

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 16 of this circular apply, *mutatis mutandis*, to the entire circular (including this front cover). Unless otherwise stated, all dates and times indicated in this circular refer to South African dates and times.

Action required

- This circular is important and should be read with particular attention to page 4 entitled "Action required by Gold Reef Shareholders".
- If you are in any doubt as to what action you should take arising from this circular, please consult your CSDP, broker, banker, attorney, accountant or other professional advisor immediately.
- If you have disposed of your Gold Reef Shares prior to receipt of this circular, please forward this circular to the purchaser of such Gold Reef Shares or the CSDP, broker or agent through whom you disposed of such Gold Reef Shares.



GOLD REEF

RESORTS

Gold Reef Resorts Limited

(Incorporated in the Republic of South Africa)

Registration number 1989/002108/06

Share code: GDF ISIN: ZAE000028338

CIRCULAR TO GOLD REEF SHAREHOLDERS

relating to:

- **the proposed merger of Gold Reef and Tsogo through the acquisition by Gold Reef of the entire issued share capital of Tsogo from TIH and SABSA respectively in terms of the Exchange Agreement in consideration for the allotment and issue of a minimum of 888 261 028 Gold Reef Shares (representing 304.2% of the current issued ordinary share capital of Gold Reef), and including:**
 - **the increase in the authorised share capital of Gold Reef by the creation of 610 000 000 new ordinary par value shares of 2 cents each required for the purpose of implementing the Proposed Transaction;**
 - **the placement of sufficient authorised, unissued Gold Reef Shares under the control of the Gold Reef Directors for the purpose of implementing the Proposed Transaction;**
 - **the specific indirect acquisition by Gold Reef, pursuant to the Proposed Transaction, of the Tsogo Sun Expansion Shares (being 69 205 093 Gold Reef Shares);**
 - **the approval by the Gold Reef Shareholders of a proposed waiver by the SRP of each of the Tsogo Shareholders' obligation to make the Mandatory Offer to the Gold Reef Shareholders as a consequence of the implementation of the Proposed Transaction and as a result of TIH and SABSA entering into the Shareholders' Agreement, in accordance with Rule 8.7 of the SRP Code;**
 - **the Related Party implications of the Proposed Transaction; and**
 - **additional information required by the JSE and the SRP in respect of the Proposed Transaction;**

and incorporating:

- **Revised Listing Particulars;**
- **a notice of General Meeting of Gold Reef Shareholders; and**
- **a form of proxy for the General Meeting (*blue*) (for use by certificated and "own-name" dematerialised shareholders only).**

Date of issue: 3 April 2010

This circular is available in English only. Copies may be obtained from the registered office of the Company and the transfer secretaries, during normal business hours and on business days at the addresses set out in the "Corporate information and advisors to Gold Reef" section of this circular from Tuesday, 6 April 2010 to Monday, 26 April 2010, both days inclusive. This circular will also be available on Gold Reef's website (www.goldreefresorts.com) as from Tuesday, 6 April 2010.

This circular contains Revised Listing Particulars that have been prepared on the assumption that the Resolutions proposed in the notice of the General Meeting forming part of this circular will be passed at the General Meeting to be held at 10:00 on Monday, 26 April 2010 and registered with CIPRO (where applicable). The Revised Listing Particulars are not an invitation to the public to subscribe for shares, but are being issued in compliance with the Listings Requirements, for the purpose of providing information to the public with regard to the Company.

Gold Reef Shareholders should note that the Proposed Transaction constitutes a Reverse Listing in terms of the Listings Requirements. Throughout this circular references to the Merged Entity are references to Gold Reef as it will be reconstituted upon implementation of the Proposed Transaction. It is intended that the name of the Company will be changed to "Tsogo Sun Holdings Limited" following implementation of the Proposed Transaction (or as soon as possible thereafter).

Gold Reef

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Deutsche Securities (SA) (Proprietary) Limited
(A non-bank member of the Deutsche Bank Group)



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LINK
MARKET SERVICES

Communications advisor

CollegeHill

Tsogo

Investment bank

 **Investec**
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Corporate law advisor

T A B A C K S

Communications advisor

BRUNSWICK

CONTENTS OF THIS CIRCULAR

The definitions and interpretations commencing on page 16 of this circular apply, mutatis mutandis, to this section on the contents of this circular.

Throughout this circular references to the Merged Entity are references to Gold Reef as it will be reconstituted upon implementation of the Proposed Transaction. It is intended that the name of the Company will be changed to "Tsogo Sun Holdings Limited" following implementation of the Proposed Transaction (or as soon as possible thereafter).

By way of the Announcement, Gold Reef Shareholders were advised that Gold Reef and Tsogo had entered into the Exchange Agreement regarding the potential merger of the respective businesses of Gold Reef and Tsogo. This circular sets out, amongst other things, the basis upon which the Proposed Transaction will be achieved.

The Proposed Transaction, if implemented, will result in Gold Reef acquiring the Tsogo Shares from the Tsogo Shareholders in consideration for the allotment and issue of the Gold Reef Consideration Shares.

The Company will be restructured to house an enlarged business with the intention that processes will be put in place to rename the Company from "Gold Reef Resorts Limited" to "Tsogo Sun Holdings Limited" post implementation of the Proposed Transaction (or as soon as possible thereafter). Existing Gold Reef Shareholders' interest (excluding Tsogo Sun Expansion) in the enlarged issued share capital of Gold Reef will represent a 19% shareholding, with Tsogo Shareholders holding the remaining 81%.

Subject to certain conditions detailed in the circular, Gold Reef will maintain its listing on the JSE which will be amended to reflect the enlarged issued ordinary share capital of Gold Reef upon implementation of the Proposed Transaction.

Apart from the introductory section containing the corporate information, salient details of the Proposed Transaction, salient dates and times and the definitions and interpretations used in this circular, the circular comprises two main parts, namely:

Part I: Circular to Gold Reef Shareholders relating to the Proposed Transaction which includes:

- the acquisition by Gold Reef of the Tsogo Shares from the Tsogo Shareholders in consideration for the allotment and issue of the Gold Reef Consideration Shares;
- the increase in the authorised share capital of Gold Reef from 590 000 000 to 1 200 000 000 by the creation of 610 000 000 new ordinary par value shares of 2 cents each required for the purpose of implementing the Proposed Transaction;
- the placement of sufficient authorised, unissued Gold Reef Shares under the control of the Gold Reef Directors for the purpose of implementing the Proposed Transaction;
- the Specific Buyback, pursuant to the Proposed Transaction;
- the approval by the Gold Reef Shareholders of the proposed waiver by the SRP of each of the Tsogo Shareholders' obligation to make the Mandatory Offer to the Gold Reef Shareholders as a consequence of the implementation of the Proposed Transaction, and as a result of the Shareholders' Agreement, in accordance with Rule 8.7 of the SRP Code;
- the Related Party Transaction implications of the Proposed Transaction; and
- additional information required by the JSE and the SRP.

Part II: Revised Listing Particulars

Attached at the end of this circular is:

- a notice of the General Meeting of Gold Reef Shareholders; and
- a form of proxy for the General Meeting (*blue*) for use by certificated and "own-name" dematerialised shareholders only.

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Tsogo Directors

J A Copelyn* (*Chairman*)
J A Mabuza (*Chief Executive Officer*)
M N von Aulock (*Chief Financial Officer*)
R A Collins
M J A Golding*
J M Kahn*
E A G Mackay*
V E Mphande*
A van der Veen*
P J Venison*
G I Wood
M I Wyman*

* Non-executive directors

ACTION REQUIRED BY GOLD REEF SHAREHOLDERS

If you are in any doubt as to the action you should take, please consult your CSDP, broker, accountant, attorney, banker or other professional advisor immediately.

Gold Reef Shareholders should seek advice from appropriate professional advisors if they are in any doubt whatsoever in respect of their tax position.

If you have disposed of your Gold Reef Shares prior to receipt of this circular, please forward this circular to the purchaser of such Gold Reef Shares or the CSDP, broker or agent through whom you disposed of such Gold Reef Shares.

A general meeting of Gold Reef Shareholders will be held at 10:00 on Monday, 26 April 2010, at the Gold Reef City Casino Conference Centre, corner Northern Parkway and Data Crescent, Ormonde, Johannesburg, South Africa, to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in the notice convening the General Meeting attached to and forming part of this circular.

This circular contains important information regarding the Proposed Transaction and matters related thereto. You should carefully read through this circular and decide how you wish to vote on the Resolutions to be proposed at the General Meeting.

1. If you hold dematerialised shares with “own-name” registration or are the registered holder of certificated shares:

You may attend the General Meeting in person. Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*blue*) in accordance with the instructions it contains and returning it as soon as possible to the transfer secretaries, by physical delivery at 16th Floor, 11 Diagonal Street, Johannesburg, 2001, or by postal delivery to PO Box 4844, Johannesburg, 2000, so as to be received by no later than 10:00 on Friday, 23 April 2010.

2. If you hold dematerialised shares without “own-name” registration:

You should contact your CSDP or broker and request them to furnish you with the necessary letter of representation if you wish to attend and vote at the General Meeting or if you are unable to attend the General Meeting but wish to be represented thereat, you should instruct your CSDP or broker to vote by proxy on your behalf in accordance with the mandate concluded between you and your CSDP or broker. If your CSDP or broker does not obtain voting instructions from you, your CSDP or broker will be obliged to vote in accordance with such mandate. You must **not** complete the attached form of proxy (*blue*).

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SALIENT DETAILS OF THE PROPOSED TRANSACTION

The salient details provide an outline of the Proposed Transaction and should be read in conjunction with this circular in its entirety for a full and proper appreciation hereof.

Throughout this circular references to the Merged Entity are references to Gold Reef as it will be reconstituted upon implementation of the Proposed Transaction. It is intended that the name of the Company will be changed to "Tsogo Sun Holdings Limited" upon implementation of the Proposed Transaction (or as soon as possible thereafter).

1. INTRODUCTION

It was released on SENS on Thursday, 18 February 2010 and published in the South African press on Friday, 19 February 2010, that Gold Reef and Tsogo have entered into the Exchange Agreement detailing the terms and conditions of a potential merger of their respective gaming and hotel businesses.

In terms of the Exchange Agreement, Gold Reef will acquire the Tsogo Shares from the Tsogo Shareholders, on the basis detailed in the Exchange Agreement and as set out in this circular.

The Proposed Transaction is subject to the fulfilment or waiver (where appropriate) of the Conditions Precedent, details of which are set out in this circular.

The acquisition by Gold Reef of the entire issued ordinary share capital of Tsogo is a Category 1 and a Related Party Transaction in terms of the Listings Requirements and an affected transaction in terms of the SRP Code. Gold Reef is, accordingly, required to seek Gold Reef Shareholder approval and issue a circular (containing Revised Listing Particulars) to Gold Reef Shareholders containing full details of the Proposed Transaction and the Resolutions required to be approved by the Gold Reef Shareholders at the General Meeting in order to implement the Proposed Transaction. Furthermore, Gold Reef Shareholders will be required to approve the Whitewash Resolution regarding the approval of a waiver of the Mandatory Offer at an assumed price per Gold Reef Share based on the Gold Reef pre-cautionary share price of R19.25, and application has been made to the SRP for dispensation in this regard. Further details of the SRP waiver procedure are set out in paragraph 3.5.2 of this circular.

This circular includes Revised Listing Particulars in terms of the Listings Requirements as the proposed allotment and issue of the Gold Reef Consideration Shares to the Tsogo Shareholders as consideration for their Tsogo Shares will result in the issued ordinary share capital of Gold Reef being increased in excess of 100% of the existing issued ordinary share capital with the consequence of a change of control of the Company and the proposed reconstitution of the Gold Reef Board.

In terms of paragraph 9.24 of the Listings Requirements, and subject to certain conditions detailed in this circular, the JSE has confirmed that it will continue to grant a listing of Gold Reef and that Gold Reef's listing on the JSE will be amended to reflect the enlarged issued ordinary share capital upon implementation of the Proposed Transaction. The listing of the Gold Reef Consideration Shares on the JSE is subject to:

- the JSE obtaining working capital sign off in respect of a period of not less than 18 months, in the manner stipulated by the Listings Requirements from the proposed Merged Entity Board;
- confirmation by the proposed audit committee of the Merged Entity as to its approval of the expertise and experience of Mr M N von Aulock in respect of his proposed appointment as the Chief Financial Officer of the Merged Entity;
- the Merged Entity's compliance with paragraph 3.84 of the Listings Requirements regarding its corporate governance;
- publication of the Tsogo unqualified, audited financial results for the year ended 31 March 2010; and
- the JSE approving the articles of association of Tsogo, in accordance with Schedule 10 of the Listings Requirements.

Should the Proposed Transaction be implemented, the respective Gold Reef and Tsogo businesses will be strategically repositioned as a combined hotel and gaming company with a new set of majority shareholders collectively holding a majority of the Gold Reef Shares. Consequently, it is proposed that upon implementation of the Proposed Transaction (or as soon as possible thereafter) processes will be put in place to change the name of the Company to "Tsogo Sun Holdings Limited". Further details of the proposed change of name will be provided to Gold Reef Shareholders after the Closing Date.

2. SUMMARY OF THE PROPOSED TRANSACTION

In terms of the Exchange Agreement and subject to the fulfilment or waiver (where appropriate) of the Conditions Precedent:

- the Proposed Transaction will be effected through the allotment and issue of a minimum of 888 261 028 Gold Reef Consideration Shares (subject to the Gold Reef Consideration Shares Formula), to the Tsogo Shareholders as consideration for the acquisition of the Tsogo Shares;
- Gold Reef will also, pursuant to the Proposed Transaction, through the Specific Buyback, acquire the 69 205 093 Gold Reef Shares (representing a 24.99% economic interest in Gold Reef) currently held by Tsogo Sun Expansion. The purchase consideration for the Tsogo Sun Expansion Shares is included in the aggregate number of Gold Reef Consideration Shares to be allotted and issued pursuant to the Proposed Transaction at a ratio of 1:1;
- the Gold Reef pre-cautionary share price and the closing price of R18.15 per Gold Reef Share at the last practicable date, imply equity values for Tsogo of R17.1 billion and R16.1 billion, respectively; and
- Gold Reef Shareholders on the register at the Dividend Record Date will be entitled to receive the Gold Reef Final Dividend of 65 cents per Gold Reef Share in respect of the Gold Reef financial year ended 31 December 2009 declared on Monday, 29 March 2010.

3. SHAREHOLDER STRUCTURE PRE AND POST THE IMPLEMENTATION OF THE PROPOSED TRANSACTION

Details of Gold Reef's current shareholding structure and the resultant Merged Entity shareholding structure, should the Proposed Transaction be implemented, are set out in the table below:

Gold Reef and Merged Entity Shareholders (excluding treasury shares)

Shareholder	Percentage shareholding before the Proposed Transaction	Percentage shareholding after the Proposed Transaction
TIH	–	41.33
SABSA	–	39.71
Krok Family Entities	25.93	6.55
Tsogo Sun Expansion	24.99	–
Allan Gray clients ^(a)	23.64	5.97
Other ^(b)	25.44	6.44
	100.00	100.00

(a) Reflects the total holding of Allan Gray clients.

(b) Other includes management and public shareholders.

4. MERGED ENTITY BOARD AND EXECUTIVE MANAGEMENT

The Exchange Agreement provides that the Gold Reef Board shall have been restructured following the implementation of the Proposed Transaction on the Closing Date to comprise only those persons who shall have been notified in writing to Gold Reef by TIH and SABSA (prior to the Closing Date); however as at the last practicable date, Gold Reef has not been made aware of the proposed composition of the reconstituted Gold Reef Board, other than in respect of certain executive directors as set out below. Further details of the reconstitution of the Gold Reef Board will be provided to Gold Reef Shareholders once this information is available.

It is a term of the Exchange Agreement that the names of the existing executive directors of the Gold Reef Board and the Executives who may form part of the executive management team of the Merged Entity, (if any), immediately following the implementation of the Proposed Transaction on the Closing Date, shall be set out in the circular and, accordingly, details thereof are set out in the circular.

4.1 Executive management of the Merged Entity

It is proposed that, following the implementation of the Proposed Transaction on the Closing Date, Mr J A Mabuza, who currently serves as Chief Executive Officer of Tsogo, will be appointed as Chief Executive Officer of the Merged Entity, and Mr M N von Aulock, who currently serves as Chief Financial Officer of Tsogo, will be appointed as Chief Financial Officer of the Merged Entity.

As set out in paragraph 3.2.6.5 of the circular, pursuant to the Shareholders' Agreement, the Merged Entity Board will comprise appointees of TIH and SABSA. Although the Merged Entity Board will consist of a majority of non-executive directors, the Merged Entity Board will not be compliant with the requirements of the King Code, as the majority of the non-executive directors will not be independent.

The JSE has also required that the appointment of Mr M N von Aulock, as Chief Financial Officer of the Merged Entity, be confirmed by the audit committee of the Merged Entity in compliance with paragraphs 3.84(h) and 4.8(b) of the Listings Requirements.

The Executives have met with Tsogo regarding their proposed roles in the executive management team of the Merged Entity. After discussions, the Executives have decided not to accept Tsogo's proposals or the alternative positions they were offered as such proposals or alternatives constitute a material change to their existing duties and responsibilities. Accordingly, the Executives will not be employed in the executive management team of the Merged Entity post implementation of the Proposed Transaction.

Brief *curricula vitae* of Messrs M N von Aulock and J A Mabuza are set out in paragraph 10.2 of the Revised Listing Particulars.

5. SUMMARY DESCRIPTION OF GOLD REEF

Gold Reef is a gaming and entertainment company that operates resorts and entertainment complexes throughout South Africa.

Gold Reef has an interest in the following resorts in South Africa:

Casino	Percentage ownership
Gold Reef City Casino and Theme Park, <i>Gauteng</i>	100.00
Silverstar Casino, <i>Gauteng</i>	100.00
Golden Horse Casino, <i>KwaZulu-Natal</i>	100.00
Goldfields Casino, <i>Free State</i>	100.00
Garden Route Casino, <i>Western Cape</i>	85.00
Mykonos Casino, <i>Western Cape</i>	70.36
Queens Casino, <i>Eastern Cape</i>	25.10

Gold Reef generated R1.1 billion in revenue and R0.4 billion in EBITDAR for the six months ended 30 June 2009.

Gold Reef is listed on the securities exchange operated by the JSE with a market capitalisation of R5.0 billion (excluding treasury shares) as at the last practicable date.

6. SUMMARY DESCRIPTION OF TSOGO

Tsogo is a hotel, gaming and entertainment company with operations throughout Africa, the Middle East and the Seychelles. Tsogo's operations are held through two wholly-owned subsidiaries, Tsogo Sun Gaming, representing Tsogo's gaming interests, and Southern Sun, representing Tsogo's hotel interests.

Tsogo Sun Gaming has an interest in the following resorts in South Africa:

Casino	Percentage ownership
Montecasino, <i>Gauteng</i>	100.00
Suncoast Casino and Entertainment World, <i>KwaZulu-Natal</i>	73.50
Caledon Casino, <i>Western Cape</i>	100.00
Century Casino Newcastle, <i>KwaZulu-Natal</i>	100.00
Emnotweni Casino, <i>Mpumalanga</i>	100.00
The Ridge Casino, <i>Mpumalanga</i>	100.00
Hemingways Casino, <i>Eastern Cape</i>	80.00

Tsogo Sun Gaming also has an interest in Gold Reef as detailed in paragraph 7 below.

Southern Sun is one of the largest hotel groups in South Africa and is also one of the largest timeshare operators in South Africa. By the end of 2010, the Tsogo Group expects to operate 90 hotels with 14 438 rooms in nine countries across Africa and the Middle East. Southern Sun is the only South African hotel group to operate across the deluxe to budget segments of the hotel market with brands including Southern Sun, Garden Court, SunSquare and StayEasy.

For the six months ended 30 September 2009, Tsogo generated revenue of R2.9 billion and EBITDAR of R1.1 billion.

7. TSOGO'S EXISTING RELATED PARTY INTEREST IN GOLD REEF

In addition to the gaming assets set out in paragraph 6 above, as at the last practicable date, Tsogo Sun Gaming owned 69 205 093 Gold Reef Shares through Tsogo Sun Expansion, representing a 24.99% economic interest in Gold Reef.

Tsogo Sun Expansion controls 34.86% (which includes the aforesaid 24.99% economic interest) of the voting interest in Gold Reef in terms of the Voting Pool Agreement.

It is a term of the Exchange Agreement that after the fulfilment or waiver (where appropriate) of the last of the Conditions Precedent but before the Closing Date, Tsogo Sun Expansion will, subject to the requisite approval of members of the voting pool being obtained, dispose of the aforesaid Gold Reef Shares to Tsogo Sun Gaming and the voting pool created in terms of the Voting Pool Agreement shall, after the allotment and issue of the Gold Reef Consideration Shares, cease to exist in accordance with the terms of the Voting Pool Agreement.

8. RATIONALE FOR THE PROPOSED TRANSACTION

Creation of a leading gaming and hotel business

The merger will create not only a premier gaming and hotel company in South Africa but also a business of significant ranking amongst EMEA listed gaming groups. The Merged Entity will have an improved ability to attract new talent and resources and to capture opportunities that present themselves in the local and international gaming and hotel sectors both in terms of organic and acquisitive growth.

It is estimated that the Merged Entity will be the 39th largest company by market capitalisation on the JSE at the last practicable date, and one of the ten largest gaming companies amongst its listed global peers by market capitalisation.

Diversification and access to new revenue streams, new markets and opportunities

The Proposed Transaction has been structured so as to enable current Gold Reef Shareholders and Tsogo Shareholders to benefit from the earnings, geographical and market segment diversification achieved through exposure to the respective diversified portfolios of assets and income streams.

As Tsogo is unlisted, the Proposed Transaction enables current Gold Reef Shareholders and investors to directly access Tsogo's quality hotel operations and asset portfolio (including, *inter alia*, Montecasino, Suncoast and the Southern Sun hotel group).

Notwithstanding recent tough trading conditions, Gold Reef and Tsogo are well-positioned to benefit from the anticipated medium term improving economic conditions and increasing consumer spending across various regions in South Africa.

The Merged Entity will be well-positioned in existing markets and able to pursue attractive growth opportunities in new markets, as they arise, to the benefit of both Gold Reef Shareholders and Tsogo Shareholders.

Access to capital

The Merged Entity is expected to benefit from improved access to additional sources of capital including a greater presence and profile in the equity markets, South African bank loan and debt capital markets. A strengthened balance sheet with low debt levels and high cash generation, along with the benefits of diversification, will also facilitate further growth.

9. PRO FORMA FINANCIAL EFFECTS ON GOLD REEF

The table below sets out the unaudited *pro forma* financial effects of the Proposed Transaction on Gold Reef Shareholders based on the unaudited interim results of Gold Reef for the six months ended 30 June 2009.

The unaudited *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information about how the Proposed Transaction might have affected Gold Reef Shareholders had the Proposed Transaction been implemented on the dates indicated in the notes below.

Due to their nature, the unaudited *pro forma* financial effects may not fairly present the financial position or the effect of future earnings on the Merged Entity after the Proposed Transaction. The historical unaudited

pro forma financial effects reflect difficult economic and trading conditions for the hotel and gaming sector in 2009. Furthermore, they do not take into account, *inter alia*, the impact of seasonality of the Southern Sun hotel portfolio and the addition of seven hotels to the portfolio, including the mixed use development at Montecasino, now officially named "The Pivot", which is under construction and includes offices, parking and a Southern Sun Hotel which is expected to open in May 2010. They also do not take into account the full effect of the Caledon and the Century Casino Newcastle acquisitions which became effective 30 June 2009.

The Gold Reef Directors are responsible for the preparation of the unaudited *pro forma* financial information.

Gold Reef published its financial results for the financial year ended 31 December 2009 on Monday, 29 March 2010. Accordingly, revised unaudited *pro forma* financial effects, based on the annual results, were released on SENS on Thursday, 1 April 2010 and will be published in the South African press on Tuesday, 6 April 2010.

The unaudited *pro forma* financial effects presented in the table below differ to those disclosed in the Announcement due to:

- an increase in the estimated Proposed Transaction costs;
- the settlement of the Executives' Service Agreements; and
- the exclusion of the fair value adjustment to the carrying value of Tsogo's current shareholding in Gold Reef from headline earnings per Gold Reef Share.

Unaudited *pro forma* financial effects of the Proposed Transaction

	Before the Proposed Transaction ⁽¹⁾	After the Proposed Transaction ⁽²⁾	Percentage change %
Attributable earnings per Gold Reef Share (cents) ⁽³⁾	50.9	29.5	(42.0) ⁽⁶⁾
Headline earnings per Gold Reef Share (cents) ⁽³⁾	50.9	38.9	(23.6) ⁽⁶⁾
NAV per Gold Reef Share (cents) ⁽⁴⁾	856.5	603.0	(29.6)
NTAV per Gold Reef Share (cents) ⁽⁴⁾	428.2	155.7	(63.6)
Weighted average number of Gold Reef Shares (millions) ⁽⁵⁾	274.9	1 095.9	
Gold Reef Shares in issue as at 30 June 2009 (millions) ⁽⁵⁾	276.9	1 097.0	

Notes:

1. Gold Reef "Before the Proposed Transaction" results were extracted from the published, unaudited interim results of Gold Reef for the six months ended 30 June 2009 as released on SENS on 27 August 2009 and published in the South African press on 28 August 2009. These results have not been reviewed by the Company's auditors.
2. Represents the *pro forma* financial effects of the Proposed Transaction, which has been accounted for in terms of IFRS3 (revised): Business Combinations, using the principles of reverse acquisition accounting.
3. Attributable earnings and headline earnings per Gold Reef Share effects are based on the following principal assumptions:
 - (i) the Proposed Transaction was effective on 1 January 2009;
 - (ii) Tsogo results represent the reviewed interim results of Tsogo for the six months ended 30 September 2009;
 - (iii) a fair value adjustment of the current shareholding of Tsogo in Gold Reef, based on the Gold Reef pre-cautionary share price. This results in the fair value adjustment of the current Tsogo shareholding in Gold Reef being a write-down of R102.9 million (after-tax effects), which adjustment is excluded from headline earnings;
 - (iv) the recognition of the tangible and identifiable intangible assets is based on a preliminary fair value exercise, with the carrying value of Gold Reef's land and buildings being estimated to be their fair value. In terms of IFRS 3 (revised): Business Combinations, a fair value exercise will need to be performed on the effective date of the Proposed Transaction;
 - (v) costs of R42.8 million (after-tax effects), which arise from the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements referred to in paragraph 11.6.9 of the circular, based on the assumption of the No Fault Termination (as defined in the Service Agreements) being on 31 December 2010, and at the Gold Reef pre-cautionary share price, which are once-off in nature; and
 - (vi) transaction costs of R43 million, which are once-off in nature.
4. NAV and NTAV per Gold Reef Share effects are based on the following principal assumptions:
 - (i) the Proposed Transaction was effective on 30 June 2009;
 - (ii) a fair value adjustment of the current Tsogo shareholding in Gold Reef, based on the Gold Reef pre-cautionary share price. This results in the fair value adjustment of the current Tsogo shareholding in Gold Reef being a write down of R102.9 million (after-tax effects), which adjustment is excluded from headline earnings;
 - (iii) the recognition of the tangible and identifiable intangible assets is based on a preliminary fair value exercise, with the carrying value of Gold Reef's land and buildings being estimated to be their fair value. In terms of IFRS 3 (revised): Business Combinations, a fair value exercise will need to be performed on the effective date of the Proposed Transaction;

- (iv) costs of R42.8 million (after-tax effects), which arise from the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements referred to in paragraph 11.6.9 of this circular, based on the assumption of the No Fault Termination (as defined in the Service Agreements) being on 31 December 2010, and at the Gold Reef pre-cautionary share price, which are once-off in nature;
 - (v) an increase of 971 014 Gold Reef Shares as a result of the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements arising from the early exercise and vesting of existing options in terms of the Gold Reef Share Scheme, and the settlement of the Executives' loan accounts within the Gold Reef Share Scheme; and
 - (vi) transaction costs of R43 million, which are once-off in nature.
5. The weighted average number of Gold Reef Shares and Gold Reef Shares in issue "After the Proposed Transaction" are based on the issue of the Gold Reef Consideration Shares and the additional Gold Reef Shares (being the 1 061 333 unvested and/or 971 014 unexercised share options of the Executives as at 30 June 2009) with respect to the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements referred to in paragraph 11.6.9 of this circular less the Tsogo Sun Expansion Shares.
 6. Excluding the effects of the once-off transaction costs of R43 million, costs relating to the fair value adjustment of the current shareholding of Tsogo in Gold Reef of R102.9 million (after-tax effects), and costs relating to the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements of R42.8 million (after-tax effects), the "After the Proposed Transaction" earnings per Gold Reef Share would be 46.7 cents (8.3% decline).
Excluding the effects of the once-off transaction costs of R43 million and costs relating to the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements of R42.8 million (after-tax effects), the "After the Proposed Transaction" headline earnings per Gold Reef Share would be 46.7 cents (8.3% decline).
 7. No effect has been given to the Gold Reef Final Dividend referred to in paragraph 3.1 of the circular.

10. OPINIONS OF THE INDEPENDENT EXPERT AND THE GOLD REEF BOARD

In terms of Section 10 of the Listings Requirements, the Proposed Transaction is a Related Party Transaction as Tsogo Sun Expansion is a material shareholder in Gold Reef.

Accordingly, Gold Reef Shareholder approval for the Proposed Transaction and an independent opinion relating to the fairness of the terms and conditions of the Proposed Transaction is required in terms of the Listings Requirements. The Gold Reef Directors have appointed Grant Thornton to provide this independent opinion.

Furthermore, if the Proposed Transaction is successfully implemented, both TIH and SABSA will, as a consequence of being allotted and issued the Gold Reef Consideration Shares, each acquire control of 35% or more of the votes to be cast at any meeting of the Gold Reef Shareholders. SABSA and TIH have also entered into the Shareholders' Agreement with effect from the Closing Date.

In terms of Rule 8.1 of the SRP Code an affected transaction requires the Mandatory Offer to be made by TIH and SABSA to all Gold Reef Shareholders. However, in terms of Rule 8.7 of the SRP Code, the requirement for the Mandatory Offer may be dispensed with by the SRP, subject to the passing of the Whitewash Resolution.

Grant Thornton has also been requested to provide appropriate external advice to the Gold Reef Directors in terms of Rule 3.1 of the SRP Code in relation to the affected transaction and the proposed waiver of the Mandatory Offer at an assumed price per Gold Reef Share based on the Gold Reef pre-cautionary share price of R19.25.

10.1 Fairness opinion in terms of the Listings Requirements

The Gold Reef Board appointed Grant Thornton to provide it with advice as to the fairness of the terms and conditions of the Proposed Transaction. Grant Thornton has advised that it has considered the terms and conditions of the Proposed Transaction and, at the last practicable date, its opinion and advice to the Gold Reef Board is that the terms and conditions of the Proposed Transaction are fair to the Gold Reef Shareholders.

The Specific Buyback is classified as a Related Party Transaction in terms of the Listings Requirements. Grant Thornton has provided advice to the Gold Reef Board that the terms and conditions of the Specific Buyback, as part of the Proposed Transaction, are fair to the Gold Reef Shareholders.

10.2 Fair and Reasonable opinion in terms of the SRP Code

Grant Thornton has been requested to provide appropriate external advice to the Gold Reef Directors in terms of Rule 3.1 of the SRP Code in relation to the affected transaction and the proposed waiver of the Mandatory Offer at an assumed price per Gold Reef Share based on the Gold Reef pre-cautionary share price of R19.25.

The deemed offer price of R19.25 per share is 10.3% lower than Grant Thornton's base case valuation and only marginally higher than Grant Thornton's downside case valuation. As such, Grant Thornton do not believe the deemed offer price of R19.25 to be fair and reasonable to Independent Gold Reef Shareholders.

Grant Thornton has advised that based on the assumed Mandatory Offer waiver price of R19.25 per Gold Reef Share, the request that the Independent Gold Reef Shareholders approve of the proposed waiver by the SRP of the requirement for the Mandatory Offer, is fair and reasonable.

10.3 Opinion and recommendation of the Gold Reef Board

The Gold Reef Board has considered these opinions and the terms and conditions of the Proposed Transaction and, having taken into account these and other factors, is of the opinion that the terms and conditions of the Proposed Transaction are fair to the Gold Reef Shareholders and are in the best interests of the Gold Reef Shareholders.

Having regard to the advice provided by Grant Thornton in terms of the SRP Code, the Gold Reef Directors are of the opinion that the approval of the waiver of the Mandatory Offer at an assumed price per Gold Reef Share based on the Gold Reef pre-cautionary share price of R19.25 is in the best interests of Gold Reef Shareholders in order to effect the Proposed Transaction.

The Gold Reef Board recommends that Gold Reef Shareholders vote in favour of the Resolutions to be proposed at the General Meeting necessary to implement the Proposed Transaction.

Due to the payments arising from the No Fault Termination (as defined in the Executives' Service Agreements), referred to in paragraph 11.6.9 of this circular, the Executives will not be entitled to exercise the votes attaching to their Gold Reef shareholding detailed in paragraph 11.6.4 of this circular at the General Meeting.

By virtue of the fact that Tsogo Sun Expansion controls the voting pool in terms of the Voting Pool Agreement, the voting pool has been deemed to be an associate of Tsogo Sun Expansion and therefore those Gold Reef Directors whose indirect interests' in Gold Reef are held through the voting pool will not be entitled to exercise the votes attaching to their Gold Reef shareholding detailed in paragraph 11.6.4 of this circular at the General Meeting.

Consequently, none of the Gold Reef Directors referred to in paragraph 11.6.4 of this circular will be entitled to exercise the votes attaching to their Gold Reef shareholding at the General Meeting.

The full text of the fairness opinion in relation to the Proposed Transaction, including the Specific Buyback, and the fair and reasonable opinion in terms of the SRP Code are set out in Annexure 1 and Annexure 2, respectively to the circular.

11. GENERAL MEETING

The General Meeting of Gold Reef Shareholders has been convened to be held at 10:00 at the Gold Reef City Casino Conference Centre, corner Northern Parkway and Data Crescent, Ormonde, Johannesburg, South Africa on Monday, 26 April 2010 for the purposes of considering and, if deemed fit, passing, with or without modification, the Resolutions necessary to implement the Proposed Transaction.

The notice convening the General Meeting (which includes the Resolutions) is attached to and forms part of the circular.

12. ACTION REQUIRED BY GOLD REEF SHAREHOLDERS

12.1 Dematerialised own name shareholders and certificated shareholders

You may attend the General Meeting in person. Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*blue*) in accordance with the instructions it contains and return it as soon as possible to the transfer secretaries by physical delivery at 16th Floor, 11 Diagonal Street, Johannesburg, 2001, or by postal delivery to PO Box 4844, Johannesburg, 2000, so as to be received by no later than 10:00 on Friday, 23 April 2010.

12.2 Dematerialised shareholders (other than own name)

You should contact your CSDP or broker and request them to furnish you with the necessary letter of representation if you wish to attend and vote at the General Meeting or if you are unable to attend the General Meeting but wish to be represented thereat, you should instruct your CSDP or broker to vote by proxy on your behalf in accordance with the mandate concluded between you and your CSDP or broker. If your CSDP or broker does not obtain voting instructions from you, your CSDP or broker will be obliged to vote in accordance with such mandate. You must **not** complete the attached form of proxy (*blue*).

12.3 Gold Reef Shareholders' questions

If you have any questions regarding the contents of the circular, please call Ms L Fick on (011) 248 6908 during business hours and on business days. Please note that your calls may be recorded.

IMPORTANT LEGAL NOTES AND FORWARD-LOOKING STATEMENTS

IMPORTANT LEGAL NOTES

The release, publication or distribution of this circular in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this circular is released, published or distributed should inform themselves about, and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws, in any such jurisdiction. This circular does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, any Gold Reef Shares or other securities or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful. It shall be the responsibility of a non-resident shareholder to inform themselves about, and observe, any particular legal requirements in the relevant jurisdiction.

FORWARD-LOOKING STATEMENTS

Many of the statements included in this circular are forward-looking statements that involve risks and uncertainties. You can generally identify forward-looking statements by the use of terminology such as "may," "will," "expect," "intend," "plan," "estimate," "anticipate," "believe," or similar phrases.

All statements, other than statements of historical facts, including, among others, statements regarding the Merged Entity's future financial position, business strategy, projected levels of growth, projected costs, estimates of capital expenditure and plans and objectives of management for future operation, are forward-looking statements. The Merged Entity's actual future performance could differ materially from these forward-looking statements and you are cautioned not to place undue reliance on them.

Factors that could cause the actual results, performance or achievements of the Merged Entity to differ materially from those described herein include: the ability to complete the Proposed Transaction; the ability to integrate Gold Reef and Tsogo's businesses; costs associated with the acquisition or integration; the inability to obtain all necessary approvals, including regulatory approvals for the Proposed Transaction; the economic environment of the industries in which Gold Reef and Tsogo operate; and the political environment.

By their very nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements involve known and unknown risks and uncertainties and other factors which may cause the actual results, performance or achievements of Gold Reef or Tsogo or the Merged Entity, or the industries in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

All of the information in this circular is made as at the last practicable date, being Friday, 19 March 2010, and Gold Reef and Tsogo expressly disclaim any obligation or undertaking to disseminate any update or revisions to any forward-looking statements contained herein to reflect any changes in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All written and oral forward-looking statements attributable to Gold Reef or Tsogo or any director, employee advisor or agent of Gold Reef or Tsogo or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 16 of this circular apply, *mutatis mutandis*, to the following table of salient dates and times:

2010

Gold Reef unaudited <i>pro forma</i> financial effects for the year ended 31 December 2009 and the revised unaudited <i>pro forma</i> financial effects for the six months ended 30 June 2009 released on SENS on	Thursday, 1 April
Circular to be posted to Gold Reef Shareholders on	Saturday, 3 April
Gold Reef unaudited <i>pro forma</i> financial effects for the year ended 31 December 2009 and the revised unaudited <i>pro forma</i> financial effects for the six months ended 30 June 2009 published in the South African press on	Tuesday, 6 April
Last day to trade in Gold Reef Shares on the JSE to be eligible to participate in the Final Dividend	Friday, 16 April
Gold Reef Shares trade "ex" the Gold Reef Final Dividend on	Monday, 19 April
Dividend Record Date on	Friday, 23 April
Last day for the receipt of forms of proxy for the General Meeting by 10:00 on	Friday, 23 April
Payment of the Gold Reef Final Dividend on	Monday, 26 April
Gold Reef General Meeting to be held at 10:00 on	Monday, 26 April
Results of the Gold Reef General Meeting released on SENS on	Monday, 26 April
Results of the Gold Reef General Meeting published in the South African press on	Wednesday, 28 April
Special resolutions lodged for registration with CIPRO on	Wednesday, 28 April

Notes:

1. All times shown in this circular are South African dates and times.
2. These salient dates and times are subject to amendments. Any such relevant amendments will be released on SENS and published in the South African press.
3. In relation to the Final Dividend, Gold Reef Shares cannot be dematerialised or rematerialised between Monday, 19 April 2010 and Friday, 23 April 2010, both dates inclusive.

Further applicable dates will be notified to Gold Reef Shareholders once the relevant regulatory approvals have been obtained.

DEFINITIONS AND INTERPRETATIONS

In this circular and the annexures hereto, including the notice of General Meeting and the form of proxy (*blue*), unless otherwise stated or the context otherwise requires, the words in the singular shall include the plural and *vice versa*, words denoting natural persons shall include legal persons and associations of persons and an expression denoting any gender shall include the other gender and the words in the first column shall have the meanings stated opposite them in the second column:

“the Act” or “the Companies Act”	the Companies Act No. 61 of 1973, as amended or replaced from time to time;
“Akani Egoli”	Akani-Egoli (Proprietary) Limited (registration number 1996/006910/07), a private company duly registered and incorporated under the laws of South Africa and trading as Gold Reef City Casino;
“Akani Msunduzi”	Akani Msunduzi (Proprietary) Limited (registration number 1997/021611/07), a private company duly registered and incorporated under the laws of South Africa and trading as Golden Horse Casino;
“Allan Gray”	Allan Gray Limited (registration number 2005/002576/06), a company duly incorporated under the laws of South Africa, acting as agent on behalf of its clients;
“Announcement”	the detailed terms announcement released by Gold Reef on SENS on Thursday, 18 February 2010 and published in the South African press on Friday, 19 February 2010;
“associates”	shall have the meaning ascribed thereto in the Listings Requirements;
“BEE”	as defined in the broad-based Black Economic Empowerment legislation, and which means the economic empowerment of all black people, including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies;
“broker”	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Cash Retention Scheme”	a once-off share-based cash retention scheme for S B Joffe, J S Friedman and C Neuberger who are entitled to receive a cash payment, linked to the Gold Reef share price, subject to the achievement of certain performance criteria;
“cent”	South African cent in the official currency of South Africa;
“certificated shareholders”	Gold Reef Shareholders who hold Gold Reef Shares, represented by a paper share certificate or other physical document(s) of title, which Gold Reef Shares have not been surrendered for dematerialisation in terms of the Strate system;
“certificated shares”	Gold Reef Shares which have not been dematerialised, title to which is evidenced by physical documents of title;
“CIPRO”	Companies and Intellectual Property Registration Office (formerly the Registrar of Companies);
“circular”	this bound document (together with all the annexures), dated 3 April 2010, including the circular to Gold Reef Shareholders, incorporating the Revised Listing Particulars, the notice of General Meeting and the form of proxy (<i>blue</i>);

“Closing Date”	five business days after the fulfilment or waiver (where appropriate) of the last of the Conditions Precedent;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Competition Act”	the Competition Act No. 89 of 1998, as amended;
“Competition Appeal Court”	the Competition Appeal Court, established in terms of the Competition Act;
“Competition Authorities”	collectively, the Competition Commission, the Competition Tribunal and/or the Competition Appeal Court, as the case may be;
“Competition Commission”	the Competition Commission established in terms of the Competition Act;
“Competition Tribunal”	the Competition Tribunal established in terms of the Competition Act;
“Conditions Precedent”	the conditions precedent set out in the Exchange Agreement, which conditions precedent have been summarised in paragraph 3.2.1 of this circular, which must be fulfilled or waived (where appropriate) prior to the Proposed Transaction becoming or being declared unconditional in every respect;
“CSDP”	a central securities depository participant, operating in terms of the Securities Services Act, appointed by individual shareholders of a company for purposes of and in regard to dematerialisation;
“dematerialisation” or “dematerialised”	the process whereby share certificates, certificated transfer deeds, balance receipts and any other documents of title to shares in a tangible form are dematerialised into electronic records for purposes of incorporation into Strate;
“dematerialised shareholders”	Gold Reef Shareholders who hold dematerialised Gold Reef Shares;
“dematerialised shares”	Gold Reef Shares which have been incorporated into Strate and which are no longer evidenced by physical documents of title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
“Dividend Record Date”	means Friday, 23 April 2010, being the date on which Gold Reef Shareholders must be recorded in the register in order to be entitled to receive the Final Dividend;
“documents of title”	share certificates and/or certified transfer deeds and/or balance receipts in respect of shares, or any other document(s) of title to Gold Reef Shares acceptable to Gold Reef;
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“EBITDAR”	earnings before interest, tax, depreciation, amortisation and rentals;
“EMEA”	Europe, Middle East and Africa;
“Exchange Agreement”	the written agreement entered into between Gold Reef, Tsogo, SABSA, HCI, TIH and Tsogo Sun Gaming dated Wednesday, 17 February 2010 (as amended on Thursday, 1 April 2010) which agreement sets out the terms and conditions and governs, <i>inter alia</i> , the implementation, of the Proposed Transaction;
“Exchange Control Regulations”	the South African Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act (Act 9 of 1933), as amended or replaced from time to time;
“Executives”	the members of the current executive management team of Gold Reef, being S B Joffe, J S Friedman, C Neuberger and T M Sadiki;

<p>“Final Dividend” or “Gold Reef Final Dividend”</p>	<p>the final dividend declared by Gold Reef on Monday, 29 March 2010 in respect of the financial year ended 31 December 2009 to those Gold Reef Shareholders registered as such on the Dividend Record Date and which is 65 cents per Gold Reef Share;</p>
<p>“form of proxy”</p>	<p>the form of proxy (<i>blue</i>) attached to this circular which details the instructions and notes relating to the procedure for appointing a proxy to vote at the General Meeting;</p>
<p>“Gambling Acts”</p>	<p>the Eastern Cape Gambling and Betting Act, No. 5 of 1997, the Free State Gambling and Racing Act, No. 6 of 1996, the Gauteng Gambling Act, No. 4 of 1995, the KwaZulu-Natal Gambling Act, No. 10 of 1996, the Western Cape Gambling and Racing Act, No. 4 of 1996 and the Mpumalanga Gambling Act, No. 5 of 1995;</p>
<p>“Gambling Boards”</p>	<p>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;</p>
<p>“Gambling Regulations”</p>	<p>the Eastern Cape Gambling and Betting Regulations, the Free State Gambling and Racing Regulations, the Gauteng Gambling Regulations, the KwaZulu-Natal Gambling Regulations, the Western Cape Gambling and Racing Regulations and the Mpumalanga Gambling Regulations, promulgated under and in terms of the Gambling Acts;</p>
<p>“General Meeting” or “Gold Reef General Meeting”</p>	<p>the general meeting of Gold Reef Shareholders convened to be held at 10:00 on Monday, 26 April 2010, at the Gold Reef City Casino Conference Centre, corner Northern Parkway and Data Crescent, Ormonde, Johannesburg, South Africa;</p>
<p>“Gold Reef” or “the Company”</p>	<p>Gold Reef Resorts Limited (registration number 1989/002108/06), a public company duly registered and incorporated under the laws of South Africa, which it is proposed will be renamed “Tsogo Sun Holdings Limited” following implementation of the Proposed Transaction, the shares of which are listed (and will, subject to certain conditions detailed on page 25 of this circular), continue to be listed on the JSE;</p>
<p>“Gold Reef BEE Shareholders”</p>	<p>the Gold Reef Shareholders who have bound themselves to the Voting Pool Agreement. Further details of the Gold Reef BEE Shareholders are set out in Annexure 13 to this circular;</p>
<p>“Gold Reef Consideration Shares”</p>	<p>a minimum of 888 261 028 fully paid Gold Reef Shares to be allotted and issued (subject to the Gold Reef Consideration Shares Formula) by Gold Reef at the market price to be determined on the trading day preceding the listing of the Gold Reef Consideration Shares to TIH and SABSA, in consideration for their Tsogo Shares pursuant to the Proposed Transaction, which shall rank <i>pari passu</i> in all respects with the existing Gold Reef Shares;</p>
<p>“Gold Reef Consideration Shares Formula”</p>	<p>the number of Gold Reef Consideration Shares to be allotted and issued, credited and fully paid-up at the market price to be determined on the trading day preceding the listing of the Gold Reef Consideration Shares in terms of the Proposed Transaction, being the greater of:</p> <ul style="list-style-type: none"> • 888 261 028; and • that number of Gold Reef Shares determined in accordance with the following formula: $A = \left(\frac{B - C - D}{0.19} \right) - (B - C) + D$ <p>where:</p> <p>A = the total number of Gold Reef Shares to be issued by Gold Reef to TIH and SABSA in exchange for all of their shares in Tsogo;</p>

	<p>B = the total number of Gold Reef Shares in issue at the Closing Date subject to certain agreed exclusions (being the issue of up to a maximum of 3 000 000 Gold Reef Shares for the purposes of the Gold Reef Share Scheme for options already granted in terms of the Gold Reef Share Scheme at the Signature Date for such Gold Reef Shares; provided that the number of such Gold Reef Shares which may be so issued shall not be taken into account for the purposes of "B" in this formula);</p> <p>C = the total number of Gold Reef Shares held as treasury shares by the subsidiaries of Gold Reef as at the Closing Date; and</p> <p>D = the total number of Gold Reef Shares held by Tsogo Sun Expansion (or Tsogo Sun Gaming, as the case may be, and as set out in paragraph 10.3 of this circular) at the Closing Date;</p>
"Gold Reef Directors" or "Gold Reef Board"	the board of directors of Gold Reef from time to time;
"Gold Reef Long-Term Incentive Plan"	a cash settled, share-based phantom share incentive scheme adopted by the Gold Reef Board in March 2009, to attract, retain, motivate and reward eligible employees who are able to influence the performance of Gold Reef, on a basis which aligns their interests with those of Gold Reef's Shareholders;
"Gold Reef pre-cautionary share price"	the closing price of R19.25 per Gold Reef Share on Friday, 29 January 2010, being the last trading day prior to the release of the Gold Reef cautionary announcement on SENS;
"Gold Reef Shareholders"	registered holders of Gold Reef Shares, either certificated, dematerialised other than own name or own name dematerialised;
"Gold Reef Shares"	ordinary shares with a par value of 2 cents each in the issued share capital of Gold Reef;
"Gold Reef Share Scheme"	Gold Reef Share Scheme administered by the trustees of the scheme, being J C Farrant and Z J Matlala, dated 14 June 2001;
"Gold Reef Share Plans"	collectively the Gold Reef Long-Term Incentive Plan, the Gold Reef Share Scheme and the Cash Retention Scheme;
"Grant Thornton" or "independent expert"	Grant Thornton Johannesburg (practice number 903485E), a partnership incorporated under the laws of South Africa, duly appointed to act as independent expert to the Gold Reef Board;
"Group" or "Gold Reef Group"	Gold Reef, its subsidiaries and associates from time to time;
"HCI"	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company duly registered and incorporated under the laws of South Africa, the shares of which are listed on the JSE;
"HCI General Meeting"	the general meeting of HCI Shareholders convened to be held at 10:00 on Monday, 26 April 2010 in the boardroom at Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, South Africa;
"HCI Group"	HCI, its subsidiaries and associates from time to time;
"HCI Shareholders"	the holders of the ordinary shares of 25 cents each in the issued share capital of HCI;
"Independent Gold Reef Shareholders"	all Gold Reef Shareholders who, for the purposes of the Whitewash Resolution, are independent as contemplated in terms of Rule 8.7 of the SRP Code;
"Interim Period"	the period commencing on the Signature Date and terminating on the earlier of the Closing Date or the date on which the Exchange Agreement shall have lapsed due to non-fulfilment of any of the Conditions Precedent;

“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated under the laws of South Africa and licensed as an exchange under the Securities Services Act;
“King Code”	the King Code of Corporate Governance for South Africa – 2009, laid out in the King III Report, published by the Institute of Directors of South Africa;
“Krok Family Entities”	collectively Abraham Krok, Maxim Krok, Mark Krok, Dovid Krok, Shelly Crook, Elana Pincus, Brenda Krok, The Rachela Krok Family Trust and Bluebush Investments (Proprietary) Limited (registration number 1990/003742/07);
“last practicable date”	Friday, 19 March 2010, being the last practicable date prior to the finalisation of this circular;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“MAC”	<p>a material adverse change, being an event or series of events occurring after the Signature Date (other than an event or series of events which has or will have an impact on companies generally, including both Gold Reef and Tsogo including, but not limited to, changes in macro-economic conditions, interest rates, taxation and the like) which would have had a material adverse impact on the audited 31 December 2008 EBITDA for Gold Reef and the audited 31 March 2009 EBITDA for Tsogo, assuming that the event or series of events had occurred at the beginning of the period, or the audited NAV at 31 December 2008 for Gold Reef and audited NAV at 31 March 2009 for Tsogo.</p> <p>“Material” shall be:</p> <p>in respect of Gold Reef:</p> <ul style="list-style-type: none"> – a reduction of R87 000 000,00 or more in EBITDA; and/or – a reduction of R534 000 000,00 or more in NAV; and <p>in respect of Tsogo:</p> <ul style="list-style-type: none"> – a reduction of R247 000 000,00 or more in EBITDA; and/or – a reduction of R1 710 000 000,00 or more in NAV, <p>provided that, for the avoidance of doubt, the imposition by any of the Competition Authorities or Gambling Boards of a condition to their respective approvals shall not constitute a MAC;</p>
“Mandatory Offer”	the requirement arising pursuant to Rule 8.1 of the SRP Code for each of the Tsogo Shareholders to extend an offer to the Gold Reef Shareholders at an assumed price per Gold Reef Share based on the Gold Reef precautionary share price of R19.25 to acquire all of their Gold Reef Shares if the Tsogo Shareholders acquire 35% or more of Gold Reef’s voting shares pursuant to the implementation of the Proposed Transaction and/or as a result of the Shareholders’ Agreement;
“Merged Entity”	the Merged Entity comprises Gold Reef and Tsogo and the information concerning the Merged Entity given in the Revised Listing Particulars reflects the combined Gold Reef and Tsogo businesses post implementation of the Proposed Transaction, it being the intention that processes will be put in place to change the name of the Company to “Tsogo Sun Holdings Limited” post implementation of the Proposed Transaction (or as soon as possible thereafter);
“Merged Entity Directors” or “Merged Entity Board”	the board of directors of the Merged Entity as constituted following the implementation of the Proposed Transaction on the Closing Date;
“NAV”	net asset value;

“NTAV”	net tangible asset value;
“non-resident shareholders”	the citizens, residents or nationals of jurisdictions outside South Africa and states in the common monetary area, or persons who are nominees of, trustees for, or custodians for citizens, residents or nationals of any such jurisdiction holding Gold Reef Shares;
“press” or “South African press”	the South African newspapers Business Day and Beeld;
“PricewaterhouseCoopers”	PricewaterhouseCoopers Inc. (registration number 1998/012055/21), duly appointed as reporting accountants and auditors of Gold Reef and Tsogo;
“Proposed Transaction”	the proposed merger of Gold Reef and Tsogo through the acquisition by Gold Reef of the entire issued ordinary share capital of Tsogo (including the Specific Buyback) in exchange for which Gold Reef will allot and issue the Gold Reef Consideration Shares (subject to the Gold Reef Consideration Shares Formula) to the Tsogo Shareholders, as contemplated in the Exchange Agreement;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“register”	the register of certificated shareholders maintained by Gold Reef and the sub-register of dematerialised shareholders maintained by the relevant CSDP in terms of Sections 101 and 91A, respectively, of the Companies Act;
“Related Party”	a related party as defined in Section 10.1(b) of the Listings Requirements. Tsogo Sun Expansion (together with its associates) is classified as a related party in terms of the Proposed Transaction by virtue of its shareholding of 69 205 093 Gold Reef Shares;
“Related Party Transaction”	a related party transaction as defined in Section 10.1 read together with Section 10.4 of the Listings Requirements, being a transaction between an issuer, or any of its subsidiaries, and a Related Party;
“Resolutions”	the special and ordinary resolutions required to be passed (with or without modifications) by the Gold Reef Shareholders at the General Meeting in order to implement the Proposed Transaction;
“Reverse Listing”	the amendment of an issuer’s listing on the securities exchange operated by the JSE to reflect an increase in the issuer’s share capital of greater than 100%, as a result of which the issuer has undergone a change in control and a reconstitution of its board of directors;
“Revised Listing Particulars”	in compliance with Section 9.22 of the Listings Requirements, the revised listing particulars of the Merged Entity, including all its annexures forming part of this circular as required by the JSE by virtue of the fact that the Gold Reef Consideration Shares total in excess of 25% of the existing issued ordinary share capital of Gold Reef;
“SABSA”	SABSA Holdings (Proprietary) Limited (registration number 1998/005173/07), a private company duly incorporated under the laws of South Africa and an indirect wholly-owned subsidiary of SABMiller plc (registration number 3528416);
“SABSA Group”	SABSA and its subsidiaries from time to time;
“Securities Services Act”	Securities Services Act No. 36 of 2004, as amended from time-to-time;
“SENS”	the Securities Exchange News Service of the JSE;
“Service Agreements”	the service agreements entered into by the Executives during August 2009;
“Specific Buyback”	the indirect acquisition, pursuant to the Proposed Transaction, by Gold Reef of the Tsogo Sun Expansion Shares, which indirect acquisition will constitute a specific share buyback in terms of Section 85 of the Companies Act;

“Shareholders’ Agreement”	the shareholders’ agreement dated Wednesday, 17 February 2010, entered into between the Tsogo Shareholders in relation to the appointment, removal and replacement of the executive and non-executive Gold Reef Directors following the implementation of the Proposed Transaction on the Closing Date;
“Signature Date”	Wednesday, 17 February 2010, being the date of signature of the Exchange Agreement;
“Silverstar Casino”	Silverstar Casino (Proprietary) Limited (registration number 1995/000369/07), a private company duly registered and incorporated under the laws of South Africa and trading as Silverstar Casino;
“South Africa”	the Republic of South Africa;
“Southern Sun” or “Southern Sun Hotels”	Southern Sun Hotels (Proprietary) Limited (registration number 2002/006356/07), the holding company of all of the Southern Sun South Africa hotel operations;
“SRP”	the Securities Regulation Panel, established in terms of Section 440B of the Companies Act;
“SRP Code”	the Securities Regulation Code on Take-overs and Mergers and the Rules of the SRP;
“Strate”	Strate Limited (registration number 1998/022242/06), a public company duly incorporated under the laws of South Africa, which is a registered central securities depository in terms of the Securities Services Act, and which manages the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
“Strate system”	a clearing and settlement system for security transactions to be settled and for transfer of ownership to be recorded electronically, managed by Strate;
“subsidiary”	means a subsidiary as defined in the Act;
“TIH” or “Tsogo Investment Holding”	Tsogo Investment Holding Company (Proprietary) Limited (registration number 1994/008525/07), a private company duly incorporated under the laws of South Africa and a 74.67% held subsidiary of HCI;
“TIH Shareholders”	the holders of the ordinary shares of 100 cents each in the issued share capital of TIH;
“transfer secretaries”	Link Market Services South Africa (Proprietary) Limited (registration number 2000/007239/07), a private company duly incorporated under the laws of South Africa;
“Tsogo”	Tsogo Sun Holdings (Proprietary) Limited (registration number 2002/006556/07), a private company duly incorporated under the laws of South Africa, a 51% held subsidiary of TIH;
“Tsogo Board” or “Tsogo Directors”	the board of directors of Tsogo, from time to time;
“Tsogo Group”	Tsogo, its subsidiaries and associates from time to time;
“Tsogo Shareholders”	the holders of Tsogo Shares, being TIH and SABSA;
“Tsogo Shares”	250 000 000 ordinary par value shares of R0.0001 each, constituting 100% of the issued ordinary share capital of Tsogo;
“Tsogo Sun Expansion”	Tsogo Sun Expansion No 1 (Proprietary) Limited (previously Main Street 581 (Proprietary) Limited) (registration number 2007/017309/07), a private company duly incorporated under the laws of South Africa and a wholly-owned subsidiary of Tsogo Sun Gaming, classified by the JSE as a material shareholder of Gold Reef and a Related Party for the purpose of the Proposed Transaction by virtue of its holding of the Tsogo Sun Expansion Shares;

“Tsogo Sun Expansion Shares”	69 205 093 Gold Reef Shares, representing 24.99% (excluding treasury shares) of the current issued ordinary share capital of Gold Reef, currently held by Tsogo Sun Expansion which Gold Reef Shares will, subject to the requisite approval of the members of the voting pool being obtained, be transferred to Tsogo Sun Gaming after the fulfilment or waiver (where appropriate) of the Conditions Precedent but before the Closing Date;
“Tsogo Sun Gaming”	Tsogo Sun Gaming (Proprietary) Limited (registration number 2002/006402/07), a private company duly incorporated under the laws of South Africa and a wholly-owned subsidiary of Tsogo and the holding company of the casino operations;
“Tsogo Sun Group Share Appreciation Bonus Plan”	the bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the growth in the Tsogo Group’s notional share price;
“Tsogo Sun Group Share Incentive Plan”	the long-term incentive plan whereby participants received a cash settlement on exercise and delivery of share options;
“Tsogo Sun Share Plans”	collectively the Tsogo Sun Group Share Incentive Plan and the Tsogo Sun Group Share Appreciation Bonus Plan;
“VAT”	Value Added Tax, levied in terms of the Value-Added Tax Act, No. 91 of 1991, as amended;
“Voting Pool Agreement”	the voting pool agreement entered into between the Gold Reef BEE Shareholders and Gold Reef entered into during February 2007, as amended (and to which Tsogo Sun Expansion has bound itself in respect of 42 876 046 Gold Reef Shares), which agreement shall terminate upon the implementation of the Proposed Transaction as set out in paragraph 10.3 of this circular;
“West Coast Leisure”	West Coast Leisure (Proprietary) Limited (registration number 1994/005194/07), a private company duly registered and incorporated under the laws of South Africa and trading as Mykonos Casino; and
“Whitewash Resolution”	the ordinary resolution to be approved by the majority of Independent Gold Reef Shareholders regarding the approval of the waiver in terms of Rule 8.7 of the SRP Code of a requirement that the Mandatory Offer in terms of Rule 8.1 of the SRP Code be made to the Gold Reef Shareholders by TIH and SABSA as a result of the acquisition by each of TIH and SABSA of more than 35% of the voting rights in the issued ordinary share capital of Gold Reef upon implementation of the Proposed Transaction and/or the entering into of the Shareholders’ Agreement.



GOLD REEF

RESORTS

Gold Reef Resorts Limited

(Incorporated in the Republic of South Africa)

Registration number 1989/002108/06

Share code: GDF ISIN: ZAE000028338

Gold Reef Directors

Dr E N Banda ** (Chairman)

S B Joffe (Chief Executive Officer)

J S Friedman (Financial Director)

C Neuberger ⁽¹⁾ (Chief Operating Officer)

T M Sadiki (Human Resources Director)

P Vallet *

P C M September *

J C Farrant **

Z J Matlala **

M G Diliza **

M Z Krok **

* Non-executive Director

** Independent non-executive Director

⁽¹⁾ Austrian

All Directors are South African unless otherwise indicated

PART I: CIRCULAR TO GOLD REEF SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

It was released on SENS on Thursday, 18 February 2010 and published in the South African press on Friday, 19 February 2010 that Gold Reef and Tsogo have entered into the Exchange Agreement detailing the terms and conditions of a potential merger of their respective gaming and hotel businesses.

In terms of the Exchange Agreement, Gold Reef will acquire the Tsogo Shares from the Tsogo Shareholders on the basis detailed in the Exchange Agreement and as set out in this circular.

The purpose of this circular is to:

- advise Gold Reef Shareholders of the details of the Proposed Transaction; and
- convene a General Meeting at which Gold Reef Shareholders will be requested to vote on the Resolutions required to authorise, approve and implement the Proposed Transaction, which Resolutions are contained in the notice of General Meeting attached to and forming part of this circular.

This circular includes Revised Listing Particulars in terms of the Listings Requirements as the proposed allotment and issue of the Gold Reef Consideration Shares to the Tsogo Shareholders as consideration for their Tsogo Shares will result in the issued ordinary share capital of Gold Reef being increased in excess of 100% of the existing issued ordinary share capital with the consequence of a change of control of the Company and the proposed reconstitution of the Gold Reef Board.

It is proposed to change the name of the Company from "Gold Reef Resorts Limited" to "Tsogo Sun Holdings Limited" post the implementation of the Proposed Transaction (or as soon as possible thereafter). Further details of the proposed change of name will be provided to Gold Reef Shareholders after the Closing Date.

2. RATIONALE FOR THE PROPOSED TRANSACTION

The merger will create not only a premier gaming and hotel company in South Africa but also a business of significant ranking amongst EMEA listed gaming groups. The Merged Entity will have an improved ability to attract new talent and resources and to capture opportunities that present themselves in the local and international gaming and hotel sectors both in terms of organic and acquisitive growth.

It is estimated that the Merged Entity will be the 39th largest company by market capitalisation on the JSE as at the last practicable date, and one of the ten largest gaming companies amongst its listed global peers by market capitalisation.

3. INFORMATION ON THE PROPOSED TRANSACTION

3.1 Proposed Transaction structure and terms

Subject to the fulfilment or waiver (where appropriate) of the Conditions Precedent set out in paragraph 3.2.1 below, the Proposed Transaction will be effected through the acquisition by Gold Reef of the Tsogo Shares from the Tsogo Shareholders.

The Proposed Transaction consideration will be discharged through the allotment and issue of a minimum of 888 261 028 Gold Reef Consideration Shares (subject to the Gold Reef Consideration Shares Formula).

The Gold Reef pre-cautionary share price and the closing price of R18.15 per Gold Reef Share as at the last practicable date, imply equity values for Tsogo of approximately R17.1 billion and R16.1 billion, respectively.

The Proposed Transaction will also result in Gold Reef indirectly acquiring the Tsogo Sun Expansion Shares, through the Specific Buyback. Upon the successful implementation of the Specific Buyback (as part of the Proposed Transaction), the Gold Reef Shares in question will be held by Tsogo Sun Gaming and will classify as treasury shares in the enlarged share capital of the Company in terms of Section 89 of the Act. Further details of the Specific Buyback are contained in paragraph 3.3 below.

Post implementation of the Proposed Transaction, the current Gold Reef Shareholders' (excluding Tsogo Sun Expansion) interest in the Merged Entity will represent approximately 19% with the Tsogo Shareholders holding the remaining approximately 81%.

Gold Reef Shareholders on the register on the Dividend Record Date will be entitled to receive the Final Dividend of not more than 65 cents per Gold Reef Share in respect of the Gold Reef financial year ended 31 December 2009 declared on Monday, 29 March 2010.

In terms of paragraph 9.24 of the Listings Requirements, the JSE has confirmed that it will, subject to certain conditions, continue to grant a listing of Gold Reef and that Gold Reef's listing on the JSE will be amended to reflect the Merged Entity's issued share capital upon implementation of the Proposed Transaction.

The listing of the Gold Reef Consideration Shares on the JSE is subject to:

- the JSE obtaining working capital sign off in respect of a period of not less than 18 months, in the manner stipulated by the Listings Requirements from the proposed Merged Entity Board;
- confirmation by the proposed audit committee of the Merged Entity as to its approval of the expertise and experience of Mr M N von Aulock in respect of his proposed appointment as the Chief Financial Officer of the Merged Entity;
- the Merged Entity's compliance with paragraph 3.84 of the Listings Requirements regarding its corporate governance;
- publication of the Tsogo unqualified, audited financial results for the year ended 31 March 2010; and
- the JSE approving the articles of association of Tsogo, in accordance with Schedule 10 of the Listings Requirements.

Should the Proposed Transaction be implemented, the respective Gold Reef and Tsogo businesses will be strategically repositioned as a combined hotel and gaming company with a new set of majority shareholders. Post implementation of the Proposed Transaction (or as soon as possible thereafter) it is intended that processes will be put in place to change the name of the Company to "Tsogo Sun Holdings Limited".

3.2 Principal terms and conditions of the Exchange Agreement

3.2.1 Conditions Precedent

The implementation of the Proposed Transaction is conditional upon the fulfilment or waiver (where appropriate) of the following Conditions Precedent, namely:

- 3.2.1.1 the passing by Gold Reef Shareholders (excluding, in certain instances, Tsogo Sun Expansion and its associates) in the General Meeting of the following Resolutions and the registration by CIPRO of the special resolutions:
 - 3.2.1.1.1 an increase in Gold Reef's authorised but unissued share capital from 590 000 000 to 1 200 000 000 Gold Reef Shares on the basis that such resolution shall be conditional on the passing of the Resolutions to be proposed at the General Meeting;
 - 3.2.1.1.2 approval of the Specific Buyback of the Tsogo Sun Expansion Shares, in terms of Section 85 of the Companies Act;
 - 3.2.1.1.3 approval in terms of the Listings Requirements of the Category 1 acquisition by Gold Reef of the Tsogo Shares;
 - 3.2.1.1.4 the placement of a sufficient number of Gold Reef's authorised but unissued Gold Reef Shares under the control of the Gold Reef Directors as a specific authority as is required for the purposes of implementing the Proposed Transaction; and
 - 3.2.1.1.5 the passing of the Whitewash Resolution approving the waiving of the requirement for the Tsogo Shareholders to make the Mandatory Offer to the Gold Reef Shareholders as a consequence of the implementation of the Proposed Transaction, in accordance with the provisions of Rule 8.7 of the SRP Code, and/or by reason of the conclusion of the Shareholders' Agreement;
 - 3.2.1.2 the passing by the TIH Shareholders, by no later than the HCI General Meeting, of a special resolution and the registration thereof with CIPRO, in terms of Section 228 of the Companies Act, approving the disposal by TIH of its Tsogo Shares to Gold Reef;
 - 3.2.1.3 the passing by the HCI Shareholders in the HCI General Meeting of the following special resolution (and the registration thereof with CIPRO) and ordinary resolution, respectively:
 - 3.2.1.3.1 approving the disposal by TIH of its Tsogo Shares to Gold Reef, in terms of Section 228 of the Companies Act; and
 - 3.2.1.3.2 the Category 1 disposal by TIH of its Tsogo Shares to Gold Reef in terms of the Listings Requirements;
 - 3.2.1.4 the unconditional approval of the Proposed Transaction in terms of the Competition Act from the Competition Authorities; provided that:
 - 3.2.1.4.1 if any condition:
 - 3.2.1.4.1.1 of a material nature (see paragraph 3.2.10 below), shall be attached to such approval, Gold Reef and Tsogo may, by written agreement, consent to the imposition of such condition whereupon the condition shall be deemed to have been fulfilled; or
 - 3.2.1.4.1.2 not of a material nature, shall be attached to such approval and no other condition of a material nature shall have been attached to such approval, then the condition shall be deemed to have been fulfilled;
- In terms of the Exchange Agreement, if a condition (whether material or not) is imposed by the Competition Authorities which directly affects TIH, HCI and/or SABSAs, then whoever is so affected by such condition may, in their discretion, decide whether or not to accept such condition. If the party so affected does not accept the condition, then the Condition Precedent in paragraph 3.2.1.4 shall not be fulfilled.

- 3.2.1.5 the unconditional approval of each of the relevant Gambling Boards having been obtained in writing for:
- 3.2.1.5.1 the increase in the indirect financial interest of the Tsogo Shareholders in the casino licenses held by the companies in the Gold Reef Group as a consequence of them holding the Gold Reef Consideration Shares;
 - 3.2.1.5.2 the indirect financial interest of Gold Reef in the casino licenses held by the companies in the Tsogo Group as a consequence of the acquisition of the Tsogo Shares;
- pursuant to the implementation of the Proposed Transaction, provided that if any condition –
- 3.2.1.5.3 of a material nature shall be attached to such approval which directly affects Gold Reef or the Gold Reef Group, then Gold Reef and Tsogo may, by written agreement, consent to the imposition of such condition, whereupon the Condition Precedent in paragraph 3.2.1.5 shall be deemed to have been fulfilled;
 - 3.2.1.5.4 shall be attached to such approval which directly affects TIH, HCI and/ or SABSA, then whoever is so affected by such condition may, in their discretion, by written agreement, consent to the imposition of such condition, whereupon the condition shall be deemed to have been fulfilled. If the party so affected does not accept the condition (whether material or not), then the Condition Precedent in paragraph 3.2.1.5 above shall not be fulfilled;
 - 3.2.1.5.5 of a material nature shall be attached to such approval which directly affects Tsogo or the Tsogo Group, then Gold Reef and Tsogo may, by written agreement, consent to the imposition of such condition, whereupon the Condition Precedent in paragraph 3.2.1.5 shall be deemed to have been fulfilled;
 - 3.2.1.5.6 which is not of a material nature, shall be attached to such approval and no other condition of a material nature shall have been attached to such approval, then the Condition Precedent in paragraph 3.2.1.5 shall be deemed to have been fulfilled (subject to what is stated in paragraph 3.2.1.5.4 above);
- 3.2.1.6 the JSE having:
- 3.2.1.6.1 unconditionally granted a listing of the Gold Reef Consideration Shares; and
 - 3.2.1.6.2 approved the documentation to be published and/or distributed for the purposes of the Proposed Transaction;
- 3.2.1.7 the SRP having:
- 3.2.1.7.1 approved the documentation to be published and/or distributed for the purposes of the Proposed Transaction; and
 - 3.2.1.7.2 dispensed, in writing, with the obligation on the part of the Tsogo Shareholders to make the Mandatory Offer to the Gold Reef Shareholders, whether as a consequence of the implementation of the Proposed Transaction and/or by reason of the conclusion of the Shareholders' Agreement; and
- 3.2.1.8 the written consent to the Proposed Transaction being obtained, by no later than the date of the HCI General Meeting, from each of the financiers of Gold Reef and Tsogo, respectively.

The Conditions Precedent in paragraphs 3.2.1.7.1 and 3.2.1.8 have, as at the last practicable date, been fulfilled.

Should any of the Conditions Precedent not have been fulfilled or waived (where appropriate) by the expiry of a period of 270 days after the date of submission of the competition application

(as contemplated in 3.2.2.1 below) or the gambling applications (as contemplated in 3.2.3.1 below), whichever is last in time or an additional period of 90 days if the Condition Precedent referred to in paragraph 3.2.1.4 above is the subject of an appeal to the Competition Appeal Court or such later date as may be agreed to in writing, then the Exchange Agreement shall lapse and be of no further force or effect. In terms of the Exchange Agreement, the aforesaid periods will be automatically extended for a further period equal to the period after 30 June 2010 (being the date agreed to by which Tsogo and Gold Reef should simultaneously exchange working capital information necessary to enable a working capital statement to be timeously approved and furnished to the JSE) within which Gold Reef shall have furnished to Tsogo such working capital information, save that any extension shall not exceed 365 days.

The Conditions Precedent referred to in paragraphs 3.2.1.1.5 and 3.2.1.7.2 may be waived by both TIH and SABSA (and not either) at any time prior to the date on which the Conditions Precedent are to be fulfilled. In addition, the Condition Precedent referred to in paragraph 3.2.1.5.2 (except insofar as such approval shall relate to or be in respect of any casino licenses held by companies in the Tsogo Group which are subject to the jurisdiction of the KwaZulu-Natal Gambling Board) may be waived by Tsogo after all Conditions Precedent (other than the Condition Precedent in 3.2.1.4 above) have been met, by written notice to Gold Reef. In such an event, Gold Reef shall release an appropriate announcement on SENS and published in the South African press advising Gold Reef Shareholders of such waiver and the potential consequences thereof. All other Conditions Precedent may only be waived by written agreement between the parties to the Exchange Agreement.

It is expected that the Proposed Transaction will be implemented five business days after the fulfilment or waiver (where appropriate) of the last of the Conditions Precedent.

3.2.2 Competition Application

3.2.2.1 Gold Reef and Tsogo shall jointly be responsible for making, within 21 days after the Resolutions have been passed and the Condition Precedent in paragraph 3.2.1.7.2 above has been fulfilled or waived, the requisite application in accordance with the provisions of the Competition Act for the unconditional approval from the Competition Authorities of the Proposed Transaction.

3.2.2.2 If either Gold Reef or Tsogo fails to provide its consent for the submission of the competition application for any reason whatsoever, then either Gold Reef or Tsogo (or both) shall be entitled to make separate competition applications to the Competition Authorities.

3.2.3 Gambling Applications

3.2.3.1 Tsogo shall be responsible for making, within the 21 day period referred to in paragraph 3.2.2.1 above, the applications to the Gambling Boards (which applications shall include the application contemplated in paragraph 3.2.1.5.2). If either Gold Reef or Tsogo fails to provide its consent for the submission of the gambling applications for any reason whatsoever, then either Gold Reef or Tsogo shall be entitled to make separate gambling applications to the Gambling Boards.

3.2.3.2 The relevant Gambling Regulations provide that the application for the acquisition of a financial interest may be made within 14 days after the implementation of a transaction.

3.2.3.3 If Tsogo waives the Condition Precedent referred to in paragraph 3.2.1.5.2 above (which can only occur in the circumstances contemplated in the penultimate paragraph of paragraph 3.2.1), and if all of the other Conditions Precedent are fulfilled, then the Proposed Transaction would be implemented. If such waiver and implementation occurs, it is noted that if any Gambling Board does not approve the Proposed Transaction, then, notwithstanding the abovementioned waiver, such Gambling Board may be able to declare the acquisition agreement void or order that the acquirer dispose of the interest in question. The Gold Reef Directors intended, and the Exchange Agreement requires, that the consents of all of the Gambling Boards be sought prior to the other Conditions Precedent being fulfilled. If granted, the risks referred to above will have been avoided; if it is not granted such risks remains risks. The above view is that of Gold Reef, Tsogo has requested that its view be inserted into the circular, which is set out in paragraph 3.2.3.3.1 below. The Gold Reef Directors assume no responsibility for Tsogo's view.

3.2.3.3.1 It is Tsogo's considered view, agreed to by its legal advisors that the risk referred to above is theoretical only. In order for the acquisition agreement to be declared void or for the acquirer to be ordered to dispose of the interest in question, the relevant Gambling Board would have had to approve the SABSA/TIH financial interest application in the Gold Reef license (which requirement cannot be waived by Tsogo) and/or refuse the insertion of the Gold Reef legal entity between TIH/SABSA and Tsogo (3 to 4 levels above the licensee) in relation to the Tsogo licence. Considering that the TIH/SABSA interest in all the Tsogo licenses is currently approved and there is no additional shareholder, based on the current Gold Reef Shareholder spread being introduced into the Tsogo license who has a beneficial interest of greater than 5%, the introduction of the Gold Reef legal entity in relation to the Tsogo licensee amounts to a technical restructure of the group holding structure and it is Tsogo's view that there would be no reasonable legal basis for the relevant Gambling Board to decline such a restructuring application.

3.2.4 Transfer of the Tsogo Sun Expansion Shares and termination of the Voting Pool Agreement

Subject to a resolution being passed at a meeting of voting pool members (as defined in the Voting Pool Agreement), between the date on which the last of the Conditions Precedent are fulfilled or waived (where appropriate) and the Closing Date, Tsogo Sun Expansion will dispose of its Tsogo Sun Expansion Shares to Tsogo Sun Gaming and the voting pool created in terms of the Voting Pool Agreement shall, after the allotment and issue of the Gold Reef Consideration Shares, cease to exist in accordance with the terms of the Voting Pool Agreement.

If the Proposed Transaction does not proceed or should the Exchange Agreement be terminated, Tsogo Sun Expansion or Tsogo Sun Gaming (whichever holds the Gold Reef Shares) has agreed to be bound by the terms of the Voting Pool Agreement.

3.2.5 Closing

It is a condition (which may be waived by TIH and SABSA) to the implementation of the Proposed Transaction that following the implementation of the Proposed Transaction on the Closing Date, the Gold Reef Board shall have been restructured to comprise only those persons who shall have been notified in writing by TIH and SABSA to Gold Reef (prior to the Closing Date). Failing fulfilment or waiver (where appropriate) of the above condition, the Proposed Transaction shall not be implemented.

Furthermore, the names of the executive directors of the Gold Reef Board, and those of the Executives who may form part of the executive management team of the Merged Entity, (if any), immediately following the implementation of the Proposed Transaction on the Closing Date have been set out in paragraph 8.2 of this circular.

After Gold Reef has been provided with the relevant details in the second paragraph of this paragraph 3.2.5, Gold Reef shall be entitled to enter into settlement agreements with the Executives relating to the quantification and timing of any benefits, awards and/or amounts in relation to their existing Service Agreements, subject to the amounts contemplated in paragraph 3.2.6.2 below.

3.2.6 Warranties

3.2.6.1 The Exchange Agreement contains warranties and representations which are typical to a transaction of the nature of the Proposed Transaction.

3.2.6.2 In addition, Gold Reef has warranted that the amounts payable and/or the value of benefits to the Executives in terms of existing Service Agreements as a result of, *inter alia*, loss of employment, change in their conditions of employment, capacity, position, nature or function or a change or acquisition of control shall not exceed, in the aggregate R53 million (excluding any benefits and/or awards (whether vested or not) of the Gold Reef Shares in terms of the Gold Reef Share Scheme to which they are entitled to benefit by virtue of their participation therein and any benefits and amounts payable in terms of the Gold Reef Long-Term Incentive Plan and the Cash Retention Scheme adopted by Gold Reef to which they are entitled). The maximum number of Gold Reef Share options to which the Executives are entitled is referred to in clause 11.4.5 of the Exchange Agreement.

- 3.2.6.3 All amounts payable and/or the value of benefits (if any) in terms of the Executives' existing Service Agreements shall become due and payable on the Closing Date and the amount of any loans owing to the Gold Reef Share Scheme in terms of the Gold Reef Share Scheme by the Executives will, at the election of Tsogo, be settled through the buy-back of Gold Reef Shares or an orderly placement in the market in terms of the Gold Reef Share Scheme rules.
- 3.2.6.4 Gold Reef has also warranted that no amounts will be paid to any of the Executives as a result of a loss of directorship.
- 3.2.6.5 TIH and SABSA have warranted in favour of Gold Reef that, except in respect of the appointment, removal and replacement of executive and non-executive directors of the Gold Reef Board after the Closing Date, no agreement, arrangement or understanding shall exist on the Closing Date between any company in the HCI Group and any company in the SABSA Group, which will oblige TIH and SABSA to exercise the voting rights in respect of their Gold Reef Shares as a block.

3.2.7 Interim period

During the Interim Period, both Gold Reef and Tsogo are precluded from undertaking certain corporate actions, for example, issuing any shares (save as otherwise provided) or entering into transactions outside of the ordinary and regular day-to-day course of business.

3.2.8 Entitlement to resile from the Exchange Agreement

Both Gold Reef and Tsogo are entitled to resile from the Exchange Agreement should either of them breach the Interim Period undertakings or should a MAC occur in respect of the Tsogo Group or in respect of the Gold Reef Group, respectively.

3.2.9 Standstill undertaking

- 3.2.9.1 Each of the Tsogo Group, the HCI Group and the SABSA Group have undertaken that (except with the prior written consent of Gold Reef) it shall not, for a period of 180 days after the date on which it becomes clear that the Proposed Transaction cannot be implemented in accordance with the provisions of the Exchange Agreement, *inter alia*, acquire, offer or agree to acquire, whether alone or acting in concert, any Gold Reef Shares, enter into any agreement which confers rights where an economic exposure is obtained for the price of Gold Reef Shares, announce a tender or take-over offer or propose a scheme of arrangement.
- 3.2.9.2 The 180-day period above will be reduced to 90 days if the Exchange Agreement lapses as a result of the non-fulfilment of any of the Conditions Precedent solely by reason of the effluxion of time.
- 3.2.9.3 The standstill undertaking ceases to apply and bind the Tsogo Group, the HCI Group and the SABSA Group if, *inter alia*:
 - 3.2.9.3.1 Gold Reef breaches any of the provisions of the Exchange Agreement and fails to remedy such breach within 14 days of being requested to do so;
 - 3.2.9.3.2 Gold Reef fails to agree to any material condition which may be imposed by the Competition Authorities and/or any of the Gambling Boards;
 - 3.2.9.3.3 TIH, SABSA and/or Tsogo resile from the Exchange Agreement as a result of Gold Reef breaching any of its Interim Period undertakings or should a MAC occur in respect of the Gold Reef Group;
 - 3.2.9.3.4 Gold Reef shall resile from the Exchange Agreement as a result of a MAC in respect of the Tsogo Group;
 - 3.2.9.3.5 save with the prior written consent of Tsogo, any person shall acquire, or acquire an option to acquire more than 5% of the entire issued share capital of Gold Reef from the Signature Date (other than between the Signature Date and the date of the General Meeting, if the Gold Reef Shareholders pass the Resolutions proposed at the General Meeting by the requisite majority);
 - 3.2.9.3.6 any person announces a tender offer or take-over offer or proposes a scheme of arrangement pursuant to which such person will (whether himself or in concert) acquire (or by notice to the Gold Reef Board, indicate an intention to acquire) Gold Reef Shares;

3.2.9.3.7 if Gold Reef, any Gold Reef Directors, employees, advisors or any person acting in co-operation, agreement or understanding with the Gold Reef Group, solicits an offer or enters into negotiations with any person regarding a possible acquisition by such person of Gold Reef Shares unless Gold Reef shall have notified Tsogo, prior to commencing any such solicitations, discussions or negotiations, of the intention to do so, giving details of the person with whom it intends to approach for the purposes of such approach; and

3.2.9.3.8 to the extent that the working capital statement required in terms of the Listings Requirements cannot be approved by reason of there being insufficient working capital in Gold Reef or the information not being supplied by Gold Reef to Tsogo,

whichever shall occur first.

3.2.10 Dispute as to materiality

3.2.10.1 Should a dispute arise between the parties to the Exchange Agreement with regard to:

3.2.10.1.1 whether or not an event or a series of events has a material adverse impact for the purposes of the definition of MAC; or

3.2.10.1.2 whether or not a condition is of a material nature for the purposes of the Conditions Precedent in paragraphs 3.2.1.4 and/or 3.2.1.5 above (other than a condition which directly affects TIH, HCI and/or SABSA),

and the parties are unable to resolve the dispute within seven days after a dispute has been declared (provided that no dispute may be declared after the expiry of a period of 14 days after the changed circumstance or occurrence shall have become known to all the parties) then such dispute shall be referred to an independent expert for determination within 45 days. The decision of the independent expert shall, in the absence of manifest error, be final and binding on the parties.

The Exchange Agreement will lie for inspection in terms of paragraph 19 below.

3.3 The Specific Buyback

3.3.1 Authority to repurchase

At the General Meeting, the special resolution authorising the Specific Buyback, in terms of Section 85 of the Companies Act, the Listings Requirements and article 38 of Gold Reef's articles of association, will be proposed for approval.

3.3.2 Authority to repurchase

As a consequence (and part) of the implementation of the Proposed Transaction, Gold Reef will indirectly acquire all of the Tsogo Sun Expansion Shares through the Specific Buyback. The purchase consideration for the Tsogo Sun Expansion Shares is included in the aggregate number of Gold Reef Consideration Shares to be allotted and issued in accordance with the terms of the Proposed Transaction at the ratio of 1:1.

Upon the successful implementation of the Proposed Transaction, and approval of the Specific Buyback by the Gold Reef Shareholders, the Tsogo Sun Expansion Shares will continue to be held by the Merged Entity (through Tsogo Sun Gaming) and will classify as treasury shares in terms of Section 89 of the Companies Act.

3.3.3 Related Party Transaction

As a result of Tsogo Sun Expansion's shareholding of 24.99% (excluding treasury shares) of the entire issued ordinary share capital of Gold Reef, further details of which are given in paragraph 10.3 below, the Specific Buyback is classified as a Related Party Transaction in terms of the Listings Requirements. Accordingly, Gold Reef Shareholder approval for the Specific Buyback and an independent opinion relating to the fairness of the Specific Buyback is required in terms of the Listings Requirements.

The Gold Reef Board has appointed Grant Thornton to provide it with advice as to the fairness of the Specific Buyback and, as at the last practicable date, its opinion and advice to the Gold Reef Board is that the terms and conditions of the Specific Buyback are fair to the Gold Reef Shareholders.

The full text of the fairness opinion in relation to the Proposed Transaction, including the Specific Buyback, is set out in Annexure 1 to this circular.

3.3.4 Working capital statement

The statement required from the Gold Reef Board in terms of the Listings Requirements (in respect of working capital) is contained in paragraph 17 below.

3.3.5 Voting

The special resolution set out in the notice of the General Meeting is required to be passed by a 75% majority of the votes cast by all Gold Reef Shareholders, present in person or represented by proxy at the General Meeting, in favour thereof, excluding Tsogo Sun Expansion and its associates.

3.4 Shareholding of the Merged Entity, post the Proposed Transaction

Should the Proposed Transaction be implemented, the Merged Entity will be strategically repositioned as a gaming and hotel company with a new set of majority shareholders and with a reconstituted board of directors. The resultant Merged Entity shareholding structure (excluding treasury shares), should the Proposed Transaction be implemented, is set out below:

Merged entity (excluding treasury shares)

Shareholder	Percentage shareholding after the Proposed Transaction
TIH	41.33
SABSA	39.71
Krok Family Entities	6.55
Tsogo Sun Expansion	–
Allan Gray clients ^(a)	5.97
Other ^(b)	6.44
	100.00

(a) Reflects the total holding of Allan Gray clients.

(b) Other includes management and public shareholders.

3.5 Waiver of the Mandatory Offer

3.5.1 Whitewash Resolution

If the Proposed Transaction is successfully implemented, TIH and SABSA will, as a consequence of being allotted and issued with the Gold Reef Consideration Shares, each acquire control of 35% or more of the votes to be cast at any meeting of the Gold Reef Shareholders.

SABSA and TIH have also entered into the Shareholders' Agreement in relation to their shareholdings in Gold Reef with effect from the Closing Date, whereby SABSA and TIH have agreed to a process for the nomination, appointment and removal of executive and non-executive directors of the Merged Entity after the Closing Date. Both TIH and SABSA have warranted that, save for the Shareholders' Agreement, no other agreement, arrangement or understanding will exist at the Closing Date which requires either TIH or SABSA to vote their Gold Reef Consideration Shares as a block.

In terms of Rule 8.1 of the SRP Code an "affected transaction" requires the Mandatory Offer to be made by TIH and SABSA to all Gold Reef Shareholders. However, in terms of Rule 8.7 of the SRP Code, the requirement for the Mandatory Offer may be dispensed with by the SRP, provided that a majority of the Independent Gold Reef Shareholders at a properly constituted meeting of the relevant securities votes in favour of the Whitewash Resolution.

As stated in paragraph 3.2.1.1.5 above, the granting of the aforesaid dispensation and approval of the waiver in respect of the Mandatory Offer as a result of the increased shareholding and the Shareholders' Agreement is a Condition Precedent to the Proposed Transaction.

Accordingly, the Gold Reef Shareholders will be asked at the General Meeting to approve the proposed waiver by the SRP of the requirement of the Mandatory Offer to be made to the Gold Reef Shareholders. To this end, the Whitewash Resolution is set out in the notice of General Meeting.

Grant Thornton has been requested to provide appropriate external advice to the Gold Reef Directors in terms of Rule 3.1 of the SRP Code in relation to the potential affected transaction and the proposed waiver of the Mandatory Offer at an assumed price per Gold Reef Share based on the Gold Reef pre-cautionary share price of R19.25.

Grant Thornton's opinion is set out in paragraph 15.2 of this circular and the full text of the Grant Thornton opinion is set out in Annexure 2.

3.5.2 SRP waiver procedure

The SRP has advised that it is willing to consider an application to grant dispensation to TIH and SABSA in terms of the SRP Code, which would have the effect of releasing TIH and SABSA from any obligation to make the Mandatory Offer in terms of Rule 8.1 of the SRP Code, subject to the SRP considering representations (if any) made by interested parties as contemplated below.

Prior to granting a dispensation in terms of the SRP Code, the SRP will consider any objections or representations (if any) made by any interested parties. Accordingly, any interested party who wishes to object to the dispensation shall have 14 calendar days from the date of posting of this circular to raise such an objection with the SRP. Objections should be made in writing and addressed to the "Executive Director, Securities Regulation Panel" at any one of the following addresses:

Physical:
Ground Floor
2 Sherborne Road (off Jan Smuts Avenue)
Parktown, Johannesburg, 2193

Postal:
PO Box 91833
Auckland Park, Johannesburg, 2006
Fax: +27 11 482 5635

If any submissions are made to the SRP within the permitted timeframe, the SRP will consider the merits thereof and, if necessary, provide the objectors with an opportunity to make representations to the SRP. Thereafter, subject to the approval in the General Meeting by the Independent Gold Reef Shareholders regarding the approval of the waiver in terms of Rule 8.7 of the SRP Code, the SRP will rule on the requirement for the Mandatory Offer.

3.6 General Meeting

The General Meeting has been convened to be held at 10:00 on Monday, 26 April 2010 at the Gold Reef City Casino Conference Centre, corner Northern Parkway and Data Crescent, Ormonde, Johannesburg, South Africa for the purposes of considering and, if deemed fit, passing, with or without modification, the Resolutions necessary to implement the Proposed Transaction.

3.7 Action required by the Gold Reef Shareholders

A notice convening the General Meeting and a form of proxy (*blue*), for use by certificated shareholders and holders of dematerialised shares with own name registration who are unable to attend the General Meeting and who wish to vote at the General Meeting, are attached to and form part of this circular.

Duly completed forms of proxy (*blue*) must be received by the transfer secretaries by no later than 10:00 on Friday, 23 April 2010.

Holders of dematerialised shares, other than those with own name registration, must inform their CSDP or broker of their intention to attend the General Meeting and obtain the necessary letter of representation to attend, or provide their CSDP or broker with their voting instructions should they wish to vote and are not able to attend the General Meeting in person. This must be done in terms of the agreement entered into between the Gold Reef Shareholders and the CSDP or broker concerned.

4. PROSPECTS OF THE MERGED ENTITY

Diversification and access to new revenue streams, new markets and opportunities

The Proposed Transaction has been structured so as to enable the Merged Entity Shareholders to benefit from the earnings, geographical and market segment diversification to be achieved through exposure to the respective diversified portfolios of assets and income streams.

