Annual Report 2007

GOLD REEF
RESORTS

Gold is Timeless.

Gold is timeless - a symbolic representation of success and accomplishment.
Like the precious metal, Gold Reef Resorts continues to maintain its sought-after status
as a constant and strong leader in its field.

Contents

Definitions

"ADIPS"	Amusement Devices Inspection Procedures Scheme
"Adjusted EBITDAR"	Adjusted earnings before interest, tax, depreciation, amortisation and rentals
"Adjusted HEPS"	Adjusted headline earnings per share
"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 Hotels"	Akani Leisure Investments Hotels Management (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
"BidCo"	Fluxrab Investments No. 159 (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
"EBITDAR"	Earnings before interest, tax, depreciation, amortisation and rentals
"EME"	Exempt Micro Enterprise
"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
"Gold Reef Management"	Gold Reef Management (Pty) Limited
"the group"	Gold Reef Resorts Limited and its subsidiaries, joint ventures and associates
"HEPS"	Headline earnings per share
"IFRS"	International Financial Reporting Standards
"Inkonka"	Inkonka Investments (Pty) Limited
"JSE"	JSE Limited
"King II Report"	The King Report on Corporate Governance for South Africa 2002
"Lukhanji Leisure" or "Queens Casino"	Lukhanji Leisure (Pty) Limited (which operates Queens Casino & Hotel)
"Mogale Silverstar Holdings"	Mogale Silverstar Holdings (Pty) Limited
"the prior year"	Gold Reef's financial year ended 31 December 2006
"NAV"	Net asset value
"Newshelf 786"	Newshelf 786 (Pty) Limited
"NRGP"	National Responsible Gaming Programme
"QSE"	Qualifying Small Enterprise
"Richard Moloko Consortium"	Richard Moloko Consortium (Pty) Limited
"Richard Moloko Consortium Holdings"	Richard Moloko Consortium Holdings (Pty) Limited
"Silverstar Casino"	Silverstar Development Limited (which operates Silverstar Casino) and its subsidiaries
"SA"	South Africa
"SARGF"	South African Responsible Gambling Foundation
"SARS"	South African Revenue Services
"SRP"	Securities Regulation Panel
"STC"	Secondary tax on companies
"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 2007

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.*

Garden Route Casino
Mossel Bay, Western Cape

Group Structure

GOLD REEF
RESORTS

Casino Interests

100% in Akani Egoli incorporating *Gold Reef City Casino &Theme Park* *Johannesburg, Gauteng*	
100% in Silverstar Casino incorporating *Silverstar Casino* *West Rand, Gauteng*	
100% in Akani Msunduzi incorporating *Golden Horse Casino* *Pietermaritzburg, KwaZulu-Natal*	
70,36% in West Coast Leisure incorporating *Mykonos Casino* *Langebaan, Western Cape*	
85% in Garden Route Casino incorporating *Garden Route Casino* *Mossel Bay, Western Cape*	
100% in Goldfields Casino incorporating *Goldfields Casino* *Welkom, Free State*	
25,10% in Lukhanji Leisure incorporating *Queens Casino* *Queenstown, Eastern Cape*	

Gold Reef Management

100% of management contract for:

- Gold Reef City Casino
- Gold Reef City Theme Park
- Goldfields Casino
- Mykonos Casino
- Garden Route Casino
- Golden Horse Casino

55% of management contract for Queens Casino

(No management contract exists for Silverstar Casino)

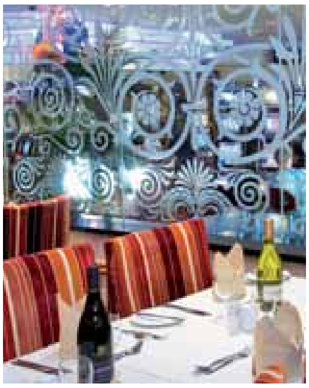
2007 Financial Highlights

- **Revenue up 14,8%**
- **Adjusted EBITDAR up 21,9%**
- **Adjusted HEPS up 18,3%**
- **Two additional casinos successfully opened**

9 Year Review

	2007 R'000	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	1 741 801	1 517 113	1 165 422	1 056 683	903 903	787 125	*	*	*
EBITDAR or Adjusted EBITDAR	760 006	623 658	488 091	442 193	349 020	308 515	47 015	33 305	(4 964)
Attributable profit for the year	145 814	254 312	230 732	192 208	125 069	101 357	72 559	62 047	20 051
Headline earnings	183 678	259 762	209 494	185 879	131 431	107 437	74 362	73 370	30 001
Number of shares in issue (000's)	291 990	220 603	220 603	220 003	217 860	213 542	177 262	177 262	131 807
EPS (cents)	60,8	124,7	112,4	94,2	61,9	47,5	46,7	40,6	25,0
HEPS or Adjusted HEPS (cents)	150,7	127,4	102,1	91,1	65,1	50,3	42,0	40,4	34,2
Dividend per share (cents)	65,0	55,0	51,0	48,0	27,0	15,0	-	-	-
Special dividend per share (cents)	35,0	-	-	-	-	-	-	-	-
Balance Sheet									
Interest-bearing borrowings	1 448 620	471 297	60 682	56 698	203 482	365 284	-	-	-
Net cash and cash equivalents	316 596	62 722	109 362	104 604	65 791	153 365	31 219	62 024	-
Financial Ratios									
Return on equity (%)	6,0	21,4	22,1	20,6	15,3	15,4	14,5	12,7	6,1
Gearing (%)	59,7	39,7	5,8	6,1	24,9	26,0	2,6	7,3	39,1
Interest cover (times)	22,7	20,3	N / A	73,7	8,3	4,4	-	-	-
Dividend cover (times)	2,3	2,3	2,0	2,0	2,4	3,4	-	-	-
NAV per share (cents)	1 012,54	582,6	508,0	456,5	401,7	356,7	320,0	274,8	248,0

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



Queens Casino
Queenstown, Eastern Cape

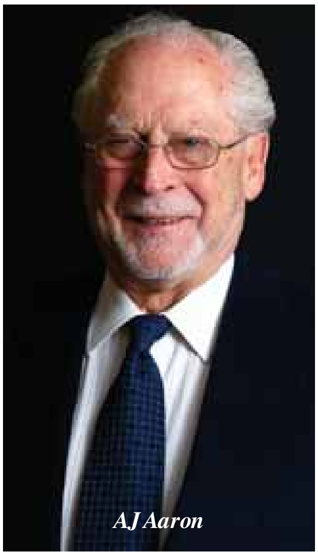

SB Joffe


BJ Biyela


JS Friedman


C Neuberger


M Krok

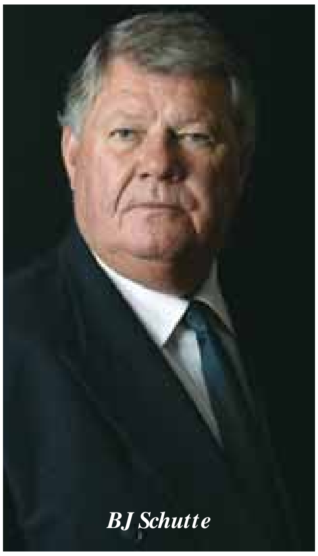

AJ Aaron


MG Diliza


MZ Krok


J Leutgeb


RT Moloko


BJ Schutte


PCM September

Directorate & Management

Executive Directors

SB Joffe (37) Chief Executive Officer
B.Com (Hons Taxation) H.Dip (Company Law) CA(SA)
Has over 12 years' experience in the gaming industry and was appointed as Chief Executive Officer of Gold Reef in 2000.

BJ Biyela (35) Joint Chief Operating Officer
IMM DIP
Has 10 years' experience in the gaming industry having joined Akani Egoli in 1997. Was general manager of Gold Reef City Casino for four years and holds non-executive directorships in a number of private companies.

JS Friedman (35) Financial Director
CA(SA)
Has over eight years' experience in the gaming industry having joined Gold Reef in 2000.

C Neuberger" (42) Joint Chief Operating Officer
MBA (Vienna)
Has 17 years' experience in gaming with Gold Reef and its international partner Casinos Austria.

Senior Management

SJ Hight (37)
General Manager, Gold Reef City Casino

S Cook (56)
Chief Executive Officer, Gold Reef City Theme Park

M Vermaak (45)
General Manager, Silverstar Casino

C van Groeningen (45)
General Manager, Mykonos Casino

P Beney (45)
General Manager, Golden Horse Casino

RJ Seabrook (36)
General Manager, Garden Route Casino

D De Beer (39)
General Manager, Goldfields Casino

W Grimm (39)
General Manager, Queens Casino

" *Austrian*

Non-Executive Directors

M Krok (51) Chairman
B.Proc. LLB
Has more than 25 years' experience in legal and diverse business fields. Currently a director of numerous private companies.

AJ Aaron (76)
B.Com LLB
Consultant to Werksmans Inc. with over 50 years' experience in commercial and corporate law. Serves as non-executive chairman of Transpaco Limited and as a non-executive director of Aspen Pharmacare Holdings Limited.

MG Diliza (59)
B.Com BBA (Hons)
Joined the Gold Reef board in March 2008. Currently the Chief Executive Officer of the Chamber of Mines of SA and the non-executive chairman of Black Management Forum Investments Company (Pty) Limited.

MZ Krok (51)
Has more than 20 years' experience in a diversity of business fields and currently holds directorships of numerous private companies.

J Leutgeb" (46)
MBA (Vienna)
A member of the Austrian Chamber of Accountants and has over 11 years' experience in gaming. Currently an executive director of Casinos Austria and Chief Financial Officer of the Casinos Austria Group.

RT Moloko (43)
LLB H.Dip (Tax) LLM (Harvard)
Has nine years' experience in the gaming industry after joining Akani Egoli in 1998. Holds non-executive directorships in a number of private companies and is chairperson of the Umsobomvu Youth Fund.

BJ Schutte (61)
Has 35 years' experience in the leisure industry. Holds executive directorships of a number of private companies.

PCM September (64)
BSc (Hons) MSc
Has six years' experience in the gaming industry after joining Akani Msunduzi in 2001. Holds non-executive directorships in a number of private companies and is chairperson of Business Against Crime in Kwazulu-Natal.

Alternate Directors

A Krok (78)
Alternate to M Krok

S Krok (78)
Alternate to MZ Krok

R Vierziger"(54)
Alternate to J Leutgeb

Chairman's Report

The SA gaming industry's gross gaming revenue reached R13,5 billion for the year ended March 2007. Gold Reef holds 18,08% of national gaming positions with 134 tables and 3 926 slots in seven casinos.

Expansion during the year with two new casinos and the refurbishment of two existing casinos means that four of the group's seven properties are effectively new casinos prepared for the next seven-year trading horizon. Through the deal which resulted in direct BEE shareholding in the group of more than 25,1%, Gold Reef secured 100% ownership of four of the group's casinos.

All existing casinos posted increases in revenue. Including Silverstar Casino for its opening month, the group reported a 14,8% increase in total revenue to R1,7 billion, including an increase in net gaming win of 14,5%.

Adjusted HEPS of 150,7 cents is 18,3% higher than HEPS for the previous year. To calculate Adjusted HEPS, adjustments were made to headline earnings to eliminate the once-off effects of pre-opening expenses at Silverstar Casino and Queens Casino, IFRS 2 charges resulting from the BEE transactions and various transaction costs associated with the BEE transactions as well as with the BidCo offer ("once-off charges"). Gold Reef is of the opinion that it is appropriate to compare Adjusted HEPS for the year with HEPS for the previous year in order to illustrate year-on-year operating growth. HEPS decreased by 39,8% to 76,7 cents from 127,4 cents in the previous year.

As a result of the once-off charges, profit attributable to shareholders reduced by 42,7% to R145,8 million from December 2006.

Adjusted EBITDAR of R760,0 million increased by 21,9% when compared to EBITDAR for the previous year and represented a 43,6% margin on revenue compared to an EBITDAR margin of 41,1% in 2006.

A dividend of 65 cents a share was declared for 2007. This was increased to 100 cents with the declaration of a special dividend of 35 cents, motivated by positive cash flow.

We are proud to have committed R13,8 million to social responsibility programmes in 2007.

Corporate Actions

Further to the announcements dated 18 May 2007, 13 August 2007 and 4 February 2008, an offer by BidCo to acquire the group during 2007 failed post year-end after the approvals of regional gaming boards were not obtained by the extended 1 February 2008 deadline. As BidCo had elected not to extend the deadline to accommodate these approvals, the proposed transaction lapsed.

On 1 February 2008, the SRP announced the outcome of the hearing that they had conducted in respect of the offer by BidCo. In an announcement released on SENS on 17 April 2008, shareholders were advised that the panel had released its reasons for its ruling. These reasons were received by Gold Reef on Wednesday 16 April 2008. The board is considering the reasons in order to evaluate the appropriate course of action.

On 21 February 2008 Gold Reef announced that it was approached by Tsogo Sun Holdings (Pty) Limited and had held preliminary discussions where Tsogo Sun Holdings (Pty) Limited had indicated that it was contemplating a potential offer for Gold Reef. These discussions continued until 25 April 2008 when it was announced by Gold Reef that the discussions had been terminated.

Empowerment

We are pleased to have achieved direct black ownership of more than 25,1% at group level and believe that going forward this will have a positive impact. During the year Gold Reef exchanged the shareholdings of its BEE partners in certain of its casinos and management contracts for shares in the holding company. This secured 100% ownership of Gold Reef City, Silverstar Casino, Golden Horse Casino and Goldfields Casino and 70,4% in Mykonos Casino and 100% of the casino management contracts for Gold Reef City Casino and Goldfields Casino.

Due to the nature of the transaction Gold Reef will continue its successful relationships with its existing BEE partners, at group rather than subsidiary level.

Directorate

With effect from 14 March 2008 we welcomed Mzolisi Diliza to the board as a non-executive director. Mzolisi is the Chief Executive Officer of the Chamber of Mines of SA and the non-executive Chairman of Black Management Forum Investments Company (Pty) Limited.

As announced on 7 February 2008, Reuel Khoza resigned as a non-executive director. On behalf of the board I thank him for his contribution.

Looking Ahead

The group is positioned to withstand an economic downturn in SA. Gold Reef has adequately hedged the substantial gearing introduced onto the balance sheet against further increases in interest rates. The business is expected to remain strongly cash generative which together with the effects of de-gearing should have a positive impact on earnings over the long-term.

Appreciation

I wish to thank Steven, his management team and all Gold Reef employees for their commitment and efforts in sustaining nine 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

Silverstar Casino
West Rand, Johannesburg, Gauteng

Silverstar Casino
West Rand, Johannesburg, Gauteng

Chief Executive Officer's Report

In 2007 Gold Reef achieved solid results with operational performance at all our existing casinos driving growth for the ninth consecutive year. The year saw significant expansion for the group with new casinos, Silverstar Casino and Queens Casino, opening in December. Further, refurbishments and improvements at Gold Reef City Casino and Goldfields Casino were substantially completed. Earlier in the year our direct black shareholding was boosted to more than 25,1% when BEE partners in the underlying casinos swapped their stakes for shares at group level.

The second half of the year, traditionally the more robust trading period, proved more challenging for the group than the first six months as a result of interest rate increases and a general slowdown in the economy.

Operational Review

Gold Reef City

Flagship Gold Reef City (including the casino and Theme Park) grew revenue by 12,4% to R1,1 billion and increased EBITDAR by 21,3% to R417,0 million.

The refurbishment and expansion programme at the casino progressed successfully. This included a revamp of the main casino floor, a 1 100 seat theatre and the further upgrade of restaurants and entertainment facilities. Only refurbishment of the Salon Privé is continuing and is set for completion during the second quarter of 2008.

The Theme Park's contribution to revenue of R74,1 million, up 26,9%, reflected a steady increase in visitors despite excessively rainy weather during December, traditionally the Theme Park's strongest month. Trading has recovered and the Theme Park is recording increases in footfall, benefiting from new developments and attractions which are part of the ongoing revitalisation programme launched in 2006. Focus will remain on boosting profitability through ongoing strict cost controls.

Capital expenditure at the casino and the Theme Park to December 2007 amounted to R235,1 million.

The Apartheid Museum continued to increase its profile, benefiting from a number of corporate sponsorships and charity partnerships.

Silverstar Casino

The new casino is situated on the West Rand of Gauteng and opened on 11 December 2007, featuring 756 slots and 26 tables. The casino floor is fully cashless. Further developments which were completed in April 2008 include a five star hotel, restaurants, entertainment and conference facilities. An upmarket spa is due to open in the second half of 2008.

Although it is still too early to properly assess performance as the majority of non-gaming facilities were not yet open, Silverstar Casino is expected to boost the group's market share in the lucrative Gauteng region and reduce reliance on Gold Reef City. Gauteng is the largest regional gaming market in SA comprising 41% of the total national market.

During the year R758,8 million was spent on the Silverstar development from the total allocation of R1,1 billion, with the project still within budget at the date of this report. The opening of the casino saw Gold Reef continue job creation with around 500 new employees brought onboard.

Golden Horse Casino

Golden Horse Casino performed well with revenue up 12,7% to R225,9 million and EBITDAR up by 18,8% to R109,2 million, reaping the benefits of renovations begun in the previous year. The refurbished Salon Privé drew increased patronage helped by extended food, beverage and entertainment facilities. Further development plans for additional refurbishments are underway.

Mykonos Casino

Mykonos Casino in the Western Cape posted revenue of R116,6 million, a 10,8% growth on the previous year, with EBITDAR up 13,9% to R53,5 million. Increasing residential development on the Western Cape's coast and ongoing expansion at Club Mykonos Resort continue to boost demand. The casino is, however, experiencing capacity constraints which are inhibiting growth. To address this we will be assessing expansion plans in 2008, bearing in mind the expiry of licence exclusivity for this casino in 2010.

Garden Route Casino

Garden Route Casino reported 12,6% growth in revenue to R166,8 million from R148,2 million. EBITDAR increased 16,6% to R83,7 million. Slots at the casino increased from 354 to 376 with a further 36 approved. The adjacent internationally-acclaimed golf course continues to draw higher-spend patrons which is starting to reflect positively in performance. Development of approximately 500 residences on the golf course is set to further boost footfall.

Goldfields Casino

Goldfields Casino achieved the highest revenue growth in the group of 15,7% to R108,8 million and EBITDAR up to R50,1 million. The casino converted from a temporary to a permanent casino at an additional cost of R44,7 million during the year. The permanent casino was opened with facilities including a Salon Privé, restaurants, entertainment and conference facilities. The number of slots increased from 226 to 250 with three tables added to bring the total number of tables to nine.

Queens Casino

The new Queens Casino in the Eastern Cape opened for trade on 21 December 2007. The casino features 180 slots and six tables. Hotel and conference facilities are due to open in April 2008.

Capital expenditure at year-end totalled R92,5 million out of the total anticipated budget of R125 million.

The challenge by the losing bidder to the licence application remains unresolved.

Steven Joffe
Chief Executive Officer

Future Developments

Vaal River Casino

Gold Reef holds a controlling stake in Vaal River Casino Company (Pty) Limited, the only applicant for a licence in the Sasolburg area. Gold Reef intends to submit an amended project presentation to the Free State Gambling and Racing Board by the second quarter of 2008.

Outlook

Looking ahead growth in 2008 will be more challenging in light of the country's economic slowdown. However, the inclusion of the first full year's trading for Silverstar Casino and Queens Casino should help drive growth. Further, Silverstar Casino positions the group to increase market share in Gauteng, the largest and most lucrative gaming market in the country.

Gold Reef will focus on further optimising its existing properties, with the refurbishments completed in 2007 at Gold Reef City and Goldfields Casino already driving improved performance.

Measures have been taken at all casinos and at the Theme Park to ensure power outages will have a minimum impact on operations.

Word Of Thanks

I thank Gold Reef's employees, the General Managers of each of the group's operations, their management teams, business advisors and service providers for their invaluable contribution. Your commitment and loyal support are much appreciated.

I look forward to working together to deliver ongoing growth.

