



GOLD REEF

CASINO RESORTS

6 YEARS IN THE BLACK

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

Annual Report 2004

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6 YEARS OF GROWTH

~ Gold Reef Casino Resorts Limited ~

6

34,2	40,4	46,7	50,3	65,1	95,2
1999	2000	2001	2002	2003	2004
HEPS (cents)					

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~ Gold Reef Casino Resorts Limited ~

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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**

The background image shows a large, ornate building with a central clock tower and a fountain with antelope statues in the foreground. The building has a classical architectural style with multiple windows and a prominent central tower. The fountain features several bronze statues of antelopes in various poses, with water spraying upwards from their bases. The scene is set against a clear blue sky with some light clouds.

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



Back o' the Moon Restaurant at Gold Reef City Casino

RESTAURANT

DEMOCRACY

EQUALITY

RECONCILIATION

DIVERSITY

A vibrant roller coaster train, painted in shades of purple and yellow, is shown ascending a steep track. The train is filled with passengers of various ages, many of whom are waving their hands in excitement. The background is a clear, bright blue sky. A large, semi-transparent number '3' is overlaid on the image, positioned behind the main text.

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

Josi Express rollercoaster at Gold Reef City Theme Park



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



Horse racing at Scottsville Racecourse



Casino Mykonos



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

An aerial photograph of a coastline. In the foreground, there is a sandy beach with waves breaking onto it. The water is a deep blue-green. Behind the beach, there is a strip of land with some trees and vegetation. In the background, a large, green, hilly area rises up. A large, semi-transparent green number '6' is overlaid on the image, centered vertically and horizontally. The text 'WE AIM TO DELIVER CONSISTENT EARNINGS GROWTH AND TO ENHANCE SHAREHOLDER VALUE' is written in white, bold, uppercase letters across the middle of the image, partially overlapping the number '6'.

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



Garden Route Casino



Goldfields Casino



**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**

DIVIDEND

UP 23,9%

HEPS OF

95,2 CENTS

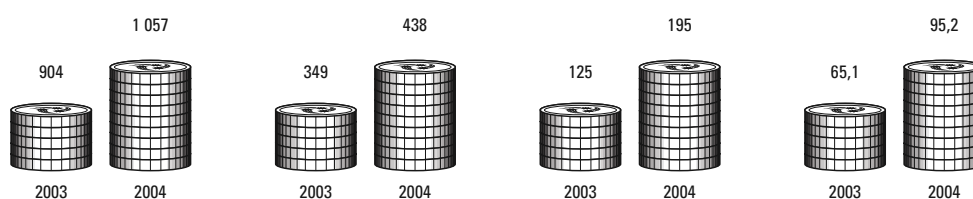
UP 46,4%

DIVIDEND

OF 48 @

FINANCIAL HIGHLIGHTS

~ Gold Reef Casino Resorts Limited ~



Revenue (Rm)

EBITDA (Rm)

Attributable Profit (Rm)

HEPS (cents)

	REVENUE		GROWTH	EBITDA		GROWTH	EBITDA %	
	2004	2003		2004	2003		2004	2003
	R'000	R'000	%	R'000	R'000	%	%	%
GRCR Group	1 056 666	903 903	16,9	437 812	349 020	25,4	41,4	38,6
Gold Reef City	796 029	712 918	11,7	300 944	265 935	13,2	37,8	37,3
Golden Horse	142 350	122 534	16,2	52 622	43 662	20,5	37,0	35,6
Casino Mykonos	69 742	55 336	26,0	26 684	18 550	43,8	38,3	33,5
Garden Route Casino	98 449	74 654	31,9	40 489	30 183	34,1	41,1	40,4
Goldfields Casino*	80 532	5 832	1 280,9	36 155	2 716	1 231,2	44,9	46,6

* opened 4 December 2003

6 consecutive years compound growth in headline earnings of 23,9%

HEPS of 95,2 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






DEFINITIONS

~ Gold Reef Casino Resorts Limited ~

"Akani Egoli"	Akani Egoli (Pty) Limited
"Akani Egoli Management"	Akani Egoli Management (Pty) Limited
"Akani Leisure Casinos"	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
"Akani Msunduzi Management"	Akani Msunduzi Management (Pty) Limited
"Aldiss Investments"	Aldiss Investments (Pty) Limited
"BEE"	Black economic empowerment
"the board"	The board of directors of GRCR
"CAIGR"	CAI Gold Reef Management (Pty) Limited
"CASA"	Casino Association of South Africa
"Casinos Austria"	Casinos Austria International Holding GmbH
"CEO"	Chief Executive Officer
"COO"	Chief Operating Officer
"EBITDA"	Earnings before interest, taxation, depreciation and amortisation
"EE"	Employment Equity
"EPS"	Earnings per share
"FD"	Financial Director
"Garden Route Casino"	Garden Route Casino (Pty) Limited
"Goldfields Casino"	Goldfields Casino and Entertainment Centre (Pty) Limited
"GRCR" or "the company"	Gold Reef Casino Resorts Limited
"the group"	GRCR and its subsidiaries, joint ventures, associates and affiliates
"HEPS"	Headline earnings per share
"HDLs"	Historically disadvantaged individuals
"JSE"	JSE Securities Exchange South Africa
"MD"	Managing Director
"NAV"	Net asset value
"the previous year" or "the prior year"	GRCR's financial year ended 31 December 2003
"Silverstar"	Silverstar Development Limited
"SA"	South Africa
"SARGF"	South African Responsible Gambling Foundation
"SARS"	South African Revenue Services
"West Coast Leisure"	West Coast Leisure (Pty) Limited
"the year"	GRCR's financial year under review ended 31 December 2004

GROUP STRUCTURE

~ Gold Reef Casino Resorts Limited ~

<div></div> <div><h1>GOLD REEF</h1></div> <div>CASINO RESORTS</div>	CASINO INTERESTS	50% (83,94% economic interest) in Akani Egoli incorporating <i>Gold Reef City Casino & Theme Park</i> Johannesburg - Gauteng	
		50% (85% economic interest) in Akani Msunduzi incorporating <i>Golden Horse</i> Pietermaritzburg - KwaZulu-Natal	
		54,33% in <i>West Coast Leisure</i> incorporating <i>Casino Mykonos</i> Langebaan - Western Cape	
		42,5% in <i>Garden Route Casino</i> incorporating <i>Garden Route Casino</i> Mossel Bay - Western Cape	
		10% (14,67% economic interest) in <i>Goldfields Casino</i> incorporating <i>Goldfields Casino</i> Welkom - Free State	
		CHCR	Management contracts for: <ul style="list-style-type: none">• <i>Gold Reef City Casino</i> - 75% of management contract• <i>Golden Horse</i> - 100% of management contract• <i>Casino Mykonos</i> - 100% of management contract• <i>Garden Route Casino</i> - 100% of management contract• <i>Goldfields Casino</i> - 100% of management contract which will reduce to 70%• <i>Gold Reef City Theme Park</i> - 100% of management contract



6 YEAR REVIEW

~ Gold Reef Casino Resorts Limited ~

	2004	2003	2002	2001	2000	1999
	R'000	R'000	R'000	R'000	R'000	R'000
Income Statement						
Revenue	1 056 666	903 903	787 125	-*	-*	-*
EBITDA	437 812	349 020	308 515	47 015	33 305	(4 964)
Net profit attributable to shareholders	194 753	125 069	101 357	82 807	62 047	20 051
Headline earnings	194 208	131 431	107 437	82 780	73 370	30 001
Number of shares in issue (000)	220 003	217 860	213 542	177 262	177 262	131 807
EPS (cents)	95,5	61,9	47,5	46,7	40,6	25,0
HEPS (cents)	95,2	65,1	50,3	46,7	40,4	34,2
Net cash generated in operating activities per share before deducting dividend and STC (cents)	170,3	143,5	103,8	16,1	25,2	(11,2)
Dividend per share (cents)	48,0	27,0	15,0	-	-	-
Balance Sheet						
Interest-bearing borrowings	56 698	203 482	365 284	-	-	-
Net cash and cash equivalents	104 604	65 791	153 365	31 219	62 024	-
Financial Ratios						
Return on equity (%)	20,0	15,3	15,4	14,5	12,7	6,1
Gearing (%)	5,8	24,9	26,0	2,6	7,3	39,1
Interest cover (times)	74,8	8,3	4,4	-	-	-
Dividend cover (times)	2,0	2,4	3,4	-	-	-
NAV per share (cents)	478,4	401,7	356,7	312,2	274,8	248,0
*Note: The group consolidated its results from 2002 onwards.						

DIRECTORATE & MANAGEMENT

~ Gold Reef Casino Resorts Limited ~

EXECUTIVE DIRECTORS:

1) **SB Joffe (34) 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 (32) FD**

CA (SA)

Has over five years' experience in the gaming industry having joined GRCR in 2000.

3) **C Neuberger" (39) COO**

MBA (Vienna)

Has 15 years' experience in gaming with GRCR's international partner Casinos Austria.

NON-EXECUTIVE DIRECTORS:

4) **M Krok (48) 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 (73)**

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 as a non-executive director of Bridgestone Firestone Maxiprest Limited, Edgars Consolidated Stores Limited and Transpaco Limited.

6) **BJ Schutte (57)**

Has 34 years' experience in the leisure industry. Holds executive directorships of a number of private companies.

7) **RJ Khoza (55)**

BA (Hons) MA (Lancaster) PMD (Harvard) IPBM IMD (Lausanne)

Currently chairman of Eskom Holdings Limited 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.

8) **MZ Krok (47)**

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 Casinos Austria Group.

ALTERNATE DIRECTORS:

10) **A Krok (75)**

- alternate to M Krok

11) **S Krok (75)**

- alternate to MZ Krok

12) **R Vierziger" (51)**

- alternate to J Leutgeb

SENIOR MANAGEMENT:

B Bigela (34) - General Manager, Gold Reef City Casino

S Cook (53) - General Manager, Gold Reef City Theme Park

C van Groenigen (42) - General Manager, Casino Mykonos

P Beney (42) - General Manager, Golden Horse

RJ Seabrook (33) - General Manager, Garden Route Casino

D de Beer (36) - General Manager, Goldfields Casino

" Austrian Citizen



■ *Executive directors* ■ *Non-executive directors*



Maxim Krok - Chairman

CHAIRMAN'S REPORT

~ Gold Reef Casino Resorts Limited ~

GRCR's performance marked the group's sixth consecutive year of growth and our best performance to date. Compound growth in headline earnings over the past six years has exceeded 25%. All the group's casinos capitalised on lower interest and inflation rates during 2004 to perform exceptionally well, with particularly strong performances from Garden Route Casino and Goldfields Casino.

Exceeding the previous year's growth, group revenue for the year increased 16,9% to R1,1 billion while profit attributable to shareholders grew 55,7% to R194,8 million. EBITDA of R437,8 million was up 25,4% and represented a 41,4% margin on revenue.

For the first time the group is net cash-positive by R47,9 million having substantially reduced external interest-bearing debt by R146,8 million.

HEPS increased by 46,4% to 95,2 cents. Net cash generated from operations of R347,4 million (before deducting secondary tax on companies (STC) and dividends paid of R56,9 million) equated to 170,3 cents per share, compared with 141,7 cents per share for the previous year.

The dividend for the year of 48,0 cents per share is a 77,8% increase over last year's dividend of 27,0 cents, reflecting the group's excellent growth.

NATIONAL GAMBLING ACT

GRCR believes that the new Act passed in August 2004 has achieved a constructive outcome for both the industry and government. Although casinos have been given one year within which to implement the regulations, which commenced November 2004, the group will accelerate the process as far as possible. We are confident that the balance between social responsibility and commercial interest will be achieved as the regulations are implemented.

EMPOWERMENT

Akani Leisure Investments, our BEE partner in Gold Reef City, is in the process of restructuring its funding with GRCR's assistance with a view to growing its economic interest in Gold Reef City to 25,01%.

CORPORATE ACTIONS

With effect from 11 February 2004 GRCR disposed of its 10% interest in Pinnacle Point Resorts (Pty) Limited, owner of the golf course development adjacent to Garden Route Casino, to the remaining shareholders at a profit of R7,8 million.

FUTURE DEVELOPMENTS

As previously announced on 1 December 2004 GRCR and Akani Leisure Investments acquired an option to purchase Silverstar, the applicant for the sixth and final casino licence in Gauteng, and to secure the new casino's management contract. On 29 March 2005 the Supreme Court of Appeal upheld the earlier decision of the High Court and ordered the Gauteng Gambling Board to award the licence to Silverstar. While this is a positive development, a number of conditions precedent

also announced on 1 December 2004, will need to be fulfilled before GRCR and Akani Leisure Investments exercise the option. A further announcement in this regard will be made in due course.

