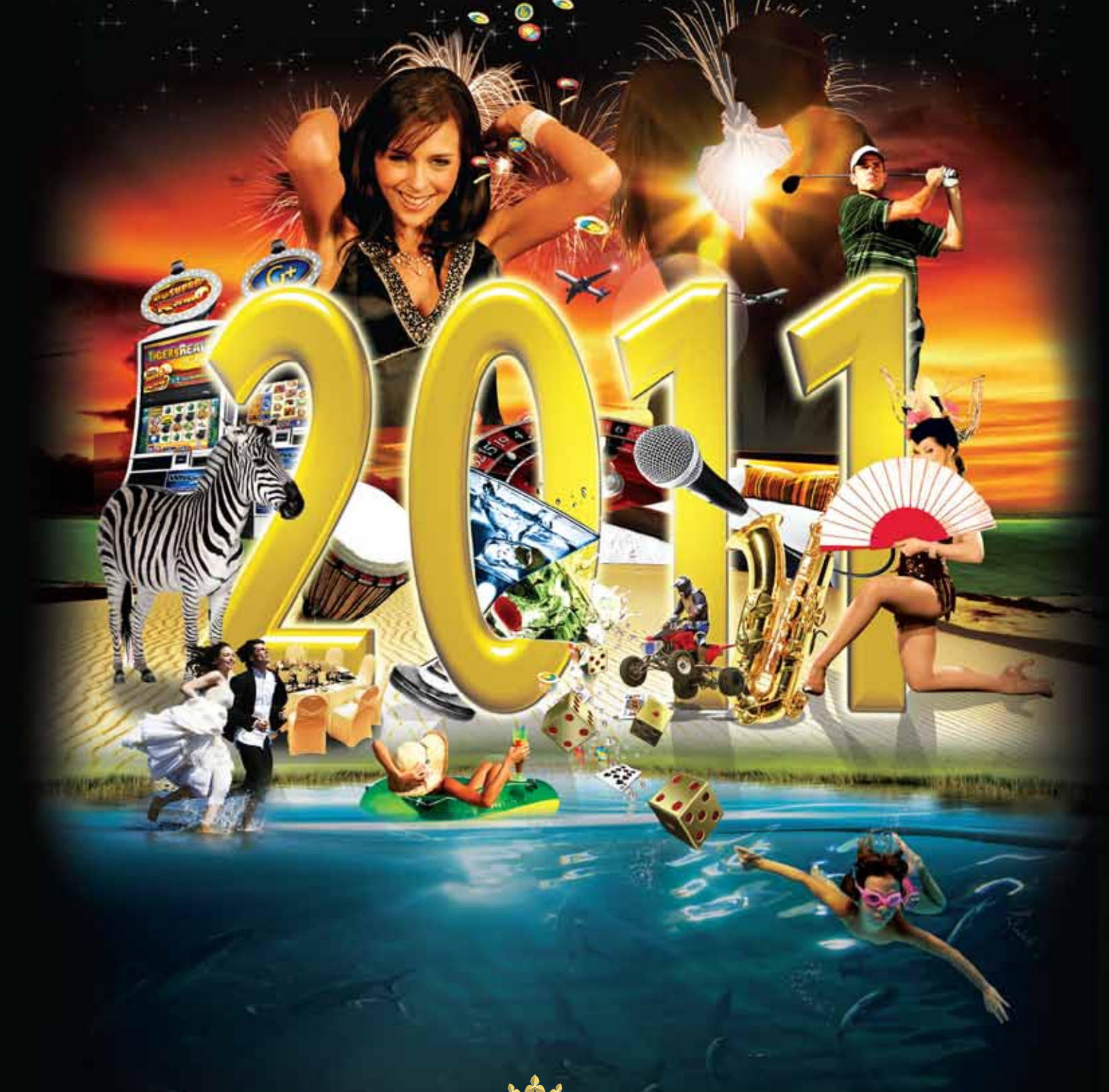
Quarterly Report

for the three months ended 31 March 2011

Required in terms of the indenture of the original €520 000 000 7¾% Senior Secured Notes due 2014



PEERMONT

HOTELS CASINOS RESORTS

Peermont Global (Proprietary) Limited

Registration number 2006/006340/07 • SEDOL: B1W6GY8 • ISIN Rule 144A: XS0297394479 • ISIN Reg S: XS0296654600 • www.peermont.com

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Definitions

ABSA	ABSA Bank Limited
BBBEE	Broad-based Black Economic Empowerment
Casinos of Mauritius	The companies which operate five casinos in Mauritius
CCSs	Credit-contingent Cross Currency swaps
€ or Euro	European Euro, legal tender of the European Union
EBITDA	Earnings before interest, taxation, depreciation, amortisation and other non-cash items
EBITDAR	Earnings before interest, taxation, depreciation, amortisation, rentals and other non-cash items and rentals
Emperors Palace	A division of Peermont, trading as Emperors Palace Hotel Casino Convention Resort
FECs	Forward Exchange Contracts
GGR	Gross gaming revenues
Guarantors	Consist of PGH II, Peermont, PGNW, PGKZN, PGLim, PGMNW&L and PGMKZN
Head office	The head office function of Peermont
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg interbank agreed rate
KCET	Khoroni Community Educational Trust
LGB	Limpopo Gambling Board
MtM	Mark-to-Market
Maxitrade 85	Maxitrade 85 Security Holding Company (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/025081/07)
MGB	Mpumalanga Gambling Board
Mmabatho Palms	A division of PGNW, trading as Mmabatho Palms Casino Convention Resort
Mondazur	A division of Peermont, trading as Mondazur Resort Estate Hotel
MUR	Mauritian Rupees, legal tender of the Republic of Mauritius
NACM	Nominal annual compounded monthly
NACS	Nominal annual compounded semi-annually
NWGB	North West Gambling Board
P or Pula	Botswana Pula, legal tender of the Republic of Botswana
Peermont or the company	Peermont Global (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006340/07)
Peermont Group or the group	Peermont and its subsidiaries
PGB	Peermont Global (Botswana) Limited, a public limited liability company incorporated under the laws of the Republic of Botswana (Registration number 95/414), including all operations based in Botswana, namely the Grand Palm Hotel Casino Convention Resort, Mondior Hotel, Metcourt Inn Hotel, the Gaborone International Convention Centre, all in Gaborone, Metcourt Lodge Hotel and Sedibeng Casino in Francistown and Syringa Casino Selebi-Phikwe
PGEFS or Frontier Inn	Peermont Global (Eastern Free State) (Proprietary) Limited, trading as Frontier Inn and Casino, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1999/011534/07)
PGER	Peermont Global (East Rand) (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1996/009361/07) (in liquidation)
PGERH	PGER Holdings (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1997/015805/07)

