



# GOLD REEF RESORTS

(Incorporated in the Republic of South Africa)  
"Gold Reef" or "the Company" or "the Group"  
Registration Number 1989/002108/06 | Share Code: GDF | ISIN: ZAE 000028338

## CONDENSED CONSOLIDATED INCOME STATEMENT

		REVIEWED FOR THE YEAR ENDED 31 DEC 2010 Rm	AUDITED FOR THE YEAR ENDED 31 DEC 2009 Rm
	%		
<b>Revenue</b>	(0,8)	<b>2 211</b>	<b>2 229</b>
Net gaming win	(1,5)	<b>2 033</b>	<b>2 065</b>
Theme Park	2,8	<b>74</b>	<b>72</b>
Food and beverage	8,6	<b>38</b>	<b>35</b>
Other	15,8	<b>66</b>	<b>57</b>
Other income		<b>4</b>	<b>15</b>
		<b>2 215</b>	<b>2 244</b>
Gaming levies and VAT		(408)	(412)
Employee costs		(521)	(480)
Promotional and marketing costs		(144)	(140)
Depreciation and amortisation		(206)	(185)
Other operating expenses		(359)	(336)
<b>Operating profit</b>	(16,5)	<b>577</b>	<b>691</b>
Finance income		<b>30</b>	<b>38</b>
Finance costs		(144)	(171)
<b>Profit before equity accounted earnings</b>		<b>463</b>	<b>558</b>
Share of loss in associate		(4)	(5)
<b>Profit before taxation</b>	(17,0)	<b>459</b>	<b>553</b>
Taxation expense		(166)	(180)
<b>Profit for the year</b>	(21,4)	<b>293</b>	<b>373</b>
<b>Profit attributable to:</b>			
Equity holders of Gold Reef	(21,9)	<b>281</b>	<b>360</b>
Non-controlling interest	(7,7)	<b>12</b>	<b>13</b>
	(21,4)	<b>293</b>	<b>373</b>
Number of shares in issue (000)		<b>292 344</b>	<b>291 990</b>
Weighted average number of shares in issue (000)		<b>276 487</b>	<b>275 291</b>
<b>Basic earnings per share (cents)</b>	(22,3)	<b>101,6</b>	<b>130,8</b>
<b>Diluted earnings per share (cents)</b>	(22,3)	<b>101,6</b>	<b>130,8</b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	REVIEWED FOR THE YEAR ENDED 31 DEC 2010 Rm	AUDITED FOR THE YEAR ENDED 31 DEC 2009 Rm
<b>Profit for the year</b>	<b>293</b>	<b>373</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>5</b>	<b>15</b>
Fair value gain on interest rate hedge	5	7
Fair value gain/(loss) on foreign exchange hedge	*	*
Income tax relating to components of other comprehensive income	*	8
<b>Total comprehensive income for the year</b>	<b>298</b>	<b>388</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of Gold Reef	<b>286</b>	<b>375</b>
Non-controlling interest	<b>12</b>	<b>13</b>
	<b>298</b>	<b>388</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

