GOLD REEF
RESORTS

Reflections

A REVIEW OF 2008

Reflections

A mirror is a powerful tool for reflection.
It's a portal for retrospection and offers perspective on the way forward.
Like a mirror, Gold Reef Resorts is a company whose success lies in
its ability to embrace the future through reviewing the past
and creating a clear vision for the path ahead.

CONTENTS

01

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 Investment Casino Management"	*Akani Leisure Investment Casino Management (Pty) Limited (formerly Akani Leisure Casinos (Pty) Limited)*
"Akani Leisure Goldfields Investments"	*Akani Leisure Goldfields Investments (Pty) Limited*
"Akani Leisure Investments" or "ALI"	*Akani Leisure Investments (Pty) Limited*
"Akani Leisure Investment Hotels Management"	*Akani Leisure Investment 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" or "Golden Horse Casino"	*Akani Msunduzi (Pty) Limited (which operates Golden Horse Casino)*
"Akani Msunduzi Management"	*Akani Msunduzi Management (Pty) Limited*
"Aldiss Investments"	*Aldiss Investments (Pty) Limited*
"BB-BEE" or "BEE"	*Broad-based black economic empowerment or black economic empowerment*
"BidCo"	*Fluxrab Investments No. 159 (Pty) Limited*
"the board"	*The board of directors of Gold Reef*
"CASA"	*Casino Association of South Africa*
"CEO"	*Chief Executive Officer*
"Casinos Austria"	*Casinos Austria International Holding GmbH*
"CGT"	*Capital Gains Tax*
"COO"	*Chief Operating Officer*
"CSI"	*Corporate Social Investment*
"CPIX"	*Consumer Price Index, excluding interest rates on mortgage bonds*
"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*
"FEC"	*Forward exchange contract*
"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" or "GRR"	*Gold Reef Resorts Limited*
"Gold Reef Management"	*Gold Reef Management (Pty) Limited*
"the group"	*Gold Reef Resorts Limited and its subsidiaries and associate*
"HEPS"	*Headline earnings per share*
"HR"	*Human Resources*
"IFRS"	*International Financial Reporting Standards*
"Inkonka Investments"	*Inkonka Investments (Pty) Limited*
"JIBAR"	*Johannesburg Inter-bank Agreed Rate*
"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 2007*
"NAV"	*Net asset value*
"Newshelf 786"	*Newshelf 786 (Pty) Limited*
"NRGP"	*National Responsible Gambling Programme*
"PAYE"	*Pay As You Earn*
"QME"	*Qualifying Medium-sized Enterprise*
"Richard Moloko Consortium"	*Richard Moloko Consortium (Pty) Limited*
"Richard Moloko Consortium Holdings"	*Richard Moloko Consortium Holdings (Pty) Limited*
"Silverstar Casino"	*Silverstar Casino (Pty) Limited (which operates Silverstar Casino) and its subsidiaries*
"SA"	*South Africa*
"SARGF"	*South African Responsible Gambling Foundation*
"SARS"	*South African Revenue Services*
"SENS"	*Securities Exchange News Service*
"SRP"	*Securities Regulation Panel*
"STC"	*Secondary tax on companies*
"Tanglepark Trading"	*Tanglepark Trading (Pty) Limited*
"Gold Reef City Theme Park" or "Theme Park"	*Gold Reef City Theme Park (Pty) Limited and its subsidiaries*
"THETA"	*Tourism and Hospitality Education and Training Authority*
"UK"	*United Kingdom*
"VAT"	*Value-added tax*
"West Coast Leisure" or "Mykonos Casino"	*West Coast Leisure (Pty) Limited (which operates Mykonos Casino)*
"the year"	*Gold Reef's financial year under review ended 31 December 2008*

02

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.*

GROUP STRUCTURE

GOLD REEF
RESORTS

CASINO INTERESTS

100% IN AKANI EGOLI INCORPORATING *Gold Reef City Casino & Theme Park* *Johannesburg, 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*	
100% IN SILVERSTAR CASINO INCORPORATING *Silverstar Casino* *West Rand, Gauteng*	
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)

7 YEAR REVIEW

	2008 R'000	RESTATED 2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000	2002 R'000
Income Statement							
Revenue	2 196 735	1 701 518	1 517 113	1 165 422	1 056 683	903 903	787 125
Adjusted EBITDAR	903 550	764 411	623 658	488 091	442 193	349 020	308 515
Operating profit	704 834	413 682	506 500	387 310	351 579	259 230	222 048
Net finance costs	133 904	22 454	25 003	116	4 700	31 070	50 879
Attributable profit for the year	357 833	145 814	254 312	230 732	192 208	125 069	101 357
Headline earnings	357 665	183 878	259 762	209 494	185 879	131 431	107 437
Number of shares in issue (000)	291 990	291 990	220 603	220 603	220 003	217 860	213 542
Weighted average number of shares (000)	274 006	238 388	203 961	205 260	203 938	202 031	213 542
EPS (cents)	130,6	61,2	124,7	112,4	94,2	61,9	47,5
Adjusted HEPS (cents)	136,8	151,5	127,4	102,1	91,1	65,1	50,3
Adjusted EBITDAR per share (cents)	329,8	320,7	305,8	237,8	216,8	172,8	144,5
Ordinary dividend per share (cents)	65,0	65,0	55,0	51,0	48,0	27,0	15,0
Special dividend per share (cents)	–	35,0	–	–	–	–	–
Balance Sheet							
Interest bearing borrowings	1 694 800	1 448 620	471 297	60 682	56 698	203 482	365 284
Total liabilities	1,968,998	1,752,195	825,241	257,007	247,522	353,418	461,295
Net cash and cash equivalents	442 998	316 596	62 722	109 362	104 604	65 791	153 365
Total assets	4 422 943	4 154 649	2 210 385	1 396 157	1 309 054	1 239 603	1 281 178
Financial Ratios							
Return on equity (%)	14,8	6,2	21,4	22,1	20,6	15,3	15,4
Gearing (%)	70,3	61,1	39,7	5,8	6,1	24,9	26,0
Interest cover (times)	5,3	18,4	20,3	N/A	73,7	8,3	4,4
Dividend cover (times)	2,1	2,3	2,3	2,0	2,0	2,4	3,4
NAV per share (cents)	880,0	994,2	582,6	508,0	456,5	401,7	356,7

DIRECTORATE & MANAGEMENT

Executive Directors

SB JOFFE (38)
CHIEF EXECUTIVE OFFICER
B Com (Hons Taxation) H Dip (Company Law) CA(SA)
Has over 13 years' experience in the gaming industry and was appointed as CEO of Gold Reef in 2000.

JS FRIEDMAN (36)
FINANCIAL DIRECTOR
CA(SA)
Has over nine years' experience in the gaming industry having joined Gold Reef in 2000.

C NEUBERGER" (43)
CHIEF OPERATING OFFICER
MBA (Vienna)
Has 18 years' experience in gaming with Gold Reef and its international partner Casinos Austria.

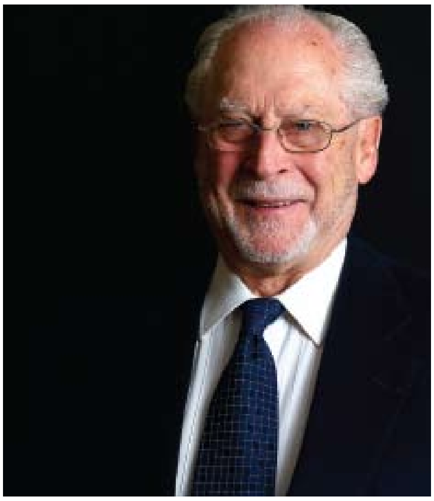
TM SADIKI (39)
HUMAN RESOURCES DIRECTOR
Bjuris
Previously IR Manager at DeBeers Consolidated Mining, he joined Gold Reef City Casino in October 2000 as HR Manager. Was subsequently promoted to Operations Manager in January 2007 before being appointed as Gold Reef's HR Director on 26 November 2008.

"Austrian Citizen

DIRECTORATE & MANAGEMENT

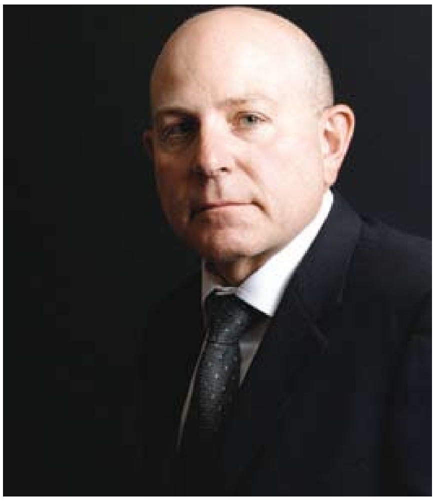
Non-Executive Directors

M KROK (52)
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 (77)
B Com LLB
Retired director of Werksmans Inc with over 50 years' experience in commercial and corporate law. Non-executive chairman of Transpaco Limited and non-executive director of Aspen Pharmacare Holdings Limited.

MG DILIZA (59)
B Com BBA (Hons)
Joined the Gold Reef board in March 2008. Currently CEO of The Chamber of Mines of SA, the founding Chairman of Strategic Partners Group, and a director of Aurecon, Ansys Limited, Bombela Concession Company, Bombela Operating Company and Growthpoint Properties Limited.



MZ KROK (52)

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

J LEUTGEB" (48)
MBA (Vienna)
A member of the Austrian Chamber of Accountants and has over 12 years' experience in gaming. Currently an executive director of Casinos Austria and Chief Financial Officer of the Casinos Austria Group.

PCM SEPTEMBER (66)
BSc (Hons) MSc
Has seven years' experience in the gaming industry after becoming Chairman of Akani Msunduzi in 2001. Holds non-executive directorships in a number of private companies and is chairperson of Business Against Crime in Kwazulu-Natal.

"Austrian Citizen

Independent Directors

DR EN BANDA (44)
B Acc(Hons), JD, LLM (Suma cum laude)
Has degrees in financial accounting, a doctor of jurisprudence and a post graduate master of laws from US universities. He has formal professional specialisation in cross border M&A transactions, international project finance and the law of treaties. He is admitted as an attorney and counsellor-at-law in the State of New York, USA and as an advocate of the Supreme Court of South Africa. He sits on a limited number of privately held boards.

JC FARRANT (68)
CA(SA)
From 1970 to 1997 he was an audit partner for various local and international companies at Ernst & Young. Since then he has been a self employed consultant and serves on a number of boards including Jasco Electronics Holdings Limited, Randjes Estate (Section 21 Company), Robson Savage (Proprietary) Limited, Pitsani Game Reserve Limited and is Chairman of the Acumen Group of Pension, Provident and Retirement Umbrella Funds.

ZJ MATLALA (45)
CA(SA)
She is the Group Financial Director of Kagiso Trust Investments. She was previously the Chief Financial Officer of the Development Bank of South Africa. She has also spent a period of three and a half years in various roles at the Industrial Development Corporation that include Project Finance and Private Equity.

Alternate Directors

A KROK (79)
Alternate to M Krok

S KROK (79)
Alternate to MZ Krok

R VIERZIGER”(55)
Alternate to J Leutgeb

Senior Management

SJ HIGHT (48)
General Manager
Gold Reef City Casino

J JACOBS (38)
General Manager
Gold Reef City Theme Park

M VERMAAK (46)
General Manager
Silverstar Casino

C VAN GROENINGEN (46)
General Manager
Mykonos Casino

P BENEY (46)
General Manager
Golden Horse Casino

RJ SEABROOK (37)
General Manager
Garden Route Casino

D DE BEER (40)
General Manager
Goldfields Casino

W GRIMM (40)
General Manager
Queens Casino

”Austrian Citizen

Gold Reef City Casino, ***Johannesburg, Gauteng***

CHAIRMAN'S REPORT

During the year to December 2008 gross gaming revenue in the Gauteng gaming market increased by 7,8% to R5,9 billion, where Gold Reef, with the inclusion of Silverstar Casino, now has 24,5% of this market. Nationally, Gold Reef holds 18,2% of national gaming positions with 132 tables and 3 940 slots in seven casinos.

In the year under review, gaming growth in South Africa has slowed in line with the deteriorating economic environment. Group revenue increased by a satisfactory 29,1% to R2,2 billion including a pleasing contribution from Silverstar Casino in its first full year of operation.

The opening of Silverstar Casino, completed within budget at R1,1 billion, improves the group's share of the Gauteng market. Continuing efforts to consolidate joint opportunities between Gold Reef City and Silverstar Casino in the Gauteng market, as well as individually in their respective target markets, will position both operations for optimal growth going forward.

Adjusted EBITDAR is the group's key performance indicator and increased by 18,2% to R904 million compared to the previous year. The EBITDAR margin deteriorated slightly to 41,1% in line with the current economic environment. Adjusted HEPS for 2008 decreased by 9,7% to 136,8 cents.

The group spent R445 million on capital expenditure during the year to expand and improve facilities at a number of Gold Reef's properties. Upon completion, six out of the seven properties will be new or fully refurbished. This will place Gold Reef in a favourable position to grow its share of a competitive gaming market.

The group continued to enjoy strong cash flow generation at all operations and is comfortable with the relatively low level of gearing and the settlement terms in place.

The board maintained the ordinary dividend at 65 cents per share and paid R180 million to shareholders on 20 April 2009.

Management and staff have realised the goals of the CSI programmes. During the year the group committed R23 million to CSI spend that includes:

- contributions towards medicine and liver transplant costs for three-year-old Thandile Madikane in the final broadcast of 94.7 Highveld's annual Wish List;
- Ithuba Skills College – building and renovating of a college near Heidelberg;
- He'atid Education Programme - sponsorship of participants to attend a leadership programme;
- Arts and Culture Trust – sponsorship for Act Now! Organisation fighting HIV;
- Mzani Productions – outreach progamme;
- Ma Africa Tikkun – is a non-governmental non-profit organisation that works towards the transformation of SA communities by caring for vulnerable children and orphans in townships;
- Vincent Tshabalala Education Trust;
- SOJO – social responsibility program for the upliftment of the communities in the South of Johannesburg.

DIRECTORATE

John Farrant and Joyce Matlala were appointed as independent non-executive directors in July 2008. In accordance with corporate governence guidelines, the Audit and Risk Committee and Remuneration and Nominations Committee were reconstituted to incorporate these two independent directors. Dr Enos Banda was appointed as an independent non-executive director with effect from 13 March 2009.

CHAIRMAN'S REPORT

CORPORATE ACTIONS

On 14 April 2008 the SRP released the reasons for the ruling handed down on 1 February 2008. Based on legal advice, the company launched review proceedings in the High Court to obtain an order reviewing, correcting or setting aside the decision of the SRP.

The South Gauteng High Court handed down judgment on 13 May 2009 in favour of Gold Reef, reviewing and setting aside the decision of the SRP and substituting the SRP's decision with the following order: "The complaint is dismissed".

The Court made the following statement in Paragraph 47 of the judgment: "Had the SRP appreciated the argument of GRR, it would have found that there was no offer by Tsogo as defined in the Code and there was therefore no merit in its complaint. In my view it misconceived GRR's contention by classifying it in the manner in which it did".

EMPOWERMENT

Gold Reef Resorts is proud of the contribution it has made over many years to advance the cause of black economic empowerment in South Africa.

Progress towards meeting employment equity targets is summarised on page 17. Notably, Queens Casino met the targets of its bid agreement in its first year, with 90% of its workforce drawn from designated groups and 40% of these being black women. The second new operation, Silverstar Casino, exceeded its targets for BEE candidates in senior management (50% against the target of 43%) and met its 63% target for middle management.

In line with CASA guidelines on BB-BEE Gold Reef is committed to achieving a level-4 contributor status by the end of 2010.

Tsogo Sun has recently indirectly acquired a 23,0% stake in the company from various BEE shareholders and on the market. As a result of such acquisition from the BEE shareholders, Tsogo Sun now controls the BEE voting pool and thus controls an aggregate 32,9% stake in the company.

Gold Reef is concerned that, as a result of such acquisition, the group's empowerment status will be compromised as, inter alia, Tsogo Sun is, on the pure flow through principle, substantially less than 50% black owned. Accordingly, Gold Reef has made representations to the various relevant gaming boards to, inter alia, ascertain whether the various empowerment commitments relating to ownership, made by the group to the gaming boards, will remain adequate after such acquisition.

At the date of writing this report, the Gauteng Gambling Board, the KwaZulu-Natal Gambling Board and the Eastern Cape Gambling and Betting Board have approved Tsogo Sun's application pertaining to such acquisition. The decisions of the Free State Gambling and Racing Board and the Western Cape Gambling and Racing Board have not yet been received.

The KwaZulu-Natal Gambling Board advised (in a letter to Gold Reef containing, inter alia, reasons for the approval of the Tsogo Sun application), inter alia, that "the acquisition of 15,09% of the Voting Pool shares by Main Street … has resulted in an obvious dilution of the BEE shareholding in GRR and in Akani Msunduzi…" and further advised that "the Board expects GRR to comply fully with its conditions of license and in this regard instructs GRR to ensure that within twelve months of the date of this letter, it is fully compliant with its conditions of license and, in particular, that the black shareholding in the Voting Pool shall constitute at least 25,1% of the issued shareholding in GRR."

The Gold Reef board awaits the reasons for the ruling issued by the Eastern Cape Gambling and Betting Board and awaits the decisions and reasons of the remaining two gaming boards. In addition, the Gold Reef board is considering the best approach to ensure that it continues to comply with its objective of ensuring sufficient empowerment in Gold Reef for both strategic and regulatory reasons, and is committed to complying with all license conditions.

OUTLOOK

Looking forward, the board expects inflation to moderate and interest rates to continue declining. The group enjoys strong cash flow generation and the businesses are appropriately geared without onerous debt requirements.

Continuing efforts to grow revenue and protect margins will underpin earnings growth, benefiting from a reduction in gearing. It is also anticipated that Silverstar will continue to contribute further in the coming year.

APPRECIATION

Gold Reef's success has, over the last 10 years, been as a result of the focus and dedication of the Gold Reef management team and all employees that continue to contribute to the company's future. I would like to thank the board and management for their dedication and hard work during the current economic time. I would also like to thank our patrons for their loyal support during the year.

MAXIM KROK
CHAIRMAN

Silverstar Casino, West Rand, Johannesburg, Gauteng

CHIEF EXECUTIVE OFFICER'S REPORT

Group revenue increased by 29,1% to R2,2 billion, including a pleasing contribution from Silverstar Casino in its first full year of operation. Silverstar Casino's performance continued to improve after opening in December 2007 with the food and entertainment facilities opening in March and the Spa in September. Our net gaming win from all properties increased by 30,4% to R2,0 billion.

EBITDAR increased by 52,1% to R886 million. Headline earnings increased by 94,5% to R358 million for the year with HEPS increasing by 69,3% to 130,5 cents.

In order to better compare year on year operational growth, adjustments have been made to EBITDAR and HEPS to eliminate once-off charges relating to pre-opening expenses at Silverstar and Queens casinos, costs relating to corporate activity and various non-recurring items.

Adjusted EBITDAR increased by 18,2% to R904 million compared to the previous year with the margin deteriorating slightly to 41,1%. In response to the challenging operating environment, focus was directed to controlling costs in order to preserve margins. Adjusted HEPS for 2008 decreased by 9,7% to 136,8 cents.

The 69,2 million ordinary shares issued by Gold Reef for the share exchange and top-up transaction, effective 1 July 2007, afforded Gold Reef full control over cash flows from material subsidiaries but with a dilutionary effect on EPS and HEPS, as expected. Future dilution will reduce with growth in contributions from these underlying operations.

Net finance costs increased from R23 million in the prior period to R134 million in 2008, primarily due to increased borrowings to fund property developments. During the year under review a total of R445 million was spent on capital expenditure, resulting in depreciation and amortisation increasing to R161 million for 2008.

OPERATIONAL REVIEW

Gauteng

The Gauteng gaming market grew 7,8% in the year under review. The opening of Silverstar Casino, which achieved an 8,5% market share for the year to 31 December 2008, has broadened the group's overall participation in this market and reduced its dependency on Gold Reef City. As a result, Gold Reef has managed to grow its share of the Gauteng market to 24,5%.

Continuing efforts to consolidate joint opportunities in the Gauteng market, as well as individually in their respective target markets, will position both Gold Reef City and Silverstar Casino for optimal growth going forward.

Gold Reef City

Revenue declined by 0,4% to R990 million with footfall 4,3% down. Adjusted EBITDAR decreased by 10,5% to R376 million, impacted by increased costs driven by higher inflation. Adjusted EBITDAR represented a margin of 38,0% on revenue.

The theatre incurred a loss of R21 million on worse than expected attendance figures, impacted by a deteriorating economy. Changes have been made to the production mix aimed at reducing this loss.

Theme Park Adjusted EBITDAR increased to R2 million on revenue of R67 million, notwithstanding negative economic conditions exacerbated by unusually heavy rainfall, which impacted footfall. Revenue for December was buoyed by the opening of additional food and beverage facilities which are expected to augment the current offering.

Silverstar Casino

Silverstar Casino delivered pleasing full year results with footfall increasing following the completion of all facilities. The gaming mix was improved during the year and the casino now features 784 slots and 24 tables.

Revenue, EBITDAR and market share increased strongly in the second half of the year as the additional facilities contributed to footfall, generating improved profitability. Adjusted EBITDAR margin improved from 31,7% for the six months to June 2008 to 42,8% for the second six months to December 2008 as trading volumes improved and a realignment of costs took effect. The margin for the twelve months ended 31 December 2008 was 37,4%.

Capital expenditure for the year amounted to R282 million, bringing the total cost of the project to R1,1 billion, well within budget. At 31 December 2008 external debt amounted to R1,3 billion with future de-gearing expected to have a positive impact on earnings. The debt is repayable over a 10 year period.

Kwazulu Natal

Golden Horse Casino

Aided by a strong contribution from tables and the newly refurbished Salon Privé, revenue grew by 8,2% to R244 million from the restated R226 million for 2007. Adjusted EBITDAR remained unchanged at R110 million, affected by inflationary pressures on costs. The Adjusted EBITDAR margin declined to 45,2%.

Enhancements to the property, which are scheduled for completion in June 2009, include a refurbishment of the gaming floor, hotel, restaurants and conference facilities. The revised cost of the project is R81 million and is being funded out of cash resources.

Western Cape

Slower economic growth and challenging trading conditions depressed consumer spend in the Western Cape. The gaming market grew 1,1%, taking into account an increase in gaming positions and facilities in the province.

Mykonos Casino

Revenue at Mykonos Casino contracted by 3,1% to R112 million compared to the restated R116 million in 2007. Adjusted EBITDAR was down 10,3% to R48 million from R54 million in the prior comparative period. Consequently, the Adjusted EBITDAR margin has declined to 42,8%.

The refurbishment is progressing well and should be completed by June 2009. As part of the refurbishment 22 slot machines were added to the gaming floor in order to relieve capacity constraints during the busy holiday season. The refurbishment is being funded out of cash resources.

Garden Route Casino

Revenue fell marginally to R164 million compared to the restated R166 million for 2007. Lower trading volumes saw Adjusted EBITDAR decrease 5,4% to R80 million, representing a 48,6% margin on revenue.

Renovations are being planned which will include additional slot machines, food and beverage and entertainment facilities.

Free State

Goldfields Casino

Improvements to gaming and non-gaming facilities, following the successful conversion from a temporary to a permanent casino, saw revenue increase 8,7% to R118 million compared to a restated R108 million for 2007. This increase in revenue, together with diligent cost control, resulted in Adjusted EBITDAR increasing 5,0% to R53 million.

Eastern Cape

Queens Casino

Concluding its first full twelve months of trading, Queens Casino generated revenue of R46 million and Adjusted EBITDAR of R7 million. Food and beverage, hotel and entertainment facilities were opened during the course of the year.

The review application, instituted against Lukhanji Leisure by Ekuphumleni Resorts in the Eastern Cape Division of the High Court, was withdrawn.

FUTURE DEVELOPMENTS

Vaal River Casino

Gold Reef continues to pursue it's application for a licence in the Sasolburg area through a controlling stake in Vaal River Casino Company (Proprietary) Limited.

DIVIDEND

The board declared and paid a dividend of 65,0 cents per share, covered 2,1 times by Adjusted HEPS. From time to time the board will reconsider dividend cover based on the group's cash flow, gearing and capital requirements. Dividends are financed out of Gold Reef's cash resources after servicing the debt of the group's underlying operations.

SECURITIES REGULATION PANEL

On 14 April 2008 the SRP released the reasons for the ruling handed down on 1 February 2008. Based on legal advice the company launched review proceedings in the High Court to obtain an order reviewing, correcting or setting aside the decision of the SRP.

The South Gauteng High Court handed down judgement on 13 May 2009 in favour of Gold Reef, reviewing and setting aside the decision of the SRP, and substituting the SRP's decision with the following order: "The complaint is dismissed".

CHIEF EXECUTIVE OFFICER'S REPORT

The Court made the following statement in Paragraph 47 of the judgement: "Had the SRP appreciated the argument of GRR, it would have found that there was no offer by Tsogo as defined in the Code and there was therefore no merit in its complaint. In my view it misconceived GRR's contention by classifying it in the manner in which it did."