SARS

SARS has recently issued revised tax assessments to gaming operations including certain of the group's casinos, which disallow the deductibility of pre-opening expenses irrespective of the nature of the expenses. The group's operations have lodged objections against these revised assessments, supported by the opinion of senior counsel. In the interests of prudence appropriate provisions have been made for the casinos concerned.

DIRECTORS

As previously announced Frank McFadden resigned as a director with effect from 26 November 2004 following his resignation from the Casinos Austria Group. We thank Frank for his valuable contribution and wish him well in his future endeavours. On 19 January 2005 Josef Leutgeb, Casinos Austria's Chief Financial Officer, was appointed to the board as a non-executive director. We look forward to Josef's participation on the board.

LOOKING AHEAD

The group anticipates that low interest and inflation rates will continue in 2005. In addition wage increases are expected to continue to exceed inflation, which bodes well for increasing real disposable income. The strong Rand, expected to remain fairly stable, will help to maintain the group's budgeted capital expenditure. In addition the gaming environment is now more certain following the passing of the National Gambling Act.

We are confident that GRCR is well-positioned to capitalise on these factors, which are conducive to continued growth in revenue and operating profit in 2005. Our strong balance sheet will support future acquisitions and developments where appropriate.

APPRECIATION

I would like to thank Steven, his management team and all GRCR employees for their dedication, hard work and the effort they have made in the interests of all stakeholders in GRCR. I would like to thank my colleagues on the board for their guidance and insight during the year. I also thank our patrons for their invaluable support and our shareholders for their ongoing faith in the sustainability of GRCR's success.

GRCR'S PERFORMANCE MARKED THE GROUP'S SIXTH CONSECUTIVE YEAR OF GROWTH
AND OUR BEST PERFORMANCE TO DATE.



Steven Joffe - CEO

CEO'S REPORT

~ Gold Reef Casino Resorts Limited ~

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 was a priority, management at the same time maintained stringent control of operational expenses to improve EBITDA margins. The strategy was successful with the underlying operations becoming significantly de-gearred and GRCR being net cash-positive at year-end for the first time.

OPERATIONAL REVIEW

Gold Reef City continued to perform strongly, contributing more than 75% of the group's revenue. EBITDA of R300,9 million represented a 37,8% margin on revenue of R796,0 million, up 11,7%.

Gold Reef City Casino, with 1 600 slot machines and 50 tables, optimised the favourable trading conditions in the second half of the year through successful promotional campaigns and the opening of the first phase of a multi-level parking facility. The covered parking will be completed during 2005 resulting in facilities for 1 500 extra cars, which will secure a significant competitive advantage.

The 450-seat conference centre opened in November 2004 and is anticipated to drive additional footfall to the casino. The benefits of the conference centre have already begun to reflect in the first quarter of 2005. The casino hotel is currently operating at capacity and consideration will be given to expanding the hotel to accommodate the influx of patrons.

The Theme Park performed satisfactorily. The new imported rollercoaster became operational in December 2004 and has begun to yield benefit for the Theme Park in the new year. Two additional rides, a new park area and a children's farmyard were also introduced. In addition the frontline retail tenant mix was enhanced. The group anticipates that the extension to the Theme Park encompassing entertainment, retail and food outlets, to be completed in the current year, will drive revenue growth going forward.

The Theme Park invests substantial sums each year in maintaining and servicing the rides, working with professional consulting engineers to ensure safety.

The Apartheid Museum continued to raise its profile and managed costs well for 2004.

Golden Horse has continued to show incremental growth year-on-year, capitalising on the regional gaming market's growth. Revenue of R142,4 million was up 16,2% on the previous year.

The opening of the region's final casino had no negative impact on Golden Horse. The casino intends to implement a redesign and revamp strategy to bolster gaming revenue. Non-gaming activities will be enhanced and moved closer to the casino floor, family entertainment facilities will be extended and additional food and beverage outlets as well as a sports bar will be introduced. A high-stakes gaming area is also planned for 2005. The appointment of a new general manager has strengthened the management team and will assist in generating continued growth in profits.

The group anticipates that Golden Horse will be almost completely de-gearred by the end of 2005 and is confident that the casino is on a successful growth curve.

Casino Mykonos - Continued robust trading resulted in a 26,0% increase in revenue to R69,7 million. EBITDA of R26,7 million represented a 38,3% margin.

The casino's performance was spurred on by general macro-economic growth in the Western Cape. Mykonos benefited indirectly from holiday-makers' contribution to the regional economy and property buyers moving further up the Cape's west coast. The casino expanded its smoking area and enhanced its facilities layout during the year. Additional retail outlets were also introduced.

Casino Mykonos ended the year cash-positive having fully repaid its external debt. In 2005 the casino will look to expand its gaming offering of nine tables and 262 slots, supported by further infrastructural development.

Garden Route Casino - As the group's star performer, the casino posted record trading results for December 2004 that boosted revenue to R98,4 million from R74,7 million. A 34,1% increase in EBITDA to R40,5 million reflected an EBITDA:Revenue ratio of 41,1%.

The results were underpinned by the expansion of the casino floor and Salon Privé by 62 slots and an extra table, totalling 312 slots and 13 tables. The restaurant facility was extended and a new sports bar opened.

The casino is ideally positioned to benefit from the continued development in the area of golf and holiday estates. The adjacent golf course due to open in April 2006 and the residential development due to be completed in May 2005, should impact positively on the casino.

Goldfields Casino in which the group has a 14,67% economic interest, reported revenue of R80,5 million for its first full year of trading. The Free State gaming market continued to exceed growth expectations. EBITDA of R36,2 million reflected an impressive 44,9% margin on revenue, the highest of all the group's casinos.

Goldfields' results reflect its success in managing operational efficiencies and controlling costs. The opening of a casino in neighbouring Klerksdorp during the year had no impact on Goldfields.

In the year ahead the Free State Gambling & Racing Board will evaluate whether Goldfields will be required to erect a permanent casino or to convert the existing temporary site into a permanent facility.

OUTLOOK

GRCR is confident that a positive outlook for the economy in 2005 will assist the group in continuing its uninterrupted 6-year record of growth. In addition the passing of the National Gambling Act has eliminated uncertainty over gaming legislation. The group will focus on strategic expansion to sustain GRCR's levels of growth, supported by the strong balance sheet where appropriate.

WORD OF THANKS

I thank all GRCR employees, the general managers of each of the group's operations and their management teams for their ongoing commitment to the group's success and their determination to excel at all levels. My thanks also to our loyal patrons without whom the group's performance would not have been possible.

EMPLOYEES

~ Gold Reef Casino Resorts Limited ~

EE

GRCR's formal EE policy aims 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;
- redress past disadvantages in employment to ensure equitable representation in all occupational categories and levels in the workforce;
- achieve an employment status that fairly represents the demographics of the country as well as the region in which the operation is located; and
- entrench a culture in which employment equity is a business imperative and a competitive advantage.

Internal promotions within the group are prioritised wherever possible in line with EE targets. In respect of new recruits, appointments are made only after consultation with the respective human resources departments of the group's operations. As far as possible the group's operations recruit new staff from the surrounding regions within the applicable EE framework. Where routine psychometric and other scientific testing is used as part of the recruitment selection process, the tests must be proven to have been scientifically accepted as reliable and not to be culturally discriminatory or biased.

As EE plans are specific to the casinos' bid commitments and the demographics of the region concerned, dedicated EE committees are in place in most of the group's operations to monitor individual EE plans. These committees report to the appropriate human resources departments, which in turn report annually to head office to ensure compliance with the group EE policy.

The operations ensure the transparency of the EE process through direct communication with employees, and make use of communications tools including staff intranets, notice boards and newsletters where available. Certain of the operations are currently in the process of setting up an EE Forum to facilitate this process on a more regulated basis. An easy-to-use summary of the EE Act is also displayed in the operations' staff areas.

The group's regulated EE and Skills Development Plans are on track to meet the targets, which in many cases exceed regulated industry transformation benchmarks.

All of the group's operations have identified positions to be filled by disabled employees. Gold Reef City Casino, Golden Horse, Garden Route Casino and Goldfields Casino currently employ disabled personnel. In addition the aged are employed where possible, for instance at Gold Reef City Theme Park which employs retired mine workers.

TOTAL EMPLOYEES	PROJECTED	ACTUAL	ACTUAL	ACTUAL	ACTUAL
	2005 %	2004 %	2003 %	2002 %	2001 %
Asian	6	5	6	7	1
Black	68	66	66	65	70
Coloured	13	13	13	12	15
White	13	16	15	16	14
Female	46	44	42	41	40
Total HDI	93	91	91	85	93
Broken down as follows:					
Senior management					
Asian	7	7	11	7	4
Black	11	6	4	13	10
Coloured	2	2	2	-	10
White	80	85	83	80	76
Female	22	23	28	20	34
Middle and junior management					
Asian	3	2	1	4	-
Black	42	39	37	36	35
Coloured	10	9	7	5	16
White	45	50	55	55	49
Female	42	40	41	45	40
Supervisory					
Asian	9	8	9	3	1
Black	59	61	64	67	70
Coloured	18	17	5	13	15
White	14	14	22	17	14
Female	43	43	41	43	39
General staff					
Asian	5	5	6	7	1
Black	76	73	71	70	77
Coloured	12	13	15	13	16
White	7	9	8	10	6
Female	48	45	43	44	41

SKILLS DEVELOPMENT AND TRAINING

The operations emphasise ongoing skills development through a wide variety of training courses. These ranged during the year from technical gaming for trainees such as tables, slots, cashier and bar skills training as well as Business English skills to higher-level courses such as Responsible Gaming, Whistle-Blowing, Money Laundering and Customer Service. At supervisory and managerial levels courses offered included Industrial Relations, People Management Philosophy, Responsible Management and Management Development. Where applicable continuing professional development is promoted by the group and the FD and other staff attended South African Institute of Chartered Accountants (SAICA) updates during the year.

HDI attendance at these training courses ranged from a minimum of 57% (Garden Route Casino) to 68% at Casino Mykonos, 75% at Goldfields Casino, 85% at Gold Reef City Theme Park, 89% at Golden Horse and 92% at Gold Reef City Casino.

In addition study loans are made available to employees wishing to further their existing skills at recognised institutions. At each of the operations employees have capitalised on this study incentive by completing courses through universities and technical colleges, for which they are reimbursed the major proportion of fees on passing. The group further has an ongoing skills-transfer programme with Casinos Austria through which senior casino management are exposed to international best-practice.

SUCCESSION PLANNING

Succession planning is encouraged throughout the group with emphasis on facilitating the advancement of HDIs. Each of the group's operations identifies a number of employees with the potential to develop to senior management level, and fast-tracks their advancement with a combination of inhouse training and mentoring and management development courses.

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. The group's culture encourages open communications throughout all levels of employees and promotes employee participation in decision-making processes.

HEALTH AND SAFETY

Health and safety issues are managed by the boards of each of the group's operations. Formal policies in this respect are in place and enforced through Health and Safety Officers and Committees. The group's onsite clinics, where available, are staffed by medical professionals and are free-of-charge for group employees.

Occupational Safety

The group is committed to enforcing the most stringent standards of safety in the workplace. Health and Safety Officers and Committees, supported by management, ensure compliance with the requirements of the South African Occupational Health and Safety Act. Regular safety inspections are conducted at all of the group's operations and any risks identified are tabled at the Health and Safety Committee meetings.

Measures are put in place to minimise these risks in due course. All operations maintain an official register of reportable occupational injuries and diseases and steps are taken based on the reported incidence to prevent recurrence.

The co-operation of all group employees in the implementation of health and safety policies is imperative, with employees being encouraged to identify, report and eradicate potential risks. During 2004 employees at the group's operations attended basic first aid courses, fire fighting training and Health and Safety Representative programmes.

Reflecting the efforts in this regard Golden Horse retained its NOSA 5 Platinum Star Rating for health and safety.

HIV/AIDS

GRCR recognises that the HIV/AIDS pandemic threatening South Africans is a major social, health and operational challenge. The group is committed to alleviating this and its operations have in place formal HIV/AIDS policies.

