GOLD REEF

RESORTS

ANNUAL REPORT 2006

GOLD REEF RESORTS LIMITED

Registration number: 1989/002108/06

CONTENTS

DEFINITIONS

"ADIPS"	Amusement Devices Inspection Procedures Scheme
"Akani Egoli"	Akani Egoli (Pty) Limited *(which operates Gold Reef City Casino and Theme Park)* and its subsidiaries
"Akani Egoli Management"	Akani Egoli Management (Pty) Limited
"Akani Leisure Casinos"	Akani Leisure Investments Casinos Management (Pty) Limited
"Akani Leisure Goldfields Investments"	Akani Leisure Goldfields Investments (Pty) Limited
"Akani Leisure Investments" or "ALI"	Akani Leisure Investments (Pty) Limited
"Akani Leisure Msunduzi Investments"	Akani Leisure Msunduzi Investments (Pty) Limited
"Akani Leisure Silverstar Holdings"	Akani Leisure Silverstar Holdings (Pty) Limited
"Akani Msunduzi"	Akani Msunduzi (Pty) Limited *(which operates Golden Horse Casino)*
"Akani Msunduzi Management"	Akani Msunduzi Management (Pty) Limited
"Aldiss Investments"	Aldiss Investments (Pty) Limited
"the board"	The board of directors of Gold Reef
"CASA"	Casino Association of South Africa
"Casinos Austria"	Casinos Austria International Holding GmbH
"DTI Codes"	Codes of Good Practice on Black Economic Empowerment issued by the Department of Trade and Industry
"EBITDA"	Earnings before Interest, Tax, Depreciation and Amortisation
"EE"	Employment Equity
"EPS"	Earnings per share
"Garden Route Casino"	Garden Route Casino (Pty) Limited *(which operates Garden Route Casino)*
"Goldfields Casino"	Goldfields Casino and Entertainment Centre (Pty) Limited *(which operates Goldfields Casino)*
"Gold Reef" or "the company"	Gold Reef Resorts Limited
"GRM"	Gold Reef Management (Pty) Limited
"the group"	Gold Reef Resorts Limited and its subsidiaries, joint ventures, associates and affiliates
"HEPS"	Headline earnings per share
"HDIs"	Historically disadvantaged individuals *(for the purposes of this annual report including white females)*
"IFRS"	International Financial Reporting Standards
"Inkonka"	Inkonka Investments (Pty) Limited
"JSE"	JSE Limited
"the prior year"	Gold Reef's financial year ended 31 December 2005
"NAV"	Net asset value per share
"NRGP"	National Responsible Gaming Programme
"Silverstar"	Silverstar Development Limited and its subsidiaries
"SA"	South Africa
"SARGF"	South African Responsible Gambling Foundation
"SARS"	South African Revenue Services
"Tanglepark"	Tanglepark Trading (Pty) Limited
"Theme Park"	Gold Reef City Theme Park (Pty) Limited
"THETA"	Tourism and Hospitality Education and Training Authority
"West Coast Leisure"	West Coast Leisure (Pty) Limited *(which operates Mykonos Casino)*
"the year"	Gold Reef's financial year under review ended 31 December 2006

GROUP OBJECTIVES

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

- We constantly strive to be the best at what we do.
- We are in the business of providing good value family fun and entertainment to our patrons.
- We strive at all times to enhance the quality of our patrons' experience through exceptional service and product in all spheres of activity.
- We expect from our staff dedication to the highest principles of quality, service and integrity.
- We contribute to our country as a responsible corporate citizen and conduct our affairs accordingly.
- We aim to deliver consistent earnings growth and to enhance shareholder value.
- We offer all staff the opportunity to be part of a winning team, just reward, quality training, advancement commensurate with merit and freedom to reach the highest levels of employment.

Gold Reef City Theme Park
Johannesburg - Gauteng

GROUP STRUCTURE AT YEAR-END

GOLD REEF

RESORTS

CASINO INTERESTS

50% (74,99% economic interest) in Akani Egoli incorporating
Gold Reef City Casino & Theme Park
Johannesburg - Gauteng

50% (85% economic interest) in Akani Msunduzi incorporating
Golden Horse Casino
Pietermaritzburg - KwaZulu-Natal

60,36% in West Coast Leisure incorporating
Mykonos Casino
Langebaan - Western Cape

85% in Garden Route Casino incorporating
Garden Route Casino
Mossel Bay - Western Cape

60% (88% economic interest) in Goldfields Casino incorporating
Goldfields Casino
Welkom - Free State

GOLD REEF MANAGEMENT

including management contracts for:

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

FINANCIAL HIGHLIGHTS

Revenue up 30,2%
HEPS up 24,8%
Construction started on Silverstar
BEE transactions announced

	REVENUE			EBITDA			EBITDA %		CAPEX	
	2006	2005		**2006**	2005		**2006**	2005	**2006**	2005
	R'000	R'000	%	**R'000**	R'000	%	**%**	%	**R'000**	R'000
Gold Reef City	**977 528**	850 258	15,0	**343 904**	304 202	13,1	**35,2**	35,8	**224 358**	89 575
Golden Horse Casino	**200 352**	167 549	19,6	**91 938**	73 321	25,4	**45,9**	43,8	**18 431**	6 975
Mykonos Casino	**105 325**	83 392	26,3	**46 958**	34 200	37,3	**44,6**	41,0	**13 364**	8 697
Garden Route Casino	**148 169**	123 351	20,1	**71 786**	60 459	18,7	**48,4**	49,0	**11 713**	5 687
Goldfields Casino*	**94 046**	86 241	9,1	**45 314**	39 460	14,8	**48,2**	45,8	**62 442**	1 686
Silverstar*	**-**	-	-	**-**	-	-	**-**	-	**56 446**	-
Gold Reef Management	**60 158**	51 268	17,3	**14 027**	20 056	(30,1)	**23,3**	39,1	**192**	71
Gold Reef	**-**	-	-	**551 423**	28 487	-	**-**	-	**-**	-
Consolidation	**(68 465)**	(196 637)	-	**(541 692)**	(72 094)	-	**-**	-	**(28 960)**	(4 856)
	1 517 113	1 165 422	30,2	**623 658**	488 091	27,8	**41,1**	41,9	**357 986**	107 835

** The figures shown for Goldfields Casino and Silverstar are for the full year and not for the period during which the properties were consolidated / proportionately consolidated respectively.*

8 YEAR REVIEW

	2006 R'000	2005 R'000	2004 R'000	2003 R'000	2002 R'000	2001 R'000	2000 R'000	1999 R'000
Income statement								
Revenue	**1 517 113**	1 165 422	1 056 683	903 903	787 125	*	*	*
EBITDA	**623 658**	488 091	442 193	349 020	308 515	47 015	33 305	(4 964)
Attributable profit for the year	**254 312**	230 732	192 208	125 069	101 357	72 559	62 047	20 051
Headline earnings	**259 762**	209 494	185 879	131 431	107 437	74 362	73 370	30 001
Number of shares in issue (000)	**220 603**	220 603	220 003	217 860	213 542	177 262	177 262	131 807
EPS (cents)	**124,7**	112,4	94,2	61,9	47,5	46,7	40,6	25,0
HEPS (cents)	**127,4**	102,1	91,1	65,1	50,3	42,0	40,4	34,2
Dividend per share (cents)	**	51,0	48,0	27,0	15,0	-	-	-
Balance sheet								
Interest-bearing borrowings	**471 297**	60 682	56 698	203 482	365 284	-	-	-
Net cash and cash equivalents	**62 722**	109 362	104 604	65 791	153 365	31 219	62 024	-
Financial ratios								
Return on equity (%)	**21,4**	22,1	20,6	15,3	15,4	14,5	12,7	6,1
Gearing (%)	**39,7**	5,8	6,1	24,9	26,0	2,6	7,3	39,1
Interest cover (times)	**20,3**	NA	73,7	8,3	4,4	-	-	-
Dividend cover (times)	**	2,0	2,0	2,4	3,4	-	-	-
NAV per share (cents)	**582,6**	508,0	456,5	401,7	356,7	320,0	274,8	248,0

* *The group consolidated its results from 2002 onwards.*

** *No final dividend has been declared pending the fulfilment of the conditions precedent as set out in the announcement relating to the BEE transaction published on 9 March 2007. A further announcement in this regard will be made by Monday 30 April 2007.*

DIRECTORATE & MANAGEMENT

EXECUTIVE DIRECTORS

1) **SB Joffe** *(36) CEO*
B.Com (Hons Taxation) H.Dip (Company Law) CA(SA)
Has over 11 years' experience in the gaming industry and was appointed as CEO of Gold Reef in 2000.

2) **JS Friedman** (34) *FD*
CA(SA)
Has seven years' experience in the gaming industry having joined Gold Reef in 2000.

3) **C Neuberger"** (41) *Chief Operating Officer*
MBA (Vienna)
Has 16 years' experience in gaming with Gold Reef and its international shareholder Casinos Austria.

NON-EXECUTIVE DIRECTORS

4) **M Krok** (50) *Chairman*
B.Proc. LLB
Has more than 24 years' experience in legal and diverse business fields. Currently a non-executive director of Aspen Pharmacare Holdings Limited and a director of numerous private companies.

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

6) **BJ Schutte** (60)
Has 35 years' experience in the leisure industry. Holds executive directorships in a number of private companies.

7) **RJ Khoza** (57)
BA (Hons) MA (Lancaster) PMD (Harvard) IPBM IMD (Lausanne)
Currently chairman of Nedbank Limited and Aka Capital (Pty) Limited, a non-executive director of Protea Hospitality Limited and Old Mutual plc. In addition he is a director of a number of private companies.

8) **MZ Krok** (50)
Has more than 20 years' experience in a diversity of business fields and currently holds directorships in numerous private companies.

9) **J Leutgeb"** (45)
MBA (Vienna)
A member of the Austrian Chamber of Accountants and has over 10 years' experience in gaming. Currently an executive director of Casinos Austria and Chief Financial Officer of the Casinos Austria Group.

ALTERNATE DIRECTORS

10) **A Krok** (77) - alternate to M Krok
11) **S Krok** (77) - alternate to MZ Krok
12) **R Vierziger"**(53) - alternate to J Leutgeb

SENIOR MANAGEMENT

P Beney (44) - *General Manager, Golden Horse Casino*
S Cook (55) - *General Manager, Gold Reef City Theme Park*
D de Beer (38) - *General Manager, Goldfields Casino*
SJ Hight (46) *(succeeded B Biyela effective 1 January 2007)* - *General Manager, Gold Reef City Casino*
RJ Seabrook (35) - *General Manager, Garden Route Casino*
C van Groeningen (44) - *General Manager, Mykonos Casino*
M Vermaak (45) - *General Manager, Silverstar*

" *Austrian*

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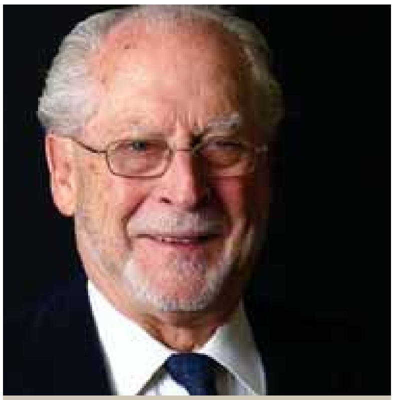

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CHAIRMAN'S REPORT

"2006 marked a year of substantial growth for Gold Reef driven by robust trading at all the group's casinos, with considerable improvement in all key performance indicators."

The SA gaming industry's gross gaming revenue reached R11 billion for 2006. Of this, 22,03% was reinvested in asset replacement, expansion and growth. In line with the national trend, improvements and refurbishments were implemented at most of Gold Reef's casinos to enhance future growth prospects.

Post year-end the group concluded a landmark BEE transaction to bring direct empowerment shareholding at group level to at least 25,1%, while at the same time increasing its stakes in four of the group's casinos to 100% and taking complete control of two key casino management contracts. This has enabled Gold Reef to achieve its strategic objectives regarding BEE and at the same time has simplified the group's structure, increased exposure to its high-performing casinos and consolidated its gaming platform.

While gaming revenue increased by 32,0%, group revenue for the year rose 30,2% to R1,5 billion. Profit attributable to shareholders grew 10,2% to R254,3 million. EBITDA increased 27,8% to R623,7 million and represented a 41,1% margin on revenue. HEPS climbed considerably by 24,8% to 127,4 cents per share.

The group will make an announcement regarding dividends for the year once the conditions precedent to the BEE transaction have been fulfilled.

CORPORATE ACTIONS

During the year Akani Leisure Investments redeemed its participating preference shares and Gold Reef acquired a 49,97% direct interest in the ordinary share capital of that company. These two transactions reduced Gold Reef's economic interest in Akani Egoli from 83,94% to 74,99%,resulting in a 25,01% BEE beneficial shareholding in Akani Egoli.

Gold Reef further increased its effective interests in Garden Route Casino to 85,0%, in Goldfields Casino to 88,0% and in West Coast Leisure to 60,4%.

EMPOWERMENT

In terms of the R1,4 billion BEE transaction concluded post year-end, Gold Reef will exchange shares in the company and cash for the shareholdings of its BEE partners in certain of the group's casinos and management contracts ("the share exchange"). Gold Reef will increase its stakes in Gold Reef City, Silverstar, Golden Horse Casino and Goldfields Casino to 100% and will acquire the remaining 25% and 30% interests in the Gold Reef City Casino and Goldfields Casino management contracts, respectively. In West Coast Leisure the group will increase its stake to 70,4%. A total of 55,2 million Gold Reef shares will be issued for the share exchange, equating to 21,03% of the company.

In order to take BEE participation to at least 25,1% a further 14 million Gold Reef shares will be issued for cash to certain of the same BEE partners at R20,50 a share for R287,0 million ("the top-up transaction").

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

DIRECTORATE

Following the successful implementation of the BEE transaction we will be pleased to welcome Bongani Biyela, previously the General Manager of Gold Reef City Casino, as an executive director and Richard Moloko and Patrick September as non-executive members of the board, boosting black representation from one to four directors or 33% of the enlarged board.

LOOKING AHEAD

The group's prospects continue to look promising as inflation appears to have stabilised, with revenue growth strong despite increased interest rates. In addition wage increases are expected to grow above inflation, boding well for increased real disposable income, while the expected formal employment gains are also likely to foster growth.

New developments at existing operations are anticipated to be significant drivers of organic growth. Silverstar in particular offers considerable opportunity for Gold Reef to expand its gaming base and reduce its dependence on Gold Reef City, while the introduction of cashless gaming should generate further growth for Gold Reef. Focusing on new opportunities and ongoing expansion, Gold Reef is part of a consortium awarded preferred bidder status for the Queenstown casino licence in the Eastern Cape, and holds a controlling stake in the only applicant for a licence in the Sasolburg area.

Further future local and international transaction opportunities underpin the positive prospects.

APPRECIATION

I wish to thank the management team and all Gold Reef employees for their commitment and efforts in sustaining eight consecutive years of growth. My thanks also to my colleagues on the board for their astute guidance and insight during the year. I would finally like to thank our patrons and our shareholders for their continued support and confidence in the group.

Maxim Krok
Chairman

Maxim Krok
Chairman

Steven Joffe
CEO

CEO's REPORT

"The past year has seen a strong operational performance for Gold Reef driven by top-line growth."

During the year refurbishments and expansion took place at many of Gold Reef's casinos in response to increasing demand. In addition the group took ownership of the seventh and final casino licence in Gauteng when it successfully acquired Silverstar along with its BEE partner Akani Leisure Silverstar Holdings.

Gold Reef reached a milestone with the introduction of more than 25,1% BEE shareholding at group level. The BEE transaction will boost the group's market capitalisation through the issue of shares in the share exchange and top-up transactions (*see Directors' Report - 'Post Balance Sheet Events'*) and ensure a consolidated gaming platform with Gold Reef holding 100% of key management contracts and purchasing the shares we did not previously own in Gold Reef City, Silverstar, Golden Horse Casino and Goldfields Casino. It is important to note that in the remaining two casinos - Mykonos Casino and Garden Route Casino, where Gold Reef holds the majority stakes of 70,4% and 85,0% respectively - the group nonetheless has control of operations.

OPERATIONAL REVIEW

Gold Reef City

Driven by continued robust trading, flagship Gold Reef City Casino saw a 14,4% increase in revenue while EBITDA at the casino rose 12,3% to R341,7 million. Notwithstanding disruption as a result of construction during the latter half of 2006 the casino managed to gain 0,75% market share for the year.

Phase 1 of the new development at the casino has been completed. A new smoking casino boasting 570 slot machines and 15 tables opened its doors to positive trade. Two refurbished restaurants also reopened. In addition the group introduced cashless gaming to drive further organic growth.

Phase 2 of the development is already underway. Apart from a revamp of the main casino floor, other planned refurbishments and developments at Gold Reef City Casino include a 1000 seater theatre and the further upgrade of restaurants and entertainment facilities. The entire development is due to be completed by October 2007 at an estimated total cost of R302 million which is being funded out of free cash flow and external debt. Forecast development capital expenditure for 2007 is expected to be R218 million.

During the year, trading at the Theme Park recovered, with a 4,2% increase in attendance marking a return to profitability of R2,2 million. The revitalisation programme launched last year is ongoing. R53 million was invested during the year in a 4-D cinema, retail outlets, additional food and beverage facilities and refurbishments. It is anticipated that the remaining developments and attractions, set to open by the end of April 2007, will maintain the Theme Park's positive growth trend.

The Apartheid Museum has steadily increased its profile, benefiting from a number of corporate sponsorships and charity partnerships as well as the successful roll-out of a school education programme.

Golden Horse Casino

Golden Horse Casino outperformed KwaZulu-Natal's growth in gaming revenue of 16,2% with revenue up 19,6% to R200,4 million. EBITDA of R91,9 million rose 25,4% from R73,3 million, with an improved EBITDA: Revenue ratio of 45,9%.

Renovations begun in 2006 included additional restaurants and entertainment facilities, the cost of which amounted to R6,3 million at year-end. The total cost at completion is expected to be R9,5 million. The casino currently hosts 450 slot machines and 25 tables.

Mykonos Casino

The Western Cape's high macro-economic growth was reflected in the casino's exceptional trading in 2006. The casino also benefited from increased residential development on the Western Cape's coast and ongoing expansion at Club Mykonos Resort.

A 26,3% increase in revenue to R105,3 million outshone the region's 14,2% growth. Higher EBITDA of R47,0 million represented an increased 44,6% margin on revenue. Exceeding all expectations, Mykonos Casino was the group's top performer.

Garden Route Casino

Garden Route Casino traded well with a 20,1% growth in revenue to R148,2 million from R123,4 million, exceeding regional growth of 14,2%. An 18,7% increase in EBITDA to R71,8 million reflected a healthy EBITDA: Revenue ratio of 48,4%.

The casino introduced 52 new slot machines to total 364, and added an extra three tables to the 13 already on the floor. This led to a marked increase in footfall. The casino intends installing in due course the remaining 48 slot machines of the total 100 approved by the Western Cape Gambling and Racing Board.

Growth was further driven by the opening in November 2006 of the adjacent internationally acclaimed golf course. Construction of approximately 500 upmarket residences has started and will continue into the next financial year.

Goldfields Casino

Notwithstanding the new casino in Bloemfontein, trading at Goldfields Casino reflected pleasing growth with an increase of 9,1% in revenue to R94,0 million. EBITDA of R45,3 million represented a 48,2% margin on revenue.

Subsequent to the award of a permanent casino licence by the Free State Gambling & Racing Board, Goldfields Casino received zoning permission and is currently converting from a temporary to a permanent casino. Once complete the casino will have 250 slot machines and

CEO'S REPORT (CONT.)

*"2006 was a year of considerable growth and consolidation.
2007 will be a year to build a further platform for future growth."*

nine tables on its floor. R61 million had been invested in the development at year-end and the construction of new facilities is ongoing. The entire development is due to be completed by August 2007 at a total cost of R102 million, which is being funded out of free cash flow and external debt. A positive impact on footfall is expected once the new conference facility, Salon Privé and additional restaurants are opened.

Silverstar

As announced on 10 November 2006 Gold Reef received approval for its acquisition, together with its BEE partner Akani Leisure Silverstar Holdings, of 100% of Silverstar which holds the seventh and final casino licence for Gauteng. In addition to this approval the Gauteng Gambling Board has also approved the termination of the management contract with Century Resorts Limited.

As Gauteng accounts for 44% of the SA gaming market Silverstar is well positioned to further benefit the group and reduce reliance on Gold Reef City.

Onsite development started in August 2006 and a management team has been appointed. The casino featuring 700 slot machines and 30 tables is set to open in the first quarter of 2008 and will offer smoking and non-smoking gaming facilities and a Salon Privé. Non-gaming facilities will include seven restaurants, a conference venue, hotel and spa as well as bars and other entertainment facilities.

