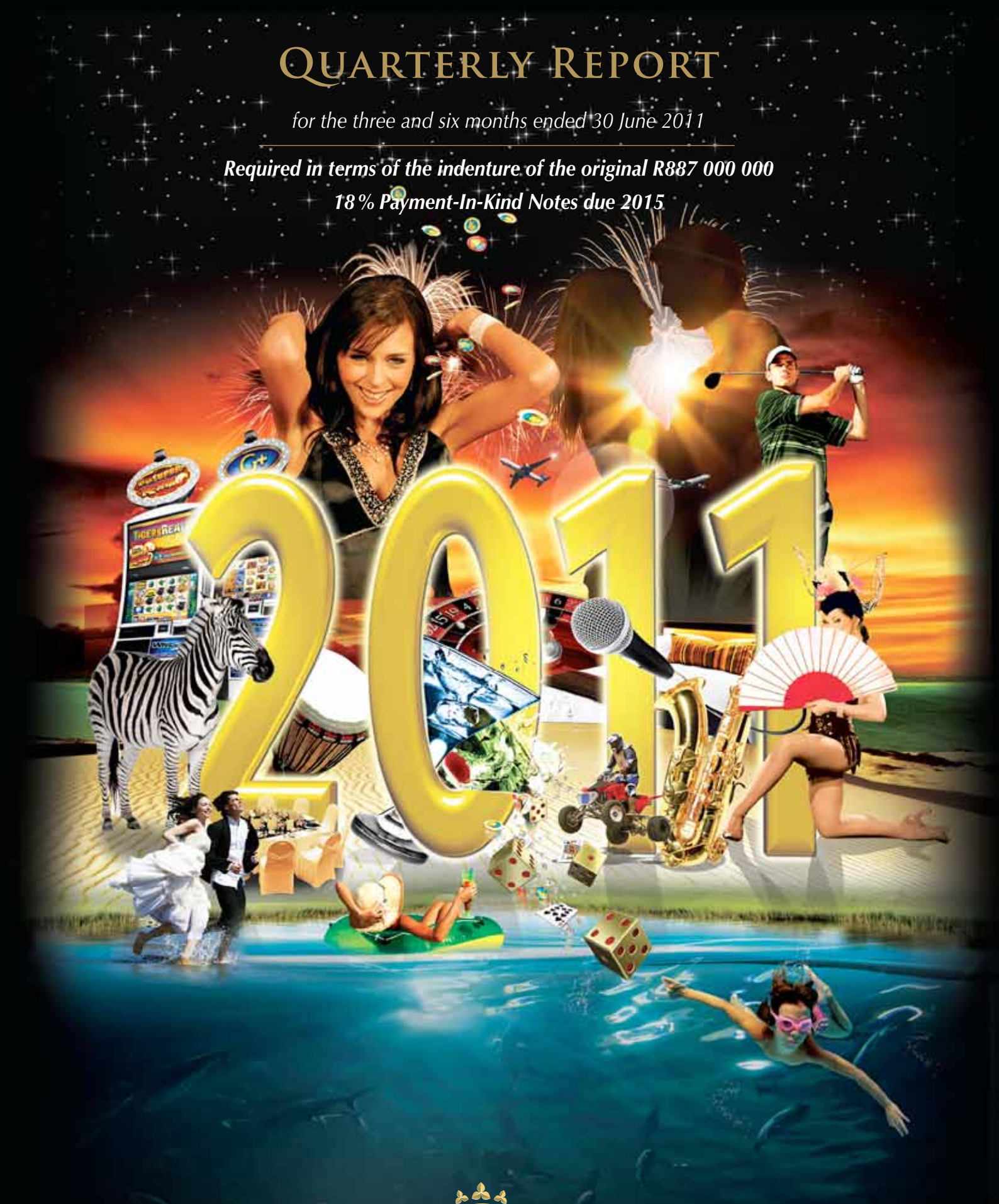
Quarterly Report

for the three and six months ended 30 June 2011

Required in terms of the indenture of the original R887 000 000 18% Payment-In-Kind Notes due 2015



PEERMONT

HOTELS CASINOS RESORTS

Peermont Global Holdings II (Proprietary) Limited

Registration number 2006/006232/07 • SEDOL: B1WQKJ1 • ISIN Rule 144A: XS0297395286 • ISIN Reg S: XS0296663429 • www.peermont.com

DATE: 25 August 2011

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INTRODUCTION

On 23 April 2007, Peermont Global Holdings II (Proprietary) Limited ("PGH II"), issued R887 000 000 18% Payment-In-Kind ("PIK") notes due 2015 ("the PIK Notes"). The PIK Notes were issued under an indenture ("the PIK Notes indenture"), dated as of 18 April 2007, by PGH II, a company incorporated under the laws of the Republic of South Africa.

The PIK Notes are PGH II's senior unsecured obligations and rank equal in right of payment with all of PGH II's existing and future unsecured indebtedness and effectively junior to all of PGH II's secured indebtedness, including its senior guarantee of the 7¾% Senior Secured Notes due 2014 ("the notes"), issued by PGH II's direct wholly owned subsidiary, Peermont Global (Proprietary) Limited ("Peermont" or the "issuer"). The guarantee is secured by all of the ordinary shares of Peermont.

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 Notes buy-backs, Peermont reduced its deeply subordinated shareholder loan from PGH II by repaying an amount of R145,7 million to PGH ll, utilising one of the available restricted payment baskets. In addition, a portion of the deeply subordinated shareholders loan owed by Peermont was waived, reducing Peermont's obligations by a further R56,9 million.

PGH II is a holding company and all of our operations are conducted through our subsidiaries. We have no material assets other than the capital stock of Peermont and receivables in respect of certain deeply subordinated shareholder loans made to Peermont with the proceeds of the PIK Notes, and a deeply subordinated shareholder loan advanced to us by our direct parent company.

A copy of the offering memorandum dated 18 April 2007, prepared in connection with the offering of the PIK Notes ("the PIK offering memorandum"), is available from us upon request. This quarterly report is being provided to holders of the PIK Notes pursuant to section 4.19 of the PIK Notes indenture.

The PIK Notes bear interest at a rate of 18,0% per annum. Interest on the PIK Notes is payable, at the option of PGH II, on 30 April and 30 October of each year. The PIK Notes will mature on 30 April 2015. PGH II may redeem the PIK Notes, in whole or in part, at any time on or after 30 October 2010. In the 12 months commencing on 30 October of each year subject to certain conditions, the redemption price would be determined as follows:

- 30 October 2010 at 103,0%,
- 30 October 2011 at 101,5%, or
- 30 October 2012 or thereafter at 100,0%.

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

The PIK Notes have not been and will not be registered under the US Securities Act of 1933, as amended ("the Securities Act"), or any US 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 US state securities laws. Accordingly, the PIK 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 PIK Notes indenture is not required to be, nor will it be, qualified under the US Trust Indenture Act of 1939, as amended.

REPORTING

The PIK Notes indenture requires that the report issued by the issuer of the notes, Peermont, together with the unconsolidated statement of financial position of PGH II, be distributed to holders of the PIK Notes. The unconsolidated unaudited statement of financial position of PGH II is included as Annexure A and the entire Peermont quarterly report is included as Annexure B.

