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GOLD REEF

CASINO RESORTS

Headline **EPS of 48 cents**
before deducting pre-opening expenses

NAV per share of **274,8 cents**

Two more casino licences
awarded in 2000

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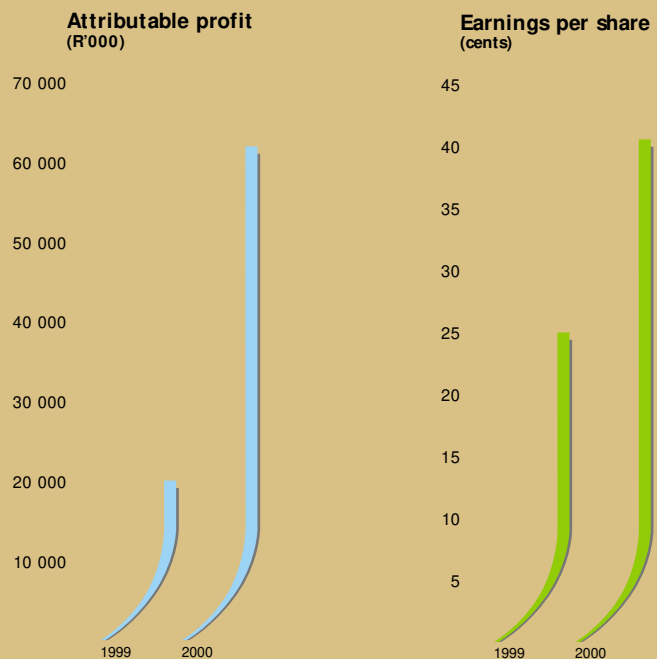
IBC Corporate information



GOLD REEF

C A S I N O R E S O R T S

GRCR has met the forecast by achieving headline earnings per share of 48,0 cents before deducting pre-opening expenses.



GROUP STRUCTURE



50% (75,6% Economic Interest)
Akani Egoli (Pty) Limited
incorporating

Gold Reef City

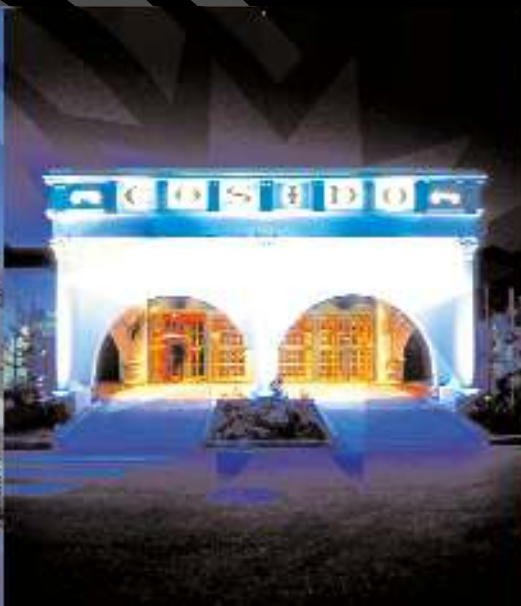


Johannesburg, Gauteng

In its maiden year as a structured casino resort, Gold Reef City has met all our important objectives culminating in approximately four million people flowing through the gates and doors of the complex.

26,67% West Coast Leisure (Pty) Limited incorporating

Casino Mykonos



Langebaan, Western Cape

The group opened its second casino at Club Mykonos, Langebaan, on the Cape West Coast on 14 November 2000 at a cost of R53 million.

CULTEL
100%

CAI Gold Reef Management
50%

38% Akani Msunduzi (Pty) Limited incorporating

Golden Horse Casino



Pietermaritzburg, KwaZulu-Natal

A theme is planned for the Golden Horse Casino Complex to complement the Scottsville Racecourse.



From left: S B Joffe, M Krok, A Krok, M Z Krok, R J Khoza, A J Aaron, B J Schutte, S Krok

DIRECTORATE

Executive directors

S B Joffe (30)

Chief Executive Officer

BCom (Hons Taxation),

H Dip (Company Law) CA(SA)

B J Schutte (54)

Development Director and

Managing Director of

Gold Reef City Theme Park

Alternate directors

A Krok (71)

Dipl Pharmacy,

Doctor of Humane Letters Honoris Causa

S Krok (71)

Doctor of Humane Letters Honoris Causa

Non-executive directors

M Krok (44)

Chairman

BProc, LLB

A J Aaron (69)

BCom, LLB

R J Khoza (51)

BA (Hons), MA (Lancaster),

PMD (Harvard),

IMPD (MD, Lausanne)

M Z Krok (44)

OUR OBJECTIVES

Like many of man's great achievements, our company – Gold Reef Casino Resorts – was born out of a vision. It is growing, and will continue to grow from a constantly expanding and changing vision, but certain core values will remain constant. Those values apply to each of our categories of principal stakeholders and they are:

We are in the business of providing good value family fun and entertainment to all who seek to visit us

We will strive at all times to enhance the quality of their experience through exceptional service and product in all spheres of our activities

We see our staff as integral to our vision. We expect from them dedication to the highest principles of quality, service and moral integrity

We offer them just reward, the best training, the opportunity to be part of a winning team and to advancement corresponding to their merits and freedom to reach the highest levels regardless of sex, colour, race or creed

Our shareholders are fundamental to our existence. We shall strive to regularly achieve soundly-based earnings growth in our business, enhancing shareholder value

Gold Reef Casino Resorts is a corporate citizen of our land. We shall at all times be guided by what we perceive to be best for our community, our nation and our country

We shall constantly strive to be the best at what we do. To accomplish this, we shall aim to employ the best people, utilise the best technology and deliver the best products and services



Gold Reef Casino Resorts management:
L A Turner, R J Seabrook, S B Joffe,
B J Schutte, J S Friedman



Maxim Krok

CHAIRMAN'S REPORT

The year under review has been a definitive period for Gold Reef Casino Resorts. It has seen the group firmly and successfully established as the holding company of investments within the broad confines of organised gaming and related leisure activities. Our strategy has been to expand and develop the group to comprise a number of successful casino resort complexes, each with its own unique competitive advantage.

During the year, the group opened its first and flagship permanent casino resort at Gold Reef City on 18 March 2000. The Gold Reef City complex comprises the casino and expanded and enhanced resort facilities at the Gold Reef City Theme Park. These facilities have created an 'edutainment' complex of unequalled quality, providing excitement, entertainment and, most importantly, education for adults and children.

The operations at the casino and the theme park have traded above expectations. This is especially gratifying having regard to the opening of three permanent casino complexes in Gauteng during the year. All our objectives have been met and this has been proved by the number of "feet through both the casino door and theme park gates".

The Freedom Park, depicting the history of the struggle for freedom in South Africa, will complete the Gold Reef City complex when it opens during May 2001. The park will provide the South African public and international tourists with a unique and unparalleled insight into the successful transition of South Africa from its unfortunate past and the legacy of apartheid.

The group opened its second casino at Club Mykonos, Langebaan, on the Cape West Coast on 14 November 2000 at a cost of R53 million. The casino at Club Mykonos has become an integral facility and has enhanced the resort. The casino traded well over the December holiday period and has attracted visitors from the surrounding towns to this popular holiday resort which is situated 100 km from Cape Town.



The year under review has seen the launch of the Gold Reef City Casino and its integration into the expanded and enhanced resort facilities

During the year, the group was awarded its third licence to operate a casino at the Scottsville Racecourse complex at Pietermaritzburg in KwaZulu-Natal. Building of the casino complex commenced on 20 December 2000 and the group expects completion of the casino and entertainment centre during September 2001, with final completion of the entire complex by the end of 2001. A theme is planned for the Golden Horse Casino complex to complement the Scottsville Racecourse. The entire development has created huge interest and excitement in Pietermaritzburg. The group expects the complex to contribute to earnings towards the latter part of 2001.