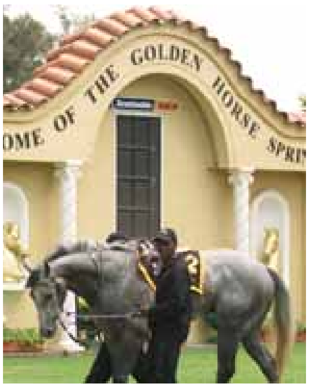
Steven Joffe

Chief Executive Officer

Segmental Analysis

	REVENUE			EBITDAR				EBITDAR %			CAPEX	
	2007 R'000	2006 R'000	%	2007 R'000	ADJUSTED 2007 R'000	2006 R'000	ADJUSTED 2007 VS 2006 %	2007 %	ADJUSTED 2007 %	2006 %	2007 R'000	2006 R'000
Gold Reef City	**1 098 646**	977 528	12,4	417 021	**417 021**	343 904	21,3	38,0	**38,0**	35,2	**235 061**	224 358
Silverstar Casino *	**24 974**	-		(50 124)	**7 702**	-			**30,8**		**758 801**	56 446
Golden Horse Casino	**225 853**	200 352	12,7	109 217	**109 217**	91 938	18,8	48,4	**48,4**	45,9	**15 763**	18 431
Mykonos Casino	**116 648**	105 325	10,8	53 508	**53 508**	46 958	13,9	45,9	**45,9**	44,6	**3 996**	13 364
Garden Route Casino	**166 826**	148 169	12,6	83 692	**83 692**	71 786	16,6	50,2	**50,2**	48,4	**11 142**	11 713
Goldfields Casino	**108 817**	94 046	15,7	50 122	**50 122**	45 314	10,6	46,1	**46,1**	48,2	**44 700**	62 442
Queens Casino *	**1 429**	-		(5 657)	**266**	-			**18,6**		**92 508**	-
Gold Reef Management	**70 160**	60 158	16,6	(22 447)	**16 350**	14 027	16,6		**23,3**	23,3	**65**	192
Gold Reef Resorts	**-**	-		9 980	**62 786**	551 423					**885**	-
Consolidation and other group companies	**(71 552)**	(68 465)		(67 221)	**(40 658)**	(541 692)					**(92 277)**	(28 960)
	1 741 801	1 517 113	14,8	578 091	**760 006**	623 658	21,9	33,2	**43,6**	41,1	**1 070 644**	357 986

** The figures shown above respresent 100% of the respective casinos results albeit that Silverstar Casino was only accounted for as a subsidiary effective 1 July 2007 and the investment in Queens Casino is accounted for as an investment in associate.*



Golden Horse Casino
Pietermaritzburg, KwaZulu-Natal

Employees

Employment Equity

Gold Reef is committed to non-discriminatory employment practices that recognise and reward initiative, effort and merit across the board while at the same time prioritising the advancement of black staff. A formal employment equity policy is in place to address past disadvantages in employment and ensure equitable representation in all occupational categories and levels. 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.

Each of the group's established operations has an employment equity committee which monitors adherence to targets and provides employees with information on the group's employment equity policies. Quarterly employment equity reports are tabled at committee meetings detailing progress against targets as well as corrective recommendations on employment equity implementation. Employment equity 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 two operations which started trading in late 2007, Silverstar Casino and Queens Casino, are both in the process of establishing employment equity committees. Notably, Silverstar Casino's recruitment process has ensured that the casino has met and exceeded 10-year employment equity targets in its first year of operation. The opening of the two new casinos provided further opportunities for the promotion and advancement of black candidates by creating new positions as well as vacancies at established operations after relocation of personnel to Silverstar Casino and Queens Casino.

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

	PROJECTED 2008	ACTUAL 2007	ACTUAL 2006
Total Employees			
African - male	37,56%	38,25%	37,28%
African - female	34,30%	34,50%	28,93%
Coloured - male	5,71%	5,19%	6,08%
Coloured - female	5,50%	5,06%	6,56%
Indian - male	2,90%	2,84%	3,40%
Indian - female	1,67%	1,38%	1,82%
White - male	7,35%	7,53%	9,56%
White - female	5,01%	5,25%	6,37%
Total employees	100,00%	100,00%	100,00%
Broken down as follows:			
Senior and Top Management			
African - male	12,36%	11,49%	8,45%
African - female	5,62%	5,75%	1,41%
Coloured - male	3,37%	2,30%	1,41%
Coloured - female	0,00%	0,00%	0,00%
Indian - male	6,74%	6,90%	7,04%
Indian - female	0,00%	0,00%	0,00%
White - male	48,31%	49,43%	53,52%
White - female	23,60%	24,13%	28,17%
Middle Management			
African - male	29,78%	30,31%	27,06%
African - female	14,71%	12,60%	12,84%
Coloured - male	8,09%	6,69%	7,80%
Coloured - female	4,41%	3,94%	3,67%
Indian - male	6,99%	6,69%	6,42%
Indian - female	2,94%	1,18%	2,29%
White - male	21,69%	24,80%	20,64%
White - female	11,39%	13,79%	19,28%

	PROJECTED 2008	ACTUAL 2007	ACTUAL 2006
Junior Management			
African - male	33,93%	33,40%	34,36%
African - female	25,13%	24,39%	24,17%
Coloured - male	7,90%	7,50%	5,21%
Coloured - female	6,10%	5,82%	4,98%
Indian - male	6,46%	7,13%	8,06%
Indian - female	3,95%	3,75%	4,03%
White - male	8,98%	9,76%	11,85%
White - female	7,55%	8,25%	7,34%
General Staff			
African - male	40,18%	41,23%	40,41%
African - female	39,65%	40,20%	33,18%
Coloured - male	5,02%	4,64%	6,26%
Coloured - female	5,68%	5,25%	7,57%
Indian - male	1,48%	1,29%	1,76%
Indian - female	1,07%	0,90%	1,31%
White - male	3,91%	3,57%	5,86%
White - female	3,01%	2,92%	3,65%

Wherever possible the group recruits and promotes internally and relevant training is provided to help identify and fast-track suitable black candidates. Where the operations have identified any barriers to the implementation of employment equity, action policies have been initiated.

All external recruitment advertisements state the group's employment equity policy where applicable and preference continues to be given to black South Africans within the parameters of the relevant merit and qualification requirements.

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

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

Skills Development and Training

The group is committed to ongoing training and development to enhance the skills base and facilitate advancement of employees, particularly black employees. 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, computer and communication skills, management development, customer service, labour law, whistle-blowing, life skills and VIP payroll training reflect the diversified course content.

Notably at the majority of the group's operations over 70% of course participants were black. Both Gold Reef City Casino and Silverstar Casino achieved 90% and Golden Horse Casino 96% black participation. The operations further provide study loans and assistance to employees, particularly black employees.

THETA registration

Each of the operations is in the process of registering with THETA to ensure their courses are accredited. Gold Reef City Theme Park, Garden Route Casino and Goldfields Casino are currently in Phase A (the application phase) of the registration process. Gold Reef City Casino and Golden Horse Casino are in Phase B of the registration process and are awaiting amendments to their course portfolio and a site visit respectively. Mykonos Casino will not register independently but will run its skills and development programme through Gold Reef City Casino and Golden Horse Casino. Of the newest operations Silverstar Casino is currently changing its registration from a SETA (Services Training & Education Authority) registration to THETA. Queens Casino is SETA registered and will submit its Workplace Skills Plan in 2008.

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 black employees in this regard.

Goldfields Casino and the Gold Reef City Theme Park continued to implement established succession planning policies. Golden Horse Casino further built on the supervisory and development workshops introduced previously to facilitate succession planning. Gold Reef City Casino and Mykonos Casino have implemented Executive Leadership Development Programmes and Gold Reef City Casino further introduced the Talent Management / Succession Policy, which will serve as a guideline for succession planning. Garden Route Casino implemented a programme for the assessment and development of supervisors to facilitate succession planning. New casinos Silverstar Casino and Queens Casino intend to implement talent and succession planning initiatives in 2008.

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 and 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 incidents immediate action was taken and appropriate further training was conducted where necessary. At the casinos where construction work was taking place, additional safety measures were implemented.

All the established casinos conduct regular health and safety risk assessments, for instance Gold Reef City Casino conducted a safety, health and environmental risk assessment during the year in conjunction with Marsh International as part of a business continuity planning process. Such assessments will be introduced at the new Silverstar Casino and Queens Casino in 2008.

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

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 visited the Theme Park six times during the year to conduct structural and mechanical inspections, amongst others, on the Theme Park's rides and equipment. All proposed improvements are scrutinised on subsequent inspections 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.

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. During the year the Theme Park introduced its own formal HIV/ AIDS policy.

All operations continued programmes for workplace awareness and employee assistance. Employees were educated on HIV/ AIDS-related issues such as transmission and prevention. An opportunity for voluntary testing was provided at a number of the group's operations. Employees were 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. Certain of the operations contracted external consultants including the Family Life Centre, Careways Group, FAMSA, Soul City, Dibanani (occupational health care specialists), Hope Worldwide, Kaelo and South Africa First Aid Management Company to add to the standard awareness programmes and employee assistance provided.

Further 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.

Ethics and Business Conduct

In all business dealings, all directors and group employees are committed to the strictest standards of ethical conduct, fair dealing and integrity. This includes attention 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 gaming boards. Further, employees are required to ensure that independent judgement is not compromised by a conflict of interest and that marketing follows responsible gaming guidelines.

The group is committed to best-practice corporate governance at all times including timeous and transparent communication with all stakeholders and procedures for avoiding conflicts of interest and insider trading. In addition, the group adheres to guidelines on confidentiality, fair and ethical market competition and sound environmental practices.

Employees have been educated about the responsibility of reporting any actual, perceived or potential violation of these principles. In order to facilitate this process the group has established a 'Whistleblowers Hotline' that is independently operated to protect confidentiality and anonymity. Whistleblower courses explain the importance of the practice and the professional and ethical way in which it should be managed.

The Environment

In light of the current power crisis Gold Reef has stepped up the existing energy-saving practices at each of its operations, with all operations having reviewed their energy usage during the year. To conserve electricity Gold Reef City Casino uses energy saving bulbs in most areas while Mykonos Casino has converted all outside lighting to day-night switches. Goldfields Casino has installed capacitor banks to regulate electricity flow. Golden Horse Casino has conducted a load profile and energy survey to assist with energy-saving programmes, which will be put in place in 2008. Queens Casino has installed individual electricity and water meters in each area to facilitate a reduction in consumption.

Mykonos Casino
Langebaan, Western Cape

Mykonos Casino
Langebaan, Western Cape

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.

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.

Garden Route Casino is located in an environmentally sensitive area and therefore 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 Casino has an established relationship with the Walter Sisulu Botanical Gardens and is committed to conserving the hunting ground of the black eagles which nest in the gardens. During the construction process the group strictly adhered to the measures detailed in the environmental management plan as agreed with the Gauteng Department of Environment and Conservation. During the construction phase the adverse effects of noise, dust and water pollution were closely monitored. Where necessary measures to mitigate any negative effects were immediately put in place. In addition, an independent environmental consulting firm has been tasked with implementing an environmental rehabilitation plan after completion of all construction activity. The casino undertakes ongoing fortnightly environmental audits by environmentalists appointed by the Gauteng Gambling Board and independent consultants.

(above) ***Jozi Express, Gold Reef City Theme Park, Gauteng***

Corporate Governance Report

The directors remain committed to best-practice corporate governance and the principles contained in the Code of Corporate Practices and Conduct set out in the King II Report. The board continually monitors compliance to ensure ongoing improvement of operational and corporate practices and that the affairs of the group are conducted with transparency and integrity.

The Board

In accordance with the King II Report the board comprises a majority of non-executive directors, with eight of the twelve directors holding non-executive positions. There are three alternate non-executive directors. 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 names and brief curriculum vitae of directors are set out on page 8 of the annual report.

The roles of the non-executive Chairman and Chief Executive Officer are strictly separated. The Chairman provides leadership to the board and oversees its efficient operation while the Chief Executive Officer is responsible for proposing, updating, implementing and maintaining the strategic direction of Gold Reef as well as ensuring that the day-to-day affairs of the group are appropriately supervised and controlled. Executive directors assist the Chief Executive Officer and are responsible for implementing strategy and operational decisions in respect of the company's day-to-day operations. The non-executive directors are high merit individuals who contribute a wide range of skills, knowledge and experience to the board's decision-making process and are not involved in the daily operations of the group.

On 25 June 2007 BJ Biyela was appointed to the board as an executive director - and holds the position of Joint Chief Operating Officer - and RT Moloko and PCM September were appointed to the board as non-executive directors. BJ Biyela is the former General Manager of Gold Reef City Casino. Post year-end on 14 March 2008 MG Diliza was appointed as a non-executive director.

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 Board Charter codifies the board's composition, appointment, authorities, responsibilities and processes and sets out the fiduciary duty and role of each director to the company. The 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 one-third of the directors shall retire from office each year with no director holding office for a period of longer than three years since his last election or appointment. However, executive directors are not subject to retirement by rotation during the period of a fixed-term contract.

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 appointees 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 directors' 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 abreast 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 disclose their shareholding, additional directorships and any potential conflicts of interest to the Chairman and the company secretary who, together with the sponsor, ensure that any share dealings are published on SENS.

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.

Annual evaluation
The board is required to conduct ongoing self-evaluation exercises based on a pre-determined checklist.

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, attend the company's annual general meeting.

Audit and risk committee
The audit and risk committee comprised four non-executive directors at year-end and was chaired by AJ Aaron. The composition of the committee is being reviewed in terms of the Corporate Laws Amendment Act. 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 Chief Executive Officer, Financial Director, Group Internal Audit Manager and external auditors are invited to attend every meeting and management members attend as required.

As set out in its formal Charter the audit and risk committee is responsible for:
- reviewing the interim and annual results;
- ensuring that an effective control environment is maintained by considering accounting, auditing, financial reporting and internal control matters;
- evaluating the internal audit mandate, plan and activities;
- monitoring proposed changes to accounting policies; and
- advising 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. The exercise did not identify any areas of concern for the year.

Remuneration and nominations committee
The remuneration and nominations committee is chaired by non-executive Chairman M Krok and comprised a further three non-executive directors at year-end. The committee met twice during the year.

In terms of its Charter the committee is responsible for 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 performances of the Chief Executive Officer and other senior executives are assessed three times a year by the committee as a precursor to evaluating appropriate remuneration. Non-executive director remuneration is assessed by the Chief Executive Officer and executive directors to prevent any conflict of interest, which involves an evaluation of the performance and contribution of non-executive directors. Directors' remuneration and interests are included in the Directors' Report and in Note 36 to the annual financial statements.

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 committee Charter.

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 also 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 reporting on whether the financial statements are fairly presented in compliance with IFRS and providing an independent assessment of internal controls. 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, Silverstar Casino, Akani Msunduzi, West Coast Leisure, Garden Route Casino, Goldfields Casino, Queens Casino and Gold Reef City Theme Park on a cost recovery basis. The Group Internal Audit Manager co-ordinates risk reviews with management at each casino 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 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.

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.

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 against unauthorised disposal or use of assets, 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.

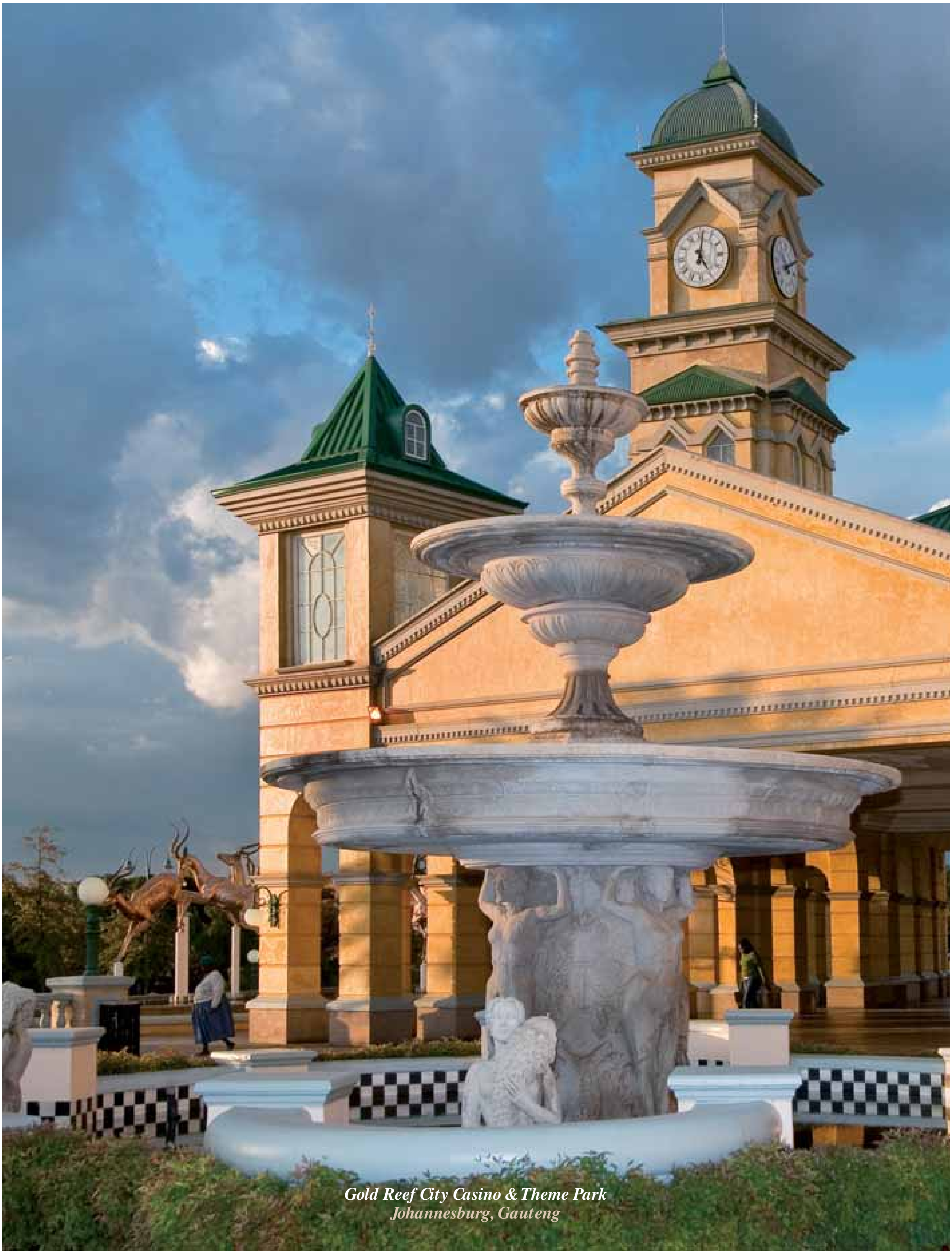
Together with the audit and risk committee, the board monitors the implementation of the appropriate risk management strategies throughout the group. Key risks facing the group include:

RISK	RISK MITIGATION
Exchange rate fluctuations	• Forward exchange contracts
Increase in interest rates	• 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 pending changes
Penetration of new markets	• Gold Reef partners with local groups with intimate knowledge of 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 at all properties
Competition for disposable income caused by changes in economic climate	• Strategic and aggressive marketing campaigns are initiated by group casinos to protect and grow market share • Casino management review and manage cost increases to control margin erosion • The activities of direct competitors are monitored

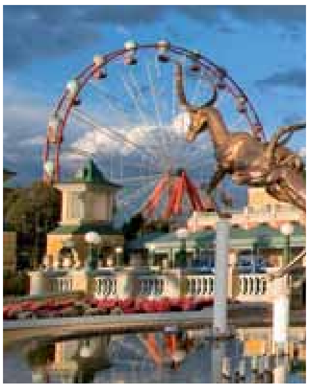
The directors have satisfied themselves that adequate systems of internal control are in place to mitigate significant risks identified to an acceptable level. Nothing has come to their attention to indicate that a material breakdown in the functioning of these systems within the group has occurred during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



Gold Reef City Casino & Theme Park
Johannesburg, Gauteng



Gold Reef City Casino & Theme Park
Johannesburg, Gauteng

Corporate Social Responsibility

BEE

The group is supportive of broad-based BEE and each of the operations is empowered at shareholder, employee and supplier levels. Group policy has consistently remained committed to increasing BEE beneficial shareholding at group level over the medium-term.

