Quarterly Report

for the three and nine months ended 30 September 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: 24 November 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
DTI	Department of Trade and Industry
€ 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 and 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
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 Hotel Casino Convention Resort
Mondazur	A division of Peermont, trading as Mondazur Hotel and Spa
Moody's	Moody's Investors Services Inc.
MtM	Mark-to-Market
NWGB	North West Gambling Board
P or Pula	Botswana Pula, legal tender of the Republic of Botswana
Peermont or the company	Peermont Global (Proprietary) Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006340/07)
Peermont Group or the group	Peermont and its subsidiaries
PGB	Peermont Global (Botswana) Limited, a public limited liability company incorporated under the laws of the Republic of Botswana (Registration number 95/414), including all operations based in Botswana, namely the Grand Palm Hotel Casino Convention Resort, Mondior Hotel, Peermont Metcourt Inn, the Gaborone International Convention Centre, all in Gaborone, Peermont Metcourt and Sedibeng Casino in Francistown and Syringa Casino in Selebi-Phikwe
PGEFS or Frontier	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
SARS	South African Revenue Service
Securities Act	The U.S. Securities Act of 1933, as amended
Security SPV	Maxitrade 85, a special-purpose vehicle
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
2010 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 3 251 slot machines, 146 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 the indenture.

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

The notes, subject to the first priority rights of the RCF lenders, are effectively senior to all of the issuer's existing and future unsecured indebtedness to the extent of the assets securing the notes and are secured equally and rateably with the SSN foreign exchange 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 R887,0 million 18% PIK Notes. The PIK Notes were issued under an indenture, dated as of 18 April 2007, by PGH II. The proceeds of the PIK Notes were onlent to Peermont in the format of subordinated shareholders loan.

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

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

Organisational information

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

The business address of Peermont is Peermont Place, 152 Bryanston Drive, Bryanston, Johannesburg, South Africa, and its primary telephone number is +27 (11) 557 0557. We maintain an internet website at www.peermont.com. 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 nine month periods ended 30 September 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 September 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. PGH II has subordinated its loan to the company of R3 908,4 million as at 30 September 2011 (2010: R3 260,8 million). In 2007 PGH II advanced the proceeds of the deeply subordinated PIK Equity Tranche Loan received by it from PGH I, as well as the proceeds of the issue of the PIK Notes to the company in the form of deeply subordinated shareholder loans. In terms of the deeply subordinated shareholder loans agreement, the loans do not require any amortisation or other payment of interest or principal before 27 April 2037, nor may the loan holder declare any event of default or take any enforcement action prior to that date.

Peermont 2011 Moody's rating release

On 1 September 2011, Moody's rating services announced that it had reviewed Peermont's corporate credit rating and the rating outlook on the company's senior secured notes and that the outlook was changed from "B3 stable" to "B3 negative".

Key income statement items

Revenue

Our revenue consists of gaming revenue, rooms 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% 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, refund received, gains on release of onerous contracts, gains on business combination transactions 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 September	**(unaudited)** **2011** **R'm**	% change	(unaudited) 2010 R'm
Revenue	**668,6**	0,7	664,0
Gaming	**507,8**	0,2	507,0
Rooms	**73,3**	(7,2)	79,0
Food and beverage	**75,4**	16,4	64,8
Other	**12,1**	(8,3)	13,2
Other income	**0,5**	*	180,1
Operating costs	**(477,0)**	12,0	(542,2)
Operating profit before finance income and expenses	**192,1**	(36,4)	301,9
Finance income	**336,2**	*	4,5
Finance expenses	**(715,7)**	(59,2)	(449,5)
Loss before taxation	**(187,4)**	(31,0)	(143,1)
Taxation	**47,0**	(33,5)	70,7
Loss for the period	**(140,4)**	(93,9)	(72,4)
Attributable to:			
Equityholders of Peermont	**(147,9)**		(76,6)
Non-controlling interests	**7,5**		4,2
	(140,4)		(72,4)
EBITDA[1] reconciliation			
Operating profit	**192,1**		301,9
Add: Depreciation and amortisation	**56,6**		60,4
Add: BBBEE transaction charge	**—**		57,7
Less: Gain on release of onerous contract	**—**		(4,8)
Less: Gain on revaluation of investment in jointly controlled entity	**—**		(175,1)
EBITDA	**248,7**	3,6	240,1
Rental charges	**6,1**	(11,6)	6,9
EBITDAR[1]	**254,8**	3,2	247,0
EBITDA margin	**37,2%**	1,0	36,2%
EBITDAR margin	**38,1%**	0,9	37,2%

Income statement data for the nine months ended 30 September	**(unaudited)** **2011** **R'm**	% change	(unaudited) 2010 R'm
Revenue	**1 938,3**	0,1	1 937,0
Gaming	**1 499,8**	1,1	1 483,5
Rooms	**198,8**	(12,5)	227,1
Food and beverage	**200,9**	8,4	185,4
Other	**38,8**	(5,4)	41,0
Other income	**0,8**	(99,6)	181,8
Operating costs	**(1 406,7)**	4,7	(1 475,6)
Operating profit before finance income and expenses	**532,4**	(17,2)	643,2
Finance income	**630,3**	25,8	501,0
Finance expenses	**(1 910,2)**	(30,0)	(1 468,9)
Loss before taxation	**(747,5)**	*	(324,7)
Taxation	**208,1**	51,2	137,6
Loss for the period	**(539,4)**	*	(187,1)
Attributable to:			
Equityholders of Peermont	**(565,7)**		(202,6)
Non-controlling interests	**26,3**		15,5
	(539,4)		(187,1)
EBITDA[1] reconciliation			
Operating profit	**532,4**		643,2
Add: Depreciation and amortisation	**180,0**		183,1
Add: BBBEE transaction charge	**—**		57,7
Less: Gain on release of onerous contract	**—**		(4,8)
Less: Gain on revaluation of investment in jointly controlled entity	**—**		(175,1)
EBITDA	**712,4**	1,2	704,1
Rental charges	**17,7**	(10,6)	19,8
EBITDAR[1]	**730,1**	0,9	723,9
EBITDA margin	**36,8%**	0,4	36,4%
EBITDAR margin	**37,7%**	0,3	37,4%

[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 and nine months ended 30 September 2010 and 30 September 2011 is provided above.

** Greater than 100%.*

Commentary on the results for the period

The three month period ended 30 September 2011 (unaudited) compared to the three month period ended 30 September 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 2010 World Cup, it is helpful to exclude the 2010 World Cup effect from Q3 2010 results to enable a like-for-like comparison against the Q3 2011 results.