Peermont Global Holdings II (Proprietary) Limited

CONDENSED UNAUDITED COMPANY STATEMENT OF FINANCIAL POSITION

at 30 June 2011

	2011 R'm	2010 R'm
Assets		
Total non-current assets	**2 868,1**	2 816,8
Investment in subsidiary	**—**	—
Amounts due by subsidiary	**2 868,1**	2 816,8
Total current assets	**3,2**	2,0
Trade and other receivables	*	*
Current taxation asset	**3,2**	2,0
Total assets	**2 871,3**	2 818,8
Equity and liabilities		
Equity		
Capital and reserves	**(833,1)**	(275,2)
Total non-current liabilities	**3 688,6**	3 080,8
Interest-bearing long-term borrowings	**3 679,8**	3 075,9
PIK Notes liability	**1 425,5**	1 182,0
Shareholder's loan	**2 254,3**	1 893,9
Deferred taxation liability	**8,8**	4,9
Total current liabilities	**15,8**	13,2
Amounts due to subsidiary	**15,8**	13,2
Trade and other payables	*	*
Total equity and liabilities	**2 871,3**	2 818,8

* *Less than R50 000.*

ANNEXURE B

QUARTERLY REPORT

for the three and six months ended 30 June 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

DATE: 25 AUGUST 2011

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Definitions

ABSA	ABSA Bank Limited
BBBEE	Broad-based Black Economic Empowerment
BPC	Botswana Power Corporation
CASA	Casino Association of South Africa
Casinos of Mauritius	The companies which operate five casinos in Mauritius
€ 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
Emperors Palace	A division of Peermont, trading as Emperors Palace Hotel Casino Convention Resort
FECs	Forward exchange contracts
FIFA	Federation International de Football Association
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
LGB	Limpopo Gambling Board
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)
Mmabatho Palms	A division of PGNW, trading as Mmabatho Palms Casino Resort
Mondazur	A division of Peermont, trading as Mondazur Resort Estate Hotel
MtM	Mark-to-Market
NACM	Nominal annual compounded monthly
NACS	Nominal annual compounded semi-annually
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 in 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), which includes the divisions of Mmabatho Palms, Rio and Taung
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
Rio	A division of PGNW, trading as Rio Hotel Casino Convention Resort
RCF	Revolving Credit Facility
S&P	Standard and Poor's Financial Services LLC, a subsidiary of McGraw-Hill Companies, Inc.
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)
SRSs	Symmetrical recovery swaps
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
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 1997/010949/07)
Tusk Resorts	Tusk Resorts (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/019823/07)
UST	Umfolozi Staff Trust
VAT	Value added taxation
World Cup	2010 FIFA Soccer World Cup

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 3 249 slot machines, 148 gaming tables and 1 675 hotel rooms. Our flagship property is Emperors Palace Hotel Casino 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 the 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 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 ratably with the SSN foreign exchange 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 the revolving credit facility 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 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. Except for the "Risk Factors" set out below, information on our internet website 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 2010 annual financial statements have been consistently applied.

Risk factors

The "Risk Factors" set out on the company's website detail the risk related to our business, the gaming industry, the notes and the risk related to our operations in both 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 flows;
- 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 of 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 and in The Offering Memorandum 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.

Management's discussion and analysis of financial condition and results of operations

Financial statements discussed

For the three and six month periods ended 30 June 2011 and the prior year comparative periods, 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 business of Khoroni, Mmabatho Palms, Taung, Rio and Umfolozi to local BBBEE partners.

During prior years, Peermont was successful in disposing the required 10% of PGKZN and PGLim to appropriate BBBEE partners.

Management has identified a local BBBEE partner to whom it intends to sell the required 10% of the shares in PGNW. The final agreements have been signed and 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, had the transaction been implemented on 30 June 2011, is R0,2 million.

Technical insolvency

The liabilities of the group exceed the assets fairly valued, therefore the group is in a net deficit position. Both PGH I and PGH II have subordinated their shareholders' loans (totalling R3 737,0 million) to the group.

Peermont 2011 S&P rating release

During June 2011, S&P's rating services announced that it had reviewed Peermont's corporate credit rating and the rating on the company's senior secured notes and that the rating was changed from "B with a negative outlook" to "B- with a stable outlook". The recovery rating on senior secured debt remained unchanged at "3".

Key income statement items

Revenue

Our revenue consists of gaming revenue, room's revenue, food and beverage revenue and other revenue. For the period ended 31 December 2010, we generated 77,0% of our total revenue from gaming, 9,7% from food and beverage, 11,0% from rooms 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 the 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, from sales of goods at our own outlets, from ticket receipts for our various entertainment offerings, from childcare facilities and parking 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 rate of 12,28% of gross gaming revenue net of gaming levies paid. Gaming levies on gross gaming revenues 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 9,0% 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, refunds 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 period 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 revenue 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 costs; and, training costs.

Other 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 distributions/dividends are paid, and the resulting assets retained by the trusts at the end of a reporting period, as a liability. The existing trust resources of UST and TRESS will be distributed to beneficiaries in the future.

Results of operations of the Peermont Group

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 three months ended 30 June	**(unaudited)** **2011** **R'm**	% change	(unaudited) 2010 R'm
Revenue	**648,3**	(0,9)	654,4
Gaming	**504,5**	2,4	492,7
Rooms	**65,1**	(24,3)	86,0
Food and beverage	**66,4**	7,4	61,8
Other	**12,3**	(11,5)	13,9
Other income	**0,3**	(81,3)	1,6
Operating costs	**(461,6)**	3,5	(478,4)
Operating profit before net finance expenses	**187,0**	5,3	177,6
Finance income	**110,0**	(50,5)	222,4
Finance expenses	**(573,4)**	(73,7)	(330,1)
(Loss)/profit before taxation	**(276,4)**	*	69,9
Taxation	**78,5**	*	(3,0)
(Loss)/profit for the period	**(197,9)**	*	66,9
Attributable to:			
Equityholders of Peermont	**(209,8)**		61,0
Non-controlling interests	**11,9**		5,9
	(197,9)		66,9
EBITDA[1] reconciliation			
Operating profit	**187,0**		177,6
Add: Depreciation and amortisation	**59,0**		63,5
EBITDA	**246,0**	2,0	241,1
Rental charges	**5,3**		6,4
EBITDAR	**251,3**	1,5	247,5
EBITDA margin	**37,9%**		36,8%
EBITDAR margin	**38,8%**		37,8%

[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/groups in the same industry. EBITDA/R is not an IFRS measure and you should not consider EBITDA/R as alternative to measures of net profit/(loss) as indicators of operating performance, as measures of cash flow from operations or as indicators 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 entity to entity, and by itself our presentation and calculation of EBITDA/R may not be comparable to that of other companies/groups. A reconciliation of EBITDA/R to operating profit for the three months ended 30 June 2010 and 30 June 2011 is provided above.

** Greater than 100%.*

Income statement data for the six months ended 30 June	**(unaudited)** **2011** **R'm**	% change	(unaudited) 2010 R'm
Revenue	**1 269,7**	(0,3)	1 273,1
Gaming	**992,0**	1,6	976,5
Rooms	**125,5**	(15,3)	148,2
Food and beverage	**125,6**	4,1	120,6
Other	**26,6**	(4,3)	27,8
Other income	**0,3**	(82,4)	1,7
Operating costs	**(929,6)**	0,4	(933,5)
Operating profit before net finance expenses	**340,4**	(0,3)	341,3
Finance income	**294,0**	(45,8)	542,9
Finance expenses	**(1 194,5)**	(12,1)	(1 065,8)
Loss before taxation	**(560,1)**	*	(181,6)
Taxation	**161,1**	*	66,9
Loss for the period	**(399,0)**	*	(114,7)
Attributable to:			
Equityholders of Peermont	**(417,7)**		(125,9)
Non-controlling interests	**18,7**		11,2
	(399,0)		(114,7)
EBITDA reconciliation			
Operating profit	**340,4**		341,3
Add: Depreciation and amortisation	**123,4**		122,7
EBITDA	**463,8**	**	464,0
Rental charges	**11,6**		12,8
EBITDAR	**475,4**	(0,3)	476,8
EBITDA margin	**36,5%**		36,4%
EBITDAR margin	**37,4%**		37,5%

** Greater than 100%.*
*** Less than 0,1%.*

Commentary on the results for the period

The three month period ended 30 June 2011 (unaudited) compared to the three month period ended 30 June 2010 (unaudited)

Overview

Given the previously reported significant once-off boost to revenues and EBITDA in the second and third quarters of 2010 from the World Cup, it is helpful to exclude the World Cup effect from Q2 2010 results to enable a like-for-like comparison against the Q2 2011 results.

