



GOLD REEF

RESORTS
("Gold Reef")

(Registration number 1989/002108/06)

Share Code: GDF | ISIN Code: ZAE 000028338

Reviewed results for the year ended 31 December 2007 ("the year") and renewal of cautionary announcement

GROUP INCOME STATEMENT

		Reviewed for the year ended 31 December 2007	Audited for the year ended 31 December 2006
	%	R'000	R'000
Revenue	14,8	1 741 801	1 517 113
Net gaming win	14,5	1 581 663	1 381 332
Theme Park	26,9	74 095	58 396
Food and beverage	21,7	41 080	33 759
Other	3,1	44 963	43 626
Other income		8 572	9 365
		1 750 373	1 526 478
Gaming levies and VAT		(310 238)	(271 310)
Employee costs		(362 409)	(314 695)
Promotional and marketing costs		(126 289)	(113 679)
Depreciation and amortisation		(152 823)	(101 812)
Other operating expenses		(389 337)	(218 482)
Operating profit		409 277	506 500
Finance income		37 555	11 957
Finance costs		(55 604)	(36 960)
Profit before equity accounted earnings		391 228	481 497
Share of (loss) / profit of associate		(934)	669
Profit before taxation		390 294	482 166
Taxation expense		(195 307)	(159 210)
Profit for the year	(39,6)	194 987	322 956
Attributable to:			
Equity holders of Gold Reef	(42,7)	145 814	254 312
Minority interest		49 173	68 644
		194 987	322 956
Number of shares in issue (000)		291 990	220 603
Weighted average number of shares in issue (000)		239 662	203 961
Earnings per share (cents)	(51,2)	60,8	124,7
Diluted earnings per share (cents)	(51,2)	60,8	124,7
Dividend per share (cents)	18,2	65,0	55,0
Special Dividend per share (cents)		35,0	-

SUPPLEMENTARY INFORMATION

EBITDAR RECONCILIATION			
Operating profit		409 277	506 500
Property and equipment rental		15 991	15 346
Depreciation and amortisation		152 823	101 812
EBITDAR	(7,3)	578 091	623 658
EBITDAR margin		33,2%	41,1%
ADJUSTED EBITDAR RECONCILIATION			
EBITDAR		578 091	623 658
Pre-opening expenses at Silverstar Casino		57 826	-
IFRS2 charges resulting from the share exchange and top-up transaction		100 790	-
Transaction costs incurred on the share exchange and top-up transaction		4 372	-
Transaction costs incurred on the scheme of arrangement proposed by Fluxrab Investments No 159 (Pty) Ltd		18 927	-
Adjusted EBITDAR	21,9	760 006	623 658
Adjusted EBITDAR margin compared to EBITDAR margin		43,6%	41,1%
HEADLINE EARNINGS RECONCILIATION			
Attributable profit for the year		145 814	254 312
Impairment of intangible		40 261	-
CGT arising on ALL refinancing		-	5 466
Fair value of land and accounts receivable		(867)	-
Profit on sale of property, plant and equipment		(1 330)	(16)
Headline earnings	(29,2)	183 878	259 762
Headline earnings per share (cents)	(39,8)	76,7	127,4
ADJUSTED HEADLINE EARNINGS RECONCILIATION			
Headline earnings		183 878	259 762
Pre-opening expenses at Silverstar Casino and Queens Casino		53 183	-
IFRS2 charges resulting from the share exchange and top-up transaction		100 790	-
Transaction costs incurred on the share exchange and top-up transaction		4 372	-
Transaction costs incurred on the scheme of arrangement proposed by Fluxrab Investments No 159 (Pty) Ltd		18 927	-
Adjusted headline earnings	39,0	361 150	259 762
Adjusted headline earnings per share compared to headline earnings per share (cents)	18,3	150,7	127,4

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 2006	428 352	18 996	595 373	96 429	1 139 150
Recognition of share-based payments	-	9 988	-	-	9 988
Revaluation of land per IFRS3	-	27 519	-	-	27 519
Hedge reserve created during the year	-	(10 345)	-	-	(10 345)
Attributable profit for the year	-	-	254 312	68 644	322 956
Dividend paid	-	-	(104 020)	-	(104 020)
Movement in loans from minorities	-	-	-	(1 702)	(1 702)
Transactions with minorities in Gold Reef City	-	-	(25 773)	61 323	35 550
Transactions with minorities in Mykonos Casino	-	(6 153)	-	(1 623)	(7 776)
Dividends paid to minorities by subsidiaries	-	-	-	(42 505)	(42 505)
Minorities created on Goldfields	-	-	-	3 213	3 213
Casino acquisition	-	-	-	3 213	3 213
Minorities created on Garden Route	-	-	-	13 116	13 116
Casino acquisition	-	-	-	13 116	13 116
Balance at 1 January 2007	428 352	40 005	719 892	196 895	1 385 144
Issue of shares as part of the share exchange and top-up transaction	1 335 922	340 257	-	-	1 676 179
Effect of the 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	-	11 650	-	-	11 650
Effective portion of 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)
Balance at 31 December 2007	1 824 011	(115 582)	718 238	32 405	2 459 072

