PricewaterhouseCoopers Inc. as independent auditors of the company.

**As special business, to consider and, if deemed fit, pass with or without modification the following resolutions - those numbered 6, 7, 11, 12 and 14 as ordinary resolutions, and those numbered 8, 9, 10 and 13 as special resolutions.**

# ADMIT 1

## TICKET



Gold Reef City  
CASINO &  
THEME PARK

### Nº 67

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TICKET

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**GOLD REEF**  
CASINO RESORTS

TICKET

**NOTICE OF ANNUAL  
GENERAL MEETING**

6. To consider and if deemed fit to pass, with or without modification, the following as **ordinary resolution 1:**

RESOLVED THAT the entire authorised but unissued share capital of the company, from time to time, be placed under the control of the directors of the company until the next annual general meeting with the authority to allot and issue all or part thereof in their discretion, subject to Sections 221 and 222 of the Companies Act, 61 of 1973, as amended, and the Listing Requirements of the JSE Securities Exchange South Africa.

7. To consider and if deemed fit to pass, with or without modification, the following as **ordinary resolution 2:**

RESOLVED THAT pursuant to the articles of association of the company, the directors of the company be and are hereby authorised, until the next annual general meeting of the company (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting) provided that it shall not extend beyond 15 months from the date of this annual general meeting, to allot and issue ordinary shares for cash subject to the Listing Requirements of the JSE Securities Exchange South Africa ("JSE") and the Companies Act, 61 of 1973, as amended, on the following bases:

- a) the allotment and issue of ordinary shares for cash shall be made only to persons qualifying as public shareholders as defined in the Listing Requirements of the JSE, and not to related parties;
- b) the number of ordinary shares issued for cash shall not in the aggregate in any one financial year of the company exceed 15% of the company's issued ordinary shares. The number of ordinary shares which may be issued for cash shall be based on the number of ordinary shares in issue at the date of the application, less any ordinary shares issued by the company during the current financial year, provided that any ordinary shares to be issued for cash pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were ordinary shares in issue at the date of application;
- c) the maximum discount at which ordinary shares may be issued

for cash is 10% of the weighted average traded price on the JSE of those ordinary shares over 30 days prior to the date that the price of the issue is determined by the directors of the company; and

- d) after the company has issued ordinary shares for cash which represent, on a cumulative basis within a financial year, 5% or more of the number of ordinary shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value and earnings per share of the company.

*Note: In terms of the Listings Requirements of the JSE, a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of ordinary resolution 2 for it to be approved.*

8. To consider and if deemed fit to pass, with or without modification, the following as **special resolution 1:**

RESOLVED THAT the company approves, as a general approval contemplated in Section 85 of the Companies Act, 61 of 1973, as amended ("the Act"), the acquisition by the company of ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of the Act and the Listing Requirements of the JSE Securities Exchange South Africa ("JSE"), which general approval shall endure until the forthcoming annual general meeting of the company (whereupon this approval shall lapse unless it is renewed at the aforementioned annual general meeting) provided that it shall not extend beyond 15 months from the date of registration of this special resolution, subject to the following limitations:

- a) the repurchase of securities is implemented on the open market of the JSE;
- b) the general repurchase is limited to a maximum of 20% of the company's issued share capital in any one financial year;
- c) the repurchase is not made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction was agreed;
- d) the repurchase does not take place within 40 days prior to the

publication by the company of its annual or interim results or while the company is under cautionary announcement; and e) the company publishes an announcement after it has cumulatively acquired 3% of the number of ordinary shares in issue at the time that the shareholders' authority for the purchase is granted.

The reason for and effect of special resolution 1 is to authorise the company, by way of general approval, to acquire its own issued ordinary shares, on terms and conditions and in amounts to be determined by the directors of the company, subject to certain statutory provisions and the Listing Requirements of the JSE.