On this basis, excluding the effect of the 2010 World Cup from Q2 2010 results, revenue growth amounted to 2,9% for Q2 2011 and EBITDA growth of 9,0% was achieved against the comparable adjusted results for Q2 2010.

As compared to the unadjusted Q2 2010 reported results, which included the once-off boost from the 2010 World Cup, revenues declined by 0,9% to R648,3 million and EBITDA grew by 2,0% to R246,0 million during Q2 2011, notwithstanding the challenging comparative base.

The group EBITDA margin increased by 1,1% to 37,9% for Q2 2011 as compared to 36,8% reported during Q2 2010. This was as a result of a concerted cost-saving project implemented at Emperors Palace during the quarter, which contributed towards an overall reduction in group cash costs of 3,0% to R402,6 million for Q2 2011.

Revenues at Emperors Palace were negatively impacted by the extensive roadworks on the major roads leading to Emperors Palace, which commenced in March 2011. Revenue for Q2 2011 declined by 1,6%, excluding the effects of the 2010 World Cup, and by 5,9% against the unadjusted Q2 2010 results. The cost savings programme implemented at Emperors Palace resulted in a recovery of the EBITDA margin at Emperors Palace to 37,2%, as compared to the 33,9% reported during Q2 2010.

Revenue generated from the balance of the group operations grew by 8,7%, boosted by strong contributions from our Umfolozi, Graceland and Mmabatho Palms properties.

While conditions in the South African hotel market remain very difficult, our overall hotel room occupancies for Q2 2011 were 68,5%, still significantly above the national average and comparable to the 72,3% reported for Q2 2010.

Operating profits for the group increased by 5,3% to R187,0 million during the quarter as compared to Q2 2010, a positive result given the current trading conditions and given the increase in revenues during Q2 2010 from the World Cup.

Operating costs

Operating costs for the three months ended 30 June 2011 were R461,6 million, a decrease of R16,8 million or 3,5% from R478,4 million for the three months ended 30 June 2010. Cash costs decreased by 3,0% compared to the same period in 2010. The decrease in costs was largely due to significant cost saving measures implemented at Emperors Palace as part of a concerted cost cutting exercise.

Depreciation and amortisation for the quarter ended 30 June 2011 was R59,0 million, a decrease of R4,5 million or 7,1% from R63,5 million for the three months ended 30 June 2010.

Operating profit before net finance expenses

The resulting operating profit was R187,0 million, a 5,3% improvement on the prior period profit of R177,6 million.

EBITDA

Tight cost control resulted in EBITDA increasing by 2,0% from R241,1 million to R246,0 million for the quarter to June 2011. Excluding the effect of the World Cup, EBITDA would have increased by 9,0%. The group EBITDA margin increased to 37,9% for the quarter as compared to 36,8% for Q2 2010.

Finance income

Finance income for the three months ended 30 June 2011 was R110,0 million, a decrease of R112,4 million from the prior period. The variance to the prior period arose due to the smaller movement in the R:€ exchange rate in the current quarter. This resulted in the unrealised gain on forward contracts to hedge the SSN liability of R108,7 million being lower than the prior period R216,7 million gain on restatement of the SSN liability.

Finance expenses
Finance expenses at R573,4 million reflected an increase of R243,3 million from the prior period charge of R330,1 million. This increase was a result of the reversal of issue costs, discount and potential early redemption premium associated with the SSNs and PIK Notes of R372,6 million and R62,2 million, respectively, at June 2010. The reversal of the costs arose from the decision to extend the expected refinancing date of the SSNs to April 2014. This was partially offset by a lower foreign exchange loss on the restatement of the SSN liability of R102,8 million in June 2011 as compared to a loss of R342,7 million in June 2010 on the forward contracts to hedge the SSN liability.

Taxation
The taxation and deferred taxation credit of R78,5 million results mainly from the effect of deferred taxation credits as a result of estimated taxation losses arising at Peermont and certain of its subsidiaries.

Loss for the period
The resulting loss after taxation amounted to R197,9 million, as compared to the prior period profit of R66,9 million.

Operations

Emperors Palace
Revenue at Emperors Palace decreased by 5,9% to R405,4 million as compared to R431,0 million in the same period of the prior year. The decrease in revenue is due to the prior period including abnormally high revenues generated during the 2010 World Cup, with the current quarter being negatively impacted by the extensive road works on the major roads leading to Emperors Palace, which commenced in March 2011.

GGR decreased by 1,2% to R340,1 million. In the second quarter, GGR for Gauteng grew by approximately 3,1%. Our market share declined to approximately 23,3% as compared to 24,6% in the comparable period in 2010.

Hotel and resort revenues for the quarter decreased by 24,5% from the prior year period. The prior period quarter includes revenue generated during the World Cup, which together with the addition of significant room stock in Gauteng during 2010, has resulted in a decrease in occupancies and room rates. As a result rooms revenues decreased by 38,3% to R30,3 million from R49,1 million in the prior period quarter. Adjusted for the effect of the World Cup, rooms revenues declined by 13,4%. Food and beverage revenue decreased to R27,4 million in the three months from R28,0 million in the comparable prior period, mainly as a result of a significant decrease in groups and convention business.

A programme implemented by management to cut costs, resulted in cash costs decreasing by 10,7% to R254,4 million for the quarter, driven mainly by a decrease in promotions and marketing spend of 10,4% and many other smaller savings. These savings were partially offset by property costs increases of 18,4%, driven largely by a 21,7% increase in electricity costs, being less than the actual increase in tariffs due to the effects of our energy efficiency programme.

EBITDA at Emperors Palace increased by 3,4% to R150,9 million. Excluding the effect of the World Cup, EBITDA increased by 11,4%. The EBITDA margin for the three months increased from 33,9% as at 30 June 2010 to 37,2% as at 30 June 2011.

Botswana
The Botswana revenue in Pula terms increased by 3,9% from P59,3 million (R66,1 million) for the three months ended 30 June 2010 to P61,6 million (R64,8 million) for the same period in 2011. Gaming revenues declined by 3,4% as compared to the prior period, while hotel and resort revenue grew by 8,6% to P39,1 million (R41,5 million).

Other income in the prior year includes P0,6 million (R0,7 million) relating to insurance proceeds received.

Cash costs increased by 5,3% as compared to the same quarter in 2010.

EBITDA decreased in Pula terms by 2,0% to P20,1 million (R21,0 million) from P20,5 million (R22,6 million) for the prior year quarter. The EBITDA margin decreased to 32,6% (2010: 34,6%).

The strengthening of the Rand from P1,11:R1 in the quarter to June 2010 to P1,06:R1 in the comparable quarter in 2011 resulted in a Rand based revenue decrease of 2,0% and Rand based EBITDA decrease of 7,1%.

Graceland
Graceland performed well and revenues increased by 14,0% from R34,4 million in 2010 to R39,2 million in the same period in 2011, even though revenues in 2010 included R1,7 million of World Cup related revenue.

GGR increased by 18,7% to R29,2 million from R24,6 million in the second quarter of 2010, while hotel and resort revenue increased by 2,0%. Rooms revenue decreased by 35,6% to R2,9 million, as a result of two foreign supporter groups that occupied the hotel for most of the month of June 2010.

Cash costs increased by 12,3% compared to the prior period in 2010.

EBITDA increased by 19,0% from R8,4 million to R10,0 million. The EBITDA margin for the quarter increased to 25,5% from 24,4% for the same quarter in 2010.

Umfolozi

Revenues increased by 33,8% to R38,4 million from R28,7 million in the second quarter of 2010. Hotel and resort revenues increased to R3,3 million from R1,2 million in the prior period. The new Peermont Metcourt Hotel, which commenced trading in November 2010, reported occupancies for the quarter at 56,0%. GGR increased by 28,1%, due to the prior period being negatively affected by a temporary closure of approximately 40% of the slots gaming floor from April 2010 to July 2010.