GROUP BALANCE SHEET

	Reviewed at 31 December 2007	Audited at 31 December 2006
	R'000	R'000
ASSETS		
Non-current assets		
Property, plant and equipment	2 280 196	1 278 485
Leasehold improvements	103 661	101 710
Intangible assets	1 189 423	472 717
Deferred tax assets	46 788	62 627
Investment in associate	42 134	-
Investment in joint ventures	-	36 280
Available-for-sale financial assets	-	94 675
Derivative financial instruments	43 213	-
Share incentive scheme	79 812	25 484
	3 785 227	2 071 978
Current assets		
Inventories	18 414	7 584
Trade and other receivables	74 622	20 223
Cash and cash equivalents	332 016	105 735
Amounts owing by related parties	67	4 865
	425 119	138 407
Total assets	4 210 346	2 210 385
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	5 840	4 412
Share premium	1 860 132	499 280
Treasury shares	(41 961)	(75 340)
	1 824 011	428 352
Share-based payment reserve	378 117	26 210
Other reserves	(493 699)	13 795
Retained earnings	718 238	719 892
	2 426 667	1 188 249
Minority interest	32 405	196 895
	2 459 072	1 385 144
Non-current liabilities		
Interest-bearing borrowings	1 309 242	394 330
Deferred tax liabilities	53 946	56 453
	1 363 188	450 783
Current liabilities		
Trade and other payables	136 029	144 623
Provisions	54 923	46 653
Bank overdraft	15 420	43 013
Current tax liabilities	40 825	58 779
Current portion of interest-bearing borrowings	139 378	76 967
Amounts owing to related parties	1 511	4 423
	388 086	374 458
Total equity and liabilities	4 210 346	2 210 385

GROUP CASH FLOW STATEMENT

	Reviewed for the year ended 31 December 2007	Audited for the year ended 31 December 2006
	R'000	R'000
Cash flow from operating activities		
Profit before taxation	390 294	482 166
Non-cash items and other adjustments	284 588	137 263
Cash flow from trading operations (Increase) / decrease in net current assets	674 882	619 429
Cash flow from operating activities	(63 068)	49 438
Cash flow from operating activities	611 814	668 867
Interest received	32 442	11 957
Interest paid	(55 604)	(36 960)
Taxation paid	(199 929)	(227 584)
Dividend paid	(150 242)	(104 020)
Net cash generated in operating activities	238 481	312 260
Cash flow from investing activities		
Additions to property, plant and equipment	(1 065 315)	(351 456)
Additions to leasehold improvements	(5 329)	(6 530)
Proceeds from disposal of property, plant and equipment	9 963	4 178
Investment in intangibles	(276)	(53)
Investment in available-for-sale financial instruments	-	(94 674)
Investment in associate	(67)	-
Loans issued to joint ventures	-	(36 280)
Loans (issued to) / repaid by associate	(43 001)	691
Net repayments by related parties	1 886	94 601
Net cash effect of the share exchange and top-up transaction	(138 908)	-
Net cash effect of acquisition of ordinary shares in Inkonka	-	(150 503)
Net cash effect of acquisition of loan to Inkonka	-	(25 120)
Net cash effect of ALL refinancing	-	35 550
Net cash effect of acquisition of Tanglepark	-	(117 006)
Net cash effect of acquisition of Silverstar Casino	-	(78 278)
Net cash effect of acquisition of Mykonos Casino	-	(7 776)
Net cash utilised in investing activities	(1 241 047)	(732 656)
Cash flow from financing activities		
Issue of shares to share scheme	59 737	-
Issue of shares as part of top-up transaction	287 000	-
(Increase) / decrease in share incentive scheme loan	(54 328)	7 355
Dividend and loan repayments to outside shareholders	(13 292)	(44 207)
Increase in interest-bearing borrowings	977 323	410 608
Net cash generated in financing activities	1 256 440	373 756
Net increase / (decrease) in cash and cash equivalents	253 874	(46 640)
Cash and cash equivalents at beginning of year	62 722	109 362
Cash and cash equivalents at end of year	316 596	62 722

DIRECTORS M Krok (Chairman)*; SB Joffe (CEO); BJ Biyela; JS Friedman; C Neuberger#; AJ Aaron*; A Krok**; MZ Krok*; S Krok**; J Leutgeb**; RT Moloko*; BJ Schutte*; PCM September*; R Vierziger***
*Non-executive 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 (Pty) Limited, 5th Floor, 11 Diagonal Street, Johannesburg, 2001 (P O Box 4844, Johannesburg, 2000)

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

COMMENTARY

Introduction

All of Gold Reef's existing casinos posted increases in revenue for the year to continue the group's overall growth.