Capital expenditure amounted to R70,6 million at year-end. A further R1,13 billion is expected, bringing the total anticipated cost to R1,2 billion which will be funded primarily by external debt.

LITIGATION

In 2006 Gold Reef instituted legal proceedings against M-Net and Carte Blanche to recover damages. The claim is due to be heard towards the end of 2007.

Widgetrade 205 (Proprietary) Limited holds an option to increase its shareholding in Garden Route to 25,1%. The exercise price of the option was fixed until 28 February 2007 at R36,4 million. Thereafter the exercise price is increased to the fair value of the shares acquired. Kovacs 838 (Proprietary) Limited sent a letter notifying Gold Reef of its intention to exercise the option on 27 February 2007 and deposited R36,4 million into Gold Reef's bank account. Gold Reef is disputing Kovacs 838 (Proprietary) Limited's right to exercise the option granted to Widgetrade 205 (Proprietary) Limited.

OUTLOOK

2006 was a year of considerable growth and consolidation. 2007 will be a year to build a further platform for future growth.

The group's BEE transaction (*see Directors' Report - 'Post Balance Sheet Events'*) has positioned Gold Reef positively and is expected to enhance future business opportunities and to create long-term financial benefits for Gold Reef and its shareholders. Increased exposure to the individual operations through stakes of up to 100%, bodes well for future bottom-line growth. Gold Reef further expects the consolidation to strengthen our balance sheet leading to a more effective utilisation of gearing, which will be earnings-enhancing going forward.

With one new Gauteng casino licence under our belt and two ongoing bids the group has positive growth prospects. The application in Sasolburg remains subject to challenge from Emerald Casino. Capital investment of approximately R95 million will be made in Queenstown to introduce 180 slot machines and six tables as well as non-gaming facilities such as restaurants, a hotel, sports bar and conference venue.

WORD OF THANKS

I would like to thank Gold Reef's employees, the general managers of each of the group's operations, their management teams, our business advisors and service providers for their invaluable contribution to the group's outstanding results. It is a privilege to lead such an exceptionally dedicated team.

I look forward to working together to deliver ongoing growth.

Steven Joffe
CEO

"With one new Gauteng casino licence under our belt and two ongoing bids the group has positive growth prospects."

Gold Reef City Casino
Johannesburg - Gauteng

EMPLOYEES

EMPLOYMENT EQUITY

Gold Reef views employment equity as a business imperative. In an effort to redress past disadvantages in employment and ensure equitable representation in all occupational categories and levels, a formal EE policy is in place. This seeks to eliminate any discriminatory barrier or practice that prevents an employee from enjoying the fundamental opportunities, rights, benefits and privileges accorded to any other employee within the group. The policy further sets out the group's commitment to achieving an employment status that fairly represents the demographics of the country as well as of the regions in which its operations are located.

The EE committees at each of the operations, in conjunction with the relevant Human Resources Managers and Heads of Department, are responsible for continually monitoring progress in terms of set EE targets. To this end quarterly EE reports are tabled at committee meetings detailing progress against targets as well as corrective recommendations on EE implementation. EE plans from each of the operations have been submitted to the Department of Labour and each of the operations is on track to meet its targets, which in many cases exceed regulated industry transformation benchmarks.

The group is pleased to be making significant strides towards meeting the requirements of the DTI Codes with regard to EE. Progress is evidenced in the table below:

TOTAL EMPLOYEES	PROJECTED	ACTUAL	ACTUAL	ACTUAL	ACTUAL
	2007 %	**2006** **%**	2005 %	2004 %	2003 %
Asian	7	**6**	5	5	6
Black	65	**66**	66	66	66
Coloured	14	**13**	13	13	13
White	14	**15**	16	16	15
Female	44	**44**	43	44	42
Total HDI	**92**	**91**	**91**	**91**	**91**
Broken down as follows:					
Senior management					
Asian	10	**8**	6	7	11
Black	14	**11**	8	6	4
Coloured	3	**2**	2	2	2
White	73	**79**	84	85	83
Female	28	**29**	26	23	28
Middle and junior management					
Asian	16	**15**	13	2	1
Black	44	**39**	38	39	37
Coloured	11	**10**	10	9	7
White	29	**36**	39	50	55
Female	40	**38**	37	40	41
Supervisory					
Asian	8	**8**	7	8	9
Black	64	**62**	62	61	64
Coloured	13	**11**	13	17	5
White	15	**19**	18	14	22
Female	41	**41**	42	43	42
General staff					
Asian	4	**3**	4	5	6
Black	72	**75**	74	73	71
Coloured	16	**14**	13	13	15
White	8	**8**	9	9	8
Female	47	**48**	45	45	43

Wherever possible the group recruits and promotes internally and relevant training is provided to help identify and fast-track suitable HDI candidates. Where the operations have identified any barriers to the implementation of EE, action policies to overcome these have been implemented. New opportunity for the promotion and advancement of HDI candidates will be presented by Silverstar with new positions created as well as vacancies opened at existing operations after relocation of personnel to Silverstar. All external recruitment advertisements state the group's EE policy and preference continues to be given to HDIs within the relevant merit and qualification requirements.

Where applicable recruitment drives are aimed at specific designated groups in terms of the individual casino's EE policies and as required by the relevant gaming boards. Where necessary training is provided to unskilled employees from these designated groups to facilitate their employment.

Employees are kept informed of EE developments through a number of means including departmental and general staff meetings, workplace fora, notice board memos and email. Some of the operations further conduct diversity training programmes as part of their induction to facilitate understanding of EE and policies.

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

SKILLS DEVELOPMENT AND TRAINING

The group's commitment to continued growth is evidenced by the training and development courses made available to its staff throughout the year. The courses covered both professional and personal growth to improve competency levels and encompass the varied needs of the staff.

To maintain service excellence and keep pace with changing industry requirements and practices, professional skills were enhanced by compliance courses dealing with FICA regulations, money laundering, table dealing and responsible gaming. Further courses specific to the gaming industry included CHEAT and currency training which equipped employees to recognise cheating practices on the tables.

Computer and communication skills, management development, customer service, labour law, whistle-blowing, life skills and VIP payroll training reflects the diversified course content. Notably over 82% of course participants at the remaining operations were HDIs, with the exception of Mykonos Casino where the figure was 67%.

Across the group employees were encouraged to further their personal education with incentives including bursaries and study loans for courses ranging from advanced skills training to professional qualifications and advanced degree courses such as an MBA. Setting an example for the group, all of Gold Reef City Casino's subsidy beneficiaries were HDIs.

SUCCESSION PLANNING

Gold Reef is committed to constructive succession planning and has various development programmes in place. Potential employees marked by exceptional performance are selected from the group's operations. Training courses and career development assessments are utilised to identify suitable succession candidates. Their leadership skills are enhanced and they are equipped with the expertise necessary at senior management level through a combination of internal training, mentoring and management courses. Specific emphasis is placed on facilitating the advancement of HDIs in this regard.

Mykonos Casino, Goldfields Casino and the Theme Park continued to implement established succession planning policies. Golden Horse Casino introduced supervisory and development workshops during 2006 to facilitate succession planning and in the year ahead will launch career development workshops. During 2006 Garden Route Casino focussed on developing the leadership skills of supervisors and middle managers with a particular emphasis on HDIs.

Gold Reef City Casino introduced the Middle Management Development Programme, a higher level programme than the Foundation Management Development Programme previously launched in 2005. This programme is aimed at developing the managerial skills of managers from shift manager level upwards. Towards the end of the year, Gold Reef City Casino further introduced an exciting training programme for Heads of Department which integrates internal learning modules with those offered by the Gordon Institute of Business Science. The group intends to make this course available to management at all operations during the year ahead.

EMPLOYEE PARTICIPATION

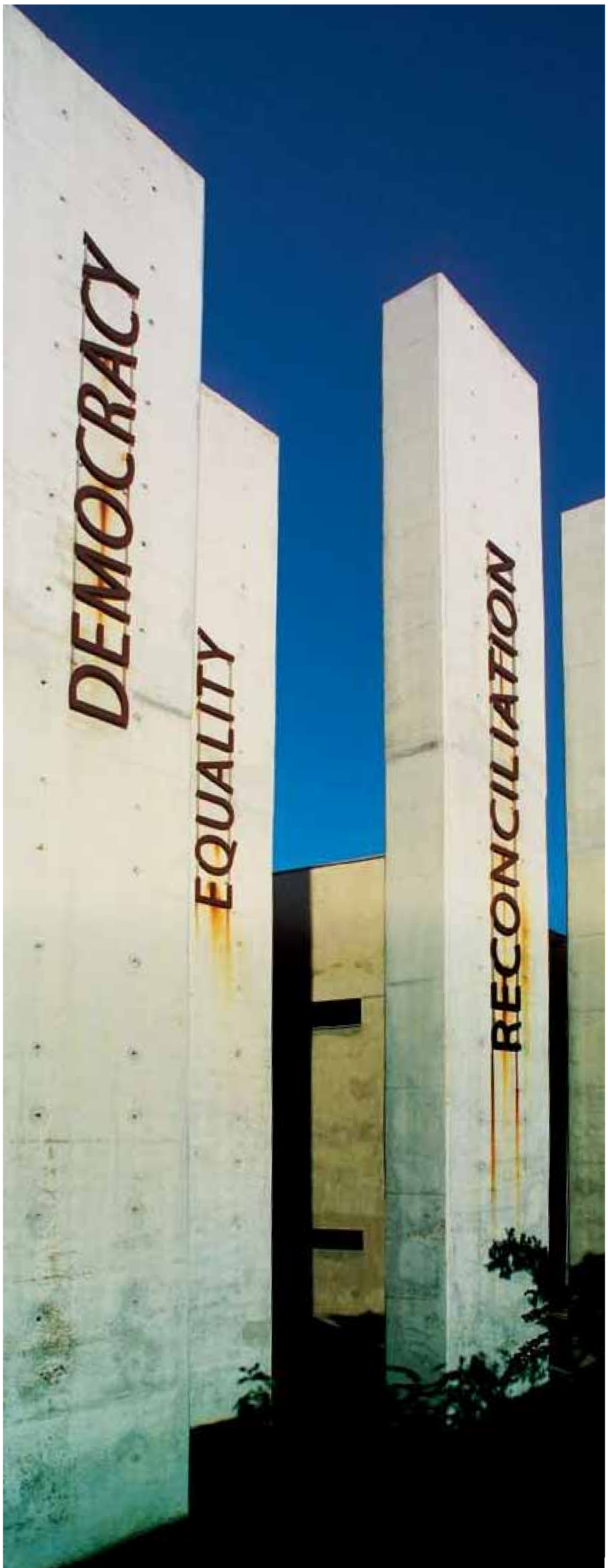
Employee participation in the ownership of the group is facilitated through the Gold Reef Share Scheme, details of which are set out in the Directors' Report. Open communication and employee participation in decision-making processes are encouraged throughout the group.

HEALTH AND SAFETY

Gold Reef's health and safety principles are integrated into its broader business processes. Procedures are in place at all the group's operations to mitigate any risks identified during visits by the internal auditors.

Employees are equipped to address health and safety through training in fire fighting, first aid and evacuation procedures. As a result of the training courses combined with the safety and control measures put in place during the year, only minor incidents were reported by all the casinos. To prevent the recurrence of similar accidents and injuries immediate action was taken and appropriate further training was conducted where necessary.

EMPLOYEES (CONT.)



South African Apartheid Museum
Johannesburg - Gauteng

Gold Reef City Casino conducts self audits to assess health and safety programmes. Safety representatives conduct monthly inspections in order to identify deviations which are then discussed at Safety, Health and Environment ("SHE") committee meetings. As a result a number of procedures have been developed such as safe disposal, handling and storage of fluorescent tubes, safe medical waste disposal and hazard identification. Garden Route Casino elected and trained a Health and Safety Committee during the year while Mykonos Casino's Compliance and Security Manager underwent the relevant training to manage and monitor all risks on the premises. Health and safety issues form part of Goldfields Casino's internal security department's daily functions.

In past years Golden Horse Casino has been awarded a 5 Platinum Star Rating by the National Occupational Safety Association ("NOSA"). Since NOSA changed management in 2006 the casino has conducted annual self audits to ensure it maintains the same high level of SHE compliance.

In all international theme parks the safety of visitors is of paramount importance and the Theme Park subscribes to ADIPS, the internationally accredited safety standard. This inspection regime has been established and incorporated into legislation in the UK and in parts of Europe. Authorised representatives from the UK visit the Theme Park on at least four different occasions during the year conducting structural and mechanical inspections, amongst others, on the Theme Park's rides and equipment. All proposed improvements are scrutinised on the annual inspection to ensure that adequate measures have been introduced. In addition all the Theme Park's rides are regulated by the relevant local government departments, whose reports also affirm the safety of the rides.

On-site clinics, where available, attend to the medical needs of staff and patrons.

HIV/AIDS

Gold Reef acknowledges the HIV/AIDS challenge and the group's response to the pandemic is grounded in its formal HIV/AIDS policy, which protects the rights of infected employees and codifies procedures for early ill-health retirement. The operations continued programmes for workplace awareness and employee assistance during the year. Employees were educated on HIV/AIDS related issues such as transmission and prevention. They were also informed on the procedures following positive HIV test results to reassure them of the group's non-discrimination policy in this regard as well as the confidential manner in which all testing disclosures are handled.

Wellness programmes to ensure ongoing support and monitoring were provided at a number of the group's operations and counselling was offered where required. Many of the operations contracted external consultants including the Family Life Centre, Careways Group, FAMSA, Soul City and Dibanani (occupational health care specialists) to add to the standard awareness programmes and employee assistance provided.

Additional initiatives included posters, pamphlets and the distribution of condoms. Certain of the group's operations also held awareness campaigns to coincide with international World AIDS Day.

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

Every employee of the group is expected to subscribe to the formal Code of Ethics which stipulates the group's commitment to the highest standards of corporate governance and compliance with the laws of SA, including common law and regulations laid down by the national and regional gambling boards. The Code sets out guidelines for honest and integrous conduct and fair business practices. It also provides for ensuring that independent judgement is not compromised by a conflict of interest and that marketing follows responsible gambling guidelines. A commitment to transparent, timely and reliable communication internally and with outside stakeholders is codified.

Employees have been educated about the responsibility of reporting any actual, perceived or potential violation of the Code to management. In order to facilitate this process the group has established a 'whistleblowers' hotline that is independently operated to protect confidentiality and anonymity. Whistle-blower courses explaining the importance of the practice and the professional and ethical way in which it should be managed are attended by staff.

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

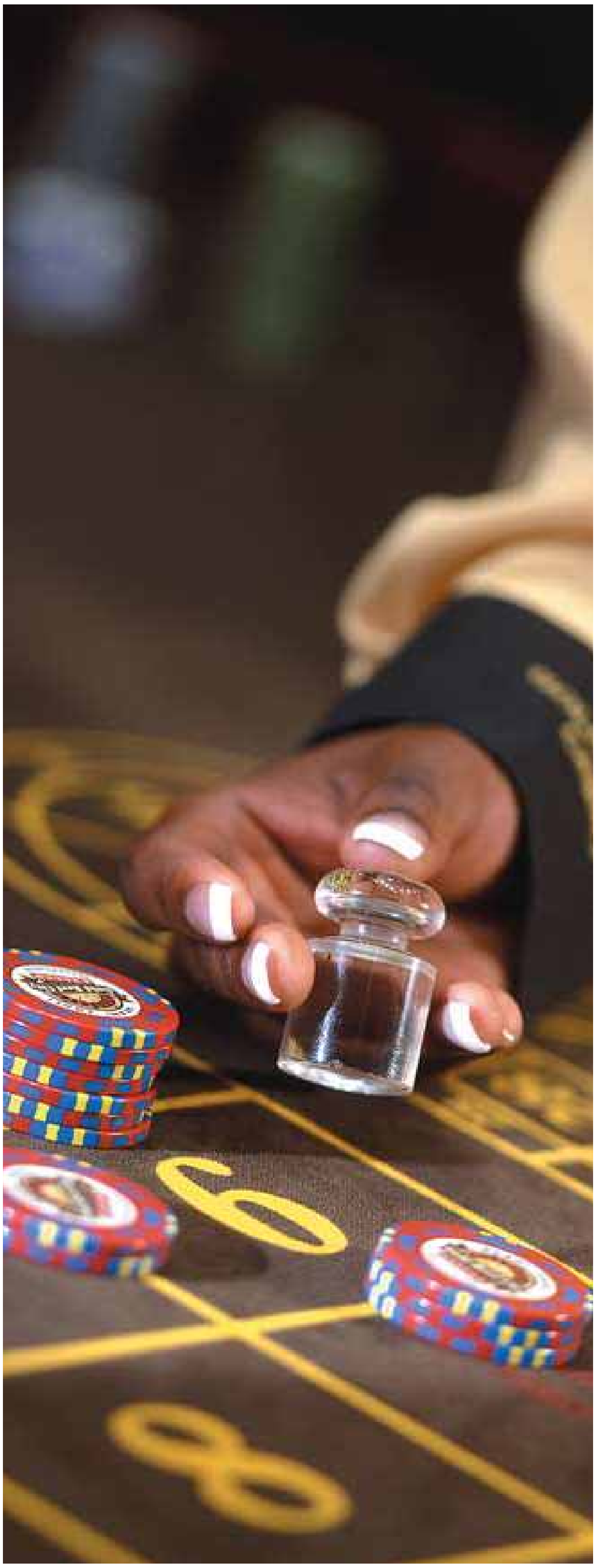
THE ENVIRONMENT

The group is committed to the preservation and conservation of the environment. Where applicable all reasonable steps are taken to protect indigenous flora and fauna onsite and to remove invasive alien vegetation.

All the operations follow the local government regulations regarding the implementation of environmentally sensitive policies as well as the minimum requirements outlined by the Department of Water Affairs. Paper, glass and cardboard recycling policies are in place and the operations further ensure the proper handling and disposal of hazardous material to prevent contamination or pollution. Where required registered third-party suppliers are contracted to ensure the safe removal of hazardous waste such as paint, solvents and fluorescent tubes.

Gold Reef City Casino has waste recycling policies in place and follows set procedures for handling, storing and disposing of hazardous waste. In the year ahead the casino will conduct water saving awareness training with all employees. It also intends conducting an independent environmental risk assessment to further enhance its policies and procedures.

Mykonos Casino conducts regular inspections to help identify water leaks and ensure maintenance and repair work is carried out timeously to conserve water. Golden Horse Casino, Goldfields Casino and the Theme Park conduct annual environmental risk assessments and inspections. During 2006 Golden Horse Casino identified lighting



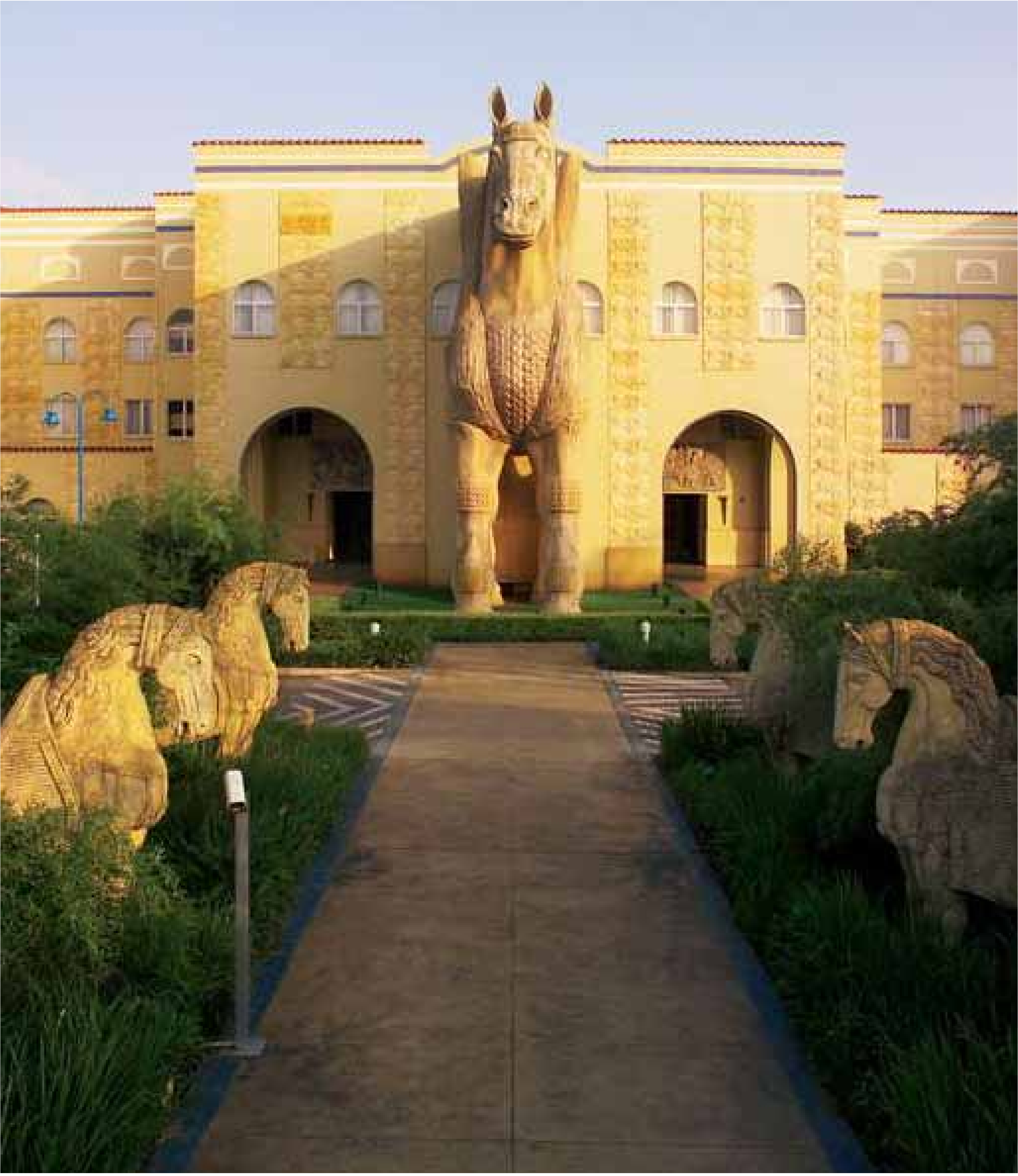
consumption as an area for further resource conservation and started the roll-out of electronic ballasts. The operations further monitor and minimise excessive electricity and water consumption by logging monthly consumption reports and through the use of energy saving light bulbs.