Cash costs increased by 24,5% as compared to the prior period quarter. The increases arise mainly from the added hotel and conference facilities and related activities.

EBITDA at R13,0 million was 56,6% above the prior period quarter. The EBITDA margin increased to 33,9% as compared to 28,9% for the same period in 2010, mainly as a result of the improved performance of the new hotel and conference facilities and the reactivation of the full gaming floor.

Rio

Revenue at Rio for the second quarter of 2011 increased by 4,0% to R36,4 million, as compared to the same period in 2010. GGR increased by 5,2% to R32,3 million in the second quarter of 2011, while hotel and resort revenue decreased by 4,7% to R4,1 million for the quarter.

Cash costs increased by 5,2% on the prior period quarter, negatively impacted by the increased gaming levies with effect 1 February 2011.

EBITDA at R12,2 million remained in line with the prior period quarter. The EBITDA margin decreased to 33,5% from 34,9% in the same quarter of 2010.

Mmabatho Palms

The resort generated total revenue of R24,8 million for the period, 17,0% above the same period in 2010. This increase was mainly due to an increase in gaming revenues which increased by 18,6% to R17,2 million.

Operating costs increased by 19,1% as compared to the second quarter in 2010 due to increased gaming levies with effect 1 February 2011 as well as the effect of rates and taxes increases, which were not included in the prior comparative period. The rates and taxes effect will neutralise in the final quarter of the year.

EBITDA decreased by 10,8% from R3,7 million to R3,3 million. The EBITDA margin decreased to 13,3% (2010: 17,5%).

Khoroni

Following two years of consistent strong revenue growth, the unit reported subdued revenue growth of 4,8% from R20,7 million to R21,7 million for the quarter.

EBITDA at R6,5 million was 5,8% below the R6,9 million for the same period in 2010. The EBITDA margin decreased to 30,0% (2010: 33,3%).

Frontier Inn

The Frontier Inn generated revenues of R12,6 million, an increase of 8,6% on the prior period. GGR increased by 10,1% as compared to the prior period quarter, both slots and tables contributing to the increase. Hotel and resort revenue increased by 5,8% as compared to the comparable period, despite a foreign soccer supporter group occupying the hotel for most of the month of June 2010.

EBITDA at R3,2 million was 3,2% above the prior period quarter. The EBITDA margin decreased to 25,4% (2010: 26,7%).

Head office and management companies

Head office revenue decreased by 1,6% from R43,7 million in the second quarter of 2010 to R43,0 million in the second quarter in 2011. The head office revenues are a result of the management, administration and incentive fees received from the operating units.

Head office EBITDA decreased by 4,6% from R28,2 million in 2010 to R26,9 million in the second quarter of 2011. The decrease in EBITDA is due to higher new project investigation costs in the current quarter.

The six month period ended 30 June 2011 (unaudited) compared to the six month period ended 30 June 2010 (unaudited)

Overview

Given the previously reported significant once-off boost to revenues and EBITDA in the second and third quarters of 2010 from the World Cup, it is helpful to exclude the World Cup effect from the H1 2010 results to enable a like-for-like comparison against the H1 2011 results.

On this basis, excluding the effect of the 2010 World Cup from the H1 2010 results, revenue growth amounted to 1,7% for 2011 and EBITDA growth of 3,4% was achieved against the comparable adjusted results for H1 2010.

As compared to the unadjusted H1 2010 reported results, which included the once-off boost from the 2010 World Cup, revenues declined by 0,3% to R1 269,7 million and EBITDA at R463,8 million was flat as compared to the R464,0 million for the six months to June 2010, notwithstanding the challenging comparative base.

Revenues at Emperors Palace were negatively impacted by the extensive roadworks on the major roads leading to Emperors Palace, which commenced in March 2011. Revenue for H1 2011 declined by 2,7%, excluding the effects of the 2010 World Cup, and by 5,0% against the unadjusted H1 2010 results. The cost savings programme implemented at Emperors Palace in Q2 2011 resulted in a recovery of the EBITDA margin at Emperors Palace to 35,0%, as compared to the 33,8% reported in 2010.

Revenue generated from the balance of the group operations grew by 8,7%, boosted by strong contributions from our Umfolozi, Graceland and Mmabatho Palms properties.

While conditions in the South African hotel market remain very difficult, our overall hotel room occupancies for 2011 were 67,8%, still significantly above the national average and comparable to the 69,8% reported for H1 2010.

Operating profits for the group decreased by 0,3% to R340,4 million during H1 2011 as compared to H1 2010, a positive result given the current trading conditions and given the increase in revenues during 2010 from the World Cup.

Operating costs

Operating costs for the six months ended 30 June 2011 were R929,6 million, a decerase of R3,9 million or 0,4%, from R933,5 million for the six months ended 30 June 2010. Cash costs decreased by 0,6% when compared to the same period in 2010. The decrease in costs was largely due to significant cost saving measures implemented at Emperors Palace as part of a concerted cost cutting exercise during Q2 2011.

Depreciation and amortisation for the six months ended 30 June 2011 was R123,4 million, an increase of R0,7 million, or 0,6% from R122,7 million for the six months ended 30 June 2010.

Operating profit before net finance expenses

The resulting operating profit for the six months at R340,4 million was R0,9 million or 0,3% below the prior period's R341,3 million.

EBITDA

EBITDA for the six months was flat at R463,8 million as compared to the R464,0 million in June 2010. Excluding the effect of the World Cup, EBITDA would have increased by 3,4%.

Finance income

Finance income for the six months ended 30 June 2011 was R294,0 million, a decrease of R248,9 million from the prior period. The variance to the prior period was mainly due to a larger foreign exchange gain of R530,0 million on the translation of the SSN liability in the six months ended 30 June 2010, when compared to the gain on forward contracts to hedge the SSN liability of R290,6 million recorded in the current period.

Finance expenses

Finance expenses at R1 194,5 million reflected an increase of R128,7 million from the prior period charge of R1 065,8 million. This increase was as a result of two main factors being the smaller movement in the R:€ exchange rate and the reversal of the written up costs, discount and potential early settlement premium associated with the

SSNs and PIK Notes of R372,6 million and R62,2 million, respectively, in 2010. The reversal of the costs arose from the decision to extend the expected refinancing date of the SSNs to April 2014. Finance expenses in the current year include the coupon of R31,1 million relating to the R400 million deferred hedging loan.

Taxation

The taxation and deferred taxation credit amounted to R161,1 million results mainly from the effect of deferred taxation credits as a result of estimated taxation losses arising at Peermont and certain of its subsidiaries.

Loss for the period

The resulting loss after taxation at R399,0 million was greater than the prior period loss of R114,7 million, largely due to increased net finance costs.

Operations

Emperors Palace

Revenue at Emperors Palace decreased by 5,0% to R793,0 million as compared to R834,4 million in the same period of the prior year. The decrease in revenue is due to the prior period including revenues generated during the 2010 World Cup, with the current year being negatively impacted by the extensive roadworks on the major roads leading to Emperors Palace, which commenced in March 2011. World Cup adjusted revenues would have declined by 2,7%.

GGR decreased by 2,1% to R663,0 million. Year to date, GGR for Gauteng grew by approximately 2,4% and our market share declined to 23,4% as compared to 24,6% in the prior year largely as a result of decreased visits by customers from our immediate catchment area, due to the extensive roadworks mentioned above.

Hotel and resort revenues for the six months decreased by 17,1% as compared to the prior year. The prior year was boosted by revenues generated during the World Cup, which together with the addition of significant room stock in Gauteng during 2010, has resulted in a decrease in occupancies and room rates. As a result rooms revenue decreased by 27,9% to R58,1 million from R80,6 million in the prior period. Adjusted for the effect of the World Cup, rooms revenues declined by 12,6%. Food and beverage revenue decreased to R53,7 million in the six months from R56,8 million in the prior year period, an overall 5,5% decrease.

