GOLD REEF
RESORTS
("Gold Reef")

(Registration number 1989/002108/06) | Share Code: GDF | ISIN Code: ZAE 000028338

- ***Revenue up 29,4%***
- ***Adjusted EBITDAR up 9,7%***
- ***Construction at Silverstar and Queens Casinos substantially completed***

Group Income Statement

	%	Unaudited for the 6 months ended 30 June 2008 R'000	Restated for the 6 months ended 30 June 2007 R'000	Restated for the 12 months ended 31 December 2007 R'000
Revenue	29,4	**1 076 004**	831 845	1 725 245
Net gaming win	28,9	**984 639**	763 884	1 565 107
Theme Park	4,2	**32 324**	31 032	74 095
Food and beverage	76,2	**32 573**	18 490	41 080
Other	43,5	**26 468**	18 439	44 963
Other income		**204**	6 366	8 572
		1 076 208	838 211	1 733 817
Gaming levies and VAT		**(197 739)**	(151 332)	(310 238)
Employee costs		**(239 678)**	(167 098)	(362 409)
Promotional and marketing costs		**(82 172)**	(50 129)	(109 733)
Depreciation and amortisation		**(75 754)**	(52 997)	(152 823)
Other operating expenses		**(178 275)**	(117 599)	(389 337)
Operating profit	1,2	**302 590**	299 056	409 277
Finance income		**50 557**	8 527	37 555
Finance costs		**(94 579)**	(24 269)	(55 604)
Profit before equity accounted earnings		**258 568**	283 314	391 228
Share of loss in associate		**(3 678)**	-	(934)
Profit before taxation	(10,0)	**254 890**	283 314	390 294
Taxation expense		**(95 349)**	(103 718)	(195 307)
Profit for the period	(11,2)	**159 541**	179 596	194 987
Attributable to:				
Equity holders of Gold Reef	9,8	**151 790**	138 190	145 814
Minority interest		**7 751**	41 406	49 173
		159 541	179 596	194 987
Number of shares in issue (000)		**291 990**	220 603	291 990
Weighted average number of shares in issue (000)		**276 003**	203 961	239 662
Earnings per share (cents)	(18,9)	**55,0**	67,8	60,8
Diluted earnings per share (cents)	(18,9)	**55,0**	67,8	60,8

Supplementary Information

	%	Unaudited for the 6 months ended 30 June 2008 R'000	Restated for the 6 months ended 30 June 2007 R'000	Restated for the 12 months ended 31 December 2007 R'000
EBITDAR RECONCILIATION				
Operating profit		**302 590**	299 056	409 277
Property and equipment rental		**10 258**	6 044	15 991
Depreciation and amortisation		**75 754**	52 997	152 823
EBITDAR	8,5	**388 602**	358 097	578 091
EBITDAR margin		**36,1%**	43,0%	33,5%
ADJUSTED EBITDAR RECONCILIATION				
EBITDAR		**388 602**	358 097	578 091
Pre-opening expenses at Silverstar Casino		**3 527**	2 416	57 826
IFRS2 charges resulting from share exchange and top-up transaction		**-**	-	100 790
Transaction costs incurred on share exchange and top-up transaction		**180**	4 140	4 372
Transaction costs incurred during discussions with Tsogo Sun Group		**5 580**	-	-
Transaction costs incurred on the scheme of arrangement proposed by Bidco		**1 965**	-	18 927
Adjusted EBITDAR	9,7	**399 854**	364 653	760 006
Adjusted EBITDAR margin		**37,2%**	43,8%	44,1%
HEADLINE EARNINGS RECONCILIATION				
Attributable profit		**151 790**	138 190	145 814
Impairment of intangibles		**-**	-	40 261
Fair value adjustments to land and accounts receivable		**-**	-	(867)
Profit on sale of property, plant and equipment		**(466)**	(662)	(1 330)
Headline earnings	10,0	**151 324**	137 528	183 878
Headline earnings per share (cents)	(18,7)	**54,8**	67,4	76,7
ADJUSTED HEADLINE EARNINGS RECONCILIATION				
Headline earnings		**151 324**	137 528	183 878
Pre-opening expenses at Silverstar Casino and Queens Casino		**2 699**	2 420	53 183
IFRS2 charges resulting from share exchange and top-up transaction		**-**	-	100 790
Transaction costs incurred on share exchange and top-up transaction		**180**	4 140	4 372
Transaction costs incurred during discussions with Tsogo Sun Group		**5 580**	-	-
Transaction costs incurred on the scheme of arrangement proposed by Bidco		**1 965**	-	18 927
Adjusted headline earnings	12,3	**161 748**	144 088	361 150
Adjusted headline earnings per share (cents)	(17,0)	**58,6**	70,6	150,7