PROSPECTS

Notwithstanding the impact of the deteriorating global economy, Gold Reef remains well positioned to benefit from decreasing interest rates and reduced inflation. Silverstar Casino is expected to contribute further in the coming year.

The group enjoys strong cash flow generation and the board believes that its businesses are conservatively geared. As four of the group's interest rate hedge contracts expire during 2009, Gold Reef will benefit from the decreasing interest rate cycle anticipated in 2009.

With all our properties expected to be newly refurbished or recently opened by the end of 2009, limited capital expenditure is anticipated in the short term. This, coupled with de-gearing, which is expected to enhance earnings growth, will result in increased cash resources.

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 contributions. Your commitments and loyal support are much appreciated.

I look forward to working together to deliver ongoing growth.

STEVEN JOFFE
CHIEF EXECUTIVE OFFICER

*Goldfields Casino, **Welkom, Free State***

SUSTAINABLE DEVELOPMENT

The regulated gaming industry in SA is just over a decade old. As a new industry, we have created thousands of jobs, uplifted communities near our operations and contributed to considerable infrastructural development as part of our licence conditions.

For Gold Reef, our approach to sustainable development is enshrined in one of the objectives of our corporate philosophy: we will contribute to our country as a responsible corporate citizen and will conduct our affairs accordingly. This is exemplified in the first of these corporate objectives: we constantly strive to be the best at what we do.

For us, this means sometimes going beyond compliance to make a real difference in the lives of our stakeholders – our own people, customers, communities, suppliers, partners, the media, regulators and provincial and national government.

The journey to sustainability is a dynamic and evolving process that will develop in tandem with our business. Reporting on our progress with sustainable development will equally evolve and improve over time. We welcome feedback from our stakeholders on this reporting process, with contact details on our website at www.goldreefresorts.com.

While we have long reported on elements of sustainable development, in this report we have broadly followed the guidelines of the respected international benchmark, the Global Reporting Initiative.

ECONOMIC

This section outlines the direct and indirect impact made by Gold Reef's operations, aggregated in most instances to group level.

Responsible gambling

Gold Reef is a member of several industry bodies, ensuring the group remains abreast of best practice in the sector. These memberships also enable us to participate constructively and responsibly in developments that affect our stakeholders.

NRGP

The NRGP – a public/private sector initiative – is the only one of its kind in Africa. It is internationally acknowledged as being exceptionally well-funded and among the most comprehensive in the world. The NRGP has several operational components:

- education and prevention;
- treatment and counselling;
- problem gambling counselling line;
- research; and
- training.

The NRGP reports to the SA Responsible Gambling Trust, a public/private sector partnership in turn accountable to the SA Advisory Council on Responsible Gambling. The council was created by the National Gambling Board in 2001 as a national forum and policy advisory body and comprises representatives of industry, government and civil society.

CASA

CASA represents the interests of the country's legal casino industry as well as the growing public which the industry serves. CASA's emphasis is on playing a constructive and positive role in developing good public policy and good governance for the casino industry. CASA represents 35 of the 37 casinos in the country, including the Gold Reef group.

SOCIAL

This section concentrates on our people – from training and development to ensuring equitable practices and building the national pool of skills. It also includes sections on corporate social responsibility and investment.

Our people

Employment Equity

Gold Reef is committed to non-discriminatory employment practices that recognise and reward initiative, effort and merit across the board while prioritising the advancement of BEE staff.

A formal employment equity policy is in place to redress past disadvantages and ensure equitable representation in all occupational categories and levels. This seeks to eliminate any previous discriminatory barrier or practice that prevented an employee from enjoying the fundamental opportunities, rights, benefits and privileges accorded to any other employee in the group. The policy also sets out our commitment to building a workforce that fairly represents the demographics of the country and of the regions in which we operate.

Each of our established operations has an employment equity committee that monitors adherence to targets and provides employees with information on our related policies. Quarterly employment equity reports tabled at the employment equity committee meetings detail progress against targets and recommend corrective actions where required. Employment equity plans from each operation have been submitted to the Department of Labour and each operation is on track to meet its targets. In many cases our targets exceed regulated industry transformation benchmarks.

The two operations that started trading in late 2007, Silverstar Casino and Queens Casino, established employment equity committees during the review period. Notably, Silverstar Casino's recruitment process ensured that the casino exceeded 10-year employment equity targets in its first year of operation.

SUSTAINABLE DEVELOPMENT

The group is making significant strides towards meeting the requirements of the DTI Codes on employment equity as shown below:

TOTAL EMPLOYEES	PROJECTED 2009	ACTUAL 2008	ACTUAL 2007
African – male	37.08%	37.28%	38.25%
African – female	36.50%	35.49%	34.50%
Coloured – male	5.61%	5.32%	5.19%
Coloured – female	5.82%	5.48%	5.06%
Indian – male	2.31%	2.94%	2.84%
Indian – female	1.42%	1.49%	1.38%
White – male	6.50%	6.96%	7.53%
White – female	4.76%	5.04%	5.25%
Total employees	100.00%	100.00%	100.00%
Broken down as follows:			
Senior and Top Management			
African – male	14.63%	13.25%	11.49%
African – female	8.54%	7.23%	5.75%
Coloured – male	3.66%	3.61%	2.30%
Coloured – female	0.00%	0.00%	0.00%
Indian – male	10.98%	10.84%	6.90%
Indian – female	0.00%	0.00%	0.00%
White – male	41.46%	44.58%	49.43%
White – female	20.73%	20.49%	24.13%
Total senior and top management	100.00%	100.00%	100.00%
Middle Management			
African – male	26.96%	27.03%	30.31%
African – female	18.77%	16.55%	12.60%
Coloured – male	9.56%	8.78%	6.69%
Coloured – female	5.12%	5.07%	3.94%
Indian – male	7.17%	7.09%	6.69%
Indian – female	1.02%	1.01%	1.18%
White – male	19.11%	21.28%	24.80%
White – female	12.29%	13.19%	13.79%
Total middle management	100.00%	100.00%	100.00%
Junior Management			
African – male	33.85%	33.49%	33.40%
African – female	25.81%	24.88%	24.39%
Coloured – male	7.88%	8.29%	7.50%
Coloured – female	8.66%	8.61%	5.82%
Indian – male	3.40%	5.48%	7.13%
Indian – female	3.55%	3.44%	3.75%
White – male	9.58%	9.70%	9.76%
White – female	7.27%	6.11%	8.25%
Total junior management	100.00%	100.00%	100.00%
General Staff			
African – male	32.65%	33.16%	41.23%
African - female	32.87%	32.40%	40.20%
Coloured – male	4.83%	4.76%	4.64%
Coloured – female	23.43%	22.80%	5.25%
Indian – male	1.27%	1.24%	1.29%
Indian – female	1.10%	1.07%	0.90%
White – male	2.28%	2.67%	3.57%
White – female	1.57%	1.90%	2.92%
Total general staff	100.00%	100.00%	100.00%

Wherever possible, the group recruits and promotes internally. Appropriate training is provided to help identify and fast-track suitable BEE candidates.

The two new casinos that were opened at the end of 2007 provided additional opportunities to promote and advance BEE candidates by creating new positions and vacancies at established operations after relocating personnel to Silverstar Casino and Queens Casino. All external recruitment advertisements state the group's employment equity policy and preference is given to South African BEE candidates who meet the relevant requirements.

Where applicable, recruitment drives are aimed at specific designated groups in terms of the individual casino's employment equity policies and as required by the relevant gaming boards. Training is provided to unskilled employees from designated groups to develop their potential.

Employees are kept informed of employment equity developments through departmental and general staff meetings, workplace forums, notice boards, e-mail and monthly educational road shows. Some operations also conduct diversity training programmes as part of their induction to deepen the understanding of employment equity and policies.

All operations continuously identify positions that can be filled by employees with disabilities. Good progress is being made in attracting and retaining people with disabilities to our workforce:

- Silverstar Casino is working with the Department of Labour to identify suitable candidates from the department's database;
- Golden Horse Casino has completed an analysis of positions suitable for people with disabilities and initiated a focused recruitment drive in January 2009;
- Mykonos Casino has exceeded its target for employing people with disabilities; and
- Goldfields Casino is investigating learnerships in the surveillance field for people with disabilities.

SKILLS DEVELOPMENT AND TRAINING

Ongoing training and development to enhance our skills base and facilitate individual advancement, particularly for BEE employees, is a cornerstone of our business. Across the group, the percentage of total annual payroll spent on training and development is 1,3%. The group has budgeted to achieve a training spend of 3% of total annual payroll for the 2009 financial year.

To maintain service excellence and keep pace with changing industry requirements and practices, professional skills are continually enhanced by compliance courses dealing with money laundering (FICA regulations), table dealing and responsible gambling. In addition to core business skills training such as information technology and executive development, group employees also received training in childcare, first aid and fire-fighting, occupational health and security procedures, including dealing with armed robbery and trauma.

At most group operations well over 75% of course participants were BEE candidates. Gold Reef City Casino achieved BEE participation of 97% and Queens Casino 96%. All operations provide study loans and assistance to employees, particularly those from designated groups.

Gold Reef is registered with THETA and has been provisionally accredited as a training provider and is in the process of developing a group training academy in 2009. The majority of key programmes throughout the group are accredited by training partners such as Gordon Institute of Business Science ("GIBS").

Succession Planning

Gold Reef is committed to constructive succession planning and has various development programmes in place. Potential employees with a record of exceptional performance are selected from the group's operations. In addition, training courses and career development assessments are used to identify suitable succession candidates. Through a combination of internal training, mentoring and management courses run in conjunction with leading tertiary institutions, leadership skills are enhanced and candidates are equipped with the expertise required at senior management level. Specific emphasis is placed on facilitating the advancement of BEE candidates to management level. Notable progress at operations during the year included:

- Gold Reef City Casino – 131 managers attended development programmes from foundation to executive level. Specific succession planning was piloted in the slots department during the year;
- Gold Reef City Theme Park – training consultants attended programmes on enhancing succession planning policies and course content; and
- Mykonos Casino – 11 employees attended the new managers development programme (University of Stellenbosch Business School).

Employee Participation

The Gold Reef Share Scheme is the vehicle through which employees can become shareholders in our group. Details of the scheme are set out in the directors' report. Open communication and employee participation in decision-making processes are encouraged throughout the group.

Health and Safety

The group's health and safety principles are integrated into its broader business processes. Procedures are in place at all operations to mitigate risks identified during normal risk management processes or internal audits.

As a result of training courses and established safety and control measures, only minor safety incidents were reported by all casinos. To prevent similar incidents immediate action was taken and appropriate training conducted where necessary. Given the nature of our business, employees receive training in fire-fighting, first aid and evacuation procedures. At casinos where construction work was taking place, additional safety measures were implemented.

All established casinos conduct regular health and safety risk assessments. Existing procedures are regularly reviewed and refined where necessary.

At the Gold Reef City Theme Park a risk analysis team had been formed to oversee risk factors and implement recommendations and an occupational health and safety inspection schedule has been formulated and implemented.

Internationally, the safety of visitors to theme parks is crucial. The Gold Reef City Theme Park subscribes to ADIPS, the internationally accredited safety standard. This inspection regime has been 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, among 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.

At Gold Reef City Casino hazard identification risk assessments (HIRAs) were conducted, and baseline risk assessments started with concessionaires and will be rolled out to all departments in 2009. In addition, a hotel emergency plan was drafted and approved by the City of Johannesburg's disaster management services. A Safety, Health and Environmental awareness programme is scheduled for 2009, covering the entire casino workforce, to ensure people are aware of their environment and the hazards to which they are exposed.

At our newest operations, Queens Casino introduced a health and safety programme during the year with appropriate training for safety and first aid representatives. Silverstar Casino has implemented the OSHAS 18001 health and safety management system to ensure compliance with all relevant legislation, internal policies and procedures and all by-laws. This is a recognised standard against which a company can be certified and assessed as efficiently meeting its health and safety obligations.

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

HIV/AIDS

At an operational level, response to this pandemic is grounded in formal HIV/Aids policies that protect the rights of infected employees and codify procedures for the management of ill health.

All operations have programmes for workplace awareness and employee assistance. Employees are educated on HIV/Aids-related issues such as transmission and prevention and ongoing opportunities for confidential voluntary testing and counselling are provided at a number of operations.

In addition, wellness programmes to ensure ongoing support and monitoring are provided at a number of operations. Many of these are operated by experienced external consultants. Additional initiatives include posters, pamphlets and condom distribution.

At Gold Reef City Casino, staff received HIV/Aids 'Power Packs' that they could share with family, friends and members of their community. Each pack contained a DVD, information brochure, first-aid kit and condoms. Other initiatives included establishing a team of peer educators to advise and provide support to people infected and affected by the virus. The peer educators visited the Footprint Hospice (Retired Professional Association) in Soweto to experience at first-hand the plight of people suffering from HIV/Aids and to share those experiences with staff.

Queens Casino, Queenstown, Eastern Cape

Silverstar Casino

CORPORATE SOCIAL RESPONSIBILITY

In all its endeavours the group strives to operate responsibly and with due care for the interests and needs of stakeholders. At regulatory level this includes complying with relevant legislation as a minimum standard. For the communities that give us our licence to operate, we strive to work with them in identifying needs and issues and developing appropriate solutions. In many cases this involves working with local, provincial and national authorities to ensure our initiatives are aligned with macro objectives.

BLACK ECONOMIC EMPOWERMENT

The group supports the principles of BB-BEE and each operation is empowered at shareholder, employee and procurement levels. We are committed to increasing BEE beneficial shareholding at group level over the medium term.

Progress towards meeting employment equity targets is summarised on page 17. Notably, Queens Casino met the targets of its bid agreement in its first year, with 90% of its workforce drawn from designated groups and 40% of these being black women. The second new operation, Silverstar Casino, exceeded its targets for BEE candidates in senior management (50% against the target of 43%) and met its 63% target for middle management.

As part of a CASA initiative, the group was thoroughly assessed against the DTI Codes prior to these becoming effective. The group embraces the principles and objectives of the DTI Codes and group-wide initiatives are under way to accelerate their adoption, where relevant.

As a member of CASA, Gold Reef is committed to achieving a level-4 contributor status in terms of the DTI Codes by the end of 2010.

Sub-committees have been established to concentrate the group's efforts on correctly modifying existing practices to meet the requirements of the DTI Codes on employment equity, skills development and preferential procurement.

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

DTI CODE	PROGRESS
Ownership	Maintain in excess of 25% BEE ownership. In terms of our commitment to achieving a level-4 contributor status by the end of 2010 we intend to: • Balance the number of black and white directors on the board; • Appoint a black female executive director; • Nominate a second black female non-executive director.
Management control	One quarter of executive directors are black males while four members of the board are black males and one is a black female. In terms of our strategy, the target is to obtain an appropriate balance of black representation on the board. The remuneration and nominations committee considers the requirements of the DTI Codes when making board appointments. Our target is to have black employees comprising a majority of management at all levels by 2012. As part of this strategy a talent management system has been identified through which approximately 300 key employees across the group will be selected for training programmes which will provide them with the necessary skills to be promoted to a senior management level over the next two to three years.
Employment equity	As evidenced on page 17, the proportion of employees from previously disadvantaged groups is rising steadily. Our new casinos have increased total employment numbers and provided the opportunity to increase the percentage of BEE staff at management level. Group employment practices have been updated to include an increased focus on employing people with disabilities.
Skills development	Group companies have invested significantly in training and are now working aggressively with the relevant government departments to ensure this training is accredited with THETA.
Preferential procurement	The construction of new casinos and improvement of existing casinos has allowed the group to significantly align its procurement in the year with the requirements of the DTI Codes. Once the Department of Trade and Industry has accredited the ratings process, the group will be able to accurately align its procurement targets in terms of its respective gaming licenses with the DTI Codes. Substantial steps to align these requirements were taken at Silverstar and Queens casinos 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 QME's and EME's in obtaining the relevant registrations as required by the DTI Codes.

(PREFERENTIAL PROCUREMENT CONTINUED OVERLEAF)

DTI CODE	PROGRESS
Preferential procurement (cont)	In terms of our strategy, the following targets have been set in terms of preferential procurement: • Increase the procurement from BEE suppliers to 50% by formalising and standardising the procurement processes and procedures throughout the group; • Increase procurement from QME's and EME's; • Improved procurement spend from 50% black owned companies; • Improved procurement spend from 30% black woman owned companies.
Enterprise development	The requirements of the DTI Codes with respect to Enterprise Development have been thoroughly reviewed and the group has identified various projects that it will initiate in the near future. These include accelerated payment terms for small black enterprise, assistance to BEE tenants in the various casinos and 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 24 of this report exceed the targets of the relevant DTI Codes.

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 operation's preferential procurement targets are included in its original bid commitments to the gaming authorities. Progress against these targets is closely monitored and qualification requirements regularly reviewed. During the period, Gold Reef City Casino and Goldfields Casino achieved 40% and 53% procurement from BEE firms compared to targets of 25% and 30%, respectively. Golden Horse Casino procured 32% of non-casino specialised services from BEE suppliers while Mykonos Casino exceeded its 25% procurement target and is compiling a list of approved BEE suppliers from completed questionnaires distributed during the period. Garden Route Casino exceeded its target with actual procurement from BEE companies, mainly small enterprises, at 40%. For Silverstar Casino procurement targets were set at 25% during the development phase, rising to 40% on completion. These targets were exceeded and will rise to 50% after five years. Queens Casino has aligned its policy with group requirements for suppliers doing business with individual casinos.

The group's operations are committed to enterprise development and are currently reviewing a number of options. Garden Route Casino, for example, grants preferential payments terms to identified suppliers with over 50% black ownership to facilitate cash flow.

RESPONSIBLE GAMBLING

Gold Reef is committed to providing gaming that conforms to national legislation and gaming regulations and assists the government in managing and mitigating problem gambling.

The group operates within the legal framework of the NRGP as set out in the National Gaming Act, 7 of 2004. This act addresses compulsive and problem gambling, integrating research and monitoring, public education and awareness, training, treatment and counselling. It places restrictions on advertising gambling activities and granting promotional discounts. To highlight its protection of minors, the act also demands stricter procedures for granting credit and enforces payment of gambling debts.

The NRGP is supervised by the South African Responsible Gambling Trust ("SARGT"), a public/private sector partnership between government regulators and the industry. Gold Reef is an active participant in the trust which has an extensive public advocacy campaign to promote responsible gambling, including Africa's first education campaign aimed at adolescents and senior citizens.

The NRGP's 24-hour toll-free counselling line is operated by dedicated, skilled and experienced treatment professionals. The helpline offers multilingual counselling and treatment to problem gamblers or their friends and families across SA.

All Gold Reef's communication and promotional material carries the NRGP's responsible gambling message and toll-free helpline number. In line with minimum legal-age requirements, no models who are or appear to be below the age of 18 are featured in this material. All casinos' external advertising – including radio, television and print – complies with relevant gaming legislation and adheres to NRGP and CASA requirements. The casinos' below- and above-the-line advertising campaigns reflect accepted contemporary standards of good taste and are consistent with principles of dignity and integrity.

Extensive and ongoing staff training takes place at all operations. In addition, staff receive copies of the CASA newsletter for updates on problem gambling. Responsible gaming signage, including the toll-free helpline number, is prominently displayed at all casinos and on their websites. In addition, customers can decline to receive promotional material and can choose to be excluded from loyalty programmes as well as casino premises.

Group casinos 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. At certain operations staff have received training in childcare.

STAKEHOLDER COMMUNICATION

Gold Reef believes in transparent, two-way communication and conveying timely, 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 execution of planned activities in line with the strategic business plan. Any changes affecting the group structure such as BEE shareholding or ownership of operations are also clearly communicated to all stakeholders.

The CEO and Financial Director regularly communicate with shareholders, institutional investors and analysts and interact with the financial press to facilitate accurate reporting for the public. Our financial results and announcements are published on SENS and in the mainstream press, in line with JSE rules and regulations, and directly disseminated to shareholders. Shareholders are also encouraged to attend the annual general meeting for constructive interaction with the board and chairman.

Internal communication is a business imperative for Gold Reef and we encourage an open-door policy. Regular departmental and general staff meetings, forums, 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.

Ethics and Business Conduct

All directors and group employees are expected to subscribe to the internal codes which sets out our commitment to the strictest standards of ethical conduct, fair dealing and integrity in business practice. The codes stipulate our commitment to the highest standards of corporate governance and compliance with the laws of SA, including common law and regulations laid down by national and regional gambling boards.

The codes set out guidelines for honest and open conduct and fair business practices. They also ensure independent judgement is not compromised by a conflict of interest and that marketing follows responsible gambling guidelines.

In addition, the codes contain 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 the codes to management. To facilitate this process the group has established a Whistle-Blowers hotline that is independently operated to protect confidentiality. Whistle-Blower courses are held for staff, explaining the importance of the practice and the professional and ethical way in which it should be managed. Management bears overall responsibility of monitoring compliance with the codes.

CSI

Gold Reef's commitment to social and community upliftment is reflected in its contributions to a diverse range of beneficiaries totalling R22,6 million in 2008. Each group operation 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 is the conduit for Gold Reef City Casino and Theme Park's community support. Entrance to the Theme Park is sponsored throughout the year for underprivileged children. Additional investments during the year included:

- R210 000 towards medicine and liver transplant costs for three-year-old Thandile Madikane in the final broadcast of 94.7 Highveld's annual Wish List. This was done in conjunction with Silverstar Casino, who matched Gold Reef City's contribution;
- Ithuba Skills College – building and renovating of a college near Heidelberg;
- He'atid Education Programme – sponsorship of participants to attend a leadership programme;
- Arts and Culture Trust – sponsorship for Act Now! Organisation fighting HIV;
- Mzani Productions – outreach progamme;
- Ma Africa Tikkun – is a non-governmental non-profit organisation which works towards the transformation of SA communities by caring for vulnerable children and orphans in townships;
- Vincent Tshabalala Education Trust;
- SOJO – social responsibility programme for the upliftment of the communities in the South of Johannesburg; and
- SARGF – sponsorship for the responsible gambling programme.

Apartheid Museum

In terms of its bid commitment, Akani Egoli funded the construction of the South African Apartheid Museum which chronicles the story of the human spirit over adversity and is adjacent to the Gold Reef City Theme Park. Operated by a Section 21 company, the museum has proven popular with both foreign tourists and school groups alike.

Akani Egoli also funded R3,9 million towards the running of the museum during the year.

Golden Horse Casino

CSI contributions are managed by Akani Msunduzi Management on behalf of Golden Horse Casino. Beneficiaries in 2008 included:

- SOS Childrens Village –sponsorship to run a house for orphaned children, some of whom are HIV positive, for the year;
- a Christmas party for orphaned children from the Pietermaritzburg area; and
- continued support of the Olwazini Science Centre.

Mykonos Casino
Mykonos Casino donates 5% of its audited pre-tax profits to the West Coast Community Trust ("WCCT") which was established primarily to provide educational assistance to the local community. The WCCT's trustees are responsible for identifying beneficiaries and distributing funds to these beneficiaries. The trust provides regular written reports to the casino's board of directors and ensure the selection of credible beneficiaries with valid motivations.

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

- West Coast Radio – a non-profit community station;
- Weskus Kunste Makietie – cultural community support;
- Weskus Sorg – NGO for underprivileged children;
- Langebaan Animal Care – funds towards mobile animal clinic;
- Seeskulpie – donation of sports equipment for local school; and
- Several fund-raising events for local educational, welfare and care organisations.

Garden Route Casino
Garden Route Casino contributes 1% of its gaming revenue to the Garden Route Casino Community Trust which ensures donations are allocated to local projects such as Aids hospices and recreational development programmes.

In addition, the casino donated R1,7 million to the local community to build a school hall for underprivileged children. In 2007 the casino provided funds for a crèche and a building to house a child welfare organisation.

Goldfields Casino
In terms of the casino's permanent licence agreement 1,5% of after-tax profit will be donated to a trust that supports upliftment in the local community. During the year beneficiaries included:

- House of Hope;
- Claws;
- We Care daycare centre;
- Rebolohile Crèche; and
- CANSA.

Silverstar Casino

Silverstar Casino is committed to donating 1% of gaming revenue and 1% EBITDA to CSI spend. After beginning operations in December 2007, the first distributions took place in 2008 with the primary beneficiary being the West Rand Development Trust which receives 0,5% of gaming revenue. Other beneficiaries included:

- R210 000 towards medicine and liver transplant costs for three-year-old Thandile Madikane in the final broadcast of 94.7 Highveld Stereo's annual Wish List. This was done in conjunction with Gold Reef City Casino, who matched Silverstar Casino's contribution; and
- Heart Foundation – a national body for people with cancer received R50 000.

Queens Casino

Queens Casino began operations in December 2007 and donates 3% of pre-tax profit to the Zulu Kama Trust, a community upliftment enterprise. Other beneficiaries in 2008 included:

- Ethembeni Crisis Centre – situated at Komani Hospital and established two years ago to assist rape victims. Over 500 rape victims were admitted in 2008, but limited resources pose a problem. The company donated heaters, cushions, toys and towels;
- Queenstown Golf Club – donated t-shirts and caps to 40 golf caddies; and
- Residents at three local old-age homes received Christmas presents.