PGH I	Peermont Global Holdings I (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/023109/07)
PGH II	Peermont Global Holdings II (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006232/07)
PGIL	Peermont Global Investments Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1995/004449/06)
PGKZN or Umfolozi	Peermont Global (KZN) (Proprietary) Limited, trading as Umfolozi Hotel Casino Convention Resort, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/029290/07)
PGLim or Khoroni	Peermont Global (Limpopo) (Proprietary) Limited, trading as Khoroni Hotel Casino Convention Resort, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/034446/07)
PGMKZN	Peermont Global Management (KZN) (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/000558/07)
PGMNW&L	Peermont Global Management (NW&L) (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/029265/07)
PGNW	Peermont Global (North West) (Proprietary) Limited, a limited liability company incorporated under the Laws of the Republic of South Africa (Registration number 2006/028470/07)
PGSH or Graceland	Peermont Global (Southern Highveld) (Proprietary) Limited, trading as Graceland Hotel, Casino and Country Club, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1995/004452/07)
PIK	Payment-in-kind
PIK Equity Loan	PIK Equity Loan, due 2106 raised in 2007 by PGH I and onlent to Peermont
PIK Notes	The original R887,0 million 18,0% PIK Notes due 2015, issued by PGH II, listed on the Global Exchange Market of the Irish Stock Exchange
PIK Notes Loan	PIK Notes Loan due 2015 raised by Peermont from the proceeds of an issue of PIK Notes by PGH II
R or Rand	South African Rand, legal tender of the Republic of South Africa
RCF	Revolving Credit Facility
Rio	A division of PGNW, trading as Rio Hotel Casino Convention Resort
RMB	Rand Merchant Bank, a division of FirstRand Bank Limited
SARS	South African Revenue Service
Securities Act	The U.S. Securities Act of 1933, as amended
Security SPV	Maxitrade 85, a special purpose vehicle
SIC	The State Investment Corporation Limited, a public company limited by shares incorporated under the laws of the Republic of Mauritius (Registration number 4482)
SSNs or the notes	The original €520 million 7¾% Senior Secured Notes due 2014, issued on 24 April 2007, listed on the Global Exchange Market of the Irish Stock Exchange
SRSs	Symmetrical Recovery Swaps
Taung	A division of PGNW, trading as Taung Hotel Convention Resort
The indenture	An indenture under which the notes were issued and guaranteed
The Offering Memorandum	The Offering Memorandum dated 18 April 2007, prepared in connection with the offering of the notes
The Trustee	BNY Corporate Trustee Services Limited, as trustee
TRESS	Tusk Resorts Employee Share Scheme trust
Tubatse	Peermont Global (Tubatse) (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/019823/07)
Tusk Resorts	Tusk Resorts (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1997/010949/07)
UST	Umfolozi Staff Trust
VAT	Value added taxation

Introduction

Peermont is a South African based group of companies which operates in the gaming, hotel and convention businesses in southern Africa. Peermont holds seven casino licences in South Africa and three in neighbouring Botswana. The group operates a total of 14 properties, nine in South Africa and five in Botswana. Collectively, these 14 properties offer 3 231 slot machines, 152 gaming tables and 1 675 hotel rooms. Our flagship property is Emperors Palace Hotel Casino and Convention Resort, which is strategically located in the Johannesburg metropolitan area. In addition to Emperors Palace, our property portfolio includes seven other casino resorts, two stand-alone casinos and four stand-alone hotels. Certain of our larger casino resorts also feature convention and other facilities.

The Notes

On 23 April 2007, Peermont, issued €520 million 7¾% SSNs due 2014. The notes were issued and guaranteed under the indenture, dated as of 23 April 2007, by PGH II as parent guarantor, and by Peermont, PGNW, PGKZN, PGLim, PGMNW&L and PGMKZN as guarantors, Maxitrade 85, the security SPV, BNY Corporate Trustee Services Limited as trustee, The Bank of New York Mellon as registrar, transfer agent and principal paying agent and BNY Fund Services (Ireland) Limited, as Irish paying agent.

A copy of The Offering Memorandum is available from us upon request. This quarterly report is being provided to holders of the notes pursuant to Section 4.19 of the indenture.

In 2008, Peermont completed a notes repurchase programme in terms of which it purchased a nominal value of R1 268,3 million (€103,9 million) of the notes in issue for R1 129,2 million (€92,5 million) or 89% of the face value. All purchased notes were cancelled. Following such cancellation, the outstanding principal amount of notes is €416,1 million.

The notes bear interest at a rate of 7¾% per annum. Interest on the notes is payable on 30 April and 30 October of each year. The notes will mature on 30 April 2014. Peermont may redeem the notes in whole or in part at any time on or after 30 April 2010 at the redemption price specified in the indenture.

The notes, subject to the first priority rights of the RCF lenders, are guaranteed by the guarantors, and rank equal in right of payment with all of the issuer's existing and future unsubordinated indebtedness and senior in right of payment to all of the issuer's existing and future indebtedness that is subordinated in right of payment to the notes.

The notes, subject to the first priority rights of the RCF lenders, are effectively senior to all of the issuer's existing and future unsecured indebtedness to the extent of the assets securing the notes and are secured equally and rateably with the SSN foreign exchange hedging providers, by second priority security interests over all of the issuer's capital stock and certain of the assets of the issuer and the guarantors. The guarantees of the notes by the guarantors rank behind the rights of RCF lenders, but equal in right of payment with all of the existing and future unsubordinated indebtedness of the guarantors, senior in right of payment to all of the existing and future indebtedness of the guarantors that is subordinated in right of payment to the guarantors guarantees of the notes and are effectively senior to all existing and future unsecured indebtedness of the guarantors to the extent of the assets securing the guarantors of guarantees of the notes.

The notes are listed on the Irish Stock Exchange and traded on its Global Exchange Market.

The notes have not been and will not be registered under the Securities Act, or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the notes were offered and sold only to qualified institutional buyers (as defined in Rule 144A under the Securities Act) and pursuant to offers and sales occurring outside the United States within the meaning of Regulation S under the Securities Act. The indenture is not required to be, nor will it be, qualified under the U.S. Trust Indenture Act of 1939, as amended.

The issuer's obligations under its RCF are supported by first ranked security over all the issuer's capital stock and certain of the assets of the issuer and guarantors.

The PIK Notes

On 23 April 2007, PGH II issued R887,0 million 18% PIK Notes. The PIK Notes were issued under an indenture, dated as of 18 April 2007, by PGH II. The proceeds of the PIK Notes were onlent to Peermont in the format of subordinated shareholders loan.

In prior years, PGH II purchased for cash a cumulative R200,1 million in aggregate principal amount of its outstanding 18% PIK Notes, at a price of R134,5 million or 67,2% of face value. All purchased notes were cancelled.

As a result of the above PIK Note buy-backs, Peermont reduced its deeply subordinated shareholders loan from PGH II by repaying R145,7 million to it. In addition, the gain on the purchase of PIK Notes was pushed down to Peermont, further reducing its deeply subordinated shareholders loan by R56,9 million.

Organisational Information

The Peermont Group consists predominantly of Peermont including the Emperors Palace, Mondazur and the head office management and investment divisions; PGNW including the Rio, Mmabatho Palms and Taung divisions; PGKZN; PGLim; PGMNW&L; PGMKZN; PGSH; PGB; PGEFS; Tubatse; and various other dormant or intermediate holding companies.

The business address of Peermont is Peermont Place, 152 Bryanston Drive, Bryanston, Johannesburg, South Africa, and its primary telephone number is +27 (11) 557 0557. We maintain an internet website at www.peermont.com. Information on our internet website, unless specifically referred to, does not form part of this report.

Presentation of financial information

We have prepared the condensed unaudited consolidated financial statements contained in this quarterly report in accordance with IFRS. We present our financial statements in Rand, the legal currency of the Republic of South Africa. In this quarterly report, unless otherwise indicated, all amounts are expressed in Rand millions.

The accounting policies of Peermont as set out in the audited 2010 annual financial statements, have been applied consistently.

Risk factors

The “Risk Factors” set out on the company’s website detail the risks related to our business, the gaming industry, the notes and the risks related to our operations both in South Africa and Botswana are incorporated herein by reference.

Information regarding forward-looking statements

The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in any forward-looking statements made in this quarterly report. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as will likely result, are expected to, will continue, believe, is anticipated, estimated, intends, expects, plans, seek, projection and outlook.

These statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the "Risk Factors" placed on the company's website. Among the key factors that could have a direct impact on our operations, prospects and results are the following:

- Our dependence on a single property, Emperors Palace, and the relatively concentrated casino market in Gauteng Province to generate a significant portion of our revenue, profits and cash flow;
- Competition from other casinos in Gauteng Province and other regions of southern Africa;
- Our ability to amend current licence terms to increase our gaming positions and introduce new games and our ability to renew our licences;
- Our ability to maintain our casino licences;
- Changes in the gaming and taxation laws and the wider regulatory and legal environment in southern Africa;
- General economic conditions that impact growth trends in disposable income and discretionary consumer spending;
- Our ability to develop new casino projects and integrate newly acquired operations; and
- The impact on us of our indebtedness.

