7 YEARS OF CONTINUOUS GROWTH

GOLD REEF

CASINO RESORTS

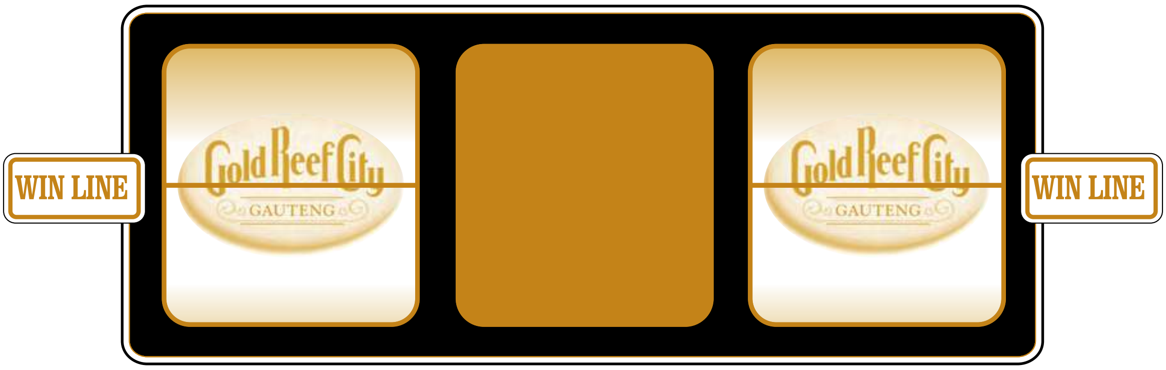
Annual Report 2005

Gold Reef Casino Resorts Limited. Registration Number: 1989/002108/06.

1999

Gold Reef Casino Resorts

GOLD REEF CITY CASINO OPENS ITS DOORS



HEADLINE EARNINGS PER SHARE OF 34,2 CENTS EXCEEDS FORECAST

ATTRIBUTABLE EARNINGS OF R20,1 MILLION

TANGIBLE NET ASSET VALUE OF 248,0 CENTS PER SHARE

LOW GEARING

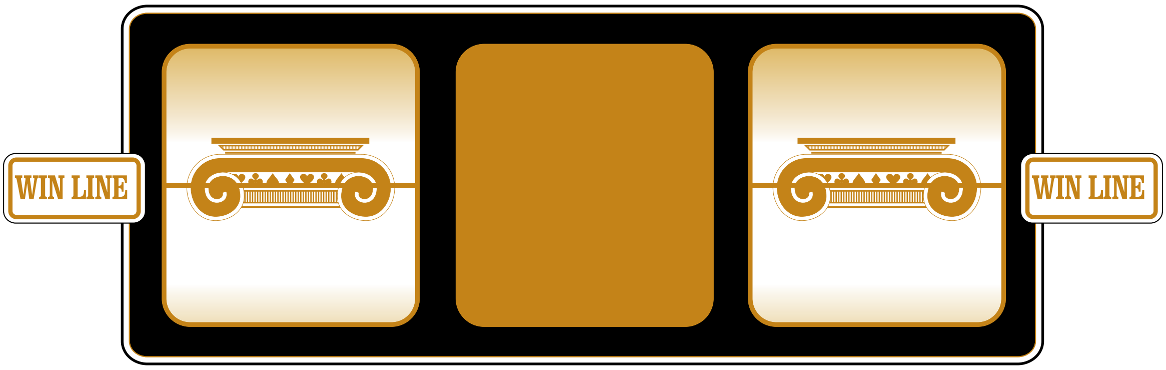
The listing of GRCR in the Hotel and Leisure sector of the JSE on 25 October 1999, marked the culmination of a strategy designed to establish and position GRCR to compete in SA's new burgeoning gaming industry.

The group's performance in its first year as a gaming and leisure company was most encouraging. GRCR made sound progress with Gold Reef City Casino well on track in respect of both schedule and budget. The temporary casino opened its doors on 7 November 1998 with the opening of the permanent casino on 18 March 2000.

2000

Gold Reef Casino Resorts

CASINO MYKONOS OPENS ITS DOORS



HEADLINE EARNINGS PER SHARE OF 48,0 CENTS BEFORE DEDUCTING PRE-OPENING EXPENSES

NET ASSET VALUE PER SHARE OF 274,8 CENTS

GROUP AWARDED A THIRD LICENSE TO OPERATE A CASINO AT THE SCOTTSVILLE RACECOURSE IN KWAZULU-NATAL

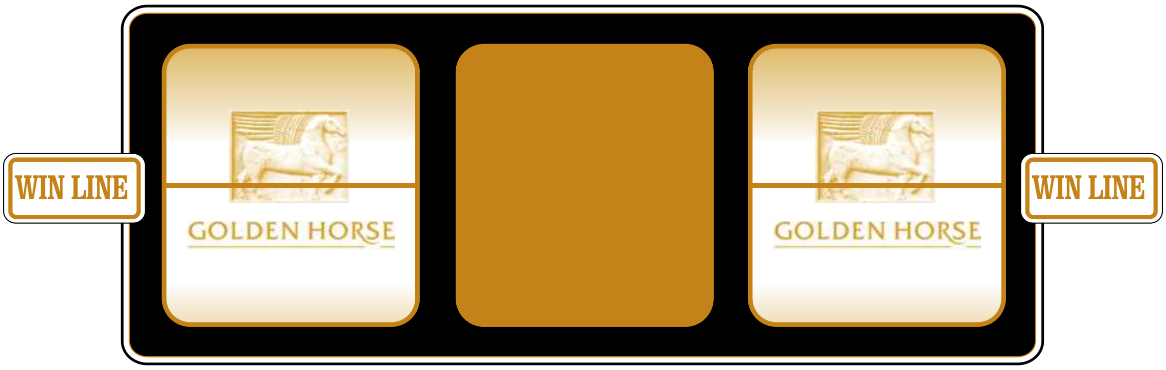
GRCR's results in 2000 were in line with the pre-listing forecast and set a solid foundation on which to build market share and shareholder wealth, cementing the group's status as a major player in the SA gaming industry.

The focus for 2000 was to expand and develop the group to comprise a number of successful casino resort complexes, each with distinctive competitive advantages. GRCR met all its key objectives, culminating in approximately four million people flowing through the gates of Gold Reef City. Club Mykonos, Langebaan on the Cape West Coast opened on 14 November 2000, trading well ahead of budget over the December holiday period.

2001

Gold Reef Casino Resorts

GOLDEN HORSE OPENS ITS DOORS



INCREASE IN ATTRIBUTABLE PROFIT OF 33,5%

NET ASSET VALUE PER SHARE OF 320,0 CENTS

PROPOSED SHARE REPURCHASE AT R3,00

THE SOUTH AFRICAN APARTHEID MUSEUM OPENS

THE SHAFT OF TERROR AND BIG WHEEL OPEN AT GOLD REEF CITY THEME PARK

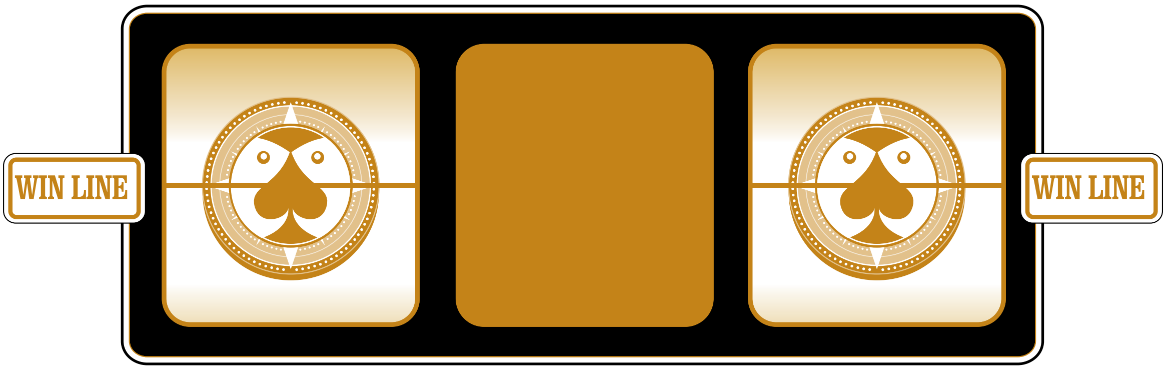
GRCR's performance in 2001 was most satisfactory despite increased interest rates, a maturing gaming market in Gauteng and the impact of the Wednesday lottery. The results entrenched the group's position in the SA gaming industry by delivering sustainable growth to shareholders.

Subsequent to the 2001 year-end linked transactions were finalised with the Casinos Austria group, GRCR's operating partner since inception, which increased the Casinos Austria group's equity stake in GRCR to approximately 17% with effect from 1 January 2002. Casinos Austria administers casinos on five continents and on cruise liners. The group has since achieved additional benefits from the transactions, increasing and consolidating its interests in Gold Reef City, Golden Horse and Casino Mykonos as well as in the management contracts of these casinos.

2002

Gold Reef Casino Resorts

GARDEN ROUTE CASINO OPENS ITS DOORS



ATTRIBUTABLE PROFIT UP 39,7%

HEADLINE EARNINGS PER SHARE UP 19,8%

NET CASH GENERATED IN OPERATING ACTIVITIES OF R221,7 MILLION

EBITDA: REVENUE MARGIN OF 39,2%

MAIDEN DIVIDEND OF 15,0 CENTS PER SHARE

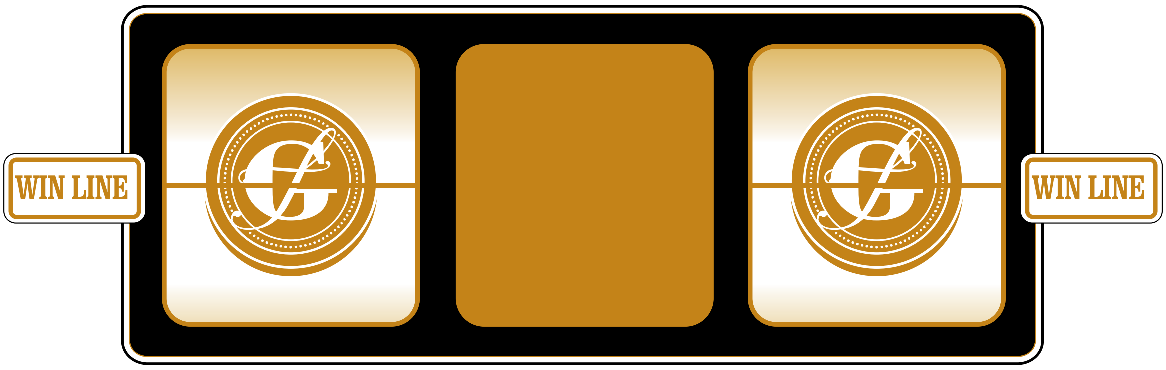
GRCR reported a fourth year of consistent growth in 2002 , achieving strong results in the face of challenging business conditions. In line with strategy all operations concentrated successfully on reducing external debt. Casinos Austria's global expertise in managing casinos augmented GRCR's significant expertise in developing, structuring and financing casinos.

The global economic downturn, which persisted throughout 2002, sent interest rates in SA spiralling 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 requiring extensive gearing in the start-up phase. The rise of interest rates had the added negative effect of reducing our patrons' disposable income. Despite these conditions GRCR performed well achieving its fourth year of consistent growth.

2003

Gold Reef Casino Resorts

GOLDFIELDS CASINO OPENS ITS DOORS



DIVIDEND OF 27,0 CENTS PER SHARE UP 80,0%

ATTRIBUTABLE PROFIT UP 23,4%

HEADLINE EARNINGS PER SHARE OF 65,1 CENTS UP 29,4%

EBITDA: REVENUE MARGIN OF 38,6%

NET CASH GENERATED IN OPERATING ACTIVITIES (BEFORE DEDUCTING DIVIDEND) OF 141,7 CENTS PER SHARE

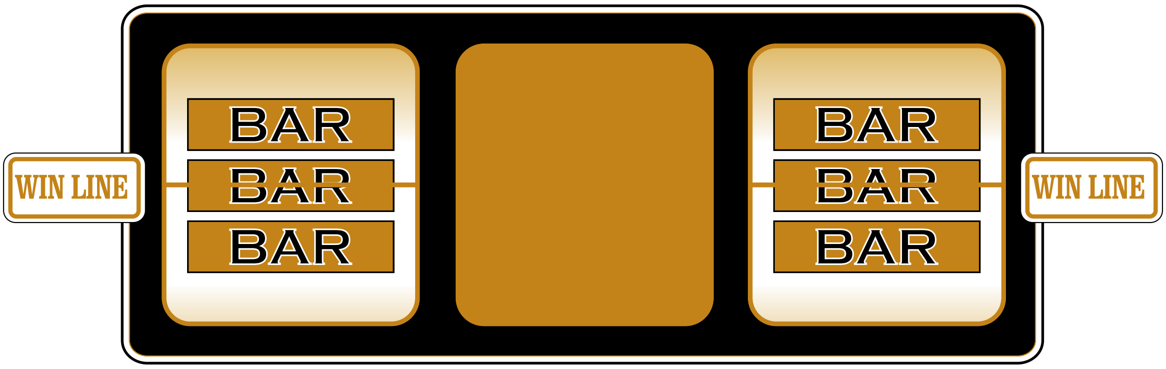
GRCR's performance in 2003 was attributable to exceptional trading by the group's five casinos. GRCR's longest trading casinos, Gold Reef City, Golden Horse and Casino Mykonos contributed significantly to the group's strong growth. The new casinos, Garden Route Casino and Goldfields Casino, traded well from inception to enhance the group's earnings.

An improved SA economy in 2003 impacted favourably on GRCR. Reduced inflation and interest rates boosted disposable income which resulted in outstanding revenue for all of the group's casinos. This strong performance enabled the group to accomplish a fifth consecutive year of growth. Two significant goals were achieved. Management's continued focus on strict cost discipline ensured that each casino traded at above average margins, and net borrowings were reduced at a quicker rate to the lowest levels since the group's inception.

2004

Gold Reef Casino Resorts

NET CASH-POSITIVE FOR THE FIRST TIME



6 CONSECUTIVE YEARS OF COMPOUND GROWTH IN HEADLINE EARNINGS OF 23,9%

HEADLINE EARNINGS PER SHARE OF 91,1 CENTS UP 46,4%

DIVIDEND OF 48,0 CENTS UP 77,8%

NET CASH FROM OPERATIONS OF 170,3 CENTS PER SHARE

NET CASH-POSITIVE FOR THE FIRST TIME

GRCR's performance in 2004 marked the group's sixth consecutive year of growth and the best performance to date. Compound growth in headline earnings over the past six years has exceeded 23%. All the group's casinos capitalised on lower interest and inflation rates to perform exceptionally well, with particularly strong performances from Garden Route Casino and Goldfields Casino.

GRCR focused during the year on optimising operational efficiencies at the casinos, consolidating group policies and procedures and eliminating group debt. While growth in market share remained a priority, management at the same time maintained stringent control of operational expenditure to improve EBITDA margins. The strategy was successful with the underlying operations becoming significantly de-geared and GRCR being net cash-positive at year-end for the first time.

2005

Gold Reef Casino Resorts

FINANCIAL HIGHLIGHTS

EARNINGS PER SHARE UP 19,3% TO 112,4 CENTS

HEADLINE EARNINGS PER SHARE UP 12,1% TO 102,1 CENTS

GRCR INCREASES STAKE IN GARDEN ROUTE CASINO TO 85,0%

	REVENUE			EBITDA			EBITDA %		CAPEX	
	2005	2004		**2005**	2004		**2005**	2004	**2005**	2004
	R'000	R'000	%	**R'000**	R'000	%	**%**	%	**R'000**	R'000
Gold Reef City	**850 258**	796 046	6,8	**304 202**	302 015	0,7	**35,8**	37,9	**89 575**	71 322
Golden Horse	**167 549**	142 350	17,7	**73 321**	57 531	27,4	**43,8**	40,4	**6 975**	6 625
Casino Mykonos	**83 392**	69 743	19,6	**34 200**	27 207	25,7	**41,0**	39,0	**8 697**	4 955
Garden Route Casino	**123 351**	98 447	25,3	**60 459**	44 413	36,1	**49,0**	45,1	**5 687**	15 782
Goldfields Casino	**86 241**	80 550	7,1	**39 460**	35 895	9,9	**45,8**	44,6	**1 686**	1 909
Gold Reef Management	**51 268**	48 205	-	**20 056**	23 566	-	**-**	-	**71**	32
GRCR	**-**	-	-	**28 487**	12 160	-	**-**	-	**-**	-
Consolidation	**(196 637)**	(178 658)	-	**(72 094)**	(60 594)	-	**-**	-	**(4 856)**	(10 778)
	1 165 422	1 056 683	10,3	**488 091**	442 193	10,4	**41,9**	41,8	**107 835**	89 847

DEFINITIONS

Gold Reef Casino Resorts Limited ~

"ADIPS"	Amusement Devices Inspection Procedures Scheme
"Akani Egoli"	Akani Egoli (Pty) Limited (which operates Gold Reef City Casino and Theme Park)
"Akani Egoli Management"	Akani Egoli Management (Pty) Limited
"Akani Leisure Casino"	Akani Leisure Casinos (Pty) Limited
"Akani Leisure Goldfields Investments"	Akani Leisure Goldfields Investments (Pty) Limited
"Akani Leisure Investments"	Akani Leisure Investments (Pty) Limited
"Akani Leisure Msunduzi Investments"	Akani Leisure Msunduzi Investments (Pty) Limited
"Akani Msunduzi"	Akani Msunduzi (Pty) Limited (which operates Golden Horse)
"Akani Msunduzi Management"	Akani Msunduzi Management (Pty) Limited
"Aldiss Investments"	Aldiss Investments (Pty) Limited
"the board"	The board of directors of GRCR
"CASA"	Casino Association of South Africa
"Casinos Austria"	Casinos Austria International Holding GmbH
"EE"	Employment Equity
"Garden Route Casino"	Garden Route Casino (Pty) Limited (which operates Garden Route Casino)
"Goldfields Casino"	Goldfields Casino and Entertainment Centre (Pty) Limited (which operates Goldfields Casino)
"GRCR" or "the company"	Gold Reef Casino Resorts Limited
"GRM"	Gold Reef Management (Pty) Limited
"the group"	GRCR and its subsidiaries, joint ventures, associates and affiliates
"HEPS"	Headline earnings per share
"HDIs"	Historically disadvantaged individuals (for the purposes of this annual report including white females)
"JSE"	JSE Limited
"the previous year" or "the prior year"	GRCR's financial year ended 31 December 2004
"Silverstar"	Silverstar Development Limited
"SA"	South Africa
"SARGF"	South African Responsible Gambling Foundation
"SARS"	South African Revenue Services
"Theme Park"	Gold Reef City Theme Park
"THETA"	Tourism and Hospitality Education and Training Authority
"West Coast Leisure"	West Coast Leisure (Pty) Limited (which operates Casino Mykonos)
"the year"	GRCR's financial year under review ended 31 December 2005

CONTENTS

Gold Reef Casino Resorts Limited ~

South African Apartheid Museum, Gold Reef City - Gauteng

Golden Horse - KwaZulu-Natal

Gaming & Entertainment

GROUP OBJECTIVES

Gold Reef Casino Resorts Limited ~

Like many of man's great achievements our company was born from a vision. While it will continue to grow from this dynamic foundation, certain core values will remain constant:

WE CONSTANTLY STRIVE TO BE THE BEST AT WHAT WE DO

WE ARE IN THE BUSINESS OF PROVIDING GOOD VALUE FAMILY FUN AND ENTERTAINMENT TO OUR PATRONS

WE STRIVE AT ALL TIMES TO ENHANCE THE QUALITY OF OUR PATRONS' EXPERIENCE THROUGH EXCEPTIONAL SERVICE AND PRODUCT IN ALL SPHERES OF ACTIVITY