During the year landmark BEE transactions were concluded which increased the black empowerment equity shareholding in the group to more than 25,1%. The swapping of shares in the underlying casinos held by BEE partners for shares in the company, increased the group's exposure to its high-performing operations and consolidated its gaming platform. Gold Reef increased its shareholding in Gold Reef City, Silverstar Casino, Golden Horse Casino and Goldfields Casino to 100% and in Mykonos Casino to 70,4% as well as secured 100% of the casino management contracts for Gold Reef City Casino and Goldfields Casino. In addition, in order to achieve a minimum of 25,1% black-owned direct economic shareholding Gold Reef issued shares to certain of the BEE shareholders. The shareholders are party to a voting pool agreement that restricts them from the disposal of these shares within three years without the prior written consent of the company. If this consent is obtained, disposal is only allowed amongst the BEE partners.

As part of a CASA initiative, the group was thoroughly assessed in terms of the DTI Codes prior to them becoming effective. Gold Reef embraces the principles and objectives of the DTI Codes and has involved senior management throughout the group in identifying the steps necessary and accelerating their adoption throughout all areas of the group. Sub-committees have been established to concentrate the group's efforts on correctly modifying existing practices to meet the requirements of the DTI Codes with respect to employment equity, skills development and preferential procurement.

An overview of Gold Reef's progress in complaince with the DTI Codes is outlined below:

DTI CODE	PROGRESS
Ownership	• The transactions set out above substantially achieve the objectives of the DTI Codes with regard to broad-based and female ownership.
Management Control	• One quarter of executive directors are black males. One third of the directors serving on the board are black males. The remuneration and nominations committee is aware of the requirements of the DTI Codes and considers them when making appointments to the board.
Employment Equity	• As evidenced on pages 17 and 18, the group continues to employ increasing ratios of individuals from previously disadvantaged groups. The opening of new casinos has increased total employment and presented a further opportunity to increase black management participation. Group employment practices have been updated to intensify the employment of black disabled persons. The comprehensive employment equity policies of each of the operations and their success in meeting targets is summarised under 'Employees'.
Skills Development	• Group companies have historically invested substantially in the training of staff and are now working aggressively with the relevant government departments to ensure this training is accredited with the relevant THETA. (See page 18 for further details.)
Preferential Procurement	• The construction of new casinos and upgrading of existing casinos has allowed the group to significantly align its procurement with the requirements of the DTI Codes. Once the DTI has accredited the ratings process, the group will be able to accurately align its procurement targets in terms of its respective gaming licenses. Substantial steps to align these requirements were taken at Silverstar Casino and Queens Casino when the license terms were amended following the release of the DTI Codes. The group is currently meeting all license requirements with respect to black and local procurement and has assisted QSE's and EME's in obtaining the relevant registrations as required by the DTI Codes.
Enterprise Development	• The requirements of the DTI Codes with respect to Enterprise Development have been thoroughly reviewed and the group has identified various projects to initiate in the near future. These include accelerated payment terms for small black enterprises, assistance to black tenants in the various casinos and the placing of key contracts with small black businesses that receive additional support from the group.
Socio-Economic Development	• Gold Reef continues to meet the socio-economic challenges of SA and the activities detailed on page 30 of this report reflect that Gold Reef exceeds the targets of the relevant DTI Code.

Preferential Procurement

The group is committed to affirmative procurement and formalised minimum procurement targets for goods and services are in place at all operations, with an emphasis on supporting empowered businesses that are local to the region concerned. Procurement from BEE firms is 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. During the year a number of operations introduced more stringent qualification requirements. All of the group's operations continued to exceed their targets for affirmative suppliers with Gold Reef City Casino and Goldfields Casino achieving 40% and 53% procurement from BEE firms, respectively, in comparison to their targets of 25% and 30%. Golden Horse Casino continued to procure 32% of non-casino specialised services from BEE suppliers while Mykonos Casino also exceeded its 25% procurement target in each quarter and further entrenched the principle of affirmative procurement with all staff authorised to make purchases. Garden Route Casino exceeded its 35% target with actual procurement from BEE companies at 37%. During most of the previous year Silverstar Casino was in the development stage and was achieving 58% procurement, ahead of its targets of 25%-40%. A level of 108% has been achieved for ongoing procurement which includes newly-established service contracts. Queens Casino is in the process of entrenching BEE procurement practices and is already achieving levels of 32%.

Responsible Gaming

Gold Reef is committed to providing a gaming service that conforms with the country's legislators and gambling regulators 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. The placement of restrictions on advertising of gambling activities and the granting of promotional discounts is a requirement of the Act. To highlight its protection of minors the Act further demands stricter procedures for granting credit and the enforcement of 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 SA. Since its inception in 2000 over 70 000 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 casino 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' above and below 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 on an ongoing basis. In addition staff are provided with a copy of the CASA newsletter containing updates on problem gaming. Responsible gaming signage, including the tollfree helpline number, is prominently displayed at all casinos as well as on the casino's website. In addition customers can decline to receive promotional material and can choose to be excluded from loyalty programmes as well as casino premises.

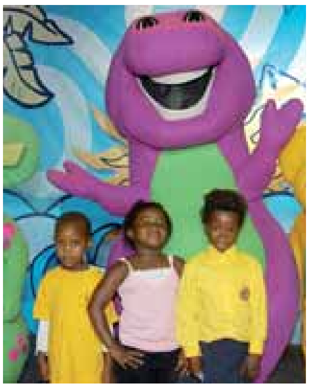
The casinos in the group proactively protect children with security officers allocated to ensure children do not enter the gaming area. These officers are also specifically trained in appropriate procedures for dealing with unattended minors.

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 Chief Executive Officer and Financial Director communicate with shareholders, institutional investors and analysts on a regular basis and interact with the financial press to try to ensure accurate reporting to 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 as well as directly disseminated to shareholders. Shareholders 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 a business imperative for Gold Reef, 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.



Corporate Social Investment ("CSI")

Gold Reef is committed to social and community upliftment as evidenced in its generous contributions to a diverse range of beneficiaries which totalled R13,8 million in 2007. Each of the group's operations has a formal CSI policy in place to establish and maintain relations with the communities in which it operates.

Gold Reef City Casino & Theme Park

Akani Egoli Management acts as the conduit for Gold Reef City Casino and Theme Park's support of community upliftment. Entrance to the Theme Park was sponsored throughout the year for underprivileged children including 300 children from Ikageng Itireleng and Lenasia South, HIV/ AIDS orphan charities. Further, day excursions are co-ordinated with many 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 the sponsored soccer facilities;
- He'atid Education Programme - which involved sponsorship of participants to attend a leadership programme;
- Soweto Home for the Aged;
- Project Smile – a charity trust for the aged;
- FH Chamberlain Trading – Orange Farm township project which includes a college and workshop for the disabled in the area;
- Ubuhle Bezwe, Banakekeleni Haven and the Topsy Foundation which were treated to a Christmas party at the Theme Park;
- Breast Health Foundation; and
- Vincent Tshabalala Education Trust.

Silverstar Casino

Silverstar Casino is committed to donating 1% of gaming revenue and 1% of EBITDAR to CSI spend. The casino commenced operations in December 2007 with the first distributions to take place in 2008. The main beneficiary will be the West Rand Development Trust which will receive 0,5% of gaming revenue. However, in 2007 the casino donated R50 000 to the Black Eagles Project, which conserves the environment of the black eagles which nest and hunt close to the area in which the casino is situated.

Golden Horse Casino

Golden Horse Casino also makes use of its management company, Akani Msunduzi Management, for the allocation of CSI. Beneficiaries during 2007 included:

- Lifeline Rape and Crisis Centre, Pietermaritzburg;
- The Isabel Beardmore Home for the Aged;
- Community Chest - which supports 50 charities in Pietermaritzburg;
- Samantha Millar Trust - which raised money for a child's chemotherapy and the Sunflower Fund;
- Superheroes Children's Party for children who are victims of, or have witnessed, violent crimes;
- Sinethemba Charity - which supports child-headed families; and
- Disadvantaged children from around Pietermaritzburg, who were treated to a Christmas party.

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

In addition Mykonos Casino supported local schools and local charities during the year including:

- Angels Foundation – a drug rehabilitation centre for girls and local street children,
- Seal College – which supports intellectually challenged children;
- Huis van Heere – a hospice;
- The National Sea Rescue Institute; and
- West Coast Radio.

Garden Route Casino

Garden Route Casino donates 1% of its gaming revenue to the Garden Route Casino Community Trust which manages the donations and ensures that money is allocated to local projects such as AIDS hospices and Recreational Development Programmes. In addition the casino donated R1 million to the local community which was used to build a new crèche and a new building to house a child welfare organisation.

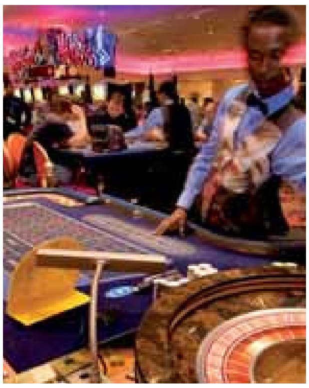
Goldfields Casino

During the year the casino sponsored various charities. In terms of the casino's permanent licence agreement, which was awarded in 2007, 1,5% of after-tax profit will be donated to a Trust which supports upliftment in the local community.

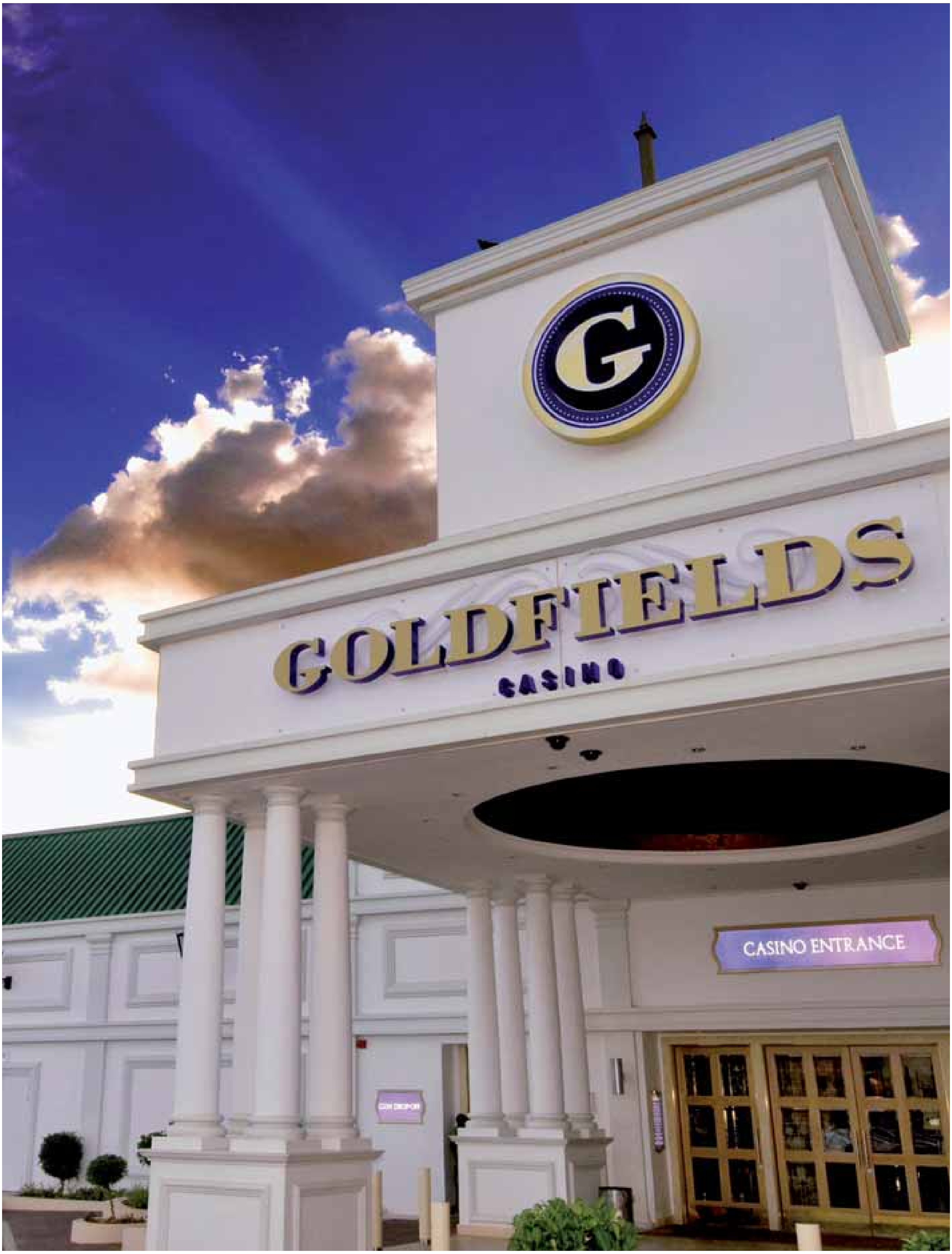
Queens Casino

Queens Casino commenced operations at the end of December 2007 and marked the opening by donating Christmas gifts to all the old age homes in Queenstown. Going forward the casino is committed to donating 3% of pre-tax profit to the Zulu Kama Trust, a community upliftment enterprise.

(opposite page, top) *Miss SA and Miss Teen SA with children from Noah (Nurturing Orphans of AIDS for Humanity) at the Theme Park's Dinosaur Encounter*
(opposite page, bottom left) *Children from Ikageng Itireleng and Lenasia South charities at the Barney and Friends Beach Show*
(opposite page, bottom right) *Children from Ubuhle Bezwe, Banakekeleni Haven and the Topsy Foundation with Father Christmas*



Goldfields Casino
Welkom, Free State



Goldfields Casino
Welkom, Free State

Annual Financial Statements

GOLD REEF
RESORTS

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 83 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 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 14 March 2008 and are signed on their behalf by:

SB Joffe
Chief Executive Officer

JS Friedman
Financial Director

JOHANNESBURG
5 May 2008

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 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
5 May 2008

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 2007, and 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 83.

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. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free of 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 annual 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 annual 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 management, 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 2007, and of 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.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: NL Forster
Registered Auditor

JOHANNESBURG
5 May 2008

Directors' Report

For the year ended 31 December 2007

Nature of Business

Gold Reef is a gaming and entertainment company incorporated in SA. Its interests incorporate Akani Egoli which operates Gold Reef City Casino and Theme Park; Silverstar Casino which operates Silverstar Casino; 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 Lukhanji Leisure which operates Queens 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.

Financial Results, Dividend and Special Dividend

The annual financial results of the company and group for the year are set out in the annual financial statements and accompanying notes.

The board declared a dividend for the year of 65 cents (2006: 55 cents) per share covered 2,3 times by Adjusted HEPS (2006: 2,3 times). From time to time the board will reconsider dividend cover based on the group's cash flow, gearing and capital requirements.

Further, and having regard to the positive cash flow of the group, the board declared a Special Dividend of 35 cents per share (2006: Nil) to be paid out of retained earnings. The Special Dividend will not result in an additional STC burden on Gold Reef given the existence of excess STC credits. Both dividends will be financed out of Gold Reef's cash resources after servicing the debt of the group's underlying operations.

Share Capital

On 1 January 2007 the authorised share capital of the company comprised 590 000 000 ordinary shares of which 220 602 659 were issued.

A total of 69 206 412 million Gold Reef shares were issued in 2007 as part of the BEE transactions (please see "Corporate Social Responsibility - BEE" for more details) and a further 2 181 149 shares were issued to the share scheme.

At 31 December 2007 the aggregate number of ordinary shares in issue was accordingly 291 990 220. 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 2007 numbered 14 427 602 (1 January 2006: 14 427 602). During the year the group purchased no further treasury shares (2006: Nil). At year-end treasury shares held by the group numbered 14 427 602 (year-end 2006:14 427 602).

Gold Reef shares held by the share scheme on 1 January 2007 numbered 2 214 185 (1 January 2006 : 2 214 185). During the year the share scheme purchased 2 666 further Gold Reef shares (2006 : Nil) and was issued with a further 2 181 149 Gold Reef shares (2006: Nil). Of the Gold Reef shares held by the share scheme, 4 329 669 were transferred to employees of the group in an exercise and/ or transfer that was subject to a resolutive condition (see Note 20 for further details). At year-end Gold Reef shares held by the share scheme numbered Nil (2006 : 2 214 185).

On 22 November 2006, the remuneration and nominations committee resolved that as an additional long-term incentive for certain executive directors, namely SB Joffe, JS Friedman and C Neuberger, Gold Reef would issue 350 000 free Gold Reef shares to such executive directors if such executive directors remained employed with Gold Reef for a certain period and if certain performance criteria were met (see Note 36 for further details). In terms of section 222 of the Companies Act, the issue of shares to directors requires the specific approval of the company in general meeting. Accordingly, Gold Reef wishes to obtain the approval of the shareholders in advance of any issue of the shares to the directors and, accordingly at the annual general meeting shareholders will be requested to vote on an ordinary resolution approving the issue of the shares to these executive directors if the criteria are met.

Directorate

The directors of the company at year-end are set out below. The number of board and committee meetings attended by each of the directors during the year 1 January 2007 to 31 December 2007 is indicated below, with the number in brackets reflecting the total number of meetings held during this period.

DIRECTOR	QUARTERLY MEETINGS	SPECIAL MEETINGS	AUDIT AND RISK COMMITTEE	REMUNERATION AND NOMINATIONS COMMITTEE
AJ Aaron*++°	4 (4)	7 (7)	3 (3)	2 (2)
BJ Biyela (Joint Chief Operating Officer) *(appointed 25 June 2007)*	2 (2)	3 (3)	1 (1)	-
JS Friedman (Financial Director)	3 (4)	7 (7)	2 (3)	-
SB Joffe (Chief Executive Officer)	4 (4)	7 (7)	3 (3)	-
RJ Khoza* *(resigned 6 February 2008)*	2 (4)	5 (7)	-	-
A Krok**	-	-	-	-
M Krok*+°° (Chairman)	4 (4)	7 (7)	3 (3)	2 (2)
MZ Krok*	4 (4)	3 (7)	-	-
S Krok**	-	-	-	-
J Leutgeb*"+°	1 (4)	6 (7)	0 (3)	0 (2)
RT Moloko*+° *(appointed 25 June 2007)*	2 (2)	3 (3)	0 (1)	0 (1)
C Neuberger" (Joint Chief Operating Officer)	4 (4)	6 (7)	2 (3)	-
PCM September* *(appointed 25 June 2007)*	2 (2)	0 (3)	-	-
BJ Schutte*	2 (4)	4 (7)	-	-
R Vierziger**"	3 (4)	1 (7)	3 (3)	2 (2)

** Non-executive ** Alternate "Austrian Citizen + Audit and Risk Committee ++ Audit and Risk Committee Chairman*

° Remuneration and Nominations Committee °° Remuneration and Nominations Committee Chairman

Directors' Report

For the year ended 31 December 2007

In terms of the Articles of Association JS Friedman, SB Joffe and C Neuberger retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election. On 25 June 2007 BJ Biyela was appointed as an executive director while RT Moloko and PCM September were appointed as non-executive directors. Post year-end on 14 March 2008 MG Diliza was appointed as a non-executive director. In terms of the Articles of Association, these new appointees will stand for re-election at the forthcoming annual general meeting.

On 6 February 2008 RJ Khoza resigned as a director.

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 34 to the annual financial statements.

Company Secretary

CRT Paul was appointed as company secretary with effect from 19 March 2007. His business and postal addresses, which are also the company's registered addresses, are set out on page 85 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.

Country of Incorporation

Gold Reef conducts its business from SA.

Directors' and Officers' Interests in Contracts

The interests of directors and officers in Gold Reef's contracts are set out in Note 33 to the annual financial statements.

