QUARTERLY MANAGEMENT ACCOUNTS

for the three months ended 31 March 2014

RELAXING STAYS. EXCITING TIMES.

PEERMONT

HOTELS CASINOS RESORTS

www.peermont.com

DATE: 30 MAY 2014

PEERMONT GLOBAL LIMITED

Registration number 2006/006340/06 • www.peermont.com

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Definitions

ABSA	ABSA Bank Limited
€ or Euro	European Euro, legal tender of the European Union
EBITDA	Earnings before interest, taxation, depreciation, amortisation and other non-cash items
EBITDAR	Earnings before interest, taxation, depreciation, amortisation, rentals and other non-cash items
Emperors Palace	A division of Peermont, trading as Emperors Palace Hotel Casino Convention Resort
FECs	Forward Exchange Contracts
GGR	Gross gaming revenues
Head office	The head office function of Peermont
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg interbank agreed rate
Mmabatho Palms	A division of PGNW, trading as Mmabatho Palms Casino Convention Resort
Mondazur	A division of Peermont, trading as Mondazur Resort Estate Hotel
P or Pula	Botswana Pula, legal tender of the Republic of Botswana
Peermont or the company	Peermont Global Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006340/06)
Peermont group or the group	Peermont and its subsidiaries
PGB	Peermont Global (Botswana) Limited, a public limited liability company incorporated under the laws of the Republic of Botswana (Registration number 95/414), including all operations based in Botswana, namely the Grand Palm Hotel Casino Convention Resort, Mondior Hotel, Metcourt Inn Hotel, the Gaborone International Convention Centre, all in Gaborone, Metcourt Lodge Hotel and Sedibeng Casino in Francistown and Syringa Casino in Selebi-Phikwe
PGEFS or Frontier	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 1997/015805/07)
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 Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2006/006232/06)
PGH III	Peermont Global Holdings III Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2013/013178/06)
PGH IV	Peermont Global Holdings IV Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2013/013176/07)
PGIL	Peermont Global Investments Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 1995/004449/07)
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 and Rio

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)
PGT or Tubatse	Peermont Global (Tubatse) Proprietary Limited, a limited liability company incorporated under the laws of the Republic of South Africa (Registration number 2005/038280/07)
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, that were listed on the Global Exchange Market of the Irish Stock Exchange
PIK Notes Loan	PIK Notes Loan raised by Peermont from the proceeds of an issue of PIK Notes by PGH II
PKZNST	Peermont (KZN) Staff Trust (formerly Umfolozi Staff Trust) (Registration number IT026/2008)
PNWLT	Peermont NW&L Employee Incentive Trust (formerly Tusk Resorts Employee Share Scheme Trust) (Registration number IT4329/01)
PSHST	Peermont Southern Highveld Staff Trust (Registration number IT979/20)
R or Rand	South African Rand, legal tender of the Republic of South Africa
RCF	Revolving Credit Facility
Rio	A division of PGNW, trading as Rio Hotel Casino Convention Resort
SARS	South African Revenue Service
SRSs	Symmetrical Recovery Swaps
SSNs or the notes	The original €520 million 7¾% Senior Secured Notes due 2014, issued on 24 April 2007, that were listed on the Global Exchange Market of the Irish Stock Exchange
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)
US$	United States Dollar, legal tender of the United States of America
VAT	Value added taxation
WCF	Working Capital Facility

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 13 properties, eight in South Africa and five in Botswana. Collectively, these 13 properties offer 3 253 slot machines, 149 gaming tables and 1 632 hotel rooms. Our flagship property is Emperors Palace, which is strategically located in the Johannesburg metropolitan area. In addition to Emperors Palace, our property portfolio includes seven other casino resorts, two standalone casinos and three standalone hotels. Certain of our larger casino resorts also feature convention and other facilities.

Organisational information

The Peermont group consists predominantly of:

- Peermont including the Emperors Palace, Mondazur and the head office management and investment divisions;
- PGNW;
- PGKZN;
- PGLim;
- PGMNW&L;
- PGMKZN;
- PGSH;
- PGB;
- PGEFS;
- PGT; and
- Various other dormant or intermediate holding companies.

The business address of Peermont is Peermont Place, Block 1 Northdowns Office Park, 17 Georgian Crescent West, 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" included on the website, information on our internet website does not form part of this report.

Presentation of financial information

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

The accounting policies of Peermont as set out in the 2013 annual financial statements have been applied consistently.

Capital restructure and debt refinance

The group recently announced that we had successfully completed the recapitalisation and refinancing announced in November 2013 through the issue of new equity and the raising of new debt. The new Rand-denominated debt package totalling R5 225 million facilitated the repayment of the €416,1 million SSNs on 30 April 2014 and associated currency hedges and hedging loans. The new debt package comprises a R4 100 million local six-year senior debt finance package provided by South African banks, supplemented by a R1 125 million six-and-a-half-year Rand-denominated mezzanine debt package provided by certain of the group's existing stakeholders.

Overall debt levels have been further reduced by replacing the deeply subordinated PIK Notes Loan, amounting to approximately R2 457 million, with preference shares in the group at face value and by replacing the deeply subordinated PIK Equity Loan, amounting to approximately R3 910 million, with ordinary shares constituting approximately 71% of the group's ordinary shares.

The new debt and equity package significantly lowers debt-funding costs and eliminates expensive foreign currency hedging. The new capital structure allows for much improved flexibility for the group to pursue further growth opportunities.

To illustrate the impact, unaudited pro forma consolidated financial information for the 12 months ended 31 March 2014 has been prepared as set out in Annexure B of this report.