On this basis, excluding the effect of the 2010 World Cup from Q3 2010 results, revenue growth amounted to 3,5% for Q3 2011 and EBITDA growth of 8,1% was achieved against the comparable adjusted results for Q3 2010.

As compared to the unadjusted Q3 2010 reported results, which included the once-off boost from the 2010 World Cup, revenues increased by 0,7% to R668,6 million and EBITDA grew by 3,6% to R248,7 million during Q3 2011, notwithstanding the challenging comparative base.

The group EBITDA margin increased by 1,0% to 37,2% for Q3 2011 as compared to 36,2% reported during Q3 2010. This was mainly as a result of a concerted cost-saving project implemented at Emperors Palace and revenue growth at our other properties.

Revenues at Emperors Palace were affected by a lower tables hold percentage (which normalised after quarter end) and continued road works on the major roads leading to the property, which commenced in March 2011 and intensified during the quarter. Revenue for Q3 2011 declined by 1,7% excluding the effects of the 2010 World Cup and by 5,7% against the unadjusted Q3 2010 results. The cost savings programme implemented at Emperors Palace resulted in a recovery of the EBITDA margin at Emperors Palace to 34,5%, as compared to the 33,9% reported during Q3 2010. EBITDA for Q3 2011 excluding the effects of the 2010 World Cup increased by 2,6% and decreased by 4,1% against the unadjusted Q3 2010 results.

The balance of the group operations performed well, with all properties generating positive growth in both revenues and EBITDA, resulting in an overall revenue growth of 12,9% and an overall EBITDA growth of 15,7% as compared to Q3 2010.

While conditions in the South African hotel market remain challenging, our overall hotel room occupancies for Q3 2011 were 74,9%, still significantly above the national average.

Included in other income in Q3 2010 is a R175,1 million gain as a result of the accounting recording requirements to show a sale of the group's interest in the PGSH jointly controlled entity and a R4,8 million gain on the release of the onerous contract provision at Taung.

Operating costs in Q3 2010 include once-off non-cash BBBEE transaction charges amounting to R57,7 million in respect of disposals of portions of investments in certain of our subsidiaries to local empowered entities, and a R2,8 million accrual for arrear rates and taxes at our Mmabatho Palms property. On an adjusted comparable basis operating costs decreased by 1,0% and cash costs decreased by 0,2%.

On a comparable basis, excluding the abovementioned once-off anomalies from Q3 2010, operating profits for the group increased by 5,3% to R192,1 million during the quarter as compared to Q3 2010, a positive result given the current trading conditions and given the increase in revenues during Q3 2010 from the 2010 World Cup.

Depreciation and amortisation for the quarter ended 30 September 2011 was R56,6 million, a decrease of R3,8 million or 6,3% from R60,4 million for the three months ended 30 September 2010.

Operating profit before net finance expenses

The resulting operating profit was R192,1 million, a 5,3% improvement on the comparable prior period profit of R182,5 million.

EBITDA

As a result of the 0,7% increase in revenue and 0,2% decrease in cash costs, EBITDA increased by 3,6% from R240,1 million to R248,7 million for the quarter to September 2011. Excluding the effect of the 2010 World Cup, EBITDA would have increased by 8,1%. The group EBITDA margin increased to 37,2% for the quarter as compared to 36,2% for Q3 2010.

Finance income
Finance income for the three months ended 30 September 2011 was R336,2 million, an increase of R331,7 million from the prior period. The variance to the prior period arose due to an unrealised gain on forward contracts to hedge the SSN liability of R333,8 million being recorded for Q3 2011.

Finance expenses
Finance expenses at R715,7 million reflected an increase of R266,2 million from the prior period charge of R449,5 million. The variance to the prior year was mainly due to a higher foreign exchange loss on the restatement of the SSN liability of R419,6 million in Q3 2011 as compared to a loss of R145,3 million in Q3 2010 on the forward contracts to hedge the SSN liability. Finance expenses in the current quarter include interest of R15,7 million relating to the R400,0 million deferred hedging loan.

Taxation
The taxation and deferred taxation credit of R47,0 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 R140,4 million as compared to the prior period loss of R72,4 million.

Operations

Emperors Palace
Revenue at Emperors Palace decreased by 5,7% to R409,6 million as compared to R434,5 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 the property, which intensified during the quarter. Excluding the effect of the 2010 World Cup, revenues declined by 1,7%.

GGR decreased by 5,3% to R335,4 million. In the third quarter, GGR for Gauteng grew by approximately 3,6%. Our market share declined to approximately 22,5% as compared to 24,9% in the comparable period, largely as a result of the lower tables hold percentage and decreased visits by our customers from our immediate catchment area, due to the extensive road works mentioned above.

Hotel and resort revenues for the quarter decreased by 7,6% from the prior year period. The prior period quarter includes revenue generated during the 2010 World Cup, which together with the addition of significant rooms stock in Gauteng during 2010, has resulted in difficult trading conditions. As a result rooms revenues decreased by 24,0% to R33,2 million from R43,7 million in the prior period quarter. Adjusted for the effect of the 2010 World Cup, rooms revenues declined by 7,5%. Food and beverage revenue increased to R33,1 million in the three months from R28,2 million in the comparable prior period, mainly driven as a result of a significant increase in groups and convention business.

A programme implemented by management to cut costs, resulted in cash costs decreasing by 6,6% to R268,2 million for the quarter, driven mainly by a decrease in promotions and marketing spend of 28,1% and many other smaller savings.

EBITDA at Emperors Palace decreased by 4,1% to R141,3 million. Excluding the effect of the 2010 World Cup, EBITDA increased by 2,6%. The EBITDA margin for the three months increased from 33,9% as at 30 September 2010 to 34,5% as at 30 September 2011.

Botswana
The Botswana revenue in Pula terms increased by 3,4% from P61,3 million (R66,0 million) for the three months ended 30 September 2010 to P63,4 million (R71,4 million) for the same period in 2011. Gaming revenues increased by 4,3% on the prior period, while hotel and resort revenue grew by 2,6% to P39,4 million (R41,5 million).

Cash costs increased by 4,9% as compared to the same quarter in 2010.

EBITDA increased in Pula terms by 1,5% to P20,8 million (R23,4 million) from P20,7 million (R22,2 million) for the prior year quarter. The EBITDA margin decreased to 32,8% (2010: 33,8%).