Group Statement of Changes in Equity

	Share capital net of treasury R'000	Reserves R'000	Retained earnings R'000	Minority interest R'000	**Total equity R'000**
Balance at 1 January 2007	428 352	40 005	719 892	196 895	**1 385 144**
Recognition of share-based payments	-	5 571	-	-	**5 571**
Effective portion of derivative hedge recognised in equity during the period	-	25 598	-	-	**25 598**
Attributable profit for the period	-	-	138 190	41 406	**179 596**
Dividend declared	-	-	(150 242)	-	**(150 242)**
Dividends paid to minorities by subsidiaries	-	-	-	(3 556)	**(3 556)**
Balance at 30 June 2007	428 352	71 174	707 840	234 745	**1 442 111**
Issue of shares as part of share exchange and top-up transaction	1 335 922	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	59 737	-	-	-	**59 737**
Recognition of share-based payments	-	6 079	-	-	**6 079**
Effective portion of derivative hedge recognised in equity during the period	-	11 789	-	-	**11 789**
Attributable profit for the period	-	-	7 624	7 767	**15 391**
Dividends paid to minorities by subsidiaries	-	-	-	(9 736)	**(9 736)**
Balance at 31 December 2007	1 824 011	(115 582)	718 238	32 405	**2 459 072**
Resolutive condition effected on issue of shares to employees under BidCo offer	(59 737)	-	-	-	**(59 737)**
Transfer of shares to employees from share scheme	59 730	-	-	-	**59 730**
Recognition of share-based payments	-	4 911	-	-	**4 911**
Effective portion of derivative hedge recognised in equity during the period	-	52 441	-	-	**52 441**
Attributable profit for the period	-	-	151 790	7 751	**159 541**
Dividend declared	-	-	(277 213)	-	**(277 213)**
Dividends paid to minorities by subsidiaries	-	-	-	(7 014)	**(7 014)**
Balance at 30 June 2008	1 824 004	(58 230)	592 815	33 142	**2 391 731**

Group Balance Sheet

	Unaudited at 30 June 2008 R'000	Unaudited at 30 June 2007 R'000	Audited at 31 December 2007 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**2 484 326**	1 464 220	2 280 196
Leasehold improvements	**105 039**	102 037	103 661
Intangible assets	**1 188 244**	471 397	1 189 423
Deferred tax assets	**33 030**	38 760	46 788
Investment in associate	**48 279**	-	42 134
Investment in joint ventures	**-**	37 528	-
Available-for-sale financial assets	**-**	99 962	-
Derivative financial instruments	**106 360**	-	43 213
Share incentive scheme	**70 286**	25 982	79 812
	4 035 564	2 239 886	3 785 227
Current assets			
Inventories	**20 032**	11 186	18 414
Receivables and prepayments	**72 114**	61 780	74 622
Cash and cash equivalents	**230 459**	470 421	332 016
Amounts owing by related parties	**204**	3 910	67
	322 809	547 297	425 119
Total assets	**4 358 373**	2 787 183	4 210 346
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	**5 840**	4 412	5 840
Share premium	**1 860 132**	499 280	1 860 132
Treasury shares	**(41 968)**	(75 340)	(41 961)
	1 824 004	428 352	1 824 011
Share-based payment reserve	**383 028**	31 781	378 117
Other reserves	**(441 258)**	39 393	(493 699)
Retained earnings	**592 815**	707 840	718 238
	2 358 589	1 207 366	2 426 667
Minority interest	**33 142**	234 745	32 405
Total equity	**2 391 731**	1 442 111	2 459 072
Non-current liabilities			
Interest-bearing borrowings	**1 501 045**	564 859	1 309 242
Deferred tax liabilities	**54 998**	52 993	53 946
	1 556 043	617 852	1 363 188
Current liabilities			
Trade and other payables	**139 795**	553 788	136 029
Provisions	**63 772**	41 234	54 923
Bank overdraft	**24 766**	2 068	15 420
Tax liabilities	**18 341**	35 622	40 825
Current portion of interest-bearing borrowings	**163 486**	91 499	139 378
Amounts owing to related parties	**439**	3 009	1 511
	410 599	727 220	388 086
Total equity and liabilities	**4 358 373**	2 787 183	4 210 346