Of the group's operations only Garden Route Casino is located in an environmentally sensitive area. The casino has a dedicated environmental committee which is responsible for monitoring the operation's impact on the region. As part of its original agreement with the Mossel Bay Municipality, Garden Route Casino has set aside and maintained a protected fynbos reserve.

Silverstar has an established relationship with the Walter Sisulu Botanical Gardens. The construction process incorporates the measures detailed in the environmental management plan as agreed with the Gauteng Department of Environment and Conservation.

All of the operations strictly adhere to current smoking legislation.

Mykonos Casino
Langebaan - Western Cape



Golden Horse Casino
Pietermaritzburg - KwaZulu-Natal

CORPORATE GOVERNANCE REPORT

The directors of Gold Reef are committed to a sound corporate governance process as contained in the Code of Corporate Practices and Conduct set out in the King II Report. The directors continually monitor compliance with best-practice corporate governance to ensure ongoing improvement of operational and corporate practices and that the affairs of the group are conducted with transparency and integrity.

THE BOARD

The board comprises nine directors, of which six are non-executive directors in line with the King II Report, and three alternate non-executive directors. The directors are set out on pages 8 and 9 of the annual report.

The roles of the non-executive Chairman and CEO are strictly separated. The clear division of responsibilities is echoed across the board and ensures a balance of authority which precludes any director from exercising unfettered powers of decision-making. Non-executive directors provide objectivity and independence in board deliberations and internal decision-making processes and are not involved in the day-to-day operations of the group. Executive directors implement operational decisions through management. The directors are cognisant of the need to increase the number of independent directors and are involved in an ongoing process to identify appropriate candidates.

The 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. It provides the board with a mandate to exercise leadership, determine the group's vision and strategy and monitor operational performance.

The board meets at least quarterly with additional meetings convened where necessary. Directors are comprehensively briefed in advance of board meetings and are provided with all necessary information to enable them to discharge their responsibilities. A table of directors' attendance at board meetings is set out in the Directors' Report.

In terms of the Articles of Association directors are subject to retirement by rotation and re-election at least once every three years. Details of directors retiring and offering themselves for re-election at the upcoming annual general meeting are set out in the Directors' Report. Directors' remuneration is disclosed in detail in the Directors' Report and in Note 34 to the annual financial statements.

All directors have unrestricted access to the advice and services of the company secretary and to company records, information, documents and property. Non-executive directors also have unfettered access to management at any time. All directors are entitled, at Gold Reef's expense, to seek independent professional advice on any matters pertaining to the group where they deem this to be necessary.

BOARD PROCESSES

New appointments

New board appointments are considered by the board as a whole taking into account a blend of skills and experience as well as concerns such as diversity. In terms of Gold Reef's Articles of Association new directors hold office until the next annual general meeting at which their appointment must be confirmed/ratified by shareholders. An informal induction programme is in place which includes introductions to key senior management and site visits. New appointments 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 implementing this induction programme which also sets out the new director's responsibilities and fiduciary duties, as well as advises on the relevant statutory and regulatory framework.

Ongoing corporate governance education

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

Conflict of interests

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

Share dealing

A group-wide share trading policy is in place whereby all directors and other employees who have access to financial results and any other price-sensitive information are prohibited from dealing in Gold Reef shares during 'closed periods' as defined, or while the company is operating under cautionary. These employees are expressly informed when the group is entering a 'closed period' and that dealing in Gold Reef 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 Charters.

The chairmen of the committees or another committee member nominated by them, attends the company's annual general meeting.

Audit and risk committee

The audit and risk committee comprised three non-executive directors at year-end and was chaired by AJ Aaron. During the year the committee met three times, which the directors believe is sufficient for the purposes of discharging the committee's responsibilities. Additional special meetings are convened as and when required. The CEO, FD, Group Internal Audit Manager and external auditors are invited to attend every meeting and management members attend as required.

The audit and risk committee is responsible for reviewing the interim and annual results and ensuring that an effective control environment is maintained by considering accounting, auditing, financial reporting and internal control matters. The committee further evaluates the internal audit mandate, plan and activities and monitors proposed changes to accounting policies as well as advises on the accounting implications of major transactions. Additional responsibilities include recommending the appointment of the external auditors, evaluating the external auditors' independence and plan as well as reviewing the group's compliance with the King II Report and JSE Listings Requirements.

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

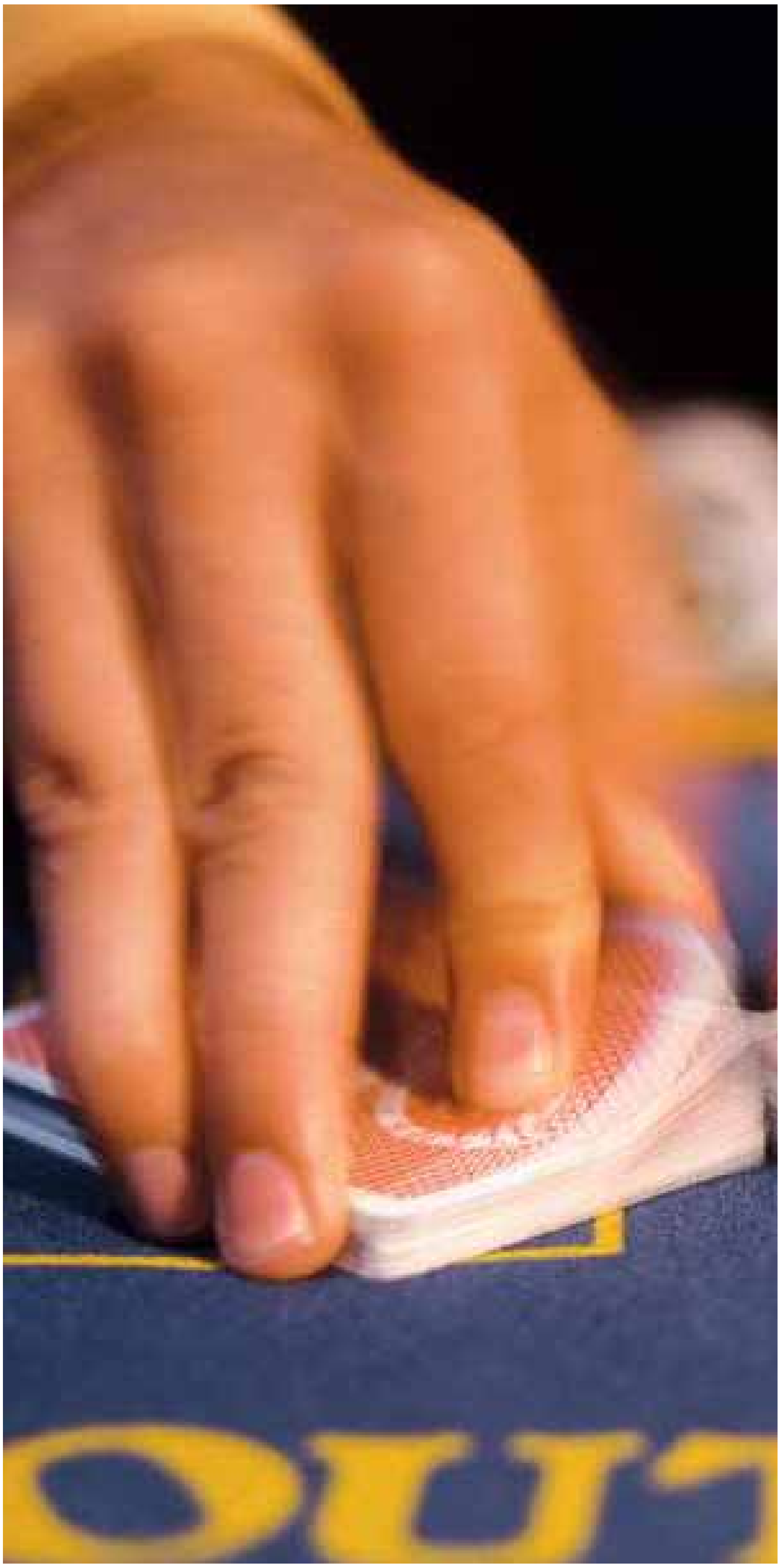
Separate audit committees are in place at Akani Egoli, Akani Msunduzi, West Coast Leisure, Garden Route Casino and Goldfields Casino. These committees comply with the standards and practices set by Gold Reef's audit and risk committee. The internal audit manager and the external auditors of each of these companies report their findings to Gold Reef's audit and risk committee.

The committee conducts self-evaluation exercises as set out in its Charter. Findings and recommendations are then reported to the board.

Remuneration and nominations committee

The remuneration and nominations committee is chaired by non-executive Chairman M Krok and comprised a further two non-executive directors at year-end. The committee met three times during the year. The Charter tasks the committee with determining the terms of employment and remuneration of the company's executive directors and senior management, including an assessment of specific reward proposals and an evaluation of performance.

The committee recommends a remuneration strategy for the group for approval by the board. In doing so it takes all factors and circumstances into account, benchmarking remuneration against market trends. An incentive component forms part of the remuneration packages to ensure performance delivery against key objectives and



alignment with shareholder interests. Bonus parameters are set out in the Charter.

The performances of the CEO and other senior executives are assessed three times a year by the committee as a precursor to evaluating appropriate remuneration. The three executive directors of the company have agreed contracts of employment with Gold Reef. Further information in this regard is set out in Note 34 to the annual financial statements. 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 34 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 functions. 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

External audit

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

Internal audit

The group's internal audit function is housed in Akani Egoli and seconded to Gold Reef, 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 Gold Reef audit and risk committee meetings and has direct access to the chairman of the audit and risk committee. Unrestricted consultation is encouraged between the internal audit function and directors, management and Gold Reef's external auditors.

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.

The internal audit function 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.

INTERNAL CONTROLS AND RISK MANAGEMENT

The board is responsible for the group's systems of internal control and risk management. These systems of internal control are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard and maintain accountability of the group's assets. These systems provide reasonable but not absolute assurance regarding the safeguarding of assets against unauthorised disposal or use, compliance with statutory laws and regulations and the maintenance of proper accounting records as well as the adequacy and reliability of financial information.

The group's systems of internal control are further designed to detect and minimise significant fraud, potential liability, loss and material misstatement. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. The system is therefore designed to manage rather than eliminate risk of failure and opportunity risk.

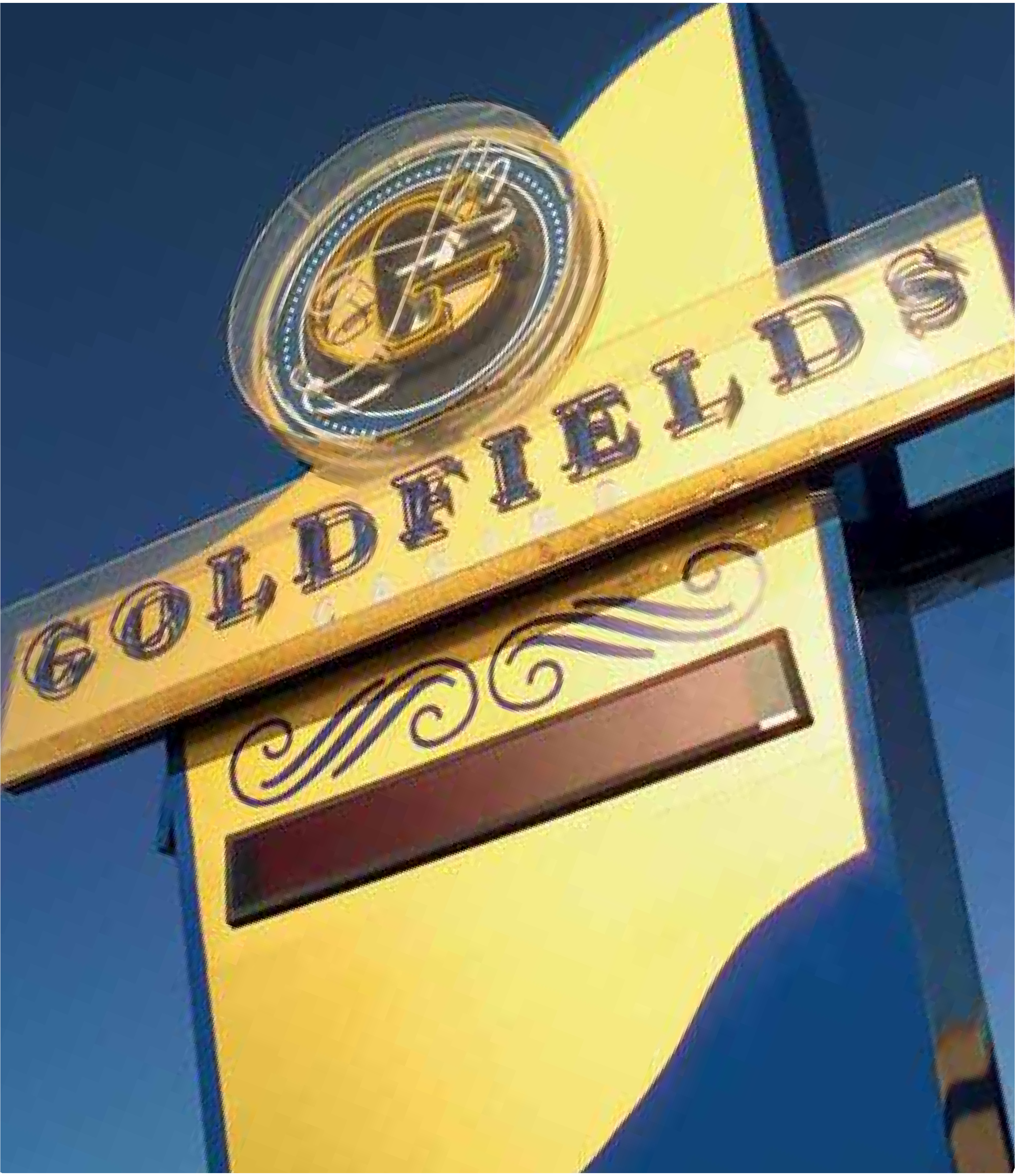
The audit and risk committee reports to the board which is responsible for assessing the risks that are continually identified through the risk management process. Together with the audit and risk committee, the board monitors the implementation of the appropriate risk management strategies throughout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

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

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

DISCLOSURE STATEMENT

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



Goldfields Casino
Welkom - Free State

CORPORATE SOCIAL RESPONSIBILITY

BEE

The group is supportive of broad-based BEE and has consistently remained committed to increasing BEE beneficial shareholdings to at least 25,1%. Post year-end the group achieved this milestone of empowerment at group level and at the same time increased its exposure to its existing operations in line with its objective of consolidating its gaming platform (*see Directors' Report - 'Post Balance Sheet Events'*).

An overview of Gold Reef's progress towards complying with the DTI Codes outlined below:

DTI CODE	PROGRESS
Ownership	• The BEE transaction (*see Directors' Report - 'Post Balance Sheet Events'*) meets the requirements of the Ownership Code with regard to voting rights, economic interest and realisation and substantially increases the group's score in this regard
Management Control	• The BEE transaction (*see Directors' Report - 'Post Balance Sheet Events'*) assists the group in substantially meeting the requirements of the Management Control Code in terms of black board representation at executive and non-executive levels • Continued progress is being made in the transformation of top management at operating level
Employment Equity	• Group operations are on track to exceed targets in the majority of the categories determined by the DTI Codes
Skills Development	• Comprehensive skills and development programmes are in place (*see Employees - 'Skills Development and Training'*) • Continued tailored training for unskilled employees from designated groups is provided at operating level
Preferential Procurement	• BEE procurement spend is measured on an ongoing basis and currently exceeds the set targets of the relevant gaming boards at each operation (*see 'Preferential Procurement' below*)
Enterprise Development	• The requirements of the relevant DTI Code have been reviewed to identify the best way that existing CSI commitments can be used to further the goals of the DTI Code and meet the requirements of qualifying expenditure in the year ahead
Socio-economic Development	• The requirements of the relevant DTI Code have been reviewed to identify the best way that existing CSI commitments can be used to further the goals of the DTI Code and meet the requirements of qualifying expenditure in the year ahead

Preferential Procurement

The group is committed to affirmative procurement and formalised procurement targets for goods and services are in place at all operations, with an emphasis on supporting HDI businesses that are local to the region concerned. Procurement from BEE firms is in particular emphasised for non-casino specialised services as casinos are compelled by regulation to use companies licensed as casino suppliers for casino-dedicated services and goods, irrespective of their BEE status.

Each of the operations' affirmative procurement targets are included in the original bid commitments to the gaming authorities and progress against these targets is monitored. All of the group's operations continued to exceed their targets during the year. Gold Reef City Casino and Goldfields Casino achieved 40% procurement from BEE firms over their targets of 25% and 30%, respectively. Golden Horse Casino continued to procure 60% of non-casino specialised services from BEE suppliers during the year. Mykonos Casino also exceeded its 25% procurement target in each quarter and further entrenched the principle of affirmative procurement with all staff who are authorised to make purchases. Garden Route Casino exceeded its 35% target with actual procurement from BEE companies at 37%.

RESPONSIBLE GAMING

Gold Reef provides gaming services in conformity with the country's legislation and gambling regulations and assists the government in the management and mitigation of problem gaming. The group operates within the legal framework of the NRGP as set out in the National Gaming Act, 7 of 2004 ("the Act"). The Act addresses compulsive and problem gaming with the integration of research and monitoring, public education and awareness, training, treatment and counselling. In addition, the Act demands stricter procedures for granting credit and enforcing the payment of gambling debts.

The NRGP is supervised by the South African Responsible Gambling Trust ("SARGT"), a public/private sector partnership involving government regulators and the industry. Gold Reef is an active participant in SARGF which has an extensive public advocacy campaign to promote responsible gaming, including Africa's first education campaign aimed at adolescents and senior citizens. The NRGP’s 24 hour tollfree counselling line is operated by dedicated, skilled and experienced treatment professionals. The helpline is needs-driven and offers multilingual counselling and treatment to problem gamblers in 34 towns and cities across South Africa. Since its inception in 2000 over 100 000 calls have been received - of which 10% are calls from people seeking assistance.

Gold Reef's commitment to responsible gaming is reinforced by its communication and promotional material which all carry the NRGP's responsible gaming message and its tollfree helpline number. In line with minimum legal age requirements, no models that are or appear to be below the age of 18 are featured in the group's advertising and marketing material. All of the casinos' external advertising including radio, television and print complies with the relevant gaming legislation and adheres to NRGP and CASA requirements. The casinos' below and above the line advertising campaigns reflect accepted contemporary standards of good taste and are consistent with principles of dignity and integrity.

To further ensure compliance extensive staff training takes place at all operations and the responsible gaming signage is prominently displayed at all casinos.