Graceland
Revenues at Graceland increased by 2,8% from R38,9 million in 2010 to R40,0 million in the same period in 2011. GGR increased by 6,5% to R29,4 million from R27,6 million in the third quarter of 2010. Hotel and resort revenue decreased by 6,2%. Rooms revenue decreased by 17,9% to R3,2 million, since the prior year included rooms revenue generated during the 2010 World Cup.

Other income in the current quarter includes R0,4 million relating to insurance proceeds received.

Cash costs, which were well controlled, increased by 0,7% as compared to the prior period in 2010.

EBITDA increased by 16,6% from R9,6 million to R11,2 million. The EBITDA margin for the quarter increased to 28,0% from 24,7% for the same quarter in 2010.

Umfolozi
Revenues increased by 27,2% to R39,3 million from R30,9 million in the third quarter of 2010. Hotel and resort revenues increased to R3,6 million from R1,1 million in the prior period. The Peermont Metcourt Hotel, which commenced trading in November 2010, reported occupancies for the quarter at 61,0%. GGR increased by 19,8%, the prior period being negatively affected by approximately 40% of the gaming floor being closed from April 2010 to July 2010.

Cash costs increased by 10,6% as compared to the prior period quarter. The increases arise mainly from the added hotel, conference facilities and related activities.

EBITDA at R13,5 million was 31,1% above the prior period quarter. The EBITDA margin increased to 34,4% as compared to 33,3% 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 performed well and revenues increased by 14,2% to R40,2 million, as compared to the same period in 2010. GGR increased by 12,3% to R34,7 million in the third quarter of 2011, while hotel and resort revenue increased by 27,9% to R5,5 million for the quarter.

Cash costs increased by 8,9% on the prior period quarter, negatively impacted by the increased gaming levies with effect 1 February 2011.

EBITDA at R14,4 million was 26,3% above the prior period quarter. The EBITDA margin increased to 35,8% (2010: 32,4%).

Mmabatho Palms
The resort generated total revenue of R26,3 million for the period, 17,4% above the same period in 2010. GGR increased by 8,9% to R17,1 million for the quarter while hotel and resort revenues increased by 37,3% to R9,2 million for the quarter.

Operating costs in 2010 included a R2,8 million accrual for arrear rates and taxes for the period from August 2008 which was settled with the Mafikeng municipality. On a comparable basis cash costs increased by 15,6%, impacted by the increase in gaming levies, with effect 1 February 2011.

After adjusting for the R2,8 million rates and taxes accrual in the prior year, EBITDA increased by 24,4% from R4,5 million to R5,6 million. The EBITDA margin increased to 21,3% (2010: 20,1%).

Khoroni
Khoroni generated revenues of R24,2 million, an increase of 12,0% above the prior year, boosted by a 13,2% increase in GGR. Hotel and resort revenues increased by 8,8% on the prior period quarter.

EBITDA at R8,4 million was 23,5% above the R6,8 million for the same period in 2010. The EBITDA margin increased to 34,7% (2010: 31,5%).

Frontier
Frontier generated revenues of R12,4 million, an increase of 18,0% as compared to the prior period. GGR increased by 15,6% as compared to the prior period quarter. Hotel and resort revenue increased by 33,3% as compared to the comparable period.

EBITDA at R2,7 million was 50,0% above the prior period quarter. The EBITDA margin increased to 21,8% (2010: 17,1%).

Head office and management companies
Head office revenue increased by 3,4%, from R43,6 million in the third quarter of 2010 to R45,1 million in the third 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 0,7% from R29,0 million in 2010 to R28,8 million in the third quarter of 2011.

The nine month period ended 30 September 2011 (unaudited) compared to the nine month period ended 30 September 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 2010 World Cup, it is helpful to exclude the 2010 World Cup effect from the 2010 results to enable a like-for-like comparison against the 2011 results.

On this basis, excluding the effect of the 2010 World Cup from the 2010 results, revenue growth amounted to 2,3% for 2011 and EBITDA growth of 5,0% was achieved against the comparable adjusted results for 2010.

As compared to the unadjusted 2010 reported results, which included the once-off boost from the 2010 World Cup, revenues increased by 0,1% to R1 938,3 million and EBITDA grew by 1,2% to R712,4 million during 2011, notwithstanding the challenging comparative base.

Revenues at Emperors Palace continue to be affected by the extensive road works on the major roads leading to the property, which commenced in March 2011. Revenue for 2011 declined by 2,4% excluding the effects of the 2010 World Cup and by 5,2% against the unadjusted 2010 results. The cost savings programme implemented at Emperors Palace resulted in a recovery of the EBITDA margin at Emperors Palace to 34,8%, as compared to the 33,9% reported in 2010. EBITDA for 2011 increased by 2,4% excluding the effects of the 2010 World Cup and decreased by 2,4% against the unadjusted 2010 results.

Revenue generated from the balance of the group operations grew by 10,1%, boosted by strong contributions from our Umfolozi, Graceland and Mmabatho Palms properties.

While conditions in the South African hotel market remain challenging, our overall hotel room occupancies for 2011 were 70,0%, still significantly above the national average and above the 69,7% reported for the same period in 2010.

In 2010 operating costs include once-off non-cash BBBEE transaction charges amounting to R57,7 million in respect of disposals of portions of investments in certain of our subsidiaries to local empowered entities, and a R2,8 million accrual for arrear rates and taxes at our Mmabatho Palms property. On an adjusted comparable basis operating costs decreased by 0,6% and cash costs decreased by 0,4%.

Included in other income in 2010 is a R175,1 million gain as a result of the accounting recording requirements to show a sale of the group's interest in the PGSH jointly controlled entity and R4,8 million on the release of the onerous contract provisions at Taung.

After adjusting for the above, operating profits for the group increased by 1,6% to R532,4 million.

Operating costs
Operating costs for the nine months ended 30 September 2011 were R1 406,7 million, a decrease of R68,9 million or 4,7%, from R1 475,6 million for the nine months ended 30 September 2010. Included in operating costs in the prior year were once-off non-cash BBBEE transaction charges amounting to R57,7 million as a result of disposals of portions of investments in certain or our subsidiaries during the third quarter of 2010, and a R2,8 million accrual for arrear rates and taxes dispute at our Mmabatho Palms property. On a comparable basis operating costs decreased by 0,6% and comparable cash costs decreased by 0,4%.

Depreciation and amortisation for the nine months ended 30 September 2011 was R180,0 million, a decrease of R3,1 million, or 1,7% from R183,1 million for the nine months ended 30 September 2010.

Operating profit before net finance expenses
The resulting operating profit for the nine months was R532,4 million a 1,6% increase from the adjusted comparable R523,8 million in 2010.