New group capital and debt structure

Senior debt

On 24 April 2014, Peermont raised R4 100 million in senior debt due 16 April 2020 from South African financial institutions. The senior debt consists of two tranches, Senior facility A of R1 450 million bearing interest at JIBAR plus 4,25% and Senior facility B of R2 650 million bearing interest at JIBAR plus 4,75%. The capital and interest of Senior facility A is repayable in quarterly payments commencing on 30 June 2014. The interest on Senior facility B is payable on a quarterly basis commencing on 30 June 2014 and the capital is payable on 16 April 2020.

New Mezzanine PIK Notes Loan

On 24 April 2014, PGH III, a new 100% holding company in the group, raised a net R1 125 million of new Mezzanine PIK Notes at an on-issue discount of 5%. The proceeds of the new Mezzanine PIK Notes were onlent to PGH IV, which in turn onlent the amount to Peermont in the format of a subordinated shareholder loan. The loan carries a coupon of 16% and interest will roll-up six-monthly.

Preference shares

Effective 1 April 2014, the PGH II group issued new preference shares amounting to R2 437,7 million. The preference shares accrue preference dividends at a rate of 18% p.a. and are classified as equity in the books of PGH II. The proceeds of the preference shares were passed to Peermont in the form of an investment by PGH II in B ordinary shares of PGH III and subsequent investments by PGH III in PGH IV, and by PGH IV in B ordinary shares of Peermont.

Share capital

In April 2014, Peermont issued additional A ordinary share capital amounting to R489,1 million and new B ordinary share stated capital amounting to R2 437,7 million. The ordinary shares of Peermont are 100% owned by its holding company, PGH IV.

Going concern basis of accounting
At 31 March 2014, the group's current liabilities exceeded its current assets and the group was in a shareholder deficit position of R2 786,0 million (2013: R1 906,7 million). The shareholder loans of R6 366,9 million (2013: R5 171,1 million) were deeply subordinated in favour of third parties, and were sufficient to cover the accumulated deficits. Technical insolvency was specifically excluded as an event of default in the various group debt agreements existing at the reporting date.

Following the restructuring and refinancing referred to above, the group has approximately R2 335,7 million in equity and reserves. The new senior debt package includes a new WCF of R250 million from the date of the implementation of the refinancing.

Based on the post restructuring group's equity position, the refinancing of the group debt facilities and current cash flow forecasts of Peermont, management do not foresee any liquidity shortfalls in the foreseeable future and therefore the management accounts have been prepared on a going concern basis.

Management accounts discussed
For the three month period ended 31 March 2014 and the prior year comparative period, we have provided condensed unaudited consolidated financial information which is derived from the condensed unaudited consolidated management accounts 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.

Staff trusts
The boards of trustees of PNWLT, PKZNST and PSHST, 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 assets vesting under the control of the trustees of the trusts and the resulting trust equity is recognised as a liability. Any distributions/dividends are recognised as a reduction to the liability in the period that these are accrued or paid. The existing trust resources of PNWLT, PKZNST and PSHST will be distributed to beneficiaries in due course.

Restructure costs
In the current period the group has incurred costs of approximately R15,0 million for financial and legal advice in connection with the capital restructure process. This brings the total costs incurred to the reporting date to approximately R93,4 million. These costs have been deferred, as the intention is to offset these costs against the capital raised as part of the capital restructure and debt refinancing processes. Total transaction costs on completion of the transaction are expected to be approximately R260 million.

Key income statement items
Revenue
Our revenue consists of gaming revenue, rooms revenue, food and beverage revenue and other revenue. For the year ended 31 December 2013, we generated 77,4% of our total revenue from gaming, 10,0% from rooms, 10,6% from food and beverage and 2,0% 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, from parking and other entrance fees, as well as from rental received on the 152 Bryanston Drive property.

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 the 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, refunds received, prescription income as well as other sundry income.

Operating costs

Our operating costs consist of employee costs; VAT and gaming levies on gross gaming revenues; promotions and marketing costs; depreciation and amortisation; property and equipment rentals; property costs; consumables and services; and other operational costs. These represented 29,9%, 21,5%, 8,0%, 12,2%, 1,3%, 5,1%, 15,0% and 7,0%, of total operating costs, respectively, for the year ended 31 December 2013.

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 and marketing costs consist primarily of costs associated with all complementary 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.

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 management accounts included in Annexure A of this report.

Income statement data for the three months ended 31 March	**(unaudited)** **2014** **R'm**	% change	(unaudited) 2013 R'm
Revenue	**756,1**	2,2	739,6
Gaming	**595,3**	1,7	585,6
Rooms	**73,4**	5,2	69,8
Food and beverage	**73,0**	7,2	68,1
Other	**14,4**	(10,6)	16,1
Other income	**0,1**	(85,7)	0,7
Operating costs	**(561,4)**	(5,6)	(531,8)
Employee costs	**(170,3)**	(3,2)	(165,0)
VAT and gaming levies on gross gaming revenues	**(117,7)**	(0,4)	(117,2)
Promotions and marketing costs	**(46,3)**	(16,3)	(39,8)
Depreciation and amortisation	**(66,4)**	(3,4)	(64,2)
Property and equipment rentals	**(7,5)**	(7,1)	(7,0)
Property costs	**(28,0)**	(9,8)	(25,5)
Consumables and services	**(81,5)**	(10,4)	(73,8)
Other operational costs	**(43,7)**	(11,2)	(39,3)
Operating profit before net finance expenses	**194,8**	(6,6)	208,5
Finance income	**32,9**	(84,7)	214,8
Finance expenses	**(520,3)**	26,4	(707,3)
Loss before taxation	**(292,6)**	(3,0)	(284,0)
Taxation	**54,2**	(13,8)	62,9
Loss for the period	**(238,4)**	(7,8)	(221,1)
Attributable to:			
Equity holders of Peermont	**(234,9)**		(223,8)
Non-controlling interests	**(3,5)**		2,7
	(238,4)		(221,1)
EBITDA[1] reconciliation			
Operating profit	**194,8**		208,5
Add: Depreciation and amortisation	**66,4**		64,2
EBITDA	**261,2**	(4,2)	272,7
Add: Rental charges	**7,5**		7,0
EBITDAR[1]	**268,7**	(3,9)	279,7
EBITDA margin	**34,5%**		36,9%
EBITDAR margin	**35,5%**		37,8%