	REVIEWED AT 31 DEC 2010 Rm	AUDITED AT 31 DEC 2009 Rm
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>2 512</b>	<b>2 547</b>
Leasehold improvements	<b>151</b>	<b>138</b>
Intangible assets	<b>1 182</b>	<b>1 185</b>
Deferred income tax assets	<b>14</b>	<b>13</b>
Investment in joint venture	<b>6</b>	<b>-</b>
Investment in associate	<b>24</b>	<b>23</b>
Share scheme	<b>53</b>	<b>47</b>
	<b>3 942</b>	<b>3 953</b>
<b>Current assets</b>		
Inventories	<b>22</b>	<b>19</b>
Trade and other receivables	<b>40</b>	<b>42</b>
Current tax assets	<b>1</b>	<b>2</b>
Amounts owing by related parties	<b>*</b>	<b>*</b>
Cash and cash equivalents	<b>421</b>	<b>440</b>
	<b>484</b>	<b>503</b>
<b>Total assets</b>	<b>4 426</b>	<b>4 456</b>
<b>Equity and liabilities</b>		
<b>Capital and reserves</b>		
Share capital	<b>6</b>	<b>6</b>
Share premium	<b>1 866</b>	<b>1 860</b>
Treasury shares	<b>(54)</b>	<b>(58)</b>
	<b>1 818</b>	<b>1 808</b>
Share-based payment reserve	<b>394</b>	<b>389</b>
Other reserves	<b>(539)</b>	<b>(545)</b>
Retained earnings	<b>1 079</b>	<b>979</b>
	<b>2 752</b>	<b>2 631</b>
Non-controlling interest	<b>45</b>	<b>45</b>
<b>Total equity</b>	<b>2 797</b>	<b>2 676</b>
<b>Non-current liabilities</b>		
Interest-bearing borrowings	<b>1 131</b>	<b>1 325</b>
Deferred income tax liabilities	<b>76</b>	<b>64</b>
Derivative financial instruments	<b>-</b>	<b>9</b>
Cash-settled share incentive scheme liability	<b>5</b>	<b>4</b>
	<b>1 212</b>	<b>1 402</b>
<b>Current liabilities</b>		
Trade and other payables	<b>167</b>	<b>153</b>
Provisions	<b>48</b>	<b>34</b>
Current portion of interest-bearing borrowings	<b>194</b>	<b>187</b>
Current income tax liabilities	<b>6</b>	<b>4</b>
Amounts owing to related parties	<b>1</b>	<b>*</b>
Bank overdraft	<b>1</b>	<b>*</b>
	<b>417</b>	<b>378</b>
<b>Total equity and liabilities</b>	<b>4 426</b>	<b>4 456</b>

\* Amount less than R1million

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL NET OF TREASURY SHARES Rm	RESERVES ~ Rm	RETAINED EARNINGS Rm	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF GOLD REEF Rm	NON-CON- TROLLING INTEREST Rm	TOTAL EQUITY Rm
<b>Balance at 1 January 2009</b>	<b>1 795</b>	<b>(183)</b>	<b>799</b>	<b>2 411</b>	<b>43</b>	<b>2 454</b>
<b>Total comprehensive income for the year ended 31 Dec 2009</b>	<b>-</b>	<b>15</b>	<b>360</b>	<b>375</b>	<b>13</b>	<b>388</b>
Profit for the year	-	-	360	360	13	373
Fair value gain on interest rate hedge, net of tax	-	15	-	15	-	15
Fair value loss on foreign exchange hedge, net of tax	-	*	-	*	-	*
Recognition of share-based payments	-	6	-	6	-	6
Net movement between share scheme and participants	13	6	-	19	-	19
Dividends paid	-	-	(180)	(180)	-	(180)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	(11)	(11)
<b>Balance at 31 December 2009</b>	<b>1 808</b>	<b>(156)</b>	<b>979</b>	<b>2 631</b>	<b>45</b>	<b>2 676</b>
<b>Total comprehensive income for the year ended 31 December 2010</b>	<b>-</b>	<b>5</b>	<b>281</b>	<b>286</b>	<b>12</b>	<b>298</b>
Profit for the year	-	-	281	281	12	293
Fair value gain on interest rate hedge, net of tax	-	5	-	5	-	5
Fair value gain on foreign exchange hedge, net of tax	-	*	-	*	-	*
Issue of shares	6	-	-	6	-	6
Recognition of share-based payments	-	6	-	6	-	6
Net movement between share scheme and participants	4	*	-	4	-	4
Dividends paid	-	-	(181)	(181)	-	(181)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	(12)	(12)
<b>Balance at 31 December 2010</b>	<b>1 818</b>	<b>(145)</b>	<b>1 079</b>	<b>2 752</b>	<b>45</b>	<b>2 797</b>