THE ENVIRONMENT

Gold Reef is committed to the preservation and conservation of the environment. Where applicable, all reasonable steps are taken to protect indigenous flora and fauna on site and to remove invasive alien vegetation.

Given prevailing power issues in SA, the group has intensified energy-saving practices at each operation following a review of energy use per operation in the prior 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 on the property. Following a load-profile and energy survey in 2007, Golden Horse Casino has implemented energy-saving programmes that range from monthly monitoring to manage use to raising awareness among staff members on the need to conserve energy. Queens Casino has installed individual electricity and water meters in each area to facilitate a reduction in consumption.

PICTURE LEFT: Jeremy Mansfield, three-year-old Thandile Madikane and Jarrod Friedman

Local government regulations and requirements outlined by the Department of Water Affairs and Forestry guide all operations in implementing environmentally sensitive policies. Paper, glass and cardboard recycling policies are in place and all operations ensure the proper handling and disposal of hazardous material to prevent contamination or pollution. Registered third-party suppliers safely remove hazardous waste such as paint, solvents, fluorescent tubes and medical waste where necessary.

Garden Route Casino is in an environmentally sensitive area. A dedicated environmental committee, drawn from resort owners and other stakeholders, monitors 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 showed its commitment to environmental sustainability by investing R20 000 to recycle their billboards to create designer shopper bags as promotional items.
The PVC material used in billboards has a limited lifespan as an urban media tool, but a very long lifespan as a waste product. The incineration of PVC releases greenhouse gases that contribute to acid rain and in landfills it can affect the quality of our groundwater supply as the heavy metals in the inks eventually leak into the water table.

Through an established relationship with the Walter Sisulu Botanical Gardens, Silverstar Casino is committed to conserving the hunting ground of the black eagles that nest in these gardens. During the construction process the group strictly adhered to measures detailed in its environmental management plan. Post construction, an independent environmental consulting firm was tasked with implementing an environmental rehabilitation plan. The casino also conducts regular audits using environmentalists appointed by the Gauteng Gambling Board and independent consultants.

Golden Horse Casino, ***Pietermaritzburg, KwaZulu-Natal***

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. Accordingly, the board is currently assessing it's obligations in terms of implementing frameworks, processes and procedures to adequately address the introduction of the recently published draft of the King Committee on Governance (King III) as well as the Corporate Laws Amendment Act and the new Companies Bill.

THE BOARD

In accordance with the King III Report the board comprises a balance of executive and non-executive directors, with the majority being non-executive directors. Accordingly, nine of the thirteen directors on the board hold non-executive positions. Of the non-executive positions, three are independent. There are three alternate non-executive directors. The directors are cognisant of the need to ensure that the majority of non-executive directors are independent and are involved in an on-going process to identify appropriate candidates. In line with best practice, the board intends appointing an independent Chairman once an independent director has been able to familiarise himself/herself with the group. The names and brief curriculum vitae of directors are set out on pages 5 to 7 of the annual report.

The roles of the non-executive Chairman and CEO are strictly separated. The Chairman provides leadership to the board and oversees its efficient operation while the CEO 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 CEO 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 26 November 2008 TM Sadiki was appointed to the board as an executive director and holds the position of HR Director. TM Sadiki was previously the operations manager at Gold Reef City Casino. MG Diliza was appointed as a non-executive director on 14 March 2008 and JC Farrant and ZJ Matlala were both appointed as independent non-executive directors on 25 July 2008. Following the appointment of these two independent non-executive directors, the Audit and Risk Committee and Remuneration and Nominations Committee were reconstituted to comprise both of them with JC Farrant Chairman of the Audit and Risk Committee and ZJ Matlela Chairperson of the Remuneration and Nominations Committee. The board also appointed Dr EN Banda as independent non-executive director, effective 13 March 2009. Three non-executive directors resigned during 2008. They were RJ Khoza, BJ Schutte and RT Moloko. BJ Biyela, previous Joint COO, also resigned during 2008.

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 maintains full and effective control over Gold Reef and is accountable and responsible for Gold Reef's performance. The Board Charter codifies the board's composition, appointment, authorities, responsibilities and processes and sets out the fiduciary duties of the directors to the company. The Board 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 when necessary. Directors are comprehensively briefed in advance of board meetings and are provided with all necessary information to enable them to discharge their responsibilities. A table of directors' attendance at board meetings is set out in the Directors' Report.

In terms of the Articles of Association, directors are subject to retirement by rotation and re-election at least once every three years. Details of directors retiring and offering themselves for re-election at the upcoming annual general meeting are set out in the Directors' Report. Directors' remuneration is disclosed in detail in the Remuneration Report and in Note 33 to the annual financial statements.

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

BOARD PROCESSES

New appointments

New board appointments are considered by the board as a whole, taking into account a blend of skills and experience as well as concerns such as diversity. In terms of Gold Reef's Articles of Association new directors hold office until the next annual general meeting at which their appointment must be confirmed/ratified by shareholders. An informal induction programme is in place which includes introductions to key senior management and site visits. New appointees receive copies of the latest interim announcements and annual financial statements and are introduced to the company's policies and procedures. The Company Secretary is responsible for implementing this induction programme which also sets out the new directors' responsibilities and fiduciary duties, as well as ongoing guidance 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 at each board meeting 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 and other required information are published on SENS.

Directors' and officers' liability insurance

Directors' and officers' liability insurance cover is in place.

Share dealing

A group-wide share trading policy is in place whereby all directors and employees who have access to financial results and 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, or failing him, the Chairman of the Audit and Risk Committee, 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 conducts ongoing self-evaluation exercises based on a pre-determined checklist.

Annual general meeting

Attendance by all directors at the annual general meeting is encouraged.

At the June 2008 Gold Reef annual general meeting the Chairmen of the Audit and Risk Committee and Remuneration and Nominations Committee were in attendance, as were the Board Chairman, CEO and Financial Director. In addition, two other executive and five other non-executive directors were in attendance at the annual general meeting.

The notice for any general meeting of shareholders includes an explanation of the reason for, and the effect of, any proposed special resolution. The company's transfer secretaries attend each meeting to assist with the recording of shareholders' attendance and to count the votes. The Chairman confirms with the meeting whether the votes will be counted by way of a show of hands or a poll. The Chairman takes time during the meeting, ensuring that the resolutions have been read and allowing time for questions.

BOARD COMMITTEES

All committees have satisfied their responsibilities during the year in compliance with their Charters. The chairpersons of the committees or another committee member nominated by them, attend the company's annual general meeting.

Audit and Risk Committee

During the year the Audit and Risk Committee was reconstituted and is now chaired by independent non-executive director, JC Farrant and comprises one other independent non-executive director. Consequently the composition of the committee is now in line with the requirements of the Corporate Laws Amendment Act. The committee met three times during the year, which the directors believe is sufficient for the purposes of discharging the committee's responsibilities. Additional special meetings are convened as and when required. The CEO, 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 assisting the board in fulfilling its fiduciary oversight responsibilities for the following:

- financial reporting process;
- system of risk management;
- system of internal controls;
- internal audit process;
- the annual independent audit of the company's and group's financial statements;
- engagement of other external audit firms (e.g. for fair and reasonable opinions);
- the group's compliance with:
  - laws and regulations;
  - its articles of association;
  - its code of conduct (ethics);
  - corporate governance;
  - BEE requirements set by gaming boards and the Department of Trade and Industry;
  - its fraud policy; and
  - Audit Committee and Audit Forum management and reporting responsibilities.

Additional responsibilities include recommending the appointment of the head of internal audit, recommending the appointment of the external auditors, establishing principles for utilisation of external auditors for non-audit services, assessing the performance and credentials of the Financial Director as well as reviewing the group's compliance with the Companies Act, the Income Tax Act, the King II and the King III Reports, the JSE Listings Requirements and all other relevant statutes.

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. Key risks are continually monitored and assessed at least annually. The risks are assessed against mitigating factors to produce residual risks. The committee satisfies itself that the residual risk is within its risk tolerance. If the risk tolerance is breached additional steps will be taken to reduce it to within the risk tolerance. The risk, mitigating factor, residual risk and the rationale used in the above is adequately documented. In an attempt to combat fraud a crime hot line has been established and offers the callers anonymity and confidentiality.

Separate audit forums are in place at Akani Egoli, Silverstar Casino, Akani Msunduzi, West Coast Leisure, Garden Route Casino, Goldfields Casino and Queens Casino. These forums 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 the respective Audit Forums and Gold Reef's Audit and Risk Committee.

The external auditors report to the Audit and Risk Committee to confirm that they have remained independent from Gold Reef and its subsidiaries for the year. The Audit and Risk Committee is satisfied that the auditors have remained independent throughout the year.

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.

COMPANY SECRETARY

The role of Company Secretary is seen as pivotal in good corporate governance. The Company Secretary is tasked with providing guidance to directors with regard to discharging their duties. He maintains an open door policy and is a central source of guidance and advice on ethics and good governance.

CRT Paul resigned as Company Secretary with effect from 31 December 2008. He was replaced by JS Friedman as a temporary measure until such time as a suitable candidate is identified.

CODE OF ETHICS

During 2008 Gold Reef developed a code of ethics which is in the process of being adopted by all units throughout the group. The code covers the following principles: corporate governance, obeying the law, competition and marketing, conflicts of interest, payments to government personnel, kickbacks and gratuities, political contributions, employment practices and responsibilities to local communities and the environment. To ensure that the group's reputation for integrity remains untarnished, a zero tolerance policy has been adopted. Staff members are in the process of signing a declaration of acknowledgement confirming their commitment to the code.

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. For example, formalised delegation of authority documents are distributed to each unit which clarify the levels of authority given as well as management's obligations in the following areas:

- contracts binding on the company;
- disposal of assets;
- banking;
- appointment and dismissal of senior staff;
- organisational structure;
- collective bargaining arrangements;
- marketing initiatives;
- budgets and reports;
- appointments of lawyers, auditors and consultants;
- legal proceedings;
- donations;
- conflicts of interest;
- travel and accommodation;
- policies, procedures and manuals;
- operating expenditures;
- capital expenditure;
- dealing with the press;
- health and safety; and
- compliance with the law.

The performance of senior managers is independently reviewed by the company's executive directors.

ACCOUNTING AND AUDITING

External audit

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

Internal audit

The group's internal audit function is housed in Akani Egoli and seconded to Gold Reef, 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 this process and attends all of the meetings. He also reports at Gold Reef Audit and Risk Committee meetings and has direct access to the Chairman of the Audit and Risk Committee. Unrestricted consultation is encouraged between the internal audit function and directors, management and Gold Reef's external auditors.

The internal audit function evaluates and examines the operations' activities and resultant business risks. The internal audit plan is based on risk assessments and compliance requirements. The scope of the function includes compliance auditing of specific areas stipulated by the relevant gaming 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 regarding the safeguarding of assets against unauthorised disposal or use, compliance with statutory laws and regulations and the maintenance of proper accounting records as well as the adequacy and reliability of financial information.

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

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

RISK	RISK MITIGATIONS
Competition for disposable income caused by changes in the economic climate	• Strategic and aggressive marketing campaigns are initiated by group casinos to protect and grow market share. • Casino management review and cost control to manage margin erosion. • The activities of direct competitors are monitored.
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 impending 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 on page 19.
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 page 19).
Municipal services	• Gold Reef has sufficient backup and generator capacity available at all properties. • Emergency plans for supply of water. • A disaster recovery plan is in place at all properties.
Injury to patrons	• Staff members are trained in fire fighting, first aid and evacuation procedures. • On-site clinics attend to the medical needs of staff and patrons. • Gold Reef City Theme Park has daily inspections of all its rides and subscribes to ADIPS, internationally accredited safety standard. • The group has public liability insurance in place.

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.

Mykonos Casino, ***Langebaan, Western Cape***

REMUNERATION REPORT

Gold Reef's reward philosophy is that remuneration, in the combination of all its forms, is an investment in human capital and is to be structured and geared towards attracting, motivating and retaining key talent in order to drive shareholder value.

ROLE OF THE REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee is a sub-committee of the board of directors and, in terms of its Charter, 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.

Its purpose is to set remuneration packages for executive directors and to determine overall policy for the remuneration of the company's employees, including, but not limited to, basic salary, performance-based short-term and long-term incentives, pensions and other benefits and the design and operation of the company's share based incentive schemes.

MEMBERSHIP OF THE REMUNERATION AND NOMINATIONS COMMITTEE

During the year various changes were made to the membership of the committee. The committee now comprises two non-executive directors both of whom, including the Chairperson, are independent.

The membership is detailed below:

- M Krok, Chairperson (resigned 2 September 2008);
- AJ Aaron, (resigned 2 September 2008);
- RT Moloko (resigned 2 September 2008);
- J Leutgeb (resigned 2 September 2008);
- ZJ Matlala, Chairperson (appointed 2 September 2008);
- JC Farrant, (appointed 2 September 2008).

The composition of the committee complies with the recently published draft of the King Committee on Governance (King III) and the board considers the composition of the committee to be appropriate in terms of the necessary blend of knowledge, skill and experience of its members.

The committee met three times during 2008. The CEO and HR Director (where applicable) both attended the meetings by invitation and assisted the committee in its deliberations, except when issues relating to their own compensation were discussed.

No director was involved in deciding his or her own remuneration. In 2008 the committee was advised by the group's finance and human resources functions, as well as by independent consultants, who provided market benchmark information and advised on and assisted with the design, documentation and implementation of a new long term incentive scheme.

BELOW: Silverstar Casino

REMUNERATION REPORT

REMUNERATION POLICY

Gold Reef's remuneration policy aims to attract and retain high-calibre executives and employees and to motivate and reward them for developing and implementing the company's strategy in support of consistent and sustainable shareholder value.

The policy has recently been reviewed in order to ensure its alignment with best practice standards based on the following principles:

- Total rewards are set at levels that are competitive within the gaming, entertainment and accommodation sectors;
- Guaranteed packages are set generally at the median of the market with key, high performing individuals in key roles positioned at the upper quartile;
- Incentive-based rewards in general are earned through the achievement of demanding performance conditions consistent with shareholder interests over the short, medium and long term;
- Annual cash incentives, performance measures and targets are structured to reward effective operational performance; and
- Long-term (share based) incentives are designed to address sustained company performance over time in the interests of shareholders and the retention of key individuals and talent.

Elements of executive remuneration

- Base salaries
- Benefits
- Annual cash incentives
- Long-term share based incentive plan
- Gold Reef Share Scheme
- Cash-settled share-based retention provision (once-off)

The committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and between those aspects of the package linked to short-term financial performance and those linked to longer-term shareholder value creation.

The committee considers each element of remuneration relative to the market and takes into account the performance of the company and the individual executive in determining both quantum and design.

The policy relating to each component of remuneration is summarised below:

Base salaries

Base salaries of executives are subject to annual review. Gold Reef's policy is to be competitive at the median level with reference to market practice in companies comparable in terms of size, market sector, business complexity and international scope. However, base salaries of key individuals and incumbents in key roles are aligned to the upper quartile level of the market. Company performance, individual performance and changes in responsibilities are also taken into consideration when determining increases to base salaries.

Benefits

Benefits for executives include membership to a retirement fund and medical aid, to which contributions are made by the company on a salary sacrifice basis.

Annual cash incentives

All executives are eligible to participate in the Gold Reef Bonus Plan in which performance against targets set in terms of comparative and absolute metrics is rewarded.

Target bonus percentages are set in terms of Gold Reef's overall reward strategy, but the bonus payable at year end depends on actual individual, company and subsidiary performance against the following parameters:

- ***Executive directors:***
  Bonuses are linked to consolidated group performance and targets both consolidated profit after tax and HEPS growth in relation to CPIX.
- ***Senior management:***
  Bonuses are linked to the performance of the individual as well as to the performance of the entity. In terms of individual performance pre-determined, measurable performance criteria are established linked to Key Performance Indicators. Entity-specific performance considerations include meeting and exceeding the entities budgets for the year, limited to the level which management can directly control. Thresholds and targets are set that challenge company and individual performances. The committee reviews measures annually to ensure that these, and the targets set, are appropriate given the economic context and the performance expectations for the company.

Long-term share based incentive plan

Until recently Gold Reef 's only form of long term share based incentive has been the Gold Reef Share Scheme, adopted in September 1999.

However, the board has recently approved a new long-term share based incentive plan for executives and key management. The plan is a phantom share scheme with cash settlement and will align Gold Reef with best international practice in this field and provide for the inclusion of a number of performance conditions, designed to align the interests of participants with those of the company's shareholders and to reward for company performance more so than the performance of the economy or sector in which it operates.

The essential elements of the new scheme are summarised in the paragraphs below. Note that the use of the word unit throughout recognises that the plan is essentially a "phantom" version of a share scheme. Each unit (whether an appreciation unit, performance unit or a bonus unit) is in effect linked to an underlying share in Gold Reef.

The combined, weighted implementation of the three elements described below will allow Gold Reef to remain competitive in annual and share based incentives, reward long term sustainable company performance, act as a retention tool, and ensure that executives and key talent share a significant level of personal risk/reward with the company's shareholders.

Appreciation units

Annual allocations of appreciation units will be made to executives and selected managers. They will be available to be settled in equal thirds on the 3rd, 4th and 5th anniversaries of their allocation, but need not be exercised until the 6th anniversary, at which time they must be exercised or they will lapse.

On settlement, the value accruing to participants will be the full appreciation of Gold Reef's share price, which value will be settled in cash.

Appreciation units align the interests of shareholders and participants by rewarding for positive appreciation in the share price over time. As such they offer the same reward characteristics as a vanilla share option scheme and will be similarly impacted by external, uncontrollable factors. However, it is the company's intention to offer them as only one part of a mix of share based elements.

Performance units

Annual conditional awards of performance units will be made to executives and selected managers. The performance units will vest after a three-year period subject to the company's achievement against selected performance measures over the intervening period. Settlement will be in cash, the value of which will be the product of the number of performance units vesting and the value of a Gold Reef share at the time of vesting. The board will set and communicate the performance criteria at the time of each award. At the inception, the vesting of the performance units will be defined in terms of the company's compound annual growth rate ("CAGR") in HEPS over the three year period from the award date to the vesting date. HEPS growth is the preferred metric, rather than any share oriented metric, as it is considered that maintaining earnings growth will be the major value driver in the foreseeable future as the industry matures and the economy recovers from the recent shocks.

No retesting against the performance criteria will be allowed. Any performance units which do not vest at the end of the three year period will lapse.

Awards of performance units closely align the interests of shareholders and participants by rewarding superior shareholder and financial performance in the future.

Bonus Units

Annually, executives will receive a grant of bonus units that match, according to a specified ratio, a portion of the annual cash incentive accruing to the participant. These bonus units will be settled to participants after three years, conditional on continued employment. Settlement will be in cash, the value of which will be the product of the number of bonus units originally granted and the value of a Gold Reef share at the time of vesting.

Grants of bonus units provide for share based retention to those executives who, through their performance on an annual basis, have demonstrated their value to the company.

Gold Reef Share Scheme

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 in 3 equal tranches vesting over 4 years; one third after 2 years, one third after 3 years and one third after 4 years. (See page 36 for historical information in respect of directors' outstanding options at 31 December 2008.)

Cash-settled share-based retention provision

On 22 November 2006 the Remuneration and Nominations Committee resolved that as a once-off retention provision 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 at Gold Reef for certain periods and if certain performance criteria were met. Each such executive director would receive a maximum of 50 000 Gold Reef shares if he remained employed at Gold Reef for a period of three years from 1 January 2007. In addition, SB Joffe would receive a maximum of a further 200 000 Gold Reef shares if he remained employed at Gold Reef for a further two years. The performance criteria, which were set by the Remuneration and Nominations Committee, would be measured at the end of three and

Historical information in respect of directors' outstanding options at 31 December 2008 is as follows:

	RESTATED SHARE OPTIONS AT 1 JANUARY 2008		SHARE OPTIONS EXERCISED DURING THE YEAR			NOT EXERCISED AT 31 DECEMBER 2008	
DIRECTOR	NUMBER	AVERAGE STRIKE PRICE (R)	VESTED	UNVESTED	AVERAGE STRIKE PRICE (R)	NUMBER	AVERAGE STRIKE PRICE (R)
BJ Biyela+	68 000	15.35	45 334	22 666	15.35	–	–
JS Friedman++	470 000	14.74	213 333	256 667	14.74	–	–
SB Joffe>	1 000 000	14.87	500 000	500 000	14.87	–	–
C Neuberger^	470 000	14.74	213 333	256 667	14.74	–	–

+ BJ Biyela resigned effective 7 October 2008 and settled his outstanding loan with the Gold Reef Share Scheme. Unvested share options were sold back to the share scheme at their strike price
++ JS Friedman has a loan of R6 084 968 with the Gold Reef Share Scheme and 1 213 333 shares are pledged as security for this loan. A further 256 667 shares are not yet available for sale and his loan of R3 608 602 on these unvested shares has therefore not been recognised on the balance sheet in terms of IFRS 2 – Share-based Payment
>SB Joffe has a loan of R13 360 002 with the Gold Reef Share Scheme and 2 500 000 shares are pledged as security for this loan. A further 500 000 shares are not yet available for sale and his loan of R7 085 581 on these unvested shares has therefore not been recognised on the balance sheet in terms of IFRS 2 – Share-based Payment
^ C Neuberger has a loan of R5 672 429 with the Gold Reef Share Scheme and 988 333 shares are pledged as security for this loan. A further 256 667 shares are not yet available for sale and his loan of R3 608 602 on these unvested shares has therefore not been recognised on the balance sheet in terms of IFRS 2 – Share-based Payment
TM Sadiki has not been included above as at the time of his appointment to the board, he had no unexercised share options and there was no movement between his date of appointment and year end

five years respectively with reference to the percentage of the annual performance bonus which the executive director received during such period. On 3 September 2008 the Remuneration and Nominations Committee replaced this share-based payment scheme with a share appreciation scheme. In terms of the share appreciation scheme, the executive directors would no longer be entitled to shares based on the achievement of the necessary criteria but rather a cash payment, linked to the share price as well as the achievement of the performance criteria. Consequently, the original offer made to the executive directors in 2007 was withdrawn. Please refer to page 82 for further information relating to this scheme.

Other matters affecting remuneration of directors

Non-executive directors

The board, in reviewing non-executive directors' fees, takes into account fees payable to non-executive directors of comparable companies and the importance attached to the attraction and retention of high-calibre individuals as non-executive directors. Levels of fees are also set by reference to the responsibilities assumed by the non-executive directors in chairing the board and in chairing or participating in its committees. Fee increases will be motivated to the shareholders at the company's Annual General Meeting and reflect the market dynamics and the increasingly heavy demands being made on the individuals.

Non-executive directors' fees are made up of attendance fees for board and sub committee meetings and a retainer is for the acquisition and retention of individual skills/eminence required in making a material contribution to the company's strategic direction and to compensate the individual for time invested in staying au fait with the company's strategies and operations and for representing the company's interests.

Any fee increases will be motivated to the shareholders at the company's Annual General Meeting and will reflect the market dynamics and the increasingly heavy demands being made on individual directors.

