

GOLD CIRCLE MEMBERSHIP UPDATE No 2. (FROM THE BOARDROOM)

Issued March 2010

It is now just over 12 months since the Company embarked on its restructure programme and almost four months since the AGM so an opportune time for us to bring our members up to date with what has been happening in Gold Circle territory.

Executive & Staff Restructure

We are pleased to be able to report that the restructure of the Company into the three divisions has now been completed and all new appointments and subsequent retrenchments finalised. All staff previously housed in "The Centre" have now been moved to the main building and we have achieved our objective in having all our Greyville staff in the one location which will assist greatly with efficiency's and communication. We are now actively seeking a tenant for the vacated premises.

It has been a very difficult period for management and staff but their cooperation and commitment to the process has been outstanding and we look forward to them reaping the long term benefits from the restructure.

Board Appointments & Changes

Main board Director Craig Massey who also headed up the Audit & Risk committee has been transferred to Cape Town by his Company Sanlam Private Investments where he will head up their local operation. Craig has made a valuable contribution to Gold Circle and we wish him well in his new position. His seat on the main board has been filled by Paul Rhodes whilst Kim Labuschagne has taken over as head of Audit & Risk management.

We are also pleased to announce the co-option to the main board of Andrew Brewer. For members who are not familiar with the Company's memorandum and articles of association this allows for each region to nominate one external director "for the purpose of balancing the skills on the board of directors."

Andrew holds both a Bachelor of Social Science Degree and a Bachelor of Laws degree which he obtained at the University of Natal. Since 1966 he has been employed by the South African Social Security Agency and presently holds the office of Senior Executive Director in Kwa Zulu Natal and is responsible for 4 Provincial districts, 79 local offices and 2,864 pay points. He has served on various National and Provincial Government boards, task teams and Cabinet Lekgotlas.

Andrew was first introduced to horse racing by his father as early as 1979 and as a consequence has been involved in the ownership of horses since 1996.

Current trading conditions and future prospects

Gold Circle has continued to experience extremely tough trading conditions throughout the current financial year and as at the end of February (7 months) turnovers were 6.22% down year on year and 4.85% down against budget. Whilst this downturn can be mainly attributable to the global economic downturn it has been exacerbated by extreme weather conditions which have seen the loss of race meetings both locally and internationally.

This continued downturn has meant that management have had to continue with their austerity programme but the fact that your Company has maintained a positive cash flow throughout this period bears testament to the commitment of all concerned that we will emerge from the recession as a much leaner and stronger Company. We are also very aware that there comes a point in any cost cutting exercise when it can begin to impact negatively on the Company, its operations and the confidence of its stakeholders and it is for these reasons that in the next few weeks the directors and senior management will be convening a workshop to identify the immediate, medium and long term objectives of Gold Circle and thereafter plan the strategies to implement these.

The focus will be on achievable objectives that will benefit all stakeholders and provide the best possible utilisation and development of our assets to ensure a steady and sustainable source of annuity income.

Members will no doubt have read in the press that Phumelela Gold Enterprises (PGE) the international joint gaming venture between Phumelela and Gold Circle in which Gold Circle holds a 41% stake has had its international distribution contract with Racing UK (RUK) terminated effective 28th February. Whilst this will initially have a significant impact on PGE's revenue streams, and ultimately Gold Circle, members are advised that plans are at an advanced stage to replace the RUK contract with ,potentially more lucrative, one's in other racing jurisdictions.

National Initiatives

National Race Card

As previously reported Gold Circle and Phumelela have jointly been working on national initiatives that will benefit both operators and other stakeholders. The first of these was the establishment of a National Publishing Bureau which has recently introduced a national race card. The race card has initially received a mixed reaction from the racing public but once the teething problems have been ironed out it should establish itself , not only as a suitable replacement for the old format but also one that has large savings for both the public and Gold Circle.

National Marketing and Sponsorship

This joint initiative is being run under the umbrella of PGE and is being managed by Clyde Basel.

Although this has only been operational for a few months Gold Circle are already seeing the benefits in the form of a sponsorship deal that has been signed with Pigg's Peak Casino for the sponsorship of night racing nationally and Betting World's sponsorship deal with regard to sports betting. There are many more avenues that are being explored to bring in both additional revenues and exposure for our industry and we look forward to reporting on further successful contracts/sponsorships in the near future.

Regular Newsletters

Your Board have given a commitment that members will be updated every six weeks on matters that affect the business of Gold Circle in terms of a newsletter under the heading of "Gold Circle membership update from the Boardroom" this will be emailed to members and also posted on the Gold Circle website.

With regard to racing matters members are reminded that a monthly newsletter compiled by Gold Circle management is posted to the website www.goldcircle.co.za and contains many interesting articles, information and statistics.

2010/11 Membership Subscriptions

Members are advised that the subscription due 01 August will be R1500 (vat inclusive) and that it will include R800 worth of betting vouchers and new badges. We would also remind those members that have not collected their current badges that these are ready and will be required to obtain entry on "July" day.

Yours in Racing

Directors Gold Circle