9. To consider and if deemed fit to pass, with or without modification, the following as **special resolution 2:**

RESOLVED THAT the company approves, as a general approval contemplated in Section 89 of the Companies Act, 61 of 1973, as amended ("the Act"), the acquisition by a subsidiary of the company of ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company and directors of the subsidiary may decide, but subject always to the provisions of the Act and the Listing Requirements of the JSE Securities Exchange South Africa ("JSE"), which general approval shall endure until the forthcoming annual general meeting of the company (whereupon this approval shall lapse, unless it is renewed at the aforementioned annual general meeting) provided that it shall not extend beyond 15 months from the date of registration of this special resolution, subject to the following limitations:

- a) the repurchase of securities is implemented on the open market of the JSE;
- b) the general repurchase is limited to a maximum of 10% of the company's issued share capital at the time the authority is granted;
- c) the repurchase is not made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction was agreed; and
- d) the repurchase does not take place within 40 days prior to the publication by the company of its annual or interim results

or while the company is under cautionary announcement; and e) the company publishes an announcement after the subsidiary has cumulatively acquired 3% of the number of ordinary shares in issue at the time that the shareholders' authority for the purchase is granted.

The reason for and effect of this special resolution is to authorise the subsidiaries of the company, by way of general approval, to acquire issued ordinary shares in the company on terms and conditions and in amounts to be determined by the directors of the company, subject to certain statutory provisions and the Listing Requirements of the JSE.

#### Directors' statement regarding the utilisation of the authority sought

The directors of the company ("the board") have resolved to purchase ordinary shares of the company from time to time at prices considered appropriate.

The board is of the opinion that, after considering the effects of such acquisition of ordinary shares, if implemented on the assumption that the maximum 20% of the company's current issued ordinary shares will be repurchased, that, for a period of 12 months after the date of this notice of annual general meeting:

- the company and the group would be able in the ordinary course of business to repay its debts;
- the consolidated assets of the company and the group, fairly valued in accordance with generally accepted accounting practice, would be in excess of the company's consolidated liabilities;
- the company's and the group's ordinary share capital and reserves would be adequate;
- the company's and the group's working capital would be adequate; and
- the sponsor to the company would have provided a letter on the adequacy of working capital in terms of section 2.14 of the Listings Requirements of the JSE prior to any repurchases being implemented on the open market of the JSE.

**ADMIT 1**

**TICKET**

GOLD REEF CASINO RESORTS

**APARTHEID MUSEUM**



**Nº 69**

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**GOLD REEF**  
CASINO RESORTS

TICKET

## NOTICE OF ANNUAL GENERAL MEETING

10. To consider and if deemed fit to pass, with or without modification, the following as **special resolution 3**:

RESOLVED THAT in terms of Section 62 of the Companies Act, 61 of 1973, as amended, the existing articles of association of the company be and are hereby substituted with new articles of association, a copy of which have been tabled at this annual general meeting and signed by the chairman for the purpose of identification, with effect from the date of passing of this resolution, regardless of the date of registration thereof.

The reason for and effect of the passing of special resolution 3 is to enable the company to consolidate amendments made to the existing articles of association, which provide for recent changes in company law, and the interpretation thereof.

The new articles of association are available for inspection by the shareholders of the company at the registered office of GRCR.

11. To consider and if deemed fit to pass, with or without modification, the following as **ordinary resolution 3**:

RESOLVED THAT subject to the passing and registration of special resolution 3, the directors of the company be and are hereby authorised to make and implement an odd-lot offer to shareholders holding less than 200 ordinary shares in the company at the close of business on Friday, 4 July 2003 according to the terms and conditions of the odd-lot offer contained in the circular dated 19 May 2003 which has been approved by the JSE Securities Exchange South Africa and is tabled at this annual general meeting.

12. To consider and if deemed fit to pass, with or without modification, the following as **ordinary resolution 4**:

RESOLVED THAT subject to the passing and registration of special resolution 2 and ordinary resolution 3, and to the extent that the number of ordinary shares repurchased by the company pursuant to the proposed odd-lot offer is insufficient, a subsidiary of the company be and is hereby authorised to sell, at the price equivalent to the volume weighted average market price at

which the company's ordinary shares traded on the JSE Securities Exchange South Africa over the 10 day period prior to Tuesday, 17 June 2003 plus a premium of 3% as many ordinary shares as may be necessary for the purposes of selling ordinary shares to those odd-lot holders who have elected to increase their holdings to 200 ordinary shares pursuant to the company's odd-lot offer contemplated in ordinary resolution 3.

