ANNUAL REPORT 2010

GOLD REEF
RESORTS

CONTENTS

DEFINITIONS

"Adjusted EBITDAR"	*Adjusted earnings before interest, tax, depreciation, amortisation and rentals*
"Adjusted HEPS"	*Adjusted headline earnings per share*
"AGM"	*Annual General Meeting*
"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*
"B-BBEE" or "BEE"	*Broad-based black economic empowerment or black economic empowerment*
"the Board"	*The Board of directors of Gold Reef*
"CAGR"	*Compound Annual Growth Rate*
"capex"	*Capital expenditure*
"CASA"	*Casino Association of South Africa*
"CEO"	*Chief Executive Officer*
"CFO"	*Chief Financial Officer*
"CGT"	*Capital Gains Tax*
"Competition Authorities"	*Collectively, the Competition Commission, the Competition Tribunal and/or the Competition Appeal Court, as the case may be*
"COO"	*Chief Operating Officer*
"CSDP"	*Central Securities Depository Participant*
"CSI"	*Corporate Social Investment*
"EBITDAR"	*Earnings before interest, tax, depreciation, amortisation and rentals*
"EPS"	*Earnings per share*
"Exchange Agreement"	*The written agreement entered into between Gold Reef, Tsogo, SABSA Holdings (Pty) Ltd, Hosken Consolidated Investments Ltd, Tsogo Investment Holding Company (Pty) Ltd and Tsogo Sun Gaming (Pty) Ltd dated Wednesday, 17 February 2010 (as amended on Thursday, 1 April 2010) which agreement sets out the terms and conditions and governs, inter alia, the implementation of the proposed transaction*
"FEC"	*Forward exchange contract*
"FIFO"	*First in first out*
"Gambling Board"	*Collectively, the Eastern Cape Gambling and Betting Board, the Free State Gambling and Racing Board, the Gauteng Gambling Board, the KwaZulu-Natal Gambling Board, the Western Cape Gambling and Racing Board and the Mpumalanga Gambling Board*
"Garden Route Casino"	*Garden Route Casino (Pty) Limited (which operates Garden Route Casino)*
"GGR"	*Gross Gaming Revenue*
"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 City Theme Park" or "Theme Park"	*Gold Reef City Theme Park (Pty) Limited and its subsidiaries*
"Gold Reef Management"	*Gold Reef Management (Pty) Limited*
"Gold Reef Resorts Training Institute" or "Training Institute"	*Gold Reef Resorts Training Institute (Pty) Limited*

"Gold Reef shareholders"	Registered holders of Gold Reef shares, including certificated shareholders, dematerialised shareholders with own name registration and dematerialised shareholders through a Central Securities Depository Participant or broker
"the Group"	Gold Reef Resorts Limited and its subsidiaries and associate
"HCI"	Hosken Consolidated Investments Limited
"HEPS"	Headline earnings per share
"HR"	Human Resources
"IAS"	International Accounting Standards
"IASB"	International Accounting Standards Board
"IFRIC"	International Financial Reporting Interpretations Committee
"IFRS"	International Financial Reporting Standards
"Indol" or "Masa Casino"	Indol (Pty) Limited (which operates Masa Casino)
"Inkonka Investments"	Inkonka Investments (Pty) Limited
"ISIN"	International Securities Identification Number
"JIBAR"	Johannesburg Inter-bank Agreed Rate
"JSE"	JSE Limited
"King III Report"	The King Report on Corporate Governance for South Africa 2009
"LTIP"	Long-term Incentive Plan
"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 2009
"NAV"	Net Asset Value
"Newshelf 786"	Newshelf 786 (Pty) Limited
"NRGP"	National Responsible Gambling Programme
"NTAV"	Net Tangible Asset Value
"Richard Moloko Consortium"	Richard Moloko Consortium (Pty) Limited
"Richard Moloko Consortium Holdings"	Richard Moloko Consortium Holdings (Pty) Limited
"SA"	South Africa
"SABM"	SABMiller plc
"SABSA"	SABSA Holdings (Pty) Limited
"SARS"	South African Revenue Services
"SENS"	The Securities Exchange News Service of the JSE
"Service Agreements"	The service agreements entered into by S B Joffe, J S Friedman, C Neuberger and T M Sadiki during August 2009 and amendment in February 2010
"SIC"	Standing Interpretations Committee
"Silverstar Casino"	Silverstar Casino (Pty) Limited (which operates Silverstar Casino) and its subsidiaries
"STC"	Secondary Tax on Companies
"Tanglepark Trading"	Tanglepark Trading (Pty) Limited
"TIH" or "Tsogo Investment"	Tsogo Investment Holding Company (Pty) Limited
"Tsogo Sun"	Tsogo Sun Holdings (Pty) Limited
"Tsogo Sun Expansion"	Tsogo Sun Expansion No.1 (Pty) Limited (previously Main Street 581 (Pty) Limited)
"Tsogo Sun Gaming"	Tsogo Sun Gaming (Pty) Limited
"Tsogo Group"	Tsogo Sun, its subsidiaries and associates from time to time;
"UK"	United Kingdom
"VAT"	Value Added Tax
"VWAP"	Volume Weighted Average Price
"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 2010

9-YEAR REVIEW

	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000	2002 R'000
INCOME STATEMENT									
Revenue	**2 210 872**	2 229 230	2 196 735	1 701 518	1 517 113	1 165 422	1 056 683	903 903	787 125
EBITDAR or Adjusted EBITDAR	**823 253**	883 619	903 550	764 411	623 658	488 091	442 193	349 020	308 515
Operating profit	**576 754**	691 170	704 834	413 682	506 500	387 310	351 579	259 230	222 048
Net finance costs	**114 562**	132 358	133 904	22 454	25 003	116	4 700	31 070	50 879
Attributable profit for the year	**280 964**	360 630	357 833	145 814	254 312	230 732	192 208	125 069	101 357
Headline earnings	**281 101**	363 210	357 665	183 878	259 762	209 494	185 879	131 431	107 437
Number of shares in issue (000)	**292 344**	291 990	291 990	291 990	220 603	220 603	220 003	217 860	213 542
Weighted average number of shares (000)	**276 487**	275 291	274 006	238 388	203 961	205 260	203 938	202 031	213 542
EPS (cents)	**101,6**	131,0	130,6	61,2	124,7	112,4	94,2	61,9	47,5
HEPS or Adjusted HEPS (cents)	**108,8**	126,9	136,8	151,5	127,4	102,1	91,1	65,1	50,3
EBITDAR or Adjusted EBITDAR per share (cents)	**297,8**	321,0	329,8	320,7	305,8	237,8	216,8	172,8	144,5
Dividend per share (cents)	**–**	65,0	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	**1 324 873**	1 511 927	1 694 800	1 448 620	471 297	60 682	56 698	203 482	365 284
Total liabilities	**1 628 030**	1 780 699	1 968 998	1 752 195	825 241	257 007	247 522	353 418	461 295
Net cash and cash equivalents	**420 086**	440 073	442 998	316 596	62 722	109 362	104 604	65 791	153 365
Total assets	**4 426 294**	4 456 650	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 (%)	**10,2**	13,7	14,8	6,2	21,4	22,1	20,6	15,3	15,4
Gearing (%)	**48,1**	57,5	70,3	61,1	39,7	5,8	6,1	24,9	26,0
Net Debt:EBITDAR (times)	**1,1**	1,2	1,4	1,5	0,7	(0,1)	(0,1)	0,4	0,7
Interest cover (times)	**5,0**	5,2	5,3	18,4	20,3	N/A	73,7	8,3	4,4
Dividend cover (times)	**–**	2,0	2,1	2,3	2,3	2,0	2,0	2,4	3,4
NAV per share (cents)	**995,6**	955,9	880,0	994,2	582,6	508,0	456,5	401,7	356,7
NTAV per share (cents)	**568,0**	525,6	446,8	495,3	350,8	442,2	441,0	362,4	312,1

INVESTMENT PORTFOLIO

GOLD REEF RESORTS

CASINO INTERESTS	GOLD REEF MANAGEMENT
100% IN AKANI EGOLI INCORPORATING *Gold Reef City Casino & Theme Park* *Johannesburg, Gauteng*	100% OF MANAGEMENT CONTRACT FOR: *Gold Reef City Casino* *Gold Reef City Theme Park* *Golden Horse Casino* *Mykonos Casino* *Garden Route Casino* *Goldfields Casino* 55% OF MANAGEMENT CONTRACT FOR *Queens Casino* (No management contract exists for Silverstar Casino)
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*	

DIRECTORATE

FOLLOWING THE MERGER OF GOLD REEF AND TSOGO SUN, THE FOLLOWING APPOINTMENTS TO THE BOARD WERE EFFECTIVE FROM 24 FEBRUARY 2011 AND CONSEQUENTLY THE BOARD IS CONSTITUTED AS FOLLOWS:

1

J A COPELYN (60)
BA (Hons B. Proc)
Chairman of the Board, Non-executive director and a member of the Remuneration Committee

John Copelyn joined HCI as Chief Executive Officer in 1997. He was general secretary of various unions in the clothing and textile industry from 1974 before becoming a member of parliament in 1994. He holds various directorships and is non-executive chairman of e.tv.

2

J A MABUZA (53)
Chief Executive Officer

Jabu Mabuza was appointed Chief Executive of Tsogo Sun in 2006. Jabu joined the Tsogo Sun Group in 1995 from South African Breweries where he had served as Group Advancement Manager for a period of three years and was a part of the team assembled to bid for and develop the group's casino operations under the new casino dispensation. Jabu has held directorships for various companies including: Amalgamated Retails Ltd., Associated Furniture Companies Ltd, Boymans Ltd, Home Loans Guarantee Company, Marconi Communications, Amalgamated Banks of Southern Africa, OK Bazaars, African Renaissance Holdings and Amalgamated Beverage Industries Ltd. Jabu served as Chairman of Mpumalanga Development Corporation, Future Bank Ltd, and was Chief Executive of the South African Black Taxi Association and Chief Executive of the Foundation for African Business and Consumer Services. Jabu has also served as Chairman of the Marketing Federation of Southern Africa.

Jabu has served as Chairman of the Casino Association of South Africa, and is currently Chairman of the South African Tourism Board.

3

M N VON AULOCK (37)
CA(SA)
Chief Financial Officer

Marcel von Aulock served his articles at PricewaterhouseCoopers, where he specialised in the hospitality industry. He joined the Southern Sun Group as Group Financial Manager in 1999, a position he held until 2004, when he was promoted to the position of Group Strategic Planning Director of the Tsogo Sun Group, responsible for all corporate finance activities of the group, both local and as part of the group's international expansion activities.

In 2009, he was appointed as Chief Financial Officer of the group, with responsibility for the overall financial function, risk management, treasury and corporate finance activities.

4

R A COLLINS (49)
BCom (Legal), BCom Hons (Marketing), HDip Tax Law, HDip Company Law
Managing Director – Tsogo Sun Gaming

Rob Collins was appointed Managing Director of Tsogo Sun Gaming in 2006. He joined Interleisure Ltd as Group Tax and Legal Advisor after leaving Deloitte & Touche in 1991. In 1993, he moved into the entertainment arena as Distribution Director of Ster-Kinekor Pictures and was appointed Chief Executive Officer of Ster-Kinekor Pictures in 1995.

In 1998 he was appointed Chief Executive Officer of Primovie (Pty) Ltd, heading up the Ster-Kinekor Group in Southern Africa. In January 2000, Rob was appointed as Chief Executive Officer of MGM Grand South Africa, which provided casino management services to Tsogo Sun. On the acquisition of the MGM Grand management contract by Tsogo Sun, he was appointed Chief Operating Officer of Tsogo Sun Gaming, a position he occupied until 2006 when he was appointed Managing Director.

5

G I WOOD (41)
CA(SA)
Managing Director – Southern Sun Hotels

Graham Wood was appointed Managing Director of Southern Sun Hotels South Africa in 2008. Graham began his career in the hospitality industry in 1996 when he was hired as a project accountant at Sun City Resort. Successive positions have included Financial Manager – Operations Sun City Resort, Chief Financial Officer – Sun City Resort, Regional Financial Manager – Sun International Resorts and Director of Operations – Sun City Resort.

6 **M J A GOLDING (50)** BA(Hons) *Non-executive director*	Marcel Golding joined HCI as Chairman in 1997. Prior to this he was a member of parliament and Deputy General Secretary of the National Union of Mineworkers. He is also Chief Executive Officer of e.tv, Chairman of Johnnic Holdings Limited and holds directorships in numerous companies.
7 **J M KAHN (71)** BA(Law), MBA D Com (hc), SOE *Non-executive director*	Meyer Kahn joined the SAB Group in 1966 and occupied executive positions in a number of the group's former retail interests before being appointed to the Board of SAB Ltd in 1981. He was appointed Group Managing Director in 1983 and Executive Chairman in 1990. In 1997, he was seconded full-time to the South African Police Service as its Chief Executive, serving for two and a half years. He was appointed Chairman of South African Breweries plc upon its listing on the London Stock Exchange in 1999. Among other awards, he holds an honorary doctorate in commerce from the University of Pretoria and was awarded "The South African Police Star for Outstanding Service" in 2000.
8 **E A G MACKAY (61)** BSc (Eng), B Com *Non-executive director and member of the Remuneration Committee*	Graham Mackay joined the SAB Group in 1978 and has held a number of senior positions in the group, including Executive Chairman of the beer business in South Africa. He was appointed Group Managing Director in 1997 and Chief Executive of South African Breweries plc upon its listing on the London Stock Exchange in 1999. He is the Senior Independent non-executive director of Reckitt Benckiser Group plc and a director of Philip Morris International Inc.
9 **V E MPHANDE (52)** Elec. Eng. (dip) *Non-executive director*	Elias Mphande was Group Chief Executive of Vukani Gaming Corporation (Pty) Ltd before his retirement last year. He was appointed to the Board of HCI as non-executive director in January 1997, and served as an executive director of HCI from October 2004 to June 2009. He is Chairman of Golden Arrow Bus Services (Pty) Limited and holds directorships in e.tv, Clover SA and Johnnic Holdings Limited.
10 **A VAN DER VEEN (40)** CA (SA), CFA *Non-executive director*	Andre van der Veen joined HCI in 2004 after their acquisition of Mettle. He was appointed Chief Executive Officer of Johnnic Holdings Limited in November 2006, a position he still holds.
11 **M I WYMAN (64)** CA(SA) *Non-executive director*	Malcolm Wyman joined the SAB Group in 1986, and joined the Board as Group Corporate Finance Director in 1990. He was appointed to the Board of South African Breweries plc upon its listing on the London Stock Exchange in 1999. He became Chief Financial Officer in 2001, with responsibility for the group's finance operations, corporate finance and development, and group strategy. Prior to joining SAB, he was an executive director of UAL Merchant Bank, South Africa.
12 **R G TOMLINSON (48)** Bachelor of Commerce, Higher Diploma in Personnel Management, Stanford Executive Programme *Independent non-executive director, Lead independent director, Chairman of the Audit and Risk Committee and a member of the Remuneration Committee*	In 1985, Rex Tomlinson joined Shell & BP South African Petroleum Refineries as Personnel Projects Manager. In 1986, Rex received a bursary from C G Smith Sugar (Barlow Rand Group) to do an honours level programme at the Wits Business School which he received cum laude. Within the Barlow Rand Group of Companies, Rex held various Human Resource Managerial and Board positions. Rex agreed to join the Liberty Group in 2004 to assist the then Group Chief Executive with the re-engineering of the business and was appointed Deputy Chief Executive after 12 months and to the Liberty Holdings Board in 2006. During his time at Liberty, Rex was responsible for Human Resources and Stakeholder Management, Information Technology, Corporate Benefits, Liberty Properties, Rest of Africa, Marketing, Sales and Distribution, Liberty Health, Corporate Finance, Strategic Initiatives and STANLIB.

13 **J G NGCOBO (60)**

Independent non-executive director and member of the Audit and Risk Committee and a member of the Remuneration Committee

Jabu Ngcobo was the regional secretary for Africa of the International Textile Garment and Leather Workers Federation. Prior to this appointment he held the position of General Secretary of the Southern African Clothing and Textile Workers Union for six years. Jabu was appointed to the Board of HCI as a non-executive director in October 2004.

14 **P J VENISON (69)**

BA

Independent non-executive director, Chairman of the Remuneration Committee and member of the Audit and Risk Committee

Peter has over 45 years of experience in the hotel and casino industry, having held a number of senior positions at various international groups, including the Hotel Corp of America, Southern Sun, Sun International and Kerzner International. He was appointed to the Board of Tsogo Sun Holdings as an independent non-executive director in 2003, holds a non-executive directorship in MAF Properties in Dubai and is a founding trustee of the International Golf for Youth Charity, based in the UK for the Duke of Edinburgh. Peter currently works as an independent Hotel and Casino consultant advising on various projects around the world. He has written three books for hotel schools and travelled to over 120 countries.

THE FOLLOWING DIRECTORS RESIGNED FROM THE BOARD WITH EFFECT FROM 24 FEBRUARY 2011:

S B Joffe *(Chief Executive Officer)*
J S Friedman *(Chief Financial Officer)*
C Neuberger *(Chief Operating Officer)*
T M Sadiki *(Human Resources Director)*
P C M September *(Non-executive director)*
P Vallet *(Non-executive director)*
E N Banda *(Chairman)*
M G Diliza *(Independent non-executive director)*
J C Farrant *(Independent non-executive director)*
M Z Krok *(Independent non-executive director)*
Z J Matlala *(Independent non-executive director)*
S Krok *(Alternate director)*

CHAIRMAN'S REPORT

Gold Reef Resorts, currently being renamed Tsogo Sun Holdings Ltd, was fundamentally changed by the merger with Tsogo Sun.

The agreement for the merger was concluded during the year under review and attending to the plethora of regulatory and other approvals needed for its implementation, including JSE, shareholder, Gambling Board and the Competition Authorities dominated the Company's activity throughout 2010 and early 2011. The merger was finally implemented on 24 February 2011.

The merger has transformed the Company into the premier gaming and hotel company in South Africa with some 94 hotels and 14 casinos under management. The merger increased the size of the Company approximately fourfold bringing it to within a hair's breadth of being one of the 40 largest corporations on the JSE.

The responsibilities of being a leading corporation in these sectors are significant. Our Company directly employs over 13 000 employees in its operations, besides indirectly providing employment for some 5 000 further employees.

Southern Sun Hotels played a central role in guaranteeing accommodation for tourists visiting the country during the FIFA 2010 Soccer World Cup and were in fact a central part of the platform for the successful bid itself. Likewise, our casinos are a key part of the revenues of several regions in the country.

Not only is the Group an enormous generator of taxes but it is likewise a leader in the standards of responsible gambling, a major contributor to the development of entertainment in several urban communities around the country, creating convention and conferencing spaces, a major national museum, theatres, cinemas, large numbers of restaurants and a theme park, and more recently developing premium office accommodation.

Its property portfolio is one of a handful of the largest property portfolios in the country. It has emerged as one of two or three national frontrunners generating a significant capital base for empowerment shareholders as well as assisting diverse BEE groupings to grow as minority partners in various casinos around the country.

It is my privilege to be able to congratulate the executive teams and major shareholder groups that succeeded in achieving this merger and to express the hope that the Group will meet the special responsibilities incumbent upon it. More importantly than any other piece of the merger puzzle, I hope all its employees are inspired by the Group and gain from the diverse opportunities such a merger offers each and everyone to build their careers therein.

Likewise I express the hope that its shareholders will appreciate the opportunity to benefit from its strong earnings as well as the geographical and market segment diversification.

THE BOARD

I would like to take the opportunity to thank the outgoing Board of the Company who saw it through the year under review and until the merger's completion. Most of the individuals on the new Board which took office on 24 February 2011, served on the Board of Tsogo Sun prior to the merger and this should provide the Group with strong continuity. I would in particular like to welcome two newly appointed independent directors, Jabu Ngcobo and Rex Tomlinson, who join the Group for the first time as Board members. Mr Tomlinson has been appointed as the Group's lead independent director in view of the fact that I am an executive director of the Group's largest shareholder.

FINANCIAL HIGHLIGHTS OF 2010

While the merger has largely altered the Group from 2011, we report on the financial position of the Group prior to this watershed event. The year 2010 saw the continuation of the difficult macro economic conditions sparked by conditions of world recession that have plagued all business over the last two years.

Added to that, the Group had to endure the uncertainties of the protracted regulatory approval process for the merger. In that context the Adjusted HEPS of 108,8 cents were satisfactory albeit some 14,3% lower than the previous year. The underlying business remained strong with good cost control, strong cash flows and a consequent decrease in overall debt.

KEY REGULATORY CHALLENGES FACED BY THE GROUP

The combined Tsogo Sun and Gold Reef Group has the Southern African Clothing and Textile Workers Union as its largest shareholder via the HCI 41% shareholding. Both Tsogo Sun and Gold Reef have been committed to empowerment since the launch of the Gaming industry in South Africa and the combined Group reaffirms its commitment in this regard.

The key businesses making up the combined entity have achieved enviable ratings on B-BBEE. Tsogo Sun Gaming was awarded a Level 2 contributor status in 2010, whilst Gold Reef and Southern Sun Hotels were awarded Level 3 respectively.

Despite these achievements areas of improvement have been identified and focus will be placed on these areas in order to ensure that the Group continues to enhance its empowerment profile. These areas include improving the representation of previously disadvantaged individuals in management with more emphasis placed on black women, creating employment for the disabled, focussed allocation of training spend in order to improve skills development and increasing procurement from empowered small businesses.

Without detracting from our commitment to B-BBEE, the Group is concerned about and engaging with the relevant regulatory authorities on proposals to make the achievement of Level 2 a condition of licence in relation to a number of casino properties.

Empowerment is a business ethos and a long term commitment to the upliftment of previously disadvantaged South Africans. Difficulties in relation to this target level are heightened by the fact that compliance targets under the code are significantly increased with effect from 2012 and may well be further adjusted by Government from time to time. Less than two per cent of JSE listed companies have achieved a Level 2 B-BBEE status and efforts to criminalise a failure to achieve such an exceptionally high target by 2015 is unrealistic.

We are intensively engaged with regulators to ensure a more realistic standard of compliance but regret to advise we have currently been obliged to commence litigation with one regional gaming board where we have been singularly unsuccessful in this endeavour. We remain confident that sense will ultimately prevail in the effort to procure reasonable standards of compliance that will not adversely affect the business.

APPRECIATION

Jabu Mabuza has announced his intention to retire from his executive responsibilities as CEO at the end of September 2011. Jabu has played an irreplaceable role in bringing the Company and the gaming industry as a whole to its current position, both as Managing Director of Tsogo Sun Gaming for more than a decade and CEO of the Tsogo Sun Group over the last five years. I am delighted that Jabu has agreed to retain his association with the Company and look forward to his continued contribution in his new role.

Peter Venison has indicated that he will be retiring from the Board with effect from the AGM and stepping down as a member of the Audit and Risk Committee and the Remuneration Committee. Peter has been associated with Tsogo Sun since 2003 as an independent non-executive director and we thank him for his advice and counsel over the years.

It is intended that Yunis Shaik will be joining the Board with effect from the AGM and will serve on the Audit and Risk Committee as well as Chairman of the Remuneration Committee.

Finally I would like to extend my appreciation to the directors of SABMiller plc who have been solid partners in the Tsogo business since its inception and have provided untold support, both financial and intellectual in developing the Group to what it is today.

JOHN COPELYN
Chairman of the Board

Silverstar Casino
West Rand, Gauteng

CHIEF EXECUTIVE OFFICER'S REPORT

The conclusion of the merger of Tsogo Sun and Gold Reef represents a significant milestone in the history of both these groups.

The transaction has two distinct components, being the acquisition and integration of the Gold Reef Resorts casinos into the Tsogo Sun Gaming portfolio, as part of the growth strategy pursued by Tsogo Sun over the past few years; and the effective listing of the Tsogo Sun assets via the Gold Reef vehicle.

Current management focus is on bedding down the integration of Gold Reef. However significant opportunities still exist within South Africa for new casino and hotel developments, industry consolidation and re-investment in our portfolio. The Group is well positioned to deliver both organic and non-organic growth in the coming years through the diligent management of its unparalleled asset base.

Shareholders are reminded that the financial information contained in these consolidated financial statements relate to Gold Reef prior to the merger.

OPERATIONS

As expected, the difficult trading conditions persisted in 2010 although there were signs of economic improvement during the final quarter, with trading levels at most Group casinos showing signs of improvement. Overall the year was challenging with consumer disposable income being impacted by high levels of household debt and increased utility and municipal charges. Despite this, the recent improvement in retail spending statistics is indicative of increasing consumer confidence and potentially further economic recovery in the medium term.

With these challenging economic conditions, Gold Reef performed well although Gold Reef City was particularly impacted in tables revenue, which fell significantly in the Privé leading to tables win decreasing by 21,6% in comparison to the prior comparative period. Solid performances by all units in the fourth quarter of 2010 resulted in total Group revenues remaining flat at R2,2 billion, with food and beverages revenues increasing by 7,4% and hotel revenues up 56,1% following the successful re-launch of the Gold Reef City Theme Park Hotel during September 2010. Adjusted EBITDAR decreased 6,8% to R823,3 million as a result of the operational gearing within the business, arising from fixed capacity and a consequential inflexible cost base. The Adjusted EBITDAR margin declined to 37,2% from 39,6% in the prior comparative period.

The Company continued its focus on containing costs throughout the Group with total operating expenses (excluding Gaming levies, VAT and costs attributable to corporate activity) increasing by 5,9% from the previous year. The main contributors to this increase being depreciation, utility and employee costs.

Following the Group refurbishment cycle, which included capital expenditure at Golden Horse Casino and the Theme Park in the current financial year, depreciation and amortisation increased by 11,0% to R205,6 million. Employee costs increased by 8,8% to R521,6 million.

Legal and corporate advisory fees include non-recurring items of R21,7 million relating to the merger with Tsogo as well as legal proceedings relating to the Carte Blanche dispute.

The decline in HEPS of 22,9% to 101,7 cents is in line with the half-year performance and is due to the trading circumstances outlined above. Excluding the effects of the non-recurring legal and advisory costs, Adjusted HEPS fell 14,3% to 108,8 cents.

Net finance costs decreased by R17,8 million to R114,6 million as a result of the combination of declining interest rates and net debt reduction of R167,1 million to R904,8 million. Cash flows in the Group remained strong, generating net cash from operating activities of R545,5 million for the year, prior to the payment of dividends.

Total capex for the year was R188,4 million, of which R130,5 million was operational in order to maintain the standards of the properties. The developmental capex of R57,9 million was largely in relation to the Golden Horse Casino refurbishment which was completed during the 2010 financial year.

Gauteng

Total Gross Gaming Revenue ("GGR") in Gauteng increased by 1,1% from the previous comparative period with the majority of the growth attributable to slots revenue.

Gold Reef City

Total revenue at Gold Reef City declined 3,6% to R925,2 million which is in line with the decline in GGR following the marked absence of high roller activity during the first half of the year. As a result, Adjusted EBITDAR fell by 9,0% to R330,1 million and the Adjusted EBITDAR margin reduced to 35,7% from 37,8% achieved in 2009.