The list above should be considered in relation to this report and the effect that these could have on the group's position and results in the future. Because the risk factors referred to above could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this quarterly report by us or on our behalf, you should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for us to predict which factors they will be. In addition, we cannot assess the effect of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

Financial statements discussed

For the three month period ended 31 March 2011 and the prior year comparative period, we have provided condensed unaudited consolidated financial information which is derived from the condensed unaudited consolidated financial statements of the Peermont Group.

The condensed unaudited consolidated financial information is provided for information purposes only and does not purport to present our historical results of operations for the periods presented, nor is it necessarily representative of our results of operations for any future periods.

BBBEE shareholding in PGNW, PGLim and PGKZN

As a condition of the approval of the acquisition by the group of the interests in Tusk Resorts (and subsequently PGNW), PGLim and PGKZN, and subsequently the acquisition by Peermont of the business of PGIL, Peermont was required to sell 10% of the shares in each of the new entities operating the businesses of Khoroni, Mmabatho Palms, Taung, Rio and Umfolozi to local BBBEE partners.

During 2009 Peermont was successful in disposing of 6% of the required 10% of PGKZN to an appropriate BBBEE partner and the LGB approved the donation of 5% of the PGLim shares to a local educational trust (KCET).

During 2010 Peermont successfully disposed of the required additional 4% in PGKZN and 5% of PGLim to local BBBEE partners.

Management has identified a local BBBEE partner to whom it intends to sell the required 10% of the shares in PGNW. Now that the final agreements have been signed, once approval of the NWGB is received, the sale of the shares in PGNW will be concluded. Our current estimated BBBEE charge for this sale is R0,2 million, had the transaction been implemented on 31 March 2011.

Key income statement items

Revenue

Our revenue consists of gaming revenue, rooms revenue, food and beverage revenue and other revenue. For the year ended 31 December 2010, we generated 77,0% of our total revenue from gaming, 11,0% from rooms, 9,7% from food and beverage, and 2,3% from other revenue.

We generate gaming revenue from the slot machines and gaming tables in our casinos. Gaming revenue consists of the net cash amounts received from bets placed by guests less winnings paid to them.

Rooms revenue is generated from room nights sold at our various hotels, which is a function of average room rate and occupancy rate. We define occupancy rate as room nights sold as a percentage of total room nights available in a given period. The average room rate is calculated based on total rooms revenue divided by the number of room nights sold in a given period.

We generate food and beverage revenue from the sale of food and beverages in our hotel restaurants and through room service, catering services at our convention facilities and revenue from renting banquet rooms and equipment.

Other revenue is generated primarily from rental payments received from our retail outlet tenants, sales of goods at our own outlets, ticket receipts for our various entertainment offerings, fees generated by the country club, revenue from our childcare facilities, parking income and other entrance fees.

In line with industry practice in South Africa, we recognise gaming revenue on a cash received basis. We recognise all other revenue on an accrual basis, net of VAT. Gaming revenue includes VAT and other gaming levies on gross gaming revenue. VAT is deducted as an operating cost at an effective South African rate of 12,28% of gross gaming revenue net of gaming levies paid. Gaming levies on gross gaming revenue are set at variable rates as a percentage of gaming revenue and are also deducted as an operating cost. Gaming levy rates vary across the provinces in which our casinos operate. The gaming levy in Gauteng Province is currently 9% of gaming revenue.

Other income

Other income is primarily non-operational income, which consists of items such as the net profit generated on the disposal of assets in the normal course of business at our properties, insurance claims received as well as other sundry income.

Operating costs

Our operating costs consist of employee costs; other operational costs; property costs; consumables and services; VAT and gaming levies on gross gaming revenues; promotions and marketing costs; depreciation and amortisation; and property and equipment rentals. These represented 26,7%, 29,8% (other operational costs; property costs and consumables and marketing combined), 20,4%, 9,4%, 12,4% and 1,3% of total operating costs, respectively, for the year ended 31 December 2010.

Employee costs consist of salaries, wages and employee benefits for all of our employees, including management.

VAT and gaming levies on gross gaming revenues are as discussed above.

Promotions, marketing and sales costs consist primarily of costs associated with all complimentary food, beverage and hotel accommodation given to our gaming guests; advertising costs (which include costs for radio, press and outdoor advertising and the production thereof and prizes given as part of promotions); costs relating to loyalty programmes; costs of public relations events and activities; publishing costs for guest magazines, flyers, posters and other promotional materials; and costs relating to our participation in domestic and international travel fairs and exhibitions.

Depreciation and amortisation consists of depreciation costs on assets other than land and capital work in progress and the amortisation of intangible assets other than goodwill and intangible assets that have an indefinite life, such as the majority of our casino licences.

Property and equipment rentals consist of rental expenses paid under operating leases primarily for our slot machines, office equipment and property leases.

Property costs consist of utility costs and property taxes.

Consumables and services consist primarily of cost of sales of food and beverage; cash handling costs; credit card commissions; security and public safety costs; property cleaning costs; and, other service contracts.

Other operational costs consist primarily of maintenance costs, information technology support and maintenance costs, corporate social investment costs, insurance and training costs.

Primary factors affecting results of operations

Staff Trusts

Certain of the boards of trustees of TRESS and UST, formed for the benefit of staff in the group, are controlled by Peermont. Therefore, IFRS requires that these trusts are consolidated into the results of the Peermont Group. On consolidation, the group accounting policy recognises the amounts vesting under the control of the trustees of the trusts as an expense in employee costs in the period that any company dividends are paid, and the resulting assets retained by the trusts at the end of a reporting period, as a liability. The existing resources of UST and TRESS will be distributed to beneficiaries in the future.

Results of operations of Peermont

General

The following table presents selected condensed unaudited consolidated financial information of the Peermont Group for the periods indicated. Unless otherwise indicated, the financial information has been derived from the condensed unaudited consolidated financial statements included in Annexure A of this report.

Income statement data for the period ended 31 March	**(unaudited)** **2011** **R'm**	% change	(unaudited) 2010 R'm
Revenue	**621,4**	0,4	618,8
Gaming	**487,5**	0,7	483,9
Rooms	**60,4**	(2,9)	62,2
Food and beverage	**59,2**	0,7	58,8
Other	**14,3**	2,9	13,9
Other income	*	**	0,1
Operating costs	**(468,0)**	(2,8)	(455,2)
Operating profit before net finance expenses	**153,4**	(6,3)	163,7
Finance income	**184,1**	(42,6)	320,5
Finance expenses	**(621,2)**	15,6	(735,7)
Loss before taxation	**(283,7)**	(12,8)	(251,5)
Taxation	**82,6**	18,2	69,9
Loss for the period	**(201,1)**	(10,7)	(181,6)
Attributable to:			
Equityholders of Peermont	**(207,9)**		(187,0)
Non-controlling interests	**6,8**		5,4
	(201,1)		(181,6)
EBITDA[1] Reconciliation			
Operating profit before net finance expenses	**153,4**		163,7
Add: Depreciation and amortisation	**64,4**		59,3
EBITDA	**217,8**	(2,3)	223,0
Add: Rental charges	**6,2**		6,4
EBITDAR	**224,0**	(2,4)	229,4
EBITDA margin	**35,0%**		36,0%
EBITDAR margin	**36,0%**		37,1%