Non-executive directors' fees proposed for 2009 appear in the table below:

	PROPOSED 2009 R	PAID 2008 R
Board – Attendance fees per meeting:		
Minimum number of meetings per year : 4		
Chairman	43 500	43 500
Member	32 500	32 500
Board – Top-up/Retainer fees:		
Chairman*	540 000	540 000
Member**	32 500	32 500
Audit and Risk Committee – Attendance fees per meeting:		
Minimum number of meetings per year: 3		
Chairman	39 000	39 000
Member	32 500	32 500
Remuneration and Nominations Committee – Attendance fees per meeting:		
Minimum number of meetings per year: 3		
Chairperson	17 000	17 000
Member	11 500	11 500

** The Chairman is paid R43 500 per meeting and topped up to R540 000 per year. The same fee structure has been proposed for the 2009 financial year*
*** Board members (excluding the Chairman) are paid a retainer of R32 500 over and above the fee per meeting. The R32 500 is payable at the last board meeting of the year*

REMUNERATION REPORT

DIRECTORS' EMOLUMENTS

DIRECTOR	DIRECTORS' FEES R'000	OTHER SERVICES R'000	BASIC REMUNERATION R'000	RETIREMENT/ MEDICAL R'000	OTHER BENEFITS R'000	PERFORMANCE INCENTIVES R'000	GAINS ON VESTED SHARE OPTIONS EXERCISED R'000	TOTAL 2008 R'000	TOTAL 2007 R'000
EXECUTIVE									
Paid by the company									
BJ Biyela	–	–	–	–	–	–	116	116	20
JS Friedman	–	–	–	–	–	–	443^	443	40
SB Joffe	–	–	–	–	–	–	1 110^	1 110	40
C Neuberger	–	–	–	–	–	–	443^	443	40
TM Sadiki	–	–	–	–	–	–	–	–	*
Paid by subsidiaries									
BJ Biyela	–	–	1 150	219	20	–	–	1 389	2 100
JS Friedman	–	–	1 479	246	–	825	–	2 550	2 700
SB Joffe	–	–	2 435	440	–	1 300	–	4 175	4 600
C Neuberger	–	–	1 587	238	–	825	–	2 650	3 000
TM Sadiki	–	–	119	24	–	225	–	368	*
NON–EXECUTIVE									
Paid by the company									
AJ Aaron	235	–	–	–	–	–	–	235	294
MG Diliza	127	–	–	–	–	–	–	127	*
JC Farrant	132	–	–	–	22	–	–	154	*
RJ Khoza	–	–	–	–	–	–	–	–	90
M Krok	651	–	–	–	–	–	–	651	12 640
MZ Krok	127	–	–	–	–	–	–	127	150
J Leutgeb	–	–	–	–	–	–	–	–	30
ZJ Matlala	98	–	–	–	22	–	–	120	*
RT Moloko	162	–	–	–	–	–	–	162	90
Bj Schutte	63	–	–	–	–	–	–	63	120
PCM September	171	–	–	–	–	–	–	171	190
Paid by subsidiaries									
AJ Aaron	–	1 788**	–	–	–	–	–	1 788	1 377
MG Diliza	30	–	–	–	–	–	–	30	*
JC Farrant	–	–	–	–	–	–	–	–	*
RJ Khoza	–	–	–	–	–	–	–	–	30
M Krok	5	–	–	–	–	–	–	5	5
MZ Krok	–	–	–	–	–	–	–	–	–
J Leutgeb	–	–	–	–	–	–	–	–	–
ZJ Matlala	–	–	–	–	–	–	–	–	*
RT Moloko	15	–	–	–	–	–	–	15	10
BJ Schutte	–	–	–	–	–	–	–	–	–
PCM September	46	–	–	–	–	–	–	46	43
ALTERNATE									
Paid by the company									
A Krok	–	–	–	–	–	–	–	–	–
S Krok	–	–	–	–	–	–	–	–	–
R Vierziger	256	–	–	–	–	–	–	256	230
Paid by subsidiaries									
A Krok	–	–	–	–	–	–	–	–	–
S Krok	–	–	–	–	–	–	–	–	–
R Vierziger	–	–	–	–	–	–	–	–	–
TOTAL	**2 118**	**1 788**	**6 770**	**1 167**	**64**	**3 175**	**2 112**	**17 194**	**27 839**

** Director only appointed in 2008*

*** Legal fees paid to Werksmans Inc during the year, of which AJ Aaron was a director*

^ This relates to gains on share options which have been exercised and have vested but remain unsold. Consequently, these directors will only receive the economic benefits once the shares are sold on the open market

SEGMENTAL ANALYSIS

	REVENUE			ADJUSTED EBITDAR			ADJUSTED EBITDAR MARGIN		TOTAL CAPEX	
					RESTATED					
	2008	2007^		2008	2007		2008	2007	2008	2007
	R'000	R'000	%	R'000	R'000	%	%	%	R'000	R'000
Gold Reef City Casino	990 152	994 407	(0,4)	376 349	420 494	(10,5)	38,0	42,3	87 155	208 819
Gold Reef City Theme Park	67 115	66 599	0,8	2 261	(139)		3,4	(0,2)	20 175	26 242
Silverstar Casino #	510 133	24 974	1 942,7	190 539	7 702	2 373,9	37,4	30,8	281 676	758 801
Golden Horse Casino	244 299	225 853	8,2	110 323	109 788	0,5	45,2	48,6	32 727	15 763
Mykonos Casino	112 060	115 691	(3,1)	47 992	53 508	(10,3)	42,8	46,3	10 026	3 996
Garden Route Casino	163 892	165 620	(1,0)	79 625	84 192	(5,4)	48,6	50,8	2 842	11 142
Goldfields Casino	117 795	108 337	8,7	52 604	50 122	5,0	44,7	46,3	10 213	44 700
Queens Casino +	45 951	1 400	3 182,2	6 606	266	2 383,5	14,4	19,0	31 347	92 508
Gold Reef Management	60 689	70 160	(13,5)	15 511	16 350	(5,1)	25,6	23,3	32	65
Gold Reef Resorts	–	–	–	250 079	65 879	279,6			–	885
Consolidation and other group companies >	(115 351)	(71 523)		(228 339)	(43 751)				(31 066)	(92 277)
	2 196 735	1 701 518	29,1	903 550	764 411	18,2	41,1	44,9	445 127	1 070 644

^ Revenue figures have been restated for the effects of customer loyalty points in terms of IFRIC 13 as well as the elimination of inter-departmental charges in terms of IAS 18 – Revenue. For further disclosure regarding these adjustments please refer the "Supplementary Information" on page 52

 # The large increases in Revenue and Adjusted EBITDAR are due to the fact that Silverstar Casino traded for a full 12 month period in 2008 whereas in the comparative period trading only commenced on 11 December 2007

+ The large increases in Revenue and Adjusted EBITDAR are due to the fact that Queens Casino traded for a full 12 month period in 2008 whereas in the comparative period trading only commenced on 21 December 2007

> Included in "Consolidation and other group companies" is the elimination of Queens Casino's results due to it being equity accounted

	NO. OF TABLES		NO. OF SLOTS		TABLES WIN			SLOTS WIN			WIN PER TABLE			WIN PER SLOT		
	2008	2007	2008	2007	2008	2007		2008	2007		2008	2007		2008	2007	
					R'000	R'000	%	R'000	R'000	%	R'000	R'000	%	R'000	R'000	%
Gold Reef City Casino	50	50	1 600	1 600	234 283	242 112	(3,2)	706 256	708 736	(0,3)	4 686	4 842	(3,2)	441	443	(0,5)
Silverstar Casino #	24	26	784	756	113 053	4 169	2 611,8	390 435	19 262	1 927,0	4 711	160	2 844,4	498	25	1 892,0
Golden Horse Casino	18	16	450	450	47 779	37 339	28,0	190 842	181 670	5,0	2 654	2 334	13,7	424	404	5,0
Mykonos Casino	9	9	300	278	12 030	12 633	(4,8)	99 592	103 128	(3,4)	1 337	1 404	(4,8)	332	371	(10,5)
Garden Route Casino	16	16	376	376	18 043	20 353	(11,4)	144 966	144 068	0,6	1 128	1 272	(11,4)	386	383	0,8
Goldfields Casino	9	9	250	250	14 439	13 216	9,3	101 968	94 352	8,1	1 604	1 468	9,3	408	377	8,2
Queens Casino +	6	6	180	180	6 228	299	1 982,9	32 381	936	3 359,5	1 038	50	1 976,0	180	5	3 500
	132	132	3 940	3 890	445 855	330 121	35,1	1 666 440	1 252 152	33,1	3 378	2 501	35,1	423	322	31,4

 # The large increases in Tables and Slots Win are due to the fact that Silverstar Casino traded for a full 12 month period in 2008 whereas in the comparative period trading only commenced on 11 December 2007

+ The large increases in Tables and Slots Win are due to the fact that Queens Casino traded for a full 12 month period in 2008 whereas in the comparative period trading only commenced on 21 December 2007

	CASH ON HAND		NON CURRENT DEBT		CURRENT DEBT		NET CASH ON HAND/(DEBT)		DEVELOPMENTAL CAPEX		OPERATIONAL CAPEX		TOTAL CAPEX	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Gold Reef City Casino	87 299	114 599	(188 810)	(246 905)	(58 497)	(58 095)	(160 008)	(190 401)	37 571	180 431	49 584	28 388	87 155	208 819
Gold Reef City Theme Park	6 100	(1 736)	–	–	–	–	6 100	(1 736)	7 567	14 204	12 608	12 038	20 175	26 242
Silverstar Casino	199 061	26 245	(1 211 111)	(925 011)	(96 585)	(47 878)	(1 108 635)	(946 644)	270 615	758 801	11 061	–	281 676	758 801
Golden Horse Casino	31 201	74 417	(36 015)	(46 354)	(12 857)	(12 857)	(17 671)	15 206	22 729	5 329	9 998	10 434	32 727	15 763
Mykonos Casino	17 677	9 819	–	–	–	–	17 677	9 819	8 210	462	1 816	3 534	10 026	3 996
Garden Route Casino	53 199	37 987	(25 461)	(33 223)	(7 714)	(7 714)	20 024	(2 950)	117	2 417	2 725	8 725	2 842	11 142
Goldfields Casino	44 428	53 401	(44 916)	(57 749)	(12 834)	(12 834)	(13 322)	(17 182)	1 171	39 137	9 042	5 563	10 213	44 700
Queens Casino	13 794	12 484	(48 355)	–	(2 549)	–	(37 110)	12 484	30 142	92 508	1 205	–	31 347	92 508
Gold Reef Management	13 840	8 209	–	–	–	–	13 840	8 209	–	–	32	65	32	65
Gold Reef Resorts	1 062	14 246	–	–	–	–	1 062	14 246	–	–	–	885	–	885
Consolidation and other group companies >	(24 663)	(33 075)	48 355	–	2 549	–	26 241	(33 075)	(23 887)	(92 508)	(7 179)	231	(31 066)	(92 277)
	442 998	316 596	(1 506 313)	(1 309 242)	(188 487)	(139 378)	(1 251 802)	(1 132 024)	354 325	1 000 781	90 892	69 863	445 127	1 070 644

> Included in "Consolidation and other group companies" is the elimination of Queens Casino's results due to it being equity accounted

Garden Route Casino, Mossel Bay, Western Cape

GOLD REEF
RESORTS

Annual Financial Statements

CONTENTS OF ANNUAL FINANCIAL STATEMENTS

DIRECTORS' STATEMENT OF RESPONSIBILITY & DECLARATION BY COMPANY SECRETARY

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 44 to 101 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 are responsible 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 43.

The financial statements were approved by the board of directors on 8 June 2009 and are signed on their behalf by:

SB JOFFE
CEO

JS FRIEDMAN
Financial Director

Johannesburg
8 June 2009

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.

JS FRIEDMAN CA(SA)
Company Secretary
Johannesburg
8 June 2009

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD REEF

We have audited the group annual financial statements and annual financial statements of Gold Reef and its subsidiaries, which comprise the consolidated and separate balance sheets as at 31 December 2008 and the consolidated and separate income statements, the consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 44 to 101.

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 from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 financial statements present fairly, in all material respects, the consolidated and separate financial position of Gold Reef and its subsidiaries as at 31 December 2008, and its consolidated and separate financial performance and its consolidated and separate 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
8 June 2009

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

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 the 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. The group also holds a controlling stake in the Vaal River Casino Company.

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 AND DIVIDEND

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

The board has declared a dividend of 65,0 cents per share covered 2,1 times by Adjusted HEPS. From time to time the board will reconsider dividend cover based on the group's cash flow, gearing and capital requirements. Dividends are financed out of Gold Reef's cash resources after servicing the debt of the group's underlying operations.

SHARE CAPITAL

On 1 January 2008 the authorised share capital of the company comprised 590 000 000 ordinary shares of which 291 990 220 were issued. During the year the group issued no further ordinary shares. At 31 December 2008 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 2008 numbered 14 427 602 (1 January 2007: 14 427 602). During the year the group purchased no further treasury shares (2007: Nil). At year-end treasury shares held by the group numbered 14 427 602 (year-end 2007:14 427 602).

Gold Reef shares held by the Gold Reef Share Scheme on 1 January 2008 numbered 3 848 113 (1 January 2007: 2 214 185). Of these shares, 1 326 556 vested in August 2008 and were transferred to employees. The share scheme purchased 133 001 Gold Reef shares during the year. At year-end Gold Reef shares held by the Gold Reef Share Scheme numbered 2 654 558 (2007: 3 848 113).

DIRECTORATE

The directors of the company are set out below. The number of board and committee meetings attended by each of the directors during the year 1 January 2008 to 31 December 2008 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*	3 (4)	4 (4)	2 (2)	3 (3)
EN Banda> (appointed 13 March 2009)	–	–	–	–
BJ Biyela (Joint COO) (resigned 27 October 2008)	3 (3)	3 (3)	–	–
MG Diliza* (appointed 14 March 2008)	3 (4)	0 (4)	–	–
JS Friedman (Financial Director)	4 (4)	4 (4)	–	–
SB Joffe (CEO)	4 (4)	4 (4)	–	–
JC Farrant >++º (appointed 25 July 2008)	2 (2)	0 (1)	1 (1)	1 (1)
RJ Khoza* (resigned 8 February 2008)	–	–	–	–
A Krok**	–	–	–	–
M Krok* (Chairman)	4 (4)	4 (4)	2 (2)	3 (3)
MZ Krok*	3 (4)	2 (4)	–	–
S Krok**	–	–	–	–
J Leutgeb*"	0 (4)	4 (4)	0 (2)	0 (3)
ZJ Matlala >+ºº (appointed 25 July 2008)	1 (2)	1 (1)	1 (1)	1 (1)
RT Moloko* (resigned 27 October 2008)	3 (3)	3 (3)	1 (2)	2 (2)
C Neuberger" (Joint COO)	4 (4)	4 (4)	–	–
TM Sadiki (HR Director) (appointed 21 November 2008)	–	–	–	–
PCM September*	4 (4)	3 (4)	–	–
BJ Schutte* (resigned 24 July 2008)	2 (2)	1 (3)	–	–
R Vierziger**"	4 (4)	1 (4)	2 (2)	3 (3)

** Non-executive > Independent ** Alternate " Austrian Citizen + Audit and Risk Committee ++ Audit and Risk Committee Chairperson*

º Remuneration and Nominations Committee ºº Remuneration and Nominations Committee Chairperson

In terms of the Articles of Association M Krok and MZ Krok will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election. EN Banda, JC Farrant, ZJ Matlala and TM Sadiki, who were appointed to the board during the current financial year, will have their appointments confirmed at the forthcoming annual general meeting.

On 26 November 2008 TM Sadiki was appointed to the board as HR Director. TM Sadiki was previously the Operations Manager at Gold Reef City Casino. MG Diliza was appointed as a non-executive director on 14 March 2008 and JC Farrant and ZJ Matlala were both appointed as independent non-executive directors on 25 July 2008.

Three non-executive directors resigned during 2008. They were RJ Khoza, BJ Schutte and RT Moloko. BJ Biyela, previous Joint COO, also resigned during 2008.

SUBSIDIARIES, ASSOCIATES AND OTHER INVESTMENTS

Information relating to the company's financial interests in its subsidiaries, associates and other investments is set out in Note 31 to the annual financial statements.

COMPANY SECRETARY

CRT Paul resigned as Company Secretary and was replaced by JS Friedman with effect from 31 December 2008. JS Friedman's business and postal addresses, which are also the company's registered addresses, are set out on page 103 of this annual report.

AUDITORS

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

DIRECTORS' SHAREHOLDING

	BENEFICIAL				NON-BENEFICIAL			
	DIRECT		INDIRECT		DIRECT		INDIRECT	
DIRECTOR	2008	2007	2008	2007	2008	2007	2008	2007
AJ Aaron	**10 000**	10 000	–	–	–	–	**46 779 464**	62 365 033
EN Banda	–	*	–	*	–	*	–	*
BJ Biyela	^	201 333	^	11 223 278	^	–	^	–
MG Diliza	–	*	**7 588**	*	–	*	–	*
JC Farrant	–	*	–	*	–	*	–	*
JS Friedman	**1 917 093**	1 967 093	–	–	–	–	–	–
SB Joffe	**3 500 000**	6 283 333	**2 533 333**	–	–	–	–	–
RJ Khoza	^	–	^	170 000	^	–	^	–
A Krok	**81 661**	81 661	–	–	–	–	**46 779 464**	62 365 033
M Krok	**15 587 632**	2 063	–	15 585 569**	–	–	–	46 779 464**
			322 205	322 205				
MZ Krok	–	–	–	–	–	–	–	–
S Krok	–	–	–	–	–	–	–	–
J Leutgeb	–	–	–	–	–	–	**60 226 988**	60 226 988
ZJ Matlala	–	*	**148 467**	*	–	*	–	*
RT Moloko	^	33 334	^	21 944 174	^	–	^	–
C Neuberger	**1 245 000**	1 370 000	–	–	–	–	–	–
TM Sadiki	**96 000**	*	–	*	–	*	–	*
BJ Schutte	^	–	^	12 064 267	^	–	^	–
PCM September	–	–	**148 467**	148 467	–	–	–	–
R Vierziger	–	–	–	–	–	–	**60 226 988**	60 226 988

^ *Individuals resigned as directors of the company during 2008*

* *Individuals were not directors of the company at any point during 2007*

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

AJ Aaron ceased to be trustee of The Shelly Krok 1994 Trust, The Elana Pincus 1994 Trust, The Simone Lerman 1994 Trust and The David Krok 1994 Trust on 20 February 2009 and his non-beneficial indirect interest has decreased to 1 050 000. A Krok ceased to be a trustee of The Shelly Krok 1994 Trust, The Elana Pincus 1994 Trust, The Simone Lerman 1994 Trust, The David Krok 1994 Trust and the Rachela Krok Family Trust on 20 February 2009 and no longer has an non-beneficial indirect interest in Gold Reef. As a result of the sale by Casinos Austria of its shares on 21 May 2009, J Leutgeb and R Vierzeger no longer have a non-beneficial indirect interest in Gold Reef. There have been no other changes to the directors' shareholdings between year-end and the date of this report.

DIRECTORS' AND OFFICERS' INTERESTS IN CONTRACTS

The interests of directors and officers in Gold Reef's contracts are set out in Note 30 to the annual financial statements.

SPECIAL RESOLUTIONS

No special resolutions were registered with the Registrar of Companies by Gold Reef during the year.

POST BALANCE SHEET EVENTS

Subsequent to year end Queens Casino obtained an additional access facility from Investec Bank amounting to R10 050 000. In terms of the facility agreement a second covering mortgage bond of R10 000 000 is to be provided to Investec Bank as security. In addition to this, Gold Reef has provided a further suretyship on behalf of Queens Casino to Investec Bank for R6 400 000.

Subsequent to year end Gold Reef City Theme Park entered into a multi-option facility agreement with Nedbank for an amount of R2 507 800. Of this amount, R507 800 has been provided as a letter of guarantee by Nedbank to Eskom Holdings Limited ("Eskom") for all amounts owing by Gold Reef City Theme Park to Eskom in terms of its electrical supply agreement. Akani Egoli has provided Nedbank with a deed of suretyship in respect of the facility for an amount of R2 507 800.

Subsequent to Gold Reef acquiring 100% of Akani Leisure Msunduzi Investments, the 50% suretyship provided by Akani Leisure Msunduzi Investments to ABSA Bank, on behalf of Akani Msunduzi, has been released in full and Gold Reef has provided 100% suretyship to ABSA Bank in respect of Akani Msunduzi's loan facility.

Subsequent to Gold Reef acquiring 100% of Akani Leisure Investments and Akani Leisure Silverstar Holdings, the joint and several suretyship provided by these two companies, on behalf of Silverstar Casino, has been released in full and Gold Reef has provided 100% suretyship to Nedbank in respect of Silverstar Casino's loan facility.

On 3 June 2009, a total of 1 054 347 share options were granted by the company through the Gold Reef Share Scheme to the executive directors of the company as well as the Company Secretary of Akani Egoli, at a strike price of R17.00 per share option.

Securities Regulation Panel

On 14 April 2008 the SRP released the reasons for the ruling handed down on 1 February 2008. Based on legal advice the company launched review proceedings in the High Court to obtain an order reviewing, correcting or setting aside the decision of the SRP.

The South Gauteng High Court handed down judgement on 13 May 2009 in favour of Gold Reef, reviewing and setting aside the decision of the SRP, and substituting the SRP's decision with the following order: "The complaint is dismissed".

The Court made the following statement in Paragraph 47 of the judgement: "Had the SRP appreciated the argument of GRR, it would have found that there was no offer by Tsogo as defined in the Code and there was therefore no merit in its complaint. In my view it misconceived GRR's contention by classifying it in the manner in which it did."

Corporate Activity

Tsogo Sun has recently indirectly acquired a 23,0% stake in the company from various BEE shareholders and on the market. As a result of such acquisition from the BEE shareholders, Tsogo Sun now controls the BEE voting pool and thus controls an aggregate 32,9% stake in the company.

Gold Reef is concerned that, as a result of such acquisition, the group's empowerment status will be compromised as, inter alia, Tsogo Sun is, on the pure flow through principle, substantially less than 50% black owned. Accordingly, Gold Reef has made representations to the various relevant gaming boards to, inter alia, ascertain whether the various empowerment commitments relating to ownership, made by the group to the gaming boards, will remain adequate after such acquisition.

At the date of writing this report, the Gauteng Gambling Board, the KwaZulu-Natal Gambling Board and the Eastern Cape Gambling and Betting Board have approved Tsogo Sun's application pertaining to such acquisition. The decisions of the Free State Gambling and Racing Board and the Western Cape Gambling and Racing Board have not yet been received.

The KwaZulu-Natal Gambling Board advised (in a letter to Gold Reef containing, inter alia, reasons for the approval of the Tsogo Sun application), inter alia, that "the acquisition of 15,09% of the Voting Pool shares by Main Street … has resulted in an obvious dilution of the BEE shareholding in GRR and in Akani Msunduzi…" and further advised that "the Board expects GRR to comply fully with its conditions of license and in this regard instructs GRR to ensure that within twelve months of the date of this letter, it is fully compliant with its conditions of license and, in particular, that the black shareholding in the Voting Pool shall constitute at least 25,1% of the issued shareholding in GRR."

The Gold Reef board awaits the reasons for the ruling issued by the Eastern Cape Gambling and Betting Board and awaits the decisions and reasons of the remaining two gaming boards. In addition, the Gold Reef board is considering the best approach to ensure that it continues to comply with its objective of ensuring sufficient empowerment in Gold Reef for both strategic and regulatory reasons, and is committed to complying with all license conditions.

On 21 May 2009, Casinos Austria sold its entire shareholding in Gold Reef, representing 60 226 988 shares (20,6%), to a leading SA fund manager which will hold the shares on behalf of various clients.