13. To consider and if deemed fit to pass, with or without modification, the following as **special resolution 4**:

RESOLVED THAT the company be and is hereby authorised, in terms of Section 85 of the Companies Act, 61 of 1973, as amended, and in terms of the Listings Requirements of the JSE Securities Exchange South Africa ("JSE"), to acquire, at the price equivalent to the volume weighted average market price at which the company's ordinary shares traded over the 10 day period prior to Tuesday, 17 June 2003 plus a premium of 3% the ordinary shares of those odd-lot holders who elect to sell their odd-lot holdings to GRCR or who do not make an election, which ordinary shares will, provided that all the necessary ordinary shares have been allotted and issued in terms of ordinary resolution number 4 above, be cancelled, delisted and restored to the status of authorised ordinary shares, at the election of the directors, the details of which are contained in the circular to shareholders dated 19 May 2003.

*NOTE: The approval of a 75% majority of the votes cast by the shareholders (excluding controlling ordinary shareholders, their associates, a party acting in concert and ordinary shareholders not regarded as being public shareholders) present or represented by proxy at this annual general meeting is required for special resolution 4 to be effective.*

The reason for and effect of special resolution 4 will be that GRCR, during the period Tuesday, 17 June 2003 up to and including Friday, 4 July 2003, will be entitled to purchase the company's ordinary shares, the subject of the odd-lot offer referred to in the content of special resolution 4, provided that the special resolution shall be valid until Friday, 4 July 2003. The repurchases will be made at a price equivalent to the volume weighted average market price at which the company's ordinary shares traded on the JSE over the 10 day period prior to Tuesday, 17 June 2003 plus a premium of 3% and shall be subject to the provisions of the Act and the Listings Requirements of the JSE.



14. To consider and if deemed fit to pass, with or without modification, the following as **ordinary resolution 5:**

RESOLVED THAT subject to the passing and registration of special resolutions 3 and 4 and the passing of ordinary resolutions 3 and 4, any one director or officer of the company be and is hereby authorised to sign all documentation and do all things as may be necessary for or incidental to the implementation necessary, to give effect to the aforesaid resolutions.

#### Voting and proxies

A shareholder of the company entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and on a poll to vote in his stead. The proxy need not be a shareholder of the company. A form of proxy is attached for the convenience of any certificated shareholders and own name registered dematerialised shareholders who cannot attend the annual general meeting, but who wish to be represented thereat.

On a poll every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by the shareholder.

Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker, other than own name registered dematerialised shareholders, and who wish to attend the annual general meeting, must request their CSDP or broker to issue them with the necessary authority to attend. Should shareholders who have dematerialised their ordinary shares wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the dematerialised shareholders and their CSDP or broker.

Duly completed and signed (by the shareholders, or the CSDP in the case of dematerialised ordinary shares) forms of proxy must be lodged at the company's transfer secretaries at the address below by no later than 10:00 on Tuesday, 17 June 2003.

By order of the Board



**JS Friedman CA (SA)**  
Company secretary  
2 May 2003

**Registered Office**  
Gold Reef City  
Gate 4  
Northern Parkway  
Ormonde  
2091

**Transfer Secretaries**  
Computershare Investor Services Limited  
9th Floor  
70 Marshall Street  
Johannesburg  
2001

**ADMIT 1**

**TICKET**

**GOLD REEF CASINO RESORTS**

Café Zeus



**CASINO MQRONOS**

**Nº 71**

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**GOLD REEF**  
CASINO RESORTS

**TICKET**

**SHAREHOLDERS' DIARY**

Financial year-end Annual General Meeting	31 December 19 June 2003
<b>Reports</b>	
Interim for six months to June Preliminary annual results Annual financial statements	September March May
<b>Dividend 2002</b>	
Salient dates for the dividend were as follows:	
Last day to trade 'cum' dividend	Friday 4 April 2003
Shares trade 'ex' dividend	Monday 7 April 2003
Record date	Friday 11 April 2003
Payment date	Monday 14 April 2003