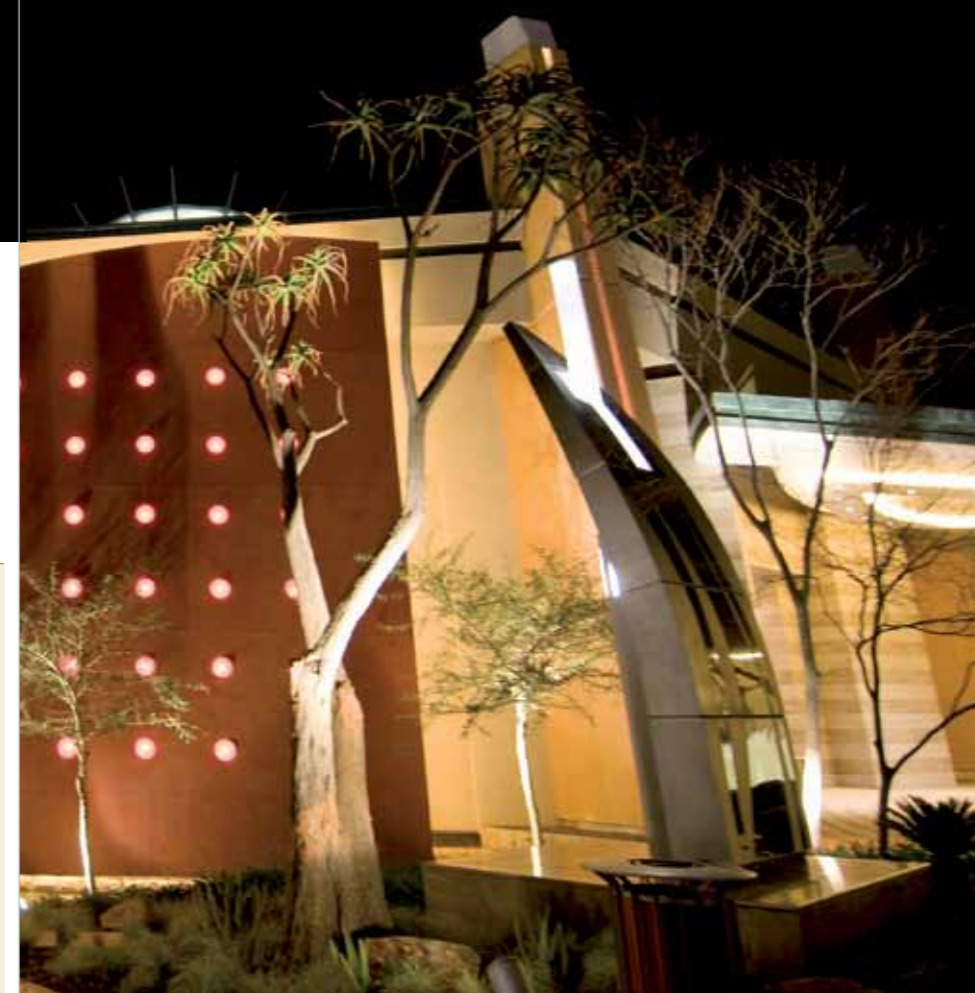
~ Reserves comprise Share-based payment reserve and Other reserves. These reserves are disclosed separately on the balance sheet.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	REVIEWED FOR THE YEAR ENDED 31 DEC 2010 Rm	AUDITED FOR THE YEAR ENDED 31 DEC 2009 Rm
<b>Cash flow from operating activities</b>		
Profit before taxation	<b>459</b>	<b>553</b>
Non-cash items and other adjustments	<b>343</b>	<b>335</b>
	<b>802</b>	<b>888</b>
Decrease/(increase) in net current assets	<b>12</b>	<b>(37)</b>
Cash flow from operating activities	<b>814</b>	<b>851</b>
Finance income	<b>30</b>	<b>39</b>
Finance costs	(144)	(156)
Taxation paid	(153)	(168)
Dividend paid	(181)	(180)
Net cash generated from operating activities	<b>366</b>	<b>386</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(171)	(186)
Additions to leasehold improvements	(18)	(20)
Investment in intangibles	-	*
Proceeds from disposal of property, plant and equipment	8	2
Loans (advanced to)/repaid by associate	(5)	3
Investment in joint venture	(2)	-
Loans advanced to joint venture	(4)	-
Loans (advanced to)/repaid by related parties	*	1
Net cash utilised in investing activities	(192)	(200)
<b>Cash flow from financing activities</b>		
Issue of shares	6	-
Shares issued by share scheme	5	19
Increase in share scheme loans	(6)	(14)
Dividends and loan repayments to outside shareholders	(12)	(11)
Decrease in interest-bearing borrowings	(187)	(183)
Net cash utilised in financing activities	(194)	(189)
<b>Net decrease in cash and cash equivalents</b>	<b>(20)</b>	<b>(3)</b>
Cash and cash equivalents at beginning of year	<b>440</b>	<b>443</b>
<b>Cash and cash equivalents at end of year</b>	<b>420</b>	<b>440</b>