The hotel refurbishment was successfully completed with total capex of R16,3 million incurred this year. The contribution of hotel revenue in the fourth quarter of 2010 resulted in Theme Park revenue increasing by 11,2% from the previous year to R93,1 million. Excluding the effects of the once-off legal costs relating to Carte Blanche, Adjusted

EBITDAR declined by only R0,9 million to R5,8 million. The majority of the decrease relates to an adjustment in property rates which increased utility costs and is not expected to recur.

Silverstar Casino

Silverstar Casino's performance was disappointing notwithstanding the difficult trading environment, producing GGR growth of 0,6% in comparison to the growth in the Gauteng market of 1,1%. This unit was also impacted by a decline in Privé activity. In line with this result, total revenue at the casino increased 0,5% to R545,9 million. Operating costs were well maintained, however cost pressures still resulted in margin erosion and Adjusted EBITDAR decreased by 2,0% to R203,8 million translating to an Adjusted EBITDAR margin of 37,3%.

Total net debt at Silverstar Casino reduced by R107,7 million to R812,0 million.

KwaZulu-Natal

Golden Horse Casino

GGR growth at the casino was in line with the provincial market growth of 4,4%. Revenue of R253,9 million was up 2,4% for the year with Adjusted EBITDAR declining by 2,3% to R108,3 million. The Adjusted EBITDAR margin came in 2,0pp lower for the year at 42,7%.

Western Cape

Total GGR in the Western Cape grew by 1,9% from 2009 levels and by 4,5% in the second half of 2010, which is an encouraging sign of economic recovery given that this was the first province to be impacted by the economic recession.

Mykonos Casino

Mykonos Casino performed well with GGR growth of 4,4% for the year exceeding the market average. Total revenue increased by 3,5% to R118,2 million with the casino maintaining its Adjusted EBITDAR at R46,5 million. The slight decline in the Adjusted EBITDAR margin to 39,4% was mainly due to costs associated with the introduction of smart-card gaming.

Garden Route Casino

Garden Route Casino did not benefit from the growth in the market during the second half of 2010 and in fact experienced its most challenging trading conditions over this period with tables and slots GGR declining by 7,8% and 8,1% respectively.

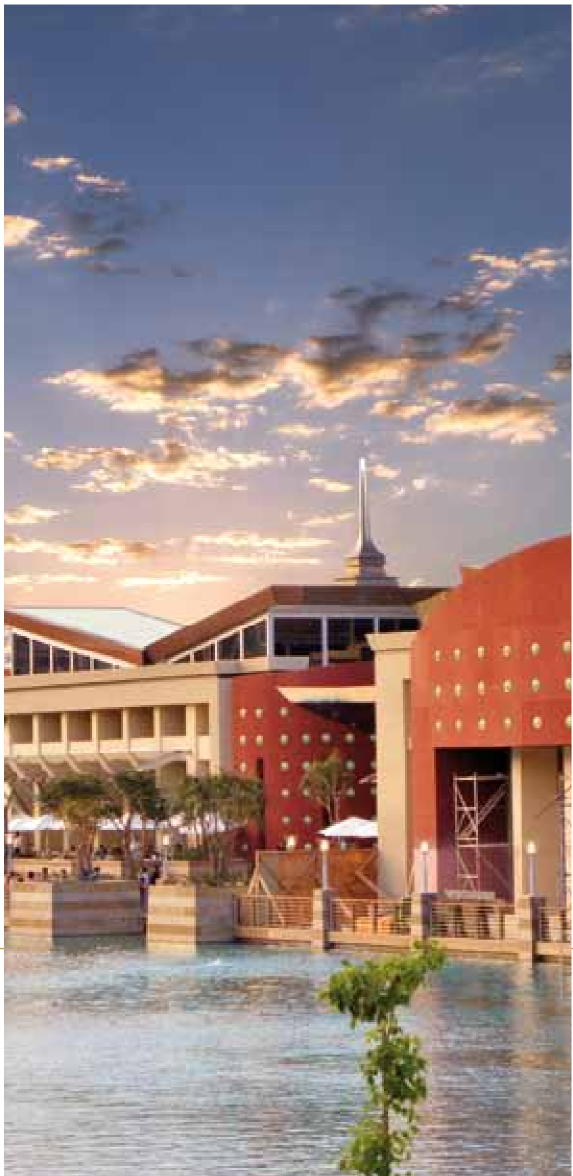
This casino ordinarily trades well over the December period following an influx of holiday-makers to the area. Given that consumers were cautious with their disposable income over the festive season with few choosing to travel, Garden Route Casino's revenue levels suffered. Total revenue fell 4,4% to R152,9 million and Adjusted EBITDAR fell 10,2% to R64,2 million resulting in an Adjusted EBITDAR margin of 42,0%.

Free State

Goldfields Casino

Revenue at Goldfields Casino increased marginally to R120,3 million. The cost impact of introducing smart-card gaming caused Adjusted EBITDAR to decline by 2,6% to R50,5 million resulting in an Adjusted EBITDAR margin of 42,0%.

The adjacent shopping centre development was successfully completed and opened for trade during October 2010. Even though footfall to the casino has not increased significantly, the centre is expected to attract patrons from areas surrounding Welkom, and over time, this will hopefully have a positive impact on the casino.



Eastern Cape

Queens Casino

Queens Casino performed satisfactorily with GGR increasing by 4,6%. Total revenue increased 3,3% to R53,0 million while Adjusted EBITDAR remained flat at R12,4 million. The Adjusted EBITDAR margin increased marginally from 22,7% in 2009 to 23,4%.

STRATEGY AND OPPORTUNITIES

The largest opportunities for growth in earnings within the combined Group arises from potential organic growth through increased consumer spend on leisure activities and a return to normalised demand for hotel accommodation within the corporate sector. With a portfolio of 14 casinos and 94 hotels and high levels of operational gearing, the Group is well placed to benefit from an improvement in growth in the South African economy, should this be achieved in the medium-term.

The Group remains alert to the potential for non-organic growth through additional industry consolidation, the development or acquisition of hotels and the ability to re-invest capital at attractive rates of return in our quality portfolio.

There are however risks facing the industry. Particularly concerning are proposals relating to additional taxes on gaming, targeted at both the operator and the customer.

The regulatory environment in which casinos operate in South Africa has been well designed and is a model for the development of a viable, job-creating industry in the world. Since the new Gaming regulatory environment was introduced in 1994, the Casino industry has created over 27 000 jobs, invested in excess of R20 billion in infrastructure, as well as provided an environment for the promotion and development of previously unviable or struggling industries such as theatre, cinema, large scale leisure activities, museums and the like. In this regard, I urge you to read The 2010 Survey of Casino Entertainment in South Africa, available on the CASA website at www.casasa.org.za

Government and the industry need to guard against erosion of these achievements through short-term reactions to reduced Gaming tax revenue and misinformed positions on the social ills of gaming.

APPRECIATION

I would like to express my appreciation to the Board, executive and employees of both Tsogo Sun and Gold Reef for the dedication and commitment shown over the past year in managing the businesses. Any form of corporate action can be unsettling and disruptive to an organisation and the manner in which the businesses within our organisation have continued to deliver high quality customer experiences during this period is a tribute to your professionalism.

After 16 years with Tsogo Sun, I have decided that the time has come for me to retire and hand over the reigns to the next generation of leadership. Accordingly, I will be stepping down as CEO with effect from 30 September 2011 and am delighted to announce that I will be replaced by Marcel Von Aulock who has worked closely with me over the last decade in the development of the Tsogo Sun Group.

JABU MABUZA

Chief Executive Officer

CORPORATE GOVERNANCE

The directors of the Company are committed to the practice of good corporate governance, including, where applicable the principles as contained in the third report of the King Committee on Corporate Governance, King III.

The Board monitors compliance to ensure ongoing improvement of operational and corporate practices and that the affairs of the Group are conducted with transparency and integrity.

The Company utilises consultants with expertise in the corporate governance field, in addition to its own in-house expertise, to assist the Board in implementing the required frameworks, processes and procedures to adequately address the requirements of King III where applicable.

THE BOARD CHARTER

The 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 authorities, responsibilities and processes and sets out the fiduciary duties of the directors to the Company. It provides the Board with a mandate to exercise leadership; determine the Group's vision and strategy and monitor operational performance.

THE BOARD

The merger of Gold Reef and the Tsogo Group, which became effective from 24 February 2011, resulted in the reconstitution of the Board of directors which now comprises four executive and 10 non-executive directors, with three being independent non-executive directors.

The composition of the Board is determined by the shareholders' agreement between the two majority shareholders TIH and SABSA. The Board appointed J A Copelyn as Chairman. Mr Copelyn is not an independent director and accordingly Mr R G Tomlinson has been appointed as lead independent director.

The Board is structured so as to ensure clear division of responsibilities at Board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

The following appointments were made to the Board on 24 February 2011:

J A Copelyn .... Chairman and non-executive director
J A Mabuza .... Chief Executive Officer
M N von Aulock . Chief Financial Officer
R A Collins .... Managing Director – Tsogo Sun Gaming
G I Wood .... Managing Director – Southern Sun Hotels
M J A Golding .... Non-executive director
J M Kahn .... Non-executive director
E A G Mackay .... Non-executive director
V E Mphande ..... Non-executive director
J G Ngcobo .... Independent non-executive director
R G Tomlinson ... Independent non-executive director
A van der Veen ... Non-executive director
P J Venison .... Independent non-executive director
M I Wyman .... Non-executive director

Mr P J Venison intends to retire at the forthcoming AGM and it will be proposed that Mr Y Shaik be appointed to the Board in his stead.

Mr J A Mabuza has announced his intention to retire as CEO of the Company with effect from 30 September 2011 but will continue to serve as a director of the Company. Mr Mabuza will be replaced as CEO by Mr M N von Aulock.

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. 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

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.

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.

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 a cautionary announcement.

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 written clearance prior to dealing in the shares of the Company and to report any share dealings to the Company Secretary who, together with the sponsor, ensures that the information is published on SENS.

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 at the meeting whether the votes will be counted by way of a show of hands or a poll.

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.

The key sub-committees of the Board are the Audit and Risk Committee and the Remuneration Committee. The report of the Remuneration Committee is set out on page 18.

Audit and Risk Committee

The Audit and Risk Committee is chaired by an independent non-executive director, R G Tomlinson and membership comprises both other independent non-executive directors.

The committee meets 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, CFO, Group Director of Risk, Outsourced 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:

1. financial reporting process;
2. system of risk management;
3. system of internal controls;
4. internal audit process;
5. the annual independent audit of the Company's and Group's financial statements; and
6. engagement of other external audit firms (e.g. for fair and reasonable opinions).

Additional responsibilities include recommending the appointment of internal auditors, 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 CFO as well as reviewing the Group's compliance with various applicable Acts and codes.

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 formally assessed at least twice per annum. The risk process and rationale used in the above is adequately documented. In an attempt to combat fraud, whistle blower/crime hot lines have been established and offer the callers anonymity and confidentiality.

There are Audit and Risk Committees in place and active at all the operating subsidiary companies in the Group where external shareholders are represented. 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.

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.

Management

Operational management is appointed by the Board based on the appropriate skills and experience necessary to perform the relevant functions. Processes have been formalised to promote interactive dialogue and decision-making between management and executive directors. This also facilitates the disclosure to the directors of any conflict or potential conflict of interest on the part of management. The performance of senior managers is independently reviewed by the Company's executive directors.

ACCOUNTING AND AUDITING

External audit

Gold Reef's external auditors are responsible for providing an independent audit opinion on whether the financial statements are fairly presented in compliance with IFRS. The preparation of the financial statements and the effective operation of internal controls, remains the responsibility of the directors and management. In line with its Charter, the Audit and Risk Committee has:

1. evaluated the independence and effectiveness of the external auditors;
2. satisfied itself that the previous Audit and Risk Committee members considered and approved the audit fee payable to the external auditors ahead of the annual audit as well as their terms of engagement, taking into consideration factors such as the timing of the audit, the extent of work required and the scope of the audit;
3. ensured and satisfied itself that the appointments of the external auditors, the designated auditor and IFRS advisor are in compliance with the Companies Act, The Auditing Profession Act, 2005 and the Listings Requirements of the JSE Limited;
4. satisfied itself that the previous Audit and Risk Committee members considered and pre-approved all audit and non-audit services provided by the external auditors exceeding R250 000 for any single engagement, ensuring that the independence of the external auditors is not compromised;
5. reviewed and assessed the Company's risk identification, measurement, and control systems and their implementation; and
6. reviewed and approved the Group accounting policies.

Internal audit

Subsequent to the finalisation of the merger, KPMG, Tsogo Sun's existing outsourced internal audit function, has replaced Gold Reef's previous in-house internal audit team. The Group Director of Risk, in conjunction with the divisional Financial Directors, co-ordinates this process. 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 plan follows a risk-based approach. The scope of the function includes compliance auditing of specific areas stipulated by the relevant gambling boards as well as assessing the adequacy of internal controls, fraud prevention, risk management and the safeguarding of assets.

The internal audit function is operated in accordance with the terms of reference set out in an Internal Audit Charter. The function is as envisaged in the Standards for the Professional Practice of Internal Auditing, which is fully endorsed by the applicable codes on corporate governance.

Internal Controls and the Governance of Risk

The Board is responsible for the Group's systems of internal control and for the Governance of Risk. The 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 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.

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 Group's risk register is updated every six months, or more often if required, and the reports are submitted to the Audit and Risk Committee for review. 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 and responses throughout the Group.

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.

PRINCIPLES OF ETHICAL CONDUCT

Compliance with the law

We respect and comply with the laws of the countries in which we operate. This includes corporate laws, common law as well as specific laws, including regulations of all the gambling boards. We will strive to be a good corporate citizen of the country in which we do business.

Competition and marketing

We will respect the rights of competitors, patrons and suppliers. The only competitive advantages we seek are those gained through superior and innovative products and services. In our advertising and other public communications we will avoid not only untruths, but also excessive exaggeration and overstatement that may mislead members of the public. Our advertising and public statements will comply with the minimum standards set by the advertising authorities and the gambling boards of all the provinces.

Conflict of interest

We expect all directors, managers and employees to avoid any conduct which might lead to a conflict with their responsibilities to the Company. It is also expected of every director, manager and employee to be influenced in all the decisions they make, by the interests of the Company and not personal gain.

All directors, managers and employees may not use their positions within the Company for personal gain. It is expected of every director to regularly declare their business interests and directorships to the Board.

Payments to government personnel

We do not make illegal payments or give gifts of substantial value to government officials of any country.

Kickbacks and gratuities

We do not offer or accept kickbacks or bribes. We do not accept or offer gifts of substantial value unless this is declared in terms of the Company's policies.

Political contributions and activities

The Group does not, directly or indirectly, participate in political activities nor does the Group provide substantial support to any political parties or individuals. However, recognising the history of our country and the need to foster the principles of democracy both in our country and the African continent, the Group may make political donations to identified political parties. Any decision to donate cash to a political party shall require the Board's prior approval.

Employment practices

The Group's policy is not only to comply with the employment laws of our country but to uphold international best practices in people management. We believe that the sustainable growth of our Company depends as much on our people as it does on our operational expertise.

To this end our employment policies are designed to empower employees, develop them and create an environment in which each employee can perform and grow to his or her fullest potential regardless of race, gender or disability. We also strive to attract and retain the highest calibre staff while at the same time redressing historic imbalances, where they exist.

Responsibilities to local communities

The Group is committed to the upliftment and development of local communities. To this end the Group sets aside a portion of its profits for initiatives aimed at improving and developing the communities within which it operates. In certain circumstances, community trusts have been established for this purpose.

Risk management

Managing risk effectively is an integral part of the Group's operations. Executive directors are involved in continuous and consistent efforts to identify, assess, manage and monitor all forms of risks across the Group. This is done via the Group's Risk department which assesses each operation, identifies risks and ranks each aspect in terms of its potential to disrupt or cause loss to the Group's business. Detailed reports are submitted to both the executive directors and the Audit and Risk Committee where all forms of risks are assessed and interventions to mitigate the risks identified. While the general and detailed risk assessment is done twice a year, financial and treasury risks are assessed and managed regularly within set guidelines.

Safety, health and environment

Realising its obligations as a corporate citizen of the country, the Group strives to fully comply with all the laws governing safety, health and environment. All employees are informed of the Group's policies governing these areas and are trained on their responsibilities in this regard. To enhance the wellbeing of its employees, the Group has put in place staff welfare programmes including access to clinic facilities at some of its properties. These facilities are also available to the Group's patrons when urgent medical assistance is required during a visit to its properties. While the Group's main business activities pose minimal risk to the environment, environmental management practices have been integrated as part of its operation.

Code of conduct

In line with the principles in this code, it is expected of all directors, managers and employees to be accountable for their actions and act in a manner that will position the Company as being:

- Transparent, honest and frank in its dealings with stakeholders;
- Consistent and committed in honouring its legal and moral obligations;
- Committed to upholding the highest standards of ethics;
- Well-respected with regards to integrity and credibility; and a
- Responsible corporate citizen of the country in which it operates.

REMUNERATION REPORT

Following the merger with Tsogo Sun, the Gold Reef remuneration policy has been amended to conform to the existing Tsogo Sun policy.

The philosophy towards remuneration and the policies described in this report are those that will be applied to the merged entity going forward.

Details of directors' remuneration included in this report relate to those directors in office for the period under review, being the year ended 31 December 2010. In addition, disclosure has been made of the termination payments made to the executive directors in terms of their employment contracts on conclusion and implementation of the merger.

THE REMUNERATION COMMITTEE

The Remuneration 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 reward 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 and share appreciation bonus schemes.

MEMBERSHIP OF THE REMUNERATION COMMITTEE

During the year under review and up to the conclusion of the merger with Tsogo Sun, the membership was:

- Mrs Z J Matlala, Chairperson;
- Mr J C Farrant; and
- Dr E N Banda

With effect from 24 February 2011, the committee has been reconstituted to consist of five non-executive directors the majority of whom, including the Chairman, are independent:

- Mr P J Venison, Chairman;
- Mr J A Copelyn;
- Mr E A G Mackay;
- Mr J G Ngcobo; and
- Mr R G Tomlinson

Mr P J Venison intends to retire at the forthcoming AGM and it will be proposed that Mr Y Shaik be appointed to the Board in his stead.

Should Mr Shaik's appointment as a director be approved, it is intended to appoint him as a member and Chairman of the Remuneration Committee.

The composition of the committee complies with the King III Report 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 meets twice per year and the CEO and Group HR Director both attended the meetings except when issues relating to their own compensation are discussed.

REMUNERATION POLICY AND EXECUTIVE REMUNERATION

Remuneration Policy

The policy has been aligned with best practice standards based on the following principles:

- Total rewards are set at levels that are competitive within the gaming, entertainment and hospitality sectors;
- Guaranteed packages are set generally at the median of the market with 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 incentives
- Gold Reef Share Scheme

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 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 non-contributory membership to a Company approved retirement fund and medical aid. Contributions to these funds are made by the Company and included in the executive's guaranteed package.

Annual cash incentives

All executives are eligible to participate in the short-term incentive 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 Company, subsidiary as well as the individual's performance against the following parameters:

Executive directors and 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 personal objectives.

Entity-specific performance considerations include the extent of achievement of the entity's budgets for the year. 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 incentives

Both Gold Reef and Tsogo Sun have operated phantom share schemes with cash settlement designed to align the interests of participants with those of the Company's shareholders.

The essential elements of these schemes 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 are made to executives and selected managers. They are available to be settled on the third anniversaries of their allocation but need not be exercised until the sixth anniversary, at which time they must be exercised or they will lapse. Allocations made to Tsogo Sun executives and managers prior to 31 March 2008 were available for settlement over a period, being 25%, 25% and 50% on the third, fourth and fifth anniversary, respectively and need not be exercised until the eighth 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 are the only share based reward mechanism utilised by the Tsogo Sun Group prior to the merger, under the Tsogo Sun share appreciation bonus plan.

Gold Reef has in addition utilised performance units and bonus units.

Performance units

Annual conditional awards of performance units are made to executives and selected managers. The performance units 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 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 CAGR in HEPS over the three year period from the award date to the vesting date. HEPS growth has been chosen as the preferred metric, rather than any share-oriented metric, as it is considered that sustained earnings growth will continue to be the major value driver in the foreseeable future.

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

Bonus Units

Annually, executives received 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.

Information in respect of the previous Gold Reef executive directors' participation in the LTIP is as follows:

	SHARE APPRECIATION UNITS	AVERAGE STRIKE PRICE (R)	BONUS UNITS	AVERAGE STRIKE PRICE (R)	PERFOR-MANCE UNITS	AVERAGE STRIKE PRICE (R)
Cash–settled units at 1 January 2010	123 359	16,00	85 782	–	83 016	–
Granted during the year ^^	114 130	18,86	97 070		76 803	–
J S Friedman	26 246	18,86	20 209	–	15 748	–
S B Joffe	41 622	18,86	41 230	–	33 298	–
C Neuberger	28 897	18,86	22 269	–	17 338	–
T M Sadiki	17 365	18,86	13 362	–	10 419	–
Cash-settled units at 31 December 2010	237 489	17,37	182 852	–	159 819	–

^^ *In terms of the executives' Settlement Agreements, the cash–settled units granted in 2010 would be forfeited upon successful implementation of the merger and accordingly, did not form part of the termination payments detailed on page 22.*

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 effected in three equal tranches vesting over four 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.

Information in respect of the previous Gold Reef executive directors' outstanding options at 31 December 2010 is as follows:

DIRECTOR	SHARE OPTIONS AT 1 JANUARY 2010		SHARE OPTIONS GRANTED DURING THE YEAR		SHARE OPTIONS EXERCISED DURING THE YEAR		SHARE OPTIONS NOT EXERCISED AT 31 DECEMBER 2010	
	NUMBER VESTED	AVERAGE STRIKE PRICE (R)	NUMBER	AVERAGE STRIKE PRICE (R)	NUMBER VESTED	AVERAGE STRIKE PRICE (R)	NUMBER	AVERAGE STRIKE PRICE (R)
J S Friedman	210 435	17,00	–	–	(210 435)	17,00	–	–
S B Joffe	389 565	17,00	–	–	(389 565)	17,00	–	–
C Neuberger	231 884	17,00	–	–	(231 884)	17,00	–	–
T M Sadiki	139 130	17,00	–	–	(139 130)	17,00	–	–
Total	**971 014**	**17,00**	**–**	**–**	**(971 014)**	**17,00**	**–**	**–**

Cash-settled share-based retention provision

On 3 September 2008, the Remuneration and Nominations Committee approved a share appreciation scheme for certain executive directors, namely S B Joffe, J S Friedman and C Neuberger. In terms of the share appreciation scheme, each executive director would be entitled to a cash payment, linked to the number of units granted, the increase in the share price as well as the achievement of the performance criteria. The performance criteria, which were set by the Remuneration and Nominations Committee, were 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. Refer to page 73 for further information relating to this scheme. Subsequent to year-end, following the termination of the executive's Service Agreements, this scheme was settled and closed-out. Refer to page 22.

DIRECTORS' EMOLUMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

The following payments which relate to the period 1 January 2010 to 31 December 2010 were made to directors:

DIRECTORS	DIRECTORS FEES R'000	BASIC REMUNER-ATION R'000	RETIRE-MENT/ MEDICAL R'000	PERFOR-MANCE INCENTIVES R'000	GAINS ON VESTED SHARE OPTIONS R'000	TOTAL 2010 R'000	TOTAL 2009 R'000
EXECUTIVE							
Paid by the Company							
J S Friedman	–	–	–	–	311^	311	542
S B Joffe	–	–	–	–	518^	518	1 102
C Neuberger	–	–	–	–	311^	311	542
T M Sadiki	–	–	–	–	52^	52	104
Paid by subsidiaries							
J S Friedman	–	1 696	284	1 386	–	3 366	3 592
S B Joffe	–	2 643	497	2 198	–	5 338	5 783
C Neuberger	–	1 896	284	1 526	–	3 706	3 889
T M Sadiki	–	1 098	212	917	–	2 227	1 942
NON EXECUTIVE							
Paid by the Company							
A J Aaron	–	–	–	–	–	–	32
E N Banda	696	–	–	–	–	696	462
M G Diliza	142	–	–	–	–	142	163
J C Farrant	388	–	–	–	–	388	326
M Krok	–	–	–	–	–	–	76
M Z Krok	248	–	–	–	–	248	162
J Leutgeb	–	–	–	–	–	–	32
Z J Matlala	361	–	–	–	–	361	328
P C M September	271	–	–	–	–	271	141
P Vallet	283	–	–	–	–	283	76
Paid by subsidiaries							
A J Aaron	–	–	–	–	–	–	35
M G Diliza	30	–	–	–	–	30	30
P C M September	41	–	–	–	–	41	46
	2 460	7 333	1 277	6 027	1 192	18 289	19 405

^ *This relates to gains on share options which have been exercised and have vested but remain unsold. Consequently, the directors will only receive the economic benefits once the shares are sold on the open market. Subsequent to year end, on termination of the Service Agreements, these share options vested, the loan balances with the Company were repaid and the pledges over the shares were released.*

OTHER MATTERS AFFECTING REMUNERATION OF DIRECTORS

Executive directors

Summary of Executives directors' Service Agreements

The executive directors had service contracts with Gold Reef, which were entered into in August 2009, and addenda to these service contracts were signed on 17 February 2010. These contracts were terminated with effect from 24 February 2011 and accordingly the following payments, which relate to the period 1 January to 24 February 2011, were made to the executive directors terminated at that date:

DIRECTORS	BASIC REMUNER-ATION R'000	LEAVE PAY R'000	RETIRE-MENT/ MEDICAL R'000	CONTRACT SETTLE-MENT R'000	ACCELE-RATED VESTING OF SHARE OPTIONS R'000	TOTAL 2010 R'000
EXECUTIVE						
Paid by the Company						
J S Friedman	–	–	–	–	168	168
S B Joffe	–	–	–	–	312	312
C Neuberger	–	–	–	–	186	186
T M Sadiki	–	–	–	–	111	111
Paid by subsidiaries						
J S Friedman	275	169	51	10 473	–	10 968
S B Joffe	435	332	83	19 490	–	20 340
C Neuberger	313	79	47	11 500	–	11 939
T M Sadiki	181	77	35	6 950	–	7 243
	1 204	657	216	48 413	777	51 267

NON–EXECUTIVE DIRECTORS

Prior to the successful implementation of the merger on 24 February 2011, the Company held a special Board meeting as well as a Remuneration Committee meeting. The payments to the directors in respect of these meetings are dealt with in the table below:

DIRECTORS	DIRECTORS FEES R'000	OTHER SERVICES R'000	BASIC REMUNER-ATION R'000	OTHER BENEFITS R'000	RETIRE-MENT/ MEDICAL R'000	PERFOR-MANCE INCEN-TIVES R'000	GAINS ON VESTED SHARE OPTIONS R'000	TOTAL 2010 R'000
NON–EXECUTIVE								
Paid by the Company								
E N Banda	101	–	–	–	–	–	–	101
M G Diliza	35	–	–	–	–	–	–	35
J C Farrant	48	–	–	–	–	–	–	48
M Z Krok	35	–	–	–	–	–	–	35
Z J Matlala	54	–	–	–	–	–	–	54
P C M September	35	–	–	–	–	–	–	35
P Vallet	35	–	–	–	–	–	–	35
Paid by subsidiaries								
M G Diliza	10	–	–	–	–	–	–	10
P C M September	13	–	–	–	–	–	–	13
	366	–	–	–	–	–	–	366

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. Any 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 relate to attendance fees for Board and sub-committee meetings in order to ensure 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.