The respective HIV/AIDS policies set the principles for a supportive working environment for ill employees which is non-discriminatory and free of victimisation, as well as provides for fair and equal access to company benefits and promotion opportunities. The policies go further to codify procedures for early ill-health retirement. Confidentiality is the cornerstone of the policies and employees are actively encouraged to undergo confidential voluntary testing. The operations are committed to regularly providing HIV/AIDS educational programmes in order to raise awareness. Attendance is compulsory and the programmes are therefore conducted in the workplace and take levels of education and literacy into account. During 2004 these included:

- HIV/AIDS and family planning sessions conducted by the Local Department of Health;
- Multi-Purpose Interactive Education and Awareness Kiosks which provide information on HIV/AIDS and can be accessed at the employee's convenience; and
- Soul City/FAMSA HIV/AIDS training courses.

The group also distributes free condoms and relevant literature and assists affected employees in gaining access to professional counselling.

Employees are made aware of the respective formal HIV/AIDS policies through the employee handbook at each of the operations, staff or union fora and copies in the common staff areas.

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

The Code sets out clear guidelines for honest and integrous conduct and fair business practices, including:

- responsible interaction by employees to ensure that independent judgement is not compromised by a conflict of interest;
- responsible gambling practices that include responsible marketing;
- a commitment to the highest standards of corporate governance;
- transparent, timely and reliable communication internally and with outside stakeholders; and
- compliance with the laws of SA, including common law and regulations laid down by the national and regional gambling boards.

EMPLOYEES (CONTD)

~ *Gold Reef Casino Resorts Limited* ~

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.

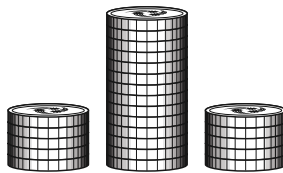
Management bears the responsibility of monitoring compliance with the Code. GRCR takes the Code seriously and employs disciplinary procedures and/or legal proceedings to address any transgression where appropriate.

THE ENVIRONMENT

The group is committed to the preservation and conservation of the environment and the natural resources of its operations' local regions. Notwithstanding that only Garden Route Casino is in an environmentally sensitive area, 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. Garden Route Casino has, as part of its original agreement with the Mossel Bay Municipality, set aside and maintained a protected fynbos reserve. Any expansions to the casino and changes to environmental conditions must be approved by the authorities before being effected.

In addition there is heavy emphasis on resource conservation, with appropriate steps taken at all operations to minimise wastage. The operations employ time-controlled irrigation systems and water fountains and conduct regular meter readings to detect water leakages. Energy-saving lamps are used where possible, the use of a capacitor bank to minimise electricity consumption is being investigated at certain of the operations and monthly electricity expenditure is monitored to detect variances in consumption. All operations have effective waste management systems in place and refuse removal is outsourced to specialist service providers where necessary to supplement municipal services.

While environmental responsibility at the group's operations is usually monitored by the Health and Safety Officer, ultimate responsibility rests with the operation's general manager. Where necessary, the operations in the first instance seek expert assistance and advice from qualified professionals.



CORPORATE GOVERNANCE REPORT

~ Gold Reef Casino Resorts Limited ~

The directors of GRCR recognise the need to conduct the affairs of the group with transparency and integrity and accept responsibility to ensure that GRCR observes the Code of Corporate Practices and Conduct set out in the King II Report. The directors believe that the group complies with these recommendations, as set out below, and continually monitor compliance 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. 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 six non-executive directors and three executive directors, with three alternate non-executive directors. The roles of the non-executive Chairman and CEO are completely 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.

On 26 November 2004 FP McFadden resigned as a non-executive director of the company. On 19 January 2005 J Leutgeb was appointed as a non-executive director and R Vierziger was appointed as his alternate. The directors are set out on pages 22 and 23 of the annual report. Details of directors retiring and offering themselves for re-election at the upcoming annual general meeting are set out on page 39 of the annual report.

No executive director holds office in terms of a fixed-term employment contract and in accordance with the Articles of Association directors are subject to retirement by rotation and re-election at least once every three years. Directors' remuneration is disclosed in detail in the Directors' Report and in note 30 to the annual financial statements.

The board meets at least quarterly to evaluate performance, assess risk and review the strategic direction of the group. Additional meetings are convened as dictated by circumstances.

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

Board appointments are based on a blend of skills and experience as well as concerns such as diversity. New appointments are considered by the board as a whole. 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. New directors are exposed to a comprehensive induction programme that sets out their responsibilities and fiduciary duties, as well as advises of the relevant statutory and regulatory framework. The company secretary is responsible for implementing this programme, introducing new appointees to key senior management and ensuring that they are taken on site visits. New board members also receive copies of the latest interim announcements and annual financial statements and are introduced to the company's accounting systems.

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 in order to ensure that comprehensive and accurate information is clearly conveyed.

Directors are required to report to the board any conflicts or potential conflicts of interest in respect of matters under deliberation.

Share Dealing

Share trading is regulated by a group-wide policy in line with regulations. 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. 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.

CORPORATE GOVERNANCE REPORT (CONTD)

~ Gold Reef Casino Resorts Limited ~

The audit and risk committee reviews the interim results and annual financial statements before they are approved by the board. It considers accounting, auditing, financial reporting and internal control matters to ensure that an effective control environment is maintained. The committee is specifically tasked with evaluating the internal audit mandate, plan and activities.

It also monitors proposed changes to accounting policies and advises the board on the accounting implications of major transactions.

The committee further recommends the appointment of external auditors to the board for approval by shareholders. In doing so it evaluates the external auditors' independence and plan. The responsibility to review the group's compliance with the King II Report and JSE Listings Requirements also falls to the committee.

Subject to overall board responsibility, the committee is 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 GRRC's audit and risk committee. The internal audit manager and the external auditors of each of these companies report their findings to GRRC'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.

The committee is responsible for determining the terms of employment and remuneration of the company's executive directors and senior management which includes assessment of specific reward proposals. This in turn involves an evaluation of performance. The committee ensures that the company remunerates executive directors and senior management fairly taking all factors and circumstances into account. 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.

A formal remuneration and nominations committee charter setting out the committee's roles and responsibilities will be adopted during 2005. The chairman of the remuneration and nominations committee or another committee member nominated by him, attends the company's annual general meeting.

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 30 to the annual financial statements.

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

GRRC is cognisant of the need to adopt International Financial Reporting Standards (IFRS) from 2005. Preparations to convert from compliance with South African Statements of Generally Accepted Accounting Practice to compliance with IFRS commenced during 2004 with the audit and risk committee working with the group's auditors in this respect. Internal workshops were held for the operations' financial managers and the FD and his staff have attended outside seminars on IFRS. Measures are now in place to convert GRRC's accounting standard to IFRS during 2005. The group's interim results for the six months ending June 2005 will be fully compliant with IFRS.

External audit

GRRC'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 South African Statements of Generally Accepted Accounting Practice and going forward 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 GRRC, 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 GRRC 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 GRRC'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. Specifically these systems provide reasonable but not absolute assurance regarding:

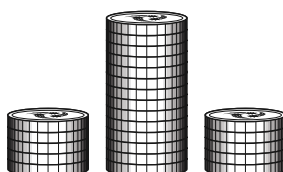
- the safeguarding of assets against unauthorised disposal or use;
- compliance with statutory laws and regulations; and
- the maintenance of proper accounting records and the adequacy and reliability of financial information.

The group's systems of internal control are further designed to detect and minimise significant fraud, potential liability, loss and material mis-statement. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circum-vention 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 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	Use of forward exchange contracts
Increase in interest rates	Use of interest rate hedges
Increase in gaming taxes	CASA membership provides GRCR with a platform to lobby government on tax changes
Changing SARS regulations	Objections supported by senior counsel lodged with SARS and provisions made in the relevant casinos in the interests of prudence
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	Identifying complementary non-gaming and international expansion opportunities

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.



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

GRCR has a policy of empowering its operations individually in order to benefit the respective local communities. Both West Coast Leisure and Garden Route Casino have issued a percentage of their shareholdings to HDIs or consortia for no consideration. Empowerment consortia hold 50% of Akani Egoli and Akani Msunduzi and 40% of Goldfields Casino, partnering with GRCR. Further, there is empowerment participation in Akani Egoli's management contract which the group is seeking to mirror in Goldfields Casino's management contract.

Akani Leisure Investments, the group's BEE partner in Gold Reef City, is currently restructuring its finance with GRCR's assistance to grow its economic interest in Gold Reef City to 25,01%. The group expects to finalise the restructuring in 2005.

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 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 services and goods, with the emphasis on supporting HDI businesses that are local to the region concerned. There is further prioritising of SMMEs. These targets are included in the formal bid commitments to the gaming authorities and progress against these targets is monitored.

Gold Reef City Casino has exceeded its commitment to 25% HDI participation in all outsourced contracts as well as goods procurement. Casino Mykonos and Garden Route Casino also successfully met their targets, while Golden Horse achieved 60% affirmative procurement for the year and Goldfields Casino reached a target more than double its 30% commitment.

RESPONSIBLE GAMING

GRCR takes seriously its responsibility to assist government in managing problem gaming. The group actively participated in the process surrounding the National Gambling Act passed in August 2004, making representations through its membership of CASA. The group is confident that the Act has achieved a satisfactory, mutually-beneficial outcome that balances commercial interest with social responsibility.

Persons under the age of 18 are prohibited from entering the gaming floors and casino crèches limit the duration of a child's stay. Responsible gaming literature such as pamphlets, posters and stickers is prominently displayed throughout the group's casinos, including on slot machines

and ATMs. All marketing material carries a responsible gaming message and SARGF's tollfree helpline number is included on all print advertising in line with the new legislation. All casino staff participate in regular responsible gaming courses, which provide basic information and assist staff in identifying problem gamblers.

GRCR is an active participant in SARGF. SARGF's tollfree helpline operates a 24-hour multi-lingual service across southern Africa, providing coun-selling to problem gamblers and referring callers to professional help where necessary. It provides a national treatment network where trained counsellors offer outpatient and inpatient treatment. Since its inception in 2000 the helpline has received over 64 000 calls and produces monthly reports which monitor trends. 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.

SARGF aims to comply with government guidelines on BEE and 86% of all procurement is placed with the HDI sector, while 85% of counsellors and clinical psychologists are HDIs.

CORPORATE SOCIAL INVESTMENT (CSI)

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.

Through Akani Egoli and Akani Msunduzi, which have established companies dedicated to the management of the group's CSI, GRCR has sponsored a number of social projects during the year including:

- **Homeless Self Help Project** which aims to place child beggars in managed day care centres in Alexandra as well as to provide HIV/AIDS care and life skills training for the homeless;
- **Nurturing Orphans of Africa for Humanity (NOAH)** which assists and cares for AIDS orphans through resource centres providing meals, supervised care, homework supervision and basic life skills training;
- **Okwazini Discovery Centre** in KwaZulu-Natal which fosters a better understanding of science, technology and cultures amongst school-goers;
- **Project Gateway**, which is a church-based organisation aiming to empower local youngsters from KwaZulu-Natal through life skills training;
- **The South African Board of Jewish Education's** programme for the further education of teachers in rural and/or township schools;
- **Soweto Soccer Programme** run in conjunction with the Gauteng Department of Education which provides funding for sporting facilities at Soweto schools;
- **Ubuntu Development Concert** for youth in KwaZulu-Natal to raise awareness of HIV/AIDS and the high incidence of road deaths.

A number of the group's operations made their own individual donations during the year:

Casino Mykonos made its annual contribution to the National Sea Rescue Institute (NSRI) for the construction of a boat station located at the casino.

Annually the casino donates 5% of audited pre-tax profits to the West Coast Community Trust which has been established to provide educational services to the local community. The casino has also established the Mykonos Empowerment Programme which is responsible for identifying beneficiaries of social upliftment programmes.

The Garden Route Casino donates 1% of gross revenue annually to a trust that administers donations to social upliftment programmes within the community. Submissions are made to the trustees comprising representatives from the casino, municipality and community. During 2004 almost R1 million was donated to the trust and distributed towards environmental affairs, the promotion of tourism, the upgrade of local sporting facilities and reconstruction and development.

Goldfields Casino supported various causes including Child Welfare, Operation Hunger, sports, AIDS orphans and animal welfare. The casino will further donate R1 million over three years to the Community Facility Development Trust in line with its licence commitments.

Gold Reef City Theme Park provides ongoing concessionary entrance and other benefits to pensioners and physically challenged patrons.

STAKEHOLDER COMMUNICATION

The Board Charter sets out transparent, timely communication with stakeholders as a basic operational policy. This translates into strong internal communication within the group and consistent communication with external stakeholders.