Directors' Shareholding

	BENEFICIAL				NON-BENEFICIAL			
	DIRECT		INDIRECT		DIRECT		INDIRECT	
DIRECTOR	2007	2006	2007	2006	2007	2006	2007	2006
AJ Aaron	**10 000**	10 000	**-**	-	**-**	-	**62 365 033**	62 365 033
BJ Biyela	**201 333«**	*	**11 223 278**	*	**-**	*	**-**	*
JS Friedman	**1 967 093>**	1 447 093	**-**	462 400#	**-**	-	**-**	-
SB Joffe	**6 283 333‡**	5 033 333	**-**	982 600#	**-**	-	**102 048**	102 048
RJ Khoza	**-**	16 800	**170 000**	170 000	**-**	-	**-**	-
A Krok	**81 661**	81 661	**-**	-	**-**	-	**62 365 033**	62 365 033
M Krok	**2 063**	2 063	**15 585 569****	15 585 569**	**-**	-	**46 779 464****	46 779 464**
			322 205	322 205				
MZ Krok	**-**	-	**-**	-	**-**	-	**-**	-
S Krok	**-**	-	**-**	-	**-**	-	**-**	-
J Leutgeb	**-**	-	**-**	-	**-**	-	**-**	-
RT Moloko	**33 334~**	*	**21 944 174**	*	**-**	*	**-**	*
C Neuberger	**1 370 000§**	850 000	**-**	-	**-**	-	**-**	-
PCM September	**-**	*	**148 467**	*	**-**	*	**-**	*
BJ Schutte	**-**	-	**12 064 267**	12 064 267	**-**	-	**-**	-
R Vierziger	**-**	-	**-**	-	**-**	-	**-**	-

BJ Biyela, JS Friedman, SB Joffe and C Neuberger exercised options to purchase 68 000, 470 000, 1 000 000 and 470 000 shares, respectively, on 29 April 2008. All of these shares were amongst those held by these directors at year-end subject to a resolutive condition. As a result of a reorganisation of family affairs the following changes occurred to the directors' interests on 19 February 2008. 15 585 569 shares previously held by M Krok as an indirect beneficial interest are now regarded as direct beneficial. M Krok no longer has any indirect non-beneficial interest in the company. In addition to these changes, AJ Aaron and A Krok's indirect non-beneficial interest has decreased to 46 779 464 shares. There have been no other changes in the directors' interests between year-end and the date of this report other than as a result of changes to the board.

** Individuals were not directors of the company during 2006.*

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

« BJ Biyela has a loan of R634 681 with the Gold Reef Share Scheme and 133 333 shares are pledged as security for this loan. A further 68 000 shares were held by BJ Biyela subject to a resolutive condition up until 2 February 2008 when the resolutive condition was met. Of his pledged shares above 33 333 are not yet available for sale.

> JS Friedman has a loan of R3 688 202 with the Gold Reef Share Scheme and 1 000 000 shares are pledged as security for this loan. A further 520 000 shares were held by JS Friedman subject to a resolutive condition up until 2 February 2008 when the resolutive condition was met. Of his pledged shares above 83 333 are not yet available for sale.

‡ SB Joffe has a loan of R7 845 480 with the Gold Reef Share Scheme and 2 500 000 shares are pledged as security for this loan. A further 1 250 000 shares were held by SB Joffe subject to a resolutive condition up until 2 February 2008 when the resolutive condition was met. Of his pledged shares above 166 666 are not yet available for sale.

~ RT Moloko has a loan of R85 948 with the Gold Reef Share Scheme and 33 334 shares are pledged as security for this loan.

§ C Neuberger has a loan of R3 162 722 with the Gold Reef Share Scheme and 850 000 shares are pledged as security for this loan. A further 520 000 shares were held by C Neuberger subject to a resolutive condition up until 2 February 2008 when the resolutive condition was met. Of his pledged shares above 83 333 are not yet available for sale.

 # The exposure to this holding was via a shareholding in Little Swift Investments 465 (Pty) Limited. The exposure was disposed of during the year.

Directors' Report

For the year ended 31 December 2007

Directors' Remuneration

DIRECTOR	DIRECTOR'S FEES	OTHER SERVICES	BASIC REMUNE-RATION	OTHER BENEFITS	RETIRE-MENT/ MEDICAL	PERFOR-MANCE INCENTIVES	TOTAL 2007	TOTAL 2006
Executive								
Paid by the company								
BJ Biyela	-	-	-	20 000	-	-	20 000	*
JS Friedman	-	-	-	40 000	-	-	40 000	20 000
SB Joffe	-	-	-	40 000	-	-	40 000	20 000
C Neuberger	-	-	-	40 000	-	-	40 000	20 000
Paid by subsidiaries								
BJ Biyela	-	-	587 059	-	112 941	1 400 000	2 100 000	*
JS Friedman	-	-	1 155 016	-	194 984	1 350 000	2 700 000	2 214 000
SB Joffe	-	-	1 945 098	-	354 902	2 300 000	4 600 000	3 818 000
C Neuberger	-	-	1 500 000	-	-	1 500 000	3 000 000	2 702 000
Non-executive								
Paid by the company								
AJ Aaron	278 000	16 400***	-	-	-	-	294 400	177 736
RJ Khoza	90 000	-	-	-	-	-	90 000	110 000
M Krok	620 000	12 000 000**	-	20 000	-	-	12 640 000	383 000
MZ Krok	150 000	-	-	-	-	-	150 000	99 000
J Leutgeb	30 000	-	-	-	-	-	30 000	58 000
RT Moloko	90 000	-	-	-	-	-	90 000	*
BJ Schutte	120 000	-	-	-	-	-	120 000	90 000
PCM September	90 000	-	-	100 000	-	-	190 000	*
Paid by subsidiaries								
AJ Aaron	-	1 376 600***	-	-	-	-	1 376 600	85 529
RJ Khoza	30 000	-	-	-	-	-	30 000	40 000
M Krok	5 000	-	-	-	-	-	5 000	53 000
MZ Krok	-	-	-	-	-	-	-	-
J Leutgeb	-	-	-	-	-	-	-	-
RT Moloko	10 000	-	-	-	-	-	10 000	*
BJ Schutte	-	-	-	-	-	-	-	5 000
PCM September	43 000	-	-	-	-	-	43 000	*
Alternate								
Paid by the company								
A Krok	-	-	-	-	-	-	-	-
S Krok	-	-	-	-	-	-	-	20 000
R Vierziger	230 000	-	-	-	-	-	230 000	137 000
Paid by subsidiaries								
A Krok	-	-	-	-	-	-	-	-
S Krok	-	-	-	-	-	-	-	-
R Vierziger	-	-	-	-	-	-	-	-
TOTAL	**1 786 000**	**13 393 000**	**5 187 173**	**260 000**	**662 827**	**6 550 000**	**27 839 000**	**10 052 265**

** Individuals were not directors of the company during 2006.*
*** A R12 million provision has been raised which is payable to M Krok on the date on which he ceases to be a director of the company. The company's obligation to make the R12 million payment is an unconditional obligation. The resultant PAYE was paid subsequent to year-end thus reducing the provision to R7,2 million.*
**** Legal fees paid toWerksmans Inc during the year of which AJ Aaron was a director.*

As an additional long-term incentive for SB Joffe, JS Friedman and C Neuberger they will receive free shares in the company if they remain employed with Gold Reef for a certain period and if certain performance criteria are met. Further detail is provided in Note 36.

The Gold Reef Share Scheme

The group operates an employee share incentive scheme. Further details are included in Note 20 to the annual financial statements. Historical information in respect of directors' outstanding options at 31 December 2007 is as follows:

	SHARE OPTIONS AT 1 JANUARY 2007		SHARE OPTIONS GRANTED DURING THE YEAR		SHARE OPTIONS EXERCISED SUBJECT TO A RESOLUTIVE CONDITION		SHARE OPTIONS NOT EXERCISED AT 31 DECEMBER 2007	
DIRECTOR	NUMBER	AVERAGE STRIKE PRICE (R)	NUMBER	AVERAGE STRIKE PRICE (R)	NUMBER	AVERAGE STRIKE PRICE (R)	NUMBER	AVERAGE STRIKE PRICE (R)
BJ Biyela	68 000	15,35	-	-	(68 000)	15,35	-	-
JS Friedman	470 000	14,74	-	-	(470 000)	14,74	-	-
SB Joffe	1 000 000	14,74	-	-	(1 000 000)	14,74	-	-
C Neuberger	470 000	14,74	-	-	(470 000)	14,74	-	-

Special Resolutions

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

- Granting general authority for the company and its subsidiaries to effect buybacks of the company's shares on the JSE; and
- Amending the existing Articles of Association.

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

Post Balance Sheet Events

Change in Corporate Tax Rate

The Minister of Finance has enacted a change in the corporate tax rate to 28% that will be applicable to the group from the financial year ending 31 December 2008.

Corporate Activity

As announced on 4 February 2008, the scheme of arrangement proposed by BidCo to acquire all of the Gold Reef shares ("the BidCo offer") failed due to the non-fulfilment of certain conditions precedent to the proposed transaction, namely the approval of regional gaming boards which had not been secured by the extended deadline of 17h00 Friday, 1 February 2008. As BidCo had elected not to extend the deadline to accommodate these approvals, the proposed transaction lapsed.

Securities Regulation Panel ("SRP")

An adverse ruling in respect of the BidCo offer was handed down by the SRP on 1 February 2008. Gold Reef received the reasons for the ruling on 16 April 2008 and is currently evaluating the best course of action.

Tsogo Sun

On 21 February 2008 Gold Reef released a cautionary announcement stating that it was approached by Tsogo Sun Holdings (Pty) Limited and had held preliminary discussions where Tsogo Sun Holdings (Pty) Limited had indicated that it was contemplating a potential offer for Gold Reef. These discussions continued until 25 April 2008 when it was announced by Gold Reef that the discussions had been terminated.

Income Statement

For the year ended 31 December 2007

	Note	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Revenue		**1 741 801**	1 517 113	**-**	-
Net gaming win		**1 581 663**	1 381 332	**-**	-
Theme Park		**74 095**	58 396	**-**	-
Food and beverage		**41 080**	33 759	**-**	-
Other		**44 963**	43 626	**-**	-
Other income	4	**8 572**	9 365	**73 653**	558 479
		1 750 373	1 526 478	**73 653**	558 479
Gaming levies and VAT	5	**(310 238)**	(271 310)	**-**	-
Employee costs	6	**(362 409)**	(314 695)	**-**	-
Promotional and marketing costs		**(126 289)**	(113 679)	**-**	-
Depreciation and amortisation	5	**(152 823)**	(101 812)	**(40 261)**	(2 119)
Other operating expenses	5	**(389 337)**	(218 482)	**(63 673)**	(7 056)
Operating profit / (loss)		**409 277**	506 500	**(30 281)**	549 304
Finance income	7	**37 555**	11 957	**3 415**	9 886
Finance costs	7	**(55 604)**	(36 960)	**-**	(411)
Profit / (loss) before equity accounted earnings		**391 228**	481 497	**(26 866)**	558 779
Share of (loss) / profit of associate	15	**(934)**	669	**-**	-
Profit / (loss) before taxation		**390 294**	482 166	**(26 866)**	558 779
Taxation expense	8	**(195 307)**	(159 210)	**(24 607)**	36 864
Profit / (loss) for the year		**194 987**	322 956	**(51 473)**	595 643
Attributable to:					
Equity holders of Gold Reef		**145 814**	254 312	**(51 473)**	595 643
Minority interest		**49 173**	68 644	**-**	-
		194 987	322 956	**(51 473)**	595 643
Number of shares (000's)					
– in issue	9	**291 990**	220 603		
– for EPS calculation	9	**239 662**	203 961		
– for diluted EPS calculation	9	**239 662**	203 961		
EPS (cents)					
– EPS	9	**60,8**	124,7		
– diluted EPS	9	**60,8**	124,7		
Dividend per share (cents)	10	**65,0**	55,0		
Special dividend per share (cents)	10	**35,0**	-		

Balance Sheet

As at 31 December 2007

		GROUP		COMPANY	
		2007	2006	2007	2006
	Note	R'000	R'000	R'000	R'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**2 280 196**	1 278 485	**3 658**	-
Leasehold improvements	12	**103 661**	101 710	**-**	-
Intangible assets	13	**1 189 423**	472 717	**-**	40 261
Deferred tax assets	28	**46 788**	54 980	**32 225**	50 152
Investment in subsidiaries	14	**-**	-	**2 291 548**	792 528
Investment in associate	15	**42 134**	-	**43 017**	-
Investment in joint ventures	16	**-**	36 280	**-**	105 158
Available-for-sale financial assets	18	**-**	94 675	**-**	95 130
Derivative financial instruments	19	**43 213**	-	**-**	-
Share incentive scheme	20	**79 812**	25 484	**76 379**	54 498
		3 785 227	2 064 331	**2 446 827**	1 137 727
Current assets					
Inventories	21	**18 414**	7 584	**-**	-
Trade and other receivables	22	**74 622**	20 223	**1 000**	4 136
Current tax assets	31	**-**	-	**873**	2 363
Cash and cash equivalents	23	**332 016**	105 735	**192 133**	24 197
Amounts owing by related parties	33	**67**	4 865	**4**	152
		425 119	138 407	**194 010**	30 848
Total assets		**4 210 346**	2 202 738	**2 640 837**	1 168 575
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	24	**5 840**	4 412	**5 840**	4 412
Share premium	24	**1 860 132**	499 280	**1 860 132**	499 280
Treasury shares		**(41 961)**	(75 340)	**-**	-
		1 824 011	428 352	**1 865 972**	503 692
Share-based payment reserve		**378 117**	26 210	**378 117**	26 210
Other reserves	25	**(493 699)**	13 795	**-**	-
Retained earnings		**718 238**	719 892	**382 189**	583 904
		2 426 667	1 188 249	**2 626 278**	1 113 806
Minority interest	26	**32 405**	196 895	**-**	-
Total equity		**2 459 072**	1 385 144	**2 626 278**	1 113 806
Non-current liabilities					
Interest-bearing borrowings	27	**1 309 242**	394 330	**-**	-
Deferred tax liabilities	28	**53 946**	48 806	**-**	-
		1 363 188	443 136	**-**	-
Current liabilities					
Trade and other payables	29	**136 029**	144 623	**957**	49 158
Provisions	30	**54 923**	46 653	**12 000**	5 000
Bank overdraft	23	**15 420**	43 013	**1 602**	-
Current tax liabilities	31	**40 825**	58 779	**-**	-
Current portion of interest-bearing borrowings	27	**139 378**	76 967	**-**	-
Amounts owing to related parties	33	**1 511**	4 423	**-**	611
		388 086	374 458	**14 559**	54 769
Total equity and liabilities		**4 210 346**	2 202 738	**2 640 837**	1 168 575

Statement of Changes in Equity

For the year ended 31 December 2007

	SHARE CAPITAL R'000	SHARE PREMIUM R'000	TREASURY SHARES R'000	SHARE-BASED PAYMENT RESERVE R'000	OTHER RESERVES R'000	RETAINED EARNINGS R'000	TOTAL EQUITY HOLDERS' INTEREST R'000	MINORITY INTEREST R'000	TOTAL EQUITY R'000
GROUP									
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 paid	-	-	-	-	-	(104 020)	**(104 020)**	-	(104 020)
Movement in loans from minorities	-	-	-	-	-	-	**-**	(1 702)	(1 702)
Transactions with minorities in Gold Reef City	-	-	-	-	-	(25 773)	**(25 773)**	61 323	35 550
Transactions with minorities in Mykonos Casino	-	-	-	-	(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 1 January 2007	4 412	499 280	(75 340)	26 210	13 795	719 892	**1 188 249**	196 895	1 385 144
Issue of shares as part of share exchange and top-up transaction	1 384	1 334 538	-	340 257	-	-	**1 676 179**	-	1 676 179
Effect of share exchange and top-up transaction on group equity	-	-	-	-	(542 107)	-	**(542 107)**	(200 371)	(742 478)
Transfer between reserves	-	-	-	-	(2 774)	2 774	**-**	-	-
Issue of shares to share scheme	44	26 314	33 379	-	-	-	**59 737**	-	59 737
Recognition of share-based payments	-	-	-	11 650	-	-	**11 650**	-	11 650
Effective portion of derivative hedge recognised in equity during the year	-	-	-	-	37 387	-	**37 387**	-	37 387
Attributable profit for the year	-	-	-	-	-	145 814	**145 814**	49 173	194 987
Dividend paid	-	-	-	-	-	(150 242)	**(150 242)**	-	(150 242)
Dividends paid to minorities by subsidiaries	-	-	-	-	-	-	**-**	(13 292)	(13 292)
Balance at 31 December 2007	**5 840**	**1 860 132**	**(41 961)**	**378 117**	**(493 699)**	**718 238**	**2 426 667**	**32 405**	**2 459 072**
COMPANY									
Balance at 1 January 2006	4 412	499 280	-	16 222	-	92 281	**612 195**	-	612 195
Recognition of share-based payments	-	-	-	9 988	-	-	**9 988**	-	9 988
Attributable profit for the year	-	-	-	-	-	595 643	**595 643**	-	595 643
Dividend paid	-	-	-	-	-	(104 020)	**(104 020)**	-	(104 020)
Balance at 1 January 2007	4 412	499 280	-	26 210	-	583 904	**1 113 806**	-	1 113 806
Issue of shares as part of share exchange and top-up transaction	1 384	1 334 538	-	340 257	-	-	**1 676 179**	-	1 676 179
Issue of shares to share scheme	44	26 314	-	-	-	-	**26 358**	-	26 358
Recognition of share-based payments	-	-	-	11 650	-	-	**11 650**	-	11 650
Attributable loss for the year	-	-	-	-	-	(51 473)	**(51 473)**	-	(51 473)
Dividend paid	-	-	-	-	-	(150 242)	**(150 242)**	-	(150 242)
Balance at 31 December 2007	**5 840**	**1 860 132**	**-**	**378 117**	**-**	**382 189**	**2 626 278**	**-**	**2 626 278**

Cash Flow Statement

For the year ended 31 December 2007

	Note	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Cash flow from operating activities					
Profit / (loss) before taxation		**390 294**	482 166	**(26 866)**	558 779
Non-cash items and other adjustments	31	**284 588**	137 263	**86 153**	(49 652)
		674 882	619 429	**59 287**	509 127
(Increase) / decrease in net current assets	31	**(63 068)**	49 438	**(38 067)**	50 413
Cash flow from operating activities		**611 814**	668 867	**21 220**	559 540
Interest received		**32 442**	11 957	**3 415**	9 886
Interest paid net of borrowing costs capitalised		**(55 604)**	(36 960)	**-**	(411)
Taxation paid	31	**(199 929)**	(227 584)	**(5 190)**	(15 918)
Dividend paid		**(150 242)**	(104 020)	**(150 242)**	(104 020)
Net cash generated / (utilised) in operating activities		**238 481**	312 260	**(130 797)**	449 077
Cash flow from investing activities					
Additions to property, plant and equipment		**(1 065 315)**	(351 456)	**(885)**	-
Additions to leasehold improvements		**(5 329)**	(6 530)	**-**	-
Proceeds from disposal of property, plant and equipment		**9 963**	4 178	**-**	-
Investment in intangibles		**(276)**	(53)	**-**	-
Investment in available-for-sale financial instruments		**-**	(94 674)	**-**	(94 674)
Investment in associate	15	**(67)**	-	**(67)**	-
Loans (issued to) / repaid by joint ventures	16	**-**	(36 280)	**26 180**	(1 086)
Loans repaid by subsidiaries	14	**-**	-	**329 301**	267 647
Loans (issued to) / repaid by associate	15	**(43 001)**	691	**(42 950)**	1 053
Net repayments by / (advances to) related parties		**1 886**	94 601	**(463)**	122 536
Net cash effect of the share exchange and top-up transaction	32	**(138 908)**	-	**(305 462)**	-
Net cash effect of acquisition of ordinary shares in Inkonka	32	**-**	(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	32	**-**	(117 006)	**-**	(128 596)
Net cash effect of acquisition of Silverstar Casino	32	**-**	(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 of Mykonos Casino		**-**	(7 776)	**-**	(7 776)
Net cash (utilised in) / generated by investing activities		**(1 241 047)**	(732 656)	**5 654**	(503 697)
Cash flow from financing activities					
Issue of shares to share scheme		**59 737**	-	**26 358**	-
Issue of shares as part of share exchange and top-up transaction		**287 000**	-	**287 000**	-
(Increase) / decrease in share incentive scheme loan		**(54 328)**	7 355	**(21 881)**	7 350
Dividend and loan repayments to outside shareholders		**(13 292)**	(44 207)	**-**	-
Increase in interest-bearing borrowings		**977 323**	410 608	**-**	-
Net cash generated in financing activities		**1 256 440**	373 756	**291 477**	7 350
Net increase / (decrease) in cash and cash equivalents		**253 874**	(46 640)	**166 334**	(47 270)
Cash and cash equivalents at beginning of year		**62 722**	109 362	**24 197**	71 467
Cash and cash equivalents at end of year	23	**316 596**	62 722	**190 531**	24 197

Supplementary Information

For the year ended 31 December 2007

GROUP	2007 R'000	2006 R'000
EDITDAR RECONCILIATION		
Operating profit	**409 277**	506 500
Property and equipment rental	**15 991**	15 346
Depreciation and amortisation	**152 823**	101 812
EBITDAR	**578 091**	623 658
EBITDAR margin	**33,2%**	41,1%
ADJUSTED EBITDAR RECONCILIATION		
EBITDAR	**578 091**	623 658
Pre-opening expenses at Silverstar Casino	**57 826**	-
IFRS2 charges resulting from the share exchange and top-up transaction	**100 790**	-
Transaction costs incurred on the share exchange and top-up transaction	**4 372**	-
Transaction costs incurred on the scheme of arrangement proposed by BidCo	**18 927**	-
Adjusted EBITDAR	**760 006**	623 658
Adjusted EBITDAR margin	**43,6%**	41,1%

The company is of the opinion that it is appropriate to compare Adjusted EBITDAR for the year ended 31 December 2007 with EBITDAR for the comparative period in order to illustrate year-on-year operating growth.