[1] *We define EBITDA as earnings before interest, taxation, depreciation, amortisation and other non-cash items. EBITDAR is EBITDA before rental payments. We believe that EBITDA/R serves as a useful supplementary financial indicator to investors since it is commonly reported and widely accepted by analysts and investors in measuring a company's/group's ability to service its long-term debt and other fixed obligations and to fund its continued growth. Further, EBITDA/R is a widely accepted indicator in comparing a company's/group's underlying operating profitability with that of other companies in the same industry. EBITDA/R is not an IFRS measure and you should not consider EBITDA/R as an alternative to measures of net profit/(loss), as an indicator of operating performance, as a measure of cash flow from operations or as an indicator of liquidity under IFRS. Funds depicted by this measure may not be available for our discretionary use (due to covenant restrictions, debt service payments and other commitments). You should note that EBITDA/R is not a uniform or standardised measure and the calculation of EBITDA/R, accordingly, may vary significantly from company to company, and by itself our presentation and calculation of EBITDA may not be comparable to that of other companies. A reconciliation of EBITDA/R to operating profit for the three months ended 31 March 2010 and 31 March 2011 is provided above.*

* *Less than R50 000*
** *Greater than 100%*

Commentary on the results for the period

The three month period ended 31 March 2011 (unaudited) compared to the three month period ended 31 March 2010 (unaudited)

Overview

Group revenue for the period increased by 0,4% from R618,8 million to R621,4 million. Gaming revenue increased by 0,7% to R487,5 million. Hotel and resort revenue decreased by 0,7% to R133,9 million, due to an 8,0% decrease in hotel and resort revenue at Emperors Palace.

Cash costs were well controlled, increasing by only 1,9% to R403,6 million for the quarter. EBITDA decreased by 2,3% from R223,0 million to R217,8 million in the quarter to March 2011.

Revenue at Emperors Palace decreased by R15,9 million or 3,9%, while EBITDA decreased by R9,4 million or 6,9% for the quarter. Revenue derived from the balance of the group operations grew by R18,5 million or 8,6% while EBITDA increased by R4,2 million or 4,8%. In particular, our Botswana and Graceland operations delivered good performances. Revenue of the Botswana operations increased by 12,8% with EBITDA increasing by 11,4% (in Pula terms). Graceland enjoyed a 6,9% increase in revenue and a 9,1% increase in EBITDA.

Revenue

Our revenue increased by 0,4% from R618,8 million for the three months ended 31 March 2010 to R621,4 million for the three months ended 31 March 2011. Emperors Palace revenues decreased by 3,9%. Graceland, Umfolozi and Mmabatho Palms performed well with revenue growth of 10,3%,17,7% and 18,0%, respectively.

Gaming revenues increased by 0,7% from R483,9 million in the quarter ended 31 March 2010 to R487,5 million in March 2011.

Hotel and resort revenues declined by 0,7% as compared to the corresponding three months in the prior year. Rooms revenue decreased by 2,9% to R60,4 million. Food and beverage revenues increased by 0,7% to R59,2 million.

Operating costs

Operating costs for the three months ended 31 March 2011 were R468,0 million, an increase of R12,8 million, or 2,8% from R455,2 million for the three months ended 31 March 2010. Operating costs, excluding depreciation and amortisation, increased by 1,9% when compared to the same period in 2010.

Depreciation and amortisation for the quarter ended 31 March 2011 was R64,4 million, an increase of R5,1 million, or 8,6% from R59,3 million for the three months ended 31 March 2010, primarily due to the new and upgraded facilities at our Umfolozi property which were completed in December 2010.

Operating profit before net finance expenses

The resulting operating profit at R153,4 million was R10,3 million, or 6,3% below the comparable period in 2010.

EBITDA

EBITDA decreased by 2,3% from R223,0 million to R217,8 million when compared to the prior period.

Finance income

Finance income for the three months ended 31 March 2011 was R184,1 million, a decrease of R136,4 million from the prior period. The variance to the prior period was mainly due to a larger foreign exchange gain of R313,3 million on translation of the SSN liability recorded at March 2010 as compared to the R181,9 million gain on the mark-to-market of the derivative instruments utilised to hedge the SSN liability recorded at March 2011.

Finance expenses

Finance expenses at R621,2 million reflected a decrease of R114,5 million from the prior period charge of R735,7 million. This was affected by the larger foreign exchange loss on the mark-to-market of the derivative instruments utilised to hedge the SSN liability of R489,2 million recorded at March 2010 as compared to the R345,2 million loss on translation of the SSN liability recorded at March 2011.

Taxation
The taxation and deferred taxation credit of R82,6 million results mainly from deferred taxation credits as a result of estimated taxation losses at Peermont and its subsidiaries.

Loss for the period
The resulting loss after taxation amounted to R201,1 million as compared to prior period loss of R181,6 million.

Operations

Emperors Palace
Revenue at Emperors Palace declined by 3,9% to R387,6 million compared to R403,5 million in the same period of the prior year. GGR decreased by 3,1% to R323,1 million.

In the first quarter GGR for Gauteng grew by approximately 1,6%. Our market share decreased year on year from 24,7% to approximately 23,4%, largely as a result of lower wins in the salon prive. While slots and tables play volumes increased, this increased activity did not covert into GGR increases due to unusually low hold percentages in both slots and tables. During the first quarter of 2010, Emperors Palace tables experienced an unusually high hold percentage.

Hotel and Resort revenues for the quarter were disappointing. Conference activity levels were low and this, together with the addition of approximately 720 rooms to the O R Tambo airport precinct during 2010, had a knock on effect on our rooms business. This has resulted in a decrease in occupancies and room rates. As a result rooms revenue decreased by 11,7% to R27,8 million from R31,5 million in the prior period.

Food and beverage revenue decreased by 8,7% to R26,3 million in the quarter from R28,8 million in the prior period, mainly as a result of a significant decrease in the groups and convention business.

Cash costs decreased by 2,4% driven by a decrease in promotions and marketing spend of 18,0%. Property costs increased by 14,8%, driven largely by a 20,7% increase in electricity costs.

As a result of the 3,9% decrease in revenue and 2,4% decrease in cash operating costs, EBITDA at Emperors Palace decreased by 6,9% to R126,9 million. The EBITDA margin for the quarter declined from 33,8% for the period ending 31 March 2010 to 32,7% for the period to 31 March 2011.

Graceland
Revenues increased by 6,9% from R33,1 million in 2010 to R35,4 million in the same period in 2011. GGR increased by 5,6% to R26,3 million from R24,9 million in the first quarter of 2010. Hotel and resort revenue increased by 11,0% with rooms revenue growing by 26,9% to R3,3 million. The increase in rooms revenue was largely as a result of improved levels of corporate and government business.

Cash costs increased by 6,7% as compared to the same period in 2010.

EBITDA increased by 9,1% from R7,7 million to R8,4 million. This resulted in an increase of the margin from 23,3% for the first quarter in 2010 to 23,7% for the first quarter in 2011.

Botswana
The Botswana operations produced a strong performance. Revenue in Pula terms increased by 12,8% to P61,5 million (R64,9 million) for the quarter ended 31 March 2011 from P54,5 million (R60,9 million) for the same period in 2010. Gaming revenues improved by an exceptional 34,0% on the prior period to P28,8 million (R30,4 million). Hotel and resort revenue declined by 0,1% to P32,7 million (R34,5 million).

Cash costs increased by 13,6% as compared to the same quarter in 2010. The VAT rate in Botswana increased from 10% to 12% effective 1 April 2010, which increased VAT on gaming revenues by P0,5 million (R0,5 million) as compared to the same period in the prior year. The Botswana Power Corporation increased electricity usage costs by 30% and the maximum demand electricity charge by 50% effective 1 May 2010, which negatively affected costs by P0,5 million (R0,5 million). On a comparable basis cash costs increased by 10,8%.