Internal communication is the cornerstone of the group's ongoing success and underpins the group's emphasis on employee satisfaction. The communication structure is tiered to facilitate the clearest communication amongst and between staff and management. Departmental meetings and shop steward meetings are held at least monthly.

The operations also host a monthly forum for management and staff to address agendas together. At Goldfields Casino and Garden Route Casino a separate Staff Representative Committee is responsible for communicating all feedback to employees. Quarterly general staff meetings are held to facilitate direct discussion with the operations' general managers. The meetings have the added benefit of facilitating information sharing which enables the group to build a knowledge database. Where appropriate direct sessions with individual employees are also held from time-to-time.

At all times the operations use tools such as internal memoranda, the intranet where available, the staff canteen and staff noticeboards to communicate important developments to staff. Quarterly and monthly newsletters are also valuable in this regard.

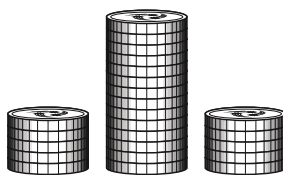
Many of the operations have suggestion boxes to enable management to meet the staff's requirements. To further foster a satisfied working environment, a range of appropriate employee surveys is conducted and reported on to staff. Regular team building and staff recreational outings are also organised.

GRCR's CEO and FD regularly communicate with major shareholders, institutional investors and analysts. On announcement of the group's annual financial results formal presentations to stakeholders, both within and outside of the company, are arranged. 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.

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.






A sepia-toned photograph of a hand placing a coin on a tall stack of coins. The stack is on a surface, and another shorter stack is visible to the left. The background is dark and out of focus.

ANNUAL FINANCIAL STATEMENTS

~ Gold Reef Casino Resorts Limited ~

**DIRECTORS' STATEMENT OF RESPONSIBILITY
DECLARATION BY COMPANY SECRETARY**

DIRECTORS' STATEMENT OF RESPONSIBILITY	DECLARATION BY COMPANY SECRETARY
<p>The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information of GRGR and its subsidiaries.</p> <p>The annual financial statements, which are presented on pages 39 to 69, have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act, 1973. They are based on appropriate accounting policies that have been consistently applied and are supported by reasonable and prudent judgments and estimates. The directors have also caused to be prepared the other information included in the annual report and are responsible for its accuracy and consistency with the annual financial statements.</p> <p>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 to continue in operation for the foreseeable future. The annual financial statements support the viability of the company and the group.</p> <p>The auditors PricewaterhouseCoopers Inc. are responsible for reporting on the fair presentation of the annual financial statements. The report of PricewaterhouseCoopers Inc. is presented on page 38.</p> <p>The annual financial statements were approved by the directors on 8 April 2005 and are signed on their behalf by:</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  SB Joffe CEO </div> <div style="text-align: center;">  JS Friedman FD </div> </div> <p>Johannesburg 8 April 2005</p>	<p>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.</p> <div style="text-align: center;">  DR Smith CA (SA) (Grad ICSA) Company secretary Johannesburg 8 April 2005 </div>

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 2004, set out on pages 39 to 69. 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 South African Auditing Standards. 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 2004 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Registered Accountants and Auditors

Chartered Accountants (SA)

Johannesburg

8 April 2005

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

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 CAIGR 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 9 March 2005 the board declared a dividend of 48,0 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. (Salient dates are set out in the Shareholders' Diary on page 74 of this annual report.)

SHARE CAPITAL

On 1 January 2004 the authorised share capital of the company comprised 590 000 000 ordinary shares of which 217 860 159 were issued. 2 142 500 shares were issued to the Gold Reef Share Scheme during 2004.

At 31 December 2004 the aggregate number of ordinary shares in issue was accordingly 220 002 659. 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 2004 numbered 14 427 602 (1 January 2003 : Nil). During the year the group purchased no further treasury shares (2003 : 14 427 602). At year-end treasury shares held by the group numbered 14 427 602 (year-end 2003 : 14 427 602).

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 period 1 January 2004 to 31 December 2004 is indicated, with the number in brackets reflecting the total number of meetings held during this period.

BOARD ATTENDANCE

DIRECTOR	BOARD MEETING	AUDIT AND RISK COMMITTEE	REMUNERATION AND NOMINATIONS COMMITTEE
AJ Aaron ^{*,++}	4 (4)	2 (3)	3 (3)
JS Friedman (FD)	4 (4)		
SB Joffe (CEO)	4 (4)		
RJ Khoza [*]	4 (4)		
A Krok ^{**}	0 (4)		
M Krok (Chairman) ^{*,+°°}	4 (4)	3 (3)	3 (3)
MZ Krok ^{*,+°}	4 (4)	2 (3)	3 (3)
S Krok ^{**}	0 (4)		
J Leutgeb ^{*,+°°} (appointed 19 January 2005)	n/a n/a	n/a n/a	n/a n/a
FP McFadden ^{*,+°^} (resigned 26 November 2004)	1 (4)	1 (3)	1 (3)
C Neuberger [°] (COO)	4 (4)		
BJ Schutte [*]	4 (4)		
R Vierziger ^{*,**}	3 (4)	2 (3)	2 (3)

^{*} Non-executive ^{**} Alternate [°] Austrian Citizen [^] Irish 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 AJ Aaron, C Neuberger and RJ Khoza retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election. On 26 November 2004 FP McFadden resigned as a director of GRCR. On 19 January 2005 J Leutgeb was appointed as director of GRCR with R Vierziger appointed to the board as his alternate.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

DIRECTORS' SHAREHOLDING								
	BENEFICIAL				NON-BENEFICIAL			
	Direct		Indirect		Direct		Indirect	
	2004	2003	2004	2003	2004	2003	2004	2003
AJ Aaron	10 000	10 000	-	-	-	-	63 237 497	63 283 997
JS Friedman	1 533 333 [^]	-	-	-	-	-	-	-
SB Joffe	4 433 333 [~]	1 099 999	-	-	-	-	102 048	102 048
RJ Khoza	27 500	27 500	170 000	170 000	-	-	-	-
A Krok	81 661	81 661	-	-	-	-	63 237 497	63 283 997
M Krok	2 063	2 063	15 492 569*	15 500 319*	-	-	47 744 928*	47 783 678*
	-	-	315 205	315 205	-	-	-	-
MZ Krok	-	-	-	-	-	-	-	-
S Krok	-	-	-	-	-	-	-	-
J Leutgeb	-	-	-	-	-	-	-	-
FP McFadden	-	-	-	-	-	-	-	-
C Neuberger	850 000 [~]	-	-	-	-	-	-	-
BJ Schutte	-	-	12 064 267	12 064 267	-	-	-	-
R Vierziger	-	-	-	-	-	-	-	-
<p>* Included in shareholding held non-beneficially by AJ Aaron and A Krok</p> <p>[^] JS Friedman has a loan of R5 292 650 to the Gold Reef Share Scheme and 1 299 999 shares are pledged as security for this loan. Of his shares detailed above 1 066 667 are not yet available for sale.</p> <p>[~] SB Joffe has a loan of R11 756 200 to the Gold Reef Share Scheme and 3 333 334 shares are pledged as security for this loan. Of his shares detailed above 2 166 667 are not yet available for sale.</p> <p>[~] C Neuberger has a loan of R4 083 466 to the Gold Reef Share Scheme and 850 000 shares are pledged as security for this loan. Of his shares detailed above 816 667 are not yet available for sale.</p>								
DIRECTORS' AND OFFICERS' INTERESTS IN CONTRACTS								
The interests of directors and officers in GRRC's contracts are set out in note 27 to the annual financial statements.								

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

DIRECTORS' REMUNERATION							
DIRECTOR	DIRECTORS' FEES	OTHER SERVICES	BASIC REMUNERATION	OTHER BENEFITS	RETIREMENT AND MEDICAL	PERFORMANCE INCENTIVES	TOTAL
	R	R	R	R	R	R	R
Executive							
Paid by the company							
JS Friedman	-	-	-	-	-	-	-
SB Joffe	-	-	-	-	-	-	-
C Neuberger	-	-	-	-	-	-	-
Paid by subsidiaries							
JS Friedman	-	-	767 060	-	132 940	900 000	1 800 000
SB Joffe	-	-	1 254 449	-	245 551	1 500 000	3 000 000
C Neuberger	-	-	1 200 000	-	-	720 000	1 920 000
Non-executive							
Paid by the company							
AJ Aaron	104 000	-	-	-	-	-	104 000
RJ Khoza	60 000	-	-	-	-	-	60 000
M Krok	137 000	-	-	-	-	-	137 000
MZ Krok	101 000	-	-	-	-	-	101 000
J Leutgeb	-	-	-	-	-	-	-
FP McFadden	28 000	-	-	-	-	-	28 000
BJ Schutte	-	-	-	-	-	-	-
Paid by subsidiaries							
AJ Aaron	-	189 165~	-	-	-	-	189 165
RJ Khoza	50 000	-	-	-	-	-	50 000
M Krok	32 500	-	-	-	-	-	32 500
MZ Krok	10 000	-	-	-	-	-	10 000
J Leutgeb	-	-	-	-	-	-	-
FP McFadden	-	-	-	-	-	-	-
BJ Schutte	-	793 130*	-	-	-	-	793 130
Alternate							
Paid by the company							
A Krok	-	-	-	-	-	-	-
S Krok	-	-	-	-	-	-	-
R Vierziger	86 000	-	-	-	-	-	86 000
Paid by subsidiaries							
A Krok	-	-	-	-	-	-	-
S Krok	-	-	-	-	-	-	-
R Vierziger	-	-	-	-	-	-	-
	608 500	982 295	3 221 509	-	378 491	3 120 000	8 310 795

~ Paid to Werkmans Inc. for legal services rendered.

* Paid to Empire Amusement Parks (Pty) Limited for services rendered.

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 28 to the annual financial statements.

COMPANY SECRETARY

JS Friedman resigned as company secretary and DR Smith CA (SA) (Grad ICOSA) was appointed in his stead with effect from 23 November 2004. His business and postal addresses, which are also the company's registered addresses, are set out on page 74 of this annual report.

AUDITORS

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

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.

POST BALANCE SHEET EVENTS

As previously announced on 1 December 2004 GRCR and Akani Leisure Investments acquired an option to purchase Silverstar, the applicant for the sixth and final casino licence in Gauteng, and to secure the new casino's management contract.

On 29 March 2005 the Supreme Court of Appeal upheld the earlier decision of the High Court and ordered the Gauteng Gambling Board to award a casino licence to Silverstar. While this is a positive development, a number of conditions precedent announced on 1 December 2004 will need to be fulfilled before GRCR and Akani Leisure Investments exercise their option to purchase Silverstar. A further announcement in this regard will be made in due course.

THE GOLD REEF SHARE SCHEME

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

	NUMBER OF SHARES
Awards/Options at beginning of year	7 752 334
Granted	2 305 000
• Directors	1 000 000
• Staff	1 305 000
Lapsed	(162 500)
• Directors	-
• Staff	(162 500)
Exercised and delivered	(8 956 668)
• Directors	(5 483 333)
• Staff	(3 473 335)
Exercised, delivered and sold	(804 832)
• Directors	(233 334)
• Staff	(571 498)
Balance of awards/options at end of year	133 334

The maximum number of shares that may be issued in terms of the Gold Reef Share Scheme may not in aggregate exceed 20 million shares of GRCR's issued capital. Shares vest in the option holder on the second anniversary of the date on which the option was granted. Thereafter the option holder may exercise the option/s in individual tranches of 33,3% on each subsequent anniversary.