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	GROUP 2008 R'000	GROUP RESTATED 2007 R'000	COMPANY 2008 R'000	COMPANY RESTATED 2007 R'000
Revenue	4	**2 196 735**	1 701 518	**–**	–
Net gaming win		**2 041 610**	1 565 996	**–**	–
Theme Park		**67 115**	66 599	**–**	–
Food and beverage		**31 796**	20 992	**–**	–
Other		**56 214**	47 931	**–**	–
Other income	4	**624**	8 572	**259 828**	76 746
		2 197 359	1 710 090	**259 828**	76 746
Gaming levies and VAT	4	**(409 755)**	(310 238)	**–**	–
Employee costs	5	**(462 579)**	(362 409)	**–**	–
Promotional and marketing costs	4	**(132 854)**	(94 715)	**–**	–
Depreciation and amortisation	4	**(161 158)**	(152 823)	**–**	(40 261)
Other operating expenses	4	**(326 179)**	(376 223)	**(9 749)**	(63 673)
Operating profit/(loss)		**704 834**	413 682	**250 079**	(27 188)
Finance income	6	**79 624**	33 150	**9 217**	3 415
Finance costs	6	**(213 528)**	(55 604)	**(322)**	–
Profit/(loss) before equity accounted earnings		**570 930**	391 228	**258 974**	(23 773)
Share of loss in associate	14	**(7 859)**	(934)	**–**	–
Profit/(loss) before taxation		**563 071**	390 294	**258 974**	(23 773)
Taxation expense	7	**(187 959)**	(195 307)	**(35 754)**	(24 607)
Profit/(loss) for the year		**375 112**	194 987	**223 220**	(48 380)
Attributable to:					
Equity holders of Gold Reef		**357 833**	145 814	**223 220**	(48 380)
Minority interest		**17 279**	49 173	**–**	–
		375 112	194 987	**223 220**	(48 380)
EPS (cents)					
– EPS	8	**130,6**	61,2		
– Diluted EPS	8	**130,6**	61,2		
Dividend per share (cents)					
– Ordinary dividend	9	**65,0**	65,0		
– Special dividend	9	**–**	35,0		

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	GROUP 2008 R'000	GROUP RESTATED 2007 R'000	COMPANY 2008 R'000	COMPANY RESTATED 2007 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**2 544 756**	2 280 196	**3 658**	3 658
Leasehold improvements	11	**122 846**	103 661	**–**	–
Intangible assets	12	**1 186 891**	1 189 423	**–**	–
Deferred tax assets	26	**5 095**	46 788	**3 039**	32 225
Investment in subsidiaries	13	**–**	–	**2 846 150**	2 787 598
Investment in associate	14	**31 332**	42 134	**38 097**	43 017
Derivative financial instruments	16	**–**	43 213	**–**	–
Share scheme	17	**32 949**	23 194	**63 455**	76 379
		3 923 869	3 728 609	**2 954 399**	2 942 877
Current assets					
Inventories	18	**19 351**	18 414	**–**	–
Trade and other receivables	19	**29 517**	74 622	**1 000**	1 000
Current tax assets		**6 655**	921	**111**	873
Cash and cash equivalents	20	**443 054**	332 016	**270 745**	192 133
Amounts owing by related parties	30	**497**	67	**43 614**	55 670
		499 074	426 040	**315 470**	249 676
Total assets		**4 422 943**	4 154 649	**3 269 869**	3 192 553
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	21	**5 840**	5 840	**5 840**	5 840
Share premium	21	**1 860 132**	1 860 132	**1 860 132**	1 860 132
Treasury shares	21	**(70 934)**	(98 579)	**–**	–
		1 795 038	1 767 393	**1 865 972**	1 865 972
Share-based payment reserve		**382 445**	378 117	**382 554**	378 117
Other reserves	22	**(565 066)**	(493 699)	**–**	–
Retained earnings		**798 858**	718 238	**331 289**	385 282
		2 411 275	2 370 049	**2 579 815**	2 629 371
Minority interest	23	**42 670**	32 405	**–**	–
Total equity		**2 453 945**	2 402 454	**2 579 815**	2 629 371
Non-current liabilities					
Interest-bearing borrowings	24	**1 506 313**	1 309 242	**–**	–
Deferred tax liabilities	26	**53 940**	53 946	**–**	–
Derivative financial instruments	16	**20 815**	–	**–**	–
Financial guarantee contracts	25	**–**	–	**143 212**	95 515
		1 581 068	1 363 188	**143 212**	95 515
Current liabilities					
Trade and other payables	27	**134 830**	136 029	**1 135**	957
Provisions	28	**56 541**	54 923	**7 200**	12 000
Bank overdraft	20	**56**	15 420	**–**	1 602
Current tax liabilities		**7 554**	41 746	**–**	–
Current portion of interest-bearing borrowings	24	**188 487**	139 378	**–**	–
Amounts owing to related parties	30	**462**	1 511	**538 507**	453 108
		387 930	389 007	**546 842**	467 667
Total equity and liabilities		**4 422 943**	4 154 649	**3 269 869**	3 192 553

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	SHARE CAPITAL R'000	SHARE PREMIUM R'000	RESTATED TREASURY SHARES R'000	SHARE-BASED PAYMENT RESERVE R'000	OTHER RESERVES R'000	RESTATED RETAINED EARNINGS R'000	MINORITY INTEREST R'000	RESTATED TOTAL EQUITY R'000
GROUP								
Balance at 1 January 2007	4 412	499 280	(75 340)	26 210	13 795	719 892	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
Effect of share exchange and top-up transaction on group equity	–	–	–	–	(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
Restatement of treasury shares			(56 618)					(56 618)
Recognition of share-based payments	–	–	–	11 650	–	–	–	11 650
Fair value adjustment on derivative hedge recognised in equity during the year	–	–	–	–	37 387	–	–	37 387
Attributable profit for the year	–	–	–	–	–	145 814	49 173	194 987
Dividend paid	–	–	–	–	–	(150 242)	–	(150 242)
Dividends paid to minorities by subsidiaries	–	–	–	–	–	–	(13 292)	(13 292)
Restated balance at 31 December 2007	5 840	1 860 132	(98 579)	378 117	(493 699)	718 238	32 405	2 402 454
Net movement between share scheme and participants	–	–	27 645	–	(4 701)	–	–	22 944
Recognition of share-based payments	–	–	–	4 328	–	–	–	4 328
Fair value adjustment on derivative hedge released from equity during the year	–	–	–	–	(66 666)	–	–	(66 666)
Attributable profit for the year	–	–	–	–	–	357 833	17 279	375 112
Dividend paid	–	–	–	–	–	(277 213)	–	(277 213)
Dividends paid to minorities by subsidiaries	–	–	–	–	–	–	(7 014)	(7 014)
Balance at 31 December 2008	5 840	1 860 132	(70 934)	382 445	(565 066)	798 858	42 670	2 453 945
COMPANY								
Balance at 1 January 2007	4 412	499 280	–	26 210	–	583 904	–	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
Issue of shares to share scheme	44	26 314	–	–	–	–	–	26 358
Recognition of share-based payments	–	–	–	11 650	–	–	–	11 650
Attributable loss for the year	–	–	–	–	–	(48 380)	–	(48 380)
Dividend paid	–	–	–	–	–	(150 242)	–	(150 242)
Restated balance at 31 December 2007	5 840	1 860 132	–	378 117	–	385 282	–	2 629 371
Recognition of share-based payments	–	–	–	4 437	–	–	–	4 437
Attributable profit for the year	–	–	–	–	–	223 220	–	223 220
Dividend paid	–	–	–	–	–	(277 213)	–	(277 213)
Balance at 31 December 2008	5 840	1 860 132	–	382 554	–	331 289	–	2 579 815

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	GROUP 2008 R'000	GROUP RESTATED 2007 R'000	COMPANY 2008 R'000	COMPANY RESTATED 2007 R'000
Cash flow from operating activities					
Profit/(loss) before taxation		**563 071**	390 294	**258 974**	(23 773)
Non-cash items and other adjustments	29.1	**339 188**	284 588	**(9 592)**	83 060
		902 259	674 882	**249 382**	59 287
Decrease/(increase) in net current assets	29.1	**44 587**	(63 068)	**(4 623)**	(38 067)
Cash flow from operating activities		**946 846**	611 814	**244 759**	21 220
Finance income	6	**45 158**	32 442	**9 217**	3 415
Finance costs	6	**(213 528)**	(55 604)	**(322)**	–
Taxation paid	29.2	**(186 198)**	(199 929)	**(5 806)**	(5 190)
Dividend paid		**(277 213)**	(150 242)	**(277 213)**	(150 242)
Net cash generated/(utilised) in operating activities		**315 065**	238 481	**(29 365)**	(130 797)
Cash flow from investing activities					
Additions to property, plant and equipment		**(422 396)**	(1 065 315)	**–**	(885)
Additions to leasehold improvements		**(22 729)**	(5 329)	**–**	–
Proceeds from disposal of property, plant and equipment	29.3	**2 745**	9 963	**–**	–
Investment in intangibles		**(102)**	(276)	**–**	–
Investment in associate	14	**–**	(67)	**–**	(67)
Loans repaid by joint ventures		**–**	–	**–**	26 180
Loans repaid by/(advanced to) associate	14	**2 943**	(43 001)	**2 996**	(42 950)
Net (advances to)/repayments by related parties		**(1 479)**	1 886	**97 455**	328 838
Net cash effect of share exchange and top-up transaction		**–**	(138 908)	**(3 796)**	(305 462)
Net cash (utilised)/generated in investing activities		**(441 018)**	(1 241 047)	**96 655**	5 654
Cash flow from financing activities					
Shares (repurchased by)/issued to share scheme		**(33 674)**	3 119	**–**	26 358
Issue of shares as part of share exchange and top-up transaction		**–**	287 000	**–**	287 000
Decrease/(increase) in share scheme loan		**46 863**	2 290	**12 924**	(21 881)
Dividend and loan repayments to outside shareholders		**(7 014)**	(13 292)	**–**	–
Increase in interest-bearing borrowings		**246 180**	977 323	**–**	–
Net cash generated in financing activities		**252 355**	1 256 440	**12 924**	291 477
Net increase in cash and cash equivalents		**126 402**	253 874	**80 214**	166 334
Cash and cash equivalents at beginning of year		**316 596**	62 722	**190 531**	24 197
Cash and cash equivalents at end of year	20	**442 998**	316 596	**270 745**	190 531

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2008

	%	GROUP 2008 R'000	GROUP RESTATED 2007 R'000
EBITDAR RECONCILIATION			
Operating profit		**704 834**	413 682
Property and equipment rental		**19 910**	15 991
Depreciation and amortisation		**161 158**	152 823
EBITDAR	52,1	**885 902**	582 496
Weighted average number of shares in issue (000)		**274 006**	238 388
EBITDAR per share (cents)	32,3	**323,3**	244,3
EBITDAR margin (%)		**40,3**	34,2
ADJUSTED EBITDAR RECONCILIATION			
EBITDAR		**885 902**	582 496
Pre-opening expenses at Silverstar Casino		**2 179**	57 826
IFRS2 charges resulting from share exchange and top-up transaction		**–**	100 790
Impairment of related party balance arising out of share exchange and top-up transaction		**2 975**	–
Costs relating to corporate activity		**12 494**	23 299
Adjusted EBITDAR	18,2	**903 550**	764 411
Weighted average number of shares in issue (000)		**274 006**	238 388
Adjusted EBITDAR per share (cents)	2,8	**329,8**	320,7
Adjusted EBITDAR margin (%)		**41,1**	44,9
HEADLINE EARNINGS RECONCILIATION			
Attributable profit for the year		**357 833**	145 814
Impairment of intangible		**–**	40 261
Profit on sale of financial instruments		**(4)**	–
Fair value of land and accounts receivable		**–**	(867)
Profit on sale of property, plant and equipment		**(164)**	(1 330)
Headline earnings	94,5	**357 665**	183 878
Weighted average number of shares in issue (000)		**274 006**	238 388
HEPS (cents)	69,3	**130,5**	77,1
Diluted HEPS (cents)	69,3	**130,5**	77,1
ADJUSTED HEADLINE EARNINGS RECONCILIATION			
Headline earnings		**357 665**	183 878
Pre-opening expenses at Silverstar Casino and Queens Casino		**1 775**	53 183
IFRS2 charges resulting from share exchange and top-up transaction		**–**	100 790
Impairment of related party balance arising out of share exchange and top-up transaction		**2 975**	–
Costs relating to corporate activity		**12 494**	23 299
Adjusted headline earnings	3,8	**374 909**	361 150
Weighted average number of shares in issue (000)		**274 006**	238 388
Adjusted HEPS (cents)	(9,7)	**136,8**	151,5

	%	GROUP 2008 R'000	GROUP RESTATED 2007 R'000
DEPARTMENTAL ANALYSIS			
Revenue	29,1	**2 196 735**	1 701 518
Net gaming win per Income Statement		**2 041 610**	1 565 996
– Net gaming win		**2 062 707**	1 582 552
– Customer loyalty points		**(21 097)**	(16 556)
Theme Park		**67 115**	66 599
Hotel		**12 868**	10 656
– Hotel prior to adjustments		**21 783**	15 184
– Inter-departmental charges		**(8 915)**	(4 528)
Theatre		**7 859**	6 534
Food and beverage per Income Statement		**31 796**	20 992
– Food and beverage		**69 029**	41 080
– Inter-departmental charges		**(37 233)**	(20 088)
Parking		**7 934**	7 530
Management fees and commissions		**1 079**	122
Rental income		**24 625**	22 353
Other		**1 849**	736
Operating costs	16,3	**(1 311 457)**	(1 127 594)
Gaming		**(638 006)**	(472 253)
– Gaming levies and VAT		**(409 755)**	(310 238)
– Gaming expenses		**(228 251)**	(162 015)
– Gaming expenses prior to adjustments		**(285 498)**	(194 775)
– Customer loyalty points		**21 097**	16 556
– Inter-departmental charges		**36 150**	16 204
Theme Park		**(66 674)**	(61 935)
Hotel		**(11 912)**	(7 999)
– Hotel expenses prior to adjustments		**(13 816)**	(9 844)
– Cost of sales on inter-departmental charges		**1 904**	1 845
Theatre		**(29 005)**	(14 330)
Food and beverage		**(53 276)**	(26 016)
– Food and beverage expenses prior to adjustments		**(61 370)**	(32 583)
– Cost of sales on inter-departmental charges		**8 094**	6 567
Parking		**(4 794)**	(2 680)
Management fees and commissions		**–**	4 430
Other		**(507 790)**	(546 811)
Other operating income		**624**	8 572
EBITDAR	52,1	**885 902**	582 496

1. ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Basis of preparation

The consolidated annual financial statements have been prepared in accordance with IFRS as well as the AC 500 standards as issued by the Accounting Practices Board. The consolidated 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 ("IFRS"), International Accounting Standards ("IAS") 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 Standards, amendments and interpretations

1.2.1 Standards, amendments and interpretations effective in 2008

- **IFRIC 11, 'IFRS 2 – Group and treasury share transactions'**, provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the group's financial statements.

1.2.2 Standards, amendments and interpretations effective in 2008 but not relevant to the group

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2008 but are not relevant to the group's operations:

- **IFRIC 12**, Service concession arrangements;
- **IFRIC 14**, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction;
- **IFRIC 15**, Agreements for the construction of real estate; and
- **IFRIC 16**, Hedges of a net investment in a foreign operation.

1.2.3 Standards, amendments and interpretations that have been early adopted by the group

- **IFRIC 13, 'Customer loyalty programmes'** (effective from1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The group now deducts the cost of loyalty points from net gaming revenue rather than including this cost in promotional and marketing costs. Comparatives for 2007 have been restated.
- **IAS 23 (Amendment), 'Borrowing costs'** (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group has applied IAS 23 (Amendment) to all qualifying assets during the 2008 financial year.

1.2.4 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 2009 or later periods but which the group has not early adopted. These are:

- **IFRS 8, 'Operating segments'** (effective from 1 January 2009). IFRS 8 replaces IAS 14, 'Segment reporting' and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This statement only requires additional disclosure and the group is currently evaluating the impact on its financial statements. The group will apply IFRS 8 from 1 January 2009.
- **IAS 1 (Revised), 'Presentation of financial statements'** (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities

can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. This statement only requires additional disclosure and the group is currently evaluating the impact on its financial statements. The group will apply IAS 1 (Revised) from 1 January 2009.

- **IFRS 2 (Amendment), 'Share-based payment'** (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group will apply IFRS 2 (Amendment) from 1 January 2009. It is not expected to have a material impact on the group's financial statements.
- **IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'** (effective from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The group will apply IAS 32 and IAS 1(Amendment) from 1 January 2009. It is not expected to have any impact on the group's financial statements.
- **IFRS 1 (Amendment) 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements'**(effective from 1 January 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The group will apply IFRS 1 (Amendment) from 1 January 2009. The amendment will not have any impact on the group's financial statements.
- **IAS 27 (Revised), 'Consolidated and separate financial statements'**, (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.
- **IFRS 3 (Revised), 'Business combinations'** (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.
- **IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations'** (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRS. The group will apply IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.
- **IAS 28 (Amendment), 'Investments in associates'** (and consequential amendments to IAS 32, 'Financial Instruments: Presentation and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The group will apply IAS 28 (Amendment) to impairment tests relating to investments in associates and any related impairment losses from 1 January 2009.
- **IAS 36 (Amendment), 'Impairment of assets'** (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculations should be made. The group will apply IAS 28 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.
- **IAS 38 (Amendment), 'Intangible assets'** (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The group will apply IAS 38 (Amendment) from 1 January 2009.
- **IAS 37, 'Provisions, contingent liabilities and contingent assets'**, requires contingent liabilities to be disclosed, not recognised, IAS 19 has been amended to be consistent. The group will apply the IAS 19 (Amendment) from 1 January 2009.
- **IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'** (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. This amendment clarifies that it is possible for there to be movements into and out of the fair value

through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.
The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes the example of a segment so that the guidance is consistent with IFRS 8, 'Operating segments', which requires disclosure for segments to be based on information reported to the chief operating decision-maker. Currently, for segment reporting purposes, each subsidiary designates contracts with group treasury as fair value or cash flow hedges so that the hedges are reported in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision-maker. After the amendment is effective, the hedge will continue to be reflected in the segment to which the hedged items relate (and information provided to the chief operating decision-maker), but the group will not formally document and test this relationship. When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used. The group will apply IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the group's income statement.

- **IAS 1 (Amendment), 'Presentation of financial statements'** (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The group will apply IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the group's financial statements.

There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the group's accounts and have therefore not been analysed in detail.

1.2.5 Standards, amendments and interpretations that are not yet effective and not relevant to the group

IAS 19 (Amendment), 'Employee benefits'
IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows')
IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies'
IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16, 'Property, plant and equipment')
IAS 41 (Amendment), 'Agriculture'
IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance'

1.2.6 Standards, Amendments and Interpretations Issued Subsequent to 31 December 2008

IFRS 7 'Amendments to IFRS 7 – Financial Instruments: Disclosures' (effective January 2009)
IAS 19 (AC 116), The limit on defined benefit asset, minimum funding requirements and their interaction in the South African pension fund environment' (effective 1 April 2009)
Revised AC 503, 'Accounting for black economic empowerment (BEE) transactions' (effective 1 January 2009)

1.3 CONSOLIDATION

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

1.3.1 Subsidiaries

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The acquiree's identifiable assets, liabilities and contingent 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 Accounting for Black Economic Empowerment transactions

In accordance with AC 503 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 the 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.

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.

During the current year, "Capital Work in Progress" has been disclosed separately as a non-depreciable category of property, plant and equipment. Comparatives for 2007 have been restated accordingly.

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount 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 on 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 or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. 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 Bid costs and casino 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.

1.6.4 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.

Expenditure on research activities relating to developing or maintaining computer software programmes 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 intangible 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.

Expenditure that is 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 or as soon as this becomes evident.

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 the property, plant and equipment.

1.7 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). If the recoverable amount of a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the 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.

1.8 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.

1.8.1 Financial assets at fair 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 payment is established.

1.8.2 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 are included in 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet. Refer to Note 19 and 20.

1.9 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.

1.10 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.

1.11 CASH AND CASH EQUIVALENTS

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

1.12 SHARE CAPITAL

Ordinary shares are classified as equity. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the company's equity holders. Company shares consolidated into the group as part of the Gold Reef Share Scheme are accounted for as treasury shares.

1.13 BORROWINGS

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

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

1.14 TAXATION

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

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

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

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 South Africa tax rate used for the year ending 31 December 2008 was 28% (2007: 29%). Deferred tax assets and liabilities at 31 December 2008 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.

1.15 EMPLOYEE BENEFITS

1.15.1 Share-based payments – Gold Reef Share Scheme

The group operates an equity-settled, share-based compensation plan. Options are granted to permanent employees at the discretion of the directors in terms of which shares in Gold Reef may be acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired is in 3 equal tranches vesting over 4 years; one third after 2 years, one third after 3 years and one third after 4 years.

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

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 associate 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 joint venture is consolidated, any remaining portion is included in the investment in joint venture.

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

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

1.15.2 Goods or services settled in cash

Goods or services, including employee services received in exchange for cash-settled share based payments, are recognised at the fair value of the liability incurred and are expensed when consumed or capitalised as assets, which are depreciated or amortised. The liability is remeasured at each balance sheet date to its fair value, with all changes recognised immediately in profit or loss.

1.15.3 Bonus plans

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

1.15.4 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.

1.15.5 Employee leave entitlement

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

1.16 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.

1.17 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 an interest expense.

1.18 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.

During the current financial year the company amended the accounting treatment applied to promotional allowances for complimentary beverages, meals and/or accommodation. The revenue and related expenses, previously recognised as part of food and beverage and hotel revenue, are now eliminated against the corresponding promotional costs recognised in gaming expenses. Comparatives for 2007 have been restated accordingly (refer to Supplementary Information on page 52).

IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

The group now deducts the cost of loyalty points from net gaming revenue rather than including this cost in promotional and marketing costs. Comparatives for 2007 have been restated accordingly (refer to Supplementary Information on page 52).

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 SARS.

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

1.19 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 lives 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 arising from the letting of premises to concessionaires (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

1.20 FINANCIAL GUARANTEE CONTRACTS
Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of (a) the best estimate of the obligation and (b) the amount initially recognised less cumulative amortisation released on a systematic basis as a function of the passing of time and the repayment of capital.

The fair value of financial guarantee contracts entered into on behalf of subsidiary companies are capitalised to the carrying value of the investment in subsidiary. The fair value of financial guarantee contracts entered into on behalf of associate companies are expensed. The amortisation of all financial guarantee contracts is accounted for in 'Other income' in the income statement.

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 38 of the annual report for the individual casino operations within the group.

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 denominated in Rands.

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 monthly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

If JIBAR were to increase by 1%, finance costs would increase by R16,9 million per annum. If JIBAR were to decrease by 1%, finance costs would decrease by R16,9 million per annum.

At 31 December 2008 the fair value of the derivative financial assets would have been R1,1 million higher if JIBAR had been 1% higher, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R687 000 and R378 000 higher, respectively. The fair value of derivative financial assets would have been R1,0 million lower if JIBAR had been 1% lower, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R643 000 and R377 600 lower, respectively.

At 31 December 2008 the fair value of the derivative financial liabilities would have been R23,8 million lower if JIBAR had been 1% higher while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R121 000 and R23,7 million higher, respectively. The fair value of derivative financial liabilities would have been R23,8 million higher if JIBAR had been 1% lower, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R143 000 and R23,7 million lower, respectively.

2.1.2 Credit risk

Credit risk arises from loans and receivables, accounts receivable (excluding prepayments and VAT), and cash and cash equivalents. 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. Cash investments are only placed with reputable, high quality commercial banking institutions.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet (net of impairment losses where relevant). Refer to Note 19 for the ageing of trade receivable balances.

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 24). The group manages liquidity risk by monitory cash levels, undrawn facilities, loans balances and existing guarantees (see Note 24) on a weekly basis and by updating key ratios and forecasts on a monthly basis. Key ratios include debt: equity, interest cover, debt service cover and debt repayment period. The company, together with its bankers, monitors default levels and events to ensure that funds are available as intended and as per forecast estimates.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

GROUP	LESS THAN 1 YEAR R'000	BETWEEN 1 & 2 YEARS R'000	BETWEEN 2 & 5 YEARS R'000	OVER 5 YEARS R'000
31 December 2008				
Borrowings (excluding finance lease liabilities)	356 136	335 322	865 108	1 069 796
Finance lease liabilities	1 195	740	–	–
Derivative financial instruments	1 740	15 263	7 187	–
Related party payables	462	–	–	–
Trade and other payables	6 919	–	–	–
31 December 2007				
Borrowings (excluding finance lease liabilities)	219 477	316 522	850 203	1 116 923
Finance lease liabilities	–	–	–	–
Derivative financial instruments	352	–	–	–
Related party payables	1 511	–	–	–
Trade and other payables	7 863	–	–	–

COMPANY	LESS THAN 1 YEAR R'000	BETWEEN 1 & 2 YEARS R'000	BETWEEN 2 & 5 YEARS R'000	OVER 5 YEARS R'000
31 December 2008				
Related party payables	538 507	–	–	–
Trade and other payables	636	–	–	–
31 December 2007				
Related party payables	453 108	–	–	–
Trade and other payables	446	–	–	–

As the amounts included in the table are contractual undiscounted cashflows, these amounts will not necessarily reconcile to the amounts disclosed on the balance sheet for borrowings, derivative financial instruments and trade and other payables

The maturity analysis applies to financial instruments only and therefore statutory liabilities are not included

2.1.4 Capital risk management

For the purposes of capital risk 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, Quantity Surveyor 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 16.

Movements on the hedging reserve in shareholders' equity are shown in Note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the 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 within 'other operating expenses'. 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 values less provisions 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 accounting policy 1.6 . The group considers impairment indicators of other intangible assets on an annual basis in accordance with accounting policy 1.6. The current economic climate may result in other tangible and definite-lived intangible assets, excluding goodwill, being impaired. Accordingly, management has extended impairment testing to include cash-generating units that do not include goodwill (this includes the assessment of impairment of investments in subsidiaries and associates at company level).

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Such estimates include the use of pre-tax cash flow projections based on financial budgets approved by management covering a forecast period of 9 years. Cash flows beyond the nine-year period are extrapolated using an estimated perpetual growth rate of 5,25% which is based on the consensus forecast of major commercial banks in SA as at year-end.

The key assumptions used for the value-in-use calculations are as follows:

	REVENUE		EBITDAR	
	AVERAGE GROWTH RATE FOR 2 YEARS %	AVERAGE GROWTH RATE FOR 7 YEARS %	AVERAGE GROWTH RATE FOR 2 YEARS %	AVERAGE GROWTH RATE FOR 7 YEARS %
Growth rate for all casinos excluding Silverstar Casino and Queens Casino	6,68	7,00	5,29	6,95
Growth rate for Silverstar Casino	13,91	8,93	17,85	9,17
Growth rate for Queens Casino	15,26	7,86	50,40	9,08

The discount rate applied to the cash flow projections was based on a Weighted Average Cost of Capital of 11,8% for large to medium aged casinos and 14,0% for smaller casinos.

Based on the above assumptions, in order for the first Rand of impairment to be recognised at a group level against goodwill, the discount rate would have to increase by a minimum of 4,7% for a large to medium aged casino and by a minimum of 20,9% for a smaller casino.

In light of the current economic downturn an assumption was made of zero percent nominal growth in revenue across all cash-generating units for the first two years of the cash flow projections. This assumption did not result in an impairment loss at a group level.

At a company level an impairment loss was raised against the investment (which includes the shareholders loan)in Queens Casino (refer to Note 14). If the discount rate were to increase by 1%, the impairment loss would increase by R734 535. If the discount rate were to decrease by 1%, the impairment charge would decrease by R778 648. If revenue growth at Queens Casino was 1% lower than estimated, the impairment loss would have been R2 610 767 higher. If revenue growth at Queens Casino was 1% higher than estimated, no impairment loss would have been required.