EBITDA grew in Pula terms by 11,4% to P20,5 million (R21,7 million) for the first quarter of 2011 from P18,4 million (R20,7 million) in the prior period. The EBITDA margin declined to 33,3% (2010: 33,8%).

The strengthening of the Rand in the current quarter from P1,12: R1 in 2010 to P1,06: R1 in the current quarter resulted in Rand based revenue increase of 6,6% and a Rand based EBITDA increase of 4,8%.

Rio

Rio generated revenue of R37,1 million for the first quarter of 2011, flat on the same period in the prior year. GGR decreased by 4,1% to R33,0 million in the first quarter of 2011. By contrast hotel and resort revenue increased by 51,9% due to a 87,5% increase in rooms revenue when compared to 2010. Average hotel occupancies increased from 32% in 2010 to 66% in 2011.

The impact of the increased gaming levies with effect 1 February 2011 was offset by a credit received for rates and taxes for the property, which resulted in EBITDA increasing by 1,5% from R13,0 million in the first quarter of 2010, to R13,2 million in the first quarter of 2011. The EBITDA margin increased to 35,6% (2010: 35,0%).

Mmabatho Palms

The resort generated revenue of R24,9 million for the quarter, up 18,0% on the same quarter in 2010. This increase was mainly due to an increase in hotel and resort revenue which increased by 37,5% to R7,7 million. GGR increased 11,0% to R17,2 million from R15,5 million in the comparable period of 2010.

Operating costs increased by 19,5% due to increased gaming levies and increased rates and taxes which were not included in the prior period quarter, resulting in an increase in EBITDA of 4,3% from R4,7 million to R4,9 million. EBITDA margin decreased from 22,3% to 19,7%.

Khoroni

Following two years of consistent strong revenue growth, the unit achieved revenue growth of 7,5% from R18,7 million to R20,1 million for the quarter.

EBITDA at R5,5 million was 3,8% above the R5,3 million for the same period in 2010, resulting in a decrease in the EBITDA margin to 27,4% (2010: 28,3%).

Umfolozi

Revenues increased by 17,7% to R35,9 million as compared to the same period in the prior year. Hotel and resort revenues increased to R2,7 million from R1,5 million in the prior period. The new Peermont Metcourt Hotel, which commenced trading in November 2010, reported occupancies for the quarter at 40,8%. GGR increased by 14,5%, with both slots and tables contributing equally to the increase.

EBITDA at R11,0 million was 5,8% above the prior period. The EBITDA margin decreased to 30,6% compared to 34,1% for the same period in 2010, mainly as a result of the new hotel and resort facilities.

Frontier Inn

Frontier Inn generated revenues of R10,7 million, an increase of 4,9% on the prior period.

Operating costs were well controlled and increased by 3%. EBITDA at R1,9 million was 5,6% above the 2010 quarter. The EBITDA margin increased to 17,8% from 17,6% in 2010.

Head office and management companies

Head office revenue increased by 0,5%, from R40,8 million in the first quarter in 2010 to R41,0 million in the first quarter in 2011. The head office revenues consist of management, development, administration and incentive fees received from the operating units.

Head office EBITDA increased by 7,3% from R23,4 million in the 2010 quarter to R25,1 million in the first quarter of 2011. The EBITDA margin reflected an increase at 61,2% when compared to the 57,4% achieved in the prior period.

Liquidity and capital resources

Historically, our liquidity requirements have arisen primarily from the need to fund our capital expenditure and our acquisitions. Our principal source of liquidity has been our cash flows from operating activities and borrowings under our credit facilities. Our liquidity requirements will arise primarily to meet our debt service obligations in respect of the notes and to fund capital expenditures and working capital requirements, if any. Our principal sources of liquidity are expected to be cash flows from operations; future borrowings permitted by the indenture; and, amounts available under our RCF.

We may from time to time seek to repurchase amounts of the notes through cash purchases and/or exchanges for equity, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. We may fund these requirements with funds realised from our hedging arrangements, operating cash flows and, subject to the satisfaction of the required conditions to borrowing, drawings under our RCF or additional debt.

Cash flows

The following table sets out our condensed unaudited consolidated cash flows for the periods ended 31 March 2010 and 2011:

Cash flow data for the period ended 31 March	**(unaudited)** **2011** **R'm**	(unaudited) 2010 R'm
Cash flows from operating activities	**199,2**	175,2
Finance income received	**2,1**	7,2
Finance expenses paid	**(7,3)**	(3,6)
Taxation paid	**(3,7)**	(12,7)
Net cash flows from operating activities	**190,3**	166,1
Cash flows used in investing activities	**(9,9)**	(22,0)
Cash flows used in financing activities	**(17,0)**	(42,0)
Net increase in cash and cash equivalents	**163,4**	102,1

Cash flows from operating activities

Net cash inflows from operating activities for the period were R199,2 million compared to R175,2 million for the period ended 31 March 2010.

Finance income

This consists mainly of interest received on cash deposits at financial institutions which has decreased in comparison to the prior period. The decline is attributable to decreased interest rates and reduced cash balances on hand.

Finance expenses

This is made up predominantly of interest paid on the borrowings by head office, PGNW and PGEFS. No cash flows related to the deferred hedging loan and the SSNs took place during the quarter.

Taxation paid

The group made certain taxation payments in the ordinary course of business and certain of the subsidiaries, such as PGSH and PGB will continue to incur taxation cash flows. A previously accrued and long outstanding liability of R7,2 million due by Tusk Resorts was settled in the 2010 quarter, giving rise to the large decrease in taxation cash flows.

Cash flows used in investing activities

Capital expenditure for the three months was R9,9 million on normal maintenance capital expenditure.

Cash flows used in financing activities

Net cash outflows from financing activities for the period amounted to R17,0 million. These relate to the normal redemption of debt by PGNW, head office and PGEFS. The prior year included the redemption of the PGB corporate notes of P25 million.

Dividends paid
Dividends paid consisted of the minority share of the dividends paid by PGB and PGSH.

Cash and cash equivalents
At 31 March 2011 the group had a net positive cash balance of R34,6 million, consisting of a R205,5 million cash utilisation of the RCF, offset by cash held of R240,1 million. Details of cash of R118,9 million included in the quarter end balance, but not available to the group for third party flows, are presented later in the report.

Capital expenditures
Our net capital expenditures in the three months ended 31 March 2011 and 31 March 2010, were R9,9 million and R22,1 million, respectively. This represents approximately 1,6% and 3,6% of total revenue for those periods. Cash used for capital expenditures consists primarily of (a) cash used for the replacement of gaming equipment and hotel furniture, fittings and equipment and property refurbishment as well as other assets used for the maintenance of our properties, plant and equipment net of proceeds received from the sale of property, plant and equipment ("maintenance capital expenditure"); and, (b) cash used to expand (other than by way of acquisitions) our business capacity to increase revenue and profitability ("expansion capital expenditure"). Expansion capital expenditure includes the purchase of additional gaming equipment, expansion of existing properties and the development of new properties.

Our net maintenance capital expenditures in the three months ended 31 March 2011 and 31 March 2010 were R9,9 million and R13,1 million, representing approximately 1,6% and 2,1% of total revenue, respectively. Our maintenance capital expenditures for both periods included ordinary course maintenance and replacement of gaming equipment, primarily slot machines, hotel furniture, fittings and equipment.

There was no expansion capital expenditure incurred in the three months ended 31 March 2011.

Our expansion capital expenditures in the three months ended 31 March 2010 were R9,0 million. This related to the upgrade and expansion of our Umfolozi property.

Available capital resources
Our principal source of funds is provided by cash flows from operations; amounts raised as specific project debt allowed per the indenture; and, amounts available under our RCF.