## ADDITIONAL INFORMATION

	REVIEWED FOR THE YEAR ENDED 31 DEC 2010 Rm	AUDITED FOR THE YEAR ENDED 31 DEC 2009 Rm
<b>EBITDAR RECONCILIATION</b>		
Operating profit	<b>577</b>	<b>691</b>
Property and equipment rental	<b>19</b>	<b>21</b>
Depreciation and amortisation	<b>206</b>	<b>185</b>
<b>EBITDAR</b>	<b>802</b>	<b>897</b>
Weighted average number of shares in issue (000)	(10,6)	275 291
<b>EBITDAR per share (cents)</b>	<b>290,1</b>	<b>325,8</b>
<b>EBITDAR margin (%)</b>	<b>36,3</b>	<b>40,2</b>
<b>ADJUSTED EBITDAR RECONCILIATION</b>		
EBITDAR	<b>802</b>	<b>897</b>
Transactions relating to corporate activity	<b>21</b>	<b>(14)</b>
<b>Adjusted EBITDAR</b>	<b>823</b>	<b>883</b>
Weighted average number of shares in issue (000)	(7,2)	275 291
<b>Adjusted EBITDAR per share (cents)</b>	<b>297,7</b>	<b>320,8</b>
<b>Adjusted EBITDAR margin (%)</b>	<b>37,2</b>	<b>39,6</b>
<b>HEADLINE EARNINGS RECONCILIATION</b>		
Attributable profit for the year	<b>281</b>	<b>360</b>
Profit on sale of financial instruments	-	*
Impairment of property, plant and equipment	-	1
Loss on sale of property, plant and equipment	*	2
<b>Headline earnings</b>	<b>281</b>	<b>363</b>
Weighted average number of shares in issue (000)	(22,6)	275 291
<b>Headline earnings per share (cents)</b>	<b>101,6</b>	<b>131,9</b>
<b>Diluted headline earnings per share (cents)</b>	<b>101,6</b>	<b>131,9</b>
<b>ADJUSTED HEADLINE EARNINGS RECONCILIATION</b>		
Headline earnings	<b>281</b>	<b>363</b>
Transactions relating to corporate activity	<b>20</b>	<b>(14)</b>
<b>Adjusted Headline earnings</b>	<b>301</b>	<b>349</b>
Weighted average number of shares in issue (000)	(13,8)	275 291
<b>Adjusted Headline earnings per share (cents)</b>	<b>108,9</b>	<b>126,8</b>



## NOTES TO THE REVIEWED PROVISIONAL FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated provisional financial statements for the year ended 31 December 2010 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 - Interim financial reporting, AC500 Standards as issued by the Accounting Practices Board or its successor and the requirements of the South African Companies Act. The accounting policies are in terms of IFRS as well as materially similar to those applied in the most recent audited annual financial statements as at 31 December 2009. The condensed consolidated provisional financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRS.