Our focus

- 1 Gold Reef City Casino
- 2 Golden Horse Casino
- 3 Casino Mykonos
- 4 Garden Route bid
- 5 Welkom bid



Bedding down those which are up and running, expanding and enhancing facilities where relevant and initiating any new projects which might be awarded or acquired

A pivotal development during the year was the establishment of CAI Gold Reef Management, a joint venture between the group and Casinos Austria, to provide management to the group's own projects as well as independent gaming projects.

The management company embraces the combined expertise and experience of the group and Casinos Austria. Casinos Austria is one of the world's leading exponents of gaming administration with over 60 years' experience in over 100 casinos internationally.

The group is exploring the vast potential offered by the international online gaming market. Any venture into online gaming would be in conjunction with partners specialising in online technology. The group's relationship with Casinos Austria is an advantage as it will enable the group to market gaming software to the extensive network developed by Casinos Austria in over 20 countries. To date, it has not been possible to legally pursue the potentially massive market in South Africa and abroad because current legislation does not facilitate online gaming in many of these countries. The group's strategy is to position itself to benefit from online gaming once the appropriate legislation is passed.

The group is acutely aware that the introduction and accessibility of widespread legal gaming in South Africa has the potential to bring with it certain related social problems, especially irresponsible and compulsive gaming. The legalised gaming industry strongly contends and promotes the precept that responsible gaming be confined to income that is discretionary and disposable and not required for necessities. The group has addressed this issue and has introduced training and preventative initiatives at all of its facilities. The group is a participating member of the National Regulatory Gambling Programme which embraces practical implementation through public education and awareness, treatment and counselling.

The group has allocated funds to a social upliftment programme. Carefully evaluated donations, bursaries and services have been structured to support pre-determined regional and national beneficiaries across a broad spectrum.

The past year was an active one for the South African gaming industry as a whole as well as for the group. In general terms, it was a year of achievement with most of the major players in the industry establishing their core operations. In KwaZulu-Natal, the issue of certain licence awards remains a contentious one and subject to ongoing litigation. These issues have not impacted unfavourably on the group.

The group is a member of a consortium which has bid for a licence to operate a casino resort near George on the southern Cape coast's Garden Route. The award of this licence is currently the subject of litigation. The group is currently in discussion with the relevant parties in an attempt to resolve the issues. It is hoped that a settlement will be reached which will result in the group establishing a casino resort on the Garden Route.

The Free State Government has called for applications for licences in that province and the group is participating as a member of a consortium applying for the licence in the Welkom area.

The group achieved 48,0 cents headline earnings per share before the deduction of pre-opening expenses. The result for the year is in line with the prelisting forecast and has set up a solid foundation on which to build and to further grow market share and shareholder wealth and, in the process, cement the group's status as a major player in the southern African gaming environment. Opportunities for further expansion within the group's parameters will be actively sought, both in southern Africa and further abroad.

It remains for me to express my gratitude to the many persons and institutions who have played key roles in establishing the group as a successful player in the South African gaming resorts industry. In particular, to our staff and management who showed great dedication in bringing our projects to fruition timeously, viably and within budget, to our many customers for their support, to our shareholders and financiers, our consortium partners, Akani Leisure Investments, Akani Leisure Msunduzi and Reygrande, our consultants and suppliers and by no means least, to my board colleagues.



Maxim Krok
Chairman

Akani Egoli management: R Hannath,
B Biyela, S B Joffe, D Appelton,
R T Moloko, B J Schutte,
C Neuberger, D Mzizi





Steven Joffe

CEO'S REPORT

The key business objective of Gold Reef Casino Resorts (GRCR) is to be a leading casino resorts operating group in southern Africa. As both the chairman and I emphasised in our reports last year, that objective will be achieved by concentrating on GRCR's perceived strengths, paramount of which is providing cost-effective entertainment for the entire family at locations convenient to the public.

Successfully implemented, this will ensure attracting "most feet through the door", the prime ingredient for success. The earliest and most important implementation of that policy and the initial opportunity to evaluate its success has been the establishment of the group's first and flagship casino resort at Gold Reef City near Johannesburg.

Gold Reef City

The year under review has seen the launch of the Gold Reef City Casino and its integration into the expanded and enhanced resort facilities. Its success is cardinal to the existence of the group as a whole and it exemplifies our hopes and our strategies for the future.

Launched simultaneously with the casino and situated in the same complex are a five-star niche hotel, a theatre, jazz bar, restaurants, a sports betting bar, retail outlets and crèche and children's facilities.

Additions and refinements to the theme park during the year included:

- the Anaconda Inverted Roller Coaster and the River Rapid Ride – both proving major drawcards;
- the Music Hall of Fame and Odin Bioscope, honouring the greats of the South African musical heritage which made welcome additions to the active schools programme; and

- the Exploratory, Hands-on Science Centre which has proved so attractive to family and school visitors that it is to be expanded.

The Gold Reef Village Hotel opened additional rooms lining the streets and, with a total of 76 rooms and its safe environment within the theme park, is proving very popular.

The success of these endeavours can be gauged from the fact that, in its maiden year as a structured casino resort, Gold Reef City has met all our important objectives culminating in approximately four million people flowing through the gates and doors of the complex.

Gold Reef Casino Resorts holds a 50% direct investment and a 75,6% economic investment in Akani Egoli (Pty) Limited, which is the holder of the licence to operate the casino at Gold Reef City and which holds a 100% interest in Gold Reef City Casino and in Gold Reef City Theme Park.

Casino Mykonos

The second casino resort in which the group is a key participant opened on schedule on 14 November 2000 at a cost of R53 million at Club Mykonos, a popular holiday resort on the west coast about 100 km north of Cape Town.

GRCR holds a 26,67% investment in West Coast Leisure (Pty) Limited, the holder of the licence to operate the casino at Mykonos, which it jointly manages through CAI Gold Reef Management.

Golden Horse Casino

The third casino resort in which GRCR is a consortium member is Golden Horse Casino & Entertainment Centre situated at the Scottsville Racecourse in Pietermaritzburg, KwaZulu-Natal. It is scheduled to open its doors to the public in the last quarter of 2001 and is expected to start contributing to results in the current financial year.

The complex will encompass a family entertainment centre, a science educational centre, several museums, sports bars, restaurants, fast food outlets and entertainment facilities as well as a conference facility, a three-star hotel and retail facilities.

GRCR holds a 38% investment in Akani Msunduzi (Pty) Limited with Akani Leisure Msunduzi (Pty) Limited, a black empowerment consortium, as its principal partner.





Casino Mykonos



The casino at Club Mykonos
has become an integral facility
and has enhanced the resort

Results

I am pleased to be able to report that GRCR also met our financial performance expectations for the year under review, delivering headline earnings per share before deducting pre-opening expenses of 48,0 cents a share against the forecast issued in the prelisting document of 47,9 cents a share. It should be noted that, at the time that the forecast was made, pre-opening expenses could be capitalised and the forecast was based on that assumption.

Since then, the accounting treatment for pre-opening expenses has been changed and they are now expensed in the year in which they are incurred. To make a comparison with results in the current year meaningful, the earnings before deducting such expenses have therefore been used. Headline earnings per share after deducting pre-opening expenses amounted to 40,4 cents. This is calculated on a weighted average number of shares in issue of 152 854 270 and is therefore not meaningfully comparable with the equivalent 34,2 cents, based on 80 225 000 shares, reported in the previous period, which covered 18 months.

Other features of the year's results include the increase in net operating profit from R8,065 million in the previous year to R51,186 million; the strong performance by Gold Reef City Casino which generated earnings before interest, tax, depreciation and amortisation (EBITDA) equivalent to 44% of gross gaming revenue while net profit from the theme park increased by in excess of 500%.

Casino Mykonos made a stout maiden contribution. In the approximately six remaining weeks of the financial year subsequent to commencing operations, it traded well ahead of budget and a substantial portion of the R5,450 million pre-opening expenditure was recouped. The balance of this expenditure, of which GRCR's share is R750 000, will be offset against the group's share of profits in the current year.