Group Cash Flow Statement

	Unaudited for the 6 months ended 30 June 2008 R'000	Unaudited for the 6 months ended 30 June 2007 R'000	Audited for the 12 months ended 31 December 2007 R'000
Cash flow from operating activities			
Profit before taxation	**254 890**	283 314	390 294
Non-cash items and other adjustments	**147 474**	99 908	284 588
	402 364	383 222	674 882
Decrease/(increase) in working capital	**13 505**	(78 655)	(63 068)
Cash flow from operating activities	**415 869**	304 567	611 814
Interest received	**20 276**	8 527	32 442
Interest paid	**(94 579)**	(24 269)	(55 604)
Taxation paid	**(103 023)**	(106 468)	(199 929)
Dividend paid	**(277 213)**	-	(150 242)
Net cash (utilised)/generated in operating activities	**(38 670)**	182 357	238 481
Cash flow from investing activities			
Additions to property, plant and equipment	**(277 001)**	(239 019)	(1 065 315)
Additions to leasehold improvements	**(3 315)**	(637)	(5 329)
Proceeds from disposal of property, plant and equipment	**748**	1 917	9 963
Investment in available-for-sale financial instruments	**-**	(5 287)	-
Investment in intangibles	**(49)**	-	(276)
Investment in associate	**-**	-	(67)
Loans to associate	**(9 823)**	-	(43 001)
Loans to joint ventures	**-**	(1 248)	-
Net (advances to)/repayments by related parties	**(1 209)**	(459)	1 886
Net cash effect of share exchange and top-up transaction	**-**	-	(138 908)
Net cash utilised in investing activities	**(290 649)**	(244 733)	(1 241 047)
Cash flow from financing activities			
(Purchase)/issue of shares (by)/to share scheme	**(7)**	-	59 737
Issue of shares as part of top-up transaction	**-**	287 000	287 000
Decrease/(increase) in share incentive scheme loan	**9 526**	(498)	(54 328)
Dividend and loan repayments to outside shareholders	**(7 014)**	(3 556)	(13 292)
Increase in interest-bearing borrowings	**215 911**	185 061	977 323
Net cash generated by financing activities	**218 416**	468 007	1 256 440
Net (decrease)/increase in cash and cash equivalents	**(110 903)**	405 631	253 874
Cash and cash equivalents at beginning of period	**316 596**	62 722	62 722
Cash and cash equivalents at end of period	**205 693**	468 353	316 596

DIRECTORS: M Krok (Chairman)*; SB Joffe (CEO); AJ Aaron*; BJ Biyela; MG Diliza*; JC Farrant >; JS Friedman; A Krok**; MZ Krok*; S Krok**; J Leutgeb*#; ZJ Matlala >; RT Moloko*; C Neuberger#; PCM September*; R Vierziger**#

**Non-executive director >Independent director **Alternate director #Austrian Citizen*

COMPANY SECRETARY CRT Paul

REGISTERED OFFICE Gold Reef City, Gate 4, Northern Parkway, Ormonde, 2091

TRANSFER SECRETARIES Link Market Services South Africa (Pty) Limited, 5th Floor, 11 Diagonal Street, Johannesburg, 2001 (P O Box 4844, Johannesburg, 2000)

SPONSOR Nedbank Capital

INVESTOR RELATIONS Envisage Investor & Corporate Relations

Unaudited interim results for the six months ended 30 June 2008 (“the period”)

www.goldreefresorts.com

Commentary

Introduction

The inclusion of the new Silverstar Casino for the full period saw group revenue increase 29,4% compared with the same period in the previous year, notwithstanding challenging trading conditions and pressure on disposable income that impacted on footfall at the casinos. Increased finance and depreciation costs, emanating from the newly developed Silverstar and Queens Casinos and the upgrade of Gold Reef City and Goldfields Casinos, impacted growth in group earnings.