WE EXPECT FROM OUR STAFF DEDICATION TO THE HIGHEST PRINCIPLES OF QUALITY, SERVICE AND INTEGRITY

WE CONTRIBUTE TO OUR COUNTRY AS A RESPONSIBLE CORPORATE CITIZEN AND CONDUCT OUR AFFAIRS ACCORDINGLY

WE AIM TO DELIVER CONSISTENT EARNINGS GROWTH AND TO ENHANCE SHAREHOLDER VALUE

WE OFFER ALL 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

7 YEAR REVIEW

Gold Reef Casino Resorts Limited ~

	2005	2004	2003	2002	2001	2000	1999
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Income Statement							
Revenue	**1 165 422**	1 056 683	903 903	787 125	-	-	-
EBITDA	**488 091**	442 193	349 020	308 515	47 015	33 305	(4 964)
Attributable profit for the year	**230 732**	192 208	125 069	101 357	72 559	62 047	20 051
Headline earnings	**209 494**	185 879	131 431	107 437	74 362	73 370	30 001
Number of shares in issue (000)	**220 603**	220 003	217 860	213 542	177 262	177 262	131 807
EPS (cents)	**112,4**	94,2	61,9	47,5	46,7	40,6	25,0
HEPS (cents)	**102,1**	91,1	65,1	50,3	42,0	40,4	34,2
Dividend per share (cents)	**51,0**	48,0	27,0	15,0	-	-	-
Balance Sheet							
Interest-bearing borrowings	**60 682**	56 698	203 482	365 284	-	-	-
Net cash and cash equivalents	**109 362**	104 604	65 791	153 365	31 219	62 024	-
Financial Ratios							
Return on equity (%)	**22,1**	20,6	15,3	15,4	14,5	12,7	6,1
Gearing (%)	**5,8**	6,1	24,9	26,0	2,6	7,3	39,1
Interest cover (times)	**N/A**	73,7	8,3	4,4	-	-	-
Dividend cover (times)	**2,0**	2,0	2,4	3,4	-	-	-
NAV per share (cents)	**508,0**	456,5	401,7	356,7	320,0	274,8	248,0

Note: The group consolidated its results from 2002 onwards

GROUP STRUCTURE

Gold Reef Casino Resorts Limited ~ 31 December 2005

GOLD REEF
CASINO RESORTS

CASINO INTERESTS

50% (83,94% economic interest) in Akani Egoli incorporating *Gold Reef City Casino & Theme Park* *Johannesburg - Gauteng*	Gold Reef City GAUTENG
50% (85% economic interest) in Akani Msunduzi incorporating *Golden Horse* *Pietermaritzburg - KwaZulu-Natal*	GOLDEN HORSE
54,33% in West Coast Leisure incorporating *Casino Mykonos* *Langebaan - Western Cape*	CASINO MYKONOS
42,5% in Garden Route Casino incorporating *Garden Route Casino* *Mossel Bay - Western Cape*	GARDEN ROUTE CASINO Mossel Bay
10% (14,67% economic interest) in Goldfields Casino incorporating *Goldfields Casino* *Welkom - Free State*	GOLDFIELDS CASINO

GRM

Management contracts for:

- *Gold Reef City Casino - 75% of management contract*
- *Golden Horse - 100% of management contract*
- *Casino Mykonos - 100% of management contract*
- *Garden Route Casino - 100% of management contract*
- *Goldfields Casino - 70% of management contract*
- *Gold Reef City Theme Park - 100% of management contract*

DIRECTORATE & MANAGEMENT

Gold Reef Casino Resorts Limited ~

EXECUTIVE DIRECTORS

1) *SB Joffe (35) CEO*
B.Com (Hons Taxation) H.Dip (Company Law) CA (SA)
Has over 10 years' experience in the gaming industry and was appointed as CEO of GRCR in 2000.

2) *JS Friedman (33) FD*
CA (SA)
Has over six years' experience in the gaming industry having joined GRCR in 2000.

3) *C Neuberger" (40) COO*
MBA (Vienna)
Has 15 years' experience in gaming with GRCR's international partner Casinos Austria.

NON-EXECUTIVE DIRECTORS

4) *M Krok (49) Chairman*
B.Proc. LLB
Has more than 23 years' experience in legal and diverse business fields. Currently a non-executive director of Aspen Pharmacare Holdings Limited and a director of numerous private companies.

5) *AJ Aaron (74)*
B.Com LLB
Director of Werksmans Inc. with over 50 years' experience in commercial and corporate law. Serves as non-executive chairman of Aspen Pharmacare Holdings Limited and Transpaco Limited and as a non-executive director of Edgars Consolidated Stores Limited.

6) *BJ Schutte (58)*
Has 34 years' experience in the leisure industry. Holds executive directorships of a number of private companies.

7) *RJ Khoza (56)*
BA (Hons) MA (Lancaster) PMD (Harvard) IPBM IMD (Lausanne)
Currently chairman designate of Nedbank Limited, Nedbank Group and Old Mutual plc and a non-executive director of Protea Hospitality Limited. In addition is a director of the JSE and a number of private companies and is chairman of Aka Capital (Pty) Limited, Corobrik (Pty) Limited and the NEPAD Business Foundation.

8) *MZ Krok (49)*
Has more than 20 years' experience in a diversity of business fields and currently holds directorships of numerous private companies.

9) *J Leutgeb" (44)*
MBA
A member of the Austrian Chamber of Accountants and has over 10 years' experience in gaming. Currently an executive director of Casinos Austria and Chief Financial Officer of the Casinos Austria Group.

" Austrian

ALTERNATE DIRECTORS

10) *A Krok (76)*
- alternate to M Krok

11) *S Krok (76)*
- alternate to MZ Krok

12) *R Vierziger"(52)*
- alternate to J Leutgeb

SENIOR MANAGEMENT

B Biyela (35)
General Manager, Gold Reef City Casino

S Cook (54)
General Manager, Gold Reef City Theme Park

C van Groeningen (43)
General Manager, Casino Mykonos

P Beney (43)
General Manager, Golden Horse

RJ Seabrook (34)
General Manager, Garden Route Casino

D de Beer (37)
General Manager, Goldfields Casino


EXECUTIVE DIRECTORS
1
2
3
EXECUTIVE DIRECTORS
NON-EXECUTIVE DIRECTORS
4
5
6
NON-EXECUTIVE DIRECTORS
NON-EXECUTIVE DIRECTORS
7
8
9
NON-EXECUTIVE DIRECTORS

CHAIRMAN'S REPORT

Gold Reef Casino Resorts Limited ~

The year marks GRCR's seventh year of solid growth, supported by strong trade at the group's casinos. Improvement in all key performance indicators was achieved notwithstanding unjustified negative publicity that stunted the performance of the Theme Park. Core focus during the year was on consolidation and optimisation of existing operations.

While gaming revenue increased by 12,0%, group revenue for the year rose 10,3% to R1,2 billion. Profit attributable to shareholders grew 20,0% to R230,7 million. EBITDA of R488,1 million was up 10,4% and represented a 41,9% margin on revenue.

Headline earnings per share increased by 12,1% to 102,1 cents from the restated comparative of 91,1 cents.

The dividend for the year of 51,0 cents per share is 6,3% higher than last year's dividend of 48,0 cents.

CORPORATE ACTIONS

During the year GRCR sold its 9,9% investment in the issued share capital of Johnnic Holdings Limited to Hosken Consolidated Investments Limited at a profit of R20,4 million, which was used to fund the group's growth strategy.

GRCR further ceased discussions with SAB Miller plc following notification to the group that it was not a seller of its 49% interest in Tsogo Sun Holdings (Pty) Limited.

Effective 31 December 2005 GRCR acquired Casinos Austria's royalty entitlement of 0,375% of the gross gaming revenues of GRCR's casinos for R42,4 million. We are confident that this transaction will prove earnings enhancing in the medium term.

LITIGATION

M-Net and Carte Blanche

Post year-end GRCR has instituted legal proceedings against M-Net and Carte Blanche to recover around R24 million in damages, incurred as a result of the unjustified Carte Blanche report on the safety of certain of the Theme Park's rides. The amount of damages includes a significant loss of revenue as a result of lower attendance at the Theme Park as well as legal and marketing expenses incurred to address the unjustified report.

The Theme Park continues to invest considerable amounts in maintaining the safety of its rides, which has been affirmed by experts and is regularly subject to ongoing government-sanctioned and international expert inspections.

SARS

Supported by the opinion of senior counsel, GRCR has lodged objections against revised SARS assessments which disallow the deduction of pre-opening expenses of casinos. Nonetheless in the interests of prudence, provision for the potential tax liability has been made at the affected casinos pending the outcome of the objection process.

EMPOWERMENT

Post year-end the group concluded a number of corporate transactions ("the transactions") which will facilitate the increase in beneficial shareholdings by GRCR's BEE partners at a number of the group's operations. This has gone some way to achieving the strategic objective of increasing BEE beneficial shareholdings at all operations to a minimum of 25,1% over the medium term.

The transactions further align with GRCR's strategy of driving organic growth by consolidating its gaming platform through increased exposure to existing operations.

The group sacrificed economic interest to increase the BEE shareholding in Gold Reef City to 25,01%. At Garden Route Casino it raised its beneficial shareholding to 85%, which will in time reduce to facilitate a BEE shareholding of 25,1%. In Casino Mykonos the group increased its shareholding to 60,3%. The terms of the Goldfields transaction, which would originally have seen GRCR increase its beneficial shareholding to 74,9%, have been renegotiated to meet with gaming board requirements and GRCR's direct shareholding should increase to 60%.

Further details of the transactions are set out in the Directors' Report ('Post Balance Sheet Events').

FUTURE DEVELOPMENT

GRCR and Akani Leisure Investments, the group's BEE partner in Gold Reef City, have not yet exercised their option to purchase the entire issued share capital of Silverstar which was awarded Gauteng's sixth and final casino licence in 2004. During the year Silverstar received environmental and town planning approval for the casino. The Gauteng Gambling Board is currently considering change requests submitted by Silverstar which were motivated by changes in regulations since its original licence application.

Silverstar will present the group with a strategic opportunity to reduce GRCR's dependence on Gold Reef City.

LOOKING AHEAD

The strengthened BEE platform at many of the group's operations following the transactions reflect the group's commitment to transformation.

Continued low interest and inflation rates coupled with expected wage increases exceeding inflation will continue to create an environment conducive to growth. Further, with the Rand expected to remain stable GRCR will be able to continue reducing capital costs.

APPRECIATION

I wish to thank Steven, his management team and all GRCR employees for their commitment and efforts to sustain seven years of growth. My thanks also to my colleagues on the board for their wise counsel and insight during the year. I finally thank our patrons, shareholders and other stakeholders for their continued support and faith in the group.

Maxim Krok - Chairman

Maxim Krok - Chairman

Steven Joffe - CEO

CEO'S REPORT

The group's performance was driven by organic top-line growth with no new acquisitions concluded during the year. GRCR focused on complementing strong trade at its casinos with optimal efficiencies, as reflected in improved EBITDA margins at Golden Horse, Casino Mykonos, Garden Route Casino and Goldfields Casino. Notwithstanding that we are pleased with the group's results, higher growth was inhibited by the Theme Park's poor performance due to Carte Blanche unjustifiably condemning the safety of certain rides.

OPERATIONAL REVIEW

Gold Reef City

Gold Reef City Casino's satisfactory performance resulted in an 8,4% increase in revenue to R804,0 million off its 1 600 slots and 50 tables. However, Gold Reef City achieved combined revenue growth of only 6,8% due to the Theme Park's 14,4% decrease in revenue to R46,3 million as a result of the unjustified negative publicity generated by M-Net's Carte Blanche programme.

Gold Reef City Casino maintained an EBITDA margin on revenue of 37,8% to achieve EBITDA of R304,2 million. The static performance was due mainly to the underperformance of tables as a result of a lower hold percentage, as well as renovations and construction which disrupted trade. In order to boost performance the management team was bolstered during the year.

Since year-end the remodelled Globe Theatre and 1 400-bay covered parking facility have been completed. Steady footfall at the casino in 2006, notwithstanding inclement weather, reflects the benefit of the covered parking facility. A five-year capital expenditure plan has been devised to drive future growth. This involves an extensive upgrade and redesign of the casino floor and surrounding amenities including a 6 000 seat multi-purpose function facility.

The number of visitors to the Theme Park declined by 21,1%. Legal and marketing expenses increased over the course of the year to address the situation brought about by the Carte Blanche programme. The Theme Park continues to invest significant sums in maintaining the safety of its rides. In addition, the safety of the rides is regularly assessed by external structural engineers and regulated by the Department of Labour, whose reports continue to affirm the safety of the rides.

The Theme Park has further begun to implement a comprehensive plan to improve its offering that encompasses increased capacity on major rides, a 4D cinema, new restaurants and an extended retail offering including branded Theme Park apparel. GRCR is confident that this plan should restore the Theme Park to former levels of performance over the medium term. Post year-end GRCR has issued summons against M-Net and Carte Blanche for damages resulting directly from the unjustified negative publicity.

The Apartheid Museum maintained its good performance through the successful roll-out of its school education programme and an escalating profile supported by strict cost control.

Golden Horse

The casino's strong performance was reflected in a 17,7% increase in revenue to R167,6 million. EBITDA of R73,3 million was up 27,4% from R57,5 million, with an improved EBITDA: Revenue ratio of 43,8%. The casino was cash-positive having repaid external debt during the year.

Pietermaritzburg's growth following its designation as the new capital city of KwaZulu-Natal indirectly contributed to the casino's robust trade and a high occupancy in the hotel.

In order to capitalise on the casino's steady growth, investment will be made in new development projects including restaurants and family entertainment areas.

Casino Mykonos

Maintaining its track record of 20% growth year-on-year since inception, the casino reported revenue of R83,4 million. This was in line with the growth in regional gross gaming revenues of 20,9%. Higher EBITDA of R34,2 million represented an increased 41,0% margin on revenue. The casino has 270 slots and 9 tables.

Macro-economic growth and increasing residential development along the coast in the Western Cape continued to benefit the casino. Ongoing expansion at the Club Mykonos Resort itself should further support the casino's growth going forward.

Post year-end the group has increased its shareholding in Casino Mykonos.

Garden Route Casino

The casino remained the group's stellar performer with revenue spiralling by 25,3% to R123,4 million from R98,4 million. This outstripped regional growth in gross gaming revenues. A 36,1% increase in EBITDA to R60,5 million reflected in a higher EBITDA:Revenue ratio of 49,0%. During the year the casino also fully repaid external debt. Garden Route Casino has 312 slots and 13 tables.

The lodges on the adjacent golf course have been completed and construction has commenced on the 500-residence development. The internationally acclaimed golf course is expected to be complete by the end of the year. In order to accommodate the anticipated increase in the number of and leisure standard expected by new patrons, upmarket facilities will be added to the casino.

Goldfields Casino

Notwithstanding a tough trading environment the relatively young casino recorded revenue of R86,2 million. EBITDA of R39,5 million represented a 45,8% margin on revenue. The casino also retained its debt-free position to remain cash-positive. While closure of mines in the area continued to impact on the casino's growth, competition from the new Bloemfontein casino had no significant effect on trading.

In line with the award by the Free State Gambling & Racing Board of a permanent casino licence, an upgrade of the existing site is planned. The casino currently has 226 slots and 6 tables. Post year-end Goldfields

CEO'S REPORT (CONTD)

Gold Reef Casino Resorts Limited ~

Casino has acquired the premises from which the casino operates for a total consideration of R45 million, and GRCR has increased its shareholding in the casino.

Further detail of the group's post year-end increases in shareholding in the various casinos is set out in the Chairman's and Directors' Reports ('Post Balance Sheet Events').

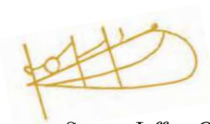
OUTLOOK

The group is confident that the transactions (see Chairman's and Directors' Reports -'Post Balance Sheet Events') have set in place growth prospects for existing operations that will continue to provide long-term financial benefits for shareholders. The group will continue to leverage its balance sheet to fund strategic acquisitions, including Silverstar, with subsequent degearing over time boosting earnings. GRCR may also pursue appropriate international expansion opportunities either alone or in conjunction with Casinos Austria.

WORD OF THANKS

I express my sincere appreciation to GRCR's employees, the general managers of each of the group's operations and their management teams for their commitment to excellence and valuable contribution to GRCR's performance.

My thanks also to our advisors, service providers, shareholders and in particular our loyal patrons for their ongoing support.



Steven Joffe - CEO


Casino Mykonos - Western Cape


Gold Reef City Theme Park - Gauteng


Gold Reef City Casino - Gauteng

EMPLOYEES

Gold Reef Casino Resorts Limited ~

EE

GRCR has a formal EE policy in place which aims to redress past disadvantages in employment to ensure equitable representation in all occupational categories and levels. The group believes that the policy aids in entrenching a culture in which employment equity is a business imperative and a competitive advantage. The policy sets out steps 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. The policy further sets out the group's commitment to achieving an employment status that fairly represents the demographics of the country as well as of the regions in which its operations are located.

Formal reporting practices ensure that the group's EE policy is monitored and adjusted as required on a quarterly basis. The operations' individual EE plans have been submitted to the Department of Labour and are on track to meet the targets, which in many cases exceed regulated industry transformation benchmarks.

Where necessary, the operations have identified barriers to the implementation of EE and have implemented action policies to overcome these. Wherever possible the group recruits and promotes internally, seeking to identify suitable HDI candidates for promotion through training such as the Business Communication courses run at the Theme Park. All external recruitment advertisements state the group's EE policy and preference continues to be given to HDIs within the relevant merit and qualification requirements.

Employees are continuously informed about developments regarding EE through departmental and general staff meetings, workplace fora and memos in public places, for instance in canteens and meeting rooms. Intranet and email are also used to communicate EE policies. In most of the operations committees comprised of representatives from both management and organised labour have been established to facilitate improved communication and to accelerate the implementation of EE. In this regard some of the operations have conducted diversity training programmes and African language

TOTAL EMPLOYEES	PROJECTED	ACTUAL	ACTUAL	ACTUAL	ACTUAL
	2006 %	**2005 %**	2004 %	2003 %	2002 %
Asian	6	**5**	5	6	7
Black	65	**66**	66	66	65
Coloured	13	**13**	13	13	12
White	16	**16**	16	15	16
Female	44	**43**	44	42	41
Total HDI	92	**91**	91	91	85
Broken down as follows:					
Senior management					
Asian	6	**6**	7	11	7
Black	16	**8**	6	4	13
Coloured	2	**2**	2	2	-
White	76	**84**	85	83	80
Female	24	**26**	23	28	20
Middle and junior management					
Asian	14	**13**	2	1	4
Black	41	**38**	39	37	36
Coloured	9	**10**	9	7	5
White	36	**39**	50	55	55
Female	36	**37**	40	41	45
Supervisory					
Asian	7	**7**	8	9	3
Black	63	**62**	61	64	67
Coloured	13	**13**	17	5	13
White	17	**18**	14	22	17
Female	42	**42**	43	41	43
General staff					
Asian	5	**4**	5	6	7
Black	72	**74**	73	71	70
Coloured	14	**13**	13	15	13
White	9	**9**	9	8	10
Female	46	**45**	45	43	44

courses. Such committees also identify employees for "fast-track programmes" and training initiatives.

All of the group's operations continue to identify positions to be filled by disabled employees such as reception work and are cognisant of attracting and retaining disabled employees. As a general principle, during the planning phase for new buildings at the group's operations the needs of disabled personnel are taken into account and accommodated.

During the year the group has made progress towards meeting its EE targets as evidenced in the table on page 28.

SKILLS DEVELOPMENT AND TRAINING

The group's operations continue to make available to employees a wide range of skills development courses covering both professional training and personal growth. The courses are driven to a large extent by changing industry requirements and practices that necessitate ongoing training.

During the year professional skills were boosted, including responsible gaming, table dealers and money laundering. Courses were also conducted in new banknote awareness educating the relevant staff on the bank notes' new security features to increase their ability to recognise counterfeit notes. The group's operations also conducted whistle-blowing courses to encourage good corporate governance. There was further group-wide emphasis on customer service, improved communication and the upgrade of computer literacy levels.

The operations utilised their respective THETA dispensations to choose from a selection of approved courses and service providers. Several of them made use of the THETA short course to educate staff on a broad number of topics including basic business and customer service skills, HIV/AIDS and life skills. Certain operations also introduced courses aimed at management development.

Over 85% of course participants at all the operations were HDIs, with the exception of Casino Mykonos where the figure was 69%. Pass rates ranged from 75% (Casino Mykonos) to 95% (Golden Horse), through to leaders Garden Route Casino (100%) and Goldfields Casino (100%).