At 31 March 2011, of the R550,0 million available under our RCF for working capital and general corporate purposes, R59,5 million of the facility had been utilised to provide guarantees to various gambling boards, suppliers and financial institutions, and an additional R205,5 million was drawn in cash. This was offset by cash held of R240,1 million. Cash included in the quarter end balances but not available to the group consists of approximately R49,0 million required for operational and cash floats, R35,9 million held on behalf of trust beneficiaries and R34,0 million reserved for community infrastructure development in terms of bid commitments at Emperors Palace. After adjusting for the above, R406,2 million was available for group requirements at 31 March 2011.

Although we believe that our expected cash flow from operations, together with available facilities, will be sufficient to meet our needs for the foreseeable future, we cannot assure you that our business will generate sufficient cash flow from operations to meet these needs or that future debt or equity financing will be available to us in an amount sufficient to enable us to fund our working capital or other liquidity needs, including making payments under the notes or our other debt when these become due.

If our working capital requirements exceed our projections, or if our operating cash flow is lower than expected, we may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. Our ability to arrange financing generally and our cost of capital depends on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions and in the capital markets, restrictions in instruments governing our indebtedness, and our general financial performance. Our inability to obtain the funding necessary for our working capital requirements could adversely affect our ability to service our debt obligations and adequately fund our operations. See "Risk Factors" set out on the company's website. Our business may be adversely affected as a result of our substantial indebtedness, which requires the use of a significant portion of our cash flow to service our debt obligations and may limit access to additional capital. Our ability to generate sufficient cash in the future depends on many factors, some of which are beyond our control.

Scheduled repayments of our current obligations

Set out below is a summary of amounts due and committed under our contractual cash obligations at 31 March 2011:

	Less than 1 year R'm	1 – 3 years R'm	3 – 5 years R'm	After 5 years R'm	Total R'm
Second priority SSNs[1] [3]	126,7	—	3 743,1	—	3 869,8
Deferred hedge funding	26,4	—	—	400,0	426,4
Deeply subordinated shareholders' loans	—	—	3 569,9	—	3 569,9
PIK Notes Loan[2] [3]	—	—	1 397,1	—	1 397,1
PIK Equity Loan[2] [3]	—	—	2 172,8	—	2 172,8
Bank borrowings[4]	8,0	17,4	15,7	13,9	55,0
Promissory note liabilities	4,2	—	—	—	4,2
Finance lease agreements	0,7	0,4	—	—	1,1
	166,0	17,8	7 328,7	413,9	7 926,4
Operating lease commitments	7,5	11,9	10,1	129,7	159,2
Total	173,5	29,7	7 338,8	543,6	8 085,6

[1] The amount reflected is the final liability of €416,1 million disclosed at the current spot rate, plus accrued interest less unamortised issue costs and discount.
[2] The amount reflected includes the capital owing, accrued and capitalised interest on subordinated long-term shareholder funding from PGH II.
[3] It is currently the group's intention to refinance the majority, if not all, of the PIK Equity Loan (due 2106), the PIK Notes Loan (due 2015) and the SSNs (due 2014) in or before 2014. Therefore these amounts are classified in the 3 – 5 years period.
[4] Bank borrowings comprise secured loan facilities from financial institutions in South Africa.

Pension plans

We provide defined contribution funds for the benefit of employees, the assets of which are held in separate funds. Our contributions to defined contribution funds are charged to our income statement during the year in which these are incurred.

Off-balance sheet arrangements

We have no off-balance sheet arrangements.

Contingent liabilities

SARS has challenged the taxation effect of a R33,8 million gain made by PGERH on the realisation of a foreign currency option contract in 2005. The company obtained two Senior Counsel opinions at the time of submitting the taxation return and consequently treated the gain as non-taxable. SARS assessed the company for taxation and interest. PGERH sought to resolve the matter through the alternate dispute mechanism, but this was unsuccessful. The group's legal advisers have met with SARS officials in an attempt to resolve this long outstanding dispute. Should the SARS interpretation prove to be correct, the group may be exposed to an additional taxation liability of approximately R9,8 million and any interest and or penalties assessed by SARS.

Legal proceedings

We are party to various claims and legal actions in the ordinary course of our business. We believe that such claims and actions, either individually or in aggregate, will not have a material adverse effect on our business, financial condition or results of operations.

Events subsequent to quarter end

No material events and circumstances have occurred subsequent to the quarter end up to the date of this report.

Market risk

Foreign currency risk

Our condensed unaudited consolidated financial results are affected by currency transactions and translation effects resulting from fluctuations in the exchange rates between the Rand and other currencies, principally the Euro, Pula and US dollar.

In connection with the issuance of the notes, we entered into SRSs, FECs and CCSs to hedge the Rand equivalent of the current principal amount of €416,1 million, and interest due under the notes to maturity of the notes at April 2014.

SRS contracts were entered into to hedge the coupon payments from October 2011 to April 2014 and the underlying principal on the €416,1 million SSN liability at maturity.

Currency translation effects occur due to the fact that in 2010 we earned 9,8% of our revenue and incurred approximately 9,7% of our total costs in Pula. We do not hedge this exposure. Currency translation effects occur due to the fact that our Botswana operations earned all of their revenue in Pula and also prepared their financial statements in this currency. For group consolidation purposes these financial statements are translated to Rand, the group's reporting currency.

From time to time, we incur costs in Euro or US dollars that principally relate to purchases of imported gaming equipment. We enter into FECs from time to time, to cover foreign exchange payment obligations in respect of these purchases.

The table below indicates the exchange rates used in the period covered in this report

	Average rate for 3 months		**Closing spot rate**	
	2011	2010	**2011**	2010
Euro/Rand	**9,56**	10,37	**9,60**	9,91
Pula/Rand	**1,06**	1,12	**1,06**	1,11

Interest rate risk
We have a policy of managing our exposure to changes in floating interest rates on our borrowings.

The notes interest is fixed at 7¾% until 2014. The interest on the shareholder loans, the balances of which were R1 397,1 million and R2 172,8 million at period end, is set at 18,2% and 18,4%, respectively. The deferred hedging loan bears interest at a rate of JIBAR plus 9,75%.

Critical accounting policies and use of estimates

The group's accounting policies as set out in the audited December 2010 annual financial statements have been applied consistently.

Recent amendments to IAS 17 *Leases* became effective for the group on 1 January 2011. This standard may require the capitalisation of certain long term property leases in the group, mainly in the Botswana operations. Management is still considering whether any changes will be required to the current accounting treatment of these leases and, if changes are required, does not believe these will have a material impact on the group financial statements.

The preparation of our financial statements requires management to make estimates and judgements that affect the reported amount of assets, liabilities and net profit. Management re-evaluates its estimates on an ongoing basis. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the value of such assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Details of the accounting policies and significant estimates made were set out in our 2010 Annual Report which incorporates the audited annual financial statements for the year ended 31 December 2010. Please refer to these for more detail.

Standards and interpretations issued but not yet effective
IRFS 7 (amended 2010) *Financial instruments*: *disclosures* – Amendment enhances disclosures about transfers of financial assets – Effective annual periods commencing on or after 1 July 2011.

IFRS 9 (amended 2009) *Financial Instruments* – Amendment deals with the classification and measurement of financial assets – Effective annual periods commencing on or after 1 January 2013.

IFRS 9 (amended 2010) *Financial Instruments* – Amendment deals with the classification and measurement of financial liabilities – Effective annual periods commencing on or after 1 January 2013.

IAS 12 (amended 2010) *Income taxes* – Amendment deals with deferred taxation, specifically the recovery of underlying assets – Effective annual periods commencing on or after 1 January 2012.

Management has evaluated the effect of all new standards, amendments and interpretations that have been issued prior to the date of this report, which would be effective for the group's accounting period on or after 1 April 2011. Based on the evaluation, management does not expect these standards, amendments and interpretations to have a significant impact on the group's results.