GROUP	PROFIT BEFORE TAX R'000	TAX R'000	MINORITY INTEREST R'000	2007 R'000	2006 R'000
HEADLINE EARNINGS RECONCILIATION					
Attributable profit for the year	390 294	(195 307)	(49 173)	**145 814**	254 312
Impairment of intangible	40 261	-	-	**40 261**	-
CGT arising on ALI refinancing	-	-	-	**-**	5 466
Fair value of land and accounts receivable	(867)	-	-	**(867)**	-
Profit on sale of property, plant and equipment	(582)	(925)	177	**(1 330)**	(16)
Headline earnings	429 106	(196 232)	(48 996)	**183 878**	259 762
Weighted average number of shares in issue (000's)				**239 662**	203 961
HEPS (cents)				**76,7**	127,4

GROUP	2007 R'000	2006 R'000
ADJUSTED HEADLINE EARNINGS RECONCILIATION		
Headline earnings	**183 878**	259 762
Pre-opening expenses at Silverstar Casino and Queens Casino	**53 183**	-
IFRS2 charges resulting from the share exchange and top-up transaction	**100 790**	-
Transaction costs incurred on the share exchange and top-up transaction	**4 372**	-
Transaction costs incurred on the scheme of arrangement proposed BidCo	**18 927**	-
Adjusted headline earnings	**361 150**	259 762
Adjusted HEPS (cents)	**150,7**	127,4

The company is of the opinion that it is appropriate to compare Adjusted HEPS for the year ended 31 December 2007 with HEPS for the comparative period in order to illustrate year-on-year operating growth.

Supplementary Information (continued)

For the year ended 31 December 2007

GROUP	2007 R'000	2006 R'000
DEPARTMENTAL ANALYSIS		
Revenue	**1 741 801**	1 517 113
Net gaming win	**1 581 663**	1 381 332
Theme Park	**74 095**	58 396
Hotel	**15 184**	12 572
Theatre	**6 534**	2 588
Food and beverage	**41 080**	33 759
Parking	**7 530**	8 276
Management fees and commissions	**122**	6 520
Rental income	**14 857**	12 953
Other	**736**	717
Operating costs	**(1 172 282)**	(902 820)
Gaming		
– Gaming levies and VAT	**(310 238)**	(271 310)
– Gaming expenses	**(195 092)**	(206 091)
Theme Park	**(61 935)**	(54 541)
Hotel	**(9 844)**	(8 029)
Theatre	**(14 330)**	(6 776)
Food and beverage	**(32 583)**	(26 673)
Parking	**(2 680)**	(2 722)
Management fees and commissions	**(4 051)**	(5 534)
Other	**(541 529)**	(321 144)
Other operating income	**8 572**	9 365
EBITDAR	**578 091**	623 658

1. 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

The consolidated annual financial statements have been prepared in accordance with IFRS. The consolidated annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities including derivative instruments at fair value through profit or loss.

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.

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").

1.2.1 Standards, Amendments and Interpretations Effective in 2007 But Not Relevant to the Group

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2007 but are not relevant to the group's operations:

- IFRS 4, Insurance Contracts
- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies;
- IFRIC 9, Reassessment of Embedded Derivatives;
- IFRIC 10, Interim Financial Reporting and Impairment;

1.2.2 Standards, Amendments and Interpretations That Are Not Yet Effective and Have Not Been Early Adopted by the Group

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 January 2008 or later periods but which the group has not early adopted, are as follows:

- *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.

- *IAS 1 (amendment), Presentation of Financial Statements (effective from 1 January 2009).*

  IAS 1 has been amended to require the group to disclose information that will enable users of its financial statements to evaluate the entity's objectives, policies and processes of managing capital. The group will apply IAS 1 from 1 January 2009 and is currently evaluating its effect.

- *IAS 23 (amendment), Borrowing Costs (effective from 1 January 2009).*

  IAS 23 has been amended to remove the option to expense borrowing costs incurred on qualifying assets. The group has not previously used this option and the amendment to IAS 23 is not relevant to the group's operations.

- *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.

- *IFRIC 13, Customer Loyalty Programmes (effective from 1 July 2008).*

  IFRIC 13 addresses accounting by entities that grant loyalty awards to customers who buy other goods or services. This interpretation deals with the accounting treatment of the obligations to provide free or discounted services granted under such a programme. The group will apply IFRIC 13 from 1 January 2008 and is currently evaluating its effect.

- *IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from 1 January 2008).*

  IFRIC 14 requires entities to measure any economic benefits available to them in the form of refunds or reductions in future contributions, in accordance with IAS 19, at the maximum amount that is consistent with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan. The group will apply IFRIC 14 from 1 January 2008 but it is not expected to have any impact on the group's accounts.

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 at 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 assets and 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 assets and 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 assets and 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 assets and 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-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 Note 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.

1.3.4 Accounting for Black Economic Empowerment Transactions

In accordance with AC503 equity instruments granted at a discount to a BEE partner, are expensed. BEE credentials acquired as part of a business combination are 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 is measured at grant date and the expense recognised over the period of service conditions. Where the BEE transaction includes no service conditions, the fair value of the equity instruments is measured at grant date and the expense recognised immediately on grant date. The group has applied AC503 from 1 January 2007.

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:

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

Professional valuations of the residual values of land and buildings are updated at least once every three years. The last such valuations were performed in 2005. 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 and the reduction is charged as an expense in the income statement.

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 carrying amount and are recognised within operating profit in the income statement.

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.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

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 assets and 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

Acquired 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 between 3 and 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.

1.6.5 Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of the relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 3 years).

Where items of property, plant and equipment cannot operate without software, that software is recognised as a component of property, plant and equipment.

1.7 Internally Generated Intangible Assets – Research and Development Expenditure

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 Assets

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

1.9.1 Financial Assets at Vair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held-for-trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within finance income/ (costs) in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

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 are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet (refer to Note 22 and 23).

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.

Regular purchases and sales of financial assets are recognised on the 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. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets 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 are carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

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 making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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 as an indicator that 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 testing of trade receivables is described in Note 1.11.

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 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within “other operating expenses”. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against “other operating expenses” in the income statement.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

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.

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.

The normal SA tax rate used for the year ending 31 December 2007 was 29% (2006: 29%). Deferred tax assets and liabilities at 31 December 2007 have been calculated using this rate, as this is the rate that the group expects to apply to the period when the assets are realised or the liabilities are settled. STC is calculated at the prevailing rate, this rate was changed from 12,5% to 10% with effect from 1 October 2007. Capital Gains Tax is calculated at 50% of the company tax rate.

1.16 Employee Benefits

1.16.1 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.

1.16.2 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.

1.16.3 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. Under the scheme the group pays contributions into a separate entity and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior periods.

1.16.4 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.

1.17 Trade and Other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.18 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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.19 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 when the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the group.

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 South African Revenue Services.

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 is established.

1.20 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.

1.21 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.

1.22 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 15 of the annual report for the individual casino operations within the group.

1.23 Comparative Information

The format of the comparative deferred tax balances has been amended from that used in the previous year in order to better represent the status of the asset and liability balance per legal entity.

2. *Financial Risk Management*

2.1 Financial Risks

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash-flow and fair value interest risk), credit risk and liquidity 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

a) Currency Risk

Foreign exchange risk arises when future commercial transactions (mainly import transactions), recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. To manage their foreign exchange risk arising from future commercial transactions, which result in the company recognising assets and liabilities, the company uses forward contracts and supplier agreements.

b) Cash flow and fair-value interest rate risk

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

The group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the group borrowed at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

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 Liquidity Risk

The group makes use of a mix of external borrowings and existing resources to fund its operations and expansions. Primary borrowings are from Nedbank and ABSA bank in the form of long term interest-bearing borrowings (see Note 27). The group manages liquidity risk by monitory cash levels, undrawn facilities, loan balances and existing guarantees (see Note 27) on a weekly basis and by updating key ratios and forecasts on a monthly basis. Key ratios include debt:equity, interest cover and debt repayment period. The company, together with its bankers, monitors default levels and events to ensure that funds are available when intended as per forecast estimates.

2.1.4 Capital Risk Management

For the purposes of capital management, capital includes share capital; share premium; retained earnings; share-based payment reserve; other reserves and interest-bearing borrowings. The capital mix is reviewed by the group when substantial changes occur in the capital requirements of the group. These requirements could be for substantial additions to property, plant and equipment or the payment of dividends to shareholders. The directors will regularly review the liquidity risk of the group and ensure sufficient data is available to alter the capital mix if required. This review will include a review of operations, cash balances, QS and project reports and variances to cash and operating budgets. Directors of the group will consider the availability of capital, the cost of debt and equity and performance when making a decision that influences substantially the capital make-up of the company. The group monitors indicators of breach of contract or debt covenant and/ or default with its bankers and none have been noted at year-end.

2.2 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 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 19.

Movements on the hedging reserve in shareholders' equity are shown in Note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2.2.1 Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is 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 affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

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.

2.2.2 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.

The carrying value less provision 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.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

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

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 And Other Intangible Assets

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.

The group considers impairment indicators of other intangible assets on an annual basis in accordance with the accounting policy stated in Note 1.6.

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.

3.6 Fair Value of Derivatives and Other Financial Instruments

The fair value of derivatives that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The group has used discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets.

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
4. *Other Income*				
The following items have been included in other income:				
Profit on sale of available-for-sale financial instruments and management contract	**-**	-	**-**	37 696
Dividends and redemption premium received on ALI refinancing *	**5 288**	8 947	**6 880**	497 965
Fair value adjustment on acquisition of land	**2 773**	-	**2 773**	-
Dividend income from casino operations	**-**	-	**41 435**	-
Royalty fees	**-**	-	**15 601**	13 959
Other income items	**511**	418	**6 964**	8 859
	8 572	9 365	**73 653**	558 479

** 2007 income for both the company and the group consists of preference share dividends. A redemption premium was received by the company on the ALI refinancing in 2006 in addition to the dividends.*

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
5. *Operating Profit*				
The following items have been charged/ (credited) in arriving at operating profit:				
Gaming levies and VAT				
– Gaming levies	**132 168**	114 705	**-**	-
– VAT on gross gaming revenue	**178 070**	156 605	**-**	-
	310 238	271 310	**-**	-
Depreciation				
– Owned	**106 765**	94 095	**-**	-
– Leasehold	**3 378**	3 360	**-**	-
Amortisation and impairment				
– Trademarks	**100**	100	**-**	-
– Casino licences	**179**	144	**-**	-
– Bid costs	**2 140**	1 994	**-**	-
– Royalties	**40 261**	2 119	**40 261**	2 119
Total depreciation, amortisation and impairment	**152 823**	101 812	**40 261**	2 119
Other operating expenses consists of:				
Gaming expenses	**9 616**	7 958	**-**	-
Food and beverage expenses	**16 174**	13 680	**-**	-
General administration, human resources and IT	**89 481**	59 765	**-**	-
Security and surveillance	**19 240**	17 332	**-**	-
Operating lease charges	**16 427**	15 346	**-**	-
– Land and buildings	**8 758**	8 608	**-**	-
– Property, plant and equipment	**7 669**	6 738	**-**	-
Repairs and maintenance	**53 344**	50 420	**-**	-
Auditor's remuneration	**3 180**	2 812	**372**	478
– Audit fees - current year	**1 967**	2 371	**354**	434
– Audit fees - related to prior year	**196**	15	**-**	-
– Other services	**1 017**	426	**18**	44
IFRS2 charges resulting from the share exchange and top-up transaction	**100 790**	-	**52 080**	-
Other expenses	**81 085**	51 169	**11 221**	6 578
	389 337	218 482	**63 673**	7 056
Profit on disposal of property, plant and equipment	**(589)**	(111)	**-**	-
Loss on forward exchange contracts	**86**	-	**-**	-

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
6. Employee costs				
Salaries and wages	**334 844**	290 454	**-**	-
Share-based payment charge	**11 650**	9 988	**-**	-
Provident fund costs				
– Defined contribution plan	**15 915**	14 253	**-**	-
	362 409	314 695	**-**	-
Average number of employees employed by the group at year-end:				
– Full time	**2 862**	2 112	**-**	-
– Part time	**313**	299	**-**	-
7. Finance (Costs) / Income				
Finance costs:				
Interest expense	**(96 414)**	(36 887)	**-**	(411)
– Bank	**(94 555)**	(28 736)	**-**	-
– Other	**(1 859)**	(8 151)	**-**	(411)
Facilitation fees	-	(2 414)	**-**	-
Finance costs capitalised	**40 810**	2 341	**-**	-
Total finance costs	**(55 604)**	(36 960)	**-**	(411)
Finance income:				
Interest income	**32 442**	11 957	**3 415**	9 886
– Bank	**13 300**	4 745	**2 220**	841
– Other	**19 142**	7 212	**1 195**	9 045
Fair value gain on derivative financial instruments				
– Interest rate swaps	**5 113**	-	**-**	-
Total finance income	**37 555**	11 957	**3 415**	9 886
Net finance (costs) / income	**(18 049)**	(25 003)	**3 415**	9 475

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For the year ended 31 December 2007

	GROUP		COMPANY	
	2007	2006	2007	2006
	R'000	R'000	R'000	R'000
8. Taxation Expense				
Current taxation				
– Current year	**179 322**	154 162	**6 680**	7 554
– Prior year over provision	**(3 120)**	(14 643)	**-**	(309)
STC	**5 773**	67 017	**-**	577
Capital gains tax	**-**	5 466	**-**	5 466
Deferred taxation				
– Current year	**7 631**	(56 905)	**11 566**	(50 152)
– Prior year (over) / under provision	**(660)**	4 113	**-**	-
– Rate change	**6 361**	-	**6 361**	-
Taxation expense	**195 307**	159 210	**24 607**	(36 864)
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)**	(0,6)	**55,1**	(28,0)
Non-deductible expenses (%)	**16,4**	1,5	**(101,5)**	0,1
Prior year adjustments current (%)	**(1,4)**	(3,0)	**-**	(0,1)
Prior year adjustments deferred (%)	**(0,2)**	0,9	**-**	-
STC (%)	**1,5**	13,9	**-**	0,1
Deferred STC recognised (%)	**5,1**	(10,1)	**(74,2)**	(8,7)
Capital gains tax (%)	**-**	1,1	**-**	1,0
Other (%)	**0,2**	0,3	**-**	-
	50,0	33,0	**(91,6)**	(6,6)

9. Earnings Per Share

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 pruchased by the company and held as treasury shares.

	2007	2006
Basic EPS		
Profit attributable to shareholders (R'000)	**145 814**	254 312
Total number of shares in issue (000's)	**291 990**	220 603
Weighted average number of shares in issue (000's)	**239 662**	203 961
Basic EPS (cents)	**60,8**	124,7
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 (R'000)	**145 814**	254 312
Weighted average number of shares in issue (000's)	**239 662**	203 961
Diluted EPS (cents)	**60,8**	124,7

10. Dividend Per Share

Subsequent to year-end, an ordinary dividend of 65 cents (2006: 55 cents) and a special dividend of 35 cents totalling 100 cents, was declared. In terms of IAS 10 this is regarded as a non-adjusting event and will be accounted for in the 2008 annual financial statements. (Salient dates are set out in the Shareholders' Diary incorporated in this annual report.) No STC will be payable on the dividend as the company has sufficient STC credits.

11. Property, Plant and Equipment

	CASINO EQUIPMENT R'000	PLANT & MACHINERY R'000	FURNITURE, FITTINGS AND OTHER EQUIPMENT R'000	COMPUTER EQUIPMENT & SOFTWARE R'000	LAND & BUILDINGS R'000	THEME PARK RIDES R'000	TOTAL R'000
GROUP							
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
For the year ended 31 December 2007							
At beginning of year	147 137	45 225	93 043	25 094	894 018	73 968	1 278 485
Acquisitions	-	-	-	21	49 892	-	49 913
Additions and finance costs capitalised	171 553	16 069	101 415	33 205	735 660	7 413	1 065 315
Transfers	1 286	(7 264)	(60 327)	(51)	66 356	-	-
Disposals	(7 330)	-	(1 907)	(117)	(20)	-	(9 374)
Revaluation *	-	-	-	-	2 773	-	2 773
Write-offs	(129)	(6)	-	-	(16)	-	(151)
Depreciation	(51 684)	(16 024)	(19 386)	(12 106)	(6 583)	(982)	(106 765)
At end of year	260 833	38 000	112 838	46 046	1 742 080	80 399	2 280 196
At 31 December 2007							
Cost	519 598	145 751	204 850	113 457	1 803 329	93 103	2 880 088
Accumulated depreciation	(258 765)	(107 751)	(92 012)	(67 411)	(61 249)	(12 704)	(599 892)
Closing carrying value	260 833	38 000	112 838	46 046	1 742 080	80 399	2 280 196

Borrowing costs of R40,8 million (2006: R2,3 million) arising on financing specifically entered into for the construction of new casinos and substantial refurbishments of existing casinos were capitalised during the year and are included in 'Additions and finance costs capitalised' in land and buildings. A register of land and buildings is available for inspection at Gold Reef's offices.

Finance costs capitalised are matched with the net borrowing cost of the loan used to finance a specific area of construction prior to completion.