Two new casinos were successfully opened - Silverstar Casino in Gauteng and Queens Casino in the Eastern Cape - and the refurbishment of Gold Reef City Casino and Goldfields Casino was substantially completed. All casinos have been adequately equipped to counter power outages.

Corporate Activity

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

This has had no adverse effect on the operational solidity of the group. The board and management remain confident of Gold Reef's long-term prospects.

SRP

Although an adverse ruling in respect of the BidCo offer has been handed down by the Securities Regulation Panel, Gold Reef continues to await the reasons for the ruling. Gold Reef maintains its original good standing in respect of the BidCo offer and will evaluate the best course of action once the reasons become available.

BEE

As announced on 9 March 2007, Gold Reef concluded a number of BEE transactions which became unconditional on 25 June 2007 and were accounted for effective 1 July 2007. These transactions increased direct black shareholding in the group to more than 25,1%. At the same time Gold Reef increased its exposure to its high-performing operations and consolidated its gaming platform.

Gold Reef increased its shareholding in Gold Reef City, Silverstar Casino, Golden Horse Casino and Goldfields Casino to 100%. In Mykonos Casino, Gold Reef increased its stake to 70,4%. Gold Reef further acquired the remaining 25% and 30% interests, respectively, in the management contracts of Gold Reef

City Casino and Goldfields Casino ("the share exchange"). A total of 55,2 million Gold Reef shares were issued for the share exchange equating to 21,03% of Gold Reef's increased issued share capital.

14 million new Gold Reef shares were issued to the BEE participants at R20,50 per share for a total cash consideration of R287 million ("the top-up transaction"). Shareholders are referred to the detailed circular dated 2 May 2007 for further details of the share exchange and top-up transaction.

The positive effects of the BEE transactions are reflected for the first time in these annual financial results.

Basis of Preparation

These reviewed annual financial results have been prepared in accordance with International Financial Reporting Standards including IAS 34 (*Interim Financial Reporting*) 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 results. These annual financial results have been reviewed by the company's auditors PricewaterhouseCoopers Inc. and their review opinion is available for inspection at the company's registered office.

Financial Results

Including Silverstar Casino for its opening month, the group reported a 14,8% increase in revenue to R1,7 billion from the previous year, reflecting net gaming win up 14,5%.

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

As a result of the once-off charges, profit attributable to shareholders reduced by 42,7% to R145,8 million from December 2006. Adjusted Earnings Before Interest, Tax, Depreciation, Amortisation and Rentals ("EBITDAR") of R760,0 million increased 21,9% when compared to EBITDAR for the previous year and represented a 43,6% margin on revenue compared to an EBITDAR margin of 41,1% in 2006.

Interest expensed has not increased commensurate with the level of borrowings as borrowing costs on new casinos or developments are capitalised until opening of the respective property or development.

SEGMENTAL ANALYSIS

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

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

** See financial results commentary for details of the adjustments made to EDITDAR.

Operations

Gold Reef City

Gold Reef City Casino achieved an 11,1% increase in revenue with EBITDAR up 19,6% from the previous year. The second half of the year, traditionally the more robust trading period, proved more challenging than the first six months as a result of interest rate increases and a general slowdown in the economy.

The refurbishment and expansion programme was successfully completed on schedule to positive response. Only refurbishment of the Salon Privé is continuing and is set for completion by the end of March 2008. The capital expenditure to December 2007 amounted to R235,1 million.

The Theme Park recorded solid growth for the year with revenue up 26,9% to R74,1 million. Trading has recovered well and the Theme Park is recording pleasing increases in footfall. The revitalisation programme launched in 2006 is ongoing. The Theme Park is continuing to focus on implementing strict cost controls to further boost profitability.

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

Silverstar Casino

The new casino floor was opened on 11 December 2007. Silverstar Casino features 756 slots and 26 tables.

Gold Reef anticipates that all facilities other than the spa will be complete and open for trading by April 2008. The development will offer covered parking, a five star hotel, spa, restaurants, entertainment, conference facilities and a crèche.

The capital expenditure to December 2007 amounted to R758,8 million out of the total anticipated cost of R1,1 billion. Pre-opening expenses of R53,2 million (net of deferred tax) have been incurred and are included in the once-off charges removed from Adjusted HEPS.