3.2 FINANCIAL GUARANTEE CONTRACTS

The fair value of the financial guarantee contracts are determined based on the present value of the spread differential between the contractual funding rate and the rate that would have been required by the financier in the absence of the guarantee. The spread differentials applied in the valuation of financial guarantee contracts range between 1,0% and 2,6%.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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 2008 R'000	GROUP RESTATED 2007 R'000	COMPANY 2008 R'000	COMPANY RESTATED 2007 R'000
4. OPERATING PROFIT/(LOSS)				
The following items have been (credited)/charged in arriving at operating profit/(loss):				
Revenue				
Net gaming win per Income Statement	**(2 041 610)**	(1 565 996)	**–**	–
– Net gaming win	**(2 062 707)**	(1 582 552)	**–**	–
– Customer loyalty points	**21 097**	16 556	**–**	–
Theme Park	**(67 115)**	(66 599)	**–**	–
Hotel	**(12 868)**	(10 656)	**–**	–
– Hotel prior to adjustments	**(21 783)**	(15 184)	**–**	–
– Inter-departmental charges	**8 915**	4 528	**–**	–
Theatre	**(7 859)**	(6 534)	**–**	–
Food and beverage per Income Statement	**(31 796)**	(20 992)	**–**	–
– Food and beverage	**(69 029)**	(41 080)	**–**	–
– Inter-departmental charges	**37 233**	20 088	**–**	–
Parking	**(7 934)**	(7 530)	**–**	–
Management fees and commissions	**(1 079)**	(122)	**–**	–
Rental income	**(24 625)**	(22 353)	**–**	–
Other	**(1 849)**	(736)	**–**	–
	(2 196 735)	(1 701 518)	**–**	–
Other income				
Dividends received	**–**	(5 288)	**(229 784)**	(48 315)
Fair value adjustment on acquisition of land	**–**	(2 773)	**–**	(2 773)
Royalty fees	**–**	–	**(16 114)**	(15 601)
Amortisation of financial guarantee contracts	**–**	–	**(6 075)**	(3 093)
Other	**(624)**	(511)	**(7 855)**	(6 964)
	(624)	(8 572)	**(259 828)**	(76 746)
Gaming levies and VAT				
– Gaming levies	**185 196**	132 168	**–**	–
– VAT on gross gaming revenue	**224 559**	178 070	**–**	–
	409 755	310 238	**–**	–
Promotional and marketing costs				
– Promotional and marketing costs prior to adjustments	**190 101**	127 475	**–**	–
– Customer loyalty points	**(21 097)**	(16 556)	**–**	–
– Inter-departmental charges	**(36 150)**	(16 204)	**–**	–
	132 854	94 715	**–**	–
Depreciation				
– Owned	**154 980**	106 765	**–**	–
– Leasehold	**3 544**	3 378	**–**	–
Amortisation				
– Trademarks	**312**	100	**–**	–
– Casino licences	**180**	179	**–**	–
– Bid costs	**2 142**	2 140	**–**	–
– Royalties	**–**	40 261	**–**	40 261
Depreciation and amortisation	**161 158**	152 823	**–**	40 261

	GROUP 2008 R'000	GROUP RESTATED 2007 R'000	COMPANY 2008 R'000	COMPANY RESTATED 2007 R'000
4. OPERATING PROFIT/(LOSS) (CONTINUED)				
Other operating expenses consist of:				
Gaming	**17 955**	9 326	**–**	–
Food and beverage	**23 610**	9 607	**–**	–
– Food and beverage expenses prior to adjustments	**31 704**	16 174	**–**	–
– Cost of sales on inter-departmental charges	**(8 094)**	(6 567)	**–**	–
General administration, human resources and information technology	**87 097**	89 481	**–**	–
Security and surveillance	**33 017**	19 240	**–**	–
Operating lease charges	**19 909**	16 427	**–**	–
– Land and buildings	**8 464**	8 758	**–**	–
– Property, plant and equipment	**11 445**	7 669	**–**	–
Repairs and maintenance	**67 149**	53 344	**–**	–
Auditor's remuneration	**4 768**	3 180	**1 008**	372
– Audit fees – current year	**3 839**	1 967	**1 008**	354
– Audit fees – related to prior year	**577**	196	**–**	–
– Other services	**352**	1 017	**–**	18
IFRS2 charges resulting from share exchange and top-up transaction	**–**	100 790	**–**	52 080
Fair value adjustments on interest rate hedges	**(1 626)**	(4 405)	**–**	–
Ineffective portion of interest rate hedges	**(2 432)**	–	**–**	–
Impairment of related party balance arising out of share exchange and top-up transaction	**2 975**	–	**–**	–
Impairment of investment in associate	**–**	–	**1 924**	–
Financial guarantee contracts relating to associate expensed on initial recognition	**–**	–	**3 454**	–
Other expenses	**73 757**	79 233	**3 363**	11 221
Total	**326 179**	376 223	**9 749**	63 673
Profit on disposal of property, plant and equipment	**(228)**	(589)	**–**	–
Loss on FEC's	**–**	86	**–**	–
5. EMPLOYEE COSTS				
Salaries and wages	**434 856**	334 844	**–**	–
Share-based payment charge	**5 631**	11 650	**–**	–
Provident fund costs				
– Defined contribution plan	**22 092**	15 915	**–**	–
	462 579	362 409	**–**	–
Average number of employees employed by the group at year-end:				
– Full time	**2 899**	2 862	**–**	–
– Part time	**291**	313	**–**	–

	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY RESTATED 2007 R'000
6. FINANCE (COSTS)/INCOME				
Interest expense	**(221 664)**	(96 414)	**(322)**	–
– Bank	**(220 813)**	(94 555)	**(322)**	–
– Other	**(851)**	(1 859)	**–**	–
Finance costs capitalised	**8 136**	40 810	**–**	–
Finance costs	**(213 528)**	(55 604)	**(322)**	–
Interest income	**45 158**	32 442	**9 217**	3 415
– Bank	**13 609**	13 300	**1 237**	2 220
– Other	**31 549**	19 142	**7 980**	1 195
Finance income received on interest rate swaps	**34 466**	708	**–**	–
Finance income	**79 624**	33 150	**9 217**	3 415
Net finance (costs)/income	**(133 904)**	(22 454)	**8 895**	3 415
7. TAXATION EXPENSE				
Current taxation				
– Current year	**158 057**	179 322	**6 719**	6 680
– Prior year over provision	**(12 544)**	(3 120)	**(151)**	–
STC	**701**	5 773	**–**	–
CGT	**58**	–	**–**	–
Deferred taxation				
– Current year	**41 369**	7 631	**28 075**	11 566
– Prior year under/(over) provision	**93**	(660)	**–**	–
– Rate change	**225**	6 361	**1 111**	6 361
Taxation expense	**187 959**	195 307	**35 754**	24 607

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:

	2008 %	2007 %	2008 %	2007 %
Standard rate	**28,0**	29,0	**28,0**	29,0
Adjusted for:				
Exempt income	**(31,7)**	(0,6)	**(25,1)**	66,1
Non-deductible expenses	**34,4**	16,4	**0,2**	(114,6)
Prior year adjustments current	**(2,2)**	(1,4)	**(0,1)**	–
Prior year adjustments deferred	**–**	(0,2)	**–**	–
STC	**0,1**	1,5	**–**	–
Deferred STC recognised	**4,7**	5,1	**10,8**	(84,0)
CGT	*****	–	**–**	–
Other	**–**	0,2	**–**	–
	33,3	50,0	**13,8**	(103,5)

** Percentage less than 0,1%*

	GROUP 2008 R'000	GROUP RESTATED 2007 R'000
8. 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 purchased by the company and held as treasury shares.		
Basic EPS		
Profit attributable to shareholders	**357 833**	145 814
Total number of shares in issue (000)	**291 990**	291 990
Weighted average number of shares in issue (000)	**274 006**	238 388
Basic EPS (cents)	**130,6**	61,2
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	**357 833**	145 814
– No potentially dilutive adjustments to attributable profit required		
Weighted average number of shares in issue (000)	**274 006**	238 388
– No potentially dilutive adjustments to number of shares required		
Diluted EPS (cents)	**130,6**	61,2

9. DIVIDEND PER SHARE

Subsequent to year-end an ordinary dividend of 65,0 cents was declared (2007 : 65,0 cents ordinary dividend plus 35,0 cents special dividend). In terms of IAS 10 this is regarded as a non-adjusting event and will be accounted for in the 2009 annual financial statements. Salient dates are set out in the Shareholders' Diary incorporated in this annual report. STC of approximately R10,7 million was paid on the dividend.

	CASINO EQUIPMENT R'000	PLANT AND MACHINERY R'000	FURNITURE, FITTINGS AND OTHER EQUIPMENT R'000	COMPUTER EQUIPMENT AND SOFTWARE R'000	CAPITAL WORK IN PROGRESS R'000	LAND AND BUILDINGS R'000	THEME PARK RIDES R'000	TOTAL R'000
10. PROPERTY, PLANT AND EQUIPMENT								
Group								
For the year ended 31 December 2008								
At beginning of year	260 833	38 000	82 004	46 045	486 992	1 285 923	80 399	**2 280 196**
Additions and finance costs capitalised	91 273	20 999	24 647	13 122	208 995	51 720	11 640	**422 396**
Transfers	–	136 697	(13 843)	–	(672 861)	563 635	(13 628)	**–**
Disposals	(1 407)	–	(151)	(17)	–	(942)	–	**(2 517)**
Write-offs	(339)	–	–	–	–	–	–	**(339)**
Depreciation	(82 874)	(20 504)	(19 402)	(15 961)	(3 133)	(10 167)	(2 939)	**(154 980)**
At end of year	267 486	175 192	73 255	43 189	19 993	1 890 169	75 472	**2 544 756**
At 31 December 2008								
Cost	582 454	303 444	176 923	124 028	23 165	1 961 584	91 115	**3 262 713**
Accumulated depreciation	(314 968)	(128 252)	(103 668)	(80 839)	(3 172)	(71 415)	(15 643)	**(717 957)**
Closing carrying value	267 486	175 192	73 255	43 189	19 993	1 890 169	75 472	**2 544 756**
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	70 543	33 204	487 031	282 275	7 413	**1 068 088**
Transfers	1 286	(7 264)	(60 327)	(51)	–	66 356	–	**–**
Disposals	(7 330)	–	(1 907)	(117)	–	(20)	–	**(9 374)**
Write-offs	(129)	(6)	–	–	–	(16)	–	**(151)**
Depreciation	(51 684)	(16 024)	(19 348)	(12 106)	(39)	(6 582)	(982)	**(106 765)**
At end of year	260 833	38 000	82 004	46 045	486 992	1 285 923	80 399	**2 280 196**
At 31 December 2007								
Cost	519 598	145 751	173 978	113 456	487 031	1 347 171	93 103	**2 880 088**
Accumulated depreciation	(258 765)	(107 751)	(91 974)	(67 411)	(39)	(61 248)	(12 704)	**(599 892)**
Closing carrying value	260 833	38 000	82 004	46 045	486 992	1 285 923	80 399	**2 280 196**

Borrowing costs of R8,1 million (2007: R40,8 million) arising on financing specifically entered into for the construction of new casinos were capitalised during the year and are included in 'additions and finance costs capitalised' in land and buildings. Finance costs capitalised are matched with the net borrowing cost of the loan used to finance a specific area of construction prior to completion.

Net carrying value of property, plant and equipment held under finance leases is R1,6 million (2007: Nil).

A register of land and buildings is available for inspection at Gold Reef's offices.

	LAND AND BUILDINGS R'000	TOTAL R'000
10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Company		
For the year ended 31 December 2008		
At beginning of year	3 658	**3 658**
Additions	–	**–**
Revaluation	–	**–**
At end of year	3 658	**3 658**
At 31 December 2008		
Cost	3 658	**3 658**
Accumulated depreciation	–	**–**
Closing carrying value	3 658	**3 658**
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**

	GROUP 2008 R'000	GROUP 2007 R'000
11. LEASEHOLD IMPROVEMENTS		
At beginning of year	**103 661**	101 710
Additions	**22 729**	5 329
Depreciation	**(3 544)**	(3 378)
At end of year	**122 846**	103 661
Cost	**147 500**	124 771
Accumulated depreciation	**(24 654)**	(21 110)
Closing carrying value	**122 846**	103 661

	GOODWILL R'000	TRADEMARKS R'000	CASINO LICENCES R'000	BID COSTS R'000	TOTAL 2008 R'000	TOTAL 2007 R'000
12. INTANGIBLE ASSETS						
Group						
At beginning of year	1 155 087	376	8 167	25 793	**1 189 423**	472 717
Acquisitions	–	–	–	–	**–**	759 208
Additions	–	102	–	–	**102**	276
Write-offs	–	–	–	–	**–**	(98)
Amortisation and impairment	–	(312)	(180)	(2 142)	**(2 634)**	(42 680)
At end of year	1 155 087	166	7 987	23 651	**1 186 891**	1 189 423
Cost	1 155 087	1 378	11 124	38 488	**1 206 077**	1 248 355
Accumulated amortisation and impairment	–	(1 212)	(3 137)	(14 837)	**(19 186)**	(58 932)
Closing carrying value	1 155 087	166	7 987	23 651	**1 186 891**	1 189 423
Company						
At beginning of year	–	–	–	–	**–**	40 261
Amortisation and impairment	–	–	–	–	**–**	(40 261)
At end of year	–	–	–	–	**–**	–
Cost	–	–	–	–	**–**	42 380
Accumulated amortisation and impairment	–	–	–	–	**–**	(42 380)
Closing carrying value	–	–	–	–	**–**	–

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

	COMPANY 2008 R'000	COMPANY RESTATED 2007 R'000
13. INVESTMENT IN SUBSIDIARIES		
Shares at cost		
Cost of investment in ordinary shares	**2 766 548**	2 716 230
Cost of investment in preference shares	**37 305**	33 507
	2 803 853	2 749 737
Share-based payments to subsidiary employees	**42 297**	37 861
	2 846 150	2 787 598
Aggregate attributable after tax profits of subsidiaries	**194 407**	664 922

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

SUBSIDIARY	COUNTRY OF INCORPORATION	LISTED/ UNLISTED	PROPORTION OWNED %	NATURE OF BUSINESS
Akani Egoli	South Africa	Unlisted	100,00	Gaming and entertainment
Akani Leisure Investments	South Africa	Unlisted	100,00	Investment holding
Akani Msunduzi	South Africa	Unlisted	100,00	Gaming and entertainment
West Coast Leisure	South Africa	Unlisted	70,36	Gaming and entertainment
Gold Reef Management	South Africa	Unlisted	100,00	Management of casino interests
Akani Egoli Management	South Africa	Unlisted	100,00	Management of casino interests
Akani Msunduzi Management	South Africa	Unlisted	100,00	Management of casino interests
Aldiss Investments	South Africa	Unlisted	100,00	Investment holding
Garden Route Casino*	South Africa	Unlisted	42,50	Gaming and entertainment
Inkonka Investments	South Africa	Unlisted	100,00	Investment holding
Goldfields Casino	South Africa	Unlisted	100,00	Gaming and entertainment
Tanglepark Trading	South Africa	Unlisted	100,00	Investment holding
Silverstar Casino	South Africa	Unlisted	100,00	Gaming and entertainment
Akani Leisure Msunduzi Investments	South Africa	Unlisted	100,00	Investment holding
Akani Leisure Goldfields Investments	South Africa	Unlisted	100,00	Investment holding
Akani Leisure Investment Casino Management	South Africa	Unlisted	100,00	Investment holding
Richard Moloko Consortium	South Africa	Unlisted	100,00	Investment holding
Richard Moloko Consortium Holdings	South Africa	Unlisted	100,00	Investment holding
Newshelf 786**	South Africa	Unlisted	100,00	Investment holding
Akani Leisure Silverstar Holdings	South Africa	Unlisted	100,00	Investment holding
Mogale Silverstar Holdings	South Africa	Unlisted	100,00	Investment holding
Gold Reef Share Scheme	South Africa	Trust	N/A	Share Trust

* *Gold Reef has a direct interest in Garden Route Casino of 42,5% and an economic interest of 85,0%. The balance is held through its wholly owned subsidiary Inkonka Investments*

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

	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY 2007 R'000
14. INVESTMENT IN ASSOCIATE				
Investment in associate	**67**	67	**67**	67
Net share of results in associate in prior years	**(934)**	–	**–**	–
Net share of results in associate during the year	**(7 859)**	(934)	**–**	–
Impairment of investment in associate*	**–**	–	**(67)**	–
At end of year	**(8 726)**	(867)	**–**	67
Loans to associate	**40 058**	43 001	**39 954**	42 950
Impairment of loans to associate*	**–**	–	**(1 857)**	–
Closing carrying value	**31 332**	42 134	**38 097**	43 017
Reconciliation				
At beginning of year	**42 134**	–	**43 017**	–
Investment in associate	**–**	67	**–**	67
Impairment of investment in associate*	**–**	–	**(67)**	–
Net share of results in associate	**(7 859)**	(934)	**–**	–
Loans (repaid)/advanced during the year	**(2 943)**	43 001	**(2 996)**	42 950
Impairment of loans to associate*	**–**	–	**(1 857)**	–
	31 332	42 134	**38 097**	43 017
Closing carrying value is analysed as follows:				
Queens Casino	**31 332**	42 134	**38 097**	43 017
Loans to associate is analysed as follows:				
Queens Casino**	**40 058**	43 001	**38 097**	42 950

** During the year Gold Reef's investment in Queens Casino was impaired. This impairment had no effect on the group results since sufficient losses have been equity accounted in terms of IAS 28 – Investments in Associates*
*** The company loan to Queens Casino bears interest at prime +1%. Gold Reef has subordinated its loan to Queens Casino for the benefit of other creditors, limited to an amount of R13,0 million*

The carrying amounts of the loan to associate approximates its fair value.

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 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 provides consulting and know how to the company holding the management contract for Queens Casino.

	GROUP	
	2008	2007
	R'000	R'000
14. INVESTMENT IN ASSOCIATE (CONTINUED)		
The trading results of the associate company, whose results were equity-accounted in the financial statements, are as follows:		
Revenue	**45 951**	1 429
Total associate company's accumulated loss for the year	**(31 423)**	(3 734)
The aggregate balance sheet of the associate is summarised as follows:		
Property, plant and equipment	**112 917**	94 300
Intangible assets	**2 986**	3 642
Deferred tax assets	**579**	4 621
Cash	**13 794**	12 484
Other current assets	**3 651**	8 372
Total assets	**133 927**	123 419
Shareholders' loans	**(111 389)**	(106 565)
Other liabilities	**(58 651)**	(21 654)
Total shareholders' funds	**(36 113)**	(4 800)

15. FINANCIAL INSTRUMENTS BY CATEGORY

Group

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

	LOANS AND RECEIVABLES R'000	DERIVATIVES USED FOR HEDGING R'000	ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS R'000	TOTAL R'000
At 31 December 2008				
Assets per balance sheet				
Derivative financial instruments (included in trade and other receivables on the balance sheet)	–	200	951	**1 151**
Trade and other receivables	9 410	–	–	**9 410**
Cash and cash equivalents	443 054	–	–	**443 054**
Share scheme	32 949	–	–	**32 949**
Amounts owing by related parties	497	–	–	**497**
	485 910	200	951	**487 061**

	LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS R'000	DERIVATIVES USED FOR HEDGING R'000	OTHER FINANCIAL LIABILITIES R'000	TOTAL R'000
At 31 December 2008				
Liabilities per balance sheet				
Interest-bearing borrowings	–	–	1 693 409	**1 693 409**
Finance lease liabilities	–	–	1 391	**1 391**
Derivative financial instruments	184	20 631	–	**20 815**
Trade and other payables	–	–	122 920	**122 920**
Bank overdraft	–	–	56	**56**
Amounts owing to related parties	–	–	462	**462**
	184	20 631	1 818 238	**1 839 053**

	RESTATED LOANS AND RECEIVABLES R'000	DERIVATIVES USED FOR HEDGING R'000	ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS R'000	RESTATED TOTAL R'000
At 31 December 2007				
Assets per balance sheet				
Derivative financial instruments	–	40 078	3 135	**43 213**
Trade and other receivables	12 730	–	–	**12 730**
Cash and cash equivalents	332 016	–	–	**332 016**
Share scheme	23 194	–	–	**23 194**
Amounts owing by related parties	67	–	–	**67**
	368 007	40 078	3 135	**411 220**

	LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS R'000	DERIVATIVES USED FOR HEDGING R'000	OTHER FINANCIAL LIABILITIES R'000	TOTAL R'000
At 31 December 2007				
Liabilities per balance sheet				
Interest-bearing borrowings	–	–	1 448 620	**1 448 620**
Derivative financial instruments (included in trade and other payables on the balance sheet)	125	–	–	**125**
Trade and other payables	–	–	135 904	**135 904**
Bank overdraft	–	–	15 420	**15 420**
Amounts owing to related parties	–	–	1 511	**1 511**
	125	–	1 601 455	**1 601 580**

15. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Company

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

	LOANS AND RECEIVABLES R'000	DERIVATIVES USED FOR HEDGING R'000	ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS R'000	TOTAL R'000
At 31 December 2008				
Assets per balance sheet				
Derivative financial instruments	–	–	–	**–**
Trade and other receivables	1 000	–	–	**1 000**
Cash and cash equivalents	270 745	–	–	**270 745**
Share scheme	63 455	–	–	**63 455**
Amounts owing by related parties	43 614	–	–	**43 614**
	378 814	–	–	**378 814**

	LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS R'000	DERIVATIVES USED FOR HEDGING R'000	OTHER FINANCIAL LIABILITIES R'000	TOTAL R'000
At 31 December 2008				
Liabilities per balance sheet				
Interest-bearing borrowings	–	–	–	**–**
Finance lease liabilities	–	–	–	**–**
Derivative financial instruments	–	–	–	**–**
Financial guarantee contracts	–	–	143 212	**143 212**
Trade and other payables	–	–	636	**636**
Bank overdraft	–	–	–	**–**
Amounts owing to related parties	–	–	538 507	**538 507**
	–	–	682 355	**682 355**

	LOANS AND RECEIVABLES R'000	DERIVATIVES USED FOR HEDGING R'000	ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS R'000	TOTAL R'000
At 31 December 2007				
Assets per balance sheet				
Derivative financial instruments	–	–	–	**–**
Trade and other receivables	1 000	–	–	**1 000**
Cash and cash equivalents	192 133	–	–	**192 133**
Share scheme	76 379	–	–	**76 379**
Amounts owing by related parties	55 670	–	–	**55 670**
	325 182	–	–	**325 182**

	LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS R'000	DERIVATIVES USED FOR HEDGING R'000	RESTATED OTHER FINANCIAL LIABILITIES R'000	RESTATED TOTAL R'000
At 31 December 2007				
Liabilities per balance sheet				
Interest-bearing borrowings	–	–	–	**–**
Derivative financial instruments	–	–	–	**–**
Financial guarantee contracts	–	–	95 515	**95 515**
Trade and other payables	–	–	957	**957**
Bank overdraft	–	–	1 602	**1 602**
Amounts owing to related parties	–	–	453 108	**453 108**
	–	–	551 182	**551 182**

16. DERIVATIVE FINANCIAL INSTRUMENTS

During prior years various group companies obtained loans from financial institutions (refer Note 24). 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 various 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	PRINCIPLE AMOUNT AT 31 DEC 2008 R'000	ORIGINAL HEDGE TERM	FLOOR RATE* %	CAP RATE* %	SWAP RATE* %	QUALIFIES FOR HEDGE ACCOUN-TING?	EFFECTIVE HEDGE?
Akani Egoli	250 000	3 years	8,00	10,47	N/A	NO	N/A
Goldfields Casino	58 700	3 years	N/A	N/A	8,78	YES	EFFECTIVE
Garden Route Casino	32 786	3 years	8,00	10,35	N/A	NO	N/A
Silverstar Casino	1 204 906	5 years	N/A	N/A	8,97	YES	EFFECTIVE
Akani Msunduzi	54 643	3 years	8,00	10,98	N/A	NO	N/A

* *These rates exclude credit and liquid margins*

The above casinos have entered into contracts to hedge their amortising debt balance. Management predicted the debt build up and resulting amortisation of the debts and used this as the basis of entering into the interest rate hedges.

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

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

	DERIVATIVE ASSET AT 31 DECEMBER 2008 R'000	DERIVATIVE LIABILITY AT 31 DECEMBER 2008 R'000	HEDGE RESERVE AT 31 DECEMBER 2008 R'000	DERIVATIVE ASSET AT 31 DECEMBER 2007 R'000	DERIVATIVE LIABILITY AT 31 DECEMBER 2007 R'000	HEDGE RESERVE AT 31 DECEMBER 2007 R'000
Akani Egoli	**746**	**(131)**	**–**	2 416	(30)	–
Goldfields Casino	**200**	**–**	**13**	2 010	–	1 837
Garden Route Casino	**105**	**(15)**	**–**	386	(4)	–
Silverstar Casino	**–**	**(20 631)**	**(39 637)**	38 068	(86)	25 205
Akani Msunduzi	**100**	**(38)**	**–**	333	(5)	–
	1 151	**(20 815)**	**(39 624)**	43 213	(125)	27 042

The ineffective portion recognized in the income statement from cash flow hedges for the year amounted to R2,4 million (2007: Nil).

The fair value adjustment released from the hedge reserve (see Note 22) for the interest rate derivatives during the year amounted to R66,7 million (2007: R37,4 million raised).