New and ongoing developments

Fourth Gaborone casino licence

On 1 June 2010 the Casino Control Board of Botswana approved the licence application of Workman Holdings (Proprietary) Limited, a new competitor, to open and operate a casino in the new Masa Centre in Gaborone. The licence grants the right to operate 160 slot machines and 10 tables in the central Gaborone area and will dilute the GGR of existing casinos already operating in the Gaborone area.

On 28 September 2010 PGB filed papers with the High Court of Botswana to review and set aside the decision of the Botswana Casino Control Board to award the licence. The application is still pending.

Peermont Gaborone casino licence

The Casino Control Board of Botswana recently approved extension of the licence of The Grand Palm Casino for a period of 10 years to 29 April 2021.

Limpopo gaming levies

As reported previously, it is anticipated that the Limpopo Government will promulgate revised Limpopo gaming levies regulations which increase the gaming levy in the province from 5,26% of GGR per month to 8,0% of GGR per month. This is expected to increase the annual gaming levies payable by our Khoroni property by approximately R1,8 million per annum based on forecast gaming revenues for 2011. This change has not occurred to date.

Casinos of Mauritius

Given the significant period of time which has elapsed since Peermont's announcement as preferred bidder for the acquisition of a 51% controlling shareholding in the Casinos of Mauritius and 100% of the shares in the management company responsible for the Casinos of Mauritius ("the Transaction"), the subsequent negotiations between the SIC and Peermont of the initial Transaction agreements, we have been in communication with the Transaction advisers appointed by the Government of Mauritius with a view to recommencing negotiations with the SIC. Until we receive further definitive communication from the Government of Mauritius or the SIC, we have no certainty as to if or when the Transaction will be concluded.

Thaba Moshate Hotel Casino and Convention Resort

Subsequent to the successful bid for the final licence in the Limpopo province, Peermont is dealing with the rezoning of the land, attempting to progress the land claim relating to the area in which the site is located and negotiating with the LGB in respect of the casino licence conditions.

Capital structure review

Following the appointment of advisers by Peermont to review its current capital structure, in particular the junior part of the structure, discussions have commenced with various stakeholders to ensure the company is appropriately capitalised going forward. Among other benefits, a revised capital structure would enable the company to persue selected growth opportunities. To date, no agreement has been reached between the stakeholders regarding an appropriate capital structure for the company.

A number of the abovementioned growth opportunities will only be undertaken if the capital structure is successful and sufficient capital is available.

Annexure A

CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF:

Peermont Global (Proprietary) Limited
and its subsidiaries
for the three months ended 31 March 2011

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Group income statement

for the three months ended 31 March

	Note	2011 R'm	2010 R'm
Revenue		**621,4**	618,8
Gaming		**487,5**	483,9
Rooms		**60,4**	62,2
Food and beverage		**59,2**	58,8
Other		**14,3**	13,9
Other income	1	*	0,1
		621,4	618,9
Operating costs		**(468,0)**	(455,2)
Employee costs		**(143,7)**	(135,7)
VAT and gaming levies on GGR		**(96,0)**	(94,7)
Promotions and marketing costs		**(42,0)**	(48,3)
Depreciation and amortisation		**(64,4)**	(59,3)
Property and equipment rentals		**(6,2)**	(6,4)
Property costs		**(22,8)**	(19,0)
Consumables and services		**(56,9)**	(56,8)
Other operational costs		**(36,0)**	(35,0)
Operating profit before net finance expenses		**153,4**	163,7
Net finance expenses		**(437,1)**	(415,2)
Finance income	2	**184,1**	320,5
Finance expenses	2	**(621,2)**	(735,7)
Loss before taxation		**(283,7)**	(251,5)
Taxation		**82,6**	69,9
Loss for the period		**(201,1)**	(181,6)
Attributable to:			
Equityholders of Peermont		**(207,9)**	(187,0)
Non-controlling interests		**6,8**	5,4
		(201,1)	(181,6)

Group statement of comprehensive income

for the three months ended 31 March

	2011 R'm	2010 R'm
Loss before taxation	**(201,1)**	(181,6)
Other comprehensive income	**1,7**	(2,7)
Exchange differences on translating foreign operations	**1,7**	(2,8)
Unrealised gain on fair value of cash flow hedge	—	0,1
Total comprehensive income	**(199,4)**	(184,3)
Attributable to:		
Equityholders of Peermont	**(207,0)**	(188,6)
Non-controlling interests	**7,6**	4,3
	(199,4)	(184,3)

* *Less than R50 000*

Group statement of financial position

at 31 March

	Note	2011 R'm	2010 R'm
Assets			
Total non-current assets		**8 898,6**	8 805,5
Property, plant and equipment	3	**4 293,2**	4 226,3
Intangible assets	4	**4 587,9**	4 561,5
Deferred taxation assets		**6,7**	4,0
Derivative instruments		**5,4**	6,5
Investment in BBBEE preference shares		**4,0**	—
Loans and receivables		**1,4**	5,3
Amount due by jointly controlled entity		**—**	1,9
Total current assets		**402,9**	612,9
Inventories		**53,3**	47,0
Trade and other receivables		**84,6**	80,3
Loans and receivables		**0,4**	0,9
Amount due by jointly controlled entity		**—**	0,1
Amounts due by related parties		**24,5**	18,4
Current taxation assets		**—**	2,1
Cash and cash equivalents		**240,1**	464,1
Total assets		**9 301,5**	9 418,4
Equity and liabilities			
Equity			
Capital and reserves		**(659,0)**	(276,0)
Non-controlling interests		**76,2**	48,7
Total equity		**(582,8)**	(227,3)
Total non-current liabilities		**8 965,1**	8 876,5
Interest-bearing long-term borrowings	5	**7 810,0**	7 258,6
Deferred taxation liabilities		**672,7**	901,9
Derivative instruments		**449,8**	679,3
Amounts due to related parties		**32,6**	36,7
Total current liabilities		**919,2**	769,2
Trade and other payables		**279,5**	277,7
Current portion of derivative instruments		**304,7**	320,3
Bank overdraft		**205,5**	—
Current portion of interest-bearing long-term borrowings	5	**116,4**	156,6
Amounts due to related parties		**11,4**	6,5
Current taxation liabilities		**1,7**	1,3
Provisions		**—**	6,8
Total equity and liabilities		**9 301,5**	9 418,4

Group statement of changes in equity

for the three months ended 31 March

	Share capital R'm	Share premium R'm	Hedging reserve R'm	Translation reserve R'm	Accumu-lated loss R'm	Sub-total R'm	Non-controlling interests R'm	Total equity R'm
Balance at 1 January 2010	0,2	381,0	(0,2)	(2,2)	(464,9)	(86,1)	53,9	(32,2)
Total comprehensive income	—	—	0,1	(1,7)	(187,0)	(188,6)	4,3	(184,3)
Dividends paid	—	—	—	—	(1,3)	(1,3)	(9,5)	(10,8)
Balance at 31 March 2010	0,2	381,0	(0,1)	(3,9)	(653,2)	(276,0)	48,7	(227,3)
Balance at 1 January 2011	0,2	381,0	—	(8,2)	(825,0)	(452,0)	82,5	**(369,5)**
Total comprehensive income	—	—	—	1,0	(208,0)	(207,0)	7,6	**(199,4)**
Dividends paid	—	—	—	—	—	—	(13,9)	**(13,9)**
Balance at 31 March 2011	**0,2**	**381,0**	**—**	**(7,2)**	**(1 033,0)**	**(659,0)**	**76,2**	**(582,8)**