As Tsogo is unlisted, the Proposed Transaction enables current Gold Reef Shareholders and investors to directly access Tsogo's quality hotel operations and asset portfolio (including, *inter alia*, Montecasino, Suncoast and the Southern Sun hotel group).

Tsogo has been following a growth strategy for both the gaming and hotel businesses (local and offshore), of which the Proposed Transaction is a part. Tsogo intends maximising the opportunities within its premier portfolio of gaming and hotel assets and there are likely to be further opportunities within the gaming and hotel sectors, which will be pursued as they arise. The Merged Entity will be well positioned in existing markets and able to pursue attractive growth opportunities in new markets as they arise to the benefit of both Gold Reef Shareholders and Tsogo Shareholders.

Tsogo has successful operations and a proven track record and will continue to implement its strategy which has provided its shareholders with excellent returns to date.

Furthermore, as is highlighted in the historical information on Tsogo and Gold Reef, reported in Annexure 3 to this circular and Annexure A to the Revised Listing Particulars, respectively, both businesses have historically shown solid growth and strong cash generation.

Access to capital

The Merged Entity is expected to benefit from improved access to additional sources of capital including a greater presence and profile in the equity markets, South African bank loan and debt capital markets. A strengthened balance sheet with low debt levels and high cash generation, along with the benefits of diversification, will also facilitate further growth.

5. REVISED LISTING PARTICULARS

Section 9.22 of the Listings Requirements requires that an acquisition by a listed company that will result in the issue of new shares in excess of 25% based on the existing issued share capital of the listed company) requires the issue of Revised Listing Particulars. The Proposed Transaction, if implemented, will result in the allotment and issue of a minimum of 888 261 028 new Gold Reef Shares, representing 304.2% of the current issued ordinary share capital of Gold Reef, resulting in a change of control and therefore classifies as a Reverse Listing. Accordingly, this circular incorporates Revised Listing Particulars as set out in Part II herein.

In order to implement the Proposed Transaction, and subject to the fulfilment or waiver (where appropriate) of the Conditions Precedent contemplated in paragraph 3.2.1 above, including the passing of the Resolutions, Gold Reef will be required to allot and issue the Gold Reef Consideration Shares to the Tsogo Shareholders. The Gold Reef Consideration Shares will rank *pari passu* with the existing issued Gold Reef Shares.

In terms of paragraph 9.24 of the Listings Requirements, the JSE has confirmed that it will continue to grant a listing of Gold Reef and that Gold Reef's listing on the JSE will be amended to reflect the enlarged issued ordinary share capital of the Merged Entity upon implementation of the Proposed Transaction.

The listing of the Gold Reef Consideration Shares on the JSE is subject to:

- the JSE obtaining working capital sign off in respect of a period of not less than 18 months, in the manner stipulated by the Listings Requirements from the proposed Merged Entity Board;
- confirmation by the proposed audit committee of the Merged Entity as to its approval of the expertise and experience of Mr M N von Aulock in respect of his proposed appointment as the Chief Financial Officer of the Merged Entity;
- the Merged Entity's compliance with paragraph 3.84 of the Listings Requirements regarding its corporate governance;
- publication of the Tsogo unqualified, audited financial results for the year ended 31 March 2010; and
- the JSE approving the articles of association of Tsogo, in accordance with Schedule 10 of the Listings Requirements.

6. DETAILS OF THE PROPOSED CHANGE OF NAME

Should the Proposed Transaction be implemented, Gold Reef will be strategically repositioned as both a hotel and gaming company with a new set of majority shareholders. Consequently, the Company name will be changed from "Gold Reef Resorts Limited" to "Tsogo Sun Holdings Limited" post the implementation of the Proposed Transaction (or as soon as possible thereafter).

Full details of the proposed change of name will be sent to the Merged Entity Shareholders post implementation of the Proposed Transaction.

7. FINANCIAL INFORMATION

7.1 Historical financial information of Gold Reef

Annexure A to the circular contains extracts of the historical financial information, including, *inter alia*, the consolidated income statement and consolidated balance sheet of the Gold Reef Group for the financial years ended 31 December 2008, 2007 and 2006 and the interim financial results for the six-month period ended 30 June 2009. The Gold Reef Group's complete financial information is available for inspection in terms of paragraph 19 below and on Gold Reef's website (www.goldreefresorts.com).

Gold Reef's financial results for the year ended 31 December 2009 were released on SENS on Monday, 29 March 2010, published in the South African press on Tuesday, 30 March 2010 and a copy thereof is enclosed with this circular.

7.2 Historical financial information of Tsogo

Annexure 3 to this circular contains the historical financial information of Tsogo for the financial years ended 31 March 2009, 2008 and 2007 and Annexure 5 to this circular contains the reviewed condensed consolidated interim financial information of Tsogo for the six months ended 30 September 2009. The audited consolidated financial information of Tsogo for the year ended 31 March 2010 is expected to be released on SENS by 30 June 2010.

7.3 Unaudited *pro forma* income statement and balance sheet of the Merged Entity

The unaudited *pro forma* income statement and balance sheet of the Merged Entity, before and after the Proposed Transaction, are set out in Annexure 7 to this circular.

The unaudited *pro forma* financial information is the responsibility of the Gold Reef Directors and has been prepared for illustrative purposes only. Due to the nature of the unaudited *pro forma* financial information, it may not fairly present the Merged Entity's financial position, changes in equity, results of operations or cash flows after the Proposed Transaction.

The goodwill applicable to the Proposed Transaction is reflected in the *pro forma* balance sheet included in Annexure 7 to this circular.

The unaudited *pro forma* financial information has been prepared in accordance with Gold Reef's accounting policies as outlined in the historical financial information presented in Annexure A to the Revised Listing Particulars.

7.4 *Pro forma* financial effects on Gold Reef

The table below sets out the unaudited *pro forma* financial effects of the Proposed Transaction on Gold Reef Shareholders based on the unaudited interim results of Gold Reef for the six months ended 30 June 2009.

The unaudited *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information about how the Proposed Transaction might have affected Gold Reef Shareholders had the Proposed Transaction been implemented on the dates indicated in the notes below.

Due to their nature, the unaudited *pro forma* financial effects may not fairly present the financial position or the effect of future earnings on the Merged Entity after the Proposed Transaction. The historical unaudited *pro forma* financial effects reflect difficult economic and trading conditions for the hotel and gaming sector in 2009. Furthermore, they do not take into account, *inter alia*, the impact of seasonality of the Southern Sun hotel portfolio and the addition of seven hotels to the portfolio, including the mixed use development at Montecasino, now officially named

“The Pivot”, which is under construction and includes offices, parking and a Southern Sun Hotel which is expected to open in May 2010. They also do not take into account the full effect of the Caledon and the Century Casino Newcastle acquisitions which became effective 30 June 2009.

The Gold Reef Directors are responsible for the preparation of the unaudited *pro forma* financial information.

Gold Reef published its financial results for the financial year ended 31 December 2009 on Monday, 29 March 2010. Accordingly, revised unaudited *pro forma* financial effects, based on the annual results, were released on SENS on Thursday, 1 April 2010 and will be published in the South African press on Tuesday, 6 April 2010.

The unaudited *pro forma* financial effects presented in the table below differ to those disclosed in the Announcement due to:

- an increase in the estimated Proposed Transaction costs;
- the settlement of the Executives’ Service Agreements; and
- the exclusion of the fair value adjustment to the carrying value of Tsogo’s current shareholding in Gold Reef from headline earnings per Gold Reef Share.

Unaudited *pro forma* financial effects of the Proposed Transaction

	Before the Proposed Transaction ⁽¹⁾	After the Proposed Transaction ⁽²⁾	Percentage change %
Attributable earnings per Gold Reef Share (cents) ⁽³⁾	50.9	29.5	(42.0) ⁽⁶⁾
Headline earnings per Gold Reef Share (cents) ⁽³⁾	50.9	38.9	(23.6) ⁽⁶⁾
NAV per Gold Reef Share (cents) ⁽⁴⁾	856.5	603.0	(29.6)
NTAV per Gold Reef Share (cents) ⁽⁴⁾	428.2	155.7	(63.6)
Weighted average number of Gold Reef Shares (millions) ⁽⁵⁾	274.9	1 095.9	
Gold Reef Shares in issue as at 30 June 2009 (millions) ⁽⁵⁾	276.9	1 097.0	

Notes:

1. Gold Reef “Before the Proposed Transaction” results were extracted from the published, unaudited interim results of Gold Reef for the six months ended 30 June 2009 as released on SENS on 27 August 2009 and published in the South African press on 28 August 2009. These results have not been reviewed by the Company’s auditors.
2. Represents the *pro forma* financial effects of the Proposed Transaction, which has been accounted for in terms of IFRS3 (revised): Business Combinations, using the principles of reverse acquisition accounting.
3. Attributable earnings and headline earnings per Gold Reef Share effects are based on the following principal assumptions:
 - (i) the Proposed Transaction was effective on 1 January 2009;
 - (ii) Tsogo results represent the reviewed interim results of Tsogo for the six months ended 30 September 2009;
 - (iii) a fair value adjustment of the current shareholding of Tsogo in Gold Reef, based on the Gold Reef pre-cautionary share price. This results in the fair value adjustment of the current Tsogo shareholding in Gold Reef being a write-down of R102.9 million (after-tax effects), which adjustment is excluded from headline earnings;
 - (iv) the recognition of the tangible and identifiable intangible assets is based on a preliminary fair value exercise, with the carrying value of Gold Reef’s land and buildings being estimated to be their fair value. In terms of IFRS 3 (revised): Business Combinations, a fair value exercise will need to be performed on the effective date of the Proposed Transaction;
 - (v) costs of R42.8 million (after-tax effects), which arise from the No Fault Termination (as defined in the Service Agreements) of the Executives’ Service Agreements referred to in paragraph 11.6.9 of the circular, based on the assumption of the No Fault Termination (as defined in the Service Agreements) being on 31 December 2010, and at the Gold Reef pre-cautionary share price, which are once-off in nature; and
 - (vi) transaction costs of R43 million, which are once-off in nature.
4. NAV and NTAV per Gold Reef Share effects are based on the following principal assumptions:
 - (i) the Proposed Transaction was effective on 30 June 2009;
 - (ii) a fair value adjustment of the current Tsogo shareholding in Gold Reef, based on the Gold Reef pre-cautionary share price. This results in the fair value adjustment of the current Tsogo shareholding in Gold Reef being a write down of R102.9 million (after-tax effects), which adjustment is excluded from headline earnings;
 - (iii) the recognition of the tangible and identifiable intangible assets is based on a preliminary fair value exercise, with the carrying value of Gold Reef’s land and buildings being estimated to be their fair value. In terms of IFRS 3 (revised):

- Business Combinations, a fair value exercise will need to be performed on the effective date of the Proposed Transaction;
- (iv) costs of R42.8 million (after-tax effects), which arise from the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements referred to in paragraph 11.6.9 of this circular, based on the assumption of the No Fault Termination (as defined in the Service Agreements) being on 31 December 2010, and at the Gold Reef pre-cautionary share price, which are once-off in nature;
 - (v) an increase of 971 014 Gold Reef Shares as a result of the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements arising from the early exercise and vesting of existing options in terms of the Gold Reef Share Scheme, and the settlement of the Executives' loan accounts within the Gold Reef Share Scheme; and
 - (vi) transaction costs of R43 million, which are once-off in nature.
5. The weighted average number of Gold Reef Shares and Gold Reef Shares in issue "After the Proposed Transaction" are based on the issue of the Gold Reef Consideration Shares and the additional Gold Reef Shares (being the 1 061 333 unvested and/or 971 014 unexercised share options of the Executives as at 30 June 2009) with respect to the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements referred to in paragraph 11.6.9 of this circular less the Tsogo Sun Expansion Shares.
 6. Excluding the effects of the once-off transaction costs of R43 million, costs relating to the fair value adjustment of the current shareholding of Tsogo in Gold Reef of R102.9 million (after-tax effects), and costs relating to the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements of R42.8 million (after-tax effects), the "After the Proposed Transaction" earnings per Gold Reef Share would be 46.7 cents (8.3% decline).
Excluding the effects of the once-off transaction costs of R43 million and costs relating to the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements of R42.8 million (after-tax effects), the "After the Proposed Transaction" headline earnings per Gold Reef Share would be 46.7 cents (8.3% decline).
 7. No effect has been given to the Gold Reef Final Dividend referred to in paragraph 3.1 of the circular.

7.5 Independent reporting accountants' reports

The independent reporting accountants' report on the historical financial information of Tsogo for the financial years ended 31 March 2009, 2008 and 2007 is set out in Annexure 4 to this circular.

The independent reporting accountants' report on the reviewed condensed consolidated interim financial information of Tsogo for the six months ended 30 September 2009 is set out in Annexure 6 to this circular.

The independent reporting accountants' report on the unaudited *pro forma* financial information of Gold Reef is set out in Annexure 8 to this circular.

8. CORPORATE GOVERNANCE IMPLICATIONS OF THE PROPOSED TRANSACTION

8.1 Merged Entity Board

The Exchange Agreement provides that the Gold Reef Board shall have been restructured following the implementation of the Proposed Transaction on the Closing Date to comprise only those persons who shall have been notified in writing to Gold Reef by TIH and SABSA (prior to the Closing Date) however as at the last practicable date, Gold Reef has not been made aware of the proposed composition of the reconstituted Gold Reef Board, other than in respect of certain executive directors as set out below. Further details of the reconstitution of the Gold Reef Board will be provided to Gold Reef Shareholders once this information is available. Gold Reef Shareholders are referred to Annexure D for details of the composition of the existing Tsogo Board. The majority of the reconstituted board of the Merged Entity will comprise TIH and SABSA appointed nominees. The reconstituted Gold Reef Board, which will be the appointed board of the Merged Entity, although consisting of a majority of non-executive directors, will not comply with the King Code, as the majority of the non-executive directors will not be independent.

It is a term of the Exchange Agreement that the names of the existing executive directors of the Gold Reef Board and the Executives who may form part of the executive management team of the Merged Entity (if any) immediately following the implementation of the Proposed Transaction on the Closing Date, shall be set out in the circular and, accordingly, details thereof are set out in paragraph 8.2 of this circular.

8.2 Executive management of the Merged Entity

It is proposed that, following the implementation of the Proposed Transaction on the Closing Date, Mr J A Mabuza, who currently serves as Chief Executive Officer of Tsogo will be appointed as Chief Executive Officer of the Merged Entity and Mr M N von Aulock, who currently serves as Chief Financial Officer of Tsogo, will be appointed as Chief Financial Officer of the Merged Entity.

As set out in paragraph 3.2.6.5 of this circular, pursuant to the Shareholders' Agreement, the Merged Entity Board will comprise appointees of TIH and SABSA. Although the Merged Entity Board will consist of a majority of non-executive directors, the Merged Entity Board will not be compliant with the requirements of the King Code, as the majority of the non-executive directors will not be independent.

The JSE has also required that the appointment of Mr M N von Aulock, as Chief Financial Officer of the Merged Entity, be confirmed by the audit committee of the Merged Entity in compliance with paragraphs 3.84(h) and 4.8(b) of the Listings Requirements.

The Executives have met with Tsogo regarding their proposed roles in the executive management team of the Merged Entity. After discussions, the Executives have decided not to accept Tsogo's proposals or the alternative positions they were offered as such proposals or alternatives constitute a material change to their existing duties and responsibilities. Accordingly, the Executives will not be employed in the executive management team of the Merged Entity post implementation of the Proposed Transaction.

Brief *curricula vitae* of Messrs M N von Aulock and J A Mabuza are set out in paragraph 10.2 of the Revised Listing particulars.

8.3 Corporate governance

The composition of the various Gold Reef Board sub-committees will change post-implementation of the Proposed Transaction. Details of the reconstituted Merged Entity board sub-committees will be advised post the reconstitution of the Merged Entity Board as set out in paragraph 8.1 of this circular and will be released on SENS and published in the South African press.

The current Gold Reef and Tsogo corporate governance frameworks are set out in Annexure C of the Revised Listing Particulars attached to and forming part of this circular.

9. IMPACT OF THE PROPOSED TRANSACTION ON THE GOLD REEF SHARE PLANS AND THE TSOGO SUN SHARE PLANS

9.1 Salient details of the current Gold Reef Share Plans

9.1.1 Gold Reef Share Scheme

The Gold Reef Group operates an equity-settled, share-based compensation plan. Options are granted to permanent employees at the discretion of the Gold Reef Directors in terms of which Gold Reef Shares may be acquired based on prices prevailing at the dates of granting the options. Delivery of the Gold Reef Shares so acquired is in three equal tranches vesting over four years; one-third after two years, one-third after three years and one-third after four years.

9.1.2 Gold Reef Long-Term Incentive Plan

The Gold Reef Long-Term Incentive Plan is constructed and designed as a phantom share incentive scheme which is cash-settled. The Gold Reef Long-Term Incentive Plan therefore does not involve the purchase, transfer or issue of Gold Reef Shares or share options. The purpose of the Gold Reef Long-Term Incentive Plan is to attract, retain, motivate and reward eligible employees (as defined in the Long-Term Incentive Plan) who are able to influence the performance of the Gold Reef Group, on a basis which aligns their interests with those of the Gold Reef Shareholders.

The Gold Reef Board is responsible for the operation and administration of the Gold Reef Long-Term Incentive Plan and has discretion to decide whether and on what basis the Gold Reef Long-Term Incentive Plan shall be operated.

Subject to the provisions of the Gold Reef Long-Term Incentive Plan and the approval of the Gold Reef Board, the Gold Reef Board shall be entitled to make and establish such rules and regulations, and to amend the same from time to time, as they may deem necessary or expedient for the proper implementation and administration of the Gold Reef Long-Term Incentive Plan.

Three different types of units can be allocated to employees, namely, share appreciation units, bonus units and performance units.

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 the vesting date.

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 the vesting date, multiplied by a factor of 0 – 3, dependant on the increase in headline earnings per share of Gold Reef for the three-year period after grant date as tabulated below:

Compound annual growth rate in headline earnings per share	Multiplication factor
5.0% to 7.5%	0 – 1
7.5% to 10.0%	1 – 3

9.1.3 Cash-settled share-based retention scheme

On 22 November 2006, the Gold Reef Remuneration and Nominations Committee resolved that, as a once-off retention provision for certain executive Gold Reef Directors, namely S B Joffe, J S Friedman and C Neuberger, Gold Reef would issue free Gold Reef Shares to such executive directors if they remained employed at Gold Reef for certain periods and if certain performance criteria were met.

Each such executive director would receive a maximum of 50 000 Gold Reef Shares if he remained employed at Gold Reef for a period of three years from 1 January 2007. This component of the scheme fell due on 31 December 2009 and will be settled in terms of the pre-agreed criteria in the ordinary course of business, taking into account the replacement by the cash-settled share appreciation scheme. In addition, S B Joffe would receive a maximum of a further 200 000 Gold Reef Shares if he remained employed at Gold Reef for a further two years.

The performance criteria, which were set by the Remuneration and Nominations Committee, would be 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.

On 3 September 2008, the Gold Reef Remuneration and Nominations Committee replaced this share-based payment scheme with a cash-settled share appreciation scheme. In terms of the share appreciation scheme, the executive directors would no longer be entitled to shares based on the achievement of the necessary criteria but rather a cash payment linked to the share price as well as the achievement of the performance criteria. Consequently, the original offer made to the executive directors in 2007 was withdrawn and replaced with a cash-settled share appreciation scheme.

9.2 Current Tsogo Sun Share Plans

The Tsogo Group performs an annual group valuation for purposes of valuing the shares that form part of the long-term incentive plans.

The annual valuation is based on an EBITDA approach which utilises a multiple determined by two independent audit firms (“the experts”) to determine the Tsogo Group’s enterprise value. This enterprise value is adjusted to equity value through adding the market value of cash less the market value of interest-bearing debt.

The two long-term incentive payment plans are as follows:

9.2.1 Tsogo Sun Group Share Incentive Plan

The Tsogo Sun Group Share Incentive Plan, which closed out during 2009, was a long-term incentive plan whereby participants received a cash settlement on exercise and delivery of share options. Share options were granted at the fair value price of the shares on the date of the grant less a discount of 2%, and were exercisable at that price. Options only began to vest from three years after they were allocated. After three years 25% vested, an additional 25% vested after four years and after five years the remaining options fully vested. Options expired after a maximum period of eight years. The charge was not reversed if the options were not exercised where the market value of the shares was lower than the option price at the date of grant. When an option was exercised the option holder received the differential

between the strike/grant price and the fair value of the underlying shares in cash, which fair value was determined by reference to a pre-determined formula, as noted above.

9.2.2 Tsogo Sun Group Appreciation Bonus Plan

The Tsogo Sun Group Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the growth in the Tsogo Group's notional share price. Participants under this bonus appreciation plan are not entitled to take up shares or options whatsoever. For certain allocations, 25% of the bonus appreciation plan vests from three years after the date of allocation, an additional 25% vests after four years, and the balance after five years. The 2009 allocation vests in full three years after date of allocation.

9.3 Impact of the Proposed Transaction on the Gold Reef Share Plans and the Tsogo Sun Share Plans

Save for the amounts payable and/or the value of the benefits in terms of the Service Agreements set out in paragraph 3.2.6.2 read with Annexure 9 to this circular, the Proposed Transaction will have no impact on the Gold Reef Share Plans.

Tsogo believes that the phantom share scheme is an important component of remuneration and incentivisation and it is the intention that the existing Gold Reef Long-Term Incentive Plan and the Tsogo Sun Group Appreciation Bonus Plan will be continued. It is likely that the existing share schemes will be combined into a single share scheme whereby employees are provided with materially similar incentives as the existing share schemes.

10. INFORMATION ON TSOGO

10.1 Background

In 2003, in a landmark empowerment deal, SABMiller plc (which owned 100% of Southern Sun Hotels and 50% of Tsogo Sun Gaming), and TIH (which owned the remaining 50% of Tsogo Sun Gaming) swapped their respective interests into a new entity, creating Tsogo in its current form. Tsogo is currently owned 51% by TIH and 49% by SABSA.

10.2 Nature of business

Tsogo, incorporated in South Africa on 19 March 2002, is a hotel, gaming and entertainment company with operations throughout Africa, the Middle East and the Seychelles. Tsogo's operations are held through two wholly-owned subsidiaries, Tsogo Sun Gaming, representing Tsogo's gaming interests, and Southern Sun, representing Tsogo's hotel interests.

For the six months ended 30 September 2009, Tsogo generated revenue of R2.9 billion and EBITDAR of R1.1 billion.

Tsogo Sun Gaming has an interest in the following resorts:

Casino	Percentage ownership
Montecasino, <i>Gauteng</i>	100.00
Suncoast Casino and Entertainment World, <i>KwaZulu-Natal</i>	73.50
Caledon Casino, <i>Western Cape</i>	100.00
Century Casino Newcastle, <i>KwaZulu-Natal</i>	100.00
Emnotweni Casino, <i>Mpumalanga</i>	100.00
The Ridge Casino, <i>Mpumalanga</i>	100.00
Hemingways Casino, <i>Eastern Cape</i>	80.00

10.2.1 Montecasino

Montecasino, Tsogo's flagship casino in Fourways, Johannesburg, was designed to replicate an ancient Tuscan village. The casino, which opened its doors in November 2000, was expanded in May 2007 with the addition of the open air Piazza and 1 900 seat Teatro. The complex has 67 restaurants, a 15 screen cinema, multiple retail offerings and the Montecasino Bird Park. The five star Palazzo Hotel, with 246 rooms and suites and the 179 room SunSquare hotel provide accommodation facilities on site. Construction is currently underway on the next phase of development, "The Pivot", which includes a new 194 room Southern Sun Hotel, a conference centre, 14 800m² of prime office space and an additional 1 000 parking bays. Montecasino has 1 714 slot machines and 76 tables.

Montecasino funded the development of the Sandton Convention Centre. With over 10,000 m² of exhibition space this facility has hosted numerous events including the World Summit on Sustainable Development in 2002.

10.2.2 Suncoast Casino and Entertainment World

Suncoast Casino and Entertainment World is situated on the beachfront along Durban's "Golden Mile" and provides an atmosphere similar to Miami with its access to sun, sea and a wide variety of entertainment. The development includes the 165 room Suncoast Hotel and Towers, 24 restaurants and an 8 screen cinema and the Sundeck that hosts exclusive events in KwaZulu-Natal. Suncoast Casino and Entertainment World has 1 330 slot machines and 50 tables.

10.2.3 Caledon Casino, Hotel and Spa

The Caledon Casino, Hotel and Spa, acquired by Tsogo in 2009, is located in the town of Caledon in the Western Cape. This venue includes the historical hot water springs that have attracted visitors since the 1800s. The complex also includes a 93 room hotel, conferencing facilities, multiple food and beverage offerings and a gaming experience at its 356 slots and 7 tables.

10.2.4 Century Casino Newcastle (being re-branded Blackrock Casino)

Tsogo's most recent acquisition, situated in Newcastle, is a 40 room hotel complex, including a spa. Century Casino has a wide variety of entertainment and offers 250 slot machines and 7 tables as well as conference facilities.

10.2.5 Emnotweni Casino

Emnotweni in Nelspruit, Mpumalanga was Tsogo's first casino in South Africa. This complex forms part of a multi-million rand development and is attached to the Riverside Mall. The development also includes two hotels, being the 109 room Southern Sun Emnotweni and the 115 room StayEasy Emnotweni. The casino offers 367 slot machines and 10 table games.

10.2.6 The Ridge Casino

The Ridge Casino is in Emalahleni (Witbank) on the busy route between Johannesburg and Mpumalanga, providing entertainment, restaurants and accommodation for both destination and en-route travellers, and has been a catalyst for development in the node, since opening. The unit has been recently upgraded with the addition of a 135 room new generation StayEasy hotel to complement the existing 40 room Southern Sun Hotel, revamped cinemas and the introduction of an exclusive Salon Privé within the casino. The development is attached to the recently built Highveld shopping mall which has provided footfall increases since being launched. The Ridge has 425 slot machines and 18 tables.

10.2.7 Hemingways Casino

Hemingways Casino brings a touch of Key West charm to East London, inspired by the luxurious home of the famous author Ernest Hemingway. Hemingways is attached to the recently opened Hemingways mall, the largest shopping centre in East London, and includes multiple food and beverage offerings, cinemas and entertainment. The development also includes a 70 room Southern Sun Hotel and a first class gaming experience at the 392 slots and 12 tables.

10.2.8 Southern Sun Hotels

Southern Sun Hotels was founded in 1969 with the Beverly Hills Hotel in Umhlanga. Southern Sun Hotels has grown to be one of the largest hotel groups in South Africa, with 90 hotels and 14 438 rooms expected by the end of 2010. The Southern Sun Hotel group operates in all market segments from deluxe to budget, under a variety of brands including Southern Sun, Garden Court and StayEasy, which principally service the business market or "people at work". This includes the key, corporate, government, conference, airline and incentive segments of the market, making up some 75% of revenue. Internationally, the Southern Sun Hotel group has expanded in Africa, Seychelles and the Middle East and continues to look for new investment opportunities in these regions.

Southern Sun operates a portfolio of owned, leased and managed hotels. In the longer term, the preference is to own the hotels that the Southern Sun Hotel group operates, as this provides security of tenure over the room stock. Management contracts are only entered into where it is considered that the hotel is economically viable and has a stable ownership structure. In this regard, the Southern Sun Hotel group has a successful relationship with

Liberty Group Properties (Proprietary) Limited and currently manages 11 hotels on Liberty Group Properties' behalf. In addition, Southern Sun Hotels manages hotels for the Airports Company of South Africa, Hyprop Investments Limited and EMAAR Properties (in Dubai). Southern Sun is also the largest timeshare operator in South Africa.

10.2.9 Gold Reef

Tsogo Sun Gaming, through Tsogo Sun Expansion, also has an interest in Gold Reef as detailed in paragraph 10.3 below.

10.3 Tsogo's existing related party interest in Gold Reef

In addition to the gaming assets set out in paragraph 10.2 above, as at the last practicable date, Tsogo Sun Gaming owned 69 205 093 Gold Reef Shares through Tsogo Sun Expansion, representing a 24.99% (excluding treasury shares) economic interest in Gold Reef.

Tsogo Sun Expansion controls 34.86% (which includes the aforesaid 24.99% economic interest) of the voting interest in Gold Reef in terms of the Voting Pool Agreement.

It is a term of the Exchange Agreement that after the fulfilment or waiver (where appropriate) of the last of the Conditions Precedent but before the Closing Date, Tsogo Sun Expansion will, subject to the requisite approval of members of the voting pool being obtained, dispose of the aforesaid Gold Reef Shares to Tsogo Sun Gaming and the voting pool created in terms of the Voting Pool Agreement shall, after the allotment and issue of the Gold Reef Consideration Shares, cease to exist in accordance with the terms of the Voting Pool Agreement.

11. INFORMATION ON GOLD REEF

11.1 Incorporation, history and listing

Gold Reef was incorporated in South Africa as a public company on 4 December 1989 as an investment holding company under the name of Tarkat Investments Limited renamed Medex Limited, and was subsequently listed on the securities exchange operated by the JSE on 25 October 1994 in the "Industrial: Pharmaceutical and Medical" sector of the JSE Lists.

At a general meeting of the Company held on 27 September 1999, the Company obtained the necessary approvals and consents from its shareholders for, *inter alia*:

- the disposal of all the listed and unlisted investments;
- the acquisition of the entire issued share capital of Cullinan Hotel and Leisure Group Limited;
- the acquisition of a 50.0% equity interest in Akani Egoli;
- the nomination of the Company as the beneficiary of various South African casino and gaming bids;
- the provision of funding to the BEE group which had a 50.0% equity interest in Akani Egoli;
- the change of the Company's name to "Gold Reef Casino Resorts Limited"; and
- the transfer of the Company's listing to the Industrial – "Hotels and Leisure" sector of the JSE Lists.

Gold Reef City Casino was the first casino opened by Gold Reef in November 1998 as a temporary casino and opened as a permanent facility in its current location in March 2000, followed by Mykonos Casino in November 2000, Golden Horse Casino in September 2001, Garden Route Casino in December 2002, Goldfields Casino in December 2003 and finally with the concurrent openings of Silverstar Casino and Queens Casino in December 2007.

In 2002 Casinos Austria, a partner of Gold Reef since Gold Reef's inception as a gaming company, increased its stake to 29.5% in Gold Reef.

In July 2007, Gold Reef acquired the BEE interests in Gold Reef's subsidiaries (other than Garden Route), joint venture and management contracts, settled by the issue of Gold Reef Shares and cash, from the Gold Reef BEE Shareholders. The transaction was in line with Gold Reef's objective of consolidating its gaming platform by increasing its exposure to its existing operations. Gold Reef's intention was to increase the BEE direct economic interest in Gold Reef to a minimum of 25.10%, thus satisfying an important component of the BEE Codes of Good Practice gazetted under the Broad-based BEE Act, No 53 of 2003 and complying with the Gambling Boards' recommendations on BEE. This share exchange resulted in a BEE direct economic interest in Gold Reef of 21.33%. The top-up transaction which followed, raised the BEE direct economic interest in Gold Reef to the intended 25.10% target.

The transaction resulted in an additional direct economic interest in the subsidiaries, joint venture and management contracts of Gold Reef, as set out below:

Subsidiary, joint venture or management contract	Percentage additional economic interest obtained
Akani Egoli	25.02
Silverstar Casino	50.00
Akani Egoli management contract	25.00
Akani Msunduzi	15.00
Goldfields Casino	12.00
West Coast Leisure	10.00
Goldfields management contract	30.00

In May 2009, Casinos Austria sold its 20.6% stake in Gold Reef to various Allan Gray clients managed by Allan Gray.

11.2 Nature of business

Gold Reef is a gaming and entertainment company that operates resorts and entertainment complexes throughout South Africa. Gold Reef has an interest in the following resorts:

Casino	Percentage ownership
Gold Reef City Casino and Theme Park, <i>Gauteng</i>	100.00
Silverstar Casino, <i>Gauteng</i>	100.00
Golden Horse Casino, <i>KwaZulu-Natal</i>	100.00
Goldfields Casino, <i>Free State</i>	100.00
Garden Route Casino, <i>Western Cape</i>	85.00
Mykonos Casino, <i>Western Cape</i>	70.36
Queens Casino, <i>Eastern Cape</i>	25.10

Gold Reef generated R1.1 billion in revenue and R0.4 billion in EBITDAR for the six months ended 30 June 2009.

Gold Reef had a market capitalisation of R5.0 billion (excluding treasury shares) as at the last practicable date.

11.3 Gold Reef's interest in Tsogo

Gold Reef has no interest in any of the Tsogo Group, TIH, SABSA or HCI.

11.4 Share capital

The tables below set out the share capital of Gold Reef, before and after the implementation of the Proposed Transaction, based on the issued ordinary share capital as at the last practicable date and based on the assumption that 888 261 028 Gold Reef Shares will be issued in terms of the Proposed Transaction.

Before the Proposed Transaction	R'000
Authorised share capital	
590 000 000 ordinary shares of 2 cents each	11 800
Total	11 800
Issued share capital	
291 990 220 ordinary shares of 2 cents each*	5 840
Share premium	1 860 132
Total	1 865 972

* Inclusive of 15 044 939 treasury shares

After the Proposed Transaction	R'000
Authorised share capital	
1 200 000 000 ordinary shares of 2 cents each	24 000
Total	24 000
Issued share capital	
1 180 251 248 ordinary shares of 2 cents each *	23 605
Share premium [#]	17 964 304
Total	17 987 909

* Inclusive of 84 250 032 treasury shares

The share premium is for indicative purposes only as at the last practicable date. The share premium will be calculated based on the Gold Reef Share price in excess of par value on the Closing Date when the Gold Reef Consideration Shares are issued.

The table above entitled "After the Proposed Transaction" has been prepared on the assumption that the Gold Reef Directors have been granted authority to allot and issue such number of Gold Reef Shares in the authorised but unissued share capital of Gold Reef (following Gold Reef Shareholder approval to increase the authorised share capital) in order to implement the Proposed Transaction.

The following changes in Gold Reef's issued share capital have taken place in the three years prior to the last practicable date:

Date	Number of shares issued	
July 2007	69 206 412	Issue of Gold Reef Shares at an average issue price of R19.30 per Gold Reef Share relating to the acquisition by Gold Reef of the BEE shareholdings in the subsidiaries (other than Garden Route Casino (Proprietary) Limited)), joint venture and management contracts of Gold Reef and top-up transaction
October 2007	2 181 149	Issue of Gold Reef Shares at an average issue price of R12.08 per Gold Reef Share to the Gold Reef Share Scheme

There were no consolidations or sub-divisions in respect of the ordinary share capital of Gold Reef during the three years preceding the date of this circular.

Gold Reef has not repurchased any of its issued shares during the past two years.

In 2009, the Remuneration and Nominations Committee of Gold Reef awarded 3 637 860 share options to employees of the Gold Reef Group at an average strike price of R16.28 per Gold Reef Share. As at the last practicable date none of these options had been exercised by the Gold Reef Group employees. No other options or preferential rights exist over Gold Reef Shares.

Gold Reef does not have securities listed on any stock exchanges other than the JSE.

Other than the maximum of 5 million Gold Reef Shares placed under the control of the Gold Reef Directors until the next annual general meeting to allot and issue such Gold Reef Shares required to be issued for the purpose of carrying out the terms of the Gold Reef Share Scheme passed at the annual general meeting of Gold Reef on 8 July 2009, the authorised but unissued Gold Reef Shares have not been placed under the authority and control of the Gold Reef Directors. In terms of Section 221 of the Companies Act, such authorised unissued Gold Reef Shares are under the control of the Gold Reef Shareholders in general meeting.

In terms of the Resolutions contained in the notice of the General Meeting attached to and forming part of this circular, the Gold Reef Shareholders are asked to *inter alia*:

- approve the increase in the authorised share capital of Gold Reef by the creation of 610 000 000 new Gold Reef Shares required for the purpose of implementing the Proposed Transaction;
- authorise the Gold Reef Directors as a specific authority and approval to allot and issue 888 261 028 Gold Reef Shares (subject to the Gold Reef Consideration Shares Formula) in order to settle the consideration payable to the Tsogo Shareholders for their Tsogo Shares in accordance with the terms of the Proposed Transaction; and
- place 888 261 028 Gold Reef Shares (subject to the Gold Reef Consideration Shares Formula) under the authority and control of the Gold Reef Directors for the aforesaid purpose.

11.5 Major beneficial shareholders

As at the last practicable date, as far as is known to Gold Reef, the following Gold Reef Shareholders (other than the Gold Reef Directors) beneficially held, directly or indirectly, 5% or more of the issued ordinary share capital of Gold Reef (excluding Gold Reef Shares held as treasury shares):

Beneficial Gold Reef Shareholder	Number of shares	Percentage shareholding
Krok Family Entities	71 825 331	25.93
Tsogo Sun Expansion	69 205 093	24.99
Allan Gray clients*	65 460 056	23.64

* Reflects the total holding of Allan Gray clients

To the knowledge of the Gold Reef Directors, as at the last practicable date, no single Gold Reef Shareholder has effective control of Gold Reef, nor did any group of Gold Reef Shareholders.

Post the Proposed Transaction, TIH and SABSA will control 41.3% and 39.7% of the voting rights in Gold Reef, respectively.

11.6 Information on Gold Reef Directors

11.6.1 Directors

The names, ages, qualifications, occupations and addresses of the directors of Gold Reef, all of whom are South African nationals, save for Christian Neuberger (Austrian) are set out below:

Director	Business address	Occupation
Name: Dr Enos Ned Banda Age: 45 Qualification(s): B Acc(Hons) JD,LM (<i>suma cum laude</i>)	82 Grayston Drive Sandton, 2196	Independent non-executive Chairman and Director of companies
Name: Steven Brian Joffe Age: 39 Qualification(s): B Com (Hons Taxation), H Dip (Company Law), CA(SA)	Gate 4, Gold Reef City Northern Parkway Ormonde, 2091	Chief Executive Officer
Name: Jarrod Sean Friedman Age: 37 Qualification(s): CA(SA)	Gate 4, Gold Reef City Northern Parkway Ormonde, 2091	Financial Director
Name: Christian Neuberger Age: 44 Qualification(s): MBA (Vienna)	Gate 4, Gold Reef City Northern Parkway Ormonde, 2091	Chief Operating Officer
Name: Tapson Mudzudzanyi Sadiki Age: 40 Qualification(s): BJuris	Gate 4, Gold Reef City Northern Parkway Ormonde, 2091	Human Resources Director
Name: Phillip Vallet Age: 63 Qualification(s): BA LLB	Fluxmans Inc. 11 Biermann Avenue Rosebank, 2196	Chief Executive Officer, Fluxmans Inc.
Name: Patrick Christopher Muzi September Age: 67 Qualification(s): BSc (Hons), MSc	3 Gelderland Road Durban North Durban, 4015	Director of companies
Name: John Cyril Farrant Age: 69 Qualification(s): CA(SA)	77 Third Road Hyde Park Sandton, 2196	Director of companies/ Trustee of Trusts

Director	Business address	Occupation
Name: Zanele Joyce Matlala Age: 46 Qualification(s): CA(SA)	Kagiso House 16 Fricker Road Illovo Boulevard Illovo, 2196	Group Financial Director of Kagiso Trust Investments (Pty) Limited
Name: Mzolisi Goodman Diliza Age: 60 Qualification(s): B Com, BBA (Hons)	Chamber of Mines of SA 10 th Floor, 5 Hollard Street Marshalltown, 2001	Chief Executive Officer, Chamber of Mines
Name: Martin Zane Krok Age: 53	Summerplace 69 Melville Road Hyde Park, 2196	Director of companies

11.6.2 **Brief *curricula vitae* of the Directors**

- **Dr E N Banda**

Has degrees in financial accounting, a doctor of jurisprudence and a post graduate master of laws from universities in the United States of America (USA). He has formal professional specialisation in cross border merger and acquisitions transactions, international project finance and the law of treaties. He is admitted as an attorney and counsellor-at-law in the State of New York, USA and as an advocate of the Supreme Court of South Africa. He sits on a limited number of privately held boards.

- **S B Joffe**

Has over 14 years experience in the gaming industry and was appointed as Chief Executive Officer of Gold Reef in 2000.

- **J S Friedman**

Has ten years experience in the gaming industry having joined Gold Reef in 2000.

- **C Neuberger**

Has 19 years experience in the gaming industry with Gold Reef and its former international partner Casinos Austria.

- **T M Sadiki**

Previously Industrial Relations Manager at DeBeers Consolidated Mining, he joined Gold Reef City Casino in October 2000 as Human Resources Manager and was subsequently promoted to Operations Manager in January 2007 before being appointed as Gold Reef's Human Resources Director on 26 November 2008.

- **M G Diliza**

Joined the Gold Reef Board in March 2008. He is currently Chief Executive Officer of The Chamber of Mines of SA and the founding Chairman of Strategic Partners Group. He is also a director of Aurecon, Ansys Limited, Bombela Concession Company, Bombela Operating Company and Growthpoint Properties Limited.

- **J C Farrant**

From 1970 to 1997 he was an audit partner for various local and international companies at Ernst & Young. Since then he has been a self-employed consultant and serves on a number of boards including Jasco Electronics Holdings Limited, Randjes Estate (Section 21 Company), Robson Savage (Proprietary) Limited, Pitsani Game Reserve Limited and is Chairman of the Acumen Group of Pension, Provident and Retirement Umbrella Funds.

- **M Z Krok**

Has more than 32 years experience in a diversity of business fields and currently holds directorships of numerous private companies.

- **Z J Matlala**

Joyce is the Group Financial Director of Kagiso Trust Investments (Proprietary) Limited. She was previously the Chief Financial Officer of the Development Bank of South Africa. She has also spent a period of three and a half years in various roles at the Industrial Development Corporation that include Project Finance and Private Equity.

- **P C M September**

Has eight years' experience in the gaming industry after becoming Chairman of Akani Msunduzi in 2001. Holds non-executive directorships in a number of private companies and is chairperson of Business Against Crime in KwaZulu-Natal.

- **P Vallet**

Chief Executive Officer of Fluxmans Attorneys and Chairman of Super Group Limited. He is also a director of Caxton and CTP Printing & Publishing Limited. Phillip is cited in Chambers Global (The World's Leading Lawyers for Business – Client's Guide) as "one of the leading commercial lawyers in South Africa".

11.6.3 Senior management

The names, functions and business addresses of senior management of the Gold Reef Group, all of whom are South African nationals, unless otherwise stated, as at the last practicable date, were as follows:

Name	Business address	Function
Steve Hight*	Gold Reef City Casino corner Northern Parkway and Data Crescent Ormonde, 2159	General Manager: Gold Reef City Casino
Carl Peter Vernon	Gold Reef City Casino corner Northern Parkway and Data Crescent Ormonde, 2159	Chief Financial Officer and Company Secretary: Gold Reef City Casino
Mike Vermaak	Silverstar Casino,R28 Muldersdrift Mogale City, 1739	General Manager: Silverstar Casino
Joanita Rademeyer	Silverstar Casino,R28 Muldersdrift Mogale City, 1739	Finance and Administration Manager and Company Secretary: Silverstar Casino
Patrick Beney	Golden Horse Casino 45 New England Road Scottsville Pietermaritzburg, 3200	General Manager: Golden Horse Casino
Robin Seabrook	Garden Route Casino 1 Pinnacle Point Road Mossel Bay, 6500	General Manager: Garden Route Casino
Clive van Groeningen	Mykonos Casino Lientjiesklip Road Langebaan, 7357	General Manager: Mykonos Casino
Dennis De Beer	Goldfields Casino and Entertainment Centre Sanlam Plaza corner Stateway and Buiten Streets Welkom, 9459	General Manager: Goldfields Casino

Name	Business address	Function
Werner Grimm	Queens Casino 63 Edben Street Queenstown, 5320	General Manager: Queens Casino
Joan Goosen	Gate 4, Gold Reef City Northern Parkway Ormonde, 2091	General Manager: Gold Reef City Theme Park

* British

11.6.4 Directors' interests in securities before the Proposed Transaction

The Gold Reef Directors held, directly and indirectly, the following interests in the issued share capital of the Company at the last practicable date, all of which are beneficially held:

Director	Beneficial		Percentage of total issued shares (excluding treasury shares)
	Direct	Indirect	
Dr E N Banda	–	–	–
M G Diliza	–	7 588	–
J C Farrant	–	–	–
J S Friedman ++	1 917 093	–	0.69
S B Joffe >	3 500 000	2 533 333	2.18
M Z Krok	–	–	–
Z J Matlala	–	148 467	0.05
C Neuberger ^	1 245 000	–	0.45
T M Sadiki +	48 000	–	0.02
P C M September	–	148 467	0.05
P Vallet	–	–	–
	6 710 093	2 837 855	3.44

> SB Joffe has a loan of R17 430 456 with the Gold Reef Share Scheme and 2 833 333 Gold Reef Shares are pledged as security for this loan. A further 166 667 Gold Reef Shares are not yet available for sale and there is an additional loan of R2 289 085 on these unvested Gold Reef Shares.

++ JS Friedman has a loan of R7 952 021 with the Gold Reef Share Scheme and 1 370 000 Gold Reef Shares are pledged as security for this loan. A further 100 000 Gold Reef Shares are not yet available for sale and there is an additional loan of R1 373 451 on these unvested Gold Reef Shares.

^ C Neuberger has a loan of R7 672 718 with the Gold Reef Share Scheme and 1 145 000 Gold Reef Shares are pledged as security for this loan. A further 100 000 Gold Reef Shares are not yet available for sale and there is an additional loan of R1 373 451 on these unvested Gold Reef Shares.

+ TM Sadiki has a loan of R487 952 with the Gold Reef Share Scheme and 31 334 Gold Reef Shares are pledged as security for this loan. A further 16 667 Gold Reef Shares are not yet available for sale and there is an additional loan of R228 994 on these unvested Gold Reef Shares.

None of the Gold Reef Directors have any interest in any of the Tsogo Group, TIH, SABSA or HCI.

The associates of the Gold Reef Directors do not hold any interests in securities.

J C Farrant has accepted an appointment as a trustee of the Rachela Krok Family Trust subject to the approval of the Master of the High Court of South Africa. Once the necessary approval has been obtained, this will result in J C Farrant holding an indirect non-beneficial interest in Gold Reef of 1 050 000 Gold Reef Shares.

The Gold Reef Directors' interests listed in the table above do not include unexercised share options granted to the Executives. The unexercised share options granted to the Executives have been listed in the table below:

Director	Share options granted during the 2009 financial year		Share options exercised since grant date to the last practicable date		Share options unexercised at the last practicable date	
	Number	Average Strike Price	Vested	Unvested	Number	Average Strike Price
S B Joffe	389 565	R17.00	–	–	389 565	R17.00
J S Friedman	210 435	R17.00	–	–	210 435	R17.00
C Neuberger	231 884	R17.00	–	–	231 884	R17.00
T M Sadiki	139 130	R17.00	–	–	139 130	R17.00

11.6.5 Directors' interests in securities after the Proposed Transaction

The interests disclosed below take into account the allotment and issue of the Gold Reef Consideration Shares:

Director	Beneficial		Percentage of total issued shares (excluding treasury shares)
	Direct	Indirect	
Dr E N Banda	–	–	–
M G Diliza	–	7 588	–
J C Farrant	–	–	–
J S Friedman ++	1 917 093	–	0.17
S B Joffe >	3 500 000	2 533 333	0.55
M Z Krok	–	–	–
Z J Matlala	–	148 467	0.01
C Neuberger ^	1 245 000	–	0.11
T M Sadiki +	48 000	–	–
P C M September	–	148 467	0.01
P Vallet	–	–	–
	6 710 093	2 837 855	0.85

> SB Joffe has a loan of R17 430 456 with the Gold Reef Share Scheme and 2 833 333 Gold Reef Shares are pledged as security for this loan. A further 166 667 Gold Reef Shares are not yet available for sale and there is an additional loan of R2 289 085 on these unvested Gold Reef Shares.

++ JS Friedman has a loan of R7 952 021 with the Gold Reef Share Scheme and 1 370 000 Gold Reef Shares are pledged as security for this loan. A further 100 000 Gold Reef Shares are not yet available for sale and there is an additional loan of R1 373 451 on these unvested Gold Reef Shares.

^ C Neuberger has a loan of R7 672 718 with the Gold Reef Share Scheme and 1 145 000 Gold Reef Shares are pledged as security for this loan. A further 100 000 Gold Reef Shares are not yet available for sale and there is an additional loan of R1 373 451 on these unvested Gold Reef Shares.

+ TM Sadiki has a loan of R487 952 with the Gold Reef Share Scheme and 31 334 Gold Reef Shares are pledged as security for this loan. A further 16 667 Gold Reef Shares are not yet available for sale and there is an additional loan of R228 994 on these unvested Gold Reef Shares.

The associates of the Gold Reef Directors will not hold any interests in securities after the Proposed Transaction.

11.6.6 Directors' dealings in securities

Details of dealings in securities by all the Gold Reef Directors that took place from 1 January 2009 to the last practicable date are set out below:

Date	Director	Nature of transaction	Number of ordinary shares	Price	Extent of interest
11 June 2009	T M Sadiki	Sale of shares	4 200	R17.82	Direct beneficial
15 June 2009	T M Sadiki	Sale of shares	5 000	R17.50	Direct beneficial
17 June 2009	T M Sadiki	Sale of shares	38 800	R17.26	Direct beneficial

Other than the sale of 48 000 Gold Reef Shares in the open market by T M Sadiki, there have been no other changes in the interests of the Gold Reef Directors between the end of the preceding financial year and the last practicable date.

11.6.7 Directors' interests in transactions

None of the Gold Reef Directors have or had any interest, directly or indirectly, in any transaction which was effected by Gold Reef during the current financial year, or, in respect of any previous financial year and which remains in any respect outstanding or unperformed.

None of the current Gold Reef Directors has any interest in any property acquired by Gold Reef in the three years prior to the date of this circular, nor have they been paid any sums to induce them to become, or qualify to become a director or otherwise, for services rendered by him or any associate of his in connection with the promotion of the Company.

None of the Gold Reef Directors have any interests in the Proposed Transaction, other than as Gold Reef Shareholders or employees.

11.6.8 Directors' remuneration

For the 12-month period ended 31 December 2008, the Gold Reef Directors were remunerated by Gold Reef and its subsidiaries as follows:

Director	Directors' fees (R'000)	Other services (R'000)	Basic remuneration (R'000)	Retirement/medical (R'000)	Other benefits (R'000)	Performance incentives (R'000)	Gains on vested share options exercised (R'000)	Total (R'000)
Executive								
B J Biyela*	–	–	1 150	219	20	–	116	1 505
S B Joffe	–	–	2 435	440	–	1 300	1 110 [^]	5 285
J S Friedman	–	–	1 479	246	–	825	443 [^]	2 993
C Neuberger	–	–	1 587	238	–	825	443 [^]	3 093
T M Sadiki	–	–	119	24	–	225	–	368
Non-executive								
Dr E N Banda ^{>}	–	–	–	–	–	–	–	–
A J Aaron #	235	1 788	–	–	–	–	–	2 023
M G Diliza	157	–	–	–	–	–	–	157
J C Farrant	132	–	–	–	22	–	–	154
M Krok #	656	–	–	–	–	–	–	656
M Z Krok	127	–	–	–	–	–	–	127
J Leutgeb #	–	–	–	–	–	–	–	–
Z J Matlala	98	–	–	–	22	–	–	98
RT Moloko *	177	–	–	–	–	–	–	177
B J Schutte *	63	–	–	–	–	–	–	63
P C M September	217	–	–	–	–	–	–	217
P Vallet ^{>}	–	–	–	–	–	–	–	–
Alternate								
A Krok #	–	–	–	–	–	–	–	–
S Krok	–	–	–	–	–	–	–	–
R Vierziger #	256	–	–	–	–	–	–	256
	2 118	1 788	6 770	1 167	64	3 175	2 112	17 194

Notes:

* Directors resigned during the 2008 financial year.

Directors resigned during the 2009 financial year.

> Directors appointed during the 2009 financial year.

[^] This relates to gains on share options which have been exercised and have vested but remain unsold. Consequently these directors will only receive the economic benefits once the shares are sold on the open market.

11.6.9 Directors' Service Agreements

The Executives of Gold Reef entered into Service Agreements in August 2009. Summaries of these Service Agreements are set out in Annexure 9.

As contemplated in paragraph 3.2.5 above, should the Proposed Transaction be concluded, the Executives may be required to resign as Gold Reef Directors and, accordingly, Gold Reef and the Executives entered into addenda to the aforesaid Service Agreements on Wednesday, 17 February 2010. In terms of the addenda, *inter alia*, it was recorded that should the Proposed Transaction be concluded, the Executives may be required to step down as Gold Reef Directors in terms of the Exchange Agreement and from their current employment/operational positions, respectively, given that the Proposed Transaction is likely to result in an alternative person being appointed in each of the Executives current employment/operational positions and/or such positions no longer being required in their current form.

It was agreed that, the aforementioned circumstances would constitute a material change to the Executives' duties and responsibilities as employees and the Executives would accordingly resign as employees with effect from the Closing Date, which resignation will then constitute a No Fault Termination (as defined in the Service Agreements).

The purpose of the addenda is to set out the payments and entitlements of each of the Executives in circumstances of a No Fault Termination (as is referred to above) arising out of existing contractual arrangements. Payments, benefits and/or awards (if any) to the aforesaid Executives as a result of the foregoing are set out in paragraph 3.2.6.2 above. The addenda will, however, lapse if the Proposed Transaction does not proceed and/or is not implemented; and/or if the Proposed Transaction does not result in a No Fault Termination (as defined in the Service Agreements) by virtue of a material change to the Executives duties and responsibilities.

11.6.10 Directors' emoluments

Other than as detailed in paragraph 11.6.9 above, there will be no change in the remuneration of any of the Gold Reef Directors as a consequence of the Proposed Transaction.

11.6.11 Powers of Directors

The borrowing powers of the directors of Gold Reef, as well as the terms of the remuneration and disqualification of directors are set out in Annexure B to the Revised Listing Particulars.

The borrowing powers have not been exceeded in the past three years. The Gold Reef Directors do not have the power to vote on any proposal, arrangement or contacts in which they are interested.

11.7 Price history

The price history of Gold Reef Shares on the JSE is set out in Annexure 10.

12. OTHER INFORMATION

12.1 Material changes

12.1.1 Gold Reef

There have been no material changes in the financial or trading position of Gold Reef and its subsidiaries between the publication of Gold Reef's interim financial results ended 30 June 2009 and the last practicable date.

12.1.2 Tsogo

There have been no material changes in the financial or trading position of Tsogo and its subsidiaries between the finalisation of Tsogo's financial results for the period ended 30 September 2009 and the last practicable date.

12.2 Material contracts

12.2.1 Gold Reef

Save for the Exchange Agreement there have been no material contracts entered into, other than in the ordinary course of business, by Gold Reef and the Gold Reef Group within the two years prior to the last practicable date; and no material contract entered into, other than in the ordinary course of business, that contains an obligation or settlement that is material to Gold Reef and the Gold Reef Group at the last practicable date.

Gold Reef and its subsidiary companies are not party to any material third party contracts regarding the payment of royalties.

12.2.2 Tsogo

Save for the Exchange Agreement, there have been no material contracts entered into, other than in the ordinary course of business, by Tsogo and the Tsogo Group within the two years prior to the date of this circular; and no material contract entered into, other than in the ordinary course of business, that contains an obligation or settlement that is material to Tsogo and the Tsogo Group at the last practicable date.

Tsogo and its subsidiary companies are not party to any material contracts regarding the payment of royalties.

Voting Pool Agreement

Tsogo owns 69 205 093 shares in the issued ordinary share capital of Gold Reef through a wholly-owned subsidiary, Tsogo Sun Expansion, representing a 24.99% economic interest in Gold Reef. Tsogo controls 34.86% (which includes the aforesaid 24.99% economic interest) of the voting interest in Gold Reef in terms of the Voting Pool Agreement.

As set out in paragraph 3.2.4, it is a term of the Exchange Agreement that after the fulfillment or waiver (where appropriate) of the last of the Conditions Precedent but before the Closing Date, Tsogo Sun Expansion will, subject to the requisite approval of the members of the voting pool being obtained, dispose of the aforesaid Gold Reef Shares to Tsogo Sun Gaming and the voting pool created in terms of the Voting Pool Agreement shall, after the allotment and issue of the Gold Reef Consideration Shares, cease to exist in accordance with the terms of the Voting Pool Agreement.

12.3 Litigation statement

12.3.1 Gold Reef

There are no legal or arbitration proceedings which may have, or have had, during the twelve-month period preceding the last practicable date, a material negative effect on the financial position of the Gold Reef Group. Furthermore, Gold Reef is not aware of any such proceedings that are pending or threatened against it which have a reasonable chance of success.

12.3.2 Tsogo

There are no legal or arbitration proceedings which may have, or have had, during the twelve-month period preceding the last practicable date, a material effect on the financial position of the Tsogo Group. Furthermore, Tsogo is not aware of any such proceedings that are pending or threatened against it which have have a reasonable chance of success.

12.4 Material loans

12.4.1 Gold Reef

Details of all material loans made to Gold Reef and its subsidiaries are set out in Annexure 11.

Inter-company loans receivable or payable by Gold Reef are set out in Annexure H. No material loans are receivable from any other source.

12.4.2 Tsogo

Details of all material loans made to Tsogo and its subsidiaries are set out in Annexure 11.

Inter-company loans receivable or payable by Tsogo are set out in Annexure H. No material loans are receivable from any other source.

12.5 Material capital commitments, lease payments and contingent liabilities

12.5.1 Material capital commitments

Gold Reef and its subsidiaries do not have any material capital commitments other than in the ordinary course of business.

Gold Reef has a controlling stake in a casino licence application for a casino in the Vaal River/Sasolburg region and a 50% stake in a casino licence application in Botswana.

The capital commitments of Tsogo are disclosed in Annexure 3 under notes 9 (Associates), 10 (Joint Ventures), 29 and 31 (Future Capital Expenditure).

The Hemingways Casino license expires on 23 September 2011. The Eastern Cape Gambling and Betting Board have issued a Request for Proposal requiring submission of bids for this license by 7 May 2010. Tsogo intends to submit a bid in accordance with this process.

12.5.2 Lease agreements

Gold Reef has entered into a lease agreement for the land upon which the Golden Horse Casino is situated. The lease commenced on 1 November 2001 and will expire on 16 November 2035. Rentals are calculated at a base rate of R125 000 per month, escalating at the rate of change of the consumer price index on each anniversary date of the commencement of the lease, plus 4.5% of the gross operating profit of the casino each month.

Tsogo's lease payments are disclosed in Note 30 of Annexure 3.

Further details of the lease payments for Gold Reef are disclosed in Annexure A to the Revised Listing Particulars.

12.5.3 Contingent liabilities

Other than guarantees issued to the Gold Reef funders in respect of funding to Gold Reef subsidiaries and associate and to the various Gambling Boards, both in the ordinary course of business, Gold Reef and its subsidiaries and associate do not have any contingent liabilities.

Gold Reef's contingencies are disclosed in Note 33 of the financial information in Annexure A of the Revised Listing Particulars for the years ended 31 December 2008, 2007 and 2006.

Tsogo's contingent liabilities are disclosed in paragraphs 9 (Associates), 10 (Joint Ventures), 28 and 48.5 of Annexure 3.

12.6 Vendors of Tsogo

Details of the vendors to Tsogo are set out in Annexure 12.

No promoter or director has an interest in any of the transactions detailed in Annexure 12.

12.7 Arrangements, undertakings or agreements

There are no arrangements, undertakings or agreements entered into between Gold Reef on the one hand and TIH and/or SABSA on the other hand or any person acting in concert with any of them in relation to any Gold Reef Shares other than the Shareholders' Agreement as disclosed in paragraph 3.2.6.5 of this circular.

13. EXCHANGE CONTROL REGULATIONS

In terms of the Exchange Control Regulation:

- the share certificates of emigrants will be endorsed and deposited with the authorised dealer controlling such emigrants' blocked assets;
- the CSDP or broker of dematerialised shareholders will ensure that all requirements of Exchange Control are adhered to in the event that their clients are emigrants;
- the share certificates of non-resident shareholders will be endorsed "non-resident"; and
- the CSDP or broker of dematerialised shareholders will ensure that all requirements of Exchange Control are adhered to in the event that their clients are non-resident shareholders.

14. COSTS

The estimated expenses (excluding VAT) that will be incurred by Gold Reef relating to the Proposed Transaction are set out in the table below:

Description	Payable to	Estimated amount R'000
Financial advisor and sponsor fees	Deutsche Securities (SA) (Proprietary) Limited	26 000*
Printing and related costs	INCE (Proprietary) Limited	557
Documentation fees	JSE	81
Listing fees	JSE	910
Corporate law advisory fees	Edward Nathan Sonnenbergs Inc.	3 000
Reporting accountants' fees	PricewaterhouseCoopers Advisory Services (Proprietary) Limited	1 595
Inspection fees	SRP	175
Independent experts	Grant Thornton	650
		32 968

* Subject to the outperformance of the Gold Reef share price in relation to the FTSE/JSE Financial and Industrial Index for the period 28 April 2009 to the 30th trading day post fulfilment or waiver (where appropriate) of the Conditions Precedent, Deutsche Securities (SA) (Proprietary) Limited is entitled to a minimum fee of R26 million (subject to a maximum of R60 million) upon completion of the Proposed Transaction.

In addition, the estimated expenses (excluding VAT) that will be incurred by Tsogo relating to the Proposed Transaction are set out in the table below:

Description	Payable to	R'000
Investment bank	Investec Corporate Finance	5 000
Corporate law advisory fees	Tabacks	3 000
Other		2 000
		10 000

No amounts are payable to any promoter regarding the Proposed Transaction nor have any amounts been paid or are they payable in respect of any other transaction over the past three years.

No commissions have been paid or are payable in respect of underwriting or the issue of any shares in Gold Reef over the past three years.

15. OPINIONS AND RECOMMENDATIONS

In terms of Section 10 of the Listings Requirements, the Proposed Transaction is a Related Party Transaction as Tsogo Sun Expansion is a material shareholder in Gold Reef.

Accordingly, Gold Reef Shareholder approval for the Proposed Transaction and an independent opinion relating to the fairness of the terms and conditions of the Proposed Transaction is required in terms of the Listings Requirements. The Gold Reef Directors have appointed Grant Thornton to provide this independent opinion.

Furthermore, if the Proposed Transaction is successfully implemented, both TIH and SABSA will, as a consequence of being allotted and issued the Gold Reef Consideration Shares, each acquire control of 35% or more of the votes to be cast at any meeting of the Gold Reef Shareholders. SABSA and TIH have also entered into the Shareholders' Agreement with effect from the Closing Date.

In terms of Rule 8.1 of the SRP Code, an affected transaction requires the Mandatory Offer to be made by TIH and SABSA to all Gold Reef Shareholders. However, in terms of Rule 8.7 of the SRP Code, the requirement for the Mandatory Offer may be dispensed with pursuant to the passing of the Whitewash Resolution, subject to approval by the SRP.

Grant Thornton has also been requested to provide appropriate external advice to the Gold Reef Board in terms of Rule 3.1 of the SRP Code in relation to the affected transaction and the proposed waiver of the Mandatory Offer at an assumed price per Gold Reef Share based on the Gold Reef pre-cautionary share price of R19.25.

15.1 Fairness opinion in terms of the Listings Requirements

The Gold Reef Board appointed Grant Thornton to provide it with advice as to the fairness of the terms and conditions of the Proposed Transaction. Grant Thornton has advised that it has considered the terms and conditions of the Proposed Transaction and, at the last practicable date, its opinion and advice to the Gold Reef Board is that the terms and conditions of the Proposed Transaction are fair to the Gold Reef Shareholders.

The Specific Buyback is classified as a Related Party Transaction in terms of the Listings Requirements. Grant Thornton has provided advice to the Gold Reef Board that the terms and conditions of the Specific Buyback, as part of the Proposed Transaction, are fair to the Gold Reef Shareholders.

15.2 Fair and Reasonable opinion in terms of the SRP Code

Grant Thornton has been requested to provide appropriate external advice to the Gold Reef Board in terms of Rule 3.1 of the SRP Code in relation to the affected transaction and the proposed waiver of the Mandatory Offer at an assumed price per Gold Reef Share based on the Gold Reef pre-cautionary share price of R19.25.

The deemed offer price of R19.25 per share is 10.3% lower than Grant Thornton's base case valuation and only marginally higher than Grant Thornton's downside case valuation. As such, Grant Thornton do not believe the deemed offer price of R19.25 to be fair and reasonable to Independent Gold Reef Shareholders.

Grant Thornton has advised that based on an assumed price per Gold Reef Share based on the Gold Reef pre-cautionary share price of R19.25, the request that the Independent Gold Reef Shareholders waive the requirement for a Mandatory Offer, is fair and reasonable.

15.3 Opinion and recommendation of the Gold Reef Board

The Gold Reef Board has considered these opinions and the terms and conditions of the Proposed Transaction and, having taken into account these and other factors, is of the opinion that the terms and conditions of the Proposed Transaction are fair to the Gold Reef Shareholders and are in the best interests of the Gold Reef Shareholders.

Having regard to the advice provided by Grant Thornton in terms of the SRP Code, the Gold Reef Directors are of the opinion that the waiver of the Mandatory Offer at an assumed price per Gold Reef Share based on the Gold Reef pre-cautionary share price of R19.25 is in the best interests of Gold Reef Shareholders in order to effect the Proposed Transaction.

The Gold Reef Board recommends that Gold Reef Shareholders vote in favour of the Resolutions to be proposed at the General Meeting necessary to implement the Proposed Transaction.

Due to the payments arising from the No Fault Termination (as defined in the Executives' Service Agreements), referred to in paragraph 11.6.9 of this circular, the Executives will not be entitled to exercise the votes attaching to their Gold Reef shareholding detailed in paragraph 11.6.4 of this circular at the General Meeting.

By virtue of the fact that Tsogo Sun Expansion controls the voting pool in terms of the Voting Pool Agreement, the voting pool has been deemed to be an associate of Tsogo Sun Expansion and therefore those Gold Reef Directors whose indirect interests' in Gold Reef are held through the voting pool will not be entitled to exercise the votes attaching to their Gold Reef shareholding detailed in paragraph 11.6.4 of this circular at the General Meeting.

Consequently, none of the Gold Reef Directors referred to in paragraph 11.6.4 of this circular will be entitled to exercise the votes attaching to their Gold Reef shareholding at the General Meeting.

The full text of the fairness opinion in relation to the Proposed Transaction, including the Specific Buyback, and the fair and reasonable opinion in terms of the SRP Code are set out in Annexure 1 and Annexure 2 respectively to this circular.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Gold Reef Directors, whose names appear on page 24 of this circular, collectively and individually accept full responsibility for the accuracy of the information only in relation to Gold Reef and specifically not the information relating to Tsogo given in this circular and certify that, to the best of their knowledge and belief, there are no material facts in relation to Gold Reef 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 circular contains all information in relation to Gold Reef required by law and the Listings Requirements.

17. WORKING CAPITAL STATEMENT

As required in terms of the Listings Requirements, the Gold Reef Directors, after considering the effect of the Specific Buyback as part of the Proposed Transaction, have considered the working capital pack of Gold Reef prepared in compliance with the Listings Requirements and have placed reliance on a working capital resolution passed by the Tsogo Board, without being in a position to verify the supporting documents and information that such resolution was based on. The Tsogo Directors have considered the working capital pack of Tsogo prepared in compliance with the Listings Requirements. Accordingly the Gold Reef Directors are of the opinion that:

- Gold Reef and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of approval of this circular;
- the assets of Gold Reef and the Group will be in excess of the liabilities of Gold Reef and the Group for a period of 12 months after the date of approval of this circular. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the audited annual financial statements of Gold Reef;
- the share capital and reserves of Gold Reef and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this circular;
- the working capital of Gold Reef and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this circular; and
- the terms and conditions of the Specific Buyback are fair to the Gold Reef Shareholders, after having taken into account, amongst other factors, Grant Thornton's opinion that the Specific Buyback is fair to the Gold Reef Shareholders.

The listing of the Gold Reef Consideration Shares is subject to the JSE obtaining a positive working capital sign-off, in respect of a period of not less than 18 months, in the manner stipulated by the Listings Requirements from the Merged Entity Board. Accordingly, the Gold Reef Directors have not considered the working capital of the Merged Entity and further details thereof will be provided to Gold Reef Shareholders in due course.

18. EXPERTS' CONSENTS

All the advisors and the transfer secretaries have consented in writing to act in the capacities stated and to their names being included in this circular and have not withdrawn their consent prior to the issue of this circular. These consent letters are available for inspection in terms of paragraph 19 below.

The independent reporting accountants have given their consent in writing and have not withdrawn their consent to their name being included in this circular and to the issue of this circular, including the reporting accountants' reports in the form and context in which they are included in this circular.

The independent expert has given its consent in writing and has not withdrawn its consent to its name being included in this circular and to the issue of this circular, including the independent expert's letters in the form and context in which they are included in Annexure 1 and Annexure 2.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof will be available for inspection during normal business hours at the registered office of Gold Reef, from the date of this circular, up to and including Monday, 26 April 2010:

- 19.1** the memoranda and articles of association of Gold Reef, Tsogo, Tsogo Sun Gaming, Southern Sun, Tsogo Sun Casinos (Proprietary) Limited, Tsogo Sun KwaZulu-Natal (Proprietary) Limited, Akani Egoli and Silverstar Casino;
- 19.2** the written letters of consent of the financial advisor and sponsor, independent expert, independent reporting accountants, legal advisors, communications advisor and transfer secretaries to Gold Reef to the inclusion of their names in this circular in the context and form in which they appear;
- 19.3** the written letters of consent of the investment bank, corporate law advisors and communications advisor to Tsogo to the inclusion of their names in this circular in the context and form in which they appear;
- 19.4** the independent reporting accountants' report on the audited historical financial information of Tsogo for the financial years ended 31 March 2009, 2008 and 2007;

- 19.5** the independent reporting accountants' report on the reviewed condensed consolidated interim financial information of Tsogo for the six months ended 30 September 2009;
- 19.6** the independent reporting accountants' report on the unaudited *pro forma* financial information of the Merged Entity;
- 19.7** the independent expert's report in terms of the Listings Requirements;
- 19.8** the independent expert's report in terms of Rule 3.1 of the SRP Code;
- 19.9** the audited results of Gold Reef for the three years ended 31 December 2008, 2007 and 2006;
- 19.10** published unaudited interim results of Gold Reef for the six months ended 30 June 2009;
- 19.11** a signed copy of the rules of the Gold Reef Share Scheme;
- 19.12** the Voting Pool Agreement;
- 19.13** the Exchange Agreement;
- 19.14** summaries of the Service Agreements; and
- 19.15** a signed copy of this circular.

For and on behalf of

GOLD REEF RESORTS LIMITED

Dr E N Banda

Chairman

Ormonde
3 April 2010

Registered office

Gate 4, Gold Reef City
Northern Parkway
Ormonde
Johannesburg, 2091
South Africa
(Private Bag X1890, Gold Reef City, 2159)

INDEPENDENT EXPERT'S OPINION REGARDING THE RELATED PARTY TRANSACTION

"The Board of Directors
Gold Reef Resorts Limited
Gate 4, Gold Reef City
Northern Parkway
Ormonde
Johannesburg, 2091
South Africa

23 March 2010

Dear Sirs

OPINION IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE LIMITED ("the JSE") REGARDING THE PROPOSED ACQUISITION BY GOLD REEF RESORTS LIMITED ("GOLD REEF") OF 100% OF THE ISSUED ORDINARY SHARE CAPITAL OF TSOGO SUN HOLDINGS (PROPRIETARY) LIMITED ("TSOGO")**INTRODUCTION**

Gold Reef wishes to acquire 100% of the issued share capital of Tsogo from Tsogo Investment Holding Company (Proprietary) Limited ("TIH") and SABSA Holdings (Proprietary) Limited ("SABSA") ("Tsogo shareholders") in consideration for the issue of new Gold Reef Shares ("the Proposed Transaction").

TIH currently holds 127 500 000 ordinary shares (51%) in Tsogo while SABSA holds 122 500 000 ordinary shares (49%).

Should the Proposed Transaction be implemented, a merged entity to be renamed Tsogo Sun Holdings Limited ("Tsogo Sun Holdings") will be formed and TIH will be issued with 453 013 124 shares in Gold Reef as consideration for their shares in Tsogo, while SABSA will be issued with 435 247 904 Gold Reef shares. The combined shareholding of TIH and SABSA following the Proposed Transaction will constitute an 81% interest in Gold Reef and on this basis, the Proposed Transaction is considered to be a reverse take-over.

Tsogo Sun Expansion No. 1 (Proprietary) Limited ("Tsogo Sun Expansion"), an indirectly wholly-owned subsidiary of Tsogo, currently owns 69 205 093 shares in Gold Reef which, net of treasury shares, represents a 24.99% economic interest in Gold Reef. Furthermore, Tsogo Expansion controls 34.86% of the voting interest in Gold Reef by virtue of its control of the voting pool. As a result, the Proposed Transaction is classified as a related party transaction in terms of paragraph 10.1 of the Listings Requirements of the JSE Limited ("the Listings Requirements").

SCOPE

In terms of Section 10.4(f) of the Listings Requirements, the Board of Directors of Gold Reef ("the Board") is required to obtain an opinion on the fairness of the terms of the Proposed Transaction from an independent professional expert.

Furthermore, as a consequence of the implementation of the Proposed Transaction, Gold Reef will indirectly acquire all of the Tsogo Expansion Shares (through a Specific Buyback). The Board is also required to obtain an opinion on the fairness of the terms and conditions of the Specific Buyback from an independent professional expert.

The Board has appointed Grant Thornton to act as independent expert and to advise the Board on whether the terms and conditions of the Proposed Transaction including the Specific Buyback are fair to the Gold Reef Shareholders.

DEFINITION OF THE TERM “FAIRNESS”

The term “fairness” is defined in Schedule 5 of the Listings Requirements as being primarily based on quantitative issues. In order for the Proposed Transaction to be fair to Gold Reef Shareholders, the fair value of the assets acquired from the Tsogo Shareholders would need to be equal to or greater than the fair value of the shares that will be issued to the Tsogo Shareholders and unfair if the opposite would hold true.

This fairness opinion does not purport to cater for individual shareholder’s positions but rather the general body of shareholders. A shareholder’s decision regarding the fairness of the Proposed Transaction may be influenced by his or her particular circumstances (for example taxation and the price paid for the shares). Should a shareholder be in doubt, he or she should consult an independent advisor as to the merits of the Proposed Transaction, considering his or her personal circumstances.

SOURCES OF INFORMATION

During the course of our analysis, we relied upon financial and other information, including prospective financial information, obtained from Gold Reef and Tsogo’s managements, together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

The principal sources of information used in formulating our opinion regarding the Proposed Transaction include:

- the terms and conditions of the Proposed Transaction as set out in the Exchange Agreement;
- the published annual reports, including audited financial statements, of Gold Reef for the 2005, 2006, 2007 and 2008 financial years;
- the audited annual financial statements of Tsogo for the 2007, 2008 and 2009 financial years;
- the reviewed financial information for Tsogo for the six months ended 30 September 2009;
- the unaudited management accounts of Gold Reef for the financial year ended 31 December 2009;
- forecast financial information provided by the Gold Reef management team for the years ending 31 December 2010, 2011, 2012 and 2013;
- limited forecast financial information provided by the Tsogo management team;
- casino gross gambling revenues and taxes as per the National and Provincial Gambling Boards; and
- average annual hotel occupancies and average room rate data for South Africa and the primary cities sourced from Smith Travel Research.

Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained through discussions with the managements of Gold Reef and Tsogo.

In reviewing and developing the forecasts for both Gold Reef and Tsogo we relied on our internal resources and knowledge of the South African casino, hotel and tourism industries, assimilated from more than 25 years of providing expert advice to these market sectors.

Our procedures and enquiries did not constitute an audit in terms of the Statements of South African Auditing Standards. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

PROCEDURES AND VALUATION APPROACH

In our evaluation of the fairness of the Proposed Transaction, we have performed, *inter alia*, the following procedures:

- reviewed the terms and conditions of the Proposed Transaction as set out in the Exchange Agreement;
- considered the rationale for the Proposed Transaction as represented by the directors and managements of Gold Reef and Tsogo;
- considered the process followed by the directors and managements in securing the Proposed Transaction;
- considered the prevailing economic and market conditions in the industry in which Gold Reef operates;

- critically reviewed the forecast model prepared by Gold Reef management and considered this against our own projections of provincial casino gross gaming revenue (CGGR) and projections of CGGR per Gold Reef casino and made adjustments as considered appropriate;
- developed a detailed forecast model for Tsogo, by considering:
 - projected average room rate (ARR) and average room occupancy (ARO) for each owned and managed hotel (including those under construction) in the Tsogo portfolio (utilising a projected future supply and demand model for each hotel market);
 - the (limited) impact of the 2010 FIFA World Cup on hotel ARO and ARR;
 - projected performance of each hotel (or hotel group) to Gross Operating Profit (GOP) level;
 - projected casino gross gaming revenue (CGGR) by casino based on projected provincial CGGR and related market share (the projected provincial CGGR utilized is equivalent to that applied to the Gold Reef forecasts);
- casino operating performance based on historical performance and projected future performance;
- considered financial data for publicly traded companies engaged in the same or similar lines of business to develop appropriate valuation multiples and operating comparisons to apply to Gold Reef and Tsogo; and
- considered appropriate valuation discounts/premiums to apply to the results of our valuation analyses.

An Income Approach (Discounted Cash Flow ("DCF") methodology) was used to determine indicative values for Gold Reef and Tsogo. The key value drivers in our DCF valuations are:

- the financial and operating projections including revenues, operating margins (e.g. earnings before interest and taxes);
- working capital requirements;
- forecast capital expenditures; and
- discount rates.
- The Market Approach (market multiple methodology) was used as a secondary assessment.
- We have not interviewed Gold Reef shareholders to obtain their views on the Proposed Transaction.

ASSUMPTIONS

Our opinion is based on the following key assumptions:

- current economic, regulatory and market conditions will not change materially;
- Gold Reef and Tsogo are not involved in any material legal proceedings;
- Gold Reef and Tsogo have no material outstanding disputes with the South African Revenue Service;
- there are no other contingencies that could affect the value of Gold Reef or Tsogo;
- the structure of the Proposed Transaction will not give rise to any tax liabilities that may affect the consideration; and
- the representations made by the Gold Reef and Tsogo management during the course of forming this opinion are accurate.

OPINION

Based on the information considered and our indicative valuation results for Gold Reef and Tsogo, we are of the opinion that the terms and conditions of the Proposed Transaction are fair to Gold Reef Shareholders. Furthermore, we are of the opinion that the terms of the Specific Buyback are fair to Gold Reef Shareholders.

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Gold Reef and Tsogo managements up to 23 March 2010. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

LIMITING CONDITIONS

Budgets/projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those projected/forecast by the managements of Gold Reef and Tsogo.

This letter and opinion is provided solely for the benefit of the Gold Reef Board in connection with and for the purpose of their consideration of the Proposed Transaction (including the Specific Buyback) in terms of the Listings Requirements and their recommendation to Gold Reef Shareholders. It does not constitute a recommendation to any Gold Reef Shareholders as to how to vote at any meeting relating to the Proposed Transaction or on any matters relating to it, nor as to the acceptance of the Proposed Transaction. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and our opinion are used or relied upon for anything other than its intended purpose.

INDEPENDENCE

In terms of Schedule 5 of the Listings Requirements, we confirm that Grant Thornton has no direct interests in the shares in Gold Reef, TIH, HCI or SABSA or their respective holding companies.

In addition, Grant Thornton has no material interest in the Proposed Transaction or the success or failure thereof. Accordingly, we believe we are sufficiently independent to provide this fairness opinion.

CONSENT

We consent to the inclusion of this letter and the reference to our opinion in the circular to be issued to Gold Reef Shareholders.

Yours faithfully,

Jeanette Hern
Partner Grant Thornton

137 Daisy Street
Sandown
2196"

INDEPENDENT EXPERT'S OPINION IN TERMS OF THE REQUIREMENTS OF THE SRP CODE

"The Board of Directors
Gold Reef Resorts Limited
Gate 4, Gold Reef City
Northern Parkway
Ormonde
Johannesburg, 2091
South Africa

23 March 2010

Dear Sirs

OPINION IN TERMS OF RULE 3.1 OF THE SRP CODE REGARDING THE PROPOSED ACQUISITION BY GOLD REEF RESORTS LIMITED ("GOLD REEF") OF 100% OF THE ISSUED ORDINARY SHARE CAPITAL OF TSOGO SUN HOLDINGS (PROPRIETARY) LIMITED ("TSOGO")**INTRODUCTION**

Gold Reef wishes to acquire the entire issued ordinary share capital of Tsogo from Tsogo Investment Holding Company (Proprietary) Limited ("TIH") and SABSA Holdings (Proprietary) Limited ("SABSA") ("Tsogo shareholders") in consideration for the issue of new Gold Reef Shares ("the Proposed Transaction").

The implementation of the Proposed Transaction would give rise to a change in Gold Reef's shareholding which would result in control of the company vesting in the Tsogo shareholders. The Transaction would therefore meet the definition of an "affected transaction".

SCOPE

In terms of Rule 8.1 of the Code an "affected transaction" requires a mandatory offer to be made by TIH and SABSA to all Gold Reef Shareholders. However, in terms of Rule 8.7 of the Code, the requirement for a mandatory offer will normally be dispensed with by the SRP provided that a majority of independent votes at a properly constituted meeting of the holders of the relevant securities (being the Gold Reef Shareholders (excluding Tsogo Sun Expansion and its associates) ("the independent Gold Reef Shareholders")) are cast in favour of a resolution waiving the requirement for a mandatory offer. The granting of the aforesaid dispensation and waiver in respect of the mandatory offer as a result of the increased shareholding and the Shareholders' Agreement is a condition precedent to the Proposed Transaction. Accordingly, the Gold Reef Shareholders will be asked at the General Meeting to approve the proposed waiver of the requirement of a mandatory offer to be made to the Gold Reef Shareholders.

As the Proposed Transaction is classified as a "reverse take-over" in terms of the Securities Regulation Code and Rules of the Securities Regulation Panel ("SRP") ("the Code"), the board of directors of Gold Reef ("the Board") is required to obtain appropriate external advice in terms of Rule 3.2 of the Code as to whether the proposed resolution regarding the waiver of the mandatory offer at an assumed price of R19.25 per Gold Reef Share, being the closing price per Gold Reef Share on Friday, 29 January 2010, prior to the release of the Gold Reef cautionary announcement on the Stock Exchange News Services of the JSE, in terms of Rule 8.7 of the Code, is fair and reasonable to the independent Gold Reef Shareholders.

The Board has appointed Grant Thornton to act as independent expert and to advise the Board on whether the deemed offer price of R19.25 per Gold Reef share is fair and reasonable to the Independent Gold Reef Shareholders.

DEFINITION OF THE TERMS “FAIRNESS” AND “REASONABLENESS”

Fairness is primarily based on quantitative issues and reasonableness on qualitative issues. For illustrative purposes, for the deemed offer price of R19.25 per share to be fair and reasonable to Independent Gold Reef Shareholders, the fair market value per share of Gold Reef would need to be lower than the deemed offer price.

DETERMINATION OF FAIRNESS AND REASONABLENESS

Our assessment of the fairness and reasonableness of the deemed offer price of R19.25 is based on our valuation of Gold Reef, which was performed in order to comply with Section 10.4(f) of the Listings Requirements of the JSE Limited.

Annexure 1 of this circular provides further details about our valuation of Gold Reef. Based on our valuation, we determined a fair value range per Gold Reef Share of R18.78 to R25.05, with a base case valuation of R21.46.

OPINION

The deemed offer price of R19.25 per share is 10.3% lower than our base case valuation and only marginally higher than our downside case valuation. As such, we do not believe the deemed offer price of R19.25 to be fair and reasonable to Independent Gold Reef Shareholders.

We are therefore of the opinion that, based on a deemed offer price of R19.25 per Gold Reef Share, the request that the Independent Gold Reef Shareholders waive the requirement for a mandatory offer to be made to all Independent Gold Reef Shareholders to be waived, is fair and reasonable.

INDEPENDENCE

In terms of Rule 3.3 of the Code, read with SRP Practice Note 1/95, we confirm that Grant Thornton has no direct interest in the shares in Gold Reef, TIH, HCI or SABSA or their respective holding companies.

In addition, Grant Thornton has no material interest in the Proposed Transaction or the success or failure thereof. Accordingly, we believe we are sufficiently independent to provide this fairness opinion.

CONSENT

We consent to the inclusion of this letter and the reference to our opinion in the circular to be issued to the shareholders of Gold Reef.

Yours faithfully,

Jeanette Hern
Partner Grant Thornton

137 Daisy Street
Sandown
2196”

AUDITED HISTORICAL FINANCIAL INFORMATION OF TSOGO FOR THE FINANCIAL YEARS ENDED 31 MARCH 2009, 2008 AND 2007

INTRODUCTION

The historical financial information of Tsogo Sun Holdings (Proprietary) Limited ("Tsogo Sun") set out below has been extracted from the audited annual financial statements of Tsogo Sun for the years ended 31 March 2009, 2008 and 2007. The annual financial statements were audited by PricewaterhouseCoopers Inc and reported on without qualification.

The historical financial information of Tsogo Sun is the responsibility of the directors of Tsogo Sun.

COMMENTARY

2007 Group results

The financial performance of the Group continues to be assisted by the buoyant South African economy which has stimulated consumer spending and demand for leisure and lifestyle products and activities.

All sectors of the consumer economy have benefited. The Casino Industry in general and Tsogo Sun Gaming in particular have been no exception, with real growth in casino win being experienced in all units, and a continuation of this trend has been seen in the 2007 financial year. The South African hotel industry has reported one of its best years ever on the back of a strong local economy and growth in international arrivals from Africa, Europe and the Americas. Strong demand coupled with limited capacity growth to date, is assisting the Group in achieving significant real growth in average room rates.

Tsogo Sun Gaming has continued to experience strong growth in gaming revenues on the back of unprecedented levels of consumer spending and the broadening of the consumer base. Tsogo Sun Gaming has maintained or exceeded its relative growth in all provinces within which it operates, except for Emontweni in Mpumalanga, and is well positioned to produce above inflation organic growth in the forthcoming year. However, the rate of growth in gaming win is expected to be more modest in the 2008 financial year.

Southern Sun Hotels enjoyed one of its most successful trading years in recent history culminating in a RevPar growth of 23%.

An 18% increase in adjusted earnings to R646 million was reported for the year. Excluding STC charges which distorted results due to the payment of a special dividend in July 2006 (see below) adjusted earnings improved by 34% on last year.

Continuing good organic growth is expected in the 2008 financial year.

Dividends

The following ordinary dividends were declared during the financial year:

- final: R32 million (declared on 22 June 2006, paid on 28 June 2006); and
- special: R657 million (declared on 24 July 2006, paid on 27 July 2006); and
- interim: R110 million (declared on 8 December 2006, paid on 28 December 2006).

Preference dividends of R14,5 million relating to preference share capital of subsidiaries of the Group were accrued for and paid during the year under review.

2008 Group results

The financial performance of the Group particularly in the first nine months of the financial year continued to be assisted by the buoyant South African economy and the demand for leisure and life style products and activities.

All sectors of the consumer economy in South Africa have benefited. The casino industry in general and Tsogo Sun Gaming in particular have been no exception, with continued real growth in casino win being experienced in all units. The South African hotel industry enjoyed another year of strong RevPar growth on the back of a strong local economy and growth in international arrivals from Africa, Europe and the Americas.

The gaming industry in South Africa continued to grow steadily during the year under review with Tsogo Sun Gaming having maintained or exceeded its relative growth in all provinces within which it operates except for Suncoast in KwaZulu-Natal. Tsogo Sun Gaming recorded a 10% increase in gaming revenue and 15% growth in total revenues to R3,8billion assisted by the first time inclusion of Montecasino's East End development (restaurants, hotel, piazza and theatre) and the new Suncoast Hotel. However the rate of growth in gaming win is expected to be more modest in the 2009 financial year with the impact of the recently opened Silverstar Casino (mid-December 2007) resulting in a re-balancing of regional market share and the impact of higher interest rates and fuel prices expected to have a dampening effect on gaming win growth in F'09.

Southern Sun Hotels in South Africa has experienced exceptional trading performances with RevPar increases of 20% per annum recorded over the past two years (years ended March 2007 to 2008) and with EBITDAR growth of 39% and 38% reported for the 2007 and 2008 years, respectively. RevPar growth has been underpinned by increases in rate and consistently high occupancy levels. The Group's hotels outside South Africa also recorded good trading results with RevPar for the year ending 33% above last year. Groupwide RevPar ended strongly to finish 24% above the 2007 financial year, surpassing the 23% year on year RevPar growth reported for that year.

The Group reported a 78% increase in adjusted earnings to R1,150 million and a 69% increase in headline earnings to R1,076 million. These results were assisted by higher prior year long term incentive ('LTI') and STC costs incurred on the July 2006 special dividend not re-occurring.

The growth in Group revenues and profitability is expected to be more moderate in the 2009 financial year as increased interest rates, oil prices and consequential inflation impact on the rate of consumer spending and economic activity.

Dividends

The following ordinary dividends were declared during the financial year:

- final: R197 million (declared on 27 June 2007, paid on 29 June 2007); and
- interim: R209 million (declared on 12 December 2007, paid on 28 December 2007).

Preference dividends of R20,7 million (2007: R14,5 million) relating to preference share capital of subsidiaries of the Group were accrued for and paid during the year under review.

2009 Group results

The financial results for the year ended 31 March 2009 represented a solid performance with growth in Group income to R5 920 million (8% above the prior year) and earnings before interest, tax, depreciation, amortisation and rentals ("EBITDAR"), pre non trading items, of R2 622 million (2% growth on the prior year). This was achieved despite the economic slow down impacting hotels and gaming and the rebasing of the Montecasino market share in Gauteng as a result of the opening of Silverstar casino on the West Rand of Johannesburg.

The Tsogo Sun Gaming division continued to outperform other operators in South Africa in terms of EBITDAR margin. Total income of R3 886 million and EBITDAR (pre non trading items) of R1 733 million were achieved during the year. Montecasino successfully hosted numerous high profile events at the Teatro and the Outdoor Events Arena, including Disney's Beauty and the Beast and High School Musical after the successful Lion King, the SA Open Tennis, Boktown and the inaugural SA Tattoo amongst others. The KwaZulu-Natal market performed well during the year under review, with Suncoast casino further benefiting from improved trading at the Suncoast Hotel & Towers. Additional slot machines have been added and new parking created at this unit to assist peak period capacity. The Group's other casino interests in Nelspruit, Emalahleni (Witbank) and East London performed satisfactorily during the year.

Southern Sun Hotels in South Africa together with the general tourism and hospitality industry were affected during the year by the contraction in the local economy especially during the second half of the financial year. After a number of years of unprecedented growth in hotel room rates and rooms sold, demand in the key corporate, leisure and Special Tour Operators (STO) markets has declined significantly. The South African hotels division recorded revenue growth of 21% to R1 778 million during the year with EBITDAR (pre-non-

trading items) growth of 12% to R780 million, assisted by the consolidation of the Cullinan Group, with effect from 1 April 2008, previously accounted for as a joint venture.

The Hotels Offshore division, achieved total revenue of R294 million, representing 33% growth on the prior year with EBITDAR (pre-non-trading items) of R104 million ending some 24% up on last year. The divisions results were assisted by strong trading in the first half of the year, and weaker average Rand/US\$ and Rand/Euro translation rates during the year.

Earnings attributable to ordinary shareholders of R909 million ended 19% below last year due largely to higher finance costs incurred on increased net debt levels, a fair value loss incurred on a financial instrument over certain Gold Reef Resorts Limited shares together with increased tax charges impacted by higher Secondary tax on dividends on the Special dividend paid to shareholders during the year.

In addition to major maintenance and refurbishment capital expenditure, Tsogo Sun Holdings has undertaken a number of corporate activities during the financial year which will position the Group to benefit substantially from the economic recovery, when it arrives. These activities include:

- the addition of five hotels to the portfolio (StayEasy Rustenburg – opened and Southern Sun Hyde Park, Southern Sun Montecasino, StayEasy Witbank and Southern Sun Ikoyi – all under construction);
- the acquisition of the Century Casinos Caledon and Newcastle operations (subject to regulatory approval);
- the acquisition of the 23% (33% voting) interest in Gold Reef Resorts Limited. Gold Reef Resorts has been accounted for as an associate with effect from October 2008. Accordingly, R45 million has been included in the Group's equity earnings during this financial year;
- the mixed use development at Montecasino, now officially named The Pivot, which is under construction and includes offices, parking and the Southern Sun Hotel mentioned above; and
- redevelopment and expansion of The Ridge casino including a new Privé, Cinemas and the StayEasy hotel.