Golden Horse Casino

Revenue was up 12,7% to R225,9 million, benefiting from renovations to the Salon Privé that drew increased patronage. EBITDAR of R109,2 million rose 18,8% from R91,9 million, with an improved EBITDAR: Revenue ratio of 48,4%.

Further development plans for additional refurbishments are underway.

Mykonos Casino

The casino's performance for the year was satisfactory with a 10,8% increase in revenue to R116,6 million. EBITDAR was up 13,9% to R53,5 million resulting in a strong margin on revenue of 45,9%.

Management is currently reviewing possible expansion plans for the casino.

Garden Route Casino

Trading at Garden Route Casino was satisfactory with increased footfall from the golf course and higher-spending patrons beginning to impact on performance. The casino reported 12,6% growth in revenue to R166,8 million from R148,2 million. EBITDAR increased 16,6% to R83,7 million. The group's top performer on margin, Garden Route Casino, achieved an EBITDAR:Revenue ratio of 50,2%.

Goldfields Casino

The conversion from a temporary to a permanent casino at an additional cost of R44,7 million during the year boosted revenue 15,7% to R108,8 million. EBITDAR increased to R50,1 million. Increased expenses as a result of conversion to a permanent casino and the addition of non-gaming facilities saw a slight reduction in margin on revenue to 46,1%.

Queens Casino

The new gaming floor was opened on 21 December 2007 featuring 180 slots and 6 tables. The remaining facilities are expected to be completed in the first quarter of 2008.

The capital expenditure to December 2007 amounted to R92,5 million out of the total anticipated cost of R125 million. Pre-opening expenses of R4,2 million (net of deferred tax) have been incurred, 25,1% of which is included in income from associate together with the initial trading results of the casino.

The challenge from the losing bidder to the license application remains unresolved.

Future Developments

Vaal River Casino

The group continues to hold a controlling stake in Vaal River Casino Company (Proprietary) Limited, the only applicant for a license in the Sasolburg area. The applicant intends to submit an amended project presentation to the Free State Gambling and Racing Board during the second quarter of 2008.

Directorate

In accordance with Section 3.59 of the JSE Limited Listings Requirements, Gold Reef shareholders are informed that Mr Mzolisi Diliza has been appointed as a non-executive director of Gold Reef with effect from 14 March 2008. Mzolisi is the CEO of the Chamber of Mines of SA and the non-executive Chairman of Black Management Forum Investments Company (Proprietary) Limited.

As announced on 7 February 2008, Reuel Khoza resigned as a non-executive director with effect from 6 February 2008. The board thanks Reuel for his contribution.

Prospects

With gearing at an acceptable level, Gold Reef is positioned to withstand an economic downturn and is hedged against potential increases in interest rates.

In the year ahead Gold Reef will focus on optimising its existing properties with improved facilities at Gold Reef City and Goldfields Casino set to enhance performance.

The two new properties position Gold Reef for growth, with the benefits of the first full year of trading for both Silverstar Casino and Queens Casino to be realised in the current year. Silverstar Casino in particular presents an opportunity to increase Gold Reef's market share in Gauteng, the largest and most lucrative gaming market in the country.

Dividend and Special Dividend

The board has declared a dividend for the year of 65 cents (2006: 55 cents) per share covered 2,3 times by Adjusted HEPS (2006: 2,3 times). From time to time the board will reconsider dividend cover based on the group's cash flow, gearing and capital requirements. Further, and having regard to the positive cash flow of the group, the board has declared a Special Dividend of 35 cents per share to be paid out of retained earnings. The Special Dividend will not result in an additional STC burden on Gold Reef given the existence of excess STC credits. Both dividends will be financed out of Gold Reef's cash resources after servicing the debt of the group's underlying operations.

The salient dates for both dividends are as follows:

Last day to trade shares <i>cum</i> dividend	Friday, 2 May 2008
Shares commence trading <i>ex</i> dividend	Monday, 5 May 2008
Record date	Friday, 9 May 2008
Payment date	Monday, 12 May 2008

Share certificates may not be dematerialised or rematerialised between Monday, 5 May 2008 and Friday, 9 May 2008, both days inclusive.

Renewal of Cautionary Announcement

Shareholders are referred to the announcement dated 21 February 2008 in which the company advised that Gold Reef had been approached by Tsogo Sun Holdings (Proprietary) Limited ("Tsogo Sun") and had held a preliminary meeting in which Tsogo Sun indicated that it was contemplating a potential offer for Gold Reef. Discussions with Tsogo Sun are ongoing. There can be no certainty that an offer will ultimately be forthcoming. Accordingly, shareholders are advised to continue to exercise caution when dealing in the company's shares until a further announcement is made.

Steven Joffe

CEO
On behalf of the board
14 March 2008

Jarrod Friedman

Financial Director