Further personal education is encouraged via loans and student bursaries which are made available to suitable candidates. Bursaries and subsidies are provided for a range of education opportunities from advanced industry skills training through professional qualifications to advanced degree courses such as an MBA.

SUCCESSION PLANNING

GRCR encourages succession planning within each operation and identifies a number of employees with the potential to develop to senior management level. These candidates are fast-tracked with a combination of in-house training, mentoring and management development courses. In this respect the group places a particular emphasis on facilitating the advancement of HDIs.

The Theme Park utilises training courses to identify suitable succession candidates. Casino Mykonos and Goldfields Casino continue to implement established succession planning policies while Golden Horse is currently finalising its policy, part of which includes career development workshops planned for 2006. Garden Route Casino's policy is strongly supported by the operation's commitment to improved communication and computer literacy skills.

Gold Reef City Casino has extended its succession management development to facilitate formal succession planning - its Foundation Management Development Programme was launched in 2005 and the Middle Management Development Programme will be implemented in 2006. The Foundation Programme covers a number of areas including problem solving, conflict resolution, leadership and organisational and interpersonal skills. The Middle Management Development Programme is aimed at developing the managerial skills of managers from shift level managers upwards. The programme is facilitated by Connemara Consulting which is affiliated to the Gordon Institute of Business Science (GIBS).

EMPLOYEE PARTICIPATION

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

HEALTH AND SAFETY

The Health and Safety portfolio remains a priority at all of the group's operations. Clear communication and reinforcement of the Health and Safety regulations, as well as ongoing fire-fighting and first aid courses, ensure that employees are competent to address on-site incidents. On-site clinics, where available, attend to the medical needs of staff.

The Theme Park introduced the UK-based ADIPS theme park standards control system during the year. ADIPS is an internationally accredited safety standard which has been encoded in UK legislation. Independent third party experts conduct regular structural, mechanical, hydraulic and pneumatic inspections, amongst others, of the Theme Park's rides. Following an ADIPS inspection certification guaranteeing the safety of the attractions is issued. During the year the Theme Park contracted UK-based structural engineering firm Jacobs Babtie to conduct a thorough safety inspection of the venue in accordance with ADIPS. The report found all rides and attractions to comply fully with international safety standards. The Theme Park invests significant sums in maintaining the safety of its rides conducting daily, weekly and monthly inspections. The rides are further regulated by the Department of Labour, whose reports also affirm the safety of the rides.

Both Gold Reef City and Golden Horse introduced SHE risk assessment and procedures during the year to improve monitoring of and response to injuries. At Casino Mykonos a dedicated compliance officer is responsible for health and safety issues, while at Garden Route Casino and Goldfields Casino, health and safety falls under the jurisdiction of the

EMPLOYEES (CONTD)

Gold Reef Casino Resorts Limited ~

Security Department and is included as a review area in performance assessments. In the year ahead Garden Route Casino will continue to implement a health and safety training plan.

While Golden Horse maintained its National Occupational Safety Association (NOSA) 5 Star Platinum Rating in 2004, there were no new NOSA assessments during 2005 due to a NOSA change of management. Assessments will resume in 2006 and Golden Horse is confident of retaining its rating.

The group's accident and injury reports reflect minor incidents only. Where necessary, training has taken place to prevent the re-occurrence of such injuries.

HIV/AIDS

GRCR recognises that the HIV/AIDS pandemic is an escalating social, health and operational challenge. Its operations therefore have in place formal HIV/AIDS policies protecting the rights of infected employees and codifying procedures for early ill-health retirement.

During 2005 these policies were extended to increase awareness of the threat posed by HIV/AIDS, to ensure that healthy employees remain virus-free and to facilitate positive living for infected employees. Guest speakers regularly conduct awareness seminars and employees are further provided with counselling where required. Greater use was made of posters and pamphlets during the year and the number of condoms distributed free of charge was increased. Certain of the group's operations also conducted extensive awareness campaigns to coincide with international World Aids Day.

Many of the operations consulted external experts including FAMSA, Soul City, Hope Worldwide and the Careways Group, with an emphasis on education and voluntary counselling and testing.

CODE OF ETHICS AND BUSINESS CONDUCT ("THE CODE")

The group has a formal code of ethics in place which all employees are expected to follow. The Code sets out clear guidelines for honest and integrous conduct and fair business practices such as ensuring that independent judgement is not compromised by a conflict of interest and that marketing follows responsible gambling guidelines. The Code further stipulates a commitment to the highest standards of corporate governance and compliance with the laws of SA, including common law and regulations laid down by the national and regional gambling boards. A commitment to transparent, timely and reliable communication internally and with outside stakeholders is also codified in the Code.

Employees have been educated about the responsibility to report to management any actual, perceived or potential violation of the Code. In order to facilitate this process the group has established a 'whistle-blowers' hotline that is independently operated to protect confidentiality and anonymity. In addition select staff are sent on whistle-blower courses to understand the importance of the practice and the professional and ethical way in which it should be managed.

Management bears the responsibility of monitoring compliance with the Code. GRCR takes the Code seriously and employs disciplinary procedures and/or legal proceedings to address any transgression where appropriate.

THE ENVIRONMENT

The group is committed to the preservation and conservation of the environment and the natural resources of its operations' local regions. All operations follow the general principle that all reasonable steps must be taken to protect indigenous flora and fauna onsite and to remove invasive alien vegetation.

In addition, the operations follow the local government regulations regarding waste disposal and the implementation of environmentally sensitive policies, for example the recycling of waste and the proper handling of hazardous material to prevent contamination or pollution.

To preserve natural resources Gold Reef City Casino has waste recycling policies in place and follows set procedures for handling, storing and disposing of hazardous waste. Regular water supply and air conditioning quality tests are also conducted to ensure minimum wastage of resources. In an effort to minimise electricity consumption Casino Mykonos now controls exterior lighting with day and night switches and Goldfields Casino has planned the installation of a capacitator bank.

Of the group's operations only Garden Route Casino is located in an environmentally sensitive area. As part of its original agreement with the Mossel Bay Municipality, Garden Route Casino has set aside and maintained a protected fynbos reserve. The casino further has a dedicated environmental committee which constantly assesses the operation's impact on the region. As a consequence a decision was taken during the year to switch to manual irrigation so as to further conserve water resources.

All of the operations adhere to strict no-smoking policies in line with government legislation.

Gold Reef City Theme Park - Gauteng

CORPORATE GOVERNANCE REPORT

Gold Reef Casino Resorts Limited ~

The directors of GRCR are committed to observing the Code of Corporate Practices and Conduct set out in the King II Report and conducting the affairs of the group with transparency and integrity. The directors continually monitor compliance with best-practice corporate governance to ensure ongoing improvement of operational and corporate practices.

THE BOARD

The unitary board is regulated by a formal Board Charter, which sets out the role of the board and the responsibilities of the directors. The comprehensive Charter addresses matters relating to board composition, leadership, remuneration and evaluation, review of group processes and procedures, key operational risks and corporate governance compliance to evaluate performance, assess risk and review the strategic direction of the group. The Charter provides the board with a mandate to exercise leadership, determine the group's vision and strategy and monitor operational performance.

In accordance with the King II Report the board comprises a majority of six non-executive directors who outnumber the three executive directors, with three alternate non-executive directors. The directors are set out on pages 20 and 21 of the annual report. The roles of the non-executive Chairman and CEO are strictly separated. The clear division of responsibilities is echoed across the board and ensures a balance of authority which precludes any one director from exercising unfettered powers of decision-making. Non-executive directors provide objectivity and independence in board deliberations and internal decision-making processes and are not involved in the day-to-day operations of the group. Executive directors implement operational decisions through management. The directors are cognisant of the need to increase the number of independent directors and are involved in an ongoing process to identify appropriate candidates.

The board meets at least quarterly with additional meetings convened as dictated by circumstances. A table of directors' attendance at board meetings is contained in the Directors' Report.

In terms of the Articles of Association directors are subject to retirement by rotation and re-election at least once every three years. Details of directors retiring and offering themselves for re-election at the upcoming annual general meeting are set out in the Directors' Report. Directors' remuneration is disclosed in detail in the Directors' Report and in note 32 to the annual financial statements.

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.

BOARD PROCESSES

New appointments

New board appointments are considered by the board as a whole taking into account a blend of skills and experience as well as concerns such as diversity. In terms of GRCR's Articles of Association new directors hold office until the next annual general meeting at which they must retire and are subject to re-election at the instance of shareholders. The company secretary is responsible for implementing any induction programme which sets out the new director's responsibilities and fiduciary duties, as well as advises on the relevant statutory and regulatory framework. New appointees are further introduced to key senior management and taken on site visits. They also receive copies of the latest interim announcements and annual financial statements and are introduced to the company's accounting systems.

Conflict of interests

Directors are required to report to the board any conflicts or potential conflicts of interest and any other directorships held by them, which are reflected in the minutes of the board meetings. If a conflict of interest in respect of matters under deliberation is found to exist the relevant director must recuse him/herself from the relevant deliberations.

Ongoing corporate governance information

The company secretary is responsible for informing all directors on an ongoing basis of major regulatory and legislative developments in order to keep the board abreast of current requirements. The company involves its sponsor and other relevant experts where necessary to ensure that the level of information is sufficient to enable the board to fulfill its duties.

Share dealing

A group-wide share trading policy is in place whereby all directors and other employees who have access to financial results and any other price-sensitive information are prohibited from dealing in GRCR shares during 'closed periods' as defined, or while the company is operating under cautionary. Employees are expressly informed when the group is entering a 'closed period' and that dealing in GRCR shares during that period is prohibited. Further, directors are obliged to obtain clearance from the Chairman prior to dealing in the shares of the company and to report any share dealings (including transactions in terms of the Gold Reef Share Scheme) to the company secretary who, together with the sponsor, ensures that the information is published on SENS.

BOARD COMMITTEES

All committees have satisfied their responsibilities during the year in compliance with their written terms of reference.

Audit and Risk Committee

The audit and risk committee comprising four non-executive directors including committee chairman AJ Aaron, met three times during the year. The directors are of the opinion that a minimum of three meetings is sufficient for the purposes of discharging the committee's responsibilities. Additional special meetings are convened as and when required. The CEO, FD, Group Internal Audit Manager and external auditors are invited to attend every meeting and management members attend as required.

The audit and risk committee's responsibilities include:

- reviewing the interim results and annual financial statements before they are approved by the board;
- ensuring an effective control environment is maintained by considering accounting, auditing, financial reporting and internal control matters;
- evaluating the internal audit mandate, plan and activities;
- monitoring proposed changes to accounting policies;
- advising the board on the accounting implications of major transactions;
- recommending the appointment of external auditors to the board for approval by shareholders;
- evaluating the external auditors' independence and plan; and
- reviewing the group's compliance with the King II Report and JSE Listings Requirements.

Subject to overall board responsibility, the committee is further responsible for risk management. It continually assesses the major business and operational risks faced by the group and recommends and monitors appropriate risk management strategies.

Each of Akani Egoli, Akani Msunduzi, West Coast Leisure, Garden Route Casino and Goldfields Casino has a separate audit committee. These committees comply with the standards and practices set by GRCR's audit and risk committee. The internal audit manager and the external auditors of each of these companies report their findings to GRCR's audit and risk committee.

The chairman of the audit and risk committee or another committee member nominated by him, attends the company's annual general meeting.

Remuneration and Nominations Committee

The remuneration and nominations committee chaired by non-executive Chairman M Krok, comprises a further three non-executive directors who meet three times a year. As set out in the formal Remuneration and Nominations Committee Charter adopted during 2005, the committee is responsible for determining the terms of employment and remuneration of the company's executive directors and senior management. This includes an assessment of specific reward proposals and in turn involves an evaluation of performance.

The committee determines the fair remuneration of executive directors and senior management taking all factors and circumstances into account and benchmarking it against market trends. The Charter sets out bonus parameters. An incentive component forms part of the remuneration package to ensure performance delivery against key objectives and alignment with shareholder interests.

The committee further recommends a remuneration strategy for the group for approval by the board.

The performances of the CEO and other senior executives are assessed three times each year by the remuneration and nominations committee as a precursor to evaluating appropriate remuneration. Non-executive director remuneration is assessed by the CEO and executive directors to prevent any conflict of interest, which involves an evaluation of their performance and contribution. Directors' remuneration and interests are included in the Directors' Report and in note 32 to the annual financial statements.

The chairman of the remuneration and nominations committee or another committee member nominated by him, attends the company's annual general meeting.

MANAGEMENT

Operational management is appointed by the board based on the appropriate 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. This facilitates the disclosure to the directors of any conflict or potential conflict of interest on the part of management.

The performance of senior managers is independently reviewed by the remuneration and nominations committee and the company's executive directors.

ACCOUNTING AND AUDITING

IFRS

GRCR adopted International Financial Reporting Standards (IFRS) during 2005. Internal workshops were held for the operations' financial managers and the FD and his staff have attended outside seminars on IFRS to ensure ongoing integration of the accounting standards and practices. Further disclosure of the implications of the IFRS adoption is made in note 1.2. to the annual financial statements.

External audit

GRCR's external auditors are responsible for providing an independent assessment of internal controls and reporting on whether the financial statements are fairly presented in compliance with IFRS. The preparation of the financial statements remains the responsibility of the directors and management.

Internal audit

The group's internal audit function is housed in Akani Egoli and seconded to GRCR, Akani Msunduzi, West Coast Leisure, Garden Route Casino, Goldfields Casino and Gold Reef City Theme Park on a cost recovery basis. The Group Internal Audit Manager co-ordinates this process and attends all of the meetings. He also reports at GRCR audit and risk committee meetings and has direct access to the chairman of the audit and risk committee. The internal audit function is operated in accordance with the terms of reference set out in an Internal Audit Charter. The function is as envisaged in the Standards for the Professional Practice of Internal Auditing, which is fully endorsed by the applicable codes on corporate governance. It evaluates and examines the operations' activities and resultant business risks. The scope of the function includes compliance auditing of specific areas stipulated by the relevant gambling boards as well as assessing the adequacy of internal controls, fraud prevention, risk management and the safeguarding of assets. Unrestricted consultation is encouraged between the internal audit function and directors, management and GRCR's external auditors.

INTERNAL CONTROLS AND RISK MANAGEMENT

The board is responsible for the group's systems of internal control and risk management. These systems of internal control 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. 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 as well as 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. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. The system is therefore designed to manage rather than eliminate risk of failure and opportunity risk.

The audit and risk committee reports to the board which is responsible for assessing the risks that are continuously identified through the risk management process. Together with the audit and risk committee, the board monitors the implementation of the appropriate risk management strategies throughout the group. Key risks facing the group include:

Risk	Risk Mitigation
Exchange rate fluctuations	GRCR makes use of forward exchange contracts
Increase in interest rates	GRCR makes use of interest rate hedges
Increase in gaming taxes	CASA membership provides GRCR with a platform to lobby government on tax changes
Legislative and regulatory changes	CASA membership provides GRCR with a platform to lobby government on any impending changes
Penetration of new markets	GRCR partners with local groups with intimate knowledge of the new target markets
Local gaming market saturation	GRCR identifies complementary non-gaming and international expansion opportunities
Organised crime targeting casinos countrywide	GRCR partners with local police in all regions to ensure the protection of casino premises. The group has also enhanced security measures at all casinos
Health and safety	Regular reviews of operations are conducted for compliance with health and safety regulations (see 'Employees' for further details)
Electricity supply	GRCR has sufficient backup and generator capacity available where required

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

DISCLOSURE STATEMENT

The annual report deals adequately with disclosures pertaining to the annual financial statements, auditors' responsibility, accounting records, internal control, risk management, accounting policies, adherence to accounting standards, going concern issues and adherence to codes of governance.


Goldfields Casino - Free State


Fine Dining & Good Family Fun


Garden Route Casino - Western Cape

South African Apartheid Museum, Gold Reef City - Gauteng

CORPORATE SOCIAL RESPONSIBILITY

Gold Reef Casino Resorts Limited ~

BEE

The group is supportive of broad-based BEE and each of the operations is empowered at shareholder, employee and supplier levels. The group is committed to increasing BEE beneficial shareholdings at all operations to at least 25,1% over the medium term. Significant strides have been made in this regard post year-end (see Directors' Report - 'Post Balance Sheet Events').

The comprehensive EE policies of each of the operations and their success in meeting targets is summarised under 'Employees'.

Affirmative Procurement

The group is committed to affirmative procurement as a capex and operational imperative as far as possible. Commercial factors such as competitive pricing, service excellence and trustworthiness are necessarily considered alongside HDI considerations when awarding tenders. In addition there are circumstances in which the casinos are compelled by regulation to use companies licensed as casino suppliers for casino-dedicated services and goods, irrespective of their BEE status.

Within this framework the group's operations have formalised minimum procurement targets for goods and services, with the emphasis on supporting HDI businesses that are local to the region concerned. There is further prioritising of Small, Medium and Micro Enterprises (SMMEs). These targets are included in the original bid commitments to the gaming authorities and progress against these targets is monitored.

All of the group's operations exceeded their targets for affirmative suppliers during the year. Gold Reef City Casino currently stands at 40% procurement from BEE firms in comparison to its target of 25% for all outsourced contracts. Golden Horse procured 60% of non-casino specialised services from BEE suppliers during the year. Casino Mykonos also exceeded its 25% procurement target in each quarter and further entrenched the principle of affirmative procurement with all staff authorised to make purchases within this framework. Garden Route Casino significantly exceeded its 20% target with actual procurement from BEE companies at 37%, while Goldfields Casino achieved local affirmative procurement of 60% well ahead of its 30% target.

RESPONSIBLE GAMING

GRCR takes seriously its responsibility to assist government in managing problem gaming. Through its membership of CASA, the group actively participates in industry and government discussions on responsible gaming. All of the group's operations have implemented the requirements of the National Gambling Act, 7 of 2004. The requirements of the Act seek to safeguard gamblers and their communities from the impact of compulsive and problem gaming. The Act requires the placement of restrictions on advertising of gambling activities and the granting of promotional discounts. It further requires stricter procedures for granting credit and enforcing the payment of gambling debts and places increased emphasis on the protection of minors.

GRCR is an active participant in SARGF whose tollfree helpline operates a 24-hour multi-lingual service across southern Africa, providing counselling to problem gamblers and referring callers to professional help where necessary. SARGF provides a national treatment network where trained counsellors offer outpatient and inpatient treatment. Since its inception in 2000 the helpline has received over 100 000 calls and produces monthly reports which monitor trends. The helpline receives on average 3 000 to 4 000 calls per month, of which 10% are calls from people seeking assistance. SARGF also has an extensive public advocacy campaign to promote responsible gaming which includes Africa's first-ever education campaign aimed at adolescents and senior citizens.

The individual operations mirror the group's commitment to responsible gaming. All the operations prominently display responsible gaming signage and distribute information via posters and pamphlets, while all promotional material carries the responsible gaming message. SARGF's tollfree helpline is clearly indicated within casino areas and extensive staff training takes place to ensure compliance.

STAKEHOLDER COMMUNICATION

The group is committed to transparent, consistent and timely communication with stakeholders which translates into strong internal communication within the group. The internal communication structure is tiered to facilitate the clearest communication amongst and between staff and management, in accordance with the group's emphasis on employee satisfaction.

Many of the operations have introduced monthly departmental and shop steward meetings to facilitate communication between management and employees. Other tools such as quarterly staff meetings with the general manager, staff newsletters, memos, intranet, reports and complaint and suggestion boxes are also employed.

The CEO and FD regularly communicate with major shareholders, institutional investors and analysts and hold formal presentations to stakeholders on announcement of the group's annual financial results. Where permissible these directors also engage with the financial press in order to ensure accurate reporting.

Company announcements are released on SENS and are posted on the company's website. Financial results announcements are also published in mainstream business press and sent directly to shareholders, who are encouraged to attend the annual general meeting in order to facilitate greater interaction with the board and committee chairmen.

CORPORATE SOCIAL INVESTMENT

Gold Reef Casino Resorts Limited ~

GRCR is committed to contributing to social and community upliftment and empowerment. Social investment policy in the group is decentralised, although similar formal policies are in place for each of the operations. All operations are committed to establishing and maintaining excellent relations with the communities in which they operate. This is done through a variety of programmes, ranging from enabling previously unskilled people to work on the casino floor with job skills training to supporting outings for local children that might otherwise be beyond their reach.