Historical information in respect of directors' outstanding options at 31 December 2004 is as follows:

DIRECTOR	SHARE OPTIONS AT 1 JANUARY 2004		SHARE OPTIONS GRANTED DURING THE YEAR		SHARE OPTIONS EXERCISED AND SOLD DURING THE YEAR			SHARE OPTIONS EXERCISED AND TAKEN DELIVERY OF DURING THE YEAR		SHARES NOT YET AVAILABLE TO BE SOLD AT 31 DECEMBER 2004	
	Number	Average Strike Price(R)	Number	Strike Price(R)	Number	Price(R)	Benefit	Number	Average Strike Price(R)	Number	Average Strike Price(R)
JS Friedman	1 283 333	2,86	250 000	7,68	-	-	-	1 533 333	3,65	1 066 667	4,57
SB Joffe	2 833 334	2,74	500 000	7,68	-	-	-	3 333 334	3,48	2 166 667	4,53
C Neuberger	600 000	3,53	250 000	7,68	-	-	-	850 000	4,75	816 667	4,84

Note: As announced on 31 March 2005 SB Joffe exercised his outstanding options in respect of 600 000 shares at R2,34 a share, which options were offered outside of the Gold Reef Share Scheme.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	GROUP		COMPANY	
		2004 R'000	2003 R'000	2004 R'000	2003 R'000
Revenue	2	1 056 666	903 903	-	-
Direct costs	2	(443 697)	(398 916)	-	-
Gross profit		612 969	504 987	-	-
Other operating income		11 122	2 887	14 488	7 509
Other operating expenses		(186 279)	(158 854)	(2 328)	(2 775)
Operating profit before depreciation and amortisation		437 812	349 020	12 160	4 734
Depreciation and amortisation	2	(86 233)	(89 790)	-	-
Operating profit	2	351 579	259 230	12 160	4 734
Net finance (costs)/income	4	(4 700)	(31 070)	46 033	57 705
Associate earnings		1 532	-	-	-
Profit before taxation		348 411	228 160	58 193	62 439
Taxation	5	(123 722)	(81 925)	(21 445)	(22 256)
Net profit after taxation		224 689	146 235	36 748	40 183
Outside shareholders' interest		(29 936)	(21 166)	-	-
Net profit attributable to shareholders		194 753	125 069	36 748	40 183
Number of shares in issue (000)	6	220 003	217 860		
Weighted average number of shares in issue (000)	6	203 938	202 031		
HEPS (cents)	7	95,2	65,1		
EPS (cents)	6	95,5	61,9		
Diluted EPS (cents)	6	95,2	61,8		
Net cash generated in operating activities per share before deducting dividend and STC (cents)		170,3	141,7		
Dividend per share (cents)	8	48,0	27,0		

BALANCE SHEETS

AT 31 DECEMBER 2004

		GROUP		COMPANY	
		2004 R'000	2003 R'000	2004 R'000	2003 R'000
ASSETS	Note				
<i>Non-current assets</i>					
Property, plant and equipment	9	878 688	865 107	-	-
Leasehold improvements	10	136 764	140 461	-	-
Intangible assets	11	76 121	84 305	-	-
Deferred tax assets	22	1 728	-	390	-
Investment in subsidiaries	12	-	-	533 302	569 749
Investment in associates	13	7 275	21 888	5 411	8 489
Investment in joint ventures	14	18 472	23 398	43 895	47 866
Financial assets	15	1	1	1	1
Share incentive scheme	16	37 613	21 715	34 960	19 882
		1 156 662	1 156 875	617 959	645 987
<i>Current assets</i>					
Inventories	17	2 986	3 340	-	-
Receivables and prepayments	18	16 962	12 785	7 805	107
Tax assets		-	-	138	-
Cash and cash equivalents	19	104 604	65 791	4 337	10 759
Amounts owing by related parties	27	27 840	812	27 209	-
		152 392	82 728	39 489	10 866
Total assets		1 309 054	1 239 603	657 448	656 853
EQUITY AND LIABILITIES					
<i>Capital and reserves</i>					
Ordinary share capital	25	4 109	4 064	4 400	4 357
Share premium	25	454 022	437 915	497 888	481 476
Non-distributable reserves		2 741	1 611	-	-
Retained earnings		514 710	372 880	149 801	165 988
		975 582	816 470	652 089	651 821
Outside shareholders' interest	20	85 950	69 715	-	-
<i>Non-current liabilities</i>					
Interest-bearing borrowings	21	26 698	98 338	-	-
Deferred tax liabilities	22	35 867	8 396	-	-
		62 565	106 734	-	-
<i>Current liabilities</i>					
Trade and other payables	23	65 145	59 379	2 040	3 637
Provisions	24	23 607	23 999	1 300	-
Tax liabilities		62 736	57 057	-	1 395
Current portion of interest-bearing borrowings	21	30 000	105 144	-	-
Amounts owing to related parties	27	3 469	1 105	2 019	-
		184 957	246 684	5 359	5 032
Total equity and liabilities		1 309 054	1 239 603	657 448	656 853

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	GROUP		COMPANY	
		2004 R'000	2003 R'000	2004 R'000	2003 R'000
Share capital					
Ordinary share capital					
At beginning of year	25	4 064	4 271	4 357	4 271
Ordinary shares issued		45	86	43	86
Ordinary shares acquired in odd-lot offer		-	*	-	*
Treasury shares acquired		-	(293)	-	-
At end of year		4 109	4 064	4 400	4 357
Share premium	25				
At beginning of year		437 915	465 454	481 476	465 454
Share premium raised		16 107	16 064	16 412	16 064
Ordinary shares acquired in odd-lot offer		-	(42)	-	(42)
Treasury shares acquired		-	(43 561)	-	-
At end of year		454 022	437 915	497 888	481 476
Total share capital at end of year		458 131	441 979	502 288	485 833
Non-distributable reserves					
At beginning of year		1 611	1 774	-	-
NDR released		(12)	(163)	-	-
Profit on sale of shares by share trust		1 142	-	-	-
At end of year		2 741	1 611	-	-
Retained earnings					
At beginning of year		372 880	276 808	165 988	157 836
Transfer from NDR		12	163	-	-
Attributable profit for the year		194 753	125 069	36 748	40 183
Dividend declared		(52 935)	(29 160)	(52 935)	(32 031)
At end of year		514 710	372 880	149 801	165 988
* Amount less than R1 000					

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	GROUP		COMPANY	
		2004 R'000	2003 R'000	2004 R'000	2003 R'000
<i>Cash flow from operating activities</i>					
Profit before taxation	26	348 411	228 160	58 193	62 439
Non-cash items and other adjustments	26	82 678	121 317	(53 833)	(58 876)
Cash flow from trading operations		431 089	349 477	4 360	3 563
Decrease/(increase) in working capital	26	9 351	21 044	(195)	1 694
Cash flow from operating activities		440 440	370 521	4 165	5 257
Net interest (paid)/received		(4 700)	(29 194)	46 033	57 705
Dividend paid		(52 935)	(29 160)	(52 935)	(29 160)
Taxation paid	26	(92 300)	(55 106)	(23 368)	(22 328)
Net cash generated/(utilised) in operating activities		290 505	257 061	(26 105)	11 474
<i>Cash flow from investing activities</i>					
Acquisition of property, plant and equipment		(88 550)	(39 761)	-	-
Proceeds from disposal of property, plant and equipment		2 952	3 103	-	-
Additions to leasehold improvements		(1 297)	-	-	-
Investment in subsidiaries	12	-	(5 603)	-	-
Investment in joint ventures (net of cash acquired)	14	-	(24 219)	(1 916)	(15 854)
Investment in associates		-	*	-	*
Investment in intangibles		(2 115)	(59)	-	-
Net advances from/(to) joint ventures		4 926	(26 051)	-	(22 148)
Net advances from/(to) associates		16 145	(20 667)	-	(8 488)
Net advances (to)/from subsidiaries and related parties		(24 664)	2 290	20 222	(49 675)
Net cash (utilised)/generated in investing activities		(92 603)	(110 967)	18 306	(96 165)
<i>Cash flow from financing activities</i>					
Treasury shares acquired		-	(43 854)	-	-
Ordinary shares acquired in odd-lot offer		-	(42)	-	(42)
Decrease in share incentive scheme loan		1 396	2 308	1 377	1 742
Decrease in outside shareholders' loans		(13 701)	(15 768)	-	-
Decrease in interest-bearing borrowings		(146 784)	(176 312)	-	-
Net cash (utilised)/generated in financing activities		(159 089)	(233 668)	1 377	1 700
Net increase/(decrease) in cash and cash equivalents		38 813	(87 574)	(6 422)	(82 991)
Cash and cash equivalents at beginning of year		65 791	153 365	10 759	93 750
Cash and cash equivalents at end of year	19	104 604	65 791	4 337	10 759
<i>* Amount less than R1 000</i>					

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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

2. GROUP ACCOUNTING

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

2.2 *Associate undertakings* - Investments in associate undertakings are accounted for on the equity-accounted basis. These are undertakings over which the group generally has between 20% and 50% of the voting rights, or over which the group has significant influence but which it does not control. The group's investment in associate undertakings includes goodwill (net of accumulated amortisation) on acquisition. Under this method, the group's share of post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses unless the group has incurred obligations, issued guarantees, or made payments on behalf of the associate.

2.3 *Joint venture undertakings* - The group's interest in a jointly controlled entity is accounted for by proportionate consolidation. Under this method, the group includes its share of the joint venture's individual income, expenses, assets and liabilities in the relevant components of the financial statements on a line-by-line basis. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other joint venture partners.

3. REVENUE RECOGNITION

Revenue includes casino winnings which are accounted for on a cash received basis. Entrance fees, theatre revenue, hotel revenue, parking revenue, rental income, management fees and commissions and food and beverage revenue are recorded on the accrual basis.

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are included at cost.

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

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

Land is not depreciated.

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

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

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

5. LEASEHOLD IMPROVEMENTS

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

6. LEASED ASSETS

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES (CONTINUED)

7. INTANGIBLE ASSETS

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

8. IMPAIRMENT OF ASSETS

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, that is, the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

9. GOODWILL

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

At each balance sheet date the group assesses whether there is any indication of impairment. If such indication exists an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

10. INVENTORY

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

11. INVESTMENTS

Investments in subsidiaries, associates and joint ventures are recognised at cost less accumulated impairment losses.

In terms of AC 133 investments are classified into the following categories: trading, held-to-maturity and available-for-sale. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets. Investments with fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and these are included in non-current assets. Management determines the appropriate classification of its

investments at the time of the purchase and re-evaluates such designation on a regular basis.

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

12. FINANCIAL RISK MANAGEMENT

1) *Financial risk factors*

The group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments, such as forward exchange contracts and interest rate swaps, to hedge certain exposures.

(a) Foreign exchange risk

The group hedges the foreign exchange currency exposure of its contract commitments to purchase certain property, plant and equipment. The group hedges the majority of its forward purchase contracts.

(b) Interest rate risk

The group sometimes borrows at variable rates and uses interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals, the difference between the fixed contract rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

2) *Accounting for derivative financial instruments and hedging activities*

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are remeasured at their fair value. The method of recognising the resulting gain or loss is dependant on the nature of the item being hedged.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges, and that are highly effective, are recognised in equity. Where the forecast transaction or firm commitment results in the recognition of an asset or of 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. Otherwise, amounts deferred

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES (CONTINUED)

in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the hedged firm commitment or forecast transaction affects the income statement.

At the inception of the transaction, the group documents the relationship between hedging instruments and hedged items. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments of forecast transactions. The group also documents its assessment both at the 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.

13. TRADE RECEIVABLES

Trade receivables are recognised initially at fair value less provisions for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provisions is the difference between the asset's carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate (market rate for similar borrowers). The amount of the provision is recognised in the income statement.

14. CASH AND CASH EQUIVALENTS

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

15. DEFERRED TAXATION

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

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

16. EMPLOYEE BENEFITS

Provident fund obligations

The group operates a defined contribution provident 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.

17. PROVISIONS

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

Employee leave entitlement

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

18. BORROWING COSTS

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

19. GOLD REEF SHARE SCHEME

Options are granted to permanent employees at the discretion of the directors in terms of which GRCR shares may be acquired. 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.