Proposed non-executive directors' fees for the period ending 31 March 2012 appear in the table below:

	PROPOSED R'000
BOARD POSITION	
Chairman of the Board	700
Chairman of the Audit and Risk Committee	400
Chairman of the Remuneration Committee	300
Non-executive director and member of Audit and Risk or Remuneration Committee	250
Non-executive director	200

Proposed fees for non-executive directors include attendance at all meetings of the Board and sub-committees where applicable.

ANNUAL FINANCIAL STATEMENTS 2010

DIRECTORS' STATEMENT OF RESPONSIBILITY

The directors are responsible for the preparation, integrity, and fair presentation of the financial statements of Gold Reef Resorts Limited and its subsidiaries. The financial statements presented on pages 26 to 113 have been prepared in accordance with International Financial Reporting Standards (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 appropriate judgements and estimates. The directors are satisfied that the information contained in the financial statements fairly present the results of operations for the year and the financial position of the Group at year end.

The directors also prepared the other information included in the annual financial statements and are responsible for both its accuracy and its consistency with the financial statements. The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Company and the Group to enable the directors to ensure that the financial statements comply with the relevant legislation. The directors take responsibility for the accuracy of the financial statements which have been prepared under the supervision of Mr M N von Aulock, Chief Financial Officer.

Gold Reef Resorts Limited and its subsidiaries operate in a well 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 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 Group.

The Group's external auditors, PricewaterhouseCoopers Inc., audited the financial statements and their report is presented on page 29.

The financial statements were approved by the Board of directors on 13 May 2011 and are signed on its behalf:

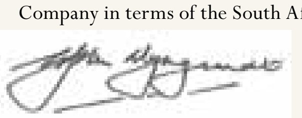
J A MABUZA
Chief Executive Officer

M N VON AULOCK
Chief Financial Officer

JOHANNESBURG
13 May 2011

DECLARATION BY THE COMPANY SECRETARY

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



W J VAN WYNGAARDT
Company Secretary

JOHANNESBURG
13 May 2011

REPORT OF THE AUDIT & RISK COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2010

During the year under review and up to the conclusion of the merger with Tsogo Sun, the membership of the Audit and Risk Committee was:
- Mr J C Farrant, Chairman;
- Mrs Z J Matlala; and
- Mr P Vallet, Alternate member

With effect from 24 February 2011, the committee has been reconstituted to consist of the following independent non-executive directors:
- Mr R G Tomlinson, Chairman;
- Mr J G Ngcobo; and
- Mr P J Venison

P J Venison intends to retire at the forthcoming AGM and it will be proposed that Mr Y Shaik be appointed as a member of the Audit and Risk Committee in his stead.

The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit and risk committee, including as set out by section 270A (1) (a) to (h) of the Companies Act and in terms of the committee's terms of reference and as more fully set out in the corporate governance report. In this connection the committee has:
- evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc, and is satisfied that the external auditors are independent of the Company, having given due consideration to the parameters enumerated under section 270A (5) (a) to (d) of the Companies Act. The committee accordingly nominates PricewaterhouseCoopers Inc as independent auditors to continue in office until the conclusion of the 2011 Annual General Meeting, noting that N L Forster is the individual registered auditor and member of the afore going firm who undertakes the audit;

- satisfied itself that the previous Audit and Risk Committee members considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 31 December 2010 ahead of the annual audit as well as their terms of engagement, taking into consideration factors such as the timing of the audit, the extent of work required and the scope of the audit;

- ensured and satisfied itself that the appointments of the external auditors, the designated auditor and IFRS advisor are in compliance with the Companies Act, The Auditing Profession Act, 2005 and the Listings Requirements of the JSE Limited;

- satisfied itself that the previous Audit and Risk Committee members considered and pre-approved all audit and non-audit services provided by the external auditors exceeding R250 000 for any single engagement, ensuring that the independence of the external auditors is not compromised;

- reviewed and assessed the Company's risk identification, measurement, and control systems and their implementation; and

- reviewed and approved the Group accounting policies (refer to page 35).

The committee has also considered and satisfied itself of the appropriateness of the expertise and experience of the Chief Financial Officer.

R G TOMLINSON
Chairman, Gold Reef Resorts Audit and Risk Committee

JOHANNESBURG
13 May 2011

REPORT OF THE
INDEPENDENT AUDITORS

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

We have audited the Group annual financial statements and annual financial statements of Gold Reef Resorts Limited, which comprise the consolidated and separate balance sheets as at 31 December 2010, and the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows 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 26 to 113.

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 International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

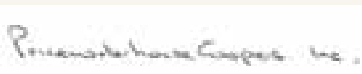
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 control 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 control. 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 Resorts Limited as at 31 December 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



PRICEWATERHOUSECOOPERS INC
DIRECTOR: N L FORSTER
Registered Auditor

JOHANNESBURG
13 May 2011

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

NATURE OF BUSINESS

Gold Reef is a gaming and entertainment company incorporated in SA. During the year under review its interests incorporated 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.

Gold Reef also owns Gold Reef Management which currently provides management services to the Group's own properties.

SUBSEQUENT EVENTS

Corporate activity

The merger of Gold Reef and Tsogo Sun became effective on 24 February 2011 with the new majority shareholders being TIH and SABSA.

On 24 February 2011, the Company issued 888 261 028 ordinary shares as consideration for the acquisition of the entire issued share capital in Tsogo Sun from TIH and SABSA. TIH was issued 453 013 124 ordinary shares resulting in a shareholding in Gold Reef of 41,3% (excluding treasury shares). SABSA was issued 435 247 904 ordinary shares resulting in a shareholding in Gold Reef of 39,7% (excluding treasury shares). On the same date, the 69 205 093 shares previously held by Tsogo Sun Expansion became Gold Reef treasury shares.

As of the effective date of the merger, the Service Agreements entered into by Gold Reef were terminated. This termination resulted in total payments to the executive directors of R51,3 million. For further detail relating to the termination payments, refer to page 22 of the Remuneration Report.

Directors' Dealings

On 23 March 2011, Mr J A Copelyn acquired a direct beneficial interest in the Company following the purchase of 167 775 ordinary Gold Reef shares at a VWAP of R14,18. The requisite prior written clearance to deal in these securities was obtained for this transaction.

FINANCIAL RESULTS

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

SHARE CAPITAL

On 1 January 2010 the authorised share capital of the Company comprised 590 000 000 ordinary shares of which 291 990 220 were issued. For the purposes of implementing the merger with Tsogo Sun, a special resolution was lodged on 7 May 2010 to increase the authorised share capital of the Company to 1 200 000 000 ordinary shares. During the year the Group issued 353 677 further ordinary shares. At 31 December 2010 the aggregate number of ordinary shares in issue was 292 343 897.

The Company's authorised but unissued share capital was placed under the control of the directors until the forthcoming Annual General Meeting with 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 3 million shares, in their discretion, subject to Sections 221 and 222 of the Companies Act and the JSE Listings Requirements.

Treasury shares held by the Group on 1 January 2010 numbered 14 427 602 (1 January 2009: 14 427 602). During the year the Group purchased no further treasury shares (2009: Nil). At year-end treasury shares held by the Group numbered 14 427 602 (2009:14 427 602).

Gold Reef shares held by the Gold Reef Share Scheme on 1 January 2010 numbered 1 365 672 (1 January 2009: 2 654 558). Of these shares, 748 335 vested in August 2010 (2009: 1 423 221) and were transferred to employees. The Gold Reef Share Scheme purchased 387 011 (2009: 134 335) Gold Reef shares during the year. At year-end Gold Reef shares held by the Gold Reef Share Scheme numbered 1 004 348 (2009: 1 365 672).

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

DIRECTORATE

The directors of the Company at year-end are set out below. The number of Board and committee meetings attended by each of the directors from 1 January 2010 to 31 December 2010 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 NOMINATION COMMITTEE
E N Banda> ° (Chairman)	4 (4)	2 (2)	–	1 (1)
M G Diliza>	3 (4)	0 (2)	–	–
J S Friedman (CFO)	4 (4)	2 (2)	–	–
S B Joffe (CEO)	4 (4)	2 (2)	–	–
J C Farrant >++°	4 (4)	2 (2)	3 (3)	1 (1)
M Z Krok>	4 (4)	2 (2)	–	–
S Krok**	–	–	–	–
Z J Matlala >°°	4 (4)	2 (2)	2 (3)	1 (1)
C Neuberger (COO)	4 (4)	2 (2)	–	–
T M Sadiki (HR Director)	3 (4)	2 (2)	–	–
P C M September*	4 (4)	2 (2)	–	–
P Vallet*+++	4 (4)	2 (2)	1 (3)	–

The number of Board and committee meetings attended by each of the directors during the period 1 January 2011 to 24 February 2011 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 NOMINATION COMMITTEE
E N Banda> ° (Chairman)	–	1 (1)	–	1 (1)
M G Diliza>	–	1 (1)	–	–
J S Friedman (CFO)	–	1 (1)	–	–
S B Joffe (CEO)	–	1 (1)	–	–
J C Farrant >++°	–	1 (1)	–	1 (1)
M Z Krok>	–	1 (1)	–	–
S Krok**	–	–	–	–
Z J Matlala >°°	–	1 (1)	–	1 (1)
C Neuberger (COO)	–	1 (1)	–	–
T M Sadiki (HR Director)	–	1 (1)	–	–
P C M September*	–	1 (1)	–	–
P Vallet*+++	–	1 (1)	–	–

** Non–executive*

> Independent

*** Alternate*

+ Audit and Risk Committee

++ Audit and Risk Committee Chairman

+++ Audit and Risk Committee Alternate

° Remuneration and Nomination Committee

°° Remuneration and Nomination Committee Chairperson

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS

Information relating to the Company's financial interests in its subsidiaries, associates and other investments is set out in Note 22 to the Company financial statements.

COMPANY SECRETARY

L Fick resigned as Company Secretary and was replaced by W J van Wyngaardt with effect from 16 March 2011. Mr van Wyngaardt's business and postal addresses, which are also the Company's registered addresses, are set out on page 117 of this annual report.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with the Companies Act subject to the approval of shareholders at the forthcoming Annual General Meeting.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

DIRECTORS' SHAREHOLDING

	BENEFICIAL				NON-BENEFICIAL			
	DIRECT		INDIRECT		DIRECT		INDIRECT	
	2010	2009	2010	2009	2010	2009	2010	2009
At 31 December								
E N Banda^	–	–	–	–	–	–	–	–
M G Diliza^	–	–	7 588	7 588	–	–	–	–
J C Farrant^	–	–	–	–	–	–	–	–
J S Friedman ^ ++	2 127 528	1 917 093	–	–	–	–	–	–
S B Joffe^ >	3 889 565	3 500 000	2 533 333	2 533 333	–	–	–	–
M Z Krok^	–	–	–	–	–	–	–	–
S Krok^	–	–	–	–	–	–	–	–
Z J Matlala^	–	–	148 467	148 467	–	–	–	–
C Neuberger^ *	1 476 884	1 245 000	–	–	–	–	–	–
T M Sadiki^ +	187 130	48 000	–	–	–	–	–	–
P C M September^	–	–	148 467	148 467	–	–	–	–
P Vallet^	–	–	–	–	–	–	–	45 729 464

^ *Individuals resigned as directors of the Company effective from 24 February 2011. Refer to pages 5 to 7 for details regarding the reconstituted Board of Gold Reef.*

++ *As at 31 December 2010, Mr J S Friedman had a loan of R8 438 553 with the Gold Reef Share Scheme and 720 000 shares pledged as security for this loan. A further 210 435 shares were not yet available for sale and his loan of R3 516 156 on these unvested shares was therefore not recognised on the balance sheet in terms of IFRS 2 – Share-based Payment. On 24 February 2011, the Service Agreement with Mr J S Friedman was terminated and simultaneously, the 210 435 unvested shares vested. Accordingly, the total loan balance of R11 954 708 was settled and the pledge over the 930 435 shares released.*

> *As at 31 December 2010, Mr S B Joffe had a loan of R18 558 114 with the Gold Reef Share Scheme and 3 000 000 shares pledged as security for this loan. A further 389 565 shares were not yet available for sale and his loan of R6 509 228 on these unvested shares was therefore not recognised on the balance sheet in terms of IFRS 2 – Share-based Payment. On 24 February 2011, the Service Agreement with Mr S B Joffe was terminated and simultaneously, the 389 565 unvested shares vested. Accordingly, the total loan balance of R25 067 372 was settled and the pledge over the 3 389 565 shares released.*

* *As at 31 December 2010, Mr C Neuberger had a loan of R8 646 604 with the Gold Reef Share Scheme and 1 220 000 shares pledged as security for this loan. A further 231 884 shares were not yet available for sale and his loan of R3 874 542 on these unvested shares was therefore not recognised on the balance sheet in terms of IFRS 2 – Share-based Payment. On 24 February 2011, the Service Agreement with Mr C Neuberger was terminated and simultaneously, the 231 884 unvested shares vested. Accordingly, the total loan balance of R12 521 146 was settled and the pledge over the 1 451 884 shares released.*

+ *As at 31 December 2010, Mr T M Sadiki had a loan of R728 560 with the Gold Reef Share Scheme and 48 000 shares pledged as security for this loan. A further 139 130 shares were not yet available for sale and his loan of R2 324 718 on these unvested shares was therefore not recognised on the balance sheet in terms of IFRS 2 – Share-based Payment. On 24 February 2011, the Service Agreement with Mr T M Sadiki was terminated and simultaneously, the 139 130 unvested shares vested. Accordingly, the total loan balance of R3 053 278 was settled and the pledge over the 187 130 shares released.*

There have been no other changes to the directors' shareholdings between year-end and the date of this report apart from the purchase of shares by Mr J A Copelyn, as detailed under "Subsequent Events".

DIRECTORS' AND OFFICERS' INTERESTS IN CONTRACTS

The interests of directors and officers in Gold Reef's contracts are set out in Note 27 to the Group annual financial statements.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

SPECIAL RESOLUTIONS

For the purposes of implementing the merger with Tsogo Sun, a special resolution was lodged with the Registrar of Companies on 7 May 2010 to increase the authorised share capital of the Company to 1 200 000 000 ordinary shares.

PROPOSED NAME CHANGE

• Introduction

It was referred to in various announcements released by Gold Reef and the circular to Gold Reef shareholders dated 3 April 2010, that upon implementation of the merger of the respective Gold Reef and Tsogo Sun businesses, processes will be put in place to change the name of the Company to Tsogo Sun Holdings Limited.

• Reason for the proposed name change

The reason for the proposed name change of the Company is that the respective Gold Reef and Tsogo Sun businesses will be strategically repositioned as a combined hotel and gaming company with a new set of majority shareholders, being the majority of shareholders of Tsogo Sun, collectively holding a majority of Gold Reef ordinary shares in the enlarged issued share capital of Gold Reef.

• New details of the Company

The Company's new details will be as follows:

	CURRENT DETAILS	NEW DETAILS
Name	Gold Reef Resorts Limited	Tsogo Sun Holdings Limited
JSE share code	GDF	TSH
JSE short name	GOLDREEF	TSOGO SUN
ISIN	ZAE000028338	ZAE000156238

• Important dates and times

	2011
Annual General Meeting	Wednesday, 15 June
Last day to trade securities under the old name, Gold Reef Resorts Limited, old JSE share code and old ISIN	Friday, 8 July
List and trade new shares under new name, Tsogo Sun Holdings Limited, new JSE share code and new ISIN	Monday, 11 July
Record date	Friday, 15 July
Issue of new securities under new name, new JSE share code and new ISIN	Monday, 18 July
Certificates posted/CSDPs and brokers accounts updated with new name, new JSE share code and new ISIN (see Note 4)	Monday, 18 July

Notes:

1. Any changes to the above dates and times will be released on SENS and published in the South African press.
2. All times given in this document are local times in South Africa.
3. This document is available in English only. Additional copies may be obtained from the Company's registered office and the transfer secretaries.
4. Certificated shareholders who surrender their existing documents of title after 12h00 on the record date, will have their new share certificates, reflecting the new name, posted (within five business days of receipt of their surrendered documents) by the transfer secretaries, by registered post in South Africa, at the risk of the shareholders concerned.

• Further information

Further information can be found in Annexure A which forms part of the Notice of Annual General Meeting.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Basis of preparation

The consolidated and separate 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 and separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of 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 and separate financial statements are disclosed in Note 3.

The term IFRS includes International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and Interpretations issued 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 2010

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010:

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures' are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are 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 are expensed.

  As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), 'consolidated and separate financial statements', at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if here 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. There has been no impact of IAS 27 (revised) on the current period, as none of the non-controlling interests have a deficit balance. There have been no transactions whereby an interest in an entity is retained after the loss of control of that entity; there have been no transactions with non-controlling interests.

1.2.2 Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2010 but are not relevant to the Group's operations:

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions;

- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers;

- 'Additional exemptions for first-time adopters' (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer; and

- Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard by standard but most are effective 1 January 2010.

ACCOUNTING POLICIES (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2010

1.2.3 Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- IFRS 9, 'Financial instruments', (issued in December 2009). This addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess IFRS 9's full impact. The Group has not yet decided when to adopt IFRS 9;

- Revised IAS 24, 'Related party disclosures', (issued in November 2009). It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted;

- 'Classification of rights issues' (Amendment to IAS 32), (issued in October 2009). For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted;

- 'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), (issued in November 2009). The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented; and

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted.

  Improvements to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard by standard but most are effective from 1 January 2010.

1.3 Consolidation

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

1.3.1 Subsidiaries

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest's share in the subsidiary's equity are allocated against the interests of the Group.

The acquisition 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 (revised) 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.

ACCOUNTING POLICIES (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2010

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling interest'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 non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling 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 non-controlling interests are also recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling 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 other comprehensive income is recognised in other comprehensive income. 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 which are not expected to be recovered in the forseeable future, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

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

1.3.3 Joint Ventures

Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its joint venture's post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

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

1.4 Property, plant and equipment

Land and buildings comprise mainly casino buildings and offices. Land is generally shown at cost except for land which was acquired at Garden Route in previous years. 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.

ACCOUNTING POLICIES (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2010

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

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

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

At each balance sheet date, the buildings' residual values are compared to market values of 50 year old properties and adjusted accordingly.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount and the reduction is charged as an expense in the income statement.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit in the income statement.

1.5 Borrowing costs

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

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

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

1.6. Intangible assets

1.6.1 Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of Gold Reef's cash-generating units 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.

ACCOUNTING POLICIES (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2010

1.6.2 Trademarks

Acquired trademarks are recognised at cost. Trademarks have a definite useful life and are carried at historical 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 three and 10 years.

1.6.3 Bid costs and casino licences

Bid costs and casino licences are shown at historical cost less accumulated amortisation. Capitalised bid costs that relate to the exclusivity period of the casino licence are amortised over the exclusivity period.

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

1.7 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 and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets upon initial recognition.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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 hedging instruments. 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.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets at fair value through profit or loss are subsequently carried at fair value.

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 contained in 'trade and other receivables' and cash and cash equivalents in the balance sheet and are disclosed net of impairment losses. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

ACCOUNTING POLICIES (CONT.)

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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 that are readily convertible into cash and which are subject to an insignificant risk of changes in value. 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, re-issued or disposed of. Where such shares are subsequently sold or re-issued, 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 rate 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 expenditure 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.

The STC tax consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the Group will declare future dividends to utilise such STC credits.

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 are 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

ACCOUNTING POLICIES (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2010

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 other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

The normal SA tax rate used for the year ending 31 December 2010 was 28% (2009: 28%). Deferred tax assets and liabilities at 31 December 2010 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 of 10%. CGT 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 effected in three equal tranches vesting over four years; one third after two years, one third after three years and one third after four years. Shares acquired through the share incentive scheme have to be paid for by the employees at the subscription prices as determined in the option contracts.

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

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

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

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

1.15.2 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 re-measured at each balance sheet date to its fair value, with all changes recognised immediately in profit or loss.

The fair value of the executive share appreciation scheme is determined at each balance sheet date by independent actuaries, using a Monte Carlo valuation model. These are adjusted for management's best estimate of the appreciation units expected to vest and management's best estimate of the performance criteria assumption.

ACCOUNTING POLICIES (CONT.)

The fair value of the long-term incentive plan liability is determined at each balance sheet date by independent actuaries, using a modified binomial tree valuation model, which takes into account the American nature of the appreciation units post vesting as well as incorporating employee exercise behaviour when applicable. These are adjusted for management's best estimates of the appreciation, bonus and performance units expected to vest and management's best estimate of the performance criteria assumption on the performance units.

The liability is included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities.

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. They are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities.

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.

Promotional allowances for complimentary beverages, meals and/or accommodation are eliminated against the corresponding promotional costs recognised in gaming expenses. (Refer to Note 4 of the Group annual financial statements).

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 deducts the cost of loyalty points from net gaming revenue rather than including this cost in promotional and marketing costs. (Refer to Group Additional Information on page 55).

ACCOUNTING POLICIES (CONT.)

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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 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 is 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 life of the assets.

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income 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
The standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Group executive directors who are responsible for making strategic decisions.

2. RISK MANAGEMENT
2.1 Financial risk management
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 process 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.

ACCOUNTING POLICIES (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2010

2.1.1 Market risk

a) Currency Risk

Foreign exchange risk arises when future commercial transactions (mainly import transactions) which are recognised as assets or liabilities, are denominated in a currency that is not the entity's functional currency. To manage its 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 interest rate risk

The Group's interest rate risk arises from long-term borrowings issued at variable rates which expose the Group to cash flow 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 have increased by R14,3 million per annum. If JIBAR were to decrease by 1%, finance costs would have decreased by R14,3 million per annum.

At 31 December 2010, the fair value of the interest rate hedge liability would have been R6,0 million lower if JIBAR had been 1% higher, while the fair value adjustment recognised in the hedging reserve would have been R6,0 million higher.

The fair value of the interest rate hedge liability would have been R6,0 million higher if JIBAR had been 1% lower, while the fair value adjustment recognised in the hedging reserve would have been R6,0 million lower, respectively.

c) Fair value interest rate risk

The Group's exposure to fair value interest rate risk arises from the fixed interest rate swap derivatives used to mitigate the cash flow interest rate risk on the Group's long-term borrowings.

The Group manages its fair value interest rate risk by designating these fixed interest rate swaps as hedging instruments in a cash flow hedge relationship. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The amounts accumulated in other comprehensive income are recycled in the income statement in the periods when the hedged item affects profit or loss. Refer to Note 15 of the Group annual financial statements for the interest rate sensitivity analysis.

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 18 of the Group annual financial statements 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 in the form of long term interest-bearing borrowings (see Note 23 of the Group annual financial statements). The Group manages liquidity risk by monitoring cash levels, undrawn facilities, loan balances and existing guarantees (see Note 23 of the Group annual financial statements) on a weekly basis and by updating key ratios and forecasts on a monthly basis. Key ratios include debt:equity, debt:EBITDAR, interest cover and debt servicibility ratios. The Company, together with its bankers, monitors default levels and events to ensure that funds are available as intended per forecast estimates.

The table on the following page 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 date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting in not significant.

ACCOUNTING POLICIES (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2010

GROUP	LESS THAN 1 YEAR R'000	BETWEEN 1 AND 2 YEARS R'000	BETWEEN 2 AND 5 YEARS R'000	OVER 5 YEARS R'000
31 DECEMBER 2010				
Borrowings (excluding finance lease liabilities)	276 782	289 671	598 859	542 720
Finance lease liabilities	223	–	–	–
Derivative financial instruments	27 510	–	–	–
Trade and other payables	116 170	–	–	–
Amounts due to related parties	652	–	–	–
31 DECEMBER 2009				
Borrowings (excluding finance lease liabilities)	310 100	298 800	1 113 601	363 002
Finance lease liabilities	417	208	–	–
Derivative financial instruments	19 878	9 468	–	–
Trade and other payables	117 304	–	–	–
Amounts due to related parties	558	–	–	–

COMPANY	LESS THAN 1 YEAR R'000	BETWEEN 1 AND 2 YEARS R'000	BETWEEN 2 AND 5 YEARS R'000	OVER 5 YEARS R'000
31 DECEMBER 2010				
Financial guarantee contract	103 106	–	–	–
Trade and other payables	714	–	–	–
Related party payables	239 471	–	–	–
31 DECEMBER 2009				
Financial guarantee contract	124 702	–	–	–
Trade and other payables	651	–	–	–
Related party payables	254 183	–	–	–

As the amounts included in the table are contractual undiscounted cash flows, 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. A maturity analysis for financial guarantee contracts issued by the Company in respect of other Group companies (refer Note 16 of the Company annual financial statements) has not been disclosed as these financial guarantees are not expected to mature and as a result, there will be no cash outflow for the Company.

2.1.4 Capital risk management

For the purposes of capital management, capital includes share capital; share premium; retained earnings; share-based payment reserve; other reserves and interest-bearing borrowings. The capital mix is reviewed by the Group when substantial changes occur in the capital requirements of the Group. These requirements could be for substantial additions to property, plant and equipment or the payment of dividends to shareholders. The directors will regularly review the liquidity risk of the Group and ensure sufficient information 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 resultant 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.

ACCOUNTING POLICIES (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2010

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 15 of the Group annual financial statements.

Movements on the hedging reserve in shareholders' equity are shown in Note 21 of the Group annual financial statements. The full fair value of a hedging derivative has been disclosed in trade and other payables on the face of the balance sheet as the hedging contract expires in October 2011. Refer to Note 15 of the Group annual financial statements.

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 other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in other comprehensive income are recycled in the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income 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 other comprehensive income at that time remains in other comprehensive income 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 other comprehensive income 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 following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010.

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL BALANCE
Liabilities				
Derivatives used for hedging	–	27 510	–	**27 510**
Total liabilities	–	27 510	–	**27 510**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009.

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL BALANCE
Liabilities				
Derivatives used for hedging	–	27 881	–	**27 881**
Total liabilities	–	27 881	–	**27 881**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

ACCOUNTING POLICIES (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2010

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. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level two.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level three.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all of the resulting fair value estimates are included in level two.

The Group did not have any level three financial instruments measured at fair value as at year-end.

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.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Critical judgements in applying the entity's accounting policies:

3.1 Estimated impairment of goodwill and other intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1.6. The Group considers impairment indicators of other intangible assets on an annual basis in accordance with the accounting policy stated in Note 1.6. The current economic climate is an indication that other tangible and definite-lived intangible assets excluding goodwill, may be 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 at a 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 nine years. Cash flow projections forecasting a nine-year period is standard management practice. Cash flows beyond the nine-year period are extrapolated using an estimated perpetual growth rate of 5,50% 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 %
Revenue growth rate on all casinos excluding Queens Casino	7,0	7,0	7,0	7,0
Queens Casino	7,6	7,9	9,3	10,0

ACCOUNTING POLICIES (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2010

The discount rate applied to the cash flow projections was based on the Weighted Average Cost of Capital which was set at 12,1% for large to medium casinos and 15,3% 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 3,4% for a large to medium casino and by a minimum of 2,3% for a small casino.

