

GOLD REEF

RESORTS

Gold Reef Resorts Limited ("Gold Reef") (Registration number 1989/002108/06) Share Code: GDF ISIN Code: ZAE 000028338

Revenue up 17,9%
EBITDA up 22,9%
HEPS up 21,0%
BEE transactions finalised

COMMENTARY

INTRODUCTION

Buoyant market conditions continued to drive a pleasing performance at Gold Reef's casinos, all of which posted increases in revenue and profitability to maintain the group's growth. Capital expansion at group properties continues to be achieved within both project timelines and capital budgets.

As announced on 9 March 2007, Gold Reef concluded a number of BEE transactions which became unconditional on 25 June 2007. These transactions increased direct black shareholding in the group to in excess of 25,1%. Gold Reef increased its exposure to its high-performing operations and consolidated its gaming platform by exchanging the BEE interests in certain of the individual casinos, and by acquiring the remaining 25% and 30% interests respectively in the Gold Reef City Casino and Goldfields Casino management contracts, for Gold Reef shares ("the share exchange").

As a result of the share exchange Gold Reef increased its stake to 70,4%. A total of 55,2 million Gold Reef shares were issued for the share exchange, equating to 21,03% of Gold Reef's increased issued share capital. In order to achieve a minimum of 25,1% black-owned direct economic shareholding, Gold Reef issued 14 000 000 shares to certain of the BEE shareholders who participated in the share exchange at R20,50 a share, for R287 million ("the top-up transaction") ("the BEE transactions"). Shareholders are referred to the detailed circular dated 2 May 2007 for further details of the BEE transactions and the anticipated financial impact.

The share exchange and the top-up transaction substantially satisfy the final equity targets of the Codes of Good Practice on Black Economic Empowerment issued by the Department of Trade and Industry and comply with the gaming boards' recommendations on black empowerment.

As the BEE transactions will take effect from 1 July 2007, they are not reflected in the interim results for the period and will be incorporated into the annual results for the full year to December 2007.

FINANCIAL RESULTS

The group reported an increase in revenue of 17,9% to R839,2 million, reflecting net gaming win up 17,6%. Profit attributable to shareholders grew 25,4% to R138,2 million. EBITDA of R358,1 million increased 22,9% and represented a 42,7% margin on revenue. Headline earnings per share ("HEPS") increased by 21,0% to 68,6 cents from 56,7 cents.

SEGMENTAL ANALYSIS											
		Revenue			EBITDA			EBITDA %		CAPEX	
	June 2007	June 2006	%	June 2007	June 2006	%	June 2007	June 2006	June 2007	June 2006	
	R'000	R'000	Change	R'000	R'000	Change	%	%	R'000	R'000	
Gold Reef City	535 470	467 918	14,4	196 799	162 920	20,8	36,8	34,8	87 117	48 062	
Golden Horse Casino	111 508	96 682	15,3	50 123	42 506	17,9	45,0	44,0	1 442	3 250	
Mykonos Casino	57 708	49 510	16,6	26 026	21 711	19,9	45,1	43,9	541	4 941	
Garden Route Casino	81 233	66 960	21,3	40 638	32 589	24,7	50,0	48,7	1 744	1 570	
Goldfields Casino	51 715	44 636	15,9	24 076	19 959	20,6	46,6	44,7	33 102	70	
Silverstar Casino	_	_	-	(2 416)	-	-	_	_	115 073	-	
Gold Reef Management	30 131	25 790	16,8	5 397	8 150	(33,8)	-	33,6	-	-	
Gold Reef	_	_	-	24 735	525 570	-	-	_	-	-	
Consolidation	(28 587)	(39 667)	-	(7 281)	(521 974)	-	-	-	-	-	
	839 178	711 829	17 9	358 097	291 431	22 9	42 7	40.9	239 019	57 893	

Cash of R287 million in respect of the top-up transaction was received before the end of the period and has been included in cash and cash equivalents and recognised as a liability at 30 June 2007. 69,2 million shares were issued on 2 July 2007 thus increasing the number of shares in issue from 220,6 million to 289,8 million. As announced on 24 April 2007 and 25 June 2007 a final dividend of 55,0 cents per share was declared for the year ended 31 December 2006. Until payment on 23 July 2007 the dividend totalling R150 million was recognised in trade and other payables. Following the fulfilment of all conditions precedent to the BEE transactions the newly issued shares participated in the dividend.