A programme implemented by management to cut costs, resulted in cash costs decreasing by 6,7% driven mainly by a decrease in promotions and marketing expenses of 14,4% and many other small savings. These savings were partially offset by property costs increase of 16,2% driven largely by a 21,6% increase in electricity costs, being less than the actual increase in tariffs due to the effects of our energy efficiency programme.

EBITDA at Emperors Palace decreased by 1,6% to R277,8 million. Excluding the effect of the World Cup, EBITDA would have increased by 2,2%. The EBITDA margin for the six months ended June 2011 increased to 35,0%, compared to 33,8% as at 30 June 2010.

Botswana

Revenue in Pula terms increased by 8,2% from P113,8 million (R127,0 million) for the six months ended 30 June 2010 to P123,1 million (R129,7 million) for the same period in 2011. Gaming revenues increased by 14,5% as compared to the prior period, mainly attributable to increased tables revenues, while hotel and resort revenue grew by 4,1% to P71,8 million (R75,7 million).

Other income in the prior year includes P0,6 million (R0,7 million) relating to insurance proceeds received.

Cash costs increased by 9,3% as compared to the same period in 2010. The VAT rate in Botswana increased from 10% to 12% effective 1 April 2010, which increased the VAT on gaming revenues by P0,7 million (R0,8 million) compared to the same period in the prior year. The BPC increased electricity usage costs by 30% and the maximum demand electricity charge by 50% effective 1 May 2010, which has negatively influenced the costs by approximately P1,0 million (R1,1 million). On a comparable basis cash costs increased by 7,0%.

EBITDA grew in Pula terms by 4,4% to P40,6 million (R42,7 million) for the first six months of 2011, from P38,9 million (R43,3 million) for the six months to June 2010. The EBITDA margin decreased to 33,0% (2010: 34,2%).

The strengthening of the Rand in the current year from P1:12:R1 in 2010 to P1,05: R1 in the current year resulted in a Rand based revenue increase of 2,1% and an EBITDA decrease of 1,4%.

Graceland

Graceland performed well and revenues increased by 10,5% from R67,5 million in 2010 to R74,6 million in the same period in 2011. GGR increased by 12,1% to R55,5 million from R49,5 million in 2010. Hotel and resort revenues increased by 6,1% compared to the prior period, this despite of two foreign supporter groups occupying the hotel for most of the month of June 2010.

Cash costs increased by 9,6% as compared to the same period in 2010.

EBITDA increased by 15,7% from R15,9 million to R18,4 million. This resulted in an increased margin from 23,6% for the six months in 2010, to 24,7% for the first six months in 2011.

Umfolozi

Revenues increased by 25,5% to R74,3 million as compared to the same period in the prior year. GGR increased by 21,1%, due to the prior period being negatively affected by a temporary closure of approximately 40% of the slots gaming floor from April 2010 to July 2010. Hotel and resort revenues increased to R6,0 million from R2,7 million in the prior period.

Cash costs increased by 24,2% as compared to the prior year. The increases arise mainly from the added hotel and conference facilities and other related activities.

EBITDA at R24,0 million was 28,3% above the prior period. The EBITDA margin increased to 32,3% as compared to 31,6% for the same period in 2010, mainly as a result of the improved performance of the new hotel and conference facilities and the reactivation of the full gaming floor.

Rio

Rio generated revenue of R73,5 million for the six months ended 30 June 2011, a growth of 1,9% on the prior year period. GGR increased by 0,3% to R65,3 million for the six months, and hotel and resort revenue increased by 17,1%, mainly attributable to hotel occupancies increasing from 42,1% for the first six months of 2010 to 61,6% for the six months to June 2011.

Cash costs increased by 2,1% as compared to the prior year. The impact of the increased gaming levies with effect 1 February 2011 was partially offset by a credit received for rates and taxes for the property.

EBITDA increased by 0,8% from R25,2 million in 2010 to R25,4 million in 2011. The EBITDA margin decreased to 34,6% from 35,0% in 2010.

Mmabatho Palms

The resort generated revenue of R49,7 million for the six months, an increase of 17,5% on the same period in 2010. GGR increased by 14,7% to R34,4 million from R30,0 million in the comparable period in 2010. Hotel and resort revenues increased by 23,4% as compared to the prior year.

Operating costs increased by 19,3% due to increased gaming levies with effect 1 February 2011 as well as the effect of rates and taxes increases which were not included in the prior comparative period. The rates and taxes effect will neutralise in the final quarter of the year.

EBITDA decreased by 2,4% from R8,4 million to R8,2 million in 2011. The EBITDA margin decreased from 19,9% to 16,5%.

Khoroni
Following two years of consistent strong revenue growth, the unit reported subdued revenue growth of 6,1% from R39,4 million to R41,8 million for the six months to June 2011.

EBITDA at R12,0 million was a 1,6% below on the R12,2 million for the same period in 2010, resulting in a decrease in of the EBITDA margin to 28,7% (2010: 31,0%).

Frontier Inn
Frontier Inn generated revenues of R23,3 million, an increase of 6,9% on the prior comparable period. GGR increased by 7,4%. Hotel and resort revenue increased by 6,7% as compared to the prior period, despite a foreign soccer supporter group occupying the hotel during the month of June 2010.

Cash costs increased by 7,1%. EBITDA at R5,1 million was 4,1% above the comparable six months in the prior year. The EBITDA margin decreased to 21,9% (2010: 22,5%).

Head office and management companies
Head office revenue decreased by 0,6%, from R84,5 million in the first six months of 2010 to R84,0 million in the first six months of 2011. The head office revenues are mainly as a result of management, administration and incentive fees received from operating units.

Head office EBITDA increased by 0,8% from R51,6 million in 2010 to R52,0 million in the first half of 2011. The EBITDA margin reflected an increase at 61,9% when compared to the 61,1% 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 30 June 2010 and 2011:

Cash flow data for the six months ended 30 June	**(unaudited)** **2011** **R'm**	(unaudited) 2010 R'm
Cash flows from operating activities	**460,1**	441,4
Finance income received	**3,2**	12,9
Finance expenses paid	**(384,3)**	(343,2)
Taxation paid	**(12,2)**	(19,9)
Net cash flows from operating activities	**66,8**	91,2
Cash flows used in investing activities	**(50,2)**	(71,0)
Cash flows used in financing activities	**(20,2)**	(45,5)
Net decrease in cash and cash equivalents	**(3,6)**	(25,3)

Cash flows from operating activities

Net cash inflows from operating activities for the period were R460,1 million compared to R441,4 million for the period ended 30 June 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 of interest paid on the notes of R337,1 million (2010: R333,5 million), interest paid on the deferred hedging loan of R31,4 million (2010: Rnil), and the borrowings by head office, PGEFS and PGNW.

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 2010, giving rise to the decrease in taxation cash flows.

Cash flows from investing activities

Capital expenditure for the six months was R50,2 million, consisting predominantly of R30,0 million on slots purchases throughout the group, P5,6 million (R5,9 million) on the refurbishment of the third floor of the Walmont Hotel in Gaborone and the balance on normal maintenance expenditure.

Cash flows used in financing activities

Net cash outflows from financing activities for the period amounted to R20,2 million. These related to the normal redemption of debt by PGNW, head office and PGEFS. The prior year included the repayment of the PGB corporate notes of P25,0 million.

Dividends paid

Dividends paid consisted of the minority share of a dividend paid by both PGB and PGSH.

Cash and cash equivalents

At 30 June 2011 the group had a net cash RCF utilisation of R132,5 million, consisting of R298,7 million cash utilisation of the RCF, offset by cash held of R166,2 million. Details of R122,4 million cash not available to the group for third party flows is presented later in the report.