The Tsogo Sun Group remains focused on a growth strategy and will continue to pursue opportunities to develop and enhance its core Hotels and Gaming businesses.

Dividends

The following ordinary dividends were declared during the financial year:

- final: R325 million (declared on 25 June 2008, paid on 27 June 2008); and
- special: R1 billion (declared on 5 August 2008, paid on 15 September 2008).

Preference dividends of R23,9 million (2008: R20,7 million) relating to preference share capital of subsidiaries of the Group were accrued for and paid during the year under review.

AUDITED FINANCIAL INFORMATION FOR THE YEARS ENDED 31 MARCH 2009, 2008 and 2007

BALANCE SHEETS
as at 31 March

	Note	2009 R'000	2008 R'000	2007 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	6	4 960 993	3 932 686	3 518 939
Goodwill	7	360 956	349 496	356 696
Other intangible assets	8	143 698	146 488	135 755
Investments in associates	9	1 433 697	62 794	37 644
Investments in joint ventures	10	118 563	211 370	184 103
Available-for-sale financial assets	11	1 906	15 215	33 738
Derivative financial instruments	12	–	1 168	–
Non-current receivables	13	142 347	122 495	124 948
Deferred income tax assets	14	63 220	56 590	52 844
		7 225 380	4 898 302	4 444 667
Current assets				
Inventories	15	126 613	109 260	90 859
Trade and other receivables	16	354 081	388 328	325 183
Available-for-sale financial assets	11	4 990	5 078	–
Derivative financial instrument	12	–	–	2 575
Current income tax assets		1 657	220	1 720
Cash and cash equivalents	17	506 132	342 944	213 637
		993 473	845 830	633 974
Total assets		8 218 853	5 744 132	5 078 641
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Ordinary share capital and premium	18	1 074 112	1 074 112	1 074 112
Cash flow hedging reserve		(39 515)	841	1 828
Foreign currency translation reserve		157 125	111 576	44 886
Surplus arising on change in control in joint venture		130 425	–	–
Retained earnings		1 124 561	1 541 105	824 791
		2 446 708	2 727 634	1 945 617
Minority interest in equity		671 658	308 486	183 303
Total equity		3 118 366	3 036 120	2 128 920
LIABILITIES				
Non-current liabilities				
Borrowings	19	2 169 589	327 517	652 816
Preference share capital and premium	20	240 000	240 000	240 000
Post-retirement medical aid liability	21	24 881	26 061	21 754
Derivative financial instrument	12	31 087	–	–
Deferred income tax liabilities	14	160 004	56 393	48 230
Obligations under finance lease	22	62 402	65 531	67 072
Liability for long-term incentives	23	12 540	26 824	214 533
Provisions and other liabilities	24	264 073	280 541	244 007
Deferred revenue	25	3 667	20 637	18 406
		2 968 243	1 043 504	1 506 818
Current liabilities				
Trade and other payables	26	758 482	633 408	557 429
Current income tax liabilities		110 434	156 604	128 113
Derivative financial instrument	12	23 795	58 871	–
Borrowings	19	1 115 459	425 701	532 558
Obligations under finance lease	22	3 121	1 931	3 135
Liability for long-term incentives	23	7 743	293 773	125 379
Deferred revenue	25	31 645	14 844	13 239
Provisions	27	81 565	79 376	83 050
		2 132 244	1 664 508	1 442 903
Total liabilities		5 100 487	2 708 012	2 949 721
Total equity and liabilities		8 218 853	5 744 132	5 078 641

INCOME STATEMENTS
for the year ended 31 March

	Note	2009 R'000	2008 R'000	2007 R'000
Revenue	33	2 676 802	2 275 767	1 826 806
Net gaming win	1t)	3 243 476	3 222 990	2 920 637
Income		5 920 278	5 498 757	4 747 443
Gaming levies and VAT	34	(656 204)	(651 040)	(589 351)
Amortisation and depreciation	35	(376 707)	(308 936)	(329 989)
Property and equipment rentals	36	(182 220)	(173 480)	(161 658)
Other operating expenses	37	(2 768 063)	(2 405 585)	(2 261 285)
Operating profit		1 937 084	1 959 716	1 405 160
Interest income	38	35 464	25 272	31 103
Finance costs	39	(382 303)	(113 045)	(120 669)
Share of profit of associates and joint ventures	9, 10	64 299	46 943	18 820
Profit before income tax		1 654 544	1 918 886	1 334 414
Income tax expense	40	(579 442)	(659 482)	(584 224)
Profit for the year		1 075 102	1 259 404	750 190
Attributable to:				
Equity holders of the Company		908 456	1 122 314	652 774
Minority interest		166 646	137 090	97 416
		1 075 102	1 259 404	750 190

All operations are continuing.

**STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 March**

	Attributable to equity holders of the Company									
	Ordinary share capital R'000	Ordinary share premium R'000	Cash flow hedge reserve R'000	Foreign currency translation reserve R'000	Surplus arising on change in control in joint venture R'000	Retained earnings R'000	Total R'000	Minority interest R'000	Total equity R'000	
Balance at 31 March 2006	25	1 074 087	-	(9 795)	-	971 017	2 035 334	89 009	2 124 343	
Profit for the year	-	-	-	-	-	652 774	652 774	97 416	750 190	
Cash flow hedge	-	-	-	-	-	-	-	-	-	
- Fair value gains during year	-	-	2 575	-	-	-	2 575	-	2 575	
- Deferred tax on fair value gains	-	-	(747)	-	-	-	(747)	-	(747)	
Ordinary dividend	-	-	-	-	-	(799 000)	(799 000)	(4 000)	(803 000)	
Currency translation adjustments	-	-	-	54 681	-	-	54 681	878	55 559	
Balance at 31 March 2007	25	1 074 087	1 828	44 886	-	824 791	1 945 617	183 303	2 128 920	
Profit for the year	-	-	-	-	-	1 122 314	1 122 314	137 090	1 259 404	
Cash flow hedge	-	-	-	-	-	-	-	-	-	
- Close out of cash flow hedge	-	-	(1 828)	-	-	-	(1 828)	-	(1 828)	
- Fair value gains during year	-	-	1 168	-	-	-	1 168	-	1 168	
- Deferred tax on fair value gains	-	-	(327)	-	-	-	(327)	-	(327)	
Ordinary dividends	-	-	-	-	-	(406 000)	(406 000)	(12 565)	(418 565)	
Currency translation adjustments	-	-	-	66 690	-	-	66 690	658	67 348	
Balance at 31 March 2008	25	1 074 087	841	111 576	-	1 541 105	2 727 634	308 486	3 036 120	
Profit for the year	-	-	-	-	-	908 456	908 456	166 646	1 075 102	
Cash flow hedge	-	-	-	-	-	-	-	-	-	
- Fair value losses during year	-	-	(56 050)	-	-	-	(56 050)	-	(56 050)	
- Deferred tax on fair value losses	-	-	15 694	-	-	-	15 694	-	15 694	
Subsidiary previously accounted for as joint venture	-	-	-	-	-	-	-	-	-	
- at acquisition minority reserves	-	-	-	-	-	-	-	-	-	
- surplus arising on change in control	-	-	-	-	173 600	-	173 600	173 600	347 200	
Deferred tax on revaluation reserve	-	-	-	-	(43 175)	-	(43 175)	(43 175)	(86 350)	
Ordinary dividends	-	-	-	-	-	(1 325 000)	(1 325 000)	(21 500)	(1 346 500)	
Currency translation adjustments	-	-	-	45 549	-	-	45 549	1 133	46 682	
Balance at 31 March 2009	25	1 074 087	(39 515)	157 125	130 425	1 124 561	2 446 708	671 658	3 118 366	

CASH FLOW STATEMENTS
for the year ended 31 March

	Note	2009 R'000	2008 R'000	2007 R'000
Cash flows from operating activities				
Cash generated from operations	44	2 062 383	2 174 849	1 777 506
Interest received		34 891	26 242	35 513
Interest paid		(382 300)	(113 045)	(113 941)
Income tax paid	45	(626 877)	(624 370)	(661 685)
Dividends paid to shareholders	46	(1 325 000)	(406 000)	(799 000)
Dividends paid to minorities		(21 500)	(12 565)	(4 000)
Net cash (utilised in)/generated from operations		(258 403)	1 045 111	234 393
Cash flows from investment activities				
Purchase of property, plant and equipment		(898 455)	(581 059)	(549 448)
Proceeds from disposals of property, plant and equipment		18 893	48 587	7 642
Additions to intangible assets		(16 388)	(40 099)	(8 355)
Cash acquired with subsidiary previously accounted for as joint venture		32 786	–	–
Investment made in associate		(1 267 638)	–	–
Other loans and investments	47	10 502	49 982	(158 803)
Dividends received		11 362	24 301	13 380
Net cash used in investment activities		(2 108 938)	(498 288)	(695 584)
Cash flows from financing activities				
Borrowings raised		2 655 667	5 510	1 440 727
Borrowings repaid		(125 885)	(437 679)	(1 393 959)
Repayments of finance leases		(1 938)	(2 744)	601
Net cash from/(used in) financing activities		2 527 844	(434 913)	47 369
Net increase/(decrease) in cash and cash equivalents		160 503	111 910	(413 822)
Cash and cash equivalents at beginning of year		342 944	213 637	618 701
Foreign currency translation		2 685	17 397	8 758
Cash and cash equivalents at end of year	17	506 132	342 944	213 637

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Group's financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments as described in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. Actual results could differ from those estimates.

(b) Basis of consolidation

The consolidated financial statements include the financial information of the subsidiary and associated entities owned by the Group.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group, where control is the power directly or indirectly to govern the financial and operating policies of the entity so as to obtain benefit from its activities, regardless of whether this power is actually exercised. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Where the Group's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in minority interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. Increases in fair value of assets that occur on the Group obtaining control of an entity previously accounted for as an associate or a joint venture is transferred to a reserve called "Surplus arising on change in control".

Intra-Group balances, and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(ii) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iii) Associates

Associates are entities in which the Group has a long-term interest and over which the Group has directly or indirectly significant influence but not control, generally accompanying a shareholding of 20% to 50%, where significant influence is the ability to influence the financial and operating policies of the entity.

(iv) Joint ventures

A joint venture is a company over which the Group contractually shares control with one or more partners.

The post acquisition results of joint ventures are incorporated in the financial statements using the equity method. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(c) **Business combinations**

(i) *Subsidiaries*

The purchase method is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The separable net assets (including intangibles), are incorporated into the financial statements on the basis of the fair value to the Group from the effective date of control, and the results of subsidiary undertakings acquired during the financial year are included in the Group's results from that date.

Control is presumed to exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists where the Group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

(ii) *Associates*

The Group recognises its share of associates' results as a one line entry before tax in the income statement, after taking account of the share of interest, tax and minority interests.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition reserve movements is recognised in reserves. 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, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Some of the Group's associates have a local statutory accounting reference date of 31 December. These are equity accounted using management prepared information on a basis coterminous with the Group's accounting reference date.

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. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) *Joint ventures*

The Group recognises its share of joint ventures' results as a one line entry before tax in the income statement.

Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(c) **Business combinations** (continued)

(iii) *Joint ventures* (continued)

The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition reserve movements is recognised in reserves. The cumulative post-acquisition movements are adjusted against the Group's share of net assets of the joint venture. 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. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) *Goodwill*

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the Group's share of separable net assets acquired exceeds the fair value of the consideration, the difference is recorded as negative goodwill. Negative goodwill arising on an acquisition is recognised immediately in the income statement.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in the income statement and is not reversed.

The carrying amount of goodwill in respect of associates is included in the carrying value of the investment in the associate.

Where a business combination occurs in several stages, the goodwill associated with each stage is calculated using fair value information at the date of each additional share purchase.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles.

(d) **Foreign exchange**

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rands which is the Group's functional and presentational currency.

(ii) *Transactions and balances*

The financial statements for each Group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with the resultant translation differences being credited or charged against income in the income statement. Translation differences on non-monetary assets such as equity investments classified as available-for-sale assets are included in equity.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(d) **Foreign exchange** (continued)

(iii) *Foreign subsidiaries and associates – translation*

Once-off items in the income and cash flow statements of foreign subsidiaries and associates expressed in currencies other than the South African Rand are translated to South African Rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each balance sheet date. All translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates are recognised as a separate component of equity. For these purposes net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the parent or the foreign entity. When a foreign operation is disposed of, any related exchange differences in equity are recycled through the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) **Property, plant and equipment**

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(i) *Land and buildings*

Land and buildings have been included at their cost and comprise mainly hotels and casinos.

(ii) *Assets in the course of construction*

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and for qualifying assets certain borrowing costs as determined below. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use.

(iii) *Assets held under finance leases*

Assets held under finance leases which result in the Group bearing substantially all the risks and rewards incidental to ownership are capitalised as property, plant and equipment. Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, then depreciated over their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet, classified, as appropriate, as a current or non-current liability. The interest element of the lease obligations is charged to the income statement over the period of the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each financial period.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(e) **Property, plant and equipment** (continued)

(iv) *Depreciation*

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less the estimated residual value of each asset over its expected useful life as follows:

Freehold buildings	35 – 50 years
Leasehold land and buildings	Period of the lease
Plant, vehicles and equipment	3 – 10 years

(v) *Profit or loss on disposal*

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net book amount of the asset.

(vi) *Capitalisation of borrowing costs*

Direct financing costs incurred, before tax, on major capital projects during the period of development or construction that necessarily take a substantial period of time to be developed for their intended use are capitalised up to the time of completion of the project.

(f) **Intangible assets**

Intangible assets are stated at cost less accumulated amortisation on a straight-line basis (if applicable) and impairment losses. Cost is usually determined as the amount paid by the Group, unless the asset has been acquired as part of a business combination. Amortisation is included together with depreciation in the income statement.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

Intangible assets acquired as part of a business combination are recognised separately when they are identifiable, and it is probable that economic benefits will flow to the Group and the fair value can be measured reliably.

(i) *Computer software*

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the Group that will probably generate economic benefits exceeding costs beyond one year are capitalised. Direct costs include software development employment costs (including those of contractors used) and an appropriate portion of overheads. Capitalised computer software, licence and development costs are amortised over their useful economic lives that are reassessed on an annual basis.

Internally generated costs associated with maintaining computer software programs are expensed as incurred.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(f) **Intangible assets** (continued)

(ii) *Bid costs and casino licences*

Costs incurred during the bidding process for a casino licence are capitalised by the individual casino on the successful award of a casino licence, and amortised over the exclusivity period applicable to each licence, which ranges from 10 to 12,5 years from date of commencement of those operations.

The costs associated with unsuccessful casino licence applications are written off as and when related bids are determined to be unsuccessful.

(iii) *Management contracts*

The Group owns a management contract which has been externally purchased and capitalised at cost. This contract is not amortised as the life of the contract is indefinite.

(iv) *Trademarks*

Trademarks are recognised initially at cost. Trademarks have definite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

(g) **Financial assets and financial liabilities**

Financial assets are recognised when the Group has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset.

Interest costs are charged against income in the year in which they accrue. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net interest payable over the life of the instrument.

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity investments, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Financial instruments at fair value through profit or loss*

Financial instruments at fair value through the income statement are non-derivative financial assets held for trading and/or designated by the entity upon initial recognition as fair value through the income statement. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group does not hold any investments in this category.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(g) **Financial assets and financial liabilities** (continued)

(iii) *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 (trade and other receivables), except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified as any of the above. Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on the date on which the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss i.e. directly to equity. Financial assets carried at fair value through profit or loss are initially recognised at fair value and, together with transaction costs, are expensed in the income statement. 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. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

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 other losses/gains – net, 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 payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit and loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(g) **Financial assets and financial liabilities** (continued)

(iv) *Available-for-sale investments* (continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note (h) below.

(h) **Trade receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost 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 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 are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement as bad debts recovered.

(i) **Cash and cash equivalents**

Cash and cash equivalents are carried at cost and include cash in hand, bank deposits, other short-term highly liquid investments and bank overdrafts.

(j) **Derivative financial assets and financial liabilities**

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the balance sheet, depending on when they are expected to mature.

For derivatives that are not designated to have a hedging relationship, all fair value movements thereon are recognised immediately in the income statement. See note (k) for the Group's accounting policy on hedge accounting.

(k) **Hedge accounting**

The derivative instruments used by the Group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedging relationship.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(k) **Hedge accounting** (continued)

In order to qualify for hedge accounting, the Group is required to document the relationship between the hedged item and the hedging instrument. The Group is also required to document and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is re-performed at each period-end to ensure that the hedge has remained and will continue to remain highly effective.

The Group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); hedges of highly probable forecast transactions or commitment (cash flow hedge); or hedges of net investments in foreign operations.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) *Fair value hedges*

Fair value hedges comprise derivative financial instruments designated in a hedging relationship to manage the Group's interest rate risk to which the fair value of certain assets and liabilities are exposed. Changes in the fair value of the derivative offset the relevant changes in the fair value of the underlying hedged item attributable to the hedged risk in the income statement in the period incurred.

Gains or losses on fair value hedges that are regarded as highly effective are recorded in the income statement together with the gain or loss on the hedged item attributable to the hedged risk.

(ii) *Cash flow hedges*

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency or interest rate risk to which the cash flows of certain liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognised in equity. The ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the period in which the hedged item affects profit or loss. However, where a forecasted transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in equity are included in the initial cost of the asset or liability.

(iii) *Hedges of net investments in foreign operations*

Hedges of net investments in foreign operations comprise either foreign currency borrowings or derivatives (typically forward exchange contracts) designated in a hedging relationship.

Gains or losses on hedging instruments that are regarded as highly effective are recognised in equity. These largely offset foreign currency gains or losses arising on the translation of net investments that are recorded in equity, in the foreign currency translation reserve. The ineffective portion of gains or losses on hedging instruments is recognised immediately in the income statement. Amounts accumulated in equity are only recycled to the income statement upon disposal of the net investment.

Where a derivative ceases to meet the criteria of being a hedging instrument or the underlying exposure which it is hedging is sold, matures or is extinguished, hedge accounting is discontinued. A similar treatment is applied where the hedge is of a future transaction and that transaction is no longer likely to occur.

Certain derivative instruments, whilst providing effective economic hedges under the Group's policies, are not designated as hedges. Changes in the fair value of any derivative instruments that do not qualify or have not been designated as hedges are recognised immediately in the income statement. The Group does not hold or issue derivative financial instruments for speculative purposes.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(l) **Inventories**

Inventories are valued at the lower of cost or net realisable value. Operating equipment (which includes gaming chips, uniforms, kitchen utensils, crockery, cutlery and linen) is recognised as an expense based on usage. Provision is made for slow-moving goods and obsolete materials are written off. Cost is determined on the following bases:

- Consumable stores are valued at invoice cost on a first-in, first-out (FIFO) basis.
- Food and beverage inventories and operating equipment are valued at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of the business, less selling expenses.

(m) **Share capital**

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities (see note o). Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the share premium account.

(n) **Trade payables**

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

Trade payables are analysed between current and non-current liabilities on the face of the balance sheet, depending on when the obligation to settle will be realised.

(o) **Borrowings and borrowing costs**

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The non-discretionary dividends on these preference shares are recognised in the income statement as interest expense.

Borrowing costs include all finance costs incurred on borrowing instruments together with related costs of debt facilities management. Such costs include facility commitment fees which are expensed in borrowing costs as incurred and facility raising fees which are amortised through borrowing costs over the life of the related facilities.

(p) **Impairment**

This policy covers all assets except trade receivables (see note h), inventories (see note l), financial assets (see note g), non-current assets classified as held for sale (see note q), and deferred income tax assets (see note v).

Impairment reviews are performed by comparing the carrying value of the non-current asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in the income statement in the period in which it is incurred.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(p) **Impairment** (continued)

Where the asset does not generate cash flows that are independent from the cash flows of other assets the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For the purpose of conducting impairment reviews, CGU's are considered to be the lowest level of groups of assets and liabilities that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

When an impairment is recognised, the impairment loss is held firstly against any specifically impaired assets of the CGU, then taken against goodwill balances. Any remaining loss is set against the remaining intangible and tangible assets on a *pro rata* basis.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in the income statement in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Intangible non-current assets with an indefinite life and goodwill are tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

(q) **Non-current assets (or disposal groups) held for resale**

Non-current assets and all assets and liabilities classified as held for resale are measured at the lower of carrying value and fair value less costs to sell.

Such assets are classified as held for resale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and when management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from date of classification.

(r) **Provisions**

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in the income statement within finance costs.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses however provisions are recognised for onerous contracts where a contract is expected to be loss making (and not merely less profitable than expected).

Provision is made for the estimated liability arising from the issue of benefits under the Group's Frequent Guest programme, based on the value of rewards earned by the programme members.

Provision is made for the potential jackpot payouts on slot machines and are based on the metre readings, the theoretical hits per cycle of slot machines and the level of play as calculated by the number of coins played (the bet).

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(s) **Revenue recognition**

(i) *Hotel and gaming revenues*

Revenue includes the fair value of income derived from hotel trading, restaurant revenues and other non net gaming win and hotel entertainment revenues. VAT on these revenue transactions and are excluded from revenue.

(ii) *Rental and management fee income*

Rental and management fee income is recognised on an accruals basis in accordance with the relevant agreements.

(iii) *Interest income*

Interest income is recognised using the effective interest method.

When a receivable is impaired the Group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate, and continuing to unwind the discount as interest income.

(iv) *Dividend income*

Dividend income is recognised when the right to receive payment is established, and is included in other income, which is offset in other operating expenses.

(t) **Net gaming win**

Net gaming win comprises the net table and slot machine win derived by casino operations from gambling patrons. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions 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.

VAT and other taxes, including gaming levies, that are charged 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 (see note 2(iv)).

(u) **Leases**

(i) *The Group is the lessee*

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged or credited to the income statement on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(u) **Leases** (continued)

(ii) *The Group is the lessor*

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 (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(v) **Income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The Group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

(w) **Secondary tax on companies**

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on the taxable income and the other, a secondary tax (STC) on distributed income. A company has STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

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 received exceed dividends declared within a cycle, STC is payable in 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.

(x) **Dividend distributions**

Dividend distributions to equity holders of the parent are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when approved by the board. Dividends declared after the balance sheet date are not recognised, as there is no present obligation at the balance sheet date.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(y) **Employee benefits**

(i) *Defined contribution plans*

A defined contribution plan is a pension or provident plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For the defined contribution plans, the Group pays contributions to both an in-house pension fund managed by Company and employee nominated trustees and a public administered provident plan on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. The rules of the funds do not allow for prepaid contributions.

(ii) *Other post-employment obligations*

The Group operates a defined benefit plan for a portion of the medical aid members. This fund is now closed to new entrants. The assets of the scheme are held separately from those of the Group and are administered by trustees.

The liability recognised in the balance sheet in respect of the plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related plan liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of:

- 10% of the present value of the defined benefit obligation at that date (before deducting plan assets); and
- 10% of the fair value of any plan assets at that date.

Past-service costs are recognised immediately in income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value in a similar manner to all long-term employee benefits.

(iv) *Bonus plans*

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the year-end.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

1. ACCOUNTING POLICIES (continued)

(y) **Employee benefits** (continued)

(v) *Long-term incentives*

The Group has long-term incentive plans for certain employees. Liabilities equal to the current fair market values of the plans are recognised at each balance sheet date. The moves in the fair values of these liabilities are expensed.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(i) *Principles of 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. 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.

(ii) *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note (d). The recoverable amounts of cash-generating units have been determined based on a fair value less estimated costs to sell basis. These calculations require the use of estimates as noted in note 7.

(iii) *Income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide 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.

(iv) *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. As stated in note t above, 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 punters' perspective.

In the casino industry, the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to punters. 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 entirely by the Group and would have no impact on the punters. The Group thus treats VAT and other taxes levied on casino winnings as direct costs. These costs are included in net gaming win that is disclosed separately on the face of the income statement.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(v) *Property, plant and equipment*

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The Group regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances, and if any changes could affect prospective depreciation charges and asset carrying values. 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. This residual value for casino buildings is determined on an alternative use basis, using information applicable to similar buildings in the areas the Group's casinos operate.

(vi) *Carrying value of investment in Gold Reef Resorts Limited*

An impairment test has been performed on the investment in Gold Reef Resorts Limited, a material associate of the Group. The impairment test was performed on a value in use basis. Management has estimated the operating cash flows of the associate based on past history, performance and management's view of the future performance of the gaming industry. This future performance is in line with the assumptions used by management in preparing the Group's budgets. The cash flows have been estimated for the next five years at growth rates varying between 6% and 12% with the terminal value growth rate at 5%. A discount rate of 11,9% has been used to discount the estimated cash flows. The recoverable amount has been determined to be higher than the current carrying amount shown in note 9 and the market value based on the closing share price at 31 March 2009.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

The Group early adopted IFRS 8: Operating Segments, and has applied it to all years disclosed in the financial information. IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. The segmental report is shown in note 5.

3.1 Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's annual periods beginning on or after 1 April 2009 which the Group has not early adopted. These are as follows:

IFRS 2 (Amendment) Group cash-settled share-based payment transactions (effective for annual periods beginning January 2010)

The amendment clarifies the accounting for the group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the Group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases the transaction is accounted for as cash-settled. This amendment is expected to have no impact on the Group's financial statements.

IFRS 3 Business Combinations – Revised (effective for annual periods beginning 1 July 2009)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit and loss. 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 shall be expensed. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 April 2010.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (continued)

3.1 (continued)

IFRS 7 (Amendment) Financial Instruments Disclosures: Improving Disclosures about Financial Instruments (effective for annual periods beginning 1 January 2009)

The amendment increases the disclosure requirements for fair value measurement and reinforces existing principles for disclosure of liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level of the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. The Group will apply the disclosure requirement of the amendment to IFRS 7 from 1 April 2009.

IFRS 9 Financial Instruments (effective for annual periods beginning 1 January 2013)

This standards that forms the first part of a three-phase project to replace *IAS 39 Financial Instruments: Recognition and Measurement* and is effective for annual periods beginning 1 January 2013. IFRS 9 specifies how an entity should classify and measure financial assets, including hybrid contracts. The standard requires all financial assets to be:

- (a) classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset;
- (b) initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs;
- (c) subsequently measured at amortised cost or fair value.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories. The Group will apply IFRS 9 from 1 April 2013.

IAS 1 Presentation of Financial Statements – Revised (effective for annual periods beginning 1 January 2009)

The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and statement of comprehensive income. Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply IAS 1 from 1 April 2009.

IAS 23 Borrowing Costs – Revised (effective for annual periods beginning 1 January 2009)

The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The accounting policy of the Group is to capitalise borrowing costs and therefore this amendment is not expected to have a significant financial impact on the Group.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (continued)

3.1 (continued)

IAS 24 (Amendment) Related Party Disclosure (effective for annual periods beginning 1 January 2011)

This amendment simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Group will apply this amendment for relevant transactions with effect from 1 April 2011.

IAS 27 Consolidation and Separate Financial Statements – Revised (effective for annual periods beginning 1 July 2009)

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They 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. The Group is assessing the accounting requirements of IAS 27 and will apply IAS 27 from 1 April 2010.

IAS 39 (Amendments) Financial Instruments: Recognition and Measurement (effective for annual periods beginning 1 July 2009)

IAS 39 (revised) clarifies two hedge accounting issues:

- it prohibits designating inflation as a hedgeable component of a fixed rate debt;
- it prohibits including time value in the one-sided hedged risk when designating options as hedges.

The Group is assessing the accounting requirements of IAS 39 Amended and will apply IAS 39 from 1 April 2010.

IFRIC 13: Customer Loyalty Programmes (effective for periods beginning 1 July 2008)

IFRIC 13 addresses the accounting by an entity that grants award credits to its customers as part of a sales transaction or the rendering of services and, subject to meeting any further qualifying conditions, the customers can redeem in the future for free or discounted goods or services. The Group's accounting policy in the comparative period was consistent with the requirements of IFRIC 13, except that IFRIC 13 clarifies that the amount deferred on the balance sheet should be classified as deferred revenue. The Group has reclassified the amount from provisions to deferred revenue. The comparatives will be restated accordingly. The Group will apply IFRIC 13 from 1 April 2009.

3.2 Management have assessed the relevance of the following new standards, amendments and interpretations to existing standards with respect to the Group's operations and concluded that they are not relevant to the Group:

IFRS 1 First Time Adoption of International Financial Reporting Standards – various revisions/ amendments

IFRS 2 Share-based Payment – Vesting conditions and cancellations (effective for periods beginning 1 January 2009)

IAS 27 Consolidation and Separate Financial Statements – Revised (effective for periods beginning 1 January 2009)

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for periods beginning 1 January 2009)

IAS 32 Financial Instruments (Classification of rights issues) (effective for periods beginning 1 February 2010)

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (continued)

3.2 (continued)

In May 2008, the IASB issued the "annual improvements project" whereby minor amendments or clarifications were made to several accounting standards. The adoption of the following standards, amendments and interpretations is not anticipated to have a material effect on the consolidated results of operations or financial position of the Group and Company. These new standards, amendments and interpretations are effective for annual periods beginning on or after 1 April 2009 unless otherwise stated:

IFRS 7 (Amendment) Financial Instruments: Disclosures

- Presentation of finance costs
- Amendment dealing with improving disclosures about financial instruments

IAS 1 (Amendment) Presentation of financial statements

- Current/non-current classification of derivatives

IAS 10 (Amendment) Events after the reporting period

- Amendment resulting from the issue of IFRIC 17 Distributions of Non-cash Assets to Owners (effective for periods beginning on or after 1 July 2009)
- Dividends declared after the end of the reporting period

IAS 16 (Amendment) Property, Plant and Equipment

- Recoverable amount

IAS 18 (Amendment) Revenue

- Costs of originating a loan

IAS 19 (Amendment) Employee benefits

The following changes were made in the amendment:

- Curtailments and negative past service cost
- Plan administration costs
- Replacement of term "fall due"
- Guidance on contingent liabilities

IAS 23 (Amendment) Borrowing Costs

- Components of borrowing costs

IAS 27 Consolidated and Separate Financial Statements

- Measurement of subsidiary held for sale in separate financial statements

IAS 28 (Amendment) Investments in associates

- Required disclosures when investments in associates are accounted for at fair value through profit or loss
- Impairment of investment in associate

IAS 34 (Amendment) Interim financial reporting

- Earnings per share disclosures in interim financial reports

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (continued)

3.2 (continued)

IAS 36 (Amendment) Impairment of assets

- Disclosure of estimates used to determine recoverable amount

IAS 38 Intangible Assets

- Advertising and promotional activities
- Units of production method of amortisation

IAS 39 (Amendment) Financial instruments: Recognition and measurement

- Reclassification of derivatives into or out of the classification of at fair value through profit or loss
- Designating and documenting hedges at the segment level
- Applicable effective interest rate on cessation of fair value hedge accounting

In April 2009, the IASB issued the "annual improvements project" whereby minor amendments or clarifications were made to several accounting standards. The adoption of the following standards, amendments and interpretations is not anticipated to have a material effect on the consolidated results of operations or financial position of the Group and Company. These new standards, amendments and interpretations are effective for annual periods beginning on or after 1 April 2009 unless otherwise stated:

IFRS 2 (Amendment) Group Cash-settled Share-based Payment Transactions

- Clarification of scope of IFRS 2 and IFRS 3 revised

IFRS 8 (Amendment) Operating Segments

- Disclosure of information about segment assets (effective for periods beginning 1 January 2010)

IAS 1 (Amendment) Presentation of financial statements

- Current/non-current classification of convertible instruments (effective for periods beginning 1 January 2010)

IAS 7 (Amendment) Cash flow statements

- Classification of expenditures on unrecognised assets (effective for periods beginning 1 January 2010)

IAS 17 (Amendment) Leases

- Classification of leases of land and buildings (effective for periods beginning 1 January 2010)

IAS 18 (Amendment) Revenue (effective for periods beginning 1 January 2010)

- Determining whether an entity is acting as a principal or as an agent

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (continued)

3.2 (continued)

IAS 36 (Amendment) Impairment of Assets

- Unit of accounting for goodwill impairment testing (effective for periods beginning 1 January 2010)

IAS 38 (Amendment) Intangible Assets

- Additional consequential amendments arising from revised IFRS 3 (revised)
- Measuring the fair value of an intangible asset acquired in a business combination

IAS 39 (Amendment) Financial Instruments – Recognition and Measurement (effective for periods beginning 1 January 2010)

- Treating loan prepayment penalties as closely related derivatives
- Scope exemption for business combination contracts
- Cash flow hedge accounting

3.3 Management have assessed the relevance of the following “annual improvements project” whereby minor amendments or clarifications were made to a several accounting standards with respect to the Group’s operations and concluded that they are not relevant to the Group:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

- Plan to sell the controlling interest in a subsidiary
- Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

- Government loans with a below-market rate of interest
- Consistency of terminology with other IFRSs

IAS 29 Financial Reporting in Hyperinflationary Economies

- Description of measurement basis in financial statements
- Consistency of terminology with other IFRSs

IAS 31 Interests in Joint Ventures

- Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss

IAS 39 Financial Instruments: Recognition and Measurement

- Treating loan prepayment penalties as closely related embedded derivatives
- Scope exemption for business combination contracts
- Cash flow hedge accounting

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (continued)

3.3 (continued)

IAS 40 Investment Property

- Property under construction or development for future use as investment property
- Consistency of terminology with IAS 8
- Investment property held under lease

IAS 41 Agriculture

- Discount rate for fair value calculations
- Additional biological transformation
- Examples of agricultural produce and products

The new interpretations are as follows, all effective for periods on or after 1 April 2009 unless otherwise stated:

Amendments to IFRIC 9 – Re-assessment of Embedded Derivatives and IAS 39 – Financial Instruments: Recognition and Measurement (effective for annual period beginning on or after 1 July 2008)

The amendments clarify that if a financial asset is reclassified out the fair value through profit or loss category it must be assessed for embedded derivatives at the date of reclassification. In addition, a contract that includes an embedded derivative that cannot be separately measured, is prohibited from being reclassified out of the 'at fair value through profit or loss' category.

IFRIC 14 (Amendment) Pre-payments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011)

This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement.

IFRIC 15 Agreements for the Construction of Real Estate (effective for annual period beginning on or after 1 January 2009)

IFRIC 15 addresses diversity in accounting for real estate sales. IFRIC 15 clarifies how to determine whether an agreement is within the scope of IAS 11 – Construction Contracts or IAS 18 – Revenue, and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to IAS 18.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual period beginning on or after 1 October 2008)

IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (continued)

3.3 (continued)

IFRIC 17 Distributions of Non-cash Assets to Owners (effective for annual period beginning on or after 1 July 2009)

IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as dividends *in specie*) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

IFRIC 18 Transfers of assets from customers (Effective for transfers on or from 1 July 2009)

IFRIC 18 clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)

This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.

AC 503 (Revised) Accounting for Black Economic Empowerment Transactions (effective for annual periods beginning on or after 1 January 2009)

The Accounting Practices Committee has revisited AC 503 in light of the amendments to IFRS 2. As a result of these amendments, paragraphs 18 to 25 and the related Illustrative Examples and Basis for Conclusions of AC 503 have been revised to take into account the amended definition of vesting conditions and the accounting treatment of non-vesting conditions.

AC 504 IAS 19 (AC 116) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment (effective for annual period beginning on or after 1 April 2009)

The interpretation provides guidance on the application of IFRIC 14 (AC 447) in South Africa in relation to defined benefit pension obligations (governed by the Pension Funds Act, 1956) within the scope of IAS 19 (AC 116) (effective for periods beginning 1 April 2009)

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Credit risk is managed at an entity level for trade receivables.

(a) **Market risk**

(i) *Currency risk*

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from exposure in the foreign operations due to trading transactions in currencies other than the functional currency.

The Group secures its debt denominated in US Dollar in the African entities with assets and cash flows of those African operations where the functional currency of these entities is US Dollars with no recourse to the South African operations. As a result no forward cover contract is required on this debt.

Group Treasury's risk management policy is to hedge 100% of trade related cross border purchases. No foreign currency exports exist within the Group.

The following significant exchange rates against ZAR applied during the year:

	Average rate			Reporting date closing rate		
	2009	2008	2007	2009	2008	2007
USD 1	8.78	7.15	7.06	9.61	8.15	7.29
Euro 1	12.30	10.30	9.03	12.72	12.84	9.74

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2009, 2008 and 2007.

	Profit/(Loss)		
	2009 R'000	2008 R'000	2007 R'000
Local currency:			
Tanzanian Shilling	201	696	46
Mozambiquan Meticals	(308)	(1 431)	(602)
Zambian Kwacha	98	(240)	188
Seychelles Rupee	5 265	763	2 185
Euro	5 211	3 375	118
Dollar	5 261	4 223	2 259
Swiss Franc	10	7	38

A 10% weakening of the functional currency against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) **Market risk** (continued)

(ii) *Interest rate risk*

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk arises from long-term borrowings. It is exposed to a lesser extent to interest rate changes on redeemable preference share investments and loans to minority shareholders.

Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

Group policy is to maintain at least 25% of its borrowings in fixed rate instruments over a 12-month rolling period.

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the Group raises long-term borrowings at floating rates, it swaps them into fixed rates in terms of Group policy. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts.

At 31 March the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount		
	2009	2008	2007
	R'000	R'000	R'000
Fixed rate instruments:			
Financial assets	10 704	11 994	14 448
Financial liabilities	(90 643)	(119 405)	(748 991)
	(79 939)	(107 411)	(734 543)
Variable rate instruments:			
Financial assets	557 535	428 754	288 750
Financial liabilities	(3 499 928)	(941 275)	(746 590)
	(2 942 393)	(512 521)	(457 840)

Cash flow sensitivity analysis for variable rate instruments:

- A change of 100 basis points in interest rates would have increased or decreased profit or loss by R29,4 million (2008: R5,1 million; 2007: R4,6 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008 and 2007.

(iii) *Other price risk*

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group does not invest in listed securities and therefore does not have any equity price risk.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(b) **Credit risk**

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group has no significant concentrations of credit risk. Overall credit risk is managed on a Group basis with exposure to trade receivables managed at entity level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to the Group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only Group Audit Committee approved parties are accepted. The Group has policies that limit the amount of credit exposure to any financial institution. Trade receivables comprise a large, widespread customer base and the Group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer note 16 for further credit risk analysis in respect of trade and other receivables.

No credit limits were exceeded during the year under review, and management does not expect any losses from non-performance by these counterparties.

(c) **Liquidity risk**

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year-end for five years into the future in terms of the Group's long-term planning process.

	2009	2008	2007
	R'000	R'000	R'000
Debt at beginning of year	(1 060 680)	(1 495 581)	(1 407 106)
Cash flow for the year	(2 529 891)	434 901	(88 475)
Debt at end of year	(3 590 571)	(1 060 680)	(1 495 581)
Credit facilities ⁽¹⁾	5 731 607	2 082 025	2 366 825
Headroom available	2 141 036	1 021 345	871 244

⁽¹⁾ Includes funding facilities from minority shareholders (R99 million and R240 million) together with finance lease contracts, but excludes indirect bank facilities (letters of guarantees, forward exchange contracts and letters of credit).

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) **Liquidity risk** (continued)

The table below analyses the Group's financial liabilities that will be settled on a net basis 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 is not significant.

	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
At 31 March 2009				
Bank borrowings	1 362 253	679 490	1 926 848	–
Minority shareholders	14 743	14 743	101 420	–
Preference share capital and premium	23 329	23 329	243 840	–
Obligations under finance lease	10 827	11 863	43 100	35 221
Derivative financial instruments	23 795	26 141	4 946	–
Trade and other payables	758 482	–	–	–
Other liabilities	23 000	–	–	–
	2 216 429	755 566	2 320 154	35 221
At 31 March 2008				
Bank borrowings	454 018	52 146	225 921	–
Minority shareholders	14 564	14 564	115 955	–
Preference share capital and premium	23 047	23 047	266 841	–
Obligations under finance lease	10 003	10 863	38 682	51 155
Derivative financial instruments	58 871	–	–	–
Trade and other payables	633 408	–	–	–
Other liabilities	48 000	23 000	–	–
	1 241 911	123 620	647 399	51 155
At 31 March 2007				
Bank borrowings	532 558	29 447	524 369	–
Minority shareholders	–	–	99 000	–
Preference share capital and premium	–	–	240 000	–
Obligations under finance lease	3 135	2 579	15 456	49 037
Trade and other payables	560 354	–	–	–
	1 096 047	32 026	878 825	49 037

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) **Liquidity risk** (continued)

The table below analyses the Group's derivative financial instruments that will be settled on a gross basis 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 is not significant.

	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
At 31 March 2009				
Interest rate swap – cash flow hedges:				
– outflow	(23 795)	(26 141)	(4 946)	–
– inflow	–	–	–	–
	(23 795)	(26 141)	(4 946)	–
At 31 March 2008				
Interest rate swap – cash flow hedges:				
– outflow	–	–	–	–
– Inflow	–	1 168	–	–
Derivative financial instruments – put option				
– outflow	(58 871)	–	–	–
– inflow	–	–	–	–
	(58 871)	1 168	–	–
At 31 March 2007				
Interest rate swap – cash flow hedges:				
– outflow	–	–	–	–
– inflow	2 575	–	–	–
	2 575	–	–	–

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure.

The Group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, share premium, revenue reserves and other reserves being revaluation reserves and foreign currency translation reserves together with loans from shareholders.

The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the Group defines as the weighted average cost of capital, taking into account the Group's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions.

NOTES TO THE FINANCIAL INFORMATION

for the years ended 31 March 2009, 2008 and 2007

4. FINANCIAL RISK MANAGEMENT (continued)

4.2 Capital risk management (continued)

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The Group's debt capacity and optimal gearing levels are determined by the cash flow profile of the Group and are measured through applicable ratios such as net debt to EBITDA and interest cover.

In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

4.3 Fair value estimation

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. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

All interest rates are market related in terms of the Group's current credit rating with financial institutions.

5. SEGMENTAL INFORMATION

The chief operating decision maker has been identified as the Group's board of directors. The board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the Group's board of directors at the board meetings which are used to make strategic decisions.

The board considers the business from both a geographical basis and business type, being hotels and gaming.

Although the Offshore Hotels segment does not meet the quantitative thresholds of IFRS 8, management has concluded that the segment should be reported as it is has a different risk and reward profile. It is closely monitored as it is expected to materially contribute to Group revenue in the future.

The reportable segments derive their revenue from hotel and gaming operations.

The Group's board of directors assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation, amortisation and property rentals ("EBITDAR"). The measure excludes the effects of long term incentives and the effects of non-recurring expenditure such as rebranding and preopening expenses. The measure also excludes all headline adjustments, impairments and fair value adjustments on non-current assets and liabilities. Interest income and finance costs are not included in the result for each operating segment as this is driven by the Group treasury function which manages the cash and debt position of the Group.

The reconciliation of the Group's adjusted earnings before interest and tax ("EBIT") to the Group's profit after tax is shown in the segmental analysis.

The total assets and total liabilities of the segments presented in the segmental analysis includes inter-Group and shareholder funding provided by the Group's treasury function and the holding company which is included in the Corporate segment. The elimination of the intergroup and shareholder funding is shown in the eliminations column.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

5. SEGMENTAL ANALYSIS (continued)

	Montecasino precinct R'000	Suncoast precinct R'000	Other Gaming operations R'000	Total Gaming operations R'000	South African Hotel Division R'000	Offshore Hotel Division R'000	Corporate R'000	Group R'000
<i>The segment results for the year ended 31 March 2009 are as follows:</i>								
Revenue	288 345	123 738	230 454	642 537	1 777 875	293 823	68 563	2 782 798
Less: Inter-segmental revenue	–	–	(3 110)	(3 110)	(34 323)	–	(68 563)	(105 996)
Net gaming win	1 529 139	1 043 042	671 295	3 243 476	–	–	–	3 243 476
Group income from external customers	1 817 484	1 166 780	898 639	3 882 903	1 743 552	293 823	–	5 920 278
Gaming levies and VAT	(308 510)	(231 794)	(115 900)	(656 204)	–	–	–	(656 204)
Net foreign exchange losses	–	–	–	–	–	(4 770)	–	(4 770)
EBITDAR	694 192	510 205	528 410	1 732 807	780 293	104 222	4 653	2 621 975
Property rentals	–	–	(60 190)	(60 190)	(95 094)	–	3 191	(152 093)
Depreciation and amortisation	(97 633)	(102 062)	(58 049)	(257 744)	(101 428)	(15 001)	(2 534)	(376 707)
EBIT	596 559	408 143	410 171	1 414 873	583 771	89 221	5 310	2 093 175
Long-term incentive costs								(32 064)
Gains on disposal of property, plant and equipment								11 252
Impairment losses on non-current assets								(3 271)
Loss on derivative								(132 008)
Interest income								35 464
Finance costs								(382 303)
Share of profit from associates and joint ventures								64 299
Profit before taxation								1 654 544
Taxation								(579 442)
Profit for the year								1 075 102

All revenue from Gaming and Hotel operations shown above is derived from external customers.

No one customer contributes more than 10% to the Group's total revenue.

**NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007**

5. SEGMENTAL ANALYSIS (continued)

	Montecasino precinct R'000	Suncoast precinct R'000	Other Gaming operations R'000	Total Gaming operations R'000	South African Hotel Division R'000	Offshore Hotel Division R'000	Corporate R'000	Group R'000
<i>The segment results for the year ended 31 March 2008 are as follows:</i>								
Revenue	290 600	92 039	227 483	610 122	1 474 246	221 728	61 539	2 367 635
Less: Inter-segmental revenue	–	–	–	–	(30 329)	–	(61 539)	(91 868)
Net gaming win	1 618 805	966 232	637 953	3 222 990	–	–	–	3 222 990
Group income from external customers	1 909 405	1 058 271	865 436	3 833 112	1 443 917	221 728	–	5 498 757
Gaming levies and VAT	(326 601)	(214 043)	(110 396)	(651 040)	–	–	–	(651 040)
Net foreign exchange gains	–	–	–	–	–	14 446	–	14 446
EBITDAR	786 054	453 293	540 447	1 779 794	694 588	83 761	4 127	2 562 270
Property rentals	–	–	(59 295)	(59 295)	(90 662)	–	2 618	(147 339)
Depreciation and amortisation	(105 295)	(64 020)	(48 769)	(218 084)	(77 280)	(11 828)	(1 744)	(308 936)
EBIT	680 759	389 273	432 383	1 502 415	526 646	71 933	5 001	2 105 995
Long-term incentive costs								(124 813)
Rebranding costs								(15 745)
Pre-opening costs								(2 814)
Gains on disposal of non-current assets								62 953
Fair value loss on derivative								(58 871)
Fair value adjustments on non-current assets								(4 489)
Impairment losses on non-current assets								(2 500)
Interest income								25 272
Finance costs								(113 045)
Share of profit from associates and joint ventures								46 943
Profit before taxation								1 918 886
Taxation								(659 482)
Profit for the year								1 259 404

All revenue from Gaming and Hotel operations shown above is derived from external customers.

No one customer contributes more than 10% to the Group's total revenue.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

5. SEGMENTAL ANALYSIS (continued)

	Montecasino precinct R'000	Suncoast precinct R'000	Other Gaming operations R'000	Total Gaming operations R'000	South African Hotel Division R'000	Offshore Hotel Division R'000	Corporate R'000	Group R'000
<i>The segment results for the year ended 31 March 2007 are as follows:</i>								
Revenue	194 377	60 125	172 425	426 927	1 232 363	189 471	65 097	1 913 858
Less: Inter-segmental revenue	–	–	–	–	(21 955)	–	(65 097)	(87 052)
Net gaming win	1 499 055	859 671	561 911	2 920 637	–	–	–	2 920 637
Group income from external customers	1 693 432	919 796	734 336	3 347 564	1 210 408	189 471	–	4 747 443
Gaming levies and VAT	(302 441)	(189 510)	(97 400)	(589 351)	–	–	–	(589 351)
Net foreign exchange gains	–	–	–	–	–	7 358	–	7 358
EBITDAR	729 542	392 630	435 820	1 557 992	502 758	55 145	(4 256)	2 111 639
Property rentals	–	–	(59 187)	(59 187)	(85 409)	–	2 369	(142 227)
Depreciation and amortisation	(79 355)	(57 703)	(115 180)	(252 238)	(63 277)	(12 920)	(1 554)	(329 989)
EBIT	650 187	334 927	261 453	1 246 567	354 072	42 225	(3 441)	1 639 423
Long-term incentive costs								(246 993)
Rebranding costs								(1 220)
Pre-opening costs								(3 506)
Gains on disposal of property, plant and equipment								1 648
Fair value adjustments on non-current assets								9 420
Impairment release on non-current assets								6 388
Interest income								31 103
Finance costs								(120 669)
Share of profit from associates and joint ventures								18 820
Profit before taxation								1 334 414
Taxation								(584 224)
Profit for the year								750 190

All revenue from Gaming and Hotel operations shown above is derived from external customers. No one customer contributes more than 10% to the Group's total revenue.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

5. SEGMENTAL ANALYSIS (continued)

	Montecasino precinct R'000	Suncoast precinct R'000	Other Gaming operations R'000	Total Gaming operations R'000	South African Hotel Division R'000	Offshore Hotel Division R'000	Corporate eliminations R'000	Adjustment for R'000	Group R'000
<i>The segment assets and liabilities at 31 March 2009 and capital expenditure during the year then ended are as follows:</i>									
Total assets	1 576 616	1 104 992	3 111 983	5 793 591	2 321 898	786 461	4 955 584	(5 638 681)	8 218 853
<i>Total assets includes:</i>									
Associates and joint ventures	–	2 546	1 390 134	1 392 680	41 017	118 563	–	–	1 552 260
Additions to non-current assets (other than financial instruments and deferred tax assets)	113 146	41 478	310 203	464 827	340 044	27 648	6 155	–	838 674
Total liabilities	68 991	476 731	4 185 276	4 730 998	1 645 951	519 768	3 842 451	(5 638 681)	5 100 487
<i>The segment assets and liabilities at 31 March 2008 and capital expenditure during the year then ended are as follows:</i>									
Total assets	1 496 554	1 161 828	1 460 005	4 118 387	1 314 661	693 084	2 199 213	(2 581 213)	5 744 132
<i>Total assets includes:</i>									
Associates and joint ventures	–	1 585	29 871	31 456	118 641	124 067	–	–	274 164
Additions to non-current assets (other than financial instruments and deferred tax assets)	108 173	137 026	226 026	471 225	218 501	10 943	2 343	–	703 012
Total liabilities	90 554	530 706	2 381 371	3 002 631	968 962	206 556	1 111 076	(2 581 213)	2 708 012

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

5. SEGMENTAL ANALYSIS (continued)

	Montecasino precinct R'000	Suncoast precinct R'000	Other Gaming operations R'000	Total Gaming operations R'000	South African Hotel Division R'000	Offshore Hotel Division R'000	Corporate eliminations R'000	Adjustment for R'000	Group R'000
<i>The segment assets and liabilities at 31 March 2007 and capital expenditure during the year then ended are as follows:</i>									
Total assets	1 444 121	1 004 595	1 269 956	3 718 672	1 011 556	566 429	2 421 945	(2 639 961)	5 078 641
<i>Total assets includes:</i>									
Associates and joint ventures	–	1 585	10 708	12 293	105 972	103 482	–	–	221 747
Additions to non-current assets other than financial instruments and deferred tax assets)	48 230	20 076	348 797	417 103	123 437	6 544	907	–	547 991
Total liabilities	78 043	530 260	2 502 507	3 110 810	953 368	180 783	1 344 721	(2 639 961)	2 949 721

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Leased land and buildings R'000	Properties under construction R'000	Plant and equipment R'000	Total R'000
2009					
Net book amount at beginning of year	3 203 050	57 503	29 524	642 609	3 932 686
Additions	280 303	3 889	250 281	287 749	822 222
Subsidiary previously accounted as joint venture	495 000	–	–	36 833	531 833
Disposals	(11)	–	–	(7 630)	(7 641)
Depreciation charge	(54 899)	(1 990)	–	(289 534)	(346 423)
Impairments	(3 133)	(138)	–	–	(3 271)
Transfers	(536 342)	–	(22 647)	547 947	(11 042)
Currency translation	32 643	–	–	9 986	42 629
Net book amount at 31 March 2009	3 416 611	59 264	257 158	1 227 960	4 960 993
Cost	4 281 252	70 961	257 158	2 397 017	7 006 388
Accumulated depreciation	(864 641)	(11 697)	–	(1 169 057)	(2 045 395)
Net book amount at 31 March 2009	3 416 611	59 264	257 158	1 227 960	4 960 993
2008					
Net book amount at beginning of year	2 672 810	59 255	310 704	476 170	3 518 939
Additions	268 535	–	132 845	261 026	662 406
Disposals	(6 095)	(143)	–	(4 213)	(10 451)
Depreciation charge	(98 676)	(1 609)	–	(174 013)	(274 298)
Impairments	(2 500)	–	–	–	(2 500)
Transfers	323 660	–	(414 025)	78 656	(11 709)
Currency translation	45 316	–	–	4 983	50 299
Net book amount at 31 March 2008	3 203 050	57 503	29 524	642 609	3 932 686
Cost	3 842 327	66 837	29 524	1 563 825	5 502 513
Accumulated depreciation	(639 277)	(9 334)	–	(921 216)	(1 569 827)
Net book amount at 31 March 2008	3 203 050	57 503	29 524	642 609	3 932 686

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings R'000	Leased land and buildings R'000	Properties under construction R'000	Plant and equipment R'000	Total R'000
2007					
Net book amount at beginning of year	2 527 836	60 859	112 169	454 919	3 155 783
Additions	43 744	5	336 709	158 870	539 328
Disposals	(855)	–	–	(3 124)	(3 979)
Depreciation charge	(59 928)	(1 609)	–	(136 938)	(198 475)
Transfers	114 140		(138 174)	(3 114)	(27 148)
Currency translation	47 873	–	–	5 557	53 430
Net book amount at 31 March 2007	2 672 810	59 255	310 704	476 170	3 518 939
Cost	3 191 947	66 980	310 704	1 285 282	4 854 913
Accumulated depreciation	(519 137)	(7 725)	–	(809 112)	(1 335 974)
Net book amount at 31 March 2007	2 672 810	59 255	310 704	476 170	3 518 939

Details of freehold land are recorded in the registers held by the Company and its subsidiaries and may be inspected by the members or their duly appointed agents at the Company's registered office.

Bank borrowings (refer note 19) are secured over the following assets:

	2009 Book value R'000	2008 Book value R'000	2007 Book value R'000
Land and buildings	1 857 237	155 978	143 596
Plant and equipment	822 943	14 926	10 624
	2 680 180	170 904	154 220

Refer to note 22 for details of assets held under finance leases.

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7. GOODWILL

	2009	2008	2007
	R'000	R'000	R'000
Opening amount	349 496	356 696	356 696
Arising on acquisition of subsidiary	11 460	–	
Reversal of goodwill on disposal of associate	–	(7 200)	–
	360 956	349 496	356 696

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGU's) identified according to business segment.

A segment-level summary of the goodwill allocation is presented below:

South African Hotels Division	100 530	89 070	96 270
Montecasino precinct	260 426	260 426	260 426
	360 956	349 496	356 696

The Group performs an annual Group valuation for purposes of valuing the shares that form part of the long-term incentive plans (refer note 23). This valuation method is the basis for valuing the groups of CGU's to which goodwill is allocated. This valuation represents the recoverable amounts for these groups. The carrying values of these groups are then deducted from their respective recoverable amounts to determine whether the allocated goodwill is impaired or not.

The annual valuation is based on an "Earning Before Interest, Tax, Depreciation and Amortisation" approach which utilises a multiple determined by two independent audit firms ("the experts") to determine the Group's enterprise value. This enterprise value is adjusted to equity value through adding the market value of cash less the market value of interest bearing debt. This is performed for each of the Group's cash generating units.

The multiple determined by the experts is based on comparable companies trading on the JSE, and is considered to represent a fair multiple that the Group would achieve were it to list. The multiple is a key input in determining the recoverable amount and for 2009 was determined to be 7.0 (2008: 8.65, 2007: 10.33). The recoverable amounts of the Group's cash generating units were all higher than the carrying values for 2009, 2008 and 2007.

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for the years ended 31 March 2009, 2008 and 2007

8. OTHER INTANGIBLE ASSETS

	Bid costs R'000	Management contract R'000	Computer software R'000	Trademark R'000	Total R'000
2009					
Net book amount at beginning of year	69 644	88	66 228	10 528	146 488
Additions	–	308	16 144	–	16 452
Transfers	9 352	–	1 690	–	11 042
Amortisation charge	(13 138)	–	(16 690)	(456)	(30 284)
Net book amount at 31 March 2009	65 858	396	67 372	10 072	143 698
Cost	169 155	274 229	159 633	11 402	614 419
Accumulated amortisation	(103 297)	(273 833)	(92 261)	(1 330)	(470 721)
Net book amount at 31 March 2009	65 858	396	67 372	10 072	143 698
Remaining lives of the intangible assets	3 – 6 years	Indefinite	1 – 5 years	22 years	
2008					
Net book amount at beginning of year	83 569	6 662	34 540	10 984	135 755
Additions	–	88	40 518	–	40 606
Transfers	–	–	4 765	–	4 765
Amortisation charge	(13 925)	(6 662)	(13 595)	(456)	(34 638)
Net book amount at 31 March 2008	69 644	88	66 228	10 528	146 488
Cost	159 803	273 921	141 799	11 402	586 925
Accumulated amortisation	(90 159)	(273 833)	(75 571)	(874)	(440 437)
Net book amount at 31 March 2008	69 644	88	66 228	10 528	146 488
Remaining lives of the intangible assets	1 – 7 years	Indefinite	1 – 5 years	23 years	
2007					
Net book amount at beginning of year	98 386	79 787	22 664	11 402	212 239
Additions	–	–	8 663	–	8 663
Transfers	–	–	27 146	–	27 146
Amortisation charge	(14 817)	(73 125)	(23 933)	(418)	(112 293)
Net book amount at 31 March 2007	83 569	6 662	34 540	10 984	135 755
Cost	159 803	273 833	96 516	11 402	541 554
Accumulated amortisation	(76 234)	(267 171)	(61 976)	(418)	(405 799)
Net book amount at 31 March 2007	83 569	6 662	34 540	10 984	135 755
Remaining lives of the intangible assets	1 – 8 years	1 month	1 – 5 years	24 years	

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9. INVESTMENTS IN ASSOCIATES

	2009	2008	2007
	R'000	R'000	R'000
Listed and unlisted			
Balance at beginning of year	62 794	37 644	20 653
Acquisition of associate	1 314 669	19 371	2
Disposal of associate	–	(5 705)	–
Loans Granted	–	–	9 418
Loan repayments	–	(9 237)	(615)
Share of profit ⁽¹⁾	67 597	31 022	16 566
Dividends received	(11 363)	(10 301)	(8 380)
Balance at end of year	1 433 697	62 794	37 644

⁽¹⁾ Share of profit is after tax and minority interest of associates.

Capital

Gold Reef Resorts Ltd	1 359 832	–	–
Hotel Formula 1 (SA) (Pty) Ltd	39 767	30 089	19 740
Tsogo Sun Management Company (Pty) Ltd	9 345	7 680	–
Monte Cinemas (Pty) Ltd	19 957	21 188	–
Three Groups Cinemas (Pty) Ltd	2 544	1 584	2 053
Malelane Lodge (Pty) Ltd	–	–	(16 857)
Other	1 251	1 252	1 249
	1 432 696	61 793	6 185

Loans

Tsogo Sun Management Company (Pty) Ltd	1 000	1 000	5 000
Monte Cinemas (Pty) Ltd	–	–	4 418
Malelane Lodge (Pty) Ltd	–	–	21 218
Other	1	1	823
	1 001	1 001	31 459

Total investment	1 433 697	62 794	37 644
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The market value of listed investments included above is:

Gold Reef Resorts Ltd	1 082 350	–	–
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The Group has the following interests in its principal associates:

Listed

- 23% in Gold Reef Resorts Ltd

During the 2009 financial year the Group acquired 23% of Gold Reef Resorts Ltd, with voting rights over 33% which effectively gave the Group significant influence on 17 October 2008. This investment is equity accounted with effect from 17 October 2008. The Group owns 63,7 million shares of which 17,3 million have been granted as security for a subsidiary's borrowings.

Unlisted

- 47,4% in Hotel Formula 1 (SA) (Pty) Ltd
- 50% in Tsogo Sun Management Company (Pty) Ltd. The loan to Tsogo Sun Management Company (Pty) Ltd is unsecured, interest free and has no fixed terms of repayment.
- 49% in Monte Cinemas (Pty) Ltd
- 25% in Three Groups Cinemas (Pty) Ltd

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for the years ended 31 March 2009, 2008 and 2007

9. INVESTMENTS IN ASSOCIATES (continued)

	2009	2008	2007
	R'000	R'000	R'000
The Group's interest in its principal associates were as follows:			
Total assets	4 599 459	186 641	150 872
Total liabilities	(2 010 776)	(55 352)	(95 880)
Net assets	2 588 683	131 289	54 992
The Group's share of associates' net assets	626 085	61 306	23 710
Revenue	1 161 921	284 540	155 033
Profit for the year	246 836	66 345	33 249
Group's share of associates' profit for the year	67 597	31 022	16 566

The above associates are all incorporated in South Africa. These associates all have 31 March year ends with the exception of the following:

Gold Reef Resorts Ltd	31 December
Hotel Formula 1 (SA) (Pty) Ltd	31 December
Tsogo Sun Management Company (Pty) Ltd	31 July

Associates are equity accounted using management prepared information on a basis coterminous with the Group's accounting reference date, with the exception of the following:

Monte Cinemas (Pty) Ltd and Tsogo Sun Management Company (Pty) Ltd, which are accounted for one month in arrears.

Gold Reef Resorts Ltd has been included based on financial statements drawn up to 31 December 2008, but taking into account any changes in the period from 1 January 2009 to 31 March 2009 that would materially affect the Group's results.

The Group's share of:

Associates' contingent commitments	14 881	20 533	36 727
Associates' capital commitments	55 000	70 625	15 171

Refer note 48.5 for details of contingent commitments.

10. INVESTMENTS IN JOINT VENTURES

Capital

The Cullinan Hotel (Pty) Ltd	–	87 302	80 621
Southern Sun Middle East LLC	715	932	241
United Resorts and Hotels Ltd	59 812	62 893	67 611
	60 527	151 127	148 473

Loans

United Resort and Hotels Ltd	58 036	60 243	35 630
	58 036	60 243	35 630
Total investment	118 563	211 370	184 103

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for the years ended 31 March 2009, 2008 and 2007

10. INVESTMENTS IN JOINT VENTURES (continued)

The Group has the following significant interests in joint ventures:

- 49% in Southern Sun Middle East Hotels LLC, a hotel management company established in Dubai.
- 50% in United Resorts and Hotels Limited, a hotel company established in Seychelles. The loans to United Resorts and Hotels Limited are unsecured. A loan of R50,1 million (2008: R46,9 million and 2007: R35,6 million) bears interest at 5% and has no fixed terms of repayment. The second loan of R7,9 million (2008: R13,3 million) bears interest at a floating rate currently 16,5% (2008: 11%) and is repayable on demand.

The 50% investment in The Cullinan Hotel (Pty) Ltd, a hotel company established in South Africa, is accounted for as a subsidiary after effective control was obtained with effect from 1 April 2008. Refer note 32.

Assets and liabilities of joint ventures:

The following amounts are not included in the Group's financial statements as the Group accounts for its investment in joint ventures on an equity basis:

	2009	2008	2007
	R'000	R'000	R'000
Current assets	24 463	98 884	71 271
Non-current assets	348 985	542 697	304 593
Current liabilities	5 277	80 292	(68 376)
Non-current liabilities	228 008	230 682	(133 329)
Income	53 507	131 747	94 551
Expenses	56 805	115 826	92 297
Net	(3 298)	15 921	2 254
The Group's share of:			
Joint ventures' contingent commitments	–	–	–
Joint ventures' capital commitments *	–	49 037	40 372

* Of which R nil (2008: R27,7 million and 2007: R20 million) is subject to contractual negotiations.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Unlisted held at fair value	6 896	20 293	33 738
<i>Available-for-sale financial assets comprise:</i>			
Redeemable preference shares	4 990	18 387	24 832
Lion King Production SA	–	–	7 000
Theatre productions	–	–	–
Umgeni River Bird Park (Pty) Ltd	–	–	–
NIB 72 Share Block (Pty) Ltd	392	392	392
JIA Piazzapark (Pty) Ltd loan	1 514	1 514	1 514
	6 896	20 293	33 738
Less: Current portion	(4 990)	(5 078)	–
	1 906	15 215	33 738

The above investments are included under this specific IFRS category by default as they do not qualify for inclusion under the alternative financial asset categories in terms of IFRS principles. The investments are not intended to be sold or realised in the near future.

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for the years ended 31 March 2009, 2008 and 2007

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Redeemable preference shares comprise investments in an unlisted company which is redeemable by 2010 and attract dividends at rates linked to prime rate.

The Group was a 25% equity investor in the Lion King Production SA. Lion King Production SA was responsible for staging the Lion King stage show at Montecasino's new theatre. The production has since ended and the equity investment repaid.

The investment in theatre productions comprises of High School Musical amounting to R2,1 million (2008 and 2007: R nil), Beauty and the Beast R1,6 million (2008 and 2007: R nil) and Showtime R0,1 million (2008 and 2007: R nil). These investments are considered to be impaired and accordingly have been written down to a nil value because the recovery of the amounts is considered uncertain.

The investment in Umgeni River Bird Park (Pty) Ltd of R180 900 (2008 and 2007: R180 900) is considered to be impaired and has accordingly been written down to a nil value because the company is not profitable and the carrying value will not be realised.

The NIB share block investment comprises an option to acquire a company that owns land and buildings in which the Group's subsidiary, Bedrose Investments (Pty) Ltd, operates a hotel. The option is exercisable on expiry of the lease in December 2015.

The JIA Piazzapark (Pty) Ltd loan comprises a working capital loan to the unlisted company, the loan bears interest at the RSA 153 rate plus 2% payable quarterly. The loan is to be repaid during 2016 on expiry of a management agreement unless the agreement is extended if agreed to by the parties concerned.

Other than as described above, there was no additional impairment provision of the above available-for-sale financial assets in 2009, 2008 and 2007.

Available-for-sale financial assets are all denominated in ZAR. The above carrying values approximate fair values.

The maximum exposure to credit risk at the reporting date is the fair value of the financial assets classified as available-for-sale. The Group does not hold any collateral as security. Other than as noted above in respect of theatre productions and Umgeni River Bird Park (Pty) Ltd, none of the financial assets are either past due or impaired.

12. DERIVATIVE FINANCIAL INSTRUMENTS

The full fair value of a derivative financial instrument is classified as a non-current asset or liability if the remaining maturity of the hedging instrument is more than 12 months, and as a current asset or liability if the maturity of the hedging instrument is less than 12 months.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets and liabilities in the balance sheet.

	2009	2008	2007
	R'000	R'000	R'000
(a) Interest rate swap – cash flow hedge			
– Asset	–	1 168	2 575
– Liability	54 882	–	–
	54 882	1 168	2 575
<i>Less: Non-current portion</i>	(31 087)	(1 168)	–
Current portion	23 795	–	2 575

There was no material ineffectiveness to the recorded net investment in the cash flow hedge.

The notional amounts of the outstanding interest rate swap contracts at 31 March 2009 were R100 million (2008: R100 million and 2007: R500 million) and R1 billion (2008 and 2007: R nil), at 31 March 2009 the fixed interest rates were 10,58% (2008: 10,58% and 2007: 8,69%) and 10,91% (2008 and 2007: n/a), respectively. The swap floating rates are linked to the 3-month Johannesburg Inter-Bank Agreed Rate ("JIBAR") rate. Gains and losses are recognised in the hedging reserve directly in equity (after tax).

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for the years ended 31 March 2009, 2008 and 2007

12. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	2009	2008	2007
	R'000	R'000	R'000
(b) Options at fair value			
Options at fair value – liability	–	58 871	–

The Group had a written put option against it at a fixed price in respect of shares in a company listed on the JSE. The liability represented the difference, at balance sheet date, between the put option price and the market price of the underlying listed investment. The contract was settled in cash during the year under review.

13. NON-CURRENT RECEIVABLES

At amortised cost

Loans to minority shareholders	99 000	99 000	99 000
Other loans	10 704	11 995	14 448
Loans to development trusts	11 500	11 500	11 500
Prepayments	26 414	–	–
	147 618	122 495	124 948
<i>Less: Current portion</i>	(5 271)	–	–
Non-current portion	142 347	122 495	124 948

Loans to minority shareholders were entered into on 30 May 2006. The loans are repayable on the earlier of 31 May 2011 or as agreed to by all shareholders to Tsogo Sun KwaZulu-Natal (Pty) Ltd, a subsidiary of the Group. Interest is charged at rates linked to JIBAR and settlement occurs bi-annually on the last day of March and September. The loans are secured by a cession of claims by these minority shareholders to loan accounts in Ripple Effect 31 (Pty) Ltd, a subsidiary of the Group.

Other loans comprise the following:

A loan to Central Bank of Seychelles of R10,7 million (2008: R11,9 million and 2007: R14,4 million) which accrues interest at 5% per annum. The Central Bank of Seychelles will pay annual instalments equal to the Seychelles Rupee equivalents of the US Dollar amount of foreign exchange to PTD Limited (a subsidiary company of the Group).

Loans to development trusts are interest free, unsecured and have no specified terms of repayment.

Prepayments comprise mainly borrowing costs, which include all non-interest finance costs incurred on borrowing instruments together with related costs of debt facilities management which are amortised through borrowing costs over five years, the life of the related facilities.

The above values approximate fair value.

There were no disposals or impairment provisions on non-current receivable financial assets in 2009, 2008 and 2007.

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for the years ended 31 March 2009, 2008 and 2007

13. NON-CURRENT RECEIVABLES (continued)

Total non-current receivable financial assets are denominated in the following currencies:

	2009 R'000	2008 R'000	2007 R'000
SA Rand	136 914	110 500	110 500
US dollar	10 704	11 995	14 448
	147 618	122 495	124 948

The maximum exposure to credit risk at the reporting date is the fair value of the loans classified as non-current receivables. The Group does not hold any collateral as security.

None of the non-current receivable financial assets are either past due or impaired.

14. DEFERRED INCOME TAX

Net deferred tax asset at beginning of year	(197)	(4 614)	(276)
Subsidiary previously accounted for as joint venture	14 031	–	–
Deferred tax liability on asset revaluation surplus	86 350	–	–
Income statement charge	18 197	6 947	(3 088)
Deferred tax asset on cash flow hedge through equity	(15 694)	(420)	747
Deferred tax rate change (1%)	–	550	–
Currency translation	(5 903)	(2 660)	(1 997)
Net deferred tax liability/(asset) at end of year	96 784	(197)	(4 614)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdictions, is as follows:

	Accelerated tax allowances R'000	Other Assets R'000	Provisions and accruals R'000	Deferred revenue R'000	Fair value gains R'000	Total R'000
Deferred tax liabilities						
Deferred tax liability at 1 April 2006	105 896	1 666	(55 996)	(1 766)	–	49 800
Charged to the income statement						
– current year	10 332	(967)	(3 666)	(4 732)	–	967
Deferred tax liability on cash flow hedge through equity	–	–	–	–	747	747
Currency translation	(3 284)	–	–	–	–	(3 284)
Deferred tax liability at 31 March 2007	112 944	699	(59 662)	(6 498)	747	48 230
Charged to the income statement						
– current year	4 600	1 137	5 276	(2 473)	400	8 940
Deferred tax rate change (1%)	4 218	68	(1 250)	(333)	(400)	2 303
Deferred tax liability on cash flow hedge through equity	–	–	–	–	(420)	(420)
Currency translation	(2 660)	–	–	–	–	(2 660)
Deferred tax liability at 31 March 2008	119 102	1 904	(55 636)	(9 304)	327	56 393
Subsidiary previously accounted as joint venture	16 217	21	(451)	(1 756)	–	14 031
Charged to the income statement						
– current year	5 392	3 427	1 434	(793)	–	9 460
Deferred tax liability on cash flow hedge through equity	–	–	–	–	(327)	(327)
Deferred tax liability on asset revaluation surplus	86 350	–	–	–	–	86 350
Currency translation	(5 903)	–	–	–	–	(5 903)
Deferred tax liability at 31 March 2009	221 158	5 352	(54 653)	(11 853)	–	160 004

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for the years ended 31 March 2009, 2008 and 2007

14. DEFERRED INCOME TAX (continued)

	Accelerated tax allowances R'000	Other Assets R'000	Provisions and accruals R'000	Deferred revenue R'000	Tax losses R'000	Fair value gains R'000	Total R'000
Deferred tax assets							
Deferred tax asset at 1 April 2006	(42 845)	394	80 780	1 519	10 228	–	50 076
Charged to the income statement							
– current year	(6 668)	(619)	6 694	3 260	1 388	–	4 055
Currency translation	–	–	–	–	(1 287)	–	(1 287)
Deferred tax asset at 31 March 2007	(49 513)	(225)	87 474	4 779	10 329	–	52 844
Charged to the income statement							
– current year	(1 418)	1 674	1 550	(2 221)	2 436	(27)	1 994
Deferred tax rate change (1%)	(1 675)	54	3 252	94	–	27	1 752
Deferred tax asset at 31 March 2008	(52 606)	1 503	92 276	2 652	12 765	–	56 590
Charged to the income statement							
– current year	(15 884)	(4 069)	7 663	1 902	1 651	–	(8 737)
Deferred tax liability on cash flow hedge through equity	–	–	–	–	–	15 367	15 367
Deferred tax asset at 31 March 2009	(68 490)	(2 566)	99 939	4 554	14 416	15 367	63 220

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax is provided on the full estimated tax loss of the Group of R48,4 million (2008: R42,7 million and 2007: R38,7 million) mainly incurred by Southern Sun Hotels (Tanzania) Limited.

15. INVENTORIES

	2009 R'000	2008 R'000	2007 R'000
Food and beverage	22 332	20 195	11 742
Operating equipment	94 543	78 199	69 024
Consumable stores	9 738	10 866	10 093
	126 613	109 260	90 859

The cost of inventories recognised as an expense and included in other operating expenses amounted to R211,1 million (2008: R196,6 million and 2007: R164,6 million).

16. TRADE AND OTHER RECEIVABLES

Trade receivables	240 938	256 809	176 048
Management fee receivables	5 373	55 423	42 943
Other receivables	97 114	75 539	100 706
Prepayments	27 806	16 113	13 551
Less: Provision for impairment of receivables	(17 150)	(15 556)	(8 065)
Trade and other receivables – net	354 081	388 328	325 183
Umgeni River Bird Park (Pty) Ltd	19 944	18 823	18 823
Less: Provision for impairment	(19 944)	(18 823)	(18 823)
Umgeni River Bird Park (Pty) Ltd – net	–	–	–
	354 081	388 328	325 183

The above values approximate fair value.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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for the years ended 31 March 2009, 2008 and 2007

16. TRADE AND OTHER RECEIVABLES (continued)

Past due but not impaired – trade receivables

At 31 March 2009, trade receivables of R83,7 million (2008: R123,1 million and 2007: R52,2 million) were past due but not impaired. These relate mainly to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivable is as follows:

	2009 R'000	2008 R'000	2007 R'000
30 to 60 days	50 112	49 922	33 915
60 to 90 days	9 448	16 372	6 873
More than 90 days	24 093	56 772	11 413
	83 653	123 066	52 201

Impairment – trade receivables

At 31 March 2009, trade receivables of R16,4 million (2008: R18,2 million and 2007: R7,7 million) were impaired. The amount of the provision was R16,4 million as of 31 March 2009 (2008: R13,8 million and 2007: R7,7 million). The individually impaired receivables mainly relate to returned cheques outstanding as well as cheques held in the cash desk, doubtful debtors and long outstanding debtors. The impaired trade receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.

Movements on the provision for impairment of trade receivables are as follows:

	2009 R'000	2008 R'000	2007 R'000
Balance at 1 April	13 816	7 729	16 187
Provision for receivables impairment	3 742	7 454	15
Receivables written off during the year as uncollectible	(46)	186	3 159
Unused amounts reversed	(1 118)	(1 553)	(11 632)
Balance at 31 March	16 394	13 816	7 729

Past due but not impaired – other receivables

Other receivables consist mainly of fees due and various staff loans for educational assistance and advances. At 31 March 2009, other receivables of R34,9 million (2008: R14,4 million and 2007: R15,2 million) were past due but not impaired. These relate mainly to fees due, various staff loans, banqueting debtors, vending commission and unredeemed promotional chips. The ageing analysis of these other receivables is as follows:

	2009 R'000	2008 R'000	2007 R'000
Up to 3 months	13 622	3 530	3 700
3 to 6 months	1 264	2 000	4 789
More than 6 months	19 961	8 857	6 737
	34 847	14 387	15 226

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16. TRADE AND OTHER RECEIVABLES (continued)

Impairment – other receivables

At 31 March 2009, other receivables of R0,8 million (2008: R1,7 million and 2007: R0,3 million) were impaired. The amount of the provision was R0,8 million as of 31 March 2009 (2008: R1,7 million and 2007: R0,3 million). The individually impaired receivables mainly relate to uncollectable and long outstanding debtors.

Movements on the provision for impairment of other receivables are as follows:

	2009 R'000	2008 R'000	2007 R'000
Balance at 1 April	1 740	335	(6 049)
Provision for receivables impairment	83	1 405	5
Receivables written off during the year as uncollectible	(1 067)	–	(9)
Unused amounts reversed	–	–	6 388
Balance at 31 March	756	1 740	335

For both trade and other receivables the creation and release of provision for impaired receivables have been included in other expenses in the income statement (note 37). There is no unwind of discount. Amounts charged to the provision account are written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables and management fee receivables do not contain past due or impaired assets.

The value of the loan to Umgeni River Bird Park (Pty) Ltd has been impaired in full as the entity is making losses.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2009 R'000	2008 R'000	2007 R'000
SA Rand	299 719	341 960	293 733
US dollars	28 630	17 930	8 046
Euro	10 152	11 173	10 345
Tanzanian Shilling	280	2 066	2 283
Mozambiquan Meticals	5 511	4 976	3 890
Zambian Kwacha	5 582	6 177	4 683
Seychelles Rupee	4 207	4 046	2 203
	354 081	388 328	325 183

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as shown above. The Group does not hold any collateral as security.

17. CASH AND CASH EQUIVALENTS

Current accounts	410 076	171 742	114 349
Call accounts	41 955	138 246	49 055
Cash	54 101	32 956	50 233
	506 132	342 944	213 637

Certain of the Group's bank accounts have been pledged as security for the Group's borrowings (refer note 19).

The above cash and cash equivalents bear interest at market-related rates.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
18. ORDINARY SHARE CAPITAL AND PREMIUM			
Authorised			
306 000 000 "A" class ordinary shares of 0.01 cent each	31	31	31
294 000 000 "B" class ordinary shares of 0.01 cent each	29	29	29
120 000 000 "C" class shares of 0.01 cent each	12	12	12
	72	72	72
Issued			
127 500 000 "A" class ordinary shares of 0.01 cent each	13	13	13
122 500 000 "B" class ordinary shares of 0.01 cent each	12	12	12
	25	25	25
The "A", "B" and "C" class ordinary shares rank <i>pari passu</i> in all respects in terms of the Articles of Association of the Company.			
Unissued shares under the control of the directors			
178 500 000 "A" class ordinary shares of 0.01 cent each	18	18	18
171 500 000 "B" class ordinary shares of 0.01 cent each	17	17	17
120 000 000 "C" class shares of 0.01 cent each	12	12	12
	47	47	47
Share premium	1 074 087	1 074 087	1 074 087
Total ordinary share capital and premium	1 074 112	1 074 112	1 074 112

19. BORROWINGS

(Excluding leases and preference share capital and premium)

At amortised cost

Bank borrowings	3 186 048	654 218	1 086 374
Minority shareholders	99 000	99 000	99 000
	3 285 048	753 218	1 185 374
Current portion of borrowings	(1 115 459)	(425 701)	(532 558)
Long- and medium-term borrowings	2 169 589	327 517	652 816
Secured	3 164 048	610 218	803 406
Unsecured	121 000	143 000	381 968
	3 285 048	753 218	1 185 374

The following represents the book amount of the security for these borrowings:

Property, plant and equipment (refer note 6)	2 680 180	170 904	154 220
Pledge of cash in bank accounts	225 061	–	–
Cession of Gold Reef Resorts Ltd shares	369 901	–	–
Guarantees (residual after pledge of above assets)	54 737	590 655	780 726
Representing lenders' gross exposures	3 329 879	761 559	934 946

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
19. BORROWINGS (continued)			
The carrying amounts and fair value of the non-current borrowings are as follows:			
Carrying amount			
Analysis of long- and medium-term borrowings:			
Bank borrowings	2 070 589	228 517	553 816
Minority shareholders	99 000	99 000	99 000
	2 169 589	327 517	652 816
The fair value of current borrowings approximates their carrying amount as the impact of discounting is not significant. The fair values of long- and medium-term borrowings are based on cash flows discounted using commensurate variable rates chargeable by the lenders of the above loans ranging between 10,70% and 12,24% (2008: 10,56% to 15,05% and 2007: 9,77% to 12,25%).			
Total borrowings:			
At fixed rates	25 119	51 943	678 784
At floating rates	3 259 929	701 275	506 590
	3 285 048	753 218	1 185 374
The Group has the following committed direct facilities (from banks and minority lenders):			
Expiring within 1 year	1 356 504	1 145 009	1 197 448
Expiring beyond 1 year	4 069 579	629 554	859 170
	5 426 083	1 774 563	2 056 618
The undrawn facility of the committed direct bank amounted to R2 141 million (2008: R1 021 million and 2007: R871 million).			
The carrying amounts of the Group's borrowings are denominated in the following currencies:			
Analysis by currency:			
SA Rand	3 274 965	733 655	1 162 694
US Dollar	10 083	19 563	22 680
	3 285 048	753 218	1 185 374
	%	%	%
Weighted average effective interest rates (excluding leases)	12,69	9,43	9,03

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
20. PREFERENCE SHARE CAPITAL AND PREMIUM			
At amortised cost			
By subsidiary company:			
<i>Authorised and issued</i>			
240 (2008 and 2007: 240) redeemable cumulative non-participating shares of R1.00 each	*	*	*
Premium of R999 999 per share	240 000	240 000	240 000
	240 000	240 000	240 000

* Amount less than R1 000.

Shares were subscribed for on 30 May 2006. Dividends accrue on a quarterly basis at rates linked to the three month JIBAR rate. Dividends are declared and paid end of September and March annually. The preference shares are redeemable by 31 May 2011. The Group shall be entitled, but not obliged, on not less than 30 days' prior written notice to that effect given to the holder of the preference shares to redeem all or any of the preference shares for the redemption amount provided that various conditions apply.

Preference share capital and premium is denominated in ZAR.

The fair value of preference share capital and premium approximates the carrying amount, as the impact of discounting is not significant, The fair values are based on cash flows discounted using a rate based on the year-end borrowing rate of 9,57% (2008: 9,33% and 2007: 7,81%).

21. RETIREMENT BENEFIT INFORMATION

Pension

The Group operates two pension funds: the Tsogo Sun Group Pension Fund and the Southern Sun Group Retirement Fund. Both are defined contribution funds, governed by the Pension Funds Act, 1956, which provide retirement and death benefits for all permanent, full-time employees who are not members of any other approved pension or provident fund.

Medical aid

The Group operates a defined benefit plan for a portion of the medical aid members. The assets of the funded plans are held independently of the Group's assets. This fund is valued by independent actuaries every year using the projected unit credit method.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
21. RETIREMENT BENEFIT INFORMATION (continued)			
Present value of funded obligations	33 547	31 612	38 042
Fair value of plan assets	(21 380)	(18 835)	(18 286)
	12 167	12 777	19 756
Unrecognised actuarial gains	6 205	7 015	3 446
Unrecognised past service costs	6 509	6 269	(1 448)
Liability per the balance sheet	24 881	26 061	21 754

The movement in the defined benefit obligation is as follows:

Defined benefit obligation at start of year	31 612	38 042	29 709
Current service cost	589	2 026	1 311
Interest cost	2 706	2 916	2 738
Past service cost	–	(6 813)	–
Actuarial losses/gains	393	(3 178)	5 654
Expected employer benefit payments	(1 753)	(1 381)	(1 370)
Defined benefit obligation at end of year	33 547	31 612	38 042

The movement in the fair value of plan assets is as follows:

Fair value of plan assets at start of year	(18 835)	(18 286)	(15 859)
Expected return on plan assets	(1 751)	(1 539)	(1 091)
Actuarial gains	(2 547)	(391)	(2 706)
Expected benefit payments from plan assets	1 753	1 381	1 370
Fair value of plan assets at end of year	(21 380)	(18 835)	(18 286)

The assets of the medical aid scheme comprises cash for 2009, 2008 and 2007 with fair values of R21,4 million, R18,8 million and R18,3 million, respectively.

The expected long-term rate of return on medical aid assets is 10%. This is determined by considering the weighted expected return of each asset class within the fund.

The fund is actively managed and returns are based on both the expected performance of the asset class and the performance of the fund managers.

No contributions are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2009 (2008 and 2007: R nil).

	2009	2008	2007
	R'000	R'000	R'000
The amounts recognised in the income statement under other operating expenses are as follows:			
Current service cost	589	2 026	1 311
Interest on obligation	2 707	2 917	2 738
Expected return on plan assets	(1 751)	(1 539)	(1 091)
Net actuarial gains	(2 965)	–	(1 711)
Past service cost	240	904	904
Total included in employee costs	(1 180)	4 308	2 151
Actual return on plan assets	2 545	1 699	1 166

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000

21. RETIREMENT BENEFIT INFORMATION (continued)

The principal actuarial assumptions used for the valuation were:

	%	%	%
Discount rate	9,00	8,75	7,75
Health care cost inflation	7,25	7,50	6,75
Expected return on plan assets	10,00	9,75	8,75
Remuneration inflation	6,75	7,00	6,25

	Decrease	Increase
	R'000	R'000

At 31 March 2009, the effects of a 1% movement in the assumed medical cost trend rate were as follows:

Effect on the current service cost and interest cost	2 577	308
Effect on the post-retirement medical aid liability	26 691	33 846

	2009	2008	2007	2006	2005
	R'000	R'000	R'000	R'000	R'000

Five year historical information

At 31 March

Present value of defined benefit obligations	33 547	31 612	30 798	29 121	24 948
Fair value of plan assets	(21 380)	(18 835)	(18 286)	(15 450)	(13 567)
Deficit	12 167	12 777	12 512	13 671	11 381
Experience adjustments on plan liabilities	(2 384)	1 641	2 786	(821)	5 547
Experience adjustments on plan assets)	2 547	391	2 976	1 019	(430)

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
22. OBLIGATIONS UNDER FINANCE LEASE			
Total liability	65 523	67 462	70 207
Short-term portion transferred to current liabilities	(3 121)	(1 931)	(3 135)
	62 402	65 531	67 072
The minimum lease payments under the lease liabilities are due as follows:			
Not later than 1 year	10 827	10 003	10 589
Later than 1 year and not later than 5 years	54 963	50 181	44 802
Later than 5 years	35 221	51 155	59 921
	101 011	111 339	115 312
Future finance charges	(35 488)	(43 877)	(45 105)
Present value of finance lease liabilities	65 523	67 462	70 207
The present value of finance lease liabilities are as follows:			
Not later than 1 year	10 195	9 416	10 626
Later than 1 year and not later than 5 years	38 180	34 776	35 454
Later than 5 years	17 148	23 270	24 127
	65 523	67 462	70 207

Two properties of the Group have been financed by means of finance leases with banking institutions. Interest rates vary from 12,16% to 12,1% and the leases expire between calendar years 2015 and 2016. On expiry of these leases, all the risks and rewards of ownership of the properties will transfer to the Group. Refer to note 6 for details of book values of leased land and buildings.

23. LONG-TERM INCENTIVE LIABILITIES

The Group operates long-term incentive plans. Liabilities equal to the current fair values are recognised at each balance sheet date. The moves in the fair value of these liabilities are expensed.

The fair value is expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the application of an Earnings Before Interest, Tax and Amortisation (pre-exceptional items) ("EBITDA") based formula as described in note 7.

The two long-term incentive payment plans are as follows:

23.1 The Tsogo Sun Group Share Incentive Plan which closed out during the 2009 financial year, was a long-term incentive plan whereby participants received a cash settlement on exercise and delivery of options. Share options were granted at the fair value price of the shares on the date of the grant less a discount of 2%, and were exercisable at that price. Options only began to vest from three years after they were allocated. After three years 25% vested, an additional 25% vested after four years, and after five years the remaining options fully vested. Options expired after a maximum period of eight years. The charge was not reversed if the options were not exercised where the market value of the shares was lower than the option price at the date of grant. When an option was exercised the option holder received the differential between the strike/grant price and the fair value of the underlying shares in cash which fair value was determined by reference to a pre-determined formula, as noted above.

The Group recognised a total expense of R37,9 million (2008: R106,9 million and 2007: R238,6 million) related to long-term incentive transactions during the year and at 31 March 2009 the Group has recorded liabilities of Rnil million (2008: R288,8 million and 2007: R326 million) in respect of this long-term incentive plan. The current portion of this liability is Rnil million (2008: R288,8 million and 2007: R125,4 million).

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

23. LONG-TERM INCENTIVE LIABILITIES (continued)

23.1 (continued)

Movements in the number of share options during the year and their related weighted average exercise prices were as follows:

	2009		2008		2007	
	Number of shares	Weighted average exercise price per share R	Number of shares	Weighted average exercise price per share R	Number of shares	Weighted average exercise price per share R
Outstanding at beginning of year	5 108 686	8,92	7 491 762	8,92	13 227 216	8,92
Exercised during the year	(5 108 686)	72,87	(2 383 076)	69,40	(5 735 454)	45,44
Outstanding at end of year	–		5 108 686		7 491 762	
Exercisable at end of year	–		5 108 686		2 497 254	

23.2 The Tsogo Sun Share Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the notional growth in the Group's share price. Participants under this bonus appreciation plan are not entitled to take up shares or options whatsoever. For certain allocations, 25% of the bonus appreciation plan vests from three years after date of allocation, an additional 25% vests after four years, and the balance after five years. The 2009 allocation vests in full three years after date of allocation.

The Group recognised a reversal of R5,9 million (2008: R17,9 million expense and 2007: R8,4 million expense) related to the bonus appreciation plan during the year and at 31 March 2009 the Group has recorded liabilities of R20,3 million (2008: R31,8 million and 2007: R13,9 million) in respect of this plan. The current portion of this liability is R7,7 million (2008: R5 million and 2007: R nil).

	2009	2008	2007
	R'000	R'000	R'000
24. NON-CURRENT PROVISIONS AND LIABILITIES			
Straight-lining of operating leases	271 588	261 761	247 319
Accrual for intangible – bid costs	23 000	71 000	–
Less: Current portion	(30 515)	(52 220)	(3 312)
	264 073	280 541	244 007

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

25. DEFERRED INCOME

Previously the Group accounted for its customer loyalty programmes in terms of *IFRIC 13 Customer Loyalty Programmes* however the liability on the balance sheet was allocated as provisions. This has now been reallocated, in terms of IFRIC 13, to deferred revenue. Accordingly comparative figures have been restated.

	2009 R'000	2008 R'000	2007 R'000
Frequent guest programme			
At beginning of year	35 481	31 645	39 717
Created during the year	21 781	50 262	38 341
Utilised during the year	(21 950)	(46 426)	(46 413)
At the end of year	35 312	35 481	31 645
The expected timing of the utilisation of the above provisions is as follows:			
Frequent guest programme – within three years:			
– non-current	3 667	20 637	18 406
– current	31 645	14 844	13 239
	35 312	35 481	31 645

26. TRADE AND OTHER PAYABLES

Trade payables	112 411	100 411	95 777
VAT payable	17 626	42 933	37 119
Capital payables	2 459	28 485	17 629
Payroll related payables	37 089	35 094	38 320
Current portion of non-current provisions and liabilities	30 515	52 220	3 312
Other, including sundry accruals	558 382	374 265	365 272
	758 482	633 408	557 429

27. PROVISIONS

At beginning of year

Incentives	69 050	65 158	53 346
Jackpot provisions	10 326	17 892	13 125
	79 376	83 050	66 471

Created during the year

Incentives	42 185	76 417	68 879
Jackpot provisions	33 091	49 695	58 837
	75 276	126 112	127 716

Utilised during the year

Incentives	(37 631)	(72 525)	(57 067)
Jackpot provisions	(35 456)	(57 261)	(54 070)
	(73 087)	(129 786)	(111 137)

At the end of year

Incentives	73 604	69 050	65 158
Jackpot provisions	7 961	10 326	17 892
	81 565	79 376	83 050

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

27. PROVISIONS (continued)

Incentive and jackpot provisions – due to the nature of these provisions the timing of their utilisations is uncertain, however it is not expected to be longer than twelve months.