The accounting policies applied in the preparation of these interim results are consistent with those applied in the audited annual results for the year ended 31 December 2006. This required the restatement of goodwill and other reserves in the balance sheet at 30 June 2006.

OPERATIONS

Gold Reef City

Robust trade at Gold Reef City Casino saw a 13,7% increase in revenue to R505,2 million and EBITDA up 18,0% to R194,6 million The casino achieved satisfactory growth notwithstanding ongoing renovations, which resulted in a small loss of market share.

The new smoking casino, boasting 570 slot machines and 15 tables, continued to experience positive trade. Phase 2 of the development was completed during the period and two refurbished restaurants as well as the upgraded fast food and children's entertainment areas were reopened. The final phase is underway and due for completion in October 2007. This will include additional restaurants and the 1 100-seater Lyric theatre. Further, the installation of the ceiling over the casino floor is nearing completion. In line with international developments cashless gaming has been introduced and will be fully implemented across the casino floor by October 2007.

Trading at the Theme Park remained strong. The revitalisation programme launched last year is ongoing and the positive effects are clearly reflected in the Theme Park's pleasing financial performance.

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

Golden Horse Casino

On the back of robust trading revenue was up 15,3% to R111,5 million. EBITDA of R50,1 million rose 17,9% from R42,5 million, with an improved EBITDA: Revenue ratio of 45,0%.

Renovations at a total cost of R8,9 million, which began in 2006, are complete. The developments include additional restaurants and entertainment facilities.

Mykonos Casino

The casino traded well off a high base posting a 16,6% increase in revenue to R57,7 million from June 2006. Higher EBITDA of R26,0 million represented an increased 45,1% margin on revenue.

In anticipation of capacity constraints, management is considering expansion alternatives.

Garden Route Casino

The additional 52 new slot machines and three tables contributed to positive trading at Garden Route Casino with a 21,3% growth in revenue to R81,2 million from R67,0 million. A 24,7% increase in EBITDA to R40,6 million reflected a healthy EBITDA:Revenue ratio of 50,0%.

With the opening of the adjacent acclaimed golf course the casino has begun to attract higher-spend patrons.

Goldfields Casino

Trading at the casino remained solid despite the disruption due to the upgrade from a temporary to a permanent casino. Revenue increased 15,9% to R51,7 million with EBITDA of R24,1 million representing a 46,6% margin on revenue.

The upgrade to a permanent casino is now complete. The new Salon Privé, sports bar, conference facility and additional restaurants as well as refurbishment of existing facilities are expected to positively impact footfall. The casino now offers 250 slots and nine tables.

Silverstar Casino

Construction on the Silverstar complex is progressing well. The casino is set to open in December 2007 with the complex expected to be complete by April 2008. Silverstar Casino will feature 752 slots and 26 tables. The capital expenditure to June 2007 amounted to R281 million out of the total anticipated cost of R1,2 billion.

FUTURE DEVELOPMENTS

QueenstownGold Reef is a 25% shareholder in the consortium awarded the casino license for Queenstown in the Eastern Cape. A challenge has

been launched by a losing bidder. However, construction of the casino is progressing well.

Vaal River Casin

Gold Reef has acquired a controlling stake in Vaal River Casino Company (Pty) Limited, the only applicant for a licence in the Sasolburg area of the Free State. The licence process is being opposed by a competitor.

DIRECTORATE

Following the fulfilment of all conditions precedent to the BEE transactions Bongani Biyela, the former General Manager of Gold Reef City Casino, was appointed Gold Reef's executive director of strategy and business development. Richard Moloko and Patrick September were appointed as non-executive directors. The appointments became effective on 25 June 2007.