[1] *We define EBITDA as earnings before interest, taxation, depreciation, amortisation and other non-cash items. EBITDAR is EBITDA before rental payments. Non-recurring transaction costs will be excluded from EBITDAR once accounted for. We believe that EBITDAR 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, EBITDAR 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. EBITDAR is not an IFRS measure and you should not consider EBITDAR 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 EBITDAR is not a uniform or standardised measure and the calculation of EBITDAR, accordingly, may vary significantly from entity to entity, and by itself our presentation and calculation of EBITDAR may not be comparable to that of other companies/groups. A reconciliation of EBITDAR to operating profit for the three months ended 31 March 2014 and 31 March 2013 is provided above.*

Commentary on the results for the period

The three months ended 31 March 2014 (unaudited) compared to the three months ended 31 March 2013 (unaudited)

Overview

In the first quarter of 2014, group revenue increased by 2,2% from R739,6 million to R756,1 million. Gaming revenue increased by 1,7% to R595,3 million while hotel and resort revenue increased by 4,4% to R160,8 million. As previously reported, gaming revenue in the first quarter of 2013 was boosted significantly due to certain foreign tables players visiting the Emperors Palace resort during and after the African Cup of Nations football tournament hosted in South Africa in January and February 2013. On a comparable basis gaming revenue increased by 11,1%.

Cash costs were well managed and increased by 5,9%; however, due to the high revenue and EBITDA base in the prior year, EBITDA decreased by 4,2% from R272,7 million to R261,2 million. On a comparable basis, EBITDA increased by 11,1%.

Emperors Palace achieved overall revenue growth of 1,5% from the enhanced prior year amount of R485,8 million to R493,3 million. Gaming revenue at Emperors Palace increased by 1,5% and the resort's market share for the quarter was 25,3%. The diluted growth in revenue at Emperors Palace combined with an increase in cash costs of 6,0%, translated into a 6,5% decrease in Emperors Palace EBITDA from R175,9 million to R164,5 million. The balance of our operations generated revenue growth of 3,5% and the moderate growth coupled with inevitable cost increases resulted in flat EBITDA for these operations.

Revenue

Group revenue increased by 2,2% from R739,6 million for the three months ended March 2013 to R756,1 million for the three months ended March 2014. Emperors Palace revenues increased by 1,5%, building on an exceptional first quarter in the prior year. Our Botswana operations grew revenue by 4,5% in Pula terms and our Mmabatho Palms and Khoroni properties produced satisfactory revenue growth of 7,9% and 6,2% respectively.

Gaming revenue growth was diluted by the strong performance of Emperors Palace in the prior year and increased by 1,7% from R585,6 million in the quarter ended March 2013 to R595,3 million in the first quarter of 2014.

Hotel and resort revenue increased by 4,4% as compared to the corresponding three months in the prior year. Rooms revenue increased by 5,2% to R73,4 million and food and beverage revenues increased by 7,2% to R73,0 million. The growth in rooms revenue was driven by improved average rooms rates while overall room occupancies for the group for the three months were slightly lower at 70,1% as compared to 71,2% for the same period in the prior year.

Operating costs

Operating costs for the three months ended March 2014 were R561,4 million, an increase of R29,6 million or 5,6% from R531,8 million for the three months ended March 2013. Cash costs increased by 5,9% as compared to the same period in 2013.

Employee costs increased by 3,2%, principally as a result of annual salary increases, and the low growth in gaming revenue resulted gaming taxes increasing by only 0,4%. Consumables and services costs increased by 10,4% overall, largely driven by growth in hotel and resort revenue. Promotions and marketing costs increased by 16,3% driven by an increase in complementary spend in line with the adjusted growth in gaming revenue. Other operational costs increased by R4,4 million or 11,2%, including legal fees amounting to R1,5 million incurred on our objection to the relocation of the Morula Sun Casino to the Menlyn Maine complex in Pretoria as well as buildings repairs and maintenance costs amounting to R1,3 million incurred to support the roof of the Centre Court at Emperors Palace.

The depreciation and amortisation charge for the quarter ended 31 March 2014 was R66,4 million, an increase of R2,2 million or 3,4% from R64,2 million for the three months ended 31 March 2013.

Operating profit before net finance expenses

The resulting operating profit was R194,8 million, 6,6% below the prior period profit of R208,5 million.

EBITDA
As a result of the 2,2% increase in revenue and the 5,9% increase in cash costs, EBITDA decreased by 4,2% from R272,7 million to R261,2 million for the quarter to March 2014. The group EBITDA margin was 34,5% for the current quarter as compared to 36,9% for the first quarter of 2013.

Finance income
Finance income for the three months ended 31 March 2014 was R32,9 million, a decrease of R181,9 million from the prior period. The variance to the prior period arose mainly due to the lower unrealised gain of R21,7 million on the SRSs to hedge the SSN liability and related coupon payments as compared to the gain of R209,4 million for the prior year period.