EBITDA
EBITDA for the nine months reflected a 1,2% increase at R712,4 million as compared to the R704,1 million in September 2010. Excluding the effect of the 2010 World Cup, EBITDA would have increased by 5,0%.

Finance income
Finance income for the nine months ended 30 September 2011 was R630,3 million, an increase of R129,3 million from the prior period. The variance to the prior period was mainly due to a larger foreign exchange gain of R624,4 million on the forward contracts to hedge the SSN liability in the nine months ended 30 September 2011, as compared to the R483,6 million gain on translation of the SSN liability recorded in the nine months to 30 September 2010.

Finance expenses
Finance expenses at R1 910,2 million reflected an increase of R441,3 million from the prior period charge of R1 468,9 million. This increase is mainly as a result of 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 as a result of the decision to extend the refinancing date to April 2014. Finance expenses in the current year include interest of R46,8 million relating to the R400,0 million deferred hedging loan.

Taxation
The taxation and deferred taxation credit of R208,1 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 R539,4 million was greater than the prior period loss of R187,1 million.

Operations

Emperors Palace
Revenue at Emperors Palace decreased by 5,2% to R1 202,6 million as compared to R1 268,9 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 road works on the major roads leading to the property, which commenced in March 2011. Excluding the effect of the 2010 World Cup, revenues declined by 2,4%.

GGR decreased by 3,2% to R998,6 million. Year to date, GGR for Gauteng grew by approximately 2,8% and our market share declined to 23,1% as compared to 24,7% in the prior year largely as a result of decreased visits by customers from our immediate catchment area, due to the extensive road works mentioned above.

Hotel and resort revenues for the nine months decreased by 13,9% as compared to the prior year. The prior year was boosted with revenues generated during the 2010 World Cup, which together with the addition of significant room stock in Gauteng during 2010, resulted in difficult current trading conditions. As a result rooms revenue decreased by 26,5% to R91,3 million from R124,3 million in the prior period. Adjusted for the effect of the 2010 World Cup, rooms revenue declined by 10,8%. Food and beverage revenue increased to R86,8 million in the nine months from R85,0 million in the prior year period, an overall 2,1% increase.

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 of 19,0% and many other small savings. These savings were partially offset by property costs increase of 11,5% driven largely by a 20,1% 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 2,4% to R419,1 million. Excluding the effect of the 2010 World Cup, EBITDA increased by 2,4%. The EBITDA margin for the nine months ended September 2011 increased to 34,8%, as compared to 33,9% as at 30 September 2010.

Botswana
Revenue in Pula terms increased by 6,5% from P175,1 million (R192,9 million) for the nine months ended 30 September 2010 to P186,5 million (R201,1 million) for the same period in 2011. Gaming revenues increased by 11,1% on the prior period, mainly attributable to increased tables revenues. Hotel and resort revenue grew by 3,6% to P111,2 million (R119,9 million).

Other income in the prior year includes P1,0 million (R1,1 million) relating to insurance proceeds received.

Cash costs increased by 7,8% 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) as 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 negatively influenced the costs by approximately P1,0 million (R1,1 million). On a comparable basis cash costs increased by 6,3%.

EBITDA grew in Pula terms by 2,9% to P61,3 million (R66,1 million) for the nine months ended September 2011, from P59,6 million (R65,5 million) for the nine months to September 2010. The EBITDA margin decreased to 32,9% (2010: 34,0%).

Graceland

Graceland performed well and revenues increased by 7,8% from R106,3 million in 2010 to R114,6 million in the same period in 2011. GGR increased by 10,3% to R84,9 million from R77,0 million in 2010. Hotel and resort revenues increased by 1,4% as compared to the prior period, this despite two foreign supporter groups occupying the hotel for most of the month of June and July 2010.

Other income in the current quarter includes R0,6 million relating to insurance proceeds received.

Cash costs increased by 5,8% compared to the same period in 2010. EBITDA increased by 16,1% from R25,5 million to R29,6 million. This resulted in an increased margin from 24,0% for the nine months in 2010, to 25,8% for the nine months in 2011.

Umfolozi

Revenues increased by 26,1% to R113,6 million as compared to the same period in the prior year. GGR increased by 20,6%, the prior period being negatively affected by approximately 40% of the gaming floor being closed from April 2010 to July 2010. Hotel and resort revenues increased to R9,6 million from R3,9 million in the prior period. The Peermont Metcourt Hotel, which commenced trading in November 2010, reported occupancies for the nine months at 52,6%.

Cash costs increased by 19,2% as compared to the prior year. The increases arise mainly from the added hotel and conference facilities and other related activities.

EBITDA at R37,5 million was 29,3% above the prior period. The EBITDA margin increased to 33,0% as compared to 32,2% for the same period in 2010, mainly as a result of the new hotel and conference facilities and the reactivation of the full gaming floor.

Rio

Rio generated revenue of R113,7 million for the nine months ended 30 September 2011, a growth of 6,0% on the prior year period. GGR increased by 4,2% to R100,0 million for the nine months. Hotel and resort revenue increased by 21,2%, mainly attributable to occupancies increasing from 45,8% at September 2010 to 64,5% for the nine months to September 2011.

Cash costs increased by 4,5% 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 8,7% from R36,6 million in 2010, to R39,8 million in 2011. The EBITDA margin increased to 35,0% from 34,1% in 2010.

Mmabatho Palms

The resort generated revenue of R76,0 million for the nine months, an increase of 17,5% on the same period in 2010. GGR increased by 12,7% to R51,5 million from R45,7 million in the comparable period in 2010. Hotel and resort revenues increased by 28,9% as compared to the prior year.

Cash costs increased by 13,9% as compared to the prior year. In the prior year costs included an accrual of R2,8 million for arrear rate and taxes at the property for the period from August 2008 which was settled with the local municipality. On a comparable basis cash costs increased by 20,0%, negatively affected by the increase in gaming levies with effect 1 February 2011.

After adjusting for the R2,8 million rates and taxes accrual, EBITDA increased by 7,0% from R12,9 million to R13,8 million in 2011. The comparable EBITDA margin decreased from 19,9% to 18,2%.

Khoroni
The unit achieved revenue growth of 8,2% from R61,0 million to R66,0 million for the nine months to September 2011. GGR increased by 5,6% and hotel and resort revenues increased by 16,4% as compared to the prior year.

EBITDA at R20,4 million was 7,4% above the R19,0 million for the same period in 2010, resulting in a decrease in the EBITDA margin to 30,9% (2010: 31,1%).

