

GOLD CIRCLE MEMBERSHIP UPDATE FROM THE BOARDROOM

June 2010

Board Appointment

Gold Circle is pleased to announce the appointment to its main Board of Cape Town-based Brian Finch as the Western Cape co-option. Brian is currently the Area Director for British America Tobacco Southern Africa and is based in Stellenbosch. He has spent most of his 24 year marketing career with the BAT Group, within the Africa Middle East Region having initially started in Zimbabwe. Brian is married with three children and is active in both horseracing and breeding. We welcome Brian to the Board and look forward to working with him.

Current trading conditions and future prospects

Trading conditions continue to be very difficult and whilst Gold Circle achieved budget in March and April, in terms of total bets struck, May saw a shortfall of 3.0% and June will show a further shortfall of 4%. Overall to the end of June we are looking at a budget shortfall in terms of total bets struck for the year to date (11 months) of some 3.7%. The 3.7% equates to approximately R66 million in total bets on which Gold Circle would earn some R11.0 million.

Having seen trading improve during March and April it was disappointing to see a reversal of this trend in May and June but Gold Circle is not alone as regards this trend and is firmly of the belief that the FIFA World Cup has played a large part in the reversal, particularly during June.

As reported in the last communiqué Phumelela Gold Enterprises (PGE), the international joint gaming venture between Phumelela and Gold Circle (in which Gold Circle holds 39%), had its international distribution contract with Racing UK (RUK) terminated at the end of February. Whilst PGE have successfully managed to replace a large portion of what was lost and has further contracts under consideration this will further impact negatively on Gold Circle's revenue streams in the short term.

During the last two months your Board and Management have held a series of successful strategy sessions the outcomes of which are ready to be rolled out. They focus amongst others on better utilisation of our assets, the improvement of our racing product, closer ties with all our stakeholders and the sourcing of a new generation of racegoers.

Members will appreciate that these are very difficult times for our sport and whilst every effort is being made to negate the impacts of the downturn we are of the opinion that it will be sometime yet before we see matters improve. As a result this makes budgeting for the forthcoming year extremely difficult and an exercise that we are approaching with extreme caution.

FIFA World Cup

Despite the negative effect this may have had on our turnovers it has been a fantastic event for South Africa and those visiting fans that have attended our local race meetings have been treated to some outstanding racing, last Saturday's Canon Gold Cup being a prime example of what we have to offer.

2010/11 Membership Subscriptions

Members are reminded to please renew their subscriptions by 31 August 2010 and if you have any queries in this regard please address these to either Dale or Janice on 031 3141639/1994.

Vodacom Durban July

A gentle reminder to please collect your tickets timeously.

Yours in Racing

Directors of Gold Circle