Finance expenses
Finance expenses at R520,3 million reflected a decrease of R187,0 million from the prior period charge of R707,3 million. The variance to the prior year was mainly due to the lower foreign exchange loss on the restatement of the SSN liability of R17,6 million as compared to the loss of R290,4 million recorded in the prior year, partially offset by increased interest payable on the SSNs and the deeply subordinated shareholder loans.

Taxation
The taxation and deferred taxation credit of R54,2 million relates mainly to 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 R238,4 million as compared to the prior period loss of R221,1 million.

Operations

Emperors Palace
Revenue at Emperors Palace increased by 1,5% to R493,3 million as compared to R485,8 million in the same period of the prior year.

GGR increased by 1,5% to R416,4 million. This growth was attained over and above the exceptional prior year revenue which was inflated by certain foreign tables players visiting the Emperors Palace resort during and after the African Cup of Nations football tournament. On a comparable basis, GGR increased by 15,6%. Our market share, based on actual gaming levies paid by casinos in Gauteng on weekly gaming revenues was 25,3%, slightly below the six-year record level of 25,9% achieved in the first quarter of 2013.

Hotel and resort revenues for the quarter increased by 1,7% to R76,9 million as compared to the prior year period. Rooms revenue increased by 10,0% to R37,3 million driven by an 8,6% increase in average room rates. The overall complex rooms occupancies were 82,7%, increasing from 81,3% in the quarter to March 2013. The growth in rooms revenue was partially offset by a 2,0% decrease in food and beverage revenue resulting from conferences and events which had to be cancelled or postponed while undertaking structural repairs to support the roof of the main Centre Court conference venue.

Cash costs increased by 6,0% to R328,8 million for the quarter. Employee costs increased by 3,6% and VAT and gaming levies were relatively flat in line with the GGR performance. Consumables and services included fees incurred for purposes of the World Poker Tournament Alpha8 event hosted at the resort in January and February 2014 and increased by 7,6%. Promotions and marketing costs increased by 17,5% driven largely by an increase in complementary spend in line with the comparable growth in underlying gaming revenue. Other operational costs increased by R5,3 million or 11,4% including R1,5 million in legal fees relating to our objection to the relocation of the Morula Sun casino to the Menlyn Maine complex in Pretoria as well as R1,3 million in repairs and maintenance costs incurred to support the roof of the Centre Court.

EBITDA at Emperors Palace decreased by 6,5% to R164,5 million. The decline in EBITDA can be attributed to the exceptional performance in the prior year during and after the African Cup of Nations. The compound annual growth rate of 8,9% in revenue and 8,2% in EBITDA respectively from the first quarter of 2012 to the first quarter of 2014 reflects the overall performance of Emperors Palace excluding the boost to performance in the first quarter of 2013. The EBITDA margin for the quarter was 33,3% as compared to 36,2% for the prior year quarter and 33,7% for the same period in 2012.

Botswana

The Botswana revenue in Pula terms increased by 4,5% from P55,7 million (R62,9 million) for the three months ended 31 March 2013 to P58,2 million (R71,5 million) for the same period in 2014. Gaming revenues decreased by 1,2% in Pula terms as compared to the prior period. Growth of 3,1% in slots revenue was more than offset by a 8,3% decline in tables revenue. Gaming revenue at the Grand Palm remains sensitive to the playing patterns of high-end players. GGR for the 12 months to March 2014 has increased by 12,6% in Pula terms as compared to the preceding 12 months. The resort continues to focus on enhancing and personalising the gaming experience of these top players through its ongoing relationship management programme.

Hotel and resort revenue increased by 9,0% to P34,0 million (R41,8 million) driven by good growth of 21,9% in food and beverage revenue. Although the Metcourt Francistown hotel is performing beyond expectations, revenue from the Gaborone-based hotels remain constrained due to the increased supply of rooms in the Gaborone market and overall rooms revenue decreased slightly from P16,8 million to P16,5 million for the quarter.

Cash costs increased by 7,0% as compared to the same quarter in 2013. Consumables and services costs increased by 18,9%, driven by the growth in food and beverage revenue. The balance of cash costs were well controlled and increased by 3,6% for the quarter.

EBITDA decreased in Pula terms by 3,9% to P12,2 million (R15,0 million) from P12,7 million (R14,4 million) for the prior year quarter. The EBITDA margin for the quarter was 21,0% (2013: 22,9%). Due to the strengthening of the Pula against the Rand from an average of R1,13/P1 in the first quarter of 2013 to R1,23/P1 in the first quarter of 2014, revenue and EBITDA growth for the quarter are more favourable in Rand terms at 13,7% and 4,2%, respectively.

Graceland

Revenue at Graceland declined by 2,6% from R42,5 million to R41,4 million. GGR decreased by 1,3% to R31,1 million from R31,5 million earned in the first quarter of 2013. Slots revenue, which accounts for well over 80% of the gaming revenue at Graceland, remained relatively flat and tables revenue declined by 10,6% for the quarter, mainly due to decreased activity and hold percentages on the Black Jack and Poker tables. Hotel and resort revenue decreased by 6,4% as a result of a decrease in occupancy and the number of functions from corporate and government business customers due to increased competition from new entertainment offerings in the region.

The increase in cash costs was limited to 2,4% as compared to the same quarter in the prior period; however, due to the decline in revenue, EBITDA declined by 13,5% from R13,3 million to R11,5 million and the EBITDA margin decreased from 31,3% to 27,8%.

Umfolozi

Revenue at Umfolozi was relatively flat at R39,8 million as compared to R40,0 million in the first quarter of 2013, a decrease of 0,5%. GGR decreased by 2,5% to R35,7 million due a decline in slots activity driven by a handful of high-end players. The decrease in gaming revenue was largely offset by hotel and resort revenue which increased by an encouraging 20,6% to R4,1 million for the quarter driven by growth in both rooms and food and beverage revenues resulting from an increase in groups and conventions business.