Frontier
Frontier generated revenues of R35,7 million, an increase of 10,5% as compared to the prior comparable period. GGR increased by 10,1%. Hotel and resort revenue increased by 13,3% 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 9,0%. EBITDA at R7,8 million was 16,4% above the comparable nine months in the prior year. The EBITDA margin increased to 21,8% (2010: 20,7%).

Head office and management companies
Head office revenue increased by 0,8%, from R128,1 million in the first nine months of 2010 to R129,1 million in the first nine 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 0,2% from R80,6 million in 2010 to R80,8 million in 2011. The EBITDA margin reflected an decrease at 62,6% when compared to the 62,9% 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 September 2010 and 2011:

Cash flow data for the nine months ended 30 September	**(unaudited)** **2011** **R'm**	(unaudited) 2010 R'm
Cash flows from operating activities	**712,3**	699,6
Finance income received	**5,5**	17,0
Finance expenses paid	**(390,9)**	(346,7)
Taxation paid	**(16,8)**	(24,6)
Net cash flows from operating activities	**310,1**	345,3
Cash flows used in investing activities	**(91,2)**	(160,4)
Cash flows used in financing activities	**(38,0)**	(414,2)
Net increase/(decrease) in cash and cash equivalents	**180,9**	(229,3)

Cash flows from operating activities

Net cash inflows from operating activities for the period were R712,3 million compared to R699,6 million for the period ended 30 September 2010. This increase was mainly due to an increase in cash generated from operations.

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 hedged 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), the interest on 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 used in investing activities

Capital expenditure for the nine months was R91,2 million, consisting predominantly of R55,3 million on slots purchases throughout the group; P5,6 million (R6,0 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 R38,0 million. This related to the normal redemption of debt by PGNW, head office and PGEFS of R11,0 million; R12,6 million in dividends paid to the minority shareholders of PGB and PGSH; and, R10,9 million relating to the redemption of the minority shareholder's portion of the preference shares in PGB. The prior year included the repayment of R762,9 million of the MtM liability, the repayment of the corporate notes by PGB the normal redemption of debt by PGNW, head office and PGEFS, partially offset by the R400,0 million of deferred payment funding of the hedging liability advanced to Peermont.

Cash and cash equivalents

At 30 September 2011 the group was in a net positive cash position of R53,4 million, consisting of R93,4 million cash utilisation of the RCF, offset by cash held of R146,8 million. Details of R118,4 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 nine months ended 30 September 2011 and 2010, were R91,2 million and R160,4 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 nine months ended 30 September 2011 and 2010 were R89,0 million and R66,0 million, representing approximately 4,6% and 3,4% of total revenue, respectively. Our maintenance capital expenditures for both periods include 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 R55,3 million spent on slots replacement throughout the group; P5,6 million (R6,0 million) on the refurbishment of the third floor of the Walmont Hotel in Gaborone; R1,7 million spent on the upgrade of elevators at Graceland; and, the balance on normal maintenance expenditure. In 2010 our maintenance capital expenditure consisted of R39,5 million spent on slots replacement throughout the group; R1,0 million spent on refurbishment of the Taung hotel; R0,5 million spent on the refurbishment of the fourth floor of the Walmont hotel in Botswana; and, the balance on normal maintenance expenditure.

Our net expansion capital expenditures in the nine months ended September 2011 and 2010 were R2,2 million and R94,4 million, respectively. In 2011 this consisted of R2,2 million spent on the expansion of the slots gaming floor at Khoroni. In 2010 our expansion capital expenditure consisted of R87,7 million on the upgrade and expansion of our Umfolozi property; R3,0 million spent on the purchase of land at Rio; R2,4 million spent on the purchase of certain rights on our land at Mondazur; and R1,3 million spent on the purchase of the remaining 50% interest in the staff flats at Taung.

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.

The RCF lenders have agreed to increase the facility available to the company from R550 million to R620 million. The board has approved the increase in the facility and authorised management to negotiate the terms of and to enter into the required agreements to increase the facility. We expect the facility to be available to the company in the new year. This will increase the head room available to the company.

At 30 September 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 R93,4 million was drawn in cash, leaving the group with R397,1 million headroom under our RCF. In addition, the group held cash of R146,8 million. This cash included approximately R49,0 million required for operational and cash floats, R35,4 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 R425,5 million was available for group requirements at 30 September 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 they 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 interest-bearing obligations

Set out below is a summary of amounts due and committed under our contractual cash obligations at 30 September 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]	133,8	4 298,6	—	—	4 432,4
Deferred hedge funding	26,3	—	—	400,0	426,3
Deeply subordinated shareholder loans	—	—	—	3 908,4	3 908,4
PIK Equity Loan[2][3]	—	—	—	2 372,8	2 372,8
PIK Notes Loan[2][3]	—	—	—	1 535,6	1 535,6
Bank borrowings[4]	8,2	18,2	12,3	12,4	51,1
Promissory note liabilities	1,1	—	—	—	1,1
Finance lease agreements	0,7	—	—	—	0,7
	170,1	4 316,8	12,3	4 320,8	8 820,0
Operating lease commitments	8,1	12,3	10,2	143,7	174,3
Total	178,2	4 329,1	22,5	4 464,5	8 994,3

[1] The amount reflected is €416,1 million in principal amount disclosed at the current spot rate, amortised issue costs and discounts, plus accrued interest. The SSNs mature 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 deeply subordinated shareholder loans (not due before 2037) and the SSNs (contractually due 2014) in or before April 2014. In terms of the deeply subordinated shareholder loan agreement, these loans do not require any amortisation or other payment of interest or principal before 27 April 2037, nor may the loan holders declare any event of default or take in enforcement action prior to that date. See "capital restructure review" presented later in the report.

[4] Bank borrowings comprise secured loan facilities from financial institutions in South Africa. This does not reflect amounts outstanding under, or that in future may be borrowed under, the RCF.

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 they 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 advisers 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 9 months**		**Closing spot rate**	
	2011	2010	**2011**	2010	**2011**	2010
Pula/Rand	**1,08**	1,09	**1,08**	1,10	**1,11**	1,08
Euro/Rand	**10,08**	9,43	**9,80**	9,79	**10,84**	9,51

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 535,6 million and R2 372,8 million at period end, is set at 18,2% and 18,4%, respectively. The deferred hedging loan bears interest at a rate of 6 month 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 our 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 27 *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 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 – 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 October 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 was heard in September 2011. Judgment is expected early in December 2011.

Gauteng gaming levies

As previously reported, the Gauteng provincial government announced that the Gauteng department of finance in collaboration with the Department Economic Development, has started a process that will lead to the review of the rate of taxation on gambling income in the Gauteng province. CASA will provide input at the appropriate stage in the review process.