Capital expenditures

Our net capital expenditures in the six months ended 30 June 2011 and 2010, were R50,2 million and R71,3 million respectively. 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 six months ended 30 June 2011 and 2010 were R50,2 million and R41,1 million, representing approximately 4,0% and 3,2% of total revenue, respectively. Our maintenance capital expenditures for both periods reflected ordinary course maintenance and replacement of gaming equipment, primarily slot machines, hotel furniture, fittings and equipment. Our maintenance capital expenditure during the year to date consisted of R30,0 million spent on slots replacement throughout the group; P5,6 million (R5,9 million) on the refurbishment of the third floor of the Walmont Hotel in Gaborone and the balance on normal maintenance expenditure. In 2010 our maintenance capital expenditure consisted of R21,7 million spent on slots replacement throughout the group and the balance on normal maintenance expenditure.

There was no expansion capital expenditure incurred in the six months to June 2011. Our net expansion capital expenditures in the six months ended 30 June 2010 were R30,2 million. This consisted of R27,8 million on the upgrade and expansion of our Umfolozi property and R2,4 million spent on the purchase of certain rights on our land at Mondazur.

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 30 June 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 and financial institutions, and an additional R298,7 million was drawn in cash. This was offset by cash held of R166,2 million. Cash included in the reported balances but not available to the group consists of approximately R49,0 million required for operational and cash floats, R39,4 million held on behalf of trust beneficiaries and R34,0 million reserved for community development infrastructure at Emperors Palace. After adjustment for the above, capacity of R235,6 million was available for group requirements at 30 June 2011.

Although we believe that our expected cash flow from operations, together with available needs, 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 30 June 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]	52,6	3 860,0	—	—	3 912,6
Deferred hedge funding	10,6	—	—	400,0	410,6
Deeply subordinated shareholders' loans	—	3 737,0	—	—	3 737,0
PIK Equity Loan[2][3]	—	2 271,7	—	–	2 271,7
PIK Notes Loan[2][3]	—	1 465,3	—	–	1 465,3
Bank borrowings[4]	8,0	16,9	14,5	13,6	53,0
Promissory note liabilities	2,7	—	—	—	2,7
	0,7	0,2	—	—	0,9
	74,6	7 614,1	14,5	413,6	8 116,8
Operating lease commitments	8,0	11,8	10,2	138,1	168,1
Total	82,6	7 625,9	24,7	551,7	8 284,9

[1] The amount reflected is €416,1 million disclosed at the current spot rate, unamortised issue costs and discounts, plus accrued interest, which is due in April 2014.
[2] The amount reflected includes the capital owing and accrued and capitalised interest on subordinated long-term shareholder funding from PGH II.
[3] It is currently the group's intention to refinance/restructure the majority, if not all, of the PIK Equity Loan (contractually due 2106), the PIK Notes Loan (contractually due 2015) and the SSNs (contractually due 2014) in or before April 2014. Therefore these amounts are classified in the one to three 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 an alternate dispute resolution mechanism, but this was unsuccessful. The group's legal advisors have met with SARS officials in an attempt to resolve this long outstanding dispute. We await feedback from SARS on this meeting. 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 to hedge the Rand equivalent of the current principal amount of €416,1 million, and interest due under the notes to the maturity of the notes at April 2014.

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.

	Average for 3 months		**Average for 6 months**		**Closing spot rate**	
	2011	2010	**2011**	2010	**2011**	2010
Euro/Rand	9,75	9,57	9,66	9,97	9,82	9,39
Pula/Rand	1,06	1,11	1,05	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 465,3 million and R2 271,7 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 December 2010 annual financial statements have been applied consistently.

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

New accounting interpretations issued and not yet implemented

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

IFRS 10 *Consolidated Financial Statements* – New standard replacing the consolidation requirements of SIC 12 Consolidation – Special purpose entities and IAS 17 *Consolidated and Separate Financial Statements*. The new standard builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included within consolidated financial statements – Effective annual periods commencing on or after 1 January 2013

IFRS 11 *Joint Arrangements* – New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form – Effective annual periods commencing on or after 1 January 2013

IFRS 12 *Disclosure of Interests in Other Entities* – New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles statements – Effective annual periods commencing on or after 1 January 2013

IFRS 13 *Fair Value Measurement* – New guidance on fair value measurement and disclosure requirements – Effective annual periods commencing on or after 1 January 2013

IAS 1 (amended 2010) *Presentation of Financial Statements* – Amendment deals with the new requirements to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity – Effective annual periods commencing on or after 1 July 2012

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

IAS 27 (amended 2011) *Consolidated and Separate Financial Statements* – Amendment deals with consequential amendments resulting from the issue of IFRS 10, 11 and 12 – Effective annual periods commencing on or after 1 January 2013

IAS 28 (amended 2011) *Investments in Associates* – Amendment deals with consequential amendments resulting from the issue of IFRS 10, 11 and 12 – Effective annual periods commencing on or after 1 January 2013

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 July 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 set to be heard in September 2011.

Limpopo gaming levies

As reported previously, it is anticipated that the Limpopo Government will promulgate the 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.

Gaming levies in Gauteng

The Gauteng government recently announced that the Gauteng Department of Finance in collaboration with the Department of Economic Development, has started a process that will lead to a review of the rate of taxation on gambling income in the Gauteng province. CASA will provide input at the appropriate stage of the review process.

Withholding taxation on gaming revenues

Winnings in the hands of gamblers in South Africa are currently exempt from personal income tax. As part of the February 2011 budget speech the Minister of Finance proposed the introduction of withholding taxation on these winnings. The proposal was to subject all gambling winnings above R25 000 to a final withholding tax of 15%. The effective date for this tax was set as 1 April 2012.

In a media statement, dated 2 June 2011, National Treasury advised that the gambling tax would not be included in the Taxation Laws Amendment Bill, 2011 and this matter would be covered by separate legislation in the form of a second set of bills. CASA has made representations to and held discussions with National Treasury with regards to understanding the mechanics of the proposed tax and its practical implementation. Liaison is ongoing.

Thaba Moshate Hotel Casino and Convention Resort

Peermont continues to deal with 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 casino licence conditions.

Casinos of Mauritius

In July 2011 we were advised by the SIC that the tender process for the Casinos of Mauritius has, in consultation with its shareholders, officially been called off by the Board of the SIC, pending expected further changes in the regulatory regime affecting the gaming industry in Mauritius.

Capital structure review

Discussions are still ongoing between the major stakeholders regarding the previously announced review of Peermont's capital structure. These discussions have been focused on the junior part of the structure, i.e. the deeply subordinated shareholder loans, and may lead to a restructuring of these loans. In connection with any such restructuring, the company may also seek to refinance all or part of the SSNs, either concurrently with the restructuring, or shortly thereafter. Among other benefits, a revised capital structure will enable the company to pursue selected growth opportunities.