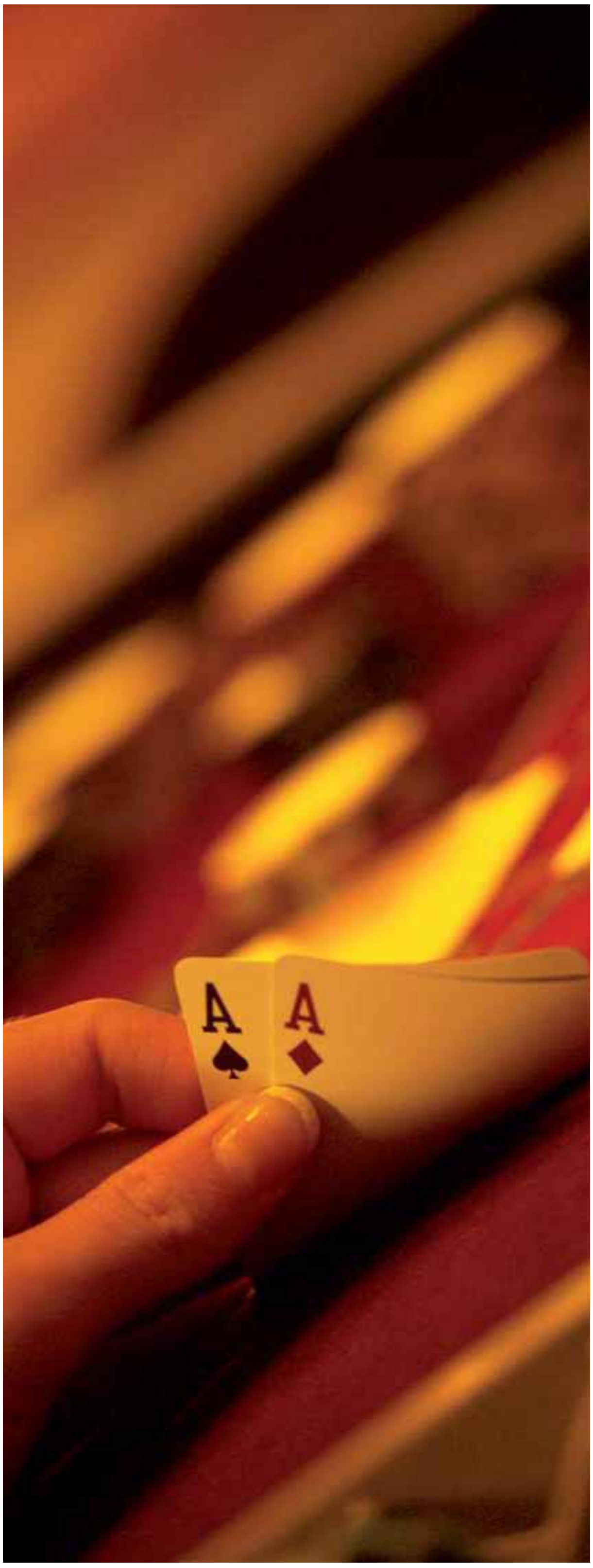
STAKEHOLDER COMMUNICATION

Gold Reef is committed to facilitating transparent, two-way communication and conveying timeous, accurate information to all stakeholders and investors.

The role of the group's stakeholder communication function is to inform the relevant parties of the company's strategic direction, future developments and the execution of planned activities in line with the strategic business plan. Any changes affecting the group structure such as BEE shareholding or ownership of operations are also clearly communicated to all stakeholders.

The CEO and FD communicate with shareholders, institutional investors and analysts on a regular basis and interact with the financial press to try to ensure accurate reporting for the public. The company's financial results and announcements are published on SENS and in the mainstream press in line with the JSE Rules and Regulations. This documentation is directly disseminated to shareholders who are also encouraged to attend the annual general meeting to voice their opinions in constructive interaction with the board and chairman.

As internal communication is an integral part of the business, the group encourages an open door policy. Tools such as regular departmental and general staff meetings, fora, newsletters, memos and suggestion boxes are used to filter information and enhance the interpretation of messages. The synergy between the business and its communication function ensures operational efficiency, improves the level of employee satisfaction and ultimately supports the group's performance.



Garden Route Casino
Mossel Bay - Western Cape

CORPORATE SOCIAL INVESTMENT ("CSI")

Gold Reef's commitment to social and community upliftment and empowerment is manifested in contributions to a diverse range of community projects. The group's social investment policy is decentralised and similar policies are in place at each of the operations.

GOLD REEF CITY CASINO & THEME PARK

Akani Egoli Management acts as the conduit for Gold Reef City Casino's and the Theme Park's support of community upliftment. Entrance to the Theme Park was sponsored for underprivileged children throughout the year in terms of day excursions co-ordinated with a number of children's homes and foster centres across the country.

Other charitable beneficiaries of Akani Egoli Management during the year included:

- Soweto schools (Tau Pedi, Prudence and Ithuleng) which benefited from sponsored soccer facilities;
- Soweto Home for the Aged;
- He'atid - sponsorship of HDI's to attend leadership education programmes;
- Project Smile - a charity trust for the aged;
- FH Chamberlain Trading - an Orange Farm township project which includes a college and a workshop for the disabled in the area;
- Breast Health Foundation; and
- Vincent Tshabalala Education Trust.

GOLDEN HORSE CASINO

Golden Horse Casino also makes use of its management company, Akani Msunduzi Management, for the allocation of CSI. Beneficiaries during 2006 included:

- The Careways Group - an organisation that provides counselling to employees with HIV/AIDS;
- CHOC - a centre for children afflicted with cancer; and
- An educational science centre.

In addition the casino made donations to other beneficiaries such as:

- Lifeline PBM - a rape and AIDS crisis centre;
- Pietermaritzburg and District Council for the Aged; and
- KZN Wildlife.

MYKONOS CASINO

Mykonos Casino donates 5% of its audited pre-tax profits to the West Coast Community Trust ("WCCT"), which was established with the primary objective of providing education assistance to the local community. The WCCT's trustees are responsible for identifying beneficiaries and distributing the funds to the relevant beneficiaries.

On request of the casino's board of directors the WCCT provides regular written reports in order to ensure the selection of credible beneficiaries and a valid motivation for selection.

Other beneficiaries of Mykonos Casino during the year included:

- Langebaan Animal Centre;
- P.L.A.Y - a local movement to raise funds for equipment in local parks;
- Sonskyn Day crèche; and
- ten local schools.

In addition the casino supported various local charity golf days for needy causes.

GARDEN ROUTE CASINO

Garden Route Casino grants 1% of its revenue to a local community trust which manages the donations and ensures that money is allocated to local projects such as AIDS hospices and to recreational development programmes. Casino staff participated in the distribution of entertainment and learning aids to many of the surrounding schools, pre-schools and crèches.

GOLDFIELDS CASINO

In terms of its temporary licence agreement Goldfields Casino has committed to investing R1 million in community facility development within three years of opening. This condition will change once the casino's permanent licence comes into effect.

The Community Trust Fund supported the following beneficiaries during the year:

- House of Joy - a house for abandoned children;
- SANCA, an organisation offering both prevention and treatment programmes for substance abusers;
- Lesedi Mohau development centre;
- Rural outreach programmes; and
- local government's Vulnerable Schools Project.

During the year the casino further supported a number of causes and organisations including:

- Animal Welfare;
- CANSA;
- Child welfare centres;
- Education institutions;
- Sport development; and
- Care of the elderly.

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' STATEMENT OF RESPONSIBILITY
DECLARATION BY COMPANY SECRETARY

DIRECTORS' STATEMENT OF RESPONSIBILITY

The directors are responsible for the preparation, integrity, and fair presentation of the financial statements of Gold Reef and its subsidiaries. The financial statements presented on pages 35 to 77 have been prepared in accordance with IFRS, and include amounts based on judgements and estimates made by management.

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

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

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

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company and the group. The group's external auditors, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on page 34.

The financial statements were approved by the board of directors on 16 March 2007 and are signed on their behalf by:

SB Joffe
CEO

JS Friedman
FD

Johannesburg
16 March 2007

DECLARATION BY COMPANY SECRETARY

I declare that to the best of my knowledge the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the South African Companies Act, 1973 and that all such returns are true, correct and up to date.

CRT Paul *CA(SA)*
Company secretary

Johannesburg
19 March 2007

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD REEF RESORTS LIMITED

We have audited the annual financial statements and group annual financial statements of Gold Reef Resorts Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 31 December 2006, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 77.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company and of the group as of 31 December 2006, and their financial performance and their cash flows for the year then ended in accordance with IFRS, and in the manner required by the Companies Act of South Africa, 1973.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: NL Forster Registered Auditor

Johannesburg
19 April 2007

DIRECTORS' REPORT

For the year ended 31 December 2006

NATURE OF BUSINESS

Gold Reef 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 Casino; West Coast Leisure which operates Mykonos Casino; Garden Route Casino which operates Garden Route Casino; Goldfields Casino which operates Goldfields Casino and Silverstar which is in the process of developing the Silverstar Casino.

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

Gold Reef 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.

No final dividend has been declared pending the fulfilment of the conditions precedent as set out in the announcement relating to the BEE transaction issued on 9 March 2007. A further announcement in this regard will be made by Monday 30 April 2007.

SHARE CAPITAL

On 1 January 2006 the authorised share capital of the company comprised 590 000 000 ordinary shares of which 220 602 659 were issued.

No shares were issued during 2006. At 31 December 2006 the aggregate number of ordinary shares in issue was accordingly 220 602 659. The company's unissued shares have been placed under the control of the directors until the forthcoming annual general meeting.

Treasury shares held by the group on 1 January 2006 numbered 14 427 602 (1 January 2005: 14 427 602). During the year the group purchased no further treasury shares (2005: Nil). At year-end treasury shares held by the group numbered 14 427 602 (year-end 2005: 14 427 602).

Gold Reef shares held by the share scheme on 1 January 2006 numbered 2 214 185 (1 January 2005: 100 000). During the year the share scheme purchased no further Gold Reef shares (in 2005 the share scheme purchased 2 114 185 shares). At year-end Gold Reef shares held by the share scheme numbered 2 214 185 (2005: 2 214 185).

DIRECTORATE

The directors of the company at the date of this annual report are set out below. The number of board and committee meetings attended by each of the directors during the year 1 January 2006 to 31 December 2006 is indicated below, with the number in brackets reflecting the total number of meetings held during this period.

DIRECTOR	BOARD MEETING	AUDIT AND RISK COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE
AJ Aaron*++°	3 (4)	3 (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)	2 (3)
S Krok**	0 (4)	- -	- -
J Leutgeb*+°“	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 + Audit and Risk Committee ++ Audit and Risk Committee Chairman +++ Resigned from the Audit and Risk Committee during the year*
° Remuneration and Nomination Committee °° Remuneration and Nomination Committee Chairman °°° Resigned from the Remuneration and Nomination Committee during the year
“ Austrian Citizen

In terms of the Articles of Association AJ Aaron, RJ Khoza and J Leutgeb retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS

Information relating to the company's financial interests in its subsidiaries, joint ventures, associates and other investments is set out in Note 32 to the annual financial statements.

DIRECTORS' REPORT

For the year ended 31 December 2006

COMPANY SECRETARY

Subsequent to year-end JS Friedman resigned as company secretary and CRT Paul was appointed in his stead with effect from 19 March 2007. His business and postal addresses, which are also the company's registered addresses, are set out on page 79 of this annual report.

AUDITORS

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

DIRECTORS' SHAREHOLDING

DIRECTOR	BENEFICIAL				NON-BENEFICIAL			
	Direct		Indirect		Direct		Indirect	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
AJ Aaron	**10 000**	10 000	**-**	-	**-**	-	**62 365 033**	62 272 033
JS Friedman	**1 447 093^**	1 447 093^	**462 400#**	-	**-**	-	**-**	-
SB Joffe	**5 033 333“**	5 033 333“	**982 600#**	-	**-**	-	**102 048**	102 048
RJ Khoza	**16 800**	30 100	**170 000**	170 000	**-**	-	**-**	-
A Krok	**81 661**	81 661	**-**	-	**-**	-	**62 365 033**	62 272 033
M Krok	**2 063**	2 063	**15 585 569***	15 492 569*	**-**	-	**46 779 464***	46 779 464*
	-	-	**322 205**	315 205	**-**	-	**-**	-
MZ Krok	**-**	-	**-**	-	**-**	-	**-**	-
S Krok	**-**	-	**-**	-	**-**	-	**-**	-
J Leutgeb	**-**	-	**-**	-	**-**	-	**-**	-
C Neuberger	**850 000˜**	850 000˜	**-**	-	**-**	-	**-**	-
BJ Schutte	**-**	-	**12 064 267**	12 064 267	**-**	-	**-**	-
R Vierziger	**-**	-	**-**	-	**-**	-	**-**	-

* *Included in shareholding held non-beneficially by AJ Aaron and A Krok.*

^ *JS Friedman has a loan of R4 080 013 to the Gold Reef Share Scheme and 1 000 000 shares are pledged as security for this loan. Of his shares detailed above 416 667 are not yet available for sale.*

“ *SB Joffe has a loan of R9 148 737 to the Gold Reef Share Scheme and 3 333 334 shares are pledged as security for this loan. Of his shares detailed above 833 333 are not yet available for sale.*

˜ *C Neuberger has a loan of R3 494 661 to the Gold Reef Share Scheme and 850 000 shares are pledged as security for this loan. Of his shares detailed above 333 333 are not yet available for sale.*

\# *The exposure to this holding is via a shareholding in Little Swift Investments 465 (Pty) Limited.*

Between year-end and the date of this report RJ Khoza sold 16 800 shares as published on SENS on Tuesday, 20 March 2007.

DIRECTORS' AND OFFICERS' INTERESTS IN CONTRACTS

The interests of directors and officers in Gold Reef's contracts are set out in Note 31 to the annual financial statements.

DIRECTORS' REPORT

For the year ended 31 December 2006

DIRECTORS' REMUNERATION								
DIRECTOR	DIRECTORS' FEES	OTHER SERVICES	BASIC REMUNERATION	OTHER BENEFITS	RETIREMENT & MEDICAL	PERFORMANCE INCENTIVES	TOTAL	
	R	R	R	R	R	R	**2006 R**	2005 R
Executive								
Paid by the company								
JS Friedman	-	-	-	20 000	-	-	**20 000**	10 000
SB Joffe	-	-	-	20 000	-	-	**20 000**	10 000
C Neuberger	-	-	-	20 000	-	-	**20 000**	30 000
Paid by subsidiaries								
JS Friedman	-	-	939 002	14 000	160 998	1 100 000	**2 214 000**	1 750 000
SB Joffe	-	-	1 612 334	18 000	287 666	1 900 000	**3 818 000**	2 975 000
C Neuberger	-	-	1 344 000	14 000	-	1 344 000	**2 702 000**	2 000 000
Non-executive								
Paid by the company								
AJ Aaron	146 000	11 736	-	20 000	-	-	**177 736**	160 000
RJ Khoza	90 000	-	-	20 000	-	-	**110 000**	30 000
M Krok	363 000	-	-	20 000	-	-	**383 000**	195 000
MZ Krok	79 000	-	-	20 000	-	-	**99 000**	132 000
J Leutgeb	38 000	-	-	20 000	-	-	**58 000**	121 000
BJ Schutte	90 000	-	-	-	-	-	**90 000**	75 000
Paid by subsidiaries								
AJ Aaron	-	85 529	-	-	-	-	**85 529**	41 433
RJ Khoza	40 000	-	-	-	-	-	**40 000**	30 000
M Krok	53 000	-	-	-	-	-	**53 000**	51 000
MZ Krok	-	-	-	-	-	-	**-**	-
J Leutgeb	-	-	-	-	-	-	**-**	-
BJ Schutte	5 000	-	-	-	-	-	**5 000**	15 000
Alternate								
Paid by the company								
A Krok	-	-	-	-	-	-	**-**	-
S Krok	-	-	-	20 000	-	-	**20 000**	-
R Vierziger	117 000	-	-	20 000	-	-	**137 000**	30 000
Paid by subsidiaries								
A Krok	-	-	-	-	-	-	**-**	-
S Krok	-	-	-	-	-	-	**-**	-
R Vierziger	-	-	-	-	-	-	**-**	-
	1 021 000	**97 265**	**3 895 336**	**246 000**	**448 664**	**4 344 000**	**10 052 265**	**7 655 433**

DIRECTORS' REPORT

For the year ended 31 December 2006

SPECIAL RESOLUTIONS

The following special resolutions were registered by the Registrar of Companies during the year:

A resolution to:

- grant general authority for the company and its subsidiaries to effect buybacks of the company's shares on the JSE;
- change the name of the company to Gold Reef Resorts Limited; and
- amend the existing Articles of Association.

No special resolutions were passed by the subsidiaries of Gold Reef during the year.

THE GOLD REEF SHARE SCHEME

The group operates an employee share incentive scheme. Further details are included in Note 18 to the annual financial statements. Historical information in respect of directors' outstanding options at 31 December 2006 is as follows:

DIRECTOR	SHARE OPTIONS AT 1 JANUARY 2006		SHARE OPTIONS GRANTED DURING THE YEAR		SHARE OPTIONS NOT EXERCISED AT 31 DECEMBER 2006	
	Number	Average Strike Price (R)	Number	Average Strike Price (R)	Number	Average Strike Price (R)
JS Friedman	170 000	15,35	300 000	14,39	470 000	14,74
SB Joffe	500 000	15,35	500 000	14,39	1 000 000	14,74
C Neuberger	170 000	15,35	300 000	14,39	470 000	14,74

Note: No share options were exercised or sold by the directors through the Gold Reef Share Scheme during the year.

The executive directors have agreed contracts with the company. The salient features of the contracts are disclosed in Note 34 to the annual financial statements.

POST BALANCE SHEET EVENTS

As announced on 9 March 2007, Gold Reef has subsequent to year-end concluded a number of BEE transactions which increase its black empowerment equity shareholding to at least 25,1%. By exchanging the BEE interests in certain of Gold Reef's individual casinos and acquiring the remaining 25% and 30% interests in the Gold Reef City Casino and Goldfields Casino management contracts respectively, for Gold Reef shares and cash ("the share exchange") the group has increased its exposure to its high-performing operations and consolidated its gaming platform.

As a result of the share exchange Gold Reef will increase its shareholding in Gold Reef City, Silverstar, Golden Horse Casino and Goldfields Casino to 100%. In Mykonos Casino, Gold Reef will increase its stake to 70,4%. A total of 55,2 million Gold Reef shares will be issued for the share exchange, equating to 21,03% of Gold Reef's increased issued share capital.

In addition, in order to achieve a minimum of 25,1% black-owned direct economic shareholding, Gold Reef will issue a further 14 000 000 shares to certain of the BEE shareholders who will participate in the share exchange at R20,50 a share, for R287,0 million ("the top-up transaction").

In order to maintain the BEE equity platform, the BEE shareholders who will be receiving Gold Reef shares in terms of the transactions are restricted from disposing of their shareholdings for three years, save amongst each other. Thereafter they will be entitled to dispose of their Gold Reef shares only to historically disadvantaged individuals and/or with the approval of the relevant gaming boards.

Bongani Biyela, previously the General Manager of Gold Reef City Casino, will be appointed Gold Reef's executive director of strategy and business development. Richard Moloko and Patrick September will be appointed as non-executive directors. These appointments will become effective following the successful implementation of the share exchange and the top-up transaction.

Shareholders are reminded to review the announcement dated 9 March 2007 for the conditions precedent to the share exchange and the top-up transaction. A general meeting of Gold Reef shareholders is scheduled to be held on Tuesday, 22 May 2007 at the later of 11:00 or the conclusion of the annual general meeting, for the purposes of considering the share exchange and the top-up transaction. A circular giving full details of the transactions and a notice of the general meeting has been posted to shareholders.