20. SEGMENTAL REPORTING

In terms of AC 115, the group operates in one segment only. However, information has been disclosed on page 17 of the annual report for the individual casino operations within the group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

2. OPERATING PROFIT				
	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
The following items have been credited/(charged) in arriving at operating profit:				
Revenue				
Gaming	934 503	790 876	-	-
Theme park	54 407	52 057	-	-
Hotel	8 320	10 721	-	-
Theatre	5 018	4 599	-	-
Food and beverage	26 465	22 430	-	-
Parking	9 295	9 889	-	-
Management fees and commissions	6 767	3 374	-	-
Rental income	10 807	9 027	-	-
Other	1 084	930	-	-
	1 056 666	903 903	-	-
Direct costs				
Casino:				
- VAT	(104 909)	(88 774)	-	-
- Gaming levy	(81 438)	(69 613)	-	-
- Gaming expenses	(175 999)	(155 226)	-	-
Theme park	(29 598)	(31 553)	-	-
Hotel	(5 540)	(10 659)	-	-
Theatre	(9 952)	(7 339)	-	-
Food and beverage	(24 192)	(20 836)	-	-
Parking	(1 855)	(6 179)	-	-
Management fees and commissions	(9 493)	(8 135)	-	-
Other	(721)	(602)	-	-
	(443 697)	(398 916)	-	-
Depreciation on property, plant and equipment				
Owned	(70 940)	(75 777)	-	-
Leasehold	(4 994)	(4 265)	-	-
	(75 934)	(80 042)	-	-
Amortisation of intangible assets				
Bid costs	(2 503)	(1 540)	-	-
Casino licences	(1 912)	(788)	-	-
Goodwill	(5 784)	(7 320)	-	-
Trademarks	(100)	(100)	-	-
	(10 299)	(9 748)	-	-
Operating lease charges				
Leasehold land and buildings	(4 808)	(4 091)	-	-
Plant, equipment and motor vehicles	(2 160)	(1 771)	-	-
	(6 968)	(5 862)	-	-
Auditors' remuneration				
Audit fees:				
- Current year	(861)	(1 282)	(22)	(232)
- Prior year over provision	688	7	-	-
Other services:				
- Tax services	(355)	(519)	-	(28)
- Other	(112)	(37)	-	(21)
	(640)	(1 831)	(22)	(281)
Profit on sale of shares	7 800	-	7 800	-
(Loss)/profit on disposal of property, plant and equipment	(1 077)	1 684	-	-

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FOR THE YEAR ENDED 31 DECEMBER 2004

3. STAFF COSTS				
	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Salaries and wages	203 455	178 800	-	-
Provident fund costs				
- Defined contribution plan	9 511	8 395	-	-
	212 966	187 195	-	-
Average weekly number of employees employed by the group during the year:				
- Full time	1 966	1 600	-	-
- Part time	135	339	-	-
4. FINANCE COSTS				
	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Interest income				
- Bank	3 451	8 299	993	3 516
- Other	4 506	3 643	45 059	54 967
	7 957	11 942	46 052	58 483
Interest expense				
- Bank overdraft and term loans	(9 322)	(30 235)	-	-
- Finance leases	(1 423)	(6 577)	-	-
- Other	(1 926)	(6 200)	(19)	(778)
	(12 671)	(43 012)	(19)	(778)
Finance costs capitalised	14	-	-	-
Net finance (costs)/income	(4 700)	(31 070)	46 033	57 705
5. TAXATION				
	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Current taxation	104 990	78 435	15 508	18 129
Secondary tax on companies	6 624	3 737	6 624	3 737
Prior year (over)/under provision	(14 766)	65	(1 178)	-
Capital gains tax	1 131	-	881	-
Deferred taxation	4 304	(312)	(390)	390
Deferred taxation from a prior year	21 439	-	-	-
Tax charge	123 722	81 925	21 445	22 256
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 (%)	30,0	30,0	30,0	30,0
Adjusted for:				
Exempt income (%)	(0,9)	-	(4,0)	(1,0)
Non-deductible expenses (%)	2,2	3,8	-	0,6
Prior year adjustments-current (%)	(4,2)	0,9	(2,0)	-
Prior year adjustments-deferred (%)	6,2	-	-	-
Secondary tax on companies (%)	1,9	1,6	11,4	6,0
Capital gains tax (%)	0,3	-	1,5	-
Assessed loss utilised (%)	-	(0,4)	-	-
	35,5	35,9	36,9	35,6

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6. EARNINGS PER SHARE					
				GROUP	
				2004 R'000	2003 R'000
Basic EPS is calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the year.					
Basic EPS					
Profit attributable to shareholders				194 753	125 069
Total number of shares in issue (000)				220 003	217 860
Weighted average number of shares in issue (000)				203 938	202 031
Basic EPS (cents)				95,5	61,9
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				194 753	125 069
Adjusted for:					
Effective earnings relating to share options in favour of SB Joffe over 600 000 shares at R2,34 per share outstanding				59	149
				194 812	125 218
Weighted average number of shares in issue (000)				203 938	202 031
Adjusted for:					
Share options outstanding (000)				600	600
				204 538	202 631
Diluted EPS (cents)				95,2	61,8
7. HEADLINE EARNINGS PER SHARE					
	PROFIT BEFORE TAXATION	TAXATION	OUTSIDE SHAREHOLDERS' INTEREST	HEADLINE EARNINGS	
	R'000	R'000	R'000	2004 R'000	2003 R'000
Profit attributable to shareholders	348 411	(123 722)	(29 936)	194 753	125 069
Amortisation of goodwill	5 784	-	-	5 784	7 320
Loss/(profit) on disposal of property, plant and equipment	1 077	(323)	(164)	590	(958)
Profit on sale of shares	(7 800)	881	-	(6 919)	-
	347 472	(123 164)	(30 100)	194 208	131 431
HEPS (cents)				95,2	65,1
8. DIVIDEND PER SHARE					
Subsequent to year-end, a dividend of 48,0 cents was declared (2003 : 27,0 cents). In terms of AC107 this is regarded as a non-adjusting event and will be accounted for in the 2005 annual financial statements. (Salient dates are set out in the Shareholders' Diary on page 74 of this annual report.) In terms of AC102 the dividend of 48,0 cents will result in a STC liability of R12,4 million.					

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	FURNITURE, FITTINGS AND EQUIPMENT	COMPUTER EQUIPMENT AND SOFTWARE	LAND AND BUILDINGS	THEME PARK RIDES	TOTAL
	R'000	R'000	R'000	R'000	R'000
Group					
For the year ended 31 December 2003					
At beginning of year	148 155	11 426	613 897	92 962	866 440
Transfers	(14 001)	14 001	-	-	-
Additions	24 367	2 516	7 674	4 758	39 315
Acquisition of joint ventures	11 596	1 687	25 664	-	38 947
Cost	13 803	2 301	26 034	-	42 138
Accumulated depreciation	(2 207)	(614)	(370)	-	(3 191)
Disposals	(2 570)	-	(71)	-	(2 641)
Write-offs	-	-	(1 177)	-	(1 177)
Depreciation	(48 433)	(15 022)	(12 322)	-	(75 777)
At end of year	119 114	14 608	633 665	97 720	865 107
At 31 December 2003					
Cost	275 693	67 647	670 111	97 720	1 111 171
Accumulated depreciation	(156 579)	(53 039)	(36 446)	-	(246 064)
Closing carrying value	119 114	14 608	633 665	97 720	865 107
For the year ended 31 December 2004					
At beginning of year	119 114	14 608	633 665	97 720	865 107
Transfers	2	-	(2)	-	-
Additions	38 640	7 225	38 896	3 789	88 550
Disposals	(1 707)	(4)	(2 318)	-	(4 029)
Depreciation	(46 902)	(10 661)	(13 377)	-	(70 940)
At end of year	109 147	11 168	656 864	101 509	878 688
At 31 December 2004					
Cost	306 269	73 836	706 688	101 509	1 188 302
Accumulated depreciation	(197 122)	(62 668)	(49 824)	-	(309 614)
Closing carrying value	109 147	11 168	656 864	101 509	878 688
				GROUP	
				2004	2003
				R'000	R'000
Leased assets included above where the group is a lessee under a finance lease, comprise furniture, fittings and equipment:					
Cost				3 207	167 607
Accumulated depreciation				(1 320)	(119 427)
Closing carrying value				1 887	48 180

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10. LEASEHOLD IMPROVEMENTS						
	GROUP					
	2004 R'000	2003 R'000				
At beginning of year	140 461	144 280				
Additions	1 297	446				
Depreciation	(4 994)	(4 265)				
At end of year	136 764	140 461				
Cost	150 880	150 258				
Accumulated depreciation	(14 116)	(9 797)				
Closing carrying value	136 764	140 461				
11. INTANGIBLE ASSETS						
	BID COSTS	CASINO LICENCES	GOODWILL	TRADEMARKS	TOTAL	
	R'000	R'000	R'000	R'000	2004 R'000	2003 R'000
Group						
At beginning of year	16 011	10 640	57 154	500	84 305	81 847
Acquisition of joint ventures	-	-	-	-	-	5 165
Additions	201	-	1 914	-	2 115	7 041
Amortisation	(2 503)	(1 912)	(5 784)	(100)	(10 299)	(9 748)
At end of year	13 709	8 728	53 284	400	76 121	84 305
Cost	20 923	12 603	82 474	1 000	117 000	114 885
Accumulated amortisation	(7 214)	(3 875)	(29 190)	(600)	(40 879)	(30 580)
Closing carrying value	13 709	8 728	53 284	400	76 121	84 305

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12. PRINCIPAL SUBSIDIARY UNDERTAKINGS

					COMPANY	
Shares at cost Cost of investment Loans to subsidiaries Loans from subsidiaries Aggregate attributable after tax profits of subsidiaries The loans to and from subsidiaries bear interest at a rate determined from time to time.					2004 R'000	2003 R'000
					84 180	84 180
					510 686	504 874
					(61 564)	(19 305)
					533 302	569 749
					157 722	93 351
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	
CAIGR	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	
Acquisition of subsidiaries						
NAME	ECONOMIC INTEREST 31 DECEMBER 2002	ACQUIRED	ECONOMIC INTEREST 31 DECEMBER 2003	EFFECTIVE DATE OF TRANSACTION		
Akani Egoli	79,75	4,19	83,94	25 November 2003		
Akani Egoli Management	59,80	4,65	64,45	25 November 2003		
The consideration paid for the above interest was as follows :					R'000	
Akani Egoli					5 603	
Akani Egoli Management					*	
					5 603	
* Amount less than R1 000						

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13. INVESTMENT IN ASSOCIATES						
			GROUP		COMPANY	
			2004 R'000	2003 R'000	2004 R'000	2003 R'000
Investment in associates			*	*	*	*
Net share of results in associates			1 532	-	-	-
At end of year			1 532	-	-	-
Loans to associates			5 743	21 888	5 411	8 489
Closing carrying value			7 275	21 888	5 411	8 489
* Amount less than R1 000						
Reconciliation						
At beginning of year			21 888	11 361	8 489	10 829
Net share of results in associates			1 532	-	-	-
Transferred to joint ventures			-	(11 361)	-	(10 829)
Loans (repaid)/raised during the year			(16 145)	21 888	(3 078)	8 489
			7 275	21 888	5 411	8 489
Closing carrying value is analysed as follows:						
Goldfields Casino			7 275	21 888	5 411	8 489
Closing carrying value			7 275	21 888	5 411	8 489
Loans to associates is analysed as follows:						
Goldfields Casino **			5 743	21 888	5 411	8 489
			5 743	21 888	5 411	8 489
** Loans from group companies to Goldfields Casino bear interest at prime plus two percentage points. 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.						
					2004 R'000	2003 R'000
The trading results of the associate companies, whose results are equity-accounted in the annual financial statements, are as follows:						
Revenue					80 532	5 832
EBITDA					36 155	2 189
Total associate companies' retained profit/(loss) for the year					13 060	(3 723)**
The aggregate balance sheet of the associates is summarised as follows:						
Property, plant and equipment					35 624	45 979
Intangible assets					7 575	3 755
Current assets					1 868	6 187
Cash					8 096	7 507
Total assets					53 163	63 428
Shareholders' loans					(32 492)	(42 495)
Net liabilities					(10 226)	(24 655)
Total shareholders' funds					10 445	(3 722)
** The retained loss for Goldfields Casino is after expensing pre-opening costs of R4 904 269.						

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14. INVESTMENT IN JOINT VENTURES (CONTINUED)					
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

		2004 R'000	2003 R'000
The trading results of the joint ventures, whose results are proportionately consolidated in the annual financial statements, are as follows:			
Revenue		98 449	74 654
EBITDA		40 489	30 183
Total joint ventures retained profit for the year		11 197	2 098
The aggregate balance sheet of the joint ventures is summarised as follows:			
Property, plant and equipment		88 539	88 249
Intangible assets		10 496	12 420
Current assets		3 941	5 302
Cash		6 622	8 559
Total assets		109 598	114 530
Shareholders' loans		(55 842)	(67 230)
Net liabilities		(51 435)	(56 176)
Total shareholders' funds		2 321	(8 876)

15. FINANCIAL ASSETS				
	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
At beginning and end of year	1	1	1	1

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 twelve 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 other than cash flow hedges detailed below.

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 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.

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15. FINANCIAL ASSETS (CONTINUED)

Cash flow hedges

During the year three companies in the group entered into interest rate swap agreements of which two remained at year-end. This had the effect of hedging the group against any further changes in interest rates that it is subjected to on its interest-bearing borrowings. The interest rate swap agreements that the group entered into are classified as cash flow hedges.