At Company level an impairment charge was raised against the investment in Queens Casino (refer to Note 10 of the Company financial statements). If the discount rate were to increase by 1%, the impairment charge would increase by R382 173. If the discount rate were to decrease by 1%, the impairment charge would decrease by R403 913. If revenue growth at Queens Casino was 1% lower than estimated, the impairment charge would be R656 624 higher. If revenue growth at Queens Casino was 1% higher than estimated, the impairment charge would decrease by R1 496 418.

3.2 Financial guarantee contracts

The fair value of the financial guarantee contracts is 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 the 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 based on past events. 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.

3.8 Cash-settled LTIP and Executive Share Appreciation Scheme

The fair value of the liabilities relating to the cash-settled LTIP and executive share appreciation scheme is determined using valuation techniques performed by independent actuaries that are based on market conditions existing at each balance sheet date. The fair value of the liabilities are also dependent on management assumptions relating to the non-market conditions on the number of units that will ultimately be paid and management's best estimate of the performance criteria assumptions. (Refer to Note 16 of the Group annual financial statements for key assumptions applied.)

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 R'000	2009 R'000
Revenue	4	**2 210 872**	2 229 230
Net gaming win		**2 033 160**	2 064 648
Theme Park		**74 182**	72 153
Food and beverage		**38 097**	35 462
Other		**65 433**	56 967
Other income		**4 133**	14 862
		2 215 005	2 244 092
Gaming levies and VAT	4.1	**(408 048)**	(411 960)
Employee costs	5	**(521 624)**	(479 643)
Promotional and marketing costs	4.2	**(144 150)**	(139 964)
Depreciation and amortisation	4.3	**(205 602)**	(185 207)
Other operating expenses	4.4	**(358 827)**	(336 148)
Operating profit		**576 754**	691 170
Finance income	6	**29 622**	38 553
Finance costs	6	**(144 184)**	(170 911)
Profit before equity accounted earnings		**462 192**	558 812
Share of loss in associate	13	**(3 912)**	(5 175)
Profit before taxation		**458 280**	553 637
Taxation expense	7	**(165 659)**	(179 686)
Profit for the year		**292 621**	373 951
Profit attributable to:			
Equity holders of Gold Reef		**280 964**	360 630
Non-controlling interest		**11 657**	13 321
		292 621	373 951
EPS			
– Basic EPS (cents)	8	**101,6**	131,0
– Diluted EPS (cents)	8	**101,6**	131,0

The notes on pages 59 to 93 are an integral part of these financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
Profit for the year	**292 621**	373 951
Other comprehensive income for the year, net of tax	**4 898**	14 392
Fair value gain on interest rate hedge	**5 380**	6 943
Fair value gain/(loss) on foreign exchange hedge	**122**	(122)
Income tax relating to components of other comprehensive income	**(604)**	7 571
Total comprehensive income for the year	**297 519**	388 343
Total comprehensive income attributable to:	**285 862**	375 022
Equity holders of Gold Reef	**11 657**	13 321
Non-controlling interest	**297 519**	388 343

The notes on pages 59 to 93 are an integral part of these financial statements.

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2010

	Note	2010 R'000	2009 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**2 511 724**	2 547 199
Leasehold improvements	10	**150 915**	138 464
Intangible assets	11	**1 182 236**	1 184 630
Deferred income tax assets	24	**13 906**	12 510
Investment in joint venture	12	**6 214**	–
Investment in associate	13	**23 683**	22 791
Share scheme	16.1	**53 196**	47 125
		3 941 874	3 952 719
Current assets			
Inventories	17	**22 307**	19 250
Trade and other receivables	18	**39 932**	42 208
Current tax assets		**1 367**	2 225
Amounts owing by related parties	27	**310**	73
Cash and cash equivalents	19	**420 504**	440 175
		484 420	503 931
Total assets		**4 426 294**	4 456 650
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	**5 847**	5 840
Share premium	20	**1 866 137**	1 860 132
Treasury shares	20	**(53 493)**	(57 825)
		1 818 491	1 808 147
Share-based payment reserve		**394 109**	388 700
Other reserves	21	**(539 485)**	(544 808)
Retained earnings		**1 079 705**	979 386
		2 752 820	2 631 425
Non-controlling interest	22	**45 444**	44 526
Total equity		**2 798 264**	2 675 951
Non-current liabilities			
Interest-bearing borrowings	23	**1 130 936**	1 324 990
Deferred income tax liabilities	24	**76 115**	64 480
Derivative financial instruments	15	**–**	8 616
Cash-settled share incentive scheme liability	16.3	**4 989**	3 901
		1 212 040	1 401 987
Current liabilities			
Trade and other payables	25	**167 080**	153 299
Provisions	26	**48 130**	33 827
Current portion of interest-bearing borrowings	23	**193 937**	186 937
Current income tax liabilities		**5 773**	3 989
Amounts owing to related parties	27	**652**	558
Bank overdraft	19	**418**	102
		415 990	378 712
Total equity and liabilities		**4 426 294**	4 456 650

The notes on pages 59 to 93 are an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	SHARE CAPITAL R'000	SHARE PREMIUM R'000	TREASURY SHARES R'000	SHARE-BASED PAYMENT RESERVE R'000	OTHER RESERVES R'000	RETAINED EARNINGS R'000	TOTAL ATTRI-BUTABLE TO EQUITY HOLDERS OF GOLD REEF R'000	NON-CON-TROLLING INTEREST R'000	TOTAL EQUITY R'000
Balance at 1 January 2009	5 840	1 860 132	(70 934)	382 445	(565 066)	798 858	**2 411 275**	42 670	**2 453 945**
Total comprehensive income for the year ended 31 December 2009	–	–	–	–	14 392	360 630	**375 022**	13 321	**388 343**
Profit for the year	–	–	–	–	–	360 630	**360 630**	13 321	**373 951**
Fair value gain on interest rate hedge, net of tax	–	–	–	–	14 514	–	**14 514**	–	**14 514**
Fair value loss on foreign exchange hedge, net of tax	–	–	–	–	(122)	–	**(122)**	–	**(122)**
Recognition of share-based payments	–	–	–	6 255	–	–	**6 255**	–	**6 255**
Net movement between share scheme and participants	–	–	13 109	–	5 866	–	**18 975**	–	**18 975**
Dividends paid	–	–	–	–	–	(180 102)	**(180 102)**	–	**(180 102)**
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	**–**	(11 465)	**(11 465)**
Balance at 31 December 2009	5 840	1 860 132	(57 825)	388 700	(544 808)	979 386	**2 631 425**	44 526	**2 675 951**
Total comprehensive income for the year ended 31 December 2010	–	–	–	–	4 898	280 964	**285 862**	11 657	**297 519**
Profit for the year	–	–	–	–	–	280 964	**280 964**	11 657	**292 621**
Fair value gain on interest rate hedge, net of tax	–	–	–	–	4 776	–	**4 776**	–	**4 776**
Fair value gain on foreign exchange hedge, net of tax	–	–	–	–	122	–	**122**	–	**122**
Issue of shares	7	6 005	–	–	–	–	**6 012**	–	**6 012**
Recognition of share-based payments	–	–	–	5 409	–	–	**5 409**	–	**5 409**
Net movement between share scheme and participants	–	–	4 332	–	425	–	**4 757**	–	**4 757**
Dividends paid	–	–	–	–	–	(180 645)	**(180 645)**	–	**(180 645)**
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	**–**	(10 739)	**(10 739)**
Balance at 31 December 2010	5 847	1 866 137	(53 493)	394 109	(539 485)	1 079 705	**2 752 820**	45 444	**2 798 264**

The notes on pages 59 to 93 are an integral part of these financial statements.

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 R'000	2009 R'000
Cash flow from operating activities			
Profit before taxation		**458 280**	553 637
Non-cash items and other adjustments	28.1.1	**342 761**	335 008
		801 041	888 645
Decrease/(increase) in net current assets	28.1.2	**12 448**	(36 605)
Cash flow from operating activities		**813 489**	852 040
Finance income	6	**29 622**	38 553
Finance costs	6	**(144 184)**	(156 043)
Taxation paid	28.2	**(153 382)**	(168 125)
Dividend paid		**(180 645)**	(180 102)
Net cash generated from operating activities		**364 900**	386 323
Cash flow from investing activities			
Additions to property, plant and equipment	9	**(170 684)**	(185 710)
Additions to leasehold improvements	10	**(17 716)**	(19 977)
Investment in intangibles	11	**–**	(140)
Proceeds from disposal of property, plant and equipment	28.3	**8 026**	2 232
Loans (advanced to)/repaid by associate	13	**(4 804)**	3 366
Investment in joint venture	12	**(2 099)**	–
Loans advanced to joint venture	12	**(4 372)**	–
Loans (advances to)/repaid by related parties		**(143)**	520
Net cash utilised in investing activities		**(191 792)**	(199 709)
Cash flow from financing activities			
Issue of shares		**6 012**	–
Shares issued by share scheme		**4 757**	18 975
Increase in share scheme loans		**(6 071)**	(14 176)
Dividends and loan repayments to outside shareholders		**(10 739)**	(11 465)
Decrease in interest-bearing borrowings		**(187 054)**	(182 873)
Net cash utilised in financing activities		**(193 095)**	(189 539)
Net decrease in cash and cash equivalents		**(19 987)**	(2 925)
Cash and cash equivalents at beginning of year		**440 073**	442 998
Cash and cash equivalents at end of year	19	**420 086**	440 073

The notes on pages 59 to 93 are an integral part of these financial statements.

GROUP ADDITIONAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2010

	%	2010 R'000	2009 R'000
EBITDAR RECONCILIATION			
Operating profit		**576 754**	691 170
Property and equipment rental		**19 213**	21 196
Depreciation and amortisation		**205 602**	185 207
EBITDAR	(10,7)	**801 569**	897 573
Weighted average number of shares in issue (000)		**276 487**	275 291
EBITDAR per share (cents)	(11,1)	**289,9**	326,0
EBITDAR margin (%)		**36,3**	40,3
ADJUSTED EBITDAR RECONCILIATION			
EBITDAR		**801 569**	897 573
Transactions relating to corporate activity		**21 684**	(13 954)
Adjusted EBITDAR	(6,8)	**823 253**	883 619
Weighted average number of shares in issue (000)		**276 487**	275 291
Adjusted EBITDAR per share (cents)	(7,2)	**297,8**	321,0
Adjusted EBITDAR margin (%)		**37,2**	39,6
HEADLINE EARNINGS RECONCILIATION			
Attributable profit for the year		**280 964**	360 630
Profit on sale of financial instruments		**–**	(8)
Impairment of property, plant and equipment		**–**	757
Loss on sale of property, plant and equipment		**137**	1 831
Headline earnings	(22,6)	**281 101**	363 210
Weighted average number of shares in issue (000)		**276 487**	275 291
Headline earnings per share (cents)	(22,9)	**101,7**	131,9
Diluted headline earnings per share (cents)	(22,9)	**101,7**	131,9
ADJUSTED HEADLINE EARNINGS RECONCILIATION			
Headline earnings		281 101	363 210
Transactions relating to corporate activity		**19 615**	(13 954)
Adjusted Headline earnings	(13,9)	**300 716**	349 256
Weighted average number of shares in issue (000)		**276 487**	275 291
Adjusted Headline earnings per share (cents)	(14,3)	**108,8**	126,9

GROUP ADDITIONAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2010

	%	2010 R'000	2009 R'000
DEPARTMENTAL ANALYSIS			
Revenue	(0,8)	**2 210 872**	2 229 230
Net gaming win per Income Statement		**2 033 160**	2 064 648
– Net gaming win		**2 080 977**	2 102 350
– Customer loyalty points		**(47 817)**	(37 702)
Theme Park		**74 182**	72 153
Hotel		**23 607**	15 123
– Hotel prior to adjustments		**35 309**	27 029
– Inter-departmental charges		**(11 702)**	(11 906)
Theatre		**3 543**	3 517
Food and beverage per Income Statement		**38 097**	35 462
– Food and beverage prior to adjustments		**82 767**	75 798
– Inter-departmental charges		**(44 670)**	(40 336)
Parking		**6 451**	6 955
Management fees and commissions		**1 491**	1 292
Rental income		**27 635**	26 399
Other		**2 706**	3 681
Operating costs	(5,0)	**(1 413 436)**	(1 346 519)
Gaming		**(649 326)**	(652 669)
– Gaming levies and VAT		**(408 048)**	(411 960)
– Gaming expenses		**(241 278)**	(240 709)
– Gaming expenses including employee costs and prior to adjustments		**(277 160)**	(273 521)
– Inter-departmental charges		**35 882**	32 812
Theme Park		**(86 647)**	(69 617)
Hotel		**(9 030)**	(9 540)
– Hotel expenses including employee costs and prior to adjustments		**(15 348)**	(16 230)
– Cost of sales on inter-departmental charges		**6 318**	6 690
Theatre		**(13 062)**	(15 682)
Food and beverage		**(51 754)**	(49 098)
– Food and beverage expenses including employee costs and prior to adjustments		**(65 926)**	(61 838)
– Cost of sales on inter-departmental charges		**14 172**	12 740
Parking		**(4 384)**	(4 782)
Management fees and commissions		**(1 000)**	–
Other		**(598 233)**	(545 131)
Other income		**4 133**	14 862
EBITDAR	(10,7)	**801 569**	897 573

GROUP SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2010

	REVENUE			ADJUSTED EBITDAR			ADJUSTED EBITDAR MARGIN	
	2010 R'000	2009 R'000	%	2010 R'000	2009 R'000	%	2010 %	2009 %
Gold Reef City Casino	**925 192**	960 179	(3,6)	**330 072**	362 578	(9,0)	**35,7**	37,8
Gold Reef City Theme Park	**93 101**	83 691	11,2	**5 800**	6 653	(12,8)	**6,2**	7,9
Silverstar Casino	**545 918**	543 444	0,5	**203 797**	208 005	(2,0)	**37,3**	38,3
Golden Horse Casino	**253 912**	247 885	2,4	**108 325**	110 865	(2,3)	**42,7**	44,7
Mykonos Casino	**118 189**	114 192	3,5	**46 544**	47 108	(1,2)	**39,4**	41,3
Garden Route Casino	**152 884**	159 907	(4,4)	**64 169**	71 463	(10,2)	**42,0**	44,7
Goldfields Casino	**120 298**	118 732	1,3	**50 549**	51 876	(2,6)	**42,0**	43,7
Queens Casino	**53 041**	51 340	3,3	**12 406**	11 642	6,6	**23,4**	22,7
Gold Reef Management #	**67 226**	70 071	(4,1)	**3 012**	14 426	(79,1)	**4,5**	20,6
Gold Reef Resorts	**–**	–		**206 474**	229 107	(9,9)		
Consolidation and other Group companies >	**(118 889)**	(120 211)	(1,1)	**(207 895)**	(230 104)	(9,7)		
	2 210 872	2 229 230	(0,8)	**823 253**	883 619	(6,8)	**37,2**	39,6

	ASSETS NON-CURRENT		ASSETS CURRENT		TOTAL ASSETS	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Gold Reef City Casino	**1 096 882**	1 082 121	**128 495**	138 066	**1 225 377**	1 220 187
Gold Reef City Theme Park	**4 442**	18 782	**12 985**	16 927	**17 427**	35 709
Silverstar Casino	**994 028**	1 035 733	**320 333**	304 944	**1 314 361**	1 340 677
Golden Horse Casino	**231 466**	202 307	**49 881**	36 463	**281 347**	238 770
Mykonos Casino	**58 051**	56 529	**23 803**	24 412	**81 854**	80 941
Garden Route Casino	**115 130**	123 719	**33 661**	34 189	**148 791**	157 908
Goldfields Casino	**117 693**	120 434	**20 996**	21 336	**138 689**	141 770
Queens Casino	**95 888**	103 962	**7 647**	10 004	**103 535**	113 966
Gold Reef Management	**2 024**	1 137	**112 969**	114 833	**114 993**	115 970
Gold Reef Resorts	**2 823 661**	2 818 992	**168 807**	186 282	**2 992 468**	3 005 274
Consolidation and other Group companies >	**(1 597 391)**	(1 610 997)	**(395 157)**	(383 525)	**(1 992 548)**	(1 994 522)
	3 941 874	3 952 719	**484 420**	503 931	**4 426 294**	4 456 650

 # Gold Reef Management's revenue relates primarily to inter-segmental revenue which eliminates on consolidation.

> Included in Consolidation and other Group companies is the elimination of Queens Casino's results due to it being equity accounted as well as inter-segmental revenue.

GROUP SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2010

	CASH ON HAND		DEBT				TOTAL DEBIT NET OF CASH	
			NON-CURRENT DEBT		CURRENT DEBT			
	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Gold Reef City Casino	**17 157**	32 365	**(72 617)**	(130 714)	**(58 095)**	(58 095)	**(113 555)**	(156 444)
Gold Reef City Theme Park	**5 220**	5 643	**–**	–	**–**	–	**5 220**	5 643
Silverstar Casino	**303 197**	291 186	**(1 012 534)**	(1 115 262)	**(102 700)**	(95 700)	**(812 037)**	(919 776)
Golden Horse Casino	**20 773**	28 251	**(16 787)**	(29 385)	**(12 594)**	(12 594)	**(8 608)**	(13 728)
Mykonos Casino	**18 427**	16 684	**–**	–	**–**	–	**18 427**	16 684
Garden Route Casino	**8 913**	29 491	**(9 748)**	(17 546)	**(7 714)**	(7 714)	**(8 549)**	4 231
Goldfields Casino	**7 129**	15 782	**(19 250)**	(32 083)	**(12 834)**	(12 834)	**(24 955)**	(29 135)
Queens Casino	**4 046**	6 503	**(41 398)**	(45 403)	**(3 956)**	(3 800)	**(41 308)**	(42 700)
Gold Reef Management	**15 046**	12 878	**–**	–	**–**	–	**15 046**	12 878
Gold Reef Resorts	**23 759**	4 010	**–**	–	**–**	–	**23 759**	4 010
Consolidation and other Group companies >	**(3 581)**	(2 720)	**41 398**	45 403	**3 956**	3 800	**41 773**	46 483
	420 086	440 073	**(1 130 936)**	(1 324 990)	**(193 937)**	(186 937)	**(904 787)**	(1 071 854)

	CAPEX				TOTAL CAPEX	
	DEVELOPMENTAL		OPERATIONAL			
	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Gold Reef City Casino	**–**	–	**58 573**	37 779	**58 573**	37 779
Gold Reef City Theme Park	**16 270**	12 643	**9 101**	6 792	**25 371**	19 435
Silverstar Casino	**–**	–	**12 556**	13 864	**12 556**	13 864
Golden Horse Casino	**40 608**	45 955	**17 716**	18 146	**58 324**	64 101
Mykonos Casino	**–**	3 976	**11 320**	6 166	**11 320**	10 142
Garden Route Casino	**1 046**	50 174	**11 934**	2 247	**12 980**	52 421
Goldfields Casino	**–**	–	**9 072**	7 053	**9 072**	7 053
Queens Casino	**3**	–	**2 716**	1 796	**2 719**	1 796
Gold Reef Management	**–**	–	**193**	158	**193**	158
Gold Reef Resorts	**–**	–	**–**	–	**–**	–
Consolidation and other Group companies >	**(3)**	–	**(2 705)**	(1 062)	**(2 708)**	(1 062)
	57 924	112 748	**130 476**	92 939	**188 400**	205 687

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

GROUP SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2010

	NUMBER OF TABLES		NUMBER OF SLOTS		TABLES WIN			SLOTS WIN		
	2010	2009	2010	2009	2010 R'000	2009 R'000	%	2010 R'000	2009 R'000	%
Gold Reef City Casino	**50**	50	**1 600**	1 600	**198 892**	253 726	(21,6)	**698 761**	679 763	2,8
Silverstar Casino	**24**	24	**784**	784	**125 115**	125 509	(0,3)	**415 136**	409 008	1,5
Golden Horse Casino	**20**	20	**450**	450	**54 840**	51 442	6,6	**196 986**	193 196	2,0
Mykonos Casino	**9**	9	**300**	300	**11 521**	10 079	14,3	**106 941**	103 545	3,3
Garden Route Casino	**16**	16	**412**	412	**14 616**	15 742	(7,2)	**138 729**	143 162	(3,1)
Goldfields Casino	**9**	9	**250**	250	**13 099**	13 074	0,2	**106 319**	104 104	2,1
Queens Casino	**6**	6	**180**	180	**3 970**	4 839	(18,0)	**38 165**	35 765	6,7
	134	134	**3 976**	3 976	**422 053**	474 411	(11,0)	**1 701 037**	1 668 543	1,9

	WIN PER TABLE			WIN PER SLOT		
	2010 R'000	2009 R'000	%	2010 R'000	2009 R'000	%
Gold Reef City Casino	**3 978**	5 075	(21,6)	**437**	425	2,8
Silverstar Casino	**5 213**	5 230	(0,3)	**530**	522	1,5
Golden Horse Casino	**2 742**	2 572	6,6	**438**	429	2,0
Mykonos Casino	**1 280**	1 120	14,3	**356**	345	3,3
Garden Route Casino	**914**	984	(7,2)	**337**	347	(3,1)
Goldfields Casino	**1 455**	1 453	0,2	**425**	416	2,1
Queens Casino	**662**	807	(18,0)	**212**	199	6,7
	3 150	3 540	(11,0)	**428**	420	1,9

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
4. OPERATING PROFIT		
The following items have been credited/(charged) in arriving at the operating profit:		
Revenue		
Net gaming win per Income Statement	**2 033 160**	2 064 648
– Net gaming win	**2 080 977**	2 102 350
– Customer loyalty points	**(47 817)**	(37 702)
Theme Park	**74 182**	72 153
Hotel revenue	**23 607**	15 123
– Hotel prior to adjustments	**35 309**	27 029
– Inter-departmental charges	**(11 702)**	(11 906)
Theatre	**3 543**	3 517
Food and beverage per Income Statement	**38 097**	35 462
– Food and beverage prior to adjustments	**82 767**	75 798
– Inter-departmental charges	**(44 670)**	(40 336)
Parking revenue	**6 451**	6 955
Management fees and commissions	**1 491**	1 292
Rental income	**27 635**	26 399
Sundry income	**2 706**	3 681
	2 210 872	2 229 230
Other income		
Other income	**4 133**	14 862
	4 133	14 862
4.1 Gaming levies & VAT		
Gaming levies	**(176 406)**	(178 223)
VAT on gross gaming revenue	**(231 642)**	(233 737)
	(408 048)	(411 960)
4.2 Promotional and marketing costs		
Promotional and marketing costs prior to adjustments	**(180 032)**	(172 776)
– Inter-departmental charges	**35 882**	32 812
	(144 150)	(139 964)
4.3 Depreciation and amortisation		
Depreciation		
Owned	**(197 943)**	(178 447)
Leased	**(5 265)**	(4 359)
Amortisation		
Trademarks	**(65)**	(78)
Casino licenses	**(184)**	(180)
Bid costs	**(2 145)**	(2 143)
Depreciation and amortisation	**(205 602)**	(185 207)

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
4. OPERATING PROFIT (CONTINUED)		
4.4 Other operating expenses consist of:		
Gaming expenses	**(12 230)**	(13 486)
Food and beverage	**(20 456)**	(19 106)
– Food and beverage expenses prior to adjustments	**(34 628)**	(31 846)
– Cost of sales on inter-departmental charges	**14 172**	12 740
General administration, human resources and information technology	**(115 639)**	(86 105)
Security and surveillance	**(38 208)**	(36 116)
Operating lease charges	**(19 213)**	(21 196)
– Land and buildings	**(9 001)**	(8 958)
– Property, plant and equipment	**(10 212)**	(12 238)
Repairs and maintenance and utilities	**(99 183)**	(85 458)
Auditors' remuneration	**(6 203)**	(6 080)
– Audit fees – current year	**(4 847)**	(4 701)
– Audit fees – related to prior year	**(288)**	(685)
– Other services	**(1 068)**	(694)
Fair value adjustments on interest rate hedge	**–**	(660)
Ineffective portion of interest rate hedge recognised through profit and loss	**(3 914)**	(9 229)
Other expenses	**(43 781)**	(58 712)
Total	**(358 827)**	(336 148)
Loss on disposal of property, plant and equipment	**(190)**	(1 831)
Profit on FEC's	**–**	8

	2010 R'000	2009 R'000
5. EMPLOYEE COSTS		
Salaries and wages	**484 942**	445 814
Share-based payment charge – equity-settled	**5 409**	6 255
Share-based payment charge – cash-settled	**5 698**	3 557
Provident fund contributions – defined contribution plan	**25 575**	24 017
	521 624	479 643
Average number of employees employed by the Group at year-end		
Full time	**2 753**	2 732
Part time	**216**	250

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
6. FINANCE (COSTS)/INCOME		
Finance costs:		
Interest expense:	**(116 194)**	(166 369)
– Bank	**(115 582)**	(165 671)
– Other	**(612)**	(698)
Finance costs paid on interest rate swaps	**(27 990)**	(4 542)
Total finance costs	**(144 184)**	(170 911)
Finance income:		
Interest income:	**29 622**	38 553
– Bank	**5 286**	6 835
– Group treasury	**24 336**	31 718
Total finance income	**29 622**	38 553
Net finance costs	**(114 562)**	(132 358)
7. TAXATION EXPENSE		
Current taxation	**135 736**	151 670
– Current year	**136 430**	155 922
– Prior year over provision	**(694)**	(4 252)
STC	**20 288**	17 320
Deferred taxation (refer to Note 24)	**9 635**	10 696
– Current year	**5 515**	8 482
– Prior year under provision	**2 970**	2 214
– Deferred STC	**1 150**	–
Taxation charge	**165 659**	179 686

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic rate of SA as follows:

	2010 %	2009 %
Tax rate reconciliation		
South African standard tax rate	**28,0**	28,0
Adjusted for:		
Exempt income	**(22,4)**	(21,0)
Non-deductible expenses	**25,8**	22,3
Prior year adjustments current tax	**(0,2)**	(0,8)
Prior year adjustments deferred tax	**0,6**	0,4
STC	**4,4**	3,3
Deferred STC recognised	**(0,3)**	–
Other	**0,2**	0,2
	36,1	32,4

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
8. EARNINGS PER SHARE		
Basic EPS		
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.		
Profit attributable to shareholders	**280 964**	360 630
Total number of shares in issue (000)	**292 344**	291 990
Weighted average number of shares in issue (000)	**276 487**	275 291
Basic EPS (cents)	**101,6**	131,0
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	**280 964**	360 630
– No potentially dilutive adjustments to attributable profit required		
Weighted average number of shares in issue (000)	**276 487**	275 291
– No potentially dilutive adjustments to attributable profit required		
Diluted EPS (cents)	**101,6**	131,0