The increase in cash costs was limited to 3,7%; however, EBITDA at R12,0 million was 9,8% below the prior period quarter due to the decline in gaming revenue. The EBITDA margin decreased to 30,2% as compared to 33,3% for the same period in 2013.

Rio

Revenue at Rio for the first quarter of 2014 increased by 3,8% to R41,1 million as compared to R39,6 million for the same period in 2013. The performance for the quarter was negatively affected by the continuing weakness in the mining sector in Klerksdorp and surrounding areas. GGR increased by 3,5% to R35,7 million, driven by steady growth in both slots and tables revenue. Hotel and resort revenue increased to R5,4 million from R5,1 million for the same period. Food and beverage revenue grew by 20,0%, mostly as a result of the opening of the new Moo Bar late in 2013. The growth in food and beverage revenue was partially offset by a decline in rooms revenue as a result of a lack of groups and conventions business in the current period.

Cash costs at R27,7 million increased by 7,8% from R25,7 million in the comparable prior year period, including the increased employee and consumables costs associated with the new restaurant and bar. EBITDA at R13,4 million was 4,3% below the comparable period and the EBITDA margin decreased to 32,6% (2013: 35,4%).

Mmabatho Palms

The resort generated total revenue of R26,0 million for the quarter, representing growth of 7,9% as compared to the same period in 2013. GGR increased by 8,0% to R17,5 million driven by increased activity on the American Roulette tables, as well as improved hold percentages on slots. Hotel and resort revenues increased by 7,6% to R8,5 million for the quarter, mostly due to increased food and beverage revenue, especially in the banqueting business. Rooms occupancy at the resort was negatively affected by renovations being conducted on certain rooms and low levels of government business. Consequently rooms revenue was relatively flat for the quarter.

Cash costs increased by 9,8% to R22,4 million, boosted by additional staff costs incurred in the form of increased casual wages attributable to the growth in banqueting business, as well as additional performance bonuses paid with regards to the 2013 financial year. EBITDA for the quarter was flat at R3,6 million and the EBITDA margin decreased to 13,8% (2013: 15,4%).

Khoroni

Khoroni generated revenues of R25,8 million, an increase of 6,2% as compared to prior year revenues of R24,3 million. GGR for the quarter increased by 7,3% to R19,2 million driven by increased activity on slots and hotel and resort revenue increased by 3,1% to R6,6 million.

Cash costs increased by 6,9% from R17,3 million to R18,5 million. The increase as compared to the same quarter in 2013 is mainly attributable to normal salary increases and increased VAT and gaming levies attributable to the growth in GGR. EBITDA at R7,3 million was 4,3% above the prior year quarter. The EBITDA margin decreased slightly to 28,3% (2013: 28,8%).

Frontier

Revenue at Frontier decreased from R13,2 million to R12,1 million. While hotel and resort revenue was largely flat, GGR decreased by 9,0% from R11,1 million to R10,1 million. The property experienced a disappointing quarter as regards its performance on slots. No anomalies have been identified to cause the decline in slots revenue for the quarter which is largely attributable to a decreased average hold percentage. Due to the relatively small size of the Frontier Inn casino, gaming revenue tends to be more volatile than at our larger properties. Over the 12 months to March 2014 GGR increased by 6,3% as compared to the preceding 12 months.

Cash costs for the quarter were largely managed at prior year levels and decreased slightly from R10,7 million to R10,4 million. EBITDA was impacted by the decrease in revenue and at R1,7 million was R0,8 million below the R2,5 million reported in the prior period quarter. The EBITDA margin decreased from 18,9% to 14,0%.

Head office and management companies

Head office revenue increased by 0,8% from R48,8 million to R49,2 million. The head office revenues mainly consist of the management, administration and incentive fees received from the operating units. The low increase in revenue can be attributed in large part to the operating profits of the operating units on which the variable portion of the management fees is based.

Head office EBITDA increased by 13,9% from R29,4 million in 2013 to R33,5 million in the current quarter. In the prior year, cash costs for the quarter included R2,2 million relating to an accrual for executive remuneration, resulting in higher growth in EBITDA in this quarter. On a comparable basis EBITDA increased by 6,0%.

Cash flows

The following table sets out our condensed unaudited consolidated cash flows for the three months ended 31 March 2014 and 2013:

Cash flow data for the three months ended 31 March	**(unaudited)** **2014** **R'm**	(unaudited) 2013 R'm
Cash inflows from operating activities	**199,4**	248,5
Finance income received	**11,2**	5,2
Finance expenses paid	**(11,7)**	(6,6)
Taxation paid	**(4,9)**	(4,3)
Net cash inflows from operating activities	**194,0**	242,8
Cash outflows from investing activities	**(38,4)**	(69,4)
Cash outflows from financing activities	**(11,4)**	(12,9)
Net increase in cash and cash equivalents	**144,2**	160,5

Cash inflows from operating activities

Cash inflows from operating activities for the period were R199,4 million compared to R248,5 million for the period ended 31 March 2013. The decrease in cash inflows resulted from increased working capital outflows in the three months to March 2014 as compared to the same period of 2013. These movements included increased deferred financial and legal expenses in connection with the capital restructure and refinancing process, resulting in a net working capital increase of R13,9 million in the current quarter as compared to a minimal amount in the prior year period. A reduction in accruals further increased the working capital cash usage in the three months to March 2014 as compared to the prior period. In addition, the cash inflows in the prior year quarter include the realisation of a R10,3 million receivable relating to the disposal of the Mmabatho staff complex in December 2012.