28. CONTINGENT LIABILITIES

	2009 R'000	2008 R'000	2007 R'000
Staff loans and guarantees	500	500	500
Operating lease guarantees	14 881	28 674	36 727
	15 381	29 174	37 227

29. COMMITMENTS

Operating lease commitments (see note 30 below)	1 379 814	1 462 706	1 514 951
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The present value of the contingencies and commitments per notes 28 and 29 above is R711,2 million (2008: R752,3 million and 2007: R837,3 million).

30. OPERATING LEASE ARRANGEMENTS

Operating lease arrangements where the Group is a lessee:

At the balance sheet date the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Due within 1 year	138 391	134 890	132 436
Due after 1 year but before 5 years	461 292	511 635	547 405
Due after 5 years	780 131	816 181	835 110
	1 379 814	1 462 706	1 514 951

The operating lease commitments relate mainly to leases of property within the Group's portfolio of hotels, as well as its convention centre and head office.

Operating lease arrangements where the Group is a lessor:

The Group rents out shops in its gaming and hotels properties. Property rental income earned during the year was R54 million (2008: R55 million and 2007: R37 million).

The majority of the Group's operating leases are revenue based, and the balance have rentals stipulated in terms of operating lease agreements. At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments:

Due within 1 year	26 023	19 537	14 462
Due after 1 year but before 5 years	64 374	57 474	26 323
Due after 5 years	2 709	3 902	3 827
	93 106	80 913	44 612

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
31. FUTURE CAPITAL EXPENDITURE			
Authorised by directors but not yet contracted for:			
Property, plant and equipment	842 029	987 810	815 029
Intangible assets: software	68 971	60 266	53 800
	911 000	1 048 076	868 829
Authorised by directors and contracted to be expended:			
Property, plant and equipment	663 000	17 108	110 540
Intangible assets: software	–	3 002	1 800
	663 000	20 110	112 340

32. BUSINESS COMBINATIONS

32.1 Effective control over The Cullinan Hotel (Pty) Ltd (“Cullinan”)

On 1 April 2008 the Group obtained effective control in Cullinan which was previously accounted for as a joint venture. The Group holds 50% of the share capital of Cullinan. Effective control of Cullinan was obtained through revised management contracts giving the Group control of the operating and financial policies of the business. The consolidation of Cullinan contributed revenues of R170,7 million and a profit after tax of R9,9 million to the Group from the date of effective control of 1 April 2008 to 31 March 2009.

The asset revaluation reserve of R131 million recognised in equity is attributable to the revaluation of assets, liabilities and contingent liabilities on 1 April 2008 being the date the entity was accounted for as a subsidiary and no longer as a joint venture. There was no flow of cash on the obtaining of effective control.

32.2 Details of the net assets acquired and goodwill at date of conversion:

	Fair value of assets on conversion R'000	Original carrying value of assets R'000
Non-current assets		
Property, plant and equipment	531 484	184 284
Current assets		
Inventories	1 389	1 389
Trade and other receivables	28 928	28 928
Cash and cash equivalents	32 786	32 786
Current liabilities		
Deferred tax liabilities	(100 381)	(15 841)
Trade and other payables	(52 834)	(52 834)
Taxation payable	(17 376)	(17 376)
	423 996	161 336
Minority share of net assets of Cullinan	(211 998)	–
Group share of net assets recognised on change in control	211 998	–
Group carrying value of investment in Cullinan	(223 458)	–
Goodwill recognised on change in control	11 460	–

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
33. REVENUE			
Hotel revenue	1 743 531	1 441 224	1 140 533
Food and beverage revenue	552 408	469 893	412 262
Management fees earned	291 546	123 104	91 410
Other revenue	89 317	241 546	182 601
	2 676 802	2 275 767	1 826 806
34. GAMING LEVIES AND VAT			
Gaming taxes	287 091	284 364	256 938
VAT	365 051	362 915	329 093
Other	4 062	3 761	3 320
	656 204	651 040	589 351
35. AMORTISATION AND DEPRECIATION			
Amortisation of intangibles			
Management contract	–	6 662	73 125
Bid costs	13 138	13 925	14 817
Trademarks	456	456	418
Computer software	16 690	13 595	23 933
	30 284	34 638	112 293
Depreciation			
<i>Owned assets</i>			
Properties	54 899	98 676	79 149
Plant, vehicles and equipment	289 534	174 013	136 938
	344 433	272 689	216 087
<i>Leased assets</i>			
Properties	1 990	1 609	1 609
Total depreciation	346 423	274 298	217 696
Total amortisation and depreciation	376 707	308 936	329 989
36. PROPERTY AND EQUIPMENT RENTALS			
Properties	152 093	147 339	142 227
Plant, vehicles and equipment	30 127	26 141	19 431
	182 220	173 480	161 658

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
37. OTHER OPERATING EXPENSES			
Other operating expenses comprise the following:			
Employee benefit expense	1 148 224	1 114 940	1 173 313
Salaries and wages	1 026 378	912 464	849 673
Termination benefits	474	123	12 900
Pension – defined contribution plans	75 558	65 966	60 341
Other post-retirement benefits (medical aid, etc)	13 750	11 574	3 406
Long-term incentive charges	32 064	124 813	246 993
Auditors remuneration	10 815	8 583	8 093
Audit fees	8 153	7 418	6 784
Tax services	554	178	762
Other services and expenses	2 108	987	547
Administration fees	588	588	1 455
External consultants remuneration	39 677	30 009	18 586
Food and beverage costs	211 276	196 672	164 570
Impairment charge for bad and doubtful debts	5 765	4 441	3 252
Impairment reversal for non-current receivable	–	–	(6 388)
Information technology related costs	30 647	18 378	17 152
Net foreign exchange losses/(gains)	4 770	(14 446)	7 358
Property costs – rates, water and electricity	139 109	108 030	92 785
Repairs and maintenance expenditure	171 027	157 416	131 302
Rooms departmental expenses	129 815	118 947	108 892
Other expenses	752 323	663 609	542 563
Fair value loss on derivative	132 008	58 871	–
Gain on sale of associate	–	(24 826)	–
Impairment charge for property, plant and equipment	3 271	2 500	–
Profit on disposal of property, plant and equipment	(11 252)	(38 127)	(1 648)
Total other operating expenses	2 768 063	2 405 585	2 261 285
38. INTEREST INCOME			
Interest income on available-for-sale financial assets	–	156	152
Interest received from banks and collective investment institutions	18 776	7 442	18 704
Interest received from minority shareholders	15 176	13 449	9 491
Preference dividends	680	2 240	1 932
Interest income – other	832	1 985	824
	35 464	25 272	31 103
39. FINANCE COSTS			
Finance costs in respect of interest-bearing debt	354 720	72 068	107 700
Interest paid to minority shareholders	–	13 449	9 491
Preference dividends	23 925	20 698	14 496
Interest on finance leases	8 029	6 830	8 192
Finance costs – other	696	–	11
Less: Interest capitalised	(5 067)	–	(19 221)
	382 303	113 045	120 669

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
40. INCOME TAX EXPENSE			
Current – current year	492 687	594 264	480 055
Current – prior year	(71 507)	14 923	4 016
Deferred – current year	13 815	(1 757)	(3 739)
Deferred – prior year	4 382	8 704	651
Secondary tax on companies	133 350	33 378	102 737
Capital gains tax	–	5 172	504
Withholding taxes	6 715	4 248	–
Deferred tax rate change of 1%	–	550	–
	579 442	659 482	584 224

Income tax reconciliation

	2009		2008		2007	
	R'000	%	R'000	%	R'000	%
Profit before income tax and share of profit of associates and joint ventures	1 590 245		1 871 943		1 315 594	
Income tax thereon at 28% (2008 and 2007: 29%)	445 269	28,0	542 863	29,0	381 522	29,0
Disallowed expenditure	69 281	4,4	69 617	3,9	105 643	8,0
Exempt income	(3 435)	(0,2)	(19 606)	(1,0)	(10 483)	(0,8)
Prior year charges	(67 125)	(4,2)	23 627	1,3	4 667	0,4
Secondary tax on companies	133 350	8,4	33 378	1,8	102 737	7,8
Capital gains tax	–	–	5 172	0,3	504	–
Withholding taxes	6 715	0,4	4 248	0,2	–	–
Foreign tax rate differential	(4 613)	(0,3)	(366)	–	(366)	–
Deferred tax rate change of 1%	–	–	549	–	–	–
Income tax charge	579 442	36,5	659 482	35,2	584 224	44,4

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

41. RECONCILIATION OF EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY TO HEADLINE EARNINGS AND ADJUSTED EARNINGS

	2009		2008		2007	
	Gross R'000	Net R'000	Gross R'000	Net R'000	Gross R'000	Net R'000
Earnings attributable to equity holders of the Company		908 456		1 122 314		652 774
IAS 16 gains on disposal of property	(10 734)	(10 734)	(38 099)	(28 163)	(3 100)	(2 600)
IAS 16 loss on disposal of plant and equipment	(518)	(917)	(28)	(171)	1 452	1 027
IAS 16 Impairment of plant and equipment	3 271	1 120	2 500	772	–	–
IAS 28 gains on disposal of associate	–	–	(24 826)	(22 912)	–	–
IAS 36 reversal of loan impairment	–	–	–	–	(6 388)	(6 388)
Excess of fair value of assets acquired of associate	–	–	4 489	4 489	(9 420)	(9 420)
Headline earnings		897 925		1 076 329		635 393
Re-branding costs	–	–	15 745	12 478	1 220	2 252
Pre-opening expenses	–	–	2 814	1 998	3 506	8 675
Fair value loss on derivative	132 008	132 008	58 871	58 871	–	–
Adjusted earnings		1 029 933		1 149 676		646 320
Adjusted earnings – (decrease)/increase		(10,4%)		77,9%		18,0%
Basic and diluted headline earnings per share (cents)		359		431		254
Basic and diluted earnings per share (cents)		363		449		261

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
42. EARNINGS BEFORE INTEREST, INCOME TAX, DEPRECIATION, AMORTISATION AND PROPERTY RENTALS ("EBITDAR")			
Group EBITDAR pre exceptional items is made up as follows:			
Operating profit	1 937 084	1 959 716	1 405 160
<i>Add:</i>			
Property rentals	152 093	147 339	142 227
Amortisation and depreciation	376 707	308 936	329 989
Long-term incentives	32 064	124 813	246 993
	2 497 948	2 540 804	2 124 369
<i>Add/(Less): Exceptional losses/(profits)</i>	124 027	21 466	(12 730)
Capital profit on assets	(11 252)	(62 953)	(1 648)
Fair value loss on financial instruments	132 008	58 871	–
Impairment of property, plant and equipment	3 271	2 500	–
Re-branding costs	–	15 745	1 220
Pre-opening expenses	–	2 814	3 506
Reversal on Impairment	–	–	(6 388)
Excess of fair value of assets acquired	–	4 489	(9 420)
EBITDAR – pre-exceptional items and long-term incentives	2 621 975	2 562 270	2 111 639

43. DIVIDENDS PAID

Paid:			
Ordinary dividend – final (declared and paid June)	325 000	197 000	32 000
Ordinary dividend – special (declared August 2008 and paid September 2008) (July 2006)	1 000 000	–	657 000
Ordinary dividend – interim (declared and paid December)	–	209 000	110 000
	1 325 000	406 000	799 000

The Final Dividend declared and paid was 130 cents (2008: 78,8 cents and 2007: 12,8 cents). Special dividend declared and paid in September 2008 was 400 cents (2008: nil cents and 2007: 262,8 cents). No interim dividend was paid for the 2009 financial year (2008: 83,6 cents and 2007: 44,0 cents).

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
44. CASH GENERATED FROM OPERATIONS			
Profit before interest and income tax	1 937 084	1 959 716	1 405 160
<i>Adjusted for non-cash movements:</i>			
– amortisation	30 284	34 638	112 293
– depreciation	346 423	274 298	217 696
– capital profits on property, plant and equipment	(11 252)	(38 127)	(1 648)
– gain on disposal of associate	–	(24 826)	–
– fair value loss on derivative	132 008	58 871	–
– asset impairments	3 271	2 500	(6 388)
– bad debts written off	5 765	4 441	3 252
– excess of fair value of assets acquired	–	4 489	(9 420)
– translation impact on the income statement	(2 204)	(15 570)	(7 141)
– operating equipment usage	13 136	10 049	912
– straight-lining of operating leases and other lease adjustments	11 255	21 066	24 329
– amortisation of rental income	–	(9 028)	–
– revaluation of available for sale assets	(88)	(46)	–
– long- and short-term incentive charges	74 249	201 230	246 993
	2 539 931	2 483 701	1 986 038
Working capital movements			
Increase in inventories	(26 640)	(18 985)	(11 405)
Decrease/(Increase) in trade and other receivables	43 708	(62 693)	(99 837)
(Decrease)/Increase in payables and provisions	(494 616)	(227 174)	(97 290)
	2 062 383	2 174 849	1 777 506
45. INCOME TAX PAID			
Tax liability at beginning of year	(156 384)	(126 393)	(200 990)
Acquisition activity	(17 376)	–	–
Current tax provided	(561 245)	(651 985)	(587 312)
Currency translation	(649)	(2 376)	224
Tax liability at end of year	108 777	156 384	126 393
	(626 877)	(624 370)	(661 685)
46. DIVIDENDS PAID TO THE COMPANY'S SHAREHOLDERS			
Dividends provided at beginning of year	–	–	–
Ordinary dividends declared	(1 325 000)	(406 000)	(799 000)
Dividends provided at end of year	–	–	–
	(1 325 000)	(406 000)	(799 000)

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

	2009	2008	2007
	R'000	R'000	R'000
47. OTHER LOANS AND INVESTMENTS			
Loans to associates and joint ventures	–	(733)	(34 629)
Associates and joint ventures repayment of loans	–	30 455	615
Loan repaid on disposal of associate	–	16 515	–
Redemption of preference shares	8 320	6 491	–
Loan investments repaid	7 947	(2 746)	8 258
Loan investments made	(8 375)	–	(106 000)
Other investments redeemed	2 610	–	(27 047)
	10 502	49 982	(158 803)

48. RELATED PARTY TRANSACTIONS

The Group is controlled by Tsogo Investment Holding Company (Proprietary) Limited (incorporated in South Africa), which owns 51% of the Company's shares and whose ultimate holding company is Hosken Consolidated Investments Limited, a company listed on the JSE. The remaining 49% of the shares are held by SABSA Holdings (Proprietary) Limited whose ultimate holding company is SABMiller plc. The shares of both ultimate holding companies are widely held.

As detailed below the Group has concluded certain transaction with related parties. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Except as otherwise indicated all related party transactions are based on a market-related basis.

	2009	2008	2007
	R'000	R'000	R'000
48.1 Purchases/(sales) of services			
Associates and joint ventures – management fees received	–	(34 773)	(28 015)
Administration fees paid to:			
Tsogo Investment Holding Company (Pty) Ltd	250	225	300
SABSA Holdings (Pty) Ltd	312	312	288
Purchases from shareholders' group companies:			
SABMiller plc	18 090	20 277	21 153
	18 652	(13 959)	(6 274)

48.2 Key management compensation

Directors of the Group are considered to be key management.

48.3 Loans from/to related parties

Loans to directors and key management of the Group (and their families)

	–	–	–
Loans to associates and joint ventures	59 037	61 244	67 089

48.4 Trade (payables)/receivables from/(to) related parties

SABMiller plc	(172)	(862)	(856)
Associates and joint ventures	2 189	50 625	46 311
	2 017	49 763	45 455

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

48. RELATED PARTY TRANSACTIONS (continued)

48.5 Contingencies

The Group has guaranteed 47.4% of the lease obligations of its associate, Hotel Formula 1 (SA) (Pty) Ltd. This share amounts to R14,9 million (the present value is R11,9 million).

49. POST BALANCE SHEET EVENTS

Except for the matters noted below in notes 50 and 51, the directors are not aware of any matter or circumstance arising since the end of the 2009 financial year, not otherwise dealt with within the financial information that would affect the operations or results of the Group significantly.

50. BUSINESS COMBINATION

Effective 100% control over Century Casinos Africa (Pty) Ltd, comprising 100% interest in Century Casinos Caledon (Pty) Ltd, Century Casinos Newcastle (Pty) Ltd and Celebration Accommodation and Food Services Management (Pty) Ltd.

With effect from 30 June 2009, the Group acquired a 100% effective interest in Century Casinos Africa (Pty) Ltd and Celebration Accommodation and Food Services Management (Pty) Ltd. This acquisition gave effective ownership of 100% in Century Casinos Caledon (Pty) Ltd and 60% of Century Casinos Newcastle (Pty) Ltd. In addition the Group acquired the remaining 40% of Century Casinos Newcastle (Pty) Ltd from Winlen Casino Operators (Pty) Ltd. These companies carry on the businesses of casinos, hotels and food and beverage services. The acquired businesses contributed revenues of R53 million and net profit of R6 million to the Group for the period 30 June 2009 to 30 September 2009. If the acquisition had occurred on 1 April 2009, Group revenue would have increased by R105 million and profit after tax would have increased by R13 million excluding the funding impact of the acquisition. These amounts have been calculated using the Group's accounting policies.

	R'000
Details of net assets acquired and goodwill are as follows:	
Purchase consideration:	
Cash paid	432 784
Direct costs relating to the acquisition	3 224
Total purchase consideration	436 008
Fair value of net assets acquired	(167 541)
Goodwill	268 467

The goodwill is attributable to the gaming licenses.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

50. BUSINESS COMBINATION (continued)

Details of the net assets and goodwill acquired:

	Original carrying amount R'000	Fair value R'000
Non-current assets		
Property, plant and equipment	206 922	226 922
Bid costs	80 692	10 859
Current assets		
Inventories	1 591	1 591
Trade and other receivables	10 927	10 927
Cash and cash equivalents	7 549	7 549
Current liabilities		
Deferred tax liabilities	(10 887)	(13 687)
Borrowings	(45 527)	(45 527)
Trade and other payables	(27 627)	(27 627)
Taxation payable	(3 466)	(3 466)
Net assets acquired	220 174	167 541

51. ACQUISITION OF MINORITY INTEREST

The Group has with effect from 7 October 2009, concluded a purchase agreement of a 100% interest in The Millennium Casino Limited which holds an effective 30% interest in Tsogo Sun KwaZulu-Natal (Pty) Ltd, a subsidiary of the Group.

This acquisition increased the effective economic interest in Tsogo Sun KwaZulu-Natal (Pty) Ltd from 43.5% to 73.5%. Tsogo Sun KwaZulu-Natal (Pty) Ltd owns and operates the Suncoast Casino and Entertainment World. If the acquisition had occurred on 1 April 2009, Group revenue would have been unchanged and profit attributable to equity holders of the company would have increased by R59 million excluding the funding impact of the acquisition. These amounts have been calculated using the Group's accounting policies.

	R'000
Details of the purchase consideration are as follows:	
Purchase consideration:	
Cash paid	1 006 004
Contingency payment dependent on future results	330 000
Direct costs relating to the acquisition	1 931
Total purchase consideration	1 337 935
Carrying value of minority interest and fair value of net assets acquired	(448 078)
Goodwill	889 857

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

51. ACQUISITION OF MINORITY INTEREST (continued)

Details of the net assets and minority interest acquired are as follows:

	R'000
Current assets	
Trade and other receivables	1 420
Cash and cash equivalents	13 853
Current liabilities	
Other liabilities	(1 499)
Net assets	13 774
Minority interests acquired	434 304
Net assets acquired	448 078

This acquisition was funded through the issue of 1 000 redeemable cumulative preference shares of R0,10 each by Tsogo Sun Gaming (Pty) Ltd to Johnnic Holdings Ltd (510 shares) and SABSA Holdings (Pty) Ltd (490 shares) for a total consideration of R1 billion.

Tsogo Sun Gaming (Pty) Ltd shall be obliged to redeem the preference shares on the fifth anniversary of the issue date. Preference dividends are payable within three business days of each annual dividend declaration date of 31 March each year. The preference dividend is linked to the twelve-month JIBAR rate set at 31 March each year.

**NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007**

52. SUBSIDIARY COMPANIES

The followings information relates to the Company's financial interest in its principal subsidiaries:

31 March	Subsidiary	Issued share capital 2009, 2008 and 2007 R'000	Interest in ordinary capital		Shares at cost 2009, 2008 and 2007 R'000	Amounts owing by/(to) subsidiaries		
			Direct 2009, 2008 and 2007 %	Indirect 2009, 2008 and 2007 %		2009 R'000	2008 R'000	2007 R'000
	Tsogo Sun Gaming (Pty) Ltd	*	100	—	*	676 804	626 804	676 804
	Southern Sun Hotels (Pty) Ltd	*	100	—	*	400 000	450 000	400 000
	Southern Sun Offshore (Pty) Ltd	*	100	—	*	94 155	94 155	94 155
	Tsogo Sun (Pty) Ltd	*	100	—	*	263 521	181 871	144 353
	Tsogo Sun Holdings (Pty) Ltd – Cell No. 42	25	100	—	100	—	—	—
	Tsogo Sun Holdings (Pty) Ltd – Cell No. 129	25	100	—	100	—	—	—
	Tsogo Sun Casinos (Pty) Ltd	2	—	100	—	(1 066)	122	111
	Tsogo Sun Kwa-Zulu Natal (Pty) Ltd	1	—	43.5	—	—	—	—
	Tsogo Sun Emonti (Pty) Ltd	1	—	80	—	—	—	—
	Monyaka Gaming Machine Supply (Pty) Ltd	2	—	100	—	—	—	—
	Ripple Effect 31 (Pty) Ltd	1	—	72.5	—	—	—	—
	Southern Sun Middle East Investments Holdings (Pty) Ltd	*	—	100	—	—	—	—
	Southern Sun Africa	120	—	100	—	—	—	—
	Southern Sun Hotel Interests (Pty) Ltd	2 145	—	100	—	(18 555)	(14 413)	(11 380)
	Southern Sun Secretarial Services (Pty) Ltd	*	—	100	—	—	—	—
					200	1 414 859	1 338 539	1 304 043

* Amounts less than R1 000.

NOTES TO THE FINANCIAL INFORMATION
for the years ended 31 March 2009, 2008 and 2007

52. SUBSIDIARY COMPANIES (continued)

In addition to the above mentioned subsidiaries, Tsogo Sun Holdings (Pty) Limited has interests in other indirectly held subsidiaries. A register detailing such information in respect of all subsidiaries of the Company is available for inspection at the registered office of the Company, which may be inspected by members or their duly authorised agents.

All of the above subsidiaries are unlisted and with the exception of Southern Sun Africa which is incorporated in Mauritius, are incorporated in South Africa.

The holding company's interest in the aggregate profits earned and losses incurred by subsidiaries amounted to R1 171,0 million (2008: R1 341,5 million and 2007: R1 295,6 million) and R28,5 million (2008: R31,5 million and 2007: R103,5 million), respectively, before inter-Group dividends and consolidation adjustments.

	2009	2008	2007
	R	R	R
53. NET ASSET VALUE AND NET TANGIBLE ASSET VALUE PER SHARE			
Net asset value per share (Rands)	9,79	10,91	7,78
Net tangible asset value per share (Rands)	7,77	8,93	5,81

The net asset value and net tangible asset per share has been calculated using the capital and reserves attributable to the equity holders of the Company.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF TSOGO FOR THE FINANCIAL YEARS ENDED 31 MARCH 2009, 2008 AND 2007

"The Board of Directors
Gold Reef Resorts Limited
Gate 4, Gold Reef City
Northern Parkway
Ormonde, 2091
South Africa
(Private Bag X1890, Gold Reef City, 2159)

23 March 2010

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF TSOGO SUN HOLDINGS (PROPRIETARY) LIMITED ("TSOGO")**Introduction**

Gold Reef Resorts Limited ("Gold Reef") is issuing a circular to its shareholders ("the Circular") regarding the proposed acquisition of Tsogo by Gold Reef ("the Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 29 March 2010, we have audited the historical financial information of Tsogo presented in the Report of Historical Financial Information which comprises the consolidated balance sheets of Tsogo at 31 March 2009, 31 March 2008 and 31 March 2007, and the consolidated income statements, statements of changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes ("the Financial Information"), as presented in Annexure 3 to the Circular, in compliance with the JSE Limited ("JSE") Listings Requirements.

Responsibility*Directors' Responsibility*

The directors of Gold Reef are responsible for the preparation, contents and presentation of the Circular. The directors of Tsogo are responsible for the fair presentation of the Financial Information in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Financial Information 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 Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Information, 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 Information 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 Information.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Information of Tsogo as set out in Annexure 3 to the Circular, presents fairly, in all material respects, for the purposes of the Circular, the consolidated financial position of Tsogo at 31 March 2009, 31 March 2008 and 31 March 2007, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc

*Director: F Tonelli
Accredited Auditor"*

2 Eglin Road
Sunninghill, 2157, South Africa
(Private Bag X36, Sunninghill, 2157, South Africa)

**REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF
TSOGO FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

INTRODUCTION

The condensed consolidated interim financial results of Tsogo Sun Holdings (Proprietary) Limited ("Tsogo") for the six months ended 30 September 2009 are set out below. The condensed consolidated interim financial results of Tsogo are the responsibility of the directors of Tsogo.

COMMENTARY

The financial results for the six months ended 30 September 2009 represented an acceptable performance with Group income of R2 876 million (1% below the prior year) and earnings before interest, tax, depreciation, amortisation and rentals ("EBITDAR"), pre non trading items, of R1 092 million (12% decline on the prior year). This was achieved despite the economic slow down impacting hotels and gaming and was assisted by the inclusion of three months' trading of the two newly acquired Century Casinos.

The Tsogo Sun Gaming division continued to outperform other operators in South Africa in terms of EBITDAR margin. Total income of R1 982 million and EBITDAR (pre non trading items) of R805 million were achieved during the half-year. Montecasino once again successfully hosted numerous high profile events at the Teatro and the Outdoor Events Arena and remains the premier entertainment destination in Johannesburg. The KwaZulu-Natal market performed better than other provinces during the period under review, with the Suncoast casino further benefiting from additional slot machines and new parking created at this unit to assist peak period capacity. The Group's other casino interests in Nelspruit, Emalahleni (Witbank) and East London performed satisfactorily during the year.

Southern Sun Hotels in South Africa together with the general tourism and hospitality industry continue to be affected during the period by the contraction in the local economy and a consequential decline in demand from the corporate and government segments. The South African hotels division recorded a revenue decline of 11% to R787 million during the year with EBITDAR (pre non trading items) decline of 29% to R283 million.

The Hotels Offshore division, achieved total revenue of R124 million, representing a 10% decline on the prior period with EBITDAR (pre non trading items and foreign exchange losses) of R41 million ending some R3 million down on last year. The divisions results were impacted by the stronger average Rand/US\$ and Rand/Euro translation rates during the period and in addition the division incurred a R37 million foreign exchange loss.

Earnings attributable to ordinary shareholders of R408 million ended 42% above last year. The prior period included a fair value adjustment in respect of the Groups investment in Gold Reef Resorts Limited, prior to the investment being treated as an associate of R137 million.

In addition to major maintenance and refurbishment capital expenditure, Tsogo Sun Group has undertaken a number of corporate activities during the financial year which will position the Group to benefit substantially from the economic recovery, when it arrives. These activities include:

- the addition of seven hotels to the portfolio (StayEasy Rustenburg, Southern Sun Hyde Park and the StayEasy Witbank – all opened and Southern Sun Montecasino, Southern Sun Ikoyi (Nigeria), Stay Easy Pietermartizberg and Garden Court Umhlanga – all under construction); and
- the mixed use development at Montecasino, now officially named The Pivot, which is under construction and includes offices, parking and the Southern Sun Hotel mentioned above.

The Tsogo Sun Group remains focused on a growth strategy and will continue to pursue opportunities to develop and enhance its core Hotels and Gaming businesses.

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

	30 September 2009 R'000	31 March 2009 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	5 458 036	4 960 993
Goodwill	628 015	360 956
Other intangible assets	134 688	143 698
Investments in associates	1 532 683	1 433 697
Investments in joint ventures	109 183	118 563
Available-for-sale financial assets	1 906	1 906
Non-current receivables	138 257	142 347
Deferred income tax assets	78 770	63 220
	8 081 538	7 225 380
Current assets		
Inventories	127 489	126 613
Trade and other receivables	657 404	354 081
Available-for-sale financial assets	9 714	4 990
Current income tax assets	–	1 657
Cash and cash equivalents	364 248	506 132
	1 158 855	993 473
Total assets	9 240 393	8 218 853
EQUITY		
Capital and reserves attributable to owners of the Company		
Ordinary share capital and premium	1 074 112	1 074 112
Cash flow hedging reserve	(36 758)	(39 515)
Foreign currency translation reserve	71 697	157 125
Surplus arising on change in control in joint venture	130 878	130 425
Retained earnings	1 532 408	1 124 561
	2 772 337	2 446 708
Minority interest in equity	795 193	671 658
Total equity	3 567 530	3 118 366
LIABILITIES		
Non-current liabilities		
Borrowings	2 332 210	2 169 589
Preference share capital and premium	240 000	240 000
Post-retirement medical aid liability	24 881	24 881
Deferred income tax liabilities	195 107	160 004
Obligations under finance lease	60 226	62 402
Liability for long-term incentives	5 248	12 540
Provisions and other liabilities	266 070	264 073
Deferred revenue	3 667	3 667
Derivative financial instrument	5 051	31 087
	3 132 460	2 968 243

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

	30 September 2009 R'000	31 March 2009 R'000
Current liabilities		
Trade and other payables	847 436	758 482
Current income tax liabilities	31 545	110 434
Borrowings	1 494 722	1 115 459
Obligations under finance lease	3 901	3 121
Liability for long-term incentives	15 746	7 743
Provisions	70 083	81 565
Deferred revenue	30 968	31 645
Derivative financial instrument	46 002	23 795
	2 540 403	2 132 244
Total liabilities	5 672 863	5 100 487
Total equity and liabilities	9 240 393	8 218 853

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENTS
for the six months ended 30 September**

	2009 R'000	2008 R'000
Revenue	1 216 448	1 316 695
Net gaming win	1 659 932	1 582 449
Income	2 876 380	2 899 144
Gaming levies and VAT	(335 814)	(319 938)
Depreciation and amortisation	(210 710)	(180 254)
Property and equipment rentals	(94 322)	(90 143)
Other operating expenses	(1 434 537)	(1 499 968)
Operating profit	800 997	808 841
Interest income	15 138	8 169
Finance costs	(186 255)	(68 116)
Share of profit of associates and joint ventures	35 103	5 555
Profit before income tax	664 983	754 449
Income tax expense	(132 458)	(390 443)
Profit for the period	532 525	364 006
Profit attributable to:		
Owners of the Company	407 847	287 334
Minority interest	124 678	76 672
	532 525	364 006
Number of ordinary shares in issue (thousand)	250 000	250 000
Basic and diluted earnings per share (cents)	163,1	114,9
Basic and diluted headline earnings per share (cents)	163,1	110,6

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September

	2009 R'000	2008 R'000
Profit for the period	532 525	364 006
Other comprehensive income for the period, net of tax	(83 361)	332 479
Cash flow hedges	3 829	(11 087)
Currency translation differences	(87 023)	(6 738)
Subsidiary previously accounted for as joint venture – surplus arising on change in control in joint venture	905	347 200
Income tax relating to components of other comprehensive income	(1 072)	3 104
Total comprehensive income for the period	449 164	696 485
Total comprehensive income attributable to:		
Owners of the Company	325 629	446 098
Minority interest	123 535	250 387
	449 164	696 485

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
Attributable to owners of the Company

	Ordinary share capital R'000	Ordinary share premium R'000	Cash flow hedge reserve R'000	Foreign currency translation reserve R'000	Surplus arising on change in control in joint venture R'000	Retained earnings R'000	Total R'000	Minority interest R'000	Total equity R'000
Balance at 31 March 2008	25	1 074 087	841	111 576	–	1 541 105	2 727 634	308 486	3 036 120
Total comprehensive income for the six months ended 30 September 2008	–	–	(7 983)	(6 853)	173 600	287 334	446 098	250 387	696 485
Subsidiary previously accounted for as joint venture – at acquisition	–	–	–	–	–	–	–	86 468	86 468
Ordinary dividends	–	–	–	–	–	(1 325 000)	(1 325 000)	(9 000)	(1 334 000)
Balance at 30 September 2008	25	1 074 087	(7 142)	104 723	173 600	503 439	1 848 732	636 341	2 485 073
Total comprehensive income for the six months ended 31 March 2009	–	–	(32 373)	52 402	(43 175)	621 122	597 976	47 817	645 793
Ordinary dividends	–	–	–	–	–	–	–	(12 500)	(12 500)
Balance at 31 March 2009	25	1 074 087	(39 515)	157 125	130 425	1 124 561	2 446 708	671 658	3 118 366
Total comprehensive income for the six months ended 30 September 2009	–	–	2 757	(85 428)	453	407 847	325 629	123 535	449 164
Balance at 30 September 2009	25	1 074 087	(36 758)	71 697	130 878	1 532 408	2 772 337	795 193	3 567 530

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS
for the six months ended 30 September

	2009	2008
	R'000	R'000
Cash flows from operating activities		
Cash generated from operations	1 195 615	745 379
Interest received	15 138	8 169
Interest paid	(187 139)	(68 610)
Income tax paid	(208 092)	(302 003)
Dividends paid to shareholders	–	(1 325 000)
Dividends paid to minorities	–	(9 000)
	815 522	(951 065)
Cash flows from investment activities		
Purchase of property, plant and equipment	(545 578)	(394 172)
Proceeds from disposals of property, plant and equipment	4 658	13 491
Additions to intangible assets	(2 420)	(4 166)
Investment made in subsidiary	(275 891)	–
Cash acquired with subsidiary	7 550	–
Cash acquired with subsidiary previously accounted as associate	–	32 786
Investment made in associate	(332 974)	–
Other loans and investments	(298 417)	(371 643)
Dividends received	42 061	11 362
Net cash used in investment activities	(1 401 011)	(712 342)
Cash flows from financing activities		
Borrowings raised	482 466	1 687 585
Borrowings repaid	(27 951)	(22 000)
Repayments of finance leases	(1 397)	(3 061)
Net cash from financing activities	453 118	1 662 524
Net decrease in cash and cash equivalents	(132 371)	(883)
Cash and cash equivalents at beginning of period	506 132	342 944
Foreign currency translation	(9 513)	(2 321)
Cash and cash equivalents at end of period	364 248	339 740

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION for the six months ended 30 September 2009

1. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 September 2009 have been prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2009, which have been prepared in accordance with International Financial Reporting Standards.

2. ACCOUNTING POLICIES

Except as described below, the accounting policies of the Group are consistent with those applied for the year ended 31 March 2009, as described in those financial statements.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2009:

- IAS 1 (revised) Presentation of Financial Statements. The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2009, but are not currently relevant for the Group:

- IFRS 2 (amendment), 'Share-based payment'.
- IAS 23 (amendment), 'Borrowing costs'.
- IAS 32 (amendment), 'Financial instruments: Presentation'.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2009 and have not been early adopted:

- 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', 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. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates and joint ventures on the Group.

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) to all business combinations from 1 April 2010.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 September 2009**

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Group's board of directors. The board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the Group's board of directors at the board meetings which are used to make strategic decisions.

The board considers the business from both a geographical basis and business type, being hotels and gaming.

Although the Offshore Hotels segment does not meet the quantitative thresholds of IFRS 8, management has concluded that the segment should be reported as it has a different risk and reward profile. It is closely monitored as it is expected to materially contribute to Group revenue in the future.

The reportable segments derive their revenue from hotel and gaming operations.

The Group's board of directors assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation, amortisation and property rentals ("EBITDAR"). The measure excludes the effects of long-term incentives and the effects of non-recurring expenditure such as rebranding and pre-opening expenses. The measure also excludes all headline adjustments, impairments and fair value adjustments on non-current assets and liabilities. Interest income and finance costs are not included in the result for each operating segment as this is driven by the Group treasury function which manages the cash and debt position of the Group.

The reconciliation of the Group's adjusted earnings before interest and tax ("EBIT") to the Group's profit after tax is shown in the segmental analysis.

The total assets and total liabilities of the segments presented in the segmental analysis includes inter-Group and shareholder funding provided by the Group's treasury function and the holding company which is included in the Corporate segment. The elimination of the inter-Group and shareholder funding is shown in the eliminations column.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 September 2009**

3. SEGMENT INFORMATION (continued)

	Montecasino precinct R'000	Suncoast precinct R'000	Other Gaming operations R'000	Total Gaming operations R'000	South African Hotel Division R'000	Offshore Hotel Division R'000	Corporate R'000	Group R'000
<i>The segment results for the six months ended 30 September 2009 are as follows:</i>								
Revenue	143 455	59 648	118 962	322 065	787 060	123 797	36 421	1 269 343
Less: Inter-segmental revenue	–	–	–	–	(16 474)	–	(36 421)	(52 895)
Net gaming win	754 086	529 978	375 868	1 659 932	–	–	–	1 659 932
Group income from external customers	897 541	589 626	494 830	1 981 997	770 856	123 797	–	2 876 380
Gaming levies and VAT	(152 140)	(117 814)	(65 860)	(335 814)	–	–	–	(335 814)
Net foreign exchange losses	–	–	–	–	–	(36 659)	–	(36 659)
EBITDAR	312 677	242 479	249 290	804 446	283 212	4 307	362	1 092 327
Property rentals	–	–	(29 888)	(29 888)	(47 914)	–	1 812	(75 990)
Depreciation and amortisation	(57 749)	(45 760)	(38 327)	(141 836)	(62 541)	(4 747)	(1 586)	(210 710)
EBIT	254 928	196 719	181 075	632 722	172 757	(440)	588	805 627
Long-term incentive costs								(3 954)
Pre-opening cost								(840)
Net gain on disposals of property, plant and equipment								164
Interest income								15 138
Finance costs								(186 255)
Share of profit from associates and joint ventures								35 103
Profit before taxation								664 983
Taxation								(132 458)
Profit for the period								532 525

All revenue for Gaming and Hotel operations shown above is derived from external customers.

No one customer contributes more than 10% to the Group's total revenue.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 September 2009**

3. SEGMENT INFORMATION (continued)

	Montecasino precinct R'000	Suncoast precinct R'000	Other Gaming operations R'000	Total Gaming operations R'000	South African Hotel Division R'000	Offshore Hotel Division R'000	Corporate R'000	Group R'000
<i>The segment results for the six months ended 30 September 2008 are as follows:</i>								
Revenue	138 572	57 077	115 260	310 909	885 822	136 937	33 061	1 366 729
Less: Inter-segmental revenue	–	–	–	–	(16 973)	–	(33 061)	(50 034)
Net gaming win	745 711	508 996	327 742	1 582 449	–	–	–	1 582 449
Group income from external customers	884 083	566 073	443 002	1 893 358	868 849	136 937	–	2 899 144
Gaming levies and VAT	(150 450)	(112 987)	(56 501)	(319 938)	–	–	–	(319 938)
Net foreign exchange losses	–	–	–	–	–	(8 372)	–	(8 372)
EBITDAR	323 145	238 796	249 597	811 538	398 089	35 304	(603)	1 244 328
Property rentals	–	–	(30 087)	(30 087)	(47 290)	–	1 677	(75 700)
Depreciation and amortisation	(58 544)	(40 715)	(23 810)	(123 069)	(49 251)	(6 895)	(1 039)	(180 254)
EBIT	264 601	198 081	195 700	658 382	301 548	28 409	35	988 374
Long-term incentive costs								(53 244)
Net gain on disposal of property, plant and equipment								10 435
Fair value loss on derivative								(135 368)
Fair value adjustment on non-current assets and liabilities								(1 356)
Interest income								8 169
Finance costs								(68 116)
Share of profit from associates and joint ventures								5 555
Profit before taxation								754 449
Taxation								(390 443)
Profit for the year								364 006

All revenue for Gaming and Hotel operations shown above is derived from external customers.

No one customer contributes more than 10% to the Group's total revenue.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 September 2009

3. SEGMENT INFORMATION (continued)

	Montecasino precinct R'000	Suncoast precinct R'000	Other Gaming operations R'000	Total Gaming operations R'000	South African Hotel Division R'000	Offshore Hotel Division R'000	Corporate R'000	Adjustment for elimi- nations R'000	Group R'000
<i>The segment assets and liabilities at 30 September 2009 and capital expenditure during the six months then ended are as follows:</i>									
Total assets	1 918 786	1 089 172	4 194 861	7 202 819	1 973 873	699 511	5 823 878	(6 459 687)	9 240 394
<i>Total assets includes:</i>									
Associates and joint ventures	–	2 318	1 482 147	1 484 465	48 217	109 184	–	–	1 641 866
Additions to non-current assets (other than financial instruments and deferred tax assets)	62 245	39 645	336 927	438 817	108 621	1 041	162	–	548 641
Total liabilities	112 642	508 602	5 081 102	5 702 346	1 189 250	534 044	4 706 911	(6 459 687)	5 672 864
<i>The segment assets and liabilities at 30 September 2008 and capital expenditure during the six months then ended are as follows:</i>									
Total assets	1 504 825	1 141 318	1 519 723	4 165 866	1 929 109	701 707	3 873 510	(4 026 026)	6 644 166
<i>Total assets includes:</i>									
Associates and joint ventures	–	1 675	27 420	29 095	32 689	114 568	–	–	176 352
Additions to non-current assets (other than financial instruments and deferred tax assets)	55 653	23 329	102 558	181 540	156 156	6 555	4 696	–	348 947
Total liabilities	94 145	507 730	2 986 491	3 588 366	1 326 426	536 482	2 733 847	(4 026 026)	4 159 095

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 September 2009**

4. BUSINESS COMBINATION EFFECTED DURING THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Effective 100% control over Century Casinos Africa (Pty) Ltd, comprising 100% interest in Century Casinos Caledon (Pty) Ltd, Century Casinos Newcastle (Pty) Ltd and Celebration Accommodation and Food Services Management (Pty) Ltd.

With effect from 30 June 2009, the Group acquired a 100% effective interest in Century Casinos Africa (Pty) Ltd and Celebration Accommodation and Food Services Management (Pty) Ltd. This acquisition gave effective ownership of 100% in Century Casinos Caledon (Pty) Ltd and 60% of Century Casinos Newcastle (Pty) Ltd. In addition the Group acquired the remaining 40% of Century Casinos Newcastle (Pty) Ltd from Winlen Casino Operators (Pty) Ltd. These companies carry on the businesses of casinos, hotels and food and beverage services. The acquired businesses contributed revenues of R53 million and net profit of R6 million to the Group for the period 30 June 2009 to 30 September 2009. If the acquisition had occurred on 1 April 2009, Group revenue would have increased by R105 million and profit after tax would have increased by R13 million excluding the funding impact of the acquisition. These amounts have been calculated using the Group's accounting policies.

	R'000
Details of net assets acquired and goodwill are as follows:	
Purchase consideration:	
Cash paid	432 784
Direct costs relating to the acquisition	3 224
Total purchase consideration	436 008
Fair value of net assets acquired	(167 541)
Goodwill	268 467

The goodwill is attributable to the gaming licenses.

	Original carrying amount R'000	Fair value R'000
Details of the net assets and goodwill acquired:		
Non-current assets		
Property, plant and equipment	206 922	226 922
Bid costs	80 692	10 859
Current assets		
Inventories	1 591	1 591
Trade and other receivables	10 927	10 927
Cash and cash equivalents	7 549	7 549
Current liabilities		
Deferred tax liabilities	(10 887)	(13 687)
Borrowings	(45 527)	(45 527)
Trade and other payables	(27 627)	(27 627)
Taxation payable	(3 466)	(3 466)
Net assets acquired	220 174	167 541
Goodwill recognised on acquisition		268 467
Purchase consideration settled in cash		436 008
Cash balances acquired		(7 549)
Net cash outflow on acquisition		428 459
Less: Amount owing at 30 September 2009		(152 568)
Net cash outflow for the six months ended 30 September 2009		275 891

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 September 2009**

5. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Except for the matter noted below, the directors are not aware of any matter or circumstance arising since the end of September 2009, not otherwise dealt with within the interim financial statements that would affect the operations or results of the Group significantly.

The Group has with effect from 7 October 2009, concluded a purchase agreement of a 100% interest in The Millennium Casino Limited which holds an effective 30% interest in Tsogo Sun KwaZulu-Natal (Pty) Ltd, a subsidiary of the Group.

This acquisition increased the effective economic interest in Tsogo Sun KwaZulu-Natal (Pty) Ltd from 43.5% to 73.5%. Tsogo Sun KwaZulu-Natal (Pty) Ltd owns and operates the Suncoast Casino and Entertainment World. If the acquisition had occurred on 1 April 2009, Group revenue would have been unchanged and profit attributable to equity holders of the Company would have increased by R59 million excluding the funding impact of the acquisition. These amounts have been calculated using the Group's accounting policies.

	R'000
Details of the purchase consideration are as follows:	
Purchase consideration:	
Cash paid	1 006 004
Contingency payment dependent on future results	330 000
Direct costs relating to the acquisition	1 931
Total purchase consideration	1 337 935
Carrying value of minority interest and fair value of net assets acquired	(448 078)
Goodwill	889 857

Details of the net assets and minority interest acquired are as follows:

Current assets

Trade and other receivables	1 420
Cash and cash equivalents	13 853

Current liabilities

Other liabilities	(1 499)
Net assets	13 774
Minority interests acquired	434 304
Net assets acquired	448 078

This acquisition was funded through the issue of 1 000 redeemable cumulative preference shares of R0,10 each by Tsogo Sun Gaming (Pty) Ltd to Johnnic Holdings Ltd (510 shares) and SABSA Holdings (Pty) Ltd (490 shares) for a total consideration of R1 billion.

Tsogo Sun Gaming (Pty) Ltd shall be obliged to redeem the preference shares on the fifth anniversary of the issue date. Preference dividends are payable within three business days of each annual dividend declaration date of 31 March each year. The preference dividend is linked to the twelve-month JIBAR rate set at 31 March each year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months ended 30 September 2009

6. RECONCILIATION OF EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY TO HEADLINE EARNINGS FOR THE SIX MONTHS ENDED 30 SEPTEMBER

	2009		2008	
	R'000 Gross	R'000 Net	R'000 Gross	R'000 Net
Earnings attributable to equity holders of the company		407 847		287 334
IAS 16 gains on disposal of property	–	–	(10 751)	(10 751)
IAS 16 (gain)/loss on disposal of plant and equipment	(164)	(178)	316	7
Headline earnings		407 669		276 590
Headline earnings per share (cents)		163,1		110,6

7. EARNINGS BEFORE INTEREST, INCOME TAX, DEPRECIATION, AMORTISATION AND PROPERTY RENTALS (“EBITDAR”) FOR THE SIX MONTHS ENDED 30 SEPTEMBER

	2009 R'000	2008 R'000
Group EBITDAR pre exceptional items and long-term incentives is made up as follows:		
Operating profit	800 997	808 841
<i>Add:</i>		
Property rentals	75 990	75 700
Amortisation and depreciation	210 710	180 254
Long-term incentives	3 954	53 244
	1 091 651	1 118 039
<i>Add: Exceptional losses</i>	676	126 289
Capital profit on assets	(164)	(10 435)
Fair value loss on financial instruments	–	136 724
Pre-opening expenses	840	–
EBITDAR – pre-exceptional items and long-term incentives	1 092 327	1 244 328

	2009 R	2008 R
8. NET ASSET VALUE AND NET TANGIBLE ASSET VALUE PER SHARE		
Net asset value per share	11.09	9.79
Net tangible asset value per share	8.04	7.77

The net asset value and net tangible asset value per share has been calculated using the capital and reserves attributable to the equity holders of the Company.

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REVIEWED
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF TSOGO FOR
THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

"The Board of Directors
Gold Reef Resorts Limited
Gate 4, Gold Reef City
Northern Parkway
Ormonde, 2091
(Private Bag X1890, Gold Reef City, 2159)

23 March 2010

Dear Sirs

**REVIEW REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS' ON THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION OF TSOGO SUN HOLDINGS (PROPRIETARY)
LIMITED ("TSOGO") FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

Gold Reef Resorts Limited ("Gold Reef" or "the Company") is issuing a circular to its shareholders ("the Circular") regarding the acquisition of Tsogo by Gold Reef ("the Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 29 March 2010, we have reviewed the condensed consolidated balance sheet of Tsogo as of 30 September 2009 and the related condensed consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the six-month period then ended ("the Condensed Consolidated Interim Financial Information"), presented in Annexure 5 to the Circular, in compliance with the JSE Limited ("JSE") Listings Requirements.

Directors' Responsibility

The directors of Gold Reef are responsible for the preparation, contents and presentation of the Circular. The directors of Tsogo are responsible for the preparation and presentation of the Condensed Consolidated Interim Financial Information presented in Annexure 5 of the Circular in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Reporting Accountants' Responsibility

Our responsibility is to express a conclusion on the Condensed Consolidated Interim Financial Information presented in Annexure 5 to the Circular based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Consolidated Interim Financial Information for the six months ended 30 September 2009 as set out in Annexure 5 to the Circular, has not been prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" and in the manner required by the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc

*Director: F Tonelli
Accredited Auditor"*

2 Eglin Road
Sunninghill, 2157, South Africa
(Private Bag X36, Sunninghill, 2157, South Africa)

UNAUDITED *PRO FORMA* INCOME STATEMENT AND BALANCE SHEET OF GOLD REEF

The definitions and interpretations commencing on page 16 of this Circular apply *mutatis mutandis* to this Annexure 7.

This unaudited *pro forma* financial information has been prepared for illustrative purposes only and because of its nature may not fairly present Gold Reef's financial position and results of operations, nor the effect and impact of the Proposed Transaction going forward.

The unaudited *pro forma* income statement and balance sheet have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the unaudited results of Gold Reef for the six months ended 30 June 2009.

The Gold Reef Directors are responsible for the compilation, contents and preparation of the unaudited *pro forma* financial information contained in this Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Gold Reef; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the Listings Requirements.

The independent reporting accountants' report on the unaudited *pro forma* financial information is set out in Annexure 8.

Unaudited *pro forma* income statement

The unaudited *pro forma* income statement set out below presents the effects of the Proposed Transaction on the results of Gold Reef for the six months ended 30 June 2009 based on the assumption that the Proposed Transaction was effective 1 January 2009:

R'm	Gold Reef before ¹	Tsogo before ²	Adjustments			<i>Pro forma</i> After
			Proposed transaction ³	Transaction costs ⁴	Consolidation adjustments	
Net gaming win	1 017	1 660	–	–	–	2 677
Revenue	70	1 216	–	–	–	1 286
Income	1 087	2 876	–	–	–	3 963
Other income	1	–	(120)	–	–	(119)
Gaming levies and VAT	(204)	(336)	–	–	–	(540)
Employee costs	(249)	–	(59)	–	–	(308)
Promotional and marketing costs	(59)	–	–	–	–	(59)
Property and equipment rental	–	(94)	–	–	–	(94)
Depreciation and amortisation	(90)	(211)	–	–	–	(301)
Other operating expenses	(175)	(1 434)	–	(43)	–	(1 652)
Operating profit	311	801	(179)	(43)	–	890
Finance income	28	15	–	–	–	43
Finance costs	(96)	(186)	–	–	–	(282)
Profit before equity accounted earnings	243	630	(179)	(43)	–	651
Share of (loss)/profit of associate	(3)	35	(36)	–	–	(4)
Profit before taxation	240	665	(215)	(43)	–	647
Taxation	(94)	(132)	33	–	–	(193)
Profit for the period	146	533	(182)	(43)	–	454
Profit for the period attributable to the following:						
Equity shareholders of the Company	140	408	(182)	(43)	–	323
Minority interests	6	125	–	–	–	131
Net profit for the period	146	533	(182)	(43)	–	454
Headline earnings						
Basic earnings	140	408	(182)	(43)	–	323
Impairment of assets	–	–	–	–	–	–
Profit on sale of property, plant and equipment	–	–	–	–	–	–
Fair value adjustment of reverse acquisition	–	–	103	–	–	103
Headline earnings	140	408	(79)	(43)	–	426
Earnings per share (cents)	50.9					29.5
Headline earnings per share (cents)	50.9					38.9
Weighted average number of shares (millions)	274.9		821.1			1 095.9

Notes:

1. Extracted from the published unaudited consolidated interim financial results of Gold Reef for the six months ended 30 June 2009 as released on SENS on 27 August 2009 and published in the South African press on 28 August 2009.
2. Results of Tsogo for the six months ended 30 September 2009 extracted from the reviewed condensed consolidated interim financial information presented in Annexure 5 to this circular.
3. The Proposed Transaction has been accounted for in terms of IFRS 3 (revised): Business Combinations, using the principles of reverse acquisition accounting. Adjustments for the "Proposed Transaction" reflect the following:
 - a fair value adjustment of the current shareholding of Tsogo in Gold Reef, based on the Gold Reef pre-cautionary share price. This results in the fair value adjustment of the current Tsogo shareholding in Gold Reef being a write-down of R119.6 million together with a deferred tax credit (calculated at 14%) of R16.7 million arising as a result. The adjustment after tax effects is excluded from headline earnings;
 - the reversal of Gold Reef's equity accounted earnings included in the unaudited interim financial results of Tsogo for the six months ended 30 September 2009 amounting to R36 million; and
 - costs of R42.8 million (after tax effects), which arise from the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements referred to in paragraph 11.6.9 of this circular, based on the assumption of the No Fault Termination (as defined in the Service Agreements) being on 31 December 2010, and at the Gold Reef pre-cautionary share price, which are once-off in nature.
4. The weighted average number of Gold Reef Shares and Gold Reef Shares in issue subsequent to the Proposed Transaction, are based on the issue of the Gold Reef Consideration Shares of 888 261 028 less 69 205 093 Shares (the Tsogo Sun Expansion Shares), which are accounted for as treasury shares subsequent to the Proposed Transaction, and the additional Gold Reef Shares (being the 1 061 333 unvested and/or 971 014 unexercised share options of the Executives as at 30 June 2009) with respect to the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements referred to in paragraph 11.6.9 of this circular.
5. Estimated transaction costs of R43 million, which are once off in nature.

Unaudited *pro forma* balance sheet

The unaudited *pro forma* balance sheet set out below presents the effects of the Proposed Transaction on the financial position of Gold Reef at 30 June 2009 based on the assumption that the Proposed Transaction was effective 30 June 2009:

R'm	Gold Reef before ¹	Tsogo before ²	Adjustments			<i>Pro forma</i> After
			Proposed Transaction ³	Transaction costs ⁴	Consolidation adjustments	
ASSETS						
Non-current assets	3 903	8 081	3 873	–	(2 372)	13 485
Property, plant and equipment and leasehold improvements	2 659	5 458	–	–	–	8 117
Goodwill	1 155	628	–	–	2 959	4 742
Intangible assets	31	134	–	–	–	165
Deferred taxation	6	79	17	–	–	102
Investment in associate	25	1 533	(1 452)	–	–	106
Investment in joint ventures	–	109	–	–	–	109
Available-for-sale financial assets	–	2	–	–	–	2
Non-current receivables	–	138	–	–	–	138
Share scheme	27	–	(23)	–	–	4
Investment in subsidiary	–	–	5 331	–	(5 331)	–
Current assets	395	1 159	11	(43)	–	1 522
Inventories	18	128	–	–	–	146
Receivables and pre-payments	38	657	–	–	–	695
Current tax assets	13	–	15	–	–	28
Cash and cash equivalents	326	364	(4)	(43)	–	643
Available-for-sale financial assets	–	10	–	–	–	10
Total assets	4 298	9 240	3 884	(43)	(2 372)	15 007
EQUITY AND LIABILITIES						
Capital and reserves	2 409	3 567	3 886	(43)	(2 372)	7 447
Ordinary share capital and premium	1 866	1 074	4 032	–	(1 866)	5 106
Treasury shares	(72)	–	–	–	72	–
Share-based payment reserve	385	–	–	–	(385)	–
Cash flow hedging reserve	–	(37)	–	–	–	(37)
Foreign currency translation reserve	–	72	–	–	–	72
Asset revaluation surplus	–	131	–	–	–	131
Other reserves	(566)	–	–	–	566	–
Retained earnings	759	1 532	(146)	(43)	(759)	1 343
Shareholders' equity	2 372	2 772	3 886	(43)	(2 372)	6 615
Minority interest	37	795	–	–	–	832

R'm	Gold Reef before ¹	Tsogo before ²	Adjustments			Pro forma After
			Proposed Transaction ³	Transaction costs ⁴	Consolidation adjustments	
Non-current liabilities	1 503	3 132	–	–	–	4 635
Interest bearing borrowings	1 418	2 332	–	–	–	3 750
Deferred tax liabilities	58	195	–	–	–	253
Derivative financial instruments	26	5	–	–	–	31
Preference share capital and premium	–	240	–	–	–	240
Post-retirement medical aid liability	–	25	–	–	–	25
Obligations under finance lease	–	60	–	–	–	60
Liability for long-term incentives	–	5	–	–	–	5
Provisions and other liabilities	–	270	–	–	–	270
Other non-current liabilities	1	–	–	–	–	1
Current liabilities	386	2 541	(2)	–	–	2 925
Trade and other payables	137	847	–	–	–	984
Provisions	60	101	(2)	–	–	159
Current tax liabilities	1	32	–	–	–	33
Current portion of interest-bearing borrowings	188	1 495	–	–	–	1 683
Derivative financial instruments	–	46	–	–	–	46
Current portion of obligations under finance lease	–	4	–	–	–	4
Liability for long-term incentives	–	16	–	–	–	16
Total equity and liabilities	4 298	9 240	3 884	(43)	(2 372)	15 007
NAV per share (cents)	856.5					603.0
TNAV per share (cents)	428.2					155.7
Total number of shares (million)	276.9		820.1			1 097.0

Notes:

1. Extracted from the published unaudited consolidated interim financial results of Gold Reef for the six months ended 30 June 2009 as released on SENS on 27 August 2009 and published in the South African press on 28 August 2009.
2. Results of Tsogo for the six months ended 30 September 2009 extracted from the reviewed condensed consolidated interim financial information presented in Annexure 5 to this circular.
3. The Proposed Transaction has been accounted for in terms of IFRS 3 (revised): Business Combinations, using the principles of reverse acquisition accounting. Adjustments for the "Proposed Transaction" reflect the following:
 - (i) the derecognition of Tsogo's investment in Gold Reef accounted for as an associate before the Proposed Transaction at its carrying value of R1 451.8 million, and simultaneous recognition within investment in subsidiary at fair value of the 69 205 093 shares based on the Gold Reef pre-cautionary share price. This results in a debit fair value adjustment of R102.9 million to retained earnings after tax effects;
 - (ii) an adjustment to investment in subsidiary and ordinary share capital and premium of R3 999 million based on Gold Reef issuing 888 261 028 Gold Reef Consideration Shares to Tsogo Shareholders in lieu of the purchase consideration. The purchase consideration has been calculated as the difference between the market capitalisation of Gold Reef of R5 331.2 million as at Friday, 29 January 2010, being the last trading day prior to the release of the Gold Reef cautionary announcement on SENS, and the fair value of Tsogo's existing investment of R1 332.2 million at that date.
 - (iii) costs of R42.8 million (after tax of R15.8 million and net of provisions of R1.7 million), which arise from the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements referred to in paragraph 11.6.9 of this circular, based on the assumption of the No Fault Termination (as defined in the Service Agreements) being on 31 December 2010, and at the Gold Reef pre-cautionary share price, which are once-off in nature; and
 - (iv) an increase of 971 014 Gold Reef Shares as a result of the No Fault Termination (as defined in the Service Agreements) of the Executives' Service Agreements arising from the early exercise and vesting of existing options in terms of the Gold Reef Share Scheme, and the settlement of the Executives' loan accounts (amounting to R53.8 million) within the Gold Reef Share Scheme.
4. Estimated transaction costs of R43 million, which are once-off in nature.
5. Consolidation adjustments reflect the impact of the following:
 - standard consolidation journal entries in terms of IFRS (e.g. elimination of investment in subsidiaries) and the elimination of Gold Reef's equity and reserves in terms of reverse acquisition accounting;
 - the recognition of the tangible and identifiable intangible assets is based on a preliminary fair value exercise, with the carrying value of Gold Reef's land and buildings being estimated to be their fair value; and
 - in terms of IFRS3 (revised) : Business Combinations, a fair value exercise will need to be performed on the effective date of the Proposed Transaction.

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF GOLD REEF**

"The Board of Directors
Gold Reef Resorts Limited
Gate 4, Gold Reef City
Northern Parkway
Ormonde, 2091
(Private Bag X1890, Gold Reef City, 2159)

23 March 2010

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF GOLD REEF RESORTS LIMITED ("GOLD REEF" OR "THE COMPANY")****Introduction**

Gold Reef is issuing a circular to its shareholders ("the Circular") regarding the proposed acquisition of Tsogo Sun Holdings (Proprietary) Limited ("Tsogo") ("the Proposed Transaction").

At your request and for the purposes of the Circular to be dated on or about 29 March 2010, we present our report on the unaudited *pro forma* balance sheet, income statement and financial effects ("the unaudited *pro forma* financial information") of Gold Reef presented in Annexure 7 and paragraph 7.5 to the Circular.

The unaudited *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the Proposed Transaction might have affected the reported historical financial information presented, had the Proposed Transaction been undertaken at the commencement of the period or date of the unaudited *pro forma* balance sheet being reported on.

Responsibilities

The directors of Gold Reef are responsible for the compilation, contents and preparation of the unaudited *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information contained in the Circular has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Gold Reef; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express limited assurance conclusion on the unaudited *pro forma* financial information included in the Circular. We conducted our assurance engagement in accordance with ISAE 3000: *International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Review of Historical Financial Information* and the *Revised Guide on Pro forma Financial Information* issued by the South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information of Gold Reef and Tsogo with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Gold Reef, considering the evidence supporting the unaudited *pro forma* adjustments and discussing the adjusted unaudited *pro forma* financial information with the directors of Gold Reef in respect of the Proposed Transaction that is the subject of the Circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Gold Reef and Tsogo and other information from various public, financial and industry sources.

Whilst the work we performed involved an analysis of the historical financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information in accordance with the *International Standards on Auditing* or the *International Standards on Review Engagements* and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Gold Reef; and
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed pursuant to Sections 8.17 and 8.30 of the JSE Listings Requirements.

PricewaterhouseCoopers Inc

*Director: N Forster
Accredited Auditor"*

2 Eglin Road
Sunninghill, 2157, South Africa
(Private Bag X36, Sunninghill, 2157, South Africa)

SUMMARY OF EXECUTIVES' SERVICE AGREEMENTS

Gold Reef has service contracts with the Executives, which were entered into in August 2009, and addenda to these Service Contracts which were signed on Wednesday, 17 February 2010. Set out below is a brief summary of the Service Agreements, more detailed summaries of which are also available for inspection in the manner stipulated in paragraph 19 of this circular:

Name	Summary of service agreement
S B Joffe	<p data-bbox="427 539 759 568">Appointment: 1 June 1998</p> <p data-bbox="427 589 770 618">Termination arrangements:</p> <ul data-bbox="427 638 1428 792" style="list-style-type: none"> <li data-bbox="427 638 1214 667">• Fixed-term contract automatically terminating on 1 August 2014. <li data-bbox="427 687 1193 716">• Can be terminated prior to 1 August 2014 on 6 months' notice. <li data-bbox="427 736 1428 792">• Can terminate without notice in case of resignation as a consequence of material change to duties and responsibilities (No Fault Termination). <p data-bbox="427 813 679 842">Other salient terms:</p> <ul data-bbox="427 862 1428 1924" style="list-style-type: none"> <li data-bbox="427 862 1428 1115">• Mr Joffe is subject to restraint of trade undertakings in terms of which, <i>inter alia</i>, he may not be involved, directly or indirectly, and in any capacity in any entity engaged in any activity or business that is the same or similar to or directly competitive with Gold Reef's casino interests. The restraint operates for a period of 12 months from the date on which his employment with Gold Reef terminates. At the time of termination of his employment, Gold Reef is required to pay Mr Joffe an amount equal to 12 times his basic monthly salary in consideration for the restraint undertakings. <li data-bbox="427 1135 1428 1317">• Mr Joffe has various entitlements arising from a 'No Fault Termination', which is defined as the termination of Mr Joffe's employment on account of incompatibility, where Mr Joffe is made redundant or retrenched, where Mr Joffe resigns from Gold Reef's employ as a consequence of a material change to his duties and responsibilities and/or where Mr Joffe is dismissed and the dismissal is adjudicated as an unfair dismissal by an arbitrator. <li data-bbox="427 1337 1428 1809">• If the termination of Mr Joffe's employment constitutes a No Fault Termination, then he is entitled to the following (less the requisite tax deductions): <ul data-bbox="453 1404 1428 1749" style="list-style-type: none"> <li data-bbox="453 1404 1428 1525">– an amount equivalent to his monthly remuneration package for each of the months that remain from the time of termination to 1 August 2014, taking into account increases that would have been afforded to Mr Joffe year-on-year which shall not be less than 5% per annum; <li data-bbox="453 1534 1428 1621">– Mr Joffe's annual performance bonus, that equates to 100% of his then current remuneration package, pro rated for the period that Mr Joffe has worked in that financial year; <li data-bbox="453 1630 1428 1686">– Mr Joffe is entitled to deal with the Company shares held by him without restriction; and <li data-bbox="453 1695 1428 1749">– Mr Joffe's entitlement in terms of the Gold Reef Long-Term Incentive Plan shall be paid to him. <li data-bbox="427 1758 1428 1809">• Notwithstanding the No Fault Termination, the restraint of trade provisions (and payment) remains in full force and effect. <li data-bbox="427 1830 1428 1924">• Both the Gold Reef Long-Term Incentive Plan and the Gold Reef Share Scheme contain provisions relevant where there is a change of control in Gold Reef and which, accordingly, impact Mr Joffe.

Name	Summary of service agreement
S B Joffe (continued)	<ul style="list-style-type: none"> Mr Joffe has participated in a Cash Retention Scheme in terms of which, <i>inter alia</i>, he will become entitled (subject to performance) to payment for the value of 200 000 Gold Reef Shares on 31 December 2011. In the case of a change of control in Gold Reef prior to 31 December 2011, the Remuneration Committee will consider the circumstances of the change of control and Mr Joffe may become entitled to a cash bonus in terms of this cash retention scheme (subject to performance), which will be paid on the day on which the change of control takes place, at an amount to be determined by the Remuneration Committee.
J Friedman	<p>Appointment: 3 April 2000</p> <p>Termination arrangements:</p> <ul style="list-style-type: none"> Fixed-term contract automatically terminating on 1 August 2014. Can be terminated prior to 1 August 2014 on 6 months' notice. Can terminate without notice in case of resignation as a consequence of material change to duties and responsibilities (No Fault Termination). <p>Other salient terms:</p> <ul style="list-style-type: none"> Mr Friedman is subject to restraint of trade undertakings in terms of which, <i>inter alia</i>, he may not be involved, directly or indirectly, and in any capacity in any entity engaged in any activity or business that is the same or similar to or directly competitive with Gold Reef's casino interests. The restraint operates for a period of 12 months from the date on which his employment with Gold Reef terminates. At the time of termination of his employment, Gold Reef is required to pay Mr Friedman an amount equal to 12 times his basic monthly salary in consideration for the restraint undertakings. Mr Friedman has various entitlements arising from a 'No Fault Termination', which is defined as the termination of Mr Friedman's employment on account of incompatibility, where Mr Friedman is made redundant or retrenched, where Mr Friedman resigns from Gold Reef's employ as a consequence of a material change to his duties and responsibilities and/or where Mr Friedman is dismissed and the dismissal is adjudicated as an unfair dismissal by an arbitrator. If the termination of Mr Friedman's employment constitutes a No Fault Termination, then he is entitled to the following (less the requisite tax deductions): <ul style="list-style-type: none"> an amount equivalent to his monthly remuneration package for each of the months that remain from the time of termination to 1 August 2014, taking into account increases that would have been afforded to Mr Friedman year-on-year which shall not be less than 5% per annum; Mr Friedman's annual performance bonus, that equates to 100% of his then current remuneration package, pro rated for the period that Mr Friedman has worked in that financial year; Mr Friedman is entitled to deal with the Company shares held by him without restriction; and Mr Friedman's entitlement in terms of the Gold Reef Long-term Incentive Plan shall be paid to him. Notwithstanding the No Fault Termination, the restraint of trade provisions (and payment) remains in full force and effect. Both the Gold Reef Long-Term Incentive Plan and the Gold Reef Share Scheme contain provisions relevant where there is a change of control in Gold Reef and which, accordingly, impact Mr Friedman.

Name	Summary of service agreement
T Sadiki	<p data-bbox="427 185 826 208">Appointment: 1 November 2008</p> <p data-bbox="427 237 767 259">Termination arrangements:</p> <ul data-bbox="427 282 1433 439" style="list-style-type: none"> <li data-bbox="427 282 1214 304">• Fixed-term contract automatically terminating on 1 August 2014. <li data-bbox="427 327 1193 349">• Can be terminated prior to 1 August 2014 on 6 months' notice. <li data-bbox="427 371 1433 439">• Can terminate without notice in case of resignation as a consequence of material change to duties and responsibilities (No Fault Termination). <p data-bbox="427 461 679 483">Other salient terms:</p> <ul data-bbox="427 506 1433 1606" style="list-style-type: none"> <li data-bbox="427 506 1433 752">• Mr Sadiki is subject to restraint of trade undertakings in terms of which, <i>inter alia</i>, he may not be involved, directly or indirectly, and in any capacity in any entity engaged in any activity or business that is the same or similar to or directly competitive with Gold Reef's casino interests. The restraint operates for a period of 12 months from the date on which his employment with Gold Reef terminates. At the time of termination of his employment, Gold Reef is required to pay Mr Sadiki an amount equal to 12 times his basic monthly salary in consideration for the restraint undertakings. <li data-bbox="427 775 1433 965">• Mr Sadiki has various entitlements arising from a 'No Fault Termination', which is defined as the termination of Mr Sadiki's employment on account of incompatibility, where Mr Sadiki is made redundant or retrenched, where Mr Sadiki resigns from Gold Reef's employ as a consequence of a material change to his duties and responsibilities and/or where Mr Sadiki is dismissed and the dismissal is adjudicated as an unfair dismissal by an arbitrator. <li data-bbox="427 976 1433 1424">• If the termination of Mr Sadiki's employment constitutes a No Fault Termination, then he is entitled to the following (less the requisite tax deductions): <ul data-bbox="456 1043 1433 1424" style="list-style-type: none"> <li data-bbox="456 1043 1433 1178">– an amount equivalent to his monthly remuneration package for each of the months that remain from the time of termination to 1 August 2014, taking into account increases that would have been afforded to Mr Sadiki year-on-year which shall not be less than 5% per annum; <li data-bbox="456 1178 1433 1267">– Mr Sadiki's annual performance bonus, that equates to 100% of his then current remuneration package, pro rated for the period that Mr Sadiki has worked in that financial year; <li data-bbox="456 1290 1433 1346">– Mr Sadiki is entitled to deal with the Company shares held by him without restriction; and <li data-bbox="456 1357 1433 1424">– Mr Sadiki's entitlement in terms of the Gold Reef Long-Term Incentive Plan shall be paid to him. <li data-bbox="427 1435 1433 1491">• Notwithstanding the No Fault Termination, the restraint of trade provisions (and payment) remains in full force and effect. <li data-bbox="427 1514 1433 1606">• Both the Gold Reef Long-Term Incentive Plan and the Gold Reef Share Scheme contain provisions relevant where there is a change of control in Gold Reef and which, accordingly, impact Mr Sadiki.

Name	Summary of service agreement
C Neuberger	<p data-bbox="427 185 794 212">Appointment: 1 January 2003</p> <hr/> <p data-bbox="427 235 770 262">Termination arrangements:</p> <ul data-bbox="427 284 1433 436" style="list-style-type: none"> <li data-bbox="427 284 1214 311">• Fixed-term contract automatically terminating on 1 August 2014. <li data-bbox="427 333 1193 360">• Can be terminated prior to 1 August 2014 on 6 months' notice. <li data-bbox="427 383 1433 436">• Can terminate without notice in case of resignation as a consequence of material change to duties and responsibilities (No Fault Termination). <hr/> <p data-bbox="427 459 679 486">Other salient terms:</p> <ul data-bbox="427 508 1433 1606" style="list-style-type: none"> <li data-bbox="427 508 1433 759">• Mr Neuberger is subject to restraint of trade undertakings in terms of which, <i>inter alia</i>, he may not be involved, directly or indirectly, and in any capacity in any entity engaged in any activity or business that is the same or similar to or directly competitive with Gold Reef's casino interests. The restraint operates for a period of 12 months from the date on which his employment with Gold Reef terminates. At the time of termination of his employment, Gold Reef is required to pay Mr Neuberger an amount equal to 12 times his basic monthly salary in consideration for the restraint undertakings. <li data-bbox="427 781 1433 965">• Mr Neuberger has various entitlements arising from a 'No Fault Termination', which is defined as the termination of Mr Neuberger's employment on account of incompatibility, where Mr Neuberger is made redundant or retrenched, where Mr Neuberger resigns from Gold Reef's employ as a consequence of a material change to his duties and responsibilities and/or where Mr Neuberger is dismissed and the dismissal is adjudicated as an unfair dismissal by an arbitrator. <li data-bbox="427 987 1433 1417">• If the termination of Mr Neuberger's employment constitutes a No Fault Termination, then he is entitled to the following (less the requisite tax deductions): <ul data-bbox="451 1050 1433 1417" style="list-style-type: none"> <li data-bbox="451 1050 1433 1171">– an amount equivalent to his monthly remuneration package for each of the months that remain from the time of termination to 1 August 2014, taking into account increases that would have been afforded to Mr Neuberger year-on-year which shall not be less than 5% per annum; <li data-bbox="451 1193 1433 1270">– Mr Neuberger's annual performance bonus, that equates to 100% of his then current remuneration package, pro rated for the period that Mr Neuberger has worked in that financial year; <li data-bbox="451 1292 1433 1346">– Mr Neuberger is entitled to deal with the Company shares held by him without restriction; and <li data-bbox="451 1368 1433 1417">– Mr Neuberger's entitlement in terms of the Gold Reef Long-Term Incentive Plan shall be paid to him. <li data-bbox="427 1440 1433 1494">• Notwithstanding the No Fault Termination, the restraint of trade provisions (and payment) remains in full force and effect. <li data-bbox="427 1516 1433 1606">• Both the Gold Reef Long-Term Incentive Plan and the Gold Reef Share Scheme contain provisions relevant where there is a change of control in Gold Reef and which, accordingly, impact Mr Neuberger.

SHARE PRICE HISTORY OF GOLD REEF SHARES TRADED ON THE JSE

	High (cents)	Low (cents)	Close (cents)	Value traded (R'm)	Volume traded (shares)
Quarterly					
2007					
April – June	3 270	2 570	3 098	448	14 899 984
July – September	3 300	2 680	3 299	807	25 760 538
October – December	3 400	3 252	3 350	396	11 952 730
2008					
January – March	3 360	2 029	2 390	1 035	38 730 798
April – June	2 700	1 430	1 535	766	39 153 489
July – September	1 799	1 440	1 510	151	9 850 469
October – December	1 800	1 425	1 800	333	20 051 400
2009					
January – March	1 800	1 450	1 699	77	4 702 162
Monthly					
2009					
April	1 882	1 600	1 750	8	446 253
May	1 890	1 700	1 799	1 000	62 228 275
June	1 819	1 680	1 720	26	1 500 560
July	1 775	1 700	1 721	10	574 845
August	1 900	1 706	1 840	301	17 139 259
September	1 893	1 702	1 843	24	1 346 151
October	2 030	1 811	1 945	60	3 146 194
November	2 000	1 800	1 900	36	1 885 861
December	2 010	1 900	1 949	14	738 048
2010					
January	2 000	1 893	1 925	31	1 578 942
Daily					
February 2010					
1	2 149	2 016	2 100	8	372 541
2	2 120	2 075	2 099	2	113 469
3	2 100	2 090	2 090	2	102 976
4	2 090	2 050	2 050	0	11 409
5	2 080	1 926	2 075	2	121 879
8	2 069	2 030	2 065	1	67 700
9	2 075	2 030	2 045	1	37 828
10	2 070	2 010	2 050	3	160 391
11	2 074	2 050	2 070	0	21 245
12	2 080	2 080	2 080	0	100
15	2 060	2 050	2 050	0	4 860
16	2 075	2 050	2 075	0	5 135
17	2 080	2 069	2 070	0	16 747
18	2 069	1 950	2 000	13	668 257
19	1 990	1 931	1 952	5	254 212

	High (cents)	Low (cents)	Close (cents)	Value traded (R'm)	Volume traded (shares)
22	1 980	1 978	1 978	4	183 654
23	1 975	1 875	1 935	1	58 794
24	1 930	1 890	1 895	2	79 815
25	1 940	1 900	1 930	1	51 700
26	1 978	1 929	1 929	0	10 881
March 2010					
1	1 938	1 900	1 938	1	34 310
2	1 935	1 900	1 935	0	15 381
3	1 910	1 890	1 900	6	328 900
4	1 929	1 900	1 900	9	455 161
5	1 900	1 890	1 900	2	82 479
8	1 900	1 899	1 900	5	272 139
9	1 900	1 900	1 900	4	207 028
10	1 900	1 899	1 900	3	158 600
11	1 925	1 850	1 900	0	24 640
12	1 900	1 880	1 900	1	31 080
15	1 935	1 850	1 920	0	4 340
16	1 900	1 880	1 899	1	76 150
17	1 900	1 900	1 900	0	210
18	1 900	1 860	1 865	3	158 230
19	1 875	1 815	1 815	3	137 046

Source: I-Net Bridge as at the last practicable date.

Annexure 11

BORROWINGS OF GOLD REEF AND TSOGO

Gold Reef at 31 December 2009

Lender	Borrower	Initial Loan Amount (Rm)	Balance (Rm)	Security	Repayment terms and conditions	Effective interest rate (%)	How the borrowings arose
Nedbank Limited	Akani Egoli	370	188.8	<ul style="list-style-type: none"> • First Mortgage bond over fixed property at Gold Reef City Theme Park and Gold Reef City Casino • First Mortgage bond over moveable assets at Gold Reef City Casino • Suretyship by Gold Reef in favour of Nedbank • Praedial bond over Gold Reef City servitude lane • First covering mortgage bonds to be registered in favour of Nedbank for new land acquired 	Repayable in equal monthly instalments over 7 years to March 2013	8.24	To meet capital expenditure requirements for a major refurbishment and to repay all loan accounts from the shareholders
Nedbank Limited	Silverstar Casino	1 334.7	1 210.9	<ul style="list-style-type: none"> • First covering mortgage bond over fixed property • Notarial bond over moveable assets • Cession of insurance policy on fixed property and moveable assets • Unlimited suretyship by Gold Reef in favour of Nedbank • Pledge and cession of Gold Reef's shares in Silverstar Casino in favour of Nedbank • Pledge and cession of Gold Reef's loan account to Silverstar Casino in favour of Nedbank 	Repayable over 10 years to October 2018	8.66%	Development loan to complete the development of Silverstar Casino

Gold Reef at 31 December 2009 (continued)

Lender	Borrower	Initial Loan Amount (Rm)	Balance (Rm)	Security	Repayment terms and conditions	Effective interest rate (%)	How the borrowings arose
Nedbank Limited	Goldfields Casino and Entertainment Centre	77	44.9	<ul style="list-style-type: none"> • Negative pledge of assets • Pledge of assets secured by the management fee payable to Gold Reef Management (Pty) Ltd (100% subsidiary of Gold Reef) to the extent that the financial covenants have not been met 	Repayable in equal monthly instalments over 7 years to June 2013	8.63%	To acquire property as well as fund the conversion to a permanent casino license
ABSA	Akani Msunduzi	90	42.0	<ul style="list-style-type: none"> • Mortgage bond over Golden Horse's rights under its property lease, as well as a four party agreement agreeing to the binding nature of the terms of the head lease and sub-lease and consenting to the registration of the bonds in favour of ABSA • Notarial bond over moveable assets • Suretyship by Gold Reef in favour of ABSA • Cession of insurance policy on leasehold and moveable assets 	Repayable in equal monthly instalments over 7 years to March 2013	8.50%	To repay all loan accounts from the shareholders
Nedbank Limited	Garden Route Casino	54	25.3	<ul style="list-style-type: none"> • Mortgage bond over fixed property at the Garden Route Casino • Notarial bond over moveable assets 	Repayable in equal monthly instalments over 7 years to March 2013	8.63%	To repay all loan accounts from the shareholders

Tsogo as at 30 September 2009

Lender	Initial Loan Amount (Rm)	Outstanding balance at 30 September 2009 (Rm)	Type of loan	Secured/Unsecured	Nature of security	Book value of security (Rm)	Repayment terms			How the borrowing arose	
							Interest	Capital	Short-term portion (Rm)		
Durban-Add Ventures Ltd	240	240	Shareholder pref.	Unsecured	-	-	Bi-annually	May 2011	240	-	To repay the initial Durban-Add Ventures Ltd portion of the equity bridge raised to meet the capital expenditure required to build the Suncoast Casino
ABSA/Nedbank/Rand Merchant Bank	2 300	2 763	Joint term loan	Secured	Mortgage and notarial bonds, cession of SA cash, pledge of securities and inter-group guarantees	2 763	Quarterly	R200m bullet March 2014 R233m bi-annually with effect from 30 March 2010	2 233	530	To finance the general working capital and capital expenditure programme of Tsogo
Nedbank/RMB	800	932	Joint revolver	Secured		932	Monthly	364 day	-	932	To finance the general working capital and capital expenditure programme of Tsogo

Subsequent to the year-ended 31 March 2009, 1 000 redeemable cumulative preference shares of 10 cents each were issued by Tsogo Sun Gaming to Johnnic Holdings Ltd (510 shares) and SABSA (490 shares) for a total consideration of R1 billion. This funding was used for the purchase of a minority interest in Tsogo Sun KwaZulu-Natal (Pty) Ltd. Tsogo Sun Gaming shall be obliged to redeem the preference shares on the fifth anniversary of the issue date of 12 October 2009. Preference dividends are payable within three business days of each annual dividend declaration date of 31 March each year. The preference dividend is linked to the 12 month JIBAR rate set at 31 March each year.

VENDOR INFORMATION

TSOGO

Name and address of vendor/s	Asset purchased	Warranties and restraint of trade	Consideration
TIH Block B Longkloof Studios Darters Road Gardens Cape Town 8001	127 500 000 Tsogo Shares	As disclosed in paragraph 3.2.6.5 of the circular No restraint included	51% of the Gold Reef Consideration Shares
SABSA 2 Jan Smuts Avenue Braamfontein Johannesburg 2001	122 500 000 Tsogo Shares	As disclosed in paragraph 3.2.6.5 of the circular No restraint included	49% of the Gold Reef Consideration Shares
Acquisition of Gold Reef Shares from the following vendors:	41 876 046 Gold Reef Shares*	None*	R942 million*
Clidet No 754 (Pty) Limited, Protea Place Sandown			
Clidet No 755 (Pty) Limited, Protea Place Sandown			
Parmtro Investments No 95 (Pty) Limited Block G Pinmill, Farm Office Park, Katherine Street, Sandton			
Platoon Trade and Invest 15 (Pty) Ltd, Gold Reef City, Northern Parkway Ormonde			
Reygrande Investment Holdings (Pty) Ltd 61 Long Street Morreesburg			
Saddlepath Props 20 (Pty) Limited 15a Gibson Road Bucleuch			
Saffron Balm Trading 29 (Pty) Limited 2 Pioneer Road Caledon			
Y Investments (Pty) Limited, 272 The Hillside Road, Menlo Park			

* Applicable to all vendors listed below.

Tsogo vendor information (continued)

Name and address of vendor/s	Asset purchased	Warranties and restraint of trade	Consideration
Century Resorts Limited Level 6, One Cathedral Square, Jules Koenig Street, Port Louis Republic of Mauritius	100% of Caledon Casino, Hotel and Spa and 60% of Century Casino Newcastle	Standard warranties for a transaction of this nature	R411 million including take on of debt
Winlen Casino Operators (Pty) Limited 3rd Floor, Clifton Place 19 Hurst Grove Musgrave	40% of Century Casino Newcastle	None	R60 million
Johnnic Holdings Limited, Block B Longkloof Studios Darters Road, Gardens Cape Town	100% of Millennium Casino Limited giving an indirect additional 30% effective stake in Tsogo Sun KwaZulu-Natal (Pty) Limited, the licensee and operator of Suncoast Casino and Entertainment World	The purchase agreement stipulated an "agterskot" of R330 million which is payable based on agreed targets in terms of gaming win achieved in the years ending 31 March 2010, 2011 and 2012 No restraints included	R1 006 million plus "agterskot" described above, including take on of debt

Gold Reef**The Proposed Transaction**

The consideration payable to TIH comprises 453 013 124 Gold Reef Consideration Shares and to SABSA comprises 435 247 904, both subject to the Gold Reef Consideration Shares Formula.

The goodwill arising on the Proposed Transaction, on the basis of the assumptions given therein, is set out in the unaudited *pro forma* balance sheet at 30 June 2009 which appears in Annexure 7 to this circular.

Normal warranties for a transaction of this nature have been given.

DETAILS OF THE GOLD REEF BEE SHAREHOLDERS AS PER THE VOTING POOL AGREEMENT

The table below summarises the members of the Gold Reef BEE voting pool in terms of the Voting Pool Agreement at 31 December 2009:

Name	Number of shares held
BLACK MANAGEMENT FORUM INVESTMENT CO LIMITED	7 587 517
DUAL INTAKE INVESTMENTS 48 (PTY) LTD	95 751
FIRM URGE INVESTMENTS (PTY) LTD	278 376
G7 INVESTMENT HOLDINGS (PTY) LTD	292 412
GREY JADE TRADE AND INVEST 77 (PTY) LTD	111 350
GREY JADE TRADE AND INVEST 86 (PTY) LTD	55 675
HERITAGE AFRICA COMMUNICATIONS IN EVENT CC	153 201
ISIBANI INVESTMENT HOLDINGS (PTY) LTD	389 726
ISIMFONYO INVESTMENTS (PTY) LTD	278 376
IZULU GAMING (PTY) LTD	637 203
LEBOHANG FOREISITATA TRUST	75 113
LOOPHOLE TRADING & INVESTMENT 38 (PTY) LTD	501 076
MARY JANTJIES FAMILY TRUST	320 983
NEWSHELF 698 (PTY) LTD	6 327 740
NEWSHELF 800 (PTY) LTD	51 273
PEDESTAL INVESTMENTS (PTY) LTD	278 376
PHILISIZWE INVESTMENT (PTY) LTD	501 076
PHINDA INVESTMENTS (PTY) LTD	445 401
PRIME PORFOLIO INVESTMENTS " "A" " (PTY) LTD	3 533 964
REPLI INVESTMENTS NO 20 (PTY) LTD	2 500 000
ROCK INVESTMENTS (PTY) LTD	111 350
SATARA TRADING (PTY) LTD	700 000
SELANG-MABELE INVESTMENTS CO (PTY) LTD	383 004
SIYANDA CO-OPERATIVE LIMITED	334 051
SIYANGENA INVESTMENTS (PTY) LTD	334 051
SIYIMBUMBA INVESTMENT (PTY) LTD	111 350
TREMA INVESTMENTS (PTY) LTD	153 201
TSOGO SUN EXPANSION	42 876 046
UMNOTHO WAMANGWANE (PTY) LTD	445 401
XAU INVESTMENTS CC	173 739
YWCA DUBE CHARITABLE TRUST	169 630
TOTAL	70 206 412



GOLD REEF

RESORTS

Gold Reef Resorts Limited

(Incorporated in the Republic of South Africa)

Registration number 1989/002108/06

Share code: GDF ISIN: ZAE000028338

PART II: REVISED LISTING PARTICULARS

Prepared in terms of the Listings Requirements

The definitions and interpretations commencing on page 16 of the circular, in which these Revised Listing Particulars are incorporated and form part apply, *mutatis mutandis*, to this page and to the Revised Listing Particulars.

The Revised Listing Particulars is not an invitation to the public to subscribe for Gold Reef Shares but are issued in compliance with the Listings Requirements for the purpose of providing information to the public and Gold Reef Shareholders with regard to Gold Reef.

As per, *inter alia*, Section 6.10 of the Listings Requirements, the Revised Listing Particulars have been prepared on the assumption that the Resolutions proposed in the notice of General Meeting forming part of the circular to which the Revised Listing Particulars are attached will be passed at the General Meeting of Gold Reef Shareholders to be held on Monday, 26 April 2010 and have been implemented.

Throughout the Revised Listing Particulars references to the Merged Entity are references to Gold Reef as it will be reconstituted upon implementation of the Proposed Transaction and it is intended that the name of the Company will be changed to "Tsogo Sun Holdings Limited" post implementation of the Proposed Transaction (or as soon as possible thereafter).

Notice of the General Meeting and the Resolutions to be proposed thereat are dealt with in paragraph 3.6 of the circular.

CORPORATE INFORMATION AND ADVISORS

The "Corporate information and advisors" sections are set out on pages 2 and 3 of the circular, in which circular the Revised Listing Particulars is incorporated and forms part, apply *mutatis mutandis* to the Revised Listing Particulars.

CONTENTS

The “Definitions and Interpretations” section commencing on page 16 of the circular, to which circular the Revised Listing Particulars is attached and forms part apply, *mutatis mutandis*, to these contents.

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GOLD REEF

RESORTS

Gold Reef Resorts Limited

(Incorporated in the Republic of South Africa)

Registration number 1989/002108/06

Share code: GDF ISIN: ZAE000028338

Proposed Directors

J A Mabuza (*Chief Executive Officer*)

M N von Aulock (*Chief Financial Officer*)

The Gold Reef Board will be reconstituted following the implementation of the Proposed Transaction on the Closing Date. The Merged Entity Board will consist of a maximum of fifteen directors, of which a minimum of two will be executive directors, namely Mr J A Mabuza in his capacity as Chief Executive Officer and Mr M N von Aulock in his capacity as Chief Financial Officer. The remainder of the Merged Entity Board will consist of a combination of non-executive and independent non-executive directors, ten of whom will be appointed in terms of the Shareholders' Agreement. Gold Reef Shareholders are referred to Annexure D for details of the composition of the existing Tsogo Board. The majority of the reconstituted board of the Merged Entity will comprise TIH and SABSA appointed nominees. The reconstituted Gold Reef Board, which will be the appointed board of the Merged Entity, although consisting of a majority of non-executive directors, will not comply with the King Code, as the majority of the non-executive directors will not be independent.

The listing of the Gold Reef Consideration Shares on the JSE is subject to:

- the JSE obtaining working capital sign off in respect of a period of not less than 18 months, in the manner stipulated by the Listings Requirements from the proposed Merged Entity Board;***
- confirmation by the proposed audit committee of the Merged Entity as to its approval of the expertise and experience of Mr M N von Aulock in respect of his proposed appointment as the Chief Financial Officer of the Merged Entity;***
- the Merged Entity's compliance with paragraph 3.84 of the Listings Requirements regarding its corporate governance;***
- publication of the Tsogo unqualified, audited financial results for the year ended 31 March 2010; and***
- the JSE approving the articles of association of Tsogo, in accordance with Schedule 10 of the Listings Requirements.***

REVISED LISTING PARTICULARS

1. INCORPORATION AND HISTORY

Subject to the fulfilment or waiver (where appropriate) of the Conditions Precedent, the Proposed Transaction as detailed in the circular will result in the merger of the respective gaming and hotel businesses of Gold Reef and Tsogo.

The Proposed Transaction will result in the existing Gold Reef listing on the securities exchange operated by the JSE, being amended to reflect the enlarged issued share capital of Gold Reef, post the allotment and issue of the Gold Reef Consideration Shares. The Merged Entity will be listed on the JSE by way of a reverse take-over in terms of the Listings Requirements as a result of the Proposed Transaction, and once the conditions imposed by the JSE as specified above have been met.

Gold Reef Shareholders are referred to the circular sections entitled "Information on Gold Reef" and "Information on Tsogo" for the incorporation and history of Gold Reef and Tsogo, respectively.

Throughout the Revised Listing Particulars, references to the Merged Entity are references to Gold Reef as it will be reconstituted post implementation of the Proposed Transaction. It is intended that the name of the Company will be changed to "Tsogo Sun Holdings Limited", post implementation of the Proposed Transaction (or as soon as possible thereafter).