Withholding taxation on gaming revenues

Winnings in the hand of gamblers in South Africa are 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 taxation of 15%. The effective date for this taxation was set at 1 April 2012.

In a media statement, dated 2 June 2011, National Treasury advised that the gambling taxation would not be covered by separate legislation in the format 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 taxation and its practical implementation. Liaison is ongoing.

Gaming system upgrade

The group recently announced an exciting partnership with Las Vegas-based gaming company, Bally Technologies, which will result in the roll-out of a new enterprise-wide gaming system throughout the group's 10 existing casino operations in South Africa and Botswana. The group has chosen to implement a range of Bally products and systems to enhance our player experience, ensure system stability, obtain group-wide synergies and upgrade our service offering to an even higher level. The roll-out is planned to begin in the first quarter of 2012. The overall cost to the group is expected to be approximately R78 million which will be funded out of normal maintenance capital expenditure budgets.

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.

Capital structure review

As previously announced, the board has undertaken a review of the group's capital structure to ensure that it is appropriately capitalised going forward. The board is of the view that the current capital structure hampers the group's ability to achieve its business strategy through growth and the board recognises the challenges faced by many companies with debt maturing in the next two to three years in refinancing its debt. As a result, the board, through its capital structure sub-committee, is again in discussions with certain of its key stakeholders with a view to optimising the group's capital structure to take into account the levels of debt that the business can sustain, current market conditions, the availability of new funding, and the group's requirements to maintain level 2 contributor status (under BBBEE Codes of Good Practice and Gambling Board requirements).

In its discussions with these key stakeholders, the board has communicated that the goals of any restructuring and refinancing transaction should be to: reduce the costs of both senior debt and the PIK debt at the PGH I and PGH II levels; create further cash flow headroom to take advantage of selected growth opportunities and optimise value; create a sustainable capital structure that will deleverage over time; create value in the equity to align the interests of the debt and equity providers; create sustainable BBBEE shareholding levels; and allow for appropriate management compensation arrangements to incentivise management to create further equity value.

There is support in principle from these key stakeholders for a framework regarding a restructuring of the PIK debt at the PGH I and PGH II levels and a refinancing of the SSNs, either concurrently with the restructuring or shortly thereafter, although the scope and terms of the each of the key elements are yet to be fully agreed.

To date, the group has incurred costs of approximately R16,3 million for financial and legal advice in connection with this process. These costs have been deferred, as the intention is to offset these costs against the capital to be raised as part of the capital structure review process.

Annexure A

CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF:

Peermont Global (Proprietary) Limited
and its subsidiaries

for the three and nine months ended 30 September 2011

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Group income statement

for the three months ended 30 September

	Note	2011 R'm	2010 R'm
Revenue		**668,6**	664,0
Gaming		**507,8**	507,0
Rooms		**73,3**	79,0
Food and beverage		**75,4**	64,8
Other		**12,1**	13,2
Other income	1	**0,5**	180,1
		669,1	844,1
Operating costs		**(477,0)**	(542,2)
Employee costs		**(139,9)**	(133,8)
VAT and gaming levies on gross gaming revenue		**(100,7)**	(100,3)
Promotions and marketing		**(41,4)**	(45,2)
Depreciation and amortisation		**(56,6)**	(60,4)
Property and equipment rentals		**(6,1)**	(6,9)
Property costs		**(30,7)**	(30,8)
Consumables and services		**(65,5)**	(64,1)
Other operational costs		**(36,1)**	(100,7)
Operating profit before net finance expenses		**192,1**	301,9
Net finance expenses		**(379,5)**	(445,0)
Finance income	2	**336,2**	4,5
Finance expenses	2	**(715,7)**	(449,5)
Loss before taxation		**(187,4)**	(143,1)
Taxation		**47,0**	70,7
Loss for the period		**(140,4)**	(72,4)
Attributable to:			
Equityholders of Peermont		**(147,9)**	(76,6)
Non-controlling interests		**7,5**	4,2
		(140,4)	(72,4)

Group statement of comprehensive income

for the three months ended 30 September

	2011 R'm	2010 R'm
Loss for period	**(140,4)**	(72,4)
Other comprehensive income		
Exchange differences on translating foreign operations	**6,5**	(16,2)
Total comprehensive income	**(133,9)**	(88,6)
Attributable to:		
Equityholders of Peermont	**(144,0)**	(86,3)
Non-controlling interests	**10,1**	(2,3)
	(133,9)	(88,6)

Group income statement

for the nine months ended 30 September

	Note	2011 R'm	2010 R'm
Revenue		**1 938,3**	1 937,0
Gaming		**1 499,8**	1 483,5
Rooms		**198,8**	227,1
Food and beverage		**200,9**	185,4
Other		**38,8**	41,0
Other income	1	**0,8**	181,8
		1 939,1	2 118,8
Operating costs		**(1 406,7)**	(1 475,6)
Employee costs		**(418,1)**	(402,3)
VAT and gaming levies on gross gaming revenue		**(296,6)**	(292,9)
Promotions and marketing		**(125,8)**	(139,0)
Depreciation and amortisation		**(180,0)**	(183,1)
Property and equipment rentals		**(17,7)**	(19,8)
Property costs		**(76,3)**	(61,5)
Consumables and services		**(191,5)**	(194,3)
Other operational costs		**(100,7)**	(182,7)
Operating profit before net finance expenses		**532,4**	643,2
Net finance expenses		**(1 279,9)**	(967,9)
Finance income	2	**630,3**	501,0
Finance expenses	2	**(1 910,2)**	(1 468,9)
Loss before taxation		**(747,5)**	(324,7)
Taxation		**208,1**	137,6
Loss for period		**(539,4)**	(187,1)
Attributable to:			
Equityholders of Peermont		**(565,7)**	(202,6)
Non-controlling interests		**26,3**	15,5
		(539,4)	(187,1)

Group statement of comprehensive income

for the nine months ended 30 September

	2011 R'm	2010 R'm
Loss for period	**(539,4)**	(187,1)
Other comprehensive income	**8,2**	(5,9)
Exchange differences on translating foreign operations	**8,2**	(6,1)
Unrealised gain on fair value of cash flow hedge	**—**	0,2
Total comprehensive income	**(531,2)**	(193,0)
Attributable to:		
Equityholders of Peermont	**(560,8)**	(206,1)
Non-controlling interests	**29,6**	13,1
	(531,2)	(193,0)