Finance income received

This consists mainly of interest received on cash deposits at financial institutions which has increased in comparison to the prior period. The increase is attributable to increased net cash balances on hand.

Finance expenses paid

This is made up of hedged interest paid on the borrowings by head office and PGEFS. No cash flows related to the deeply subordinated shareholder loans, the deferred hedging loan and the SSNs took place during the quarters.

Taxation paid

The group made certain taxation payments in the ordinary course of business and certain of the subsidiaries, such as PGSH, PGB and PGMKZN will continue to incur taxation cash flows.

Cash outflows from investing activities

The net cash outflow from investing activities for the three months was R38,4 million. This includes net replacement capital expenditure of R28,9 million and expansion capital expenditure of R12,1 million, the details of which are presented later in this report under the heading "Capital expenditures".

Cash outflows from financing activities

Net cash outflows from financing activities for the period amounted to R11,4 million. This consisted mainly of the scheduled redemption of debt by group companies of R2,2 million and dividends paid to non-controlling shareholders of R9,3 million.

Cash and cash equivalents

At 31 March 2014 the group was in a net positive cash position of R233,8 million. There was no cash utilisation of the RCF on the reporting date. Details of R117,8 million cash not available to the group for third party flows are presented later in the report.

Capital expenditures

Our net capital expenditures in the three months ended 31 March 2014 and 2013, were R41,0 million and R69,6 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 ("replacement 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 replacement capital expenditures in the three months ended March 2014 and 2013 were R28,9 million and R68,2 million, representing approximately 3,8% and 9,2% of total revenue, respectively. This expenditure consisted of approximately R9,2 million spent on slots replacement throughout the group; R2,7 million on computer software and equipment on installation of the new gaming system; and the balance on normal replacement capital expenditure. In 2013 our replacement capital expenditure consisted of approximately R9,2 million spent on slots replacement throughout the group; R47,2 million on computer software and equipment on installation of the new gaming system; P1,1 million (R1,2 million) relating to refurbishment at the Metcourt Hotel in Francistown and the Grand Palm in Gaborone, and the balance on normal replacement capital expenditure.

Our expansion capital expenditure for the three months ended March 2014 was R12,1 million relating to construction of the Thaba Moshate Casino Resort in Burgersfort. Our expansion capital expenditure for the three months ended March 2013 was R1,4 million spent on the Club Floor Lounge at Emperors Palace and the Chinese restaurant and spa at the Grand Palm Resort.

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 of R425,0 million was available until 25 April. The new WCF of R250 million became available on the same date.

At 31 March 2014, of the R425,0 million available under our RCF for working capital and general corporate purposes, R170,0 million of the facility had been utilised for the forward starting interest rate swaps to hedge the interest rate exposure on the new senior debt facilities under the revised group debt structure and a further R60,0 million to provide guarantees to various gambling boards and financial institutions. Cash held of R117,8 million included in the reported balance of R236,6 million but not available to the group consisted of approximately R40,0 million required for operational and cash floats, R30,2 million held on behalf of trust beneficiaries and R47,6 million reserved for community infrastructure development in terms of bid commitments at Emperors Palace. After adjustment for the above, capacity of R195,0 million under the RCF and cash of R118,8 million was available for group requirements at 31 March 2014.

Contingent liabilities

Taxation

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

Events subsequent to quarter end

Please refer to the details regarding the recently completed recapitalisation and refinancing of the company and group's equity and debt structures which are presented earlier in this report.

No other 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$.

Currency translation effects occur due to the fact that our Botswana company earned all of its revenue in Pula and also prepared its financial statements in this currency. For group consolidation purposes these financial statements are translated to Rand, the group's reporting currency. In 2013 we earned 9,9% of our revenue and incurred approximately 11,1% of our total costs in Pula. We do not hedge this exposure.

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

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

	Average rate for 3 months		**Closing spot rate**	
	2014	2013	**2014**	2013
Euro/Rand	**14,87**	11,81	**14,51**	11,81
Pula/Rand	**1,23**	1,13	**1,23**	1,15

Interest rate risk

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

On 24 April 2014, as part of the group capital restructure and debt refinance, Peermont raised R4 100 million in senior debt due 16 April 2020 from South African financial institutions. The senior debt consists of two tranches, Senior facility A of R1 450 million bearing interest at JIBAR plus 4,25% and Senior facility B of R2 650 million bearing interest at JIBAR plus 4,75%. In December 2013, the group entered into a forward starting interest rate swap agreement to hedge approximately 50% of this interest rate exposure at an average of 7,6397% plus margin.

Critical accounting policies and use of estimates

The preparation of our management accounts 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, which were consistently applied, and significant estimates made were set out in our audited annual financial statements for the year ended 31 December 2013. Please refer to these for more detail.

New accounting interpretations issued and not yet effective

Management has evaluated the effect of all new standards, amendments and interpretations that have been issued prior to the date of this report, which would be effective for the group's accounting period on or after 1 April 2014. 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

Thaba Moshate Hotel Casino and Convention Resort

The construction of the Thaba Moshate Resort continues on schedule. To date, Peermont has invested approximately R40,7 million in this project, including R21,5 million in respect of land and infrastructure costs. The overall construction cost is currently estimated at R325 million. It is currently estimated that the project will be completed toward the end of the first quarter of 2015.

152 Bryanston Drive offices

The sale of these premises is subject to municipal approval of the rezoning of the property, expected in the second quarter of 2014. The net proceeds of R48 million plus escalation of 6% since 1 July 2012 will be used, inter alia, to settle the outstanding mortgage liability of approximately R22,9 million as at 31 March 2014.