CAI Gold Reef Management also had an impressive debut, generating R2,565 million in management fees as a return on GRCR's net investment of R15 million. In the current year, CAI Gold Reef Management can look forward to a full year of management fees from Casino Mykonos as well as a maiden contribution from Golden Horse Casino.

The balance sheet was further strengthened by net cash generated from operating activities of R38,543 million against a deficit of R8,99 million in 1999 and a total increase in cash and cash equivalents of R62,295 million in the 2000 financial year (1999: R26,294 million).

Shares in issue increased by over 45 million during the year, a substantial portion of which were issued to transform non-interest bearing borrowings into capital, reducing gearing to negligible levels.

It remains management's policy not to distribute dividends and to reinvest surplus funds in the expansion of the business. This policy will be reviewed at appropriate intervals.

CAI Gold Reef Management

As previously mentioned, GRCR's acquisition of a 50% interest in this management company has proved to be most beneficial. At the time the transaction was consummated, CAI Gold Reef Management's sole contract was with Akani Egoli and the price of the investment was valued on that basis. Subsequently, CAI Gold Reef Management has contracted with West Coast Leisure and Akani Msunduzi and the benefits of this additional business will further enhance the return on the investment. In the longer term, the potential for business with independent operations in which GRCR holds no financial interest offers further prospects.

Internet strategy

GRCR is exploring the introduction of an online gaming service. Such a service is likely to focus on three primary areas of business, namely software development, service and support.

Casino Mykonos management: SB Joffe, R J Seabrook, C Neuberger, S Bullen





Golden Horse Casino

It is scheduled to **open its doors**
to the public in the **last quarter**
of **2001** and is expected to **start**
contributing to results in
the current financial year

It is envisaged that it will operate exclusively in the business to business (B2B) market, supplying its solutions and services solely to gaming operators (including those in the GRCR group) who will, in turn, market their individualised gaming offerings to end-users, with the venture supporting these efforts.

Based on a proprietary software platform, the new venture will comprise customised electronic gaming operations from online casinos, using multiple platforms and payment mechanisms including the Internet, cell phones and interactive television.

The intention will be to develop the software locally and grow the customer base globally. GRCR would seek to develop strategic alliances in the technology field and other areas to further the business through associations.

The products developed and serviced would cater for most traditional casino games along with innovations and could be used for direct commercial application, "play-for-prizes" applications and loyalty programmes.

The proposed operation will focus on providing tailored solutions to the bricks and mortar gaming market and will leverage off GRCR's existing relationships in the gaming industry.

The year ahead

The current financial year which lies ahead will be one of consolidating the group's gains, bedding down those casino resorts which are up and running, expanding and enhancing facilities where relevant bringing the Akani Msunduzi project into operation and initiating any new projects which might be awarded or acquired.

The performance of the gaming industry is largely determined by two factors – the levels of disposable income available to the public and the collective propensity of the public to gamble.

Disposable income, being – by definition – that which is surplus to needs, is influenced by the relative proportion of total income absorbed by such needs.

Currently pertinent to this equation are the rand exchange rate and its effect on the price of such necessary products as fuel, interest rates and levels of taxation.

Looking ahead, there are some tentative positive signs towards the enhancement of public disposable incomes. The recent 2001 national Budget offered some relief in taxation levels, and current downward trends in international interest rates have resulted in informed local consensus suggesting a similar trend in South Africa. The international economic outlook is somewhat murkier and it remains to be seen whether the major economic powers will achieve the smooth passage on which the global outlook depends.

Indications are that the public's propensity to gamble has also accelerated over the past year, fortified by growing exposure to casinos and lotteries and this trend seems likely to persist.

Appreciation

In what has been an eventful and, in terms of much of the South African economy, a difficult year, GRCR's performance has been most gratifying. We have achieved all of our key objectives and, perhaps more importantly, established that our strategies and policies are conducive to attaining our longer term goals. The practical implementation of those strategies and policies owes a lot to many people, notably our directors, management and staff, our shareholders and bankers, our suppliers and advisers and our customers – the South African public. I thank them all for their support and loyalty.



Steven Joffe
Chief Executive Officer



EMPLOYMENT EQUITY REPORT

Employment equity objectives

Gold Reef Casino Resorts, together with its partners in the operating companies in which it is a major investor and participant, is committed to the development, training and practical advancement of all its employees. Furthermore, the group is committed to the empowerment of the previously disadvantaged within the local communities insofar as it is within its capability to achieve this.

Specifically, the group seeks to:

- ensure the elimination of any discriminatory barrier or practice that inhibits an employee from enjoying the fundamental opportunities, rights, benefits and privileges accorded to any other employee within the group
- strive to achieve an employment status that fairly represents the demographics of the country as well as the region in which the company is located
- promote a culture where employment equity is a business imperative that addresses any shortage of certain skilled personnel and projected management requirements of the group
- ensure compliance with all the provisions and requirements of the Employment Equity Act

Factors impacting on achievement of equity objectives

No major barriers to the achievement of the group's employment equity objectives have been encountered. An inhibiting factor to achieving the desired levels of achievement is a shortage of available personnel fulfilling the required criteria within certain categories, both on a national and, more specifically, on a regional basis.

Gold Reef City Casino management has experienced problems finding adequately skilled personnel to assume senior and middle management positions, particularly from within the previously disadvantaged sector (PDI). A similar problem has been encountered at Casino Mykonos where, because of its location in an area of limited development, availability of such personnel is low, as is the ability to attract people from areas perceived as more congenial. At Casino Mykonos, four posts (2,5%) for disabled people have been identified but the availability of disabled people, either with the relevant skills, or the ability to absorb them, has been limited.

Two disabled people are currently employed at Gold Reef City Casino with additional posts targeted.

Measures to facilitate the achievement of equity objectives

At Gold Reef City, an amount of R2,7 million has been budgeted for human resources development in the current financial year. Two new managers were appointed in the Human Resources Department in the last quarter of 2000 to design and implement basic human resources systems and procedures. A comprehensive training programme has been introduced for junior, middle and senior management while a Development Panel, dealing with career development and succession planning for middle and senior management employees, is being established.

A Study Assistance Programme was introduced at the beginning of 2001 and some 20 employees have already used it. The Employment Equity Policy is established and being monitored by a committee selected for this purpose.

At Gold Reef City Theme Park, a workshop has been established for disabled persons to help create jobs and to market products. A Theme Park Equity Plan is being designed and will be implemented shortly.

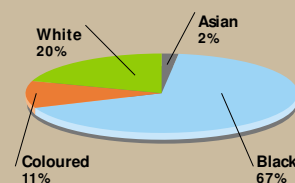
Given the shortage of suitable candidates in the marketplace and the difficulties in attracting skilled personnel to the area, Casino Mykonos is focusing on identifying suitable prospects from among its existing personnel for training and ultimate advancement to senior posts over a three-year period.

The group has an ongoing programme allowing casino senior management to attend international conferences and to be seconded to Casinos Austria's other international locations.

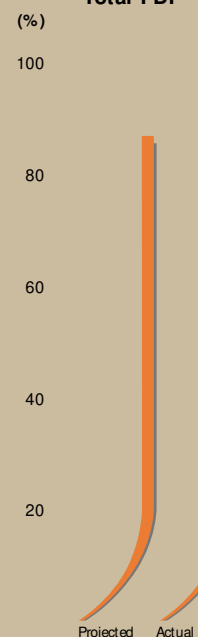
Employees continue to participate in a group share incentive scheme, encouraging commitment and motivation.

	Projected %	Actual %
Total employees		
Asian	2	1
Black	67	73
Coloured	11	9
White	20	17
Female	36	38
Total PDI	87	89
Permanent	100	99
Temporary	–	1
Broken down as follows:		
Senior management		
Asian	–	5
Black	19	8
Coloured	14	5
White	67	82
Female	33	21
Middle and junior management		
Asian	3	1
Black	35	34
Coloured	11	11
White	51	54
Female	35	40
Supervisory		
Asian	1	2
Black	50	49
Coloured	17	19
White	32	30
Female	38	32
General staff		
Asian	2	1
Black	76	85
Coloured	10	7
White	12	7
Female	36	39

Total employees



Total PDI



C O R P O R A T E G O V E R N A N C E

Gold Reef Casino Resorts Limited endorses the King Code of Corporate Governance and operates in broad compliance with its recommendations. The group has adopted a code of ethics policy which incorporates its operating, financial and behavioural policies in a set of integrated values, including the ethical standards required of employees of the group in their interaction with one another and with all stakeholders.