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	LAND AND BUILDINGS R'000	PLANT AND MACHINERY R'000	CAPITAL WORK IN PROGRESS R'000	CASINO EQUIPMENT R'000	COMPUTER EQUIPMENT R'000	FURNITURE, FITTINGS AND OTHER EQUIPMENT R'000	THEME PARK RIDES R'000	TOTAL R'000
9. PROPERTY, PLANT AND EQUIPMENT								
For the year ended 31 December 2010								
At beginning of year	1 874 060	197 286	–	245 363	40 502	112 139	77 849	**2 547 199**
Additions	10 885	27 110	–	103 088	11 486	18 103	12	**170 684**
Transfers in/(out)	7 168	11 005	–	(4 757)	10 111	(5 414)	(18 113)	**–**
Disposals	(5 046)	(11)	–	(1 285)	(55)	(1 682)	(137)	**(8 216)**
Depreciation	(14 113)	(34 791)	–	(96 931)	(21 587)	(27 598)	(2 923)	**(197 943)**
At end of year	1 872 954	200 599	–	245 478	40 457	95 548	56 688	**2 511 724**
At 31 December 2010								
Cost	1 967 194	391 964	–	696 790	163 124	250 459	77 541	**3 547 072**
Accumulated Depreciation	(94 240)	(191 365)	–	(451 312)	(122 667)	(154 911)	(20 853)	**(1 035 348)**
Closing carrying value	1 872 954	200 599	–	245 478	40 457	95 548	56 688	**2 511 724**
For the year ended 31 December 2009								
At beginning of year	1 890 169	175 192	19 993	267 486	43 189	73 255	75 472	**2 544 756**
Additions	22 142	38 078	–	68 222	14 649	26 804	15 815	**185 710**
Transfers in/(out)	(29 519)	13 691	(19 993)	(4 042)	4 076	44 591	(8 804)	**–**
Disposals	(20)	(92)	–	(1 697)	(45)	(2 209)	–	**(4 063)**
Write-offs	–	–	–	–	–	(52)	(705)	**(757)**
Depreciation	(8 712)	(29 583)	–	(84 606)	(21 367)	(30 250)	(3 929)	**(178 447)**
At end of year	1 874 060	197 286	–	245 363	40 502	112 139	77 849	**2 547 199**
At 31 December 2009								
Cost	1 954 187	353 903	–	622 488	142 253	240 629	97 421	**3 410 881**
Accumulated Depreciation	(80 127)	(156 617)	–	(377 125)	(101 751)	(128 490)	(19 572)	**(863 682)**
Closing carrying value	1 874 060	197 286	–	245 363	40 502	112 139	77 849	**2 547 199**
At 1 January 2009								
Cost	1 961 584	303 444	23 165	582 454	124 082	176 923	91 115	**3 262 713**
Accumulated Depreciation	(71 415)	(128 252)	(3 172)	(314 968)	(80 839)	(103 668)	(15 643)	**(717 957)**
Closing carrying value	1 890 169	175 192	19 993	267 486	43 189	73 255	75 472	**2 544 756**

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 R0,4 million (2009: R0,5 million)

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

Land and Buildings have been pledged as security as per Note 23.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
10. LEASEHOLD IMPROVEMENTS		
At beginning of year	**138 464**	122 846
Additions	**17 716**	19 977
Depreciation	**(5 265)**	(4 359)
At end of year	**150 915**	138 464
Cost	**184 519**	166 803
Accumulated depreciation	**(33 604)**	(28 339)
Closing carrying value	**150 915**	138 464

	GOODWILL R'000	TRADE-MARKS R'000	CASINO LICENSES R'000	BID COSTS R'000	TOTAL R'000
11. INTANGIBLE ASSETS					
For the year ended 31 December 2010					
At beginning of year	**1 155 087**	**228**	**7 807**	**21 508**	**1 184 630**
Additions	**–**	**–**	**–**	**–**	**–**
Amortisation and impairment	**–**	**(65)**	**(184)**	**(2 145)**	**(2 394)**
At end of year	**1 155 087**	**163**	**7 623**	**19 363**	**1 182 236**
At 31 December 2010					
Cost	**1 155 087**	**1 518**	**11 124**	**38 488**	**1 206 217**
Accumulated amortisation and impairment	**–**	**(1 355)**	**(3 501)**	**(19 125)**	**(23 981)**
Closing carrying value	**1 155 087**	**163**	**7 623**	**19 363**	**1 182 236**
For the year ended 31 December 2009					
At beginning of year	1 155 087	166	7 987	23 651	1 186 891
Additions	–	140	–	–	140
Amortisation and impairment	–	(78)	(180)	(2 143)	(2 401)
At end of year	1 155 087	228	7 807	21 508	1 184 630
At 31 December 2009					
Cost	1 155 087	1 518	11 124	38 488	1 206 217
Accumulated amortisation and impairment	–	(1 290)	(3 317)	(16 980)	(21 587)
Closing carrying value	1 155 087	228	7 807	21 508	1 184 630

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000

11. INTANGIBLE ASSETS (CONTINUED)

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

Casino licenses which have been separately disclosed relate to Garden Route Casino and Mykonos Casino since these acquisitions were separate, stand-alone transactions. Where casino licenses were purchased as part of an investment in a subsidiary, these have been included in goodwill.

Goodwill is allocated to the Group's cash generating units identified according to operating segment. An operating segment level summary of the goodwill allocation is presented below:

Operating segment	2010 R'000	2009 R'000
Gold Reef City Casino	**28 570**	28 570
Gold Reef City Theme Park	**1 956**	1 956
Silverstar Casino	**858 283**	858 283
Golden Horse Casino	**8 464**	8 464
Mykonos Casino	**3 378**	3 378
Garden Route Casino	**142 110**	142 110
Goldfields Casino	**112 326**	112 326
	1 155 087	1 155 087

Refer to Note 3.1 for management's estimates used in assessing possible impairments of goodwill and intangible assets.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
12. INVESTMENT IN JOINT VENTURE		
Investment in joint venture	2 047	–
Loans to joint venture	4 167	–
Net investment in joint venture	6 214	–
Net share of results in joint venture during the year	–	–
Closing carrying value	6 214	–
Reconciliation		
At beginning of year	–	–
Investment in joint venture	2 047	–
Net share of results in joint venture	–	–
Loans advanced during the year	4 167	–
At end of year	6 214	–
Closing carrying value is analysed as follows:		
Indol		
Net investment in joint venture	6 471	–
Foreign exchange loss on translation	(257)	–
	6 214	–
Loans to joint venture is analysed as follows:		
Indol *		
Loans advanced during the year	4 372	–
Foreign exchange loss on translation	(205)	–
	4 167	–

* *The Company loan to Indol bears interest at the ruling prime interest of Botswana being 13,5%.*

The loan to the joint venture has been included as part of the net investment in joint venture as it is not considered to be immediately recoverable. The carrying amount of the loan to the joint venture approximates its fair value.

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

JOINT VENTURE	COUNTRY OF INCORPORATION	LISTED/ UNLISED	PROPORTION OWNED %	ECONOMIC INTEREST %	NATURE OF BUSINESS
Indol	Botswana	Unlisted	50,0	50,0	Gaming and entertainment

	2010 R'000	2009 R'000
The trading results of the joint venture, whose results were equity-accounted in the financial statements are as follows:		
Total joint venture company's accumulated loss for the year	(28)	–
Current assets	2 084	–
Non-current assets	8 410	–
Current liabilities	25	–
Non-current liabilities	6 466	–

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
13. INVESTMENT IN ASSOCIATE		
Investment in associate	**67**	67
Impairment of investment in associate *	**(67)**	(67)
	–	–
Loans to associate	**41 563**	36 759
Net share of results in associate in prior years	**(13 968)**	(8 793)
Net share of results in associate during the year	**(3 912)**	(5 175)
Closing carrying value	**23 683**	22 791
Reconciliation		
At beginning of year	**22 791**	31 332
Investment in associate	**–**	–
Net share of results in associate	**(3 912)**	(5 175)
Loans advanced/(repaid) during the year	**4 804**	(3 366)
At end of year	**23 683**	22 791
Closing carrying value comprises:		
Lukhanji Leisure	**23 683**	22 791
Loans to associate comprises:		
Lukhanji Leisure **	**41 496**	36 692

** For further information on management's estimates used to assess this impairment, refer to Note 3.1.*

*** The Company loan to Lukhanji Leisure bears interest at prime +1%. Gold Reef has subordinated its loan to Lukhanji Leisure for the benefit of other creditors, limited to an amount of R17,5 million.*

The loan to associate has been included as part of the net investment in associate as it is not considered to be immediately recoverable. The carrying amount 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/ UNLISED	PROPORTION OWNED %	ECONOMIC INTEREST %	NATURE OF BUSINESS
Lukhanji Leisure	South Africa	Unlisted	25,1	25,1	Gaming and entertainment

As the Group has significant influence in Lukhanji Leisure but not control, the results of its operations are equity accounted. The directors consider the Group to have significant influence in Lukhanji Leisure as the Group has appointed two directors to the Board of Lukhanji Leisure and a Group subsidiary provides consulting and know how to the company holding the management contract for Lukhanji Leisure.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
13. INVESTMENT IN ASSOCIATE (CONTINUED)		
The trading results of the associate company, whose results were equity-accounted in the financial statements, are as follows:		
Revenue	**53 041**	51 340
Total associate company's accumulated loss for the year	**(15 586)**	(20 616)
The aggregate balance sheet of the associate is summarised as follows:		
Property, plant and equipment	**92 881**	100 766
Intangible assets	**2 318**	2 652
Deferred tax assets	**689**	544
Cash	**4 046**	6 503
Other current assets	**3 601**	3 501
Total assets	**103 535**	113 966
Shareholders' loans	**(123 341)**	(115 041)
Other liabilities	**(52 095)**	(55 424)
Total shareholders' funds	**(71 901)**	(56 499)

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	LOANS AND RECEIVABLES R'000	TOTAL R'000
14. FINANCIAL INSTRUMENTS BY CATEGORY		
The accounting policies for financial instruments have been applied to the line items below:		
31 December 2010		
Assets as per balance sheet		
Loans to joint venture	4 167	**4 167**
Loans to associate	41 563	**41 563**
Trade and other receivables	11 151	**11 151**
Amounts owing by related parties	310	**310**
Cash and cash equivalents	420 504	**420 504**
Total	477 695	**477 695**

	DERIVATIVES USED FOR HEDGING R'000	OTHER FINANCIAL LIABILITIES R'000	TOTAL R'000
31 December 2010			
Liabilities as per balance sheet			
Interest-bearing borrowings	–	1 324 650	**1 324 650**
Finance lease liabilities	–	223	**223**
Derivative financial instruments	–	–	**–**
Trade and other payables	27 510	116 170	**143 680**
Bank overdraft	–	418	**418**
Amounts owing to related parties	–	652	**652**
Total	27 510	1 442 113	**1 469 623**

	LOANS AND RECEIVABLES R'000	TOTAL R'000
31 December 2009		
Assets as per balance sheet		
Loans to joint venture	–	**–**
Loans to associate	36 759	**36 759**
Trade and other receivables	8 061	**8 061**
Amounts owing by related parties	73	**73**
Cash and cash equivalents	440 175	**440 175**
Total	485 068	**485 068**

	DERIVATIVES USED FOR HEDGING R'000	OTHER FINANCIAL LIABILITIES R'000	TOTAL R'000
31 December 2009			
Interest-bearing borrowings	–	1 511 381	**1 511 381**
Finance lease liabilities	–	546	**546**
Derivative financial instruments	8 616	–	**8 616**
Trade and other payables	19 265	117 304	**136 569**
Bank overdraft	–	102	**102**
Amounts owing to related parties	–	558	**558**
Total	27 881	1 629 891	**1 657 772**

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

15. DERIVATIVE FINANCIAL INSTRUMENTS

15.1 Interest rate swap

The interest rate swap agreements have the effect of hedging the Group against any further changes in interest rates by fixing the rate on the notional amount. The remaining interest rate swap for Silverstar Casino will expire on 31 October 2011.

A summary of the terms of the interest rate hedge outstanding at 31 December 2010 is provided below:

COMPANY	PRINCIPAL AMOUNT AT 31 DECEMBER 2010 R'000	ORIGINAL HEDGE TERM	SWAP RATE* %	QUALIFIES FOR HEDGE ACCOUNTING	EFFECTIVE HEDGE?
Silverstar Casino	1 004 807	5 years	8,97	Yes	Effective

* *This rate excludes credit and liquid margins.*

A summary of the terms of the interest rate hedge outstandingat 31 December 2009 is provided below:

COMPANY	PRINCIPAL AMOUNT AT 31 DECEMBER 2009 R'000	ORIGINAL HEDGE TERM	SWAP RATE* %	QUALIFIES FOR HEDGE ACCOUNTING	EFFECTIVE HEDGE?
Silverstar Casino	1 103 882	5 years	8,97	Yes	Effective

* *This rate excludes credit and liquid margins.*

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

15.1 Interest rate swap (continued)

Silverstar Casino entered into this contract to hedge in its unamortised debt balance. Management predicted the debt build up and resulting amortisation and used this as the basis of entering into the interest rate hedge.

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 hedge are represented below:

	DERIVATIVE LIABILITY R'000	CURRENT PORTION OF DERIVATIVE LIABILITY R'000	NON-CURRENT PORTION OF DERIVATIVE LIABILITY R'000	HEDGE RESERVE AT 31 DECEMBER R'000
2010				
Silverstar Casino	(27 510)	(27 510)	–	20 334
	(27 510)	(27 510)	–	20 334
2009				
Silverstar Casino	(27 881)	(19 265)	(8 616)	25 110
	(27 881)	(19 265)	(8 616)	25 110

The ineffective portion recognised in the income statement from cash flow hedges for the year amounted to R3,9 million (2009: R9,2 million). The fair value adjustment released from the hedge reserve (see Note 21) for the interest rate derivatives during the year amounted to R4,8 million (2009: R14,5 million).

The maximum exposure to liquidity risk at the balance sheet date is the fair value of the derivative financial liabilities on the balance sheet.

The interest rate hedge has been classified between current and non-current assets and liabilties in accordance with its maturity.

Interest rate risk

At 31 December 2010, the fair value of the interest rate hedge liability would have been R6,0 million lower if JIBAR had been 1% higher, while the fair value adjustment recognised in the hedging reserve would have been R6,0 million higher.

The fair value of the interest rate hedge liability would have been R6,0 million higher if JIBAR had been 1% lower, while the fair value adjustment recognised in the hedging reserve would have been R6,0 million lower.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000

16. SHARE-BASED PAYMENT ARRANGEMENTS

16.1 Share Scheme

Amounts due by participants	**53 196**	47 125
	53 196	47 125

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 three equal tranches vesting over four years; one third after two years, one third after three years and one third after four 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. The non-current asset is considered payable when the option vests with the employee. Any dividends paid on those shares are utilised to reduce the balance owing by the employee.

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

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

	2010		2009	
	NUMBER OF SHARES	AVERAGE PRICE R	NUMBER OF SHARES	AVERAGE PRICE R
Awards/options at beginning of year	**3 527 478**	**16,24**	–	–
Granted	**–**	**–**	3 637 860	16,23
– Directors	**–**	**–**	971 014	17,00
– Staff	**–**	**–**	2 666 846	16,00
Inter-group transfers	**–**	**–**	–	–
– Directors	**–**	**–**	–	–
– Staff	**–**	**–**	–	–
Lapsed	**(311 041)**	**16,00**	(110 382)	16,00
– Directors	**–**	**–**	–	–
– Staff	**(311 041)**	**16,00**	(110 382)	16,00
Exercised and delivered	**(971 014)**	**17,00**	–	–
– Directors	**(971 014)**	**17,00**	–	–
– Staff	**–**	**–**	–	–
Exercised delivered and sold	**–**	**–**	–	–
– Directors	**–**	**–**	–	–
– Staff	**–**	**–**	–	–
Awards/options at end of year	**2 245 423**	**16,00**	3 527 478	16,24

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

16. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

16.1 Share Scheme (continued)

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

As at 31 December 2010, 971 014 of the share options granted during March 2009 had been exercised by directors.

The following transactions are relevant to shares exercised prior to 1 January 2008:

No vested shares (2009: 101 667) were sold on the open market by participants. In addition to this, the loan balance on 775 000 fully vested shares was repaid and the shares transferred out of the Gold Reef Share Scheme Trust Account. A further 3 257 000 (2009: 4 032 000) vested shares were not sold on the open market by participants.

The following transactions are relevant to shares exercised after 1 January 2008:

During the year 133 333 vested shares (2009: 229 001) were sold on the open market by participants. A further 33 334 shares were transferred to the Gold Reef Share Scheme Trust Account owing to employee resignations. In addition to this 3 998 018 (2009: 2 445 337) shares were not sold on the open market by participants, of which 971 014 have not yet vested and are not available for sale.

Total IFRS 2 costs relating to equity-settled share-based payments in terms of the share scheme amounted to R5,4 million(2009: R6,3 million). This cost is included in Employee costs on the face of the income statement.

16.2 Executive Share Appreciation Scheme

On 3 September 2008, the Remuneration and Nominations Committee approved a share appreciation scheme to replace the scheme originally approved on 22 November 2006, in terms of which Gold Reef was to issue free Gold Reef shares to certain executive directors, namely S B Joffe, J S Friedman and C Neuberger. In terms of the Executive Share Appreciation Scheme, each executive director would be entitled to a cash payment linked to the number of units granted, the share price and the achievement of performance criteria. The performance criteria, which were set by the Remuneration and Nominations Committee, are 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. Scheme 1 vested on 31 December 2009 and was settled in full during March 2010. Scheme 2 vested on 24 February 2010 and the resultant payment has therefore been included as part of the contract settlement following the termination of the Service Agreements (refer to page 22 in the Remuneration Report).

The terms of the Executive Share Appreciation Scheme are as follows:

	Scheme 1	Scheme 2
S B Joffe (units)	50 000	200 000
J S Friedman (units)	50 000	
C Neuberger (units)	50 000	
Start date	1 January 2007	1 January 2007
Valuation date	31 December 2009	31 December 2010
Share price at valuation date	R19,49	R 19,55
Contract life (years)	3	5
Vesting period (years)	3	5
Settlement	Cash	Cash
Performance criteria assumption:		
2007	100%	100%
2008	50%	50%
2009	60%	60%
2010	N/A	70%
2011	N/A	100%
Total performance factor	70%	76%
Fair value per unit	R18,98	R 19,55

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

16. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

16.2 Executive Share Appreciation Scheme (continued)

A liability of R3,2 million (2009: R1,6 million) relating to the Executive Share Appreciation Scheme has been recognised. The current portion of the liability, amounting to R3,2 million (2009: R0,8 million) has been recognised in Trade and other payables (refer to Note 25). The corresponding IFRS 2 charge of R1,6 million (2009: R0,3 million) has been recognised in Employee costs in the income statement.

	2010 R'000	2009 R'000
Non-current portion of Executive Share Appreciation Scheme	–	760
Cash-settled share-based LTIP (refer to Note 16.3)	**4 989**	3 141
Total non-current cash-settled share incentive liability per the balance sheet	**4 989**	3 901
Current portion of Executive Share Appreciation Scheme included in Trade and other payables (refer to Note 25)	**3 206**	803
Current portion of cash-settled share-based LTIP liability included in Trade and other payables (refer Note 25)	**2 207**	–
Total cash-settled share incentive scheme liability	**10 402**	4 704

16.3 Cash-settled share-based LTIP

During March 2009, the Gold Reef Board approved, on the recommendation of the Remuneration and Nominations Committee, the implementation of the LTIP to attract, retain, motivate and reward executive directors and management who are able to influence the performance of Gold Reef on a basis which aligns their interests with those of the Company's shareholders. In terms of the LTIP, executive directors and management will receive cash payments based on the share price of Gold Reef on exercise date. The LTIP consists of three distinct components as detailed below:

- **Share appreciation units**, vest in three equal tranches, one third after three years, one third after four years and one third after five years after grant date and are exercisable at the option of the recipient up until the end of six years after grant date. The amount settled is the difference between the Gold Reef share price on exercise date and the strike price. The strike price of the share appreciation units is the Gold Reef share price on grant date;

- **Bonus units**, have a mandatory vesting and exercise date of three years after grant date and are settled at the share price of Gold Reef on vesting date; and

- **Performance units**, have a mandatory vesting and exercise date of three years after grant date and are settled at the share price of Gold Reef on vesting date, multiplied by a factor of 0–3 dependent on the increase in HEPS of Gold Reef for the three year period as tabulated below.

COMPOUND ANNUAL GROWTH RATE IN HEPS	MULTIPLICATION FACTOR
5% to 7,5%	0 – 1
7,5% to 10%	1 – 3

NOTES TO THE GROUP FINANCIAL STATEMENTS

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16. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

16.3 Cash-settled share-based LTIP (continued)

	SHARE APPRECIATION UNITS	AVERAGE STRIKE PRICE R	BONUS UNITS	AVERAGE STRIKE PRICE R	PERFOR-MANCE UNITS	AVERAGE STRIKE PRICE R
31 December 2010						
Cash-settled units at 1 January 2010	878 702	16,00	244 045	–	239 974	–
Granted during the year	956 905	18,86	196 740	–	250 658	–
– Directors	114 130	18,86	97 070	–	76 803	–
– Staff	842 775	18,86	99 670	–	173 855	–
Forfeited during the year	(189 059)	17,57	(27 861)	–	(32 829)	–
– Directors	–	–	–	–	–	–
– Staff	(189 059)	17,57	(27 861)	–	(32 829)	–
Exercised during the year	–	–	–	–	–	–
– Directors	–	–	–	–	–	–
– Staff	–	–	–	–	–	–
Expired during the year	–	–	–	–	–	–
– Directors	–	–	–	–	–	–
– Staff	–	–	–	–	–	–
Cash-settled units at 31 December 2010	1 646 548	17,48	412 924	–	457 803	–
Units exercisable at 31 December 2010	–		–		–	
No of employees granted units	122					
No of employees remaining at year-end	109					

The LTIP's have been independently valued by actuaries at year-end utilising a modified binomial tree model to accommodate both the American nature of the units post vesting as well as incorporating employee exercise behaviour where applicable.

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	SHARE APPRECIATION UNITS	AVERAGE STRIKE PRICE R	BONUS UNITS	AVERAGE STRIKE PRICE R	PERFOR-MANCE UNITS	AVERAGE STRIKE PRICE R

16. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

16.3 Cash-settled share-based LTIP (continued)

	SHARE APPRECIATION UNITS	AVERAGE STRIKE PRICE R	BONUS UNITS	AVERAGE STRIKE PRICE R	PERFOR-MANCE UNITS	AVERAGE STRIKE PRICE R
31 December 2009						
Cash-settled units at 1 January 2009	–	–	–	–	–	–
Granted during the year	958 974	16,00	254 529	–	254 293	–
– Directors	123 359	16,00	85 782	–	83 016	–
– Staff	835 615	16,00	168 747	–	171 277	–
Forfeited during the year	(58 090)	16,00	(5 806)	–	(10 770)	–
– Directors	–	–	–	–	–	–
– Staff	(58 090)	16,00	(5 806)	–	(10 770)	–
Exercised during the year	(22 182)	16,00	(4 678)	–	(3 549)	–
– Directors	–	–	–	–	–	–
– Staff	(22 182)	16,00	(4 678)	–	(3 549)	–
Expired during the year	–	–	–	–	–	–
– Directors	–	–	–	–	–	–
– Staff	–	–	–	–	–	–
Cash-settled units at 31 December 2009	878 702	16,00	244 045	–	239 974	–
Units exercisable at 31 December 2009	–		–		–	
No of employees granted units	117					
No of employees remaining at year-end	106					

The LTIP's have been independently valued by actuaries at year-end utilising a modified binomial tree model to accommodate both the American nature of the units post vesting as well as incorporating employee exercise behaviour where applicable.

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	SHARE APPRECIATION UNITS	BONUS UNITS	PERFORMANCE UNITS
16. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)			
16.3 Cash-settled share-based LTIP (continued)			
Grant date	26 March 2010	26 March 2010	26 March 2010
Valuation date	31 December 2010	31 December 2010	31 December 2010
Share price at valuation date	19,55	19,55	19,55
Vesting period	3–5 years	3 years	3 years
Settlement	Cash	Cash	Cash
Volatility assumption	33,4%	33,4%	33,4%
Interest rate assumption	6%	6%	6%
Dividend yield assumption	4%	4%	4%
Performance factor assumption	N/A	N/A	1
Attrition assumption	11,0%	5,0%	6,5%
Fair value per unit	R 5,67	R 18,26	R 18,26
Grant date	20 March 2009	20 March 2009	20 March 2009
Valuation date	31 December 2010	31 December 2010	31 December 2010
Share price at valuation date	19,55	19,55	19,55
Vesting period	3–5 years	3 years	3 years
Settlement	Cash	Cash	Cash
Volatility assumption	34,7%	34,7%	34,7%
Interest rate assumption	6%	6%	6%
Dividend yield assumption	3%	3%	3%
Performance factor assumption	N/A	N/A	0
Attrition assumption	8,3%	6,1%	6,2%
Fair value per unit	R 6,87	R 18,91	R 18,91

A liability of R7,2 million (2009: R3,1 million) relating to the LTIP has been recognised on the face of the balance sheet and an IFRS 2 charge of R4,1 million (2009: R3,1 million) has been recognised in Employee costs in the income statement.

	2010 R'000	2009 R'000
Non-current portion of Executive Share Appreciation Scheme	–	760
Cash-settled share-based LTIP	**4 989**	3 141
Total non-current cash-settled share incentive liability per the balance sheet	**4 989**	3 901
Current portion of Executive Share Appreciation Scheme included in Trade and other payables (refer to Note 25)	**3 206**	803
Current portion of cash-settled share-based LTIP liability included in Trade and other payables (refer Note 25)	**2 207**	–
Total cash-settled share incentive scheme liability	**10 402**	4 704

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	2010 R'000	2009 R'000
17. INVENTORIES		
Operating equipment	**3 511**	541
Food and beverage	**2 279**	2 258
Trading inventory	**313**	575
Stationery	**1 471**	1 421
Cashless cards	**5 279**	4 125
Gaming	**5 852**	6 372
Uniforms	**1 073**	1 343
Other inventory	**2 529**	2 615
	22 307	19 250

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

	2010 R'000	2009 R'000
18. TRADE AND OTHER RECEIVABLES		
Trade receivables	**6 693**	6 913
Less: provision for impairment of trade receivables	**(2 040)**	(1 279)
Net trade receivables	**4 653**	5 634
Prepayments	**25 165**	22 182
Sundry debtors	**6 498**	2 427
Derivative financial instruments (see Note 15)	**–**	–
VAT receivable	**87**	4 111
Straight lining of leases	**500**	1 487
Other	**3 029**	6 367
	39 932	42 208
Age analysis of trade receivables past their due payment date but not impaired:		
30–60 days	**415**	540
60–90 days	**97**	76
Over 90 days	**1 327**	2 020
	1 839	2 636
Ageing analysis of trade receivables past due and impaired and provided for:		
30–60 days	**83**	281
60–90 days	**59**	72
Over 90 days	**1 898**	1 036
Impaired	**(2 040)**	(1 279)
	–	110
Movement on the provision for impairment of trade receivables is as follows:		
Balance at beginning of year	**1 279**	361
Provision for receivable impairment	**1 345**	1 269
Receivable written off during the year as uncollectable	**(191)**	(74)
Unused amounts reversed	**(393)**	(277)
Balance at end of year	**2 040**	1 279

As at 31 December 2010, trade receivables of R3,2 million (2009: R2,9 million) were fully performing.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

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	2010 R'000	2009 R'000
19. CASH AND CASH EQUIVALENTS		
Cash at bank	**369 385**	388 676
Cash on hand	**51 119**	51 499
	420 504	440 175
Bank overdraft	**(418)**	(102)
	(418)	(102)
Cash, cash equivalents and bank overdrafts include the following for the purpose of the cash flow statement:		
Cash and cash equivalents	**420 504**	440 175
Bank overdraft	**(418)**	(102)
	420 086	440 073

Cash and cash equivalents balances are held with reputable institutions who have credit ratings of between A and BBB at 31 December 2010.