2. NATURE OF BUSINESS

The Merged Entity is a gaming, hotel and leisure business with 14 casinos and a portfolio of 96 hotels in South Africa, Africa, and the Middle East.

The Merged Entity has interests in the following resorts:

	Percentage interest
• Montecasino, <i>Gauteng</i>	100.00%
• Gold Reef City Casino and Theme Park, <i>Gauteng</i>	100.00%
• Silverstar Casino, <i>Gauteng</i>	100.00%
• Golden Horse Casino, <i>KwaZulu-Natal</i>	100.00%
• The Ridge Casino, <i>Mpumalanga</i>	100.00%
• Emnotweni Casino, <i>Mpumalanga</i>	100.00%
• Century Casino Newcastle, <i>KwaZulu-Natal</i>	100.00%
• Goldfields Casino, <i>Free State</i>	100.00%
• Caledon Casino, <i>Western Cape</i>	100.00%
• Garden Route Casino, <i>Western Cape</i>	85.00%
• Hemingways Casino, <i>Eastern Cape</i>	80.00%
• Suncoast Casino and Entertainment World, <i>KwaZulu-Natal</i>	73.50%
• Mykonos Casino, <i>Western Cape</i>	70.36%
• Queens Casino, <i>Eastern Cape</i>	25.10%

3. DETAILED OVERVIEW OF THE ASSETS OF THE MERGED ENTITY

3.1 Montecasino

Montecasino, Tsogo's flagship casino in Fourways, Johannesburg, was meticulously designed to replicate an ancient Tuscan village. The casino, which has 1 714 slot machines and 76 tables, opened its doors in November 2000, and was expanded in May 2007 with the addition of the open air Piazza and 1 900-seat Teatro. The complex has 67 restaurants, a 15-screen cinema, multiple retail offerings and the Montecasino Bird Park. The five-star Palazzo Hotel, with 246 rooms and suites and the 179 room innovative SunSquare hotel provide accommodation facilities on site. Construction is currently underway on the next phase of development, "The Pivot," which includes a new 194-room Southern Sun hotel, a conference centre, 14 800m² of prime office space and an additional 1 000 parking bays.

Montecasino funded the development of the Sandton Convention Centre. With over 10 000 m² of exhibition space this facility has hosted numerous world class events including the World Summit on Sustainable Development in 2002.

3.2 Gold Reef City Casino and Theme Park

Gold Reef City Casino opened in March 2000 and was completely renovated during 2007. The casino features 1 600 slots, 50 tables, a Salon Privé lounge and one of the largest smoking casino areas in Southern Africa, "Barneys Smoking Casino." The casino is a completely coinless gaming environment.

Gold Reef City Casino's 1 100 seat theatre, The Lyric, has already established itself as one of Johannesburg's top entertainment venues. The complex also offers a range of dining options, from fast-food and casual coffee shops, through to stylish and intimate restaurants and family eateries. Other facilities include shops, a games arcade, conferencing, a hotel and secure parking.

In terms of its bid commitment, the Gold Reef City Casino funded the construction of the South African Apartheid Museum. The museum chronicles the story of the human spirit over adversity. The museum has proven to be popular with both foreign tourists and school groups alike. The museum is operated by a Section 21 company.

Gold Reef City Theme Park first opened as a mine exhibit 21 years ago and is the greatest theme park in Africa. Built around an authentic 19th century gold mine, the Theme Park is one of Gauteng's leading venues for family fun as well as a slice of Johannesburg's history of gold, grit and glory.

3.3 Silverstar Casino

Silverstar Casino opened in December 2007 and is one of the latest additions to the Gold Reef Group. Silverstar Casino is set on 40 hectares of ground bordering a natural conservancy, with views over the Magaliesberg area. Silverstar Casino is Gauteng's first non-themed casino, designed to environmentally support the natural aesthetics of the area, reflecting neo-African influences.

The casino has 784 slot machines, all smart card operated, as well as 24 tables featuring Black Jack, Roulette and Baccarat accommodating over 1 000 punters in the casino at any one time. Silverstar is also home to a 38 suite exclusive hotel. Suites have views of the Fountain Spectacular, the biggest water feature in the Southern Hemisphere.

3.4 Golden Horse Casino

The Golden Horse Casino opened in September 2001. Set in the hillside country of Pietermaritzburg, the capital of KwaZulu-Natal, it is the only casino in Africa linked to a racecourse.

Sharing the premises of the Scottsville Racecourse in Pietermaritzburg, the casino has a number of restaurants, a conference facility and a 96-room hotel. Golden Horse has 450 slot machines and, in addition to the 18 tables, Golden Horse Casino has 2 Texas Hold Em Poker tables offering live games, accommodating both smokers and non-smokers in comfort. The exclusive high rollers Rosewood's Room offers gamers 4 tables and 40 slot machines.

The Golden Horse Casino funded the construction of the Olwazini Discovery Center, an interactive learning center that highlights many aspects of Science, Technology and Culture.

3.5 The Ridge Casino

The Ridge Casino is in Emalahleni (Witbank) on the busy route between Johannesburg and Mpumalanga, providing entertainment, restaurants and accommodation for both destination and en-route travellers, and has been a catalyst for development in the node, since opening. The unit has been recently upgraded with the addition of a 135-room new generation StayEasy hotel to complement the existing 40-room Southern Sun hotel, revamped cinemas and the introduction of an exclusive Salon Privé within the casino. The development is attached to the recently built Highveld shopping mall which has provided footfall increases since being launched. The Ridge has 425 slot machines and 18 tables.

3.6 Emnotweni Casino

Emnotweni in Nelspruit, Mpumalanga was Tsogo's first casino in South Africa. This complex forms part of a multi-million rand development and is attached to the Riverside Mall with its associated facilities. The development also includes two hotels, being the 109-room Southern Sun Emnotweni and the 115-room StayEasy Emnotweni. The casino offers 367 slot machines and 10 table games.

3.7 Century Casino Newcastle (being re-branded Blackrock Casino)

Tsogo's most recent acquisition, situated in Newcastle, is a contemporary complex that has a 40-room hotel, including a spa. Century Casino Newcastle has a wide variety of entertainment and events and offers 250 slot machines and 7 tables as well as conference facilities.

3.8 Goldfields Casino

Goldfields Casino and Entertainment Centre opened in December 2003 and is located in the Goldfields Plaza, which is situated in Stateway, the main street of Welkom.

The casino boasts 250 slot machines and 9 tables. The gambling facilities include a main floor, divided into non-smoking and smoking areas, as well as a Salon Privé. The casino is supported by a state of the art banquet hall, two restaurants, a sports bar, a fast food court, a kid's arcade and a crèche.

3.9 Caledon Casino, Hotel and Spa

The Caledon Casino, Hotel and Spa, acquired by Tsogo in 2009, is located in the beautiful town of Caledon in the Western Cape. This warm and inviting venue includes the historical hot water springs that have attracted visitors since the 1800s. The complex includes a 93-room hotel, conferencing facilities, multiple food and beverage offerings and a gaming experience at its 356 slots and 7 tables.

3.10 Garden Route Casino

Garden Route Casino opened in December 2002. It is situated just off the N2 highway halfway between Cape Town and Port Elizabeth and boasts 24 kilometres of unspoilt beaches including two north-facing beaches.

Garden Route Casino has 412 slot machines and 16 gaming tables, a Salon Privé, a 100 dish buffet restaurant a coffee shop, a crèche and children's games arcade. Other facilities on site include 71 top-notch 4-star-rated golf lodges, 24 villas and a 43-room hotel and spa known as Garden Route Hotel. The casino is also situated adjacent to the Pinnacle Point golf course.

3.11 Hemingways Casino

Hemingways Casino brings a touch of Key West charm to East London, inspired by the luxurious home of the famous author Ernest Hemingway. Hemingways is attached to the recently opened Hemingways mall, the largest shopping centre in East London, and includes multiple food and beverage offerings, cinemas and entertainment. The development also includes a 70-room Southern Sun hotel and a first-class gaming experience at the 392 slots and 12 tables.

3.12 Suncoast Casino and Entertainment World

Suncoast Casino and Entertainment World is idyllically situated on the beachfront along Durban's "Golden Mile" and provides a Miami-type atmosphere with its access to sun, sea and a wide variety of entertainment. The development includes the 165-room Suncoast Hotel and Towers, 24 restaurants and an 8-screen cinema and the Sundeck that plays host to some of KwaZulu-Natal's most exclusive events. Suncoast has 1 330 slot machines and 50 tables.

3.13 Mykonos Casino

Mykonos Casino opened in November 2000 and is located in the Western Cape. It has 300 slot machines and 9 table games. It is situated within a Greek-styled resort consisting of 360 units, which accommodates more than 1 000 guests. The modern and well-equipped self-catering units and conference venue offer entertainment and relaxation.

Mykonos Casino caters for young and old with entertainment such as a games room, Cosmic Candy and a variety of Restaurants and Pubs situated within the Resort and Casino. A crèche service is also available, with a health and beauty spa and water sports facilities.

3.14 Queens Casino

Queens Casino opened its doors to the public in December 2007 with a focal railway theme. The addition of a steam locomotive, which for the past 30 years had been based at the town's museum, has provided much interest. The locomotive, once used to transport the then Princess Elizabeth during a visit to South Africa, including Queenstown, has been restored to its former glory as part of the casino management's commitment to contribute to the beautification of the area.

In addition to the 180 slots and 6 tables, the casino offers a hotel, buffet restaurant, sports bar, games facility and crèche.

The project also entailed the rehabilitation and maintenance of the famous Municipal Walter Everett Gardens situated next to the N6 on the eastern entrance to Queenstown, thus welcoming visitors and residents alike to the scenic town. These gardens are now ideal for providing a platform for arts and crafts exhibitions and marketing of local talent and products by local small and medium enterprises.

3.15 Southern Sun Hotels

Southern Sun Hotels was founded in 1969 with the Beverly Hills Hotel in Umhlanga. Southern Sun hotels has grown to be one of the largest hotel groups in South Africa, with 90 Hotels and 14 438 rooms expected by the end of 2010. The Southern Sun Hotel group operates in all market segments from deluxe to budget, under a variety of brands including Southern Sun, Garden Court and StayEasy, which principally service the business market or "people at work". This includes the key, corporate, Government, conference, airline and incentive segments of the market, making up some 75% of revenue. Internationally the Group has expanded in Africa, Seychelles and the Middle East and continues to look for new investment opportunities in these regions.

Southern Sun operates a portfolio of owned, leased and managed hotels. In the longer term the preference is to own the hotels the Group operates, as this provides security of tenure over the room stock. Management contracts are only entered into, where the hotel is clearly economically viable and has a stable ownership structure. In this regard, the Southern Sun Hotel Group has a successful relationship with Liberty Group Properties (Pty) Limited and currently manages 11 hotels on Liberty Properties' behalf. In addition, Southern Sun manages hotels for the Airports Company of South Africa, Hyprop Investments Limited and EMAAR Properties (in Dubai). Southern Sun is also the largest timeshare operator in South Africa.

4. GROUP OPERATING STRUCTURE

The Merged Entity operates in a decentralised manner whereby the operating units are responsible for their operations within predetermined authority limits set by the Merged Entity Board. An organogram of the Merged Entity's operating businesses is set out in Annexure J to the Revised Listing Particulars.

5. PROSPECTS OF THE MERGED ENTITY

Diversification and access to new revenue streams, new markets and opportunities

The Proposed Transaction has been structured so as to enable current Gold Reef Shareholders and Tsogo Shareholders to benefit from the earnings, geographical and market segment diversification achieved through exposure to the respective portfolios of assets and income streams of Gold Reef and Tsogo. As Tsogo is currently unlisted, the Proposed Transaction enables current Gold Reef Shareholders and investors to access Tsogo's quality gaming and hotel operations (including, *inter alia*, Montecasino, Suncoast and the Southern Sun hotel group).

Tsogo has been following a growth strategy for both gaming and hotels, locally and abroad, of which the Proposed Transaction is an integral part. Tsogo intends maximising the opportunities within its premier portfolio of gaming and hotel assets and there are likely to be further opportunities within the gaming and hotel sectors, which will be pursued as they arise. The Merged Entity will be well positioned in existing markets and able to pursue attractive growth opportunities in new markets, as they arise, to the benefit of both Gold Reef Shareholders and Tsogo Shareholders.

As is highlighted in the historical information on Tsogo and Gold Reef, reported in Annexure 3 of the circular and Annexure A of the Revised Listing Particulars respectively, both businesses have shown solid organic growth and strong cash generation over the past number of years. This was a factor of a growing consumer base in South Africa, with increased access to disposable income.

Notwithstanding recent tough trading conditions, Gold Reef and Tsogo are well-positioned to benefit from the anticipated medium term improving economic conditions and increasing consumer spending across various regions in South Africa.

The Merged Entity's operations have significant operational gearing, with a largely fixed cost base a certain broad operating capacities. Both the Tsogo and Gold Reef businesses have maintained attractive EBITDAR margins even during the current recessionary period. In the absence of regulatory changes, these margins appear sustainable and should expand as real revenue growth is achieved in line with the expected economic recovery.

In the longer term, the Merged Entity's growth strategy will continue to focus on growth opportunities, both locally and abroad. Hotels offer incremental new build and acquisition opportunities allowing the natural expansion of the portfolio, as demand grows over time in line with the economic performance

of the countries in which the Merged Entity operates. Casinos are increasingly being seen as an attractive source of revenue by governments around the world. This liberalisation of casino regulations will allow the Merged Entity to explore opportunities in well regulated markets with growing consumer spend patterns.

The Merged Entity will have a debt to EBITDAR ratio of less than 2x and is therefore comfortably geared and able to pursue its growth strategy whilst simultaneously maintaining the proposed dividend policy as set out in paragraph 6.8 below. The Merged Entity will rank in the top ten largest global gaming companies based on market capitalisation.

6. FINANCIAL INFORMATION

6.1 Authorised and issued share capital

The authorised and issued share capital of the Merged Entity will be:

	R'000
Authorised share capital	
1 200 000 000 ordinary shares of 2 cents each	24 000
	24 000
Issued share capital	
1 180 251 248 ordinary shares of 2 cents each *	23 605
Share premium #	17 964 304
	17 987 909

* Inclusive of 84 250 032 treasury shares.

The share premium is for indicative purposes only as at the last practicable date. The share premium will be calculated based on the Gold Reef Share price in excess of par value on the Closing Date when the Gold Reef Consideration Shares are issued.

All the Merged Entity Shares in issue are of the same class and rank *pari passu* with each other in all respects and are fully paid. Accordingly, no share of the Merged Entity has any special right to any dividends, capital or profits. The articles of association of the Merged Entity require that any variation of rights attaching to the Merged Entity Shares be approved by a special resolution at a general meeting of shareholders.

There have been no consolidations or sub-division of shares over the past three years.

Gold Reef has not repurchased any of its own issued shares during the past three years prior to the last practicable date. In terms of the Proposed Transaction, Gold Reef will acquire the Gold Reef Shares held by Tsogo Sun Expansion which shares will be classified as treasury shares on implementation of the Proposed Transaction as shown against the asterisk in the table above.

6.2 Unissued shares

In terms of a resolution to be proposed at the General Meeting of Gold Reef Shareholders to be held on Monday, 26 April 2010, Gold Reef Shareholders will be asked to pass, *inter alia*, a resolution placing 888 261 028 authorised but unissued Gold Reef Shares (subject to the Gold Reef Consideration Shares Formula) under the control of the Gold Reef Directors required to implement the Proposed Transaction subject to the provisions of the Companies Act, the Listings Requirements and the articles of association of Gold Reef.

Other than the maximum of 5 million Gold Reef Shares placed under the control of the Gold Reef Directors until the next annual general meeting to allot and issue such Gold Reef Shares required to be issued for the purpose of carrying out the terms of the Gold Reef Share Scheme passed at the annual general meeting of Gold Reef on 8 July 2009, the authorised but unissued Gold Reef Shares have not been placed under the authority and control of the Gold Reef Directors. In terms of Section 221 of the Companies Act, such authorised unissued Gold Reef Shares are under the control of the Gold Reef Shareholders in general meeting.

6.3 Issue of shares by the Merged Entity (including subsidiaries)

During the three years preceding the last practicable date, the following ordinary shares were issued:

Date	Number of shares issued	Purpose
July 2007	69 206 412	Issue of Gold Reef Shares at an average issue price of R19.30 per Gold Reef Share relating to the acquisition by Gold Reef of the BEE shareholdings in the subsidiaries (other than Garden Route Casino (Proprietary) Limited)), joint venture and management contracts of Gold Reef and the top-up transaction
October 2007	2 181 149	Issue of Gold Reef Shares at an average issue price of R12.08 per Gold Reef Share to the Gold Reef Share Scheme
Unknown future date	888 261 028	Issue of the Gold Reef Consideration Shares (subject to the Gold Reef Consideration Share Formula) pursuant to the Proposed Transaction at the market price of Gold Reef on the day preceding the listing of the Gold Reef Consideration Shares

Assets acquired through the issue of shares relating to the acquisition by Gold Reef of the BEE shareholdings in the subsidiaries (other than Garden Route Casino (Proprietary) Limited)), joint venture and management contracts of Gold Reef are disclosed in Annexure I.

No shares were issued by companies which are currently Gold Reef subsidiaries in the last three years to outside shareholders. The only shares issued by the subsidiaries were to facilitate a corporate restructuring.

In February 2009, 1 000 "A" Preference shares and 370 "B" Preference shares were redeemed by Newshelf 786 (Pty) Ltd (a 100% subsidiary of Richard Moloko Consortium Holdings (Pty) Ltd) for a total consideration R39,7 million and R23,2 million, respectively, to Gold Reef Resorts Limited (the ultimate parent of Newshelf 786 (Pty) Ltd) and Richard Moloko Consortium Holdings (Pty) Ltd, the parent company of Newshelf 786 (Pty) Ltd.

There were no sub-divisions or consolidations of shares by Gold Reef in the three years preceding the last practicable date.

The acquisition of an effective 100% control in the Millennium Casino Limited was funded through the issue of 1 000 redeemable cumulative preference shares of R0,10 each by Tsogo Sun Gaming to Johnnic Holdings Ltd (510 shares) and SABSA (490 shares) for a total consideration of R1 billion. Tsogo Sun Gaming is obliged to redeem the preference shares on the fifth anniversary of the issue date. Preference dividends are payable within three business days of each annual dividend declaration date of 31 March each year.

Save as set out above, no shares were issued or repurchased by Tsogo in the past three years.

There were no sub-divisions or consolidations of shares by Tsogo in the three years preceding the last practicable date.

6.4 Material capital commitments, lease payments and contingent liabilities

Information regarding capital commitments, lease payments and contingent liabilities is provided in paragraph 12.5 of the circular.

6.5 Loans receivable

At the last practicable date and at the most recent financial year-end, the Gold Reef and Tsogo had no material loans receivable other than the material inter-company finance disclosed in Annexure H.

6.6 Options or preferential rights of the Merged Entity Shares

In 2009, the Remuneration Committee of Gold Reef awarded 3 637 860 share options to employees of the Gold Reef Group at an average strike price of R16.28 per Gold Reef Share. At the last practicable date, none of these options had been exercised by the employees of the Gold Reef Group.

A call option has been granted to Widgetrade 205 (Proprietary) Limited, which is exercisable by Widgetrade 205 (Proprietary) Limited at any time, to purchase and take cession from the Merged Entity an additional 10.1% of the issued shares in Garden Route Casino (Proprietary) Limited so as to result in Widgetrade 205 (Proprietary) Limited holding an aggregate 25.1% in Garden Route Casino (Proprietary) Limited. The consideration payable by Widgetrade 205 (Proprietary) Limited will be the fair market value of such shares as at the date on which the call option is exercised.

6.7 Acquisition and disposal of material property

Material acquisitions and disposals that have occurred within the last three years prior to the date of the circular are provided in Annexure I.

6.8 Dividends and dividend policy

A dividend cover of approximately 2x will be adopted as the targeted dividend policy of the Merged Entity, which will be reviewed periodically taking into account prevailing circumstances and future cash requirements and investment opportunities.

7. WORKING CAPITAL STATEMENT

The working capital statement required from the Gold Reef Board in terms of the Listings Requirements, is contained in paragraph 17 of the circular to which the Revised Listing Particulars is attached and forms part.

The listing of the Gold Reef Consideration Shares is subject to the JSE obtaining a positive working capital sign-off, in respect of a period of not less than 18 months, in the manner stipulated by the Listings Requirements from the Merged Entity Board. Further details thereof will be provided to Gold Reef Shareholders in due course.

8. MAJOR SHAREHOLDERS

The major shareholders who beneficially hold 5% or more of the issued shares (excluding treasury shares) after taking into account the implementation of the Proposed Transaction are as follows:

Shareholder	Number of shares	Percentage of total shares in issue (excluding treasury shares)
TIH	453 013 124	41,33
SABSA	435 247 904	39,71
Krok Family Entities	71 825 331	6,55
Allan Gray clients ^(a)	65 460 056	5,97
Other shareholders ^(b)	70 454 801	6,44
	1 096 001 216	100,00

(a) Reflects the total holding of Allan Gray clients

(b) Other includes management and public shareholders

9. CONTROLLING SHAREHOLDERS

SABSA and TIH have entered into a Shareholders' Agreement in relation to their shareholdings in the Merged Entity with effect from the Closing Date, whereby SABSA and TIH have agreed to a process for the nomination, appointment and removal of executive and non-executive directors of the Merged Entity after the Closing Date. Both TIH and SABSA have warranted that, save for the Shareholders' Agreement, no other agreement, arrangement or understanding will exist, which requires either TIH or SABSA to vote their Gold Reef Consideration Shares as a block. As disclosed in paragraph 3.4 of the circular, both SABSA and TIH will hold in excess of 35% of the issued share capital of the Merged Entity and as such will be considered controlling shareholders as defined by the Listings Requirements.

10. DIRECTORS AND SENIOR MANAGEMENT OF THE MERGED ENTITY

10.1 Details and experience of the Merged Entity executive directors

The Exchange Agreement provides that the Gold Reef Board shall have been restructured following the implementation of the Proposed Transaction on the Closing Date to comprise only those persons who shall have been notified in writing to Gold Reef by TIH and SABSA prior to the Closing Date. However, as at the last practicable date, Gold Reef has not been made aware of the proposed composition of the reconstituted Gold Reef Board, other than in respect of certain executive directors as set out below. Further details of the reconstitution of the Gold Reef Board will be provided to Gold Reef Shareholders once this information is available. Gold Reef Shareholders are referred to Annexure D for details of the composition of the existing Tsogo Board, the majority of which will comprise the reconstituted board of the Merged Entity. The reconstituted Gold Reef Board, which will be the appointed board of the Merged Entity, although consisting of a majority of non-executive directors, will not comply with the King Code, as the majority of non-executive directors will not be independent.

The names, ages, business addresses and functions in the Merged Entity and background of the proposed executive directors of the Merged Entity as at the last practicable are as follows:

Director	Business address	Occupation	Companies
Name: J A Mabuza Age: 52	Palazzo Towers East Montecasino Boulevard Fourways, 2055	Chief Executive Officer	Tsogo Sun Holdings Southern Sun Hotels Tsogo Sun Gaming Tsogo Sun Casinos Tsogo Sun KwaZulu-Natal
Name: M N von Aulock Age: 36 Qualification(s): CA(SA)	Palazzo Towers East Montecasino Boulevard Fourways, 2055	Chief Financial Officer	Tsogo Sun Holdings Southern Sun Hotels Tsogo Sun Gaming

10.2 Details of existing directors of material subsidiaries of the Merged Entity

The names, ages, business addresses and functions in the Merged Entity of the existing directors of the Merged Entity material subsidiaries at the last practicable date are as follows:

All executive directors and management are South African unless otherwise stated.

Director	Business address	Occupation	Companies
Name: J A Mabuza Age: 52	Palazzo Towers East Montecasino Boulevard, Fourways, 2055	Chief Executive Officer	Tsogo Southern Sun Hotels Tsogo Sun Gaming Tsogo Sun Casinos Tsogo Sun KwaZulu-Natal
Name: M N von Aulock, Age: 36 Qualification(s): CA(SA)	Palazzo Towers East Montecasino Boulevard Fourways, 2055	Chief Financial Officer	Tsogo Southern Sun Hotels Tsogo Sun Gaming
Name: R A Collins Age: 48 Qualification(s): BCom (Legal), BCom Hons Marketing), HDip Tax Law, HDip Company Law	Palazzo Towers East Montecasino Boulevard Fourways, 2055	Managing Director, Tsogo Sun Gaming	Tsogo Tsogo Sun Gaming Southern Sun Hotels Tsogo Sun Casinos Tsogo Sun KwaZulu-Natal

Director	Business address	Occupation	Companies
Name: G I Wood Age: 40 Qualification(s): BCom, BCompt (Hon), CA(SA)	Palazzo Towers East Montecasino Boulevard Fourways, 2055	Managing Director Southern Sun Hotels SA	Tsogo Southern Sun Hotels Tsogo Sun Gaming
Name: M W D Dowsley Age: 47 Qualification(s): BCom LLB	Suncoast Casino Marine Parade Durban, 4001	General Manager Suncoast Casino	Tsogo Sun KwaZulu-Natal
Name: R B Huddy Age: 40 Qualification(s): BCom (Accounting), BAcc (Science Hons), CA(SA)	Palazzo Towers East Montecasino Boulevard Fourways, 2055	Financial Director Southern Sun Hotels SA	Southern Sun Hotels
Name: R F Weilers Age: 58 Qualification(s): Dip Hotel Management	Union Towers Suite 301 – 302 3rd Floor Sheikh Zayed Road Dubai U.A.E	Managing Director Southern Sun Hotels Offshore	Southern Sun Hotels
Name: V F Dlamini Age: 44 Qualification(s): BA Law, LLB LLM, MBL	Palazzo Towers East Montecasino Boulevard Fourways, 2055	Group Human Resources Director	Southern Sun Hotels Tsogo Sun Gaming
Name: T F Mosololi Age: 40 Qualification(s): BCom (Hons) CA(SA)	Palazzo Towers East Montecasino Boulevard Fourways, 2055	Financial Director Tsogo Sun Gaming	Tsogo Sun Gaming Tsogo Sun Casinos Tsogo Sun KwaZulu-Natal
Name: J A Copelyn South African Age: 59 Qualification(s): BA (Hons B.Proc)	Block B, Longkloof Studio's Darters Road, Gardens Cape Town, 8001	Non-executive director	Tsogo
Name: M J A Golding Age: 49 Qualification(s): BA (Hons)	Block B, Longkloof Studio's Darters Road, Gardens Cape Town, 8001	Non-executive director	Tsogo
Name: J M Kahn Age: 70 Qualification(s): BA (Law), MBA D Com (hc), SOE	2 Jan Smuts Avenue Braamfontein Johannesburg 2001	Non-executive director	Tsogo

Director	Business address	Occupation	Companies
Name: E A G Mackay	One Stanhope Gate London, England	Non-executive director	Tsogo
Age: 60	W1K 1AF		
Qualification(s): BSc (Eng), B Com	England		
Name: A van der Veen	Block B, Longkloof Studio's Darters Road, Gardens Cape Town, 8001	Non-executive director	Tsogo
Age: 39			
Qualification(s): CA(SA), CFA			
Name: P J Venison	4 Thorney Crescent Morgan's Walk London	Non-executive director	Tsogo
Nationality: British	SW11 3TR		
Age: 67	England		
Qualification(s): BA			
Name: V E Mphande	19 Richards Drive Gallagher Estate Gallagher House, Level 2 Midrand, 1685	Non-executive director	Tsogo
Age: 51			
Qualification(s): Elec. Eng. (dip)			
Name: M Wyman	One Stanhope Gate London	Non-executive director	Tsogo
Age: 63	W1K 1AF		
Qualification(s): CA(SA)	England		
Name: M G Diliza	Chamber of Mines of SA 10 th Floor, 5 Hollard Street Marshalltown, 2001	Non-executive director	Akani Egoli
Age: 60			
Qualification(s): B Com BBA (Hons)			
Name: DT Lakay	34 Le Sage Way Edgemean, 7441	Non-executive director	Akani Egoli
Age: 55			
Qualification(s): BCom (Accounting)			
Name: S Masinga	Afropulse Group 2 Commerce Square Ground Floor, 39 Rivonia Road, Sandhurst, 2196	Non-executive director	Akani Egoli
Age: 43			
Qualification(s): BCom (Accounting)			
Name: Dr B B Tlhabi	5 The Winston, Winston Lane, Hyde Park, 2196	Non-executive director	Akani Egoli
Age: 50			
Qualification(s): MB BCh			

Director	Business address	Occupation	Companies
Name: S S Mncube South African Age: 69 Qualification(s): PhD (Adult Education Information Science)	7 Jonalan Drive St Andrews Bedfordview, 2007	Non-executive director	Silverstar Casino

INFORMATION ON TSOGO'S AND ITS MATERIAL SUBSIDIARIES' DIRECTORS

Mr J A Mabuza

Group Chief Executive, Tsogo Sun Holdings

Jabu Mabuza was appointed Group Chief Executive of Tsogo Sun Holdings 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 3 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 gained experience in the fields of marketing and business management and 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.

Jabu was a finalist for the Institute of Marketing Management/Marketing Person of the Year in 1991. In 1997, he was recognised for the Black Management Forum Champion of Black Economic Empowerment – Pioneer's Award. Jabu was the recipient of the 2004 Impumelelo, Top 300 Empowerment Awards as a Top Black Business Personality of the Year, nominated by the Black Business Council for his contribution to the transformation, job creation and the Economy and strength as a role model.

M N von Aulock

Chief Financial Officer, Tsogo Sun Group

Marcel N von Aulock is a Chartered Accountant having 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 and a director of Tsogo Sun Holdings, with responsibility for the overall financial function, risk management, treasury and corporate finance activities.

R Collins

Managing Director, Tsogo Sun Gaming

Rob Collins was appointed Managing Director Tsogo Sun Gaming in 2006. Rob graduated with a B.Com Hons (Business Economics); B.Com (Legal); HDip (Tax Law) and HDip (Co. Law). 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 to buy Tsogo Sun, he was appointed Chief Operating Officer of Tsogo Sun Gaming, a position he occupied until 2006 when he was appointed Managing Director. He has served on various boards in the entertainment leisure and lifestyle industry.

FV Dlamini

Group Human Resources Director

Vusi Dlamini was appointed Group Human Resource Director in 2006. Vusi's qualifications include a BA Law degree, LLB, (UNISWA), LL.M (University of Chicago), MBL (UNISA), Advanced Labour Law (UNISA) and Diploma in Human Resources Management (Damelin).

His career has included senior HR and management positions at various blue chip organisations, including Sappi, Cadbury Schweppes and Consol Glass. He worked for Denel, initially as a Legal Services and HR Manager, before his promotion to Group Manager Human Resources and thereafter Group Director Human Resources. In January 2000, Vusi joined South African Airways as the Vice President Human Resources and was later promoted to Executive Vice President Human Resources. In February 2003, Vusi joined Dimension Data South Africa as Executive Director Human Resources and later took up a position as Executive Director Business Development for the public sector space.

He currently serves on the boards of Business Against Crime, Steradian Consulting, Vumile Logistics and Sentech Plessey Bursary Fund trust.

R B Huddy

Financial Director, Southern Sun Hotels

Rob Huddy was appointed Financial Director of Southern Sun Hotels South Africa in 2009. Rob is a Chartered Accountant (SA) and qualified in 1996. Following completion of his articles at PricewaterhouseCoopers he joined Southern Sun in April 1997 as the Group Financial Accountant. He acted in various financial roles within Southern Sun Group and Southern Sun Hotels before being appointed as the Financial Director of the Hotels Offshore Division and to the Group Executive Committee in April 2005.

T Mosololi

Financial Director, Tsogo Sun Gaming

Thabo Mosolodi was appointed Financial Director Tsogo Sun Gaming in 2002. Thabo is a Chartered Accountant (SA). He was previously CEO of Gobodo Inc, during which time he was involved in new business developments, strategy, risk management and client relations.

He has served on various Boards and Board Committees including Telkom Ltd and Matodzi Resources Ltd.

In 1999, he was appointed by the Minister of Finance to be a member of the Financial Services Board's Insider Trading Directorate (resigned in 2003). In 2001, he was appointed to be a Commissioner on the Fiscal & Financial Commission (resigned in 2003). He was Chairman of the Board of Trustees for the Education Foundation, an NGO involved in the Curriculum Development and Policy Research on Education in South Africa until 2007.

R Weilers

Managing Director, Southern Sun Offshore

Richard was appointed Managing Director: Southern Sun Offshore in 2005 a portfolio that includes Africa, the Middle East and the Indian Ocean Islands.

Richard obtained a national diploma in Hotel School Management in 1973 and also attended the internationally renowned strategic university in Switzerland, IMB. He was awarded an Emeritus from the Hotel School of South Africa for his contribution in the hotel industry. He has over 30 years' experience in hotel management industry where he has held senior executive positions including Operations Director and Sales and Marketing Director for South Africa.

G Wood

Managing Director, Southern Sun Hotels

Graham was appointed Managing Director of Southern Sun Hotels South Africa in 2008. Graham is a Chartered Accountant (SA) and has an Executive Management Development Programme from the Graduate School of Business, University of Cape Town and a Gaming Executive Management Development Programme from the University of Nevada in the USA.

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.

G Mackay

Non-executive Director

Graham Mackay joined The South African Breweries Limited (SAB Ltd) 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.

M Kahn

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.

M Wyman

Non-executive Director

Malcolm Wyman joined SAB Ltd 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 Ltd, he was an Executive Director of UAL Merchant Bank, South Africa.

J Copelyn

Non-executive Chairman

John joined HCL 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 and Tsogo Sun Holdings.

M Golding

Non-executive Director

Marcel joined HCL as chairman in 1997. Prior to this he was a member of parliament and deputy general secretary of the National Union of Mine workers. He is also chief executive officer of e.tv; chairman of Johnnic Holdings Limited and holds directorships in numerous companies.

A van der Veen

Non-executive Director

Andre joined HCL in 2004 after their acquisition of Mettle in 2004. He was appointed chief executive officer of Johnnic Holdings Limited in November 2006. He holds directorships in numerous companies including Tsogo Sun Holdings, Clover Industries Limited and Formex.

V E Mphande

Non-executive Director

Elias is group chief executive of Vukani Gaming Corporation (Pty) Ltd. 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, Johnnic Holdings Limited and Tsogo Sun Holdings.

M W D Dowsley

Non-executive Director

Mike joined Tsogo Sun KwaZulu-Natal (Pty) Ltd in 2003 as Executive Director and is the General Manager of the Suncoast Casino. Prior to commencing with the Tsogo Sun Group Mike worked at Consolidated Gold Fields PLC and Gold Fields of South Africa Ltd for ten years, in six different Divisions and held various directorships within the Gold Fields Group of Companies. Thereafter he worked at the Connection Group Holdings Limited where he was initially the Human Resources Director and thereafter appointed as Operations Director of Incredible Connection (Pty)Ltd.

P J Venison

Non-executive Director

Peter has over 45 years 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 2005, 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.

INFORMATION ON GOLD REEF'S MATERIAL SUBSIDIARIES' DIRECTORS**M G Diliza**

Non-executive Director

Joined the Gold Reef Board in March 2008. He is currently CEO of The Chamber of Mines of SA and the founding Chairman of Strategic Partners Group.

He is also a director of Aurecon, Ansys Limited, Bombela Concession Company, Bombela Operating Company and Growthpoint Properties Limited.

DT Lakay

Non-executive Director

David received his degree from the University of the Western Cape and after obtaining his degree, did various short courses in financial management and related fields. David has been in the gaming and leisure industry since 1998 in a financial management capacity and is a registered member of the South African Institute of Professional Accountants, as well as a registered member of the South African Institute of Chartered Accountants as an associate.

S Masinga

Non-executive Director

Sibongile is the CEO and founder of Afropulse Group and has her background in stock broking and merchant banking and sits on various boards of companies.

Dr B B Tlhabi

Non-executive Director

Dr Tlhabi is a practising medical doctor and a director of Prime Portfolio Investments A (Pty) Ltd. Dr Tlhabi was a founding director of Firstcare, was involved with the Boxing commission and served on the medical commission of the National Olympic Commission of South Africa.

S S Mncube

Non-executive Director

Dr Stephen Mncube is the chairperson of Tasima and Silverstar Casino and is a former chairperson of Sentech's board and non-executive director of arivia.com. An academic of note, Dr Mncube holds a number of qualifications including a Ph.D in Adult Education/Information Science obtained at Syracuse University in the United States.

10.3 Other Merged Entity directors' information

None of the directors of the Merged Entity have been:

- declared bankrupt or insolvent or have entered into any individual voluntary compromise arrangements;
- party to any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company where such person is or was a director with an executive function at the time of or within the 12 months preceding such event(s);
- party to any compulsory liquidations, administrations or partnership voluntary arrangements of any partnership where such person is or was a partner at the time of or within 12 months preceding such events; and/or
- party to any receiverships of any asset(s) of a person or of a partnership of which the person is or was a partner at the time of or within the 12 months preceding such event – subject to public criticisms by a statutory or regulatory authority nor has any such person been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; or convicted of any offence involving dishonesty.

The provisions of the articles of association of the Merged Entity (currently Gold Reef's articles of association) and its subsidiaries insofar as it relates to the qualification, remuneration and powers of the directors are provided in Annexure B of the circular.

The names of all companies and partnerships of which the Merged Entity Directors were directors or partners at any time during the previous five years are included in Annexure D.

Extracts of the relevant provisions of the Merged Entity articles of association (currently Gold Reef's articles of association) with regard to:

- qualification of directors;
- remuneration of directors;
- any power enabling the directors to vote remuneration to themselves or any members of the board;
- any power enabling a director to vote on a proposal, arrangement or contract in which he is materially interested;
- any power enabling the directors, in the absence of an independent quorum of the board, to vote on remuneration, including pension or other benefits to themselves or any members of the board;
- borrowing powers exercisable by the directors and how such borrowing powers can be varied; and
- retirement or non-retirement of directors under an age limit,

are set out in Annexure B.

10.4 Remuneration of the Merged Entity Directors

There will be no change in the remuneration of any of the Merged Entity Directors as a consequence of the Proposed Transaction.

Tsogo believes that the phantom share scheme is an important component of remuneration and incentivisation and it is the intention that the existing Gold Reef Long-Term Incentive Plan and the Tsogo Sun Share Plans will be continued. It is likely that the existing share schemes will be combined into a single share scheme whereby employees are provided with materially similar incentives as the existing share schemes.

10.5 Directors' interests in securities

The Merged Entity Directors, whose names are known as at the last practicable date, and their associates do not hold, directly and indirectly, any interests in the issued share capital and the share options of the Merged Entity as at the last practicable date, on the assumption that the Proposed Transaction has occurred.

The current Gold Reef Directors' interests post the Proposed Transaction are detailed in paragraph 11.6.5 of this circular.

10.6 Directors' interests in transactions

None of the directors of the Merged Entity have or have had any material beneficial interest, directly or indirectly, in any transaction which was effected by the Merged Entity during the current financial year, or, in respect of any previous financial year and which remains in any respect outstanding or unperformed, other than as disclosed in the circular, to which the Revised Listing Particulars are attached to and form part, in respect of the Proposed Transaction.

10.7 Directors' service agreements

Other than the Service Agreements with the Executives as set out in paragraph 11.6.9 of the circular, there are no service agreements with the proposed executive management team of the Merged Entity.

10.8 Qualifications, appointment, remuneration and borrowing powers of directors

The relevant provisions of the articles of association of the Merged Entity (currently Gold Reef's articles of association) relating to qualification, appointment, remuneration and borrowing powers of directors are set out in Annexure B to the Revised Listing Particulars. The borrowing powers in the articles of association may only be varied by special resolution, although the members may set limits by way of ordinary resolution in general meeting, and have not been exceeded since Gold Reef's incorporation.

11. PROMOTERS' FEES, UNDERWRITING FEES, COMMISSION, DISCOUNTS AND BROKERAGES PAID

No amounts were paid to any individuals, companies, partnerships or associations responsible for promoting the Merged Entity, in the context of a new listing, book build or capital raise ("promoter") where the promoter tries to place the Merged Entity's shares, during the three years preceding the last practicable date or were proposed to be paid at the last practicable date.

No commissions were paid or are payable in respect of underwriting fees to any person, including any director, promoter or entity during the three years preceding the last practicable date.

No amounts were paid in respect of commission, discounts or brokerages to any person, including any director, promoter or entity during the three years preceding the last practicable date or were proposed to be paid at the last practicable date.

No promoter or director has any material benefit, direct or indirect, in the promotion of the Merged Entity.

12. SHAREHOLDER SPREAD

Subsequent to implementation of the Proposed Transaction, the Krok Family Entities and the clients of Allan Gray (in aggregate) will each hold less than 10% of the total issued share capital of the Merged Entity and will therefore classify as public shareholders in terms of paragraph 4.28(e) and 4.28(f) of the Listings Requirements. Approximately 19% of the issued share capital of the Merged Entity will be held by the current Gold Reef Shareholders (excluding Tsogo Sun Expansion), classified as public shareholders in terms of the Listings Requirements.

13. VOTING AND VARIATION RIGHTS

The articles of association of the Merged Entity (currently Gold Reef's articles of association) provide that, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by any person, the chairman or by the members referred to in section 198(1)(b) of the Act.

Any variation in rights attaching to the Merged Entity's Shares will require the consent of the Merged Entity's Shareholders in general meeting in accordance with Merged Entity's articles of association (currently Gold Reef's articles of association).

The Merged Entity will, subject to the JSE conditions detailed in paragraph 1 of the circular, be listed on the JSE main board. No other shares of the Merged Entity will be listed on any other stock exchange.

14. SHARES ISSUED

Other than as disclosed in this circular for the purposes of implementing the Proposed Transaction and as disclosed in paragraph 6.3 above, none of Gold Reef's Shares have been issued or agreed to be issued during the preceding three years, other than in terms of the Gold Reef Share Scheme and in terms of the acquisition by the Company of the shareholdings in various subsidiary companies, as authorised by the shareholders of Gold Reef in a general meeting held on 18 May 2007 or by any of the Merged Entity's subsidiaries.

15. CODE OF CORPORATE PRACTICE AND CONDUCT (INCLUDING CORPORATE SOCIAL INVESTMENT)

15.1 Code of Corporate Practice and Conduct

The Directors remain committed to best-practice corporate governance and the principles contained in the Code of Corporate Practices and Conduct set out in the King III Report. The reconstituted board, although consisting of a majority of non-executive directors, will not comply with King III, as the majority of the Merged Entity's non-executive directors will not be independent. The reconstituted board and its committees will however comply with the King III requirements in terms of 3.84 of the Listings Requirements. The Board will continue to monitor compliance to ensure ongoing improvement of operational and corporate practices and that the affairs of the Group are conducted with transparency and integrity. Further details on the Corporate Governance structures within the Company and within Tsogo are set out in Annexure C to the Revised Listing Particulars.

15.2 Social responsibility

In all its endeavours, the business strives to operate responsibly and with due care for the interests and needs of all stakeholders. At regulatory level this includes complying with relevant legislation as a minimum standard. For the communities in which it operates, it strives to work with them in identifying needs and issues and developing appropriate solutions. In many cases this involves working with local, provincial and national authorities to ensure their initiatives are aligned with macro objectives.

Its commitment to social and community upliftment is reflected in its contributions to a diverse range of beneficiaries. Each group operation has a formal corporate social investment policy in place to establish and maintain relations with the communities in which it operates.

16. INTERESTS OF ADVISORS

None of the advisors to the Merged Entity has an interest in the Merged Entity at the last practicable date, other than Deutsche Securities (SA) (Proprietary) Limited in respect of its ongoing appointment as sponsor to the Company in terms of the requirements of the JSE.

17. LITIGATION STATEMENT

Details of the litigation statements of Gold Reef and Tsogo respectively are set out in paragraph 12.3 of the circular.

18. MATERIAL CHANGES

Details of material changes are provided in paragraphs 12.1.1 and 12.1.2 of the circular.

19. MATERIAL CONTRACTS

Details of material contracts are provided in paragraphs 12.2.1 and 12.2.2 of the circular.

20. EXPERTS' AND ADVISORS' CONSENTS

All the advisors and the transfer secretaries have consented in writing to act in the capacities stated and to their names being included in the circular and have not withdrawn their consents prior to the issue of the circular.

The independent reporting accountants have given their consent in writing and have not withdrawn their consent to their name being included in the circular and to the issue of the circular, including the reporting accountants' reports in the form and context in which they are included.

The independent expert has given its consent in writing and has not withdrawn its consent to its name being included in this circular and to the issue of this circular, including the independent expert's letters in the form and context in which they are included in Annexure 1 and Annexure 2 to the circular.

21. DIRECTORS' RESPONSIBILITY STATEMENT

The Gold Reef Directors, whose names appear on page 24 of the circular, collectively and individually accept full responsibility for the accuracy of the information only in relation to Gold Reef and specifically not the information relating to Tsogo given in this circular and certify that, to the best of their knowledge and belief, there are no material facts in relation to Gold Reef 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 these Revised Listing Particulars, contain all information in relation to Gold Reef required by law and the Listings Requirements.

The Tsogo Directors, whose names appear on page 3 of this circular collectively and individually accept full responsibility for the accuracy of the Tsogo information given and certify that, to the best of their knowledge and belief, there are no material 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 the circular, including these Revised Listing Particulars, contain all information required by law and the Listings Requirements.

22. DOCUMENTS AVAILABLE FOR INSPECTION

Details of the documents available for inspection are provided in paragraph 19 of the circular.

EXTRACTS FROM THE AUDITED CONSOLIDATED HISTORICAL ANNUAL FINANCIAL INFORMATION OF GOLD REEF FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2007 AND 2006 AND THE UNAUDITED INTERIM PERIOD TO 30 JUNE 2009

Basis of preparation

The audited annual financial statements of Gold Reef for the three financial years ended 31 December 2008, 2007 and 2006 as well as the unaudited interim financial information to 30 June 2009 are prepared in terms of IFRS.

The report of the independent reporting accountants and auditors of Gold Reef for each of the financial years was issued without qualification.

EXTRACTS FROM THE UNAUDITED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2009

Financial Commentary

In a tough trading environment, Gold Reef produced a good performance for the six months ended 30 June 2009 with increases in both Revenue and EBITDAR. Group revenue was up 3% to R1,1bn compared to the same period last year with a strong performance in Gauteng. Net gaming win increased by 3% while food and beverage revenue increased by 7% from the prior comparative period. This was achieved despite a deterioration in footfall as consumers felt the pressures of high interest rates and the inflationary environment. The Company's growth was higher relative to the overall market, with market shares growing in most provinces.

EBITDAR increased by 4% to R410m. The Company continued its active focus on cost control, thereby growing the Group EBITDAR margin to 37,7%. Employee cost pressures were offset somewhat by headcount reductions through natural attrition and operating costs were reduced by the non-recurrence of pre-opening expenses at Silverstar Casino and Queens Casino, incurred in the prior comparative period.

Depreciation and amortisation increased by 20% to R90m, due mainly to the capital expenditure incurred at Silverstar Casino, which opened in stages over a 10-month period to September 2008. Net finance costs increased by 42% to R68m, due largely to interest on the Silverstar Casino debt, with a portion of the interest having been capitalised in the prior comparative period. The finance charges include a R1m fair value adjustment on interest rate hedges compared to R13m included in finance income in the prior comparative period. Three of the Company's interest rate hedges have expired after period-end with a further one due to expire in November 2009. Net Group debt was R1,3bn on 30 June 2009.

As a result of higher depreciation and finance costs, HEPS fell by 8% to 50,9 cents. If the effects of the interest rate hedge fair value adjustments are excluded from both periods, HEPS increased by 1% from 50,8 cents to 51,3 cents.

Cash flow remained strong during the period with cash generated from operations of R406m. Since all properties within the Group will be recently opened or newly refurbished by the end of 2009, Gold Reef has embarked on the conversion of all remaining properties to smart card gaming. This is expected to be completed in the first half of 2010.

As in previous years, the Company has not declared a dividend at the interim period. The dividend of 65,0 cents declared for the previous financial year was paid on 20 April 2009.

OPERATIONS

GAUTENG

Total gaming revenue in Gauteng increased by 1% for the period under review while the Company's overall market share for Gauteng grew from 24,5% to 25,6%. The markets for Gold Reef City and Silverstar Casino have now stabilised and going forward, plans are to leverage each casino's strong market position with joint marketing promotions.

Gold Reef City

Gold Reef City increased its gaming revenue by 3% from the same period last year. The casino's total revenue increased 2% to R482m and, together with active cost control, there was margin improvement with EBITDAR increasing 2% to R175m and the EBITDAR margin growing to 36,3%.

With a successful change to its production mix, the theatre performance showed a marked improvement, with losses substantially reduced from R14m to R5m for the six-month period ended 30 June 2009.

Trading at the Theme Park was adversely affected by difficult economic conditions. Revenue experienced no growth from the prior comparative period while inflationary pressures on costs resulted in losses increasing by R2m. A refurbishment of the hotel has recently commenced.

Silverstar Casino

Silverstar Casino reported a pleasing performance with revenue up 12% to R262m. This increase was enhanced by the phased opening of the casino in 2008. Footfall at the casino was up by 38% from the prior comparative period. Trading has stabilised and is now at predictable base levels going forward.

The increase in the EBITDAR margin from 31,3% to 36,3% has been driven by improved revenue levels and strict cost controls. With debt having peaked in the final quarter of 2008, external debt amounted to R1,2bn at 30 June 2009 and is repayable over 10 years.

KWAZULU-NATAL

Golden Horse Casino

Golden Horse Casino revenue grew 3% to R121m, in line with the growth in gaming revenue for KwaZulu-Natal. Performance was impacted by the tough consumer environment and also by a major refurbishment of the gaming floor, food and beverage facilities, conferencing and the hotel. In addition, smart card gaming has been introduced. The refurbishment is expected to be completed within the current quarter and remains within the budget of R81m.

EBITDAR fell by 6% to R51m and the EBITDAR margin decreased to 42,1% as a result of inflationary pressures on costs.

WESTERN CAPE

The economy in the Western Cape was one of the hardest hit, with the property and tourism sectors most significantly affected. Gaming revenue in the province fell 8%.

Mykonos Casino

Revenue at Mykonos Casino fell 2% to R55m, an acceptable achievement considering the difficult market conditions as well as a decline in footfall of 15%. The refurbishment of the casino has been completed and 22 slot machines have been added to the gaming floor.

Costs were well-managed but EBITDAR fell by 8% to R22m due to the high level of fixed costs, impacted by inflation. The EBITDAR margin reduced to 40,0%.

Garden Route Casino

The casino faced tough trading conditions with revenue decreasing by 6% to R76m, perpetuated by a 5% decline in footfall from the previous comparative period. The casino is due to undergo a refurbishment in the second half of the year to include 36 new slot machines and improvements to the gaming floor as well as the food and beverage facilities. Additionally, the casino will also convert to smart card gaming. In this regard, capex of R37m will be funded out of cash resources.

EBITDAR fell by 15% to R34m, reducing the EBITDAR margin to 44,7%.

FREE STATE

Goldfields Casino

The fall in revenue at this casino was contained to 2% at R57m as footfall fell 8% from the prior comparative period. This compared to a market decline of 1% in the province. EBITDAR fell by 12% to R23m and the EBITDAR margin was lower at 40,4% despite a strong focus on cost control. The casino is expected to benefit from an upgrade to the adjacent shopping complex which is planned to commence shortly.

EASTERN CAPE

Queens Casino

Gaming revenue in the Eastern Cape was down 4%. Queens Casino revenue was up 20% to R24m, due largely to the phased opening of the casino in the prior comparative period.

EBITDAR grew by R3m to R4m with an EBITDAR margin of 16,7% achieved.

Black Economic Empowerment

All of the relevant gaming boards have now approved the application for the acquisition by Main Street 581 (Proprietary) Limited (an indirect, wholly-owned subsidiary of Tsogo Sun Holdings (Proprietary) Limited ("Tsogo Sun")) of the shares of certain empowerment shareholders of Gold Reef, although the Eastern Cape Gambling and Betting Board is yet to give reasons for its approval.

The acquisition will mean that Tsogo Sun will control the BEE voting pool and an aggregate 34,8% stake in Gold Reef. Gold Reef is engaging with Tsogo Sun and the relevant gaming boards to ensure that Gold Reef continues to comply with its objectives of ensuring sufficient empowerment in Gold Reef for commercial, strategic and regulatory reasons, including complying with all license conditions.

Directorate

M Krok resigned on 2 July 2009 as chairman and director of Gold Reef for personal reasons. As a result of Casinos Austria's disinvestment in Gold Reef, J Leutgeb also resigned as a director of the Company on 2 July 2009. In accordance with the board of directors' ("the board") age retirement policy, A J Aaron retired as a director on 8 July 2009. The board thanks them for their commitment and valuable contribution.

Dr E N Banda has been appointed independent non-executive chairman of Gold Reef by the board.

On 25 August 2009 P Vallet was appointed as a non-executive director of Gold Reef by the board.

Prospects

The tough trading conditions are expected to persist into the second half of the financial year with consumer activity remaining subdued. However, with interest rates having decreased 5% since December last year, consumer spend is expected to improve with time.

Notwithstanding these tough conditions, Gold Reef remains well-positioned and is conservatively geared. Focus on costs will remain a priority. The joint marketing initiatives in Gauteng are also expected to benefit the business going forward. Gold Reef remains well-placed to benefit from an improvement in economic conditions and will continue to pursue development initiatives of its casino portfolio.

Condensed Consolidated Balance Sheet

R'000	Unaudited at 30 June 2009	Unaudited at 30 June 2008
ASSETS		
Non-current assets	3 903 460	4 006 598
Property, plant and equipment	2 506 369	2 484 326
Leasehold improvements	153 433	105 039
Intangible assets	1 185 632	1 188 244
Deferred tax assets	6 452	33 030
Investment in associate	24 651	48 279
Derivative financial instruments	–	106 360
Share scheme	26 923	41 320
Current assets	395 104	325 256
Inventories	17 307	20 032
Receivables and prepayments	38 220	72 114
Current tax assets	13 232	2 447
Cash and cash equivalents	326 263	230 459
Amounts owing by related parties	82	204
Total assets	4 298 564	4 331 854
EQUITY		
Capital and reserves		
Share capital	5 840	5 840
Share premium	1 860 132	1 860 132
Treasury shares	(71 897)	(70 934)
	1 794 075	1 795 038
Share-based payment reserve	385 097	383 028
Other reserves	(566 385)	(441 258)
Retained earnings	759 047	592 815
Total equity attributable to equity holders of Gold Reef	2 371 834	2 329 623
Minority interest	37 128	33 142
Total equity	2 408 962	2 362 765

Condensed Consolidated Balance Sheet (continued)

R'000	Unaudited at 30 June 2009	Unaudited at 30 June 2008
LIABILITIES		
Non-current liabilities	1 502 601	1 556 043
Interest-bearing borrowings	1 417 909	1 501 045
Deferred tax liabilities	57 593	54 998
Derivative financial instruments	26 010	–
Other non-current liabilities	1 089	–
Current liabilities	387 001	413 046
Trade and other payables	136 772	139 795
Provisions	60 261	63 772
Bank overdraft	–	24 766
Current tax liabilities	1 202	20 788
Current portion of interest-bearing borrowings	188 308	163 486
Amounts owing to related parties	458	439
Total liabilities	387 001	413 046
Total equity and liabilities	4 298 564	4 331 854

Condensed Consolidated Income Statement

R'000	Unaudited results for the six months ended 30 June 2009	Unaudited results for the six months ended 30 June 2008
Revenue	1 087 033	1 053 949
Net gaming win	1 017 328	984 347
Theme Park	27 548	28 072
Food and beverage	15 505	14 335
Other	26 652	27 195
Other income	777	204
	1 087 810	1 054 153
Gaming levies and VAT	(203 900)	(197 739)
Employee costs	(249 046)	(239 678)
Promotional and marketing costs	(59 333)	(60 772)
Depreciation and amortisation	(89 503)	(75 754)
Other operating expenses	(175 032)	(173 009)
Operating profit	310 996	307 201
Finance income	28 149	45 946
Finance costs	(95 894)	(94 579)
Profit before equity accounted earnings	243 251	258 568
Share of loss of associate	(3 264)	(3 678)
Profit before tax	239 987	254 890
Taxation expense	(93 773)	(95 349)
Profit for the period	146 214	159 541
<i>Attributable to:</i>		
Equity holders of Gold Reef	140 291	151 790
Minority interests	5 923	7 751
	146 214	159 541
Basic earnings per share (cents)	51,0	55,5
Diluted earnings per share (cents)	51,0	55,5

Condensed Consolidated Statement of Comprehensive Income

R'000	Unaudited results for the six months ended 30 June 2009	Unaudited results for the six months ended 30 June 2008
Profit for the period	146 214	159 541
Other comprehensive income		
Fair value (loss)/gain on interest rate hedge	(1 161)	72 835
Fair value loss on foreign exchange hedge	(483)	–
Income tax relating to components of other comprehensive income	325	(20 394)
Other comprehensive income for the period, net of tax	(1 319)	52 441
Total comprehensive income for the period	144 895	211 982
Total comprehensive income attributable to:		
Equity holders of Gold Reef	138 972	204 231
Minority interest	5 923	7 751
	144 895	211 982

Condensed Consolidated Statement of Changes in Equity

	Share capital net of treasury shares R'000	Reserves R'000	Retained earnings R'000	Minority interest R'000	Total equity R'000
Balance at 1 January 2008	1 767 393	(115 582)	718 238	32 405	2 402 454
Total comprehensive income for the period ended 30 June 2008:	–	52 441	151 790	7 751	211 982
Profit for the period	–	–	151 790	7 751	159 541
Fair value gain on interest rate hedge, net of tax	–	52 441	–	–	52 441
Net movement between share scheme and participants	27 645	–	–	–	27 645
Recognition of share-based payments	–	4 911	–	–	4 911
Dividends paid	–	–	(277 213)	–	(277 213)
Dividends paid to minorities by subsidiaries	–	–	–	(7 014)	(7 014)
Balance at 30 June 2008	1 795 038	(58 230)	592 815	33 142	2 362 765
Total comprehensive income for the period ended 31 December 2008:	–	(119 107)	206 043	9 528	96 464
Profit for the period	–	–	206 043	9 528	215 571
Fair value loss on interest rate hedge, net of tax	–	(119 107)	–	–	(119 107)
Net movement between share scheme and participants	–	(4 701)	–	–	(4 701)
Reversal of share-based payments	–	(583)	–	–	(583)
Balance at 31 December 2008	1 795 038	(182 621)	798 858	42 670	2 453 945

Condensed Consolidated Statement of Changes in Equity (continued)

	Share capital net of treasury shares R'000	Reserves R'000	Retained earnings R'000	Minority interest R'000	Total equity R'000
Total comprehensive income for the period ended 30 June 2009:	–	(1 319)	140 291	5 923	144 895
Profit for the period	–	–	140 291	5 923	146 214
Fair value loss on interest rate hedge, net of tax	–	(836)	–	–	(836)
Fair value loss on foreign exchange hedge, net of tax	–	(483)	–	–	(483)
Net movement between share scheme and participants	(963)	–	–	–	(963)
Recognition of share-based payments	–	2 652	–	–	2 652
Dividends paid	–	–	(180 102)	–	(180 102)
Dividends paid to minorities by subsidiaries	–	–	–	(11 465)	(11 465)
Balance at 30 June 2009	1 794 075	(181 288)	759 047	37 128	2 408 962

Condensed Consolidated Cash Flow Statement

R'000	Unaudited for the six months 30 June 2009	Unaudited for the six months 30 June 2008
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	239 987	254 890
Non-cash items and other adjustments	165 543	147 474
	405 530	402 364
(Increase)/decrease in net current assets	(1 480)	13 505
Cash flow from operating activities	404 050	415 869
Finance income	31 209	20 276
Finance costs	(95 894)	(94 579)
Taxation paid	(104 406)	(103 023)
Dividends paid	(180 102)	(277 213)
Net cash generated/(utilised) in operating activities	54 857	(38 670)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(48 091)	(277 001)
Additions to leasehold improvements	(32 627)	(3 315)
Proceeds from disposal of property, plant and equipment	283	748
Investment in available-for-sale financial instruments	–	–
Investment in intangibles	–	(49)
Loans repaid by/(advanced to) associate	3 417	(9 823)
Loans repaid by/(advanced to) related parties	411	(1 209)
Net cash utilised in investing activities	(76 607)	(290 649)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares repurchased by share scheme	(963)	(7)
Decrease in share scheme loans	6 026	9 526
Dividends and loan repayments to outside shareholders	(11 465)	(7 014)
(Decrease)/increase in interest-bearing borrowings	(88 583)	215 911
Net cash (utilised)/generated in financing activities	(94 985)	218 416
Net (decrease)/increase in cash and cash equivalents	(116 735)	(110 903)
Cash and other cash equivalents at beginning of period	442 998	316 596
Cash and cash equivalents at end of period	326 263	205 693

Supplementary Information

R'000	Unaudited for the six months 30 June 2009	Unaudited for the six months 30 June 2008
EBITDAR RECONCILIATION		
Operating profit	310 996	307 201
Property and equipment rental	9 849	10 258
Depreciation and amortisation	89 503	75 754
EBITDAR	410 348	393 213
Weighted average number of shares in issue ('000)	274 859	273 715
EBITDAR per share (cents)	149,3	143,7
EBITDAR margin (%)	37,7	37,3
HEADLINE EARNINGS RECONCILIATION		
Attributable profit for the period	140 291	151 790
Impairment of intangible	–	–
Profit on sale of property, plant and equipment	(9)	(466)
Headline earnings	140 282	151 324
Weighted average number of shares in issue ('000)	274 859	273 715
Headline earnings per share (cents)	51,0	55,3
Diluted headline earnings per share (cents)	51,0	55,3

Segmental Analysis

	Revenue		EBITDAR		EBITDAR Margin	
	June 2009 R'000	June 2008 R'000	June 2009 R'000	June 2008 R'000	June 2009 %	June 2008 %
Gold Reef City Casino	482 071	474 164	174 770	171 145	2,1	36,1
Gold Reef City Theme Park	33 666	34 022	(3 166)	(1 122)	(9,4)	(3,3)
Silverstar Casino	261 574	232 894	94 832	72 707	30,4	31,2
Golden Horse Casino	120 704	117 442	51 543	54 416	(5,3)	46,3
Mykonos Casino	55 423	55 835	22 439	24 019	(6,6)	43,0
Garden Route Casino	76 349	81 446	33 840	39 972	(15,3)	49,1
Goldfields Casino	56 678	57 709	22 826	25 557	(10,7)	44,3
Queens Casino	24 452	19 796	3 807	798	377,1	4,0
Gold Reef Management	33 537	30 281	4 650	(2 406)	(293,3)	(7,9)
Gold Reef Resorts	-	-	5 047	10 722	(52,9)	
Consolidation and other Group companies	(57 421)	(49 640)	(240)	(2 595)		
	1 087 033	1 053 949	410 348	393 213	4,4	37,3

Segmental Analysis (continued)

	Cash on hand			Debt			Net Debt		
	Non-current			Current					
	June 2009 R'000	June 2008 R'000							
Gold Reef City Casino	17 809	20 702	(159 916)	(218 496)	(58 095)	(58 095)	(200 202)	(255 889)	
Gold Reef City Theme Park	(1 781)	(1 701)	-	-	-	-	(1 781)	(1 701)	
Silverstar Casino	238 134	120 217	(1 162 643)	(1 160 468)	(96 808)	(71 987)	(1 021 317)	(1 112 238)	
Golden Horse Casino	7 926	16 751	(35 419)	(41 654)	(12 857)	(12 857)	(40 350)	(37 760)	
Mykonos Casino	4 883	8 618	-	-	-	-	4 883	8 618	
Garden Route Casino	34 177	28 597	(21 431)	(29 094)	(7 714)	(7 714)	5 032	(8 211)	
Goldfields Casino	6 280	6 857	(38 500)	(51 333)	(12 834)	(12 833)	(45 054)	(57 309)	
Queens Casino	2 932	4 432	(41 796)	-	(7 713)	-	(46 577)	4 432	
Gold Reef Management	10 529	(4 201)	-	-	-	-	10 529	(4 201)	
Gold Reef Resorts	4 355	2 071	-	-	-	-	4 355	2 071	
Consolidation and other Group companies	1 019	3 350	41 796	-	7 713	-	50 528	3 350	
	326 263	205 693	(1 417 909)	(1 501 045)	(188 308)	(163 486)	(1 279 954)	(1 458 838)	

Segmental Analysis (continued)

	Capex					
	Developmental		Operational		Total Capex	
	June 2009 R'000	June 2008 R'000	June 2009 R'000	June 2008 R'000	June 2009 R'000	June 2008 R'000
Gold Reef City Casino	-	47 774	7 653	-	7 653	47 774
Gold Reef City Theme Park	-	-	4 733	3 108	4 733	3 108
Silverstar Casino	502	202 458	5 366	11 061	5 868	213 519
Golden Horse Casino	32 627	3 315	12 898	6 130	45 525	9 445
Mykonos Casino	2 505	-	3 766	1 582	6 271	1 582
Garden Route Casino	8 366	-	921	1 922	9 287	1 922
Goldfields Casino	-	-	1 228	2 951	1 228	2 951
Queens Casino	19	25 583	28	1 052	47	26 635
Gold Reef Management	-	-	12	16	12	16
Gold Reef Resorts	-	-	-	-	-	-
Consolidation and other Group companies	(19)	(25 583)	113	(1 053)	94	(26 636)
	44 000	253 547	36 718	26 769	80 718	280 316

Notes to the Interim Financial Results

1. Basis of preparation

The unaudited condensed consolidated interim financial results for the six months ended 30 June 2009 have been prepared in accordance with IAS 34 – Interim financial reporting, AC 500 Standards as issued by the Accounting Practices Board and the requirements of the South African Companies Act, 1973. The condensed consolidated interim financial results should be read in conjunction with the annual financial results for the year ended 31 December 2008, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

In line with IAS 18 – Revenue, the Group has amended the accounting treatment applied to promotional allowances for complimentary beverages, meals and accommodation. The revenue and related expenses previously recognised as part of food and beverage and hotel revenue are now eliminated against the corresponding promotional costs recognised in gaming expenses. The June 2008 comparatives have been restated accordingly.

Had this accounting policy been applied in the previous comparative period, revenue would have amounted to R1,05m, 2% lower than the R1,08m then reported. All revenue values reported for the prior comparative period have been restated to show the effect of the change in accounting policy. This restatement has no effect on earnings per share (“EPS”), headline earnings per share (“HEPS”) or earnings before interest, tax, depreciation, amortisation and rental (“EBITDAR”).

Gold Reef has previously reported Adjusted EBITDAR and Adjusted HEPS in both the December 2008 annual financial statements as well as in the interim financial results for the period ended 30 June 2008. Both Adjusted EBITDAR and Adjusted HEPS were arrived at after adjusting for charges relating to corporate activity and various non-recurring items. Since these charges are no longer considered to be material, Adjusted EBITDAR and Adjusted HEPS have not been reported for the interim period ended 30 June 2009.

2. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009:

- **IAS 1 (revised), ‘Presentation of financial statements’.** The revised standard prohibits the presentation of items of income and expenses (that is ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All ‘non-owner changes in equity’ are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial results have been prepared under the revised disclosure requirements.
- **IFRS 8, ‘Operating segments’.** IFRS 8 replaces IAS 14, ‘Segment reporting’. The standard requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as previously the Company only reported one business segment, being casino operations. 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.

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 Group 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 and EBITDAR.

EXTRACTS FROM THE AUDITED CONSOLIDATED HISTORICAL ANNUAL FINANCIAL INFORMATION OF GOLD REEF FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2007 AND 2006

**Group Balance Sheets
at 31 December**

R'000	Audited at 31 December 2008	Audited at 31 December 2007	Audited at 31 December 2006
ASSETS			
Non-current assets	3 923 869	3 728 609	2 064 331
Property plant and equipment	2 544 756	2 280 196	1 278 485
Leasehold improvements	122 846	103 661	101 710
Intangible assets	1 186 891	1 189 423	472 717
Deferred income tax assets	5 095	46 788	54 980
Investment in associate	31 332	42 134	–
Investments in joint ventures	–	–	36 280
Financial assets – available for sale	–	–	94 675
Derivative financial instruments	–	43 213	–
Share scheme	32 949	23 194	25 484
Current assets	499 074	426 040	138 407
Inventories	19 351	18 414	7 584
Trade and other receivables	29 517	74 622	20 223
Current tax assets	6 655	921	–
Derivatives	–	–	–
Cash and cash equivalents	443 054	332 016	105 735
Amounts owing by related parties	497	67	4 865
Total assets	4 422 943	4 154 649	2 202 738
EQUITY			
Capital and reserves			
Ordinary share capital	5 840	5 840	4 412
Share premium	1 860 132	1 860 132	499 280
Treasury shares	(70 934)	(98 579)	(75 340)
Share-based payment reserve	1 795 038	1 767 393	428 352
Reserves	382 445	378 117	26 210
Retained earnings	(565 066)	(493 699)	13 795
	798 858	718 238	719 892
Total equity attributable to equity holders of Gold Reef	2 411 275	2 370 049	1 188 249
Minority interest	42 670	32 405	196 895
Total equity	2 453 945	2 402 454	1 385 144
LIABILITIES			
Non-current liabilities	1 581 068	1 363 188	443 136
Interest-bearing borrowings	1 506 313	1 309 242	394 330
Deferred income tax liabilities	53 940	53 946	48 806
Derivative financial instruments	20 815	–	–
Current liabilities	387 930	389 007	374 458
Trade and other payables	134 830	136 029	144 623
Provisions	56 541	54 923	46 653
Current income tax liabilities	7 554	41 746	58 779
Interest-bearing borrowings	188 487	139 378	76 967
Amounts owing to related parties	462	1 511	4 423
Bank overdraft	56	15 420	43 013
Total liabilities	1 968 998	1 752 195	817 594
Total equity and liabilities	4 422 943	4 154 649	2 202 738

**Group Income Statements
for the years ended 31 December**

R'000	Audited 31 December 2008	Audited 31 December 2007	Audited 31 December 2006
Revenue	2 196 735	1 701 518	1 517 113
Net gaming win	2 041 610	1 565 996	1 381 332
Theme Park	67 115	66 599	58 396
Food and beverage	31 796	20 992	33 759
Other	56 214	47 931	43 626
Other income	624	8 572	9 365
	2 197 359	1 710 090	1 526 478
Gaming levies and VAT	(409 755)	(310 238)	(271 310)
Employee costs	(462 579)	(362 409)	(314 695)
Promotional and marketing costs	(132 854)	(94 715)	(113 679)
Depreciation and amortisation	(161 158)	(152 823)	(101 812)
Other operating expenses	(326 179)	(376 223)	(218 482)
Operating profit	704 834	413 682	506 500
Finance income	79 624	33 150	11 957
Finance costs	(213 528)	(55 604)	(36 960)
Profit before equity accounted earnings	570 930	391 228	481 497
Share of loss of associate	(7 859)	(934)	669
Profit before tax	563 071	390 294	482 166
Taxation expense	(187 959)	(195 307)	(159 210)
Profit for the year	375 112	194 987	322 956
Attributable to:			
Equity holders of Gold Reef	357 833	145 814	254 312
Minority interests	17 279	49 173	68 644
	375 112	194 987	322 956
Basic earnings per share (cents)	130,6	61,2	124,7
Diluted earnings per share (cents)	130,6	61,2	124,7

**Group Statement of Changes in Equity
at 31 December**

	Share capital	Share premium	Treasury shares	Share- based payment reserve	Other reserves	Retained earnings	Minority interest	Total equity
R'000								
Balance at 1 January 2006	4 412	499 280	(75 340)	16 222	2 774	595 373	96 429	1 139 150
Recognition of share-based payments	-	-	-	9 988	-	-	-	9 988
Revaluation of land per IFRS 3	-	-	-	-	27 519	-	-	27 519
Hedge reserve created during the year	-	-	-	-	(10 345)	-	-	(10 345)
Attributable profit for the year	-	-	-	-	-	254 312	68 644	322 956
Dividend paid	-	-	-	-	-	(104 020)	-	(104 020)
Movement in loans from minorities	-	-	-	-	-	-	(1 702)	(1 702)
Transactions with minorities in Gold Reef City	-	-	-	-	-	(25 773)	61 323	35 550
Transactions with minorities in Mykonos Casino	-	-	-	-	(6 153)	-	(1623)	(7 776)
Dividend paid to minorities by subsidiaries	-	-	-	-	-	-	(42 505)	(42 505)
Minorities created in Goldfields Casino acquisition	-	-	-	-	-	-	3 213	3 213
Minorities created in Garden Route acquisition	-	-	-	-	-	-	13 116	13 116
Balance at 1 January 2007	4 412	499 280	(75 340)	26 210	13 795	719 892	196 895	1 385 144
Issue of shares as part of share exchange and top up transaction	1 384	1 334 538	-	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	44	26 314	33 379	-	-	-	-	59 737
Restatement of treasury shares	-	-	(56 618)	-	-	-	-	(56 618)
Recognition of share-based payments	-	-	-	11 650	-	-	-	11 650
Fair value adjustment on derivative hedge recognised in equity during the year	-	-	-	-	37 387	-	-	37 387
Attributable profit for the year	-	-	-	-	-	145 814	49 173	194 987
Dividend paid	-	-	-	-	-	(150 242)	-	(150 242)
Dividend paid to minorities by subsidiaries	-	-	-	-	-	-	(13 292)	(13 292)
Balance at 1 January 2008	5 840	1 860 132	(98 579)	378 117	(493 699)	718 238	32 405	2 402 454
Net movement between share scheme and participants	-	-	27 645	-	(4 701)	-	-	22 944
Recognition of share based payments	-	-	-	4 328	-	-	-	4 328
Fair value adjustment on derivative hedge released from equity during the year	-	-	-	-	(66 666)	-	-	(66 666)
Attributable profit for the year	-	-	-	-	-	357 833	17 729	375 112
Dividend paid	-	-	-	-	-	(277 213)	-	(277 213)
Dividend paid to minorities by subsidiaries	-	-	-	-	-	-	(7 014)	(7 014)
Balance at 31 December 2008	5 840	1 860 132	(70 934)	382 445	(565 066)	798 858	42 670	2 453 945

**Group Cash Flow Statements
for the years ended 31 December**

R'000	Audited 31 December 2008	Audited 31 December 2007	Audited 31 December 2006
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation	563 071	390 294	482 166
Non-cash items and other adjustments	339 188	284 588	137 263
	902 259	674 882	619 429
Cash flow from operating activities	44 587	(63 068)	49 438
	946 846	611 814	668 867
Finance income	45 158	32 442	11 957
Finance costs	(213 528)	(55 604)	(36 960)
Taxation paid	(186 198)	(199 929)	(227 584)
Dividends paid	(277 213)	(150 242)	(104 020)
Net cash generated from operating activities	315 065	238 481	312 260
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(422 396)	(1 065 315)	(351 456)
Additions to leasehold improvements	(22 729)	(5 329)	(6 530)
Proceeds from the disposal of property, plant and equipment	2 745	9 963	4 178
Investment in tangibles	(102)	(276)	(53)
Investment in associate	–	(67)	–
Investment in subsidiaries	–	–	(378 683)
Investment in available-for-sale financial instruments	–	–	(94 674)
Loans repaid by/(advanced to) associate	2 943	(43 001)	691
Loans advanced to joint ventures	–	–	(36 280)
Loans (advanced to)/repaid by related parties	(1 479)	1 886	94 601
Net cash effect of share exchange and top up transaction	–	(138 908)	–
Net cash effect of ALL refinancing	–	–	35 550
Net cash utilised in investing activities	(441 018)	(1 241 047)	(732 656)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares to share scheme	–	–	–
Share (repurchased)/issued by the share scheme	(33 674)	3 119	–
Issue of shares as part of share exchange and top-up transaction	–	287 000	–
Decrease in share scheme loans	46 863	2 290	7 355
Dividends and loan repayments to outside shareholders	(7 014)	(13 292)	(44 207)
Increase in interest bearing borrowings	246 180	977 323	410 608
Net cash generated from financing activities	252 355	1 256 440	373 756
Net increase/(decrease) in cash and cash equivalents	126 402	253 874	(46 640)
Cash and cash equivalents at beginning of year	316 596	62 722	109 362
Cash and cash equivalents at end of year	442 998	316 596	62 722

Supplementary Information

R'000	Audited 31 December 2008	Audited 31 December 2007	Audited 31 December 2006
EBITDAR RECONCILIATION			
Operating profit	704 834	413 682	506 500
Property and equipment rental	19 910	15 991	15 346
Depreciation and amortisation	161 158	152 823	101 812
EBITDAR	885 902	582 496	623 658
Weighted average number of shares in issue ('000)	274 006	238 388	203 961
EBITDAR per share (cents)	323,3	244,3	305,8
EBITDAR margin (%)	40,3	34,2	41,1
ADJUSTED EBITDAR RECONCILIATION			
EBITDAR	885 902	582 496	623 658
Pre-opening expenses at Silverstar Casino	2 179	57 826	–
IFRS 2 charges resulting from share exchange and top-up transaction	–	100 790	–
Impairment of related party balance arising out of share exchange and top-up transaction	2 975	–	–
Costs relating to corporate activity	12 494	23 299	–
Adjusted EBITDAR	903 550	764 411	623 658
Weighted average number of shares in issue ('000)	274 006	238 388	203 961
Adjusted EBITDAR per share (cents)	329,8	320,7	305,8
Adjusted EBITDAR margin (%)	41,1	44,9	41,1
HEADLINE EARNINGS RECONCILIATION			
Attributable profit for the year	357 833	145 814	254 312
Impairment of intangibles	–	40 261	–
Profit on sale of financial instruments	(4)	–	–
Fair value of land and accounts receivable	–	(867)	–
CGT arising on ALI refinancing	–	–	5 466
Profit on sale of property, plant and equipment	(164)	(1 330)	(16)
Headline earnings	357 665	183 878	259 762
Weighted average number of shares in issue ('000)	274 006	238 388	203 961
Headline earnings per share (cents)	130,5	77,1	127,4
Diluted headline earnings per share (cents)	130,5	77,1	127,4
ADJUSTED HEADLINE EARNINGS RECONCILIATION			
Headline earnings	357 665	183 878	259 762
Pre-opening expenses at Silverstar Casino and Queens Casino	1 775	53 183	–
IFRS 2 charges resulting from share exchange and top-up transaction	–	100 790	–
Impairment of related party balance arising out of share exchange and top-up transaction	2 975	–	–
Costs relating to corporate activity	12 494	23 299	–
Adjusted headline earnings	374 909	361 150	259 762
Weighted average number of shares in issue ('000)	274 006	238 388	203 961
Adjusted headline earnings per share (cents)	136,8	151,5	127,4

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006

1. ACCOUNTING POLICIES

Unless otherwise indicated, the accounting policies for the 2008 financial year are materially consistent with those applied during the 2007 and 2006 financial year ends.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Basis of preparation

The consolidated 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 financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and 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 financial statements are disclosed in note 3.

The term IFRS includes International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and Interpretations originated 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 2008

- **IFRIC 11, 'IFRS 2 – Group and treasury share transactions'**, provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have an impact on the Group's financial statements.

1.2.2 Standards, amendments and interpretations effective in 2008 but not relevant to the Group

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2008 but are not relevant to the Group's operations:

- **IFRIC 12**, Service concession arrangements;
- **IFRIC 14**, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction;
- **IFRIC 15**, Agreements for the construction of real estate; and
- **IFRIC 16**, Hedges of a net investment in a foreign operation.

1.2.3 Standards, amendments and interpretations that have been early adopted by the Group

- **IFRIC 13, 'Customer loyalty programmes'** (effective from 1 July 2008). 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 now deducts the cost of loyalty points from net gaming revenue rather than including this cost in promotional and marketing costs. Comparatives for 2007 have been restated. Comparatives for 2006 have not been restated for the effects of IFRIC 13.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.2.3 Standards, amendments and interpretations that have been early adopted by the Group (continued)

- **IAS 23 (Amendment), 'Borrowing costs'** (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group has applied IAS 23 (Amendment) to all qualifying assets during the 2008 financial year.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods but which the Group has not early adopted. These are:

- **IFRS 8, 'Operating segments'** (effective from 1 January 2009). IFRS 8 replaces IAS 14, 'Segment reporting' and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This statement only requires additional disclosure and the Group is currently evaluating the impact on its financial statements. The Group will apply IFRS 8 from 1 January 2009.
- **IAS 1 (Revised), 'Presentation of financial statements'** (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

This statement only requires additional disclosure and the group is currently evaluating the impact on its financial statements. The Group will apply IAS 1 (Revised) from 1 January 2009.

- **IFRS 2 (Amendment), 'Share-based payment'** (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply IFRS 2 (Amendment) from 1 January 2009. It is not expected to have a material impact on the Group's financial statements.
- **IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'** (effective from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a *pro rata* share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The Group will apply IAS 32 and IAS 1 (Amendment) from 1 January 2009. It is not expected to have any impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.2.4 Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group (continued)

- **IFRS 1 (Amendment) 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements'** (effective from 1 January 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Group will apply IFRS 1 (Amendment) from 1 January 2009. The amendment will not have any impact on the Group's financial statements.
- **IAS 27 (Revised), 'Consolidated and separate financial statements'**, (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there 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. The Group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.
- **IFRS 3 (Revised), 'Business combinations'** (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be 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 should be expensed. The group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.
- **IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations'** (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRS. The Group will apply IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.
- **IAS 28 (Amendment), 'Investments in associates'** (and consequential amendments to IAS 32, 'Financial Instruments: Presentation and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply IAS 28 (Amendment) to impairment tests relating to investments in associates and any related impairment losses from 1 January 2009.
- **IAS 36 (Amendment), 'Impairment of assets'** (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculations should be made. The Group will apply IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.2.4 Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group (continued)

- **IAS 38 (Amendment), 'Intangible assets'** (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply IAS 38 (Amendment) from 1 January 2009.
- **IAS 37, 'Provisions, contingent liabilities and contingent assets'**, requires contingent liabilities to be disclosed, not recognised, IAS 19 has been amended to be consistent. The Group will apply the IAS 19 (Amendment) from 1 January 2009.
- **IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'** (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes the example of a segment so that the guidance is consistent with IFRS 8, 'Operating segments', which requires disclosure for segments to be based on information reported to the chief operating decision-maker. Currently, for segment reporting purposes, each subsidiary designates contracts with group treasury as fair value or cash flow hedges so that the hedges are reported in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision-maker. After the amendment is effective, the hedge will continue to be reflected in the segment to which the hedged items relate (and information provided to the chief operating decision-maker), but the Group will not formally document and test this relationship. When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used. The Group will apply IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the Group's income statement.
- **IAS 1 (Amendment), 'Presentation of financial statements'** (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities, respectively. The Group will apply IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the group's financial statements. There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the Group's accounts and have therefore not been analysed in detail.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.2.5 Standards, amendments and interpretations that are not yet effective and not relevant to the Group

IAS 19 (Amendment), 'Employee benefits'

IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows')

IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies'

IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16, 'Property, plant and equipment')

IAS 41 (Amendment), 'Agriculture'

IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance'

1.2.6 Standards, Amendments and Interpretations Issued Subsequent to 31 December 2008

IFRS 7 'Amendments to IFRS 7 – Financial Instruments: Disclosures' (effective January 2009)

IAS 19 (AC 116), 'The limit on defined benefit asset, minimum funding requirements and their interaction in the South African pension fund environment' (effective 1 April 2009)

Revised AC 503, 'Accounting for black economic empowerment (BEE) transactions' (effective 1 January 2009)

1.3 Consolidation

The Group recognises investments in subsidiaries and associates as per the accounting policies detailed below. 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.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group, except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The purchase 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.3.1 Subsidiaries (continued)

If, after re-assessment, 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.

The interest of minority shareholders in the acquiree is initially measured at the minority'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 minority interests as transactions with equity owners of the Group. For purchases from minority 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 minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority 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 reserves is recognised in reserves. 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, 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 Undertakings

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic, financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.3.3 Joint Ventures Undertakings (continued)

investment is classified as held-for-sale, in which case it is accounted for under IFRS 5. The group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

1.3.4 Accounting for Black Economic Empowerment transactions

In accordance with AC 503 equity instruments granted at a discount to a BEE partner are expensed. BEE credentials acquired as part of a business combination are subsumed in goodwill and not recognised as a separate intangible asset. Where the BEE transaction includes service conditions, the fair value of the equity instruments is measured at grant date and the expense recognised over the period of the service conditions. Where the BEE transaction includes no service conditions, the fair value of the equity instruments is measured at grant date and the expense recognised immediately on grant date.

1.4 Property, plant and equipment

Land and buildings comprise mainly casino buildings and offices. 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.

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

During the current year, "Capital Work in Progress" has been disclosed separately as a non-depreciable category of property, plant and equipment. Comparatives for 2007 have been restated accordingly. 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

Professional valuations of the residual values of land and buildings are updated at least once every three years. At each balance sheet date, these 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.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.4 Property, plant and equipment (continued)

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 on 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, prorate 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.

1.6.2 Trademarks

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

1.6.3 Bid costs and casino licences

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.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.6.4 Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Expenditure on research activities relating to developing or maintaining computer software programmes is recognised as an expense in the period in which it is incurred. Research and development expenditure previously recognised as an expense is not recognised as an asset in subsequent periods.

Internally generated intangible assets are recognised when it is probable that the project to which the expenditure relates will be a success, considering its commercial and technical feasibility and costs can be reliably measured. These intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Expenditure that is directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of the relevant overheads or as soon as this becomes evident.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

Where items of property, plant and equipment cannot operate without software, that software is recognised as a component of the property, plant and equipment.

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, loans and receivables and available-for-sale. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

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 hedges. Assets in this category are classified as current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.8.1 Financial assets at fair value through profit or loss (continued)

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.

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 included in 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet. Refer to notes 19 and 20.

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. 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, reissued or disposed of. Where such shares are subsequently sold or reissued, 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 method.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.13 Borrowings (continued)

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 South African 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 expense 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.

Secondary Tax on Companies ("STC") is calculated in respect of dividend payments net of dividends received. Income tax expense represents the sum of South African 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 is 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 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 equity, in which case the deferred tax is also dealt with in equity. 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 South African tax rate used for the year ended 31 December 2008 was 28% (2007: 29%) and (2006:29%). Deferred tax assets and liabilities at 31 December 2008 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. This rate was changed from 12,5% to 10,0% with effect from 1 October 2007. Capital Gains Tax 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 in three equal tranches vesting over four years; one-third after two years, one-third after three years and one-third after four years.

On a Group level the Gold Reef Share Scheme is consolidated. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

1.15.1 Share-based payments – Gold Reef Share Scheme (continued)

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 associate 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 joint 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 remeasured at each balance sheet date to its fair value, with all changes recognised immediately in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

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.

During the 2008 financial year the company amended the accounting treatment applied to promotional allowances for complimentary beverages, meals and/or accommodation. The revenue and related expenses, previously recognised as part of food and beverage and hotel revenue, are now eliminated against the corresponding promotional costs recognised in gaming expenses. Comparatives for 2007 have been restated accordingly. Comparatives for the 2006 financial year have not been restated.

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 now deducts the cost of loyalty points from net gaming revenue rather than including this cost in promotional and marketing costs. Comparatives for 2007 have been restated accordingly. Comparatives for the 2006 financial year have not been restated.

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 are established.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

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 lives 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

In terms of IAS 14, the Group operates in one business and one geographic segment only

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risks

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 programme 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.

2.1.1 Market risk

(a) Currency risk

Foreign exchange risk arises when future commercial transactions (mainly import transactions), recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. To manage their 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 Rand.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

2.1.1 Market risk (continued)

(b) Cash flow and fair-value interest rate risk

The Group's interest rate risk arises from long-term borrowings and preference shares. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Preference shares issued at fixed rates expose the Group to fair-value 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 increase by R16,9 million per annum. If JIBAR were to decrease by 1%, finance costs would decrease by R16,9 million per annum.

At 31 December 2008 the fair value of the derivative financial assets would have been R1,1 million higher if JIBAR had been 1% higher, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R687 000 and R378 000 higher, respectively. The fair value of derivative financial assets would have been R1,0 million lower if JIBAR had been 1% lower, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R643 000 and R377 600 lower, respectively.

At 31 December 2008 the fair value of the derivative financial liabilities would have been R23,8 million lower if JIBAR had been 1% higher while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R121 000 and R23,7 million higher, respectively. The fair value of derivative financial liabilities would have been R23,8 million higher if JIBAR had been 1% lower, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedge reserve would have been R143 000 and R23,7 million lower, respectively.

2.1.2 Credit risk

Credit risk arises from loans and receivables, accounts receivable (excluding pre-payments 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 19 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 Bank in the form of long term interest-bearing borrowings (see note 24). The Group manages liquidity risk by monitoring cash levels, undrawn facilities, loans balances and existing guarantees (see note 24) on a weekly basis and by updating key ratios and forecasts on a monthly basis. Key ratios include debt : equity, interest cover, debt service cover and debt repayment period. The company, together with its bankers, monitors default levels and events to ensure that funds are available as intended and as per forecast estimates.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

2.1.3 Liquidity risk (continued)

The table below 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 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 is not significant.

R'000	Less than 1 year	Between 1 and 2 years	Between 1 and 2 years	Over 5 years
31 December 2008				
Borrowings (excluding finance lease liabilities)	356 136	335 322	865 108	1 069 796
Finance lease liabilities	1 195	740	–	–
Derivative financial instruments	1 740	15 263	7 187	–
Related party payables	462	–	–	–
Trade and other payables	6 919	–	–	–

R'000	Less than 1 year	Between 1 and 2 years	Between 1 and 2 years	Over 5 years
31 December 2007				
Borrowings (excluding finance lease liabilities)	219 477	316 522	850 203	1 116 923
Finance lease liabilities	–	–	–	–
Derivative financial instruments	352	–	–	–
Related party payables	1 511	–	–	–
Trade and other payables	7 863	–	–	–

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.

2.1.4 Capital risk management

For the purposes of capital risk 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 data 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 resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

2.2 Derivative financial instruments and hedging activities (continued)

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.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 16. Movements on the hedging reserve in shareholders' equity are shown in note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

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

Amounts accumulated in equity 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 within 'other operating expenses'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset the gains and losses previously deferred in equity are transferred from equity 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 equity at that time remains in equity 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 equity 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 fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price, the appropriate quoted market price for financial liabilities is the current ask price. 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. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. The carrying values less provisions of trade receivables and payables are assumed to approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

2.3 Fair value estimation (continued)

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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 Rand 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.

In order to hedge its exposure to certain foreign exchange risks the Group enters into forward contracts and options.

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 accounting policy 1.6. The Group considers impairment indicators of other intangible assets on an annual basis in accordance with accounting policy 1.6. The current economic climate may result in other tangible and definitelived intangible assets, excluding goodwill, being 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 and associates at 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.