Financial statements

The annual financial statements set out in this report have been prepared by management in accordance with generally accepted accounting practice. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates. The directors of the company are responsible for the preparation of the annual financial statements and related financial information that fairly presents the state of affairs and the results of the company and of the group. The external auditors are responsible for independently auditing and reporting on these financial statements in conformity with generally accepted auditing standards.

Board of directors

The board of directors is unitary and is constituted with an equitable ratio of executive and non-executive directors that meet at least quarterly to evaluate performance, assess risk and review the strategic direction of the group. Board appointments are based on a required mix of skills and experience to ensure the ongoing success of the group. Non-executive directors provide objectivity and independence to board deliberations and internal decision-making processes. The chairman of the board is elected for a period of one year, being eligible for re-election, and is independent of the executive directors. The board is supported by various internal committees as well as having access to external consultants and functions in executing its responsibilities. Remuneration of the board is reviewed and approved by an independent committee which advises the chairman of the board.

Management

Operational management is appointed by the board based on the skill and experience necessary to perform the function envisaged. Various processes are in operation which promote interactive dialogue, decision-making and independent review between group management and the executive directors.

Employee participation and skills

The group continues to support the aims and objectives of affirmative action. It supports the social and economic empowerment of previously disadvantaged individuals and communities. It also provides additional opportunities for employees at all levels to influence the success of the group.

Skills enhancement is achieved through the development and presentation of internal and external training courses and support of employees wishing to further

their skills at recognised external institutions. The group's culture values employee participation in the decision-making process, and encourages communication throughout the group. Ownership of the group has been devolved on employees through the staff share scheme which is actively encouraged.

Audit committee

The audit committee, which is chaired by a non-executive director, A Aaron, meets periodically with the group's external and internal auditors and Gold Reef Casino Resorts' management to review accounting, auditing and financial reporting matters to ensure that an effective control environment in the group is maintained. The committee also monitors proposed changes in accounting policy, reviews the internal audit functions and discusses the accounting implications of major transactions. An audit committee is also in place for Akani Egoli and West Coast Leisure and their reports are submitted to Gold Reef Casino Resorts' audit committee on a regular basis.

Internal auditing

The internal audit function is performed in the operating companies, including Akani Egoli and West Coast Leisure and is designed to serve management and the board of directors through independent evaluations and examinations of the casino's activities and resultant business risks. The internal audit department is designed to respond to management's needs while maintaining an appropriate degree of independence to render impartial and unbiased judgements in performing its services. The scope of the internal audit function includes compliance auditing of specific areas stipulated by the Gambling Board rules as well as assessing the adequacy of internal controls, fraud prevention, risk management and safeguarding of assets.

Internal controls

The board of directors is responsible for the group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations. The controls throughout the group companies concentrate on critical risk areas. These areas are identified by operational management and are monitored by the directors of the group companies. All controls relating to the critical risk areas are closely monitored and subject to internal audit. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the group has occurred during the year.

Going concern

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



REPORT OF THE INDEPENDENT AUDITORS

to the members of Gold Reef Casino Resorts Limited

We have audited the annual financial statements of Gold Reef Casino Resorts Limited set out on pages 19 to 39 for the year ended 31 December 2000. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

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

An audit includes:

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

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

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and group at 31 December 2000 and the results of their operations, changes in equity and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



PricewaterhouseCoopers Inc
Registered Accountants and Auditors
Chartered Accountants (SA)
Sunninghill
14 March 2001

DIRECTORS' APPROVAL

The financial statements set out on pages 19 to 39 were approved by the board of directors on 14 March 2001 and are signed on their behalf.



M Krok
Chairman



S B Joffe
Chief Executive Officer

DECLARATION BY THE 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 Companies Act, and that all such returns are true, correct and up to date.



R J Seabrook
14 March 2001
Johannesburg

DIRECTORS' REPORT

The directors present their annual report, which forms part of the audited financial statements of the group for the year ended 31 December 2000.

Nature of business

Gold Reef Casino Resorts Limited is a gaming and entertainment company. Its interests incorporate Akani Egoli (Pty) Limited, which operates Gold Reef City Casino and Theme Park, West Coast Leisure (Pty) Limited, which operates Casino Mykonos, Akani Msunduzi (Pty) Limited, which has been granted a licence to develop and operate a casino in Pietermaritzburg, as well as having interests in a number of other casino licence applications throughout South Africa.

Gold Reef Casino Resorts also owns 50% of CAI Gold Reef Management (Pty) Limited, a joint venture with Casinos Austria to provide management to the group's own projects as well as independent operations in sub-Saharan Africa.

Financial results

The results for the year are not comparable with those of the previous 18 month period during which income was earned from discontinued activities.

GRCR's prelisting statement forecast headline earnings per share of 47,9 cents. This forecast was made at a time when pre-opening expenses could be capitalised, whereas the new accounting treatment now requires these to be expensed during the year in which incurred. GRCR has met the forecast by achieving a headline earnings per share of 48,0 cents before deducting such expenses.

GRCR's attributable income for the first half of the year was R27 573 000, whereas in the second half it amounted to R34 474 000, an increase of 24%. Due to the issue of, approximately, an additional 45 million shares in the second half of the year, headline earnings per share for the two periods were 20,9 cents and 19,5 cents respectively.

Review of operations

In the year under review, the group expanded and further refined the operations and projects which flowed from its establishment in the previous period as a leading casino resort development and management company.

The principal operation, being the Gold Reef City Casino Resort near Johannesburg, opened on 18 March 2000.

A number of major additions and refinements were made to the Gold Reef City Theme Park at a total investment exceeding R100 million.

The Freedom Park, the last component to be completed, is due to open in May 2001.

During the year, the group acquired a 26,67% investment in West Coast Leisure (Pty) Limited, the company licenced to operate Casino Mykonos on the Cape west coast.

A 38% stake was also acquired in Akani Msunduzi (Pty) Limited which is licenced to operate a casino in Pietermaritzburg, scheduled to open in the last quarter of the current financial year.

DIRECTORS' REPORT (continued)

During the year, CAI Gold Reef Management (Pty) Limited was established, being a casino management company in which the group holds a 50% investment, with the balance held by international gaming group Casinos Austria. All the group's operating casinos are, or will be managed by this company.

Statement of responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with generally accepted accounting practice and in the manner required by the Companies Act.

The directors are also responsible for the company's system of internal financial control. This is designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

Financial results and dividends

The financial results of the company are set out in the attached financial statements.

No dividends have been declared during the year and none is recommended (1999: nil).

Share capital

The following share capital has been issued during the year under review:

Ordinary shares: 45 454 914 (1999: 61 898 229).

Directors and secretary

The directors of the company for the year were:

M Krok* (Chairman)
A J Aaron*
M G Diliza* (resigned 4 April 2000)
S B Joffe
R J Khoza*
M Z Krok*
R T Moloko* (resigned 4 April 2000)
B J Schutte
A Krok**
S Krok**

* Non-executive

** Alternate

The secretary of the company is R J Seabrook whose business and postal addresses are:

Business: Gold Reef City	Postal: Private Bag X1890
Gate 4	Gold Reef City
Northern Parkway	2159
Ormonde	
2091	

Directors' shareholding

	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
A J Aaron	–	–	–	57 595 581
M Krok	2 330	13 963 665*	–	43 631 916*
		356 138		
M Z Krok	55 900	8 139 949	–	43 894 718
SB Joffe	897 436	–	–	–
R J Khoza	27 500	27 500	–	–
B J Schutte	–	15 811 966	–	–

* Included in shareholding held non-beneficially by Mr A J Aaron.