The condensed consolidated provisional financial statements as at 31 December 2010, and for the year then ended, have been reviewed by the Group's auditors, PricewaterhouseCoopers Inc. This review has been conducted in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and their unmodified review conclusion is available for inspection at the Company's registered office.

In addition to earnings per share ("EPS") and headline earnings per share ("HEPS"), Gold Reef has chosen to report adjusted headline earnings per share ("Adjusted HEPS") and adjusted earnings before interest, tax, depreciation, amortisation and rentals ("Adjusted EBITDAR") for the twelve months ended 31 December 2010 and for the prior corresponding reporting period. The Company is of the opinion that the publication of Adjusted HEPS and Adjusted EBITDAR will assist the understanding of year-on-year trading results. Adjusted HEPS and Adjusted EBITDAR were not previously published at 31 December 2009.

In arriving at Adjusted HEPS and Adjusted EBITDAR, adjustments were made to headline earnings and earnings before interest, tax, depreciation, amortisation and rentals ("EBITDAR") to eliminate non-recurring transactions relating to corporate activity, primarily advisory fees and legal costs.

### 2. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

### 3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Group executive directors. These individuals review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports. The executive directors consider the business from both a geographic and operational perspective and assess the performance of the operating segments based on a measure of Revenue, Adjusted EBITDAR, cash flow and debt.



[www.goldreefresorts.com](http://www.goldreefresorts.com)

DIRECTORS: JA Copelyn (Chairman)\*; JA Mabuza (Chief Executive Officer); MN von Anlock (Chief Financial Officer); RA Collins; MJA Golding\*; JM Kahn\*; EAG Mackay\*; VE Mphande\*; JG Ngcobo >; RG Tomlinson (Lead Independent) >; A van der Veen\*; PJ Venison >; GI Wood; MI Wyman\* >.  
(\*Non-Executive Director > Independent Director \*British)

COMPANY SECRETARY: W van Wynngaardt  
REGISTERED OFFICE: Gold Reef City, Gate 4, Northern Parkway, Ormonde, 2091  
TRANSFER SECRETARIES: Link Market Services South Africa (Pty) Limited  
16th Floor, 11 Diagonal Street, Johannesburg, 2001  
SPONSOR: Deutsche Securities (SA) (Proprietary) Limited



# Gold Reef Resorts Reviewed Financial Results for the year ended 31 December 2010

## SEGMENTAL ANALYSIS

	REVENUE			ADJUSTED EBITDAR			ADJUSTED EBITDAR MARGIN		ASSETS				TOTAL ASSETS	
	2010	2009	%	2010	2009	%	2010	2009	NON-CURRENT		CURRENT		2010	2009
	Rm	Rm		Rm	Rm		Rm	Rm	2010	2009	2010	2009	Rm	Rm
Gold Reef City Casino	925	960	(3,6)	330	362	(8,8)	35,7	37,7	1 097	1 082	128	138	1 225	1 220
Gold Reef City Theme Park	93	84		6	7	(14,3)	6,5	8,3	4	19	13	17	17	36
Silverstar Casino	546	543	0,6	204	208	(1,9)	37,4	38,3	994	1 036	320	305	1 314	1 341
Golden Horse Casino	254	248	2,4	108	111	(2,7)	42,5	44,8	231	202	50	36	281	238
Mykonos Casino	118	114	3,5	47	47	-	39,8	41,2	58	57	24	24	82	81
Garden Route Casino	153	160	(4,4)	64	71	(9,9)	41,8	44,4	115	124	34	34	149	158
Goldfields Casino	120	119	0,8	51	52	(1,9)	42,5	43,7	118	120	21	21	139	141
Queens Casino	53	51	3,9	12	12	-	22,6	23,5	96	104	8	10	104	114
Gold Reef Management #	67	70	(4,3)	2	14	(85,7)	3,0	20,0	2	1	113	115	115	116
Gold Reef Resorts	-	-		206	229	(10,0)			2 824	2 819	169	186	2 993	3 005
Consolidation and other Group companies >	(118)	(120)	1,7	(207)	(230)	10,0			(1 597)	(1 611)	(396)	(383)	(1 993)	(1 994)
	2 211	2 229	(0,8)	823	883	(6,8)	37,2	39,6	3 942	3 953	484	503	4 426	4 456