GOLD REEF CITY CASINO & THEME PARK

Akani Egoli Management acts as the conduit for Gold Reef City's support of community upliftment. Throughout the year entrance to the Theme Park was sponsored for underprivileged children. Other charitable beneficiaries included:

- The Red Cross Children's Hospital;
- Child Welfare;
- The Tomorrow Trust - an organisation helping AIDS orphans;
- Cotlands;
- Soweto schools benefiting from sponsored soccer facilities;
- CHOC Cow in aid of children suffering from cancer;
- Bellavista Crèche - a crèche for underprivileged children;
- Eikenhof Children's Home; and
- Orlando Children's Home.

GOLDEN HORSE

A percentage of the management fee paid by Golden Horse to its management company Akani Msunduzi Management is allocated to CSI. During 2005 beneficiaries included:

- SAPS Community Forum assisting abused children;
- SOS Children's Villages;
- Winter Warmth campaign collecting blankets for the homeless; and
- Community educational science centre.

CASINO MYKONOS

Casino Mykonos donates 5% of pre-tax profits to the West Coast Community Trust, which was established with the aim of providing education assistance to the local community. The casino's board of directors during the year requested that the Trust provide them with more regular written reports in order to ensure the selection of worthy beneficiaries and a valid motivation for selection.

GARDEN ROUTE CASINO

Garden Route Casino donates 1% of turnover to a local community trust which ensures donations are made to local projects such as AIDS hospices.

GOLDFIELDS CASINO

In terms of its licence agreement Goldfields Casino has committed to investing R1 million over three years in community facility development. During the year the casino further supported a number of organisations including:

- HIV/AIDS orphanage House of Hope;
- Child Welfare;
- CANSA; and
- Sports development programmes at local schools.

Orlando Children's Home visit to Gold Reef City Theme Park - Gauteng

ANNUAL FINANCIAL STATEMENTS

~ Gold Reef Casino Resorts Limited ~

DIRECTORS' STATEMENT OF RESPONSIBILITY
DECLARATION BY COMPANY SECRETARY

DIRECTORS' STATEMENT OF RESPONSIBILITY

The directors are responsible for the preparation, integrity, and fair presentation of the financial statements of GRCR and its subsidiaries. The financial statements presented on pages 43 to 85 have been prepared in accordance with International Financial Reporting Standards (IFRS), and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all statements of IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the group at year-end. The directors have also prepared the other information included in the annual financial statements and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the company and the group to enable the directors to ensure that the financial statements comply with the relevant legislation.

GRCR and its subsidiaries operate in an established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company and the group.

The group's external auditors, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on page 42.

The financial statements were approved by the board of directors on 15 March 2006 and are signed on their behalf by:

SB Joffe
CEO

JS Friedman
FD

Johannesburg
15 March 2006

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)*
Company secretary

Johannesburg
15 March 2006

REPORT OF THE INDEPENDENT AUDITORS

REPORT OF THE INDEPENDENT AUDITORS

Report of the independent auditors to the members of Gold Reef Casino Resorts Limited.

We have audited the annual financial statements and group annual financial statements of Gold Reef Casino Resorts Limited for the year ended 31 December 2005, set out on pages 43 to 85. These annual financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these annual financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of International Standards on Auditing. Those standards require that we plan and perform the audit to provide reasonable assurance that the annual 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 annual financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2005 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)
Johannesburg
15 March 2006

NATURE OF BUSINESS

GRCR is a gaming and entertainment company incorporated in South Africa. Its interests incorporate Akani Egoli which operates Gold Reef City Casino and Theme Park; Akani Msunduzi which operates Golden Horse; West Coast Leisure which operates Casino Mykonos, Garden Route Casino which operates Garden Route Casino and Goldfields Casino which operates Goldfields Casino.

GRCR also owns GRM which currently provides management services to the group's own projects with the aim of targeting independent operations in the future.

GRCR conducts its business from South Africa.

FINANCIAL RESULTS AND DIVIDEND

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

On 15 March 2006 the board declared a dividend of 51,0 cents per share covered twice by HEPS. From time to time the board will reconsider dividend cover having regard to the group's cash flow, gearing and capital requirements. The dividend was financed out of GRCR's free cash flow after servicing the debt of the group's underlying operations. (Salient dates are set out in the Shareholders' Diary on page 90 of this annual report.)

SHARE CAPITAL

On 1

600 000 shares were issued during 2005. At 31 December 2005 the aggregate number of ordinary shares in issue was accordingly 220 602 659. The company's unissued shares have been placed under the control of the directors until the forthcoming annual general meeting.

Treasury shares held by the group on 1 January 2005 numbered 14 427 602 (1 January 2004 : 14 427 602). During the year the group purchased no further treasury shares (2004 : Nil). At year-end treasury shares held by the group numbered 14 427 602 (year-end 2004 : 14 427 602).

GRCR shares held by the share scheme on 1 January 2005 numbered 100 000 (1 January 2004 : 150 000). During the year the share scheme purchased 2 114 185 further GRCR shares (in 2004 the share scheme sold a net amount of 50 000 shares). At year-end GRCR shares held by the share scheme numbered 2 214 185 (2004 : 100 000).

DIRECTORATE

The directors of the company at the date of this annual report are set out below. The number of board and committee meetings attended by each of the directors during the year 1 January 2005 to 31 December 2005 is indicated, with the number in brackets reflecting the total number of meetings held during this period.

BOARD ATTENDANCE

DIRECTOR	BOARD MEETING ORDINARY	BOARD MEETING SPECIAL	AUDIT AND RISK COMMITTEE	REMUNERATION AND NOMINATIONS COMMITTEE
AJ Aaron*++°	3 (4)	2 (2)	3 (3)	3 (3)
JS Friedman (FD)	4 (4)	2 (2)		
SB Joffe (CEO)	4 (4)	2 (2)		
RJ Khoza*	1 (4)	1 (2)		
A Krok**	0 (4)	0 (2)		
M Krok (Chairman)*+°°	4 (4)	2 (2)	3 (3)	3 (3)
MZ Krok*+°	4 (4)	1 (2)	3 (3)	3 (3)
S Krok**	0 (4)	0 (2)		
J Leutgeb*+°"	2 (4)	1 (2)	2 (3)	1 (3)
C Neuberger" (COO)	4 (4)	1 (2)		
BJ Schutte*	3 (4)	2 (2)		
R Vierziger**"	2 (4)	0 (2)	1 (3)	2 (3)

** Non-executive ** Alternate " Austrian Citizen +Audit and Risk Committee ++ Audit and Risk Committee Chairman*
° Remuneration and Nominations Committee °° Remuneration and Nominations Committee Chairman

In terms of the Articles of Association M Krok, MZ Krok and BJ Schutte retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS

Information relating to the company's financial interest in its subsidiaries, joint ventures, associates and other investments is set out in note 30 to the annual financial statements.

COMPANY SECRETARY

DR Smith resigned as company secretary and JS Friedman was appointed in his stead with effect from 31 October 2005. His business and postal addresses, which are also the company's registered addresses, are set out on page 90 of this annual report.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the South African Companies Act, 1973, subject to the approval of shareholders at the forthcoming annual general meeting.

DIRECTORS' SHAREHOLDING

	BENEFICIAL				NON-BENEFICIAL			
	Direct		Indirect		Direct		Indirect	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
AJ Aaron	**10 000**	10 000	**-**	-	**-**	-	**62 272 033**	63 237 497
JS Friedman	**1 447 093^**	1 533 333^	**-**	-	**-**	-	**-**	-
SB Joffe	**5 033 333"**	4 433 333"	**-**	-	**-**	-	**102 048**	102 048
RJ Khoza	**31 000**	27 500	**170 000**	170 000	**-**	-	**-**	-
A Krok	**81 661**	81 661	**-**	-	**-**	-	**62 272 033**	63 237 497
M Krok	**2 063**	2 063	**15 492 569***	15 492 569*	**-**	-	**46 779 464***	47 744 928*
	-	-	**315 205**	315 205	**-**	-	**-**	-
MZ Krok	**-**	-	**-**	-	**-**	-	**-**	-
S Krok	**-**	-	**-**	-	**-**	-	**-**	-
J Leutgeb	-	-	-	-	-	-	-	-
C Neuberger	**850 000~**	850 000~	**-**	-	**-**	-	**-**	-
BJ Schutte	**-**	-	**12 064 267**	12 064 267	**-**	-	**-**	-
R Vierziger	**-**	-	**-**	-	**-**	-	**-**	-

* *Included in shareholding held non-beneficially by AJ Aaron and A Krok.*
^ *JS Friedman has a loan of R*
750 000 are not yet available for sale.
" *SB Joffe has a loan of R1*
1 500 000 are not yet available for sale.
~ *C Neuberger has a loan of*
616 667 are not yet available for sale.

There has been no change in the directors' shareholding between year-end and the date of this report.

DIRECTORS' AND OFFICERS' INTERESTS IN CONTRACTS

The interests of directors and officers in GRCR's contracts are set out in note 29 to the annual financial statements.

DIRECTORS' REMUNERATION

DIRECTOR	DIRECTORS' FEES	OTHER SERVICES	BASIC REMUNERATION	OTHER BENEFITS	RETIREMENT AND MEDICAL	PERFORMANCE INCENTIVES	TOTAL 2005	TOTAL 2004
	R	R	R	R	R	R	R	R
Executive								
Paid by the company								
JS Friedman	-	-	-	10 000	-	-	**10 000**	-
SB Joffe	-	-	-	10 000	-	-	**10 000**	-
C Neuberger	-	-	-	30 000	-	-	**30 000**	-
Paid by subsidiaries								
JS Friedman	-	-	855 560	-	144 440	750 000	**1 750 000**	1 800 000
SB Joffe	-	-	1 439 883	-	260 117	1 275 000	**2 975 000**	3 000 000
C Neuberger	-	-	1 250 000	-	-	750 000	**2 000 000**	1 920 000
Non-executive								
Paid by the company								
AJ Aaron	160 000	-	-	-	-	-	**160 000**	104 000
RJ Khoza	30 000	-	-	-	-	-	**30 000**	60 000
M Krok	185 000	-	-	10 000	-	-	**195 000**	137 000
MZ Krok	132 000	-	-	-	-	-	**132 000**	101 000
J Leutgeb	121 000	-	-	-	-	-	**121 000**	-
BJ Schutte	75 000	-	-	-	-	-	**75 000**	-
Paid by subsidiaries								
AJ Aaron	-	41 433~	-	-	-	-	**41 433**	189 165
RJ Khoza	30 000	-	-	-	-	-	**30 000**	50 000
M Krok	51 000	-	-	-	-	-	**51 000**	32 500
MZ Krok	-	-	-	-	-	-	**-**	10 000
J Leutgeb	-	-	-	-	-	-	**-**	-
BJ Schutte	15 000	-	-	-	-	-	**15 000**	793 130*
Alternate								
Paid by the company								
A Krok	-	-	-	-	-	-	**-**	-
S Krok	-	-	-	-	-	-	**-**	-
R Vierziger	30 000	-	-	-	-	-	**30 000**	86 000
Paid by subsidiaries								
A Krok	-	-	-	-	-	-	**-**	-
S Krok	-	-	-	-	-	-	**-**	-
R Vierziger	-	-	-	-	-	-	**-**	-
	829 000	**41 433**	**3 545 443**	**60 000**	**404 557**	**2 775 000**	**7 655 433**	8 310 795

~ *Paid to Werkmans Inc. for legal services rendered.*
* *Paid to Empire Amusement Parks (Pty) Limited for services rendered.*

SPECIAL RESOLUTIONS

A special resolution granting general authority for the company and its subsidiaries to effect buybacks of the company's shares on the JSE, was registered by the Registrar of Companies during the year. No special resolutions were passed by the subsidiaries of GRCR during the year.

THE GOLD REEF SHARE SCHEME

The group operates an employee share incentive scheme. Further details are included in note 18 to the annual financial statements. Historical information in respect of directors' outstanding options at 31 December 2005 is as follows:

DIRECTOR	SHARE OPTIONS AT 1 JANUARY 2005		SHARE OPTIONS GRANTED DURING THE YEAR		SHARE OPTIONS EXERCISED AND TAKEN DELIVERY OF DURING THE YEAR		SHARE OPTIONS NOT EXERCISED AT 31 DECEMBER 2005	
	Number	Average Strike Price(R)	Number	Strike Price(R)	Number	Average Strike Price(R)	Number	Average Strike Price(R)
JS Friedman	-	-	170 000	15,35	-	-	170 000	15,35
SB Joffe	-	-	500 000	15,35	-	-	500 000	15,35
C Neuberger	-	-	170 000	15,35	-	-	170 000	15,35

Note: No share options were exercised or sold by the directors through the Gold Reef Share Scheme during the year. SB Joffe exercised 600 000 options at R2,34. These options were granted outside of the Gold Reef Share Scheme.

POST BALANCE SHEET EVENTS

The name of wholly owned subsidiary CAI Gold Reef Management (Pty) Limited has been changed to Gold Reef Management (Pty) Limited.

As announced on 13 February 2006 GRCR has concluded a number of corporate actions ("the transactions") in line with its objective to consolidate its gaming platform by increasing exposure to its existing operations. In addition certain of the transactions facilitate the increase by GRCR's BEE partners of their beneficial shareholdings in accordance with GRCR's strategy to increase BEE beneficial shareholding in all operations to at least 25,1% over the medium term.

Akani Leisure Investments("ALI") transaction
ALI has elected to redeem the participating preference shares issued to, inter alia, GRCR. In order to fund this redemption GRCR will acquire a 49,97% direct interest in the ordinary share capital of ALI for R445,5 million, thereby reducing its economic interest in Akani Egoli from 83,94% but entrenching a 74,99% beneficial shareholding and securing a 25,01% BEE beneficial shareholding in Akani Egoli. The ALI transaction remains subject to the approval of the Gauteng Gambling Board.

Garden Route transaction
GRCR has increased its beneficial shareholding in Garden Route Casino from 42,5% to 85,0% for a consideration of R156 million. The Western Cape Gambling and Racing Board has approved the transaction subject to black economic empowerment investors being entitled to an option to increase their shareholding in Garden Route to 25,1% in the future at fair value.

Goldfields transaction
GRCR had intended to increase its beneficial shareholding in Goldfields Casino from 14,67% to 74,9%. This included the refinancing of Akani Leisure Goldfields Investments as a condition precedent to the transaction. The Free State Gambling and Racing Board has approved the transaction subject to the deletion of this condition precedent.

As a result the terms of the Goldfields transaction have been revised, with GRCR's direct shareholding in Goldfields Casino increasing from 10% to 60% and its economic interest increasing from 14,67% to 88%. The refinancing of Akani Leisure Goldfields Investments is being reconsidered on new terms which will hopefully be acceptable to all parties, including the gaming board.

The Mykonos transaction
GRCR has increased its beneficial shareholding in West Coast Leisure from 54,3% to 60,3%. The aggregate consideration amounted to R7,8 million and the transaction has become unconditional.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

		GROUP		COMPANY	
	Note	**2005 R'000**	2004 R'000	**2005 R'000**	2004 R'000
Revenue		**1 165 422**	1 056 683	**-**	-
Net gaming win		**1 046 409**	934 502	**-**	-
Theme Park		**46 700**	54 424	**-**	-
Food and beverage		**26 944**	26 465	**-**	-
Other		**45 369**	41 292	**-**	-
Other income		**27 806**	11 170	**30 082**	14 488
		1 193 228	1 067 853	**30 082**	14 488
Gaming levies and VAT	5	**(207 610)**	(186 346)	**-**	-
Employee costs	6	**(253 402)**	(219 678)	**-**	-
Promotional and marketing costs		**(107 484)**	(84 480)	**-**	-
Depreciation and amortisation	5	**(90 278)**	(86 122)	**-**	-
Other operating expenses	5	**(147 144)**	(144 042)	**(1 595)**	(2 328)
Operating profit		**387 310**	347 185	**28 487**	12 160
Finance income	7	**19 179**	7 957	**43 889**	46 052
Finance costs	7	**(19 295)**	(13 222)	**(232)**	(19)
Profit before equity accounted earnings		**387 194**	341 920	**72 144**	58 193
Share of profits of associate		**2 613**	1 414	**-**	-
Profit before taxation		**389 807**	343 334	**72 144**	58 193
Taxation expense	8	**(121 968)**	(122 302)	**(30 700)**	(21 445)
Profit for the year		**267 839**	221 032	**41 444**	36 748
Attributable to:					
Equity holders of GRCR		**230 732**	192 208	**41 444**	36 748
Minority interest		**37 107**	28 824	**-**	-
		267 839	221 032	**41 444**	36 748
Number of shares (000's)					
- in issue	9	**220 603**	220 003		
- for EPS calculation	9	**205 260**	203 938		
- for diluted EPS calculation	9	**205 410**	204 538		
Earnings per share (cents)					
- earnings per share	9	**112,4**	94,2		
- diluted earnings per share	9	**112,3**	94,0		
Dividend per share (cents)	10	**51,0**	48,0		

BALANCE SHEETS

AT 31 DECEMBER 2005

		GROUP		COMPANY	
	Note	**2005 R'000**	2004 R'000	**2005 R'000**	2004 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**857 039**	845 540	**-**	-
Leasehold improvements	12	**98 540**	101 626	**-**	-
Intangible assets	13	**135 092**	93 458	**42 380**	-
Deferred tax assets	25	**6 046**	9 624	**-**	390
Investment in subsidiaries	14	**-**	-	**297 767**	538 885
Investment in associate	15	**5 315**	7 378	**1 650**	5 632
Investment in joint ventures	16	**18 591**	18 733	**44 216**	44 349
Financial assets	17	**1**	1	**386**	223
Share incentive scheme	18	**32 839**	37 613	**61 848**	34 960
		1 153 463	1 113 973	**448 247**	624 439
Current assets					
Inventories	19	**2 739**	2 986	**-**	-
Receivables and prepayments	20	**15 007**	17 666	**910**	7 805
Tax assets		**-**	-	**-**	138
Cash and cash equivalents	21	**126 547**	104 742	**71 467**	4 337
Amounts owing by related parties	29	**98 401**	27 840	**92 357**	27 209
		242 694	153 234	**164 734**	39 489
Total assets		**1 396 157**	1 267 207	**612 981**	663 928
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	22	**4 414**	4 402	**4 412**	4 400
Share premium	22	**498 975**	497 583	**499 280**	497 888
Treasury shares	22	**(75 037)**	(43 854)	**-**	-
		428 352	458 131	**503 692**	502 288
Share-based payment reserve		**16 222**	6 480	**16 222**	6 480
Other reserves		**2 774**	2 741	**-**	-
Retained earnings		**595 373**	463 589	**92 281**	149 801
		1 042 721	930 941	**612 195**	658 569
Minority interest	23	**96 429**	74 454	**-**	-
Total equity		**1 139 150**	1 005 395	**612 195**	658 569
Non-current liabilities					
Interest-bearing borrowings	24	**10 682**	26 698	**-**	-
Deferred tax liabilities	25	**42 394**	50 019	**-**	-
		53 076	76 717	**-**	-
Current liabilities					
Trade and other payables	26	**66 033**	72 811	**519**	2 040
Provisions	27	**13 809**	15 941	**-**	1 300
Bank overdraft	21	**17 185**	138	**-**	-
Tax liabilities		**55 443**	62 736	**267**	-
Current portion of interest-bearing borrowings	24	**50 000**	30 000	**-**	-
Amounts owing to related parties	29	**1 461**	3 469	**-**	2 019
		203 931	185 095	**786**	5 359
Total equity and liabilities		**1 396 157**	1 267 207	**612 981**	663 928