** The revaluation arises from recognising land at fair value on acquisition.*

	LAND & BUILDINGS R'000	TOTAL R'000
COMPANY		
For the year ended 31 December 2007		
At beginning of year	-	-
Additions	885	885
Revaluation *	2 773	2 773
At end of year	3 658	3 658
At 31 December 2007		
Cost	3 658	3 658
Accumulated depreciation	-	-
Closing carrying value	3 658	3 658

** The revaluation arises from recognising land at fair value on acquisition.*

Notes to the Annual Financial Statements

For the year ended 31 December 2007

	GROUP 2007 R'000	GROUP 2006 R'000
12. Leasehold Improvements		
At beginning of year	**101 710**	98 540
Additions	**5 329**	6 530
Depreciation	**(3 378)**	(3 360)
At end of year	**103 661**	101 710
Cost	**124 771**	119 442
Accumulated depreciation	**(21 110)**	(17 732)
Closing carrying value	**103 661**	101 710

13. Intangible Assets

	GOODWILL R'000	TRADE-MARKS R'000	CASINO LICENCES R'000	BID COSTS R'000	ROYALTIES R'000	TOTAL 2007 R'000	TOTAL 2006 R'000
GROUP							
At beginning of year	396 029	200	8 346	27 881	40 261	**472 717**	135 092
Acquisitions	759 156	-	-	52	-	**759 208**	342 229
Additions	-	276	-	-	-	**276**	53
Write-offs	(98)	-	-	-	-	**(98)**	(300)
Amortisation and impairment *	-	(100)	(179)	(2 140)	(40 261)	**(42 680)**	(4 357)
At end of year	1 155 087	376	8 167	25 793	-	**1 189 423**	472 717
Cost	1 155 087	1 276	11 124	38 488	42 380	**1 248 355**	488 969
Accumulated amortisation and impairment	-	(900)	(2 957)	(12 695)	(42 380)	**(58 932)**	(16 252)
Closing carrying value	1 155 087	376	8 167	25 793	-	**1 189 423**	472 717
COMPANY							
At beginning of year	-	-	-	-	40 261	**40 261**	42 380
Additions	-	-	-	-	-	**-**	-
Amortisation and impairment	-	-	-	-	(40 261)	**(40 261)**	(2 119)
At end of year	-	-	-	-	-	**-**	40 261
Cost	-	-	-	-	42 380	**42 380**	42 380
Accumulated amortisation and impairment	-	-	-	-	(42 380)	**(42 380)**	(2 119)
Closing carrying value	-	-	-	-	-	**-**	40 261

** On 31 December 2005 the company acquired Casinos Austria's share of the royalty agreement with Gold Reef Management. Gold Reef considers that the intellectual property arising from the purchase has transferred to the company and have impaired the intangible asset relating to the royalty purchase to a value of zero.*

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

	GOODWILL 2007 R'000	GOODWILL 2006 R'000
Casino operations	**1 115 767**	356 709
Gold Reef Management	**39 320**	39 320
	1 155 087	396 029

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 have assumed revenue growth to be as per page 15 of this report, EBITDAR margins to remain consistent and a discount rate as per the average borrowing rate disclosed in Note 27.

	COMPANY 2007 R'000	COMPANY 2006 R'000
14. Investment in Subsidiaries		
Shares at cost		
Cost of investment in ordinary shares	**2 617 622**	834 914
Cost of investment in preference shares	**33 507**	-
Loans to subsidiaries	**55 666**	43 627
Loans from subsidiaries	**(453 108)**	(111 768)
Share-based payments to subsidiary employees	**37 861**	25 755
	2 291 548	792 528
Aggregate attributable after tax profits of subsidiaries	**664 922**	243 535

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	100.00	100.00	Gaming and entertainment
Akani Leisure Investments	South Africa	Unlisted	100.00	100.00	Investment holding
Akani Msunduzi	South Africa	Unlisted	100.00	100.00	Gaming and entertainment
West Coast Leisure	South Africa	Unlisted	70.36	70.36	Gaming and entertainment
Gold Reef Management	South Africa	Unlisted	100.00	100.00	Management of casino interests
Akani Egoli Management	South Africa	Unlisted	100.00	100.00	Management of casino interests
Akani Msunduzi Management	South Africa	Unlisted	100.00	100.00	Management of casino interests
Aldiss Investments	South Africa	Unlisted	100.00	100.00	Investment holding
Garden Route Casino	South Africa	Unlisted	42.50	85.00	Gaming and entertainment
Inkonka Investments	South Africa	Unlisted	100.00	100.00	Investment holding
Goldfields Casino	South Africa	Unlisted	100.00	100.00	Gaming and entertainment
TanglePark	South Africa	Unlisted	100.00	100.00	Investment holding
Silverstar Casino	South Africa	Unlisted	100.00	100.00	Gaming and entertainment
Akani Leisure Msunduzi Investments	South Africa	Unlisted	100.00	100.00	Investment holding
Akani Leisure Goldfields Investments	South Africa	Unlisted	100.00	100.00	Investment holding
Akani Leisure Investments Casino Management	South Africa	Unlisted	100.00	100.00	Investment holding
Richard Moloko Consortium	South Africa	Unlisted	100.00	100.00	Investment holding
Richard Moloko Consortium Holdings	South Africa	Unlisted	100.00	100.00	Investment holding
Newshelf 786 *	South Africa	Unlisted	100.00	100.00	Investment holding
Akani Leisure Silverstar Holdings	South Africa	Unlisted	100.00	100.00	Investment holding
Mogale Silverstar Holdings	South Africa	Unlisted	100.00	100.00	Investment holding
Gold Reef Share Scheme	South Africa	Trust	N/ A	N/ A	Share Trust

** Investment consists of ordinary and preference share capital.*

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
15. Investment in Associate				
Investment in associate	**67**	-	**67**	-
Net share of results in associate in prior years	**-**	4 027	**-**	-
Net share of results in associate during the year	**(934)**	669	**-**	-
Transfer of associate to a subsidiary during the year	**-**	(4 696)	**-**	-
	(867)	-	**67**	-
Loan to associate	**43 001**	-	**42 950**	-
Closing carrying value	**42 134**	-	**43 017**	-
Reconciliation				
At beginning of year	**-**	5 315	**-**	1 650
Investment in associate	**67**	-	**67**	-
Net share of results in associate	**(934)**	669	**-**	-
Transfer of associate to a subsidiary during the year	**-**	(5 293)	**-**	(597)
Loans issued (repaid) during the year	**43 001**	(691)	**42 950**	(1 053)
At end of year	**42 134**	-	**43 017**	-
Closing carrying value is analysed as follows:				
Queens Casino	**42 134**	-	**43 017**	-
Loan to associate is analysed as follows:				
Queens Casino **	**43 001**	-	**42 950**	-

*** The company loan to Queens Casino bears interest at prime plus 1%.*

The carrying amounts of the loans to associate approximate their fair value.
The directors valued the shares in the group's associate, Queens Casino, at its carrying value in the financial statements.

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

ASSOCIATE	COUNTRY OF INCORPORATION	LISTED/ UNLISTED	PROPORTION OWNED %	ECONOMIC INTEREST %	NATURE OF BUSINESS
Queens Casino	South Africa	Unlisted	25.1	25.1	Gaming and entertainment

As the group has a significant influence in Queens Casino but not control, the results of its operations are equity accounted. The directors consider the group to have significant influence in Queens Casino as the group has appointed two directors to the board of Queens Casino and a group subsidiary holds the management contract in the casino.

The trading results of the associate company, whose results were equity-accounted in the 2007 financial statements, are as follows:

	2007 R'000
Revenue	**1 429**
Total associate company's loss for the year	**(3 734)**
The aggregate balance sheet of the associate is summarised as follows :	
Property, plant and equipment	**94 300**
Intangible assets	**3 642**
Deferred tax assets	**4 621**
Cash	**12 484**
Other current assets	**8 372**
Total assets	**123 419**
Shareholders' loans	**(106 565)**
Other liabilities	**(21 654)**
Total shareholders' funds	**(4 800)**

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
16. Investment in Joint Venture				
Investment in joint venture	-	-	-	78 978
Loans to joint venture	-	36 280	-	26 180
Closing carrying value	-	36 280	-	105 158
Reconciliation				
At beginning of year	**36 280**	18 591	**105 158**	44 216
Transfer of joint venture to a subsidiary during the year	**(36 280)**	(18 585)	**(78 978)**	(13 502)
Disposal of joint venture during the year	-	(6)	-	(5 620)
Investment in joint venture during the year	-	-	-	78 978
Loans repaid during the year	-	-	**(26 180)**	(25 094)
Loans raised during the year	-	36 280	-	26 180
	-	36 280	-	105 158
Closing carrying value is analysed as follows:				
Silverstar Casino	-	36 280	-	105 158
	-	36 280	-	105 158
Loans to joint venture is analysed as follows:				
Silverstar Casino*	-	36 280	-	26 180
	-	36 280	-	26 180

** Loans from group companies to Silverstar Casino in 2006 bore interest at 1 month JIBAR plus 1,29%. The company loan to Silverstar Casino in 2006 consisted of an interest free loan and various promissory notes. The loan was secured by shares in North West Developments (Pty) Limited and Silverstar Casino Property 1 (Pty) Limited.*

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

The following information relates to the group's interest in its joint venture:

JOINT VENTURE	COUNTRY OF INCORPORATION	LISTED/ UNLISTED	PROPORTION OWNED	ECONOMIC INTEREST %	NATURE OF BUSINESS %
Silverstar Casino	South Africa	Unlisted	** 50.00	** 50.00	Gaming and entertainment

*** With effect from 1 July 2007 Gold Reef acquired 100% of the above company making it a subsidiary. The effective holding from 14 July 2006 to 30 June 2007 is disclosed above.*

	2006 R'000
The trading results of the joint venture, whose results were proportionately consolidated in the financial statements of the prior year, are as follows;	
Revenue	-
Total joint venture loss since acquisition	(140)
The aggregate balance sheet of the joint venture is summarised as follows:	
Property, plant and equipment	**70 604**
Intangible assets	**204**
Current assets	**180**
Cash	**70**
Total assets	**71 058**
Net current liabilities	**(155 654)**
Total shareholders' funds	**(84 596)**

17. Financial Instruments by Category

The accounting policies for financial instruments have been applied to the line items below:

	LOANS AND RECEIVABLES	DERIVATIVES USED FOR HEDGING	AVAILABLE-FOR-SALE	TOTAL
GROUP				
At 31 December 2007				
Assets as per balance sheet				
Investment in subsidiaries	-	-	-	**-**
Investment in joint venture	-	-	-	**-**
Investment in associate	-	-	42 134	**42 134**
Derivative financial instruments	-	43 213	-	**43 213**
Trade and other receivables	59 310	-	-	**59 310**
Cash and cash equivalents	332 016	-	-	**332 016**
Share incentive scheme	79 812	-	-	**79 812**
Amounts owing by related parties	67	-	-	**67**
Total	**471 205**	**43 213**	**42 134**	**556 552**
At 31 December 2006				
Assets as per balance sheet				
Investment in subsidiaries	-	-	-	**-**
Investment in joint venture	-	-	36 280	**36 280**
Investment in associate	-	-	-	**-**
Available-for-sale financial assets	-	-	94 675	**94 675**
Trade and other receivables	13 048	570	-	**13 618**
Cash and cash equivalents	105 735	-	-	**105 735**
Share incentive scheme	25 484	-	-	**25 484**
Amounts owing by related parties	4 865	-	-	**4 865**
Total	**149 132**	**570**	**130 955**	**280 657**

	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES	TOTAL
At 31 December 2007			
Liabilities as per balance sheet			
Interest-bearing borrowings	-	1 309 242	**1 309 242**
Current portion of interest-bearing borrowings	-	139 378	**139 378**
Trade and other payables	125	135 904	**136 029**
Bank overdraft	-	15 420	**15 420**
Amounts owing to related parties	-	1 511	**1 511**
Total	**125**	**1 601 455**	**1 601 580**
At 31 December 2006			
Liabilities as per balance sheet			
Interest-bearing borrowings	-	394 330	**394 330**
Current portion of interest-bearing borrowings	-	76 967	**76 967**
Trade and other payables	12 220	132 403	**144 623**
Bank overdraft	-	43 013	**43 013**
Amounts owing to related parties	-	4 423	**4 423**
Total	**12 220**	**651 136**	**663 356**

17. Financial Instruments by Category (continued)

The accounting policies for financial instruments have been applied to the line items below:

	LOANS AND RECEIVABLES	DERIVATIVES USED FOR HEDGING	AVAILABLE-FOR-SALE	TOTAL
COMPANY				
At 31 December 2007				
Assets as per balance sheet				
Investment in subsidiaries	-	-	2 291 548	**2 291 548**
Investment in joint venture	-	-	-	**-**
Investment in associate	-	-	43 017	**43 017**
Derivative financial instruments	-	-	-	**-**
Trade and other receivables	1 000	-	-	**1 000**
Cash and cash equivalents	192 133	-	-	**192 133**
Share incentive scheme	76 379	-	-	**76 379**
Amounts owing by related parties	4	-	-	**4**
Total	**269 516**	**-**	**2 334 565**	**2 604 081**
At 31 December 2006				
Assets as per balance sheet				
Investment in subsidiaries	-	-	792 528	**792 528**
Investment in joint venture	-	-	105 158	**105 158**
Investment in associate	-	-	-	**-**
Available-for-sale financial assets	-	-	95 130	**95 130**
Trade and other receivables	4 136	-	-	**4 136**
Cash and cash equivalents	24 197	-	-	**24 197**
Share incentive scheme	54 498	-	-	**54 498**
Amounts owing by related parties	152	-	-	**152**
Total	**82 983**	**-**	**992 816**	**1 075 799**

	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES	TOTAL
At 31 December 2007			
Liabilities as per balance sheet			
Interest-bearing borrowings	-	-	**-**
Current portion of interest-bearing borrowings	-	-	**-**
Trade and other payables	-	957	**957**
Bank overdraft	-	1 602	**1 602**
Amounts owing to related parties	-	-	**-**
Total	**-**	**2 559**	**2 559**
At 31 December 2006			
Liabilities as per balance sheet			
Interest-bearing borrowings	-	-	**-**
Current portion of interest-bearing borrowings	-	-	**-**
Trade and other payables	-	49 158	**49 158**
Bank overdraft	-	-	**-**
Amounts owing to related parties	-	611	**611**
Total	**-**	**49 769**	**49 769**

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000

18. Available-for-sale Financial Assets

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Available-for-sale financial assets				
At beginning of year	**94 675**	1	**95 130**	386
Share-based payments made during the year	**-**	-	**-**	70
Preference shares subscribed for during the year	**-**	85 727	**-**	85 727
Preference shares redeemed during the year	**(68 047)**	-	**(68 047)**	-
Cumulative preference dividends accrued during the year	**6 880**	8 947	**6 880**	8 947
Transfer of financial asset to investment in subsidiary	**(33 508)**	-	**(33 963)**	-
At end of year	**-**	94 675	**-**	95 130

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. These 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 preference shares subscribed for by the company to provide finance to its empowerment partners in 2006:

INVESTMENT	ORIGINAL VALUE SUBSCRIBED FOR R'000	PRIOR YEAR DIVIDENDS R'000	CURRENT YEAR DIVIDENDS R'000	REDEMPTION OF PREFERENCE SHARES R'000	PURCHASE OF ENTIRE ORDINARY SHARE CAPITAL OF THE COMPANY R'000	TOTAL R'000
Newshelf 786 *	28 226	2 313	2 968	-	(33 507)	**-**
Newshelf 800 (Pty) Limited	19 531	1 901	1 123	(22 555)	-	**-**
Eglin Investments No. 30 (Pty) Limited	37 970	4 733	2 789	(45 492)	-	**-**
	85 727	8 947	6 880	(68 047)	(33 507)	**-**

** Effective 1 July 2007 Newshelf 786 became a subsidiary of the company.*

The company held preference shares in Akani Leisure Msunduzi Investments, Akani Leisure Goldfields Investments and Akani Leisure Casinos. These companies became subsidiaries of Gold Reef, effective 1 July 2007, when Gold Reef acquired their entire issued ordinary share capital. The total investment transferred to investment in subsidiaries amounted to R455 000.

19. Derivative Financial Instruments

During previous years various group companies obtained loans from financial institutions (refer Note 27). 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 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.

A summary of the terms of the interest rate hedges is provided below.

COMPANY	NOTIONAL PRINCIPLE	ORIGINAL HEDGE TERM	FLOOR/ SWAP RATE	CAP RATE	EFFECTIVE HEDGE?
Akani Egoli	R250 million	3 years	8,00%	10,47%	INEFFECTIVE
Goldfields Casino	See Note 1 below	3 years	8,78%	N/ A	EFFECTIVE
Garden Route Casino	See Note 1 below	3 years	8,00%	10,35%	INEFFECTIVE
Silverstar Casino	See Note 1 below	5 years	8,97%	N/ A	EFFECTIVE
Akani Msunduzi	See Note 1 below	3 years	8,00%	10,98%	INEFFECTIVE

Note 1:

The above casinos have entered into contracts to hedge their amortising 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 amortising balance and the actual level of debt, the ineffective portion of the hedge is recognised in the income statement.

The fair values of the cash-flow hedges are represented below:

	DERIVATIVE ASSET AT 31 DECEMBER 2007 R'000	DERIVATIVE LIABILITY AT 31 DECEMBER 2007 R'000	HEDGE RESERVE AT 31 DECEMBER 2007 R'000	DERIVATIVE ASSET AT 31 DECEMBER 2006 R'000	DERIVATIVE LIABILITY AT 31 DECEMBER 2006 R'000	HEDGE RESERVE AT 31 DECEMBER 2006 R'000
Akani Egoli	**2 416**	**(30)**	**-**	423	(1 371)	-
Goldfields Casino	**2 010**	**-**	**1 837**	-	(91)	(91)
Garden Route Casino	**386**	**(4)**	**-**	70	(187)	-
Silverstar Casino *	**38 068**	**(86)**	**25 205**	-	(10 251)	(10 254)
Akani Msunduzi	**333**	**(5)**	**-**	77	(320)	-
	43 213	**(125)**	**27 042**	570	(12 220)	(10 345)

** The Silverstar Casino hedge reserve is calculated as the portion of the hedge attributable to Gold Reef. Any movement in the hedge that arose whilst Silverstar Casino was a joint venture was only recognised to the extent of Gold Reef's holding.*

19. Derivative Financial Instruments (continued)

The ineffective portion relating to the movement in the fair value of the cash flow hedges is recognised in the income statement. This amounted to R5,1 million in 2007 (2006: Nil). The effective portion relating to the movement in the fair value of the cash flow hedges is recognised in the hedge reserve and amounted to R37,4 million in 2007 (2006: (R10,4 million)).

Trading derivatives in an asset position are classified as non-current assets and disclosed on the face of the balance sheet. Trading derivatives in a liability position are classified as current liabilities and disclosed in Note 29 to the balance sheet. The maximum exposure to credit risk at the balance sheet date is the fair value of the derivative assets in the balance sheet.

Interest rate risk

At 31 December 2007 the fair value of the assets would have been R73,2 million higher if market interest rates had been 1% higher and R10,6 million lower if market interest rates had been 1% lower.

At 31 December 2007 the fair value of the liabilities would have been R122 000 lower if market interest rates had been 1% higher and R374 000 higher if market interest rates had been 1% lower.

Forward foreign exchange contract ("FEC")

The notional principal amount of the outstanding forward FEC at 31 December 2007 was R1,7 million (2006: Nil).

	DERIVATIVE LIABILITY AT 31 DECEMBER 2007 R'000	DERIVATIVE LIABILITY AT 31 DECEMBER 2006 R'000
Fair value of derivative liability - FEC (cash flow hedge)	**(86)**	-

Highly probable transactions denominated in foreign currency have been hedged. These transactions are expected to occur at various dates during the next 12 months. Gains and losses recognised on forward FEC's for the year ended 31 December 2007 are recognised in the income statement being the period during which the hedged forecast transaction affected net income.

Trading derivatives in a liability position are classified as current liabilities and disclosed in Note 29 to the balance sheet.

Exchange rate risk

At 31 December 2007 the fair value of the liability would have been R92 000 lower if the ZAR:Euro exchange rate had been 1% higher and R264 000 higher if the ZAR: Euro exchange rate had been 1% lower.