	CASH ON HAND		DEBT				TOTAL DEBT NET OF CASH		CAPEX				TOTAL CAPEX	
	2010	2009	NON-CURRENT		CURRENT		2010	2009	DEVELOPMENTAL		OPERATIONAL		2010	2009
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Gold Reef City Casino	17	32	(73)	(131)	(58)	(58)	(114)	(157)	-	-	59	38	59	38
Gold Reef City Theme Park	5	6	-	-	-	-	5	6	16	13	9	7	25	20
Silverstar Casino	303	291	(1 012)	(1 115)	(103)	(96)	(812)	(920)	-	-	13	14	13	14
Golden Horse Casino	21	28	(17)	(29)	(12)	(12)	(8)	(13)	41	46	18	18	59	64
Mykonos Casino	18	17	-	-	-	-	18	17	-	4	11	6	11	10
Garden Route Casino	9	29	(10)	(18)	(8)	(8)	(9)	3	1	50	12	2	13	52
Goldfields Casino	7	16	(19)	(32)	(13)	(13)	(25)	(29)	-	-	9	7	9	7
Queens Casino	4	7	(41)	(45)	(4)	(4)	(41)	(42)	*	-	3	2	3	2
Gold Reef Management	15	13	-	-	-	-	15	13	-	-	*	*	*	*
Gold Reef Resorts	24	4	-	-	-	-	24	4	-	-	-	-	-	-
Consolidation and other Group companies >	(3)	(3)	41	45	4	4	42	46	*	-	(3)	(1)	(3)	(1)
	420	440	(1 131)	(1 325)	(194)	(187)	(905)	(1 072)	58	113	131	93	189	206

# 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.  
 \* Amount less than R1million

## COMMENTARY

The merger of Gold Reef and Tsogo Sun Holdings (Pty) Ltd ("Tsogo") became effective on 24 February 2011 with the new majority shareholders being Tsogo Investment Holding Company (Pty) Ltd and SABSA Holdings (Pty) Ltd. As a consequence of the merger the board of Gold Reef ("the Board") has been reconstituted (see Directorate). The Board approved the change in the financial year end of the Company to 31 March. Accordingly, the next financial year end of the Company will be 31 March 2012. It is intended to change the name of the company to "Tsogo Sun Holdings Limited" as soon as possible.

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

### OPERATIONS

As expected, the difficult trading conditions persisted into the second half of 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 Prive 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 8,6% and hotel revenues up 60,0% following the successful re-launch of the Gold Reef City Theme Park Hotel during September 2010. Adjusted EBITDAR decreased 6,8% to R823 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 6,0% 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 11,4% to R206 million. Employee costs increased by 8,5% to R521 million.

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

The decline in HEPS of 23,0% to 101,6 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 14,1% to 108,9 cents.

Net finance costs decreased by R19 million to R114 million as a result of the combination of declining interest rates and net debt reduction of R167 million to R905 million. Cash flows in the Group remained strong, generating net cash from operating activities of R547 million for the year, prior to the payment of dividends.

Total capex for the year was R189 million, of which R131 million was operational in order to maintain the standards of the properties. The developmental capex of R58 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 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 8,8% to R330 million and the Adjusted EBITDAR margin reduced to 35,7% from 37,7% achieved in 2009.

At 31 December 2010, total net debt at the casino was R114 million in comparison to R157 million in the previous year.

The hotel refurbishment was successfully completed with total capex of R16 million incurred this year. The contribution of hotel revenue in the fourth quarter of 2010 resulted in Theme Park revenue increasing by 10,7% from the previous year to R93 million. Excluding the effects of the once-off legal costs relating to Carte Blanche, Adjusted EBITDAR declined by only R1 million to R6 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 Prive activity. In line with this result, total revenue at the casino increased 0,6% to R546 million. Operating costs were well maintained, however cost pressures still resulted in margin erosion and Adjusted EBITDAR decreased by 1,9% to R204 million translating to an Adjusted EBITDAR margin of 37,4%.