3.2 Financial guarantee contracts

The fair value of the financial guarantee contracts are 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

3.4 Estimates of residual values and useful lives of property, plant and equipment

The Group re-assesses 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
4. OPERATING PROFIT			
The following items have been credited/(charged) in arriving at operating profit/(loss):			
Revenue			
Net gaming win per income statement	2 041 610	1 565 996	1 381 332
– Net gaming win	2 062 707	1 582 552	1 381 332
– Customer loyalty points	(21 097)	(16 556)	–
Theme Park	67 115	66 599	58 396
Hotel per income statement	12 868	10 656	12 572
– Hotel	21 783	15 184	12 572
– Inter-departmental charges	(8 915)	(4 528)	–
Theatre	7 859	6 534	2 588
Food and beverage per income statement	31 796	20 992	33 759
– Food and beverage	69 029	41 080	33 759
– Inter-departmental charges	(37 233)	(20 088)	–
Parking	7 934	7 530	8 276
Management fees and commissions	1 079	122	6 520
Rental income	24 625	22 353	12 953
Other	1 849	736	717
	2 196 735	1 701 518	1 517 113
Other income			
Dividends received	–	5 288	8 947
Fair value adjustment on acquisition of land	–	2 773	–
Other	624	511	418
	624	8 572	9 365
Gaming levies and VAT			
– Gaming levies	(185 196)	(132 168)	(114 705)
– VAT on gross gaming revenue	(224 559)	(178 070)	(156 605)
	(409 755)	(310 238)	(271 310)
Promotional and marketing costs			
– Promotional and marketing costs prior to adjustments	(190 101)	(127 475)	(113 679)
– Customer loyalty points	21 097	16 556	–
– Inter-departmental charges	36 150	16 204	–
	(132 854)	(94 715)	(113 679)
Depreciation			
– Owned	(154 980)	(106 765)	(94 095)
– Leasehold	(3 544)	(3 378)	(3 360)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
4. OPERATING PROFIT (continued)			
Amortisation			
– Trademarks	(312)	(100)	(100)
– Casino licences	(180)	(179)	(144)
– Bid costs	(2 142)	(2 140)	(1 994)
– Royalties	–	(40 261)	(2 119)
	(161 158)	(152 823)	(101 812)
The following items have been credited/(charged) in arriving at operating profit/(loss):			
Other operating expenses consists of:			
Gaming	(17 955)	(9 326)	(7 958)
Food and beverage	(23 610)	(9 607)	(13 680)
– Food and beverage expenses prior to adjustments	(31 704)	(16 174)	(13 680)
– Cost of sales on inter-departmental charges	8 094	6 567	–
General administration, human resources and information technology	(87 097)	(89 481)	(59 765)
Security and surveillance	(33 017)	(19 240)	(17 332)
Operating lease charges	(19 909)	(16 427)	(15 346)
– Land and buildings	(8 464)	(8 758)	(8 608)
– Property, plant and equipment	(11 445)	(7 669)	(6 738)
Repairs and maintenance	(67 149)	(53 344)	(50 420)
Auditor's remuneration	(4 768)	(3 180)	(2 812)
– Audit fees – current year	(3 839)	(1 967)	(2 371)
– Audit fees – related to prior year	(577)	(196)	(15)
– Other services	(352)	(1 017)	(426)
IFRS 2 charges resulting from share exchange and top-up transaction	–	(100 790)	–
Fair value adjustments on interest rate hedges	1 626	4 405	–
Ineffective portion of interest rate hedges	2 432	–	–
Impairment of related party balance arising out of share exchange and top-up transaction	(2 975)	–	–
Other expenses	(73 757)	(79 233)	(51 169)
Total	(326 179)	(376 223)	(218 482)
Profit on disposal of property, plant and equipment	228	589	111
Loss on foreign forward exchange contracts	–	(86)	–

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
5. EMPLOYEE COSTS			
Salaries and wages	434 856	334 844	290 454
Share-based payment charge	5 631	11 650	9 988
Provident fund costs			
– Defined contribution plan	22 092	15 915	14 253
	462 579	362 409	314 695
Average number of employees employed by the Group at year-end:			
– Full time	2 899	2 862	2 112
– Part time	291	313	299
6. FINANCE (COSTS)/INCOME			
Finance costs:			
Interest expense	(221 664)	(96 414)	(36 887)
– Bank	(220 813)	(94 555)	(28 736)
– Other	(851)	(1 859)	(8 151)
Facilitation fees	–	–	(2 414)
Finance costs capitalised	8 136	40 810	2 341
Finance costs	(213 528)	(55 604)	(36 960)
Finance income:			
Interest income	45 158	32 442	11 957
– Bank	13 609	13 300	4 745
– Other	31 549	19 142	7 212
Finance income received on interest rate swaps	34 466	708	–
Finance income	79 624	33 150	11 957
Net finance (costs)/income	(133 904)	(22 454)	(25 003)
7. TAXATION EXPENSE			
Current taxation			
– Current year	158 057	179 322	154 162
– Prior year over provision	(12 544)	(3 120)	(14 643)
Secondary tax on companies	701	5 773	67 017
Capital gains tax	58	–	5 466
Deferred taxation			
– Current year	41 369	7 631	(56 905)
– Prior year under/(over) provision	93	(660)	4 113
– Rate change	225	6 361	–
Taxation expense	187 959	195 307	159 210

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
7. TAXATION EXPENSE (continued)			
The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of South Africa is as follows:			
	%	%	%
Standard rate	28,0	29,0	29,0
<i>Adjusted for:</i>			
Exempt income	(31,7)	(0,6)	(0,6)
Non-deductible expenses	34,4	16,4	1,5
Prior year adjustments current	(2,2)	(1,4)	(3,0)
Prior year adjustments deferred	–	(0,2)	0,9
Secondary tax on companies	0,1	1,5	13,9
Deferred secondary tax on companies recognised	4,7	5,1	(10,1)
Capital gains tax	*	–	1,1
Other	–	0,2	0,3
	33,3	50,0	33,0

* Percentage less than 0,1%.

8. EARNINGS PER SHARE	R'000	R'000	R'000
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.			
Basic EPS			
Profit attributable to shareholders	357 833	145 814	254 312
Total number of shares in issue ('000)	291 990	291 990	220 603
Weighted average number of shares in issue ('000)	274 006	238 388	203 961
Basic EPS (cents)	130,6	61,2	124,7
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	357 833	145 814	254 312
– No potentially dilutive adjustments to attributable profit required			
Weighted average number of shares in issue ('000)	274 006	238 388	203 961
– No potentially dilutive adjustments to number of shares required			
Diluted EPS (cents)	130,6	61,2	124,7

9. DIVIDENDS PER SHARE

Subsequent to year-end an ordinary dividend of 65,0 cents was declared (2007: 65,0 cents ordinary dividend plus 35,0 cents special dividend; 2006: 55,0 cents ordinary dividend). In terms of IAS 10 this is regarded as a non-adjusting event. Salient dates are set out in the Shareholders' Diary incorporated in this annual report. STC of approximately R10,7 million was paid on the dividend (2007 and 2006: estimated that no STC would be payable on the dividend as the company had received sufficient dividends to produce the required STC credit).

NOTES TO THE FINANCIAL STATEMENTS
For the years ended 31 December 2008, 2007 and 2006 (continued)

10. PROPERTY, PLANT AND EQUIPMENT

	Casino equipment R'000	Plant and machinery R'000	Furniture, fittings and other equipment R'000	Computer equipment and software R'000	Capital work in progress R'000	Land and buildings R'000	Theme Park rides R'000	Total R'000
Year ended 31 December 2008								
At beginning of year	260 833	38 000	82 004	46 045	486 992	1 285 923	80 399	2 280 196
Additions and finance costs capitalised	91 273	20 999	24 647	13 122	208 995	51 720	11 640	422 396
Transfers	–	136 697	(13 843)	–	(672 861)	563 635	(13 628)	–
Disposals	(1 407)	–	(151)	(17)	–	(942)	–	(2 517)
Write-offs	(339)	–	–	–	–	–	–	(339)
Depreciation	(82 874)	(20 504)	(19 402)	(15 961)	(3 133)	(10 167)	(2 939)	(154 980)
At end of year	267 486	175 192	73 255	43 189	19 993	1 890 169	75 472	2 544 756
At 31 December 2008								
Cost	582 454	303 444	176 923	124 028	23 165	1 961 584	91 115	3 262 713
Accumulated depreciation	(314 968)	(128 252)	(103 668)	(80 839)	(3 172)	(71 415)	(15 643)	(717 957)
Closing carrying value	267 486	175 192	73 255	43 189	19 993	1 890 169	75 472	2 544 756

Borrowing costs of R8,1 million (2007: R40,8 million) arising on financing specifically entered into for the construction of new casinos were capitalised during the year and are included in 'additions and finance costs capitalised' in land and buildings. 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 R1,6 million (2007: nil)

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

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Casino equipment R'000	Plant and machinery R'000	Furniture, fittings and other equipment R'000	Computer equipment and software R'000	Capital work in progress R'000	Land and buildings R'000	Theme Park rides R'000	Total R'000
Year ended 31 December 2007								
At beginning of year	147 137	45 225	93 043	25 094	–	894 018	73 968	1 278 485
Acquisitions	–	–	–	21	–	49 892	–	49 913
Additions and finance costs capitalised	171 553	16 069	70 543	33 204	487 031	282 275	7 413	1 068 088
Transfers	1 286	(7 264)	(60 327)	(51)	–	66 356	–	–
Disposals	(7 330)	–	(1 907)	(117)	–	(20)	–	(9 374)
Write-offs	(129)	(6)	–	–	–	(16)	–	(151)
Depreciation	(51 684)	(16 024)	(19 348)	(12 106)	(39)	(6 582)	(982)	(106 765)
At end of year	260 833	38 000	82 004	46 045	486 992	1 285 923	80 399	2 280 196
At 31 December 2007								
Cost	519 598	145 751	173 978	113 456	487 031	1 347 171	93 103	2 880 088
Accumulated depreciation	(258 765)	(107 751)	(91 974)	(67 411)	(39)	(61 248)	(12 704)	(599 892)
Closing carrying value	260 833	38 000	82 004	46 045	486 992	1 285 923	80 399	2 280 196

Borrowing costs of R40,8 million (2006: R2,3 million) arising on financing specifically entered into for the construction of new casinos were capitalised during the year and are included in 'additions and finance costs capitalised' in land and buildings.

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

Finance costs capitalised are matched with the net borrowing cost of the loan used to finance a specific area of construction prior to completion.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Casino equipment R'000	Plant and machinery R'000	Furniture, fittings and other equipment R'000	Computer equipment and software R'000	Land and buildings R'000	Theme Park rides R'000	Total R'000
Year ended 31 December 2006							
At beginning of year	85 863	46 662	30 701	8 611	615 708	69 494	857 039
Acquisitions	23 678	14 884	3 719	2 239	124 572	–	169 092
Additions and finance costs capitalised	88 119	1 739	73 778	20 963	155 717	11 140	351 456
Transfers	–	85	348	–	1 701	(2 134)	–
Disposals	(940)	–	(3 100)	(27)	–	–	(4 067)
Write-offs	(930)	–	(10)	–	–	–	(940)
Depreciation	(48 653)	(18 145)	(12 393)	(6 692)	(3 680)	(4 532)	(94 095)
At end of year	147 137	45 225	93 043	25 094	894 018	73 968	1 278 485
At 31 December 2006							
Cost	372 878	149 522	166 630	81 245	936 116	85 690	1 792 081
Accumulated depreciation	(225 741)	(104 297)	(73 587)	(56 151)	(42 098)	(11 722)	(513 596)
Closing carrying value	147 137	45 225	93 043	25 094	894 018	73 968	1 278 485

Borrowing costs of R2,3 million arising on financing specifically entered into for the construction of new casinos were capitalised during the year and are included in 'additions and finance costs capitalised' in land and buildings.

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

Finance costs capitalised are matched with the net borrowing cost of the loan used to finance a specific area of construction prior to completion.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
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11. LEASEHOLD IMPROVEMENTS

At beginning of year	103 661	101 710	98 540
Additions	22 729	5 329	6 530
Depreciation	(3 544)	(3 378)	(3 360)
At end of year	122 846	103 661	101 710
Cost	147 500	124 771	119 442
Accumulated depreciation	(24 654)	(21 110)	(17 732)
Closing carrying value	122 846	103 661	101 710

12. INTANGIBLE ASSETS

	Goodwill R'000	Trademarks R'000	Casino licences R'000	Bid costs R'000	Total R'000
Year ended 31 December 2008					
At beginning of year	1 155 087	376	8 167	25 793	1 189 423
Acquisitions	–	–	–	–	–
Additions	–	102	–	–	102
Write-offs	–	–	–	–	–
Amortisation and impairment	–	(312)	(180)	(2 142)	(2 634)
At end of year	1 155 087	166	7 987	23 651	1 186 891
At 31 December 2008					
Cost	1 155 087	1 378	11 124	38 488	1 206 077
Accumulated depreciation	–	(1 212)	(3 137)	(14 837)	(19 186)
Closing carrying value	1 155 087	166	7 987	23 651	1 186 891

	Goodwill R'000	Trademarks R'000	Casino licences R'000	Bid costs R'000	Royalties R'000	Total R'000
Year ended 31 December 2007						
At beginning of year	396 029	200	8 346	27 881	40 261	472 717
Acquisitions	759 156	–	–	52	–	759 208
Additions	–	276	–	–	–	276
Write-offs	(98)	–	–	–	–	(98)
Amortisation and impairment	–	(100)	(179)	(2 140)	(40 261)	(42 680)
At end of year	1 155 087	376	8 167	25 793	–	1 189 423
At 31 December 2007						
Cost	1 155 087	1 276	11 124	38 488	42 380	1 248 355
Accumulated depreciation	–	(900)	(2 957)	(12 695)	(42 380)	(58 932)
Closing carrying value	1 155 087	376	8 167	25 793	–	1 189 423

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

12. INTANGIBLE ASSETS (continued)

	Goodwill	Trademarks	Casino	Bid	Royalties	Total
	R'000	R'000	licences	costs	R'000	R'000
			R'000	R'000		
Year ended						
31 December 2006						
At beginning of year	66 962	300	5 480	19 970	42 380	135 092
Acquisitions	329 067	–	3 010	10 152	–	342 229
Additions	–	–	–	53	–	53
Write-offs	–	–	–	(300)	–	(300)
Amortisation and impairment	–	(100)	(144)	(1 994)	(2 119)	(4 357)
At end of year	396 029	200	8 346	27 881	40 261	472 717
At 31 December 2006						
Cost	396 029	1 000	11 124	38 436	42 380	488 969
Accumulated depreciation	–	(800)	(2 778)	(10 555)	(2 119)	(16 252)
Closing carrying value	396 029	200	8 346	27 881	40 261	472 717

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

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
13. INVESTMENT IN ASSOCIATE			
Investment in associate	67	67	–
Net share of results in associate in prior years	(934)	–	4 027
Net share of results in associate during the year	(7 859)	(934)	669
Transfer from associate to subsidiary during the year	–	–	(4 696)
Impairment of investment in associate*	–	–	–
At end of year	(8 726)	(867)	–
Loans to associate	40 058	43 001	–
Impairment of loans to associate*	–	–	–
Closing carrying value	31 332	42 134	–
Reconciliation			
At beginning of year	42 134	–	5 315
Investment in associate	–	67	–
Impairment of investment in associate*	–	–	–
Net share of results in associate	(7 859)	(934)	669
Transfer from associate to subsidiary during the year	–	–	(5 293)
Loans (repaid)/advanced during the year	(2 943)	43 001	(691)
Impairment of loans to associate*	–	–	–
	31 332	42 134	–
Closing carrying value is analysed as follows:			
Queens Casino	31 332	42 134	–
Loans to associate is analysed as follows:			
Queens Casino **	40 058	43 001	–

* During the year Gold Reef's investment in Queens Casino was impaired. This impairment had no effect on the Group results since sufficient losses have been equity accounted in terms of IAS 28 – *Investments in Associates*.

** The company loan to Queens Casino bears interest at prime +1%. Gold Reef has subordinated its loan for the benefit of other creditors, limited to an amount of R13,0 million.

The carrying amounts of the loans to associate approximate their fair value.

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

Associate	Country of incorporation	Listed/ Unlisted	Proportion owned %	Economic interest %	Nature of business
At 31 December 2008					
Queens Casino	South Africa	Unlisted	25,1	25,1	Gaming and entertainment
At 31 December 2007					
Queens Casino	South Africa	Unlisted	25,1	25,1	Gaming and entertainment

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

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

13. INVESTMENT IN ASSOCIATE (continued)

Associate	Country of incorporation	Listed/Unlisted	Proportion owned %	Economic interest %	Nature of business
At 31 December 2006					
Goldfields Casino	South Africa	Unlisted	10,00	14,67	Gaming and entertainment

As the Group held a significant influence in Goldfields Casino but not control, the results of its operations were equity accounted. The directors considered the Group to hold a significant influence in Goldfields Casino as the Group appointed two directors to the board of the company and a Group subsidiary held 70% of the management contract in the casino.

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
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The trading results of the associate company, whose results were equity-accounted in the financial statements, are as follows:

Revenue	45 951	1 429	–
Total associate company's accumulated loss for the year	(31 423)	(3 734)	–

The aggregate balance sheet of the associate is summarised as follows:

Property, plant and equipment	112 917	94 300	–
Intangible assets	2 986	3 642	–
Deferred tax assets	579	4 621	–
Cash	13 794	12 484	–
Other current assets	3 651	8 372	–
Total assets	133 927	123 419	–
Shareholders' loans	(111 389)	(106 565)	–
Other liabilities	(58 651)	(21 654)	–
Total shareholders' funds	(36 113)	(4 800)	–

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
14. INVESTMENT IN JOINT VENTURE			
Investment in joint venture	–	–	–
Loans to joint venture	–	–	36 280
Closing carrying value	–	–	36 280
Reconciliation			
At beginning of year	–	36 280	18 591
Transfer of joint venture to a subsidiary during the year	–	(36 280)	(18 585)
Disposal of joint venture during the year	–	–	(6)
Investment in joint venture during the year	–	–	–
Loans repaid during the year	–	–	–
Loans raised during the year	–	–	36 280
	–	–	36 280
Closing carrying value is analysed as follows:			
Silverstar Casino	–	–	36 280
	–	–	36 280
Loans to joint ventures is analysed as follows:			
Silverstar Casino*	–	–	36 280
	–	–	36 280

* Loans from Group companies to Silverstar Casino bear interest at 1-month JIBAR plus 1,29%.

* The company loan to Silverstar Casino consists of an interest free loan and various promissory notes. The loan is secured by shares in North West Developments (Pty) Limited and Silverstar Casino Property 1 (Pty) Limited.

The carrying amounts of the loans to joint ventures approximate their fair value.

The following information relates to the group's interest in its joint ventures

Joint venture	Country of incorporation	Listed/ Unlisted	Proportion owned %	Economic interest %	Nature of business
Silverstar	South Africa	Unlisted	*** 50,00	*** 50,00	Gaming and entertainment

*** With effect from 1 July 2007 Gold Reef acquired 100% of the above company making it a subsidiary. The effective holding from 14 July 2006 to 30 June 2007 is disclosed above.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
14. INVESTMENT IN JOINT VENTURE (continued)			
The trading results of the joint venture, whose results were proportionately consolidated in the financial statements, are as follows:			
Revenue	–	–	–
Total joint venturers' loss since acquisition	–	–	(140)
The aggregate balance sheet of the joint venture is summarised as follows:			
Property, plant and equipment	–	–	70 604
Intangible assets	–	–	204
Cash	–	–	70
Other current assets	–	–	180
Total assets	–	–	71 058
Net current liabilities	–	–	(155 654)
Total shareholders' funds	–	–	(84 596)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

15. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables R'000	Derivatives used for hedging R'000	Assets at fair value through profit and loss R'000	Total R'000
31 December 2008				
Assets per balance sheet				
Derivative financial instruments (included in trade and other receivables on balance sheet)	–	200	951	1 151
Trade and other receivables	9 410	–	–	9 410
Cash and cash equivalents	443 054	–	–	443 054
Share scheme	32 949	–	–	32 949
Amounts owing by related parties	497	–	–	497
	485 910	200	951	487 061
	At fair value through profit and loss R'000	Derivatives used for hedging R'000	Other financial liabilities R'000	Total R'000
31 December 2008				
Liabilities per balance sheet				
Interest-bearing borrowings	–	–	1 693 409	1 693 409
Finance lease liabilities	–	–	1 391	1 391
Derivative financial instruments	184	20 631	–	20 815
Trade and other payables	–	–	122 920	122 920
Bank overdraft	–	–	56	56
Amounts owing to related parties	–	–	462	462
	184	20 631	1 818 238	1 839 053

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

15. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables R'000	Derivatives used for hedging R'000	Assets at fair value through profit and loss R'000	Total R'000
31 December 2007				
Assets per balance sheet				
Derivative financial instruments	–	40 078	3 135	43 213
Trade and other receivables	12 730	–	–	12 730
Cash and cash equivalents	332 016	–	–	332 016
Share scheme	23 194	–	–	23 194
Amounts owing by related parties	67	–	–	67
	368 007	40 078	3 135	411 220

	At fair value through profit and loss R'000	Derivatives used for hedging R'000	Other financial liabilities R'000	Total R'000
31 December 2007				
Liabilities per balance sheet				
Interest-bearing borrowings	–	–	1 448 620	1 448 620
Derivative financial instruments (included in trade and other payables on balance sheet)	125	–	–	125
Trade and other payables	–	–	135 904	135 904
Bank overdraft	–	–	15 420	15 420
Amounts owing to related parties	–	–	1 511	1 511
	125	–	1 601 455	1 601 580

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

15. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables R'000	Derivatives used for hedging R'000	Assets at fair value through profit and loss R'000	Total R'000
31 December 2006				
Assets per balance sheet				
Investment in joint venture	–	–	36 280	36 280
Available-for-sale financial assets	–	–	94 675	94 675
Trade and other receivables	13 048	570	–	13 618
Cash and cash equivalents	105 735	–	–	105 735
Share scheme	25 484	–	–	25 484
Amounts owing by related parties	4 865	–	–	4 865
	149 132	570	130 955	280 657
<hr/>				
		Derivatives used for hedging R'000	Other financial liabilities R'000	Total R'000
31 December 2006				
Liabilities per balance sheet				
Interest-bearing borrowings		–	394 330	394 330
Current portion of interest-bearing borrowings		–	76 967	76 967
Trade and other payables		12 220	132 403	144 623
Bank overdraft		–	43 013	43 013
Amounts owing to related parties		–	4 423	4 423
		12 220	651 136	663 356

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

16. DERIVATIVE FINANCIAL INSTRUMENTS

16.1 Interest rate derivative financial instruments

During the prior years various Group companies obtained loans from financial institutions. The loans attract interest at various rates.

Subsequent to this either (a) Zero Cost Interest Rate Collars or (b) Interest Rate Swap Agreements were entered into with these and other financial institutions.

- (a) The Zero Cost Interest Rate Collar agreements provide the Group with different cap and floor rates on initial notional principle amounts, the notional amount being adjusted each month for the capital repayments.
- (b) 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.

A summary of the terms of the interest rate hedges is provided below:

Company	Principle amount at 31/12/2008 R'000	Original hedge term	Floor rate*	Cap rate*	Swap rate*	Qualifies for hedge accounting	Effective hedge
Akani Egoli	250 000	3 years	8,00%	10,47%	N/A	NO	N/A
Goldfields Casino	58 700	3 years	N/A	N/A	8,78%	YES	EFFECTIVE
Garden Route Casino	32 786	3 years	8,00%	10,35%	N/A	NO	N/A
Silverstar Casino	1 204 906	5 years	N/A	N/A	8,97%	YES	EFFECTIVE
Akani Msunduzi	54 643	3 years	8,00%	10,98%	N/A	NO	N/A

* These rates exclude credit and liquid margins.

The above casinos have entered into contracts to hedge their amortised debt balance. Management predict the debt build up and resulting amortisation of the debts and used this as the basis of entering into interest rate hedges.

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 hedges are represented below:

	Derivative asset R'000	Derivative liability R'000	Hedge Reserve R'000
31 December 2008			
Akani Egoli	746	(131)	–
Goldfields Casino	200	–	13
Garden Route Casino	105	(15)	–
Silverstar Casino	–	(20 631)	(39 637)
Akani Msunduzi	100	(38)	–
	1 151	(20 815)	(39 624)

The ineffective portion recognised in the income statement from cash flow hedges for the year amounted to R2,4 million (2007: nil).

The fair value adjustment released from the hedge reserve for the interest rate derivatives during the year amounted to R66,7 million (2007: R37,4 million raised).

Trading derivatives in a liability position are classified as non-current liabilities and disclosed on the face of the balance sheet. Trading derivatives in an asset position are classified as current assets. The maximum exposure to liquidity risk at the balance sheet date is the fair value of the derivative financial liabilities on the balance sheet. During 2007, trading derivatives in an asset position were classified as non-current assets and disclosed on the face of the balance sheet. Trading derivatives in a liability position were classified as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

16.1 Interest rate derivative financial instruments (continued)

Interest rate risk:

At 31 December 2008, the fair value of the assets would have been R1,1 million higher if JIBAR had been 1% higher, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedging reserve would have been R687 000 and R378 000 higher, respectively.

The fair value of assets would have been R1,0 million lower if JIBAR had been 1% lower, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedging reserve would have been R643 000 and R377 600 lower, respectively.

At 31 December 2008, the fair value of the liabilities would have been R23,8 million lower if JIBAR had been 1% higher while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedging reserve would have been R121 000 and R23,7 million higher, respectively.

The fair value of liabilities would have been R23,8 million higher if JIBAR had been 1% lower, while the fair value adjustment recognised in the income statement and the fair value adjustment recognised in the hedging reserve would have been R143 000 and R23,7 million lower, respectively.

	Derivative asset R'000	Derivative liability R'000	Hedge Reserve R'000
31 December 2007			
Akani Egoli	2 416	(30)	–
Goldfields Casino	2 010	–	1 837
Garden Route Casino	386	(4)	–
Silverstar Casino *	38 068	(86)	25 205
Akani Msunduzi	333	(5)	–
	43 213	(125)	27 042

* The Silverstar Casino hedge reserve is calculated as the portion of the hedge attributable to Gold Reef excluding the portion that arose whilst Silverstar Casino was a joint venture investment.

The ineffective portion recognised to the income statement from cash flow hedges for the year for the movement in the fair value of the derivative was R5,1 million (2006: nil). The effective portion recognised to the hedge reserve for the movement in the fair value of the derivative during the year was R37,4 million (2006: (R10,4 million)).

Trading derivatives in an asset position are classified as non-current assets and disclosed on the face of the balance sheet. Trading derivatives in a liability position are classified as current liabilities. The maximum exposure to credit risk at the balance sheet date is the fair value of the derivative assets in the balance sheet.

Interest rate risk

At 31 December 2007, the fair value of the assets would have been R73,2 million higher if market interest rates had been 1% higher and R10,6 million lower if market interest rates had been 1% lower.

At 31 December 2007, the fair value of the liabilities would have been R122 000 lower if market interest rates had been 1% higher and R374 000 higher if market interest rates had been 1% lower.

	Derivative asset R'000	Derivative liability R'000	Hedge Reserve R'000
31 December 2006			
Akani Egoli	423	(1 371)	–
Goldfields Casino	–	(91)	(91)
Garden Route Casino	70	(187)	–
Silverstar Casino	–	(10 251)	(10 254)
Akani Msunduzi	77	(320)	–
	570	(12 220)	(10 345)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
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16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

16.2 Forward exchange contracts ("FEC")

The notional principal amount of the outstanding FEC's at 31 December 2008 was nil (2007: R1,7 million).

Fair value of derivative financial liability – FEC (cash flow hedge)

–	(86)	–
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The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised on forward foreign exchange contracts as of 31 December 2007 are recognised in the income statement as this is the period during which the hedged forecast transaction affects the income statement.

Trading derivatives in a liability position are classified as current liabilities. The maximum exposure to credit risk at the balance sheet date is the fair value of the derivative assets in the balance sheet.

Exchange rate risk

At 31 December 2007, the fair value of the liability would have been R92 000 lower if the ZAR:Euro exchange rate had been 1% higher and R264 000 higher if the ZAR:Euro exchange rate had been 1% lower.

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
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17. SHARE-BASED PAYMENT ARRANGEMENTS

17.1 Share scheme

Amounts due by participants	32 949	23 194	25 484
Loan to share scheme	–	–	–
	32 949	23 194	25 484

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.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

17. SHARE-BASED PAYMENT ARRANGEMENTS (continued)

17.1 Share scheme (continued)

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

	Audited year ended 31 December 2008		Audited year ended 31 December 2007		Audited year ended 31 December 2006	
	Number of shares	Average price R	Number of shares	Average price R	Number of shares	Average price R
Awards/Options at beginning of year	3 979 669	14,74	4 140 000	14,75	1 564 000	15,35
Granted	–		–		2 585 000	
– Directors	–		–		1 100 000	14,39
– Staff	–		–		1 485 000	14,39
Lapsed	(108 000)		(78 000)		(9 000)	
– Directors	–		–		–	
– Staff	(108 000)	14,67	(78 000)	14,73	(9 000)	15,35
Exercised and delivered	(3 564 155)		–		–	
– Directors	(1 940 000)	14,81	–		–	
– Staff	(1 624 155)	14,65	–		–	
Exercised, delivered and sold	(307 514)		(82 331)		–	
– Directors	–		–		–	
– Staff	(307 514)	14,75	(82 331)	15,35	–	
Awards/Options at end of year	–		3 979 669	14,74	4 140 000	14,75

On 29 April 2008 1 940 000 shares granted in 2005 and 2006 were exercised by directors and 1 624 155 shares were exercised by employees. A further 307 514 shares were exercised by employees in 2008 and sold on the open market.

At 31 December 2008 all share options had been exercised by directors and employees and are therefore not regarded as outstanding.

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

During the year 1 417 338 (2007: 404 999) shares vested in and were sold on the open market by participants. A further 501 667 (2007: 1 768 334) shares vested in and were not sold on the open market by participants.

Total IFRS 2 costs relating to equity-settled share-based payments in terms of the share scheme amounted to R4,4 million (2007: R11,7 million). This cost is included in "Other operating expenses" on the face of the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

17. SHARE-BASED PAYMENT ARRANGEMENTS (continued)

17.2. Cash-settled share-based retention provision

On 22 November 2006, the Remuneration and Nominations Committee resolved that as an additional long-term incentive for certain executive directors, namely S B Joffe, J S Friedman and C Neuberger, Gold Reef would issue free Gold Reef shares to such executive directors if they remained employed at Gold Reef for certain periods and if certain performance criteria were met.

Each such executive director would receive a maximum of 50 000 Gold Reef shares if he remained employed at Gold Reef for a period of three years from 1 January 2007. In addition, S B Joffe would receive a maximum of a further 200 000 Gold Reef shares if he remained employed at Gold Reef for an additional two years. The performance criteria, which were set by the Remuneration and Nominations Committee, would be 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. On 3 September 2008, the Remuneration and Nominations Committee replaced this share-based payment scheme with a share appreciation scheme. In terms of the share appreciation scheme, the executive directors would no longer be entitled to shares based on the achievement of the necessary criteria but rather a cash payment, linked to the increase in the share price as well as the achievement of the performance criteria. Consequently, the 350 000 share options granted to the executive directors in 2007 were withdrawn in 2008 and the IFRS 2 costs relating to these shares options has been reversed.

	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 2008	31 December 2008
Share price at valuation date	R18,00	R18,00
Contract life (years)	3	5
Vesting period (years)	3	5
Settlement	Cash	Cash
Volatility assumption	50,63%	35,85%
Interest rate assumption	9,29%	8,22%
Dividend yield assumption	3,67%	4,49%
Attrition assumption	0,00%	0,00%
Performance criteria assumption:		
2009	37,50%	37,50%
2010	N/A	50,00%
2011	N/A	50,00%
Fair value per unit	R7,25	R7,25
Valuation model	Monte Carlo model	Monte Carlo model

A liability of R1,3 million relating to the share appreciation scheme has been recognised in "Trade and other payables" for the year and a corresponding IFRS 2 charge of R1,3 million has been recognised in "Other operating expenses" for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
18. INVENTORIES			
Operating equipment	640	2 061	493
Food and beverage	2 261	1 517	840
Stationery	1 492	1 301	917
Promotional items	117	112	137
Cashless cards	4 563	3 848	951
Gaming	3 738	1 760	–
Uniforms	3 972	5 636	–
Other	2 568	2 179	4 246
	19 351	18 414	7 584

No inventories were written down to their recoverable amount.

19. TRADE AND OTHER RECEIVABLES

Trade receivables	4 698	2 943	3 299
Less: Provision for impairment of trade receivables	(361)	(506)	(590)
Net trade receivables	4 337	2 437	2 709
Pre-payments	13 492	15 312	6 605
Sundry debtors	3 922	10 293	4 179
Derivative financial instruments	1 151	–	570
VAT receivable	–	40 243	–
Straight-lining of leases	3 544	148	–
Other	3 071	6 189	6 160
	29 517	74 622	20 223

Age analysis of trade receivables past their due payment date but not impaired:

30 – 60 days	1 500	475
60 – 90 days	449	227
Over 90 days	92	607
	2 041	1 309

Age analysis of trade receivables past their due payment date provided for and/or impaired:

30 – 60 days	148	–
60 – 90 days	–	–
Over 90 days	213	506
Impaired	(361)	(506)
	–	–

Movements on the provision for impairment of trade receivables are as follows:

At beginning of year	506	587
Provision for impairment of trade receivables	309	249
Receivable written off as uncollectible	(450)	(151)
Unused amounts reversed	(4)	(179)
At end of year	361	506

Pre-payments 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 tenant deposits.

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

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
20. CASH AND CASH EQUIVALENTS			
Cash at bank	389 539	268 430	71 225
Cash on hand	53 515	63 586	34 510
	443 054	332 016	105 735
Bank overdrafts	(56)	(15 420)	(43 013)
All bank balances and bank overdrafts are held under cash management for individual Group companies.			
Cash, cash equivalents and bank overdrafts include the following for the purpose of the cash flow statement:			
Cash and cash equivalents	443 054	332 016	105 735
Bank overdraft	(56)	(15 420)	(43 013)
	442 998	316 596	62 722

21. SHARE CAPITAL

	Number of ordinary shares (000)	Number of treasury shares (000)	Net number of shares (000)	Ordinary share capital R'000	Share premium R'000	Treasury shares R'000	Total R'000
Balance at 1 January 2006	220 603	(16 642)	203 961	4 412	499 280	(75 340)	428 352
Ordinary shares issued in 2006	–	–	–	–	–	–	–
Share capital of the group at 31 December 2006	220 603	(16 642)	203 961	4 412	499 280	(75 340)	428 352
Issue of shares as part of share exchange and top up transaction	69 206	–	69 206	1 384	1 334 538	–	1 335 922
Issue of shares to shares scheme	2 181	2 215	4 396	44	26 314	33 379	59 737
Restatement of treasury shares	–	(3 848)	(3 848)	–	–	(56 618)	(56 618)
Balance at 31 December 2007	291 990	(18 275)	273 715	5 840	1 860 132	(98 579)	1 767 393
Transfer of vested shares to employees from share scheme	–	1 326	1 326	–	–	29 625	29 625
Shares repurchased by share scheme	–	(133)	(133)	–	–	(1 980)	(1 980)
Balance at 31 December 2008	291 990	(17 082)	274 908	5 840	1 860 132	(70 934)	1 795 038

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

	Land revaluation R'000	Hedge reserve R'000	Transactions with minorities* R'000	Other reserves R'000	Total R'000
22. OTHER RESERVES					
Balance at 1 January 2006	–	–	–	2 774	2 774
Revaluation of land as per IFRS 3 Business Combinations**	27 519	–	–	–	27 519
Transactions with minorities in West Coast Leisure	–	–	(6 153)	–	(6 153)
Fair value adjustment on derivative hedge released from equity during the year	–	(10 345)	–	–	(10 345)
Balance at 31 December 2006	27 519	(10 345)	(6 153)	2 774	13 795
Transactions with minorities in share exchange and top-up transaction	–	–	(542 107)	–	(542 107)
Transfer to retained earnings	–	–	–	(2 774)	(2 774)
Fair value adjustment on derivative hedge recognised in equity during the year	–	37 387	–	–	37 387
Balance at 31 December 2007	27 519	27 042	(548 260)	–	(493 699)
Loss on sale of shares by share scheme	–	–	–	(4 701)	(4 701)
Fair value adjustment on derivative hedge released from equity during the year	–	(66 666)	–	–	(66 666)
Balance at 31 December 2008	27 519	(39 624)	(548 260)	(4 701)	(565 066)

* This reserve arose in terms of IFRS 3 – Business Combinations, as a result of the share exchange and top-up transaction effective 1 July 2007.

** FRS 3 was applied to the acquisition of unconditional effective holding of 42,5% in Garden Route Casino at 1 January 2006. The land owned by the casino at the date of acquisition was valued by an independent valuer.

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
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23. MINORITY INTEREST

Minority interest consists of:

Subsidiaries' prior year earnings attributable to minorities	32 405	196 895	128 251
Effect of share exchange and top-up transaction	–	(200 371)	–
Profits attributable to minority interest in the current year	17 279	49 173	68 644
Dividends paid to minorities by subsidiaries	(7 014)	(13 292)	–
Balance at end of year	42 670	32 405	196 895

At 31 December 2008 minority interest relates to interests in Mykonos Casino and Garden Route Casino. All other minorities were eliminated effective 1 July 2007 due to the share exchange and top-up transaction.

NOTES TO THE FINANCIAL STATEMENTS
For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
24. INTEREST-BEARING BORROWINGS			
Current			
– Term loans	187 677	139 378	76 967
– Finance lease liabilities	810	–	–
	188 487	139 378	76 967
Non-current			
– Term loans	1 505 732	1 309 242	394 330
– Finance lease liabilities	581	–	–
	1 506 313	1 309 242	394 330
	1 694 800	1 448 620	471 297
Maturity of borrowings excluding finance lease liabilities:			
Not later than 1 year	187 677	139 378	76 967
Later than 1 year but not later than 5 years	715 477	752 505	352 067
Later than 5 years	790 255	556 737	42 263
	1 693 409	1 448 620	471 297
Finance lease liabilities:			
Gross finance lease liability – Minimum lease payments			
Not later than 1 year	992	–	–
Later than 1 year but not later than 5 years	660	–	–
Later than 5 years	–	–	–
	1 652	–	–
Future finance charges on finance lease	(261)	–	–
Present value of finance lease liability	1 391	–	–
The present value of the finance lease is as follows:			
Not later than 1 year	810	–	–
Later than 1 year but not later than 5 years	581	–	–
Later than 5 years	–	–	–
Finance lease liabilities:	1 391	–	–
	2008	2007	2006
	%	%	%
Weighted average effective interest rates:			
– Term loans *	13,3	12,0	9,6
Akani Egoli	13,0	10,8	
Silverstar Casino	13,4	12,5	
Golden Horse	13,3	11,2	
Garden Route	13,4	11,3	
Goldfields Casino	13,4	11,3	
– Finance lease liabilities	14,7	–	–
Akani Egoli	12,0	–	–
Silverstar Casino	15,8	–	–

* These weighted average effective interest rates reflect 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 current interest-bearing borrowings equals their carrying amount as the impact of discounting is 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 R16,9 million per annum. If JIBAR were to decrease by 1%, finance costs would decrease by R16,9 million per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

24. INTEREST-BEARING BORROWINGS (continued)

NATURE OF SECURITY	NATURE OF BORROWINGS	AMOUNT SECURED 2008 R'000	AMOUNT SECURED 2007 R'000	AMOUNT SECURED 2006 R'000
Akani Egoli				
First mortgage bond over fixed property at Gold Reef City Casino	Nedbank term loans	235 000	370 000	370 000
Suretyship by Gold Reef in favour of Nedbank	Nedbank term loans	247 307	370 000	370 000
First mortgage bond over moveable assets at Gold Reef City Casino	Nedbank term loans	25 000	25 000	25 000
Praedial bond over Gold Reef City Casino servitude lane	Nedbank term loans	2 500	2 500	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	110 000	110 000
Notarial bond over movable assets	ABSA term loan and bank overdraft	65 000	65 000	65 000
Limited suretyship by Gold Reef	ABSA term loan and bank overdraft	45 000	45 000	45 000
Limited suretyship by Akani Leisure Msunduzi Investments	ABSA term loan and bank overdraft	45 000	45 000	45 000
Cession of insurance policy on leasehold improvements and moveable assets			269 000	269 000
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	35 000	35 000
General and special notarial bonds over movable assets	ABSA term loan and bank overdraft	25 000	25 000	25 000
Cession of insurance policy on fixed property and moveable assets			60 000	60 000
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.				

NOTES TO THE FINANCIAL STATEMENTS
For the years ended 31 December 2008, 2007 and 2006 (continued)

24. INTEREST-BEARING BORROWINGS (continued)

NATURE OF SECURITY	NATURE OF BORROWINGS	AMOUNT SECURED 2008 R'000	AMOUNT SECURED 2007 R'000	AMOUNT SECURED 2006 R'000
Goldfields Casino				
Negative pledge of assets	Nedbank term loan and multi-option facility	88 000	77 000	77 000
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	77 000	77 000
Garden Route Casino				
Mortgage bond over fixed property at Garden Route Casino	Nedbank term loan and multi-option facility	20 000	20 000	20 000
Notarial bond over movable assets	Nedbank term loan and multi-option facility	30 000	30 000	30 100
Silverstar Casino				
First covering mortgage bond over fixed property at Silverstar Casino	Nedbank term loan	1 400 000	1 400 000	1 400 000
Limited suretyship by Gold Reef	Nedbank term loan	667 335	720 000	700 000
Limited joint and several suretyship by Akani Leisure Investments and Akani Leisure Silverstar Holdings	Nedbank term loan	667 335	720 000	700 000
Notarial bond over movable assets at Silverstar Casino	Nedbank term loan			1 400 000
Cession of construction guarantee			104 520	–
Cession of insurance policy on fixed property and moveable assets at Silverstar Casino	Nedbank term loan		1 400 000	1 400 000
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	–	–
Subordination of shareholders' loan accounts	Investec term loan	20 122	–	–
Gold Reef Management				
Negative pledge of assets	Nedbank multi-option facility	50 000	50 000	50 000

Individual borrowings are subject to covenant clauses whereby the respective companies are required to meet certain key performance indicators. The indicators are 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 were in breach at year-end. The borrowings of the Group do not exceed that allowed as per the Articles of Association.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
25. DEFERRED TAXATION			
At beginning of year	(7 158)	6 174	(36 348)
Rate change	(225)	(6 361)	–
Current year movement	(41 369)	(7 631)	56 905
Prior year (under)/over provision	(93)	660	(4 113)
Acquisitions	–	–	(10 270)
At end of year	(48 845)	(7 158)	6 174
Broken down as follows:			
Deferred tax assets	5 095	46 788	54 980
Deferred tax liabilities	(53 940)	(53 946)	(48 806)
	(48 845)	(7 158)	6 174
The deferred tax balance may be analysed as follows:			
Deferred tax assets			
Provisions	7 775	8 027	4 438
Assessed losses	8 554	20 648	–
Deferred STC credits	2 014	28 745	48 702
Capital allowances	(77)	(751)	–
Pre-payments	(384)	(567)	(375)
Capitalised borrowing costs	(13 705)	(11 835)	–
Other temporary differences	918	2 521	2 215
	5 095	46 788	54 980
Deferred tax liabilities			
Provisions	7 468	5 991	7 179
Capital allowances	(58 256)	(56 178)	(55 284)
Pre-payments	(3 053)	(2 659)	(731)
Other temporary differences	(99)	(1 100)	30
	(53 940)	(53 946)	(48 806)

The analysis of deferred tax balances has been modified from that of the financial statements of the previous year to allow for the effect of aggregating deferred tax balances per legal entity.

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 28% (2007: 29%) (2006: 29%).

Deferred tax assets are only recognised to the extent that realisation of the related tax benefit is probable. The Group also has tax losses of R652 273 (2007: R630 067) (2006: R735 380) to carry forward against taxable income which have not been recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
26. TRADE AND OTHER PAYABLES			
Trade payables	18 434	47 454	16 528
Accrued expenses	75 906	59 871	40 271
Derivative financial instruments	–	125	12 220
Vat payable	18 610	15 691	–
Other payables*	21 880	12 888	75 604
	134 830	136 029	144 623

All trade and other payables arise in the ordinary course of business and are expected to be settled within 12 months after balance sheet date.

Included in other payables is an amount of R1,3 million in 2008, the nature of which is a cash-settled share-based payment liability in terms of IFRS 2 and relates to a cash-settled share-based retention provision entered into between S B Joffe, J S Friedman, C Neuberger and the company.

27. PROVISIONS

31 December 2008

R'000	Gaming provisions	Performance incentive provisions	Other	Total
At beginning of year	10 877	22 172	21 874	54 923
Provisions raised	24 467	22 328	6 849	53 644
Provisions utilised	(16 789)	(26 847)	(8 390)	(52 026)
At end of year	18 555	17 653	20 333	56 541

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

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

Other provisions include R7,2 million (2007: R12,0 million) payable to M Krok on the date on which he ceases to be a director of the company. PAYE of R4,8 million has been paid to SARS during the 2008 year. The company's obligation to pay the R7,2 million is an unconditional obligation. Also included in other provisions is an amount of R6,7 million recognised by Silverstar Casino relating to its obligation to incur corporate social spending in terms of its license conditions.

31 December 2007

R'000	Gaming provisions	Performance incentive provisions	Other	Total
At beginning of year	6 220	27 018	13 415	46 653
Provisions raised	4 895	7 591	13 459	25 945
Provisions utilised	(238)	(12 437)	(5 000)	(17 675)
At end of year	10 877	22 172	21 874	54 923

Gaming provisions include casino jackpot provisions and customer loyalty point provisions.

Casino jackpot provisions are utilised when won. Customer loyalty point provisions are redeemed by casino patrons at their discretion. Performance incentive provisions are paid following finalisation of the annual financial results.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

27. PROVISIONS (continued)

Other provisions at year end consist predominantly of R12 million payable to M Krok on the date on which he ceases to be a director of the company. PAYE of R4,8 million has been paid to SARS subsequent to year-end. The company's obligation to pay the R12 million is an unconditional obligation. Also included are additional provisions for legal fees and STC that arose on historic business combinations that will materialise upon distribution of the retained income of those acquired entities.

31 December 2006

R'000	Gaming provisions	Performance incentive provisions	Other	Total
At beginning of year	5 017	4 219	4 573	13 809
Acquisitions	809	1 985	6 415	9 209
Provisions raised	677	16 782**	7 427	24 886
Provisions utilised	(283)	(968)	–	(1 251)
At end of year	6 220	22 018	18 415	46 653

** Certain performance incentive provisions recognized as accruals in 2005 were classified as provisions in 2006.

Gaming provisions include casino jackpot provisions and customer loyalty point provisions.

Casino jackpot provisions are utilised when won. Customer loyalty point provisions are redeemed by casino patrons at their discretion. Performance incentive provisions are paid following finalisation of the annual financial results.

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
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28. CASH FLOW INFORMATION

28.1 Cash flow from operating activities

Profit before taxation	563 071	390 294	482 166
<i>Adjusted for non-cash items and other adjustments:</i>	339 188	284 588	137 263
Finance income	(45 158)	(32 442)	(11 957)
Finance costs	213 528	55 604	36 960
Ineffective portion of interest rate swaps	(2 638)	(3 650)	–
Loss on foreign forward exchange contracts	–	86	–
Depreciation	158 524	110 143	97 455
Amortisation	2 634	42 680	4 357
Profit on disposal of property, plant and equipment	(228)	(589)	(111)
Write-off of fixed assets and intangible assets	339	249	1 240
Recognition of share-based payment	4 328	11 650	9 988
IFRS 2 costs on share exchange and top-up transaction	–	100 790	–
Fair value adjustments to land and accounts receivable	–	(867)	–
Share of loss/(profit) in associate	7 859	934	(669)
	902 259	674 882	619 429
Decrease/(Increase) in net current assets	44 587	(63 068)	49 438
Decrease/(Increase) in trade and other receivables	45 105	(56 866)	(3 030)
Increase in inventories	(937)	(10 830)	(3 754)
(Decrease)/Increase in trade and other payables	(1 199)	(3 642)	66 567
Increase in provisions	1 618	8 270	–
Increase in financial liabilities included in hedge reserve	–	–	(10 345)
	946 846	611 814	668 867

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
28. CASH FLOW INFORMATION (continued)			
28.2 Taxation paid			
Tax (liability)/asset at beginning of year	(40 825)	(58 779)	(55 443)
Acquisitions during the year	–	–	(18 918)
Current taxation	(158 057)	(179 322)	(154 162)
Prior year over provision	12 544	3 120	14 643
Capital gains tax	(58)	–	(5 466)
Secondary tax on companies	(701)	(5 773)	(67 017)
Tax liability/(asset) at end of year	899	40 825	58 779
	(186 198)	(199 929)	(227 584)
28.3 Proceeds from disposal of property, plant and equipment			
Net book amount	2 517	9 374	4 067
Profit on disposal of property, plant and equipment	228	589	111
	2 745	9 963	4 178
29. RELATED PARTY TRANSACTIONS			
Transactions occurred with the following related parties during the year:			
Akani Leisure Investment Casino Management	–	3 283	7 428
CASA	1 073	1 150	968
Club Mykonos Resort Managers (Pty) Limited	428	929	1 395
Reygrande Investment Holdings (Pty) Limited	240	240	180
Satara Trading (Pty) Limited	–	768	1 412
South African Apartheid Museum	3 935	3 699	3 495
	–	12 069	14 278
* Services include management fees, membership fees, consultancy fees, entrance fees and levies.			
Amounts owing by related parties at end of year:			
Akani Leisure Goldfields Investments	–	–	44
Akani Leisure Msunduzi Investments	–	–	92
Akani Leisure Investment Hotels Management	303	–	1 286
CASA	194	63	58
Satara Trading (Pty) Limited	–	–	3 385
Newshelf 698 (Pty) Limited	–	4	–
	497	67	4 865
Amounts owing to related parties at end of year:			
Akani Leisure Casinos	–	–	(412)
Akani Leisure Investment Hotels Management	–	(941)	–
Akani Leisure Silverstar Holdings	–	–	(3 118)
Casinos Austria	–	(162)	–
Newshelf 698 (Pty) Limited	–	–	(611)
Olwazini Discovery Centre	(58)	(94)	(50)
South African Apartheid Museum	(404)	(314)	(232)
	(462)	(1 511)	(4 423)
	35	(1 444)	442

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

29. RELATED PARTY TRANSACTIONS (continued)

2008 Related party transaction notes

Management fees were paid to Akani Leisure Investment Casino Management for services rendered in the performance of the management of Gold Reef City Casino. These transactions were carried out on commercial terms and conditions and were approved by the board. Effective 1 July 2007, Akani Leisure Investment Casino Management is regarded as a subsidiary of the Group and the management contract has been ceded to Gold Reef Management.

Akani Leisure Investment Hotels Management had common directors and shareholders with Gold Reef. In 2007, Gold Reef acquired Akani Leisure Investment Casino Management, the assets of which included an amount receivable from Akani Leisure Investment Hotels Management. The amount is not considered to be recoverable and has therefore been fully impaired at year-end. The loan is interest free and payable on demand.

CASA is an association not for gain whose members and contributors are casino operators of South Africa. The association was formed in order to align all license holders' interests. All members, including Group companies, contribute a monthly fee.

Casinos Austria earns fees for attendance at Gold Reef board and board sub-committee meetings by its representative directors.

Club Mykonos Resorts Managers (Pty) Limited is affiliated to Club Mykonos Langebaan Limited which is a shareholder in West Coast Leisure. Club Mykonos Resorts Managers (Pty) Limited supplies services to West Coast Leisure. The fees payable by West Coast Leisure were carried out on commercial terms and conditions and were approved by the board.

Newshelf 698 (Pty) Limited is a company holding an interest in Gold Reef. Effective 1 January 2006, Gold Reef disposed of its entire shareholding in Newshelf 698 (Pty) Limited to Eglin Investments No 30 (Pty) Limited as part of the ALI transaction. The transaction was carried out on commercial terms and conditions and was approved by the board.

Reygrande Investment Holdings (Pty) Limited performed administration functions for West Coast Leisure. The transactions were carried out on commercial terms and conditions and were approved by the board.

Satara Trading (Pty) Limited is a BEE company that sold its 30% interest in the management contract of Goldfields Casino to Gold Reef, effective 1 July 2007. This transaction was carried out on commercial terms and conditions and was approved by the board.

The Olwazini Discovery Centre is a Section 21 company which operates the science museum adjacent to Golden Horse Casino. The Olwazini Discovery Centre was developed by Akani Msunduzi as one of its casino license conditions. Akani Msunduzi Management contributes a fixed monthly fee to fund the operational expenses of the museum.

The South African Apartheid Museum is a Section 21 company which operates the museum adjacent to the Theme Park. The South African Apartheid Museum was developed by Akani Egoli as one of its casino license conditions. Akani Egoli contributed a fixed monthly fee to fund the operational expenses of the museum.

2007 Related party transaction notes

A management fee is paid to Akani Leisure Casinos for services rendered in the performance of the management of Gold Reef City Casino. These transactions are carried out on commercial terms and conditions and have been approved by the board. Effective 1 July 2007 Akani Leisure Casinos was included as a subsidiary of the group.

Prior to 1 July 2007 Akani Leisure Goldfields Investments owned 40% of Goldfields Casino.

Akani Leisure Hotels has common directors and shareholders with Gold Reef. Akani Leisure Hotels provides management services to Gold Reef City Casino and had a current balance outstanding at year-end from Akani Leisure Casinos, a subsidiary of Gold Reef.

Prior to 1 July 2007, Akani Leisure Silverstar Holdings owned 50% of Silverstar Casino.

Prior to 1 July 2007, Akani Leisure Msunduzi Investments owned 50% of Akani Msunduzi.

CASA is an association not for gain whose members and contributors are casino operators in South Africa. The association was formed in order to align all licence holders' interests into one association. All members, including group companies, contribute a monthly fee.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

29. RELATED PARTY TRANSACTIONS (continued)

Casinos Austria is a significant shareholder of Gold Reef. Casinos Austria previously earned a royalty based on gross gaming revenue. This transaction was carried out on commercial terms and conditions and has been approved by the board. On 31 December 2005 Gold Reef repurchased Casinos Austria's share in all future royalties. Casinos Austria earns board fees for attendance at Gold Reef board meetings by its representative directors.

Club Mykonos Resorts Managers (Pty) Limited is affiliated to Club Mykonos Langebaan Limited which is a shareholder in West Coast Leisure. Club Mykonos Resorts Managers (Pty) Limited supplies services to West Coast Leisure. The fees payable by West Coast Leisure were carried out on commercial terms and conditions and were approved by the board.

Newshelf 698 (Pty) Limited is a company holding an interest in Gold Reef. Effective 1 January 2006 Gold Reef disposed of its entire shareholding in Newshelf 698 (Pty) Limited to Eglin Investments No 30 (Pty) Limited as part of the ALI transaction. The transaction was carried out on commercial terms and conditions and was approved by the board.

Reygrande Investment Holdings (Pty) Limited performs administrative functions for West Coast Leisure. The administrative fees payable by West Coast Leisure are carried out on commercial terms and have been approved by the board.

Satara Trading (Pty) Limited is a BEE company that sold its 30% interest in the management contract of Goldfields Casino to Gold Reef effective 1 July 2007. This transaction was carried out on commercial terms and conditions and was approved by the board.

The Olwazini Discovery Centre is a Section 21 company which operates the science museum adjacent to Golden Horse Casino. The Olwazini Discovery Centre was developed by Akani Msunduzi as one of its casino licence conditions. Akani Msunduzi Management contributes a monthly fee to fund the operational expenses of the museum.

The South African Apartheid Museum is a Section 21 company which operates the museum adjacent to the Theme Park. The South African Apartheid Museum was developed by Akani Egoli as one of its casino licence conditions. Akani Egoli contributes a fixed monthly fee to fund the operational expenses of the museum.

2006 Related party transaction notes

A management fee is paid to Akani Leisure Casinos for services rendered in the performance of the management of Gold Reef City Casino. These transactions are carried out on commercial terms and conditions and have been approved by the board.

Akani Leisure Goldfields Investments owns 40% of Goldfields Casino. An amount is owed by Akani Leisure Goldfields Investments to Goldfields Casino at year-end.

Akani Leisure Investments Hotel Management has common directors and shareholders with Akani Leisure Investments. Akani Leisure Investments Hotel Management has a current balance outstanding at year-end to Akani Egoli Management, a subsidiary of Gold Reef.

Akani Leisure Silverstar Holdings owns 50% of Silverstar Casino. The company has shared directors with Silverstar.

Akani Leisure Msunduzi Investments owned 50% of Akani Msunduzi. An amount is owed by Akani Leisure Msunduzi Investments to Akani Msunduzi Management, a subsidiary of Gold Reef, for expenses paid by Akani Msunduzi Management on behalf of Akani Leisure Msunduzi Investments.

CASA is an association not for gain whose members and contributors are casino operators in South Africa. The association was formed in order to align all licence holders' interests into one association. All members, including group companies, contribute a monthly fee.

Casinos Austria is a 27,3% shareholder of Gold Reef. Casinos Austria previously earned a royalty based on gross gaming revenue. This transaction was carried out on commercial terms and conditions and has been approved by the board. On 31 December 2005 Gold Reef repurchased Casinos Austria's share in all future royalties.

Club Mykonos Resorts Managers (Pty) Limited is affiliated to Club Mykonos Langebaan Limited which is a shareholder in West Coast Leisure. Club Mykonos Resorts Managers (Pty) Limited supplies services to West Coast Leisure. The fees payable by West Coast Leisure were carried out on commercial terms and conditions and were approved by the board.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

29. RELATED PARTY TRANSACTIONS (continued)

Richard Moloko Consortium (Pty) Limited is a BEE company holding an interest in Akani Leisure Investments. Gold Reef advanced monies to Richard Moloko Consortium (Pty) Limited in order for it to purchase its investment. The transaction was carried out on commercial terms and conditions and was approved by the board. The loan was repaid during the current year.

Newshelf 698 (Pty) Limited is a company holding an interest in Akani Leisure Investments. Effective 1 January 2006 Gold Reef disposed of its entire shareholding in Newshelf 698 (Pty) Limited to Eglin Investments No 30 (Pty) Limited as part of the ALI transaction. The transaction was carried out on commercial terms and conditions and was approved by the board.

Newshelf 786 (Pty) Limited is a BEE company holding an interest in Akani Leisure Investments. Gold Reef advanced monies to Newshelf 786 (Pty) Limited in order for it to purchase its investment. The transaction was carried out on commercial terms and conditions and was approved by the board. The loan was repaid during the current year.

Reygrande Investment Holdings (Pty) Limited performs administration functions for West Coast Leisure. The administration fees payable by West Coast Leisure are carried out on commercial terms and have been approved by the board.

Satara Trading (Pty) Limited is a BEE company that purchased a 30% interest in the management contract of Goldfields Casino from Gold Reef during 2005. This transaction was carried out on commercial terms and conditions and was approved by the board.

Silverstar is the successful applicant for the license in the West Rand region of Gauteng. In 2004 and 2005 Gold Reef lent Silverstar monies in order for Silverstar to acquire land and for other pre-opening expenses. Effective 14 July 2006 the company is regarded as a joint venture.

The Olwazini Discovery Centre is a Section 21 company which operates the science museum adjacent to Golden Horse Casino. The Olwazini Discovery Centre was developed by Akani Msunduzi as one of its casino licence conditions. Akani Msunduzi Management contributes a fixed monthly fee to fund the operational expenses of the museum.

The South African Apartheid Museum is a Section 21 company which operates the museum adjacent to the Theme Park. The South African Apartheid Museum was developed by Akani Egoli as one of its casino licence conditions. Akani Egoli contributes a fixed monthly fee to fund the operational expenses of the museum.

30. BUSINESS COMBINATIONS

2007 Combinations

Effective 1 July 2007 the Group implemented the share exchange and top-up transaction. As disclosed in the relevant circular to shareholders, various new Group subsidiaries were acquired for a combination of cash and equity. In addition, holdings in existing subsidiaries were increased. The effective holding in Silverstar Casino was increased from 50% to 100% and Silverstar Casino is thus consolidated as a subsidiary and no longer proportionately consolidated.

A brief summary of the transaction is included below:

- Gold Reef acquired the remaining 50,02% interest in Akani Leisure Investments for approximately R384,8 million.
- The price was settled with the issue of 16 881 426 Gold Reef shares and R64,1 million in cash.
- Gold Reef acquired a 100% interest in Akani Leisure Silverstar Holdings for approximately R519,2 million.
- The price was settled with the issue of 27 323 575 Gold Reef shares.
- Gold Reef acquired a 100% interest in Akani Leisure Casinos for approximately R30,7 million.
- The price was settled with the issue of 1 570 361 Gold Reef shares and R0,9 million in cash.
- Gold Reef acquired a 100% interest in Akani Leisure Msunduzi Investments for approximately R105,8 million.
- The price was settled with the issue of 5 122 112 Gold Reef shares and R8,4 million in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

30. BUSINESS COMBINATIONS (continued)

- Gold Reef acquired a 100% interest in Akani Leisure Goldfields Investments for approximately R29,1 million.
- The price was settled with the issue of 1 358 174 Gold Reef shares and R3,3 million in cash.
- Gold Reef acquired an additional 10% interest in West Coast Leisure for approximately R42,8 million.
- The price was settled with the issue of 2 250 764 Gold Reef shares.
- Gold Reef acquired the remaining 30% interest in the Goldfields Casino management contract for approximately R13,3 million. The price was settled with the issue of 700 000 Gold Reef shares.
- To increase Gold Reef's BEE shareholding above 25,1% a further 14 million shares were issued to BEE participants at R20,50 per share.

	R'000
Purchase consideration for share exchange and top up transaction paid in shares	1 335 922
Purchase consideration adjustment due to IFRS 2	340 257
Fair value effect of transaction on group balance sheet (see below)	(916 971)
Bid costs capitalised	(52)
Goodwill	759 156

Goodwill relates primarily to the Silverstar Casino licence and associated benefits such as brandnames, specialised workforce skills and non-contractual customer relationships. These items are not considered to be separately identifiable and are therefore not recognised as individual intangible assets.

The additional assets and liabilities arising from the transaction are as follows:

Property, plant and equipment *	49 913
Receivables and prepayments	9
Derivative financial instruments	13 701
Cash and cash equivalents (see below)	248 882
Trade and other payables	(7 057)

The changes in existing balance sheet line items arising from the transaction are as follows:

Investment in and loans to joint venture	(36 280)
Transactions with minorities reserve	542 107
Minority interest	200 371
Available-for-sale financial assets	(94 675)

Fair value effect of transaction on Group balance sheet	916 971
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* All assets were carried at fair value in the financial statements of Silverstar Casino on acquisition other than land which was carried at book value and subsequently revalued by R14,6 million.

Portion of ordinary shares issued for cash as part of the share exchange and top-up transaction	287 000
Additional purchase consideration for Silverstar Casino settled in cash	(6 756)
Cash and cash equivalents in Silverstar Casino not previously consolidated	(31 362)
Cash inflow on business combination	248 882

The cash flow on acquisition is disclosed as follows in the cash flow statement:

Non-cash item added back to operating cash flow for IFRS 2 costs recognised in the income statement	100 790
Cash inflow generated by financing activities	287 000
Cash outflow utilised in investing activities	(138 908)

Cash inflow on business combination	248 882
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Had this transaction taken place at the beginning of 2007 the only impact on the Group's results would have been the movement in the interest rate hedge at Silverstar Casino which was the only entity not consolidated in the prior year.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

30. BUSINESS COMBINATIONS (continued)

2006 Combinations

Effective 1 January 2006 the Group acquired 100% of the share capital of Inkonka. This increased the effective holding in Garden Route Casino from 42,5% to 85%. Inkonka had no other material assets or liabilities. Garden Route Casino is thus consolidated as a subsidiary and no longer proportionately consolidated.

Effective 1 January 2006 the Group acquired an additional 6,03% of the share capital of West Coast Leisure. As the entity was already a subsidiary, other reserves are used to account for the transaction with minority shareholders in terms of the economic entity model, whereby the excess of the cost of the transactions over the Group's interest in previously recognised assets and liabilities is allocated to the "transactions with minorities reserve" in equity.

Effective 1 January 2006 the Group restructured the effective shareholding in Akani Egoli by means of the ALI transaction. This decreased the effective holding in Akani Egoli from 83,94% to 74,99%. A transfer was made from retained earnings to minority interest to reflect this transaction.

Effective 1 March 2006 the Group acquired 100% of the share capital of Tanglepark. This increased the effective holding in Goldfields Casino from 14,67% to 88%. Tanglepark had no other material assets or liabilities. Goldfields Casino is thus consolidated as a subsidiary and no longer equity accounted. Effective 14 July 2006 the Group acquired 50% of the share capital of Silverstar Casino. Silverstar Casino was thus proportionately consolidated from this date.

	Inkonka R'000	Tanglepark R'000	Silverstar Casino R'000	Total R'000
Cash purchase consideration:	156 495	128 596	78 978	364 069
Fair value of net assets acquired (see below)	(35 783)	(19 466)	20 198	(35 051)
Goodwill	120 712	109 130	99 176	329 018

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

30. BUSINESS COMBINATIONS (continued)

The additional assets and liabilities arising from the acquisitions are as follows:

	Inkonka R'000	Tanglepark R'000	Silverstar Casino R'000	Total R'000
Property, plant and equipment at book value	46 263	26 106	7 079	79 448
Property, plant and equipment fair value adjustment	75 732	–	13 912	89 644
Property, plant and equipment intra-group interest to be capitalised	–	–	696	696
Intangible assets *	6 804	6 358	49	13 211
Inventories	386	705	–	1 091
Receivables and pre-payments	963	1 223	–	2 186
Cash and cash equivalents	5 992	11 590	4	17 586
Interest-bearing borrowings	(7)	–	–	(7)
Deferred tax (liabilities)/assets	(11 007)	3 557	(2 820)	(10 270)
Trade and other payables	(4 922)	(2 452)	(28 284)	(35 658)
Provisions	(4 473)	(4 736)	–	(9 209)
Tax liabilities	(6 961)	(11 957)	–	(18 918)
Amounts owing to related parties	(32 352)	(3 019)	(10 834)	(46 205)
Net assets	76 418	27 375	(20 198)	83 595
Minority interest	(13 116)	(3 213)	–	(16 329)
Fair value adjustment attributable to existing holding in other reserves	(27 519)	–	–	(27 519)
Entity earnings previously included as investment in associate	–	(4 696)	–	(4 696)
Net assets acquired	35 783	19 466	(20 198)	35 051
Purchase consideration settled in cash	156 495	128 596	78 978	364 069
Property, plant and equipment intra-group interest to be capitalised	–	–	(696)	(696)
Cash and cash equivalents in entity acquired	(5 992)	(11 590)	(4)	(17 586)
Cash outflow on acquisition	150 503	117 006	78 278	345 787

* The Silverstar Casino Group had recognised R49 000 of goodwill prior to the acquisition by Gold Reef.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

31. SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER INVESTMENTS

	EFFECTIVE HOLDING (ECONOMIC INTEREST)		
	2008	2007	2006
Subsidiaries	%	%	%
Akani Egoli	100,00	100,00	74,99
Akani Leisure Investments >	100,00	100,00	49,98
Akani Msunduzi	100,00	100,00	85,00
West Coast Leisure	70,36	70,36	60,36
Gold Reef Management	100,00	100,00	100,00
Akani Egoli Management	100,00	100,00	62,50
Akani Msunduzi Management	100,00	100,00	62,50
Aldiss Investments	100,00	100,00	100,00
Garden Route Casino	85,00	85,00	85,00
Inkonka Investments >	100,00	100,00	100,00
Goldfields Casino	100,00	100,00	88,00
TanglePark Trading >	100,00	100,00	100,00
SilverStar Casino	100,00	100,00	50,00
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	-
Richard Moloko Consortium	100,00	100,00	-
Richard Moloko Consortium Holdings	100,00	100,00	-
Newshelf 786 **	100,00	100,00	-
Akani Leisure Silverstar Holdings >	100,00	100,00	-
Mogale Silverstar Holdings	100,00	100,00	-

	EFFECTIVE HOLDING (ECONOMIC INTEREST)		
	2008	2007	2006
Joint ventures	%	%	%
Silverstar Casino	-	-	50,00

	EFFECTIVE HOLDING (ECONOMIC INTEREST)		
	2008	2007	2006
Associates	%	%	%
Queens Casino	25,10	25,10	-

	EFFECTIVE HOLDING (ECONOMIC INTEREST)		
	2008	2007	2006
Investments	%	%	%
Akani Leisure Msunduzi Investments **	-	-	100,00
Akani Leisure Goldfields Investments **	-	-	100,00
Sekunjalo Health Care Limited	0,50	0,50	0,50

** These shareholdings comprised preference shares only until 1 July 2007 when the entire ordinary share capital of the company was purchased and the preference shares redeemed.

> These companies are in the process of being liquidated.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

32. CONTINGENCIES, COMMITMENTS AND GUARANTEES

At 31 December 2008 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.

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
The details are as follows:			
Guarantees	1 689 356	1 725 174	551 226
Litigation	7 500	2 500	500
Capital approved/committed	74 152	413 437	72 975
	1 771 008	2 141 111	624 701

2008 Contingencies

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 (2007: R33 544 000) for gambling board taxes and working capital.

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 (2007: R5 260 000) for gambling board taxes and working capital. ABSA has also issued a guarantee to the Pietermaritzburg Municipal Council for R708 000 (2007: R470 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 (2007: 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 (2007: R250 000) for gambling board taxes and working capital. In terms of the license conditions for the casino operator licence, issued by the Western Cape Gambling and Racing Board, West Coast Leisure shall lodge an unconditional, irrevocable financial guarantee from a recognised banking or other financial institution in the sum of R1 500 000 with the West Coast District Council 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. Such guarantee shall be furnished at the time that advertisements for tender in respect of such construction contract are published.

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 (2007: R18 300 000) for gambling board taxes and working capital. During 2007 Silverstar Casino entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank guaranteed an agreed capital amount not exceeding R179 000 000 for the completion of the construction of the proposals contained in the company's bid application. The guarantee remained in place at full face value until 50% of the development costs had been expended and thereafter reduced and converted into a building bond on a Rand-for-Rand basis as the remaining 50% development costs were expended. The guarantee converted to a building bond during the year and has subsequently been released in full. Silverstar Casino also provided a guarantee to Aveng (Africa) Limited for R150 000 000 in terms of the construction contract concluded. As at 31 December 2008 this guarantee had been released in full. Silverstar Casino has also provided a guarantee to Mogale City Municipal Council for R650 000.

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 R400 000 (2007: R250 000) for gambling board taxes and working capital.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

32. CONTINGENCIES, COMMITMENTS AND GUARANTEES (continued)

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%, 50%, 50%, 70,33% and 35,72% of their exposure, respectively. The contingent liability under these sureties in aggregate amounted to R943 591 000 (2007: R821 050 000).

Akani Leisure Msunduzi Investments has bound itself as surety for Akani Msunduzi to their bankers for 50% of their exposure. The contingent liability under this surety amounted to R24 436 000 (2007: R29 606 000).

Akani Leisure Investments and Akani Leisure Silverstar Holdings have jointly bound themselves as surety for Silverstar Casino to their bankers for 50% of their exposure. The contingent liability under this surety amounted to R653 848 000 (2007: R486 445 000).

Litigation comprises a general contingency for litigation and related costs throughout all Group companies.

2007 contingencies

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 R33 544 000 (2006: R33 544 000) for gambling board taxes and working capital.

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 (2006: R4 325 000) for gambling board taxes and working capital. ABSA has also issued a guarantee to the Pietermaritzburg Municipal Council for R470 000 (2006: R470 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 (2006: 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 (2006: R250 000) for gambling board taxes and working capital. In terms of the licence conditions for the casino operator licence, issued by the Western Cape Gambling and Racing Board, West Coast Leisure shall lodge an unconditional, irrevocable financial guarantee from a recognised banking or other financial institution in the sum of R1 500 000 with the West Coast District Council (WCDC) 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. Such guarantee shall be furnished at the time that advertisements for tender in respect of such construction contract are published.

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 R179 000 000 for the completion of the construction of the proposals contained in the company's bid application. The guarantee remains in place at full face value until 50% of the development costs have been expended and thereafter reduces and converts into a building bond on a Rand-for-Rand basis as the remaining 50% development costs are expended. At 31 December 2007 R179 000 000 was outstanding under the guarantee. 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 R18 300 000 for gambling board taxes and working capital. Silverstar Casino has provided a payment guarantee to Aveng (Africa) Limited for R150 000 000 in terms of its construction contract.

The company has bound itself as surety for Akani Egoli, Silverstar Casino, Akani Msunduzi and West Coast Leisure to their bankers for 100%, 100%, 100% and 70,33% of their exposure, respectively. The contingent liability under these sureties in aggregate amounted to R1 337 100 000 (2006: R381 340 000).

Litigation comprises a general contingency for litigation and related costs throughout all Group companies.

Capital approved includes amounts approved by the boards of directors of underlying subsidiaries but that had not been contracted for at year-end. R306,9 million of the capital committed had been contracted for at year-end. This relates to ongoing construction contracts at Gold Reef City and Silverstar Casino.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

32. CONTINGENCIES, COMMITMENTS AND GUARANTEES (continued)

2006 contingencies

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 R33 544 000 (2005: R30 472 000) for gambling board taxes and working capital.

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 R4 325 000 (2005: R4 150 000) for gambling board taxes and working capital. ABSA has also issued a guarantee to the Pietermaritzburg Municipal Council for R470 000 (2005: R349 500) 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 (2005: 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 (2005: R250 000) for gambling board taxes and working capital. In terms of the licence conditions for the casino operator licence, issued by the Western Cape Gambling and Racing Board, West Coast Leisure shall lodge an unconditional, irrevocable financial guarantee from a recognised banking or other financial institution in the sum of R1 500 000 with the West Coast District Council (WCDC) 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. Such guarantee shall be furnished at the time that advertisements for tender in respect of such construction contract are published.

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 R179 000 000 for the completion of the construction of the proposals contained in the company's bid application. The guarantee remains in place at full face value until 50% of the development costs have been expended and thereafter reduces and converts into a building bond on a Rand-for-Rand basis as the remaining 50% development costs are expended.

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 R18 300 000 for gambling board taxes and working capital.

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 R250 000 (2005: R250 000) for gambling board taxes and working capital.

The company has bound itself as surety for Akani Egoli, Silverstar Casino, Akani Msunduzi and West Coast Leisure to their bankers for 100%, 50%, 50% and 53,33% of their exposure, respectively. The contingent liability under these sureties in aggregate amounted to R381 340 000 (2005: R 50 000 000). Akani Leisure Investments has bound itself as surety, jointly and severally with Akani Leisure Silverstar Holdings, to the bankers of Silverstar for the remaining 50% exposure.

Litigation comprises a general contingency for litigation and related costs throughout all Group companies. R65,1 million of the capital commitments had been contracted for at year-end.

Operating lease commitments

	2008 R'000	2007 R'000	2006 R'000
The future minimum lease commitments under Non-cancellable operating leases are as follows:			
Not later than 1 year	7 855	3 935	3 650
Later than 1 year but not later than 5 years	11 074	9 353	8 645
Later than 5 years	4 396	8 630	10 110
	23 325	21 918	22 405

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2008, 2007 and 2006 (continued)

R'000	Audited year ended 31 December 2008	Audited year ended 31 December 2007	Audited year ended 31 December 2006
33. DIRECTORS' EMOLUMENTS			
Executive directors			
Basic remuneration	6 770	5 187	3 895
Retirement and medical contributions	1 167	663	449
Performance incentives	3 175	6 550	4 344
Gain on vested share options exercised	2 112*	–	–
Other benefits	20	140	106
	13 244	12 540	8 794
Non-executive directors			
Directors' fees	2 118	1 786	1 021
Other services	1 788	1 393	237
Other benefits	44	12 120	–
	3 950	15 299	1 258
Total directors' emoluments	17 194	27 839	10 052
Emoluments paid by the company	4 178	13 975	923
Emoluments paid by subsidiaries	13 016	13 864	9 129
	17 194	27 839	10 052

* Of this R2 112 400, R1 995 667 relates to gains on share options which have been exercised and have vested but remain unsold. Consequently, these directors will only receive the economic benefits once the shares are sold on the open market. A detailed breakdown of individual directors' emoluments is shown within the annual report Share-based payment charges for the year relating to awards to directors amounted to R4,1 million (2007: R6,5 million).

EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF GOLD REEF AND ITS MAJOR SUBSIDIARIES AND TSOGO AND ITS MAJOR SUBSIDIARIES

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF GOLD REEF

12. BORROWING POWERS

- 12.1** The Board may exercise all the powers of the company to borrow money and to mortgage or encumber its undertaking and property or any part thereof and to issue debentures or debenture stock (whether secured or unsecured) and other securities (with such special privileges, if any, as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise as may be sanctioned by a general meeting) whether outright or as security for any debt, liability or obligation of the company or of any third party.
- 12.2** For the purpose of the provisions of Article 12.1 the borrowing powers of the company shall be unlimited.

13. BOARD OF DIRECTORS

- 13.1** Until otherwise determined by a meeting of members, the number of directors shall not be less than 4 (four) nor more than 15 (fifteen).
- 13.2** The Board shall have power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy or as an addition to the board, but so that the total number of the directors shall not at any time exceed the maximum number fixed. Subject to the provisions of Article 16.2, any person appointed to fill a casual vacancy or as an addition to the board shall retain office only until the next following annual meeting of the company and shall then retire and be eligible for re-election.
- 13.3** The appointment of a director shall take effect upon compliance with the requirements of the Statutes.
- 13.4** The share holding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.
- 13.5** The directors' fees shall from time to time be approved by the company in general meeting.
- 13.6** The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the Board or of committees thereof, and if any director shall be required to perform extra services or to go or to reside abroad or otherwise shall be specially occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the Board which may be either in addition to or in substitution for the remuneration provided for in Article 13.5.
- 13.7** The continuing directors may act, notwithstanding any casual vacancy in their body, so long as there remain in office not less than the prescribed minimum number of directors duly qualified to act; but if the number falls below the prescribed minimum, the remaining directors shall not act except for the purpose of filling such vacancy or calling general meetings of shareholders.
- 13.8** A director shall cease to hold office as such:
- 13.8.1** if he becomes insolvent, or assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors; or

- 13.8.2** if he becomes of unsound mind; or
- 13.8.3** if (unless he is not required to hold a share qualification) he has not duly qualified himself within 2 (two) months of his appointment or if he ceases to hold the required number of shares to qualify him for office; or
- 13.8.4** if he is absent from meetings of the Board for 6 (six) consecutive months without leave of the Board and is not represented at any such meetings during such 6 (six) consecutive months by an alternate director and the Board resolves that the office be vacated, provided that the Board shall have power to grant any director leave of absence for any or an indefinite period; or
- 13.8.5** if he is removed under Article 13.15; or
- 13.8.6** if he is given notice, signed by members holding in the aggregate more than 50% (fifty per cent) of the total voting rights on a poll of all members then entitled to vote on a poll at a general meeting, of the termination of his appointment; or
- 13.8.7** 1 (one) month or, with the permission of the Board earlier, after he has given notice in writing of his intention to resign; or
- 13.8.8** if he shall be disqualified or cease to hold office or be prohibited from acting as director.
- 13.9** The company and the directors shall comply with the provisions of the Statutes with regard to the disclosure of the interests of directors in contracts or proposed contracts; subject thereto no director or intending director shall be disqualified by his office from contracting with the company, either with regard to such office or as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the company, in which any director shall be in any way interested, be or be liable to be avoided, nor shall any directors so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.
- 13.10** A director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat any other director is appointed to hold any office or place of profit under the company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement, notwithstanding that at such meeting his own appointment or an arrangement in connection therewith is a matter before the Board.
- 13.11** Any general notice given to the Board of the company by a director to the effect that he is a member of a specified company or firm shall comply with the provisions of the Statutes.
- 13.12** For the purpose of this Article an alternate director shall not be deemed to be interested in any contract or arrangement merely because the director for whom he is an alternate is so interested.
- 13.13** Nothing in this Article contained shall be construed so as to prevent any director as a member from taking part in and voting upon all questions submitted to a general meeting whether or not such director shall be personally interested or concerned in such questions.
- 13.14** A director may be employed by or hold any office of profit under the company or under any subsidiary company in conjunction with the office of director, other than that of auditor of the company or of any subsidiary company, and upon such terms as to appointment, remuneration and otherwise as the Board may determine, and any remuneration so paid may be in addition to the remuneration payable in terms of Article 13.6: Provided that the appointment of a director in any other capacity in the company and his remuneration must be determined by a disinterested quorum of directors.
- 13.15** The company may by ordinary resolution remove any director before the expiration of his period of office and by an ordinary resolution elect another person in his stead. The person so elected shall hold office until the next following annual meeting of the company and shall then retire and be eligible for re-election.
- 13.16** The company may by ordinary resolution in general meeting from time to time increase (or reduce, but not below 4 (four)) the number of directors and may also determine in what manner or rotation such increased (or reduced) number is to go out of office. Whenever such increase is made the members at the said meeting or failing them the Board may fill the new seats so created.

15. ROTATION OF DIRECTORS

- 15.1** At the annual meeting held in each year 1/3 (one-third) of the directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one-third) shall retire from office, provided that in determining the number of directors to retire no account shall be taken of any director who by reason of the provisions of Article 16.2 is not subject to retirement. The directors so to retire at each annual meeting shall be firstly those retiring in terms of Article 13.2 and secondly those referred to in terms of Article 13.15 and lastly those who have been longest in office since their last election or appointment. As between directors of equal seniority, the directors to retire shall, in the absence of agreement, be selected from among them by lot: Provided that, notwithstanding anything herein contained, if, at the date of any annual meeting any director will have held office for a period of 3 (three) years since his last election or appointment he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the meeting at which he retires. The length of time a director has been in office shall, save in respect of directors appointed or elected in terms of the provisions of Articles 13.2 and 13.15, be computed from the date of his last election or appointment.
- 15.2** Retiring directors shall be eligible for re-election. No person other than a director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of director at any general meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the meeting, there shall have been given to the secretary notice in writing by some member duly qualified to be present and vote at the meeting for which such notice is given of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
- 15.3** Subject to Article 15.2 the company in general meeting may fill the vacated offices by electing a like number of persons to be directors and may fill any other vacancies. In electing directors the provisions of the Statutes shall be complied with.
- 15.4** If at any general meeting at which an election of directors ought to take place, the place of any retiring director is not filled, he shall if willing continue in office until the dissolution of the annual general meeting in the next year, and so on from year to year until his place is filled, unless it shall be determined at such meeting not to fill such vacancy.

16. MANAGING DIRECTORS

- 16.1** The Board may from time to time appoint one or more of their number to be managing director or joint managing directors of the company or to be the holder of any other executive office in the company, including for the purposes of these Articles the office of chairperson and may, subject to any contract between him or them and the company, from time to time terminate his or their appointment and appoint another or others in his or their place or places.
- 16.2** A managing director or an executive director may be appointed by contract for a maximum period of 5 (five) years at any one time and he shall be subject to retirement by rotation and be taken into account in determining the rotation of retirement of directors, except during the period of any such contract, provided always that the number of executive directors (including the managing director) so appointed shall at all times be less than $\frac{1}{2}$ (one-half) of the number of directors in office. The managing director or executive directors shall be eligible for re-appointment at the expiry of any period of appointment. Subject to the terms of his contract, he shall be subject to the same provisions as to removal as the other directors and if he ceases to hold the office of director from any cause he shall *ipso facto* cease to be a managing director or executive director, as the case may be.
- 16.3** A director appointed in terms of the provisions of Article 16.1 to the office of managing director of the company, or to any other executive office in the company, may be paid in addition to the remuneration payable in terms of Article 13.5 or 13.6, such remuneration – not exceeding a reasonable maximum in each year – in respect of such office as may be determined by a disinterested quorum of the Board.

- 16.4** The Board may from time to time entrust and confer upon a managing director or other executive officer for the time being such of the powers and authorities vested in them as they think fit, and may confer such powers and authorities for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such powers and authorities either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers and authorities of the Board in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers and authorities. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the Board and after powers have been conferred upon him by the Board in terms hereof he shall be deemed to derive such powers directly from this Article.

17. PROCEEDINGS OF DIRECTORS

- 17.1** The Board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit, and may determine the quorum necessary for the transaction of business. The quorum for a meeting of the Board shall be 5 (five). A director may at any time and the secretary upon the request of a director shall convene a meeting of the Board. The Board may determine what period of notice shall be given of meetings of the Board and may determine the medium of giving such notice which may include telephone, telegram, telex or telefax, provided that at least 7 (seven) days' notice is given.
- 17.2** Questions arising at any meeting shall be decided by a majority of votes and in the case of an equality of votes, the chairperson shall not have a second or casting vote.
- 17.3** The Board may elect a chairperson of their meetings and one or more deputy chairmen to preside in the absence of the chairperson, and may determine a period, not exceeding 1 (one) year, for which they are to hold office, but if no such chairperson or deputy chairperson is elected or if at any meeting neither the chairperson nor a deputy chairperson is present at the time appointed for holding the same, the Board shall choose 1 (one) of their number to be chairperson of such meeting.
- 17.4** A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the regulations of the company for the time being vested in or exercisable by the directors generally.
- 17.5** A resolution in writing, including through the medium of telefax, signed by the sole director or by a majority of the members of the Board, being not less than are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted: Provided that where a director is not present in the Republic, but has an alternate who is, the resolution must be signed by that alternate.
- 17.6** In the case of matters requiring urgent resolution or, if for any reason it is impracticable to meet or pass a resolution as contemplated in Article 17.1, proceedings may be conducted by utilising video conference and/or conference telephone facilities, provided that the required quorum is met. A resolution agreed to by a majority of the Board participating during the course of such proceedings shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted. The secretary of the company shall as soon as is reasonably possible after such meeting by telephone has been held, be notified thereof by the relevant parties to the meeting, and the secretary shall prepare a written minute thereof.
- 17.7** Any resolution referred to in Article 17.5 may consist of several documents, each signed by one or more directors or their alternates in terms of these Articles.
- 17.8** Any resolution referred to in Article 17.5 shall be deemed (unless the contrary is stated therein) to have been passed on the date upon which it was signed by the last director or alternate required to sign it and where it states a date as being the date of its signature by any director or alternate that document shall be prima facie evidence that it was signed by that director or alternate on that date.

18. COMMITTEES

- 18.1** The Board may delegate or allocate any of their powers to an executive or other committee consisting of such member or members of their body or any other person or persons as they think fit. Any committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board.
- 18.2** Any director who serves on an executive or other committee, or who devotes special attention to the business of the company, or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration (in addition to the remuneration he may be entitled to as a director) by way of salary and/or by way of an amount equal to a percentage of the dividends declared, provided that such amount shall be limited to a reasonable maximum to be fixed by a disinterested quorum of the Board.
- 18.3** The meetings and proceedings of any such committee consisting of 2 (two) or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board under Article 18.
- 18.4** All acts done at any meeting of the Board or of any executive or other committee of the Board, or by any person acting as a director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Board or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not qualified to vote be as valid as if every such person had been duly appointed and was qualified to be and to act and vote as a director.

19. ALTERNATE DIRECTORS

- 19.1** Any director shall have the power to nominate another person approved by the board to act as alternate director in his place during his absence or inability to act as such director, and on such appointment being made, the alternate director shall, in all respects, be subject to the terms and conditions existing with reference to the other directors of the company. A person may be appointed as alternate to more than one director. Where a person is alternate to more than one director or where an alternate director is a director, he shall have a separate vote, on behalf of each director he is representing in addition to his own vote, if any.
- 19.2** The alternate directors, whilst acting in the place of the members of the Board who appointed them, shall exercise and discharge all the duties and functions of the Board they represent. The appointment of an alternate director shall cease on the happening of any event which, if he were a director, would cause him to cease to hold office in terms of these Articles or if the director who appointed him ceases to be a director, or gives notice to the secretary of the company that the alternate director representing him shall have ceased to do so. An alternate director shall look to the director who appointed him for his remuneration.

20. POWERS OF DIRECTORS

- 20.1** The management of the company shall be vested in the Board which, in addition to the powers and authorities by these Articles expressly conferred upon them, may exercise all such powers, and do all such acts and things, as may be exercised or done by the company and are not hereby or by the Statutes expressly directed or required to be exercised or done by the company in general meeting (including without derogating from the generality of the foregoing or from the rights of the members, the power to resolve that the company be wound up), but subject nevertheless to such management and control not being inconsistent with these Articles or with any resolution passed at any general meeting of the members in accordance therewith; but no resolution passed by the company in general meeting shall invalidate any prior act of the Board which would have been valid if such resolution had not been passed. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

- 20.2** It is hereby declared pursuant to the provisions of the Statutes that although the Board shall have power to enter into a provisional contract for the sale or alienation of the undertaking of the company, or the whole or the greater part of the assets of the company, such provisional contract shall become binding on the company only in the event of the specific transaction proposed by the Board being approved by a resolution passed by the company in general meeting.
- 20.3** The Board shall have power to delegate to any person or persons any of their powers and discretions and to give to any such person or persons power of sub-delegation.
- 20.4** Without in any way limiting or restricting the general powers of the Board to grant pensions, allowances, gratuities and bonuses to officers or ex-officers, employees or ex-employees of the company or the dependants of such persons, it is hereby expressly declared that the Board, after consulting the remuneration committee, may from time to time without any further sanction or consent of the company in general meeting grant pensions, gratuities or other allowances to any person or to the widow or dependants of any deceased person in respect of services rendered by him to the company as managing director, executive director, general manager or manager, or in any other office or employment under the company, notwithstanding that he may continue to be or be elected a director or may have been a director of the company, of such amounts, for such period, whether for life or for a definite period or for a period terminable on the happening of any contingency or event, and generally upon such terms and conditions as the Board in its discretion may from time to time think fit. For the purpose of this Article, the expression "executive director" shall mean a director appointed to an executive office in the company and receiving in addition to his fees as a director salary or remuneration for additional services whether under a service agreement or otherwise. The Board may authorise the payment of such donations by the company to such religious, charitable, public or other bodies, clubs, funds or associations or persons as may seem to them advisable or desirable in the interests of the company.

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF AKANI EGOLI

12. DIRECTORS

- 12.1** Until otherwise determined by a meeting of members, the number of directors shall be not less than 2 (two).
- 12.2** The company may from time to time at any meeting of members increase or reduce the number of directors.
- 12.3** Unless otherwise decided by a meeting of members any vacancy occurring in the board of directors may be filled by the directors but any appointment so made shall be subject to confirmation at the next annual general meeting of the company.
- 12.4** The company at a meeting of members or the directors shall have power at any time, and from time to time, to appoint any person as a director but so that the total number of directors shall not at any time exceed the maximum number which may be fixed by or in terms of these articles. Any appointment so made shall, however, be subject to confirmation at the next annual general meeting of the company.

13. QUALIFICATION OF DIRECTORS

The shareholding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.

14. REMUNERATION OF DIRECTORS

- 14.1** The remuneration of the directors shall from time to time be determined by the company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in or about the performance

of their duties as directors including those of attending and travelling to and from meetings of the directors or any committee of the directors or at any meeting of members of the company.

- 14.2** The directors may pay any director who serves on any committee or who devotes special attention to the business of the company, or otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, such extra remuneration by way of salary, commission, percentage of profits or by any or all of these modes or otherwise as they may determine, provided that such remuneration is determined by a disinterested quorum (except in the case of a wholly owned subsidiary company) of directors.

15. ALTERNATE AND ASSOCIATE DIRECTORS

- 15.1** Any director shall have the power to nominate another person to act as alternate director in his place during his absence or inability to act as such director, and on such appointment being made, the alternate director shall, in all respects, be subject to the terms and conditions existing with reference to the other directors of the company. A person may be appointed as alternate to more than 1 (one) director. Where a person is alternate to more than 1 (one) director or where an alternate director is a director, he shall have a separate vote, on behalf of each director he is representing in addition to his own vote, if any.
- 15.2** The alternate directors, whilst acting in the place of the directors who appointed them, shall exercise and discharge all the duties and functions of the directors they represent. The appointment of an alternate directors shall cease on the happening of any event which, if he were a director would cause him to cease to hold office in terms of these articles or if the director who appointed him ceases to be a director, or gives notice to the secretary of the company that the alternate director representing him shall have ceased to do so. An alternate director shall look to the director who appointed him for his remuneration.
- 15.3** The directors may from time to time appoint any person to be an associate director and may from time to time cancel any such appointment. The directors may fix, determine and vary the powers, duties and remuneration of any person so appointed but a person so appointed shall not be required to hold any shares to qualify him for appointment or have any right to attend or vote at any meeting of directors except by the invitation and with the consent of all the directors.

16. BORROWING POWERS OF DIRECTORS

- 16.1** The directors may in their discretion, from time to time, raise or borrow from the members or other persons any sums of money for the purposes of the company subject to such limitations as may be imposed from time to time by its holding company.
- 16.2** The directors may secure the payment or repayment of any sums of money borrowed or raised in terms of article 16.1 or the payment of any debt, liability or obligation whatsoever of the company or of a third party, in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the execution of bonds or the issue of debentures or debenture stock of the company charged upon all or any part of the property and rights of the company, both present and future, including its uncalled capital.