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2005

		GROUP		COMPANY	
	Note	**2005 R'000**	2004 R'000	**2005 R'000**	2004 R'000
Ordinary share capital					
At beginning of year		**4 402**	4 357	**4 400**	4 357
Ordinary shares issued		**12**	45	**12**	43
At end of year	22	**4 414**	4 402	**4 412**	4 400
Share premium					
At beginning of year		**497 583**	481 476	**497 888**	481 476
Share premium raised		**1 392**	16 107	**1 392**	16 412
At end of year	22	**498 975**	497 583	**499 280**	497 888
Treasury shares					
At beginning of year		**(43 854)**	(43 854)	**-**	-
Treasury shares acquired		**(31 183)**	-	**-**	-
At end of year		**(75 037)**	(43 854)	**-**	-
Total share capital	22	**428 352**	458 131	**503 692**	502 288
Share-based payment reserve					
At beginning of year		**6 480**	982	**6 480**	982
Recognition of share-based payments		**9 742**	5 498	**9 742**	5 498
At end of year		**16 222**	6 480	**16 222**	6 480
Other reserves					
At beginning of year		**2 741**	1 611	**-**	-
Transfer to retained earnings		**(16)**	(12)	**-**	-
Profit on sale of shares by share trust		**49**	1 142	**-**	-
At end of year		**2 774**	2 741	**-**	-
Retained earnings					
At beginning of year		**463 589**	324 304	**149 801**	165 988
Transfer from other reserves		**16**	12	**-**	-
Attributable profit for the year		**230 732**	192 208	**41 444**	36 748
Dividend declared		**(98 964)**	(52 935)	**(98 964)**	(52 935)
At end of year		**595 373**	463 589	**92 281**	149 801
Total equity holders' interest		**1 042 721**	930 941	**612 195**	658 569
Minority interest					
At beginning of year		**74 454**	59 331	**-**	-
Movement in loans from outside shareholders		**(15 132)**	(13 701)	**-**	-
Attributable profit for the year		**37 107**	28 824	**-**	-
At end of year	23	**96 429**	74 454	**-**	-
Total equity		**1 139 150**	1 005 395	**612 195**	658 569

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

		GROUP		COMPANY	
	Note	**2005 R'000**	2004 R'000	**2005 R'000**	2004 R'000
Cash flow from operating activities					
Profit before taxation		**389 807**	343 334	**72 144**	58 193
Non-cash items and other adjustments	28	**69 775**	87 772	**(64 068)**	(53 833)
		459 582	431 106	**8 076**	4 360
(Increase) / decrease in working capital	28	**(6 004)**	9 334	**4 074**	(193)
Cash flow from operating activities		**453 578**	440 440	**12 150**	4 167
Interest received		**19 179**	7 957	**43 889**	46 052
Interest paid		**(16 892)**	(12 658)	**(232)**	(19)
Taxation paid	28	**(133 308)**	(92 300)	**(29 905)**	(23 368)
Dividend paid		**(98 964)**	(52 935)	**(98 964)**	(52 935)
Net cash generated / (utilised) in operating activities		**223 593**	290 504	**(73 062)**	(26 103)
Cash flow from investing activities					
Additions to property, plant and equipment		**(107 708)**	(88 550)	**-**	-
Additions to leasehold improvements		**(127)**	(1 297)	**-**	-
Proceeds from disposal of property, plant and equipment		**9 433**	2 952	**-**	-
Proceeds from disposal of management contract		**5 000**	-	**-**	-
Proceeds from disposal of financial instruments		**20 411**	-	**20 411**	-
Investment in joint ventures	16	**-**	-	**(178)**	(1 914)
Investment in intangibles		**(42 771)**	(2 114)	**(42 380)**	-
Loans repaid by joint ventures	16	**548**	4 926	**1 016**	5 885
Loans repaid by associate	15	**5 052**	16 145	**4 358**	3 078
Net advances (to) / from subsidiaries and related parties		**(72 569)**	(24 664)	**182 449**	11 255
Net cash (utilised) / generated in investing activities		**(182 731)**	(92 602)	**165 676**	18 304
Cash flow from financing activities					
Ordinary shares issued		**12**	-	**12**	-
Share premium raised		**1 392**	-	**1 392**	-
Net treasury shares acquired by share scheme		**(31 134)**	-	**-**	-
Decrease / (increase) in share incentive scheme loan		**4 774**	1 396	**(26 888)**	1 377
Decrease in outside shareholders' loans		**(15 132)**	(13 701)	**-**	-
Increase / (decrease) in interest-bearing borrowings		**3 984**	(146 784)	**-**	-
Net cash (utilised) / generated in financing activities		**(36 104)**	(159 089)	**(25 484)**	1 377
Net increase / (decrease) in cash and cash equivalents		**4 758**	38 813	**67 130**	(6 422)
Cash and cash equivalents at beginning of year		**104 604**	65 791	**4 337**	10 759
Cash and cash equivalents at end of year	21	**109 362**	104 604	**71 467**	4 337

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2005

EBITDA RECONCILIATION

	GROUP	
	2005 R'000	2004 R'000
Operating profit	**387 310**	347 185
Property and equipment rental	**10 503**	8 886
Depreciation and amortisation	**90 278**	86 122
EBITDA	**488 091**	442 193
EBITDA margin	**41,9%**	41,8%

HEADLINE EARNINGS RECONCILIATION

	PROFIT BEFORE TAX	TAX	MINORITY INTEREST	HEADLINE EARNINGS	
	R'000	R'000	R'000	**2005 R'000**	2004 R'000
Attributable profit for the year	389 807	(121 968)	(37 107)	**230 732**	192 208
Profit on sale of available-for-sale instruments	(25 411)	3 685	-	**(21 726)**	(6 919)
Loss on sale of property, plant and equipment	810	(235)	(87)	**488**	590
Headline earnings	365 206	(118 518)	(37 194)	**209 494**	185 879
Weighted average number of shares in issue (000)				**205 260**	203 938
Headline earnings per share (cents)				**102,1**	91,1

DEPARTMENTAL ANALYSIS

	GROUP	
	2005 R'000	2004 R'000
Revenue	**1 165 422**	1 056 683
Net gaming win	**1 046 409**	934 502
Theme Park	**46 700**	54 424
Hotel	**11 161**	8 320
Theatre	**1 665**	5 018
Food and beverage	**26 944**	26 465
Parking	**8 396**	9 295
Management fees and commissions	**11 861**	6 772
Rental income	**11 739**	10 807
Other	**547**	1 080
Operating costs	**(705 137)**	(625 660)
Gaming		
- Gaming levies and VAT	**(207 610)**	(186 346)
- Gaming expenses	**(184 781)**	(176 185)
Theme Park	**(45 324)**	(51 156)
Hotel	**(7 552)**	(5 540)
Theatre	**(8 052)**	(9 952)
Food and beverage	**(23 229)**	(24 192)
Parking	**(1 981)**	(1 855)
Management fees and commissions	**(10 421)**	(5 481)
Other	**(216 187)**	(164 953)
Other operating income	**27 806**	11 170
EBITDA	**488 091**	442 193

1. ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 BASIS OF PREPARATION

These consolidated financial statements are the first financial statements of GRCR that have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The term IFRS includes International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). The standards referred to are set by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

1.2 TRANSITION TO IFRS

South African Generally Accepted Accounting Practice (GAAP) differs in certain respects from IFRS. When preparing the group's 2005 consolidated financial statements, management has amended certain accounting, valuation and consolidation methods applied in the GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments. Reconciliations and descriptions of the effect of the transition from GAAP to IFRS on the group's equity and its net income are given in notes 4.1 – 4.3 following these accounting policies.

The group has applied IFRS 1:First Time Adoption of International Financial Reporting Standards in preparing these financial statements.

GRCR's transition date is 1 January 2004. The group's opening IFRS balance sheet at that date has been restated to reflect all existing IFRS statements applicable at 31 December 2005.

At transition date IFRS 1 allows a number of exemptions from and exceptions to this retrospective application principle on adoption of IFRS. The group has applied certain of the optional exemptions, as detailed below, and all the mandatory exceptions from full retrospective application of IFRS.

1.2.1 Optional Exemptions

GRCR has elected to apply the following optional exemptions from full retrospective application of IFRS:

- ***Business combinations exemption***

GRCR has applied the business combinations exemption in IFRS 1. It has therefore not restated business combinations that took place prior to the 1 January 2004 transition date.

- ***Fair value or revaluation as deemed cost***

GRCR has elected to measure select items of casino equipment and Theme Park rides included in property, plant and equipment at their fair value and use that fair value at the date of transition to IFRS as their deemed cost.

- ***Share-based payment transaction exemption***

GRCR has elected to apply the share-based payment exemption. IFRS 2:Share-based Payment requires that equity instruments granted under equity-settled awards are measured at the fair value of the equity instruments granted. By applying the exemption, share-based payments that were granted before 7 November 2002, or granted after 7 November 2002 but which vested before 1 January 2004, are not subject to IFRS 2.

- ***Changes in existing decommissioning, restoration and similar liabilities included in the cost of property, plant and equipment***

GRCR has elected to apply this exemption relating to a liability for restoration of a building in the group's associate. IFRS 1 allows the entity to measure this liability at the date of transition to IFRS in accordance with IAS37:Provisions, Contingent Liabilities and Contingent Assets and to add the liability to the cost of the asset to which it relates. As the associate is equity-accounted in the financial statements, the change has an effect on the income from associate and investment in associate line items.

The remainder of the optional exemptions were considered and were not applicable namely:

- Employee benefits exemption;
- Cumulative translation differences exemption;
- Compound financial instruments exemption;
- Assets and liabilities of subsidiaries, associates and joint ventures exemption;
- Exemption from restatement of comparatives for IAS32 and IAS39;
- Designation of financial assets and financial liabilities exemption;
- Insurance contracts exemption;
- Leases exemption; and
- Fair value measurement of financial assets or liabilities at initial recognition.

1.2.2 Mandatory Exceptions

GRCR has applied the following mandatory exceptions from full retrospective application of IFRS:

- ***Derecognition of financial assets and liabilities exception***

Financial assets and liabilities derecognised before 1 January 2004 are not re-recognised under IFRS. The application of the exemption from restating comparatives for IAS 32 and IAS 39 means that GRCR recognised from 1 January 2005 any financial assets and financial

1. ACCOUNTING POLICIES (CONTINUED)

liabilities derecognised since 1 January 2004 that do not meet the IAS39 derecognition criteria. GRCR did not choose to apply the IAS39 derecognition criteria to an earlier date. There were no such assets and hence an adjustment was not required.

- ***Hedge accounting exception***

GRCR has claimed hedge accounting from 1 January 2005 only if the hedge relationship meets all the hedge accounting criteria under IAS39. GRCR does not apply hedge accounting. No adjustment was required.

- ***Estimates exception***

Estimates under IFRS at 1 January 2004 should be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error. No adjustment was required.

- ***Assets held-for-sale and discontinued operations exception***

GRCR applies IFRS 5 prospectively from 1 January 2005. Any assets held for sale or discontinued operations are recognised in accordance with IFRS 5 only from 1 January 2005. The group did not have any assets that met the held-for-sale criteria during the period presented. No adjustment was required.

1.3 CHANGES IN ACCOUNTING POLICIES

The group has identified prior accounting policies that were not in accordance with international interpretations and applications. Retained income has been adjusted for prior period errors in applying accounting policies relating to:

- Operating leases as per IAS17:Leases; and
- Deferred income tax liabilities as per IAS12: Income Taxes.

The adoption of the new and revised standards and interpretations has resulted in changes to the group's accounting policies in the following areas that have affected the amounts reported for the current and prior years:

In accordance with the provisions of IFRS 3 -

- GRCR ceased amortisation of goodwill from 1 January 2004;
- accumulated amortisation as at 31 December 2003 has been eliminated with a corresponding decrease in the cost of goodwill;
- all negative goodwill that was present on the transition date was fully recognised in retained earnings; and
- from the year ended 31 December 2003 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

The group has reassessed the useful lives of its intangible assets in accordance with the provisions in IAS38:Intangible Assets and accounts for any resulting changes in accordance with IAS8: Accounting Policies, Change in Accounting Estimates and Errors.

Share options granted to employees of the group are subject to service vesting conditions and their fair value is recognised as per IFRS 2. The fair value of the employee services received by the company and/or its subsidiaries in exchange for the grant of the options is recognised as an expense. The fair value of the employee services received by the company's associates in exchange for the grant of the options is recognised as an increase in the investment in associate. The fair value of the employee services received by the company's joint ventures in exchange for the grant of the options is recognised as an expense to the extent that the venture is consolidated, any remaining portion is included in the investment in joint venture. A detailed accounting policy is provided in note 1.17.

IAS16:Property, Plant and Equipment requires that the residual values and useful lives of assets must be reassessed on an annual basis. This was taken into consideration when re-calculating the depreciation charge. The deferred taxation effect of these adjustments has been calculated and adjustments made to the relevant deferred tax asset or liability. The effects of any such reassessment are made prospectively as per the requirements of IAS8.

IAS16 also requires that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be identified and depreciated separately. Further changes have thus been made to the classification of significant assets resulting in a reclassification of assets between property, plant and equipment and leasehold improvements.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the group require retrospective application other than:

- IAS16 – the exchange of property, plant and equipment is accounted at fair value prospectively;
- IFRS 2 – retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 January 2004; and
- IFRS 3 – prospectively after 31 March 2004.

IAS39 requires simultaneous adoption with IAS32.

IFRS 3 requires simultaneous adoption with IAS36 and IAS38.

1.4 FINANCIAL STATEMENT PRESENTATION

Various classifications of income statement items were changed to ensure a more relevant presentation of results as per the requirements of IAS1:Presentation of Financial Statements. The group now presents an income statement using classifications based on the nature of the expenses.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving

1. ACCOUNTING POLICIES (CONTINUED)

a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

1.5 CONSOLIDATION

1.5.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which GRCR has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5, which are recognised and measured at fair value less costs to sell.

If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.5.2 Associates

An associate is an entity over which GRCR has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.5.3 Joint Venture Undertakings

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits

1. ACCOUNTING POLICIES (CONTINUED)

associated with the transactions will flow to/from the group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held-for-sale, in which case it is accounted for under IFRS 5. The group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary (see Note 1.8.1).

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

1.6 PROPERTY, PLANT AND EQUIPMENT

Land and buildings comprise mainly casino buildings and offices and are shown at historical cost, less depreciation for buildings and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

All significant assets' residual values and remaining useful lives are reviewed annually, and estimated useful lives are adjusted if appropriate, at each balance sheet date. The following estimated useful lives were used in the preparation of these accounts:

• Buildings	50 years
• Plant and machinery	5-15 years
• Casino equipment	5-6 years
• Theme Park rides	6-26 years
• Vehicles	5 years
• Furniture, fittings and other equipment	6-10 years
• Computer equipment and software	3-6 years
• Computer mainframes and servers	5 years

Professional valuations of the residual values of land and buildings are updated at least once every three years. At each balance sheet date, these residual values are compared to market values of 50 year old properties and adjusted accordingly.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leasehold improvements are depreciated using the straight-line method over the period of the lease adjusted for any decommissioning costs to be incurred at the end of the lease period.

Gains and losses on disposals are determined by comparing the proceeds with the respective carrying amounts and are included in operating profit.

1.7 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.8. INTANGIBLE ASSETS

1.8.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, associate or jointly controlled entity recognised at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill is allocated to each of GRCR's cash-generating units expected to benefit from the synergies of the combination. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The group considers each existing business operation to be a cash-generating unit. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of

1. ACCOUNTING POLICIES (CONTINUED)

the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

1.8.2 Trademarks

Trademarks are recognised at cost. Trademarks have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives. The estimated useful lives of the group's trademarks are 10 years.

1.8.3 Royalty Fees

Royalty fees are capitalised on the basis of the costs incurred to acquire the specific royalty. These costs are amortised over the estimated useful life of the royalty purchased (20 years).

1.8.4 Bid Costs and Licences

Capitalised bid costs that relate to the exclusivity period of the casino licence are amortised over the period of exclusivity.

Bid costs incurred that relate to the casino licence are amortised over the period of the license, or over 50 years for permanent licences.

1.9 INTERNALLY GENERATED INTANGIBLE ASSETS – RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Research and development expenditure previously recognised as an expense is not recognised as an asset in subsequent periods.

Internally generated intangible assets are recognised when it is probable that the project to which the expenditure relates will be a success, considering its commercial and technical feasibility, and costs can be reliably measured. These intangibles assets are amortised on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

1.10 IMPAIRMENT OF TANGIBLE AND DEFINITE-LIVED INTANGIBLE ASSETS EXCLUDING GOODWILL

At each balance sheet date the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.11 FINANCIAL INSTRUMENTS

The group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

1.11.1 Financial Assets at Fair Value through Profit or Loss

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

1.11.2 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

1.11.3 Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity.

1. ACCOUNTING POLICIES (CONTINUED)

1.11.4 Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

1.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and applicable variable marketing, selling and distribution expenses.

1.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are disclosed separately under current liabilities.

1.14 SHARE CAPITAL

Ordinary shares are classified as equity.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs apart from brokerage fees (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

1.15 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.16 TAXATION

The SA normal tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Secondary tax on companies (STC) is calculated in respect of dividend payments net of dividends received.Income tax expense represents the sum of SA normal tax, STC and deferred tax.

1. ACCOUNTING POLICIES (CONTINUED)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates enacted or substantially enacted in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

1.17 EMPLOYEE BENEFITS

1.17.1 Share-based Payments – Gold Reef Share Scheme

The group operates an equity-settled, share-based compensation plan. Options are granted to permanent employees at the discretion of the directors in terms of which shares in GRCR may be acquired based on prices prevailing at the dates of granting 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.

On a group level the Gold Reef Share Scheme is consolidated. Upon acceptance of the options the subscription value is credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset is considered payable when the employees exercise the options.

The fair value of the employee services received by the company and/or its subsidiaries in exchange for the grant of the options is recognised as an expense. The fair value of the employee services received by the company's associates in exchange for the grant of the options is recognised as an increase in the investment in associate. The fair value of the employee services received by the company's joint ventures in exchange for the grant of the options is recognised as an expense to the extent that the venture is consolidated, any remaining portion is included in the investment in joint venture.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the vesting period. This equity account is included in the share-based payment reserve of the company.

Fair value is measured using a modified binomial pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

1.17.2 Bonus Plans

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises the liability where a reliable estimate can be made of the amount to be paid and it is contractually obliged to do so or there is a past practice that has created a constructive obligation and the directors are of the opinion that it is probable that such bonuses will be paid.

1.17.3 Retirement Benefit Costs

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.

1.18 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by

1. ACCOUNTING POLICIES (CONTINUED)

considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Employee leave entitlement

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

1.19 REVENUE RECOGNITION

Gaming revenue comprises the net gaming win generated by casino operations. In terms of accounting standards, contracts concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. Net gaming win is measured as the net cash received from casino operations. Due to the short term nature of the group's casino operations, all income is recognised in profit and loss immediately, at fair value.

Revenue arising from entrance fees, theatre revenue, hotel revenue, parking revenue, rental income, management fees and commissions and food and beverage revenue are recorded on the accrual basis.

VAT and other taxes levied on casino winnings are included in net gaming win and are treated as direct costs as these are borne by the group and not customers. VAT on all other revenue transactions is excluded from revenue as this is considered to be a tax collected as an agent on behalf of SARS.

Other revenue earned by the group is 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; and
- dividend income: when the shareholders' rights to receive payment have been established.

1.20 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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 lower of the fair value of the leased property and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charge 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 charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the assets.

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

1.21 DIVIDEND DISTRIBUTION

Dividend distributions to the company's shareholders are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's board of directors.

1.22 SEGMENTAL REPORTING

In terms of IAS14, the group operates in one segment only. However, information has been disclosed on page 13 of the annual report for the individual casino operations within the group.

1.23 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2006 or later periods but which the group has not early adopted, as follows:

- ***IAS19 (Amendment), Employee Benefits*** *(effective from 1 January 2006).*

  This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. As the group does not make use of a defined benefit plan the amendment is not relevant.

- ***IAS39 (Amendment), Cash Flow Hedge Accounting of Forecast Intra-group Transactions*** *(effective from 1 January 2006).*

  This amendment allows the foreign currency risk of a highly probable forecast intra-group transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the group's operations, as the group does not have any intra-group transactions that would qualify as a hedged item in the consolidated financial statements as at 31 December 2005 and 2004.

1. ACCOUNTING POLICIES (CONTINUED)

- ***IAS39 (Amendment), The Fair Value Option*** *(effective from 1 January 2006).*

  This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The group believes that this amendment should not have a significant impact on the classification of financial instruments, as the group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss. The group will apply this amendment from periods beginning 1 January 2006.

- ***IAS39 and IFRS 4 (Amendment), Financial Guarantee Contracts*** *(effective from 1 January 2006).*

  This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management considered this amendment to IAS 39 and concluded that it is not relevant to the group.