Total net debt at Silverstar Casino reduced by R108 million to R812 million.

### KWAZULU NATAL

#### Golden Horse Casino

GGR growth at the casino was in line with the provincial market growth of 4,4%. Revenue of R254 million was up 2,4% for the year with Adjusted EBITDAR declining by 2,7% to R108 million. The Adjusted EBITDAR margin came in 2,3pp lower for the year at 42,5%.

### 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 million with the casino maintaining its Adjusted EBITDAR at R47 million. The slight decline in the Adjusted EBITDAR margin to 39,8% 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 R153 million and Adjusted EBITDAR fell 9,9% to R64 million resulting in an Adjusted EBITDAR margin of 41,8%.

### FREE STATE

#### Goldfields Casino

Revenue at Goldfields Casino increased marginally to R120 million. The cost impact of introducing smart-card gaming caused Adjusted EBITDAR to decline by 1,9% to R51 million resulting in an Adjusted EBITDAR margin of 42,5%.

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 3,9% to R53 million while Adjusted EBITDAR remained flat at R12 million. The Adjusted EBITDAR margin declined marginally from 23,5% in 2009 to 22,6%.

### BOTSWANA

This project is still in the development phase, however trading is expected to commence during the second half of 2011. Gold Reef has a 50% interest in the gaming operation which forms part of a larger development including a hotel, food and beverage facilities as well as retail outlets. At 31 December 2010, Gold Reef's investment in the venture amounted to R6 million.

### DIRECTORATE

Following the merger of Gold Reef and Tsogo, the Board was reconstituted as follows:

#### 1. The following directors resigned from the Board effective from 24 February 2011:

DIRECTOR	DESIGNATION/CAPACITY
EN Banda	Chairman
MG Diliza	Independent non-executive director
JC Farrant	Independent non-executive director
JS Friedman	Chief Financial Officer
SB Joffe	Chief Executive Officer
MZ Krok	Independent non-executive director
S Krok	Alternate director
ZJ Matlala	Independent non-executive director
C Neuberger	Chief Operating Officer
TM Sadiki	Human Resources Director
PCM September	Non-executive director
P Vallet	Non-executive director

#### 2. The following appointments to the Board were effective from 24 February 2011 and consequently the Board is constituted as follows:

DIRECTOR	DESIGNATION/CAPACITY
JA Copelyn #	Chairman and Non-executive director
JA Mabuza	Chief Executive Officer
MN von Aulock	Chief Financial Officer
RA Collins	Managing Director - Tsogo Sun Gaming
GI Wood	Managing Director - Southern Sun Hotels
MJA Golding	Non-executive director
JM Kahn	Non-executive director
EAG Mackay #	Non-executive director
VE Mphande	Non-executive director
JG Ngcobo #, ^^	Independent non-executive director
RG Tomlinson #, ^^	Independent non-executive director, lead independent director
A van der Veen	Non-executive director
PJ Venison #, ^^	Independent non-executive director
MI Wyman	Non-executive director

# Member of the Remuneration committee

^^ Member of the Audit and Risk committee

### PROSPECTS

Should the expected medium-term recovery in the economy occur with consumer confidence and spending increasing accordingly, the merged company is well placed to benefit. With 14 casinos in six South African provinces and approximately 94 hotels both locally and internationally, the asset portfolio of the combined group will afford shareholders the opportunity to benefit from earnings as well as geographical and market segment diversification.

### DIVIDEND

The Board intends declaring a dividend, based on the combined earnings of Gold Reef and Tsogo and further announcements in this regard will be made after the Tsogo results for the year ended 31 March 2011 have been finalised.

JA MABUZA  
CHIEF EXECUTIVE OFFICER

MN VON AULOCK  
CHIEF FINANCIAL OFFICER

On behalf of the board  
16 March 2011