Cash and cash equivalents are denominated in South African Rands.

	NUMBER OF ORDINARY SHARES (000)	NUMBER OF TREASURY SHARES (000)	NET NUMBER OF SHARES (000)	SHARE CAPITAL R'000	SHARE PREMIUM R'000	TREASURY SHARES R'000	TOTAL R'000
20. SHARE CAPITAL							
Balance at 1 January 2009	291 990	(17 082)	274 908	5 840	1 860 132	(70 934)	**1 795 038**
Transfer of vested shares to employees from the share scheme	–	1 676	1 676	–	–	15 059	**15 059**
Shares repurchased by the share scheme	–	(483)	(483)	–	–	(1 950)	**(1 950)**
Balance at 31 December 2009	291 990	(15 889)	276 101	5 840	1 860 132	(57 825)	**1 808 147**
Issue of shares	354	–	354	7	6 005	–	**6 012**
Transfer of vested shares to employees from the share scheme	–	844	844	–	–	11 249	**11 249**
Transfer of unvested shares to treasury shares	–	(354)	(354)	–	–	(6 012)	**(6 012)**
Shares repurchased by the share scheme	–	(33)	(33)	–	–	(480)	**(480)**
Profit on sale of shares by share scheme	–	–	–	–	–	(425)	**(425)**
Balance at 31 December 2010	292 344	(15 432)	276 912	5 847	1 866 137	(53 493)	**1 818 491**

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	LAND REVALUATION R'000	HEDGE RESERVE R'000	TRANS-ACTIONS WITH NON-CONTROLLING INTERESTS* R'000	NON-DISTRI-BUTABLE RESERVES R'000	TOTAL R'000
21. OTHER RESERVES					
Balance at 1 January 2009	27 519	(39 624)	(548 260)	(4 701)	**(565 066)**
Profit on sale of shares by share scheme	–	–	–	5 866	**5 866**
Fair value gain on interest rate hedge (refer to Note 15)	–	14 514	–	–	**14 514**
Fair value loss on foreign exchange hedge	–	(122)	–	–	**(122)**
Balance at 31 December 2009	27 519	(25 232)	(548 260)	1 165	**(544 808)**
Profit on sale of shares by share scheme	–	–	–	425	**425**
Fair value gain on interest rate hedge (refer to Note 15)	–	4 776	–	–	**4 776**
Fair value gain on foreign exchange hedge	–	122	–	–	**122**
Balance at 31 December 2010	27 519	(20 334)	(548 260)	1 590	**(539 485)**

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

	2010 R'000	2009 R'000
22. NON-CONTROLLING INTEREST		
Non-controlling interest consists of:		
Subsidiaries' prior year earnings attributable to non-controlling interests	**44 526**	42 670
Profits attributable to non-controlling interests in the current year	**11 657**	13 321
Dividends paid to non-controlling interests by subsidiaries	**(10 739)**	(11 465)
Balance at end of year	**45 444**	44 526

At 31 December 2010 non-controlling interest relates to a 29,6% and 15% interest in Mykonos Casino and Garden Route Casino respectively.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
23. INTEREST-BEARING BORROWINGS		
Non-current		
– Term loans	**1 130 936**	1 324 767
– Finance lease liabilities	**–**	223
	1 130 936	1 324 990
Current		
– Term loans	**193 714**	186 614
– Finance lease liabilities	**223**	323
	193 937	186 937
Total interest-bearing borrowings	**1 324 873**	1 511 927
Maturity of borrowings excluding finance lease liabilities:		
Not later than 1 year	**193 714**	186 614
Later than 1 year but not later than 5 years	**645 376**	683 535
Later than 5 years	**485 560**	641 232
	1 324 650	1 511 381
Finance lease liabilities:		
Gross finance lease liability – Minimum lease payments		
Not later than 1 year	**235**	417
Later than 1 year but not later than 5 years	**–**	208
Later than 5 years	**–**	–
	235	625
Future finance charges on finance lease	**(12)**	(79)
Present value of finance lease liability	**223**	546
The present value of the finance lease is as follows:		
Not later than 1 year	**223**	323
Later than 1 year but not later than 5 years	**–**	223
Later than 5 years	**–**	–
	223	546

	2010 %	2009 %
23. INTEREST-BEARING BORROWINGS (CONTINUED)		
Weighted average effective interest rates:		
Term loans *	**8,1**	10,1
Akani Egoli	**7,7**	9,8
Silverstar Casino	**8,1**	10,1
Golden Horse	**8,0**	10,2
Garden Route	**8,0**	10,1
Goldfields Casino	**8,1**	10,4
Finance lease liabilities	**15,8**	14,7
Akani Egoli	**–**	12,0
Silverstar Casino	**15,8**	15,8

* *These interest-bearing borrowings are at floating rates linked to JIBAR and include liquid and credit margins.*

The directors believe that the carrying values of the current interest-borrowings approximate their fair values.

The fair value of the current and non-current portions of the interest-bearing borrowings, which amounts to R1,1 billion based on cash flows discounted using an interest rate of 8,09%, therefore approximates its carrying amount and the impact of discounting is therefore 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 R14,3 million per annum.
If JIBAR were to decrease by 1%, finance costs would decrease by R14,3 million per annum.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

NATURE OF SECURITY	NATURE OF BORROWINGS	AMOUNT SECURED R'000
23. INTEREST-BEARING BORROWINGS (CONTINUED)		
Bank borrowings are secured as follows:		
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 Casino servitude lane	Nedbank term loans	2 500
First covering mortgage bonds to be registered in favour of Nedbank for any new land acquired		
Akani Msunduzi		
Mortgage bond over Akani Msunduzi's rights under its property lease	ABSA term loan and bank overdraft	110 000
Notarial bond over movable assets	ABSA term loan and bank overdraft	65 000
Suretyship by Gold Reef in favour of ABSA	ABSA term loan and bank overdraft	50 408
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
General and special notarial bonds over movable assets	ABSA term loan and bank overdraft	25 000
Cession of insurance policy on fixed property and moveable assets		
West Coast Leisure had no debt in place at year-end. The securities above refer to what would be required if the facility were again used 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
Suretyship by Gold Reef in favour of Nedbank	Nedbank term loan	1 210 416
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

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

NATURE OF SECURITY	NATURE OF BORROWINGS	AMOUNT SECURED R'000

23. INTEREST-BEARING BORROWINGS (CONTINUED)

Bank borrowings are secured as follows:

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 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 are in breach at year-end.

Schedule of covenants on term loans

Akani Egoli	Cumulative Debt Service Cover Ratio	Minimum of 1,25 times
Silverstar Casino	Cumulative Debt Service Cover Ratio	Minimum of 1,25 times
Akani Msunduzi	Debt Service Cover Ratio	Minimum of 2,00 times
	Gross Interest Paid Cover Ratio	Minimum of 3,00 times
	Debt to EBITDA Ratio	Maximum of 2,00 times
Garden Route	Cumulative Debt Service Cover Ratio	Minimum of 1,25 times
Goldfields Casino	Cumulative Debt Service Cover Ratio	Minimum of 1,25 times

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
24. DEFERRED INCOME TAXATION		
At beginning of year	**(51 970)**	(48 845)
Deferred income tax recognised through the income statement	**(9 635)**	(10 696)
Current year movement (refer to Note 7)	**(5 515)**	(8 482)
Deferred STC credits recognised (refer to Note 7)	**(1 150)**	–
Prior year adjustments (refer to Note 7)	**(2 970)**	(2 214)
Deferred income tax recognised through other comprehensive income	**(604)**	7 571
Deferred income tax on items recognised in hedge reserve	**(604)**	7 571
At end of year	**(62 209)**	(51 970)
Broken down as follows:		
Deferred income tax assets	**13 906**	12 510
Deferred income tax liabilities	**(76 115)**	(64 480)
	(62 209)	(51 970)
Deferred tax balances may be analysed as follows:		
Deferred income tax assets		
Deferred income tax recognised through the income statement	**6 939**	4 939
Provisions	**5 986**	2 880
Assessed losses	**1 296**	1 350
Deferred STC credits	**1 150**	–
Capital allowances	**(622)**	(266)
Prepayments	**–**	(560)
Capitalised borrowing costs	**(2 509)**	–
Other temporary differences	**1 638**	1 535
Deferred income tax recognised through other comprehensive income	**6 967**	7 571
Deferred income tax on items recognised in hedge reserve	**6 967**	7 571
Total deferred income tax assets	**13 906**	12 510
Deferred income tax liabilities		
Deferred income tax recognised through the income statement	**(76 115)**	(64 480)
Provisions	**13 668**	12 664
Assessed losses	**2 739**	8 361
Capital allowances	**(78 146)**	(70 257)
Prepayments	**(2 688)**	(3 251)
Capitalised borrowing costs	**(13 088)**	(13 362)
Other temporary differences	**1 400**	1 365
	(76 115)	(64 480)

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate on 28% (2009: 28%). Deferred tax assets are only recognised to the extent that realisation of the related tax benefit through future taxable profits is probable.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
25. TRADE AND OTHER PAYABLES		
Trade payables	**27 936**	25 218
Accrued expenses	**57 417**	67 039
Executive Share Appreciation Scheme (refer to Note 16.2)	**3 206**	830
Cash-settled share-based LTIP (refer to Note 16.3)	**2 207**	–
Derivative financial instruments (refer to Note 15)	**27 510**	19 265
VAT payable	**17 987**	15 900
Other payables	**30 817**	25 047
	167 080	153 299

All trade and other payables arise in the ordinary course of business. Refer to Note 2.1.3 for the ageing of Trade and other payables.

	GAMING PROVISIONS R'000	PERFORMANCE INCENTIVE PROVISIONS R'000	OTHER R'000	TOTAL R'000
26. PROVISIONS				
31 December 2010				
At beginning of year	13 409	10 013	10 405	**33 827**
Provisions raised	83 213	39 325	7 865	**130 403**
Provisions utilised	(80 135)	(29 554)	(6 411)	**(116 100)**
At end of year	16 487	19 784	11 859	**48 130**
31 December 2009				
At beginning of year	18 555	17 653	20 333	**56 541**
Provisions raised	24 877	35 292	7 596	**67 765**
Provisions utilised	(30 023)	(42 932)	(17 524)	**(90 479)**
At end of year	13 409	10 013	10 405	**33 827**

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

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

Also included in Other provisions is an amount of R11,8 million (2009: R10,1 million) recognised by Silverstar Casino relating to its obligation to incur corporate social spending in terms of its license conditions.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

27. RELATED PARTY TRANSACTIONS

The following related parties have been identified:

PARTY	NATURE OF RELATIONSHIP
Akani Egoli	Subsidiary
Akani Leisure Investments	Subsidiary
Akani Msunduzi	Subsidiary
West Coast Leisure	Subsidiary
Gold Reef Management	Subsidiary
Gold Reef Resorts Training Institute	Subsidiary
Akani Egoli Management	Subsidiary
Akani Msunduzi Management	Subsidiary
Aldiss Investments	Subsidiary
Garden Route Casino	Subsidiary
Inkonka Investments	Subsidiary
Goldfields Casino	Subsidiary
Tanglepark Trading	Subsidiary
Silverstar Casino	Subsidiary
Akani Leisure Msunduzi Investments	Subsidiary
Akani Leisure Goldfields Investments	Subsidiary
Akani Leisure Investment Casino Management	Subsidiary
Richard Moloko Consortium	Subsidiary
Richard Moloko Consortium Holdings	Subsidiary
Newshelf 786	Subsidiary
Akani Leisure Silverstar Holdings	Subsidiary
Mogale Silverstar Holdings	Subsidiary
Indol	Joint venture
Lukhanji Leisure	Associate
Gold Reef Share Scheme	Share Trust
South African Apartheid Museum	Bid Commitment
Olwazini Discovery Centre	Bid Commitment
Club Mykonos Resort Managers	Sectional title holder
CASA	Member of association
E N Banda *	Non-executive director
M G Diliza *	Non-executive director
J C Farrant *	Non-executive director
M Z Krok *	Non-executive director
Z J Matlala *	Non-executive director
P C M September *	Non-executive director
P Vallet *	Non-executive director
J S Friedman *	Executive director
S B Joffe *	Executive director
C Neuberger *	Executive director
T M Sadiki *	Executive director

** Resigned subsequent to the financial year end. Refer to page 7.*

There were no loans to directors during the 2010 or 2009 financial years.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
27. RELATED PARTY TRANSACTIONS (CONTINUED)		
Transactions with related parties		
Transactions with the following related parties during the year:		
CASA	**1 161**	1 095
Club Mykonos Resort Managers	**16**	11
South African Apartheid Museum	**4 594**	4 296
	5 771	5 402

Services include membership fees, consultancy fees, entrance fees and levies.

Payments to key management personnel are disclosed in Note 31. Key management personnel comprises executive and non-executive directors.

Balances with related parties

	2010 R'000	2009 R'000
Amounts owing by related parties		
CASA	**310**	73
	310	73
Amounts owing to related parties		
South African Apartheid Museum	**(579)**	(497)
Olwazini Discovery Centre	**(73)**	(61)
	(652)	(558)
	(342)	(485)

All related party balances payable by/(to) related parties arise in the ordinary course of business.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

		2010 R'000	2009 R'000
28. CASH FLOW INFORMATION			
28.1 Cash flow from operating activities			
Profit before taxation		**458 280**	553 637
28.1.1	Adjusted for non cash items and other adjustments	**342 761**	335 008
	Depreciation and amortisation (refer to Note 4.3)	**205 602**	185 207
	Loss on the disposal of property, plant and equipment (refer to Note 4.4)	**190**	1 831
	Finance income (refer to Note 6)	**(29 622)**	(38 553)
	Finance costs (refer to Note 6)	**147 401**	161 206
	Ineffective portion of interest rate swaps recognised through the income statement	**3 914**	9 229
	Write-off of fixed assets and intangible assets	**–**	757
	Share-based payment charge (refer to Note 5)	**5 409**	6 255
	Cash-settled share-based payment charge (refer to Note 5)	**5 698**	3 901
	Foreign exchange loss	**257**	–
	Share of loss in associate	**3 912**	5 175
		801 041	888 645
28.1.2	Decrease/(increase) in net current assets	**12 448**	(36 605)
	Decrease/(increase) in trade and other receivables	**2 398**	(12 891)
	(Increase)/decrease in inventories	**(3 057)**	101
	Decrease in trade and other payables	**(1 196)**	(1 101)
	Increase/(decrease) in provisions	**14 303**	(22 714)
		813 489	852 040
28.2	**Taxation paid**		
	Tax liability at beginning of year	**(1 764)**	(899)
	Current taxation (refer to Note 7)	**(136 430)**	(155 922)
	Prior year overprovision (refer to Note 7)	**694**	4 252
	STC	**(20 288)**	(17 320)
	Tax liability at end of year	**4 406**	1 764
		(153 382)	(168 125)
28.3	**Proceeds on disposal of property, plant and equipment**		
	Net book value	**8 216**	4 063
	Loss on disposal of property, plant and equipment	**(190)**	(1 831)
		8 026	2 232

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	COUNTRY OF INCOPORATION	LISTED/ UN-LISTED	PRO-PORTION OWNED %	EFFECTIVE HOLDING (ECONOMIC INTEREST) 2010 %	2009 %	NATURE OF BUSINESS
29. SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS						
Subsidiaries						
Akani Egoli	South Africa	Unlisted	100,0	**100,0**	100,0	Gaming and entertainment
Akani Leisure Investments **	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Akani Msunduzi	South Africa	Unlisted	100,0	**100,0**	100,0	Gaming and entertainment
West Coast Leisure	South Africa	Unlisted	70,4	**70,4**	70,4	Gaming and entertainment
Gold Reef Management #	South Africa	Unlisted	100,0	**100,0**	100,0	Management of casino interests
Gold Reef Resorts Training Institute	South Africa	Unlisted	100,0	**100,0**	100,0	Group training
Akani Egoli Management	South Africa	Unlisted	100,0	**100,0**	100,0	Management of casino interests
Akani Msunduzi Management	South Africa	Unlisted	100,0	**100,0**	100,0	Management of casino interests
Aldiss Investments	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Garden Route Casino	South Africa	Unlisted	85,0	**85,0**	85,0	Gaming and entertainment
Inkonka Investments **	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Goldfields Casino	South Africa	Unlisted	100,0	**100,0**	100,0	Gaming and entertainment
Tanglepark Trading **	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Silverstar Casino	South Africa	Unlisted	100,0	**100,0**	100,0	Gaming and entertainment
Akani Leisure Msunduzi Investments **	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Akani Leisure Goldfields Investments **	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Akani Leisure Investment Casino Management >	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Richard Moloko Consortium	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Richard Moloko Consortium Holdings	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Newshelf 786	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Akani Leisure Silverstar Holdings >	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Mogale Silverstar Holdings	South Africa	Unlisted	100,0	**100,0**	100,0	Investment holding
Gold Reef Share Scheme	South Africa	Trust	N/A	**N/A**	N/A	Share Trust

	EFFECTIVE HOLDING 2010 %	2009 %	INVESTMENT IN SHARES 2010 R'000	2009 R'000	NET INDEBTEDNESS 2010 R'000	2009 R'000
Joint ventures						
Indol	**50,0**	50,0	**2 047**	–	**4 167**	–
Associates						
Lukhanji Leisure	**25,1**	25,1	**67**	67	**41 496**	36 692
Investments						
Sekunjalo Healthcare Limited	**0,5**	0,5	**–**	–	**–**	–

\# *During the 2010 financial year, the investment of R38 990 000 held in Akani Leisure Investment Casino Management was transferred to the Company's investment in Gold Reef Management.*
Akani Leisure Investment Casino Management is currently in the process of being liquidated.

** *These companies were liquidated during the 2010 financial year.*

> *These companies are in the process of being liquidated.*

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000

30. CONTINGENCIES, COMMITMENTS AND GUARANTEES

At 31 December 2010 the Group had contingent liabilities in respect of bank and other guarantees as well as other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The details are as follows:

	2010 R'000	2009 R'000
Guarantees ^	**88 699**	89 699
Litigation	**3 500**	5 000
Transaction costs +	**22 443**	33 856
Capital expenditure committed or approved	**3 142**	43 520
	117 754	172 075

Gold Reef has entered into an agreement with Nedbank and the Eastern Cape Gambling and Betting Board whereby the bank has guaranteed an agreed capital amount not exceeding R3 935 542 (2009: R3 935 542) for the completion of the construction of the proposals contained in Queens Casino's bid application.

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 (2009: R38 271 389) for Gambling Board taxes and working capital. Akani Egoli has provided guarantees to various food and beverage suppliers for R150 000 (2009: R150 000). Akani Egoli has provided a guarantee to Nedbank for Gold Reef City Theme Park's banking facility of R2 507 000 (2009: R2 507 000).

Gold Reef City Theme Park has provided a guarantee to Eskom for R782 700 (2009:R507 000).

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 (2009: R5 260 000) for Gambling Board taxes and working capital. ABSA has also issued a guarantee to the Msunduzi Municipality for R708 000 (2009: R708 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 (2009: 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 (2009: R250 000) for Gambling Board taxes and working capital. In terms of the license conditions for the casino operator license, issued by the Western Cape Gambling and Racing Board, West Coast Leisure has placed on deposit an amount of R1 500 000 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 or an alternative project to be agreed with the Western Cape Gambling and Racing Board.

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 (2009: R20 941 670) for Gambling Board taxes and working capital. Silverstar Casino has also provided a guarantee to Mogale City Municipal Council for R650 000(2009: R650 000).

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000

30. CONTINGENCIES, COMMITMENTS AND GUARANTEES (CONTINUED)

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 R550 000 (2009: R450 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%, 100%, 100%, 70,33% and 35,72% of their exposure respectively.

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

Operating lease commitments

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

	2010 R'000	2009 R'000
Not later than 1 year	**4 809**	5 988
Later than 1 year but not later than 5 years	**11 756**	10 916
Later than 5 years	**–**	2 344
	16 565	19 24

^ *This amount reflects the gross guarantees that can be called upon and not the fair value.*

\+ *This comprises Gold Reef's share of the transaction costs related to the merger and includes fees for corporate advisory services.*

31. DIRECTORS' EMOLUMENTS

	2010 R'000	2009 R'000
Executive directors		
Basic remuneration	**7 333**	7 212
Retirement and medical contributions	**1 277**	1 170
Performance incentives	**6 027**	6 738
Gains on vested share options exercised *	**1 192**	2 290
Other benefits	**–**	86
	15 829	17 496
Non–executive directors		
Directors' fees	**2 460**	1 874
Other services	**–**	35
Other benefits	**–**	–
	2 460	1 909
	18 289	19 405
Total directors' emoluments		
Emoluments paid by the Company	**3 581**	4 088
Emoluments paid by subsidiaries	**14 708**	15 317
	18 289	19 405

* *This relates to gains on share options which have been exercised and have vested but remain unsold. Consequently, the directors will only receive the economic benefits once the shares are sold on the open market. Subsequent to year end, on termination of the Service Agreements, these share options vested, the loan balances with the Company were repaid and the pledges over the shares were released.*

A detailed breakdown of individual directors' emoluments is shown on page 21 of the annual report.
Share-based payment charges during the year relating to awards to directors were R5,7million (2009: R3,2 million).
A listing of all members of the Board is shown on pages 5 to 7 of the annual report.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

32. SUBSEQUENT EVENTS

Corporate activity

The merger of Gold Reef and Tsogo Sun became effective on 24 February 2011 with the new majority shareholders being TIH and SABSA.

On 24 February 2011, the Company issued 888 261 028 ordinary shares as consideration for the acquisition of the entire issued share capital in Tsogo Sun from TIH and SABSA. TIH was issued 453 013 124 ordinary shares resulting in a shareholding in Gold Reef of 41,3% (excluding treasury shares). SABSA was issued 435 247 904 ordinary shares resulting in a shareholding in Gold Reef of 39,7% (excluding treasury shares). On the same date, the 69 205 093 shares previously held by Tsogo Sun Expansion became Gold Reef treasury shares.

As of the effective date of the merger, the Service Agreements entered into by Gold Reef were terminated. This termination resulted in total payments to the executive directors of R51,3 million. For further detail relating to the termination payments, refer to page 22 of the Remuneration Report.

Directors' Dealings

On 23 March 2011, Mr J A Copelyn acquired a direct beneficial interest in the Company following the purchase of 167 775 ordinary Gold Reef shares at a VWAP of R14,18. The requisite prior written clearance to deal in these securities was obtained for this transaction.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 R'000	2009 R'000
Other income	4	**222 204**	237 192
Other operating expenses	4	**(15 730)**	(8 085)
Operating profit		**206 474**	229 107
Finance income	5	**6 645**	8 376
Finance costs	5	**–**	–
Profit before taxation		**213 119**	237 483
Taxation expense	6	**(20 705)**	(18 335)
Profit for the year		**192 414**	219 148
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**192 414**	219 148

The notes on pages 98 to 113 are an integral part of these financial statements.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2010

	Note	2010 R'000	2009 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**3 658**	3 658
Deferred income tax assets	17	**1 150**	–
Investment in subsidiaries	8	**2 816 806**	2 815 331
Investment in joint venture	9	**6 214**	–
Investment in associate	10	**24 816**	32 748
Share scheme	12	**60 308**	58 849
		2 912 952	2 910 586
Current assets			
Trade and other receivables	13	**–**	1 000
Current tax assets	20.2	**994**	245
Cash and cash equivalents	14	**23 759**	35 820
Amounts owing by related parties	21	**54 763**	57 620
		79 516	94 685
Total assets		**2 992 468**	3 005 271
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	**5 847**	5 840
Share premium	15	**1 866 137**	1 860 132
		1 871 984	1 865 972
Share-based payment reserve		**394 631**	389 040
Retained earnings		**382 104**	370 335
Total equity		**2 648 719**	2 625 347
Non-current liabilities			
Financial guarantee contracts	16	**103 106**	124 702
		103 106	124 702
Current liabilities			
Trade and other payables	18	**1 172**	1 039
Provisions	19	**–**	–
Amounts owing to related parties	21	**239 471**	254 183
		240 643	255 222
Total equity and liabilities		**2 992 468**	3 005 271

The notes on pages 98 to 113 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	SHARE CAPITAL R'000	SHARE PREMIUM R'000	SHARE-BASED PAYMENT RESERVE R'000	RETAINED EARNINGS R'000	TOTAL EQUITY R'000
Balance at 1 January 2009	5 840	1 860 132	382 554	331 289	**2 579 815**
Total comprehensive income for the year ended 31 December 2009	–	–	–	219 148	**219 148**
Recognition of share-based payments	–	–	6 486	–	**6 486**
Dividends paid	–	–	–	(180 102)	**(180 102)**
Balance at 31 December 2009	5 840	1 860 132	389 040	370 335	**2 625 347**
Total comprehensive income for the year ended 31 December 2010	–	–	–	192 414	**192 414**
Issue of shares	7	6 005	–	–	
Recognition of share-based payments	–	–	5 591	–	**5 591**
Dividends paid	–	–	–	(180 645)	**(180 645)**
Balance at 31 December 2010	5 847	1 866 137	394 631	382 104	**2 648 719**

The notes on pages 98 to 113 are an integral part of these financial statements.