**CORPORATE INFORMATION**

**Company Secretary and Registered Office**

JS Friedman CA (SA)  
Gold Reef City  
Gate 4  
Northern Parkway  
Ormonde 2091  
(Private Bag X1890, Gold Reef City 2159)

**Investment Bank and Sponsor**

Nedbank Corporate  
1 Newtown Avenue  
Killarney  
Johannesburg 2193  
(P O Box 582, Johannesburg 2000)

**Attorneys**

Werksmans Inc.  
155 5th Street  
Sandown  
Sandton 2196  
(Private Bag 10015, Sandton 2146)

**Corporate advisors**

Edward Nathan & Friedland Inc.  
4th Floor, The Forum  
2 Maude Street  
Sandown 2196  
(P O Box 783347, Sandton 2146)

**Auditors**

PricewaterhouseCoopers Inc.  
Registered Accountants and Auditors  
Chartered Accountants (SA)  
2 Eglin Road  
Sunninghill 2157  
(Private Bag X36, Sunninghill 2157)

**Transfer secretaries**

Computershare Investor Services Limited  
9th Floor  
70 Marshall Street  
Johannesburg 2001  
(P O Box 1053, Johannesburg 2000)

**Commercial bankers**

Nedbank  
1st Floor Corporate Place  
Nedcor Sandton  
135 Rivonia Road  
Sandown 2196  
(P O Box 1144, Johannesburg 2000)

ABSA Business Centre  
Sandown Village Office Park  
61 Gwen Lane  
Sandown 2146  
(P O Box 78299, Sandton 2146)

## GOLD REEF CASINO RESORTS LIMITED

(Registration number 1989/002108/06)  
(Incorporated in the Republic of South Africa)  
("GRCR" or "the company")

For use by GRCR ordinary shareholders at the annual general meeting of the company to be held at the offices of GRCR Gold Reef City, Gate 4 Northern Parkway, Ormonde, on Thursday, 19 June 2003 at 10:00 and at any adjournment thereof.

I/We ..... of .....

being a member / members of GRCR and holding ..... ordinary shares in the company, hereby appoint

1. .... of .....  
or failing him/her

2. .... of .....  
or failing him/her

3. the chairman of the annual general meeting,

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the GRCR ordinary shares registered in my/our name(s), in accordance with the following instructions:

	NUMBER OF VOTES		
	For*	Against*	Abstain*
1. Adoption of the annual financial statements			
2. Re-election of MZ Krok			
Re-election of BJ Schutte			
3. Confirmation of election of FP Mc Fadden			
Confirmation of election of C Neuberger			
4. Approval of directors' remuneration			
5. Re-appointment of			
PricewaterhouseCoopers Inc. as auditors			
6. Ordinary resolution 1			
7. Ordinary resolution 2			
8. Special resolution 1			
9. Special resolution 2			
10. Special resolution 3			
11. Ordinary resolution 3			
12. Ordinary resolution 4			
13. Special resolution 4			
14. Ordinary resolution 5			

\* Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at (place) ..... on (date) ..... 2003

Member's signature .....  
Please read the notes on the reverse side hereof.

FORM OF PROXY

## FORM OF PROXY

## NOTES

1. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.

2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and special resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.

4. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such member or represented by such proxy, but the total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer office or waived by the chairman of the annual general meeting.

6. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.

7. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).

8. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

9. Form of proxy must be lodged with the transfer secretaries at the addresses given below not later than 10:00 on Tuesday, 17 June 2003:

Computershare Investor Services Limited  
9th Floor  
70 Marshall Street  
Marshalltown, 2107

(PO Box 61051, Marshalltown, 2107)

10. This form of proxy is to be completed only by those members who are:

- holding shares in a certificated form; or
- recorded in the sub-register in electronic form in their "own name".

11. Members who have dematerialised their shares and wish to attend the annual general meeting, must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary authority to attend the annual general meeting, or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.