PROSPECTS

The completed refurbishment at two of the casinos and ongoing developments at existing casinos are expected to be key drivers of organic growth. On completion of the Queenstown and Silverstar casinos, four casinos representing the majority of Gold Reef's portfolio will effectively comprise new properties. In addition, the Theme Park's revitalisation programme is anticipated to generate

The group has financed the developments during the period from a combination of free cash flow and external debt, and will continue to do so until completion of the respective projects. This will enhance growth in future periods as de-gearing takes effect.

Further, the increased BEE shareholding has positioned Gold Reef at the forefront of transformation in the South African gaming industry. This has created long-term financial benefits for Gold Reef and its shareholders.

The group has experienced a negligible impact from the increases in interest rates and anticipates that a growing economy will

CAUTIONARY ANNOUNCEMENT

continue to boost long-term growth prospects.

As previously announced on 13 August 2007 shareholders are advised that Gold Reef has entered into exclusive discussions with a consortium of investors which may result in an offer to purchase the entire issued and to be issued share capital of Gold Reef for R34,00 a share, implying an enterprise value for Gold Reef of approximately R11,6 billion. The consortium led by Ethos Private Equity Fund V includes, inter alia, management of Gold Reef and the existing Black Economic Empowerment shareholders. In the event that a firm intention to make an offer is received by Gold Reef's board, it is envisaged that the offer will be implemented by way of a Scheme of Arrangement ("the Scheme") in terms of section 311 of the Companies Act at which time the listing of the company on the JSE Limited will be terminated. Approximately 80,5% of the existing shareholders of the company have irrevocably undertaken to the consortium to accept the offer in respect of their entire shareholdings, subject to no competing offer being received which is at least 10% higher than R34,00 a share. Certain members of the consortium may not be eligible to vote all of their respective shareholdings on the Scheme. In this event, shareholders holding approximately 52,0% of Gold Reef's total fully diluted shares and approximately 72,7% of Gold Reef's fully diluted shares which would then be eligible to vote on the Scheme, can be regarded as having irrevocably undertaken to accept the offer. Shareholders are advised to continue exercising caution when dealing in their Gold Reef securities until a further announcement is made.

DIVIDEND

In line with policy no dividend has been declared for the interim period.

Steven JoffeJarrod FriedmanChief Executive OfficerFinancial Director

On behalf of the board

23 August 2007













UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007 ("the period")

www.goldreefresorts.com

GROUP INCOME STATEMENT				
		Unaudited for the	Unaudited for the	Audited for the
		6 months ended	6 months ended	12 months ended
	%	30 June 2007 R'000	30 June 2006 R'000	31 December 2006
	70	K UUU	H 000	R'000
Revenue	17,9	839 178	711 829	1 517 113
Net gaming win	17,6	771 217	656 022	1 381 332
Theme Park	49,9	31 032	20 700	58 396
Food and beverage	22,3	18 490	15 119	33 759
Other	(7,7)	18 439	19 988	43 626
Other income		6 366	4 280	9 365
		845 544	716 109	1 526 478
Gaming levies and VAT		(151 332)	(129 174)	(271 310)
Employee costs		(167 098)	(151 402)	(314 695)
Promotional and marketing costs		(57 462)	(51 908)	(113 679)
Depreciation and amortisation		(52 997)	(51 731)	(101 812)
Other operating expenses		(117 599)	(99 075)	(218 482)
Operating profit	28,4	299 056	232 819	506 500
Finance income		8 527	6 435	11 957
Finance costs		(24 269)	(14 122)	(36 960)
Profit before equity-accounted earnings		283 314	225 132	481 497
Share of profits of associate		_	669	669
Profit before taxation	25,5	283 314	225 801	482 166
Taxation expense		(103 718)	(87 378)	(159 210)
Profit for the period	29,7	179 596	138 423	322 956
Attributable to:				
Equity holders of Gold Reef	25,4	138 190	110 228	254 312
Minority interest		41 406	28 195	68 644
		179 596	138 423	322 956
Number of shares in issue (000)		220 603	220 603	220 603
Weighted average number of shares in issue (000)		203 961	203 961	203 961
Earnings per share (cents)	25,6	67,8	54,0	124,7
Diluted earnings per share (cents)	25,6	67,8	54,0	124,7
SUPPLEMENTARY INFORMATION				
HEADLINE EARNINGS RECONCILIATION	T _			
Attributable profit for the period	25,4	138 190	110 228	254 312
(Profit)/loss on sale of property, plant and equipment		(662)	10	(16
Pre-opening expenses		2 420	_	_
CGT relating to ALI refinanacing		-	5 466	5 466
Headline earnings	21,0	139 948	115 704	259 762
Headline earnings per share (cents)	21,0	68,6	56,7	127,4
EBITDA RECONCILIATION	1		<u> </u>	1
Operating profit	28,4	299 056	232 819	506 500
Property and equipment rental		6 044	6 881	15 346
Depreciation and amortisation		52 997	51 731	101 812
·	20.0			
EBITDA	22,9	358 097	291 431	623 658