Interest of directors and officers in contracts

Information relating to the directors' and officers' interests in contracts is set out in note 23 to the financial statements.

Investment in subsidiaries

Information relating to the company's financial interest in its subsidiaries is set out in note 9 to the financial statements.

Material events after year end

No matter which is material to the financial affairs of the company has occurred between the balance sheet date and the date of approval of the financial statements.

Auditors

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

INCOME STATEMENTS

for the year ended 31 December 2000
(18 month period ended 31 December 1999)

	Note	GROUP		COMPANY	
		2000 R'000	1999 R'000	2000 R'000	1999 R'000
Net operating profit	2	51 186	8 065	51 294	8 019
Taxation	5	17 881	13 029	17 875	13 029
Net profit/(loss) after taxation		33 305	(4 964)	33 419	(5 010)
Share of results in associates	10	28 742	25 015	27 992	25 015
Akani Egoli		26 177	25 015	26 177	25 015
– Trading results		37 765	27 615	37 765	27 615
– Pre-opening expenses recognised in the current year		(11 588)	(2 600)	(11 588)	(2 600)
West Coast Leisure		–	–	(750)	–
– Trading results		704	–	704	–
– Pre-opening expenses recognised in the current year		(704)	–	(1 454)	–
CAI Gold Reef Management		2 565	–	2 565	–
Profit attributable to shareholders		62 047	20 051	61 411	20 005
Number of shares in issue (000)		177 262	131 807		
Weighted average number of shares in issue (000)		152 854	80 225		
Earnings per share (cents) – basic	6				
– before deducting pre-opening expenses		48,2	28,2		
– after deducting pre-opening expenses		40,6	25,0		
Headline earnings per share (cents) – basic	6				
– before deducting pre-opening expenses		48,0	37,4		
– after deducting pre-opening expenses		40,4	34,2		

BALANCE SHEETS

at 31 December 2000 (31 December 1999)

	Note	GROUP		COMPANY	
		2000 R'000	1999 R'000	2000 R'000	1999 R'000
Assets					
Non-current assets					
Property, plant and equipment	8	102	156	102	155
Investment in subsidiaries	9	–	–	1	1
Investment in associates	10	445 652	442 162	446 402	442 162
Other investments	11	500	3 100	500	3 100
Loan to share incentive trust	12	7 406	–	7 406	–
		453 660	445 418	454 411	445 418
Current assets					
Receivables and prepayments	13	2 461	2 038	2 379	2 028
Cash and cash equivalents	14	97 462	35 179	97 387	32 612
		99 923	37 217	99 766	34 640
Total assets		553 583	482 635	554 177	480 058
Equity and liabilities					
Capital and reserves					
Ordinary share capital	20	3 545	2 636	3 545	2 636
Share premium	20	357 340	258 343	357 340	258 343
Non-distributable reserves	21	15 885	17 650	–	–
Retained earnings	21	110 287	48 240	109 605	48 194
Total shareholders' funds		487 057	326 869	470 490	309 173
Non-current liabilities					
Non-interest bearing borrowings	15	–	92 500	–	92 500
Loan from subsidiary		–	–	17 294	17 498
		–	92 500	17 294	109 998
Current liabilities					
Payables	17	6 395	5 255	6 221	5 164
Provisions for liabilities and charges	16	6 818	7 244	6 818	7 244
Bank overdraft	14	35 438	35 450	35 479	35 450
Tax liabilities		17 875	15 317	17 875	13 029
		66 526	63 266	66 393	60 887
Total liabilities		66 526	155 766	83 687	170 885
Total equity and liabilities		553 583	482 635	554 177	480 058

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2000
(18 month period ended 31 December 1999)

	Note	GROUP		COMPANY	
		2000 R'000	1999 R'000	2000 R'000	1999 R'000
Share capital	20				
Ordinary shares					
– at the beginning of the period		2 636	1 398	2 636	1 398
– ordinary shares issued		909	1 238	909	1 238
– at the end of the period		3 545	2 636	3 545	2 636
Share premium	20				
– at the beginning of the period		258 343	136 663	258 343	185 564
– share premium raised		98 997	192 506	98 997	143 605
– share premium utilised		–	(70 826)	–	(70 826)
– at the end of the period		357 340	258 343	357 340	258 343
Total share capital at the end of the period		360 885	260 979	360 885	260 979
Non-distributable reserves	21				
At the beginning of the period		17 650	24 028	–	24 028
NDR raised on acquisition of subsidiary		–	17 650	–	–
NDR released		(1 765)	(24 028)	–	(24 028)
At the end of the period		15 885	17 650	–	–
Retained earnings	21				
At the beginning of the period		48 240	(678)	48 194	4 161
Writeback of retained income on sale of subsidiaries		–	4 839	–	–
Net income for the period		62 047	20 051	61 411	20 005
Transfer from reserves		–	24 028	–	24 028
At the end of the period		110 287	48 240	109 605	48 194

CASH FLOW STATEMENTS

for the year ended 31 December 2000
(18 month period ended 31 December 1999)

	Notes	GROUP		COMPANY	
		2000 R'000	1999 R'000	2000 R'000	1999 R'000
Cash flow from operating activities					
Net operating profit		51 186	8 065	51 294	8 019
Non-cash items and other adjustments		(52 789)	(24 489)	(52 373)	(24 443)
Cash flow from trading activities		(1 603)	(16 424)	(1 079)	(16 424)
Decrease/(increase) in working capital		291	(35 879)	280	(60 134)
Cash flow from operating activities	22.1	(1 312)	(52 303)	(799)	(76 558)
Dividend received		–	1 523	–	1 523
Net interest received		55 178	42 011	55 034	41 965
Tax (paid)/reimbursed	22.2	(15 323)	(221)	(13 029)	243
Net cash generated by/(utilised in) operating activities		38 543	(8 990)	41 206	(32 827)
Cash flow from investing activities					
Acquisition of property, plant and equipment		–	(224)	(8)	(223)
Proceeds on disposal of property, plant and equipment		–	3 794	–	–
Investment in associates		(20 000)	(18 300)	(20 000)	(18 300)
Investment in subsidiaries		–	–	–	(1)
Proceeds on disposal of businesses		–	–	–	71 491
Proceeds on disposal of other investments		–	145 424	–	145 424
Net cash (utilised in)/generated by investing activities		(20 000)	130 694	(20 008)	198 391
Cash flow from financing activities					
Ordinary shares issued		909	1 238	909	1 238
Share premium raised		98 997	192 506	98 997	143 605
Share premium utilised		–	(70 826)	–	(70 826)
Repayment/(advances) in loans to associates		43 752	(309 101)	43 752	(329 101)
Loans advanced to share incentive trust		(7 406)	–	(7 406)	–
Net repayment made:					
– interest bearing borrowings		–	(1 727)	–	–
Net proceeds raised:					
– non-interest bearing borrowings		–	92 500	–	92 500
Net proceeds raised:					
– amount owing to subsidiaries		–	–	–	17 179
Net repayment made:					
– non-interest bearing borrowings		(92 500)	–	(92 500)	–
Net repayment made:					
– amount owing to subsidiaries		–	–	(204)	–
Net cash generated by/(utilised in) financing activities		43 752	(95 410)	43 548	(145 405)
Net increase in cash and cash equivalents		62 295	26 294	64 746	20 159
Cash and cash equivalents at the beginning of the period		(271)	(26 565)	(2 838)	(22 997)
Cash and cash equivalents at the end of the period		62 024	(271)	61 908	(2 838)

1 Basis of preparation

The annual financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent, in all material respects, with those applied in the previous period.

1.1 Basis of consolidation

The group financial statements incorporate the financial statements of the company and its subsidiaries. The group income statement includes results of the subsidiaries from their effective dates of acquisition and up to their effective dates of disposal. All significant inter-company transactions and balances have been eliminated.