Malawi management contract

We are pleased to announce the signing of a management contract, subject to the completion of certain conditions precedent, for the five star President Hotel, the Bingu International Convention Centre and the Presidential Village in Lilongwe, Malawi. Some of our senior executives and a technical inspection team visited the property and, although some work is still required to complete the facilities before opening, are satisfied with the quality of the assets. The process is expected to take several months, following which we will be in a position to make further announcements. We believe that this Malawi opportunity will fit comfortably into our existing property portfolio.

Annexure A

CONDENSED UNAUDITED CONSOLIDATED MANAGEMENT ACCOUNTS OF
Peermont Global Limited and its subsidiaries
for the three months ended 31 March 2014

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Group income statement

for the three months ended 31 March

	Note	2014 R'm	2013 R'm
Revenue		**756,1**	739,6
Gaming		**595,3**	585,6
Rooms		**73,4**	69,8
Food and beverage		**73,0**	68,1
Other		**14,4**	16,1
Other income	1	**0,1**	0,7
		756,2	740,3
Operating costs		**(561,4)**	(531,8)
Employee costs		**(170,3)**	(165,0)
VAT and gaming levies on gross gaming revenue		**(117,7)**	(117,2)
Promotions and marketing		**(46,3)**	(39,8)
Depreciation and amortisation		**(66,4)**	(64,2)
Property and equipment rentals		**(7,5)**	(7,0)
Property costs		**(28,0)**	(25,5)
Consumables and services		**(81,5)**	(73,8)
Other operational costs		**(43,7)**	(39,3)
Operating profit before net finance expenses		**194,8**	208,5
Net finance expenses		**(487,4)**	(492,5)
Finance income	2	**32,9**	214,8
Finance expenses	2	**(520,3)**	(707,3)
Loss before taxation		**(292,6)**	(284,0)
Taxation		**54,2**	62,9
Loss for the period		**(238,4)**	(221,1)
Attributable to:			
Equity holders of Peermont		**(234,9)**	(223,8)
Non-controlling interests		**(3,5)**	2,7
		(238,4)	(221,1)

Group statement of comprehensive income

for the three months ended 31 March

Loss for the period	**(238,4)**	(221,1)
Other comprehensive income		
Items that are or may be reclassified to profit or loss		
Exchange differences on translating foreign operations	**0,6**	2,5
Total comprehensive income for the period	**(237,8)**	(218,6)
Attributable to:		
Equity holders of Peermont	**(234,5)**	(222,3)
Non-controlling interests	**(3,3)**	3,7
	(237,8)	(218,6)

Group statement of financial position

at 31 March

	Note	2014 R'm	2013 R'm
Assets			
Total non-current assets		**8 699,2**	9 316,8
Property, plant and equipment	3	**4 052,6**	4 156,6
Intangible assets	4	**4 619,2**	4 585,4
Investments		**1,3**	3,6
Loans and receivables		**0,3**	0,6
Derivative instruments		**16,5**	558,6
Deferred taxation assets		**9,3**	12,0
Total current assets		**2 112,6**	490,0
Non-current asset held for sale		**36,6**	36,6
Inventories		**59,3**	54,5
Trade and other receivables		**176,0**	129,7
Amounts due by related parties		**60,0**	43,2
Loans and receivables		**0,5**	0,6
Current portion of derivative instruments		**1 538,1**	—
Taxation receivable		**5,5**	6,2
Cash and cash equivalents		**236,6**	219,2
Total assets		**10 811,8**	9 806,8
Equity and liabilities			
Equity			
Capital and reserves		**(2 833,3)**	(1 999,7)
Non-controlling interests		**47,3**	93,0
Total equity		**(2 786,0)**	(1 906,7)
Total non-current liabilities		**6 928,1**	10 812,7
Interest-bearing long-term borrowings	5	**6 769,3**	10 393,7
Amounts due to related parties		**22,1**	27,6
Deferred taxation liabilities		**136,7**	391,4
Total current liabilities		**6 669,7**	900,8
Trade and other payables		**340,1**	339,6
Current portion of derivative instruments		**25,6**	323,5
Bank overdraft		**2,8**	3,6
Current portion of interest-bearing long-term borrowings	5	**6 282,4**	212,4
Amounts due to related parties		**15,9**	19,3
Taxation payable		**2,9**	2,4
Total equity and liabilities		**10 811,8**	9 806,8

Group statement of changes in equity

for the three months ended 31 March

	Share capital R'm	Share premium R'm	Translation reserve R'm	Accumu-lated loss R'm	Capital and reserves R'm	Non-controlling interests R'm	Total equity R'm
Balance at 1 January 2013	0,2	381,0	(4,6)	(2 153,5)	(1 776,9)	101,7	(1 675,2)
Total comprehensive income for the period							
Loss for the period	—	—	—	(223,8)	(223,8)	2,7	(221,1)
Other comprehensive income	—	—	1,5	—	1,5	1,0	2,5
Transactions with owners accounted directly in equity							
Redemption of PGB preference shares	—	—	—	—	—	(11,3)	(11,3)
Adjustment to non-controlling interest	—	—	—	(0,5)	(0,5)	0,5	—
Dividends paid	—	—	—	—	—	(1,6)	(1,6)
Balance at 31 March 2013	0,2	381,0	(3,1)	(2 377,8)	(1 999,7)	93,0	(1 906,7)
Balance at 1 January 2014	0,2	381,0	3,2	(2 983,2)	(2 598,8)	59,9	(2 538,9)
Total comprehensive income for the period							
Loss for the period	**—**	**—**	**—**	**(234,9)**	**(234,9)**	**(3,5)**	**(238,4)**
Other comprehensive income	**—**	**—**	**0,4**	**—**	**0,4**	**0,2**	**0,6**
Transactions with owners accounted directly in equity							
Dividends paid	**—**	**—**	**—**	**—**	**—**	**(9,3)**	**(9,3)**
Balance at 31 March 2014	**0,2**	**381,0**	**3,6**	**(3 218,1)**	**(2 833,3)**	**47,3**	**(2 786,0)**