- ***IFRS 6, Exploration for and Evaluation of Mineral Resources*** *(effective from 1 January 2006).*

  IFRS 6 is not relevant to the group's operations.

- ***IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures*** *(effective from 1 January 2007).*

  IFRS 7 introduces new disclosure to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS1 introduces disclosure about the level of an entity's capital and how it manages capital. The group assessed the impact of IFRS 7 and the amendment to IAS1 and concluded that the main additional disclosure will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS1. The group will apply IFRS 7 and the amendment to IAS1 from periods beginning 1 January 2007.

- ***IFRIC 4, Determining whether an Arrangement contains a Lease*** *(effective from 1 January 2006).*

  IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of IFRIC 4 on the group's operations.

- ***IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*** *(effective from 1 January 2006).*

  IFRIC 5 is not relevant to the group's operations.

- ***IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*** *(effective from 1 December 2005).*

  IFRIC 6 is not relevant to the group's operations.

2. FINANCIAL RISK MANAGEMENT

2.1 FINANCIAL RISK FACTORS

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

2.1.1 Market Risk

To manage their foreign exchange risk arising from future commercial transactions, which result in the group recognising assets and liabilities, entities in the group use forward contracts. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The group's risk management policy is to hedge the majority of anticipated transactions (mainly import purchases) in each major currency.

2.1.2 Credit Risk

The group has no significant concentrations of credit risk. It has policies in place to ensure that the granting of credit to customers is adequately controlled.

2.1.3 Cash Flow and Fair Value Interest Rate Risk

The group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the group to fair value interest-rate risk.

The group manages its cash flow interest-rate risk by using interest rate derivatives. Such interest-rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates.

2. FINANCIAL MANAGEMENT (CONTD)

2.2 ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); (2) hedges of highly probable forecast transactions (cash flow hedges).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 17.

2.2.1 Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

2.2.2 Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.2.3 Derivatives that do not qualify for Hedge Accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

2.3 FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

2.4 FOREIGN CURRENCIES

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in South Africa Rands, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts and options.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES:

3.1 ESTIMATED IMPAIRMENT OF GOODWILL

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The estimates used are disclosed in Note 13.

3.2 INCOME TAXES

Judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.3 ESTIMATES OF RESIDUAL VALUES AND USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The group reassesses annually the residual values and remaining useful lives of significant assets. The residual values of these assets have been estimated as the amount that the group would currently obtain from disposal of each significant asset, in its current location, if the asset were already of the age and in the condition expected at the end of its useful life. The useful life is estimated as the period over which an asset is expected to be available for use by the group.

3.4 GAMING PROVISIONS

Gaming provisions consist of expected future obligations to customers. The timing of the payments required to settle these obligations is uncertain, as is the eventual recipient of the payment. The group however assumes that these amounts will be paid out in the ongoing operations of the relevant gaming subsidiaries during the next 12 months.

3.5 NET GAMING WIN

The group regards the national VAT levied on net gaming win to be comparable with the gaming levies which are paid to provincial gaming boards. These are seen as direct costs of the group as they are borne entirely by the group and have no effect on casino activities from the punters' perspective. In the casino industry, the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to customers. It therefore follows that casinos experience practical difficulties reflecting output tax separately from input tax. Accordingly, SARS allows casinos to account for VAT by applying the tax fraction of the net betting transaction. Provincial gaming levies are calculated on a similar basis by applying the tax fraction to the net betting transaction. Any change in either the VAT rate or provincial gaming levies would be absorbed by the group and would not be recouped from the customer. The group thus treats VAT and other taxes levied on casino winnings as direct costs. These costs are included in net gaming win and are disclosed separately from other expense items on the face of the income statement.

4. RECONCILIATIONS BETWEEN IFRS AND GAAP

The following IFRS reconciliations provide a quantification of the effect of the transition to IFRS for both the group and the company:

4.1 RECONCILIATION OF EQUITY HOLDERS' INTEREST AT 1 JANUARY 2004

	GROUP	COMPANY
	R'000	**R'000**
Balance as per GAAP	**816 470**	**651 821**
Adjustments to property, plant and equipment and leasehold improvements [1]	(59 926)	-
Adjustments to intangible assets due to reassessment of useful lives as per IAS38	1 152	-
Deferred taxation effect of the above adjustments	5 097	-
Prior period error - change in recognition of deferred taxation on temporary differences as per IAS12	(12 775)	-
Prior period error - effect of straight lining operating leases as per IAS17	688	-
Effect of above transactions on minority interest	10 384	-
Negative goodwill released to retained income as per IFRS 3	7 716	-
Increase in investment in subsidiaries due to application of IFRS 2	-	834
Increase in investment in associate due to application of IFRS 2 and IFRS 1 exemption	32	32
Increase in investment in joint ventures due to application of IFRS 2	38	67
Increase in financial assets due to application of IFRS 2	-	49
Balance as per IFRS	**768 876**	**652 803**

(1) Adjustments to the carrying values of property, plant and equipment result from the application of IAS16 and IFRS 1. Further application of IAS16 has resulted in the reclassification of items from leasehold improvements to property, plant and equipment.

RECONCILIATION OF MINORITY INTEREST AT 1 JANUARY 2004

	GROUP	COMPANY
Balance as per GAAP	**69 715**	**-**
Effect of above transactions on minority interest	(10 384)	-
Balance as per IFRS	**59 331**	**-**

4.2 RECONCILIATION OF PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF GRCR FOR THE YEAR ENDED 31 DECEMBER 2004

	GROUP	COMPANY
Profit as per GAAP	**194 753**	**36 748**
Change in depreciation of property, plant and equipment as per IAS16	(8 360)	-
Change in amortisation of intangibles as per IAS38	2 685	-
Deferred taxation effect of the above adjustments	1 421	-
Prior period error - effect of straight lining operating leases as per IAS17	17	-
Share-based payment cost as per IFRS 2	(5 086)	-
Decrease in minority interest in profit due to the above adjustments	1 112	-
Goodwill no longer amortised as per IFRS 3	5 784	-
Decrease in income from associate	(118)	-
Profit as per IFRS	**192 208**	**36 748**

4. RECONCILIATIONS BETWEEN IFRS AND GAAP (CONTD)

4.3 RECONCILIATION OF EQUITY HOLDERS' INTEREST AT 31 DECEMBER 2004

	GROUP	COMPANY
	R'000	R'000
Balance as per GAAP	**975 582**	**652 089**
Adjustments to property, plant and equipment and leasehold improvements [1]	(68 286)	-
Adjustments to intangible assets due to reassessment of useful lives as per IAS38	3 837	-
Deferred taxation effect of the above adjustments	6 518	-
Prior period error - change in recognition of deferred taxation on temporary differences as per IAS12	(12 775)	-
Prior period error - effect of straight lining operating leases as per IAS17	705	-
Effect of above transactions on minority interest	11 496	-
Negative goodwill released to retained income as per IFRS 3	7 716	-
Goodwill no longer amortised as per IFRS 3	5 784	-
Increase in investment in subsidiaries due to application of IFRS 2	-	5 583
Increase in investment in associate due to application of IFRS 2 and IFRS 1 exemption	103	221
Increase in investment in joint ventures due to application of IFRS 2	261	454
Increase in financial assets due to application of IFRS 2	-	222
Balance as per IFRS	**930 941**	**658 569**

(1) Adjustments to the carrying values of property, plant and equipment result from the application of IAS16 and IFRS 1. Further application of IAS16 has resulted in the reclassification of items from leasehold improvements to property, plant and equipment.

RECONCILIATION OF MINORITY INTEREST AT 31 DECEMBER 2004

	GROUP	COMPANY
Balance as per GAAP	**85 950**	-
Effect of above transactions on minority interest	(11 496)	-
Balance as per IFRS	**74 454**	**-**

5. OPERATING PROFIT

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
The following items have been charged / (credited) in arriving at operating profit:				
Gaming levies and VAT				
- Gaming levies	**90 204**	81 438	**-**	-
- VAT on gross gaming revenue	**117 406**	104 908	**-**	-
Total	**207 610**	186 346	**-**	-
Depreciation				
- Owned	**85 928**	80 418	**-**	-
- Leasehold	**3 213**	3 876	**-**	-
Amortisation				
- Trademarks	**100**	100	**-**	-
- Casino licences	**146**	115	**-**	-
- Bid costs	**891**	1 613	**-**	-
Total depreciation and amortisation	**90 278**	86 122	**-**	-
Other operating expenses consists of:				
Gaming expenses	**7 949**	9 895	**-**	-
Food and beverage expenses	**13 039**	12 416	**-**	-
General administration, human resources and IT	**35 287**	48 502	**1 309**	2 275
Security and surveillance	**13 422**	9 747	**-**	-
Operating lease charges	**10 157**	8 590	**-**	-
- Land and buildings	**5 474**	4 808	**-**	-
- Property, plant and equipment	**4 683**	3 782	**-**	-
Repairs and maintenance	**32 203**	27 303		
Auditor's remuneration	**1 925**	640	**286**	53
- Audit fees - current year	**1 351**	861	**262**	262
- Audit fees - prior year under / (over) provision	**22**	(688)	**-**	(240)
- Other services	**552**	467	**24**	31
Other expenses	**33 162**	26 949	**-**	-
Total	**147 144**	144 042	**1 595**	2 328
Loss on disposal of property, plant and equipment	**810**	1 077	**-**	-
Profit on sale of available-for-sale instruments and management contract	**(25 411)**	(7 800)	**(20 411)**	(7 800)

6. EMPLOYEE COSTS

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Salaries and wages	**233 965**	205 081	**-**	-
Share-based payment charge	**8 960**	5 086	**-**	-
Provident fund costs				
- Defined contribution plan	**10 477**	9 511	**-**	-
	253 402	219 678	**-**	-
Average weekly number of employees employed by the group during the year:				
- Full time	**1 830**	1 966	**-**	-
- Part time	**259**	135	**-**	-

7. FINANCE INCOME / (COSTS)

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Interest expense	**(16 892)**	(12 658)	**(232)**	(19)
- Bank	**(8 378)**	(9 331)	**-**	-
- Finance leases	**-**	(1 423)	**-**	-
- Other	**(8 514)**	(1 904)	**(232)**	(19)
Facilitation fees	**(2 403)**	(564)	**-**	-
Total finance costs	**(19 295)**	(13 222)	**(232)**	(19)
Interest income	**19 179**	7 957	**43 889**	46 052
- Bank	**6 377**	3 451	**3 948**	993
- Other	**12 802**	4 506	**39 941**	45 059
Net finance (costs) / income	**(116)**	(5 265)	**43 657**	46 033

8. TAXATION

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Current taxation	**110 490**	104 990	**15 052**	15 508
Secondary tax on companies	**12 370**	6 624	**12 370**	6 624
Prior year over provision	**(462)**	(14 766)	**(4)**	(1 178)
Capital gains tax	**3 617**	1 131	**2 892**	881
Deferred taxation	**(2 766)**	2 884	**377**	(390)
Deferred taxation prior year under provision	**-**	21 439	**-**	-
Deferred taxation rate change	**(1 281)**	-	**13**	-
Taxation charge	**121 968**	122 302	**30 700**	21 445
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 (%)	**29,0**	30,0	**29,0**	30,0
Adjusted for:				
Exempt income (%)	**(2,0)**	(0,9)	**(8,2)**	(4,0)
Non-deductible expenses (%)	**0,8**	2,4	**0,6**	-
Prior year adjustments current (%)	**(0,1)**	(4,2)	**-**	(2,0)
Prior year adjustments deferred (%)	**-**	6,2	**-**	-
Secondary tax on companies (%)	**3,2**	1,9	**17,1**	11,4
Capital gains tax (%)	**0,9**	0,3	**4,0**	1,5
Income from associate (%)	**(0,2)**	(0,1)	**-**	-
Rate change (%)	**(0,3)**	-	**-**	-
	31,3	35,6	**42,6**	36,9

In 2005 the government enacted a change in the company income tax rate from 30% to 29%.

9. EARNINGS PER SHARE

	GROUP 2005 R'000	GROUP 2004 R'000
Basic EPS is calculated by dividing the profit attributable to equity holders of GRCR by the weighted average number of shares in issue during the year.		
Basic EPS		
Profit attributable to shareholders	**230 732**	192 208
Total number of shares in issue (000)	**220 603**	220 003
Weighted average number of shares in issue (000)	**205 260**	203 938
Basic EPS (cents)	**112,4**	94,2
Diluted EPS		
For diluted EPS the weighted average number of shares in issue is adjusted to assume conversion of all potentially dilutive shares.		
Profit attributable to shareholders	**230 732**	192 208
Adjusted for:		
Effective earnings relating to a share option in favour of SB Joffe over 600 000 shares at R2.34 per share. The options were outstanding throughout 2004 and redeemed in April 2005.	**15**	59
	230 747	192 267
Weighted average number of shares in issue (000)	**205 260**	203 938
Adjusted for :		
Share options outstanding (000)	**150**	600
	205 410	204 538
Diluted EPS (cents)	**112,3**	94,0

10. DIVIDEND PER SHARE

Subsequent to year-end, a dividend of 51,0 cents was declared (2004 : 48,0 cents). In terms of IAS10 this is regarded as a non-adjusting event and will be accounted for in the 2006 annual financial statements. (Salient dates are set out in the Shareholders' Diary incorporated in this annual report.) The estimated STC to be paid on the dividend is R502 506 as the company has received sufficient dividends at the last day to trade to produce the STC credits.

11. PROPERTY, PLANT AND EQUIPMENT

	CASINO EQUIPMENT	PLANT AND MACHINERY	FURNITURE, FITTINGS AND OTHER EQUIPMENT	COMPUTER EQUIPMENT AND SOFTWARE	LAND AND BUILDINGS	THEME PARK RIDES	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	**R'000**
Group							
For the year ended 31 December 2004							
At beginning of year	102 818	75 537	41 747	21 905	540 718	58 712	**841 437**
Additions	25 737	65	12 840	7 225	38 894	3 789	**88 550**
Disposals	(1 613)	(64)	(30)	(4)	(2 318)	-	**(4 029)**
Depreciation	(33 969)	(14 984)	(12 359)	(13 954)	(3 175)	(1 977)	**(80 418)**
At end of year	92 973	60 554	42 198	15 172	574 119	60 524	**845 540**
At 31 December 2004							
Cost	255 063	117 133	91 572	54 761	608 044	65 280	**1 191 853**
Accumulated depreciation	(162 090)	(56 579)	(49 374)	(39 589)	(33 925)	(4 756)	**(346 313)**
Closing carrying value	92 973	60 554	42 198	15 172	574 119	60 524	**845 540**
For the year ended 31 December 2005							
At beginning of year	92 973	60 554	42 198	15 172	574 119	60 524	**845 540**
Additions	39 450	799	7 900	3 267	44 888	11 404	**107 708**
Disposals	(2 425)	-	(7 774)	(44)	-	-	**(10 243)**
Write-offs	-	-	-	-	(38)	-	**(38)**
Depreciation	(44 135)	(14 691)	(11 623)	(9 784)	(3 261)	(2 434)	**(85 928)**
At end of year	85 863	46 662	30 701	8 611	615 708	69 494	**857 039**
At 31 December 2005							
Cost	254 001	117 932	89 972	53 685	652 894	76 684	**1 245 168**
Accumulated depreciation	(168 138)	(71 270)	(59 271)	(45 074)	(37 186)	(7 190)	**(388 129)**
Closing carrying value	85 863	46 662	30 701	8 611	615 708	69 494	**857 039**

12. LEASEHOLD IMPROVEMENTS

	GROUP	
	2005 R'000	2004 R'000
At beginning of year	**101 626**	104 205
Additions	**127**	1 297
Depreciation	**(3 213)**	(3 876)
At end of year	**98 540**	101 626
Cost	**112 912**	112 785
Accumulated depreciation	**(14 372)**	(11 159)
Closing carrying value	**98 540**	101 626

13. INTANGIBLE ASSETS

	GOODWILL	TRADE-MARKS	CASINO LICENCES	BID COSTS	ROYALTIES	TOTAL	
	R'000	R'000	R'000	R'000	R'000	**2005 R'000**	2004 R'000
Group							
At beginning of year	66 784	400	5 626	20 648	-	**93 458**	93 172
Additions	178	-	-	213	42 380	**42 771**	2 114
Amortisation	-	(100)	(146)	(891)	-	**(1 137)**	(1 828)
At end of year	66 962	300	5 480	19 970	42 380	**135 092**	93 458
Cost	66 962	1 000	7 603	26 136	42 380	**144 081**	101 310
Accumulated amortisation	-	(700)	(2 123)	(6 166)	-	**(8 989)**	(7 852)
Closing carrying value	66 962	300	5 480	19 970	42 380	**135 092**	93 458
Company							
At beginning of year	-	-	-	-	-	**-**	-
Additions	-	-	-	-	42 380	**42 380**	-
At end of year	-	-	-	-	42 380	**42 380**	-
Cost	-	-	-	-	42 380	**42 380**	-
Accumulated amortisation	-	-	-	-	-	**-**	-
Closing carrying value	-	-	-	-	42 380	**42 380**	-

Goodwill is allocated to the casino operations and management company as follows:

	GOODWILL	
	2005 R'000	2004 R'000
Casino operations	**27 642**	27 464
Management company	**39 320**	39 320
	66 962	66 784

The recoverable amount of each of the above is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. Management have assumed revenue growth to be as per page 13 of this report; EBITDA margins to remain consistent; and a discount rate as per that disclosed in note 24.

14. PRINCIPAL SUBSIDIARY UNDERTAKINGS

	COMPANY	
	2005 R'000	2004 R'000
Shares at cost		
Cost of investment	**84 180**	84 180
Loans to subsidiaries	**275 083**	510 686
Loans from subsidiaries	**(75 577)**	(61 564)
Share-based payments to subsidiary employees	**14 081**	5 583
	297 767	538 885
Aggregate attributable after tax profits of subsidiaries	**176 881**	149 518

The loans to and from subsidiaries bear interest at various rates 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	South Africa	Unlisted	50,00	83,94	Gaming and entertainment
Akani Msunduzi	South Africa	Unlisted	50,00	85,00	Gaming and entertainment
West Coast Leisure	South Africa	Unlisted	54,33	54,33	Gaming and entertainment
GRM	South Africa	Unlisted	100,00	100,00	Management of casino interests
Akani Egoli Management	South Africa	Unlisted	64,45	64,45	Management of casino interests
Akani Msunduzi Management	South Africa	Unlisted	61,00	61,00	Management of casino interests
Aldiss Investments	South Africa	Unlisted	100,00	100,00	Investment holding

15. INVESTMENT IN ASSOCIATE

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Net share of results in associate in prior years	**1 414**	*	*	*
Net share of results in associate during the year	**2 613**	1 414	**-**	-
Share-based payments made to associate employees	**597**	221	**597**	221
At end of year	**4 624**	1 635	**597**	221
Loans to associate	**691**	5 743	**1 053**	5 411
Closing carrying value	**5 315**	7 378	**1 650**	5 632
Reconciliation				
At beginning of year	**7 378**	21 920	**5 632**	8 521
Net share of results in associate	**2 613**	1 414	**-**	-
Share-based payments made to associate employees during the year	**376**	189	**376**	189
Loans repaid during the year	**(5 052)**	(16 145)	**(4 358)**	(3 078)
	5 315	7 378	**1 650**	5 632
Closing carrying value is analysed as follows:				
Goldfields Casino	**5 315**	7 378	**1 650**	5 632
Loans to associate is analysed as follows:				
Goldfields Casino **	**691**	5 743	**1 053**	5 411

** Amount less than R1 000*

***The company loan to Goldfields Casino bears interest at prime*

The directors value the shares in the group's associate, Goldfields Casino, at its carrying value in the annual 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
			%	%	
Goldfields Casino	South Africa	Unlisted	10,00	14,67	Gaming and entertainment

As the group holds a significant influence in Goldfields Casino but not control, the results of its operations are equity-accounted. The directors consider the group to hold a significant influence in Goldfields Casino as the group appoints two directors to the board of the company and a group subsidiary holds 70% of the management contract for the casino.