1.2 Investment in associates

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the company has between 20% and 50% of the voting rights, and over which the company exercises significant influence, but which it does not control. Provisions are recorded for long-term impairment in value. Equity accounting involves recognising in the income statement the company's share of the associates' profit or loss for the year.

1.3 Other investments

Investments other than in associates are stated at cost and are written down only where there is a permanent impairment in value. Dividends are brought to account as at the last day of registration in respect of listed shares and when declared in respect of unlisted shares.

1.4 Property, plant and equipment

All property, plant and equipment is included at cost.

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

Office equipment	5 years
Computer equipment	3 years

1.5 Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

1.6 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks, net of bank overdrafts.

1.7 Provisions

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

1.8 Deferred taxation

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

1.9 Revenue recognition

Revenues earned by the company are recognised on the following bases:

Interest income – as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividend income – when the shareholder's right to receive payment is established.

1.10 Casino licence application costs

Casino licence application costs are capitalised and amortised over the period that future economic benefits are expected to flow to the enterprise. Casino licence application costs are recognised as an expense to the extent that such expenditure is not expected to have future benefits.

1.11 Segmental reporting

No segmental information has been provided as the group operates in one segment only.

1.12 Financial instruments

Financial instruments carried on balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition method adopted is disclosed in the individual policy statement associated with each item.

Disclosure of financial statements to which the group is a party is provided in note 18 to the annual financial statements.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
5 Taxation				
Current tax	17 881	13 029	17 875	13 029
The tax on the company's and group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of South Africa as follows:				
Standard rate	30%	30%	30%	30%
Adjusted for:				
Exempt income	(1,5%)	(5,7%)	–	(5,7%)
Non-deductible expenses	6,4%	137,3%	4,8%	138,2%
	34,9%	161,6%	34,8%	162,5%

6 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue during the period.

Basic earnings per share

Net profit attributable to shareholders (R'000)	62 047	20 051
Weighted average number of ordinary shares in issue (000)	152 854	80 225
Total number of ordinary shares in issue (000)	177 262	131 807
Basic earnings per share		
– before deducting pre-opening expenses (cents)	48,2	28,2
– after deducting pre-opening expenses (cents)	40,6	25,0

Headline earnings per share

	Profit before tax R'000	Taxation R'000	Headline 2000 R'000	Headline 1999 R'000
Headline earnings per share	79 928	(17 881)	62 047	20 051
Amortisation of goodwill	(265)	–	(265)	–
Pre-opening expenses	11 588	–	11 588	2 600
Abnormal items	–	–	–	7 350
	91 251	(17 881)	73 370	30 001

Headline earnings per share		
– before deducting pre-opening expenses (cents)	48,0	37,4
– after deducting pre-opening expenses (cents)	40,4	34,2

NOTES TO THE FINANCIAL STATEMENTS (continued)

	GROUP		COMPANY	
	2000	1999	2000	1999
	R'000	R'000	R'000	R'000

7 Dividends per share

No dividends were declared during the year.

8 Property, plant and equipment

	Land	Property, plant and equipment	Patents	Office equipment	Total
2000					
Net opening book value	–	–	–	156	156
Disposals	–	–	–	(7)	(7)
Additions	–	–	–	7	7
Depreciation	–	–	–	(54)	(54)
Net closing book value	–	–	–	102	102
1999					
Net opening book value	2 350	1 227	217	–	3 794
Reversal of assets held by subsidiary under unbundling scheme	(2 350)	(1 227)	(217)	–	(3 794)
Additions	–	–	–	224	224
Depreciation	–	–	–	(68)	(68)
Net closing book value	–	–	–	156	156
Leased assets included above comprise					
1999					
Net opening book value	–	114	–	–	114
Reversal of assets held by subsidiary under unbundling scheme	–	(114)	–	–	(114)
Additions	–	–	–	–	–
Depreciation	–	–	–	–	–
Net closing book value	–	–	–	–	–

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
9 Investment in subsidiaries				
Listed				
At the beginning of the period			–	70 826
Unbundling of subsidiaries			–	(70 826)
Balance at the end of the period			–	–
Unlisted				
At the beginning of the period			1	665
Purchase of subsidiary			–	1
Writedown of subsidiary			–	(665)
Balance at the end of the period			1	1

During the 1999 period the company disposed of one of its subsidiaries (Aspen Pharmacare Holdings – formerly Medhold) through an unbundling at its carrying value in the balance sheet. Another subsidiary (Dolphin Leather Craft) was written down to a value of R1.

10 Investment in associates

Investment in associates	61 815	18 300	63 315	18 300
Net share of results of associates	28 742	25 015	27 992	25 015
At the end of the period	90 557	43 315	91 307	43 315
Loans to associates	355 095	398 847	355 095	398 847
	445 652	442 162	446 402	442 162
Reconciliation				
Balance at the beginning of the period	442 162	–	442 162	–
Investment in associates	20 000	18 300	20 000	18 300
Net share of results of associates	28 742	25 015	27 992	25 015
Loans repaid or raised during the period	(43 752)	398 847	(43 752)	398 847
Goodwill written off	(1 500)	–	–	–
Closing carrying value	445 652	442 162	446 402	442 162
Closing carrying value is broken down as follows:				
Akani Egoli	396 369	442 162	396 369	442 162
West Coast Leisure	8 514	–	7 764	–
Akani Msunduzi	19 554	–	19 554	–
CAI Gold Reef Management	21 215	–	22 715	–
Closing carrying value	445 652	442 162	446 402	442 162

NOTES TO THE FINANCIAL STATEMENTS (continued)

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
10 Investment in associates (continued)				
The loans to associates are made up of the following:				
Akani Egoli ⁽¹⁾	326 877	398 847	326 877	398 847
West Coast Leisure ⁽²⁾	8 514	–	8 514	–
Akani Msunduzi ⁽³⁾	19 554	–	19 554	–
CAI Gold Reef Management ⁽⁴⁾	150	–	150	–
	355 095	398 847	355 095	398 847

(1) The loan to Akani Egoli bears interest at prime for the first R294 000 000, thereafter prime plus 2%.

(2) The loan to West Coast Leisure bears interest at prime.

(3) The loan to Akani Msunduzi bears interest at prime plus 2%.

(4) The loan to CAI Gold Reef Management is interest free.

Directors' valuation of shares

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

Name	Number of shares held	Proportion owned %	Effective interest %	Nature of business
Akani Egoli (Pty) Limited	50 000	50,00	75,60	Gaming and entertainment
West Coast Leisure (Pty) Limited	26 667	26,67	26,67	Gaming and entertainment
Akani Msunduzi (Pty) Limited*	38	38,00		Gaming and entertainment
CAI Gold Reef Management (Pty) Limited	50	50,00	50,00	Management of casino interests

* Akani Msunduzi (Pty) Limited was only incorporated as an associate in February 2001. The carrying value at year-end is comprised entirely of a loan account. The effective interest has not yet been determined.

Note: All companies were incorporated in the Republic of South Africa.

No value has been placed on the casino licences currently held by Akani Egoli (Pty) Limited, West Coast Leisure (Pty) Limited and Akani Msunduzi (Pty) Limited.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
11 Other investments				
At the beginning of the period	3 100	167 501	3 100	167 501
Disposals	–	(149 463)	–	(149 463)
Provision for permanent diminution in value	(2 600)	(14 938)	(2 600)	(14 938)
At the end of the period	500	3 100	500	3 100

The following information relates to the company's interest in other investments:

Name	Number of shares held	Market value/ Directors' valuation	Nature of business
Afribrand Limited	14 442 888	–	Food distribution
Sekunjalo Health Care Limited	500 000	500 000	Healthcare
Akani Leisure Investments (Pty) Limited	13 600	136	Investment holding

Note: The shareholding in Akani Leisure Investments (Pty) Limited relates to preference shares.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
12 Loan to share incentive trust				
Loan to share scheme	7 406	–	7 406	–

During the year, the Gold Reef Share Scheme was established. 5 925 000 shares were issued to the scheme for R7 406 250.