	GROUP		COMPANY	
	2007	2006	2007	2006
	R'000	R'000	R'000	R'000
20. Share Incentive Scheme				
Amounts due by participants	**79 812**	25 484	**-**	-
Loan to share incentive scheme	**-**	-	**76 379**	54 498
	79 812	25 484	**76 379**	54 498

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 price 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:

	2007 NUMBER OF SHARES	AVERAGE PRICE	2006 NUMBER OF SHARES	AVERAGE PRICE
Awards/ options at beginning of year	**4 140 000**	**14,75**	1 564 000	15,35
Granted	**350 000**		2 585 000	
– Directors	**350 000**	**0,02**	1 100 000	14,39
– Staff	-		1 485 000	14,39
Lapsed	**(78 000)**		(9 000)	
– Directors	-		-	
– Staff	**(78 000)**	**14,73**	(9 000)	15,35
Exercised and delivered	**(4 329 669)**		-	
– Directors	**(2 358 000)**	**12,63**	-	
– Staff	**(1 971 669)**	**14,63**	-	
Exercised, delivered and sold	**(82 331)**		-	
– Directors	-		-	
– Staff	**(82 331)**	**15,35**	-	
Balance of awards/ options at end of year	-	-	4 140 000	14,75

The IFRS 2 costs relating to the shares granted to directors during the year is calculated on a fair value of R23,75 per share.

During 2007 1 971 669 shares that had been granted in 2005 and 2006 were exercised by employees and 2 358 000 shares were exercised by directors, subject to a resolutive condition. The condition remained unresolved at 31 December 2007. The average share price on the date of the conditional exercise was R32,80. Subsequent to year-end the condition was not met and the exercise by these employees and directors was reversed. A further 82 331 shares were exercised by employees in 2007 and sold on the open market.

At 31 December 2006 all of the options granted prior to that date were available for exercise by employees at an average price of R14,75.

Share options that have already been exercised by employees are not regarded as outstanding.

The following transactions are relevant to shares exercised prior to 1 January 2006:
During the year 404 999 (2006: 886 501) shares vested in and were sold on the open market by participants. A further 1 768 334 (2006: 1 520 165) shares vested in and were not sold on the open market by participants.

2 181 149 shares were issued to the Gold Reef Share Scheme during the year.

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
21. Inventories				
Operating equipment	**2 061**	493	**-**	-
Food and beverage	**1 517**	840	**-**	-
Stationery	**1 301**	917	**-**	-
Promotional items	**112**	137	**-**	-
Cashless cards	**3 848**	951	**-**	-
Other	**9 575**	4 246	**-**	-
	18 414	7 584	**-**	-
No inventories were written down to their recoverable amount in the year.				
22. Trade and Other Receivables				
Trade receivables	**2 943**	3 299	**-**	-
Less: Provision for impairment of trade receivables	**(506)**	(590)	**-**	-
Net trade receivables	**2 437**	2 709	**-**	-
Prepayments	**15 312**	6 605	**-**	-
Sundry debtors	**10 293**	4 179	**-**	-
Derivative financial instruments (see Note 19) *	**-**	570	**-**	-
VAT receivable from SARS	**40 243**	-	**-**	-
Other	**6 337**	6 160	**1 000**	4 136
	74 622	20 223	**1 000**	4 136

** The derivative financial instruments became material in 2007 and has therefore been reflected on the face of the balance sheet and not under trade and other receivables.*

The company has recognised a R84 000 decrease (2006: R351 000 increase) in the impairment of its trade receivables. The charge has been included in 'other expenses' in the income statement.

Of the receivables indicated above, the following details relate to balances owing for more than 30 days:

TOTAL R'000	30-60 DAYS R'000	60-90 DAYS R'000	> 90 DAYS R'000	IMPAIRMENT R'000
7 415	3 089	361	4 471	(506)

The provision for impairment of trade receivables relates to the provision for unpaid cheques and tenant debtors.

Prepayments and other receivables are not impaired as the benefits associated therewith are expected to flow to the company in the ordinary course of business in the 90 days following year-end.

No security is held against any of the receivables other than tenants deposits.

The carrying value is a reasonable approximation of the fair value of trade and other receivables

23. Cash and Cash Equivalents

	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Cash at bank	**268 430**	71 225	**192 133**	24 197
Cash on hand	**63 586**	34 510	**-**	-
	332 016	105 735	**192 133**	24 197
Bank overdrafts	**(15 420)**	(43 013)	**(1 602)**	-
All bank balances and bank overdrafts are held under cash management for individual group companies. Cash, cash equivalents and bank overdrafts include the following for the purpose of the cash flow statement:				
Cash and cash equivalents	**332 016**	105 735	**192 133**	24 197
Bank overdraft	**(15 420)**	(43 013)	**(1 602)**	-
	316 596	62 722	**190 531**	24 197

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24. Share Capital

	NUMBER OF SHARES (000)	ORDINARY SHARE CAPITAL R'000	SHARE PREMIUM R'000	TREASURY SHARES R'000	TOTAL R'000
COMPANY					
At 1 January 2006	220 603	4 412	499 280	-	**503 692**
Ordinary shares issued in 2006	-	-	-	-	**-**
Share capital of company at 1 January 2007	220 603	4 412	499 280	-	**503 692**
Issue of shares as part of share exchange and top-up transaction	69 206	1 384	1 334 538	-	**1 335 922**
Issue of shares to share scheme and subsequent option exercise by employees	2 181	44	26 314	-	**26 358**
Share capital of company at 31 December 2007	291 990	5 840	1 860 132	-	**1 865 972**
GROUP (net of treasury shares)					
At 1 January 2006	203 961	4 412	499 280	(75 340)	**428 352**
Ordinary shares issued in 2006	-	-	-	-	**-**
Share capital of group at 1 January 2007	203 961	4 412	499 280	(75 340)	**428 352**
Issue of shares as part of share exchange and top-up transaction	69 206	1 384	1 334 538	-	**1 335 922**
Issue of shares to share scheme and subsequent option exercise by employees	4 396	44	26 314	33 379	**59 737**
Share capital of group at 31 December 2007	277 563	5 840	1 860 132	(41 961)	**1 824 011**

The total authorised number of ordinary shares is 590 000 000 (2006: 590 000 000) with a par value of 2 cents per share (2006: 2 cents per share). All issued shares are fully paid up.

25. Other Reserves

	LAND REVALUATION R'000	HEDGING RESERVE R'000	TRANSACTIONS WITH MINORITY RESERVE * R'000	OTHER RESERVES R'000	TOTAL R'000
Balance at 1 January 2006	-	-	-	2 774	**2 774**
Revaluation of land per IFRS3 **	27 519	-	-	-	**27 519**
Transactions with minorities in West Coast Leisure	-	-	(6 153)	-	**(6 153)**
Effective portion of derivative hedge recognised in equity during the year (see Note 19)	-	(10 345)	-	-	**(10 345)**
Balance at 1 January 2007	27 519	(10 345)	(6 153)	2 774	**13 795**
Transactions with minorities in share exchange and top-up transaction	-	-	(542 107)	-	**(542 107)**
Transfers to retained income	-	-	-	(2 774)	**(2 774)**
Effective portion of derivative hedge recognised in equity during the year (see Note 19)	-	37 387	-	-	**37 387**
Balance at 31 December 2007	27 519	27 042	(548 260)	-	**(493 699)**

** See Note 32 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.*

	GROUP 2007 R'000	GROUP 2006 R'000
26. Minority Interest		
Minority interest consists of:		
Subsidiaries prior year earnings attributable to minorities	**15 440**	128 251
Profits attributable to minority interest in the current year	**16 965**	68 644
At end of year	**32 405**	196 895

At 31 December 2007 the minority interest relates only to interests in Mykonos Casino and Garden Route Casino. All other minorities were eliminated effective 1 July 2007 due to the share exchange and top-up transaction.

	GROUP 2007 R'000	GROUP 2006 R'000
27. Interest-bearing Borrowings		
Current		
– Term loans	**139 378**	76 967
Non-current		
– Term loans	**1 313 401**	394 330
	1 452 779	471 297
Debt arrangement fees	**(4 159)**	-
Total interest-bearing borrowings	**1 448 620**	471 297
Maturity of borrowings:		
Not later than 1 year	**139 378**	76 967
Later than 1 year but not later than 5 years	**752 505**	352 067
Later than 5 years	**556 737**	42 263
	1 448 620	471 297
Weighted average effective interest rate:		
Term loans (%)	**12.0**	9.6

These interest-bearing borrowings are at floating rates linked to JIBAR and range from 11% to 13% at year-end. The directors believe that the carrying values of the current borrowings approximate their fair values.
The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant when finance costs are considered.
The latest date at which bank borrowings mature is during 2018.

If market interest rates were to change by 1%, finance costs would increase/ decrease by R144,9 million per annum.

NATURE OF SECURITY	NATURE OF BORROWINGS	AMOUNT SECURED R'000
27. Interest-bearing Borrowings (continued)		
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	90 000
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
(West Coast Leisure had no debt at year-end. The securities referred to above are in place should the existing facility be drawn on again)		
Goldfields Casino		
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	30 000
Silverstar Casino		
First covering mortgage bond over fixed property	Nedbank term loan	1 400 000
Cession of insurance policy on building and moveable assets	Nedbank term loan	1 400 000
Cession of construction guarantee	Nedbank term loan	104 520
Limited suretyship by Gold Reef	Nedbank term loan	1 440 000
Waiver of builder's lien by Aveng (Africa) Limited in favour of Nedbank		
General negative pledge of assets in favour of Nedbank		
Notarial bond over all movable assets to be registered in favour of Nedbank three months from completion		
Gold Reef Management		
A negative pledge of assets	Nedbank term loan	50 000

Individual borrowings are subject to covenants, whereby the respective companies are required to meet certain key performance indicators. The indicators have been negotiated with each bank specific to that group company. The bank is contractually entitled to request early payment of the outstanding amount if the covenant is breached and not remedied. No covenants were at a stage of breach at year-end.

The borrowings of the group do not exceed that allowed as per the Articles of Association.

	GROUP		COMPANY	
	2007	2006	2007	2006
	R'000	R'000	R'000	R'000
28. Deferred Taxation				
At beginning of year	**6 174**	(36 348)	**50 152**	-
Rate change	**(6 361)**	-	**(6 361)**	-
Current year movement	**(7 631)**	56 905	**(11 566)**	50 152
Prior year adjustments	**660**	(4 113)	**-**	-
Acquisitions	**-**	(10 270)	**-**	-
At end of year	**(7 158)**	6 174	**32 225**	50 152
Broken down as follows:				
Deferred tax assets	**46 788**	54 980	**32 225**	50 152
Deferred tax liabilities	**(53 946)**	(48 806)	**-**	-
	(7 158)	6 174	**32 225**	50 152
The deferred tax balance may be analysed as follows:				
Deferred tax assets				
Provisions	**8 027**	4 438	**3 480**	1 450
Assessed losses	**20 648**	-	**-**	-
Deferred STC credits	**28 745**	48 702	**28 745**	48 702
Capital allowances	**(751)**	-	**-**	-
Prepayments	**(567)**	(375)	**-**	-
Other temporary differences	**(9 314)**	2 215	**-**	-
	46 788	54 980	**32 225**	50 152
Deferred tax liabilities				
Provisions	**5 991**	7 179	**-**	-
Capital allowances	**(56 178)**	(55 284)	**-**	-
Prepayments	**(2 659)**	(731)	**-**	-
Other temporary differences	**(1 100)**	30	**-**	-
	(53 946)	(48 806)	**-**	1 450

The analysis of deferred tax balances has been modified from that of the financial statements of the previous year to allow for the effect of aggregating deferred tax balances per legal entity.

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 R630 067 (2006: 735 380) to carry forward against taxable income, which have not been recognised in these financial statements.

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
29. Trade and Other Payables				
Trade payables	**47 454**	16 528	-	-
Accrued expenses	**38 830**	40 271	**6**	6
Derivative financial instruments (see Note 19)	**125**	12 220	-	-
Other payables	**49 620**	75 604	**951**	49 152
	136 029	144 623	**957**	49 158

All trade and other payables arise in the ordinary course of business and are expected to be settled within 1 to 3 months.

30. Provisions

	GAMING PROVISIONS * R'000	PERFORMANCE INCENTIVE PROVISIONS R'000	OTHER R'000	TOTAL 2007 R'000	TOTAL 2006 R'000
GROUP					
At beginning of year	6 220	27 018	13 415	**46 653**	13 809
Acquisitions	-	-	-	**-**	9 209
Provisions raised	4 895	7 591	13 459	**25 945**	24 886
Provisions utilised	(238)	(12 437)	(5 000)	**(17 675)**	(1 251)
At end of year	10 877	22 172	21 874	**54 923**	46 653
COMPANY					
At beginning of year	-	-	5 000	**5 000**	-
Provisions raised	-	-	12 000	**12 000**	5 000
Provisions utilised	-	-	(5 000)	**(5 000)**	-
At end of year	-	-	12 000	**12 000**	5 000

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

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

Other provisions at year-end consist predominantly of R12 million payable to M Krok on the date on which he ceases to be a director of the company. The company's obligation to make the R12 million payment is an unconditional obligation. PAYE of R4,8 million was paid subsequent to year-end thus reducing the provision by an equivalent amount. Also included are additional provisions for legal fees and STC that arose on historic business combinations and will materialise upon distribution of the retained income from those acquired entities.

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	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
31. Cash Flow Information				
Profit / (loss) before taxation	**390 294**	482 166	**(26 866)**	558 779
Adjusted for:	**284 588**	137 263	**86 153**	(49 652)
Interest received	**(32 442)**	(11 957)	**(3 415)**	(9 886)
Interest paid (net of capitalised borrowings)	**55 604**	36 960	**-**	411
Gains on interest rate swaps not received	**(3 650)**	-	**-**	-
Loss on forward exchange contracts	**86**	-	**-**	-
Depreciation	**110 143**	97 455	**-**	-
Amortisation and impairment	**42 680**	4 357	**40 261**	2 119
Profit on disposal of property, plant and equipment	**(589)**	(111)	**-**	-
Profit on sale of available-for-sale financial instruments and management contract	**-**	-	**-**	(37 696)
Write-off of fixed assets and intangible assets	**249**	1 240	**-**	-
Recognition of share-based payments	**11 650**	9 988	**-**	-
IFRS2 costs on share exchange and top-up transaction	**100 790**	-	**52 080**	-
Discounting reversed as per IAS 39	**-**	-	**-**	(4 600)
Fair value adjustments to land and accounts receivable	**(867)**	-	**(2 773)**	-
Associate earnings	**934**	(669)	**-**	-
	674 882	619 429	**59 287**	509 127
(Increase) / decrease in net current assets	**(63 068)**	49 438	**(38 067)**	50 413
(Increase) / decrease in accounts receivable	**(56 866)**	(3 030)	**3 136**	(3 226)
Increase in inventories	**(10 830)**	(3 754)	**-**	-
Increase / (decrease) in accounts payable and provisions	**4 628**	66 567	**(41 203)**	53 639
Increase in financial liabilities included in hedge reserves	**-**	(10 345)	**-**	-
	611 814	668 867	**21 220**	559 540
Taxation paid				
Tax (liability)/ asset at beginning of year	**(58 779)**	(55 443)	**2 363**	(267)
Acquisitions during the year	**-**	(18 918)	**-**	-
Current taxation	**(179 322)**	(154 162)	**(6 680)**	(7 554)
Prior year adjustment	**3 120**	14 643	**-**	309
Capital gains tax	**-**	(5 466)	**-**	(5 466)
STC	**(5 773)**	(67 017)	**-**	(577)
Tax liability/ (asset) at end of year	**40 825**	58 779	**(873)**	(2 363)
	(199 929)	(227 584)	**(5 190)**	(15 918)
Proceeds from sale of property, plant and equipment				
Net book amount	**9 374**	4 067	**-**	-
Profit on disposal of property, plant and equipment	**589**	111	**-**	-
	9 963	4 178	**-**	-

GROUP	2007 R'000
32. Business Combinations	
2007 Combinations	
Effective 1 July 2007 the group implemented the share exchange and top-up transaction. As disclosed in the relevant circular to shareholders and as per Note 34, various new group subsidiaries were acquired for a combination of cash and equity. In addition, holdings in existing subsidiaries were increased. The effective holding in Silverstar Casino was increased from 50% to 100% and Silverstar Casino is thus consolidated as a subsidiary and no longer proportionately consolidated.	
A brief summary of the transaction is included below: Gold Reef acquired the remaining 50,02% interest in Akani Leisure Investments for approximately R384,8 million. The price was settled with the issue of 16 881 426 Gold Reef shares and R64,1 million in cash. Gold Reef acquired a 100% interest in Akani Leisure Silverstar Holdings for approximately R519,2 million. The price was settled with the issue of 27 323 575 Gold Reef shares. Gold Reef acquired a 100% interest in Akani Leisure Casinos for approximately R30,7 million. The price was settled with the issue of 1 570 361 Gold Reef shares and R0,9 million in cash. Gold Reef acquired a 100% interest in Akani Leisure Msunduzi Investments for approximately R105,8 million. The price was settled with the issue of 5 122 112 Gold Reef shares and R8,4 million in cash. Gold Reef acquired a 100% interest in Akani Leisure Goldfields Investments for approximately R29,1 million. The price was settled with the issue of 1 358 174 Gold Reef shares and R3,3 million in cash. Gold Reef acquired an additional 10% interest in West Coast Leisure for approximately R42,8 million. The price was settled with the issue of 2 250 764 Gold Reef shares. Gold Reef acquired the remaining 30% interest in the Goldfields Casino management contract for approximately R13,3 million. The price was settled with the issue of 700 000 Gold Reef shares. To increase Gold Reef's BEE shareholding above 25,1% a further 14 million shares were issued to BEE participants at R20,50 per share.	
Purchase consideration for share exchange and top-up transaction paid in shares	**1 335 922**
Purchase consideration adjustment due to IFRS2	**340 257**
Fair value effect of transaction on group balance sheet (see below)	**(916 971)**
Bid costs capitalised	**(52)**
Goodwill	**759 156**
Goodwill relates primarily to the Silverstar Casino licence and associated benefits such as brandnames, specialised workforce skills and non-contractual customer relationships. These items are not considered to be separately identifiable and are therefore not recognised as individual intangible assets (see Note 13)	
The additional assets and liabilities arising from the transaction are as follows:	
Property, plant and equipment*	**49 913**
Receivables and prepayments	**9**
Derivative financial instruments	**13 701**
Cash and cash equivalents (see below)	**248 882**
Trade and other payables	**(7 057)**
The changes in existing balance sheet line items arising from the transaction are as follows:	
Investment in and loans to joint venture	**(36 280)**
Transactions with minorities reserve	**542 107**
Minority interest	**200 371**
Available-for-sale financial assets	**(94 675)**
Fair value effect of transaction on group balance sheet	**916 971**
** All assets were carried at fair value in the financial statements of Silverstar Casino on acquisition other than land which was carried at book value and subsequently revalued by R14,6 million.*	
Portion of ordinary shares issued for cash as part of the share exchange and top-up transaction	**287 000**
Additional purchase consideration for Silverstar Casino settled in cash	**(6 756)**
Cash and cash equivalents in Silverstar Casino not previously consolidated	**(31 362)**
Cash inflow on business combination	**248 882**
The cash flow on acquisition is disclosed as follows in the cash flow statement:	
Non-cash item added back to operating cash flow for IFRS2 costs recognised in the income statement	**100 790**
Cash inflow generated by financing activities	**287 000**
Cash outflow utilised in investing activities	**(138 908)**
Cash inflow on business combination	**248 882**
Had this transaction taken place at the beginning of 2007 the only impact on the group's results would have been the movement in the interest rate hedge at Silverstar Casino which was the only entity not consolidated in the prior year.	

32. Business Combinations (continued)

2006 Combinations

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 "transactions with minorities 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 Casino. Silverstar Casino was thus proportionately consolidated from this date.