17. GENERAL POWERS AND DUTIES OF DIRECTORS

- 17.1** The business of the company shall be managed by the directors who may pay all expenses incurred in setting up and registering the company, and may exercise all such powers of the company as are not by the statutes or by these articles required to be exercised by the company at any meeting of members, subject nevertheless to the provisions of these articles and of the statutes and to such regulations being not inconsistent with these articles or the statutes, as may be prescribed by the company at any such meeting; but no regulation made by the company at such meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

- 17.2** The directors may from time to time appoint 1 (one) or more of their body to the office of managing director or manager for such period and at such remuneration (whether by way of salary or commission, or participation in profits or partly in one way and partly in another) and generally on such terms as they may think fit, provided that notwithstanding anything to the contrary in these articles, the remuneration of any such managing director may be determined only at a meeting at which there is a disinterested quorum (except in the case of a wholly-owned subsidiary company) and provided further that the maximum period for which a managing director may be appointed by contract shall be 5 (five) years at anyone time. It may be made a term of his appointment that he be paid a pension, gratuity or other benefit on his retirement from office. The appointment of a managing director or manager shall determine *ipso facto* if he shall cease for any reason to be a director, or if the company at any meeting of members shall resolve that his tenure of the office of managing director or manager be determined.
- 17.3** The directors may from time to time entrust to and confer upon a managing director or manager for the time being such of the powers vested in them as they may think fit, and may confer such powers for such time and to be exercised for such objects and upon such terms and with such restrictions as they may think expedient; and they may confer such powers either collaterally or to the exclusion of, and in substitution for, all or any of the powers of the directors, and may from time to time revoke or vary all or any of such powers. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the directors and after powers have been conferred upon him by the directors in terms hereof he shall be deemed to derive such powers directly from this article.
- 17.4** The directors shall have the power from time to time to delegate or allocate to anyone of their members or to any other person, whether in the Republic or not, such of the powers as are vested in the directors pursuant to the statutes or under these articles, as they may deem fit.
- 17.5** The directors may delegate or allocate any of their powers to committees consisting of such member or members of their body as they think fit, any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the directors. Save as aforesaid, the meetings and proceedings of a committee consisting of more than 1 (one) member shall be governed by the provisions of these articles regulating the meetings and proceedings of directors.
- 17.6** The directors may:
- 17.6.1** establish and maintain any non-contributory or contributory pension, superannuation, provident and benefit funds for the benefit of; and
 - 17.6.2** give pensions, gratuities and allowances to and make payments for or towards the insurance of any persons who are employees or ex-employees (including directors or ex-directors) of the company, or of any company which is or was a subsidiary of the company or is or was in any way allied to or associated with it or any such subsidiary, and the wives, widows, families and dependants of such persons.

18. DISQUALIFICATION AND PRIVILEGES OF DIRECTORS

- 18.1** A director shall cease to hold office as such if:
- 18.1.1** he ceases to be a director by virtue of any of the provisions of the statutes or becomes prohibited from being a director by reason of any order made under the statutes; or
 - 18.1.2** his estate is sequestrated or he files a petition for the surrender of his estate or an application for an administration order, or if he commits an act of insolvency as defined in the insolvency law for the time being in force or if he makes any arrangement or composition with his creditors generally; or
 - 18.1.3** he is found lunatic or becomes of unsound mind; or
 - 18.1.4** he is removed by a resolution of the company as provided in the statutes; or
 - 18.1.5** he resigns his office by notice in writing to the company; or

18.1.6 a notice removing him from office is signed by members having a right to attend and vote at a meeting of members who hold not less than 51% (fifty one per cent) of the total voting rights of all the members who are at that time entitled so to attend and vote and is delivered to the company or lodged at its registered office; or

18.1.7 he is otherwise removed in accordance with any provisions of these articles.

18.2 Subject to the provisions of the statutes, a director of the company may be or become a director of any subsidiary or other company promoted by the company or in which it may be interested as vendor, shareholder or otherwise, or may represent the company in the management of any business or operations or concern in which the company may be interested as partner or otherwise or may be employed by the company in any capacity or may accept a retainer from the company in consideration for which he agrees to give his services to the company in any special capacity when called upon by the company to do so, and no such director shall be accountable to the company for any remuneration or other benefits received by him as a director or member of such company or representative of the company in such management or in any employment or retention of his services by the company. The directors may exercise the voting power conferred by the shares in any such other company held or owned by the company, or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors or other officers of company) and any director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or be about to be, appointed a director or other officer of such company and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

18.3 No director or intending director shall be disqualified by his office from contracting with the company in any manner whatsoever and in particular as:

18.3.1 an underwriter of any shares or securities; or

18.3.2 a guarantor of any liability of the company, or of any company in which the company may be interested, for a commission or profit, nor shall any such contract or arrangement entered into by or on behalf of the company in which any director shall be in any way interested, nor any contract or agreement entered into with any company or partnership of or in which any director shall be a member, director or partner or otherwise interested, be invalidated or voided by any such reason or by reason of the board of directors of the company not constituting an independent quorum, nor shall any director so contracting or being so interested or acquiring any benefit under any contract or arrangement made or entered into by or on behalf of any person, company or partnership in relation to the affairs of the company be liable to account to the company for any profits or benefits realised by or under such contract or arrangement by reason of thereby established. Any director so interested or acquiring any benefit shall disclose the fact of his possessing any interest and full particulars thereof, be it as director or member or otherwise, whether or not it appears on the face of the contract or arrangement, in accordance with the provisions of the statutes.

Subject to the provisions of the statutes, a general notice in writing given to the directors by a director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm, shall be deemed to be a sufficient disclosure in relation to any contract or proposed contract so made or to be made.

18.4 Without detracting from the generality of article 18.3:

18.4.1 a director may hold any other office or place of profit in the company, other than that of auditor, in conjunction with his directorship, and may be appointed thereto upon such terms as to remuneration, tenure of office and otherwise as may be arranged by a disinterested quorum (except in the case of a wholly owned subsidiary company) of directors. A director may, notwithstanding his interest, be counted in the quorum present at any meeting at which he or any other director is so employed or appointed to hold any such office of profit or at which the terms of such appointment are arranged and he may vote on such employment or appointment or arrangement other than his own appointment or employment or the arrangement of the terms thereof;

18.4.2 a director may himself act or any firm of which he is a member may act in a professional capacity for the company, and he or his firm shall be entitled to remuneration for those professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor of the company.

18.5 If any person appointed as a director of the company is interested directly or indirectly in an entity which conducts a competitive activity with the business from time to time of the company, any resolution to be considered by the directors of the company in which such person could have a conflict of interest shall not be dealt with by the board of the company but shall be submitted to the shareholders of the company for consideration.

19. PROCEEDINGS OF DIRECTORS

19.1 A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors.

19.2 The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

19.3 Unless otherwise resolved by the directors, all their meetings shall be held in the city or town where the company's registered office is for the time being situated.

19.4 Questions arising at any meeting of directors shall be decided by a majority of votes.

19.5 In the case of an equality of votes the chairperson shall not have a second or casting vote.

19.6 The directors may determine what period of notice shall be given of meetings of directors and may determine the means of giving such notice which may include telephone, telegram, telex or telefax. It shall not be necessary to give notice of a meeting of directors to any director for the time being absent from the Republic, but notice of any such meeting shall be given to his alternate, if he has appointed one, provided that such alternate is in the Republic.

19.7 A quorum at meetings of directors shall consist of, if the number of directors is one, that director and in all other cases, 2 (two) directors, 1 (one) of whom shall be appointed by the holding company. For the purpose hereof a director who has authorised another director to vote for him at a meeting in terms of article 19.10 shall, if the director so authorised is present at the meeting, be deemed to be present himself and each director whose alternate is present at a meeting (even if the latter is alternate to more than 1 (one) director) shall be deemed to be so present.

19.8 The continuing directors (or sole continuing director) may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as a quorum, the continuing directors or director may act only for the purpose of summoning a general meeting of the company. If there are no directors or director able and willing to act, and no specific provision is made in these articles for the appointment of directors, then any 2 (two) members may summon a general meeting for the purpose of appointing directors.

19.9 Subject to the statutes:

19.9.1 a resolution in writing, including through the medium of telefax, signed by the sole director or by all the directors present in the Republic when the resolution in question is signed by the first of such directors and being not less than are sufficient to form a quorum and also completing a majority of the directors then in office, shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted: Provided that where a director is not present in the Republic, but has an alternate who is, the resolution must be signed by that alternate. The resolution may consist of several documents, each signed by one or more directors or their alternates in terms of this article;

19.9.2 in the case of matters requiring urgent resolution or, if for any reason it is impracticable to meet as contemplated in article 19.3 or pass a resolution as contemplated in article 19.9.1, proceedings may be conducted by utilising conference telephone facilities, provided that the required quorum is met. A resolution agreed to during the course of such proceedings

shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted. The secretary of the company shall as soon as is reasonably possible after such meeting by telephone has been held, be notified thereof by the relevant parties to the meeting, and the secretary shall prepare a written minute thereof.

19.10 A director unable to attend a directors' meeting may authorise any other director to vote for him at that meeting, and in that event the director so authorised shall have a vote for each director by whom he is so authorised in addition to his own vote. If both the director so authorised and an alternate of the director who granted the authority are present at the meeting, the alternate shall not be entitled to vote on behalf of the absent director. Authority in terms of this article must be in writing (which may take the form of a telegram, cable or telex) and must be handed to the person presiding at the meeting at which it is to be used.

19.11 The directors may elect a chairperson of their meetings and determine the period for which he is to hold office; but if no such chairperson is elected, or if at any meeting the chairperson is not present within fifteen minutes after the time appointed for holding it, the directors present may choose one of their number to be chairperson of the meeting.

20. VALIDITY OF ACTS OF DIRECTORS AND COMMITTEES

As regards all persons dealing in good faith with the company, all acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment or continuance in office of any such directors or persons acting as aforesaid, or that they or any of them were disqualified or had ceased to hold office or were not entitled to vote, be as valid as if every such person had been duly appointed or was qualified or had continued to be a director or was entitled to vote, as the case may be.

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF SILVERSTAR CASINO

12. DIRECTORS

12.1 Until otherwise determined by a meeting of members, the number of directors shall not be less than 2 (two).

12.2 The company may from time to time at any meeting of members increase or reduce the number of directors.

12.3 Unless otherwise decided by a meeting of members any casual vacancy occurring in the board of directors may be filled by the directors.

12.4 The company at a meeting of members or the directors shall have power at any time, and from time to time, to appoint any person as a director but so that the total number of directors shall not at any time exceed the maximum number fixed by or in terms of these Articles. Any appointment so made shall, however, be subject to confirmation at the next annual general meeting of the company.

12.5 Any nomination for the appointment of a director must reach the company within 28 (twenty eight) days before the date of the annual general meeting.

13. QUALIFICATION OF DIRECTORS

The shareholding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.

14. REMUNERATION OF DIRECTORS

14.1 The remuneration of the directors shall from time to time be determined by the directors. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as directors including those of attending and travelling to and from meetings of the directors or any committee of the directors or at any meeting of members of the company.

14.2 The directors may pay any director who serves on any committee or who devotes special attention to the business of the company, or otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, such extra remuneration by way of salary, commission, percentage of profits or by any or all of these modes or otherwise as they may determine.

15. ALTERNATE AND ASSOCIATE DIRECTORS

15.1 Any director shall have the power to nominate another person to act as alternate director in his place during his absence or inability to act as such director, and on such appointment being made, the alternate director shall, in all respects, be subject to the terms and conditions existing with reference to the other directors of the company. A person may be appointed as alternate to more than 1 (one) director. Where a person is alternate to more than 1 (one) director or where an alternate director is a director, he shall have a separate vote, on behalf of each director he is representing in addition to his own vote, if any.

15.2 The alternate directors, whilst acting in the place of the directors who appointed them, shall exercise and discharge all the duties and functions of the directors they represent. The appointment of an alternate director shall cease on the happening of any event which, if he were a director, would cause him to cease to hold office in terms of these Articles or if the director who appointed him ceases to be a director, or gives notice to the secretary of the company that the alternate director representing him shall have ceased to do so. An alternate director shall look to the director who appointed him for his remuneration.

15.3 The directors may from time to time appoint any person to be an associate director and may from time to time cancel any such appointment. The directors may fix, determine and vary the powers, duties and remuneration of any person so appointed but a person so appointed shall not be required to hold any shares to qualify him for appointment or have any right to attend or vote at any meeting of directors except by the invitation and with the consent of all the directors.

16. BORROWING POWERS OF DIRECTORS

16.1 The directors may in their discretion, from time to time, raise or borrow from the members or other persons any sums of money for the purposes of the company without limitation; provided that the total amount owing by the company in respect of monies so raised, borrowed or secured shall not exceed the amount authorised by its holding company.

16.2 The directors may secure the payment or repayment of any sums of money borrowed or raised in terms of Article 16.1 or the payment of any debt, liability or obligation whatsoever of the company or of a third party, in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the execution of bonds or the issue of debentures or debenture stock of the company charged upon all or any part of the property and rights of the company, both present and future, including its uncalled capital.

17. GENERAL POWERS AND DUTIES OF DIRECTORS

17.1 The business of the company shall be managed by the directors who may pay all expenses incurred in getting up and registering the company, and may exercise all such powers of the company as are not by the Statutes or by these Articles required to be exercised by the company at any meeting of members or done by the company in general meeting (including without derogating from the generality of the foregoing or from the rights of the members, the power to resolve that the company be wound up), subject nevertheless to the provisions of these Articles and of the Statutes and to such regulations being not inconsistent with these Articles or the Statutes, as may be prescribed by the company at any such meeting; but no regulation made by the company at such meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

17.2 The directors may from time to time appoint one or more of their body to the office of managing director or manager for such period and at such remuneration (whether by way of salary or commission, or participation in profits or partly in one way and partly in another) and generally on such terms as they may think fit, and it may be made a term of his appointment that he be paid

a pension, gratuity or other benefit on his retirement from office. The appointment of a managing director or manager shall determine ipso facto if he shall cease for any reason to be a director, or if the company at any meeting of members shall resolve that his tenure of the office of managing director or manager be determined.

17.3 The directors may from time to time entrust to and confer upon a managing director or manager for the time being such of the powers vested in them as they may think fit, and may confer such powers for such time and to be exercised for such objects and upon such terms and with such restrictions as they may think expedient; and they may confer such powers either collaterally or to the exclusion of, and in substitution for, all or any of the powers of the directors, and may from time to time revoke or vary all or any of such powers. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the directors and after powers have been conferred upon him by the directors in terms hereof he shall be deemed to derive such powers directly from this Article.

17.4 The directors shall have the power from time to time to delegate or allocate to any one of their members or to any other person, whether in the Republic or not, such of the powers as are vested in the directors pursuant to the Statutes or under these Articles, as they may deem fit.

17.5 The directors may delegate or allocate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the directors. Save as aforesaid, the meetings and proceedings of a committee consisting of more than 1 (one) member shall be governed by the provisions of these Articles regulating the meetings and proceedings of directors.

17.6 The directors may:

17.6.1 establish and maintain any non-contributory or contributory pension, superannuation, provident and benefit funds for the benefit of; and

17.6.2 give pensions, gratuities and allowances to and make payments for or towards the insurance of

any persons who are employees or ex-employees (including directors or ex-directors) of the company, or of any company which is or was a subsidiary of the company or is or was in any way allied to or associated with it or any such subsidiary, and the wives, widows, families and dependants of such persons.

18. DISQUALIFICATION AND PRIVILEGES OF DIRECTORS

18.1 A director shall cease to hold office as such if:

18.1.1 he ceases to be a director by virtue of any of the provisions of the Statutes or becomes prohibited from being a director by reason of any order made under the Statutes; or

18.1.2 his estate is sequestrated or he files a petition for the surrender of his estate or an application for an administration order, or if he commits an act of insolvency as defined in the insolvency law for the time being in force, or if he makes any arrangement or composition with his creditors generally; or

18.1.3 he is found lunatic or becomes of unsound mind; or

18.1.4 he is removed by a resolution of the company as provided in the Statutes; or

18.1.5 he resigns his office by notice in writing to the company; or

18.1.6 a notice removing him from office is signed by members having a right to attend and vote at a meeting of members who hold not less than 51% (fifty one per cent) of the total voting rights of all the members who are at that time entitled so to attend and vote and is delivered to the company or lodged at its registered office; or

18.1.7 he is otherwise removed in accordance with any provisions of these Articles.

18.2 A director of the company may be or become a director of any subsidiary or other company promoted by the company or in which it may be interested as vendor, member or otherwise, or may represent the company in the management of any business or operations or concern in which the company may be interested as partner or otherwise or may be employed by the company in any capacity or may accept a retainer from the company in consideration for which he agrees to give his services to the company in any special capacity when called upon by the company to do so, and no such director shall be accountable to the company for any remuneration or other benefits received by him as a director or member of such company or representative of the company in such management or in any employment or retention of his services by the company. The directors may exercise the voting power conferred by the shares in any such other company held or owned by the company, or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors or other officers of such company) and any director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or be about to be, appointed a director or other officer of such company and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

18.3 No director or intending director shall be disqualified by his office from contracting with the company in any manner whatsoever and in particular as:

18.3.1 an underwriter of any shares or securities; or

18.3.2 a guarantor of any liability

of the company, or of any company in which the company may be interested, for a commission or profit, nor shall any such contract or arrangement entered into by or on behalf of the company in which any director shall be in any way interested, nor any contract or agreement entered into with any company or partnership of or in which any director shall be a member, director or partner or otherwise interested, be invalidated or voided by any such reason or by reason of the board of directors of the company not constituting an independent quorum, nor shall any director so contracting or being so interested or acquiring any benefit under any contract or arrangement made or entered into by or on behalf of any person, company or partnership in relation to the affairs of the company be liable to account to the company for any profits or benefits realised by or under such contract or arrangement by reason of such director holding that office or by reason of the fiduciary relationship thereby established, and any director so interested or acquiring any such benefits shall not be entitled to vote at any board meeting or otherwise in relation to such contract and he shall not be reckoned for the purpose of constituting a quorum of directors. Any director so interested or acquiring any benefit shall disclose the fact of his possessing any interest and full particulars thereof, be it as director or member or otherwise, whether or not it appears on the face of the contract or arrangement, in accordance with the provisions of the Statutes. A general notice in writing given to the directors by a director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm, shall be deemed to be a sufficient disclosure in relation to any contract or proposed contract so made or to be made.

18.4 Without detracting from the generality of Article 18.3:

18.4.1 a director may hold any other office or place of profit in the company, other than that of auditor, in conjunction with his directorship, and may be appointed thereto upon such terms as to remuneration, tenure of office and otherwise as may be arranged by the directors. A director will not be counted in the quorum present at any meeting at which he is so employed or appointed to hold any such office of profit with the company and he may vote on such employment or appointment;

18.4.2 a director may himself act or any firm of which he is a member may act in a professional capacity for the company, and he or his firm shall be entitled to remuneration for those professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor of the company.

19. PROCEEDINGS OF DIRECTORS

- 19.1** A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors.
- 19.2** The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 19.3** Unless otherwise resolved by the directors, all their meetings shall be held in the city or town where the company's registered office is for the time being situated.
- 19.4** Questions arising at any meeting of the directors shall be decided by a majority of votes.
- 19.5** The chairperson shall not have a second or casting vote.
- 19.6** The directors may determine what period of notice shall be given of meetings of directors and may determine the means of giving such notice which may include telephone, telegram, telex or telefax. It shall not be necessary to give notice of a meeting of directors to any director for the time being absent from the Republic, but notice of any such meeting shall be given to his alternate, if he has appointed one, provided that such alternate is in the Republic.
- 19.7** A quorum shall consist of half of the directors so appointed, unless there shall be only one director, in which case he shall constitute the quorum. For the purpose hereof a director who has authorised another director to vote for him at a meeting in terms of Article 19.11 shall, if the director so authorised is present at the meeting, be deemed to be present himself and each director whose alternate is present at a meeting (even if the latter is alternate to more than 1 (one) director) shall be deemed to be so present.
- 19.8** The continuing directors (or sole continuing director) may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these Articles as a quorum, the continuing directors or director may act only for the purpose of summoning a general meeting of the company. If there are no directors or director able and willing to act, and no specific provision is made in these Articles for the appointment of directors, then any 2 (two) members may summon a general meeting for the purpose of appointing directors.
- 19.9** A resolution in writing, including through the medium of telefax, signed by the sole director or all the directors shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted: Provided that where a director is not present in the Republic, but has an alternate who is, the resolution must be signed by that alternate.
- 19.10** In the case of matters requiring urgent resolution or, if for any reason it is impracticable to meet as contemplated in Article 19.3 or pass a resolution as contemplated in Article 19.9, proceedings may be conducted by utilising video conference or telephone conference facilities, provided that the required quorum is met. A resolution agreed to by a majority of the directors participating during the course of such proceedings shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted. The secretary of the company shall as soon as is reasonably possible after such meeting by video conference or telephone has been held, be notified thereof by the relevant parties to the meeting, and the secretary shall prepare a written minute thereof.
- 19.11** A director unable to attend a directors' meeting may authorise any other director to vote for him at that meeting, and in that event the director so authorised shall have a vote for each director by whom he is so authorised in addition to his own vote. If both the director so authorised and an alternate of the director who granted the authority are present at the meeting, the alternate shall not be entitled to vote on behalf of the absent director. Authority in terms of this Article must be in writing (which may take the form of a telegram, cable or telex) and must be handed to the person presiding at the meeting at which it is to be used.
- 19.12** The directors may elect a chairperson of their meetings and determine the period for which he is to hold office; but if no such chairperson is elected, or if at any meeting the chairperson is not present within 15 (fifteen) minutes after the time appointed for holding it, the directors present may choose one of their number to be chairperson of the meeting.

20. VALIDITY OF ACTS OF DIRECTORS AND COMMITTEES

As regards all persons dealing in good faith with the company, all acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment or continuance in office of any such directors or persons acting as aforesaid, or that they or any of them were disqualified or had ceased to hold office or were not entitled to vote, be as valid as if every such person had been duly appointed or was qualified or had continued to be a director or was entitled to vote, as the case may be.

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF TSOGO

The following is an unaltered extract from the Articles of Association of Tsogo:

ALTERATION OF CAPITAL

16. The company may, subject to the provisions of the Act:

- 16.1** consolidate, divide or sub-divide all or any part of its issued or unissued capital;
- 16.2** increase or cancel all or any part of its unissued capital;
- 16.3** convert any of its shares, whether issued or not, into shares of another class;
- 16.4** convert all or any of its paid-up shares into stock and re-convert such stock into paid-up shares;
- 16.5** convert any shares having a par value into shares having no par value;
- 16.6** convert any of its issued shares of no par value into shares having a par value;
- 16.7** reduce its share capital, share premium, stated capital, reserves and/or capital redemption reserve fund by way of an ordinary resolution of shareholders in general meeting.

DIRECTORS

- 35.** Unless otherwise determined by a general meeting, the number of directors shall not be less than two nor more than fifteen.
- 36.** A general meeting or the directors shall have the power, from time to time, to appoint any one of the directors, either to fill a vacancy in the directors or as an additional director; provided that:
 - 36.1** the total number of directors shall not at any time exceed the maximum number fixed by or in accordance with these articles;
 - 36.2** the appointment of any director so appointed shall cease at the conclusion of the next annual general meeting, unless it is confirmed at that annual general meeting.
- 37.** The continuing directors may act, notwithstanding any vacancy in their number, but if and for so long as their number is reduced below the minimum number of directors required to act as such for the time being, the continuing directors may act only to:
 - 37.1** increase the number of directors to the required minimum; or
 - 37.2** summon a general meeting for that purpose, provided that if there is no director able or willing to act, then any member may convene a general meeting for that purpose.
- 38.** Neither a director nor an alternate director shall be obliged to hold any qualification shares.
- 39.** The remuneration of the directors for their services as such shall be determined from time to time by a general meeting.
- 40.** The directors shall be paid all travelling, subsistence and other expenses properly incurred by them in the execution of their duties in or about the business of the company and which are authorised or ratified by the directors.

ALTERNATE DIRECTORS

- 41.** Each director may by notice to the company:
- 41.1** appoint anyone or more than one person in the alternative to be his alternate subject to the approval of the other directors of that alternate, which approval shall not be unreasonably withheld or delayed;
 - 41.2** at any time terminate any such appointment.
- 42.** The appointment of an alternate director shall terminate:
- 42.1** when the director to whom he is an alternate director:
 - 42.1.1** ceases to be a director; or
 - 42.1.2** terminates his appointment; or
 - 42.1.3** in the case of an alternate who is not himself a director if the directors reasonably withdraw their approval to his appointment.
- 43.** An alternate director shall:
- 43.1** only be entitled to attend or act or vote at any meeting of directors if the director to whom he is an alternate is not present, provided that:
 - 43.1.1** he may attend a meeting of directors at which the director to whom he is an alternate is present if the other directors agree thereto;
 - 43.1.2** any person attending any meeting of directors as a director in his own right and/or as an alternate for one or more directors shall have one vote in respect of each director whom he represents, including himself if he is a director;
 - 43.2** only be entitled to sign a resolution passed otherwise than at a meeting of directors in terms of these articles if the director to whom he is an alternate is then absent from the town in which the office is situate, or is incapacitated;
 - 43.3** subject to the foregoing, generally exercise all the rights of the director to whom he is an alternate in the absence or incapacity of that director;
 - 43.4** in all respects be subject to the terms and conditions existing with reference to the appointment, rights and duties and the holding of office of the director to whom he is an alternate, but shall not have any claim of any nature whatsoever against the company for any remuneration of any nature whatever.

POWERS AND DUTIES OF DIRECTORS

- 44.** Subject to any limitation imposed by these articles, the management of the business and the control of the company shall be vested in the directors who, in addition to and without limitation of the powers expressly conferred upon them by the Act or these articles, may exercise or delegate to any one or more persons all such powers and do or delegate to any one or more persons the doing of all such acts (including the right to sub-delegate) as may be exercised or done by the company and are not in terms of the Act or by these articles expressly directed or required to be exercised or done by a general meeting, subject, nevertheless, to that management and control:
- 44.1** not being inconsistent with; and
 - 44.2** being in compliance with,
- any resolution passed by a general meeting. No such resolution passed by a general meeting shall invalidate any prior act of the directors or any delegatee.

45. The directors may exercise all the powers of the company to borrow money and to mortgage or encumber its undertaking, property and uncalled capital or any part thereof and to issue debentures or debenture stock (whether secured or unsecured), whether outright or as security for any debt, liability or obligation of the company or of any third party.

46. For the purposes of 45, the borrowing powers of the directors shall be unlimited.

INTERESTS OF DIRECTORS

47. Subject to compliance with the provisions of the Act, a director shall not be liable (in the absence of any agreement to the contrary) to account to the company for any profit or other benefit arising out of any contract entered into by the company in which he is directly or indirectly interested.

48. A director, if he has, in accordance with the Act, disclosed his interest (if it is material) in the relevant contract or arrangement:

48.1 be counted in a *quorum* for the purpose of a meeting of directors at which he is present to consider any matter, and

48.2 be entitled to vote in regard to any matter, relating to any existing or proposed contract or arrangement in which he is interested, other than a contract or arrangement regulating his holding of an office or place of profit under the company or a subsidiary of the company.

DISQUALIFICATION OF DIRECTORS

49. A director shall cease to hold office as such if he:

49.1 is prohibited from being or is removed as or is disqualified from acting as a director of a company in terms of the Act;

49.2 gives notice to the company of his resignation as a director with effect from the date of, or such later date as is provided for in, such notice;

49.3 absents himself from meetings of directors for six consecutive months without the leave of the other directors, and they resolve that his office shall be vacated; provided that this provision shall not apply to a director who is represented by an alternate who does not so absent himself;

49.4 is removed in terms of these articles.

PROCEEDINGS OF DIRECTORS

50. The directors may:

50.1 meet, adjourn and otherwise regulate their meetings as they think fit and any director shall be entitled to convene or direct the secretary to convene a meeting of the directors;

50.2 determine what notice shall be given of their meetings and the means of giving that notice, provided that any such prior determination may be varied, depending on the circumstances and reasons for the directors' meeting in question.

51. The *quorum* necessary for the transaction of the business of the directors shall be a majority of the directors for the time being in office.

52. At any meeting of directors:

52.1 a resolution of directors shall be passed by a majority of the votes of the directors present at the meeting at which it is proposed;

52.2 each of the directors present shall have one vote;

52.3 in the case of an equality of votes, the chairman of the meeting shall not have a casting vote.

- 53.** Directors of the company may participate in and act at any board meeting through the use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other at approximately the same time. Such participation by director/s shall constitute attendance and presence in person at the meeting.
- 54.** The directors may elect a chairman and a deputy chairman or deputy chairmen of the directors and determine the period for which each is to hold office. If more than one deputy chairmen are elected, the directors shall, upon their election, determine the order of their seniority. At any meeting of directors, the chairman of the directors, or if he is not present or willing to act as such, the most senior deputy chairman present and willing to act as such, shall act as chairman. If no chairman or deputy chairman has been elected, or is present and willing to act as such, the directors present at any directors' meeting shall choose one of their number to be chairman of the meeting.
- 55.** Subject to the provisions of the Act, a resolution signed by all the directors (or their alternates, if applicable) and inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of directors. Any such resolution may consist of several documents, each of which may be signed by one or more directors (or their alternates, if applicable) and shall be deemed to have been passed on the date on which it was signed by the last director who signed it (unless a statement to the contrary is made in that resolution).

EXECUTIVE DIRECTORS

- 56.** The directors may appoint from time to time one or more of the directors as executive directors or as managing directors of the company, on such terms and conditions as to remuneration and otherwise (but for a maximum period of five years in the case of any one appointment) as may be determined from time to time by the directors.
- 57.** The appointment of an executive director or managing director shall, without prejudice to any claim of any nature whatsoever which any such director may have against the company, cease if for any reason he ceases to be a director.

DIVIDENDS

- 58.** Subject to article 62 and 63, a general meeting or the directors may declare dividends to any one or more classes of members from time to time, and with the sanction of a general meeting any dividend declared may be paid either wholly or in part by the distribution of such specific assets in such manner as the directors may determine.
- 59.** The company may transmit any dividend or other amount payable in respect of a share by ordinary post to the address of the holder thereof recorded in the register or such other address as the holder thereof may previously have given to the company in writing, and the company shall not be responsible for any loss in transmission.
- 60.** Any dividend or other money payable on or in respect of a share:
- 60.1** which is unclaimed, may be retained by the company and may be invested or used as the directors may deem fit for the benefit of the company until claimed by the member concerned;
 - 60.2** which is retained and unclaimed:
 - 60.2.1** for twelve years, or
 - 60.2.2** for three years, should the company be wound up or deregistered, after the payment date of the dividend or money in question, shall be forfeited and revert to the company or its assigns and may be dealt with by the directors or such assigns as they deem fit;
 - 60.3** shall not bear interest against the company;

and the company shall, for the purpose of facilitating its winding up or deregistration, or the reduction of its share capital, any share premium account or capital redemption reserve fund, be entitled by special resolution to delegate to any bank, registered as such in accordance with the laws of the Republic, the liability for payment of any such dividend or other money, payment of which has not been forfeited in terms of the foregoing.

CAPITALISATION

64. Subject to the provisions of the Act, the directors or a general meeting, on the recommendation of the directors, may resolve to capitalise the whole or any part of:

- 64.1** any amount available for distribution as a dividend and not required for the payment or provision of dividends on preference shares;
- 64.2** any amount standing to the credit of any of the company's reserve accounts (including its share premium account or capital redemption reserve fund);

by applying such amount in paying up in full unissued shares of the company, to be issued to the members in the same proportions as if those shares had constituted a dividend declared by the company.

INDEMNITY

66. Every director, alternate director, manager, secretary and other officer of the company and any person employed by the company as its auditor shall be indemnified out of the company's funds against all liability incurred by him in defending any proceedings (whether civil or criminal) arising out of any actual or alleged negligence, default, breach of duty or breach of trust on his part in relation to the company in which judgment is given in his favour or in which he is acquitted or in connection with any matter in which relief is granted to him by the court in terms of the Act.

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF TSOGO SUN GAMING AND SOUTHERN SUN HOTELS

The following is an unaltered extract from the Articles of Association of Tsoگو Sun Gaming and Southern Sun Hotels.

REDUCTIONS OF CAPITAL

15. Subject to the provisions of the Act, the company may reduce its issued share capital, share premium, stated capital, reserved and/or capital redemption reserve fund with the approval of:

- 15.1** an ordinary resolution of shareholders in general meeting;
- 15.2** a resolution of directors.

ALTERATION OF CAPITAL

17. The company may, subject to the provisions of the Act:

- 17.1** increase, consolidate, divide, sub-divide or cancel all or any part of its capital;
- 17.2** convert any of its shares, whether issued or not, into shares of another class;
- 17.3** convert all or any of its paid-up shares into stock and re-convert such stock into paid-up shares;
- 17.4** convert any shares having a par value into shares having no par value;
- 17.5** convert any of its issued shares of no par value into shares having a par value.

DIRECTORS

38. Subject to the provisions of the Act:

- 38.1** unless otherwise determined by a general meeting, the number of directors shall be not less than one nor more than nine;
- 38.2** the first directors may be appointed by the subscribers to the memorandum.

39. A general meeting of the directors shall have the power, from time to time, to appoint anyone as a director, either to fill a vacancy in the directors or as an additional director, provided that:

- 39.1** the total number of directors shall not at any time exceed the maximum number fixed by or in accordance with these articles;

- 39.2** notwithstanding that a general meeting or the directors shall have the power to appoint anyone as a director, at least one of the directors shall be appointed by the company in general meeting;
- 39.3** the appointment of any director so appointed shall cease at the conclusion of the next annual general meeting, unless it is confirmed at that annual general meeting.
- 40.** The continuing directors may act, notwithstanding any vacancy in their number, but if and for so long as their number is reduced below the minimum number of directors required to act as such for the time being, the continuing directors may act only to:
- 40.1** increase the number of directors to the required minimum; or
- 40.2** summon a general meeting for that purpose, provided that if there is no director able or willing to act, then any member may convene a general meeting for that purpose.
- 41.** Neither a director nor an alternate director shall be obliged to hold any qualification shares.
- 42.** The remuneration if the directors for their services as such shall be determined from time to time by a general meeting.
- 43.** The directors shall be paid all travelling, subsistence and other expenses properly incurred by them in the execution of their duties in or about the business of the company and which are authorised or ratified by the directors.

ALTERNATE DIRECTORS

- 44.** Each director may by notice to the company:
- 44.1** nominate anyone or more than one person in the alternative (including any of his co-directors) to be his alternate subject to the approval of the other directors of that alternate, which approval shall not be unreasonably withheld or delayed;
- 44.2** at any time terminate any such appointment.
- 45.** The appointment of an alternate director shall terminate:
- 45.1** when the director to whom he is an alternate director:
- 45.1.1** ceases to be a director; or
- 45.1.2** terminates his appointment; or
- 45.2** if the directors reasonably withdraw their approval to his appointment.
- 46.** An alternate director shall:
- 46.1** only be entitled to attend or act or vote at any meeting of directors if the director to whom he is an alternate is not present, provided that:
- 46.1.1** he may attend a meeting of directors at which the director to whom he is an alternate is present if the other directors agree thereto;
- 46.1.2** any person attending any meeting of directors as a director in his own right and/or as an alternate for one or more directors shall have one vote in respect of each director whom he represents, including himself if he is a director;
- 46.2** only be entitled to sign a resolution passed otherwise than at a meeting of directors in terms of these articles if the director to whom he is an alternate is then absent from the town in which the office is situate, or is incapacitated;
- 46.3** subject to the foregoing, generally exercise all the rights of the director to whom he is an alternate in the absence or incapacity of that director;

- 46.4** in all respects be subject to the terms and conditions existing with reference to the appointment, rights and duties and the holding of office of the director to whom he is an alternate, but shall not have any claim of any nature whatsoever against the company for any remuneration of any nature whatever.

POWERS AND DUTIES OF DIRECTORS

- 47.** Subject to any limitation imposed by these articles, the management of the business and the control of the company shall be vested in the directors who, in addition to and without limitation of the powers expressly conferred upon them by the Act or these articles, may exercise or delegate to any one or more persons all such powers and do or delegate to any one or more persons the doing of all such acts (including the right to sub-delegate) as may be exercised or done by the company and are not in terms of the Act or by these articles expressly directed or required to be exercised or done by a general meeting, subject, nevertheless, to that management and control:

47.1 not being inconsistent with; and

47.2 being in compliance with,

any resolution passed by a general meeting. No such resolution passed by a general meeting shall invalidate any prior act of the directors or any delegatee.

BORROWING POWERS

- 48.** The directors may exercise all the powers of the company to borrow money and to mortgage or encumber its undertaking, property and uncalled capital or any part thereof and to issue debentures or debenture stock (whether secured or unsecured), whether outright or as security for any debt, liability or obligation of the company or of any third party.
- 49.** For the purpose of the provisions of 48, the borrowing powers of the directors shall be unlimited.

INTERESTS OF DIRECTORS

- 50.** Subject to compliance with the provisions of the Act, a director shall not be liable (in the absence of any agreement to the contrary) to account to the company for any profit or other benefit arising out of any contract entered into by the company in which he is directly or indirectly interested.

- 51.** A director shall, if he has, in accordance with the Act, disclosed his interest (if it is material) in the relevant contract or arrangement:

51.1 be counted in a quorum for the purpose of a meeting of directors at which he is present to consider any matter; and

51.2 be entitled to vote in regard to any matter,

relating to any existing or proposed contract or arrangement in which he is interested, other than a contract or arrangement regulating his holding of an office or place of profit under the company or a subsidiary of the company.

DISQUALIFICATION OF DIRECTORS

- 52.** A director shall cease to hold office as such if he:

52.1 is prohibited from being or is removed as or is disqualified from acting as a director of a company in terms of the Act;

52.2 gives notice to the company of his resignation as a director with effect from the date of, or such later date as is provided for in, such notice;

52.3 absents himself from meetings of directors for six consecutive months without the leave of the other directors, and they resolve that his office shall be vacated; provided that this provision shall not apply to a director who is represented by an alternate who does not so absent himself;

52.4 is given notice, signed by members holding in aggregate more than 50% of the total voting rights on a poll of all members then entitled to vote on a poll at a general meeting, of the termination of his appointment.

PROCEEDINGS OF DIRECTORS

53. The directors may:

- 53.1** meet, adjourn and otherwise regulate their meetings as they think fit and any director shall be entitled to convene or direct the secretary to convene a meeting of the directors;
- 53.2** determine what notice shall be given of their meetings and the means of giving that notice, provided that any such prior determination may be varied, depending on the circumstances and reasons for the directors' meeting in question.

54. Unless otherwise determined by the company in general meeting, or by a meeting of the directors (at which all the directors are present), the quorum necessary for the transaction of the business of the directors shall be a majority of the directors for the time being in office. A resolution of directors shall be passed by a majority of the votes of the directors present at the meeting at which it is proposed.

55. Directors of the company may participate in and act at any board meeting through the use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other at approximately the same time. Such participation by director/s shall constitute attendance and presence in person at the meeting.

56. The directors may elect a chairman and a deputy chairman or deputy chairmen of the directors and determine the period of which each is to hold office. If more than one deputy chairmen are elected, the directors shall, upon their election, determine the order of their seniority. At any meeting of directors, the chairman of the directors, or if he is not present or willing to act as such, the most senior deputy chairman present and willing to act as such, shall act as chairman. If no chairman or deputy chairman has been elected, or is present and willing to act as such, the directors present at any directors' meeting shall choose one of their number to be chairman of the meeting.

57. Subject to the provisions of the Act, a resolution signed by directors (or their alternates, if applicable), whose number is not less than that of a quorum for a meeting of directors, and inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of directors. Any such resolution may consist of several documents, each of which may be signed by one or more directors (or their alternates, if applicable) and shall be deemed to have been passed on the date on which it was signed by the last director who signed it (unless a statement to the contrary is made in that resolution).

EXECUTIVE DIRECTORS

58. The directors may appoint from time to time one or more of the directors as executive directors or as managing directors of the company, on such terms and conditions as to remuneration and otherwise (but for a maximum period of 5 (five) years in the case of any one appointment) as may be determined from time to time by the directors.

59. The appointment of an executive director or managing director shall, without prejudice to any claim of any nature whatsoever which any such director may have against the company, cease if for any reason he ceases to be a director.

DIVIDENDS

60. A general meeting or the directors may declare dividends to any one or more classes of members from time to time, and with the sanction of a general meeting any dividend declared may be paid either wholly or in part by the distribution of such specific assets in such manner as the directors may determine.

61. The company may transmit any dividend or other amount payable in respect of a share by ordinary post to the address of the holder thereof recorded in the register or such other address as the holder thereof may previously have given to the company in writing, and the company shall not be responsible for any loss in transmission.

62. Any dividend or other money payable on or in respect of a share:

- 62.1** which is unclaimed, may be retained by the company and may be invested or used as the directors may deem fit for the benefit of the company until claimed by the member concerned;
- 62.2** which is retained and unclaimed:

62.2.1 for twelve years; or

62.2.2 for three years, should the company be wound up or deregistered,

after the payment date of the dividend or money in question, shall be forfeited and revert to the company or its assigns and may be dealt with by the directors or such assigns as they deem fit;

62.3 shall not bear interest against the company;

and the company shall, for the purpose of facilitating its winding up or deregistration, or the reduction of its share capital, any share premium account or capital redemption reserve fund, be entitled by special resolution to delegate to any bank, registered as such in accordance with the laws of the Republic, the liability for payment of any such dividend or other money, payment of which has not been forfeited in terms of the foregoing.

CAPITALISATION

64. The directors, subject to the provisions of the Act, or a general meeting, on the recommendation of the directors, may resolve to capitalise the whole or any part of:

64.1 any amount available for distribution as a dividend and not required for the payment or provision of dividends on preference shares;

64.2 any amount standing to the credit of any of the company's reserve accounts (including its share premium account or capital redemption reserve fund),

by applying such amount in paying up in full unissued shares of the company, to be issued to the members in the same proportions as if those shares had constituted a dividend declared by the company.

INDEMNITY

66. Every director, alternate director, manager, secretary and other officer of the company and any person employed by the company as its auditor shall be indemnified out of the company's funds against all liability incurred by him in defending any proceedings (whether civil or criminal) arising out of any actual or alleged negligence, default, breach of duty or breach of trust on his part in relation to the company in which judgment is given in his favour or in which he is acquitted or in connection with any matter in which relief is granted to him by the court in terms of the Act.

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF TSOGO SUN CASINOS (PTY) LTD

The following is an unaltered extract from the Articles of Association of Tsogo Sun Casinos (Pty) Ltd:

3. ALTERATION OF CAPITAL

Subject to the provisions of the Act, the company may by special resolution:

3.1 increase its share capital which consists of:

3.1.1 shares of par value by an amount divided into a specified number of new shares;

3.1.2 shares of no par value by increasing the number of those shares without an increase of its stated capital and/or by transferring reserves or profits to its stated capital with or without a distribution of those shares;

3.2 consolidate any or all of its shares which are:

3.2.1 of par value into shares of a larger amount than those shares;

3.2.2 of no par value by reducing the number thereof;

3.2.3 subdivide any or all of its existing shares into shares of a smaller amount than that determined by its memorandum of association;

3.3 convert:

3.3.1 any or all of its ordinary or preference shares having par value into stated capital consisting of shares of no par value;

3.3.2 its stated capital consisting of ordinary or preference shares of no par value into share capital consisting of shares of par value;

- 3.4** cancel:
- 3.4.1** shares which at the time of the passing of that special resolution have not been taken or agreed to be taken by anyone and reduce its capital by the amount of the shares so cancelled; or
 - 3.4.2** shares of no par value which have not been taken or agreed to be taken by anyone;
- 3.5** convert any or all of its preference shares of par value into redeemable preference shares;
- 3.6** reduce its authorised or issued and paid-up share capital or capital redemption reserve fund or share premium account;
- 3.7** convert any share into any other class of share giving the special rights and subject to the special conditions stated in that special resolution;
- 3.8** alter the provisions of its memorandum of association with respect to its main object or powers.

13. DIRECTORS – APPOINTMENTS

- 13.1** Unless otherwise determined by a general meeting the number of directors shall be not less than 2 (two) nor more than 16 (sixteen).
- 13.2** The registered holder of the “A” shares (or if there is more than 1 (one) registered holder, the registered holders of a majority of the “A” shares) shall be entitled to appoint up to 7 (seven) of the directors of the company (who shall be known as the “A” directors) and one or more alternates to each of them (including another director or a number of persons in the alternative) and to remove, replace and fill any vacancies in respect of any of those directors and alternate directors.
- 13.3** The registered holder of the “B” shares (or if there is more than 1 (one) registered holder of that class of shares, the registered holders of a majority of that class of shares) shall also be entitled to appoint up to 7 (seven) of the directors of the company (who shall be known as the “B” directors) and one or more alternates to each of them and to remove, replace and fill any vacancies in respect of any of those directors and alternate directors.
- 13.4** A majority of the “A” directors and a majority of the “B” directors shall be entitled to appoint such number of executive directors and one or more alternates to each of them as they consider appropriate from time to time and to remove, replace and fill any vacancy in respect of any such executive directors and their alternates, provided that the number so appointed does not result in the maximum number of directors permitted by these articles from time to time being exceeded.
- 13.5** Any appointment or removal of an “A” director in terms of article 13.2 shall be made by written notice to the company, signed by the registered holder or holders for the time being of a majority of the “A” shares then allotted, who are entitled to make such appointment or removal, and shall be operative as soon as the written notice is received at the office.
- 13.6** Any appointment or removal of a “B” director in terms of article 13.3 shall be made by written notice to the company, signed by the registered holder or holders for the time being of a majority of the “B” shares then allotted, who are entitled to make such appointment or removal, and shall be operative as soon as the written notice is received at the office.
- 13.7** Any appointment or removal of an additional director in terms of article 13.4 shall be made by written notice to the company, signed by a majority of the “A” directors and a majority of the “B” directors and shall be operative as soon as the written notice is received at the office.
- 13.8** Directors shall not be required to hold any shares in the company to qualify them for appointment as directors.
- 13.9** The remuneration of the directors shall be determined from time to time by a general meeting of the company.
- 13.10** A director may be paid the travelling expenses and the other out-of-pocket expenses incurred by him in and about the company’s business, which are authorised by the directors.

15. ALTERNATE DIRECTORS

- 15.1** A director may have more than one alternate.
- 15.2** A director may act as an alternate for another director.
- 15.3** An alternate director shall be entitled to receive notices of meetings of the directors and of all committees of directors of which the director of whom he is the alternate is a member and shall be entitled to attend and vote and be counted in the quorum at any such meeting at which the director of whom he is the alternate is not personally present and generally to perform all the functions of the director of whom he is the alternate in his absence; and the provisions of these articles shall apply as if he were a director appointed by the holders of that class of shares. If he is himself a director or attends any such meeting as an alternate for more than one director his voting rights shall be cumulative. If the director of whom he is the alternate is for the time being temporarily unable to act through ill health or disability his signature to any resolution in writing of the directors shall be as effective as the signature of the director of whom he is the alternate.
- 15.4** The appointment of an alternate director shall terminate on the happening of any event which if he were a director would cause him to vacate such office or if the director of whom he is the alternate ceases to be a director.
- 15.5** Save as otherwise provided in these articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him. The company may pay an alternate director any remuneration, expenses and payments which could be paid to a director in terms of articles 13.9 and 13.10.

16. DIRECTORS' MEETINGS

- 16.1** The directors may meet, adjourn and otherwise regulate the holding of and the proceedings at their meetings as they think fit, and determine what notice is to be given of their meetings and the means of giving any such notice.
- 16.2** A director may at any time convene a meeting of directors; and the secretary, on the request of a director, shall convene a meeting of directors.
- 16.3** Unless otherwise agreed by a majority of the "A" directors and a majority of the "B" directors, meetings of directors shall be held in Johannesburg at least once every quarter and, unless so agreed, at least 7 (seven) days' notice shall be given to each of the directors of each such meeting, at the address notified from time to time by each director to the secretary. The notice for each such meeting shall contain, *inter alia*, an agenda specifying in reasonable detail the matters to be discussed at the meeting, shall be accompanied by any relevant papers for discussion at the meeting and, if sent to an address outside Johannesburg, shall, unless despatched not less than 7 (seven) days before the date of the meeting, be sent by courier or fax. Any director or senior employee of any one of the shareholders to whom the board has no reasonable objection may attend board meetings.
- 16.4** All the "A" directors present at any meeting of directors or at any meeting of any committee of directors shall have 7 (seven) votes between them and those votes shall be cast collectively in the same way, as the "A" director or a majority of the "A" directors (as the case may be) who are at the meeting shall decide.
- 16.5** All the "B" directors present at any meeting of directors or at any meeting of any committee of directors shall also have 7 (seven) votes between them and those votes shall be cast collectively in the same way, as the "B" director or a majority of the "B" directors (as the case may be) who are at the meeting shall decide.
- 16.6** An executive director present at any meeting shall have 1 (one) vote.
- 16.7** The directors shall appoint a chairman of the board of directors from one of the "A" directors or one of the "B" directors and determine the term for such appointment.
- 16.8** If at any meeting of directors the chairman is not present at the time appointed for holding a meeting of directors, then the directors present may appoint any other director who is present to act as chairman for the purpose of the meeting.

- 16.9** The quorum necessary for the transaction of the business of the directors shall be 2 (two), of whom one shall be an "A" director (or his alternate) and the other a "B" director (or his alternate).
- 16.10** The continuing directors may act notwithstanding any vacancies provided that there are at least 2 (two) directors (or their alternates) of whom 1 (one) is an "A" director (or his alternate) and the other is a "B" director (or his alternate).
- 16.11** No business shall be transacted at a meeting of directors unless a quorum is present at the commencement of and throughout the meeting.
- 16.12** The chairman of the meeting of directors shall not have a casting vote in the case of an equality of votes.
- 16.13** A meeting of directors at which a quorum is present may exercise any or all of the powers for the time being vested in or exercisable generally by the directors under these articles or the Act.
- 16.14** Notwithstanding anything to the contrary anywhere else in these articles no resolution of the directors in respect of any matter shall be valid unless it is passed at a meeting of directors with the affirmative vote of a majority of the "A" directors and a majority of the "B" directors or unless it is passed in accordance with article 16.15.
- 16.15** A resolution in writing signed by a majority of all the "A" directors (or their alternates) and a majority of all the "B" directors (or their alternates) and any additional directors who are then in Johannesburg (provided that if any additional director is not in Johannesburg but has an alternate who is then in Johannesburg, the resolution is signed by the alternate), shall be valid and effective as if it had been passed at a meeting of directors, provided it is inserted in the record book referred to in article 16.18.
- 16.16** The resolution referred to in article 16.15 may consist of one or more documents in the same form and, if each such document is signed by one or more of the directors concerned or by one or more of their alternates (where permitted pursuant to article 16.15) and is inserted in the record book, the resolution shall be as valid and effective as if it had been passed at a meeting of directors.
- 16.17** Subject to article 17 a committee of the directors shall include at least 2 (two) directors one of whom shall be an "A" director and the other a "B" director; and the quorum for a meeting of any such committee shall be at least 1 (one) "A" director and at least 1 (one) "B" director. An alternate director shall be counted in the quorum in the same capacity as the director of whom he is an alternate but so that not fewer than 2 (two) individuals will constitute the quorum. No person shall have a second or casting vote at any such meeting. The directors may delegate any of their powers or discretions (including without prejudice to the generality of the foregoing all powers and discretions whose exercise involves or may involve the payment of remuneration to or the conferring of any other benefit on all or any of the directors) to committees consisting of one or more directors and (if thought fit) one or more other named person or persons to be co-opted as hereinafter provided.
- Insofar as any such power or discretion is delegated to a committee, any reference in these articles to the exercise by the directors of the power or discretion so delegated shall be read and constituted as if it were a reference to the exercise thereof by such committee. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than directors and may provide for members who are not directors to have voting rights as members of the committee but so that the number of members who are not directors shall be fewer than half the total number of members of the committee.
- 16.18** The directors shall ensure that a record is made of all resolutions passed at meetings of directors, and shall ensure that all resolutions passed by them, including any resolution passed in terms of article 16.15, shall be inserted in a book provided for that purpose.
- 16.19** Any record or resolution or any extract from any record or resolution which purports to be signed by the chairman of the board of directors or any director or the secretary, shall be prima facie evidence of the matters stated therein.

17. POWERS OF DIRECTORS

- 17.1** The management of the company's business and its control shall be vested in the directors who, in addition to all powers expressly conferred upon them by the Act or these articles, may exercise all the powers and do whatever may be exercised or done by the company and are not in terms of the Act or by these articles expressly directed or required to be exercised or done by a general meeting.
- 17.2** No resolution passed by a general meeting shall invalidate any prior act of the directors which would have been valid if that resolution had not been passed.
- 17.3** The general powers given by article 18.1 shall not be limited or restricted by any special power given to the directors by these articles.
- 17.4** Subject to the provisions of the Act, the directors may exercise from time to time the company's power to borrow moneys.
- 17.5** The directors may secure the payment of any amounts borrowed in terms of article 18.4 or for which the company is liable under any other circumstances whatsoever, in such manner and on such terms and conditions as they deem fit.
- 17.6** The directors may delegate (either collaterally with or to the exclusion of their own powers) to anyone any of their powers on the terms and conditions and subject to the restrictions which they deem fit; any may from time to time vary or cancel any such delegation.

18. DIVIDENDS

- 18.1** A general meeting or the directors may declare a dividend.
- 18.2** If and so far as in the opinion of the directors the company's profits available for distribution justify that payment, the directors may declare an interim dividend of that amount and made payable on a date which they deem fit.
- 18.3** A general meeting shall not declare a dividend in excess of any amount or rate recommended by the directors, but may declare a dividend which is the same as or less than any such amount.
- 18.4** No dividend shall be payable except out of the company's profits which are available for the payment of that dividend.
- 18.5** A declaration by the directors as to the amount of the company's profits available for the payment of a dividend shall be conclusive.
- 18.6** No dividend nor any other money payable on or in respect of a share will bear interest against the company.

19. DISTRIBUTABLE RESERVES AND CAPITALISATION

- 19.1** The directors may transfer from time to time to the company's reserves the amounts which they deem fit out of the company's profits which are available for distribution as a dividend.
- 19.2** Any amount transferred in terms of article 20.1 may be applied, in the discretion of the directors, for any purpose to which the company's profits may properly be applied and, pending that application, may be employed in the company's business without being kept separate from its other assets or be invested.
- 19.3** The directors may from time to time divide, as they deem fit, any reserve created in terms of article 20.1 into any number of specified reserves and consolidate any or all those reserves.
- 19.4** The company may appropriate any sum forming part of the undivided profits which stand to the credit of the reserves of the company or which are otherwise available for dividend:
- 19.4.1** in pursuance of a special resolution, to stated capital amount in terms of article 3.4;
- 19.4.2** in pursuance of an ordinary resolution, to a non-distributable reserve designated for the purpose, if such sum does not at such time form part of a non-distributable reserve.
- 19.5** No non-distributable reserve, including a non-distributable reserve created in terms of article 20.1 and any sum standing to the credit of share premium account, shall be set free and paid to members except by means of a reduction of capital or in terms of article 20.6.

19.6 The reserves of the company, including the non-distributable reserves, may at any time be applied in paying up shares of the company and in issuing such shares to the members of the company in accordance with the provisions of these articles relating to the issue of shares. Any such shares may be distributed among existing holders of the class of shares to which such shares belong pro rata to their existing holdings, or may be dealt with in such other manner as the company or the directors, as the case may be, may, subject to these articles, determine.

19.7 If any difficulty arises in the issue of any shares in terms of article 20.6 the directors may settle the same as they think expedient, and in particular they may issue certificates, fix the value for distribution of such shares, make cash payments to any holders of shares on the basis of the value so fixed in order to adjust rights, and vest any shares or assets in trustees upon trust for the persons entitled to participate in such issue as may seem just and expedient to the directors.

21. INDEMNITIES

Subject to the Act, each director, alternate director, manager, secretary and other officer of the company and each person employed by the company as its auditor shall be indemnified by the company against any liability incurred by him from time to time in that capacity in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted or in respect of any of those proceedings which is abandoned or in connection with any application made under section 248 of the Act in which relief is granted to him by a court of competent jurisdiction.

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF TSOGO SUN KWAZULU-NATAL (PTY) LTD

The following is an unaltered extract from the Articles of Association of Tsogo Sun KwaZulu-Natal (Pty) Limited:

Schedule 1 – Table B

A. The articles of Table B contained in Schedule 1 to the Companies Act, 1973 shall apply to the company subject to such additions, omissions and modifications as are stated below.

Additions

B. The following articles additional to that contained in Table B are included:

(a) ARTICLE 30(i): "CONVERT ANY OF ITS SHARES, WHETHER ISSUED OR NOT INTO SHARES OF ANOTHER CLASS."

Omissions

C. The following articles contained in Table B are omitted:

(a) ARTICLE 57

Modifications

D. The following articles contained in Table B are modified in the manner indicated:

(a) ARTICLE 53: AN EXTRA COLUMN IS ADDED TO THE PROXY NAMELY "ABSTAIN"

(b) THE PROVISOTO ARTICLE 61, WHICH RESTRICTSTHE BORROWING POWERS OFTHE DIRECTORS, IS DELETED.

(c) ARTICLE 38: THE NOTICE REFERRED TO THEREIN TO BE SENT BY REGISTERED POST.

CORPORATE GOVERNANCE STATEMENT

GOLD REEF

In accordance with the King III Report the Gold Reef Board comprises a balance of executive and non-executive directors, with the majority being non-executive directors. Accordingly, seven of the eleven directors on the Gold Reef Board hold non-executive positions. Of the non-executive positions, five are independent, including the Chairman. There is one alternate non-executive director.

The roles of the non-executive Chairman and CEO are strictly separated. The Chairman provides leadership to the Gold Reef Board and oversees its efficient operation while the CEO is responsible for proposing, updating, implementing and maintaining the strategic direction of Gold Reef as well as ensuring that the day-to-day affairs of the Group are appropriately supervised and controlled. Executive directors assist the CEO and are responsible for implementing strategy and operational decisions in respect of the company's day-to-day operations. The non-executive directors are high merit individuals who contribute a wide range of skills, knowledge and experience to the Gold Reef Board's decision-making process and are not involved in the daily operations of the Group.

The unitary Gold Reef Board is regulated by a formal Board Charter, which sets out the role of the Gold Reef Board and the responsibilities of the directors. The Gold Reef Board maintains full and effective control over Gold Reef and is accountable and responsible for Gold Reef's performance. The Board Charter codifies the Gold Reef Board's composition, appointment, authorities, responsibilities and processes and sets out the fiduciary duties of the directors to the company. The Board Charter addresses matters relating to Gold Reef Board composition, leadership, remuneration and evaluation, review of Group processes and procedures, key operational risks and corporate governance compliance. It provides the Gold Reef Board with a mandate to exercise leadership, determine the Group's vision and strategy and monitor operational performance.

The Gold Reef Board meets at least quarterly with additional meetings convened when necessary. Directors are comprehensively briefed in advance of Gold Reef Board meetings and are provided with all necessary information to enable them to discharge their responsibilities. In terms of the articles of association of Gold Reef, directors are subject to retirement by rotation and re-election at least once every three years.

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

New appointments

New Gold Reef Board appointments are considered by the Gold Reef Board as a whole, taking into account a blend of skills and experience as well as concerns such as diversity. In terms of the articles of association of Gold Reef's new directors hold office until the next annual general meeting at which their appointment must be confirmed/ratified by shareholders. An informal induction programme is in place which includes introductions to key senior management and site visits. New appointees receive copies of the latest interim announcements and annual financial statements and are introduced to the company's policies and procedures. The Company Secretary is responsible for implementing this induction programme which also sets out the new directors' responsibilities and fiduciary duties, as well as ongoing guidance on the relevant statutory and regulatory framework.

A brief CV of each director standing for election or re-election at the annual general meeting accompanies the notice of general meeting contained in the annual report.

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 Gold Reef Board abreast of current requirements. The company involves its sponsor and other relevant experts where necessary to ensure that the level of information is adequate to enable the Gold Reef Board to fulfill its duties.

Conflict of interests

Directors are required to disclose at each Gold Reef Board meeting their shareholding, additional directorships and any potential conflicts of interest to the Chairman and the Company Secretary who, together with the sponsor, ensure that any share dealings and other required information are published on SENS.

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 cautionary. These employees are expressly informed when the Group is entering a 'closed period' and that dealing in the Company's shares during that period is prohibited. Further, directors are obliged to obtain clearance from the Chairman, or failing him, the Chairman of the Audit and Risk Committee, prior to dealing in the shares of the company and to report any share dealings (including transactions in terms of the Gold Reef Share Scheme) to the Company Secretary who, together with the sponsor, ensures that the information is released on SENS.

Annual evaluation

The Gold Reef Board conducts ongoing self-evaluation exercises based on a pre-determined checklist.

Board Committees

The following Board Committees are in place:

- Audit and Risk Committee – consisting of J C Farrant (committee chairperson) and Z J Matlala. P Vallet is an alternate to both members.
- Remuneration and Nominations Committee – consisting of Z J Matlala (committee chairperson), J C Farrant and E N Banda.

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.

Audit and Risk Committee

The Audit and Risk Committee is chaired by an independent non-executive director and comprises one other independent non-executive director with a further non-executive director alternate to both of them. The composition of the committee is in line with the requirements of the Corporate Laws Amendment Act. The committee meet 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, Financial Director, Group 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 Gold Reef Board in fulfilling its fiduciary oversight responsibilities for the following:

- financial reporting process;
- system of risk management;
- system of internal controls;
- internal audit process;
- the annual independent audit of the Company's and Group's financial statements;
- engagement of other external audit firms (e.g. for fair and reasonable opinions); and
- the Group's compliance with:
 - laws and regulations;
 - its articles of association;
 - its code of conduct (ethics);
 - corporate governance;

- BEE requirements set by Gambling Boards and the Department of Trade and Industry;
- its fraud policy; and
- Audit Committee and Audit Forum management and reporting responsibilities.

Additional responsibilities include recommending the appointment of the head of internal audit, 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 Financial Director as well as reviewing the Group's compliance with the Companies Act, the Income Tax Act, the King III Report, the Listings Requirements and all other relevant statutes. The Audit Committee is required to report to shareholders in the Annual Report that it has executed its responsibilities in respect of evaluating the Financial Director. Subject to overall Gold Reef 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 assessed at least annually. The risks are assessed against mitigating factors to produce residual risks. The committee satisfies itself that the residual risk is within its risk tolerance. If the risk tolerance is breached additional steps will be taken to reduce it to within the risk tolerance. The risk, mitigating factor, residual risk and the rationale used in the above is adequately documented. In an attempt to combat fraud a crime hot line has been established and offers the callers anonymity and confidentiality.

Separate audit forums are in place at the Group's major subsidiaries. These forums comply with the standards and practices set by the Audit and Risk Committee. The Internal Audit Manager and the external auditors of each of these companies report their findings to the respective Audit Forums and Gold Reef's Audit and Risk Committee.

The external auditors report to the Audit and Risk Committee to confirm that they have remained independent from the Company 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. Findings and recommendations are then reported to the Gold Reef Board.

Code of ethics

During 2008 Gold Reef developed a code of ethics which has been adopted by all units throughout the Group. The code covers the following principles: corporate governance, obeying the law, competition and marketing, conflicts of interest, payments to government personnel, kickbacks and gratuities, political contributions, employment practices and responsibilities to local communities and the environment. To ensure that the Group's reputation for integrity remains untarnished, a zero tolerance policy has been adopted. Staff members are required to sign a declaration of acknowledgement confirming their commitment to the code.

Management

Operational management is appointed by the Gold Reef 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. For example, formalised delegation of authority documents are distributed to each unit which clarify the levels of authority given as well as management's obligations in the following areas:

- contracts binding on the company;
- disposal of assets;
- banking;
- appointment and dismissal of senior staff;
- organisational structure;
- collective bargaining arrangements;
- marketing initiatives;
- budgets and reports;
- appointments of lawyers, auditors and consultants;

- legal proceedings;
- donations;
- conflicts of interest;
- travel and accommodation;
- policies, procedures and manuals;
- operating expenditures;
- capital expenditure;
- dealing with the press;
- health and safety; and
- compliance with the law.

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 assessment of internal controls and reporting on whether the financial statements are fairly presented in compliance with IFRS. The preparation of the financial statements remains the responsibility of the directors and management.

Internal audit

The internal audit function evaluates and examines the operations' activities and resultant business risks. The internal audit plan is based on risk assessments and compliance requirements. 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 Risk Management

The Gold Reef Board is responsible for the Group's systems of internal control and risk management. These 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 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 Audit and Risk Committee reports to the Gold Reef 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 Gold Reef Board monitors the implementation of the appropriate risk management strategies throughout the Group.

TSOGO

The Directors endorse, and accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practised consistently throughout the Tsogo Sun Group. In discharging this responsibility, the intention is to achieve compliance in all material respects with the King Code in both letter and spirit, where appropriate.

Chairperson and Chief Executive Officer

The Board is chaired by Johnny Copelyn, a non-executive Director. The chairperson is responsible for providing leadership to the Board, overseeing its efficient operation and ensuring effective corporate governance practices.

The Chief Executive Officer is J A Mabuza. He is responsible for formulating, implementing and maintaining strategic direction of the Group, as well as ensuring that the day-to-day affairs of the Group are appropriately supervised and controlled.

Board

The Board comprises 4 executive Directors and 8 non-executive Directors, none of whom are independent. The current Directors are appointed in accordance with the Company's shareholders' agreement. The Board's responsibilities include providing the Group with clear strategic direction, ensuring that there is adequate succession planning at senior levels, overseeing operational performance and management and determining policies and processes which seek to ensure the integrity of the Group's risk management and internal controls.

The Board has defined levels of materiality through a written delegation of authority, which sets out decisions the Board wishes to reserve for itself. The delegation is regularly reviewed and monitored.

The Board meets at least four times a year with additional meetings called if necessary or desirable. Information relevant to a meeting is supplied on a timely basis to the Board ensuring Directors can make reasoned decisions. The Directors have unrestricted access to information and management in relation to the Group, and where appropriate, may seek the advice of independent professionals on matters concerning the affairs of the Group, at its expense.

Independence of the Board

The Board's independence from the team responsible for the daily management of the Tsogo Sun Group is maintained by:

- keeping separate the roles of the chairperson and the chief executive officer;
- functioning board committees comprised mainly of non-executive Directors;
- the non-executive Directors not holding fixed-term service contracts;
- all Directors, with prior permission of the Board, being entitled to seek independent professional advice on the affairs of the Group at its expense; and
- all Directors having access to the advice and services of the company secretary.

Board committees

The responsibilities delegated to board committees are formally documented in terms of reference for each committee, which have been approved by the Board.

Audit Committee

The Group Audit and Risk committee is chaired by Malcolm Wyman, a non-executive Director. The committee consists of 3 non-executive Directors. The current members are:

- Malcolm Wyman (Chairperson);
- Johnny Copelyn; and
- Andre van der Veen.

The committee meets at least three times a year and is responsible for assisting the Board in fulfilling its responsibilities in respect of financial reporting issues, internal and external audit management, ensuring compliance with laws and regulations, risk management and development/maintenance of an effective internal control system.

Committee members have unrestricted access to information and management of the Group and, where appropriate, may seek the advice of independent professionals on matters concerning the affairs of the Group, at the expense of the Group.

The audit committee sets the principles for recommending the use of the external auditors for non-audit purposes.

Human Resources and Remuneration committees

The remuneration committee is chaired by Meyer Kahn, a non-executive Director. The committee consists of 4 non-executive Directors. The current members are:

- Meyer Kahn (Chairperson);
- Johnny Copelyn;
- Marcel Golding; and
- Graham Mackay.

The committee meets at least twice a year and is responsible for assisting the Board in fulfilling its responsibilities in respect of maintaining an appropriate remuneration strategy, ensuring the Directors and senior executives are fairly rewarded, providing for succession planning and assessing the effectiveness of the composition of the Board.

The remuneration strategy is aimed at ensuring that levels of remuneration are sufficient to attract, retain and motivate executives and, where appropriate, aimed at aligning the executives' interests with that of the Tsogo Sun Group Shareholders. Consequently, an element of the strategy is aimed at ensuring that the performance-related elements of the executive's remuneration should constitute a growing portion of total remuneration. The current remuneration package has two elements: a market-related base pay and incentive pay comprising an annual cash bonus. A portion of the remuneration package is subject to certain pre-defined performance targets being met. An additional element to the remuneration package comprises a long term incentive bonus plan.

In setting and approving remuneration levels and structures, the committee makes comparisons to remuneration paid by other companies in the same industry or similar industries, taking into account differing levels of responsibility, performance and complexity. The committee also gets advice from specialist remuneration consultants as and when needed and considers remuneration levels for other executives and staff in the Group.

Company secretary

The company secretary acts as advisor to the Board and plays a pivotal role in ensuring compliance with statutory regulations and giving guidance to the Directors regarding their duties and responsibilities. The Directors have unlimited access to the advice and services of the company secretary.

Employment equity

The Tsogo Sun Group has a clearly defined employment equity strategy aimed at realising the potential of previously disadvantaged people in South Africa.

DETAILS OF THE GOLD REEF AND TSOGO DIRECTORS' OTHER DIRECTORSHIPS AND PARTNERSHIPS DURING THE PREVIOUS FIVE YEARS

GOLD REEF

Director	Current Directorships	Previous Directorships
Dr Enos Ned Banda	Cashmere Trade 11 (Pty) Ltd Freetel Capital (Pty) Ltd Freetel Communications (Pty) Ltd Freetel Fund Management (Pty) Ltd Freetel Industrials and Minerals (Pty) Ltd Gold Reef Resorts Limited Nariku (Pty) Ltd SAAB Grintek Technologies (Pty) Ltd Zader Investment Holdings (Pty) Ltd Zader Northern Province Investments (Pty) Ltd	Altivex 391 – Section 21 company Bakitter Investments CC Dijo Investments (Pty) Ltd Gauteng Fund Management Company (Pty) Ltd Naka Diamond Mining (Pty) Ltd Orbtacom Investment Holdings (Pty) Ltd Savannah Dancer Investments 65 (Pty) Ltd Savannah Dancer Investments 70 (Pty) Ltd Savannah Dancer Investments 77 (Pty) Ltd Tubatse River Casino Manco (Pty) Ltd Zader Investment Corporation (Pty) Ltd
Mzolisi Goodman Diliza	Affecta Human Capital (Proprietary) Limited Africa Wide Financial Services (Proprietary) Limited Africa Wide Fuel And Oil (Proprietary) Limited Africa Wide Investment Holdings (Proprietary) Limited African Spirit Trading 244 (Proprietary) Limited Akani Leisure Investments Hotel Management (Proprietary) Limited Akani-Egoli (Proprietary) Limited Ansys Limited Aquarella Investments 109 (Proprietary) Limited Bombela Operating company (Proprietary) Limited Bomela Concessions Company (Proprietary) Limited Chamber Of Mines Services (Proprietary) Limited Diliza Family Trust Glomex (Proprietary) Limited Gold Reef Resorts Limited GrowthPoint Properties Limited	Africon (Proprietary) Limited Africon Engineering International (Proprietary) Limited Akani Leisure Investment Casino Management (Proprietary) Limited Akani Leisure Investments (Proprietary) Limited Black Management Forum Investment Company Limited Computershare South Africa (Proprietary) Limited Kgomo Ya Dinaka Mining (Proprietary) Limited Technology Renaissance Holdings (Proprietary) Limited Uthingo Management (Proprietary) Limited Vengorax Investment Holdings (Proprietary) Limited

Director	Current Directorships	Previous Directorships
Mzolisi Goodman Diliza (continued)	Ibunga Events Management (Proprietary) Limited Imbewu Mineral Holdings (Proprietary) Limited Imbewu Mineral Resources (Proprietary) Limited Isithimela Advertising Company (Proprietary) Limited Isithimela Ict Company (Proprietary) Limited Isithimela Property Development Company (Proprietary) Limited Isitimela Strategic Investments (Proprietary) Limited Ithuseng Investments (Proprietary) Limited Mastertrade 313 (Proprietary) Limited Mastertrade 319 (Proprietary) Limited Micmaru Investment Holdings (Proprietary) Limited Miganu Investment Holdings (Proprietary) Limited Miganu Property Consortium (Proprietary) Limited Miganu Strategic Investments (Proprietary) Limited Mines Employees Pension Fund Mossbrooke Investments (Proprietary) Limited Mpf Management Services (Proprietary) Limited Mthatha Wellness Village CC Nakiska Holding Company (Proprietary) Limited Njilo Capital Investments (Proprietary) Limited Nyangilizwe Health Care (Proprietary) Limited Power Trust 104 Quick Leap Investments 429 (Proprietary) Limited Rand Refinery Limited Salestalk 158 (Proprietary) Limited Sentinel Mining Industry Retirement Fund Spg Concessions (Proprietary) Limited Strategic Partners Group (Proprietary) Limited Strategic Partners Group Construction (Proprietary) Limited Strategic Partners Group Investments and Operations (Proprietary) Limited Target Opencast Mining (Proprietary) Limited TEBA Bank Controlling Company Limited The Chamber of Mines Building Company Limited The Employment Bureau of Africa (Proprietary) Limited Vuleka Community Development Company (Proprietary) Limited	

Director	Current Directorships	Previous Directorships
John Cyril Farrant	AD Gilfillan Trust Alexandre Lorant Charitable & Educational Trust AMCG Trust Ancolag Trust – in deregistration Andrew Gilfillan Trust Anthony Stewart Haggie Trust Ashmere Charitable Trust Balliclare Trust Cherand Trust Clair Anna Fulton Trust David Mitchell Family Trust David Stewart Haggie Trust David’s Trust Estate Desmond Bolton Educational Trust DHM Trust Endangered Wildlife Foundation – in deregistration Endangered Wildlife Trust Felicity Hargreaves Family Trust Fleming House Limited Frederick Emary Family Trust Gable Ends Trust Gillian Yelland Family Trust Gold Reef Resorts Limited Gold Reef Share Scheme Hamish Gilfillan Trust Harriet Gilfillan Trust HM Hedley Trust Ian Haggie Family Trust Jasco Electronics Holdings Limited JH Gilfillan Trust John Alfred Sherry Trust Karen Anne Fulton Trust Kelly Leigh Fulton Trust Kyle Andrew Fulton Trust Melrose Court Trust Morris Green Trust Myeza Family Trust Noelle Bolton Income Trust Paul Kent Fulton Trust Pauline Emmarentia Fulton Trust Pitsani Game Reserve Limited Pringle Family Trust Randjes Estate Limited Robson Savage (Proprietary) Limited Shrike Trust Webbson Family Trust Webbson Property Trust – in deregistration William Gilfillan Trust WN Gilfillan Trust	Lezayre Plettbay Property CC Parkmore Travel (Proprietary) Limited Swanvest 239 (Proprietary) Limited

Director	Current Directorships	Previous Directorships
Jarrold Sean Friedman	Akani Casino Management (Proprietary) Limited Akani Egoli Management (Proprietary) Limited Akani Egoli Properties (Proprietary) Limited Akani Leisure (Silverstar Holdings) (Proprietary) Limited Akani Leisure Goldfields Investments (Proprietary) Limited Akani Leisure Investment Casino Management (Proprietary) Limited Akani Leisure Investments (Proprietary) Limited Akani Leisure Msunduzi Investments (Proprietary) Limited Akani Msunduzi (Proprietary) Limited Akani Msunduzi Management (Proprietary) Limited Akani-Egoli (Proprietary) Limited Aldiss Investments (Proprietary) Limited Garden Route Casino (Proprietary) Limited Gold Reef City Milky Lane (Proprietary) Limited Gold Reef City Mugg and Bean (Proprietary) Limited Gold Reef City Theme Park (Proprietary) Limited Gold Reef Management (Proprietary) Limited Gold Reef Resorts Limited Gold Reef Resorts Training Institute (Proprietary) Limited Goldfields Casino and Entertainment Centre (Proprietary) Limited Inkonka Investments (Proprietary) Limited Little Swift Investments 465 (Proprietary) Limited Mogale Silverstar Holdings (Proprietary) Limited Newshelf 786 (Proprietary) Limited North West Developments (Proprietary) Limited Richard Moloko Consortium (Proprietary) Limited Richard Moloko Consortium Holdings (Proprietary) Limited Silver Star Casino Property 1 (Proprietary) Limited Silverstar Casino (Proprietary) Limited Tanglepark Trading (Proprietary) Limited West Coast Leisure (Proprietary) Limited	Newshelf 698 (Proprietary) Limited

Director	Current Directorships	Previous Directorships
Steven Brian Joffe	123 Atholl Close Homeowner's Association (Sectional Scheme) Akani Egoli Management (Proprietary) Limited Akani Egoli Properties (Proprietary) Limited Akani Msunduzi (Proprietary) Limited Akani Msunduzi Management (Proprietary) Limited Akani-Egoli (Proprietary) Limited Aldiss Investments (Proprietary) Limited Garden Route Casino (Proprietary) Limited Gold Reef City Theme Park (Proprietary) Limited Gold Reef Management (Proprietary) Limited Gold Reef Resorts Limited Gold Reef Resorts Training Institute (Proprietary) Limited Goldfields Casino and Entertainment Centre (Proprietary) Limited Inkonka Investments (Proprietary) Limited Little Swift Investments 465 (Proprietary) Limited Lukhanji Leisure (Proprietary) Limited Mogale Silverstar Holdings (Proprietary) Limited Newshelf 786 (Proprietary) Limited Richard Moloko Consortium (Proprietary) Limited Richard Moloko Consortium Holdings (Proprietary) Limited Silverstar Casino (Proprietary) Limited The South African Apartheid Museum At Freedom Park West Coast Leisure (Proprietary) Limited	Akani Casino Management (Proprietary) Limited Akani Leisure Investments (Proprietary) Limited Newshelf 698 (Proprietary) Limited Tanglepark Trading (Proprietary) Limited Platinum Mile Investments 210 (Proprietary) Limited
Martin Krok	Bluecore Investments (Proprietary) Limited Bonfit South Africa (Proprietary) Limited Broad Brush Investments 19 (Proprietary) Limited Brush-T Innovations (Proprietary) Limited Caffè Pronto (Proprietary) Limited Cellular Trees (Proprietary) Limited Cinebox (S A) (Proprietary) Limited Cobin Investments (Proprietary) Limited Consolidated Drug Houses (Proprietary) Limited Contract Publishing Services (Proprietary) Limited Creative Gaming (Proprietary) Limited Empire Amusement Parks (1973) (Proprietary) Limited Erf 382 Portion 2 Victory Park CC Fucil Properties (President Street) (Proprietary) Limited Fucil Properties (Smal Street) (Proprietary) Limited Gemlin Investments (Proprietary) Limited	Akani-Egoli (Proprietary) Limited

Director	Current Directorships	Previous Directorships
Martin Krok (continued)	Gold Reef Resorts Limited Hartenbos Landgoed (Proprietary) Limited Hartenbos Landgoed No 2 (Proprietary) Limited Household Products (Proprietary) Limited Index Capital Corporation (Proprietary) Limited International Trade And Development Exchange (Proprietary) Limited International Trade And Research Centre (Proprietary) Limited Karami Furnishers (Proprietary) Limited Krok And Krok International (Proprietary) Limited Krok Capital (Proprietary) Limited Krok Property Fund (Proprietary) Limited La-Petite Maison CC Le Grand Homeowners Association Liljen Investments No 11 (Proprietary) Limited Major Twins Properties (Proprietary) Limited Marchia Estates (Proprietary) Limited Muti Medicines (Proprietary) Limited Netawk (Proprietary) Limited Oralgene SA (Proprietary) Limited Phoenix Salt Industries (Proprietary) Limited Pixie Dust Trading 24 (Proprietary) Limited Pleasureland Properties (Proprietary) Limited Golf Sporting Products (Proprietary) Limited Realty Dynamix 53 (Proprietary) Limited Rio Sweeteners Sa (Proprietary) Limited Sage Wise 52 (Proprietary) Limited Simon Krok Investments (Proprietary) Limited Springtime Property And Investments CC Twin Park (Proprietary) Limited Unichill (Proprietary) Limited Unlimited Security Solutions (International) (Proprietary) Limited Wild Waters Properties (Proprietary) Limited	
Zanele Joyce Matlala	Business Partners Limited Buzake Investments (Proprietary) Limited Chamsah Properties 6 CC Gold Reef Resorts Limited Gold Reef Share Scheme Imazi Investments (Proprietary) Limited Infrastructure Finance Corporation Limited Kagiso Enterprises Rural Private Equity Fund (Proprietary) Limited Kagiso Financial Services Limited Kagiso Infrastructure Investments (Proprietary) Limited Kagiso Property Holdings (Proprietary) Limited Kagiso Strategic Investments Finance 3 (Proprietary) Limited	Export Credit Insurance Corporation of South Africa Limited

Director	Current Directorships	Previous Directorships
Zanele Joyce Matlala (continued)	Kagiso Strategic Investments III (Proprietary) Limited Kagiso Treasury Solutions (Proprietary) Limited Kagiso Trust Enterprises (Proprietary) Limited Kagiso Trust Investments (Proprietary) Limited Kagiso Ventures Investment Holdings (Proprietary) Limited Ka-Nnete Investment Corporation (Proprietary) Limited KVIH Finance (Proprietary) Limited Merafe Resources Limited Mithasi Investments CC Metropolitan Holdings Limited N M Rothschilds Sons (SA) (Proprietary) Limited Xanthe Investment Holdings (Proprietary) Limited	
Christian Neuberger	Akani Egoli Management (Proprietary) Limited Akani Egoli Properties (Proprietary) Limited Akani Msunduzi (Proprietary) Limited Akani Msunduzi Management (Proprietary) Limited Akani-Egoli (Proprietary) Limited Aldiss Investments (Proprietary) Limited Austrian Business Circle (Section 21) Garden Route Casino (Proprietary) Limited Gold Reef City Theme Park (Proprietary) Limited Gold Reef Management (Proprietary) Limited Gold Reef Resorts Limited Gold Reef Resorts Training Institute (Proprietary) Limited Goldfields Casino and Entertainment Centre (Proprietary) Limited Inkonka Investments (Proprietary) Limited Lukhanji Leisure (Proprietary) Limited Mogale Silverstar Holdings (Proprietary) Limited Newshelf 786 (Proprietary) Limited Richard Moloko Consortium (Proprietary) Limited Richard Moloko Consortium Holdings (Proprietary) Limited Silverstar Casino (Proprietary) Limited West Coast Leisure (Proprietary) Limited	Akani Casino Management (Proprietary) Limited Akani Leisure Investments (Proprietary) Limited Newshelf 698 (Proprietary) Limited Platinum Mile Investments 210 (Proprietary) Limited Tanglepark Trading (Proprietary) Limited

Director	Current Directorships	Previous Directorships
Tapson Mudzudzanyi Sadiki	Akani Egoli Management (Proprietary) Limited Akani Egoli Properties (Proprietary) Limited Akani Msunduzi (Proprietary) Limited Akani Msunduzi Management (Proprietary) Limited Akani-Egoli (Proprietary) Limited Aldiss Investments (Proprietary) Limited Garden Route Casino (Proprietary) Limited Gold Reef City Theme Park (Proprietary) Limited Gold Reef Management (Proprietary) Limited Gold Reef Resorts Limited Gold Reef Resorts Training Institute (Proprietary) Limited Goldfields Casino and Entertainment Centre (Proprietary) Limited Lukhanji Leisure (Proprietary) Limited Mogale Silverstar Holdings (Proprietary) Limited Newshelf 786 (Proprietary) Limited Richard Moloko Consortium (Proprietary) Limited Richard Moloko Consortium Holdings (Proprietary) Limited Silverstar Casino (Proprietary) Limited Tapsons Chemicals (Proprietary) Limited West Coast Leisure (Proprietary) Limited	
Patrick Christopher Muzi September	Akani Msunduzi (Proprietary) Limited Gold Reef Resorts Limited Mehlesizwe Investment Holdings (Proprietary) Limited New Heights 338 (Proprietary) Limited Nkunzi Chemicals (Proprietary) Limited Nkunzi Investment Holdings (Proprietary) Limited Nkunzi Technisec (Proprietary) Limited Rand Sanitation Company (Proprietary) Limited Nkunzi Unsgaard Packaging (Proprietary) Limited Phinda Investments (Proprietary) Limited RZT Zelpy 5023 (Proprietary) Limited RZT Zelpy 5030 (Proprietary) Limited Scopfull 86 (Proprietary) Limited	Absobetech Enviromental (Proprietary) Limited Akani Leisure Msunduzi Investments (Proprietary) Limited Business Against Crime KZN Section 21 Business Against Crime – South Africa Section 21 Farmer Brown (Proprietary) Limited Henque 4088 (Proprietary) Limited Olwazini Discovery Centre Section 21 Rainbow Farms (Proprietary) Limited Rainbow Farms Investments (Proprietary) Limited
Phillip Vallet	Auwa Protector (Proprietary) Limited Caxton And CTP Publishers And Printers Limited Celcom Group Limited Chet Chemicals (Proprietary) Limited Cranberry Crescent Limited (Incorporated In The Isle Of Man) Andulela Limited Fluxmans Incorporated Fluxrab Nominees (Proprietary) Limited Gold Reef Resorts Limited Krimay Investments CC Labour On The Move (Proprietary) Limited	Kirgo Capital (Proprietary) Limited Rino Personnel (Proprietary) Limited Copper Penny Investments (Proprietary) Limited Eitan Properties (Proprietary) Limited Isawal (Proprietary) Limited Old Brandcorp Holdings (Proprietary) Limited Profurn Limited Royal Cleaners (Proprietary) Limited Score Employees Share Company (Proprietary) Limited

Director	Current Directorships	Previous Directorships
Phillip Vallet (continued)	Metaf Investment Holdings (Proprietary) Limited Myriad Medical Holdings Limited Spescom Limited Super Group Limited Top-Met Investment Holdings (Proprietary) Limited	Sedow Holdings (Proprietary) Limited Tiger Automotive Limited Ventap Investments CC Glendora Farms (Proprietary) Limited Titiation Investments (Proprietary) Limited Berg Berg Investments CC Chet Industries Limited Fine And Well Investments (Proprietary) Limited Haddock Investments (Proprietary) Limited Kirgo Investment Holdings (Proprietary) Limited Mathieson And Ashley Holdings Limited R W R T Administration Company (Benoni) (Proprietary) Limited Sojaberg CC Spenburg Properties CC Tiger Wheels Limited Unity Investment CC Victoria Buildings CC

TSOGO

Director	Current Directorships	Previous Directorships
Robert Alan Collins	Adventure World Management (Pty) Ltd Blue Bells Country Club (Pty) Ltd Blue Crane Signature Golf Estate (Pty) Ltd Cassava Investments (Pty) Ltd Celebrations Accommodation and Food Service Management (Pty) Ltd Cobalt Investments (Pty) Ltd Durban Add-Ventures Ltd Eglin Investments No 12 (Pty) Ltd Jeddler Investments (Pty) Ltd Lexshell 94 General Trading (Pty) Ltd Listed Investments (Pty) Ltd Monte Cinemas (Pty) Ltd Montecasino Property Owners Association (Association incorporated in terms of Section 21) Monyaka Gaming Machine Supply (Pty) Ltd Southern Sun Hotels (Pty) Ltd Southern Sun Slot Routes (Pty) Ltd Pocatello Investments (Pty) Ltd Ripple Effect 31 (Pty) Ltd Southern Hotels (Pty) Ltd Southern Sun Slot Routes (Pty) Ltd Southern Sun Offshore (Pty) Ltd Southern Sun's Airport Inn (Pty) Ltd Sunnyside Park (Pty) Ltd The Millenium Casino (Pty) Ltd TMCTS Management Company (Pty) Ltd Tsogo Sun Caledon (Pty) Ltd	

Director	Current Directorships	Previous Directorships
Robert Alan Collins (continued)	Tsogo Sun Casinos (Pty) Ltd Tsogo Sun Emonti (Pty) Ltd Tsogo Sun Expansion No 1 (Pty) Ltd Tsogo Sun Expansion No 2 (Pty) Ltd Tsogo Sun Gaming (Pty) Ltd Tsogo Sun Holdings (Pty) Ltd Tsogo Sun Investments (Pty) Ltd Tsogo Sun KwaZulu-Natal (Pty) Ltd Tsogo Sun Limpopo (Pty) Ltd Tsogo Sun Newcastle (Pty) Ltd Tsogo Sun One Monte (Pty) Ltd Tsogo Sun Supply & Distribution (Pty) Ltd Tsogo Sun Western Cape (Pty) Ltd Two Rivers Investments (Pty) Ltd Whitehorse Investments (Pty) Ltd Winox Investments (Pty) Ltd	
John Anthony Copelyn	2 Toman Close Hydepark (Pty) Ltd 20 Sydney Street, Greenpoint (Pty) Ltd 21 Impala Road Properties (Pty) Ltd Ahead Investments Ltd Almania Investments (Pty) Ltd Ancestral Investments (Pty) Ltd Bato Star Fishing (Pty) Ltd Aston Bay Holiday Resorts (Pty) Ltd Avenpalm Investments (Pty) Ltd Beier Finance (Pty) Ltd Black Ginger 75 (Pty) Ltd Blue Ridge Investments (Pty) Ltd Braber Investments (Pty) Ltd Braylon Investments (Pty) Ltd Business Systems Group (Pty) Ltd C & A Associated Consultants (Pty) Ltd Cape Town Film Studios Catwalk Investments 167 (Pty) Ltd Catwalk Leisure Investments (Pty) Ltd Chearsley Investments (Pty) Ltd Cherry Moss Trade And Invest 188 Circumference Investments (Pty) Ltd Clover Industries Limited Clover Sa (Pty) Ltd Descarte Investments No 8 (Pty) Ltd Dreamworld Management Company (Pty) Ltd E SAT TV E.TV Equity Plus Trading (Pty) Ltd Euphoria (Pty) Ltd F1 Operation Fabcos Investment Holdings (Pty) Ltd Fabulous Gaming and Leisure Diversified Investments Limited Foothills Trading And Investment 8 First Ready Development 213 (Pty) Ltd Flaghigh Investments (Pty) Ltd Free-Flowing Property Holdings (Pty) Ltd Fulela Trade and Invest 81 Gallagher Convention Centre Limited	Formex Industries Absa Technology Finance Solutions Africa On Air Amalgamated Union Transport & Automated Atlantic International Entertainment Sa Ltd Cape Talk (Pty) Ltd Carrillian Investments (Pty) Ltd Datafer (Pty) Ltd Denkova Investments Durban Add-Ventures Limited FI Funding And Investment Holdco FI Operation Fluxrab Investments No 7 Francolin Investments (Pty) Ltd Golden Arrow Bus Services (Pty) Ltd Golden Arrow Bus Services (Pty) Ltd Ltd International Payment Systems (Pty) Ltd Ltd Limtech Biometric Solutions (Pty) Ltd Ltd Masana Handweavers Mettle Limited Mettle Operations Limited Real Africa Holdings SAIL Group Sail Sport & Entertainment (Pty) Ltd Saram Investments (Pty) Ltd SEB Investments (Pty) Ltd Self Nuturing Investments (Pty) Ltd Shell Case 59 (Pty) Ltd The IQ Business Group (Pty) Ltd The Millenium Casino Limited Three Blind Mice Communications (Pty) Ltd Tsogo Sun KwaZulu-Natal (Pty) Ltd Unifer Holdings Unit 1 The Oaks

Director	Current Directorships	Previous Directorships
John Anthony Copelyn (continued)	Gallagher Estate Holdings Limited GE Property and Marketing (Pty) Ltd Gelprop (Pty) Ltd Generation Y (Pty) Ltd Glenny Buchner Investments (Pty) Ltd Global Payment Technologies Hld.(P) L HCI Bingo Investments HCI Consolidated Investments (Pty) Ltd HCI Food & Beverage Investments HCI Khusela Coal (Pty) Ltd HCI Khusela Coal Plus (Pty) Ltd HCI Lifting Services HCI Managerial Services (Pty) Ltd HCI Properties (Pty) Limited HCI Treasury (Pty) Ltd HJS Advisory Services (Pty) Ltd Hollyberry Props 12 (Pty) Ltd Hosken Consolidated Investments Ltd House 22 Ronald Avenue (Pty) Ltd House 24 Ronald Avenue (Member) IGI Investment Co (Pty) Ltd International Payment Properties (Pty) Ltd JC Nominees (Pty) Ltd Johnnic Casino Holdings Limited Johnnic Holdings Johnnic Management Services (Pty) Ltd Johnnic Properties Limited Johnnic Property Developments Ltd Johnnic Property Holdings Limited Johnnic Property Investments Ltd Johnnic Strategic Investments Holdings Karisso Investments (Pty) Ltd Lennings Limited Leopont 255 (Pty) Ltd Leopont 261 (Pty) Ltd Leopont 262 (Pty) Ltd Levyman (Pty) Ltd Limitless Angel Fund (Pty) Ltd Lone Hill Estates (Pty) Ltd LY Holdco Maclyn House (Pty) Ltd Magicover Main Place Holdings Limited Main Street 614 (Pty) Limited Mercanto Investments (Pty) Ltd Merilyn Investments (Pty) Ltd Mettle Projects 1 Mirino Investments (Pty) Ltd Move On Up 104 (Pty) Ltd Nexrealm Technologies (Pty) Ltd Online Gaming Systems Ltd Pearl Beach Investments (Pty) Ltd Pretoria International Airport Corporation Radius Trading (Pty) Ltd Rivetprops 47 (Pty) Ltd Rowan Tree 4 S A M Sisonke SA Amalgamated Union Fishing (Pty) Ltd	Viamax Fleet Solutions (Pty) Ltd Zerilada Investments (Pty) Ltd