	2005 R'000	2004 R'000
The trading results of the associate company, whose results are equity-accounted in the annual financial statements, are as follows:		
Revenue	**86 241**	80 550
Total associate company's retained profit for the year	**17 818**	12 337
The aggregate balance sheet of the associate is summarised as follows:		
Property, plant and equipment	**27 478**	37 441
Intangible assets	**6 494**	7 309
Deferred tax assets	**3 643**	296
Current assets	**2 220**	1 868
Cash	**11 944**	8 096
Total assets	**51 779**	55 010
Shareholders' loans	**(7 530)**	(32 958)
Net current liabilities	**(16 163)**	(12 159)
Total shareholders' funds	**28 086**	9 893

16. INVESTMENT IN JOINT VENTURES

	GROUP		COMPANY	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Investment in joint ventures	-	-	17 946	17 768
Share-based payments made to joint venture employees	667	261	1 159	454
Loans to joint ventures	17 924	18 472	25 111	26 127
Closing carrying value	18 591	18 733	44 216	44 349
Reconciliation				
At beginning of year	18 733	23 436	44 349	47 933
Investments during the year	-	-	178	1 914
Share-based payments made to joint venture employees during the year	406	223	705	387
Loans repaid during the year	(548)	(4 926)	(1 016)	(5 885)
	18 591	18 733	44 216	44 349
Closing carrying value is analysed as follows:				
Garden Route Casino	18 585	18 727	38 596	38 740
Newshelf 698 (Pty) Limited	6	6	5 620	5 609
Closing carrying value	18 591	18 733	44 216	44 349
Loans to joint ventures is analysed as follows:				
Garden Route Casino *	17 918	18 466	25 094	26 121
Newshelf 698 (Pty) Limited	6	6	17	6
	17 924	18 472	25 111	26 127

** The loan to Garden Route Casino bears interest at prime plus two percentage points and has no fixed terms of repayment.*

NAME	COUNTRY OF INCORPORATION	LISTED/ UNLISTED	PROPORTION OWNED	ECONOMIC INTEREST	NATURE OF BUSINESS
			%	%	
Garden Route Casino	South Africa	Unlisted	42,50	42,50	Gaming and entertainment
Newshelf 698 (Pty) Limited	South Africa	Unlisted	50,00	50,00	Investment holding

	2005 R'000	2004 R'000
The trading results of the joint ventures, whose results are proportionately consolidated in the annual financial statements, are as follows:		
Revenue	123 352	98 449
Total joint ventures' retained profit for the year	24 044	11 583
The aggregate balance sheet of the joint ventures is summarised as follows :		
Property, plant and equipment	80 462	87 029
Intangible assets	11 834	11 570
Deferred tax assets	829	1 312
Current assets	2 754	3 941
Cash	11 580	6 622
Total assets	107 459	110 474
Shareholders' loans	(54 000)	(67 320)
Net current liabilities	(26 374)	(40 815)
Total shareholders' funds	27 085	2 339

17. FINANCIAL ASSETS

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
At beginning of year	**1**	1	**223**	50
Share-based payments made during the year	**-**	-	**163**	173
At end of year	**1**	1	**386**	223

Available-for-sale investments are fair valued 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 12 months of the balance sheet date or unless they need to be sold to raise operating capital.

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 joint ventures, share-based payments to employees of investee companies and short-term borrowings.

The investments in preference shares by the company have not been valued as they have been recorded at cost.
The preference shares have not been fairly valued as it is not possible to attribute a fair value to them alone.
The investments in these preference shares have been included in the consolidation of the underlying casinos in the group's annual financial statements.

Cash flow hedges
During 2004 Akani Msunduzi and Garden Route Casino entered into interest rate swap agreements. This had the effect of hedging these companies against any further changes in interest rates that they are subjected to on their interest-bearing borrowings. The interest rate swap agreements that these companies entered into are classified as cash flow hedges.

The fair value of these cash flow hedges is R146 989 (2004 : R738 460). A cost of R553 326 (2004 : R561 595) has been recorded in the income statement due to the hedged rates being higher than the marginal rates.

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

NAME	NUMBER OF SHARES HELD	CARRYING VALUE	NATURE OF BUSINESS
		R'000	
Akani Leisure Investments **	17 050	*	Investment holding
Akani Leisure Msunduzi Investments **	1 000	*	Investment holding
Akani Leisure Goldfields Investments **	3 012	*	Investment holding
Akani Leisure Casinos***	-	385	Management of casino interests

* *Amount less than R1 000.*
** *This shareholding comprises preference shares only.*
*** *This investment comprises share-based payments made to the employees of the company. The group holds no ordinary shares or preference shares in the company. The investment is expensed on consolidation.*

18. SHARE INCENTIVE SCHEME

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Amounts due by participants	**32 839**	37 613	**-**	-
Loan to share incentive scheme	**-**	-	**61 848**	34 960
	32 839	37 613	**61 848**	34 960

The group operates an equity-settled, share-based compensation plan established in September 1999. Options are granted to permanent employees at the discretion of the directors in terms of which shares in GRCR may be acquired based on prices prevailing at the dates of granting 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. Upon acceptance of the options the subscription value is credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset is considered payable when the employees exercise the options. The shares in GRCR are held

A complete accounting policy for the scheme is included in note 1.17 to these financial statements.

Movements in the number of share options outstanding are as follows:

	2005		2004*
	NUMBER OF SHARES	**AVERAGE PRICE (R)**	**NUMBER OF SHARES**
Awards/Options at beginning of year	**133 334**	**7,68**	7 752 334
Granted	**1 654 000**		2 305 000
- Directors	**840 000**	**15,35**	1 000 000
- Staff	**814 000**	**15,35**	1 305 000
Lapsed	**(123 334)**		(162 500)
- Directors	**-**		-
- Staff	**(123 334)**	**13,28**	(162 500)
Exercised and delivered	**(100 000)**		(8 956 668)
- Directors	**-**		(5 483 333)
- Staff	**(100 000)**	**7,68**	(3 473 335)
Exercised, delivered and sold	**-**		(804 832)
- Directors	**-**		(233 334)
- Staff	**-**		(571 498)
Awards/options at end of year	**1 564 000**	**15,35**	133 334

At year-en

During the year 628 832 (2004 : 804 832) shares vested in and were sold on the open market by participants.

A further 2 114 185 shares were purchased on the open market by the Gold Reef Share Scheme during the year. This resulted in an increase in the loan balance to R61 848 000 (2004 : R34 960 000).

During the prior year 6 651 668 shares were delivered and paid for by participants on an accelerated basis in respect of which options had already been exercised. The period within which the shares can be disposed of did not change.

2 305 000 shares were subscribed for by the Gold Reef Share Scheme, and issued and allotted in 2004.

** The average price data has not been presented for the comparative period as this data was not required when reporting under GAAP and it is no longer practicable to obtain this data.*

19. INVENTORIES

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Operating equipment	**431**	442	**-**	-
Food and beverage	**695**	773	**-**	-
Stationery	**583**	521	**-**	-
Promotional items	**34**	49	**-**	-
Other	**996**	1 201	**-**	-
	2 739	2 986	**-**	-

20. RECEIVABLES AND PREPAYMENTS

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Trade receivables	**3 357**	4 285	**-**	-
Provision for impairment of receivables	**(249)**	(2 362)	**-**	-
Prepayments	**7 260**	4 270	**-**	-
Sundry debtors	**3 173**	10 579	**910**	7 805
Other	**1 466**	894	**-**	-
	15 007	17 666	**910**	7 805

21. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Cash at bank	**91 379**	76 893	**71 467**	4 337
Cash on hand	**35 168**	27 849	**-**	-
	126 547	104 742	**71 467**	4 337
Bank overdrafts	**(17 185)**	(138)	**-**	-
	109 362	104 604	**71 467**	4 337
All bank balances and bank overdrafts are held under cash management for individual group companies				

22. SHARE CAPITAL

	NUMBER OF SHARES	ORDINARY SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	TOTAL
	000	R'000	R'000	R'000	**R'000**
Company					
At 1 January 2004	217 860	4 357	481 476	-	**485 833**
Ordinary shares issued in 2004	2 143	43	16 412	-	**16 455**
Share capital of company at 31 December 2004	220 003	4 400	497 888	-	**502 288**
Ordinary shares issued in 2005	600	12	1 392	-	**1 404**
Share capital of company at 31 December 2005	220 603	4 412	499 280	-	**503 692**
Group (net of treasury shares)					
At 1 January 2004	203 332	4 357	481 476	(43 854)	**441 979**
Ordinary shares issued in 2004	2 143	45	16 107	-	**16 152**
Share capital of group at 31 December 2004	205 475	4 402	497 583	(43 854)	**458 131**
Ordinary shares issued in 2005	600	12	1 392	-	**1 404**
Ordinary shares acquired by share scheme in 2005	(2 114)	-	(31 183)	(31 183)	**(31 183)**
Share capital of group at 31 December 2005	203 961	4 414	498 975	(75 037)	**428 352**

The total authorised number of ordinary shares is 590 000 000 (2004 : 590 000 000) with a par value of 2 cents per share (2004 : 2 cents per share). All issued shares are fully paid up.

23. MINORITY INTEREST

	GROUP 2005 R'000	GROUP 2004 R'000
Minority interest consists of:		
Share of prior year profits attributable to minorities	**57 620**	28 796
Profit attributable to minority interest in the current year	**37 107**	28 824
Minority interests' loans at year-end	**1 702**	16 834
At end of year	**96 429**	74 454
Minority interests' loans are analysed as follows:		
Hillary Peer Family Trust	**1 702**	4 749
The loan bears interest at prime and is unsecured with no fixed terms of repayment. In terms of the funding agreement for Akani Egoli a portion of the loan has been subordinated in favour of Nedbank.		
Club Mykonos Langebaan (Pty) Limited	**-**	8 867
The loan was repaid in full during the year by West Coast Leisure.		
Flexcor Thirteen (Pty) Limited	**-**	3 218
The loan was repaid in full during the year by West Coast Leisure.		
	1 702	16 834

24. INTEREST-BEARING BORROWINGS

	GROUP 2005 R'000	GROUP 2004 R'000
Current		
Term loans	**50 000**	30 000
Non-current		
Term loans	**6**	13 871
Loan to joint venture from funders	**10 676**	12 827
	10 682	26 698
Maturity of borrowings:		
Not later than 1 year	**50 000**	30 000
Later than 1 year but not later than 5 years	**10 682**	26 698
Later than 5 years	**-**	-
	60 682	56 698
Weighted average effective interest rates:		
Term loans (%)	**8,5**	10,2

These interest-bearing borrowings are at floating rates linked to prime.
The directors believe that the carrying values of the current borrowings and the loans to the joint venture approximate their fair value.

24. INTEREST-BEARING BORROWINGS (CONTINUED)

NATURE OF SECURITY	NATURE OF BORROWINGS	AMOUNT SECURED
		R'000
Akani Egoli		
Mortgage bond over fixed property at Gold Reef City	Nedbank term loan	120 000
Subordination of shareholders' loans in favour of Nedbank	Nedbank term loan	120 000
Suretyship by GRCR in favour of Nedbank	Nedbank term loan	120 000
First mortgage bond over Gold Reef City Casino	Nedbank mortgage bond	25 000
First mortgage bond over casino fixed property	Nedbank mortgage bond	235 000
Praedial bond over Gold Reef City servitude lane	Nedbank mortgage bond	2 500
Akani Msunduzi		
Mortgage bond over Golden Horse's rights under its property lease	ABSA term loan and bank overdraft	110 000
Notarial bond over movable 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 GRCR	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
West Coast Leisure		
Mortgage bond over Casino Mykonos' section in the common property scheme	ABSA term loan and bank overdraft	35 000
Notarial bond over movable 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
Garden Route Casino - Joint venture		
Mortgage bond over fixed property at Garden Route Casino	Nedbank term loan	20 000*
Notarial bond over movable assets	Nedbank term loan	30 100*

** This is the full value of the security provided of which GRCR holds a 42,5% investment in the joint venture.*

The borrowings of the group do not exceed that allowed as per the Articles of Association.

25. DEFERRED TAXATION

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
At beginning of year	**(40 395)**	(16 072)	**390**	-
Rate change	**1 281**	-	**(13)**	-
Current year movement	**2 766**	(2 884)	**(377)**	390
Prior year adjustments	**-**	(21 439)	**-**	-
At end of year	**(36 348)**	(40 395)	**-**	390
Broken down as follows:				
Deferred tax assets	**6 046**	9 624	**-**	390
Deferred tax liabilities	**(42 394)**	(50 019)	**-**	-
	(36 348)	(40 395)	**-**	390
The deferred tax balance may be analysed as follows:				
Deferred tax assets				
Provisions	**6 036**	9 544	**-**	390
Assessed losses	**-**	24	**-**	-
Other temporary differences	**10**	56	**-**	-
	6 046	9 624	**-**	390
Deferred tax liabilities				
Capital allowances	**(40 298)**	(48 711)	**-**	-
Prepayments	**(1 934)**	(1 096)	**-**	-
Other temporary differences	**(162)**	(212)	**-**	-
	(42 394)	(50 019)	**-**	-

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 29% (2004 : 30%)

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 R 576 050 (2004 : R329 528) to carry forward against taxable income, which have not been recognised in these financial statements.

26. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Trade payables	**13 035**	5 762	**-**	-
Accrued expenses	**21 340**	33 353	**35**	9
Other payables	**31 658**	33 696	**484**	2 031
	66 033	72 811	**519**	2 040

27. PROVISIONS

	GAMING PROVISIONS*	PERFORMANCE INCENTIVE PROVISIONS	OTHER	TOTAL	
				2005	2004
	R'000	R'000	R'000	R'000	R'000
Group					
At beginning of year	5 633	8 508	1 800	**15 941**	18 955
Provisions raised	161	404	3 000	**3 565**	2 392
Provisions utilised	(777)	(1 020)	(3 900)	**(5 697)**	(5 406)
At end of year	5 017	7 892	900	**13 809**	15 941
Company					
At beginning of year	-	-	1 300	**1 300**	-
Provisions (utilised) / raised	-	-	(1 300)	**(1 300)**	1 300
At end of year	-	-	-	**-**	1 300

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

C provisions
are paid following finalisation of annual financial results.

28. CASH FLOW INFORMATION

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Profit before taxation	**389 807**	343 334	**72 144**	58 193
Adjusted for:	**69 775**	87 772	**(64 068)**	(53 833)
- Interest recevied	**(19 179)**	(7 957)	**(43 889)**	(46 052)
- Interest paid	**16 892**	12 658	**232**	19
- Depreciation	**89 141**	84 294	**-**	-
- Amortisation	**1 137**	1 828	**-**	-
- Loss on disposal of property, plant and equipment	**810**	1 077	**-**	-
- Profit on sale of available-for-sale financial instruments and management contract	**(25 411)**	(7 800)	**(20 411)**	(7 800)
- Write-off of fixed assets	**38**	-	**-**	-
- Share-based payment expenditure	**8 960**	5 086	**-**	-
- Associate earnings	**(2 613)**	(1 414)	**-**	-
	459 582	431 106	**8 076**	4 360
(Increase) / decrease in working capital	**(6 004)**	9 334	**4 074**	(193)
- Decrease in accounts receivable	**2 659**	3 607	**6 895**	102
- Decrease in inventories	**247**	354	**-**	-
- (Decrease) / increase in accounts payable and provisions	**(8 910)**	5 373	**(2 821)**	(295)
	453 578	440 440	**12 150**	4 167
Taxation paid				
Tax liability at beginning of year	**(62 736)**	(57 057)	**138**	(1 395)
Current taxation	**(110 490)**	(104 990)	**(15 052)**	(15 508)
Prior year adjustment	**462**	14 766	**4**	1 178
Capital gains tax	**(3 617)**	(1 131)	**(2 892)**	(881)
Secondary tax on companies	**(12 370)**	(6 624)	**(12 370)**	(6 624)
Tax liability / (asset) at end of year	**55 443**	62 736	**267**	(138)
	(133 308)	(92 300)	**(29 905)**	(23 368)

29. RELATED PARTY TRANSACTIONS

	GROUP	
	2005 R'000	2004 R'000
Transactions with the following related parties occurred during the year:		
Akani Leisure Investments	300	3 617
Akani Leisure Casinos	6 711	5 454
CASA	766	649
Casinos Austria	46 886	4 013
Club Mykonos Resort Managers (Pty) Limited	1 211	1 567
Empire Amusement Parks (Pty) Limited	-	947
Goldfields Casino	5 580	7 235
Reygrande Investment Holdings (Pty) Limited	441	501
Satara Trading (Pty) Limited	5 000	-
Siphumelele Investments Limited	-	2 019
South African Apartheid Museum	3 315	3 135
Amounts owing by related parties at end of year:		
Akani Leisure Casinos	3	-
Akani Leisure Investments	25	2
Akani Leisure Goldfields Investments	421	-
Akani Leisure Msunduzi Investments	67	37
Akani Leisure Investments Hotels Management	228	-
CASA	-	11
Pinnacle Point Resorts (Pty) Limited	-	581
Silverstar	25 477	18 956
Satara Trading (Pty) Limited	4 337	-
Richard Moloko Consortium (Pty) Limited	9 260	8 253
Newshelf 786 (Pty) Limited	57 620	-
Staff loans	963	-
	98 401	27 840
Amounts owing to related parties at end of year:		
Akani Leisure Casinos	(818)	(669)
Akani Leisure Goldfields Investments	-	(1)
Casinos Austria	(478)	(435)
Empire Amusement Parks (Pty) Limited	-	(215)
Olwazini Discovery Centre	-	(32)
Siphumelele Investments Limited	-	(2 019)
South African Apartheid Museum	(165)	(98)
	(1 461)	(3 469)

	COMPANY	
	2005 R'000	2004 R'000
Amounts owing by related parties at end of year:		
Silverstar	25 477	18 956
Richard Moloko Consortium (Pty) Limited	9 260	8 253
Newshelf 786 (Pty) Limited	57 620	-
	92 357	27 209
Amounts owing to related parties at end of year:		
Siphumelele Investments Limited	-	(2 019)
	-	(2 019)

29. RELATED PARTY TRANSACTIONS (CONTINUED)

Akani Leisure Goldfields Investments owns 40% of Goldfields Casino. An amount is owed by Akani Leisure Goldfields Investments to GRCR for finance provided to assist with its shareholder's loan to Goldfields Casino.

Akani Leisure Investments owns 50% 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 are carried out on commercial terms and conditions and have been approved by the board.

Akani Leisure Investments Hotel Management is a subsidiary of Akani Leisure Investments. Akani Leisure Investments Hotel Management owes an amount to Akani Egoli Management, a subsidiary of GRCR, for expenses paid by Akani Egoli Management on behalf of Akani Leisure Investments Hotel Management.

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 GRCR, for expenses paid by Akani Msunduzi Management on behalf of Akani Leisure Msunduzi Investments.

CASA is an association not for gain whose members and contributors are casino operators of SA. The association was formed in order to align all licence holders' interests into one association. All members, including group companies, contribute a monthly fee.

Casinos Austria is a 27,3% shareholder of GRCR. Casinos Austria earned a royalty based on gross gaming revenue. This transaction was carried out on commercial terms and conditions and was approved by the board. On 31 December 2005 GRCR repurchased Casinos Austria's right to the royalty.

Club Mykonos Resorts Managers (Pty) Limited is affiliated to Club Mykonos Langebaan Limited which is a shareholder in West Coast Leisure. Club Mykonos Resorts Managers (Pty) Limited supplies services to West Coast Leisure. The fees payable by West Coast Leisure were carried out on commercial terms and conditions and were approved by the board.

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 GRCR. A management fee was paid to Empire Amusement Parks (Pty) Limited for services rendered in the prior year for performance of the management of the Theme Park. This transaction was carried out on commercial terms and conditions and was approved by the board.

Newshelf 786 (Pty) Limited is a BEE company holding an interest in Akani Leisure Investments and Akani Leisure Casinos. GRCR advanced monies to Newshelf 786 (Pty) Limited in order for it to purchase its investment. The transaction was carried out on commercial terms and conditions and was approved by the board.

Pinnacle Point Resorts (Pty) Limited ("Pinnacle Point Resorts") owns the golf course adjacent to Garden Route Casino. An amount of R581 000 was owing to Garden Route Casino by Pinnacle Point Resorts at 31 December 2004 for the purchase of land by Pinnacle Point Resorts from Garden Route Casino.

Reygrande Investment Holdings (Pty) Limited performs administration functions for Casino Mykonos. The administration fees payable by Casino Mykonos are carried out on commercial terms and have been approved by the board.