GROUP	INKONKA R'000	TANGLEPARK R'000	SILVERSTAR CASINO R'000	TOTAL 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 brandnames, specialised workforce skills and non-contractual customer relationships (see Note 13)				
The additional assets and liabilities arising from the acquisitions 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 capitalised	-	-	(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 Casino group of companies had recognised R49 000 of goodwill prior to the acquisition by Gold Reef.*

	GROUP 2007 R'000	GROUP 2006 R'000
33. Related Party Transactions		
Services purchased from the following related parties during the year:		
Akani Leisure Casinos	**3 283**	7 428
CASA	**1 150**	968
Club Mykonos Resort Managers (Pty) Limited	**929**	1 395
Reygrande Investment Holdings (Pty) Limited	**240**	180
Satara Trading (Pty) Limited	**768**	1 412
South African Apartheid Museum	**3 699**	3 495
** Services include management fees, membership fees, consultancy fees, entrance fees and levies.*		
Payments to key management personnel are disclosed in Note 34.		
Amounts owing by related parties at end of year :		
Akani Leisure Goldfields Investments	**-**	44
Akani Leisure Msunduzi Investments	**-**	92
Akani Leisure Hotels	**-**	1 286
CASA	**63**	58
Satara Trading (Pty) Limited	**-**	3 385
Newshelf 698 (Pty) Limited	**4**	-
	67	4 865
Amounts owing to related parties at end of year:		
Akani Leisure Casinos	**-**	(412)
Akani Leisure Hotels	**(941)**	-
Akani Leisure Silverstar Holdings	**-**	(3 118)
Casinos Austria	**(162)**	-
Newshelf 698 (Pty) Limited	**-**	(611)
Olwazini Discovery Centre	**(94)**	(50)
South African Apartheid Museum	**(314)**	(232)
	(1 511)	(4 423)
	(1 444)	442

All related party balances payable by/ (to) related parties arise in the ordinary course of business and are expected to be settled within 1 to 3 months.

Amounts owing by related parties may also include prepayments for services rendered.

	COMPANY 2007 R'000	COMPANY 2006 R'000
Transactions with the following related parties during the year:		
Royalty fees received from Gold Reef Management	**15 601**	13 959
Administration fees received:		
- Akani Egoli and subsidiaries	**1 334**	834
- Akani Leisure Casinos	**7**	15
- Akani Msunduzi	**621**	359
- Garden Route Casino	**592**	317
- Goldfields Casino	**311**	168
- Gold Reef Management	**3 780**	2 381
- West Coast Leisure	**319**	183
Amounts owing by related parties at end of year:		
Akani Leisure Silverstar Holdings	**-**	152
Newshelf 698 (Pty) Limited	**4**	-
	4	152
Amounts owing to related parties at end of year:		
Newshelf 698 (Pty) Limited	**-**	(611)
	-	(611)
	4	(459)

All related party balances payable by/ (to) related parties arise in the ordinary course of business and are expected to be settled within 1 to 3 months.

33. Related Party Transactions (continued)

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 commerical terms and conditions and have been approved by the board. Effective 1 July 2007 Akani Leisure Casinos was included as a subsidiary of the group.

Prior to 1 July 2007 Akani Leisure Goldfields Investments owned 40% of Goldfields Casino.

Akani Leisure Hotels has common directors and shareholders with Gold Reef. Akani Leisure Hotels provides management services to Gold Reef City Casino and had a current balance outstanding at year-end from Akani Leisure Casinos, a subsidiary of Gold Reef.

Prior to 1 July 2007, Akani Leisure Silverstar Holdings owned 50% of Silverstar Casino.

Prior to 1 July 2007, Akani Leisure Msunduzi Investments owned 50% of Akani Msunduzi.

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

Casinos Austria is a significant 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. Casinos Austria earns board fees for attendance at Gold Reef board meetings by its representative directors.

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.

Newshelf 698 (Pty) Limited is a company holding an interest in Gold Reef. 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 The transaction was carried out on commercial terms and conditions and was approved by the board.

Reygrande Investment Holdings (Pty) Limited performs administrative functions for West Coast Leisure. The administrative 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 sold its 30% interest in the management contract of Goldfields Casino to Gold Reef effective 1 July 2007. This transaction was carried out on commercial terms and conditions and was approved by the board.

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 licence 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.

	EFFECTIVE HOLDING (ECONOMIC INTEREST) 2007 %	2006 %	INVESTMENT IN SHARES (COMPANY AND GROUP) 2007 R'000	2006 R'000	NET INDEBTEDNESS 2007 R'000	2006 R'000
34. Subsidiaries, Joint Ventures, Associates and Other Investments						
SUBSIDIARIES						
Akani Egoli	**100,00**	74,99	**974 659**	18 301	**(82 930)**	-
Akani Leisure Investments	**100,00**	49,98	*****	445 524	**-**	-
Akani Msunduzi	**100,00**	85,00	**135 948**	2 377	**(48 239)**	-
West Coast Leisure	**70,36**	60,36	**62 715**	7 777	**(1 027)**	-
Gold Reef Management	**100,00**	100,00	**63 501**	63 501	**(68 608)**	(92 232)
Akani Egoli Management	**100,00**	62,50	**1**	*	**-**	-
Akani Msunduzi Management	**100,00**	62,50	**1**	*	**-**	-
Aldiss Investments	**100,00**	100,00	*****	*	**43 575**	43 557
Garden Route Casino	**85,00**	85,00	**12 343**	12 343	**(19 706)**	-
Inkonka	**100,00**	100,00	**156 495**	156 495	**17**	-
Goldfields Casino	**100,00**	88,00	**165 084**	*	**(24 229)**	-
TanglePark	**100,00**	100,00	*****	128 596	**-**	-
Silverstar Casino	**100,00**	50,00	**834 340**	-	**12 059**	-
Akani Leisure Msunduzi Investments**	**100,00**	-	*****	-	**-**	-
Akani Leisure Goldfields Investments**	**100,00**	-	*****	-	**-**	-
Akani Leisure Casinos	**100,00**	-	**38 990**	-	**(2 936)**	-
Richard Moloko Consortium	**100,00**	-	*****	-	**(95 898)**	-
Richard Moloko Consortium Holdings	**100,00**	-	**173 545**	-	**15**	-
Newshelf 786 **	**100,00**	-	**33 507**	-	**(109 533)**	-
Akani Leisure Silverstar Holdings	**100,00**	-	*****	-	**(2)**	-
Mogale Silverstar Holdings	**100,00**	-	*****	-	**-**	-
			2 651 129	834 914	**(397 442)**	(48 675)
JOINT VENTURES						
Silverstar Casino		50,00	**-**	78 978	**-**	26 180
			-	78 978	**-**	26 180
ASSOCIATES						
Queens Casino	**25,10**	-	**67**	-	**42 950**	-
			67	-	**42 950**	-
INVESTMENTS						
Akani Leisure Msunduzi Investments **		100,00	**-**	*	**-**	92
Akani Leisure Goldfields Investments **		100,00	**-**	*	**-**	44
Newshelf 786 **		-	**-**	30 539	**-**	-
Newshelf 800 (Pty) Limited ***	**-**	-	**-**	21 432	**-**	-
Eglin Investments No 30 (Pty) Limited ***	**-**	-	**-**	42 703	**-**	-
Sekunjalo Health Care Limited	**0,50**	0,50	**-**	-	**-**	-
			-	94 675	**-**	136

* *Amount less than R1 000.*

** *These shareholdings comprised preference shares only until 1 July 2007 when the entire ordinary share capital of the company was acquired.*

*** *These shareholdings comprised preference shares only until 1 July 2007 when the entire preference share capital of the company was redeemed.*

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000

35. Contingencies, Commitments and Guarantees

At 31 December 2007 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 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Guarantees	**1 725 174**	551 226	**1 337 100**	381 340
Litigation	**2 500**	500	**1 000**	-
Capital commited or approved	**413 437**	72 975	**-**	-
	2 141 111	624 701	**1 338 100**	381 340

Akani Egoli has entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank has guaranteed an agreed capital amount not exceeding R33 544 000 (2006: R33 544 000) 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 R5 260 000 (2006: R4 325 000) for gambling board taxes and working capital. ABSA has also issued a guarantee to the Pietermaritzburg Municipal Council for R470 000 (2006: R470 000) 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 (2006: 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 (2006: 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 Casino has entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank has guaranteed an agreed capital 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. At 31 December 2007 R179 000 000 was outstanding under the guarantee.

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

Silverstar Casino has provided a payment guarantee to Aveng (Africa) Limited for R150 000 000 in terms of its construction contract.

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 (2006: R250 000) for gambling board taxes and working capital.

The company has bound itself as surety for Akani Egoli, Silverstar Casino, Akani Msunduzi and West Coast Leisure to their bankers for 100%, 100%, 100% and 70,33% of their exposure respectively. The contingent liability under these sureties in aggregate amounted to R1 337 100 000 (2006: R381 340 000).

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

Capital approved includes amounts approved by the boards of directors of underlying subsidiaries but that had not been contracted for at year-end. R306,9 million of the capital committed had been contracted for at year-end. This relates to ongoing construction contracts at Gold Reef City and Silverstar Casino.

Operating lease commitments

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

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Not later than 1 year	**3 935**	3 650	**-**	-
Later than 1 year but not later than 5 years	**9 353**	8 645	**-**	-
Later than 5 years	**8 630**	10 110	**-**	-
	21 918	22 405	**-**	-

	GROUP	
	2007	2006
	R'000	R'000
36. Director's Emoluments		
Executive directors		
Basic remuneration	**5 187**	3 895
Retirement and medical contributions	**663**	449
Performance incentives	**6 550**	4 344
Other services	**140**	106
	12 540	8 794
Non-executive directors		
Directors' fees	**1 786**	1 021
Other services *	**13 513**	237
	15 299	1 258
	27 839	10 052
Total directors' emoluments		
Emoluments paid by the company	**13 975**	923
Emoluments paid by subsidiaries	**13 864**	9 129
	27 839	10 052

On 22 November 2006, the remuneration and nominations committee resolved that as an additional long-term incentive for certain executive directors, namely SB Joffe, JS Friedman and C Neuberger, Gold Reef would issue free Gold Reef shares to such executive directors if they remained employed with Gold Reef for certain periods and if certain performance criteria were met. Each such executive director will receive 50 000 Gold Reef shares if he remains employed with Gold Reef for a period of three years from 1 January 2007. In addition, SB Joffe will receive a further 200 000 Gold Reef shares if he remains employed for an additional two years. The performance criteria, which were set by the remuneration and nominations committee on 16 March 2007, will be measured at the end of the three and five year periods by reference to the percentage of the annual performance bonus which the executive director received during such period. To the extent that the performance criteria are not fully met the number of shares to be issued will be reduced proportionately.

Share-based payment charges during the year relating to awards to directors were R6,5 million (2006: R4,9 million).

A listing of all members of the board is shown on page 8 of the annual report and a detailed breakdown of individual directors' emoluments is shown on page 37 of the annual report.

In terms of the Articles of Association JS Friedman, SB Joffe and C Neuberger will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

** Includes R12 million payable to M Krok on the date on which he ceases to be a director of the company, that was owing at year-end. The company's obligation to make the R12 million payment is an unconditional obligation. PAYE relating to this has been paid subsequent to year-end thus reducing the amount which remains payable to R7,2 million.*

37. Subsequent Events

As announced on 4 February 2008, the scheme of arrangement ("the Scheme") in terms of section 311 of the Companies Act (61 of 1973), as amended, proposed by BidCo between Gold Reef and its shareholders, other than Aldiss Investments (a wholly owned subsidiary of Gold Reef and the holder of 14 427 602 treasury shares), in terms of which BidCo sought to acquire all the Gold Reef shares held by shareholders, other than Aldiss Investments, ("the BidCo Offer") failed due to the non-fulfilment of certain conditions precedent to the proposed transaction. Such conditions precedent which were not fulfilled were the approval of the regional gambling boards (specifically Gauteng Gambling Board, Western Cape Gambling and Racing Board, KwaZulu-Natal Gambling Board, Free State Gambling and Racing Board and Eastern Cape Gambling and Betting Board) which were not secured by the extended deadline of 17h00 Friday 1 February 2008. As BidCo had elected not to extend the deadline to accommodate these approvals, the proposed transaction has lapsed.

An adverse ruling in respect of the BidCo offer was handed down by the SRP on 1 February 2008. Gold Reef received the reasons for the ruling on 16 April 2008 and is currently evaluating the best course of action.

On 21 February 2008 Gold Reef released a cautionary announcement stating that it was approached by Tsogo Sun Holdings (Pty) Limited and had held preliminary discussions where Tsogo Sun Holdings (Pty) Limited indicated that it was contemplating a potential offer for Gold Reef. These discussions continued until 25 April 2008 when it was announced by Gold Reef that the discussions had been terminated.

See the Director's Report on page 38 for further information.

Analysis of Shareholders & JSE Performance

	NUMBER OF SHARE-HOLDERS	%	NUMBER OF SHARES	%
Analysis of Shareholders				
PORTFOLIO SIZE				
Range				
1 - 1 000	639	38,45	314 341	0,11
1 001 - 5 000	583	35,08	1 504 078	0,52
5 001 - 10 000	156	9,39	1 152 384	0,39
10 001 - 50 000	129	7,76	2 972 129	1,02
50 001 - 100 000	37	2,23	2 680 955	0,92
100 001 - and over	118	7,09	283 366 333	97,04
	1 662	100,00	291 990 220	100,00
CLASSIFICATION				
Type				
Individuals	1 448	87,12	63 211 970	21,65
Collective investment schemes and mutual funds	97	5,84	31 579 424	10,82
Trusts	64	3,85	104 747 582	35,87
Other corporate	51	3,07	27 894 587	9,55
Gold Reef Share Scheme	1	0,06	4 329 669	1,48
Holdings 10% +	1	0,06	60 226 988	20,63
	1 662	100,00	291 990 220	100,00
SHAREHOLDER SPREAD				
Public	1 596	96,03	63 217 049	21,65
Non-public	66	3,97	228 773 171	78,35
Directors	57	3,43	107 127 270	36,69
Associates	7	0,42	46 991 311	16,09
Holding 10% +	1	0,06	60 226 988	20,63
Subsidiaries	1	0,06	14 427 602	4,94
	1 662	100,00	291 990 220	100,00
MAJOR SHAREHOLDING OWNING 1% OR MORE				
Casinos Austria			60 226 988	20,63
The Maxim Krok 1994 Trust			15 585 569	5,34
Saddle Path Props 20 (Pty) Limited			15 217 955	5,21
Aldiss Investments			14 427 602	4,94
Broker Proprietary			13 209 324	4,52
The Shelly Krok 1994 Trust			11 873 732	4,07
The Elana Pincus 1994 Trust			11 873 732	4,07
The Simone Lerman 1994 Trust			11 523 732	3,95
The David Krok 1994 Trust			10 458 268	3,58
Platoon Trade and Invest (Pty) Limited			9 639 982	3,30
Mark Krok			9 223 733	3,16
Black Management Forum Investment Company Limited			7 587 517	2,60
Clidet No 754 (Pty) Limited			6 536 881	2,24
Newshelf 698 (Pty) Limited			6 327 740	2,17
Steven Joffe			6 283 333	2,15
Benita Schutte Trust			4 021 423	1,38
BJ Schutte Trust			4 021 422	1,38
Monja Schutte Trust			4 021 422	1,38
Prime Portfolio Investments "A" (Pty) Limited			3 533 964	1,21
Old Mutual Life Assurance Co SA Limited			3 196 447	1,09
Broker Proprietary			2 966 188	1,02

JSE Performance

Number of shares traded	62 283 016
Shares traded as a precentage of listed shares in issue at 31 December 2007	22,44%
Highest price traded (cents)	3 378
Lowest price traded (cents)	2 000
Closing market price at 31 December 2007 (cents)	3 350

Shareholders' Diary & Corporate Information

Shareholders' Diary

Financial year-end	31 December
Annual General Meeting	27 June 2008

REPORTS

Interim for six months to June	August
Preliminary annual results	March
Annual financial statements	May

Corporate Information

COMPANY SECRETARY AND REGISTERED OFFICE
CRT Paul *CA(SA)*
Gold Reef City
Gate 4
Northern Parkway
Ormonde
Johannesburg, 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 Inc
82 Maude Street
Sandown, 2196
(PO Box 784903, Sandton, 2196)

CORPORATE ADVISORS
Edward Nathan Sonnenbergs Inc
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, 2191
(Private Bag X36, Sunninghill, 2157)

TRANSFER SECRETARIES
Link Market Services (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

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

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 Friday, 27 June 2008 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 2007, together with the directors' and independent auditors' reports.

2. To re-elect JS Friedman 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 JS Friedman is contained on page 8 of the annual report of which this notice forms part.

3. To re-elect SB Joffe 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 SB Joffe is contained on page 8 of the annual report of which this notice forms part.

4. To re-elect C Neuberger 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 C Neuberger is contained on page 8 of the annual report of which this notice forms part.

5. To re-elect BJ Biyela who was appointed by the board of directors on 25 June 2007. He retires in terms of the company's Articles of Association and being eligible offers himself for re-election.

   An abbreviated curriculum vitae in respect of BJ Biyela is contained on page 8 of the annual report of which this notice forms part.

6. To re-elect RT Moloko who was appointed by the board of directors on 25 June 2007. He retires in terms of the company's Articles of Association and being eligible offers himself for re-election.

   An abbreviated curriculum vitae in respect of RT Moloko is contained on page 8 of the annual report of which this notice forms part.

7. To re-elect PCM September who was appointed by the board of directors on 25 June 2007. He retires in terms of the company's Articles of Association and being eligible offers himself for re-election.

   An abbreviated curriculum vitae in respect of PCM September is contained on page 8 of the annual report of which this notice forms part.

8. To re-elect MG Diliza who was appointed by the board of directors on 14 March 2008. He retires in terms of the company's Articles of Association and being eligible offers himself for re-election.

   An abbreviated curriculum vitae in respect of MG Diliza is contained on page 8 of the annual report of which this notice forms part.

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

10. 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 11, 12 and 13 as ordinary resolutions:

11. "**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."

12. "**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 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 2008) 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.

13. "**RESOLVED THAT** the issue of a maximum of 250 000, 50 000 and 50 000 Gold Reef shares to SB Joffe, JS Friedman and C Neuberger respectively, if such directors remain employed with the company for five, three and three years respectively and meet certain performance criteria, as more fully described in Note 36 of the annual report to which this notice of annual general meeting is attached, be and is hereby approved in terms of Section 222 of the Companies Act, 61 of 1973, as amended."

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 Wednesday, 25 June 2008. 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.

SUBMISSION OF QUESTIONS

The shareholders are encouraged to submit written questions on the annual financial statements to the company secretary in a reasonable time prior to the annual general meeting.

BY ORDER OF THE BOARD

CPaul.

CRT Paul CA(SA)
Company Secretary
5 May 2008

REGISTERED OFFICE

Gold Reef City
Gate 4, Northern Parkway, Ormonde, Johannesburg, 2091
(Private Bag X1890, Gold Reef City, 2159)

TRANSFER SECRETARIES

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

Form of Proxy
Gold Reef Resorts Limited

GOLD REEF
RESORTS

(Registration number 1989/ 002108/ 06)
(Incorporated in the Republic of South Africa)
("Gold Reef" or "the company")
Share code: GDF
ISIN: 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 Friday, 27 June 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 vote thereat.

I/ We .... *(name in block capitals)* of .... *(address)*

being a member / members of Gold Reef and holding .... ordinary shares in the company, hereby appoint

1. .... of .... *(address)* or failing him/ her

2. .... of .... *(address)* 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*
Ordinary Resolutions				
1. Adoption of the annual financial statements				
2. Re-election of JS Friedman as a director of the company				
3. Re-election of SB Joffe as a director of the company				
4. Re-election of C Neuberger as a director of the company				
5. Re-election of BJ Biyela as a director of the company				
6. Re-election of RT Moloko as a director of the company				
7. Re-election of PCM September as a director of the company				
8. Re-election of MG Diliza as a director of the company				
9. Re-appointment of PricewaterhouseCoopers Inc as auditors of the company				
10. Approval of the directors' remuneration				
11. Placing unissued shares under the control of the directors				
12. Issuing of unissued shares for cash				
13. Issuing of shares to executive directors				

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

Signed at *(place)* .... on *(date)* 2008

Member's signature .... assisted by *(if applicable)* ....

Notes to the Form of Proxy

Gold Reef Resorts Limited

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 Wednesday, 25 June 2008:

    Link Market Services (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.

www.goldreefresorts.co.za

Designed by The Looking Glass, editorial by Envisage Strategic Corporate & Investment Communications.