Depreciation and amortisation		JZ	337	31 /31		101 012	
EBITDA		358	097	291 431		623 658	
EBITDA margin (%)		4	12,7	40,9		41,1	
GROUP STATEMENT OF CHANGES IN EQUITY							
	Share capital						
	net of treasury		Retained	Mino	rity	Total	
	shares	Reserves	earnings	inter	est	equity	
Balance at 1 January 2006	428 352	18 996	595 373	96 4	129	1 139 150	
Recognition of share-based payments	_	4 742	_		-	4 742	
Revaluation of land per IFRS3	_	27 519	-		-	27 519	
Attributable profit for the period	_	_	110 228	28 1	95	138 423	
Dividend paid	_	_	(104 020)		-	(104 020)	
Movement in loans from minorities	-	-	-	(17	702)	(1 702)	
Adjustment arising on ALI refinancing	-	-	(25 773)	61 3	323	35 550	
Transactions with minorities in Mykonos Casino	-	(6 153)	-	(16	323)	(7 776)	
Dividends paid to minorities by subsidiaries	-	-	-	(38 6	316)	(38 616)	
Minorities created on Goldfields acquisition	_	_	_	3 2	213	3 213	
Minorities created on Garden Route acquisition	_	_	_	13 1	16	13 116	
Balance at 30 June 2006	428 352	45 104	575 808	160 3	35	1 209 599	
Recognition of share-based payments	_	5 246	_		-	5 246	
Negative hedge reserve created during the period	_	(10 345)	_		-	(10 345)	
Attributable profit for the period	_	_	144 084	40 4	149	184 533	
Dividends paid to minorities by subsidiaries	_	_	_	(3.8	389)	(3 889)	
Balance at 31 December 2006	428 352	40 005	719 892	196 8	395	1 385 144	
Recognition of share-based payments	_	5 571	_		-	5 571	
Positive hedge reserve created during the period	_	25 868	-		-	25 868	
Hedge reserve released during the period	_	(270)	-		-	(270)	
Attributable profit for the period	-	-	138 190	41 4	106	179 596	
Dividend declared	-	_	(150 242)		-	(150 242)	
Dividends paid to minorities by subsidiaries	_	_	_	(3.5	556)	(3 556)	
Balance at 30 June 2007	428 352	71 174	707 840	234 7	745	1 442 111	