Group statement of cash flows

for the three months ended 31 March

	2011 R'm	2010 R'm
Cash flows from operating activities	**199,2**	175,2
Finance income received	**2,1**	7,2
Finance expenses paid	**(7,3)**	(3,6)
Taxation paid	**(3,7)**	(12,7)
Net cash flows from operating activities	**190,3**	166,1
Cash flows used in investing activities	**(9,9)**	(22,0)
Replacement of property, plant and equipment to maintain operations	**(9,8)**	(13,3)
Acquisition of property, plant and equipment to expand operations	**—**	(9,0)
Replacement of intangible assets to maintain operations	**(0,1)**	(0,1)
Proceeds on disposal of property, plant and equipment	*	0,3
Repayment of shareholder's loan by jointly controlled entity	**—**	0,1
Cash flows used in financing activities	**(17,0)**	(42,0)
Dividends paid	**(12,6)**	(9,5)
Interest-bearing long-term borrowings repaid	**(3,6)**	(33,2)
(Increase)/decrease in non-current amounts due by related parties	**(0,9)**	0,4
Enterprise development loans repaid	**0,1**	0,3
Net increase in cash and cash equivalents	**163,4**	102,1
Cash and cash equivalents at the beginning of the period	**(129,3)**	362,4
Effect of exchange rate fluctuations on cash held	**0,5**	(0,4)
Net cash and cash equivalents at the end of the period	**34,6**	464,1

* *Less than R50 000*

Notes to the group financial statements

for the period ended 31 March

		2011 R'm	2010 R'm
1	**Other income**		
	Profit on disposal of property, plant and equipment	*	0,1
		*	0,1
2	**Net finance expenses**		
	Foreign exchange gain on forward contracts to hedge SSN liability	**181,9**	—
	Interest received	**2,0**	7,0
	Foreign exchange gains – realised	**0,2**	0,2
	Foreign exchange gains on restatement of SSN liability	**—**	313,3
	Finance income	**184,1**	320,5
	Foreign exchange loss on restatement of SSN liability	**(345,2)**	—
	Interest payable – SSN	**(94,4)**	(109,6)
	Interest payable – PIK Equity Loan	**(92,5)**	(77,6)
	Interest payable – PIK Notes Loan	**(64,0)**	(55,8)
	Interest payable – Deferred hedging loan	**(15,5)**	—
	Interest paid – other	**(9,6)**	(3,3)
	Foreign exchange loss on forward contracts to hedge SSN liability	**—**	(489,2)
	Fair value adjustment on derivative liability	**—**	(0,2)
	Finance expenses	**(621,2)**	(735,7)

* *Less than R50 000*

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the period ended 31 March (continued)

3 Property, plant and equipment

	Cost R'm	Accumulated depreciation R'm	Carrying value R'm
31 March 2011			
Land	**197,6**	**—**	**197,6**
Freehold buildings	**3 948,5**	**(374,9)**	**3 573,6**
Leasehold buildings	**190,3**	**(18,9)**	**171,4**
Furniture, fittings and equipment	**735,2**	**(391,1)**	**344,1**
Capital work in progress	**6,5**	**—**	**6,5**
	5 078,1	**(784,9)**	**4 293,2**
31 March 2010			
Land	183,7	—	183,7
Freehold buildings	3 741,4	(272,6)	3 468,8
Leasehold buildings	189,5	(14,5)	175,0
Furniture, fittings and equipment	652,5	(267,3)	385,2
Capital work in progress	13,6	—	13,6
	4 780,7	(554,4)	4 226,3

	2011 R'm	2010 R'm
Land and freehold buildings comprise the following properties:		
– Stand 64, Jones Road and Erf 569, Jet Park Extension 28, Gauteng	**3 002,3**	3 066,9
– Portion 1 of the farm Graceland 593 IS; remainder of the farm Graceland 593 IS (excluding Portions 1 and 2); Portion 41 (a portion of Portion 37) of the farm Driehoek 275; remaining extent of Erf 8438 Secunda Extension 16; and, Erf 5869 Secunda Extension 16, Mpumalanga	**272,2**	161,7
– Erven 995 and 996, Meiringspark Ext 8, Klerksdorp; and, Portion 605 (portion of Portion 604) of the farm Townlands, Klerksdorp, North West	**166,9**	168,8
– Portion 1 of Erf 113, Kuleka, Empangeni, KwaZulu-Natal	**86,1**	7,8
– Portion 152 of the farm Pretoriuskloof, Johan Blignaut Drive, Bethlehem, Free State	**65,0**	66,7
– Erf 20, Thohoyandou - D, Venda, Limpopo	**65,0**	66,5
– Erf 101 San Lameer, Registration Division ET, KwaZulu-Natal	**40,1**	38,3
– Portion 20 of Erf 45, Bryanston, Johannesburg, Gauteng	**37,1**	38,1
– Burgersfort extension 46, Burgersfort, Limpopo	**21,5**	21,5
– Lot 16145 and 16147, Francistown, Botswana	**15,0**	16,2
	3 771,2	3 652,5

Notes to the group financial statements

for the period ended 31 March (continued)

4 Intangible assets

	Cost R'm	Accumulated depreciation R'm	Carrying value R'm
31 March 2011			
Goodwill	**1 385,3**	**—**	**1 385,3**
Casino licences	**2 797,5**	**(1,7)**	**2 795,8**
Right to receive management fees	**382,4**	**—**	**382,4**
Trademarks	**20,0**	**—**	**20,0**
Computer software	**18,3**	**(16,8)**	**1,5**
Franchise costs	**6,0**	**(4,9)**	**1,1**
Right of use of buildings	**7,1**	**(5,3)**	**1,8**
	4 616,6	**(28,7)**	**4 587,9**
31 March 2010			
Goodwill	1 385,3	—	1 385,3
Casino licences	2 766,5	(1,3)	2 765,2
Right to receive management fees	382,4	—	382,4
Trademarks	20,0	—	20,0
Computer software	16,4	(14,0)	2,4
Franchise costs	6,2	(4,5)	1,7
Right of use of buildings	12,0	(7,5)	4,5
	4 588,8	(27,3)	4 561,5

Notes to the group financial statements

for the period ended 31 March (continued)

		2011 R'm	2010 R'm
5	**Interest-bearing long-term borrowings**		
	South African – secured		
	Deferred hedging loan	**426,4**	—
	ABSA term loan – PGEFS	**21,8**	26,7
	Nedbank property loan	**33,2**	36,0
	South African – unsecured		
	Deeply subordinated shareholders' loans	**3 569,9**	3 039,8
	Promissory notes liabilities	**4,2**	10,0
	Foreign – secured		
	SSNs	**3 869,8**	4 301,0
	Finance leases		
	Iskhus Power (Proprietary) Limited	**1,1**	1,7
	Total interest-bearing long-term liabilities	**7 926,4**	7 415,2
	Current portion included in current liabilities	**(116,4)**	(156,6)
		7 810,0	7 258,6

Notes to the group financial statements

for the period ended 31 March (continued)

6 Segmental analysis

	Revenue 2011 R'm	Revenue 2010 R'm	**EBITDA 2011 R'm**	EBITDA 2010 R'm
Emperors Palace	**387,6**	403,5	**126,9**	136,3
Botswana#	**64,9**	60,9	**21,7**	20,7
Head office	**41,0**	40,8	**25,1**	23,4
Rio	**37,1**	37,1	**13,2**	13,0
Umfolozi	**35,9**	30,5	**11,0**	10,4
Graceland	**35,4**	32,1	**8,4**	7,5
Mmabatho Palms	**24,9**	21,1	**4,9**	4,7
Khoroni	**20,1**	18,7	**5,5**	5,3
Frontier Inn	**10,7**	10,2	**1,9**	1,8
Other	**4,8**	4,7	**(0,8)**	(0,1)
Inter-company	**(41,0)**	(40,8)	**—**	—
Peermont group	**621,4**	618,8	**217,8**	223,0

 # Average exchange rate (Rand/Pula) P1,06:R1 (2010: P1,12:R1) for the three months applied to the revenue and EBITDA figures.

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