Annexure A

CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF:

Peermont Global (Proprietary) Limited
and its subsidiaries

for the three and six months ended 30 June 2011

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Group income statement

for the three months ended 30 June

	Note	2011 R'm	2010 R'm
Revenue		**648,3**	654,4
Gaming		**504,5**	492,7
Rooms		**65,1**	86,0
Food and beverage		**66,4**	61,8
Other		**12,3**	13,9
Other income	1	**0,3**	1,6
		648,6	656,0
Operating costs		**(461,6)**	(478,4)
Employee costs		**(134,5)**	(132,9)
VAT and gaming levies on gross gaming revenue		**(99,9)**	(98,0)
Promotions and marketing		**(42,4)**	(45,4)
Depreciation and amortisation		**(59,0)**	(63,5)
Property and equipment rentals		**(5,3)**	(6,4)
Property costs		**(22,8)**	(18,5)
Consumables and services		**(68,3)**	(73,4)
Other operational costs		**(29,4)**	(40,3)
Operating profit before net finance expenses		**187,0**	177,6
Net finance expenses		**(463,4)**	(107,7)
Finance income	2	**110,0**	222,4
Finance expenses	2	**(573,4)**	(330,1)
(Loss)/profit before taxation		**(276,4)**	69,9
Taxation		**78,5**	(3,0)
(Loss)/profit for the period		**(197,9)**	66,9
Attributable to:			
Equityholders of Peermont		**(209,8)**	61,0
Non-controlling interests		**11,9**	5,9
		(197,9)	66,9

Group statement of comprehensive income

for the three months ended 30 June

	2011 R'm	2010 R'm
(Loss)/profit for period	**(197,9)**	66,9
Other comprehensive income	**(0,2)**	—
Exchange differences on translating foreign operations	**(0,2)**	(0,2)
Unrealised gain on fair value of cash flow hedge	**—**	0,2
Total comprehensive income	**(198,1)**	66,9
Attributable to:		
Equityholders of Peermont	**(209,9)**	61,1
Non-controlling interests	**11,8**	5,8
	(198,1)	66,9

Group income statement

for the six months ended 30 June

	Note	2011 R'm	2010 R'm
Revenue		**1 269,7**	1 273,1
Gaming		**992,0**	976,5
Rooms		**125,5**	148,2
Food and beverage		**125,6**	120,6
Other		**26,6**	27,8
Other income	1	**0,3**	1,7
		1 270,0	1 274,8
Operating costs		**(929,6)**	(933,5)
Employee costs		**(278,2)**	(268,6)
VAT and gaming levies on gross gaming revenue		**(195,8)**	(192,6)
Promotions and marketing		**(84,4)**	(93,7)
Depreciation and amortisation		**(123,4)**	(122,7)
Property and equipment rentals		**(11,6)**	(12,8)
Property costs		**(45,5)**	(37,5)
Consumables and services		**(126,1)**	(130,2)
Other operational costs		**(64,6)**	(75,4)
Operating profit before net finance expenses		**340,4**	341,3
Net finance expenses		**(900,5)**	(522,9)
Finance income	2	**294,0**	542,9
Finance expenses	2	**(1 194,5)**	(1 065,8)
Loss before taxation		**(560,1)**	(181,6)
Taxation		**161,1**	66,9
Loss for period		**(399,0)**	(114,7)
Attributable to:			
Equityholders of Peermont		**(417,7)**	(125,9)
Non-controlling interests		**18,7**	11,2
		(399,0)	(114,7)

Group statement of comprehensive income

for the six months ended 30 June

	2011 R'm	2010 R'm
Loss for the period	**(399,0)**	(114,7)
Other comprehensive income	**1,5**	(2,9)
Exchange differences on translating foreign operations	**1,5**	(3,1)
Unrealised gain on fair value of cash flow hedge	**—**	0,2
Total comprehensive income	**(397,5)**	(117,6)
Attributable to:		
Equityholders of Peermont	**(416,8)**	(127,6)
Non-controlling interests	**19,3**	10,0
	(397,5)	(117,6)

Group statement of financial position

at 30 June

	Note	2011 R'm	2010 R'm
Assets			
Total non-current assets		**8 877,0**	8 788,8
Property, plant and equipment	3	**4 272,6**	4 215,6
Intangible assets	4	**4 587,2**	4 560,0
Deferred taxation assets		**6,4**	—
Derivative instruments		**5,4**	6,5
Investment		**4,1**	—
Loans and receivables		**1,3**	5,0
Amount due by jointly controlled entity		**—**	1,7
Total current assets		**337,9**	493,7
Inventories		**53,5**	50,7
Trade and other receivables		**91,4**	82,7
Loans and receivables		**0,4**	1,6
Amount due by jointly controlled entity		**—**	0,1
Amounts due by related parties		**25,7**	20,8
Current taxation assets		**0,7**	1,2
Cash and cash equivalents		**166,2**	336,6
Total assets		**9 214,9**	9 282,5
Equity and liabilities			
Equity			
Capital and reserves		**(868,8)**	(215,0)
Non-controlling interests		**81,8**	54,4
Total equity		**(787,0)**	(160,6)
Total non-current liabilities		**9 028,0**	7 863,1
Interest-bearing long-term borrowings	5	**8 042,2**	6 773,4
Deferred taxation liabilities		**593,6**	893,5
Derivative instruments		**359,3**	159,1
Amounts due to related parties		**32,9**	37,1
Total current liabilities		**973,9**	1 580,0
Trade and other payables		**304,1**	314,6
Current portion of derivative instruments		**286,5**	1 183,1
Bank overdraft		**298,7**	—
Current portion of interest-bearing long-term borrowings	5	**74,6**	69,4
Amounts due to related parties		**9,9**	6,6
Current taxation liabilities		**0,1**	0,4
Provisions		**—**	5,9
Total equity and liabilities		**9 214,9**	9 282,5

Group statement of changes in equity

for the six months ended 30 June

	Share capital R'm	Share premium R'm	Hedging reserve R'm	Translation reserve R'm	Accumulated loss R'm	Sub-total R'm	Minority interest 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	—	—	0,2	(1,9)	(125,9)	(127,6)	10,0	(117,6)
Dividends paid	—	—	—	—	(1,3)	(1,3)	(9,5)	(10,8)
Balance at 30 June 2010	0,2	381,0	—	(4,1)	(592,1)	(215,0)	54,4	(160,6)
Balance at 1 January 2011	0,2	381,0	—	(8,2)	(825,0)	(452,0)	82,5	**(369,5)**
Total comprehensive income	—	—	—	0,9	(417,7)	(416,8)	19,3	**(397,5)**
Preference shares	—	—	—	—	—	—	(6,0)	**(6,0)**
Dividends paid	—	—	—	—	—	—	(14,0)	**(14,0)**
Balance at 30 June 2011	**0,2**	**381,0**	**—**	**(7,3)**	**(1 242,7)**	**(868,8)**	**81,8**	**(787,0)**

Group statement of cash flows

for the six months ended 30 June

	2011 R'm	2010 R'm
Cash flows from operating activities	**460,1**	441,4
Finance income received	**3,2**	12,9
Finance expenses paid	**(384,3)**	(343,2)
Taxation paid	**(12,2)**	(19,9)
Net cash flows from operating activities	**66,8**	91,2
Cash flows used in investing activities	**(50,2)**	(71,0)
Replacement of property, plant and equipment to maintain operations	**(50,1)**	(41,4)
Acquisition of property, plant and equipment to expand operations	**—**	(30,2)
Replacement of intangible assets to maintain operations	**(0,5)**	(0,2)
Proceeds on disposal of property, plant and equipment	**0,4**	0,5
Repayment of shareholder's loan by jointly controlled entity	**—**	0,3
Cash flows used in financing activities	**(20,2)**	(45,5)
Dividends paid	**(12,6)**	(9,5)
Interest-bearing long-term borrowings repaid	**(7,2)**	(36,6)
(Increase)/decrease in non-current amounts due by related parties	**(0,6)**	0,8
Enterprise development loans repaid/(granted)	**0,2**	(0,2)
Net decrease in cash and cash equivalents	**(3,6)**	(25,3)
Net cash and cash equivalents at the beginning of the period	**(129,3)**	362,4
Effect of exchange rate fluctuations on cash held	**0,4**	(0,5)
Net cash and cash equivalents at the end of the period	**(132,5)**	336,6

