

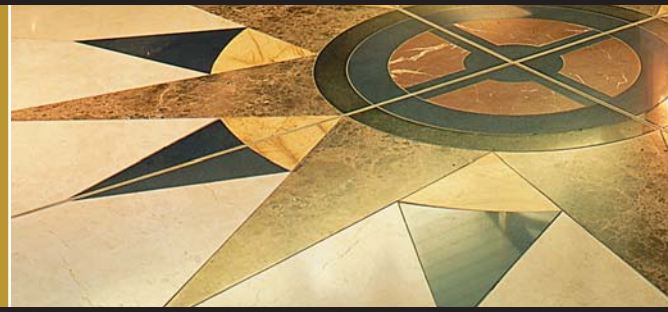


GOLD REEF

RESORTS
("Gold Reef")

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

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



Group Income Statement

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

Supplementary Information

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

Group Statement of Changes in Equity

	Share capital net of treasury R'000	Reserves R'000	Retained earnings R'000	Minority interest R'000	Total equity R'000
Balance at 1 January 2007	428 352	40 005	719 892	196 895	1 385 144
Recognition of share-based payments	-	5 571	-	-	5 571
Effective portion of derivative hedge recognised in equity during the period	-	25 598	-	-	25 598
Attributable profit for the period	-	-	138 190	41 406	179 596
Dividend declared	-	-	(150 242)	-	(150 242)
Dividends paid to minorities by subsidiaries	-	-	-	(3 556)	(3 556)
Balance at 30 June 2007	428 352	71 174	707 840	234 745	1 442 111
Issue of shares as part of share exchange and top-up transaction	1 335 922	340 257	-	-	1 676 179
Effect of share exchange and top-up transaction on group equity	-	(542 107)	-	(200 371)	(742 478)
Transfer between reserves	-	(2 774)	2 774	-	-
Issue of shares to share scheme	59 737	-	-	-	59 737
Recognition of share-based payments	-	6 079	-	-	6 079
Effective portion of derivative hedge recognised in equity during the period	-	11 789	-	-	11 789
Attributable profit for the period	-	-	7 624	7 767	15 391
Dividends paid to minorities by subsidiaries	-	-	-	(9 736)	(9 736)
Balance at 31 December 2007	1 824 011	(115 582)	718 238	32 405	2 459 072
Resolutive condition effected on issue of shares to employees under BidCo offer	(59 737)	-	-	-	(59 737)
Transfer of shares to employees from share scheme	59 730	-	-	-	59 730
Recognition of share-based payments	-	4 911	-	-	4 911
Effective portion of derivative hedge recognised in equity during the period	-	52 441	-	-	52 441
Attributable profit for the period	-	-	151 790	7 751	159 541
Dividend declared	-	-	(277 213)	-	(277 213)
Dividends paid to minorities by subsidiaries	-	-	-	(7 014)	(7 014)
Balance at 30 June 2008	1 824 004	(58 230)	592 815	33 142	2 391 731

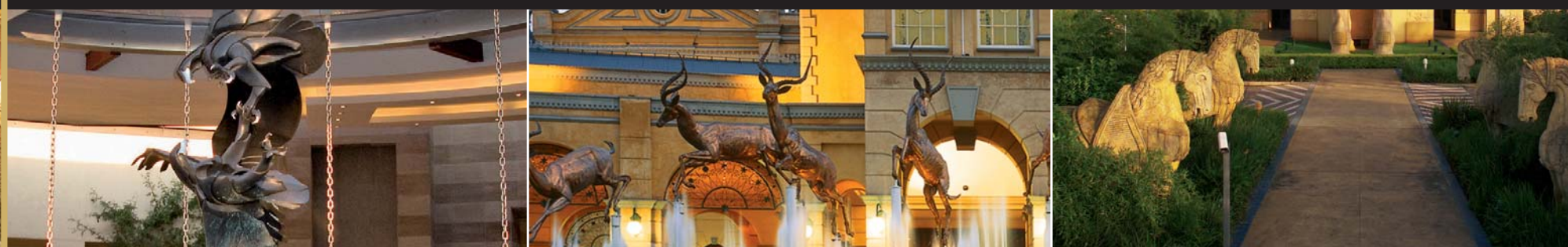
Group Balance Sheet

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

Group Cash Flow Statement

	Unaudited for the 6 months ended 30 June 2008 R'000	Unaudited for the 6 months ended 30 June 2007 R'000	Audited for the 12 months ended 31 December 2007 R'000
Cash flow from operating activities			
Profit before taxation	254 890	283 314	390 294
Non-cash items and other adjustments	147 474	99 908	284 588
	402 364	383 222	674 882
Decrease/(increase) in working capital	13 505	(78 655)	(63 068)
Cash flow from operating activities	415 869	304 567	611 814
Interest received	20 276	8 527	32 442
Interest paid	(94 579)	(24 269)	(55 604)
Taxation paid	(103 023)	(106 468)	(199 929)
Dividend paid	(277 213)	-	(150 242)
Net cash (utilised)/generated in operating activities	(38 670)	182 357	238 481
Cash flow from investing activities			
Additions to property, plant and equipment	(277 001)	(239 019)	(1 065 315)
Additions to leasehold improvements	(3 315)	(637)	

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



www.goldreefresorts.com

Commentary

Introduction

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

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

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

Corporate Activity

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

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

Securities Regulation Panel ("SRP")

On 14 April 2008 the SRP released the reasons for the ruling handed down on 1 February 2008. Based on legal advice the group has launched review proceedings in the High Court to obtain an order

reviewing, correcting or setting aside the decision of the SRP. Shareholders will be informed of the outcome of the application in due course.

Financial Results

Basis of Preparation

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

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

Consolidated Results

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

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

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

Segmental Analysis

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

Operations

Gold Reef City

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

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

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

Silverstar Casino

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

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

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

Golden Horse Casino

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

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

Garden Route Casino

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

Mykonos Casino

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

Goldfields Casino

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

Queens Casino

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

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

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

Future Developments

Vaal River Casino

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

Directorate

On 24 July 2008 John Farrant and Zanele Matlala were appointed to the board as independent directors. With effect from 3 September 2008 the board has reconstituted the Audit and Risk Committee and the Remuneration and Nominations Committee to comprise Mrs Matlala and Mr Farrant.

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

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

Prospects

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

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

Dividend

No dividend has been declared for the interim period.

Steven Joffe
Chief Executive Officer

Jarrold Friedman
Financial Director

On behalf of the board
3 September 2008