The fair value of these cash flow hedges is R738 460. A cost of R561 595 has been recorded in the income statement due to the hedged rates being higher than marginal rates.

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

NAME	NUMBER OF SHARES HELD	CARRYING VALUE	NATURE OF BUSINESS
Akani Leisure Investments **	17 050	*	Investment holding
Akani Leisure Msunduzi Investments **	1 000	*	Investment holding
Akani Leisure Goldfields Investments **	3 012	*	Investment holding

* Amount less than R1 000

** This shareholding comprises preference shares only.

16. SHARE INCENTIVE SCHEME

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Amounts due by participants	37 613	21 715	-	-
Loan to share incentive scheme	-	-	34 960	19 882
	37 613	21 715	34 960	19 882

During the year 804 832 (2003 : 1 439 999) shares vested in and were sold on the open market by participants.

A further 2 305 000 (2003 : 4 545 000) shares were subscribed for by the Gold Reef Share Scheme and issued and allotted in 2004.

This resulted in an increase in the loan balance to R34 960 000 (2003 : R19 882 000).

During the 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.

17. INVENTORIES

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Operating equipment	451	802	-	-
Food and beverage	773	1 061	-	-
Stationery	521	433	-	-
Promotional items	49	140	-	-
Other	1 192	904	-	-
	2 986	3 340	-	-

18. RECEIVABLES AND PREPAYMENTS

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Trade receivables	4 284	3 653	-	-
Provision for impairment of receivables	(2 362)	(2 069)	-	-
	1 922	1 584	-	-
Prepayments	3 853	4 812	-	-
Sundry debtors	10 294	5 090	7 805	107
Other	893	1 299	-	-
	16 962	12 785	7 805	107

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19. CASH AND CASH EQUIVALENTS				
	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Cash at bank	76 893	42 731	4 337	10 759
Cash on hand	27 849	29 822	-	-
	104 742	72 553	4 337	10 759
Bank overdrafts	(138)	(6 762)	-	-
	104 604	65 791	4 337	10 759
All bank balances and bank overdrafts are held under cash management for individual group companies.				
20. OUTSIDE SHAREHOLDERS' INTEREST				
	GROUP			
	2004 R'000	2003 R'000		
Share of profit at beginning of year	39 180	27 150		
Share of net profit in subsidiaries	29 936	21 166		
Acquisition of subsidiaries	-	(9 136)		
Total profit attributable to shareholders	69 116	39 180		
Outside shareholders' loans at year-end	16 834	30 535		
At end of year	85 950	69 715		
Outside shareholders' loans are analysed as follows:				
Akani Leisure Investments	-	15 496		
The loan bears interest at prime and is unsecured with no fixed terms of repayment. In terms of the funding agreement with Nedbank the loan has been subordinated.				
Hillary Peer Trust	4 749	-		
The loan bears interest at prime and is unsecured with no fixed terms of repayment. In terms of the funding agreement with Nedbank the loan has been subordinated.				
Club Mykonos Langebaan Limited	8 867	11 208		
The full balance (2003 : R2 818 818) bears interest at prime. The loan is unsecured and has no fixed terms of repayment. In terms of the funding agreement with ABSA the loan has been subordinated.				
Flexcor Thirteen (Pty) Limited	3 218	3 831		
The full balance (2003 : R738 888) bears interest at prime. The loan is unsecured and has no fixed terms of repayment. In terms of the funding agreement with ABSA the loan has been subordinated.				
	16 834	30 535		

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21. INTEREST-BEARING BORROWINGS		
	GROUP	
	2004 R'000	2003 R'000
Non-current		
Term loans	13 871	78 734
Finance lease liabilities	-	4 569
Loans to joint venture from funders	12 827	15 035
	26 698	98 338
Current		
Term loans	30 000	79 672
Finance lease liabilities	-	25 472
	30 000	105 144
Maturity of borrowings (excluding finance lease liabilities):		
Not later than 1 year	30 000	79 672
Later than 1 year but not later than 5 years	13 871	78 734
Later than 5 years	12 827	15 035
	56 698	173 441
The present value of finance lease liabilities may be analysed as follows:		
Not later than 1 year	-	25 472
Later than 1 year but not later than 5 years	-	4 569
Later than 5 years	-	-
	-	30 041
Weighted average effective interest rates:		
Term loans (%)	10,2	10,4
Finance lease liabilities (%)	-	10,0
Interest rate hedges have been entered into for certain of the group's interest-bearing borrowings (refer to note 15). The remainder of the interest-bearing borrowings are at floating rates linked to prime.		

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21. 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	General banking facility	25 000
Subordination of shareholders' loans in favour of Nedbank	General banking facility	150 000
Suretyship by GRRC in favour of Nedbank	General banking facility	150 000
Mortgage bond over casino fixed property	General banking facility	235 000
Praedial bond over Gold Reef City servitude lane	General banking facility	2 500
Akani Msunduzi		
Mortgage bond over Golden Horse's rights under its property lease	General banking facility	110 000
Notarial bond over movable assets	General banking facility	65 000
Cession of insurance policy on leasehold improvements and moveable assets	General banking facility	269 000
Subordination of GRRC shareholders' loans in favour of ABSA	General banking facility	55 000
Subordination of Akani Leisure Msunduzi Investments shareholders' loans in favour of ABSA	General banking facility	55 000
Suretyship by GRRC	General banking facility	55 000
Suretyship by Akani Leisure Msunduzi Investments and its individual consortium members	General banking facility	55 000
West Coast Leisure		
Mortgage bond over Casino Mykonos' section in the common property scheme	General banking facility	35 000
Notarial bond over movable assets	General banking facility	25 000
Cession of insurance policy on fixed property and moveable assets	General banking facility	60 000
Subordination of shareholders' loans in favour of ABSA	General banking facility	20 000
Garden Route Casino - Joint venture		
Mortgage bond over fixed property at Garden Route Casino	General banking facility	20 000*
Notarial bond over movable assets	General banking facility	30 000*
Subordination of shareholders' loans in favour of Nedbank	General banking facility	54 000*
<p>* This is the full value of the security of which GRRC holds a 42,5% investment in the joint venture.</p> <p>The borrowings of the group do not exceed that allowed as per the Articles of Association.</p>		

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22. DEFERRED TAXATION

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
At beginning of year	(8 396)	(8 708)	-	390
Current year movement	(4 304)	312	390	(390)
Prior year adjustments	(21 439)	-	-	-
At end of year	(34 139)	(8 396)	390	-
Broken down as follows:				
Deferred tax assets	1 728	-	390	-
Deferred tax liabilities	(35 867)	(8 396)	-	-
	(34 139)	(8 396)	390	-
The deferred tax balance may be analysed as follows:				
Capital allowances	(42 613)	(17 417)	-	-
Provisions	9 545	10 702	390	-
Prepayments	(1 095)	(824)	-	-
Assessed losses	24	436	-	-
Other temporary differences	-	(1 293)	-	-
	(34 139)	(8 396)	390	-
Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 30% (2003 : 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 R329 528 (2003 : R71 073) to carry forward against taxable income, which have not been recognised in these annual financial statements.				

23. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Trade payables	5 762	6 408	-	-
Accrued expenses	33 353	24 977	9	445
Other payables	26 030	27 994	2 031	3 192
	65 145	59 379	2 040	3 637

24. PROVISIONS

	GAMING PROVISIONS*	PERFORMANCE INCENTIVE PROVISIONS	OTHER	TOTAL	
	R'000	R'000	R'000	2004 R'000	2003 R'000
Group					
At beginning of year	9 233	6 158	8 608	23 999	12 692
Acquisition of subsidiaries	-	-	-	-	694
Provisions (utilised)/raised	(3 600)	1 985	1 223	(392)	10 613
At end of year	5 633	8 143	9 831	23 607	23 999
Company					
At beginning of year	-	-	-	-	733
Provisions raised/(utilised)	-	-	1 300	1 300	(733)
At end of year	-	-	1 300	1 300	-

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

Casino jackpot provisions are utilised when won. Loyalty point provisions are redeemed by casino patrons. Performance incentive provisions are paid following finalisation of annual financial results.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

25. SHARE CAPITAL				
	NUMBER OF SHARES	ORDINARY SHARE CAPITAL	SHARE PREMIUM	TOTAL
	(000)	R'000	R'000	R'000
Group				
At 1 January 2003	213 542	4 271	465 454	469 725
Ordinary shares issued in 2003	4 330	86	16 064	16 150
Ordinary shares acquired in odd-lot offer	(12)	*	(42)	(42)
Treasury shares acquired	(14 602)	(293)	(43 561)	(43 854)
Share capital of group at 31 December 2003	203 258	4 064	437 915	441 979
Ordinary shares issued in 2004	2 143	45	16 107	16 152
Share capital of group at 31 December 2004	205 401	4 109	454 022	458 131
Company				
At 1 January 2003	213 542	4 271	465 454	469 725
Ordinary shares issued in 2003	4 330	86	16 064	16 150
Ordinary shares acquired in odd-lot offer	(12)	*	(42)	(42)
Share capital of company at 31 December 2003	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
The total authorised number of ordinary shares is 590 000 000 (2003 : 590 000 000) with a par value of 2 cents per share (2003 : 2 cents per share). All issued shares are fully paid up. * Amount less than R1 000				
26. CASH FLOW INFORMATION				
	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Profit before taxation	348 411	228 160	58 193	62 439
Adjusted for:	82 678	121 317	(53 833)	(58 876)
- Net interest paid/(received)	4 700	31 070	(46 033)	(57 705)
- Depreciation	75 934	80 042	-	-
- Amortisation	10 299	9 748	-	-
- Loss/(profit) on disposal of property, plant and equipment	1 077	(1 684)	-	-
- Loss on discounting financial liability	-	964	-	964
- Write-off of fixed assets	-	1 177	-	-
- Dividends received	-	-	-	(2 135)
- Profit on sale of shares	(7 800)	-	(7 800)	-
- Associate earnings	(1 532)	-	-	-
	431 089	349 477	4 360	3 563
Decrease/(increase) in working capital	9 351	21 044	(195)	1 694
- Decrease/(increase) in accounts receivable	3 623	(2 387)	102	305
- Decrease in inventories	354	396	-	-
- Increase/(decrease) in trade and other payables	5 766	17 267	(1 597)	2 122
- (Decrease)/increase in provisions	(392)	5 768	1 300	(733)
	440 440	370 521	4 165	5 257
Taxation paid				
Tax liability at beginning of year	(57 057)	(29 926)	(1 395)	(1 857)
Current taxation	(104 990)	(78 435)	(15 508)	(18 129)
Prior year over/(under) provision	14 766	(65)	1 178	-
Capital gains tax	(1 131)	-	(881)	-
Secondary tax on companies	(6 624)	(3 737)	(6 624)	(3 737)
Tax liability at end of year	62 736	57 057	(138)	1 395
	(92 300)	(55 106)	(23 368)	(22 328)

FOR THE YEAR ENDED 31 DECEMBER 2004

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
Gold Reef Casino Resorts - Annual Report 2004

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

27. RELATED PARTY TRANSACTIONS (CONTINUED)

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 were carried out on commercial terms and conditions and were approved by the board.

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

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

Casinos Austria is a 27,38% shareholder of GRRC. 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.

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

Newshelf 736 (Pty) Limited is a BEE company holding an interest in Akani Leisure Investments. GRRC advanced monies to Newshelf 736 (Pty) Limited in order for it to purchase its investment. This transaction was carried out on commercial terms and conditions and was approved by the board.

Olwazini Discovery Centre operates from the same premises as Akani Msunduzi. Olwazini Discovery Centre was developed by Akani Msunduzi as one of its casino licence conditions and Akani Msunduzi Management, a subsidiary of GRRC, contributed towards the running expenses of Olwazini Discovery Centre.

Pinnacle Point Resorts (Pty) Limited owns the golf course adjacent to the Garden Route Casino. During the year Garden Route Casino sold land to Pinnacle Point Resorts (Pty) Limited. The sale was carried out on commercial terms and conditions and was approved by the board.

Reygrande Investment Holdings (Pty) Limited is a shareholder in West Coast Leisure. Reygrande Investment Holdings (Pty) Limited performs administration services for West Coast Leisure. This transaction was carried out on commercial terms and conditions and was approved by the board.

Silverstar is an applicant for the licence in the West Rand region of Gauteng. In 2004 GRRC lent Silverstar monies in order for Silverstar to acquire land. GRRC along with Akani Leisure Investments hold an option to purchase the entire share capital of Silverstar. This transaction was carried out on commercial terms and conditions and was approved by the board.