INCOME STATEMENT

For the year ended 31 December 2006

		GROUP		COMPANY	
	Note	**2006 R'000**	2005 R'000	**2006 R'000**	2005 R'000
Revenue		**1 517 113**	1 165 422	**-**	-
Net gaming win		**1 381 332**	1 046 409	**-**	-
Theme Park		**58 396**	46 700	**-**	-
Food and beverage		**33 759**	26 944	**-**	-
Other		**43 626**	45 369	**-**	-
Other income	4	**9 365**	27 806	**558 479**	30 082
		1 526 478	1 193 228	**558 479**	30 082
Gaming levies and VAT	5	**(271 310)**	(207 610)	**-**	-
Employee costs	6	**(314 695)**	(253 402)	**-**	-
Promotional and marketing costs		**(113 679)**	(107 484)	**-**	-
Depreciation and amortisation	5	**(101 812)**	(90 278)	**(2 119)**	-
Other operating expenses	5	**(218 482)**	(147 144)	**(7 056)**	(1 595)
Operating profit		**506 500**	387 310	**549 304**	28 487
Finance income	7	**11 957**	19 179	**9 886**	43 889
Finance costs	7	**(36 960)**	(19 295)	**(411)**	(232)
Profit before equity accounted earnings		**481 497**	387 194	**558 779**	72 144
Share of profits of associate	15	**669**	2 613	**-**	-
Profit before taxation		**482 166**	389 807	**558 779**	72 144
Taxation expense	8	**(159 210)**	(121 968)	**36 864**	(30 700)
Profit for the year		**322 956**	267 839	**595 643**	41 444
Attributable to:					
Equity holders of Gold Reef		**254 312**	230 732	**595 643**	41 444
Minority interest		**68 644**	37 107	**-**	-
		322 956	267 839	**595 643**	41 444
Number of shares (000)					
- in issue	9	**220 603**	220 603		
- for EPS calculation	9	**203 961**	205 260		
- for diluted EPS calculation	9	**203 961**	205 410		
EPS (cents)					
- EPS	9	**124,7**	112,4		
- diluted EPS	9	**124,7**	112,3		
Dividend per share (cents)	10	***See Note 10***	51,0		

BALANCE SHEET

At 31 December 2006

		GROUP		COMPANY	
	Note	**2006 R'000**	2005 R'000	**2006 R'000**	2005 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**1 278 485**	857 039	**-**	-
Leasehold improvements	12	**101 710**	98 540	**-**	-
Intangible assets	13	**472 717**	135 092	**40 261**	42 380
Deferred tax assets	26	**62 627**	6 046	**50 152**	-
Investment in subsidiaries	14	**-**	-	**792 528**	297 767
Investment in associate	15	**-**	5 315	**-**	1 650
Investment in joint ventures	16	**36 280**	18 591	**105 158**	44 216
Financial assets	17	**94 675**	1	**95 130**	386
Share incentive scheme	18	**25 484**	32 839	**54 498**	61 848
		2 071 978	1 153 463	**1 137 727**	448 247
Current assets					
Inventories	19	**7 584**	2 739	**-**	-
Receivables and prepayments	20	**20 223**	15 007	**4 136**	910
Tax assets		**-**	-	**2 363**	-
Cash and cash equivalents	21	**105 735**	126 547	**24 197**	71 467
Amounts owing by related parties	31	**4 865**	98 401	**152**	92 357
		138 407	242 694	**30 848**	164 734
Total assets		**2 210 385**	1 396 157	**1 168 575**	612 981
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	22	**4 412**	4 412	**4 412**	4 412
Share premium	22	**499 280**	499 280	**499 280**	499 280
Treasury shares		**(75 340)**	(75 340)	**-**	-
		428 352	428 352	**503 692**	503 692
Share-based payment reserve		**26 210**	16 222	**26 210**	16 222
Other reserves	23	**13 795**	2 774	**-**	-
Retained earnings		**719 892**	595 373	**583 904**	92 281
		1 188 249	1 042 721	**1 113 806**	612 195
Minority interest	24	**196 895**	96 429	**-**	-
Total equity		**1 385 144**	1 139 150	**1 113 806**	612 195
Non-current liabilities					
Interest-bearing borrowings	25	**394 330**	10 682	**-**	-
Deferred tax liabilities	26	**56 453**	42 394	**-**	-
		450 783	53 076	**-**	-
Current liabilities					
Trade and other payables	27	**144 623**	66 033	**49 158**	519
Provisions	28	**46 653**	13 809	**5 000**	-
Bank overdraft	21	**43 013**	17 185	**-**	-
Tax liabilities		**58 779**	55 443	**-**	267
Current portion of interest-bearing borrowings	25	**76 967**	50 000	**-**	-
Amounts owing to related parties	31	**4 423**	1 461	**611**	-
		374 458	203 931	**54 769**	786
Total equity and liabilities		**2 210 385**	1 396 157	**1 168 575**	612 981

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	SHARE-BASED PAYMENT RESERVE	OTHER RESERVES	RETAINED EARNINGS	**TOTAL EQUITY HOLDERS' INTEREST**	MINORITY INTEREST	**TOTAL EQUITY**
	R'000	R'000	R'000	R'000	R'000	R'000	**R'000**	R'000	**R'000**
Balance at 1 January 2005	4 400	497 888	(44 157)	6 480	2 741	463 589	**930 941**	74 454	**1 005 395**
Ordinary shares issued	12	1 392	-	-	-	-	**1 404**	-	**1 404**
Treasury shares acquired	-	-	(31 183)	-	-	-	**(31 183)**	-	**(31 183)**
Recognition of share-based payments	-	-	-	9 742	-	-	**9 742**	-	**9 742**
Transfer between reserves	-	-	-	-	(16)	16	**-**	-	**-**
Profit on sale of shares by share trust	-	-	-	-	49	-	**49**	-	**49**
Attributable profit for the year	-	-	-	-	-	230 732	**230 732**	37 107	**267 839**
Dividend declared	-	-	-	-	-	(98 964)	**(98 964)**	-	**(98 964)**
Movement in loans from minorities	-	-	-	-	-	-	**-**	(15 132)	**(15 132)**
Balance at 1 January 2006	4 412	499 280	(75 340)	16 222	2 774	595 373	**1 042 721**	96 429	**1 139 150**
Recognition of share-based payments	-	-	-	9 988	-	-	**9 988**	-	**9 988**
Revaluation of land per IFRS3	-	-	-	-	27 519	-	**27 519**	-	**27 519**
Hedge reserve created during the year	-	-	-	-	(10 345)	-	**(10 345)**	-	**(10 345)**
Attributable profit for the year	-	-	-	-	-	254 312	**254 312**	68 644	**322 956**
Dividend declared	-	-	-	-	-	(104 020)	**(104 020)**	-	**(104 020)**
Movement in loans from minorities	-	-	-	-	-	-	**-**	(1 702)	**(1 702)**
Adjustment arising on ALI refinancing	-	-	-	-	-	(25 773)	**(25 773)**	61 323	**35 550**
Transactions with minorities in West Coast Leisure	-	-	-	-	(6 153)	-	**(6 153)**	(1 623)	**(7 776)**
Dividends paid to minorities by subsidiaries	-	-	-	-	-	-	**-**	(42 505)	**(42 505)**
Minorities created on Goldfields Casino acquisition	-	-	-	-	-	-	**-**	3 213	**3 213**
Minorities created on Garden Route Casino acquisition	-	-	-	-	-	-	**-**	13 116	**13 116**
Balance at 31 December 2006	**4 412**	**499 280**	**(75 340)**	**26 210**	**13 795**	**719 892**	**1 188 249**	**196 895**	**1 385 144**

CASH FLOW STATEMENT

For the year ended 31 December 2006

		GROUP		COMPANY	
	Note	**2006 R'000**	2005 R'000	**2006 R'000**	2005 R'000
Cash flow from operating activities					
Profit before taxation		**482 166**	389 807	**558 779**	72 144
Non-cash items and other adjustments	29	**137 263**	69 775	**(49 652)**	(64 068)
		619 429	459 582	**509 127**	8 076
Decrease / (increase) in net current assets	29	**49 438**	(6 004)	**50 413**	4 074
Cash flow from operating activities		**668 867**	453 578	**559 540**	12 150
Interest received		**11 957**	19 179	**9 886**	43 889
Interest paid		**(36 960)**	(16 892)	**(411)**	(232)
Taxation paid	29	**(227 584)**	(133 308)	**(15 918)**	(29 905)
Dividend paid		**(104 020)**	(98 964)	**(104 020)**	(98 964)
Net cash generated / (utilised) in operating activities		**312 260**	223 593	**449 077**	(73 062)
Cash flow from investing activities					
Additions to property, plant and equipment		**(351 456)**	(107 708)	**-**	-
Additions to leasehold improvements		**(6 530)**	(127)	**-**	-
Proceeds from disposal of property, plant and equipment		**4 178**	9 433	**-**	-
Proceeds from disposal of management contract		**-**	5 000	**-**	-
(Investment in) / proceeds from disposal of financial instruments		**(94 674)**	20 411	**(94 674)**	20 411
Investment in Garden Route Casino	16	**-**	-	**-**	(178)
Investment in intangibles		**(53)**	(42 771)	**-**	(42 380)
Loans (issued to) / repaid by joint ventures	16	**(36 280)**	548	**(1 086)**	1 016
Loans repaid by subsidiaries	14	**-**	-	**267 647**	-
Loans repaid by associate	15	**691**	5 052	**1 053**	4 358
Net repayments by / (advances to) related parties		**94 601**	(72 569)	**122 536**	182 449
Net cash effect of acquisition of ordinary shares in Inkonka	30	**(150 503)**	-	**(156 495)**	-
Net cash effect of acquisition of loan to Inkonka		**(25 120)**	-	**(25 120)**	-
Net cash effect of ALI refinancing		**35 550**	-	**(445 524)**	-
Net cash effect of acquisition of Tanglepark	30	**(117 006)**	-	**(128 596)**	-
Net cash effect of acquisition of Silverstar	30	**(78 278)**	-	**(78 978)**	-
Proceeds on sale of shares in and settlement of loan to Newshelf 698 (Pty) Limited		**-**	-	**43 316**	-
Net cash effect of acquisition in West Coast Leisure		**(7 776)**	-	**(7 776)**	-
Net cash (utilised) / generated in investing activities		**(732 656)**	(182 731)	**(503 697)**	165 676
Cash flow from financing activities					
Ordinary shares issued		**-**	12	**-**	12
Share premium raised		**-**	1 392	**-**	1 392
Net treasury shares acquired by share scheme		**-**	(31 134)	**-**	-
Decrease / (increase) in share incentive scheme loan		**7 355**	4 774	**7 350**	(26 888)
Dividend and loan repayments to outside shareholders		**(44 207)**	(15 132)	**-**	-
Increase in interest-bearing borrowings		**410 608**	3 984	**-**	-
Net cash generated / (utilised) in financing activities		**373 756**	(36 104)	**7 350**	(25 484)
Net (decrease) /increase in cash and cash equivalents		**(46 640)**	4 758	**(47 270)**	67 130
Cash and cash equivalents at beginning of year		**109 362**	104 604	**71 467**	4 337
Cash and cash equivalents at end of year	21	**62 722**	109 362	**24 197**	71 467

SUPPLEMENTAL INFORMATION

For the year ended 31 December 2006

EBITDA RECONCILIATION

	GROUP 2006 R'000	GROUP 2005 R'000
Operating profit	**506 500**	387 310
Property and equipment rental	**15 346**	10 503
Depreciation and amortisation	**101 812**	90 278
EBITDA	**623 658**	488 091
EBITDA margin	**41,1%**	41,9%

HEADLINE EARNINGS RECONCILIATION

	PROFIT BEFORE TAX R'000	TAX R'000	MINORITY INTEREST R'000	HEADLINE EARNINGS 2006 R'000	HEADLINE EARNINGS 2005 R'000
Attributable profit for the year	482 166	(159 210)	(68 644)	**254 312**	230 732
Profit on sale of available-for-sale instruments	-	-	-	**-**	(21 726)
CGT arising on ALI refinancing	-	5 466	-	**5 466**	-
(Profit) / loss on sale of property, plant and equipment	(111)	60	35	**(16)**	488
Headline earnings	482 055	(153 684)	(68 609)	**259 762**	209 494
Weighted average number of shares in issue (000)				**203 961**	205 260
HEPS (cents)				**127,4**	102,1

DEPARTMENTAL ANALYSIS

	GROUP 2006 R'000	GROUP 2005 R'000
Revenue	**1 517 113**	1 165 422
Net gaming win	**1 381 332**	1 046 409
Theme Park	**58 396**	46 700
Hotel	**12 572**	11 161
Theatre	**2 588**	1 665
Food and beverage	**33 759**	26 944
Parking	**8 276**	8 396
Management fees and commissions	**6 520**	11 861
Rental income	**12 953**	11 739
Other	**717**	547
Operating costs	**(902 820)**	(705 137)
Gaming		
- Gaming levies and VAT	**(271 310)**	(207 610)
- Gaming expenses	**(206 091)**	(184 781)
Theme Park	**(54 541)**	(45 324)
Hotel	**(8 029)**	(7 552)
Theatre	**(6 776)**	(8 052)
Food and beverage	**(26 673)**	(23 229)
Parking	**(2 722)**	(1 981)
Management fees and commissions	**(5 534)**	(10 421)
Other	**(321 144)**	(216 187)
Other operating income	**9 365**	27 806
EBITDA	**623 658**	488 091

1. ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS.

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

1.1.1 Standards, amendments and interpretations effective in 2006 but not relevant to the group

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the group's operations:

- IAS 19 (Amendment), Employee Benefits;
- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 (Amendment), The Fair Value Option;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRIC 4, Determining whether an Arrangement contains a Lease;
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- IFRIC 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment.

1.1.2 Standards, amendments and interpretations that are not yet effective

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

- ***IAS1, Presentation for Financial Statements: Capital disclosures*** *(effective for years commencing on or after 1 January 2007)*. The amendment to IAS 1 requires disclosure that enables the users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital. This includes qualitative information about the entity's objectives, policies and processes for managing capital, summary quantitative data about what it manages as capital, as well as changes from the previous period. The entity would also need to disclose whether during the period it complied with any externally imposed capital requirements to which it may be subject to and when the entity has not complied with such externally imposed capital requirements, the consequence of such non-compliance. The group is currently evaluating the effect of the standard.
- ***IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures*** *(effective for annual periods beginning on or after 1 January 2007)*. IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the group's financial instruments.
- ***IFRS 8, Operating segments*** *(effective from 1 January 2009)*. IFRS 8 sets out the requirements for disclosure of information about an entity's operating segments and products and services; the geographical areas in which it operates; and its major customers. The group is currently evaluating the effect of the standard.
- ***IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies*** *(effective from 1 March 2006)*. IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the group's operations.
- ***IFRIC 8, Scope of IFRS 2*** *(effective from 1 May 2006)*. IFRIC 8 requires consideration of transactions involving the issuance of equity instruments - where the identifiable consideration received is less than the fair value of the equity instruments issued - to establish whether or not they fall within the scope of IFRS 2. The group will apply IFRIC 8 from 1 January 2007 but it is not expected to have any impact on the group's accounts.
- ***IFRIC 9, Reassessment of Embedded Derivatives*** *(effective from 1 June 2006)*. IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The group will apply IFRIC 9 from 1 January 2007 but it is not expected to have any impact on the group's accounts.
- ***IFRIC 10, Interim Financial Reporting and Impairment*** *(effective from 1 November 2006)*. IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The group will apply IFRIC 10 from 1 January 2007 but it is not expected to have any impact on the group's accounts.
- ***IFRIC 11, IFRS 2 - Group and Treasury Share Transactions*** *(effective from 1 March 2007)*. IFRIC 11 addresses how to apply IFRS 2 Share-based Payments to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group. The group is currently evaluating the effect of the standard.

- ***IFRIC 12, Service Concession Arrangements*** *(effective from 1 January 2008).* IFRIC 12 gives guidance on the accounting by operators for public-to-private service concession arrangements. The group will apply IFRIC 12 from 1 January 2008, but it is not expected to have any impact on the group's accounts.
- ***AC503 Accounting For Black Economic Empowerment ('BEE') transactions*** *(effective for annual periods beginning on or after 1 May 2006).* AC503 states that if equity instruments are granted at a discount to a BEE partner, this must be expensed. BEE credentials acquired as part of a business combination shall be subsumed in goodwill and not recognised as a separate intangible asset. Where the BEE transaction includes service conditions, the fair value of the equity instruments shall be measured at grant date and the expense should be recognised over the period of service conditions. Where the BEE transaction includes no service conditions, the fair value of the equity instruments shall be measured at grant date and the expense should be recognised immediately on grant date. The group will apply AC503 from 1 January 2007 and is currently evaluating the effects of the standard.

1.2 FINANCIAL STATEMENT PRESENTATION

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

1.3 CONSOLIDATION

The group recognises investments in subsidiaries, associates and joint ventures as per the accounting policies detailed below. The company recognises these categories of investment at historical cost. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

1.3.1 Subsidiaries

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

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

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

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

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

The group applies a policy of treating transactions with minority interests as transactions with equity owners of the group. For purchases from minority interests, the difference between the consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

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

1.3.2 Associates

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

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

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-

1. ACCOUNTING POLICIES (CONT.)

acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

1.3.3 Joint venture undertakings

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

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

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary *(see 1.6.1)*.

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

1.4 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

- Buildings - 50 years
- Plant and machinery - 5-15 years
- Casino equipment - 5-6 years
- Theme Park rides - 6-26 years
- Vehicles - 5 years
- Furniture, fittings and other equipment - 5-10 years
- Computer equipment and software - 2-6 years
- Computer mainframes and servers - 5 years

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

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

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

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

1.5 BORROWING COSTS

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

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

1.6. INTANGIBLE ASSETS

1.6.1 Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of Gold Reef's cash-generating units expected to benefit from the synergies of the combination. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The group considers each existing business operation to be a cash-generating unit. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

1.6.2 Trademarks

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

1.6.3 Royalty fees

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

1.6.4 Bid costs and licences

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

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

1.7 INTERNALLY GENERATED INTANGIBLE ASSETS - RESEARCH AND DEVELOPMENT EXPENTITURE

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

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

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

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

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

1.9 FINANCIAL INSTRUMENTS

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

1.9.1 Financial assets at fair value through profit or loss

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

1.9.2 Loans and receivables

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

1. ACCOUNTING POLICIES (CONT.)

1.9.3 Available-for-sale financial assets

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

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

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

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

1.9.4 Financial guarantee contracts

The group recognises financial guarantee contracts were they are required to make specified payments to reimburse the holder for a loss it incurs because a specified debtor (outside of the group) fails to make payment when due in accordance with the original or modified terms of a debt instrument.

1.10 INVENTORIES

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

1.11 CASH AND CASH EQUIVALENTS

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

1.12 SHARE CAPITAL

Ordinary shares are classified as equity.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the company's equity holders.

1.13 BORROWINGS

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

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

1.14 TAXATION

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

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

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

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

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

1.15 EMPLOYEE BENEFITS

1.15.1 Share-based payments - Gold Reef Share Scheme

The group operates an equity-settled, share-based compensation plan. Options are granted to permanent employees at the discretion of the directors in terms of which shares in Gold Reef may be acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired is effected at future dates, which are determined at the time of granting the options. Shares acquired through the share incentive scheme have to be paid for by the employees at the subscription prices as determined in the option contracts.

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

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

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

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

1.15.2 Bonus plans

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

1.15.3 Retirement benefit costs

The group operates a defined contribution plan. The group's contribution to the defined contribution provident plan is charged to the income statement in the period to which the contribution relates.

1.15.4 Employee leave entitlement

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

1.16 PROVISIONS

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The increase in the provision due to passage of time is recognised as an interest expense.

1. ACCOUNTING POLICIES (CONT.)

1.17 REVENUE RECOGNITION

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

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

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

Other revenue earned by the group is recognised on the following bases:

- royalty income: on an accrual basis in accordance with the substance of the relevant agreement;
- interest income: as it accrues (taking into account the effective yield on the assets) unless collectability is in doubt; and
- dividend income: when the shareholders' rights to receive payment have been established.

1.18 LEASES

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

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

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

1.19 DIVIDEND DISTRIBUTION

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

1.20 SEGMENTAL REPORTING

In terms of IAS 14, the group operates in one business and one geographic segment only. However, information has been disclosed on page 6 of the annual report for the individual casino operations within the group.

2. FINANCIAL RISK MANAGEMENT

2.1 FINANCIAL RISK FACTORS

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

2.1.1 Market risk

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

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

2.1.2 Credit risk

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

2.1.3 Cash flow and fair value interest rate risk

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

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

2.2 ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

(1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

(2) hedges of highly probable forecast transactions (cash flow hedges).

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

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 2.5.

2.2.1 Fair value hedge

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

2.2.2 Cash flow hedge

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

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

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

2.2.3 Derivatives that do not qualify for hedge accounting

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

2.3 FAIR VALUE ESTIMATION

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

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

2. FINANCIAL RISK MANAGEMENT (CONT.)

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

2.4 FOREIGN CURRENCIES

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

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

2.5 FINANCIAL EFFECTS OF DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

2.5.1 Effects of hedging transactions active at year-end

During the year various group companies obtained loans from financial institutions (refer Note 25). The loans attract interest at various rates. Subsequent to this either a) Zero Cost Interest Rate Collars or b) Interest Rate Swap Agreements were entered into with these and other financial institutions.

a) The Zero Cost Interest Rate Collar agreements provide the group with different cap and floor rates on initial notional principle amounts, the notional amount being adjusted each month for the capital repayments.

b) The Interest Rate Swap Agreements have the effect of hedging the group against any further changes in interest rates by fixing the rate on the notional amount.

The effects of these agreements are represented below at their mark-to-market value.