Earnings before interest, taxation, depreciation, amortisation and rentals (“EBITDAR”) reflected 8,5% growth over the same period in 2007. EBITDAR margins were lower as a result of operational expenditure escalating at a higher rate than revenue growth. Inflation increased at rates unprecedented in recent years. This was the major contributing factor to inevitable increases in expenditure. Nonetheless, costs continued to be well-controlled relative to inflation. In response to the general economic downturn, focus has been intensified on improving margins. Aggressive cost controls have been implemented at all casinos.

As anticipated, the 69,2 million new shares issued by Gold Reef pursuant to the successful conclusion of its BEE share exchange and top-up transactions (“the BEE transactions”), effective 1 July 2007, had a dilutionary effect on earnings per share (“EPS”) and headline earnings per share (“HEPS”). This was exacerbated by current economic conditions. Notwithstanding the short term dilution in earnings, the BEE transactions have resulted in Gold Reef having a direct black shareholding of more than 25,1% and gaining 100% control of cash flows from material subsidiaries.

Corporate Activity

As announced on 4 February 2008, the scheme of arrangement proposed by Fluxrab Investments No.159 (Proprietary) Limited (“BidCo”) to acquire all the Gold Reef shares held by shareholders failed due to the non-fulfilment of certain conditions precedent to the proposed transaction, namely the approval of regional gambling boards had not been secured by the extended deadline of 17h00 Friday 1 February 2008. As BidCo elected not to extend the deadline to accommodate these approvals, the proposed transaction lapsed.

As announced on 21 February 2008 Gold Reef entered into discussions with the Tsogo Sun group regarding a possible offer to acquire the entire issued share capital of the company. As further announced on 25 April 2008 the discussions with Tsogo Sun were terminated.

Securities Regulation Panel (“SRP”)

On 14 April 2008 the SRP released the reasons for the ruling handed down on 1 February 2008. Based on legal advice the group has launched review proceedings in the High Court to obtain an order reviewing, correcting or setting aside the decision of the SRP. Shareholders will be informed of the outcome of the application in due course.

Financial Results

Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with IAS34, International Financial Reporting Standards and the requirements of the South African Companies Act, 1973. The accounting policies are consistent with those applied in the most recent audited annual financial statements, save for the early adoption of IFRIC 13 - *Customer Loyalty Programmes*. IFRIC 13 is only required for periods beginning on or after 1 July 2008 but Gold Reef has elected to amend its accounting policies in accordance with IFRIC 13 effective 1 January 2008. Gold Reef now deducts the cost of customer loyalty programmes from net gaming win rather than including this cost in promotional and marketing costs.

Had this accounting policy been applied in the previous comparative period, revenue would have amounted to R831,8 million, R7,4 million lower than the R839,2 million then reported. All revenue values reported for the previous reporting periods have been restated to show the effect of the change in accounting policy. The change will have no effect on EPS and EBITDAR. The income statement for the year ended 31 December 2007, prior to the restatement was audited. The restatement has not yet been reviewed by the company’s auditors.

Consolidated Results

Consolidated revenue increased 29,4% to R1,1 billion from the restated R831,8 million for the previous comparative period, driven mainly by the inclusion for the full six months trading of Silverstar Casino. Net gaming win was up 28,9% to R984,6 million.