Group statement of financial position

at 30 September

	Note	2011 R'm	2010 R'm
Assets			
Total non-current assets		**8 867,7**	8 962,7
Property, plant and equipment	3	**4 264,1**	4 358,0
Intangible assets	4	**4 586,6**	4 589,7
Deferred taxation assets		**6,2**	—
Derivative instruments		**5,4**	5,0
Investment		**4,2**	5,3
Loans and receivables		**1,2**	4,7
Total current assets		**325,3**	287,2
Inventories		**54,4**	52,2
Trade and other receivables		**97,8**	77,9
Loans and receivables		**0,4**	2,0
Amounts due by related parties		**25,9**	22,5
Current taxation assets		**—**	0,6
Cash and cash equivalents		**146,8**	132,0
Total assets		**9 193,0**	9 249,9
Equity and liabilities			
Equity			
Capital and reserves		**(1 012,8)**	(324,4)
Non-controlling interests		**80,8**	90,0
Total equity		**(932,0)**	(234,4)
Total non-current liabilities		**9 276,6**	8 622,9
Interest-bearing long-term borrowings	5	**8 649,9**	7 430,1
Deferred taxation liabilities		**539,2**	851,1
Derivative instruments		**57,9**	307,7
Amounts due to related parties		**29,6**	34,0
Total current liabilities		**848,4**	861,4
Trade and other payables		**318,2**	325,9
Current portion of derivative instruments		**254,1**	417,0
Current portion of interest-bearing long-term borrowings	5	**170,1**	109,7
Bank overdraft		**93,4**	—
Amounts due to related parties		**10,0**	6,5
Current taxation liabilities		**2,6**	2,3
Total equity and liabilities		**9 193,0**	9 249,9

Group statement of changes in equity

for the nine months ended 30 September

	Share capital R'm	Share premium R'm	Hedging reserve R'm	Translation reserve R'm	Accu-mulated loss R'm	Sub-total R'm	Non-controlling interests R'm	Total equity R'm
Balance at 1 January 2010	0,2	381,0	(0,2)	(2,2)	(464,9)	(86,1)	53,9	(32,2)
Total comprehensive income	—	—	0,2	(3,7)	(202,6)	(206,1)	13,1	(193,0)
Disposal of shares in subsidiaries	—	—	—	—	4,6	4,6	2,2	6,8
Purchase of subsidiary					(36,8)	(36,8)	30,5	(6,3)
Dividends paid	—	—	—	—	—	—	(9,7)	(9,7)
Balance at 30 September 2010	0,2	381,0	—	(5,9)	(699,7)	(324,4)	90,0	(234,4)
Balance at 1 January 2011	0,2	381,0	—	(8,2)	(825,0)	(452,0)	82,5	**(369,5)**
Total comprehensive income	—	—	—	4,9	(565,7)	(560,8)	29,6	**(531,2)**
Preference shares issued	—	—	—	—	—	—	33,9	**33,9**
Redemption of preference shares	—	—	—	—	—	—	(10,9)	**(10,9)**
Dividends paid	—	—	—	—	—	—	(54,3)	**(54,3)**
Balance at 30 September 2011	**0,2**	**381,0**	**—**	**(3,3)**	**(1 390,7)**	**(1 012,8)**	**80,8**	**(932,0)**

Group statement of cash flows

for the nine months ended 30 September

	2011 R'm	2010 R'm
Cash flows from operating activities	**712,3**	699,6
Finance income received	**5,5**	17,0
Finance expenses paid	**(390,9)**	(346,7)
Taxation paid	**(16,8)**	(24,6)
Net cash flows from operating activities	**310,1**	345,3
Cash flows used in investing activities	**(91,2)**	(160,4)
Replacement of property, plant and equipment to maintain operations	**(88,5)**	(66,2)
Acquisition of property, plant and equipment to expand operations	**(2,2)**	(94,4)
Replacement of intangible assets to maintain operations	**(1,1)**	(0,4)
Proceeds on disposal of property, plant and equipment	**0,6**	0,6
Cash flows used in financing activities	**(38,0)**	(414,2)
Dividends paid	**(12,6)**	(9,7)
Interest-bearing long-term borrowings repaid	**(11,0)**	(39,4)
Redemption of PGB preference shares	**(10,9)**	—
Increase in non-current amounts due by related parties	**(3,8)**	(2,2)
Enterprise development loans repaid	**0,3**	—
Interest-bearing long-term borrowings raised	**—**	400,0
Settlement of MtM on derivative liability	**—**	(762,9)
Net increase/(decrease) in cash and cash equivalents	**180,9**	(229,3)
Cash and cash equivalents at the beginning of the period	**(129,3)**	362,4
Effect of exchange rate fluctuations on cash held	**1,8**	(1,1)
Net cash and cash equivalents at the end of the period	**53,4**	132,0

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the period ended 30 September

		Three months ended 30 September		Nine months ended 30 September	
		2011 R'm	2010 R'm	**2011 R'm**	2010 R'm
1	**Other income**				
	Insurance claims received	**0,5**	0,2	**0,7**	1,8
	Refunds received – Thetha	**0,1**	—	**0,4**	—
	(Loss)/profit on disposal of property, plant and equipment	**(0,1)**	—	**(0,4)**	0,1
	Other income	**—**	—	**0,1**	—
	Gain on revaluation of investment in jointly controlled entity	**—**	175,1	**—**	175,1
	Gain on release of provision for onerous contract	**—**	4,8	**—**	4,8
		0,5	180,1	**0,8**	181,8
2	**Net finance expenses**				
	Foreign exchange gains on forward contracts to hedge SSN liability	**333,8**	—	**624,4**	—
	Interest received	**2,1**	4,3	**4,8**	16,7
	Foreign exchange gains – realised	**0,2**	0,2	**0,8**	0,7
	Interest accrued on preference shares	**0,1**	—	**0,3**	—
	Foreign exchange gains on restatement of SSN liability	**—**	—	**—**	483,6
	Finance income	**336,2**	4,5	**630,3**	501,0
	Foreign exchange loss on restatement of SSN liability	**(419,6)**	(46,4)	**(867,6)**	—
	Foreign exchange loss on SSN coupon payment	**—**	—	**(180,5)**	(177,3)
	Interest paid/payable – SSN	**(100,1)**	(98,1)	**(291,2)**	64,6
	Effect of change in refinancing estimate	**—**	—	**—**	372,6
	Interest paid/payable	**(100,1)**	(98,1)	**(291,2)**	(308,0)
	Interest payable – PIK Equity Loan	**(101,0)**	(84,7)	**(292,4)**	(245,2)
	Interest payable – PIK Notes Loan	**(70,3)**	(58,2)	**(202,5)**	(109,2)
	Effect of change in refinancing estimate	**—**	—	**—**	62,2
	Interest payable	**(70,3)**	(58,2)	**(202,5)**	(171,4)
	Interest paid/payable – deferred hedging loan	**(15,7)**	(13,1)	**(46,8)**	(13,1)
	Interest paid – other	**(9,0)**	(3,7)	**(29,2)**	(11,2)
	Foreign exchange loss on forward contracts to hedge SSN liability	**—**	(145,3)	**—**	(977,2)
	Fair value adjustment on derivative liability	**—**	—	**—**	(0,3)
	Finance expenses	**(715,7)**	(449,5)	**(1 910,2)**	(1 468,9)