Director	Current Directorships	Previous Directorships
John Anthony Copelyn (continued)	SA Amalgamated Union Invest (Pty) Ltd Sabido Investments (Pty) Ltd Sabido Properties Sactwu Mining Investments (Pty) Ltd Sactwu Mining Investments (SPV) (P)Ltd Seardel Investment Corporation Ltd Tangney Investments (Pty) Ltd Tree Tell 23 (Pty) Ltd Tsogo Investment Holdings (Pty) Ltd Tsogo Sun Holdings (Pty) Ltd Tylon (Pty) Limited Tylon Holdings (Pty) Limited Unit 1501 Twin Towers South (Pty) Ltd Vukani Gaming Corporation (Pty) Ltd Vukani Gaming Eastern Cape (Pty) Ltd Vukani Gaming Equipment (Pty) Ltd Vukani Gaming Free State (Pty) Ltd Vukani Gaming Gauteng (Pty) Ltd Vukani Gaming KZN (Pty) Ltd Vukani Gaming Limpopo (Pty) Ltd Vukani Gaming Mpumalange (Pty) Ltd Vukani Gaming North West (Pty) Ltd Vukani Gaming Northern Cape (Pty) Ltd Vukani Gaming Western Cape (Pty) Ltd W H Press House Winslet Investments (Pty) Ltd Y Mag (Pty) Ltd Yired (Pty) Ltd Zenzeleni Clothing (Pty) Ltd (Company Secretary) EnterpriseContent and Wireless (Pty) Ltd Real Global Business Solutions (Pty) Ltd	
Fidelis Vusi Dlamini	Business Against Crime South Africa Hlube Investment Holdings (Pty) Ltd Steradian Consulting (Pty) Ltd Southern Sun Hotels (Pty) Ltd Southern Sun Offshore (Pty) Ltd TES Empowered (Pty) Ltd Tsogo Sun Gaming (Pty) Ltd Vumile Logistics (Pty) Ltd	Dimension Data South Africa (Pty) Ltd Paracon Holdings Limited Tshimong Holdings (Pty) Ltd
Marcel Jonathan Anthony Golding	21 Impala Road Properties (Pty) Ltd African Star Ventures (Pty) Ltd Ahead Investments Ancestral Investments (Pty) Ltd Avenpalm Investments (Pty) Ltd C & MA Shelf 73 (Pty) Ltd Cape Star Investments Cape Town Film Studios Catwalk Investments 167 (Pty) Ltd Celcom Group Circumference Investments (Pty) Ltd Clover Industries Limited Convergence Communications Descarte Investments No 8 (Pty) Ltd Dreamworld Management Company (Pty) Ltd E SAT TV E.TV Ekapa Mining (Pty) Ltd	Africa-On-Air Cape Talk Corpinvest 14 Durban Add-Ventures Limited Fairvest Property Holdings FI Funding And Investments Holdco FI Operations Go Mobile Communications HBM Investments International Payment Systems JCI Gold Matodzi Resources Mettle Limited Mettle Operations Limited MIC Food & Leisure Holdings MIC Media And Technology Holdings Mineworkers Investment Company Randfontein Estates

Director	Current Directorships	Previous Directorships
Marcel Jonathan Anthony Golding (continued)	Fabulous Gaming and Leisure Diversified Investments Ltd Flaghigh Investments (Pty) Ltd Geomer Foundation CC Geomer Holdings (Pty) Ltd Geomer Investments (Pty) Ltd Geomer Mining Investments (Pty) Ltd Geomer Mining Investments (SPV) (Pty) Ltd Global Payment Technologies Holdings.(Pty) Ltd Golden Arrow Bus Services (Pty) Ltd Goldfront (Pty) Ltd HCI Consolidated Investments Ltd HCI Khusela Coal (Pty) Ltd HCI Khusela Coal Plus (Pty) Ltd HCI Managerial Services (Pty) Ltd HCI Treasury (Pty) Ltd HJS Advisory Services (Pty) Ltd Hosken Consolidated Investments Ltd IGI Investment Company (Pty) Ltd Jaccoll Investments (Pty) Ltd Jewelside Investments (Pty) Ltd Johnnic Holdings Liraspan Investments LY Holdco Marcel Goldings Associates (Pty) Ltd Mercanto Investments (Pty) Ltd Merilyn Investments (Pty) Ltd Move-On-Up 104 (Pty) Ltd Online Gaming Systems Ltd Phetogo Holdings (Pty) Ltd Pretoria International Airport Corporation S.A.M. Sisonke SA Amalgamated Union Investments (Pty) Ltd Sabido Investments (Pty) Ltd Sabido Properties Shell Case 59 (Pty) Ltd SuperStone Mining Tsogo Investment Holdings (Pty) Ltd Tsogo Sun Holdings (Pty) Ltd Vukani Gaming Corporation (Pty) Ltd Vukani Gaming Eastern Cape (Pty) Ltd Vukani Gaming Equipment (Pty) Ltd Vukani Gaming Free State (Pty) Ltd Vukani Gaming Gauteng (Pty) Ltd Vukani Gaming KZN (Pty) Ltd Vukani Gaming Limpopo (Pty) Ltd Vukani Gaming Mpumalange (Pty) Ltd Vukani Gaming North West (Pty) Ltd Vukani Gaming Northern Cape (Pty) Ltd Vukani Gaming Western Cape (Pty) Ltd Y Mag (Pty) Ltd Yired (Pty) Ltd	Sail Group Sail Sport & Entertainment (Pty) Ltd Shell Case 59 (Pty) Ltd Softline Limited The Wokers Library Resource Centre & Museum Unifer Holdings Western Areas Witnigel Investements

Director	Current Directorships	Previous Directorships
Robert Brian Huddy	Cape Hotels (Bloemfontein) (Pty) Ltd Cape Hotels Properties (EP) Ltd Downtown Inn (Pty) Ltd Drakensberg Sun Hotel (Pty) Ltd Erf 151 Roggebaai Cape Town (Pty) Ltd Hofman Property Development Corporation (Pty) Ltd Holiday Inns Hotel Corporation (Pty) Ltd Holiday Inns Ltd Hotel President Seepunt (Edms) Bpk Hotel Seaside Share Block (Pty) Ltd IKW Development Company Share Block (Pty) Ltd Isando Commercial Centre Share Block (Pty) Ltd Mzamba Properties (Pty) Ltd North Coast Hotels Share Block (Pty) Ltd Novaya Investments (Pty) Ltd PLI Developments Share Block (Pty) Ltd Poplars Private Hotel Share Block (Pty) Ltd Remainder of Erf 7723 Parow (Pty) Ltd ResHub (Pty) Ltd Riverside Holiday Inn Share Block (Pty) Ltd Sabie River Share Block Limited Senath (Pty) Ltd South African Hotels Share Block (Pty) Ltd Southern Sun Hotel Interests (Pty) Ltd Southern Sun Hotels (Pty) Ltd Southern Sun Offshore (Pty) Ltd Southern Sun Airport Inn (Pty) Ltd Southern Sun Timesharing (Pty) Ltd Strandburg Developments Share Block (Pty) Ltd Sunnyside Park Hotel Share Block (Pty) Ltd Sunnyside Park (Pty) Ltd Transito Hotels (Pty) Ltd The Cullinan Hotel (Pty) Ltd Umhlanga Beach Investments Share Block (Pty) Ltd Umhlanga Rocks Hotel Share Block (Pty) Ltd	Advantage Leisure and Management Ltd Ridgeway Hotel Ltd Southern Sun Africa Southern Sun Hotels (Tanzania) Ltd Southern Sun (Middle East) Hotels Management LLC Southern Sun (Mocambique) Ltd United Resorts and Hotels Ltd
Jacob Meyer Kahn	SABMiller Plc (Chairman) ACT Healthcare Assets (Pty) Ltd ACT Funding (Pty) Ltd Afrocentric Investment Corporation Limited Comair Ltd Cycad Financial Holdings Ltd General Healthcare Group Ltd Kabrits Investments CC (Member) Nat CC (Member) Netcare Ltd PG Group (Pty) Ltd S.A. Breweries Ltd Southern Suburbs Investment CC (Member) The South African Breweries Ltd Tsogo Sun Holdings (Pty) Ltd Amalgamated Appliance Holdings Ltd	

Director	Current Directorships	Previous Directorships
Jabulane Albert Mabuza	Adventure World Management (Pty) Ltd Casino Association of South Africa Durban Add-Ventures Limited Eglin Investments No 44 (Pty) Ltd Lexshell 627 Investments (Pty) Ltd Lexshell 94 General Trading (Pty) Ltd Montecasino Property Owners Association (Association incorporated in terms of Section 21) Monyaka Gaming Machine Supply (Pty) Ltd Pewtercrest 4 Investments (Pty) Ltd Ripple Effect 31 (Pty) Ltd South African Tourism Board Southern Sun Hotel Interests (Pty) Ltd Southern Sun Hotels (Pty) Ltd Southern Sun Middle East Investment Holdings (Pty) Ltd Southern Sun Offshore (Pty) Ltd Southern Sun Secretarial Services (Pty) Ltd Supaswift (Pty) Ltd t/a Federal Express ("FEDEX") The Federation of Hospitality Association of South Africa (FEDHSA) (Association incorporated in terms of Section 21) The Millennium Casino Ltd The Sunshine PGA Tour (association incorporated in terms of Section 21) Tsogo Sun (Proprietary) Ltd Tsogo Sun Caledon (Pty) Ltd Tsogo Sun Casinos (Pty) Ltd Tsogo Emonti (Pty) Ltd Tsogo Sun Expansion No. 1 (Pty) Ltd Tsogo Sun Expansion No. 2 (Pty) Ltd Tsogo Sun Gaming (Pty) Ltd Tsogo Sun Holdings (Pty) Ltd Tsogo Sun KwaZulu-Natal (Pty) Ltd Tsogo Sun Limpopo (Pty) Ltd Tsogo Sun Newcastle (Pty) Ltd Tsogo Sun Western Cape (Pty) Ltd Umgeni River Bird Park (Pty) Ltd World Wide Fund for Nature (WWF) (Association in terms of Section 21) (Trustee) Offshore Directorships Southern Sun (Middle East) Hotels Management LLC United Resorts and Hotels Limited	Catwalk Investments 167 (Pty) Ltd Hosken Consolidated Investments Limited (Pty) Ltd Southern Sun Slot Route (Pty) Ltd Tsogo Sun Investments (Pty) Ltd Tsogo Sun Management Company (Pty) Ltd Tsogo Sun Supply & Distribution (Pty) Ltd
Ernest Arthur Graham Mackay	SABMiller plc Brasseries Et Glacieres Internationales S.A. Brasseries Internationales Holdings Limited China Resources Snow Breweries Limited China Resources Snow Breweries (China) Investment Co. Ltd. Millercoors LLC Philip Morris International Inc. Reckitt Benckiser Group plc S A Breweries Ltd	

Director	Current Directorships	Previous Directorships
Ernest Arthur Graham Mackay (continued)	SABFIN (Pty) Ltd SABMiller Africa & Asia Bv SABMiller Europe Bv SABSA Holdings (Pty) Ltd Tsogo Sun Holdings (Pty) Ltd Abi Holdings Company (Pty) Ltd Other Beverage Interests (Pty) Ltd The South African Breweries Ltd Reckitt Benckiser plc Miller Brewing Company SAB Finance (Cayman Islands) Ltd Pilsner Urquell Investments BV	
Thabo Felix Mosololi	Adventure World Management (Pty) Ltd Aloma/Rapid Dawn (Pty) Ltd Blue Bells Country Club (Pty) Ltd Blue Crane Signature Golf Estate (Pty) Ltd Bedrose Investments (Pty) Ltd Bookmark Holdings (Pty) Ltd Cassava Investments (Pty) Ltd Celebrations Accommodation and Food Service Management (Pty) Ltd Cobalt Investments (Pty) Ltd Collateral cc Durban Add-Ventures Ltd Eglin Investments No 12 (Pty) Ltd Jeddler Investments (Pty) Ltd Lexshell 94 General Trading (Pty) Ltd Listed Investments (Pty) Ltd Montecasino Property Owners Association (Association incorporated in terms of Section 21) NIB 72 Share Block (Pty) Ltd One Maluting (Pty) Ltd Orlyfunt Engineering (Pty) Ltd Pocatello Investments (Pty) Ltd Ripple Effect 31 (Pty) Ltd Southern Sun Slot Routes (Pty) Ltd The Millenium Casino (Pty) Ltd TMCTS Management Company (Pty) Ltd Tsogo Sun Caledon (Pty) Ltd Tsogo Sun Casinos (Pty) Ltd Tsogo Sun Emonti (Pty) Ltd Tsogo Sun Expansion No 1 (Pty) Ltd Tsogo Sun Expansion No 2 (Pty) Ltd Tsogo Sun Investments (Pty) Ltd Tsogo Sun KwaZulu-Natal (Pty) Ltd Tsogo Sun Limpopo (Pty) Ltd Tsogo Sun One Monte (Pty) Ltd Tsogo Sun Newcastle (Pty) Ltd Tsogo Sun Supply & Distribution (Pty) Ltd Tsogo Sun Western Cape (Pty) Ltd Talent Integration (Pty) Ltd Three Groups Cinemas (Pty) Ltd Two Rivers Investments (Pty) Ltd Umgeni River Bird Park (Pty) Ltd Whitehorse Investments (Pty) Ltd Wild Rush Trading 8 (Pty) Ltd	Vernacular Investments CC Trading As Sweets On The Go Consolidated Resources And Exploration Limited (Pty) Ltd Education Foundation Trust Consolidated Resources and Exploration Ltd Education Foundation Trust KPMG Transformation Board Letseng Investment Holdings South Africa (Pty) Ltd Matodzi Investment Holdings (Pty) Ltd Matodzi Resources Ltd Newshelf 669 (Proprietary) Ltd Palfinger (Pty) Ltd Selborne Investment Holdings (Pty) Ltd Sifikile Investment Holdings Pty) Ltd Telkom SA Ltd Windybrow Centre For The Arts

Director	Current Directorships	Previous Directorships
Thabo Felix Mosololi (continued)	Winox Investments (Pty) Ltd Talent Integration (Pty) Ltd 238 Nkonyeni Estate (Pty) Ltd Vernacular Investments CC trading as Sweets on the Go (Member)	
Velaphi Elias Mphanda	Bambelela Productions Bingo Vision Cherry Moss Trade And Invest 188 Clover Industries ETV Fabcos Investment Holding Company G E Property And Marketing Galaxy Bingo Galaxy Bingo Amanzimtoti Galaxy Bingo Bluff Galaxy Bingo Developments Galaxy Bingo Durban CBD Galaxy Bingo East Rand Mall Galaxy Bingo Empangeni Galaxy Bingo Gateway Galaxy Bingo Hillcrest Galaxy Bingo International South Africa Galaxy Bingo Kokstad Galaxy Bingo KwaZulu-Natal Galaxy Bingo Ladysmith Galaxy Bingo Midlands Galaxy Bingo North West Galaxy Bingo Pavilion Galaxy Bingo Pinetown Galaxy Bingo South Coast Galaxy Bingo Special Projects Galaxy Bingo Ubuntu KZN Gallagher Convention Centre Gallagher Estate Holdings Global Payment Technologies Holdings Golden Arrow Bus Services HCI Central Investments Ikhaka Projects (Member) Jae Designs (Member) Luck At It Free State Luck At It Gauteng Luck At It KZN Luck At It Limpopo Luck At It Mpumalanga Luck At It Western Cape Luck Holdings M4 Marketing Solutions (Member) Melesia Logistics Melodi Jazz And Fusion Brothers Metro Bingo Metro Bingo (Johannesburg) Milesia Investment Holdings Milesia Management Services Morning Tide Investments 286 Mphande Productions Pafada Security Services	Africa On Air Automated Fuel Systems Group Bato Star Fishing Creative Flooring International Durban Add-Ventures E SATTV Emzantsi Design Company FI Funding And Investments Holdco Gende Training Solutions Hosken Consolidated Investments Ipeleng Event Solutions Johnnic Holdings Johnson Crane Hire Leruo Holdings Mars Holdings Milberco Moneyline 441 Newtrans Rienjen Sail Sport And Entertainment Saram Investors Sewefontein Mining Engineering Consultants Shell Case 59 Solidfeel Access Flooring Stand 21 Glenhazel Super Group Syntell Thingamajic Traders Ushaka Automobile Holdings Viamax Fleet Solutions Xyston Consulting Xyston Holdings Xyston Ventures Trading Leruo Engineering

Director	Current Directorships	Previous Directorships
Velaphi Elias Mphanda (continued)	Pafada Security Services (Company Secretary) Sibanye Bus Services Surveying And Engineering Consulting Of South Africa Tamasa Engineering Tamasa Trading 448 (Member) Three Blind Mice Communications Tingamajic Personnel (Member) Transvice Tsogo Investment Holding Company Tsogo Sun Holdings Umsimbithi Property Investment Velamphande Holdings Vukani Gaming Corporation Vukani Gaming Eastern Cape Vukani Gaming Equipment Vukani Gaming Free State Vukani Gaming Gauteng Vukani Gaming KwaZulu-Natal Vukani Gaming Limpopo Vukani Gaming Mpumalanga Vukani Gaming North West Vukani Gaming Northern Cape Vukani Gaming Western Cape	
Andre van der Veen	AIC Holding Company Creative Flooring International Fabcos Investment Holding Company Fabcos Investment Holding Company FI Developments FI Equity Group Formex Industries Formex Pressings Galaxy Bingo International South Africa HCI Central Investments HCI Khusela Coal HCI Khusela Coal Plus HCI Lifting Services HCI Property Investments HCI Property Investments 2 Johnnic Holdings Mars Holdings Mbali Coal Marketing Metshelf Investments 9 Metway 19 Nokuhle Coal Palesa Coal Purple Moss 1174 (Member) Rienjen Sage Wise 118 Syntell Tiradeprops 99 Tsogo Investment Holding Company Tsogo Sun Holdings Tsogo Sun KwaZulu-Natal Tweefontein Coal Vlakfontein Coal Greenwich Techlab Video Streaming Technology Business Systems Group (Africa) (Alternate Director) Rowan Tree 4	African Roots Restaurant African Unity Insurance Baisch Engineering Clover Industries Clover S A Durban Add-Ventures FI Funding And Investments Holdco FI Operations Fulloutput 264 Greenwich Capital Johnson Access Johnson Crane Hire Hosken Consolidated Investments Lightprops 109 Mettle Administrative Services Mettle Credit Services Mettle Factors Mettle Manco Mettle Motor Loans Mettle Property Finance Mettle Trade Debtor Finance Noah Financial Innovation Noah Financial Innovation Sage Wise 29 Solidfeel Access Flooring Tylon Tylon Holdings

Director	Current Directorships	Previous Directorships
Peter John Venison	International Golf For Youth Ltd MAF Properties, Dubai Tsogo Sun Holdings (Pty) Ltd	
Marcel Nikolas von Aulock	Durban Add-Ventures Limited Hotel Formula 1 (Pty) Ltd Lexshell 627 Investments (Pty) Ltd Merway Fifth Investments (Pty) Ltd Property Investment Company No 1 (Pty) Ltd Property Investment Company No 2 (Pty) Ltd Property Investment Company No 4 (Pty) Ltd Property Investment Company No 5 (Pty) Ltd Southern Sun Hotel Interests (Pty) Ltd Southern Sun Hotels (Pty) Ltd Southern Sun Middle East Investment Holdings (Pty) Ltd Southern Sun Offshore (Pty) Ltd Southern Sun Secretarial Services (Pty) Ltd Sunmart 005 Property Holdings (Pty) Ltd Tsogo Sun (Pty) Ltd Tsogo Sun Caledon (Pty) Ltd Tsogo Sun Expansion No 2 (Pty) Ltd Tsogo Sun Gaming (Pty) Ltd Tsogo Sun Holdings (Pty) Ltd Tsogo Sun Newcastle (Pty) Ltd Offshore Directorships Advantage Leisure and Management Limited Isotel Aktiengesellschaft Isoteltwo Aktiengesellschaft Southern Sun Africa Southern Sun (Middle East) Hotels Management LLC	
Richard Frederick Weilers	Southern Sun Hotel Interests (Pty) Ltd Southern Sun Hotels (Pty) Ltd Southern Sun Offshore (Pty) Ltd Offshore Directorships Advantage Leisure and Management Limited PTD Limited Southern Sun Africa Southern Sun (Middle East) Hotels Management LLC United Resorts and Hotels Limited	Madelane Lodge (Pty) Ltd The Cullinan Hotel (Pty) Ltd
Graham Ian Wood	Affirmed Investments (Pty) Ltd Bedrose Investments (Pty) Ltd Cape Hotels (Bloemfontein) (Pty) Ltd Cape Hotels Properties (EP) Ltd Downtown Inn (Pty) Ltd Drakensberg Sun Hotel (Pty) Ltd Erf 151 Roggebaai Cape Town (Pty) Ltd Hotel Formula 1 (Pty) Ltd Holiday Inns Hotel Corporation (Pty) Ltd Holiday Inns Ltd Hotel President Seepunt (Edms) Bpk Merway Fifth Investments (Pty) Ltd Property Investment Company No 1 (Pty) Ltd	Hotel Formula 1 (Pty) Ltd

Director	Current Directorships	Previous Directorships
Graham Ian Wood (continued)	Property Investment Company No 2 (Pty) Ltd Property Investment Company No 4 (Pty) Ltd Property Investment Company No 5 (Pty) Ltd Remainder of Erf 7723 Parow (Pty) Ltd ResHub (Pty) Ltd Sabie River Share Block Limited Senath (Pty) Limited Southern Sun Hotel Interests (Pty) Ltd Southern Sun Hotels (Pty) Ltd Southern Sun Offshore (Pty) Ltd Southern Sun's Airport Inn (Pty) Ltd Sunnyside Park (Pty) Ltd The Cullinan Hotel (Pty) Ltd Transito Hotels (Pty) Ltd Tsogo Sun Gaming (Pty) Ltd Tsogo Sun Holdings (Pty) Ltd Vidual Investments (Pty) Ltd	
Malcolm Ian Wyman	ABI Holding Company (Pty) Limited Brasseries Et Glacieres Internationales S.A. Brasseries Internationales Holdings Limited Miller Brewing Company MillerCoors LLC Nedbank Group Limited Nedbank Limited Other Beverage Interests (Pty) Ltd Pilsner Urquell Investments BV S A Breweries Limited SABFIN (Pty) Limited SAB Finance (Cayman Islands) Limited SABMiller Plc SABMiller Africa & Asia BV SABMiller Europe BV SABMiller Finance BV SABSA Holdings (Pty) Limited Tsogo Sun Holdings (Pty) Ltd The South African Breweries Limited	

DETAILS OF GOLD REEF'S AND TSOGO'S SUBSIDIARIES

GOLD REEF

Name and registration number	Date and place of incorporation	Issued ordinary share capital	Main Business
1. Aldiss Investments (Pty) Limited 2001/028431/07	23 November 2001 South Africa	1 ordinary share of R1,00 (one rand) each	Investment Holding
2. Akani Egoli (Pty) Limited 1996/006910/07	31 May 1996 South Africa	100 000 ordinary shares of R0,01 (one cent) each	Operating Gaming & leisure
3. Akani Egoli Management (Pty) Limited 1996/008456/07	02 July 1996 South Africa	100 000 ordinary shares of R0,01 (one cent) each	Management Gaming & leisure
4. Akani Msunduzi (Pty) Limited 1997/021611/07	12 November 1997 South Africa	100 ordinary shares of R1,00 (one rand) each	Operating Gaming & leisure
5. Akani Msunduzi Management (Pty) Limited 1998/004328/07	03 June 1998 South Africa	1 000 ordinary shares of R1,00 (one rand) each	Management Gaming & leisure
6. Garden Route Casino (Pty) Limited 1998/000391/07	14 January 1998 South Africa	1 000 ordinary shares of R1,00 (one rand) each	Operating Gaming & leisure
7. Gold Reef Management (Pty) Limited 1998/024893/07	10 December 1998 South Africa	100 ordinary shares of R1,00 (one rand) each	Management Gaming & leisure
8. Gold Reef Training Institute (Pty) Limited	24 August 2005 South Africa	2 ordinary shares of R1,00 (one rand) each	Operating Training academy
9. Goldfields Casino and Entertainment Centre (Pty) Limited 1997/021858/07	15 December 1997 South Africa	1 000 ordinary shares of R1,00 (one rand) each	Operating Gaming & leisure
10. Richard Moloko Consortium Holdings (Pty) Limited 2003/017911/07	29 July 2003 South Africa	1 000 ordinary shares of R1,00 (one rand) each	Investment Holding
11. Silverstar Casino (Pty) Limited 1995/000369/07	17 January 1995 South Africa	1 000 ordinary shares of R1,00 (one rand) each	Operating Gaming & leisure
12. West Coast Leisure (Pty) Limited 1994/005194/07	15 July 1994 South Africa	100 000 ordinary shares of R0,01 (one cent) each	Operating Gaming & leisure

TSOGO

MAIN OPERATING SUBSIDIARIES

Name and registration number	Date and place of incorporation	Issued ordinary share capital	Main Business
1. Southern Sun Hotels (Pty) Limited 2002/006356/07	18 March 2002 South Africa	10 000 ordinary shares of R0,01 (one cent) each	Investment Holding Co Hotels RSA
2. Southern Sun Offshore (Pty) Limited 2006/003973/07	09 February 2006 South Africa	100 ordinary shares of R1,00 (one rand) each	Investment Holding Co Hotels Offshore
3. Tsogo Sun Gaming (Pty) Limited 2002/006402/07	18 March 2002 South Africa	100 ordinary shares of R1,00 (one rand) each; 1 000 red cum pref shares of R0,10 (ten cents) each	Investment Holding Co Gaming
4. Southern Sun Hotel Interests (Pty) Limited 1969/001365/07	29 January 1969 South Africa	2 145 000 ordinary shares of R1,00 (one rand) each	Hotel operating and management company
5. Tsogo Sun Casinos (Pty) Limited 1995/012674/07	23 November 1995 South Africa	120 100 "A" ordinary shares of R0,01 (one cent) each; 120 100 "B" ordinary shares of R0,01 (one cent) each	Casino operations Montecasino, Emnotweni and The Ridge
6. Tsogo Sun KwaZulu-Natal (Pty) Limited 1997/014551/07 (73,4%)	01 September 1997 South Africa	1 000 ordinary shares of R1,00 (one rand) each; 240 red cum non-part pref shares of R1,00 (one rand) each	Suncoast Casino
7. Monyaka Gaming Machine Supply (Pty) Limited 1996/007718/07	20 June 1996 South Africa	2 000 ordinary shares of R1,00 (one rand) each	Casino management company

OTHER OPERATING SUBSIDIARIES

Name and registration number	Date and place of incorporation	Issued ordinary share capital	Main Business
1. Tsogo Sun (Pty) Limited 2002/026000/07	21 October 2002 South Africa	120 ordinary shares of R1,00 (one rand) each	Corporate office
2. Drakensberg Sun Hotel (Pty) Limited 1987/003760/07	11 August 1987 South Africa	3 000 ordinary shares of R1,00 (one rand) each	Drakensberg Sun hotel
3. Mthatha Hotel (Pty) Limited 1976/060876/07 (50,05%)	05 March 1976 South Africa	1 999 ordinary shares of R1,00 (one rand) each; 1 "A" ordinary share of R1,00 (one rand)	Mthatha Garden Court hotel

Date and place of Name and registration number	Issued ordinary incorporation	Main share capital	Business
4. The Cullinan Hotel (Pty) Limited 1988/004685/07 (50%)	18 August 1988 South Africa	4 000 ordinary shares of R1,00 (one rand) each	Hotel operations Southern Sun The Cullinan, Southern Sun Katherine Street, Garden Court Morningside
5. Tsogo Sun Emonti (Pty) Limited 1998/017777/07 (80%)	08 September 1998 South Africa	1 000 ordinary shares of R1,00 (one rand) each	Hemingways Casino
6. Tsogo Sun Caledon (Pty) Limited 1996/010708/07	14 August 1996 South Africa	3 724 ordinary shares of R1,00 (one rand) each; 200 "A" class pref shares of R1,00 (one rand) each	Caledon Casino
7. Tsogo Sun Newcastle (Pty) Limited 1998/002723/07 (98,08%)	16 February 1998 South Africa	56 646 ordinary shares of of R0,01 (one cent) each	Newcastle Casino
8. Drakensberg Sun Hotel Share Block Limited 1967/007156/06 (77,5%)	03 July 1967 South Africa	33 360 "A" ordinary shares of R0,01 (one cent) each; 33 360 "B" ordinary shares of R0,01 (one cent) each; 72 228 "C" ordinary shares of R0,01 (one cent) each; 7 344 "D" ordinary shares of R0,01 (one cent) each; 3 000 "E" ordinary shares of R0,01 (one cent) each; 500 708 "F" ordinary shares of R0,01 (one cent) each	Undeveloped rights Drakensberg Sun hotel
9. Erf 151 Roggebaai Cape Town (Pty) Limited 1995/007317/07	19 July 1995 South Africa	100 ordinary shares of R1,00 (one rand) each	Property company
10. Hofman Property Development Company Share Block Limited 1968/002131/06	28 February 1968 South Africa	60 ordinary shares of R0,50 (fifty cents) each	Property company
11. Holiday Inns Hotel Corporation (Pty) Limited 1966/011866/07	09 December 1966 South Africa	100 ordinary shares of R1,00 (one rand) each	Investment holding company
12. Holiday Inns Limited 1936/008506/06	31 August 1936 South Africa	42 531 300 "A" ordinary shares of R0,01 (one cent) each; 4 725 700 "A" ordinary of R0,25 (twenty-five cents) each	Investment holding company

OTHER OPERATING SUBSIDIARIES (continued)

Name and registration number	Date and place of incorporation	Issued ordinary share capital	Main Business
13. Hotel Seaside Share Block (Pty) Limited 1958/004029/07	28 November 1958 South Africa	100 ordinary shares of R2,00 (two rand) each	Property company
14. IKW Development Company Share Block (Pty) Limited 1966/008906/07	27 September 1966 South Africa	100 000 ordinary shares of R1,00 (one rand) each	Property company
15. Isando Commercial Centre Share Block (Pty) Limited 1951/003997/07	24 November 1951 South Africa	854 100 ordinary shares of R0,50 (fifty cents) each	Property company
16. North Coast Hotels Share Block (Pty) Limited 1961/002216/07	01 November 1961 South Africa	30 000 ordinary shares of R1,00 (one rand) each	Property company
17. Novaya Investments (Pty) Limited 1997/012010/07	24 July 1997 South Africa	1 ordinary share of R1,00 (one rand)	Property company
18. Poplars Private Hotel Share Block (Pty) Limited 1951/002455/07	06 July 1951 South Africa	13 209 ordinary shares of R2,00 (two rand) each	Property company
19. Property Investment Company No 2 (Pty) Limited 1993/003096/07	08 June 1993 South Africa	100 ordinary shares of R1,00 (one rand) each	Property company
20. Remainder of Erf 7723 Parow (Pty) Limited 1995/006834/07	12 July 1995 South Africa	100 ordinary shares of R1,00 (one rand) each	Property company
21. ResHub (Pty) Limited 2002/002584/07	06 February 2002 South Africa	1 ordinary share of R1,00 (one rand)	Hotel reservations
22. Riverside Holiday Inn Share Block (Pty) Limited 1970/001009/07	29 January 1970 South Africa	2 ordinary shares of R1,00 (one rand) each	Property company
23. Sabie River Share Block Limited 1963/003920/06 (86%)	24 July 1963 South Africa	131 770 "A" ordinary shares of R0,01 (one cent) each; 1 197 000 "B" ordinary shares of R0,01 (one cent) each; 63 820 "C" ordinary shares of R0,01 (one cent) each	Operation and undeveloped rights Sabie River hotel
24. Sabie Golf (Pty) Limited 1989/005235/07 (86%)	05 September 1989 South Africa	1 ordinary share of R1,00 (one rand)	Golf course Sabi River Sun
25. Share Registry Management Services (Pty) Limited 1999/019361/07 (50%)	03 September 1999 South Africa	100 ordinary shares of R1,00 (one rand) each	Timeshare registry administration

OTHER OPERATING SUBSIDIARIES (continued)

Name and registration number	Date and place of incorporation	Issued ordinary share capital	Main Business
26. South African Hotels Share Block (Pty) Limited 1943/016425/07	20 September 1943 South Africa	12 000 ordinary shares of R2,00 (two rand) each	Property company
27. Southern Sun Middle East Investment Holdings (Pty) Limited 2004/007525/07	18 March 2004 South Africa	100 ordinary shares of R1,00 (one rand) each	Investment Holding Co Hotels Middle East
28. Southern Sun Secretarial Services (Pty) Limited 1969/001208/07	27 January 1969 South Africa	2 ordinary shares of R1,00 (one rand) each	Secretarial services
29. Southern Sun Timesharing (Pty) Limited 1981/008379/07	28 August 1981 South Africa	1 "A" share of R1,00; 1 "B" share of R1,00	Timeshare operations
30. Southern Sun Timesharing Resales (Pty) Limited 1987/001418/07	02 April 1987 South Africa	1 ordinary share of R1,00 (one rand)	Timeshare sales
31. Strandburg Developments Share Block (Pty) Limited 1963/001240/07	11 March 1963 South Africa	240 000 ordinary shares of R1,00 (one rand) each	Property company
32. Adventure World Management (Pty) Limited 2000/014021/07 (60%)	03 July 2000 South Africa	100 000 ordinary shares of R0,01 (one cent) each	Investment holding company
33. Bedrose Investments (Pty) Limited 1999/028504/07	23 December 1999 South Africa	100 ordinary shares of R1,00 (one rand) each	StayEasy Century City hotel
34. Cassava Investments (Pty) Limited 1997/020545/07	28 November 1997 South Africa	1 ordinary share of R1,00 (one rand)	Property company
35. Celebrations Accommodation and Food Service Management (Pty) Limited 2005/028931/07	19 August 2005 South Africa	100 ordinary shares of R1,00 (one rand) each	Food & Beverage Management
36. Cobalt Investments (Pty) Limited 1997/014603/07	01 September 1997 South Africa	1 ordinary share of R1,00 (one rand)	Property company
37. Durban Add-Ventures Limited 1997/013469/06 (74,68%)	14 August 1997 South Africa	315 672 300 ordinary shares of R0,01 (one cent) each	Investment Holding Company Suncoast Casino
38. Eglin Investments No 12 (Pty) Limited 2000/025294/07	05 October 2000 South Africa	100 ordinary shares of R1,00 (one rand) each	Property company
39. Jeddler Investments (Pty) Limited 2000/019055/07	11 August 2000 South Africa	100 ordinary shares of R1,00 (one rand) each	La Toscana restaurant Montecasino
40. Lexshell 94 General Trading (Pty) Limited 2007/035036/07	06 December 2007 South Africa	100 ordinary shares of R1,00 (one rand) each	On-line gaming licence 888.com joint venture

OTHER OPERATING SUBSIDIARIES (continued)

Name and registration number	Date and place of incorporation	Issued ordinary share capital	Main Business
41. Listed Investments (Pty) Limited 1997/003059/07	03 March 1997 South Africa	100 ordinary shares of R1,00 (one rand) each	Property Company
42. Pocatello Investments (Pty) Limited 2002/021382/07	03 September 2002 South Africa	1 ordinary share of R1,00 (one rand)	MacRib – The Ridge
43. Ripple Effect 31 (Pty) Limited 2001/020975/07 (72,5%)	04 September 2001 South Africa	1 000 ordinary shares of R1,00 (one rand) each	Investment Holding Company Suncoast Casino
44. The Millennium Casino Limited 1970/000341/06	13 January 1970 South Africa	400 ordinary shares of R0,50 (fifty cents) each	Investment Holding Company Suncoast Casino
45. Tsogo Sun Expansion No 1 (Pty) Limited 2007/017309/07	26 June 2007 South Africa	1 ordinary share of R1,00 (one rand)	Investment holding company
46. Tsogo Sun Expansion No 2 (Pty) Limited 1996/010501/07	08 August 1996 South Africa	81 490 ordinary shares of R0,01 (one cent) each	Investment holding company
47. Tsogo Sun One Monte (Pty) Limited 1998/018155/07	11 September 1998 South Africa	1 ordinary share of R1,00 (one rand)	The Pivot @ Monte development
48. Tsogo Sun Supply & Distribution (Pty) Limited 2000/005833/07	27 March 2000 South Africa	1 000 ordinary shares of R1,00 (one rand) each	Manufacturers, Importers and Distributors licence – gaming equipment
49. Two Rivers Investments (Pty) Limited 1996/006443/07	24 May 1996 South Africa	100 ordinary shares of R1,00 (one rand) each	Property company
50. Whitehorse Investments (Pty) Limited 2002/021406/07	03 September 2002 South Africa	1 ordinary share of R1,00 (one rand)	Property company
51. Umgeni River Bird Park (Pty) Limited 1991/005683/07 (90%)	09 October 1991 South Africa	1 250 ordinary shares of R1,00 (one rand) each	Umgeni River Bird Park facility Durban

OFFSHORE COMPANIES

Name and registration number	Date and place of incorporation	Issued ordinary share capital	Main Business
1. Advantage Leisure & Management Ltd 17185/2867	07 November 1996 Mauritius	10 shares of US\$10,00 each	Marketing and sales activities – Africa and Indian Ocean Island hotels
2. Isotel Aktiengesellschaft H.569/19	07 December 1978 Liechtenstein	US\$35,000	Investment holding company
3. Isoteltwo Aktiengesellschaft FL-0002.122.734-6	07 December 2004 Liechtenstein	US\$50,000	Investment holding company
4. Lavado Holdings BV 27114262	20 December 1985 Netherlands	€18,160	Investment holding company
5. PTD Limited 640559-1	19 October 1972 Seychelles	526 069 shares of SR40 (Seychelles Rupees)	Paradise Sun hotel
6. Ridgeway Hotel Limited LCO 358	15 August 1950 Zambia	45 918 837 shares of K2.00	Southern Sun hotel Lusaka
7. Southern Sun (Mocambique) Limitada 11597 (Page 56 of Book C – 28) (86,86%)	09 March 1999 Maputo	31 200 000 shares of MZM1.00	Southern Sun hotel Maputo
8. Southern Sun Africa 20273/4110	25 June 1998 Mauritius	18 489 shares of US\$1.00	Investment holding company
9. Southern Sun Hotels (Tanzania) Limited 36138	22 April 1999 Tanzania	1 040 ordinary shares of Shs100 000	Southern Sun hotel Dar-es-Salaam
10. Southern Sun (Middle East) Hotels Management LLC (49%)	28 June 2005 Dubai, UAE	300 ordinary shares of AED1 000 each	Middle East hotels joint venture
11. United Resorts and Hotels Limited 2830 (50%)	29 December 1998 Seychelles	100 shares of SR100 (Seychelles Rupees)	Maia Luxury Resort & Spa

SALIENT FEATURES OF GOLD REEF'S AND TSOGO'S SHARE INCENTIVE PLANS

GOLD REEF

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 in 3 equal tranches vesting over 4 years; one-third after 2 years, one-third after 3 years and one-third after 4 years.

Long-term share-based incentive plan

The Board has recently approved a new long-term share based incentive plan for executives and key management. The plan is a phantom share scheme with cash settlement and will align Gold Reef with best international practice in this field and provide for the inclusion of a number of performance conditions, designed to align the interests of participants with those of the Company's shareholders and to reward for Company performance more so than the performance of the economy or sector in which it operates. The essential elements of the new scheme 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 will be made to executives and selected managers. They will be available to be settled in equal thirds on the 3rd, 4th and 5th anniversaries of their allocation, but need not be exercised until the 6th 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 align the interests of shareholders and participants by rewarding for positive appreciation in the share price over time. As such they offer the same reward characteristics as a vanilla share option scheme and will be similarly impacted by external, uncontrollable factors. However, it is the Company's intention to offer them as only one part of a mix of share-based elements.

Performance units

Annual conditional awards of performance units will be made to executives and selected managers. The performance units will 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 will 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 compound annual growth rate ("CAGR") in HEPS over the three-year period from the award date to the vesting date. HEPS growth is the preferred metric, rather than any share-oriented metric, as it is considered that maintaining earnings growth will be the major value driver in the foreseeable future as the industry matures and the economy recovers from the recent shocks. No retesting against the performance criteria will be allowed. Any performance units which do not vest at the end of the three-year period will lapse. Awards of performance units closely align the interests of shareholders and participants by rewarding superior shareholder and financial performance in the future.

Bonus units

Annually, executives will receive 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.

Cash-settled share-based retention scheme

On 22 November 2006, the Gold Reef Remuneration and Nominations Committee resolved that, as a once-off retention provision for certain executive Gold Reef Directors, namely S B Joffe, J S Friedman and C Neuberger, Gold Reef would issue free Gold Reef Shares to such executive directors if they remained employed at Gold Reef for certain periods and if certain performance criteria were met.

Each such executive director would receive a maximum of 50 000 Gold Reef Shares if he remained employed at Gold Reef for a period of three years from 1 January 2007. This component of the scheme fell due on 31 December 2009 and will be settled in terms of the pre-agreed criteria in the ordinary course of business, taking into account the replacement by the cash-settled share appreciation scheme. In addition, S B Joffe would receive a maximum of a further 200 000 Gold Reef Shares if he remained employed at Gold Reef for a further two years.

The performance criteria, which were set by the Remuneration and Nominations Committee, would be 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.

On 3 September 2008, the Gold Reef Remuneration and Nominations Committee replaced this share-based payment scheme with a cash-settled share appreciation scheme. In terms of the share appreciation scheme, the executive directors would no longer be entitled to shares based on the achievement of the necessary criteria but rather a cash payment linked to the share price as well as the achievement of the performance criteria. Consequently, the original offer made to the executive directors in 2007 was withdrawn and replaced with a cash-settled share appreciation scheme.

TSOGO

The Tsogo Group performs an annual Group valuation for purposes of valuing the shares that form part of the long-term incentive plans. The annual valuation is based on an EBITDA approach which utilises a multiple determined by two independent audit firms ("the experts") to determine the Tsogo Group's enterprise value. This enterprise value is adjusted to equity value through adding the market value of cash less the market value of interest-bearing debt.

The two long-term incentive payment plans are as follows:

Tsogo Sun Group Share Incentive Plan

The Tsogo Sun Group Share Incentive Plan, which closed out during 2009, was a Gold Reef Long-Term Incentive Plan whereby participants received a cash settlement on exercise and delivery of options. Share options were granted at the fair value price of the shares on the date of the grant less a discount of 2%, and were exercisable at that price. Options only began to vest from three years after they were allocated. After three years 25% vested, an additional 25% vested after four years, and after five years the remaining options fully vested. Options expired after a maximum period of eight years. The charge was not reversed if the options were not exercised where the market value of the shares was lower than the option price at the date of grant. When an option was exercised the option holder received the differential between the strike/grant price and the fair value of the underlying shares in cash, which fair value was determined by reference to a pre-determined formula, as noted above.

Tsogo Sun Group Appreciation Bonus Plan

The Tsogo Sun Group Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the notional growth in the Tsogo Group's share price. Participants under this bonus appreciation plan are not entitled to take up shares or options whatsoever. For certain allocations, 25% of the bonus appreciation plan vests from three years after the date of allocation, an additional 25% vests after four years, and the balance after five years. The 2009 allocation vests in full three years after date of allocation.

The multiple determined by the experts is based on comparable companies trading on the JSE, and is considered to represent a fair multiple that the Tsogo Group would achieve were it to list.

Impact of the Proposed Transaction on the Gold Reef and Tsogo Share Incentive Plans

Save for the amounts payable and/or the value of the benefits in terms of the Service Agreements set out in paragraph 3.2.6.2 read with Annexure 9 to the circular, the Proposed Transaction will have no impact on the Gold Reef Share Plans.

Tsogo believes that the phantom share scheme is an important component of remuneration and incentivisation and it is the intention that the existing Gold Reef Long-Term Incentive Plan and the Tsogo Share Schemes will be continued. It is likely that the existing share schemes will be combined into a single share scheme whereby employees are provided with materially similar incentives as the existing share schemes.

PRINCIPAL IMMOVABLE PROPERTY OWNED OR LEASED BY GOLD REEF AND TSOGO

GOLD REEF**OWNED PROPERTIES**

OWNER	DESCRIPTION	LOCATION	TITLE DEED
Akani Egoli	Erf 1211 Ormonde Ext 34	Ormonde, Gauteng	T86072/1998
	Erf 1212 Ormonde Ext 34	Ormonde, Gauteng	T86072/1998
	Erf 412 Ormonde Ext 13	Ormonde, Gauteng	T86077/1998
	Ptn 83 of Farm 99 Ormonde	Ormonde, Gauteng	T157661/2005
	Erf 1589 Ormonde Ext 13	Ormonde, Gauteng	T31414/2005
	RE Erf 411 Ormonde Ext 13	Ormonde, Gauteng	T86077/1998
	Ptn 77 of RE99 Ormonde	Ormonde, Gauteng	T46215/2001
	Ptn 0 of Erf 1266 Ormonde Ext 33	Ormonde, Gauteng	T10701/2006
	Ptn 1 of Erf 1266 Ormonde Ext 33	Ormonde, Gauteng	T10702/2006
	Erf 1225 Ormonde Ext 33	Ormonde, Gauteng	T86074/1998
	Erf 1226 Ormonde Ext 33	Ormonde, Gauteng	T86074/1998
Akani Egoli Properties (Pty) Ltd (100% subsidiary of Akani Egoli)	RE of Farm 99 Ormonde	Ormonde, Gauteng	T132789/2006
	Portion 20 of Farm 99 Ormonde	Ormonde, Gauteng	T132789/2006
Akani Msunduzi	Erf 1913 Portion 232	Pietermaritzburg, KwaZulu-Natal	T4606/2001
	Erf 266 Portion 2	Pietermaritzburg, KwaZulu-Natal	T4606/2001
	Erf 1913 Portion 233	Pietermaritzburg, KwaZulu-Natal	T62203/2000
	Erf 266 Portion 3	Pietermaritzburg, KwaZulu-Natal	T62203/2000
	Erf 828 Portion 0	Pietermaritzburg, KwaZulu-Natal	T63853/2000
Garden Route Casino (Pty) Ltd	Erf 16776 Portion 0	Mossel Bay, Western Cape	T41174/2004
	Erf 15387 Portion 0 (Remaining Extent)	Mossel Bay, Western Cape	T63143/2002
Goldfields Casino and Entertainment Centre (Pty) Ltd	Erf 265 Portions A1 to A5	Welkom, Bloemfontein	SK1120/2006
	Erf 265 Portions A1 to A11	Welkom, Bloemfontein	SK1120/2006
	Erf 265 Portion P1	Welkom, Bloemfontein	SK1120/2006
	Erf 265 Portion 2	Welkom, Bloemfontein	ST24489/2006
West Coast Leisure (Pty) Ltd	Erf 454, Portion P 548	Langebaan, Western Cape	SK1257/2005S
	Erf 454, Portion P 554	Langebaan, Western Cape	SK1316/2005S
	Erf 162 Portion CAS1	Langebaan, Western Cape	SK2298/2002S
	Erf 162 Portion CAS2	Langebaan, Western Cape	SK2298/2002S
	Erf 454 Scheme No 454 unit 18	Langebaan, Western Cape	ST6138/2005
	Erf 454 Scheme No 454 unit 17	Langebaan, Western Cape	ST6508/2005
	Erf 454 Scheme No 163 unit 3	Langebaan, Western Cape	ST8421/2002
Silverstar Casino	Farm 183 Portion 302 of the farm Roodekrans No.183	Roodekrans, Gauteng	T155558/2007
	Farm 183	Roodekrans, Gauteng	T155561/2007

GOLD REEF (continued)**OWNED PROPERTIES**

OWNER	DESCRIPTION	LOCATION	TITLE DEED
Lukhanji Leisure (Pty) Ltd	Erf 8586 (a portion of Erf 1)	Queenstown, Eastern Cape	T92739/2005

LEASED PROPERTIES

LESSOR	LESSEE	PROPERTY TYPE	LOCATION	UNEXPIRED TERM
Pietermaritzburg Turf Club	Akani Msunduzi	Casino (Land and grandstand on Scottsville race course)	Scottsville Race Course Pietermaritzburg	296 months 15/11/2035

TSOGO**OWNED PROPERTIES**

OWNER	DESCRIPTION	LOCATION	TITLE DEED
<i>Beverly Hills</i>			
North Coast Hotels Share Block (Pty) Ltd	Lot 533 Umhlanga Rocks Erf 3128 Umhlanga Rocks Lot 641 Umhlanga Rocks	Lighthouse Road Umhlanga Rocks	CT5495/64 CT04/25339 T15450/96
<i>Southern Sun Bloemfontein</i>			
Southern Sun Hotel Interests (Pty) Ltd	Erf 24867 Bloemfontein	Corner Nelson Mandela and Melville Drives	T29026/03 Brandwag
<i>Southern Sun Newlands</i>			
South African Hotels Share Block (Pty) Ltd	Remainder of Erf 96583 Cape Town, Newlands	Main Road Newlands	T33992/70 Cape Town
<i>Southern Sun The Cullinan</i>			
The Cullinan Hotel (Pty) Ltd (Tsogo Group has a 50% investment in the company)	Erf 155451 Cape Town	Cullinan Street Cape Town Waterfront	T69617/97
<i>Southern Sun Katherine Street Sandton</i>			
The Cullinan Hotel (Pty) Ltd (Tsogo Group has a 50% investment in the company)	Erf 591 Sandown Township Sandown	115 Katherine Street	T6685/96
<i>Riverside Hotel & Conference Centre</i>			
Riverside Holiday Inn Share Block (Pty) Ltd	Portion 93 of the Farm Vanderbijlpark No 550	Demmons Wilson Drive Vanderbijlpark	T80118/91
<i>Sabie River Sun</i>			
Sabie River Share Block Ltd	Portion 26 of the Farm Perry's Farm 9	Main Sabi Road Hazyview, Mpumalanga	CT27191/87

TSOGO (continued)

OWNED PROPERTIES			
OWNER	DESCRIPTION	LOCATION	TITLE DEED
<i>Sabie River Bungalows Golf Club</i>			
Sabie Golf (Pty) Ltd	Portions 27, 28 & 29 (a portion of Portion 1) of the Farm Perry's Farm 9 Portion 31 of the Farm Perry's Farm 9	Main Sabi Road Hazyview Mpumalanga	T8563/90 CT8564/90
<i>Drakensberg Sun Hotel</i>			
Drakensberg Sun Hotel Share Block Limited	Sub Deelpunt of the Farm Drie Fontein No 1389 Weenen The Farm Stijlberg No 7283 Weenen	Cathkin Peak Winterton	T2487/70
<i>Beacon Island Hotel</i>			
Southern Sun Hotels (Pty) Ltd	Erf 253 Plettenberg Bay Plettenberg Bay	Beacon Island Crescent	T89920/03
<i>Garden Court De Waal</i>			
South African Hotels Share Block (Pty) Ltd	Erf 2835 Oranjezicht Remaining Extent of Erven 394, 376 and 402 Oranjezicht	Mill Street Gardens Cape Town	CT10901/73 T6828/91
<i>Garden Court Kimberley</i>			
Poplars Private Hotel Share Block (Pty) Ltd	Erf 12194 Kimberley	120 Du Toitspan Road Kimberley	CT1088/71
<i>Garden Court Morningside</i>			
The Cullinan Hotel (Pty) Ltd (Tsogo Group has a 50% investment in the company)	Portion 1 of Erf 1391 Morningside Ext 158 Morningside	Corner Rivonia Road and Catherine Street, Cullinan Close	T124963/96
<i>Garden Court O.R. Tambo International Airport</i>			
Isando Commercial Centre Share Block (Pty) Ltd	Erf 554 Township of Isando Ext 3	2 Hully Road Isando Ext 3 Kempton Park	T14192/76
<i>Garden Court South Beach</i>			
Hotel Seaside Share Block (Pty) Ltd	Lot 10162 Durban Durban	73 Marine Parade	CT10142/72
<i>StayEasy Rustenburg</i>			
Southern Sun Hotel Interests (Pty) Ltd	Erf 211 Waterval East X26 Rustenburg	Corner N4 and R24 (Krugersdorp)	T15216/08
<i>StayEasy Umhlanga</i>			
Southern Sun Hotel Interests (Pty) Ltd	Portion 6 of Erf 2486 Umhlanga Rocks	Umhlanga Rocks Umhlanga	T58012/08

TSOGO (continued)

OWNED PROPERTIES			
OWNER	DESCRIPTION	LOCATION	TITLE DEED
<i>Hotel Formula 1 Alberton</i>			
Property Investment Company No 2 (Pty) Ltd	Portion 505 (a portion of portion 190) of the Farm Elansfontein 108	St Austell Street Alberton	T81731/93
<i>Hotel Formula 1 Cape Town</i>			
Erf 151 Roggebaai Cape Town (Pty) Ltd	Erf 151 Roggebaai Cape Town	Jan Smut Street Foreshore, Cape Town	T47724/96
<i>Hotel Formula 1 Parow</i>			
Remainder of Erf 7723 Parow (Pty) Ltd	Remainder of Erf 7723 Parow	Corner Arnold Wilhelm and Jean Simonis Street, Parow	T47726/96
<i>Parking Lot</i>			
Novaya Investments (Pty) Ltd	Erven 1197 and 1198, Portion of Erf 532 Humewood Kings Beach	Property adjoining Garden Court	T68345/00
<i>Emnotweni Casino & Southern Sun Emnotweni Hotel & StayEasy Emnotweni</i>			
Listed Investments (Pty) Ltd	Portion 1 of Erf 2 Riverside Mall Township Erf 4 Riverside Park Ext 1	Government Boulevard Riverside Ext 1 Nelspruit	T87385/98 CT132475/98
<i>Hemingways Casino & Hemingways Hotel</i>			
Two Rivers Investments (Pty) Ltd	Erf 39720 (a portion of Erf 5410)	Corner Two Rivers Drive East London and Western Bypass East London	T1174/97
<i>Montecasino & Palazzo Hotel & SunSquare Montecasino & Southern Sun Montecasino</i>			
Tsogo Sun Casinos (Pty) Ltd	Erf 474 Erf 475 Magaliessig Ext 37	Montecasino Boulevard Fourways	T48793/07 T48792/07
<i>Suncoast Casino & Suncoast Hotel & Towers</i>			
Tsogo Sun KwaZulu-Natal (Pty) Ltd	Erf 12519 Durban	Suncoast Boulevard Durban	T67815/02
<i>The Ridge Casino & The Ridge Hotel & StayEasy Emalahleni</i>			
Cassava Investments (Pty) Ltd	Erven 1713 and 1714 Del Judor Ext 26	Corner N4 and President Avenue Del Judor, Witbank	T23985/98
<i>Century Casino Newcastle</i>			
Newcastle Hotel and Property Development (Pty) Ltd	Erf 15450 Newcastle	100 Allen Street Newcastle	T45498/06

TSOGO (continued)

OWNED PROPERTIES				
OWNER	DESCRIPTION	LOCATION	TITLE DEED	
<i>The Caledon Casino, Hotel & Spa</i>				
Century Casino Caledon (Pty) Ltd	Erf 2862 Caledon Waterkloof	Caledon Western Cape	CT80473/08	
<i>Umgeni River Bird Park</i>				
Umgeni River Bird Park (Pty) Ltd	Portions 2 and 4 of Erf 224 Portion 6 of Erf 221 Portion 46 of Erf 223 Portion 4 of Erf 227 Durban North	Riverside Road Umgeni Durban	T27302/89	
LEASED PROPERTIES				
LESSOR	LESSEE	PROPERTY TYPE	LOCATION	UNEXPIRED TERM
<i>Southern Sun Pretoria</i>				
Ozmik Property Investments (Pty) Ltd	Southern Sun Hotel Interests (Pty) Ltd	Hotel	Corner Church and Beatrix Streets Pretoria	30/06/2018
<i>Southern Sun Cape Sun</i>				
Municipality of the City of Cape Town	Southern Sun Hotel Interests (Pty) Ltd	Hotel (land only)	Strand Street Cape Town	31/03/2045
<i>Southern Sun Grayston</i>				
Cavkar Properties (Pty) Ltd	Southern Sun Hotel Interests (Pty) Ltd	Hotel	Corner Rivonia and North Roads Sandton	31/12/2011
<i>Southern Sun O.R. Tambo International Airport</i>				
ABSA Bank Limited as Trustees for Fountainhead Property Trust Scheme (Pty) Ltd	Holiday Inns Hotel Corporation	Hotel	Johannesburg International Airport Kempton Park	31/12/2011 10-year renewal at tenant's option
<i>Southern Sun Elangeni</i>				
City Council of Durban	Southern Sun Hotel Interests (Pty) Ltd	Hotel (land only)	63 Snell Parade Durban	31/12/2025
<i>Southern Sun North Beach</i>				
City Council of Durban (Pty) Ltd	Southern Sun Hotel Interests	Hotel (land only)	89/91 Snell Parade Durban	31/12/2025
<i>Garden Court Eastern Boulevard</i>				
Mohammed's Leisure Holdings	Southern Sun Hotel Interests (Pty) Ltd	Hotel	Melbourne Street Walmer Estate Cape Town	31/12/2025 10-year renewal at tenant's option

TSOGO (continued)

LEASED PROPERTIES				
LESSOR	LESSEE	PROPERTY TYPE	LOCATION	UNEXPIRED TERM
Garden Court East London				
Sherpam (Pty) Ltd	Southern Sun Hotel Interests (Pty) Ltd	Hotel	Corner Moore and John Baillie Streets East London	13/12/2021
Garden Court Kings Beach				
Liberty Group Limited	Southern Sun Hotel Interests (Pty) Ltd	Hotel	La Rochel Drive Humewood Port Elizabeth	31/10/2020 2 x 10 year renewals at tenant's option
Garden Court Marine Parade				
Green Willows Properties 9 (Pty) Ltd	Southern Sun Hotel Interests (Pty) Ltd	Hotel	167 Marine Parade Durban	30/06/2012 2 x 10-year renewal options
Garden Court Milpark				
Golden Tattoo Trading 52 (Pty) Ltd	Southern Sun Hotel Interests (Pty) Ltd	Hotel	Corner Empire and Owl Streets Auckland Park	30/06/2015
Garden Court Sandton				
Sanlam Life Insurance Limited	Southern Sun Hotel Interests (Pty) Ltd	Hotel	Corner Katherine Street and Sandton Drive Sandton	31/12/2013 2 X 5-year renewal at tenant's option
Garden Court Mthatha				
Eastern Cape Development Corp	Southern Sun Hotel Interests (Pty) Ltd	Hotel	National Road Mthatha	30/09/2011
Garden Court Polokwane				
Night Fire Investments 8 (Pty) Ltd	Southern Sun Hotel Interests (Pty) Ltd	Hotel	Corner Vorster and Bok Streets Pietersburg	30/04/2017 2 x 5 year renewals at tenant's option
StayEasy Pretoria				
The Berea City Hotel Trust	Southern Sun Hotel Interests (Pty) Ltd	Hotel	632 van der Walt Street Pretoria	31/03/2012 (finance lease property reverts to SSHI)
Sandton Convention Centre				
Liberty Group Limited	Tsogo Sun Casinos (Pty) Ltd	Convention Centre	Maude Street Sandown Sandton	31/08/2020 2 x 10 year renewals at tenant's option
StayEasy Century City				
Nedcor Bank Limited	Bedrose Investments (Pty) Ltd	Hotel	1 Waterford Place Bosmansdam Road Milnerton	01/01/2016 Finance lease property reverts to Bedrose Investments

OFFSHORE PROPERTIES

LEASED

LESSEE	DESCRIPTION	LOCATION	UNEXPIRED TERM
<i>Southern Sun Ridgeway Lusaka</i>			
Ridgeway Hotel Limited	Remaining Extent of Stand No	Church Road 746 Lusaka Lusaka	1 April 2049
<i>Southern Sun Dar Es Salaam</i>			
Southern Sun Hotels (Tanzania) (Pty) Ltd	Plots 217 and 218, Block 35, Ilala District, Dar-es-Salaam	Garden Avenue Garden Ave, Central Area Dar Es Salaam	21 February 2035 (option to renew for a further 180 months)
<i>Southern Sun Maputo</i>			
Southern Sun (Mozambique) Limitada	Plot 141/8A/1A City of Maputo	Avenida da Marginal Maputo	10/09/2049 (option to renew for a further 50 years)
<i>Maia Luxury Resort & Spa</i>			
United Resorts and Hotels Limited (Tsogo Group own 50% interest in this company)	Plot C4892 and C5802 Mahe, Seychelles	Maia, Anse Louis, Mahé, Seychelles	July/October 2073

LEASED

OWNER	DESCRIPTION	LOCATION	TITLE DEED
<i>Paradise Sun</i>			
PTD Limited	Cote d'Or Beach Praslin Island Seychelles	Anse Volbert Praslin Republic of Seychelles	PR.141, PR.142, PR.143 PR.344

MATERIAL INTER-COMPANY FINANCE

GOLD REEF

31 December	2008 R'000	2007 R'000	2006 R'000
<i>Amounts due by subsidiaries</i>			
Akani Egoli (Pty) Ltd	(64 663)	(82 930)	–
Akani Msunduzi (Pty) Ltd	(8 186)	(48 239)	–
West Coast Leisure (Pty) Ltd	(1)	(1 027)	–
Gold Reef Management (Pty) Ltd	(62 085)	(68 608)	(92 232)
Akani Egoli Management (Pty) Ltd	(172)	–	–
Silverstar Casino (Pty) Ltd	(141 533)	–	–
Garden Route Casino (Pty) Ltd	(35 314)	(19 706)	–
Goldfields Casino (Pty) Ltd	(18 173)	(24 229)	–
Akani Leisure Msunduzi Investments (Pty) Ltd	–	–	–
Akani Leisure Goldfields Investments (Pty) Ltd	(5)	–	–
Akani Leisure Investments Casino Management (Pty) Ltd	(2 936)	(2 936)	–
Richard Moloko Consortium (Pty) Ltd	(95 898)	(95 898)	–
Newshelf 786 (Pty) Ltd	(109 533)	(109 533)	–
Akani Leisure Silverstar Holdings (Pty) Ltd	(6)	(2)	–
Mogale Silverstar Holdings (Pty) Ltd	(2)	–	–
	(538 507)	(453 108)	(92 232)
<i>Amounts due to subsidiaries</i>			
Aldiss Investments (Pty) Ltd	43 582	43 575	43 557
Silverstar Casino (Pty) Ltd	–	12 059	–
Inkonka Investments (Pty) Ltd	17	17	–
Richard Moloko Consortium Holdings (Pty) Ltd	15	15	–
	43 614	55 666	43 557
Joint venture			
Silverstar Casino (Pty) Ltd	–	–	26 180
	–	–	26 180
Associate			
Lukhanji Leisure (Pty) Ltd	38 097	42 950	–
	38 097	42 950	–
Investments			
Akani Leisure Msunduzi Investments (Pty) Ltd	–	–	92
Akani Leisure Goldfields Investments (Pty) Ltd	–	–	44
Newshelf 786 (Pty) Ltd	–	–	–
	–	–	136

TSOGO

31 March	2009 R'000	2008 R'000	2007 R'000
Amounts due from fellow subsidiaries			
Tsogo Sun Casinos (Pty) Ltd – treasury loan	2 522 866	560 193	592 810
Tsogo Sun Casinos (Pty) Ltd – current account	2 711	557	4 870
Ripple Effect 31 (Pty) Ltd – treasury loan	261 000	261 000	261 000
Bedrose Investments (Pty) Ltd – treasury loan	4 020	–	–
Southern Sun Hotel Interests (Pty) Ltd – treasury loan	797 335	–	6 129
Southern Sun Hotel Interests (Pty) Ltd – current account	3 041	16 525	8 150
	3 590 973	838 275	872 959

Amounts due to fellow subsidiaries			
Monyaka Gaming Machine Supplies (Pty) Ltd – treasury loan	156 146	178 275	145 976
Tsogo Sun KwaZulu-Natal (Pty) Ltd – treasury loan	311 193	72 470	23 772
Tsogo Sun Emonti (Pty) Ltd – treasury loan	47 625	792	182
Bedrose Investments (Pty) Ltd – treasury loan	–	5 052	5 041
Jeddler Investments (Pty) Ltd – treasury loan	8 795	5 759	2 722
Southern Sun Hotel Interests (Pty) Ltd – treasury loan	–	69 037	–
	523 759	331 385	177 693

The treasury loans shown above (which include accrued interest) are unsecured, bear interest at market-related rates and are repayable on demand. The current accounts are unsecured, interest free and are repayable on demand.

Tsogo Sun Holdings (Proprietary) Limited

	2009 R'000	2008 R'000	2007 R'000
Amounts due by subsidiaries			
Amounts due by subsidiaries:			
Tsogo Sun Gaming (Pty) Ltd	676 804	626 804	676 804
Southern Sun Hotels (Pty) Ltd	400 000	450 000	400 000
Southern Sun Offshore (Pty) Ltd	94 155	94 155	94 155
Tsogo Sun (Pty) Ltd	263 521	181 871	144 353
Tsogo Sun Casinos (Pty) Ltd	–	122	111
	1 434 480	1 352 952	1 315 423
Amounts due to subsidiaries			
Southern Sun Hotel Interests (Pty) Ltd	18 555	14 413	11 380
Tsogo Sun Casinos (Pty) Ltd	1 066	–	–
	19 621	14 413	11 380

The loans shown above are unsecured, are interest free and are repayable on demand.

PROPERTY ACQUIRED OR TO BE ACQUIRED AND DISPOSAL OF PROPERTY

GOLD REEF

No material disposals were made by Gold Reef in the past three years.

2007 Combinations

Effective 1 July 2007 the Group implemented the share exchange and top up transaction. As disclosed in the relevant circular to shareholders, various new Group subsidiaries were acquired for a combination of cash and equity. In addition, holdings in existing subsidiaries were increased. The effective holding in Silverstar Casino was increased from 50% to 100% and Silverstar Casino is thus consolidated as a subsidiary and no longer proportionately consolidated.

A brief summary of the transaction is included below:

- Gold Reef acquired the remaining 50,02% interest in Akani Leisure Investments for approximately R384,8 million.
- The price was settled by the issue of 16 881 426 Gold Reef Shares and R64,1 million in cash.
- Gold Reef acquired a 100% interest in Akani Leisure Silverstar Holdings for approximately R519,2 million.
- The price was settled by the issue of 27 323 575 Gold Reef Shares.
- Gold Reef acquired a 100% interest in Akani Leisure Casinos for approximately R30,7 million.
- The price was settled by the issue of 1 570 361 Gold Reef Shares and R0,9 million in cash.
- Gold Reef acquired a 100% interest in Akani Leisure Msunduzi Investments for approximately R105,8 million.
- The price was settled by the issue of 5 122 112 Gold Reef Shares and R8,4 million in cash.
- Gold Reef acquired a 100% interest in Akani Leisure Goldfields Investments for approximately R29,1 million.
- The price was settled by the issue of 1 358 174 Gold Reef Shares and R3,3 million in cash.
- Gold Reef acquired an additional 10% interest in West Coast Leisure for approximately R42,8 million.
- The price was settled by the issue of 2 250 764 Gold Reef Shares.
- Gold Reef acquired the remaining 30% interest in the Goldfields Casino management contract for approximately R13,3 million. The price was settled by the issue of 700 000 Gold Reef Shares.
- To increase Gold Reef's BEE shareholding above 25,1% a further 14 million shares were issued to BEE participants at R20,50 per share in terms of the top up transaction.

The effective increase in the direct economic interest in the operating subsidiaries is included below:

Subsidiary, Joint Venture or Management Contract

	Percentage additional economic interest obtained from transaction
Akani Egoli	25,02
Silverstar Casino	50,00
Akani Egoli management contract	25,00
Akani Msunduzi	15,00
Goldfields Casino	12,00
West Coast Leisure	10,00
Goldfields management contract	30,00

R'000

Purchase consideration for share exchange and top-up transaction paid in shares	1 335 922
Purchase consideration adjustment due to IFRS 2	340 257
Fair value effect of transaction on Group balance sheet (see below)	(916 971)
Bid costs capitalised	(52)

Goodwill	759 156
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Goodwill relates primarily to the Silverstar Casino licence and associated benefits such as brand names, specialised workforce skills and non-contractual customer relationships. These items are not considered to be separately identifiable and are therefore not recognised as individual intangible assets.

The additional assets and liabilities arising from the transaction are as follows:

Property, plant and equipment *	49 913
Receivables and pre-payments	9
Derivative financial instruments	13 701
Cash and cash equivalents (see below)	248 882
Trade and other payables	(7 057)

The changes in existing balance sheet line items arising from the transaction are as follows:

Investment in and loans to joint venture	(36 280)
Transactions with minorities reserve	542 107
Minority interest	200 371
Available-for-sale financial assets	(94 675)

Fair value effect of transaction on Group balance sheet	916 971
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* All assets were carried at fair value in the financial statements of Silverstar Casino on acquisition other than land which was carried at book value and subsequently revalued by R14,6 million.

R'000

Portion of ordinary shares issued for cash as part of the share exchange and top-up transaction	287 000
Additional purchase consideration for Silverstar Casino settled in cash	(6 756)
Cash and cash equivalents in Silverstar Casino not previously consolidated	(31 362)
Cash inflow on business combination	248 882

The cash flow on acquisition is disclosed as follows in the cash flow statement:

Non-cash item added back to operating cash flow for IFRS 2 costs recognised in the income statement	100 790
Cash inflow generated by financing activities	287 000
Cash outflow utilised in investing activities	(138 908)
Cash inflow on business combination	248 882

2008 Combinations

None.

2009 Combinations

None.

TSOGO

Material acquisitions and disposals – Business undertakings

1. EFFECTIVE 100% CONTROL IN THE MILLENNIUM CASINO LIMITED

(a) Date of acquisition

7 October 2009

(b) Consideration

Details of minority interests acquired and goodwill are as follows:

Purchase consideration:

	R'000
Cash paid	1 006 004
Contingency payment dependent on future results	330 000
Direct costs relating to the acquisition	1 931
Total purchase consideration	1 337 935
Fair value of minority interest and net assets acquired	448 078
Goodwill	889 857

(c) Valuation

Details of the net assets and minority interest acquired are as follows:

	Fair value R'000
Current assets	
Trade and other receivables	1 420
Cash and cash equivalents	13 853
Current liabilities	
Other liabilities	(1 499)
Net assets	13 774
Minority interests acquired	434 304
Net assets acquired	448 078
Purchase consideration	1 336 004
Direct costs relating to the acquisition	1 931
Purchase consideration to be settled in future	(330 000)
Cash balances acquired	(13 853)
Net cash outflow on acquisition of minority interest	994 082

(d) Loans incurred to finance the acquisition

This acquisition was funded through the issue of 1 000 redeemable cumulative preference shares of R0,10 each by Tsogo Sun Gaming (Pty) Ltd to Johnnic Holdings Ltd (510 shares) and SABSA Holdings (Pty) Ltd (490 shares) for a total consideration of R1 billion.

Tsogo Sun Gaming (Pty) Ltd shall be obliged to redeem the preference shares on the fifth anniversary of the issue date. Preference dividends are payable within three business days of each annual dividend declaration date of 31 March each year.

(e) The nature of interest acquired

The Group has with effect from 7 October 2009, concluded a purchase agreement of a 100% interest in The Millennium Casino Limited which holds an effective 30% interest in Tsogo Sun KwaZulu-Natal (Pty) Ltd, a subsidiary of the Group. This acquisition increased the effective economic interest in Tsogo Sun KwaZulu-Natal (Pty) Ltd from 43.5% to 73.5%. Tsogo Sun KwaZulu-Natal (Pty) Ltd owns and operates the Suncoast casino and Entertainment World.

(f) Vendors

The vendor information of Tsogo is set out in Annexure 12.

2. EFFECTIVE 100% CONTROL OVER CENTURY CASINOS AFRICA (PTY) LTD COMPRISING 100% INTEREST IN CENTURY CASINOS CALEDON (PTY) LTD, CENTURY CASINOS NEWCASTLE (PTY) LTD AND CELEBRATION ACCOMMODATION AND FOOD SERVICES MANAGEMENT (PTY) LTD

(a) Date of acquisition

30 June 2009

R'000	Fair value
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(b) Consideration

Details of net assets acquired and goodwill are as follows:

Purchase consideration:

Cash paid	432 784
Direct costs relating to the acquisition	3 224
Total purchase consideration	436 008
Fair value of net assets acquired	(167 541)
Goodwill	268 467

(c) Valuation

Details of the net assets acquired and goodwill at acquisition on business combinations:

R'000	Acquiree's carrying amount	Fair value
Non-current assets:		
Property, plant and equipment	206 922	226 922
Bid costs	80 692	10 859
Current assets:		
Inventories	1 591	1 591
Trade and other receivables	10 927	10 927
Cash and cash equivalents	7 549	7 549
Current liabilities:		
Deferred tax liabilities	(10 887)	(13 687)
Borrowings	(45 527)	(45 527)
Trade and other payables	(27 627)	(27 627)
Taxation payable	(3 466)	(3 466)
Net assets acquired	220 174	167 541

R'000	Fair value
Goodwill on acquisition taken to reserves	268 467
Purchase consideration settled in cash	436 008
Cash balances acquired	(7 549)
Net cash outflow on acquisition	428 459
Less: Amount owing at 30 September 2009	(152 568)
Net cash outflow to date	275 891

(d) Loans incurred to finance the acquisition

The acquisition was financed using group resources.

(e) The nature of interest acquired

With effect from 30 June 2009, the Group acquired a 100% effective interest in Century Casinos Africa (Pty) Ltd and Celebration Accommodation and Food Services Management (Pty) Ltd. This acquisition gave effective ownership of 100% in Century Casinos Caledon (Pty) Ltd and 60% of

Century Casinos Newcastle (Pty) Ltd. In addition the Group acquired the remaining 40% of Century Casinos Newcastle (Pty) Ltd from Winlen Casino Operators (Pty) Ltd. These companies carry on the businesses of casinos, hotels and food and beverage services.

T SOGO SUN GROUP

Material acquisitions and disposals – Securities

3. 15% Acquisition of Gold Reef Shares

(a) Date of acquisition of 15% interest in Gold Reef Shares

16 October 2008

(b) Consideration

Details of acquisition is as follows (excl securities tax, indirect costs, etc): R942 million

(c) Valuation

R22,50 cents per share

(d) Goodwill

Nil

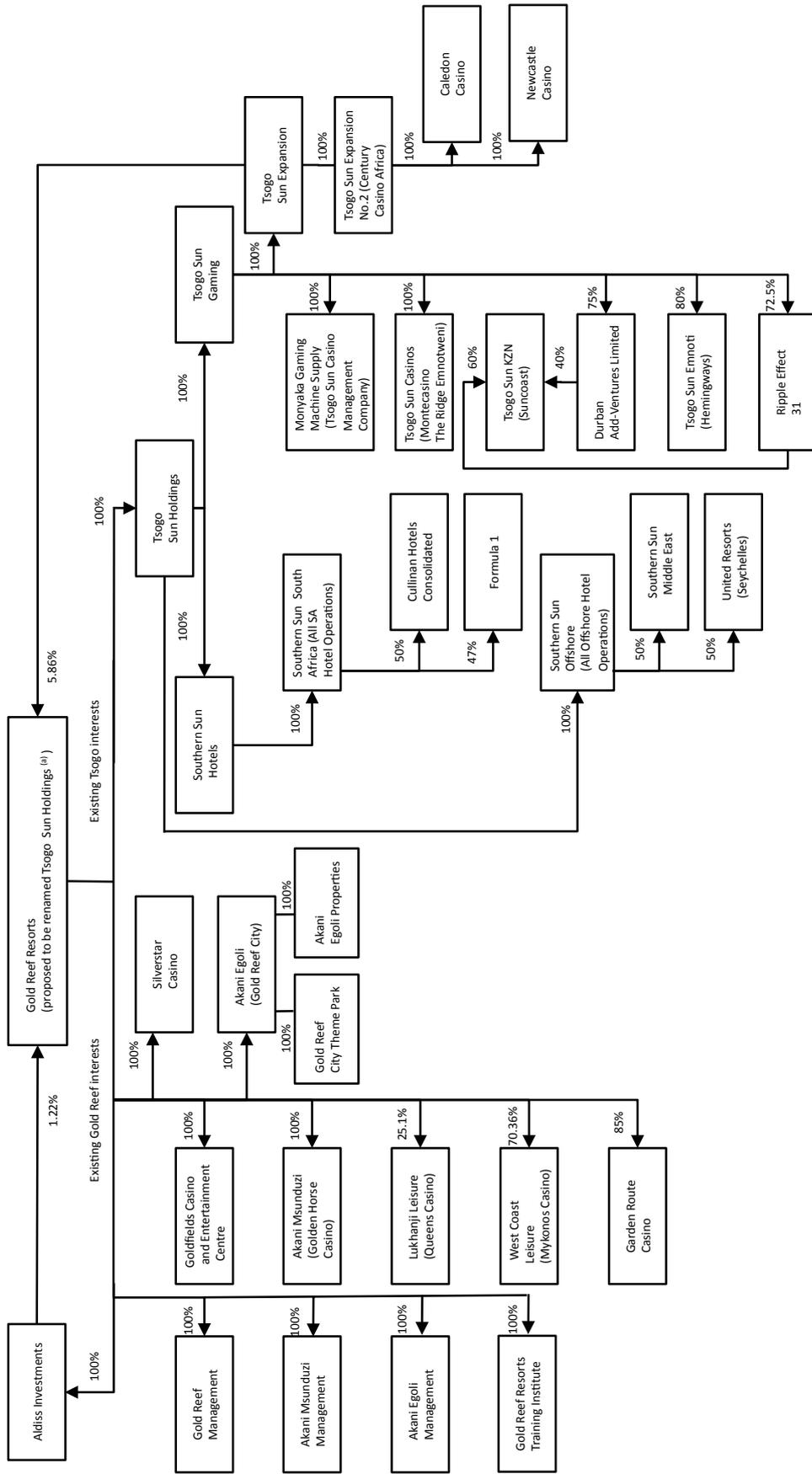
(e) Loans incurred to finance the acquisition

The acquisition was financed using group resources

(f) The nature of interest acquired

In October 2008, Tsogo Sun Expansion entered into an agreement with certain shareholders of Gold Reef which resulted in Tsogo's interest in Gold Reef increasing from approximately 4,86% to 19.87% of the issued share capital of Gold Reef. In terms of the agreement, Tsogo acquired the Gold Reef Shares for a cash consideration of R22.50 per share which was paid 75% on the registration of transfer of the share certificates into the name of Tsogo Sun Expansion on 16 October 2008, and 25% upon the receipt of all of the relevant Gaming Authorities approvals in July 2009. The aggregate purchase consideration amounted to R942 million.

ORGANOGRAM OF THE MERGED ENTITY'S BUSINESSES



(a) Throughout the circular references to the Merged Entity are references to Gold Reef as it will be reconstituted upon implementation of the Proposed Transaction. It is intended that the name of the Company will be changed to "Tsogo Sun Holdings Limited" following implementation of the Proposed Transaction or as soon as possible thereafter.



GOLD REEF

RESORTS

Gold Reef Resorts Limited

(Incorporated in the Republic of South Africa)

Registration number 1989/002108/06

Share code: GDF ISIN: ZAE000028338

NOTICE OF GENERAL MEETING OF GOLD REEF SHAREHOLDERS

The “Definitions and Interpretations” commencing on page 16 of the circular to which this notice of General Meeting is attached and forms part apply, *mutatis mutandis*, to this notice of General Meeting.

Notice is hereby given that the General Meeting of Gold Reef Shareholders will be held at the Gold Reef City Casino Conference Centre, corner Northern Parkway and Data Crescent, Ormonde, Johannesburg, South Africa on Monday, 26 April 2010 at 10:00 for purposes of considering and, if deemed fit, passing, with or without modifications, the Resolutions set out below:

SPECIAL RESOLUTION NUMBER 1

“**RESOLVED THAT**, subject to the passing of Special Resolution Number 2 (and its registration by CIPRO) and the passing of Ordinary Resolutions numbered 1, 2, 3, and 4, the authorised share capital of the Company is increased from 590 000 000 ordinary par value shares of 2 cents each to 1 200 000 000 ordinary par value shares of 2 cents each, by the creation of 610 000 000 new ordinary par value shares of 2 cents each which, upon their issue, will rank *pari passu* with the existing ordinary shares in the capital of the Company.”

REASON FOR AND EFFECT OF SPECIAL RESOLUTION NUMBER 1

Reason: The reason for Special Resolution Number 1 is to increase the number of authorised ordinary shares in the capital of the Company to enable the Company to allot and issue additional ordinary shares in accordance with the terms of the Proposed Transaction.

Effect: The effect of Special Resolution Number 1 is that the number of authorised ordinary shares will be increased by the creation of 610 000 000 new ordinary par value shares of 2 cents each which, upon their issue, will rank *pari passu* with the existing ordinary shares in the capital of the Company.

Special Resolution Number 1 is required to be passed by a 75% majority of the votes cast by all Gold Reef Shareholders, present or represented by proxy at the General Meeting, in favour thereof, excluding Tsogo Sun Expansion and its associates. By virtue of the fact that Tsogo Sun Expansion controls the voting pool in terms of the Voting Pool Agreement, the voting pool has been deemed to be an associate of Tsogo Sun Expansion.

SPECIAL RESOLUTION NUMBER 2

“**RESOLVED THAT**, subject to the passing of Special Resolution Number 1 (and its registration by CIPRO), the indirect acquisition by the Company of the 69 205 093 Gold Reef Shares currently held by Tsogo Sun Expansion (at a purchase consideration that has been included in the Gold Reef Consideration Shares) pursuant to the implementation of the Proposed Transaction, be approved by way of a specific approval in terms of Section 85 of the Companies Act, the Listings Requirements and article 38 of the articles of association of Gold Reef, which Gold Reef Shares will be transferred from Tsogo Sun Expansion to Tsogo Sun Gaming after the fulfilment or waiver (where appropriate) of the last of the Conditions Precedent but before the Closing Date and will classify as treasury shares pursuant to the implementation of the Proposed Transaction in terms of Section 89 of the Companies Act.”

Statement by the Gold Reef Directors

As required in terms of the Listings Requirements, the Gold Reef Directors, after considering the effect of the Specific Buyback as part of the Proposed Transaction, have considered the working capital pack of Gold Reef prepared in compliance with the Listings Requirements and have placed reliance on a working capital resolution passed by the Tsogo Board, without being in a position to verify the supporting documents and information that such resolution was based on. The Tsogo directors have considered the working capital pack of Tsogo prepared in compliance with the Listings Requirements. Accordingly the Gold Reef Directors are of the opinion that:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of approval of this circular;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of approval of the circular. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the audited annual financial statements of the Company;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of the circular;
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this circular; and
- the terms and conditions of the Specific Buyback are fair to the Gold Reef Shareholders, after having taken into account, amongst other factors, Grant Thornton's opinion that the Specific Buyback is fair to the Gold Reef Shareholders.

The listing of the is subject to the JSE obtaining a positive working capital sign-off in the manner stipulated by the Listings Requirements, from the Merged Entity Board. Accordingly, the Gold Reef Directors have not considered the working capital of the Merged Entity and further details thereof will be provided to Gold Reef Shareholders in due course.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION NUMBER 2

Reason: The reason for Special Resolution Number 2 is to specifically approve the indirect acquisition by the Company of the 69 205 093 Gold Reef Shares held by Tsogo Sun Expansion, at a purchase consideration that has been included in the Gold Reef Consideration Shares, pursuant to the implementation of the Proposed Transaction.

Effect: The effect of Special Resolution Number 2 is to approve the indirect acquisition by the Company of the 69 205 093 Gold Reef Shares held by Tsogo Sun Expansion (to be transferred to Tsogo Sun Gaming), which Gold Reef Shares will classify as treasury shares pursuant to the implementation of the Proposed Transaction.

Special Resolution Number 2 is required to be passed by a 75% majority of the votes cast by all Gold Reef Shareholders, present or represented by proxy at the General Meeting, in favour thereof, excluding Tsogo Sun Expansion and its associates. By virtue of the fact that Tsogo Sun Expansion controls the voting pool in terms of the Voting Pool Agreement, the voting pool has been deemed to be an associate of Tsogo Sun Expansion.

ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT, subject to the passing of Special Resolution Number 1 and Special Resolution Number 2 (and their registration by CIPRO), the acquisition by the Company of the entire issued share capital of Tsogo from the Tsogo Shareholders in consideration for the allotment and issue of the Gold Reef Consideration Shares is approved and ratified as a Related Party and a Category 1 transaction in terms of the Listings Requirements."

Ordinary Resolution Number 1 is required to be passed by a simple majority of the votes cast by all Gold Reef Shareholders, present or represented by proxy at the General Meeting, in favour thereof, excluding Tsogo Sun Expansion and its associates. By virtue of the fact that Tsogo Sun Expansion controls the voting pool in terms of the Voting Pool Agreement, the voting pool has been deemed to be an associate of Tsogo Sun Expansion.

ORDINARY RESOLUTION NUMBER 2

"RESOLVED THAT, subject to the passing of Ordinary Resolution Number 1 and the passing of Special Resolution Number 1 and Special Resolution Number 2 (and their registration by CIPRO), the Company is authorised in terms of Section 221 of the Companies Act to place that number of Gold Reef Shares as determined by the Gold Reef Consideration Shares Formula (but being not less than 888 261 028 Gold Reef Shares in the authorised share capital of the Company) under the control of the Gold Reef Directors as a

specific authority to allot and issue such Gold Reef Shares to TIH and SABSA for the purposes of implementing the Proposed Transaction.”

Ordinary Resolution Number 2 is required to be passed by a simple majority of the votes cast by all Gold Reef Shareholders, present or represented by proxy at the General Meeting, in favour thereof, excluding Tsogo Sun Expansion and its associates. By virtue of the fact that Tsogo Sun Expansion controls the voting pool in terms of the Voting Pool Agreement, the voting pool has been deemed to be an associate of Tsogo Sun Expansion.

ORDINARY RESOLUTION NUMBER 3

“**RESOLVED THAT**, subject to the passing of Ordinary Resolution Number 1 and Ordinary Resolution Number 2 and the passing of Special Resolution Number 1 and Special Resolution Number 2 (and their registration by CIPRO), a waiver by the SRP as provided for in Rule 8.7 (or otherwise) in the SRP Code, of the obligation to make the Mandatory Offer to the Gold Reef Shareholders in terms of Rule 8.1 of the SRP Code is hereby approved, in accordance with the provisions of Rule 8.7 of the SRP Code.”

Ordinary Resolution Number 3 is required to be passed by a majority of independent votes cast by all Gold Reef Shareholders present or represented by proxy at the General Meeting, in favour thereof. By virtue of the fact that Tsogo Sun Expansion controls the voting pool in terms of the Voting Pool Agreement, the voting pool has been deemed not to be independent.

ORDINARY RESOLUTION NUMBER 4

“**RESOLVED THAT** any Gold Reef Director is authorised to do all such things and sign all such documentation (including Company forms) as may be necessary to give effect to each of Special Resolution Number 1 and Special Resolution Number 2 and Ordinary Resolution Number 1, Ordinary Resolution Number 2 and Ordinary Resolution Number 3.”

VOTING AND PROXIES

On a show of hands, every Gold Reef Shareholder present in person or represented by proxy at the General Meeting shall have only one vote, irrespective of how many Gold Reef 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.

A Gold Reef Shareholder entitled to attend and vote at the General Meeting may appoint a proxy or proxies to attend and 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 General Meeting and speaking and voting thereat to the exclusion of the proxy/ies so appointed.

Registered holders of certificated shares and holders of dematerialised shares in their own name who are unable to attend the General Meeting and who wish to be represented at the General Meeting, must (in order to be effective) complete and return the attached form of proxy (*blue*) in accordance with the instructions contained therein so as to be received by the transfer secretaries, being Link Market Services South Africa (Proprietary) Limited, 16th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Friday, 23 April 2010.

Gold Reef Shareholders who have dematerialised shares, other than holders of dematerialised shares in their own name, must inform their CSDP or broker of their intention to attend the General Meeting and request their CSDP or broker to issue them with the necessary letters of representation to attend the General Meeting or to provide their CSDP or broker with their voting instructions should they not wish to attend the 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, equity securities held by a share trust or scheme will not have their votes at the General Meeting taken into account for the purposes of Resolutions proposed thereat in terms of the Listings Requirements.

By order of the Gold Reef Board

Ms L Fick

Company Secretary

Johannesburg

3 April 2010



GOLD REEF

RESORTS

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")

FORM OF PROXY

This form of proxy is for use by a member of the Company ("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 nominate a proxy or proxies for the general meeting to be held at 10:00 on Monday, 26 April 2010 at the Gold Reef City Casino Conference Centre, corner Northern Parkway and Data Crescent, Ormonde, Johannesburg, South Africa (the "General Meeting"), or any adjournment thereof.

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 General Meeting and request their CSDP or broker to issue them with the necessary letters of representation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the 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 ordinary shares in the Company, hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the General Meeting,

as my/our proxy to act for me/us and on my/our behalf at the General Meeting of Gold Reef Shareholders which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the ordinary shares in the Company registered in my/our name/s (see note 4 overleaf) 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:

	FOR	AGAINST	ABSTAIN
Special Resolution Number 1 Increase the authorised share capital from 590 000 000 to 1 200 000 000 ordinary par value shares of 2 cents each in the Company.			
Special Resolution Number 2 Specific approval for the indirect acquisition by the Company of the 69 205 093 ordinary shares in the Company held by Tsogo Sun Expansion No. 1 (Pty) Ltd or Tsogo Sun Gaming (Pty) Ltd (as the case may be).			
Ordinary Resolution Number 1 The approval of the acquisition by the Company of the entire issued share capital of Tsogo Sun Holdings (Pty) Ltd as a related party and Category 1 transaction in terms of the JSE Listings Requirements.			
Ordinary Resolution Number 2 The specific authority to place that number of Gold Reef ordinary shares as determined by the Gold Reef Consideration Shares Formula, as defined in the circular, (but being not less than 888 261 028 shares in the Company) under the control of the board of directors of the Company to allot and issue such shares to Tsogo Investment Holding Company (Pty) Ltd and SABSA Holdings (Pty) Ltd for the purposes of the transaction contemplated in the circular to which this form of proxy is attached and forms part.			
Ordinary Resolution Number 3 The waiver of the mandatory offer in terms of Rule 8.7 of the Securities Regulation Panel Code on Take-overs and Mergers.			
Ordinary Resolution Number 4 Any director of the Company is authorised to do all such things and sign all documentation (including Company forms) as may be necessary to give effect to the above special and ordinary resolutions.			

Signed at on 2010

Signature

Assisted by (where applicable)

Name	Capacity	Signature
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(Please print in BLOCK LETTERS. If signing in a representative capacity, full name is required)

Any Gold Reef Shareholder entitled to attend, speak and vote at the 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 General Meeting and speaking and voting thereat to the exclusion of the proxy/ies so appointed.

PLEASE READ THE NOTES ON THE REVERSE HEREOF.

Notes:

1. The form of proxy must only be used by member(s) of the Company who hold certificated ordinary shares or member(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 General Meeting must obtain the necessary letter of representation or, if they do not wish to attend, 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. Each member is entitled to appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote (on a show of hands or on a poll) in his/her stead.
3. A member of the Company entitled to attend and vote at the General Meeting may appoint and insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the Chairperson of the General Meeting". The proxy or proxies need not be member(s) of the Company. The person whose name stands first on this form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
4. A member of the Company is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held in the Company. A member's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the member in the appropriate box. If an "X" has been inserted in one of the boxes to a particular resolution, it will indicate the voting of all the shares held by the member concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all the member's votes.
5. A member or the proxy is not obliged to use all the votes exercisable by the member 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 member or the proxy.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the 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 General Meeting, or at any adjournment thereof.
7. If a member does not indicate on this form of proxy 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 General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. The Chairperson of the General Meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes and provided the chairperson is satisfied as to the manner in which a member wishes to vote.
9. The completion and lodging of this form of proxy will not preclude the relevant member from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
10. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the Chairperson of the General Meeting.
11. 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 the Company.
12. Where there are joint holders of ordinary shares in the Company:
 - any one holder may sign this form of proxy;
 - the vote(s) of the senior member of the Company (for that purpose seniority will be determined by the order in which the names of members of the Company appear in the Company's register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint member(s).
13. 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:

<p>Hand deliveries to: Link Market Services South Africa (Proprietary) Limited 16th Floor, 11 Diagonal Street, Johannesburg, 2001</p>	<p>Postal deliveries to: Link Market Services South Africa (Proprietary) Limited PO Box 4844, Johannesburg, 2000</p>
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to be received by no later than 10:00 on Friday, 23 April 2010 (or 24 hours before any adjournment of the General Meeting which date, if necessary, will be notified on SENS and the South African press).
14. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory(ies).