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the period ended 30 June

		Three months ended 30 June		Six months ended 30 June	
		2011 R'm	2010 R'm	**2011 R'm**	2010 R'm
1	**Other income**				
	Refunds received – Thetha	**0,3**	—	**0,3**	—
	Insurance claims received	**0,2**	1,6	**0,2**	1,6
	Other income	**0,1**	—	**0,1**	—
	(Loss)/profit on disposal of property, plant and equipment	**(0,3)**	—	**(0,3)**	0,1
		0,3	1,6	**0,3**	1,7
2	**Net finance expenses**				
	Foreign exchange gains on forward contracts to hedge SSN liability	**108,7**	—	**290,6**	—
	Interest received	**1,0**	5,4	**2,9**	12,4
	Foreign exchange gains – realised	**0,3**	0,3	**0,5**	0,5
	Foreign exchange gains on restatement of SSN liability	**—**	216,7	**—**	530,0
	Finance income	**110,0**	222,4	**294,0**	542,9
	Foreign exchange loss on SSN coupon payment	**(180,5)**	(177,3)	**(180,5)**	(177,3)
	Foreign exchange loss on restatement of SSN liability	**(102,8)**	—	**(447,9)**	—
	Interest paid/payable – SSN	**(96,7)**	272,3	**(191,1)**	162,7
	Effect of change in refinancing estimate	**—**	372,6	**—**	372,6
	Interest paid/payable	**(96,7)**	(100,3)	**(191,1)**	(209,9)
	Interest payable – PIK Equity Loan	**(98,9)**	(82,9)	**(191,4)**	(160,5)
	Interest payable – PIK Notes Loan	**(68,2)**	4,8	**(132,2)**	(51,0)
	Effect of change in refinancing estimate	**—**	62,2	**—**	62,2
	Interest payable	**(68,2)**	(57,4)	**(132,2)**	(113,2)
	Interest payable – Deferred hedging loan	**(15,6)**	—	**(31,1)**	—
	Interest paid – other	**(10,7)**	(4,1)	**(20,3)**	(7,5)
	Foreign exchange loss on forward contracts to hedge SSN liability	**—**	(342,7)	**—**	(831,9)
	Fair value adjustment on derivative liability	**—**	(0,2)	**—**	(0,3)
	Finance expenses	**(573,4)**	(330,1)	**(1 194,5)**	(1 065,8)

3 Property, plant and equipment

	Cost R'm	Accumulated depreciation R'm	Carrying value R'm
30 June 2011			
Land	**197,6**	**—**	**197,6**
Freehold buildings	**3 947,9**	**(401,2)**	**3 546,7**
Leasehold buildings	**187,7**	**(18,1)**	**169,6**
Furniture, fittings and equipment	**772,1**	**(432,7)**	**339,4**
Capital work in progress	**19,3**	**—**	**19,3**
	5 124,6	**(852,0)**	**4 272,6**
30 June 2010			
Land	186,1	—	186,1
Freehold buildings	3 746,6	(298,0)	3 448,6
Leasehold buildings	188,5	(15,9)	172,6
Furniture, fittings and equipment	668,8	(300,8)	368,0
Capital work in progress	40,3	—	40,3
	4 830,3	(614,7)	4 215,6

Notes to the group financial statements

for the period ended 30 June 2011 (continued)

		2011 R'm	2010 R'm
3	**Property, plant and equipment** (continued)		
	Land and freehold buildings comprise the following properties:		
	– Stand 64, Jones Road and Erf 569, Jet Park Extension 28, Gauteng	**2 982,1**	3 050,7
	– 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 Extention 16; and Erf 5869 Secunda Extention 16, Mpumalanga	**276,5**	160,7
	– Erven 995 and 996, Meiringspark Ext 8, Klerksdorp; and, Portion 605 (portion of Portion 604) of the farm Townlands, Klerksdorp, North West	**165,6**	167,5
	– Portion 1 of Erf 113, Kuleka, Empangeni, KwaZulu-Natal	**83,0**	7,7
	– Portion 152 of the farm Pretoriuskloof, Johan Blignaut Drive, Bethlehem, Free State	**59,5**	66,2
	– Erf 20, Thohoyandou – D, Venda, Limpopo	**64,6**	66,1
	– Erf 101 San Lameer, Registration Division ET, KwaZulu-Natal	**39,9**	40,6
	– Portion 20 of Erf 45, Bryanston, Johannesburg, Gauteng	**36,8**	37,9
	– Farm Leeuwvallei 297 KT, Burgersfort, Limpopo	**21,5**	21,5
	– Lot 16145 and 16147, Francistown, Botswana	**14,8**	15,8
		3 744,3	3 634,7

4 Intangible assets

	Cost R'm	Accumulated depreciation R'm	Carrying value R'm
30 June 2011			
Goodwill	**1 385,3**	**—**	**1 385,3**
Casino licences	**2 797,5**	**(1,8)**	**2 795,7**
Right to receive management fees	**382,4**	**—**	**382,4**
Trademarks	**20,0**	**—**	**20,0**
Computer software	**18,9**	**(17,2)**	**1,7**
Franchise costs	**6,0**	**(5,0)**	**1,0**
Right of use of buildings	**7,1**	**(6,0)**	**1,1**
	4 617,2	**(30,0)**	**4 587,2**
30 June 2010			
Goodwill	1 385,3	—	1 385,3
Casino licences	2 766,5	(1,4)	2 765,1
Right to receive management fees	382,4	—	382,4
Trademarks	20,0	—	20,0
Computer software	16,5	(14,7)	1,8
Franchise costs	6,2	(4,7)	1,5
Right of use of buildings	12,0	(8,1)	3,9
	4 588,9	(28,9)	4 560,0

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the period ended 30 June 2011 (continued)

		2011 R'm	2010 R'm
5	**Interest-bearing long-term borrowings**		
	South African – secured		
	Deferred hedging loan	**410,6**	—
	ABSA term loan – PGEFS	**20,6**	25,4
	Nedbank property loan	**32,4**	35,3
	South African – unsecured		
	Deeply subordinated shareholders' loans	**3 737,0**	3 117,9
	Promissory notes liability	**2,7**	8,6
	Foreign – secured		
	SSNs	**3 912,6**	3 654,0
	Finance leases		
	Iskhus Power (Proprietary) Limited	**0,9**	1,6
	Total interest-bearing long-term liabilities	**8 116,8**	6 842,8
	Current portion included in current liabilities	**(74,6)**	(69,4)
		8 042,2	6 773,4

6 Segmental analysis

	Three months ended 30 June				**Six months ended 30 June**			
	Revenue 2011 R'm	Revenue 2010 R'm	**EBITDA 2011 R'm**	EBITDA 2010 R'm	**Revenue 2011 R'm**	Revenue 2010 R'm	**EBITDA 2011 R'm**	EBITDA 2010 R'm
Emperors Palace	**405,4**	431,0	**150,9**	146,0	**793,0**	834,4	**277,8**	282,3
Botswana#	**64,8**	66,1	**21,0**	22,6	**129,7**	127,0	**42,7**	43,3
Head office	**43,0**	43,7	**26,9**	28,2	**84,0**	84,5	**52,0**	51,6
Graceland	**39,2**	33,3	**10,0**	8,0	**74,6**	65,4	**18,4**	15,4
Umfolozi	**38,4**	28,7	**13,0**	8,3	**74,3**	59,2	**24,0**	18,7
Rio	**36,4**	35,0	**12,2**	12,2	**73,5**	72,1	**25,4**	25,2
Mmabatho Palms	**24,8**	21,2	**3,3**	3,7	**49,7**	42,3	**8,2**	8,4
Khoroni	**21,7**	20,7	**6,5**	6,9	**41,8**	39,4	**12,0**	12,2
Frontier Inn	**12,6**	11,6	**3,2**	3,1	**23,3**	21,8	**5,1**	4,9
Other	**4,9**	6,8	**(1,0)**	2,1	**9,7**	11,5	**(1,8)**	2,0
Inter-company	**(42,9)**	(43,7)	**—**	—	**(83,9)**	(84,5)	**—**	—
Peermont group	**648,3**	654,4	**246,0**	241,1	**1 269,7**	1 273,1	**463,8**	464,0

 # Average exchange rate (Rand/Pula) 1,06: R1 (2010: P1,11: R1) for the three months and P1,05: R1 (2010: P1,12: R1) for the six months applied to the revenue and EBITDA figures.

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