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 R'000	2009 R'000
Cash flow from operating activities			
Profit before taxation		**213 119**	237 483
Non-cash items and other adjustments	20.1	**(13 151)**	(22 800)
		199 968	214 683
Decrease/(increase) in net current assets	20.1	**1 133**	(7 296)
Cash flow from operating activities		**201 101**	207 387
Finance income		**6 645**	8 376
Finance costs		**–**	–
Taxation paid	20.2	**(22 604)**	(15 430)
Dividend paid		**(180 645)**	(180 102)
Net cash generated from operating activities		**4 497**	20 231
Cash flow from investing activities			
Investment in joint venture	9	**(2 099)**	–
Loans advanced to joint venture	9	**(4 372)**	–
Loans (advanced to)/repaid by associate	10	**(2 785)**	1 263
Amounts advanced to related parties		**(11 855)**	(298 330)
Redemption of preference shares		**–**	37 305
Net cash utilised in investing activities		**(21 111)**	(259 762)
Cash flow from financing activities			
Issue of shares		**6 012**	–
(Increase)/decrease in share scheme loan		**(1 459)**	4 606
Net cash generated in financing activities		**4 553**	4 606
Net decrease in cash and cash equivalents		**(12 061)**	(234 925)
Cash and cash equivalents at beginning of year		**35 820**	270 745
Cash and cash equivalents at end of year	14	**23 759**	35 820

The notes on pages 98 to 113 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

4. OPERATING PROFIT

The following items have been credited/(charged) in arriving at operating profit:

	2010 R'000	2009 R'000
Other income		
Dividends received	**180 351**	197 799
Royalty fees	**15 829**	16 084
Amortisation of financial guarantee contracts	**21 596**	18 510
Other	**4 428**	4 799
	222 204	237 192
Other operating expenses		
Auditor's remuneration	**(1 209)**	(1 087)
– Audit fees – current year	**(1 209)**	(1 087)
– Audit fees – prior year	**–**	–
– Other services	**–**	–
Impairment of investment in associate	**(10 717)**	(4 086)
Other expenses	**(3 804)**	(2 912)
	(15 730)	(8 085)

5. FINANCE (COSTS)/INCOME

	2010 R'000	2009 R'000
Finance costs:		
Interest expense		
– Bank	**–**	–
Total finance costs	**–**	–
Finance income:		
Interest income		
– Bank	**832**	748
– Other	**5 813**	7 628
Total finance income	**6 645**	8 376
Net finance income	**6 645**	8 376

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
6. TAXATION EXPENSE		
Current taxation		
– Current year	**6 376**	4 585
STC	**15 479**	10 711
Deferred taxation		
– Current year	**(1 150)**	3 039
– Rate change	**–**	–
Taxation expense	**20 705**	18 335

	2010 %	2009 %
The tax on the Company profit before taxation differs from the theoretical amount that would arise using the basic tax rate of SA as follows:		
Standard rate	**28,0**	28,0
Adjusted for:		
Exempt income	**(26,5)**	(25,4)
Non-deductible expenses	**1,5**	0,2
STC	**7,3**	4,9
Deferred STC recognised	**(0,5)**	–
	9,8	7,7

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	LAND AND BUILDINGS R'000	TOTAL R'000
7. PROPERTY, PLANT AND EQUIPMENT		
For the year ended 31 December 2010		
At beginning of year	3 658	**3 658**
Additions	–	**–**
Revaluation	–	**–**
At end of year	3 658	**3 658**
At 31 December 2010		
Cost	3 658	**3 658**
Accumulated depreciation	–	**–**
Closing carrying value	3 658	**3 658**
For the year ended 31 December 2009		
At beginning of year	3 658	**3 658**
Additions	–	**–**
Revaluation	–	**–**
At end of year	3 658	**3 658**
At 31 December 2009		
Cost	3 658	**3 658**
Accumulated depreciation	–	**–**
Closing carrying value	3 658	**3 658**
At 1 January 2009		
Cost	3 658	**3 658**
Accumulated depreciation	–	**–**
Closing carrying value	3 658	**3 658**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
8. INVESTMENT IN SUBSIDIARIES		
Shares at cost		
Cost of investment in ordinary shares (refer to Note 22)	**2 762 432**	2 766 548
	2 762 432	2 766 548
Share-based payments to subsidiary employees	**54 374**	48 783
	2 816 806	2 815 331
Aggregate attributable after tax profits of subsidiaries	**285 555**	389 088

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

SUBSIDIARY	COUNTRY OF INCORPORATION	LISTED/ UNLISED	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
Gold Reef Resorts Training Institute	South Africa	Unlisted	100,00	Group training
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	85,00	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

During the 2010 financial year, the investment of R38 990 000 held in Akani Leisure Investment Casino Management was transferred to the Company's investment in Gold Reef Management. Akani Leisure Investment Casino Management is currently in the process of being liquidated.

** *These companies were liquidated during the 2010 financial year.*

> *These companies are in the process of being liquidated.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
9. INVESTMENT IN JOINT VENTURE		
Investment in joint venture	2 047	–
Impairment of joint venture	–	–
	2 047	–
Loan to joint venture	4 167	–
Closing carrying value	6 214	–
Reconciliation		
At beginning of year	–	–
Investment in joint venture	2 047	–
Impairment of investment in joint venture	–	–
Loans advanced during the year	4 167	–
Impairment of loans to joint venture	–	–
At end of year	6 214	–
Closing carrying value is analysed as follows:		
Indol		
Net investment in joint venture	6 471	–
Foreign exchange loss on translation	(257)	–
	6 214	–
Loans to joint venture is analysed as follows:		
Indol *		
Loans advanced during the year	4 372	–
Foreign exchange loss on translation	(205)	–
	4 167	–

* *The Company loan to Indol bears interest at the ruling prime interest of Botswana being 13,5%.*

The loan to the joint venture has been included as part of the net investment in joint venture as it is not considered to be immediately recoverable.

The carrying amount of the loans to the joint venture approximate its fair value.

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

JOINT VENTURE	COUNTRY OF INCORPORATION	LISTED/ UNLISED	PROPORTION OWNED %	ECONOMIC INTEREST %	NATURE OF BUSINESS
Indol	South Africa	Unlisted	50,0	50,0	Gaming and entertainment

	2010 R'000	2009 R'000
The trading results of the joint venture, whose results were equity-accounted in the financial statements are as follows:		
Total joint venture company's accumulated loss for the year	(28)	–
Current assets	2 084	–
Non-current assets	8 410	–
Current liabilities	25	–
Non-current liabilities	6 466	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
10. INVESTMENT IN ASSOCIATE		
Investment in associate	**67**	67
Impairment of investment in associate *	**(67)**	(67)
	–	–
Loans to associate	**35 533**	36 834
Impairment of loans to associate*	**(10 717)**	(4 086)
Closing carrying value	**24 816**	32 748
Reconciliation		
At beginning of year	**32 748**	38 097
Impairment of investment in associate *	**–**	–
Loans advanced/(repaid) during the year	**2 785**	(1 263)
Impairment of loans to associate *	**(10 717)**	(4 086)
At end of year	**24 816**	32 748
Closing carrying value comprises:		
Lukhanji Leisure	**24 816**	32 748
Loans to associate comprises:		
Lukhanji Leisure **	**24 816**	32 748

** During the year Gold Reef's investment in Lukhanji Leisure was impaired. The impairment had no effect on the Group results since sufficient losses have been equity accounted in terms on IAS 28 – Investments in Associates. Refer to Note 3.1.*
*** The Company loan to Lukhanji Leisure bears interest at prime +1%. Gold Reef has subordinated its loan to Lukhanji Leisure for the benefit of other creditors, limited to an amount of R17,5 million.*

The loan to associate has been included as part of the net investment in associate as it is not considered to be immediately recoverable. The carrying amount of the loan to associate approximates its fair value.

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

ASSOCIATE	COUNTRY OF INCORPORATION	LISTED/ UNLISED	PROPORTION OWNED %	ECONOMIC INTEREST %	NATURE OF BUSINESS
Lukhanji Leisure	South Africa	Unlisted	25,1	25,1	Gaming and entertainment

As the Company has significant influence in Lukhanji Leisure but not control, the results of its operations are equity accounted. The directors consider the Company to have significant influence in Lukhanji Leisure as the Company has appointed two directors to the Board of Lukhanji Leisure and a Group subsidiary provides consulting and know how to the company holding the management contract for Lukhanji Leisure.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
10. INVESTMENT IN ASSOCIATE (CONTINUED)		
The trading results of the associate company, whose results were equity-accounted in the financial statements, are as follows:		
Revenue	**53 041**	51 340
Total associate company's accumulated loss for the year	**(15 586)**	(20 616)
The aggregate balance sheet of the associate is summarised as follows:		
Property, plant and equipment	**92 881**	100 766
Intangible assets	**2 318**	2 652
Deferred tax assets	**689**	544
Cash	**4 046**	6 503
Other current assets	**3 601**	3 501
Total assets	**103 535**	113 966
Shareholders' loans	**(123 341)**	(115 041)
Other liabilities	**(52 095)**	(55 424)
Total shareholders' funds	**(71 901)**	(56 499)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	LOANS AND RECEIVABLES R'000	TOTAL R'000
11. FINANCIAL INSTRUMENTS BY CATEGORY		
31 December 2010		
Assets per balance sheet		
Trade and other receivables	–	**–**
Cash and cash equivalents	23 759	**23 759**
Amounts owing by related parties	54 763	**54 763**
Total	78 522	**78 522**

	OTHER FINANCIAL LIABILITIES R'000	TOTAL R'000
31 December 2010		
Liabilities per balance sheet		
Financial guarantee contracts	103 106	**103 106**
Trade and other payables	714	**714**
Amounts owing to related parties	239 471	**239 471**
Total	343 291	**343 291**

	LOANS AND RECEIVABLES R'000	TOTAL R'000
31 December 2009		
Assets as per balance sheet		
Trade and other receivables	1 000	**1 000**
Amounts owing by related parties	57 620	**57 620**
Cash and cash equivalents	35 820	**35 820**
Total	94 440	**94 440**

	OTHER FINANCIAL LIABILITIES R'000	TOTAL R'000
31 December 2009		
Liabilities per balance sheet		
Financial guarantee contracts	124 702	**124 702**
Trade and other payables	651	**651**
Amounts owing to related parties	254 183	**254 183**
Total	379 536	**379 536**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
12. SHARE-BASED PAYMENT ARRANGEMENTS		
12.1 Share Scheme		
Loan to share scheme	**60 308**	58 849
	60 308	58 849

The Company 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 three equal tranches vesting over four years; one third after two years, one third after three years and one third after four 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. The non-current asset is considered payable when the option vests with the employee. Any dividends paid on those shares are utilised to reduce the balance owing by the employee.

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

	2010 R'000	2009 R'000
13. TRADE AND OTHER RECEIVABLES		
Other	**–**	1 000
	–	1 000

No security is held against any of the trade and other receivables.

	2010 R'000	2009 R'000
14. CASH AND CASH EQUIVALENTS		
Cash at bank	**23 759**	35 820
Cash on hand	**–**	–
	23 759	35 820
Bank overdrafts	**–**	–
	–	–

All bank balances and bank overdrafts are held under cash management.

Cash, cash equivalents and bank overdrafts include the following for the purpose of the cash flow statement:

	2010 R'000	2009 R'000
Cash and cash equivalents	**23 759**	35 820
Bank overdraft	**–**	–
	23 759	35 820

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	NUMBER OF ORDINARY SHARES (000)	SHARE CAPITAL R'000	SHARE PREMIUM R'000	TOTAL R'000
15. SHARE CAPITAL				
Balance at 1 January 2009	291 990	5 840	1 860 132	**1 865 972**
Ordinary shares issued in 2009	–	–	–	**–**
Balance at 31 December 2009	291 990	5 840	1 860 132	**1 865 972**
Ordinary shares issued in 2010	354	7	6 005	**6 012**
Balance at 31 December 2010	292 344	5 847	1 866 137	**1 871 984**

The total authorised number of ordinary shares is 1 200 000 000 (2009 : 590 000 000) with a par value of 2 cents per share (2009: 2 cents per share). All issued shares, other than those relating to the Gold Reef Share Scheme, are fully paid up.

	2010 R'000	2009 R'000
16. FINANCIAL GUARANTEE CONTRACTS		
At beginning of year	**124 702**	143 212
Amortisation	**(21 596)**	(18 510)
At end of year	**103 106**	124 702

The financial guarantee contracts relate to suretyships provided by Gold Reef to banks in respect of loans granted to subsidiaries and associates. The Company has bound itself as surety for Akani Egoli, Silverstar Casino and Queens Casino to their bankers for 100%, 100% and 35,72% of their exposure respectively.

As at 31 December 2010, there was no expectation that Gold Reef would be called upon to fulfill its obligations in terms of the various suretyship agreements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
17. DEFERRED INCOME TAXATION		
At beginning of year	**–**	3 039
Rate change	**–**	–
Current year movement	**1 150**	(3 039)
At end of year	**1 150**	–
Broken down as follows:		
Deferred income tax assets	**1 150**	–
Deferred income tax liabilities	**–**	–
Net deferred income tax asset	**1 150**	–
The deferred income tax balance may be analysed as follows:		
Deferred income tax assets		
Provisions	**–**	–
Deferred STC credits	**1 150**	–
	1 150	–
Deferred income tax assets		
– Deferred income tax assets to be recovered within 12 months	**1 150**	–
– Deferred income tax assets to be recovered after more than 12 months	**–**	–
	1 150	–

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 28% (2009: 28%).

Deferred tax assets are only recognised to the extent that realisation of the related tax benefit is probable.

	2010 R'000	2009 R'000
18. TRADE AND OTHER PAYABLES		
Accrued expenses	**714**	651
VAT payable	**458**	388
	1 172	1 039

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

	2010 R'000	2009 R'000
19. PROVISIONS		
At beginning of year	**–**	7 200
Provisions raised	**–**	–
Provisions utilised	**–**	(7 200)
At end of year	**–**	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
20. CASH FLOW INFORMATION		
20.1 Cash flow from operating activities		
Profit before taxation	**213 119**	237 483
Adjusted for non-cash items and other adjustments:	**(13 151)**	(22 800)
Finance income (refer to Note 5)	**(6 645)**	(8 376)
Finance costs (refer to Note 5)	**–**	–
Amortisation of financial guarantee contracts (refer to Note 16)	**(21 596)**	(18 510)
Related party loan reversed against investment in subsidiary	**4 116**	–
Foreign exchange loss	**257**	–
Impairment of loans to associate	**10 717**	4 086
	199 968	214 683
Decrease/(increase) in net current assets	**1 133**	(7 296)
Decrease in trade and other receivables	**1 000**	–
Increase/(decrease) in trade and other payables	**133**	(96)
Decrease in provisions	**–**	(7 200)
	201 101	207 387

	2010 R'000	2009 R'000
20.2 Taxation paid		
Tax asset at beginning of year	**245**	111
Current taxation	**(6 376)**	(4 585)
STC	**(15 479)**	(10 711)
Tax asset at end of year	**(994)**	(245)
	(22 604)	(15 430)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000
21. RELATED PARTY TRANSACTIONS		
Transactions occurred with the following related parties during the year:		
Royalty fees received from Gold Reef Management	**15 829**	16 084
Administration fees received from:		
Akani Egoli and subsidiaries	**197**	441
Akani Msunduzi	**215**	302
Garden Route Casino	**338**	429
Goldfields Casino	**130**	172
Gold Reef Management	**3 085**	3 030
West Coast Leisure	**117**	197
Silverstar Casino	**74**	128
Queens Casino	**72**	91
Amounts owing by related parties at end of year:		
Aldiss Investments	**43 633**	43 604
Akani Egoli	**26**	–
Akani Msunduzi	**1**	–
Silverstar Casino	**11 000**	13 944
Garden Route Casino	**33**	35
Goldfields Casino	**12**	11
Mogale Silverstar Holdings	**18**	–
Richard Moloko Consortium Holdings	**39**	26
West Coast Leisure	**1**	–
	54 763	57 620
Amounts owing to related parties at end of year:		
Akani Egoli	**(620)**	(676)
Akani Egoli Management	**(5)**	–
Akani Msunduzi	**(359)**	(9 332)
West Coast Leisure		–
Gold Reef Management	**(64 302)**	(63 811)
Akani Egoli Management		–
Garden Route Casino	**(18 322)**	(11 650)
Goldfields Casino	**(239)**	(6 711)
Silverstar Casino	**(470)**	(659)
Akani Leisure Goldfields Investments	**–**	–
Akani Leisure Investment Casino Management	**–**	(4 118)
Richard Moloko Consortium	**(86 614)**	(86 634)
Newshelf 786	**(68 540)**	(68 554)
Akani Leisure Silverstar Holdings	**–**	(6)
Mogale Silverstar Holdings	**–**	–
Lukhanji Leisure	**–**	(2 032)
	(239 471)	(254 183)
	(184 708)	(196 563)

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	EFFECTIVE HOLDING (ECONOMIC INTEREST)		INVESTMENT IN SHARES	
	2010 %	2009 %	2010 R'000	2009 R'000
22. SUBSIDIARIES, JOINT VENTURES, 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	**98 376**	63 501
Gold Reef Resorts Training Institute	**100,00**	100,00	*****	*
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	**168 837**	168 837
Inkonka Investments **	**100,00**	100,00	**–**	1
Goldfields Casino	**100,00**	100,00	**165 084**	165 084
Tanglepark Trading **	**100,00**	100,00	**–**	*
Silverstar Casino	**100,00**	100,00	**972 933**	972 933
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
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	**–**	–
Akani Leisure Silverstar Holdings >	**100,00**	100,00	**–**	*
Mogale Silverstar Holdings	**100,00**	100,00	**–**	*
			2 762 432	2 766 548
Joint Ventures				
Indol	**50,00**	50,00	**6 214**	–
Associates				
Lukhanji Leisure	**25,10**	25,10	**–**	–
Investments				
Sekunjalo Health Care Limited	**0,50**	0,50	**–**	–

During the 2010 financial year, the investment of R38 990 000 held in Akani Leisure Investment Casino Management was transferred to the Company's investment in Gold Reef Management. Akani Leisure Investment Casino Management is currently in the process of being liquidated.

** *These companies were liquidated during the 2010 financial year.*

> *These companies are in the process of being liquidated.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 R'000	2009 R'000

23. CONTINGENCIES, COMMITMENTS AND GUARANTEES

At 31 December 2010 the Company had contingent liabilities in respect of bank and other guarantees as well as other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The details are as follows:

	2010 R'000	2009 R'000
Guarantees	**3 935**	3 935
Transaction costs	**22 443**	33 856
Litigation	**1 000**	1 000
	27 378	38 791

Gold Reef has entered into an agreement with Nedbank and the Eastern Cape Gambling and Betting Board whereby the bank has guaranteed an agreed capital amount not exceeding R3 935 542 (2009: R3 935 542) for the completion of the construction of the proposals contained in Queens Casino's bid application.

Litigation comprises possible litigation and related costs.

24. DIRECTORS' EMOLUMENTS

	2010 R'000	2009 R'000
Executive directors		
Gain on vested share options exercised *	**1 192**	2 290
Other benefits	**–**	–
	1 192	2 290
Non-executive directors		
Directors' fees	**2 389**	1 798
Other benefits	**–**	–
	2 389	1 798
	3 581	4 088
Total directors' emoluments		
Emoluments paid by the Company	**3 581**	4 088
	3 581	4 088

* *This relates to gains on share options which have been exercised and have vested but remain unsold. Consequently, the directors will only receive the economic benefits once the shares are sold on the open market. Subsequent to year end, on termination of the Service Agreements, these share options vested, the loan balances with the Company were repaid and the pledges over the shares were released.*

A detailed breakdown of individual directors' emoluments is shown on page 21 of the annual report.

A listing of all members of the Board is shown on pages 5 to 7 of the annual report.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

25. SUBSEQUENT EVENTS

Corporate activity

The merger of Gold Reef and Tsogo Sun became effective on 24 February 2011 with the new majority shareholders being TIH and SABSA.

On 24 February 2011, the Company issued 888 261 028 ordinary shares as consideration for the acquisition of the entire issued share capital in Tsogo Sun from TIH and SABSA. TIH was issued 453 013 124 ordinary shares resulting in a shareholding in Gold Reef of 41,3% (excluding treasury shares). SABSA was issued 435 247 904 ordinary shares resulting in a shareholding in Gold Reef of 39,7% (excluding treasury shares). On the same date, the 69 205 093 shares previously held by Tsogo Sun Expansion became Gold Reef treasury shares.

Directors' Dealings

On 23 March 2011, Mr J A Copelyn acquired a direct beneficial interest in the Company following the purchase of 167 775 ordinary Gold Reef shares at a VWAP of R14,18. The requisite prior written clearance to deal in these securities was obtained for this transaction.

ANALYSIS OF SHAREHOLDERS

AND JSE PERFORMANCE AT 31 DECEMBER 2010

	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
PORTFOLIO SIZE				
Range				
1 – 1 000	1 178	54,49	318 985	0,11
1 001 – 5 000	435	20,12	1 138 028	0,39
5 001 – 10 000	107	4,95	813 836	0,28
10 001 – 50 000	167	7,72	4 382 440	1,50
50 001 – 100 000	74	3,42	5 702 030	1,95
100 001 – AND OVER	201	9,30	279 988 578	95,77
	2 162	**100,00**	**292 343 897**	**100,00**
Shareholder spread				
Public	2 149	99,40	144 148 673	49,31
Non-public	13	0,60	148 195 224	50,69
Directors and management	10	0,45	10 743 441	3,67
Holding 10% +	1	0,05	122 990 847	42,07
Subsidiary	1	0,05	14 427 602	4,94
Gold Reef Share Scheme	1	0,05	33 334	0,01
	2 162	**100,00**	**292 343 897**	**100,00**
Major shareholders owning 1 % or more				
Tsogo Sun Expansion			69 205 093	23,67
Maxim Krok			15 494 632	5,30
Aldiss Investments (Pty) Ltd *			14 427 602	4,94
Shelly Krok			11 983 531	4,10
Elana Pincus			11 974 176	4,10
Simone Krok			11 523 732	3,94
Allan Gray Balanced Fund			9 331 000	3,19
Mark Krok			9 214 000	3,15
David Krok			8 474 536	2,90
Black Management Forum Investment Company Ltd			7 587 517	2,60
Newshelf 698 (Pty) Ltd			6 327 740	2,16
Allan Gray Equity Fund			5 036 367	1,72
Allan Gray Global Balanced Portfolio			4 393 975	1,50
Prime Portfolio Investments “”A”” (Pty) Ltd			3 533 964	1,21
Steven Joffe			3 389 565	1,16
Allan Gray Stable Fund			2 977 700	1,02

JSE PERFORMANCE

Number of shares traded	46 599 451
Shares traded as a percentage of listed shares in issue at 31 December 2010 (%)	15,94
Highest price traded (Rands)	21,49
Lowest price traded (Rands)	15,00
Closing market price at 31 December 2010 (Rands)	19,55

* *Treasury shares*

ANALYSIS OF SHAREHOLDERS

AT 28 FEBRUARY 2011

	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
PORTFOLIO SIZE				
Range				
1 – 1 000	1 275	56,69	326 190	0,03
1 001 – 5 000	434	19,30	1 129 907	0,10
5 001 – 10 000	106	4,71	802 242	0,07
10 001 – 50 000	163	7,25	4 277 693	0,36
50 001 – 100 000	69	3,07	5 357 724	0,45
100 001 – AND OVER	202	8,98	1 168 711 169	98,99
	2 249	**100,00**	**1 180 604 925**	**100,00**
Shareholder spread				
Public	2 243	99,74	208 677 868	17,68
Non-public	6	0,26	971 927 057	82,32
Holding 10% +	2	0,09	888 261 028	75,24
Subsidiary	3	0,13	83 632 695	7,08
Gold Reef Share Scheme	1	0,04	33 334	0,00
	2 249	**100,00**	**1 180 604 925**	**100,00**
Major shareholders owning 1 % or more				
Tsogo Investment			453 013 124	38,37
SABSA			435 247 904	36,87
Tsogo Sun Gaming *			42 876 046	3,63
Tsogo Sun Expansion *			26 329 047	2,23
Maxim Krok			15 494 632	1,31
Aldiss Investments (Pty) Ltd *			14 427 602	1,22
Shelly Krok			11 983 531	1,02
Elana Pincus			11 974 176	1,01

* *Treasury shares*

SHAREHOLDERS' DIARY

Next financial year-end	31 March 2012
Annual General Meeting	15 June 2011

REPORTS

Interim for six months to September	November 2011
Preliminary annual results	May 2012
Annual financial statements	June 2012

CORPORATE INFORMATION

COMPANY SECRETARY AND REGISTERED OFFICE

W J van Wyngaardt
Palazzo Towers East
Montecasino Boulevard
Fourways, 2055
(Private Bag X200, Bryanston, 2021)

SPONSOR

Deutsche Securities (SA) (Proprietary) Limited
(A non-bank member of the Deutsche Bank Group)
(Registration Number: 1995/011798/07)
3 Exchange Square, 87 Maude Street
Sandton, 2196
(Private Bag X9933, Sandton, 2146)

ATTORNEYS

Tabacks Attorneys
(Registration Number: 2000/024541/21)
13 Eton Road
Parktown, 2193
(PO Box 3334, Houghton, 2041)

Nortons Inc.
(Registration Number: 2009/006902/21)
135 Daisy Street
Sandton, 2196
(PO Box 41162, Craighall, 2024)

AUDITORS

PricewaterhouseCoopers Inc.
Registered Accountants and Auditors
(Registration number: 1998/012055/21)
2 Eglin Road
Sunninghill, 2157
(Private Bag X36, Sunninghill, 2157)

TRANSFER SECRETARIES

Link Market Services South Africa (Proprietary) Limited
(Registration number: 2000/007239/07)
13th Floor, Rennie House
19 Ameshoff Street
Braamfontien
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

COMMERCIAL BANKERS

Nedbank Limited
(Registration Number: 1966/010630/06)
1st Floor
Corporate Park
Nedcor Sandton
135 Rivonia Road
Sandown, 2196
(PO Box 1144, Johannesburg, 2000)

Rand Merchant Bank
A division of FirstRand Bank Limited
(Registration Number: 1929/001225/06)
1 Merchant Place
cnr Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

ABSA Group Limited
(Registration Number: 1986/003934/06)
3rd Floor
Absa Towers East
170 Main Street
Johannesburg, 2001
(PO Box 7735, Johannesburg, 2000)

INVESTOR RELATIONS

Brunswick South Africa Limited
(Registration Number: 1995/011507/10)
23 Fricker Road
Illovo Boulevard
Illovo, 2196

NOTICE OF
ANNUAL GENERAL MEETING

FOR GOLD REEF RESORTS LIMITED

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

Notice is hereby given that the Annual General Meeting of Gold Reef will be held at The Pivot Conference Centre (adjacent to Southern Sun Montecasino Hotel), Verona Suite, Block B, No. 1 Montecasino Boulevard, Fourways, South Africa on Wednesday, 15 June 2011 at 10h00 for the purpose of considering and, if thought fit, passing with or without amendment the following ordinary and special resolutions and considering any other matters raised by shareholders at the Annual General Meeting:

1. ANNUAL FINANCIAL STATEMENTS

Ordinary resolution number 1

"Resolved that the annual financial statements of the Company and the Group for the year ended 31 December 2010, together with the Audit and Risk Committee's, independent auditors' and directors' reports, be received and adopted."

2. DIRECTORS

2.1 Ordinary resolution number 2

"Resolved that Mr J A Mabuza, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

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

2.2 Ordinary resolution number 3

"Resolved that Mr M N von Aulock, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

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

2.3 Ordinary resolution number 4

"Resolved that Mr R A Collins, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

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

2.4 Ordinary resolution number 5

"Resolved that Mr G I Wood, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

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

2.5 Ordinary resolution number 6

"Resolved that Mr J A Copelyn, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

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

2.6 Ordinary resolution number 7

"Resolved that Mr M J A Golding, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

An abbreviated curriculum vitae in respect of Mr Golding is contained on page 6 of the annual report of which this notice forms part.

2.7 Ordinary resolution number 8

"Resolved that Mr A van der Veen, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

An abbreviated curriculum vitae in respect of Mr van der Veen is contained on page 6 of the annual report of which this notice forms part.

2.8 Ordinary resolution number 9

"Resolved that Mr V E Mphande, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

An abbreviated curriculum vitae in respect of Mr Mphande is contained on page 6 of the annual report of which this notice forms part.

2.9 Ordinary resolution number 10

"Resolved that Mr J M Kahn, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

An abbreviated curriculum vitae in respect of Mr Kahn is contained on page 6 of the annual report of which this notice forms part.

2.10 Ordinary resolution number 11

"Resolved that Mr E A G Mackay, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

An abbreviated curriculum vitae in respect of Mr Mackay is contained on page 6 of the annual report of which this notice forms part.

2.11 Ordinary resolution number 12

"Resolved that Mr M I Wyman, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

NOTICE OF
ANNUAL GENERAL MEETING

FOR GOLD REEF RESORTS LIMITED

GOLD REEF
RESORTS

An abbreviated curriculum vitae in respect of Mr Wyman is contained on page 6 of the annual report of which this notice forms part.