Siphumelele Investments (Pty) Limited ("Siphumelele") held an interest in Akani Leisure Investments. This interest was disposed of to Newshelf 736 (Pty) Limited. Siphumelele held a loan account with Akani Leisure Investments. GRRC purchased this loan on commercial terms and conditions and the transaction was approved by the board.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

28. SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS

	EFFECTIVE HOLDING (ECONOMIC INTEREST)		INVESTMENT IN SHARES (COMPANY AND GROUP)		NET INDEBTEDNESS	
	2004 %	2003 %	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Subsidiaries						
Akani Egoli	83,94	83,94	18 300	18 300	339 243	328 496
Akani Msunduzi	85,00	85,00	2 377	2 377	110 000	110 000
West Coast Leisure	54,33	54,33	*	*	17 916	22 862
CAIGR	100,00	100,00	63 501	63 501	(61 564)	(19 305)
Akani Egoli Management	64,45	64,45	1	1	-	-
Akani Msunduzi Management	61,00	61,00	1	1	-	-
Aldiss Investments	100,00	100,00	*	*	43 527	43 516
			84 180	84 180	449 122	485 569
Joint ventures						
Garden Route Casino	42,50	42,50	12 165	10 251	26 121	32 012
Newshelf 698 (Pty) Limited	50,00	50,00	5 603	5 603	6	-
			17 768	15 854	26 127	32 012
Associates						
Goldfields Casino	14,67	10,00	*	*	5 411	8 489
Investments						
Akani Leisure Investments **	91,67	91,67	*	*		
Akani Leisure Msunduzi Investments **	100,00	100,00	*	*		
Akani Leisure Goldfields Investments **	16,67	-	*	-		
Pinnacle Point Resorts (Pty) Limited	-	10,00	-	-		
Sekunjalo Health Care Limited	0,50	0,50	-	-		
			1	1		
* Amount less than R1 000						
** This shareholding comprises preference shares only						

The directors value the shares in the groups subsidiaries, joint ventures, associates and other investments, at its carrying value in the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

29. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

At 31 December 2004 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	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Guarantees	50 515	161 947	17 154	132 616
Litigation	500	500	-	-
Capital commitments	47 172	37 000	-	-
	98 187	199 447	17 154	132 616

Akani Egoli has entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank has guaranteed an amount not exceeding R28 786 000 (2003 : R25 240 610) 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 amount not exceeding R3 840 000 (2003 : R3 840 000) for gambling board taxes and working capital. ABSA has also issued a guarantee to the Pietermaritzburg Municipal Council for R349 500 (2003 : R349 500) on behalf of Akani Msunduzi.

West Coast Leisure has entered into an agreement with ABSA and the Western Cape Gambling & Racing Board whereby the bank has guaranteed an amount not exceeding R250 000 (2003 : R250 000) for gambling board taxes and working capital.

Garden Route Casino has entered into an agreement with Nedbank and the Western Cape Gambling & Racing Board whereby the bank has guaranteed an amount not exceeding R250 000 (2003 : R250 000) for gambling board taxes and working capital. Nedbank has also issued a guarantee to the Western Cape Gambling & Racing Board for R321 000 (2003 : R2 874 000) for the construction of a waste water treatment plant.

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 R17 154 000 (2003 : R132 616 000).

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

	GROUP		COMPANY	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Operating lease commitments				
The future minimum lease commitments under non-cancellable operating leases are as follows:				
Not later than 1 year	2 090	2 037	-	-
Later than 1 year but not later than 5 years	7 369	7 381	-	-
Later than 5 years	12 875	14 189	-	-
	22 334	23 607	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

30. DIRECTORS' EMOLUMENTS		
	GROUP	
	2004 R'000	2003 R'000
Executive directors		
Basic remuneration	3 222	2 896
Retirement and medical contributions	378	296
Performance incentives	3 120	2 712
Other services	-	767
	6 720	6 671
Non-executive directors		
Directors' fees	609	409
Other services	982	213
	1 591	622
Total directors' emoluments	8 311	7 293
Emoluments paid by the company	516	323
Emoluments paid by subsidiaries	7 795	6 970
	8 311	7 293
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 41 of the annual report.		
A listing of all members of the board is shown on pages 22 and 23 of the annual report.		
In terms of the Articles of Association AJ Aaron, C Neuberger and RJ Khoza will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.		

ANALYSIS OF SHAREHOLDERS

JSE PERFORMANCE

ANALYSIS OF SHAREHOLDERS				
	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
Portfolio size				
<i>Range</i>				
1 - 1 000	434	27,30	237 665	0,11
1 001 - 5 000	635	39,94	1 713 754	0,78
5 001 - 10 000	209	13,14	1 605 078	0,73
10 001 - 50 000	180	11,32	3 999 122	1,82
50 001 - 100 000	34	2,14	2 622 248	1,19
100 001 - and over	98	6,16	209 824 792	95,37
	1 590	100,00	220 002 659	100,00
Classification				
<i>Type</i>				
Individuals	1 352	85,22	15 465 400	7,03
Public companies	88	5,53	83 870 435	38,12
Private companies	69	4,34	31 674 681	14,40
Nominee companies & trusts	60	3,59	88 254 429	40,11
Other corporate bodies	21	1,32	737 714	0,34
	1 590	100,00	220 002 659	100,00
Shareholder spread				
Public	1 563	98,30	61 597 841	27,99
Non-public	27	1,70	158 404 818	72,01
Directors	14	0,88	40 301 792	18,33
Associates	11	0,70	48 162 486	21,89
Share scheme	1	0,06	9 090 002	4,13
Holding 10% +	1	0,06	60 850 538	27,66
	1 590	100,00	220 002 659	100,00
Major shareholders owning 1 % or more				
Casinos Austria			60 226 988	27,38
The Maxim Krok 1994 Trust			15 492 569	7,04
Aldiss Investments			14 427 602	6,56
Ben Schutte Familie Trust			12 064 267	5,48
The Elana Pincus 1994 Trust			11 873 732	5,40
The Shelly Krok 1994 Trust			11 873 732	5,40
Mark Krok			11 523 733	5,24
The Simone Lerman Trust			11 523 732	5,24
The David Krok 1994 Trust			11 423 732	5,19
Old Mutual Asset Management			7 634 835	3,47
Steven Joffe			4 433 333	2,02
Allan Gray Asset Management			2 633 698	1,20
			175 131 953	79,60
JSE PERFORMANCE				
Number of shares traded				35 444 526
Shares traded as a percentage of listed shares in issue at 31 December 2004 (%)				16,11
Highest price traded (cents)				1 300
Lowest price traded (cents)				600
Closing market price at 31 December 2004 (cents)				1 265

NOTICE OF ANNUAL GENERAL MEETING

GOLD REEF CASINO RESORTS LIMITED

(Registration number 1989/002108/06)
(Incorporated in the Republic of South Africa)
("the company")
Share Code: GDFISIN 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 Thursday 19 May 2005 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 2004, together with the directors' and independent auditors' reports.
2. To re-elect the following as directors of the company, who retire by rotation in terms of the company's Articles of Association and who are eligible and offer themselves for re-election:

- AJ Aaron
- C Neuberger
- RJ Khoza

An abbreviated curriculum vitae in respect of each director offering himself for re-election is contained on page 22 of the annual report of which this notice forms part.

3. To confirm the re-election of the following director of the company who was appointed by the board of directors on 19 January 2005:

- J Leutgeb

An abbreviated curriculum vitae in respect of J Leutgeb is contained on page 22 of the annual report of which this notice forms part.

4. To confirm the appointment as company secretary of the company:

- DR Smith

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

6. To approve the remuneration of the directors reflected on page 41 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 7 and 8 as ordinary resolutions and that numbered 9 as a special resolution:

7. **"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 Securities Exchange South Africa."

8. **"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 Securities Exchange South Africa ("JSE") and the Companies Act, 61 of 1973, as amended, on the following bases:

- a) the allotment and issue of ordinary shares for cash shall be made only to persons qualifying as public shareholders as defined in the 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 2004) 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, 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.*

9. **"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 Securities Exchange South Africa ("JSE"), which general approval shall endure until the forthcoming annual general meeting of the company (whereupon this approval shall lapse unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months from the date of registration of this special resolution), subject to the following limitations:

- a) the repurchase of securities is implemented through the order book of the JSE trading system, without any prior understanding or arrangement between the company and the counter party;
- b) the company or the subsidiaries as the case may be are authorised by their Articles of Association;

NOTICE OF ANNUAL GENERAL MEETING

GOLD REEF CASINO RESORTS LIMITED

- 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 Generally Accepted Accounting Practice, 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 22;
- Major beneficial shareholders - page 70;
- Directors' interests in ordinary shares - page 40;
- Share capital of the company - page 39.

Litigation Statement

The directors of the company whose names appear on page 22 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 22 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.

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 Tuesday 17 May 2005. 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

NOTICE OF ANNUAL GENERAL MEETING

GOLD REEF CASINO RESORTS LIMITED

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



DR Smith (CA (SA) (Grad ICSA))

Company secretary

8 April 2005

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 Annual General Meeting	31 December 19 May 2005
Reports Interim for six months to June Preliminary annual results Annual financial statements	August March April
Dividend 2004 Salient dates for the dividend were as follows: Last day to trade <i>cum</i> dividend Shares trade <i>ex</i> dividend Record Date Payment Date	Friday 1 April 2005 Monday 4 April 2005 Friday 8 April 2005 Monday 11 April 2005
CORPORATE INFORMATION	
Company Secretary and Registered Office <i>DR Smith CA (SA) (Grad ICSA)</i> <i>Gold Reef City</i> Gate 4 Northern Parkway Ormonde Johannesburg 2157 (Private Bag X1890, Gold Reef City, 2159)	Auditors <i>PricewaterhouseCoopers Inc.</i> Registered Accountants and Auditors Chartered Accountants (SA) 2 Eglin Road Sunninghill (Private Bag X36, Sunninghill, 2157)
Sponsor <i>Nedbank Capital</i> F Block 135 Rivonia Road Sandown 2196 (PO Box 1144, Johannesburg, 2000)	Transfer secretaries <i>Ultra Registrars (Pty) Limited</i> 5th Floor 11 Diagonal Street Johannesburg 2001 (PO Box 4844, Johannesburg, 2000)
Attorneys <i>Werksmans Inc.</i> 155 5th Street Sandown Sandton 2196 (Private Bag 10015, Sandton, 2146)	Commercial bankers <i>Nedbank</i> 1st Floor Corporate Park Nedcor Sandton 135 Rivonia Road Sandown 2196 (PO Box 1144, Johannesburg, 2000)
<i>Deneys Reitz Inc.</i> 82 Maude Street, Sandown 2196 (PO Box 784903, Sandton, 2196)	<i>ABSA Corporate Merchant Bank</i> 2nd floor Absa Towers North 2W1 180 Commissioner Street Johannesburg 2000 (PO Box 1932, Johannesburg, 2000)
Corporate advisors <i>Edward Nathan (Pty) Limited</i> 4th Floor, The Forum 2 Maude Street Sandown 2196 (PO Box 783347, Sandton, 2146)	

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 by GRCR ordinary shareholders 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 Thursday 19 May 2005 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 Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration ("own-name dematerialised shareholders").

Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with a letter of representation to do so, or provide the 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 should they not wish to attend the annual general meeting but 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 proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the GRCR ordinary shares registered in my/our name(s), in accordance with the following instructions:	

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

	NUMBER OF VOTES	FOR*	AGAINST*	ABSTAIN*
1. Adoption of the annual financial statements				
2. Re-election of AJ Aaron as a director of the company				
Re-election of C Neuberger as a director of the company				
Re-election of RJ Khoza as a director of the company				
3. Confirmation of re-election of J Leutgeb as a director of the company				
4. Confirmation of appointment of DR Smith as company secretary of the company				
5. Re-appointment of PricewaterhouseCoopers Inc. as auditors of the company				
6. Approval of the directors' remuneration				
7. Placing unissued shares under directors' control				
8. Issuing of unissued shares for cash				
9. Granting general authority to GRCR and its subsidiaries to buy back shares				
Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.				
Signed at (place)	on (date)			2005
Member's signature				

Please read the notes on the reverse side.

NOTES TO PROXY

NOTES	
<ol style="list-style-type: none"> 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). 	<ol style="list-style-type: none"> 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 Tuesday 17 May 2005: 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: <ul style="list-style-type: none"> • 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.



GOLD REEF

CASINO RESORTS