13 Receivables and prepayments				
Trade receivables	2 461	2 038	2 379	2 028

NOTES TO THE FINANCIAL STATEMENTS (continued)

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
14 Cash and cash equivalents				
Cash at bank	97 461	35 178	97 386	32 611
Cash on hand	1	1	1	1
	97 462	35 179	97 387	32 612

For the purpose of the cash flow statement the period end cash and cash equivalents comprise the following:

Bank balances	97 461	35 178	97 386	32 611
Cash on hand	1	1	1	1
Bank overdrafts	(35 438)	(35 450)	(35 479)	(35 450)
	62 024	(271)	61 908	(2 838)

15 Non-interest bearing borrowings

Opening balance	92 500	92 500	92 500	92 500
Payment made during the year	(92 500)	–	(92 500)	–
Closing balance	–	92 500	–	92 500

A liability of R92 500 000 existed for the purchase of the Gold Reef City Theme Park. This liability was repaid by the issue of 39 529 914 shares on 30 June 2000.

16 Provisions for liabilities and charges

Group and company	Provision for debt restructuring		Total
	Other		
At 31 December 1999	7 244	–	7 244
Additional provisions	–	6 818	6 818
Utilised during the year	(7 244)	–	(7 244)
At 31 December 2000	–	6 818	6 818

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
17 Payables				
Accrued expenses	3 795	638	3 655	606
Other payables	2 600	4 617	2 566	4 558
	6 395	5 255	6 221	5 164

18 Financial instruments

Credit risk

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

Fair values

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

- cash
- investments
- trade receivables and payables
- loans to associates
- short-term borrowings

19 Contingencies

Call accounts to the value of R68 044 000 have been pledged as security for the guarantee issued to the KwaZulu-Natal Gambling Board at 31 December 2000 for R89 185 000. This guarantee will be released throughout the development of the permanent casino.

20 Share capital

Authorised				
590 000 000 ordinary shares of 2 cents each (1999: 590 000 000 ordinary shares of 2 cents each)	11 800	11 800	11 800	11 800
Issued				
177 261 830 ordinary shares of 2 cents each (1999: 131 806 916 ordinary shares of 2 cents each)	3 545	2 636	3 545	2 636

The unissued shares have been placed under the control of the directors until the next annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	GROUP		COMPANY	
	2000	1999	2000	1999
	R'000	R'000	R'000	R'000
20 Share capital (continued)				
Ordinary shares				
– at the beginning of the period	2 636	1 398	2 636	1 398
– ordinary shares issued	909	1 238	909	1 238
– at the end of the period	3 545	2 636	3 545	2 636
Share premium				
– at the beginning of the period	258 343	136 663	258 343	185 564
– share premium raised	98 997	192 506	98 997	143 605
– share premium utilised*	–	(70 826)	–	(70 826)
– at the end of the period	357 340	258 343	357 340	258 343
Total ordinary share capital at the end of period	360 885	260 979	360 885	260 979

* Share premium utilised in 1999 relates to the unbundling of Aspen Pharmacare Holdings (formerly Medhold).

21 Other reserves				
Non-distributable reserves				
At the beginning of the period	17 650	24 028	–	24 028
NDR raised on acquisition of subsidiary	–	17 650	–	–
NDR released	(1 765)	(24 028)	–	(24 028)
At the end of the period	15 885	17 650	–	–
Retained earnings				
At the beginning of the period	48 240	(678)	48 194	4 161
Writeback of retained income on sale of subsidiaries	–	4 839	–	–
Net income for the period	62 047	20 051	61 411	20 005
Transfer from reserves	–	24 028	–	24 028
At the end of the period	110 287	48 240	109 605	48 194
Comprising:				
Company	109 605	48 194		
Consolidated subsidiaries	682	46		
	110 287	48 240		

	GROUP		COMPANY	
	2000	1999	2000	1999
	R'000	R'000	R'000	R'000
22 Cash flow information				
22.1 Net operating profit	51 186	8 065	51 294	8 019
Adjusted for:				
Non-cash items	(52 789)	(24 489)	(52 373)	(24 443)
– Net interest received	(55 178)	(42 011)	(55 034)	(41 965)
– Dividend income	–	(1 523)	–	(1 523)
– Depreciation	54	68	54	68
– Fixed assets scrapped at book value	–	–	7	–
– Loss on sale of investments	–	18 977	–	18 977
– Goodwill written off	1 500	–	–	–
– NDR realised	(1 765)	–	–	–
– Other non-cash flow items	2 600	–	2 600	–
Decrease/(increase) in working capital	291	(35 879)	280	(60 134)
– Decrease in inventories	–	17 315	–	–
– Increase in receivables	(423)	(48 774)	(351)	(71 774)
– Increase/(decrease) in payables and provisions	714	(4 420)	631	11 640
	(1 312)	(52 303)	(799)	(76 558)
22.2 Taxation (paid)/reimbursed				
Tax (liability)/asset at the beginning of the period	(15 317)	(42)	(13 029)	243
Tax as per the income statement	(17 881)	(13 029)	(17 875)	(13 029)
Net tax asset disposed of	–	(2 467)	–	–
Tax liability at the end of the period	17 875	15 317	17 875	13 029
	(15 323)	(221)	(13 029)	243

NOTES TO THE FINANCIAL STATEMENTS (continued)

2000	1999
R'000	R'000

23 Related party transactions

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

(i) Purchase of goods

Buffalo Food Corporation (Pty) Limited and Gold Reef City Management (Pty) Limited	–	100 000
Empire Amusement Parks	–	1 957
	–	<u>101 957</u>

Buffalo Food Corporation and Gold Reef City Management are companies belonging to the Schutte and Krok families. Empire Amusement Parks is a division within Buffalo Food Corporation.

B J Schutte, S Krok, A Krok, M Krok and M Z Krok are all directors of Gold Reef Casino Resorts Limited.

The purchase from Buffalo Food Corporation and Gold Reef City Management relates to the sale of the assets of Gold Reef City to Akani Egoli (Pty) Limited. The transaction was carried out on commercial terms and conditions and was approved by ordinary resolution at a general meeting.

The purchases from Empire Amusement Parks were at cost.

The related party transactions do not directly affect the financial statements of the group. However, they are reflected in the equity accounted profits of the group.

2000	1999
R'000	R'000

(ii) Loans from related parties

Loans from Cullinan Hotel and Leisure Group

Balance at the beginning of the period	17 498	–
Loan raised since acquisition of the subsidiary	–	184 409
Write-off of loan during the period	–	(166 911)
Repayment of loan during the period	(204)	–
Balance at the end of the period	<u>17 294</u>	<u>17 498</u>

In the prior period, after acquisition, Cullinan Hotel and Leisure Group advanced a loan to Gold Reef Casino Resorts. The loan was written off against the investment during the period once Cullinan Hotel and Leisure Group had disposed of a large portion of its asset base.

	2000	1999
	R'000	R'000

(iii) Directors' remuneration

A listing of members of the board of directors is shown on page 20 of the annual report.

Executive directors		
Salaries	600	493
Directors' fees	–	–
Pension fund contributions	76	62
Performance bonuses	345	175
	1 021	730
Non-executive directors		
Fees	84	–
	1 105	730

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.

(iv) Loans to associated undertakings

Balance at the beginning of the period	398 847	–
Loans advanced during the period	28 218	398 847
Loan repayments received	(71 970)	–
Balance at the end of the period	355 095	398 847

The loans to the associates are given on commercial terms and conditions.

(v) Share options granted to directors

No share options were granted to the directors of the company during the year (1999: 600 000 shares). 5 925 000 shares were issued to the Gold Reef Share Scheme during the year under review.

(vi) Commitments and contingencies

The Krok family has provided security to the value of R31 million to WesBank for asset finance relating to Akani Egoli.