COMPANY	NOTIONAL PRINCIPLE	TERM	FLOOR/ SWAP RATE	CAP RATE	EFFECTIVE HEDGE?	DERIVATIVE ASSET	DERIVATIVE LIABILITY	HEDGE RESERVE AT 31 DECEMBER 2006
Akani Egoli	R250 million	3 years	8,00%	10,47%	Ineffective	423	(1 371)	-
Goldfields Casino	See Note 1 below	3 years	8,78%	N/A	Effective	N/A	(91)	91
Garden Route Casino	See Note 1 below	3 years	8,00%	10,35%	Ineffective	70	(187)	-
Silverstar	See Note 1 below	5 years	8,97%	N/A	Effective	N/A	(10 251)	10 254
Akani Msunduzi	See Note 1 below	3 years	8,00%	10,98%	Ineffective	77	(320)	-
						570	**(12 220)**	**10 345**

Note 1: The above casinos have entered into contracts to hedge their amortised debt balance. Management predict the debt build up and resulting amortisation at these casinos and use this as the basis of entering into interest rate hedges.

To the extent that there is a deviation between the projected amortised balance and the actual level of debt, the ineffective portion of the hedge is recognised in the income statement.

2.5.2 Effects of hedging transactions completed at year-end

During 2004 three companies in the group entered into interest rate swap agreements. This had the effect of hedging the group against further changes in interest rates that it was subject to on its interest-bearing borrowings. The interest rate swap agreements that the group entered into were classified as cash flow hedges.

The fair value of these cash flow hedges is Nil (2005 : R146 989). A cost of R115 098 (2005 : R553 326) has been recorded in the income statement due to the hedged rates being higher than marginal rates.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES:

3.1 ESTIMATED IMPAIRMENT OF GOODWILL

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The estimates used are disclosed in Note 13.

3.2 INCOME TAXES

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

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

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

3.4 GAMING PROVISIONS

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

3.5 NET GAMING WIN

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

4. OTHER INCOME

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
The following items have been included in other income:				
Profit on sale of available-for-sale financial instruments	**-**	20 411	**37 696**	20 411
Profit on sale of management contract	**-**	5 000	**-**	-
Dividends and redemption premium received on ALI refinancing	**8 947**	-	**497 965**	-
Royalty fees	**-**	-	**13 959**	7 511
Other income items	**418**	2 395	**8 859**	2 160
	9 365	27 806	**558 479**	30 082

5. OPERATING PROFIT

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
The following items have been charged/(credited) in arriving at operating profit:				
Gaming levies and VAT				
- Gaming levies	**114 705**	90 204	**-**	-
- VAT on gross gaming revenue	**156 605**	117 406	**-**	-
	271 310	207 610	**-**	-
Depreciation				
- Owned	**94 095**	85 928	**-**	-
- Leasehold	**3 360**	3 213	**-**	-
Amortisation				
- Trademarks	**100**	100	**-**	-
- Casino licences	**144**	146	**-**	-
- Bid costs	**1 994**	891	**-**	-
- Royalties	**2 119**	-	**2 119**	-
Total depreciation and amortisation	**101 812**	90 278	**2 119**	-
Other operating expenses consists of:				
Gaming expenses	**7 958**	7 949	**-**	-
Food and beverage expenses	**13 680**	13 039	**-**	-
General administration, human resources and IT	**59 765**	35 287	**-**	1 309
Security and surveillance	**17 332**	13 422	**-**	-
Operating lease charges	**15 346**	10 157	**-**	-
- Land and buildings	**8 608**	5 474	**-**	-
- Property, plant and equipment	**6 738**	4 683	**-**	-
Repairs and maintenance	**50 420**	32 203	**-**	-
Auditor's remuneration	**2 812**	1 925	**478**	286
- Audit fees - current year	**2 371**	1 351	**434**	262
- Audit fees - related to prior year	**15**	22	**-**	-
- Other services	**426**	552	**44**	24
Other expenses	**51 169**	33 162	**6 578**	-
	218 482	147 144	**7 056**	1 595
(Profit) / loss on disposal of property, plant and equipment	**(111)**	810	**-**	-

6. EMPLOYEE COSTS

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Salaries and wages	**290 454**	233 965	**-**	-
Share-based payment charge	**9 988**	8 960	**-**	-
Provident fund costs				
- Defined contribution plan	**14 253**	10 477	**-**	-
	314 695	253 402	**-**	-
Average weekly number of employees employed by the group during the year:				
- Full time	**2 112**	1 830	**-**	-
- Part time	**299**	259	**-**	-

7. FINANCE (COSTS) / INCOME

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Interest expense	**(36 887)**	(16 892)	**(411)**	(232)
- Bank	**(28 736)**	(8 378)	**-**	-
- Other	**(8 151)**	(8 514)	**(411)**	(232)
Facilitation fees	**(2 414)**	(2 403)	**-**	-
Finance costs capitalised	**2 341**	-	**-**	-
Total finance costs	**(36 960)**	(19 295)	**(411)**	(232)
Interest income	**11 957**	19 179	**9 886**	43 889
- Bank	**4 745**	6 377	**841**	3 948
- Other	**7 212**	12 802	**9 045**	39 941
Net finance (costs) / income	**(25 003)**	(116)	**9 475**	43 657

8. TAXATION

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Current taxation				
- Current year	**154 162**	110 490	**7 554**	15 052
- Prior year over provision	**(14 643)**	(462)	**(309)**	(4)
Secondary tax on companies	**67 017**	12 370	**577**	12 370
Capital gains tax	**5 466**	3 617	**5 466**	2 892
Deferred taxation				
- Current year	**(56 905)**	(2 766)	**(50 152)**	377
- Prior year under provision	**4 113**	-	**-**	-
- Rate change	**-**	(1 281)	**-**	13
Taxation charge	**159 210**	121 968	**(36 864)**	30 700
The tax on the group's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of SA as follows:				
Standard rate (%)	**29,0**	29,0	**29,0**	29,0
Adjusted for:				
Exempt income (%)	**(0,6)**	(2,0)	**(28,0)**	(8,2)
Non-deductible expenses (%)	**1,5**	0,8	**0,1**	0,6
Prior year adjustments current (%)	**(3,0)**	(0,1)	**(0,1)**	-
Prior year adjustments deferred (%)	**0,9**	-	**-**	-
Secondary tax on companies (%)	**13,9**	3,2	**0,1**	17,1
Deferred secondary tax on companies recognised (%)	**(10,1)**	-	**(8,7)**	-
Capital gains tax (%)	**1,1**	0,9	**1,0**	4,0
Income from associate (%)	**-**	(0,2)	**-**	-
Rate change (%)	**-**	(0,3)	**-**	0,1
Other items (%)	**0,3**	-	**-**	-
	33,0	31,3	**(6,6)**	42,6

9. EPS

	GROUP	
	2006 R'000	2005 R'000
Basic EPS is calculated by dividing the profit attributable to equity holders of Gold Reef by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.		
Basic EPS		
Profit attributable to shareholders	**254 312**	230 732
Total number of shares in issue (000)	**220 603**	220 603
Weighted average number of shares in issue (000)	**203 961**	205 260
Basic EPS (cents)	**124,7**	112,4
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	**254 312**	230 732
Adjusted for:		
Effective earnings relating to a share option in favour of SB Joffe over 600 000 shares at R2.34 per share. The options were redeemed in April 2005.	**-**	15
	254 312	230 747
Weighted average number of shares in issue (000)	**203 961**	205 260
Adjusted for :		
Share options outstanding (000)	**-**	150
	203 961	205 410
Diluted EPS (cents)	**124,7**	112,3

10. DIVIDEND PER SHARE

No final dividend has been declared pending the fulfilment of the conditions precedent as set out in the announcement relating to the BEE transactions published on 9 March 2007. A further announcement in this regard will be made by Monday 30 April 2007.

11. PROPERTY, PLANT AND EQUIPMENT

	CASINO EQUIPMENT	PLANT AND MACHINERY	FURNITURE, FITTINGS AND OTHER EQUIPMENT	COMPUTER EQUIPMENT AND SOFTWARE	LAND AND BUILDINGS	THEME PARK RIDES	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	**R'000**
Group							
For the year ended 31 December 2005							
At beginning of year	92 973	60 554	42 198	15 172	574 119	60 524	**845 540**
Additions	39 450	799	7 900	3 267	44 888	11 404	**107 708**
Disposals	(2 425)	-	(7 774)	(44)	-	-	**(10 243)**
Write-offs	-	-	-	-	(38)	-	**(38)**
Depreciation	(44 135)	(14 691)	(11 623)	(9 784)	(3 261)	(2 434)	**(85 928)**
At end of year	85 863	46 662	30 701	8 611	615 708	69 494	**857 039**
At 31 December 2005							
Cost	254 001	117 932	89 972	53 685	652 894	76 684	**1 245 168**
Accumulated depreciation	(168 138)	(71 270)	(59 271)	(45 074)	(37 186)	(7 190)	**(388 129)**
Closing carrying value	85 863	46 662	30 701	8 611	615 708	69 494	**857 039**
For the year ended 31 December 2006							
At beginning of year	85 863	46 662	30 701	8 611	615 708	69 494	**857 039**
Acquisitions	23 678	14 884	3 719	2 239	124 572	-	**169 092**
Additions and finance costs capitalised	88 119	1 739	73 778	20 963	155 717	11 140	**351 456**
Transfers	-	85	348	-	1 701	(2 134)	**-**
Disposals	(940)	-	(3 100)	(27)	-	-	**(4 067)**
Write-offs	(930)	-	(10)	-	-	-	**(940)**
Depreciation	(48 653)	(18 145)	(12 393)	(6 692)	(3 680)	(4 532)	**(94 095)**
At end of year	147 137	45 225	93 043	25 094	894 018	73 968	**1 278 485**
At 31 December 2006							
Cost	372 878	149 522	166 630	81 245	936 116	85 690	**1 792 081**
Accumulated depreciation	(225 741)	(104 297)	(73 587)	(56 151)	(42 098)	(11 722)	**(513 596)**
Closing carrying value	147 137	45 225	93 043	25 094	894 018	73 968	**1 278 485**

12. LEASEHOLD IMPROVEMENTS

	GROUP	
	2006 R'000	2005 R'000
At beginning of year	**98 540**	101 626
Additions	**6 530**	127
Depreciation	**(3 360)**	(3 213)
At end of year	**101 710**	98 540
Cost	**119 442**	112 912
Accumulated depreciation	**(17 732)**	(14 372)
Closing carrying value	**101 710**	98 540

13. INTANGIBLE ASSETS

	GOODWILL	TRADE-MARKS	CASINO LICENCES	BID COSTS	ROYALTIES	TOTAL	
						2006	2005
	R'000	R'000	R'000	R'000	R'000	**R'000**	R'000
Group							
At beginning of year	66 962	300	5 480	19 970	42 380	**135 092**	93 458
Acquisitions	329 067	-	3 010	10 152	-	**342 229**	-
Additions	-	-	-	53	-	**53**	42 771
Write-offs	-	-	-	(300)	-	**(300)**	-
Amortisation	-	(100)	(144)	(1 994)	(2 119)	**(4 357)**	(1 137)
At end of year	396 029	200	8 346	27 881	40 261	**472 717**	135 092
Cost	396 029	1 000	11 124	38 436	42 380	**488 969**	144 081
Accumulated amortisation	-	(800)	(2 778)	(10 555)	(2 119)	**(16 252)**	(8 989)
Closing carrying value	396 029	200	8 346	27 881	40 261	**472 717**	135 092
Company							
At beginning of year	-	-	-	-	42 380	**42 380**	-
Additions	-	-	-	-	-	**-**	42 380
Amortisation	-	-	-	-	(2 119)	**(2 119)**	-
At end of year	-	-	-	-	40 261	**40 261**	42 380
Cost	-	-	-	-	42 380	**42 380**	42 380
Accumulated amortisation	-	-	-	-	(2 119)	**(2 119)**	-
Closing carrying value	-	-	-	-	40 261	**40 261**	42 380

Goodwill is allocated to the casino operations and management company as per the table below:

	GOODWILL	
	2006 R'000	2005 R'000
Casino operations	**356 709**	27 642
Management company	**39 320**	39 320
	396 029	66 962

Goodwill in the casino operations relates primarily to the casino license and associated benefits such as brand names, specialised workforce skills and non-contractual customer relationships.

The recoverable amount of each of the above is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. Management has assumed: revenue growth to be as per page 6 of this report; EBITDA margins to remain consistent; and a discount rate as per the average borrowing rate disclosed in Note 25.

14. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2006 R'000	2005 R'000
Shares at cost		
Cost of investment	**834 914**	84 180
Loans to subsidiaries	**43 627**	275 083
Loans from subsidiaries	**(111 768)**	(75 577)
Share-based payments to subsidiary employees	**25 755**	14 081
	792 528	297 767
Aggregate attributable after tax profits of subsidiaries	**243 535**	176 881

The loans to and from subsidiaries bear interest at various rates determined from time to time.
The carrying amounts of the loans to subsidiaries approximate their fair value.

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

SUBSIDIARY	COUNTRY OF INCORPORATION	LISTED/ UNLISTED	PROPORTION OWNED	ECONOMIC INTEREST	NATURE OF BUSINESS
			%	%	
Akani Egoli	South Africa	Unlisted	50,00	74,99	Gaming and entertainment
Akani Msunduzi	South Africa	Unlisted	50,00	85,00	Gaming and entertainment
West Coast Leisure	South Africa	Unlisted	60,36	60,36	Gaming and entertainment
Garden Route Casino	South Africa	Unlisted	42,50	85,00	Gaming and entertainment
Goldfields Casino	South Africa	Unlisted	10,00	88,00	Gaming and entertainment
Gold Reef Management	South Africa	Unlisted	100,00	100,00	Management of casino interests
Akani Egoli Management	South Africa	Unlisted	62,50	62,50	Management of casino interests
Akani Msunduzi Management	South Africa	Unlisted	62,50	62,50	Management of casino interests
Gold Reef Share Scheme	South Africa	Trust	N/A	N/A	Share trust
Tanglepark	South Africa	Unlisted	100,00	100,00	Investment holding
Inkonka	South Africa	Unlisted	100,00	100,00	Investment holding
Akani Leisure Investments	South Africa	Unlisted	49,98	49,98	Investment holding
Aldiss Investments	South Africa	Unlisted	100,00	100,00	Investment holding

15. INVESTMENT IN ASSOCIATE

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Net share of results in associate in prior years	**4 027**	1 414	**–**	*
Net share of results in associate during the year	**669**	2 613	**–**	-
Transfer of associate to a subsidiary during the year	**(4 696)**	-	**–**	-
Share-based payments made to associate employees	**–**	597	**–**	597
At end of year	**–**	4 624	**–**	597
Loans to associate	**–**	691	**–**	1 053
Closing carrying value	**–**	5 315	**–**	1 650
Reconciliation				
At beginning of year	**5 315**	7 378	**1 650**	5 632
Net share of results in associate	**669**	2 613	**–**	-
Transfer of associate to a subsidiary during the year	**(5 293)**	-	**(597)**	-
Share-based payments made to associate employees during the year	**–**	376	**–**	376
Loans repaid during the year	**(691)**	(5 052)	**(1 053)**	(4 358)
	–	5 315	**–**	1 650
Closing carrying value is analysed as follows:				
Goldfields Casino	**–**	5 315	**–**	1 650
Loans to associate is analysed as follows:				
Goldfields Casino **	**–**	691	**–**	1 053

* *Amount less than R1 000*

** *The company loan to Goldfields Casino bears interest at prime and was repaid in the current year.*

The carrying amounts of the loans to associate approximate their fair value.

In the prior year the directors valued the shares in the group's associate, Goldfields Casino, at its carrying value in the financial statements.

The following information relates to the group's interest in its associate from the prior year:

ASSOCIATE	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 held a significant influence in Goldfields Casino but not control, the results of its operations were equity accounted. The directors considered the group to hold a significant influence in Goldfields Casino as the group appointed two directors to the board of the company and a group subsidiary held 70% of the management contract in the casino.

	2005 R'000
The trading results of the associate company, whose results were equity-accounted in the 2005 financial statements, are as follows:	
Revenue	86 241
Total associate company's retained profit for the year	17 818
The aggregate balance sheet of the associate is summarised as follows:	
Property, plant and equipment	27 478
Intangible assets	6 494
Deferred tax assets	3 643
Current assets	2 220
Cash	11 944
Total assets	51 779
Shareholders' loans	(7 530)
Net current liabilities	(16 163)
Total shareholders' funds	28 086

16. INVESTMENT IN JOINT VENTURES

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Investment in joint ventures	**-**	-	**78 978**	17 946
Share-based payments made to joint venture employees	**-**	667	**-**	1 159
Loans to joint ventures	**36 280**	17 924	**26 180**	25 111
Closing carrying value	**36 280**	18 591	**105 158**	44 216
Reconciliation				
At beginning of year	**18 591**	18 733	**44 216**	44 349
Transfer of joint venture to a subsidiary during the year	**(18 585)**	-	**(13 502)**	-
Disposal of joint venture during the year	**(6)**	-	**(5 620)**	-
Investment in joint venture during the year	**-**	-	**78 978**	178
Share-based payments made to joint venture employees	**-**	406	**-**	705
Loans repaid during the year	**-**	(548)	**(25 094)**	(1 016)
Loans raised during the year	**36 280**	-	**26 180**	-
	36 280	18 591	**105 158**	44 216
Closing carrying value is analysed as follows:				
Silverstar	**36 280**	-	**105 158**	-
Garden Route Casino	**-**	18 585	**-**	38 596
Newshelf 698 (Pty) Limited	**-**	6	**-**	5 620
	36 280	18 591	**105 158**	44 216
Loans to joint ventures is analysed as follows:				
Silverstar*	**36 280**	-	**26 180**	-
Garden Route Casino **	**-**	17 918	**-**	25 094
Newshelf 698 (Pty) Limited	**-**	6	**-**	17
	36 280	17 924	**26 180**	25 111

** Loans from group companies to Silverstar bear interest at 1 month JIBAR plus 1,29%.*

** The company loan to Silverstar consists of an interest free loan and various promissory notes. The loan is secured by shares in North West Developments (Pty) Limited and Silverstar Casino Property 1 (Pty) Limited.*

*** The loan to Garden Route Casino bore interest at prime plus 2% and was repaid during the current year.*

The carrying amounts of the loans to joint ventures approximate their fair value.

16. INVESTMENT IN JOINT VENTURES (CONT.)

The following information relates to the group's interests in its joint ventures:

JOINT VENTURE	COUNTRY OF INCORPORATION	LISTED/ UNLISTED	PROPORTION OWNED	ECONOMIC INTEREST	NATURE OF BUSINESS
			%	%	
Silverstar - acquired effective 14 July 2006	South Africa	Unlisted	50,00	50,00	Gaming and entertainment
Garden Route Casino - subsidiary as of 1 January 2006	South Africa	Unlisted	*42,50	*42,50	Gaming and entertainment
Newshelf 698 (Pty) Limited - disposed of 1 January 2006	South Africa	Unlisted	*50,00	*50,00	Investment holding

** Garden Route Casino and Newshelf 698 (Pty) Limited were not regarded as joint ventures effective 1 January 2006. The holding during the 2005 financial year is disclosed above.*

	2006 R'000	2005 R'000
The trading results of the joint ventures, whose results are proportionately consolidated in the financial statements, are as follows:		
Revenue	-	123 352
Total joint venturers' retained profit since acquisition	(140)	24 044
The aggregate balance sheet of the joint ventures is summarised as follows :		
Property, plant and equipment	70 604	80 462
Intangible assets	204	11 834
Deferred tax assets	-	829
Current assets	180	2 754
Cash	70	11 580
Total assets	71 058	107 459
Shareholders' loans	-	(54 000)
Net current liabilities	(155 654)	(26 374)
Total shareholders' funds	(84 596)	27 085

17. FINANCIAL ASSETS

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Available-for-sale financial assets				
At beginning of year	**1**	1	**386**	223
Share-based payments made during the year	**-**	-	**70**	163
Preference shares subscribed for during the year	**85 727**	-	**85 727**	-
Cumulative preference dividends accrued during the year	**8 947**	-	**8 947**	-
At end of year	**94 675**	1	**95 130**	386

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 are expected 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 risk relating to derivatives at year-end.

Fair values

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

Cash, investments, trade receivables and payables, other receivables and payables, share-based payments to employees of investee companies and short-term borrowings.

The investments in preference shares by the company, other than those disclosed below, have not been valued and have been recorded at cost.

The remaining preference shares have not been fair valued as it is not possible to attribute a fair value to them individually. The investments in these preference shares have been included in the consolidation of the underlying casinos in the group's annual financial statements.