Adjusted EBITDAR rose 9,7% to R399,9 million (2007: R364,7 million). Adjusted HEPS amounted to 58,6 cents (2007: 70,6 cents). Adjustments were made to EBITDAR and HEPS to eliminate once-off charges relating to pre-opening expenses at Silverstar and Queens Casinos, various transaction costs incurred on the BEE transactions and costs relating to the scheme of arrangement proposed by BidCo and to the discussions with Tsogo Sun. EPS was 55,0 cents compared to 67,8 cents in the same period in 2007. HEPS declined from 67,4 cents to 54,8 cents.

In addition to the 65 cents per share dividend for the year ended 31 December 2007 declared on 14 March 2008, a special dividend of 35 cents was declared on the same day. Total dividends, amounting to R277,2 million, were paid during the period.

Segmental Analysis

	Revenue			Adjusted EBITDAR			Adjusted EBITDAR %		CAPEX	
	June 2008 R'000	Restated June 2007 R'000	%	**June 2008 R'000**	June 2007 R'000	%	**June 2008 %**	June 2007 %	**June 2008 R'000**	June 2007 R'000
Gold Reef City Casino	**487 995**	497 647	(1,9)	**167 105**	193 671	(13,7)	**34,2**	38,9	**47 774**	74 867
Gold Reef City Theme Park	**34 022**	32 465	4,8	**(1 122)**	3 128	(135,9)	**(3,3)**	9,6	**3 108**	12 250
Silverstar Casino	**240 826**	-		**76 234**	-		**31,7**		**213 519**	115 073
Golden Horse Casino	**117 442**	110 804	6,0	**54 416**	50 123	8,6	**46,3**	45,2	**9 445**	2 079
Mykonos Casino	**56 128**	57 399	(2,2)	**24 019**	26 026	(7,7)	**42,8**	45,3	**1 582**	541
Garden Route Casino	**81 445**	80 575	1,1	**39 401**	40 638	(3,0)	**48,4**	50,4	**1 922**	1 744
Goldfields Casino	**57 709**	51 411	12,3	**25 557**	24 076	6,2	**44,3**	46,8	**2 950**	33 102
Queens Casino	**20 035**	-		**798**	-		**4,0**		**26 635**	-
Management companies	**30 281**	30 131	0,5	**5 319**	9 537	(43,5)	**17,6**	31,7	**16**	-
Gold Reef Resorts	**-**	-		**10 722**	24 735				**-**	-
Consolidation	**(49 879)**	(28 587)		**(2 595)**	(7 281)				**(26 635)**	-
	1 076 004	831 845	29,4	**399 854**	364 653	9,7	**37,2**	43,8	**280 316**	239 656

Operations

Gold Reef City

The Gauteng gaming market grew by 7,3% during the period. The introduction of Silverstar Casino and its achieving an 8,0% market share resulted in negative year on year growth in revenue for the balance of the aggregated Gauteng market.

Gold Reef City Casino's revenue of R486,0 million was marginally lower than the previous comparative period as the loss of market share to Silverstar Casino outweighed growth in the Gauteng market. EBITDAR of R167,1 million decreased by 13,7% due to higher maintenance costs and increased payroll, driven by higher inflation and the impact on trading of the electricity outages. The newly-opened theatre incurred a loss of R14,2 million for the period. As the theatre was opened only in the latter half of the previous year, direct comparison to EBITDAR for the six months ended 30 June 2007 is not meaningful. The improved Salon Privé was opened during the period to very positive feedback.

Theme Park revenue increased by 4,2% to R32,3 million, notwithstanding generally uneconomic conditions exacerbated by unusually heavy rainfall, which impacted on footfall.

Silverstar Casino

The new casino opened for trading on 11 December 2007, with food and entertainment facilities and the hotel coming on stream at the end of March 2008. The spa facility is due to open shortly, completing the development. Silverstar Casino features 756 slots and 26 tables.

Revenue at the casino increased steadily through the first six months of operation as additional facilities were successively opened, reflecting good trade and generating improving profitability. EBITDAR margins for the casino were lower than the group average during the period, as anticipated, due to the initial low revenue base and costs related to the opening. Margins improved steadily through the period resulting in a closer alignment with the group average in June 2008. Revenue growth for the six months ahead is expected to outperform the first half of the year once all facilities are complete. De-gearing should also have a positive impact on earnings.