3 Property, plant and equipment

	Cost R'm	Accumulated depreciation R'm	Carrying value R'm
30 September 2011			
Land	**197,8**	**—**	**197,8**
Freehold buildings	**3 950,6**	**(427,4)**	**3 523,2**
Leasehold buildings	**192,4**	**(20,2)**	**172,2**
Furniture, fittings and equipment	**815,3**	**(457,7)**	**357,6**
Capital work in progress	**13,3**	**—**	**13,3**
	5 169,4	**(905,3)**	**4 264,1**
30 September 2010			
Land	189,5	—	189,5
Freehold buildings	3 865,8	(319,4)	3 546,4
Leasehold buildings	188,8	(16,8)	172,0
Furniture, fittings and equipment	691,7	(336,1)	355,6
Capital work in progress	94,5	—	94,5
	5 030,3	(672,3)	4 358,0

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the period ended 30 September 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	**2 962,2**	3 032,1
	– Portion 1 of the farm Graceland 593 IS; remainder of the farm Graceland 593 IS (excluding Portions 1 and 2); Portion 42 (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	**275,7**	276,5
	– Erven 995 and 996, Meiringspark Ext 8, Klerksdorp; and Portion 605 (portion of Portion 604) of the farm Townlands, Klerksdorp, North West	**164,3**	169,5
	– Portion 1 of Erf 113, Kuleka, Empangeni, KwaZulu-Natal	**82,5**	7,7
	– Portion 152 of the farm Pretoriuskloof, Johan Blignaut Drive, Bethlehem, Free State	**64,9**	65,9
	– Erf 20, Thohoyandou – D, Venda, Limpopo	**64,3**	69,4
	– Erf 101 San Lameer, Registration Division ET, KwaZulu-Natal	**39,6**	40,4
	– Portion 20 of Erf 45, Bryanston, Johannesburg, Gauteng	**36,6**	37,6
	– Farm Leeuwvallei 297 KT, Burgersfort, Limpopo	**21,5**	21,5
	– Lot 16145 and 16147, Francistown, Botswana	**9,4**	15,3
		3 721,0	3 735,9

4 Intangible assets

	Cost R'm	Accumulated depreciation R'm	Carrying value R'm
30 September 2011			
Goodwill	**1 385,3**	**—**	**1 385,3**
Casino licences	**2 797,6**	**(2,0)**	**2 795,6**
Right to receive management fees	**382,4**	**—**	**382,4**
Trademarks	**20,0**	**—**	**20,0**
Computer software	**20,2**	**(17,8)**	**2,4**
Franchise costs	**6,2**	**(5,5)**	**0,7**
Right of use of buildings	**7,1**	**(6,9)**	**0,2**
	4 618,8	**(32,2)**	**4 586,6**
30 September 2010			
Goodwill	1 385,3	—	1 385,3
Casino licences	2 797,6	(1,5)	2 796,1
Right to receive management fees	382,4	—	382,4
Trademarks	20,0	—	20,0
Computer software	16,7	(15,5)	1,2
Franchise costs	6,1	(4,8)	1,3
Right of use of buildings	10,0	(6,6)	3,4
	4 618,1	(28,4)	4 589,7

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the period ended 30 September 2011 (continued)

		2011 R'm	2010 R'm
5	**Interest-bearing long-term borrowings**		
	South African – secured		
	Deferred hedging loan	**426,3**	413,1
	Nedbank property loan	**31,7**	34,7
	ABSA term loan – PGEFS	**19,4**	24,3
	South African – unsecured		
	Deeply subordinated shareholder loans	**3 908,4**	3 260,8
	Promissory notes liability	**1,1**	7,0
	Foreign – secured		
	SSNs	**4 432,4**	3 798,5
	Finance leases		
	Iskhus Power (Proprietary) Limited	**0,7**	1,4
	Total interest-bearing long-term liabilities	**8 820,0**	7 539,8
	Current portion included in current liabilities	**(170,1)**	(109,7)
		8 649,9	7 430,1

6 Segmental analysis

	Three months ended 30 September				Nine months ended 30 September			
	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	**409,6**	434,5	**141,3**	147,3	**1 202,6**	1 268,9	**419,1**	429,6
Botswana#	**71,4**	66,0	**23,4**	22,2	**201,1**	192,9	**66,1**	65,5
Head office	**45,1**	43,6	**28,8**	29,0	**129,1**	128,1	**80,8**	80,6
Rio	**40,2**	35,2	**14,4**	11,4	**113,7**	107,3	**39,8**	36,6
Graceland	**40,0**	37,7	**11,2**	9,3	**114,6**	103,1	**29,6**	24,7
Umfolozi	**39,3**	30,9	**13,5**	10,3	**113,6**	90,1	**37,5**	29,0
Mmabatho Palms*	**26,3**	22,4	**5,6**	1,7	**76,0**	64,7	**13,8**	10,1
Khoroni	**24,2**	21,6	**8,4**	6,8	**66,0**	61,0	**20,4**	19,0
Frontier Inn	**12,4**	10,5	**2,7**	1,8	**35,7**	32,3	**7,8**	6,7
Other	**5,3**	5,1	**(0,6)**	0,3	**15,0**	16,6	**(2,5)**	2,3
Inter-company	**(45,2)**	(43,5)	**—**	—	**(129,1)**	(128,0)	**—**	—
Peermont Group	**668,6**	664,0	**248,7**	240,1	**1 938,3**	1 937,0	**712,4**	704,1

 # Average exchange rate (Rand/Pula) P1,08:R1 (2010: P1,09:R1) for the three months and P1,08:R1 (2010: P1,10: R1) for the nine months applied to the revenue and EBITDA figures.

** Included in EBITDA for the three and nine months ended 30 September 2010 is an accrual for rates and taxes of R2,8 million which related to prior years.*

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