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

INVESTMENT	NUMBER OF SHARES HELD	CARRYING VALUE	NATURE OF BUSINESS
		R'000	
Akani Leisure Msunduzi Investments **	1 000	*	Investment holding
Akani Leisure Goldfields Investments **	3 012	*	Investment holding
Akani Leisure Casinos ***	-	455	Share-based payments to employees of company

** Amount less than R1 000*

*** This shareholding comprises preference shares only.*

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

The following information relates to preference shares subscribed for by the company to provide finance to its empowerment partners:

INVESTMENT	ORIGINAL VALUE SUBSCRIBED FOR	CUMULATIVE DIVIDENDS	TOTAL
	R'000	R'000	**R'000**
Newshelf 786 (Pty) Limited	28 226	2 313	**30 539**
Newshelf 800 (Pty) Limited	19 531	1 901	**21 432**
Eglin Investments No. 30 (Pty) Limited	37 970	4 733	**42 703**
	85 727	8 947	**94 674**

18. SHARE INCENTIVE SCHEME

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Amounts due by participants	**25 484**	32 839	**-**	-
Loan to share incentive scheme	**-**	-	**54 498**	61 848
	25 484	32 839	**54 498**	61 848

The group operates an equity-settled, share-based compensation plan established in September 1999. Options are granted to permanent employees at the discretion of the directors in terms of which shares in Gold Reef may be acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired is effected at future dates, which are determined at the time of granting the options. Shares acquired through the share incentive scheme have to be paid for by the employees at the subscription prices as determined in the option contracts. Upon exercise of the options the subscription value is credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset is considered payable when the employee exercises the options. The shares in Gold Reef are held as security against this asset and any dividends paid on those shares are utilised to reduce the balance owing by the employee.

A complete accounting policy for the scheme is included in Note 1.15 to these annual financial statements.

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

	2006		2005	
	NUMBER OF SHARES	**AVERAGE PRICE**	**NUMBER OF SHARES**	**AVERAGE PRICE**
Awards/options at beginning of year	**1 564 000**	**15,35**	133 334	7,68
Granted	**2 585 000**	-	1 654 000	-
• Directors	**1 100 000**	**14,39**	840 000	15,35
• Staff	**1 485 000**	**14,39**	814 000	15,35
Lapsed	**(9 000)**	-	(123 334)	-
• Directors	**-**	-	-	-
• Staff	**(9 000)**	**15,35**	(123 334)	13,28
Exercised and delivered	**-**	-	(100 000)	-
• Directors	**-**	-	-	-
• Staff	**-**	-	(100 000)	7,68
Balance of awards/options at end of year	**4 140 000**	**14,75**	1 564 000	15,35

At year-end all of the 2 585 000 options granted during the year were available to be exercised by employees at a price of R14,39.

At year-end 1 555 000 of the 1 564 000 options carried forward from the prior year were available to be exercised by employees at a price of R15,35.

Share options that have already been exercised by employees are not regarded as outstanding. The following transactions are relevant to these shares:

During the year 886 501 (2005: 628 832) shares vested in and were sold on the open market by participants.

A further 1 520 165 (2005: 1 378 532) shares vested in and remained unsold.

In the prior year 2 114 185 shares were purchased on the open market by the Gold Reef Share Scheme.

19. INVENTORIES

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Operating equipment	**493**	431	**-**	-
Food and beverage	**840**	695	**-**	-
Stationery	**917**	583	**-**	-
Promotional items	**137**	34	**-**	-
Other	**5 197**	996	**-**	-
	7 584	2 739	**-**	-

20. RECEIVABLES AND PREPAYMENTS

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Trade receivables	**3 299**	3 357	**-**	-
Provision for impairment of receivables	**(590)**	(249)	**-**	-
Net trade receivables	**2 709**	3 108	**-**	-
Prepayments	**6 605**	7 260	**-**	-
Sundry debtors	**4 179**	3 173	**-**	910
Financial assets (see Note 2.5)	**570**	-	**-**	-
Other	**6 160**	1 466	**4 136**	-
	20 223	15 007	**4 136**	910

21. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Cash at bank	**71 225**	91 379	**24 197**	71 467
Cash on hand	**34 510**	35 168	**-**	-
	105 735	126 547	**24 197**	71 467
Bank overdrafts	**(43 013)**	(17 185)	**-**	-
	62 722	109 362	**24 197**	71 467

All bank balances and bank overdrafts are held under cash management for individual group companies.

22. SHARE CAPITAL

	NUMBER OF SHARES	ORDINARY SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	TOTAL
	(000)	R'000	R'000	R'000	**R'000**
Company					
At 1 January 2005	220 003	4 400	497 888	-	**502 288**
Ordinary shares issued in 2005	600	12	1 392	-	**1 404**
Share capital of company at 31 December 2005	220 603	4 412	499 280	-	**503 692**
Ordinary shares issued in 2006	-	-	-	-	**-**
Share capital of company at 31 December 2006	220 603	4 412	499 280	-	**503 692**
Group (net of treasury shares)					
At 1 January 2005	205 475	4 400	497 888	(44 157)	**458 131**
Ordinary shares issued in 2005	600	12	1 392	-	**1 404**
Ordinary shares acquired by share scheme	(2 114)	-	-	(31 183)	**(31 183)**
Share capital of group at 31 December 2005	203 961	4 412	499 280	(75 340)	**428 352**
Ordinary shares issued in 2006	-	-	-	-	**-**
Share capital of group at 31 December 2006	203 961	4 412	499 280	(75 340)	**428 352**

The total authorised number of ordinary shares is 590 000 000 (2005 : 590 000 000) with a par value of 2 cents per share (2005 : 2 cents per share). All issued shares are fully paid up.

23. OTHER RESERVES

	LAND REVALUATION	HEDGING RESERVE	EXISTING CONTROL BUSINESS COMBINATION RESERVE *	OTHER RESERVES	TOTAL
	R'000	R'000	R'000	R'000	**R'000**
Balance at 1 January 2005	-	-	-	2 741	**2 741**
Transfer to retained earnings	-	-	-	(16)	**(16)**
Profit on sale of shares by share trust	-	-	-	49	**49**
Balance at 31 December 2005	-	-	-	2 774	**2 774**
Revaluation of land as per IFRS3 Business Combination **	27 519	-	-	-	**27 519**
Transactions with minorities in West Coast Leisure	-	-	(6 153)	-	**(6 153)**
Net investment hedge created during the year (see Note 2.5)	-	(10 345)	-	-	**(10 345)**
Balance at 31 December 2006	27 519	(10 345)	(6 153)	2 774	**13 795**

** See Note 30 for detailed description of the nature of the reserve.*

*** IFRS3 was applied to the acquisition of an additional effective holding of 42,5% in Garden Route Casino at 1 January 2006. The land owned by the casino at the date of acquisition was valued by an independent valuer.*

24. MINORITY INTEREST

	GROUP	
	2006 R'000	2005 R'000
Minority interest consists of:		
Subsidiaries prior year earnings attributable to minorities	**128 251**	57 620
Profits attributable to minority interest in the current year	**68 644**	37 107
Minority interests' loans at year-end	**-**	1 702
At end of year	**196 895**	96 429
Minority interests' loans are analysed as follows:		
Hillary Peer Trust	**-**	1 702

The loan bears interest at prime and is unsecured with no fixed terms of repayment.
In terms of the funding agreement for Akani Egoli a portion of the loan has been subordinated in favour of Nedbank.
The loan was repaid during the current year.

25. INTEREST-BEARING BORROWINGS

	GROUP	
	2006 R'000	2005 R'000
Current	**76 967**	50 000
- Term loans		
Non-current	**394 330**	10 682
- Term loans	**394 330**	6
- Loan to joint venture from funders	**-**	10 676
	471 297	60 682
Maturity of borrowings:		
Not later than 1 year	**76 967**	50 000
Later than 1 year but not later than 5 years	**352 067**	10 682
Later than 5 years	**42 263**	-
	471 297	60 682
Weighted average effective interest rates:		
Term loans (%)	**9,6**	8,5

These interest-bearing borrowings are at floating rates linked to JIBAR.
The directors believe that the carrying values of the current borrowings approximate their fair values.

25. INTEREST-BEARING BORROWINGS (CONT.)		
NATURE OF SECURITY	**NATURE OF BORROWINGS**	**AMOUNT SECURED**
		R'000
Akani Egoli		
Mortgage bond over fixed property at Gold Reef City	Nedbank term loans	370 000
Suretyship by Gold Reef in favour of Nedbank	Nedbank term loans	370 000
First mortgage bond over moveable assets at Gold Reef City Casino	Nedbank term loans	25 000
Praedial bond over Gold Reef City servitude lane	Nedbank term loans	2 500
First covering mortgage bonds to be registered in favour of Nedbank for any new land acquired		
Akani Msunduzi		
Mortgage bond over Akani Msunduzi's rights under its property lease	ABSA term loan and bank overdraft	110 000
Notarial bond over movable assets	ABSA term loan and bank overdraft	65 000
Cession of insurance policy on leasehold improvements and moveable assets	ABSA term loan and bank overdraft	269 000
Limited suretyship by Gold Reef	ABSA term loan and bank overdraft	45 000
Limited suretyship by Akani Leisure Msunduzi Investments and its individual consortium members	ABSA term loan and bank overdraft	45 000
A four party agreement exists between Absa Bank Limited, Pietermaritzburg TLC, Pietermaritzburg Turf Club and Akani Msunduzi agreeing to the binding nature of the terms of the head lease and sub-lease and consenting to the registration of the above bonds in favour of ABSA Bank Limited.		
West Coast Leisure		
Mortgage bond over West Coast Leisure's section in the common property scheme	ABSA term loan and bank overdraft	35 000
General and special notarials bond over movable assets	ABSA term loan and bank overdraft	25 000
Cession of insurance policy on fixed property and moveable assets	ABSA term loan and bank overdraft	60 000
Goldfields Casino		
Pledge of assets to be registered	Nedbank term loan	77 000
Secured by the management fee payable to Gold Reef to the extent financial covenants have not been met.	Nedbank term loan	77 000
Garden Route Casino		
Mortgage bond over fixed property at Garden Route Casino	Nedbank term loan	20 000
Notarial bond over movable assets	Nedbank term loan	30 100
Silverstar		
First covering mortgage bond over fixed property	Nedbank facility/term loan	1 400 000
Notarial bond over movable assets	Nedbank facility/term loan	1 400 000
Cession of insurance policy on building and moveable assets	Nedbank facility/term loan	1 400 000
Limited suretyship by Gold Reef	Nedbank facility/term loan	700 000
Limited suretyship by Akani Leisure Silverstar Holdings and Akani Leisure Investments	Nedbank facility/term loan	700 000
Gold Reef Management		
A negative pledge of assets	Nedbank term loan	50 000

The borrowings of the group do not exceed that allowed as per the articles of association.

26. DEFERRED TAXATION

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
At beginning of year	**(36 348)**	(40 395)	**–**	390
Rate change	**–**	1 281	**–**	(13)
Current year movement	**56 905**	2 766	**50 152**	(377)
Prior year adjustments	**(4 113)**	-	**–**	-
Acquisitions	**(10 270)**	-	**–**	-
At end of year	**6 174**	(36 348)	**50 152**	-
Broken down as follows:				
Deferred tax assets	**62 627**	6 046	**50 152**	-
Deferred tax liabilities	**(56 453)**	(42 394)	**–**	-
	6 174	(36 348)	**50 152**	-
The deferred tax balance may be analysed as follows:				
Deferred tax assets				
Provisions	**11 617**	6 036	**1 450**	-
Deferred STC credits	**48 702**	-	**48 702**	-
Other temporary differences resulting in assets	**2 308**	10	**–**	-
	62 627	6 046	**50 152**	-
Deferred tax liabilities				
Capital allowances	**(55 284)**	(40 298)	**–**	-
Prepayments	**(1 106)**	(1 934)	**–**	-
Other temporary differences resulting in liabilities	**(63)**	(162)	**–**	-
	(56 453)	(42 394)	**–**	-

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 29%.

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 R735 380 (2005 : 576 050) to carry forward against taxable income, which have not been recognised in these financial statements.

27. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Trade payables	**16 528**	13 035	**-**	-
Accrued expenses	**40 271**	21 340	**6**	35
Financial liabilities (see Note 2.5)	**12 220**	-	**-**	-
Other payables	**75 604**	31 658	**49 152**	484
	144 623	66 033	**49 158**	519

28. PROVISIONS

	GAMING PROVISIONS*	PERFORMANCE INCENTIVE PROVISIONS	OTHER	TOTAL	
	R'000	R'000	R'000	**2006 R'000**	2005 R'000
Group					
At beginning of year	5 017	4 219	4 573	**13 809**	15 941
Acquisitions	809	1 985	6 415	**9 209**	-
Provisions raised	677	16 782**	7 427	**24 886**	3 565
Provisions utilised	(283)	(968)	-	**(1 251)**	(5 697)
At end of year	6 220	22 018	18 415	**46 653**	13 809
Company					
At beginning of year	-	-	-	**-**	1 300
Provisions raised	-	-	5 000	**5 000**	-
Provisions utilised	-	-	-	**-**	(1 300)
At end of year	-	-	5 000	**5 000**	-

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

** *Certain performance incentive provisions recognised as accruals in the prior year were classified as provisions in the current year.*

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

29. CASH FLOW INFORMATION

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Profit before taxation	**482 166**	389 807	**558 779**	72 144
Adjusted for:	**137 263**	69 775	**(49 652)**	(64 068)
Interest recevied	**(11 957)**	(19 179)	**(9 886)**	(43 889)
Interest paid	**36 960**	16 892	**411**	232
Depreciation	**97 455**	89 141	**-**	-
Amortisation	**4 357**	1 137	**2 119**	-
(Profit) / loss on disposal of property, plant and equipment	**(111)**	810	**-**	-
Profit on sale of available-for-sale financial instruments	**-**	(20 411)	**(37 696)**	(20 411)
Profit on sale of management contract	**-**	(5 000)	**-**	-
Write off of fixed assets and intangible assets	**1 240**	38	**-**	-
Share-based payment expenditure	**9 988**	8 960	**-**	-
Discounting reversed as per IAS 39	**-**	-	**(4 600)**	-
Associate earnings	**(669)**	(2 613)	**-**	-
	619 429	459 582	**509 127**	8 076
Decrease / (increase) in net current assets	**49 438**	(6 004)	**50 413**	4 074
(Increase) / decrease in accounts receivable	**(3 030)**	2 659	**(3 226)**	6 895
(Increase) / decrease in inventories	**(3 754)**	247	**-**	-
Increase / (decrease) in accounts payable and provisions	**66 567**	(8 910)	**53 639**	(2 821)
Increase in financial liabilities included in hedge reserves	**(10 345)**	-	**-**	-
	668 867	453 578	**559 540**	12 150
Taxation paid				
Tax (liability) / asset at beginning of year	**(55 443)**	(62 736)	**(267)**	138
Acquisitions during the year	**(18 918)**	-	**-**	-
Current taxation	**(154 162)**	(110 490)	**(7 554)**	(15 052)
Prior year adjustment	**14 643**	462	**309**	4
Capital gains tax	**(5 466)**	(3 617)	**(5 466)**	(2 892)
Secondary tax on companies	**(67 017)**	(12 370)	**(577)**	(12 370)
Tax liability / (asset) at end of year	**58 779**	55 443	**(2 363)**	267
	(227 584)	(133 308)	**(15 918)**	(29 905)

Effective 1 January 2006 the group acquired 100% of the share capital of Inkonka. This increased the effective holding in Garden Route Casino from 42,5% to 85%. Inkonka had no other material assets or liabilities. Garden Route Casino is thus consolidated as a subsidiary and no longer proportionately consolidated.

Effective 1 January 2006 the group acquired an additional 6,03% of the share capital of West Coast Leisure. As the entity was already a subsidiary, other reserves are used to account for the transaction with minority shareholders in terms of the economic entity model, whereby the excess of the cost of the transactions over the group's interest in previously recognised assets and liabilities is allocated to the "existing control business combination reserve" in equity.

Effective 1 January 2006 the group restructured the effective shareholding in Akani Egoli by means of the ALI transaction. This decreased the effective holding in Akani Egoli from 83,94% to 74,99%. A transfer was made from retained earnings to minority interest to reflect this transaction.

Effective 1 March 2006 the group acquired 100% of the share capital of Tanglepark. This increased the effective holding in Goldfields Casino from 14,67% to 88%. Tanglepark had no other material assets or liabilities. Goldfields Casino is thus consolidated as a subsidiary and no longer equity accounted.

Effective 14 July 2006 the group acquired 50% of the share capital of Silverstar. Silverstar is thus proportionately consolidated from this date.

	GROUP			
	INKONKA	TANGLEPARK	SILVERSTAR	TOTAL
	R'000	R'000	R'000	**R'000**
Cash purchase consideration:	156 495	128 596	78 978	**364 069**
Fair value of net assets acquired (see below)	(35 783)	(19 466)	20 198	**(35 051)**
Goodwill	120 712	109 130	99 176	**329 018**
Goodwill relates primarily to the casino license and associated benefits such as brand names, specialised workforce skills and non-contractual customer relationships (see Note 13).				
The additional assets and liabilities arising from the acquisition are as follows:				
Property, plant and equipment at book value	46 263	26 106	7 079	**79 448**
Property, plant and equipment fair value adjustment	75 732	-	13 912	**89 644**
Property, plant and equipment intra-group interest to be capitalised	-	-	696	**696**
Intangible assets *	6 804	6 358	49	**13 211**
Inventories	386	705	-	**1 091**
Receivables and prepayments	963	1 223	-	**2 186**
Cash and cash equivalents	5 992	11 590	4	**17 586**
Interest-bearing borrowings	(7)	-	-	**(7)**
Deferred tax (liabilities) / assets	(11 007)	3 557	(2 820)	**(10 270)**
Trade and other payables	(4 922)	(2 452)	(28 284)	**(35 658)**
Provisions	(4 473)	(4 736)	-	**(9 209)**
Tax liabilities	(6 961)	(11 957)	-	**(18 918)**
Amounts owing to related parties	(32 352)	(3 019)	(10 834)	**(46 205)**
Net assets	76 418	27 375	(20 198)	**83 595**
Minority interest	(13 116)	(3 213)	-	**(16 329)**
Fair value adjustment attributable to existing holding in other reserves	(27 519)	-	-	**(27 519)**
Entity earnings previously included as investment in associate	-	(4 696)	-	**(4 696)**
Net assets acquired	35 783	19 466	(20 198)	**35 051**
Purchase consideration settled in cash	156 495	128 596	78 978	**364 069**
Property, plant and equipment intra-group interest to be capilatised	-	-	(696)	**(696)**
Cash and cash equivalents in entity acquired	(5 992)	(11 590)	(4)	**(17 586)**
Cash outflow on acquisition	150 503	117 006	78 278	**345 787**

**The Silverstar group had recognised R49 000 of goodwill prior to the acquisition by Gold Reef.*

31. RELATED PARTY TRANSACTIONS

	GROUP	
	2006 R'000	2005 R'000
Transactions with the following related parties during the year:		
Akani Leisure Investments	*****	300
Akani Leisure Casinos	**7 428**	6 711
CASA	**968**	766
Casinos Austria	**-**	46 886
Club Mykonos Resort Managers (Pty) Limited	**1 395**	1 211
Reygrande Investment Holdings (Pty) Limited	**180**	441
Satara Trading (Pty) Limited	**1 412**	5 000
South African Apartheid Museum	**3 495**	3 315
Payments to key management personnel are disclosed in Note 34.		
Amounts owing by related parties at end of year:		
Akani Leisure Casinos	**-**	3
Akani Leisure Investments	**-**	25
Akani Leisure Goldfields Investments	**44**	421
Akani Leisure Msunduzi Investments	**92**	67
Akani Leisure Investments Hotels Management (Pty) Limited	**1 286**	228
CASA	**58**	-
Silverstar	**-**	25 477
Satara Trading (Pty) Limited	**3 385**	4 337
Richard Moloko Consortium (Pty) Limited	**-**	9 260
Newshelf 786 (Pty) Limited	**-**	57 620
Key members of personnel excluding the share scheme	**-**	963
	4 865	98 401
Amounts owing to related parties at end of year:		
Akani Leisure Casinos	**(412)**	(818)
Akani Leisure Silverstar Holdings	**(3 118)**	-
Casinos Austria	**-**	(478)
Newshelf 698 (Pty) Limited	**(611)**	-
Olwazini Discovery Centre	**(50)**	-
South African Apartheid Museum	**(232)**	(165)
	(4 423)	(1 461)

* *Akani Leisure Investments owns 50% of Akani Egoli. Effective 1 January 2006 Akani Leisure Investments is regarded as a subsidiary of the group.*

31. RELATED PARTY TRANSACTIONS (CONT.)

	COMPANY	
	2006 R'000	2005 R'000
Transactions with the following related parties during the year:		
Royalty fees received from Gold Reef Management	**13 959**	7 511
Administration fees received:		
Akani Egoli and subsidiaries	**834**	434
Akani Leisure Casinos	**15**	33
Akani Msunduzi	**359**	178
Garden Route Casino	**317**	164
Goldfields Casino	**168**	76
Gold Reef Management	**2 381**	1 195
West Coast Leisure	**183**	82
Amounts owing by related parties at end of year:		
Akani Leisure Silverstar Holdings	**152**	-
Silverstar	**–**	25 477
Richard Moloko Consortium (Pty) Limited	**–**	9 260
Newshelf 786 (Pty) Limited	**–**	57 620
	152	92 357
Amounts owing to related parties at end of year:		
Newshelf 698 (Pty) Limited	**(611)**	-
	(611)	-

31. RELATED PARTY TRANSACTIONS (CONT.)

A management fee is paid to Akani Leisure Casinos for services rendered in the performance of the management of Gold Reef City Casino. These transactions are carried out on commercial terms and conditions and have been approved by the board.