2.12 Ordinary resolution number 13

"Resolved that Mr R G Tomlinson, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

An abbreviated curriculum vitae in respect of Mr Tomlinson is contained on page 6 of the annual report of which this notice forms part.

2.13 Ordinary resolution number 14

"Resolved that Mr J G Ngcobo, who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, is hereby elected as a director of the Company."

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

2.14 Ordinary resolution number 15

"Resolved that Mr Y Shaik be elected as a director of the Company."

Mr Yunis Shaik is an attorney of the High Court and presently in private practice. He is a former Deputy General Secretary of the Southern African Clothing and Textile Workers Union and a director of Workers' College and has served as the Senior Commissioner to the CCMA in KwaZulu Natal. He was appointed to the Board of HCI as a non-executive director in August 2005 and as lead independent non-executive director in August 2010.

Mr Shaik replaces Mr P J Venison who, in terms of the Company's Memorandum of Incorporation, retires at this Annual General Meeting and is not available for re-election.

3. AUDIT AND RISK COMMITTEE

3.1 Ordinary resolution number 16

"Resolved that Mr R G Tomlinson be appointed as a member and Chairman of the Gold Reef Audit and Risk Committee."

3.2 Ordinary resolution number 17

"Resolved that Mr Y Shaik be appointed as a member of the Gold Reef Audit and Risk Committee."

Mr Y Shaik replaces Mr P J Venison who, in terms of the Company's Memorandum of Incorporation, retires at this Annual General Meeting and is not available for re-appointment to the Gold Reef Audit and Risk Committee.

3.3 Ordinary resolution number 18

"Resolved that Mr J G Ngcobo be appointed as a member of the Gold Reef Audit and Risk Committee."

4. AUDITORS AND AUDITORS REMUNERATION

4.1 Ordinary resolution number 19

"Resolved that PricewaterhouseCoopers Inc be appointed as independent auditors of the Company until the conclusion of the next Annual General Meeting of the Company."

4.2 Ordinary resolution number 20

"Resolved that the directors be authorised to determine the independent auditors' remuneration for the year ending 31 December 2011."

4.3 Ordinary resolution number 21

"Resolved that the independent auditors' remuneration of R5 521 000 for the year ended 31 December 2010 be approved."

5.AUTHORITY TO ISSUE SHARES FOR THE PURPOSES OF THE GOLD REEF SHARE SCHEME

Ordinary resolution number 22

"Resolved that up to a maximum of 2,5 million ordinary shares in the authorised but unissued share capital of the Company be placed under the control of the directors with the authority to allot and issue such shares for the purpose of carrying out the terms of the Gold Reef Share Scheme, in their discretion, subject to all applicable requirements of the Companies Act, 71 of 2008, as amended and the Listings Requirements of the JSE Limited."

6. DIRECTORS' FEES

Special resolution number 1

"Resolved that 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 period ending 31 March 2012, as proposed in the remuneration report on page 18 of the annual report of which this notice forms part, be approved."

The reason for and the effect of this special resolution is to ensure that the remuneration of the non-executive directors remains competitive in order to enable the Company to attract and retain persons of the calibre required in order to make meaningful contributions to the Company.

7.APPROVAL TO REPURCHASE SHARES

Special resolution number 2

"Resolved that the Company and any of its subsidiaries be and are hereby authorised, by way of a general approval in terms of the Listings Requirements of the JSE Limited ("JSE"), to acquire ordinary shares issued by the Company; provided that:

- any such acquisition shall only be made in compliance with the provisions of section 48 read with section 46 of the Companies Act, 71 of 2008, as amended;
- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- acquisitions of shares in aggregate in any one financial year may not exceed 10% of the Company's issued ordinary share capital as at the date of passing of this special resolution;
- in determining the price at which ordinary shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE for the five business days immediately preceding the date of repurchase of such ordinary shares by the Company or any of its subsidiaries;

NOTICE OF ANNUAL GENERAL MEETING

FOR GOLD REEF RESORTS LIMITED

- at any point in time, the Company may only appoint one agent to effect any repurchase on the Company's behalf;
- the Company's sponsor must confirm the adequacy of the Company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE before entering the market to proceed with the repurchase;
- the Company and/or its subsidiaries may not repurchase any shares during a prohibited period as defined by the Listings Requirements of the JSE unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS (the Securities Exchange News Service of the JSE) prior to the commencement of the prohibited period;
- the Board of directors authorises such acquisition; and
- the Company passes the solvency and liquidity test as required by the Companies Act, 71 of 2008, as amended."

The reason for and effect of this special resolution, if passed and becoming effective, is to grant the Company and the subsidiaries of the Company a general authority in terms of the Listings Requirements of the JSE Limited ("JSE") for the acquisition by the Company, or a subsidiary of the Company, of the Company's shares.

The directors consider that such a general authority should be put in place in order to acquire the Company's shares should an opportunity to do so present itself during the year and which is in the best interests of the Company and its shareholders.

The directors having considered the effects of this resolution, consider that for a period of 12 months after the date of this notice:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts;
- the assets of the Company and the Group, measured in accordance with the accounting policies used in the latest audited annual Group financial statements, will exceed the liabilities of the Company and the Group;
- the Company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

Upon cumulatively repurchasing 3% of the initial number of ordinary shares in issue and for each 3% of ordinary shares repurchased thereafter, the Company will make an announcement to such effect not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded.

The following additional information, some of which appears in the annual report of which this notice forms part ("annual report"), is provided in terms of the Listings Requirements of the JSE for purposes of the general authority to repurchase shares (special resolution number 2):

- directors and management – pages 5 to 7 of the annual report;
- major beneficial shareholders – page 115 of the annual report;
- the only director with an interest in securities is Mr J A Copelyn – refer to page 30 of the annual report; and
- share capital of the Company – page 79 of the annual report.

The directors, whose names appear on pages 5 to 7 of the annual report are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

The directors, whose names appear on pages 5 to 7 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the Listings Requirements of the JSE.

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

8. CHANGE OF NAME OF THE COMPANY

Special resolution number 3

"Resolved that the name of the Company be changed from Gold Reef Resorts Limited to Tsogo Sun Holdings Limited."

The effect of this special resolution is to change the name of the Company from Gold Reef Resorts Limited to Tsogo Sun Holdings Limited. The reason for the proposed name change of the Company is set out in Annexure A to this notice.

Shareholders are advised that the Company information will be changed as follows:

Company name:	Tsogo Sun Holdings Limited
JSE share code:	TSH
Short name:	TSOGO SUN
ISIN:	ZAE000156238

Important dates and times:	2011
Annual General Meeting	Wednesday, 15 June
Last day to trade securities under the old name, Gold Reef Resorts Limited, old JSE share code and old ISIN	Friday, 8 July
List and trade new shares under new name, Tsogo Sun Holdings Limited, new JSE share code and new ISIN	Monday, 11 July
Record date	Friday, 15 July
Issue of new securities under new name, new JSE share code and new ISIN	Monday, 18 July
Certificates posted/CSDPs and brokers accounts updated with new name, new JSE share code and new ISIN (see Note 4)	Monday, 18 July

Notes:

1. Any changes to the above dates and times will be released on SENS and published in the South African press.
2. All times given in this document are local times in South Africa.
3. This document is available in English only. Additional copies may be obtained from the Company's registered office and the transfer secretaries.
4. Certificated shareholders who surrender their existing documents of title after 12h00 on the Record Date will have their new share certificates,

NOTICE OF
ANNUAL GENERAL MEETING

FOR GOLD REEF RESORTS LIMITED

GOLD REEF RESORTS

reflecting the new name, posted (within five business days of receipt of their surrendered documents) by the transfer secretaries, by registered post in South Africa, at the risk of the shareholders concerned.

9. AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE GENERALLY TO RELATED OR INTER-RELATED COMPANIES OR CORPORATIONS
Special resolution number 4

"Resolved that to the extent such approval may be required in terms of the Companies Act, 71 of 2008, as amended ("Companies Act"):

1. the provision, from time to time, of direct or indirect financial assistance (whether by way of loan, guarantee, the provision of security or otherwise) by the Company to a related or inter-related (as those terms are defined in the Companies Act) company or corporation of the Company, be and is hereby approved; and
2. the directors of the Company be and are hereby authorised and empowered to authorise the Company to provide such financial assistance, subject to compliance with the applicable provisions of the Companies Act."

The reason for the above special resolution, given the uncertainty surrounding the ambit of the wording of section 45 of the Companies Act, 71 of 2008, as amended, relating to loans or other financial assistance to directors or prescribed officers of the Company or of related or inter-related parties of the Company, is to ensure, to the extent necessary or possible, that the directors are entitled to authorise the Company to provide financial assistance to its holding company (if any) and/or its subsidiary companies from time to time during the ensuing two years if the directors consider it necessary or expedient for the purposes of the conduct of the business and affairs of the Company, its holding company (if any) and/or its subsidiary companies.

VOTING AND PROXIES

The directors have determined that the record date for the purposes of the Annual General Meeting (being the date on which a shareholder must be registered in the Company's register of shareholders in order to participate in and vote at the Annual General Meeting) shall be the close of business on the third business day prior to the date of the Annual General Meeting i.e. Friday, 10 June 2011 ("Record Date"). The last day to trade in order to be registered in the Company register of shareholders would therefore be Friday, 3 June 2011.

A Gold Reef shareholder holding certificated shares and a Gold Reef shareholder who holds dematerialised shares in his/her own name and who is registered as such on the Record Date is entitled to attend, participate in and vote at the Annual General Meeting and may appoint a proxy or proxies to attend, participate in and speak and vote at the Annual General Meeting in his/her stead. A proxy need not be a member of the Company. The completion and lodging of a form of proxy will not preclude a Gold Reef shareholder from attending, participating in, speaking and voting at the Annual General Meeting to the exclusion of the proxy/ies so appointed.

The attached form of proxy should be completed and returned to the transfer secretaries in accordance with the instructions contained therein so as to be received by the transfer secretaries, being Link Market Services South Africa (Proprietary) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Tuesday, 14 June 2011.

On a show of hands, every Gold Reef shareholder present in person or represented by proxy at the Annual General Meeting shall have only one vote, irrespective of how many Gold Reef shares or shareholders he/she represents. On a poll every Gold Reef shareholder present in person or represented by proxy shall have one vote for every Gold Reef share held by such Gold Reef shareholder.

Gold Reef shareholders who hold dematerialised shares, other than holders of dematerialised shares in their own name, must inform their CSDP or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the necessary authorisation/letters of representation to attend the Annual General Meeting or to provide their CSDP or broker with their voting instructions should they not wish to attend the Annual General Meeting in person, failing which the CSDP or broker will be obliged to act in terms of the mandate between such Gold Reef shareholders and their CSDP or broker.

In terms of the Listings Requirements of the JSE, equity securities held by a share trust or scheme will not have their votes at the Annual General Meeting taken into account for the purposes of JSE resolutions proposed thereat.

In terms of Section 63(1) of the Companies Act, 71 of 2008, as amended, before any person may attend or participate in the Annual General Meeting, that person must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of the person to participate and vote at the Annual General Meeting, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified.

Copies of the Annual Report of the Company for the year ended 31 December 2010 may be obtained from the registered office of the Company during normal business hours from 24 May 2011 to 15 June 2011.

By order of the Gold Reef Board

WJ VAN WYNGAARDT
Company Secretary

24 May 2011

REGISTERED OFFICE
Palazzo Towers East, Montecasino Boulevard, Fourways, 2055
(Private Bag X200, Bryanston, 2021)

TRANSFER SECRETARIES
Link Market Services (Pty) Limited
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

FORM OF PROXY

FOR GOLD REEF RESORTS LIMITED

This form of proxy is for use by Gold Reef shareholders registered as such who hold certificated shares in the Company and Gold Reef shareholders who hold own name dematerialised shares in the Company, to appoint a proxy or proxies for the Annual General Meeting of the Company to be held at 10:00 on Wednesday, 15 June 2011 at The Pivot Conference Centre (adjacent to Southern Sun Montecasino Hotel), Verona Suite, Block B, No. 1 Montecasino Boulevard, Fourways, South Africa, or any adjournment thereof ("Annual General Meeting").

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

Gold Reef Shareholders who have dematerialised their shares in the Company and do not have "own-name" registration must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the necessary authorisation/letters of representation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the Annual General Meeting in person. Such Gold Reef shareholder must not return this form of proxy to the transfer secretaries.

I/We (full names in BLOCK LETTERS please) ______________________________

of (insert address) ______________________________

Being the holder(s) of ______________ [number] ordinary shares in the Company, hereby appoint: ______________________________

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the Chairperson of the Annual General Meeting, ______________________________

as my/our proxy to attend, speak, participate in and vote on the resolutions to be considered at the Annual General Meeting and at any adjournment thereof on my/our behalf and to vote for and/or against the ordinary and special resolutions and/or abstain from voting in respect of the ordinary shares in the Company registered in my/our name/s (see note 4) as follows:

Please indicate with an "X" the instructions to your proxy in the spaces provided below. In the absence of such indication the proxy will be entitled to vote or abstain from voting in his/her discretion.

ORDINARY RESOLUTIONS	NUMBER OF VOTES	FOR	AGAINST	ABSTAIN
1. Adoption of the annual financial statements				
2. Election of J A Mabuza as a director of the Company				
3. Election of M N von Aulock as a director of the Company				
4. Election of R A Collins as a director of the Company				
5. Election of G I Wood as a director of the Company				
6. Election of J A Copelyn as a director of the Company				
7. Election of M J A Golding as a director of the Company				
8. Election of A van der Veen as a director of the Company				
9. Election of V E Mphande as a director of the Company				
10. Election of J M Kahn as a director of the Company				
11. Election of E A G Mackay as a director of the Company				
12. Election of M I Wyman as a director of the Company				
13. Election of R G Tomlinson as a director of the Company				
14. Election of J G Ngcobo as a director of the Company				
15. Appointment of Y Shaik as a director of the Company				
16. Appointment of R G Tomlinson as a member and Chairman of the Gold Reef Audit and Risk Committee				
17. Appointment of Y Shaik as a member of the Gold Reef Audit and Risk Committee				

FORM OF PROXY (CONT.)

FOR GOLD REEF RESORTS LIMITED

GOLD REEF RESORTS

ORDINARY RESOLUTIONS	NUMBER OF VOTES	FOR	AGAINST	ABSTAIN
18. Appointment of J G Ngcobo as a member of the Gold Reef Audit and Risk Committee				
19. Appointment of PricewaterhouseCoopers Inc. as independent auditors of the Company until the conclusion of the next annual general meeting of the Company				
20. To authorise the directors to determine the independent auditors' remuneration for the year ending 31 December 2011				
21. To approve the independent auditors' remuneration for the year ended 31 December 2010				
22. 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 2,5 million shares				

SPECIAL RESOLUTIONS	NUMBER OF VOTES	FOR	AGAINST	ABSTAIN
1. Approval of the fees proposed for non-executive directors in respect of the financial period ending 31 March 2012				
2. Authority for a general repurchase of ordinary shares of the Company				
3. Approval of the name of the Company to be changed to Tsogo Sun Holdings Limited				
4. Authority to provide financial assistance generally to related or inter-related companies or corporations				

Any Gold Reef shareholder entitled to attend, speak and vote at and participate in the Annual General Meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. The completion and lodging of a form of proxy will not preclude a Gold Reef shareholder from attending the Annual General Meeting, participating therein and speaking and voting thereat to the exclusion of the proxy/ies so appointed.

PLEASE READ THE NOTES BELOW.

NOTES TO FORM OF PROXY

1. The form of proxy must only be used by shareholders who hold certificated ordinary shares or shareholder(s) of the Company who hold dematerialised ordinary shares with "own-name" registration. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the Annual General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker concerned.
2. A shareholder entitled to attend and vote at the Annual General Meeting may appoint and insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the Annual General Meeting". The proxy or proxies need not be shareholder(s) of theCompany. 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 such proxy(ies) whose names follow.
3. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held in theCompany. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box(es). If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned.
4. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than twenty four hours before the commencement of the Annual General Meeting, or at any adjournment thereof.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy, if he is the chairperson of the Annual General Meeting, shall be entitled to vote in favour of the resolutions proposed at the Annual General meeting in respect of all the shareholders' votes exercisable thereat or if the proxy is not the chairperson of the Annual General Meeting, to vote or abstain from voting as the proxy thinks fit.
7. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. The completion and lodging of this form of proxy will not preclude the relevant shareholder 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 shareholder wish to do so.
9. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by theCompany or unless this requirement is waived by the Chairperson of the Annual General Meeting.
10. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered with theCompany.
11. Where there are joint holders of ordinary shares in theCompany:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in theCompany's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
12. Forms of proxy must, in order to be effective, be lodged with or mailed to the transfer secretaries, Link Market Services South Africa (Proprietary) Limited:

Hand deliveries to:	**Postal deliveries to:**
Link Market Services South Africa (Proprietary) Limited 13th Floor, Rennie House 19 Ameshoff Street Braamfontein, Johannesburg, 2001	Link Market Services South Africa (Proprietary) Limited PO Box 4844, Johannesburg, 2000

to be received by no later than 10:00 on Tuesday, 14 June 2011 (or 24 hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS and in the press).

13. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory(ies).
14. The appointment of a proxy or proxies:

14.1 is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

14.2 is revocable in which case a shareholder may revoke the proxy appointment by:

14.2.1 cancelling it in writing or making a later inconsistent appointment of a proxy; and

14.2.2 delivering a copy of the revocation instrument to the proxy and to theCompany.

15. If the instrument appointing a proxy or proxies has been delivered to theCompany, as long as that appointment remains in effect, any notice that is required by the Companies Act, 2008, as amended or theCompany's Memorandum of Incorporation to be delivered by theCompany to the shareholder must be delivered by theCompany to:

15.1 the shareholder; or

15.2 the proxy or proxies, if the shareholder has directed theCompany to do so in writing and paid any reasonable fee charged by theCompany for doing so.

16. The proxy appointment remains valid only until the end of the Annual General Meeting subject to any revocation thereof.

ANNEXURE A:
CHANGE OF COMPANY NAME

GOLD REEF
RESORTS

Directors: J A Mabuza (Chief Executive Officer); M N von Aulock* (Chief Financial Officer); R A Collins*; G I Wood*; J A Copelyn (Chairman); M J A Golding; A van der Veen; V E Mphande; J M Kahn; E A G Mackay; M I Wyman; R G Tomlinson#; P J Venison#; J G Ngcobo#. Company Secretary: W J van Wyngaardt*
** Executive #Independent non-executive*

1. INTRODUCTION

It was referred to in various announcements released by Gold Reef and the circular to Gold Reef shareholders dated 3 April 2010, that upon implementation of the merger of the respective Gold Reef and Tsogo Sun businesses, processes will be put in place to change the name of the Company to Tsogo Sun Holdings Limited.

2. REASON FOR THE PROPOSED NAME CHANGE

The reason for the proposed name change of the Company is that the respective Gold Reef and Tsogo Sun businesses will be strategically repositioned as a combined hotel and gaming company with a new set of majority shareholders, being the majority of shareholders of Tsogo Sun, collectively holding a majority of Gold Reef ordinary shares in the enlarged issued share capital of Gold Reef.

3. PROCEDURE FOR THE IMPLEMENTATION OF THE CHANGE OF NAME

3.1 The Annual General Meeting of Gold Reef shareholders convened in terms of the notice of Annual General Meeting forming part of the Company's Annual Report (and to which this Annexure is annexed as Annexure A), will consider and, if deemed fit, pass the resolution necessary to give effect to the change of name. In terms of the Companies Act and Listings Requirements of the JSE, the change of name is subject to the approval by special resolution passed by at least 75% of Gold Reef shareholders present or represented by proxy at the annual general meeting and entitled to vote.

3.2 Procedure for the surrender of documents of title

- Certificated shareholders must complete the attached form of surrender (blue) and lodge it with the transfer secretaries. Dematerialised shareholders do not need to do anything with regard to the change of name as this will be automatically updated by their CSDP or broker.

- Share certificates reflecting the new name of the Company will be posted on or about Monday, 18 July 2011, by registered post in South Africa, to certificated shareholders, at their own risk, who have surrendered their documents of title by 12h00 on Friday, 15 July 2011 (the Record Date), or within five business days of receipt of the existing documents of title, whichever is the later.

- Certificated shareholders should be aware that share certificates are no longer accepted as tradeable instruments on the JSE. Certificated shareholders are therefore urged to dematerialise their share certificates as per the requirements of Strate Limited.

- If any existing documents of title have been lost or destroyed and the certificated shareholder provides evidence to this effect to the satisfaction of the directors, then the Company may dispense with the surrender of such documents of title against provision of an acceptable indemnity.

- Receipts will not be issued for the surrender of existing documents of title. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the documents of title lodged.

4. NEW DETAILS OF THE COMPANY

The Company' new details will be as follows:

	CURRENT DETAILS	NEW DETAILS
Name	Gold Reef Resorts Limited	Tsogo Sun Holdings Limited
JSE share code	GDF	TSH
JSE short name	GOLDREEF	TSOGO SUN
ISIN	ZAE000028338	ZAE000156238

5. ACTION REQUIRED BY GOLD REEF SHAREHOLDERS

Please take careful note of the following provisions regarding the action required by Gold Reef shareholders:

5.1 If you are in any doubt as to what action to take in relation to this corporate action, please consult your CSDP, broker, accountant, attorney, banker or other professional adviser immediately.

5.2 If you have disposed of all your shares in Gold Reef, please forward this document to the purchaser of such shares or to the CSDP, broker, accountant, attorney, banker or other agent through whom the disposal was effected.

5.3 If you hold certificated shares

a. Holders of certificated shares are requested to complete the attached form of surrender, and return it, together with their share certificates, or other documents of title, to the transfer secretaries. New share certificates reflecting the change of name will be posted, by registered post in South Africa, to those certificated shareholders who have surrendered their documents of title on or before 12h00 on the Record Date.

b. Shareholders who surrender their existing documents of title after 12h00 on the Record Date, will have their new share certificates mailed (within five business days of receipt thereof) by the transfer secretaries, by registered post in South Africa, at the risk of the shareholders concerned.

ANNEXURE A:
CHANGE OF COMPANY NAME

GOLD REEF RESORTS

5.4 If you hold dematerialised shares

a. Dematerialised shareholders' accounts will be updated with the new name by the CSDP or broker and no action needs to be taken.

5.5 Gold Reef share certificates in the old name may not be dematerialised or rematerialised after Friday, 8 July 2011. Dematerialisation and rematerialisation in the new name will commence from Monday, 18 July 2011.

6. EXCHANGE CONTROL REGULATIONS

In the case of certificated shareholders whose registered addresses are outside the common monetary area or where the share certificates are restrictively endorsed in terms of the Exchange Control Regulations, the following will apply:

6.1 Non-residents who are emigrants from the common monetary area

Share certificates bearing the new name will be restrictively endorsed "non-resident" in terms of the Exchange Control Regulations and will be sent to the shareholder's authorised dealer in foreign exchange in South Africa controlling his blocked assets.

6.2 All other non-residents

Share certificates bearing the new name will be restrictively endorsed "non-resident" in terms of the Exchange Control Regulations.

With regard to dematerialised shareholders whose registered addresses are outside the common monetary area, their shares will be annotated in the Company's relevant sub-register as non-resident and statements will be restrictively endorsed in terms of those regulations.

7. IMPORTANT DATES AND TIMES

	2011
Annual General Meeting	Wednesday, 15 June
Last day to trade securities under the old name, Gold Reef Resorts Limited, old JSE share code and old ISIN	Friday, 8 July
List and trade new shares under new name, Tsogo Sun Holdings Limited, new JSE share code and new ISIN	Monday, 11 July
Record date	Friday, 15 July
Issue of new securities under new name, new JSE share code and new ISIN	Monday, 18 July
Certificates posted/CSDPs and brokers accounts updated with new name, new JSE share code and new ISIN (see Note 4)	Monday, 18 July

NOTES:

1. Any changes to the above dates and times will be released on SENS and published in the South African press.
2. All times given in this document are local times in South Africa.
3. This document is available in English only. Additional copies may be obtained from the Company's registered office and the transfer secretaries.
4. Certificated shareholders who surrender their existing documents of title after 12h00 on the Record Date, will have their new share certificates, reflecting the new name, posted (within five business days of receipt of their surrendered documents) by the transfer secretaries, by registered post in South Africa, at the risk of the shareholders concerned.

GOLD REEF RESORTS

ANNEXURE A:
FORM OF SURRENDER

(FOR USE BY CERTIFICATED SHAREHOLDERS ONLY)

Please read the following notes and instructions. Non-compliance with these instructions may result in the rejection of this form of surrender ("Form"). If you are in any doubt as to how to complete this Form, please consult your broker, banker, attorney, accountant or other professional adviser.

Note: A separate Form is required for each shareholder.

To: **Tsogo Sun Holdings Limited, formerly Gold Reef Resorts Limited**
c/o Link Market Services South Africa (Proprietary) Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

PART A – TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS

I/We irrevocably and in rem suam authorise you to produce the signature of such documents that may be necessary to complete the replacement of the shares in the new name of Tsogo Sun Holdings Limited.

I/We hereby instruct you to forward the replacement share certificate(s) to me/us by registered post in South Africa, at my/our own risk, to the address below and confirm that, where no address is specified, the share certificate(s) will be forwarded to my/our address recorded in the share register of the Company.

My/Our signature(s) on this Form constitutes my/our execution of this instruction.

I/We surrender and enclose the under-mentioned share certificate(s):

DOCUMENTS OF TITLE SURRENDERED

Certificate number(s)	Number of shares covered by each certificate
Total	

Title	
Surname	
First name(s)	
Postal address to which new share certificate should be sent	
(if different from the address recorded in the register)	
Signature of shareholder	
Assisted by (if applicable)	
(State full name and capacity)	
Date	2011
Telephone numbers	
Home ( )	
Work ( )	
Cell ( )	

Stamp and address of agent lodging this form (if any)

ANNEXURE A:
FORM OF SURRENDER (CONT.)

(FOR USE BY CERTIFICATED SHAREHOLDERS ONLY)

GOLD REEF RESORTS

PART B – TO BE COMPLETED BY EMIGRANTS FROM AND NON-RESIDENTS OF THE COMMON MONETARY AREA

Nominated authorised dealer in the case of a shareholder who is an emigrant from or a non-resident of the common monetary area (see note 2 below):

Name of authorised dealer		Account number	
Address			
		Postal code	

NOTES:

1. No receipts will be issued for share certificates lodged, unless specifically requested. In compliance with the requirements of the JSE Limited ("JSE"), lodging agents are requested to prepare special transaction receipts, if required. Signatories may be called upon for evidence of their authority or capacity to sign this Form.
2. Persons whose registered addresses in the share register are outside the common monetary area, or whose shares are restrictively endorsed, should nominate an authorised dealer in Part B of this Form.
3. Any alteration to this Form must be signed in full and not initialled.
4. If this Form is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this Form for noting (unless it has already been noted by the Company or its transfer secretaries).
5. Where the shareholder is a company or a close corporation, unless it has already been registered with the Company or its transfer secretaries a certified copy of the directors' or members' resolution authorising the signing of this Form must be submitted if so requested by the Company.
6. Note 4 does not apply in the event of this Form bearing a recognised JSE broker's stamp.
7. Where there are joint holders of any shares in the Company, only that holder whose name stands first in the register in respect of such shares need sign this Form.

ANNUAL REPORT 2010

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