As at December 2008, trading derivatives in a liability position are classified as non-current liabilities and disclosed on the face of the balance sheet. Trading derivatives in an asset position are classified as current assets and disclosed in Note 19 to the balance sheet. The maximum exposure to liquidity risk at the balance sheet date is the fair value of the derivative financial liabilities on the balance sheet. During 2007, trading derivatives in an asset position were classified as non-current assets and disclosed on the face of the balance sheet. Trading derivatives in a liability position were classified as current liabilities and disclosed in Note 27 to the balance sheet.

16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

At 31 December 2008, the fair value of the derivative financial assets would have been R1,1 million higher if JIBAR had been 1% higher, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R687 000 and R378 000 higher, respectively. The fair value of derivative financial assets would have been R1,0 million lower if JIBAR had been 1% lower, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R643 000 and R377 600 lower, respectively.

At 31 December 2008, the fair value of the derivative financial liabilities would have been R23,8 million lower if JIBAR had been 1% higher while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R121 000 and R23,7 million higher, respectively. The fair value of derivative financial liabilities would have been R23,8 million higher if JIBAR had been 1% lower, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R143 000 and R23,7 million lower, respectively.

FEC's

The notional principal amount of the outstanding FEC's at 31 December 2008 was nil (2007: R1,7 million).

	2008 R'000	2007 R'000
Fair value of derivative financial liability – FEC (cash flow hedge)	–	(86)

Trading derivatives in a liability position are classified as current liabilities and disclosed in Note 26 to the balance sheet. The maximum exposure to credit risk at the balance sheet date is the fair value of the derivative financial assets on the balance sheet.

17. SHARE-BASED PAYMENT ARRANGEMENTS

	GROUP		COMPANY	
	2008 R'000	RESTATED 2007 R'000	2008 R'000	2007 R'000
17.1 SHARE SCHEME				
Amounts due by participants	**32 949**	23 194	**–**	–
Loan to share scheme	**–**	–	**63 455**	76 379
	32 949	23 194	**63 455**	76 379

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 in 3 equal tranches vesting over 4 years; one third after 2 years, one third after 3 years and one third after 4 years. Shares acquired through the share scheme have to be paid for by the employees at the subscription prices as determined in the option contracts. Upon vesting of the options the subscription value is credited to share capital (nominal value) and share premium and debited to a non-current asset.

A complete accounting policy for the scheme is included in Note 1.15.1 to these annual financial statements.

17. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

17.1 SHARE SCHEME (CONTINUED)

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

	2008 NUMBER OF SHARES	2008 AVERAGE PRICE	2007 RESTATED NUMBER OF SHARES	2007 RESTATED AVERAGE PRICE
Awards/options at beginning of year	**3 979 669**	**14,74**	4 140 000	14,75
Granted	**–**		–	
– Directors	**–**		–	
– Staff	**–**		–	
Lapsed	**(108 000)**		(78 000)	
– Directors	**–**		–	
– Staff	**(108 000)**	**14,67**	(78 000)	14,73
Exercised and delivered	**(3 564 155)**		–	
– Directors	**(1 940 000)**	**14,81**	–	
– Staff	**(1 624 155)**	**14,65**	–	
Exercised, delivered and sold	**(307 514)**		(82 331)	
– Directors	**–**		–	
– Staff	**(307 514)**	**14,75**	(82 331)	15,35
Awards/options at end of year	**–**		3 979 669	14,74

On 29 April 2008, 1 940 000 shares granted in 2005 and 2006 were exercised by directors and 1 624 155 shares were exercised by employees. A further 307 514 shares were exercised by employees in 2008 and sold on the open market.

At 31 December 2008 all share options had been exercised by directors and employees and are therefore not regarded as outstanding.

The following transactions are relevant to shares exercised prior to 1 January 2008: During the year 1 417 338 (2007: 404 999) shares vested in and were sold on the open market by participants. A further 501 667 (2007: 1 768 334) shares vested in and were not sold on the open market by participants.

Total IFRS 2 costs relating to equity-settled share-based payments in terms of the share scheme amounted to R4,4 million (2007: R11,7 million). This cost is included in "Other operating expenses" on the face of the Income Statement.

17.2 CASH-SETTLED SHARE-BASED RETENTION PROVISION

On 22 November 2006, the Remuneration and Nominations Committee resolved that as a once-off retention provision 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 at Gold Reef for certain periods and if certain performance criteria were met. Each such executive director would receive a maximum of 50 000 Gold Reef shares if he remained employed at Gold Reef for a period of three years from 1 January 2007. In addition, SB Joffe would receive a maximum of a further 200 000 Gold Reef shares if he remained employed at Gold Reef for a further two years. The performance criteria, which were set by the Remuneration and Nominations Committee, would be measured at the end of three and five years respectively with reference to the percentage of the annual performance bonus which the executive director received during such period. On 3 September 2008, the Remuneration and Nominations Committee replaced this share-based payment scheme with a share appreciation scheme. In terms of the share appreciation scheme, the executive directors would no longer be entitled to shares based on the achievement of the necessary criteria but rather a cash payment, linked to the share price as well as the achievement of the performance criteria. Consequently, the original offer made to the executive directors in 2007 was withdrawn in 2008 and the IFRS 2 costs relating to these shares options have been reversed. The terms of the cash-settled share-based retention provision are detailed on page 83.

17. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

17.2 CASH-SETTLED SHARE-BASED RETENTION PROVISION (CONTINUED)

	SCHEME 1	SCHEME 2
SB Joffe (units)	50 000	200 000
JS Friedman (units)	50 000	–
C Neuberger (units)	50 000	–
Start date	1 January 2007	1 January 2007
Valuation date	31 December 2008	31 December 2008
Share price at valuation date	R 18,00	R 18,00
Contract life (years)	3	5
Vesting period (years)	3	5
Settlement	Cash	Cash
Volatility assumption	50,63%	35,85%
Interest rate assumption	9,29%	8,22%
Dividend yield assumption	3,67%	4,49%
Attrition assumption	0,00%	0,00%
Performance criteria assumption:		
– 2009	37,50%	37,50%
– 2010	N/A	50,00%
– 2011	N/A	50,00%
Fair value per unit	R 7,25	R 7,25
Valuation model	Monte Carlo	Monte Carlo

A liability of R1,3 million relating to the share appreciation scheme has been recognised in "Trade and other payables" for the year (refer to Note 27) and a corresponding IFRS 2 charge of R1,3 million has been recognised in "Other operating expenses" for the year.

	GROUP		COMPANY	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
18. INVENTORIES				
Operating equipment	**640**	2 061	**–**	–
Food and beverage	**2 261**	1 517	**–**	–
Stationery	**1 492**	1 301	**–**	–
Promotional items	**117**	112	**–**	–
Cashless cards	**4 563**	3 848	**–**	–
Gaming	**3 738**	1 760	**–**	–
Uniforms	**3 972**	5 636	**–**	–
Other	**2 568**	2 179	**–**	–
	19 351	18 414	**–**	–

No inventories were written down to their recoverable amount during the year.

	GROUP		COMPANY	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
19. TRADE AND OTHER RECEIVABLES				
Trade receivables	**4 698**	2 943	**–**	–
Less: Provision for impairment of trade receivables	**(361)**	(506)	**–**	–
Net trade receivables	**4 337**	2 437	**–**	–
Prepayments	**13 492**	15 312	**–**	–
Sundry debtors	**3 922**	10 293	**–**	–
Derivative financial instruments (see Note 16)	**1 151**	–	**–**	–
VAT receivable	**–**	40 243	**–**	–
Straight-lining of leases	**3 544**	148	**–**	–
Other	**3 071**	6 189	**1 000**	1 000
	29 517	74 622	**1 000**	1 000
Age analysis of trade receivables past their due payment date but not impaired:				
30–60 days	**1 500**	475	**–**	–
60–90 days	**449**	227	**–**	–
Over 90 days	**92**	607	**–**	–
	2 041	1 309	**–**	–
Age analysis of trade receivables past their due payment date provided for and/or impaired:				
30–60 days	**148**	–	**–**	–
60–90 days	**–**	–	**–**	–
Over 90 days	**213**	506	**–**	–
Impaired	**(361)**	(506)	**–**	–
	–	–	**–**	–
Movements on the provision for impairment of trade receivables are as follows:				
At beginning of year	**506**	587	**–**	–
Provision for impairment of trade receivables	**309**	249	**–**	–
Receivable written off as uncollectable	**(450)**	(151)	**–**	–
Unused amounts reversed	**(4)**	(179)	**–**	–
At end of year	**361**	506	**–**	–

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.

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

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

	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY 2007 R'000
20. CASH AND CASH EQUIVALENTS				
Cash at bank	**389 539**	268 430	**270 745**	192 133
Cash on hand	**53 515**	63 586	**–**	–
	443 054	332 016	**270 745**	192 133
Bank overdrafts	**(56)**	(15 420)	**–**	(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	**443 054**	332 016	**270 745**	192 133
Bank overdraft	**(56)**	(15 420)	**–**	(1 602)
	442 998	316 596	**270 745**	190 531

	NO. OF ORDINARY SHARES (000)	RESTATED NO. OF TREASURY SHARES (000)	RESTATED NET NO. OF SHARES (000)	ORDINARY SHARE CAPITAL R'000	SHARE PREMIUM R'000	RESTATED TREASURY SHARES R'000	RESTATED TOTAL R'000
21. SHARE CAPITAL							
Group (net of treasury shares)							
Balance at 1 January 2007	220 603	(16 642)	203 961	4 412	499 280	(75 340)	**428 352**
Issue of shares as part of share exchange and top-up transaction	69 206	–	69 206	1 384	1 334 538	–	**1 335 922**
Issue of shares to share scheme	2 181	2 215	4 396	44	26 314	33 379	**59 737**
Restatement of treasury shares	–	(3 848)	(3 848)	–	–	(56 618)	**(55 618)**
Restated balance at 31 December 2007	291 990	(18 275)	273 715	5 840	1 860 132	(98 579)	**1 767 393**
Transfer of vested shares to employees from share scheme	–	1 326	1 326	–	–	29 625	**29 625**
Shares repurchased by share scheme	–	(133)	(133)	–	–	(1 980)	**(1 980)**
Balance at 31 December 2008	291 990	(17 082)	274 908	5 840	1 860 132	(70 934)	**1 795 038**
Company							
Balance at 1 January 2007	220 603	–	220 603	4 412	499 280	–	**503 692**
Issue of shares as part of share exchange and top-up transaction	69 206	–	69 206	1 384	1 334 538	–	**1 335 922**
Issue of shares to share scheme	2 181	–	2 181	44	26 314	–	**26 358**
Balance at 31 December 2007	291 990	–	291 990	5 840	1 860 132	–	**1 865 972**
Ordinary shares issued in 2008	–	–	–	–	–	–	**–**
Balance at 31 December 2008	291 990	–	291 990	5 840	1 860 132	–	**1 865 972**

The total authorised number of ordinary shares is 590 000 000 (2007 : 590 000 000) with a par value of 2 cents per share (2007 : 2 cents per share). All issued shares, other than those related to the Gold Reef Shares Scheme, are fully paid up.

22. OTHER RESERVES

	LAND REVALUATION R'000	HEDGE RESERVE R'000	TRANSACTIONS WITH MINORITIES* R'000	OTHER RESERVES R'000	TOTAL R'000
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)**
Transfer to retained earnings	–	–	–	(2 774)	**(2 774)**
Fair value adjustment on derivative hedge recognised in equity during the year (see Note 16)	–	37 387	–	–	**37 387**
Balance at 31 December 2007	27 519	27 042	(548 260)	–	**(493 699)**
Loss on sale of shares by share scheme	–	–	–	(4 701)	**(4 701)**
Fair value adjustment on derivative hedge released from equity during the year (refer to Note 16)	–	(66 666)	–	–	**(66 666)**
Balance at 31 December 2008	27 519	(39 624)	(548 260)	(4 701)	**(565 066)**

** This reserve arose in terms of IFRS3 – Business Combinations as a result of the share exchange and top-up transaction, effective 1 July 2007.*

23. MINORITY INTEREST

	GROUP 2008 R'000	GROUP 2007 R'000
Minority interest consists of:		
Subsidiaries' prior year earnings attributable to minorities	**32 405**	196 895
Effect of share exchange and top-up transaction	**–**	(200 371)
Profits attributable to minority interest in the current year	**17 279**	49 173
Dividends paid to minorities by subsidiaries	**(7 014)**	(13 292)
Balance at end of year	**42 670**	32 405

At 31 December 2008, minority interest relates to interests in Mykonos Casino and Garden Route Casino.

All other minorities were eliminated, effective 1 July 2007, as a result of the share exchange and top-up transaction.

	GROUP 2008 R'000	GROUP 2007 R'000
24. INTEREST-BEARING BORROWINGS		
Current		
– Term loans	**187 677**	139 378
– Finance lease liabilities	**810**	–
	188 487	139 378
Non-current		
– Term loans	**1 505 732**	1 309 242
– Finance lease liabilities	**581**	–
	1 506 313	1 309 242
	1 694 800	1 448 620
Maturity of borrowings excluding finance lease liabilities:		
Not later than 1 year	**187 677**	139 378
Later than 1 year but not later than 5 years	**715 477**	752 505
Later than 5 years	**790 255**	556 737
	1 693 409	1 448 620
Finance lease liabilities:		
Gross finance lease liabilities – minimum lease payments		
Not later than 1 year	**992**	–
Later than 1 year but not later than 5 years	**660**	–
Later than 5 years	**–**	–
	1 652	–
Future finance charges on finance leases	**(261)**	–
Present value of finance lease liabilities	**1 391**	–
The present value of the finance leases is as follows:		
Not later than 1 year	**810**	–
Later than 1 year but not later than 5 years	**581**	–
Later than 5 years	**–**	–
	1 391	–

	2008 %	2007 %
Weighted average effective interest rates:		
Term loans *	**13,3**	12,0
Akani Egoli	**13,0**	10,8
Silverstar Casino	**13,4**	12,5
Golden Horse Casino	**13,3**	11,2
Garden Route Casino	**13,4**	11,3
Goldfields Casino	**13,4**	11,3
Finance lease liabilities	**14,7**	–
Akani Egoli	**12,0**	–
Silverstar Casino	**15,8**	–

** These weighted average effective interest rates reflect floating rates linked to JIBAR and include liquid and credit margins. The hedges reflected in Note 16 have been applied to these term loans against the floating JIBAR rates*

The directors believe that the carrying values of the current interest-bearing borrowings approximate their fair values 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 JIBAR were to increase by 1%, finance costs would increase by R16,9 million per annum. If JIBAR were to decrease by 1%, finance costs would decrease by R16,9 million per annum.

24. INTEREST-BEARING BORROWINGS (CONTINUED)

NATURE OF SECURITY	NATURE OF BORROWINGS	AMOUNT SECURED R'000
Akani Egoli		
First mortgage bond over fixed property at Gold Reef City Casino.	Nedbank term loans	235 000
Suretyship by Gold Reef in favour of Nedbank.	Nedbank term loans	247 307
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
Special notarial bond over gaming equipment, casino license, liquor license and all other identifiable movable assets.	ABSA term loan and bank overdraft	40 000
General notarial bond over all other movables.	ABSA term loan and bank overdraft	25 000
Limited suretyship by Gold Reef.	ABSA term loan and bank overdraft	45 000
Limited suretyship by Akani Leisure Msunduzi Investments.	ABSA term loan and bank overdraft	45 000
Cession of insurance policy on leasehold improvements and moveable assets.		
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
Special notarial bonds over movable assets.	ABSA term loan and bank overdraft	13 000
General notarial bond over movable assets.	ABSA term loan and bank overdraft	12 000
Cession of insurance policy on fixed property and moveable assets.		
West Coast Leisure had no debt in place at year-end. The securities referred to above reflect what would be required should the facility be used again by the company.		
Goldfields Casino		
Negative pledge of assets.	Nedbank term loan and multi-option facility	88 000
Secured by the management fee payable to Gold Reef Management to the extent financial covenants are not met.	Nedbank term loan and multi-option facility	88 000
Garden Route Casino		
Mortgage bond over fixed property at Garden Route Casino.	Nedbank term loan and multi-option facility	20 000
Notarial bond over movable assets.	Nedbank term loan and multi-option facility	30 000
Silverstar Casino		
First covering mortgage bond over fixed property at Silverstar Casino.	Nedbank term loan	1 400 000
Limited suretyship by Gold Reef.	Nedbank term loan	667 335
Limited joint and several suretyship by Akani Leisure Investments and Akani Leisure Silverstar Holdings.	Nedbank term loan	667 335
Notarial bond over movable assets at Silverstar Casino.	Nedbank term loan	
Cession of insurance policy on fixed property and moveable assets at Silverstar Casino.	Nedbank term loan	
Cession of shares held by Gold Reef in Silverstar Casino.	Nedbank term loan	
Cession of shareholders' loan accounts.	Nedbank term loan	
Queens Casino		
Limited suretyship by Gold Reef.	Investec term loan	18 000
Subordination of shareholders' loan accounts.	Investec term loan	20 122
Gold Reef Management		
Negative pledge of assets.	Nedbank multi-option facility	50 000

Individual borrowings are subject to covenant clauses whereby the respective companies are required to meet certain key performance indicators. The indicators are negotiated with each bank specific to that group company. The bank is contractually entitled to request early repayment of the outstanding amount if the covenant is breached and not remedied within a pre-determined period of time. No covenants were in breach at year-end. The borrowings of the group do not exceed that allowed as per the Articles of Association.

	TOTAL 2008 R'000	RESTATED 2007 R'000
25. FINANCIAL GUARANTEE CONTRACTS		
Company		
At beginning of year	**95 515**	–
Financial guarantee contracts recognised	**50 318**	98 608
Financial guarantee contract expensed in income statement	**3 454**	–
Amortisation	**(6 075)**	(3 093)
At end of year	**143 212**	95 515

The financial guarantee contracts relate to suretyships provided by Gold Reef to banks in repect of loans granted to subsidiaries and associates as described in Note 24.

As at 31 December 2008, there was no expectation that Gold Reef would be called upon to fulfill its obligations in terms of the various suretyship agreements.

	GROUP 2008 R'000	GROUP RESTATED 2007 R'000	COMPANY 2008 R'000	COMPANY RESTATED 2007 R'000
26. DEFERRED TAXATION				
At beginning of year	**(7 158)**	6 174	**32 225**	50 152
Rate change	**(225)**	(6 361)	**(1 111)**	(6 361)
Current year movement	**(41 369)**	(7 631)	**(28 075)**	(11 566)
Prior year (under)/over provision	**(93)**	660	–	–
At end of year	**(48 845)**	(7 158)	**3 039**	32 225
Broken down as follows:				
Deferred tax assets	**5 095**	46 788	**3 039**	32 225
Deferred tax liabilities	**(53 940)**	(53 946)	**–**	–
	(48 845)	(7 158)	**3 039**	32 225
The deferred tax balances may be analysed as follows:				
Deferred tax assets				
Provisions	**7 775**	8 027	**2 016**	3 480
Assessed losses	**8 554**	20 648	**–**	–
Deferred STC credits	**2 014**	28 745	**1 023**	28 745
Capital allowances	**(77)**	(751)	**–**	–
Prepayments	**(384)**	(567)	**–**	–
Capitalised borrowing costs	**(13 705)**	(11 835)	**–**	–
Other temporary differences	**918**	2 521	**–**	–
	5 095	46 788	**3 039**	32 225
Deferred tax liabilities				
Provisions	**7 468**	5 991	**–**	–
Capital allowances	**(58 256)**	(56 178)	**–**	–
Prepayments	**(3 053)**	(2 659)	**–**	–
Other temporary differences	**(99)**	(1 100)	**–**	–
	(53 940)	(53 946)	**–**	–

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 28% (2007: 29%).

Deferred tax assets are only recognised to the extent that realisation of the related tax benefit is probable. The group also has tax losses of R 652 273 (2007 : R 630 067) to carry forward against taxable income which have not been recognised in these annual financial statements.

	GROUP		COMPANY	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
27. TRADE AND OTHER PAYABLES				
Trade payables	**18 434**	47 454	**–**	–
Accrued expenses	**75 906**	59 871	**636**	447
Derivative financial instruments (see Note 16)	**–**	125	**–**	–
VAT payable	**18 610**	15 691	**499**	510
Other payables *	**21 880**	12 888	**–**	–
	134 830	136 029	**1 135**	957

All trade and other payables arise in the ordinary course of business. For further information relating to the aging of trade and other payables, refer to Note 2.1.3.

** Included in other payables is an amount of R1,3 million, the nature of which is a cash-settled share-based payment liability in terms of IFRS 2 and relates to the cash-settled share-based retention provision entered into between SB Joffe, JS Friedman, C Neuberger and the company (refer to Note 17.2 for further information relating to this cash-settled share-based retention provision)*

	GAMING PROVISIONS R'000	PERFORMANCE INCENTIVE PROVISIONS R'000	OTHER R'000	TOTAL 2008 R'000	TOTAL 2007 R'000
28. PROVISIONS					
Group					
At beginning of year	10 877	22 172	21 874	**54 923**	46 653
Provisions raised	24 467	22 328	6 849	**53 644**	25 945
Provisions utilised	(16 789)	(26 847)	(8 390)	**(52 026)**	(17 675)
At end of year	18 555	17 653	20 333	**56 541**	54 923
Company					
At beginning of year	–	–	12 000	**12 000**	5 000
Provisions raised	–	–	–	**–**	12 000
Provisions utilised	–	–	(4 800)	**(4 800)**	(5 000)
At end of year	–	–	7 200	**7 200**	12 000

Gaming provisions include casino jackpot provisions and customer loyalty point provisions. Casino jackpot provisions are utilised when won. Customer loyalty point provisions are redeemed by casino patrons at their discretion.

Performance incentive provisions are paid following finalisation of the annual financial results.

Other provisions includes R7,2 million (2007: R12,0 million) payable to M Krok on the date on which he ceases to be a director of the company. PAYE of R4,8 million has been paid to SARS during the year. The company's obligation to pay the R7,2 million is an unconditional obligation. Also included in other provisions is an amount of R6,7 million recognised by Silverstar Casino relating to its obligation to incur coporate social spending in terms of its license conditions.

	GROUP 2008 R'000	GROUP RESTATED 2007 R'000	COMPANY 2008 R'000	COMPANY RESTATED 2007 R'000
29. CASH FLOW INFORMATION				
29.1 Cash flow from operating activities				
Profit/(loss) before taxation	**563 071**	390 294	**258 974**	(23 773)
Adjusted for non-cash items and other adjustments:	**339 188**	284 588	**(9 592)**	86 030
Finance income	**(45 158)**	(32 442)	**(9 217)**	(3 415)
Finance costs	**213 528**	55 604	**322**	–
Ineffective portion of interest rate hedges	**(2 638)**	(3 650)	**–**	–
Loss on FEC's	**–**	86	**–**	–
Depreciation	**158 524**	110 143	**–**	–
Amortisation	**2 634**	42 680	**–**	40 261
Amortisation of financial guarantee contracts	**–**	–	**(6 075)**	(3 093)
Financial guarantee contract relating to associate expensed on initial recognition	**–**	–	**3 454**	–
Profit on disposal of property, plant and equipment	**(228)**	(589)	**–**	–
Write-off of fixed assets and intangible assets	**339**	249	**–**	–
Recognition of share-based payments	**4 328**	11 650	**–**	–
IFRS2 costs on share exchange and top-up transaction	**–**	100 790	**–**	52 080
Fair value adjustments to land and accounts receivable	**–**	(867)	**–**	(2 773)
Share of loss in associate	**7 859**	934	**–**	–
Impairment of loan to associate	**–**	–	**1 857**	–
Impairment of investment in associate	**–**	–	**67**	–
	902 259	674 882	**249 382**	59 287
Decrease/(increase) in net current assets	**44 587**	(63 068)	**(4 623)**	(38 067)
Decrease/(increase) in trade and other receivables	**45 105**	(56 866)	**–**	3 136
Increase in inventories	**(937)**	(10 830)	**–**	–
(Decrease)/increase in trade and other payables	**(1 199)**	(3 642)	**177**	(48 203)
Increase/(decrease) in provisions	**1 618**	8 270	**(4 800)**	7 000
	946 846	611 814	**244 759**	21 220
29.2 Taxation paid				
Tax (liability)/asset at beginning of year	**(40 825)**	(58 779)	**873**	2 363
Current taxation	**(158 057)**	(179 322)	**(6 719)**	(6 680)
Prior year over provision	**12 544**	3 120	**151**	–
CGT	**(58)**	–	**–**	–
STC	**(701)**	(5 773)	**–**	–
Tax liability/(asset) at end of year	**899**	40 825	**(111)**	(873)
	(186 198)	(199 929)	**(5 806)**	(5 190)
29.3 Proceeds from disposal of property, plant and equipment				
Net book value	**2 517**	9 374	**–**	–
Profit on disposal of property, plant and equipment	**228**	589	**–**	–
	2 745	9 963	**–**	–

	GROUP 2008 R'000	GROUP 2007 R'000
30. RELATED PARTY TRANSACTIONS		
Transactions occurred with the following related parties during the year:		
Akani Leisure Investment Casino Management	**–**	3 283
CASA	**1 073**	1 150
Club Mykonos Resort Managers (Pty) Limited	**428**	929
Reygrande Investment Holdings (Pty) Limited	**240**	240
Satara Trading (Pty) Limited	**–**	768
South African Apartheid Museum	**3 935**	3 699
Services include management fees, membership fees, consultancy fees, entrance fees and levies.		
Payments to key management personnel are disclosed in Note 33. Key management personnel comprises executive and non-executive directors.		
Amounts owing by related parties:		
Akani Leisure Investment Hotels Management ^	**303**	–
CASA	**194**	63
Newshelf 698 (Pty) Limited	**–**	4
	497	67
Amounts owing to related parties:		
Akani Leisure Investment Hotels Management ^	**–**	(941)
Casinos Austria	**–**	(162)
Olwazini Discovery Centre	**(58)**	(94)
South African Apartheid Museum	**(404)**	(314)
	(462)	(1 511)
	35	(1 444)

^ *This balance comprises the following:*

	2008 R'000	2007 R'000
Amount owing by/(to) Akani Leisure Investment Hotels Management	**3 278**	(941)
Provision for impairment	**(2 975)**	–
Carrying amount	**303**	(941)

All related party balances payable by/(to) related parties arise in the ordinary course of business. For further information relating to the aging of related party balances, refer to Note 2.1.3.