Capital expenditure for the period amounted to R214,0 million. A further R49,3 million is anticipated bringing the total expected cost of the project to R1,1 billion, well within budget.

Golden Horse Casino

Revenue increased 6,0% to R117,4 million from the restated R110,8 million. The refurbished Salon Privé contributed to growth, attracting an increased number of patrons from Durban. Tables showed a 16,4% improvement in revenue. The casino posted an improved EBITDAR margin of 46,3%.

Golden Horse Casino is launching a R75,0 million improvement project scheduled for completion in June 2009. This will include a revamp of the gaming floor, hotel, restaurants and conference facilities.

Garden Route Casino

Garden Route Casino recorded revenue of R81,4 million compared to the restated R80,6 million for the period ended 30 June 2007. EBITDAR declined by 3,0% to R39,4 million (2007: R40,6 million) representing a 48,4% margin on revenue. A development project is in the planning phase and will include additional food and beverage and entertainment facilities.

Mykonos Casino

Mykonos Casino faced challenging trading conditions which put pressure on gaming revenue. Revenue fell by 2,2% to R56,1 million compared to the restated R57,4 million, with EBITDAR down 7,7% to R24,0 million from R26,0 million. A R10 million refurbishment plan has been launched to enhance the property. Subject to gambling board approval, 22 slots will be added to relieve capacity constraints during the busy holiday season.

Goldfields Casino

Following the successful conversion from a temporary to a permanent casino, which helped Goldfields Casino to gain increased market share, revenue rose 12,3% to R57,7 million from the restated R51,4 million. EBITDAR was up 6,2% to R25,6 million. The addition of non-gaming facilities during the conversion had the effect of increasing costs and reducing margins.

Queens Casino

The casino opened on 21 December 2007 with the conference centre, hotel and other entertainment facilities opening during the course of the period. Queens Casino features 180 slots and 6 tables.

Gaming revenue has reflected growth as the new facilities have opened. The casino posted revenue of R20,0 million and EBITDAR of R0,8 million for the period. An improved performance is expected in the six months ahead now that all facilities are complete.

The review proceedings instigated against, amongst others, the Eastern Cape Gambling and Betting Board regarding the award of the Queens Casino license continues.

Future Developments

Vaal River Casino

Gold Reef continues to hold a controlling stake in Vaal River Casino Company (Proprietary) Limited, the only applicant for a license in the Sasolburg area. Amendments to the casino licence application were submitted to the Free State Gambling and Racing Board during the third quarter of 2008.

Directorate

On 24 July 2008 John Farrant and Zanele Matlala were appointed to the board as independent directors.

With effect from 3 September 2008 the board has reconstituted the Audit and Risk Committee and the Remuneration and Nominations Committee to comprise Mrs Matlala and Mr Farrant.

The board is cognisant of the need to appoint further independent directors and continues to actively identify suitable candidates. In line with best practice the board intends appointing an independent Chairman once an independent director has been able to familiarise him/herself with the group.

Reuel Khoza and Barend Schutte resigned as non-executive directors with effect from 6 February 2008 and 25 July 2008, respectively. The board thanks them for their contributions.

Prospects

Notwithstanding the current economic downturn, Gold Reef remains optimistic that its business can withstand negative economic indicators and continues to position the group for growth. Further, the revamp of two existing casinos and opening of two new casinos have effectively ensured that Gold Reef has a largely 'new' portfolio to accelerate growth in an economic upturn. The two new casinos will continue to contribute in the current year when the benefits of the first full year of trading will be realised. All remaining operations are expected to perform soundly.

Gearing is at a manageable level. Virtually all of the group's interest rate exposure was hedged prior to the increases in interest rates in 2007/8. Future de-gearing is expected to impact positively on earnings. Gold Reef continues to investigate expansion opportunities both in South Africa and abroad and has adequate borrowing capacity to facilitate future growth.

Dividend

No dividend has been declared for the interim period.

Steven Joffe
Chief Executive Officer

Jarrod Friedman
Financial Director

On behalf of the board
3 September 2008