Akani Leisure Goldfields Investments owns 40% of Goldfields Casino. An amount is owed by Akani Leisure Goldfields Investments to Goldfields Casino at year-end.

Akani Leisure Investments Hotel Management (Pty) Limited has common directors and shareholders with Akani Leisure Investments. Akani Leisure Investments Hotel Management (Pty) Limited has a current balance outstanding at year-end to Akani Egoli Management, a subsidiary of Gold Reef.

Akani Leisure Silverstar Holdings owns 50% of Silverstar. The company has shared directors with Silverstar.

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

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

Casinos Austria is a 27,3% shareholder of Gold Reef. Casinos Austria previously earned a royalty based on gross gaming revenue. This transaction was carried out on commercial terms and conditions and has been approved by the board. On 31 December 2005 Gold Reef repurchased Casinos Austria's share in all future royalties.

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.

Richard Moloko Consortium (Pty) Limited is a BEE company holding an interest in Akani Leisure Investments. Gold Reef advanced monies to Richard Moloko Consortium (Pty) Limited in order for it to purchase its investment. The transaction was carried out on commercial terms and conditions and was approved by the board. The loan was repaid during the current year.

Newshelf 698 (Pty) Limited is a company holding an interest in Akani Leisure Investments. Effective 1 January 2006 Gold Reef disposed of its entire shareholding in Newshelf 698 (Pty) Limited to Eglin Investments No 30 (Pty) Limited as part of the ALI transaction. The transaction was carried out on commercial terms and conditions and was approved by the board.

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

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

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

Silverstar is the successful applicant for the license in the West Rand region of Gauteng. In 2004 and 2005 Gold Reef lent Silverstar monies in order for Silverstar to acquire land and for other pre-opening expenses. Effective 14 July 2006 the company is regarded as a joint venture.

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

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

32. SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS

	EFFECTIVE HOLDING (ECONOMIC INTEREST)		INVESTMENT IN SHARES (COMPANY AND GROUP)		NET INDEBTEDNESS	
	2006 %	2005 %	**2006 R'000**	2005 R'000	**2006 R'000**	2005 R'000
Subsidiaries						
Akani Egoli	**74,99**	83,94	**18 301**	18 301	**-**	121 547
Akani Leisure Investments	**49,98**	-	**445 524**	-	**-**	-
Akani Msunduzi	**85,00**	85,00	**2 377**	2 377	**-**	110 000
West Coast Leisure	**60,36**	54,33	**7 777**	1	**-**	-
Garden Route Casino	**85,00**	42,50	**12 343**	-	**-**	-
Inkonka	**100,00**	-	**156 495**	-	**-**	-
Goldfields Casino	**88,00**	14,67	*****	*	**-**	-
Tanglepark	**100,00**	-	**128 596**	-	**-**	-
Gold Reef Management	**100,00**	100,00	**63 501**	63 501	**(92 232)**	(75 577)
Akani Egoli Management	**62,50**	62,50	*****	*	**-**	-
Akani Msunduzi Management	**62,50**	62,50	*****	*	**-**	-
Aldiss Investments	**100,00**	100,00	*****	*	**43 557**	43 538
			834 914	84 180	**(48 675)**	199 508
Joint ventures						
Silverstar	**50,00**	-	**78 978**	-	**26 180**	-
Garden Route Casino	**-**	42,50	**-**	12 343	**-**	25 094
Newshelf 698 (Pty) Limited	**-**	50,00	**-**	5 603	**-**	17
			78 978	17 946	**26 180**	25 111
Associate						
Goldfields Casino	**-**	14,67	**-**	*	**-**	5,411
Investments						
Akani Leisure Investments **	**-**	93,39	**-**	*	**-**	25
Akani Leisure Msunduzi Investments ***	**100,00**	100,00	*****	*	**92**	67
Akani Leisure Goldfields Investments ***	**100,00**	16,67	*****	*	**44**	421
Newshelf 786 (Pty) Limited ***	**-**	-	**30 539**	-	**-**	57 620
Newshelf 800 (Pty) Limited ***	**-**	-	**21 432**	-	**-**	-
Eglin Investments No. 30 (Pty) Limited ***	**-**	-	**42 703**	-	**-**	-
Sekunjalo Health Care Limited	**0,50**	0,50	**-**	-	**-**	-
			94 675	1	**136**	58 133

** Amount less than R1 000.*

***This shareholding comprised preference shares only in 2005. Akani Leisure Investments is regarded as a subsidiary in 2006 due to the subscription for ordinary shares in that company effective 1 January 2006.*

**** This shareholding comprises preference shares only.*

33. CONTINGENCIES, COMMITMENTS AND GUARANTEES

At 31 December 2006 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	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Guarantees	**551 226**	85 448	**381 340**	50 000
Litigation	**500**	500	**–**	-
Capital commitments	**72 975**	19 421	**–**	-
	624 701	105 369	**381 340**	50 000

Akani Egoli has entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank has guaranteed an agreed amount not exceeding R33 544 000 (2005: R30 472 000) for gambling board taxes and working capital.

Akani Msunduzi has entered into an agreement with ABSA and the KwaZulu-Natal Gambling Board whereby the bank has guaranteed an agreed capital amount not exceeding R4 325 000 (2005: R4 150 000) for gambling board taxes and working capital. ABSA has also issued a guarantee to the Pietermaritzburg Municipal Council for R470 000 (2005: R349 500) on behalf of Akani Msunduzi.

Goldfields Casino has entered into an agreement with Nedbank and the Free State Gambling and Racing Board whereby the bank has guaranteed an agreed capital amount not exceeding R1 000 000 (2005: R1 000 000) for gambling board taxes and working capital.

West Coast Leisure has entered into an agreement with ABSA and the Western Cape Gambling and Racing Board whereby the bank has guaranteed an agreed capital amount not exceeding R250 000 (2005: R250 000) for gambling board taxes and working capital.

In terms of the licence conditions for the casino operator licence, issued by the Western Cape Gambling and Racing Board, West Coast Leisure shall lodge an unconditional, irrevocable financial guarantee from a recognised banking or other financial institution in the sum of R1 500 000 with the West Coast District Council (WCDC) which funding, when required, will be used to partly finance the construction of the new main road to replace the existing Minor Road 44 link between Mykonos and Main Road 233. Such guarantee shall be furnished at the time that advertisements for tender in respect of such construction contract are published.

Silverstar has entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank has guaranteed an agreed amount not exceeding R179 000 000 for the completion of the construction of the proposals contained in the company's bid application. The guarantee remains in place at full face value until 50% of the development costs have been expended and thereafter reduces and converts into a building bond on a Rand-for-Rand basis as the remaining 50% development costs are expended.

Silverstar has entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank has guaranteed an agreed amount not exceeding R18 300 000 for gambling board taxes and working capital.

Garden Route Casino has entered into an agreement with Nedbank and the Western Cape Gambling and Racing Board whereby the bank has guaranteed an agreed capital amount not exceeding R250 000 (2005: R250 000) for gambling board taxes and working capital.

The company has bound itself as surety for Akani Egoli, Silverstar, Akani Msunduzi and West Coast Leisure to their bankers for 100%, 50%, 50% and 53,33% of their exposure respectively. The contingent liability under these sureties in aggregate amounted to R381 340 000 (2005: R50 000 000). Akani Leisure Investments has bound itself as surety, jointly and severally with Akani Leisure Silverstar Holdings, to the bankers of Silverstar for the remaining 50% of their exposure.

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

R65,1 million of the capital commitments had been contracted for at year-end.

Operating lease commitments

The future minimum lease commitments under non-cancellable operating leases are as follows:

	GROUP		COMPANY	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Not later than 1 year	**3 650**	1 952	**–**	-
Later than 1 year but not later than 5 years	**8 645**	7 681	**–**	-
Later than 5 years	**10 110**	11 522	**–**	-
	22 405	23 607	**–**	-

34. DIRECTORS' EMOLUMENTS

	GROUP	
	2006 R'000	2005 R'000
Executive directors		
Basic remuneration	**3 895**	3 545
Retirement and medical contributions	**449**	405
Performance incentives	**4 344**	2 775
Other services	**106**	50
	8 794	6 775
Non-executive directors		
Directors' fees	**1 021**	829
Other services	**237**	51
	1 258	880
	10 052	7 655
Total directors' emoluments		
Emoluments paid by the company	**923**	793
Emoluments paid by subsidiaries	**9 129**	6 862
	10 052	7 655

SB Joffe, JS Friedman and C Neuberger have agreed contracts with the company. Salient features of the contracts include the awarding of 50 000 shares in the company at zero cost over three years, dependent on performance criteria. SB Joffe has been awarded a further 200 000 shares in the company at zero cost, over a further two years, dependent on performance criteria.

A detailed breakdown of individual directors' emoluments is shown on page 37 of the annual report.

Share-based payment charges during the year relating to awards to directors were R4,9 million (2005: R4,9 million).

A listing of all members of the board is shown on pages 8 and 9 of the annual report.

In terms of the Articles of Association AJ Aaron, RJ Khoza and J Leutgeb 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				
Range				
1 - 1 000	666	34,78	310 911	0,14
1 001 - 5 000	671	35,04	1 805 254	0,82
5 001 - 10 000	244	12,75	1 794 322	0,81
10 001 - 50 000	204	10,65	4 821 239	2,19
50 001 - 100 000	34	1,78	2 540 833	1,15
100 001 - and over	96	5,01	209 330 100	94,89
	1 915	100,00	220 602 659	100,00
Classification				
Type				
Individuals	1 733	90,50	26 248 143	11,90
Collective investment schemes and mutual funds	106	5,54	35 409 740	16,05
Trusts	41	2,14	77 315 721	35,05
Other corporate	33	1,72	19 187 882	8,70
Gold Reef Share Scheme	1	0,05	2 214 185	1,00
Holdings 10% +	1	0,05	60 226 988	27,30
	1 915	100,00	220 602 659	100,00
Shareholder spread				
Public	1 884	98,38	61 346 382	27,81
Non-public	31	1,62	159 256 777	72,19
Directors	19	0,99	35 396 191	16,05
Associates	9	0,47	46 991 311	21,30
Share scheme	1	0,05	2 214 185	1,00
Holding 10% +	1	0,05	60 226 988	27,30
Subsidiaries	1	0,05	14 427 602	6,54
	1 915	100,00	220 602 659	100,00
Major shareholders owning 1 % or more				
Casinos Austria			60 226 988	27,30
The Maxim Krok 1994 Trust			15 585 569	7,06
Aldiss Investments			14 427 602	6,54
The Shelly Krok 1994 Trust			11 873 732	5,38
The Elana Pincus 1994 Trust			11 873 732	5,38
The Simone Lerman Trust			11 523 732	5,22
The David Krok 1994 Trust			10 458 268	4,74
Mark Krok			9 223 733	4,18
Steven Joffe			5 033 333	2,28
Benita Schutte Trust			4 021 423	1,60
BJ Schutte Trust			4 021 422	1,60
Monja Schutte Trust			4 021 422	1,60
Old Mutual Life Assurance Co SA Limited			2 874 948	1,30
SBSA I.T.F Sanlam Institutional			2 257 494	1,02
Sanlam Collateral to HSBC Simpson			2 255 900	1,02
Gold Reef Share Scheme			2 214 185	1,00

JSE PERFORMANCE	
Number of shares traded	46 178 978
Shares traded as a percentage of listed shares in issue at 31 December 2006 (%)	20,93
Highest price traded (cents)	2 150
Lowest price traded (cents)	1 300
Closing market price at 31 December 2006 (cents)	2 060

SHAREHOLDERS' DIARY
CORPORATE INFORMATION

SHAREHOLDERS' DIARY

Financial year-end	31 December
Annual General Meeting	22 May 2007
Reports	
Interim for six months to June	August
Preliminary annual results	March
Annual financial statements	April

CORPORATE INFORMATION

Company secretary and registered office
CRT Paul CA(SA)
Gold Reef City
Gate 4
Northern Parkway
Ormonde, 2091
(Private Bag X1890, Gold Reef City, 2159)

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

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

Deneys Reitz
82 Maude Street
Sandton, 2196
(PO Box 784903, Sandton, 2146)

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

Gold Reef Resorts Limited

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

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the offices of Gold Reef City, Gate 4, Northern Parkway, Ormonde, Johannesburg, on Tuesday, 22 May 2007 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 2006, together with the directors' and independent auditors' reports.
2. To re-elect AJ Aaron as a director of the company, who retires by rotation in terms of the company's Articles of Association and who, being eligible, offers himself for re-election.

   An abbreviated curriculum vitae in respect of AJ Aaron is contained on page 8 of the annual report of which this notice forms part.
3. To re-elect RJ Khoza as a director of the company, who retires by rotation in terms of the company's Articles of Association and who, being eligible, offers himself for re-election.

   An abbreviated curriculum vitae in respect of RJ Khoza is contained on page 8 of the annual report of which this notice forms part.
4. To re-elect J Leutgeb as a director of the company, who retires by rotation in terms of the company's Articles of Association and who, being eligible, offers himself for re-election.

   An abbreviated curriculum vitae in respect of J Leutgeb is contained on page 8 of the annual report of which this notice forms part.
5. To confirm the appointment of CRT Paul as company secretary of the company.
6. To re-appoint PricewaterhouseCoopers Inc. as independent auditors of the company.
7. To approve the remuneration of the directors reflected on page 37 of the annual report of which this notice forms part.

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

8. **"RESOLVED THAT** the entire authorised but unissued share capital of the company, from time to time, be placed under the control of the directors of the company until the next annual general meeting with the authority to allot and issue all or part thereof in their discretion, subject to Sections 221 and 222 of the Companies Act, 61 of 1973, as amended, and the Listings Requirements of the JSE Limited."
9. **"RESOLVED THAT,** pursuant to the Articles of Association of the company, the directors of the company are authorised, until the next annual general meeting of the company (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months from the date of this annual general meeting), to allot and issue ordinary shares for cash, subject to the Listings Requirements of the JSE Limited ("JSE") and the Companies Act, 61 of 1973, as amended, on the following bases:

   a) the allotment and issue of ordinary shares for cash shall be made only to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE, and not to related parties;

   b) the number of ordinary shares issued for cash shall not in the aggregate in any one financial year of the company (commencing 1 January 2007) exceed 15% of the company's issued ordinary shares. The number of ordinary shares which may be issued for cash shall be based on the number of ordinary shares in issue at the date of the proposed issue, less any ordinary shares issued by the company during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced and irrevocable and underwritten) for cash or on acquisition (concluded by the date of proposed issue) may be included as though they were ordinary shares in issue at the date of the proposed issue;

   c) the maximum discount at which ordinary shares may be issued for cash is 10% of the weighted average traded price on the JSE of those ordinary shares over 30 days prior to the date that the price of the issue is determined by the directors of the company;

   d) after the company has issued ordinary shares for cash which represent, on a cumulative basis within a financial year, 5% or more of the number of ordinary shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value and earnings per share of the company; and

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

   Note: In terms of the Listings Requirements of the JSE, a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of this ordinary resolution for it to be approved.
10. **"RESOLVED THAT,** the company approves, as a general approval contemplated in Section 85 of the Companies Act, 61 of 1973, as amended ("the Act"), the acquisition by the company (or by subsidiaries of the company) of ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE"), which general approval shall endure until the forthcoming annual general meeting of the company (whereupon this approval shall lapse unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months from the date of registration of this special resolution), subject to the following limitations:

    a) the repurchase of securities is implemented through the order book of the JSE trading system, without any prior understanding or arrangement between the company and the counterparty;

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

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

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

e) the repurchase is not made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction was effected;

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

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

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

i) the assets of the company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the company and the group 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 8;
- Major beneficial shareholders - page 78;
- Directors' interests in ordinary shares - page 36;
- Share capital of the company - page 35.

Litigation statement

The directors of the company whose names appear on page 8 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, other than those disclosed on page 14 of the annual report, 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 8 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Act and the Listings Requirements of the JSE.

Material changes

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

11 "**RESOLVED THAT,** the existing Articles of Association of the company be and are hereby amended by the deletion of the existing Article 16.2 and the replacement thereof with the following new Article 16.2:

"16.2 A managing director or an executive director may be appointed by contract for a maximum period of 5 (five) years at any one time and he shall be subject to retirement by rotation and be taken into account in determining the rotation of retirement of directors, except during the period of any such contract, provided always that the number of executive directors (including the managing director) so appointed shall at all times be less than one-half (1/2) of the number of directors in office. The managing director or executive directors shall be eligible for reappointment at the expiry of any period of appointment. Subject to the terms of his contract, he shall be subject to the same provisions as to removal as the other directors and if he ceases to hold the office of director from any cause he shall *ipso facto* cease to be a managing director or executive director, as the case may be."

The **reason** for the amendments to the existing Articles of Association is to bring them in line with the employment contracts agreed with the executive directors (including the managing director). The **effect** thereof is that the Articles of Association will allow for contracts of five years with executive directors (including the managing director).

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 Friday, 18 May 2007. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker, other than own-name registered dematerialised shareholders, and who wish to attend the annual general meeting must request their CSDP or broker to issue them with a letter of representation.

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

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

By order of the board

CRT Paul *CA(SA)*
Company secretary
16 March 2007

Registered office	**Transfer secretaries**
Gold Reef City, Gate 4	**Link Market Services (Pty) Limited**
Northern Parkway	*(formerly Ultra Registrars (Pty) Limited)*
Ormonde	5th Floor, 11 Diagonal Street
Johannesburg	Johannesburg
2157	2001
(Private Bag X1890,	*(PO Box 4844,*
Gold Reef City, 2159)	*Johannesburg, 2000)*

FORM OF PROXY

Gold Reef Resorts Limited

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

For use at the annual general meeting of the company to be held at the offices of Gold Reef City, Gate 4 Northern Parkway, Ormonde, Johannesburg on Tuesday, 22 May 2007 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 thereat.

I/We (Name in block letters) of (Address)

being a member / members of Gold Reef 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 Gold Reef 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				
3. Re-election of RJ Khoza as a director of the company				
4. Re-election of J Leutgeb as a director of the company				
5. Confirmation of appointment of CRT Paul as company secretary				
6. Re-appointment of PricewaterhouseCoopers Inc. as auditors of the company				
7. Approval of the directors' remuneration				
8. Placing unissued shares under the control of the directors				
9. Issuing of unissued shares for cash				
SPECIAL RESOLUTIONS:				
10. Granting general authority to Gold Reef and its subsidiaries to repurchase shares				
11. Amending existing Articles of Association				

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

Signed at (place) ____on (date) ______________2007.

Member's signature ______________________________________ assisted by (if applicable) ______________

Please read the notes on the reverse side.

NOTES TO THE FORM OF PROXY

Gold Reef Resorts Limited

NOTES

1. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.
2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and special resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
4. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such member or represented by such proxy, but the total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer office or waived by the chairman of the annual general meeting.
6. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.
7. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
8. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
9. A minor must be assisted by his/her parent guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
10. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
11. Forms of proxy must be lodged with the transfer secretaries at the address given below not later than 10h00 on Friday, 18 May 2007:

    Link Market Services (Pty) Limited
    (formerly Ultra Registrars (Pty) Limited)
    5th Floor
    11 Diagonal Street
    Johannesburg
    2001
    (PO Box 4844, Johannesburg, 2000)
12. This form of proxy is to be completed only by those members who are:
    - holding shares in a certificated form; or
    - recorded in the sub-register in electronic form in their "own-name"

13. Members who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker, other than own-name registered dematerialised shareholders and who wish to attend the annual general meeting, must request their CSDP or broker to issue them with a letter of representation. Alternatively, dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and timeframe stipulated therein.

Designed by The Looking Glass. Editorial by Envisage Strategic Corporate Communications.
www.goldreefresorts.com