SUBSIDIARIES, ASSOCIATES AND OTHER INVESTMENTS

	EFFECTIVE HOLDING		INVESTMENT IN SHARES		NET INDEBTEDNESS	
	2000 %	1999 %	2000 R'000	1999 R'000	2000 R'000	1999 R'000
Subsidiaries						
Cullinan Hotel and Leisure Group*	100	100	1	1	(17 294)	(17 498)
Supermarket Leaseback (Pty) Limited*	100	100	**	**	–	–
Dolphin Leather Craft (Pty) Limited*	51	51	**	**	–	–
			1	1	(17 294)	(17 498)

* Dormant or non-trading

** Amount less than R1 000

Detailed information in respect of subsidiaries as required in terms of paragraph 62 of the 4th schedule of the Companies Act, 1973 (as amended) is set out only in respect of those subsidiaries, the financial position or results of which are material for a proper appreciation of the affairs of the group. It is considered that to disclose the information in respect of the remaining subsidiaries would entail expense out of proportion to the benefit of the members. However, detailed information in respect of all shareholdings is available at the registered office.

	EFFECTIVE HOLDING		INVESTMENT IN SHARES		NET INDEBTEDNESS	
	2000 %	1999 %	2000 R'000	1999 R'000	2000 R'000	1999 R'000
Associates						
Akani Egoli (Pty) Limited	50,00	50,00	69 492	43 315	326 877	398 847
West Coast Leisure (Pty) Limited ⁽¹⁾	26,67	–	–	–	8 514	–
Akani Msunduzi (Pty) Limited ⁽²⁾	38,00	–	–	–	19 554	–
CAI Gold Reef Management (Pty) Limited	50,00	–	21 065	–	150	–
			90 557	43 315	355 095	398 847

(1) West Coast Leisure (Pty) Limited investment has been written down to nil at year-end due to pre-opening expenses exceeding the net profit for the year.

(2) Akani Msunduzi (Pty) Limited was only incorporated as an associate in February 2001. The carrying value at year-end is comprised entirely of a loan account.

	EFFECTIVE HOLDING		GROUP CARRYING AMOUNT		COMPANY COST	
	2000 %	1999 %	2000 R'000	1999 R'000	2000 R'000	1999 R'000
Investments						
Afribrand Limited	3,2	3,2	–	2 600	17 538	17 538
Sekunjalo Health Care Limited	0,5	0,5	500	500	500	500
			500	3 100	18 038	18 038

ANALYSIS OF SHAREHOLDERS

at 31 December 2000

Portfolio size	Number of shareholders	Number of shares	Percentage of ordinary share capital
1 – 1 000	525	180 015	0,10
1 001 – 10 000	346	1 249 960	0,70
10 001 – 100 000	100	3 256 470	1,84
100 001 – and over	56	172 575 385	97,36
Total	1 027	177 261 830	100,00
Classifications			
Individuals	884	13 251 571	7,48
Limited companies	6	2 895 000	1,63
Private companies	27	121 446 078	68,51
Nominee companies or trusts	77	36 823 834	20,78
Other (less than 1%)	33	2 845 347	1,60
	1 027	177 261 830	100,00

An analysis of directors' shareholdings appears on page 21.

The following are the only shareholders holding 1% or more of the ordinary shares in Gold Reef Casino Resorts at 31 December 2000:

Twintech Holdings (Pty) Limited	35 885 344	20,23
Consolidated Rand Parts (Pty) Limited	31 978 815	18,04
Buffalo Food Corporation (Pty) Limited	21 741 453	12,27
Gold Reef City Management (Pty) Limited	17 788 461	10,04
Airbay Investments (Pty) Limited	16 247 159	9,17
Marser Nominees (Pty) Limited	7 924 151	4,47
Gold Reef Share Scheme	5 925 000	3,34
Ferbros Nominees (Pty) Limited	3 748 535	2,11
SE Nominees (Pty) Limited	3 358 366	1,89
Jan Silvis Nominees (Pty) Limited	3 125 019	1,76
Old Mutual Nominees (Pty) Limited	2 759 068	1,56
First National Nominees (Pty) Limited	1 810 625	1,02

A list of all the shareholders is available to the public at the registered office of the company.

ANALYSIS OF STOCK EXCHANGE PERFORMANCE

Number of shares traded (000)	16 821
Shares traded as a percentage of listed shares in issue at 31 December 2000 (%)	9,5
Highest price traded (cents)	180
Lowest price traded (cents)	110
Closing market price at 31 December 2000 (cents)	168

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Gold Reef Casino Resorts Limited will be held at the offices of Gold Reef City on Thursday, 14 June 2001 at 09:00 for the purpose of considering and, if deemed fit, of adopting, with or without modification, the following resolutions:

As ordinary resolutions

1. To receive and adopt the annual financial statements of the company and the group for the year ended 31 December 2000.
2. To appoint a chairman in place of M Krok who retires at the annual general meeting in accordance with the company's articles of association but, being eligible, offers himself for re-election.
3. To appoint directors in place of M Krok and M Z Krok who retire at the annual general meeting in accordance with the company's articles of association but, being eligible, offer themselves for re-election.
4. To place the unissued shares in the company under the control of the directors.
5. To re-appoint the auditors, PricewaterhouseCoopers Inc.
6. To receive and adopt the Gold Reef Share Scheme as amended.
7. To transact such other business as may be transacted at an annual general meeting.

A member entitled to attend, speak and vote at the 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 member of the company.

Proxy forms must be lodged at the company's transfer secretaries' offices not less than 48 hours before the time of the meeting.

By order of the board



R J Seabrook
Secretary
14 March 2001
Johannesburg

SHAREHOLDERS' DIARY

Year-end	31 December
Annual general meeting	14 June
Reports published	
– Interim for six months to June	September
– Preliminary announcement of annual results	March
– Annual financial statements	April

FORM OF PROXY

Form of proxy for annual general meeting on Thursday, 14 June 2001 at 09:00.

Gold Reef Casino Resorts Limited

Registration number 1989/002108/06

I/We

of

being a holder/s of

ordinary shares of 2 cents each,

do hereby appoint

of

or failing him/her

of

or failing them, the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on Thursday, 14 June 2001 at 09:00 and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

	In favour of	Against	Abstain
1. To receive and adopt the annual financial statements of the company and the group for the year ended 31 December 2000.			
2. To appoint a chairman in place of M Krok who retires at the annual general meeting in accordance with the company's articles of association but, being eligible, offers himself for re-election.			
3. To appoint directors in place of M Krok and M Z Krok who retire at the annual general meeting in accordance with the company's articles of association but, being eligible, offer themselves for re-election.			
4. To place the unissued shares in the company under the control of the directors.			
5. To re-appoint the auditors, PricewaterhouseCoopers Inc.			
6. To receive and adopt the Gold Reef Share Scheme as amended.			
7. To transact such other business as may be transacted at an annual general meeting.			

Signature

Date

A member entitled to attend, speak and vote is entitled to appoint a proxy/ies to attend, speak and, on a poll, vote in his/her stead, and such proxy need not also be a member of the company.



C O R P O R A T E I N F O R M A T I O N

Company secretary and registered office

R J Seabrook
Gold Reef City
Gate 4
Northern Parkway
Ormonde
(Private Bag X1890, Gold Reef City 2159)

Investment bank

Nedcor Investment Bank Limited
1 Newtown Avenue
Killarney
Johannesburg 2193
(PO Box 582, Johannesburg 2000)

Joint attorneys

Werksmans
Werksmans Chambers
22 Girton Road
Parktown 2193
(PO Box 927, Johannesburg 2000)

Edward Nathan & Friedland Inc.

4th Floor
The Forum
2 Maude Street
Sandown 2196
(PO Box 783347, Sandton 2146)

Auditors and reporting accountants

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

Transfer secretaries

Mercantile Registrars Limited
10th Floor
11 Diagonal Street
Johannesburg 2001
(PO Box 1053, Johannesburg 2000)

Commercial bankers

Nedbank
100 Main Street
Johannesburg
2001
(PO Box 1144, Johannesburg 2000)

Sponsor

Nedcor Investment Bank Limited
1 Newtown Avenue
Killarney
Johannesburg 2193
(PO Box 582, Johannesburg 2000)



GOLD REEF
CASINO RESORTS