	COMPANY	
	2008	2007
	R'000	R'000
30. RELATED PARTY TRANSACTIONS (CONTINUED)		
Transactions occurred with the following related parties during the year:		
Royalty fees received from Gold Reef Management	**16 114**	15 601
Administration fees received from:		
Akani Egoli and subsidiaries	**1 157**	1 334
Akani Leisure Investment Casino Management	**5**	7
Akani Msunduzi	**522**	621
Garden Route Casino	**637**	592
Goldfields Casino	**311**	311
Gold Reef Management	**4 528**	3 780
West Coast Leisure	**333**	319
Silverstar Casino	**184**	–
Queens Casino	**147**	–
Amounts owing by related parties:		
Aldiss Investments	**43 582**	43 575
Silverstar Casino	**–**	12 059
Inkonka Investments	**17**	17
Richard Moloko Consortium Holdings	**15**	15
Newshelf 698 (Pty) Limited	**–**	4
	43 614	55 670
Amounts owing to related parties:		
Akani Egoli	**(64 663)**	(82 930)
Akani Msunduzi	**(8 186)**	(48 239)
West Coast Leisure	**(1)**	(1 027)
Gold Reef Management	**(62 085)**	(68 608)
Akani Egoli Management	**(172)**	–
Garden Route Casino	**(35 314)**	(19 706)
Goldfields Casino	**(18 173)**	(24 229)
Silverstar Casino	**(141 533)**	–
Akani Leisure Goldfields Investments **	**(5)**	–
Akani Leisure Investment Casino Management	**(2 936)**	(2 936)
Richard Moloko Consortium	**(95 898)**	(95 898)
Newshelf 786 **	**(109 533)**	(109 533)
Akani Leisure Silverstar Holdings	**(6)**	(2)
Mogale Silverstar Holdings	**(2)**	–
	(538 507)	(453 108)
	(494 893)	(397 438)

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

The loans to and from subsidiaries bear interest at various rates determined from time to time. The loans arise in the ordinary course of business and are repayable on demand.

30. RELATED PARTY TRANSACTIONS (CONTINUED)

Management fees were paid to Akani Leisure Investment Casino Management for services rendered in the performance of the management of Gold Reef City Casino. These transactions were carried out on commercial terms and conditions and were approved by the board. Effective 1 July 2007, Akani Leisure Investment Casino Management is regarded as a subsidiary of the group and the management contract has been ceded to Gold Reef Management.

Akani Leisure Investment Hotels Management had common directors and shareholders with Gold Reef. In 2007, Gold Reef acquired Akani Leisure Investment Casino Management, the assets of which included an amount receivable from Akani Leisure Investment Hotels Management. The amount is not considered to be recoverable and has therefore been fully impaired at year-end. The loan is interest free and payable on demand.

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

Casinos Austria earns fees for attendance at Gold Reef board and board sub-committee meeetings 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 transaction was carried out on commercial terms and conditions and was approved by the board.

Reygrande Investment Holdings (Pty) Limited performed administration functions for West Coast Leisure. The transactions were carried out on commercial terms and conditions and were 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 license conditions. Akani Msunduzi Management contributes a fixed 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 license conditions. Akani Egoli contributed a fixed monthly fee to fund the operational expenses of the museum.

	EFFECTIVE HOLDING (ECONOMIC INTEREST) 2008 %	2007 %	INVESTMENT IN SHARES (COMPANY) 2008 R'000	RESTATED 2007 R'000
31. SUBSIDIARIES, ASSOCIATES AND OTHER INVESTMENTS				
Subsidiaries				
Akani Egoli	**100,00**	100,00	**984 992**	984 992
Akani Leisure Investments >	**100,00**	100,00	*****	*
Akani Msunduzi	**100,00**	100,00	**135 948**	135 948
West Coast Leisure	**70,36**	70,36	**62 715**	62 715
Gold Reef Management	**100,00**	100,00	**63 501**	63 501
Akani Egoli Management	**100,00**	100,00	**1**	1
Akani Msunduzi Management	**100,00**	100,00	**1**	1
Aldiss Investments	**100,00**	100,00	*****	*
Garden Route Casino	**85,00**	85,00	**12 343**	12 343
Inkonka Investments >	**100,00**	100,00	**156 495**	156 495
Goldfields Casino	**100,00**	100,00	**165 084**	165 084
Tanglepark Trading >	**100,00**	100,00	*****	*
Silverstar Casino	**100,00**	100,00	**972 933**	922 615
Akani Leisure Msunduzi Investments **>	**100,00**	100,00	*****	*
Akani Leisure Goldfields Investments **>	**100,00**	100,00	*****	*
Akani Leisure Investment Casino Management >	**100,00**	100,00	**38 990**	38 990
Richard Moloko Consortium	**100,00**	100,00	*****	*
Richard Moloko Consortium Holdings	**100,00**	100,00	**173 545**	173 545
Newshelf 786 **	**100,00**	100,00	**37 305**	33 507
Akani Leisure Silverstar Holdings >	**100,00**	100,00	*****	*
Mogale Silverstar Holdings	**100,00**	100,00	*****	*
			2 803 853	2 749 737
Associates				
Queens Casino	**25,10**	25,10	**–**	67
Investments				
Sekunjalo Health Care Limited	**0,50**	0,50	**–**	–

** 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 purchased and the preference shares redeemed*

> These companies are in the process of being liquidated

32. CONTINGENCIES, COMMITMENTS AND GUARANTEES

At 31 December 2008 the group had contingent liabilities in respect of bank and other guarantees as well as other items arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The details are as follows:

	GROUP		COMPANY	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Guarantees	**1 689 356**	1 725 174	**943 591**	821 050
Litigation	**7 500**	2 500	**5 000**	1 000
Capital approved/committed	**74 152**	413 437	**–**	–
	1 771 008	2 141 111	**948 951**	822 050

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 R38 271 389 (2007 : 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 (2007 : R5 260 000) for gambling board taxes and working capital. ABSA has also issued a guarantee to the Pietermaritzburg Municipal Council for R708 000 (2007 : 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 (2007 : 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 (2007 : R250 000) for gambling board taxes and working capital.

In terms of the license 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 R 1 500 000 with the West Coast District Council 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 R20 941 670 (2007:R18 300 000) for gambling board taxes and working capital. During 2007 Silverstar Casino entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank 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 remained in place at full face value until 50% of the development costs had been expended and thereafter reduced and converted into a building bond on a Rand-for-Rand basis as the remaining 50% development costs were expended. The guarantee converted to a building bond during the year and has subsequently been released in full. Silverstar Casino also provided a guarantee to Aveng (Africa) Limited for R150 000 000 in terms of the constuction contract concluded. As at 31 December 2008 this guarantee had been released in full. Silverstar Casino has also provided a guarantee to Mogale City Municipal Council for R650 000.

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 R400 000 (2007 : R250 000) for gambling board taxes and working capital.

The company has bound itself as surety for Akani Egoli, Silverstar Casino, Akani Msunduzi, West Coast Leisure and Queens Casino to their bankers for 100%, 50%, 50%, 70,33% and 35.72% of their exposure respectively. The contingent liability under these sureties in aggregate amounted to R943 591 000 (2007: R821 050 000).

Akani Leisure Msunduzi Investments has bound itself as surety for Akani Msunduzi to their bankers for 50% of their exposure. The contingent liability under this surety amounted to R24 436 000 (2007: R29 606 000).

Akani Leisure Investments and Akani Leisure Silverstar Holdings have jointly bound themselves as surety for Silverstar Casino to their bankers for 50% of their exposure. The contingent liability under this surety amounted to R653 848 000 (2007: R486 445 000).

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

	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY 2007 R'000
32. CONTINGENCIES, COMMITMENTS AND GUARANTEES (CONTINUED)				
Operating lease commitments				
The future minimum lease commitments under non-cancellable operating leases are as follows:				
Not later than 1 year	**7 855**	3 935	**–**	–
Later than 1 year but not later than 5 years	**11 074**	9 353	**–**	–
Later than 5 years	**4 396**	8 630	**–**	–
	23 325	21 918	**–**	–

	2008 R'000	2007 R'000
33. DIRECTORS' EMOLUMENTS		
Executive directors		
Basic remuneration	**6 770**	5 187
Retirement and medical contributions	**1 167**	663
Performance incentives	**3 175**	6 550
Gains on vested share options exercised *	**2 112**	–
Other benefits	**20**	140
	13 244	12 540
Non-executive directors		
Directors' fees	**2 118**	1 786
Other services	**1 788**	1 393
Other benefits	**44**	12 120
	3 950	15 299
	17 194	27 839
Total directors' emoluments		
Emoluments paid by the company	**4 178**	13 975
Emoluments paid by subsidiaries	**13 016**	13 864
	17 194	27 839

** Of this R2 112 400, R1 995 667 relates to gains on share options which have been exercised and have vested but remain unsold. Consequently, these directors will only receive the economic benefits once the shares are sold on the open market (refer to page 37 for further information). A detailed breakdown of individual directors' emoluments is shown on page 37 of the annual report*

Share-based payment charges for the year relating to awards to directors amounted to R4,1 million (2007: R6,5 million).

A listing of all members of the board is shown on page 37 of the annual report.

In terms of the Articles of Association M Krok and MZ Krok will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election. EN Banda, JC Farrant, ZJ Matlala and TM Sadiki, who were appointed to the board during the current financial year, will have their appointments confirmed at the forthcoming annual general meeting.

34. RESTATEMENTS AND RECLASSIFICATIONS

34.1 Share scheme prior year restatement

The scheme of arrangement in terms of section 311 of the Companies Act, as proposed by BidCo during the 2007 financial year, between Gold Reef and the Gold Reef shareholders, other than Aldiss Investments ("scheme of arrangement"), required the exercise and vesting of all outstanding share options, subject to a resolutive condition. The resolutive condition stipulated that if the scheme of arrangement was not completed, the company and the share scheme participants would be returned to the position they would have been in prior to the scheme of arrangement being implemented.

In 2007, the treasury shares were accounted for as described above and a loan account was created in accordance with the legal form of the requirements of the scheme of arrangement. In 2008, the resolutive condition resulted in the transaction being reversed as if it had never occurred.

The consolidated annual financial statements for 2007 have been restated and the effect of the restatement is summarised below:

	2007 R'000
Decrease in share scheme	(56 618)
Decrease in equity (increase in treasury shares)	56 618
Increase in EPS (cents)	0,4
Increase in diluted EPS (cents)	0,4
Increase in HEPS (cents)	0,4
Increase in Adjusted HEPS (cents)	0,8

34.2 Financial guarantee contracts prior year restatement

Financial guarantee contracts provided by Gold Reef to various financial institutions in respect of loans granted to group companies were not recognised in the prior year but only disclosed as contingent liabilities.

The company annual financial statements for 2007 have been restated and the effect of the restatement is summarised below.

	2007 R'000
Increase in investment in subsidiaries	98 608
Increase in financial guarantee contracts	(95 515)
Increase in other income	(3 093)

34.3 Reclassification of loans to/(from) subsidiaries

In the company annual financial statements at 31 December 2007, loans from subsidiaries amounting to R 453,1 million and loans to subsidiaries amounting to R 55,7 million were included in 'Investment in subsidiaries'. As these loans with subsidiaries do not represent a change in capital, they should be disclosed as part of related party balances (refer to Note 30). The effect of the reclassification in the company's 31 December 2007 balance sheet is as follows:

	2007 R'000
Increase in investment in subsidiaries	397 438
Increase in amounts owing by related parties	55 670
Increase in amounts owing to related parties	(453 108)

34.4 Reclassification of current tax assets and liabilities

Current tax assets and current tax liabilities relating to various group entities were previously off-set on the consolidated balance sheet. The effect of the reclassification on the 31 December 2007 consolidated balance sheet is an increase in current tax assets of R921 000 and an increase in current tax liabilities of R921 000.

35. SUBSEQUENT EVENTS

Subsequent to year end Queens Casino obtained an additional access facility from Investec Bank amounting to R10 050 000. In terms of the facility agreement a second covering mortgage bond of R10 000 000 is to be provided to Investec Bank as security. In addition to this, Gold Reef has provided a further suretyship on behalf of Queens Casino to Investec Bank for R6 400 000.

Subsequent to year end Gold Reef City Theme Park entered into a multi-option facility agreement with Nedbank for an amount of R2 507 800. Of this amount, R507 800 has been provided as a letter of guarantee by Nedbank to Eskom Holdings Limited ("Eskom") for all amounts owing by Gold Reef City Theme Park to Eskom in terms of its electrical supply agreement. Akani Egoli has provided Nedbank with a deed of suretyship in respect of the facility for an amount of R2 507 800.

Subsequent to Gold Reef acquiring 100% of Akani Leisure Msunduzi Investments, the 50% suretyship provided by Akani Leisure Msunduzi Investments to ABSA Bank on behalf of Akani Mzunduzi has been released in full and Gold Reef has provided a 100% suretyship to ABSA Bank in respect of Akani Msunduzi's loan facility.

Subsequent to Gold Reef acquiring 100% of Akani Leisure Investments and Akani Leisure Silverstar Holdings, the joint and several suretyship provided by these two companies, on behalf of Silverstar Casino, has been released in full and Gold Reef has provided 100% suretyship to Nedbank in respect of Silverstar Casino's loan facility.

On 3 June 2009, a total of 1 054 347 share options were granted by the company through the Gold Reef Share Scheme to the executive directors of the company as well as the Company Secretary of Akani Egoli, at a strike price of R17.00 per share option.

Securities Regulation Panel

On 14 April 2008 the SRP released the reasons for the ruling handed down on 1 February 2008. Based on legal advice the company launched review proceedings in the High Court to obtain an order reviewing, correcting or setting aside the decision of the SRP.

The South Gauteng High Court handed down judgement on 13 May 2009 in favour of Gold Reef, reviewing and setting aside the decision of the SRP, and substituting the SRP's decision with the following order: "The complaint is dismissed".

The Court made the following statement in Paragraph 47 of the judgement: "Had the SRP appreciated the argument of GRR, it would have found that there was no offer by Tsogo as defined in the Code and there was therefore no merit to its complaint. In my view it misconceived GRR's contention by classifying it in the manner in which it did."

Corporate activity

Tsogo Sun has recently indirectly acquired a 23,0% stake in the company from various BEE shareholders and on the market. As a result of such acquisition from the BEE shareholders, Tsogo Sun now controls the BEE voting pool and thus controls an aggregate 32,9% stake in the company.

Gold Reef is concerned that, as a result of such acquisition, the group's empowerment status will be compromised as, inter alia, Tsogo Sun is, on the pure flow through principle, substantially less than 50% black owned. Accordingly, Gold Reef has made representations to the various relevant gaming boards to, inter alia, ascertain whether the various empowerment commitments relating to ownership, made by the group to the gaming boards, will remain adequate after such acquisition.

At the date of writing this report, the Gauteng Gambling Board, the KwaZulu-Natal Gambling Board and the Eastern Cape Gambling and Betting Board have approved Tsogo Sun's application pertaining to such acquisition. The decisions of the Free State Gambling and Racing Board and the Western Cape Gambling and Racing Board have not yet been received.

The KwaZulu-Natal Gambling Board advised (in a letter to Gold Reef containing, inter alia, reasons for the approval of the Tsogo Sun application), inter alia, that "the acquisition of 15,09% of the Voting Pool shares by Main Street … has resulted in an obvious dilution of the BEE shareholding in GRR and in Akani Msunduzi…" and further advised that "the Board expects GRR to comply fully with its conditions of license and in this regard instructs GRR to ensure that within twelve months of the date of this letter, it is fully compliant with its conditions of license and, in particular, that the black shareholding in the Voting Pool shall constitute at least 25,1% of the issued shareholding in GRR."

The Gold Reef board awaits the reasons for the ruling issued by the Eastern Cape Gambling and Betting Board and awaits the decisions and reasons of the remaining two gaming boards. In addition, the Gold Reef board is considering the best approach to ensure that it continues to comply with its objective of ensuring sufficient empowerment in Gold Reef for both strategic and regulatory reasons, and is committed to complying with all license conditions.

On 21 May 2009, Casinos Austria sold its entire shareholding in Gold Reef, representing 60 226 988 shares (20,6%), to a leading SA fund manager which will hold the shares on behalf of various clients.

ANALYSIS OF SHAREHOLDERS & JSE PERFORMANCE

AT 31 DECEMBER 2008

	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
PORTFOLIO SIZE				
Range				
1 – 1 000	641	42,34	304 955	0,10
1 001 – 5 000	484	31,97	1 297 208	0,44
5 001 – 10 000	114	7,53	871 684	0,30
10 001 – 50 000	136	8,98	3 391 744	1,16
50 001 – 100 000	39	2,58	2 931 657	1,00
100 001 – AND OVER	100	6,60	283 192 972	97,00
	1 514	100,00	291 990 220	100,00
Classification				
Type				
Individuals	1 152	76,09	38 279 281	13,11
Collective investment schemes and mutual funds	137	9,05	19 357 588	6,63
Trusts	110	7,27	64 723 918	22,17
Other corporate	111	7,33	32 229 869	11,04
Gold Reef Share Scheme	1	0,07	483 001	0,17
Treasury shares	1	0,07	14 427 602	4,94
Holdings 10% +	2	0,12	122 488 961	41,94
	1 514	100,00	291 990 220	100,00
Shareholder spread				
Public	1 458	96.30	69 132 633	23,68
Non-public	56	3,70	222 857 587	76,32
Directors and management	24	1,59	73 038 260	25,01
Holding 10% +	2	0,13	122 488 961	41,95
Voting Pool	30	1,98	27 330 366	9,36
	1 514	100,00	291 990 220	100,00
Major shareholders owning 1% or more:				
Main Street 581 (Pty) Ltd			62 261 973	21,32
Casinos Austria			60 226 988	20,63
Maxim Krok			15 587 632	5,34
Aldiss Investments (Pty) Ltd			14 427 602	4,94
The Elana Pincus 1994 Trust			11 873 732	4,07
The Shelly Krok 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
Mark Krok			9 223 733	3,16
Black Management Forum Investments Company Ltd			7 587 517	2,60
Newshelf 698 (Pty) Ltd			6 327 740	2,17
Pictet et Cie Banquiers			5 754 382	1,97
Benita Schutte Trust			4 000 000	1,37
BJ Schutte Trust			4 000 000	1,37
Monja Schutte Trust			4 000 000	1,37
Prime Porfolio Investments “A” (Pty) Ltd			3 533 964	1,21
Steven Joffe			3 500 000	1,20
JSE PERFORMANCE				
Number of shares traded				107 786 156
Shares traded as a precentage of listed shares in issue at 31 December 2008 (%)				38,90
Highest price traded (cents)				3 360
Lowest price traded (cents)				1 425
Closing market price at 31 December 2008 (cents)				1 800

SHAREHOLDERS' DIARY & CORPORATE INFORMATION

SHAREHOLDERS' DIARY

Financial year-end .... 31 December
Annual General Meeting .... 8 July 2009

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

The salient dates for the dividend were as follows:
Last day to trade shares *cum* dividend .... Wednesday, 8 April 2009
Shares commenced trading *ex* dividend .... Thursday, 9 April 2009
Record date .... Friday, 17 April 2009
Payment date .... Monday, 20 April 2009

Share certificates could not be dematerialised or rematerialised between Thursday, 9 April 2009 and Friday, 17 April 2009, both days inclusive.

CORPORATE INFORMATION

COMPANY SECRETARY AND REGISTERED OFFICE
JS Friedman CA(SA)
Gold Reef City
Gate 4, Northern Parkway, Ormonde, Johannesburg, 2091
(Private Bag X1890, Gold Reef City, 2159)

SPONSOR
Nedbank Capital
3rd Floor, Block F, Nedbank Sandton
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, 2157
(Private Bag X36, Sunninghill, 2157)

TRANSFER SECRETARIES
Link Market Services (Pty) Limited
16th Floor, 11 Diagonal Street, Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

COMMERCIAL BANKERS
Nedbank Corporate Banking
1st Floor, Block F, Nedbank Sandton
135 Rivonia Road, Sandown, 2196
(PO Box 1144, Johannesburg, 2000)

ABSA Corporate and Business Bank
8th Floor, 11 Diagonal Street, Johannesburg, 2000
(PO Box 1169, Johannesburg, 2000)

INVESTOR RELATIONS
College Hill (Pty) Limited
Fountain Grove, 5 Second Avenue, Hyde Park, Sandton, 2196
(PO Box 413817, Craighall, 2024)

NOTICE OF ANNUAL GENERAL MEETING

GOLD REEF RESORTS LIMITED

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

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the Crystal Room at Gold Reef City Casino, corner Northern Parkway and Data Crescent, Ormonde, Johannesburg, on Wednesday, 8 July 2009 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 2008 together with the directors' and independent auditor's reports.

2. To re-elect M Krok 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 M Krok is contained on page 6 of the annual report of which this notice forms part.

3. To re-elect MZ Krok 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 MZ Krok is contained on page 6 of the annual report of which this notice forms part.

4. To confirm the election of JC Farrant who was appointed by the board of directors on 25 July 2008.

   An abbreviated curriculum vitae in respect of JC Farrant is contained on page 7 of the annual report of which this notice forms part.

5. To confirm the election of ZJ Matlala who was appointed by the board of directors on 25 July 2008.

   An abbreviated curriculum vitae in respect of ZJ Matlala is contained on page 7 of the annual report of which this notice forms part.

6. To confirm the election of TM Sadiki who was appointed by the board of directors on 26 November 2008.

   An abbreviated curriculum vitae in respect of TM Sadiki is contained on page 5 of the annual report of which this notice forms part.

7. To confirm the election of Dr EN Banda who was appointed by the board of directors on 13 March 2009.

   An abbreviated curriculum vitae in respect of Dr EN Banda is contained on page 7 of the annual report of which this notice forms part.

8. To confirm the appointment of JS Friedman as company secretary of the company.

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

10. To approve the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the financial year ending 31 December 2009, as proposed in the remuneration report on page 36.

11. To place the authorised but unissued share capital of the company under the control of the directors until the next annual general meeting with the authority to allot and issue any shares required to be issued for the purpose of carrying out the terms of the Gold Reef Share Scheme, limited to a maximum of 5 million shares, in their discretion, subject to Sections 221 and 222 of the Companies Act, 61 of 1973, as amended, and the JSE Listing Requirements.

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 Monday, 6 July 2009. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

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

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

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

By order of the board

JS FRIEDMAN CA(SA)
Company Secretary
8 June 2009

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 Crystal Room at Gold Reef City Casino, corner Northern Parkway and Data Crescent, Ormonde, Johannesburg on Wednesday, 8 July 2009 at 10h00 and at any adjournment thereof.

For use by the holders of the company's certificated ordinary shares ("certified shareholder") and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration ("own name dematerialised shareholders").

Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with a letter of representation to do so, or provide the CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and timeframe stipulated should they not wish to attend the annual general meeting but wish to be thereat.

I/We .... of ....

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

1. .... of .... or failing him/her

2. .... of .... or failing him/her

3. the chairman of the annual general meeting, as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the 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*

ORDINARY RESOLUTIONS	NO. OF VOTES	FOR*	AGAINST*	ABSTAIN*
1. Adoption of the annual financial statements.				
2. Re-election of M Krok as a director of the company.				
3. Re-election of MZ Krok as a director of the company.				
4. Confirmation of JC Farrant as a director of the company.				
5. Confirmation of ZJ Matlala as a director of the company.				
6. Confirmation of TM Sadiki as a director of the company.				
7. Confirmation of Dr EN Banda as a director of the company.				
8. Confirmation of appointment of JS Friedman as Company Secretary.				
9. Re-appointment of PricewaterhouseCoopers Inc as auditors of the company.				
10. Approval of fees proposed for non-executive directors in respect of the financial year ending 31 December 2009.				
11. Placing unissued shares under the control of the directors to carry out the terms of the Gold Reef Share Scheme, limited to a maximum of 5 million shares.				

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

Signed at (place) .... on (date) 2009

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

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 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 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 Monday, 6 July 2009:

    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.