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GROUP BALANCE SHEET			
	Unaudited at	Restated at	Audited at
	30 June 2007	30 June 2006	31 December 2006
	R'000	8'000	R'000
Assets	11 000	11 000	11 000
Non-current assets			
Property plant and equipment	1 464 220	1 013 386	1 278 485
Leasehold improvements	102 037	96 971	101 710
Intangible assets	471 397	376 439	472 717
Deferred tax assets	38 760	51 843	62 627
Investment in joint ventures	37 528	-	36 280
Financial assets	99 962	89 873	94 675
Share incentive scheme	25 982	29 009	25 484
Current assets	2 239 886	1 657 521	2 071 978
Inventories	11 186	5 435	7 584
Receivables and prepayments	61 780	23 491	20 223
Cash and cash equivalents	470 421	124 672	105 735
Amounts owing by related parties	3 910	26 267	4 865
y mounts of mig by rotated parties	547 297	179 865	138 407
Total assets	2 787 183	1 837 386	2 210 385
Equity and liabilities			
Capital and reserves			
Ordinary share capital	4 412	4 412	4 412
Share premium	499 280	499 280	499 280
Treasury shares	(75 340)	(75 340)	(75 340)
Chara hand an mark mann	428 352	428 352	428 352 26 210
Share-based payment reserve Other reserves	31 781 39 393	20 964 24 140	13 795
Retained earnings	707 840	575 808	719 892
netanieu earnings	1 207 366	1 049 264	1 188 249
Minority interest	234 745	160 335	196 895
Total equity	1 442 111	1 209 599	1 385 144
Non-current liabilities			
Interest-bearing borrowings	564 859	363 500	394 330
Deferred tax liabilities	52 993	49 001	56 453
a an arms	617 852	412 501	450 783
Current liabilities	553 788	01 221	144 622
Trade and other payables Provisions	41 234	81 321 25 151	144 623 46 653
Bank overdraft	2 068	2 630	43 013
Tax liabilities	35 622	81 184	58 779
Current portion of interest-bearing borrowings	91 499	25 000	76 967
Amounts owing to related parties	3 009	_	4 423
	727 220	215 286	374 458
Total equity and liabilities	2 787 183	1 837 386	2 210 385
GROUP CASH FLOW STATEMENT			
	Unaudited for the	Unaudited for the	Audited for the
	6 months ended	6 months ended	12 months ended
	30 June 2007	30 June 2006	31 December 2006
	R'000	R'000	R'000
Cash flow from operating activities			
Profit before taxation	283 314	225 801	482 166
Non-cash items and other adjustments	99 908	60 087	137 263
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(Increase)/decrease in working capital	(78 655)	(3 601)	49 438
Cash flow from operating activities	304 567	282 287	668 867
Interest paid Interest received	(24 269) 8 527	(14 122) 6 435	(36 960
Taxation paid	(106 468)	(133 037)	11 957 (227 584)
Dividend paid	(100 400)	(104 020)	(104 020)
Net cash generated in operating activities	182 357	37 543	312 260
5	132 007	2,010	7.2 250
Cash flow from investing activities			
Additions to property plant and equipment	(239 019)	(57 893)	(351 456
Additions to leasehold improvements	(637)	(110)	(6 530)
Proceeds from disposal of property, plant and equipment	1 917	525	4 178
Investment in available-for-sale financial instruments	(5 287)	(89 872)	(94 674
Investment in intangibles	-	_	(53
Loans issued to joint ventures	(1 248)	_	(36 280
Loans repaid by associate	_	_	691
Net (advances to)/repayments by related parties	(459)	82 179	94 601
Net cash effect of acquisition of Inkonka	-	(174 261)	(175 623)
Net cash effect of acquisition of Tanglepark	_	(111 818)	(117 006)
Net cash effect of acquisition of Silverstar Casino	_		(78 278)
Net cash effect of ALI refinancing	-	43 300	35 550
Net cash effect of acquisition of West Coast Leisure	_	(7 776)	(7 776)

Directors: M Krok (Chairman)*; SB Joffe (Chief Executive Officer); AJ Aaron*; BJ Biyela; JS Friedman; RJ Khoza*; A Krok**; MZ Krok*; S Krok**; J Leutgeb*#; RT Moloko*; C Neuberger#; BJ Schutte*; P September*; R Vierziger**# (*Non-executive director **Alternate director #Austrian citizen) **Registered office:** Gold Reef City, Gate 4, Northern Parkway, Ormonde, 2091

Net cash effect of acquisition of West Coast Leisure

Dividend and loan repayments to outside shareholders Subscription of shares to be issued in flip-up transaction

Net increase/(decrease) in cash and cash equivalents

Net cash utilised in investing activities

Cash flow from financing activities (Increase)/decrease in share incentive scheme loan

Increase in interest-bearing borrowings

Net cash generated in financing activities

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

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

Company secretary: CRT Paul CA(SA)



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