Richard Moloko Consortium (Pty) Limited is a BEE company holding an interest in Akani Leisure Investments and Akani Leisure Casinos. GRCR advanced monies to Richard Moloko Consortium (Pty) Limited in order for it to purchase its investment from Siphumelele Investments (Pty) Limited. The transaction was carried out on commercial terms and conditions and was approved by the board. During 2005, the company changed its name from Newshelf 736 (Pty) Limited.

Satara Trading (Pty) Limited is a BEE company that purchased a 30% interest in the management contract of Goldfields Casino from GRCR during 2005. This transaction was carried out on commerical terms and conditions and was approved by the board.

Silverstar has been issued the casino license in the West Rand region of Gauteng. In 2004 and 2005 GRCR lent Silverstar monies in order for Silverstar to acquire land and for other pre-opening expenses. GRCR, along with Akani Leisure Investments, holds an option to purchase the entire share capital of Silverstar as well as the management contract. This transaction was carried out on commerical terms and conditions and was approved by the board.

The Olwazini Discovery Centre is a Section 21 company which operates the science museum adjacent to Golden Horse. The Olwazini Discovery Centre was developed by Akani Msunduzi as one of its casino licence conditions. Akani Msunduzi Management contributes a monthly fee to fund the operational expenses of the museum.

The South African Apartheid Museum is a Section 21 company which operates the museum adjacent to the Theme Park. The South African Apartheid Museum was developed by Akani Egoli as one of its casino licence conditions. Akani Egoli contributes a fixed monthly fee to fund the operational expenses of the museum.

30. SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS

	EFFECTIVE HOLDING (ECONOMIC INTEREST)		INVESTMENT IN SHARES (COMPANY AND GROUP)		NET INDEBTEDNESS	
	2005 %	2004 %	**2005 R'000**	2004 R'000	**2005 R'000**	2004 R'000
Subsidiaries						
Akani Egoli	**83,94**	83,94	**18 300**	18 300	**121 545**	339 243
Akani Msunduzi	**85,00**	85,00	**2 377**	2 377	**110 000**	110 000
West Coast Leisure	**54,33**	54,33	*****	*	**-**	17 916
GRM	**100,00**	100,00	**63 501**	63 501	**(75 577)**	(61 564)
Akani Egoli Management	**64,45**	64,45	**1**	1	**-**	-
Akani Msunduzi Management	**61,00**	61,00	**1**	1	**-**	-
Aldiss Investments	**100,00**	100,00	*****	*	**43 538**	43 527
			84 180	84 180	**199 506**	449 122
Joint ventures						
Garden Route Casino	**42,50**	42,50	**12 343**	12 165	**25 094**	26 121
Newshelf 698 (Pty) Limited	**50,00**	50,00	**5 603**	5 603	**17**	6
			17 946	17 768	**25 111**	26 127
Associates						
Goldfields Casino	**14,67**	14,67	*****	*	**1 053**	5 411
Investments						
Akani Leisure Investments **	**91,67**	91,67	*****	*		
Akani Leisure Msunduzi Investments **	**100,00**	100,00	*****	*		
Akani Leisure Goldfields Investments **	**16,67**	16,67	*****	*		
Sekunjalo Health Care Limited	**0,50**	0,50	**-**	-		
			*****	*		

** Amount less than R1 000*
*** This shareholding comprises preference shares only.*

31. CONTINGENCIES, COMMITMENTS AND GUARANTEES

Contingent liabilities

At 31 December 2005 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:

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Guarantees	**85 448**	50 515	**50 000**	17 154
Litigation	**500**	500	**-**	-
Capital commitments	**19 421**	47 172	**-**	-
	105 369	98 187	**50 000**	17 154

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 R30 472 000 (2004 : R28 786 000) 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 R4 150 000 (2004 : R3 840 000) for gambling board taxes and working capital. ABSA has also issued a guarantee to the Pietermaritzburg Municipal Council for R349 500 (2004 : 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 R250 000 (2004 : R250 000) for gambling board taxes and working capital.

Garden Route Casino has entered into an agreement with Nedbank and the Western Cape Gambling and Racing Board whereby the bank has guaranteed an agreed capital amount not exceeding R250 000 (2004 : R250 000) for gambling board taxes and working capital. Nedbank has also issued a guarantee in the prior year for R321 000 for the construction of a waste water treatment plant, which was no longer in existence at year-end.

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 53,33% of their exposure respectively. The contingent liability under these sureties in aggregate amounted to R50 000 000 (2004 : R17 154 000).

The company has bound itself as surety for Silverstar to its bankers for 50% of its exposure. The contingent liability under this surety amounted to nil (2004 : nil).

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

R7,2 million of the capital commitments had been contracted for at year end.

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
Operating lease commitments				
The future minimum lease commitments under non-cancellable operating leases are as follows:				
Not later than 1 year	**1 952**	2 090	**-**	-
Later than 1 year but not later than 5 years	**7 681**	7 369	**-**	-
Later than 5 years	**11 522**	12 875	**-**	-
	21 155	23 607	**-**	-

32. DIRECTORS' EMOLUMENTS

	GROUP	
	2005 R'000	2004 R'000
Executive directors		
Basic remuneration	**3 545**	3 222
Retirement and medical contributions	**405**	378
Performance incentives	**2 775**	3 120
Other services	**50**	-
	6 775	6 720
Non-executive directors		
Directors' fees	**829**	609
Other services	**51**	982
	880	1 591
	7 655	8 311
Total directors' emoluments		
Emoluments paid by the company	**793**	516
Emoluments paid by subsidiaries	**6 862**	7 795
	7 655	8 311

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 45 of the annual report.

Share-based payment charges during the year relating to awards to directors were R4,9 million (2004 : R2,7 million)

A listing of all members of the board is shown on pages 20 and 21 of the annual report.

In term eligible,
offer themselves for re-election.

ANALYSIS OF SHAREHOLDERS
JSE PERFORMANCE

ANALYSIS OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
Portfolio size				
Range				
1 - 1 000	555	28,30	301 567	0,14
1 001 - 5 000	749	38,19	2 000 542	0,91
5 001 - 10 000	264	13,46	1 984 455	0,90
10 001 - 50 000	251	12,80	5 718 512	2,59
50 001 - 100 000	37	1,89	2 725 112	1,24
100 001 - and over	105	5,36	207 872 471	94,22
	1 961	**100,00**	**220 602 659**	**100,00**
Classification				
Type				
Individuals	1 427	72,77	18 005 500	8,16
Public companies	133	6,78	84 009 500	38,08
Private companies	167	8,52	28 675 094	13,00
Nominee companies & trusts	205	10,45	89 055 950	40,37
Other corporate bodies	29	1,48	856 615	0,39
	1 961	**100,00**	**220 602 659**	**100,00**
Shareholder spread				
Public	1 930	98,42	75 783 683	34,35
Non-public	31	1,58	144 818 976	65,65
Directors	19	0,97	35 113 134	15,92
Associates	9	0,46	47 264 669	21,43
Share scheme	2	0,10	2 214 185	1,00
Holding 10% +	1	0,05	60 226 988	27,30
	1 961	**100,00**	**220 602 659**	**100,00**
Major shareholders owning 1 % or more				
Casinos Austria			60 226 988	27,30
The Maxim Krok 1994 Trust			15 492 569	7,02
Aldiss Investments			14 427 602	6,54
The Elana Pincus 1994 Trust			11 873 732	5,38
The Shelly Krok 1994 Trust			11 873 732	5,38
The Simone Lerman 1994 Trust			11 523 732	5,22
The David Krok 1994 Trust			10 458 268	4,74
Mark Krok			9 223 733	4,18
Ben Schutte Familie Trust			7 041 583	3,19
Old Mutual Life Assurance Co SA Limited			5 389 097	2,44
Steven Joffe			5 033 333	2,28
Sanlam Collateral to HSBC Simpson			2 671 748	1,21
Gold Reef Share Scheme Trust			2 214 185	1,00

JSE PERFORMANCE	
Number of shares traded	36 863 684
Shares traded as a percentage of listed shares in issue at 31 December 2005 (%)	16,71
Highest price traded (cents)	1 700
Lowest price traded (cents)	1 275
Closing market price at 31 December 2005 (cents)	1 470

(Registration number 1989/002108/06)
(Incorporated in the Republic of South Africa)
("the company")
Share Code: GDF ISIN ZAE000028338

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the offices of Gold Reef City, Gate 4 Northern Parkway, Ormonde, Johannesburg, on **Wednesday 24 May 2006 at 10h00** for the purpose of considering, and if deemed fit, passing with or without modification, the following resolutions:

1. To receive, consider and adopt the annual financial statements of the company and the group for the year ended 31 December 2005, together with the directors' and independent auditors' reports.
2. To re-elect M Krok as a director of the company, who retires by rotation in terms of the company's Articles of Association and who being eligible offers himself for re-election.

   An abbreviated curriculum vitae in respect of M Krok is contained on page 20 of the annual report of which this notice forms part.
3. To re-elect MZ Krok as a director of the company, who retires by rotation in terms of the company's Articles of Association and who being eligible offers himself for re-election.

   An abbreviated curriculum vitae in respect of MZ Krok is contained on page 20 of the annual report of which this notice forms part.
4. To re-elect BJ Schutte as a director of the company, who retires by rotation in terms of the company's Articles of Association and who being eligible offers himself for re-election.

   An abbreviated curriculum vitae in respect of BJ Schutte is contained on page 20 of the annual report of which this notice forms part.
5. To confirm the appointment of JS Friedman as company secretary of the company.
6. To re-appoint PricewaterhouseCoopers Inc. as independent auditors of the company.
7. To approve the remuneration of the directors reflected on page 45 of the annual report of which this notice forms part.

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

8. **"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 Listings Requirements of the JSE Limited."
9. **"RESOLVED THAT,** pursuant to the Articles of Association of the company, the directors of the company are 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 Listings Requirements of the JSE Limited ("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 Listings 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 (commencing 1 January 2006) 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 proposed issue, less any ordinary shares issued by the company during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced and irrevocable and underwritten) for cash or on acquisition (concluded by the date of proposed issue) may be included as though they were ordinary shares in issue at the date of the proposed issue;

   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;

   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; and

   e) the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights as are convertible into a class already in issue".

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 this ordinary resolution for it to be approved.*

10. **"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 (or by subsidiaries 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 may decide, but subject always to the provisions of the Act and the Listings Requirements of the JSE Limited ("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 through the order book of the JSE trading system, without any prior understanding or arrangement between the company and the counterparty;

    b) the company or the subsidiaries, as the case may be, are authorised by their Articles of Association;

c) the general repurchase is limited to a maximum of 20% in aggregate of the company's issued share capital in any one financial year;

d) the general repurchase by the subsidiaries of the company is limited to a maximum of 10% in aggregate of the company's issued share capital in any one financial year;

e) 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 effected;

f) the repurchase does not take place during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE;

g) the company publishes an announcement after it or its subsidiaries has cumulatively acquired 3% of the number of ordinary shares in issue at the time that the shareholders' authority for the purchase is granted and for each 3% in aggregate of the initial number acquired thereafter;

h) the company and the group are in a position to repay their debt in the ordinary course of business for the following year;

i) the consolidated assets of the company, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the consolidated liabilities of the company for the following year;

j) the ordinary share capital and reserves of the company and the group are adequate for the next twelve months;

k) the available working capital is adequate to continue the operations of the company and the group in the following year;

l) upon entering the market to proceed with the repurchase, the company's sponsor has complied with its responsibilities contained in Schedule 25 of the Listings Requirements of the JSE;

m) the company remains in compliance with paragraphs 3.37 to 3.41 of the Listings Requirements of the JSE concerning shareholder spread after such repurchase; and

n) the company appoints only one agent to effect any repurchases on its behalf."

The **reason for and effect of** this special resolution is to authorise the company and its subsidiaries, by way of general approval, to acquire the company's 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 Listings Requirements of the JSE.

Directors' statement regarding the utilisation of the authority sought

The directors of the company ("the board") have no immediate intention to use this authority to purchase the ordinary shares of the company. However, the board is of the opinion that this authority should be in place should it be appropriate to undertake a share repurchase during the currency of the authority.

Other disclosures in terms of Section 11.26 of the Listings Requirements of the JSE

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the Listings Requirements of the JSE for purposes of this general authority:

- Directors and management - page 20;
- Major beneficial shareholders - page 86;
- Directors' interests in ordinary shares - page 44;
- Share capital of the company - page 43.

Litigation Statement

The directors of the company whose names appear on page 20 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Directors' responsibility statement

The directors whose names appear on page 20 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Act and the Listings Requirements of the JSE.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

11."**RESOLVED THAT,** subject to the provisions of the Companies Act, 61 of 1973, as amended, the name of the company be and is hereby changed to Gold Reef Resorts Limited with effect from close of trade on Friday 2 June 2006"

The **reason** for the special resolution is that a proposal has been made by the directors that the holding company change its name from Gold Reef Casino Resorts Limited. The **effect of** this special resolution is that the company will in future be known as Gold Reef Resorts Limited.

Salient dates and times of the proposed name change are set out below:

- Last day to lodge forms of proxy for the annual general meeting by 10h00 on Monday, 22 May 2006
- Annual general meeting of shareholders to be held at 10h00 on Wednesday, 24 May 2006
- Results of annual general meeting published on the Securities Exchange News Service (SENS) on Wednesday, 24 May 2006
- Results of annual general meeting published in the press on Thursday, 25 May 2006
- Change of name effective from close of trade on Friday, 2 June 2006
- Trade under the new name Gold Reef Resorts Limited with share

code GDF, short name GOLDREEF and ISIN ZAE0028338 from commencement of trading on Monday, 5 June 2006

The dates and times regarding the proposed name change are subject to amendment. Any such amendment will be published on SENS and in the press.

Information pertaining to certificated and dematerialised shareholders regarding the name change

Should the proposed change of name of the company be approved at the annual general meeting no action need be taken by existing certificated shareholders (ie. existing share certificates do not need to be surrendered) or dematerialsed shareholders as only the long name (Gold Reef Casino Resorts) will be changing. The JSE share code will remain GDF and the ISIN number will remain ZAE0028338. Existing share certificates will remain good for all delivery. All new share certificates issued subsequent to the name change will bear the new long name Gold Reef Resorts Limited.

Opinions and recommendations

The directors of GRCR are of the opinion that the implementation of the name change will be in the best interests of the company.

Directors' responsibility statement

Shareholders are referred to the directors' responsibility statement as set out under resolution 10.

12 **"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 amended. A copy of the amended articles 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 Articles of Association of the company are amended:

a) by the addition to article 11.5 of the words "and, subject to 11.7 need not bear a handwritten signature but may be an instrument created by electronic or other means including without limitation electronic mail or facsimile";

b) 17.1 is amended by the deletion of ", and may determine the quorum necessary for the transaction of business" and also by the deletion of "5 (five)" and the substitution therefor of the words "a majority of the directors for the time being in office of whom at least half must be non-executive directors and one of whom must be an executive director";

c) 17.5 is amended by the deletion of "the sole director of" and also by the deletion of ": Provided that where a director is not present in the Republic, but has an alternate who is, the resolution must be signed by that alternate";

d) by the insertion in 28.2 of "or made available in any manner permitted by these Articles or the Companies Act to" after the words "shall be sent" and the deletion of "by post to the registered address of";

e) by the addition to 40.1 of a new sentence reading "The company may transmit any payment to its members by ordinary post to the address of the member recorded in the register or such other address as the member may previously have given to the company in writing or by electronic bank transfer to such bank account as the member may previously have given to the company in writing".

The **reason** for the amendments to the existing Articles of Association is to bring them in line with modern practice. The **effect** thereof is that the Articles of Association will be in line with modern practice.

VOTING AND PROXIES

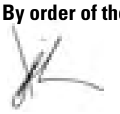
A shareholder of the company entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and on a poll to vote in his stead. The proxy need not be a shareholder of the company. A form of proxy is attached for the convenience of any certificated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

Additional forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries at the address below, to be received by no later than 10h00 on Monday 22 May 2006. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

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 a letter of representation. Alternatively, dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to be represented must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and timeframe stipulated.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. 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 such shareholder.

By order of the Board



JS Friedman *CA (SA)*
Company secretary
15 March 2006

Registered office

Gold Reef City
Gate 4, Northern Parkway, Ormonde, Johannesburg, 2157
(Private Bag X1890, Gold Reef City, 2159)

Transfer secretaries

Ultra Registrars (Pty) Limited
5th Floor, 11 Diagonal Street, Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

SHAREHOLDERS' DIARY
CORPORATE INFORMATION

SHAREHOLDERS' DIARY

Financial year-end	31 December
Annual General Meeting	24 May 2006
Reports	
Interim for six months to June	August
Preliminary annual results	March
Annual financial statements	April
Dividend 2005	
Salient dates for the dividend were as follows:	
Last day to trade *cum* dividend	Wednesday 12 April 2006
Shares trade *ex* dividend	Thursday 13 April 2006
Record date	Friday 21 April 2006
Payment date	Monday 24 April 2006

CORPORATE INFORMATION

Company Secretary and Registered Office
JS Friedman CA (SA)
Gold Reef City
Gate 4
Northern Parkway
Ormonde
Johannesburg
2157
(Private Bag X1890, Gold Reef City, 2159)

Sponsor
Nedbank Capital
F Block
135 Rivonia Road
Sandown 2196
(PO Box 1144, Johannesburg, 2000)

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

Deneys Reitz Inc.
82 Maude Street
Sandown 2196
(PO Box 784903, Sandton, 2196)

Corporate advisors
Edward Nathan (Pty) Limited
150 West Street
Sandown
Sandton 2196
(PO Box 783347, Sandton, 2146)

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

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

Commercial bankers
Nedbank
1st Floor
Corporate Park
Nedcor Sandton
135 Rivonia Road
Sandown 2196
(PO Box 1144, Johannesburg, 2000)

ABSA Corporate Merchant Bank
2nd floor
Absa Towers North 2W1
180 Commissioner Street
Johannesburg 2000
(PO Box 1932, Johannesburg, 2000)

FORM OF PROXY

GOLD REEF CASINO RESORTS LIMITED

Gold Reef Casino Resorts Limited
(Registration number 1989/002108/06)
(Incorporated in the Republic of South Africa)
("GRCR" or "the company")
Share Code: GDF ISIN ZAE000028338

For use at the annual general meeting of the company to be held at the offices of Gold Reef City, Gate 4 Northern Parkway, Ormonde, Johannesburg on **Wednesday 24 May 2006 at 10h00** and at any adjournment thereof.

For use by the holders of the company's certificated ordinary shares ("certified shareholder") and/or dematerialised ordinary shares held through a
shareholders").

Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such share-holders mus
issued with a le
between the
wish to be represented thereat.

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 p
if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof
shares registered in my/our name(s), in accordance with the following instructions:

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

RESOLUTIONS	NUMBER OF VOTES	FOR*	AGAINST*	ABSTAIN*
1. Adoption of the annual financial statements				
2. Re-election of M Krok as a director of the company				
3. Re-election of MZ Krok as a director of the company				
4. Re-election of BJ Schutte as a director of the company				
5. Confirmation of appointment of JS Friedman as company secretary				
6. Re-appointment of PricewaterhouseCoopers Inc. as auditors of the company				
7. Approval of the directors' remuneration				
8. Placing unissued shares under the control of the directors				
9. Issuing of unissued shares for cash				
SPECIAL RESOLUTIONS				
10. Granting general authority to GRCR and its subsidiaries to repurchase shares				
11. Changing the name of the company to Gold Reef Resorts Limited				
12. Amending existing Articles of Association				

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

Signed at (place)	on (date)	2006
Member's signature		

Please read the notes on the reverse side.

NOTES TO 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. A minor must be assisted by his/her parent guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
10. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
11. Forms of proxy must be lodged with the transfer secretaries at the address given below not later than 10h00 on Monday 22 May 2006:

    Ultra Registrars (Pty) Limited

    5th Floor
    11 Diagonal Street
    Johannesburg 2001
    (PO Box 4844, Johannesburg, 2000)
12. 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"
13. Members 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 a letter of representation. Alternatively, dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to be represented must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and timeframe stipulated therein.

www.grcresorts.co.za

Designed by The Looking Glass. Editorial by Envisage Strategic Corporate Communications.