Group statement of cash flows

for the three months ended 31 March

	2014 R'm	2013 R'm
Cash inflows from operating activities	**199,4**	248,5
Finance income received	**11,2**	5,2
Finance expenses paid	**(11,7)**	(6,6)
Taxation paid	**(4,9)**	(4,3)
Net cash inflows from operating activities	**194,0**	242,8
Cash outflows from investing activities	**(38,4)**	(69,4)
Replacement of property, plant and equipment to maintain operations	**(28,5)**	(67,5)
Acquisition of property, plant and equipment to expand operations	**(12,1)**	(1,4)
Replacement of intangible assets to maintain operations	**(0,4)**	(0,8)
Redemption of investment in preference shares	**2,5**	—
Enterprise development loans receivable repaid	**0,1**	0,2
Proceeds on disposal of property, plant and equipment	*	0,1
Cash outflows from financing activities	**(11,4)**	(12,9)
Dividends paid to non-controlling interests	**(9,3)**	(0,2)
Interest-bearing long-term borrowings repaid	**(2,2)**	(2,1)
Decrease in non-current amounts due to related parties	**0,1**	0,7
Redemption of PGB preference shares – non-controlling interest	**—**	(11,3)
Net increase in cash and cash equivalents	**144,2**	160,5
Cash and cash equivalents at the beginning of the period	**89,6**	54,4
Effect of exchange rate fluctuations on cash held	*	0,7
Cash and cash equivalents at the end of the period	**233,8**	215,6

**Less than R50 000.*

Notes to the group management accounts

for the three months ended 31 March

		2014 R'm	2013 R'm
1.	**Other income**		
	Refunds received	**0,1**	0,3
	Insurance claims received	*	0,3
	Profit on disposal of property, plant and equipment	*	0,1
		0,1	0,7
2.	**Net finance expenses**		
	Foreign exchange gain on SRSs to hedge SSN liability and related coupon payments	**21,7**	209,4
	Interest received	**11,0**	4,2
	Foreign exchange gains – realised	**0,2**	1,1
	Interest accrued on preference shares	*	0,1
	Finance income	**32,9**	214,8
	Interest payable – deeply subordinated PIK Equity Loan	**(192,5)**	(182,0)
	Interest payable – SSNs	**(152,0)**	(119,7)
	Interest payable – deeply subordinated PIK Notes Loan	**(111,4)**	(92,4)
	Fair value loss on interest rate swap	**(20,7)**	—
	Foreign exchange loss on restatement of SSN liability	**(17,6)**	(290,4)
	Interest payable – deferred hedging loan	**(14,5)**	(14,8)
	Other interest paid	**(11,6)**	(6,9)
	Preference dividends paid to non-controlling interest	**—**	(1,1)
	Finance expenses	**(520,3)**	(707,3)

**Less than R50 000.*

Notes to the group management accounts

for the three months ended 31 March (continued)

3. Property, plant and equipment

	Cost R'm	Accumulated depreciation R'm	Carrying value R'm
31 March 2014			
Land	**199,4**	**—**	**199,4**
Freehold buildings	**3 941,7**	**(690,1)**	**3 251,6**
Leasehold buildings and improvements	**232,2**	**(45,0)**	**187,2**
Furniture, fittings and equipment	**1 124,4**	**(741,4)**	**383,0**
Capital work in progress	**31,4**	—	**31,4**
	5 529,1	**(1 476,5)**	**4 052,6**
31 March 2013			
Land	194,4	—	194,4
Freehold buildings	3 923,9	(578,7)	3 345,2
Leasehold buildings and improvements	220,9	(34,3)	186,6
Furniture, fittings and equipment	975,7	(623,8)	351,9
Capital work in progress	78,5	—	78,5
	5 393,4	(1 236,8)	4 156,6

	2014 R'm	2013 R'm
Land and freehold buildings comprise the following properties:		
– Stand 64, Jones Road and Erf 569, Jet Park Extension 28, Gauteng	**2 771,0**	2 843,0
– 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 Extension 16; and Erf 5869 Secunda Extension 16, Mpumalanga	**258,2**	263,8
– Erven 995 and 996, Meiringspark Extension 8, Klerksdorp and Portion 605 (portion of Portion 604) of the farm Townlands, Klerksdorp, North West	**153,6**	156,6
– Portion 1 of Erf 113, Kuleka, Empangeni, KwaZulu-Natal	**81,7**	79,9
– Erf 20, Thohoyandou – D, Venda, Limpopo	**60,4**	62,0
– Portion 152 of the farm Pretoriuskloof, Johan Blignaut Drive, Bethlehem, Free State	**55,8**	55,7
– Erf 101 San Lameer, Registration Division ET, KwaZulu-Natal	**29,8**	38,4
– Erven 8311 to 8320 of Burgersfort Extension 46, Limpopo	**21,5**	21,5
– Lot 16145 and 16147, Francistown, Botswana	**19,0**	18,7
	3 451,0	3 539,6

Notes to the group management accounts

for the three months ended 31 March (continued)

4. Intangible assets

	Cost R'm	Accumulated amortisation R'm	Carrying value R'm
31 March 2014			
Goodwill	**1 385,3**	**(2,8)**	**1 382,5**
Casino licences	**2 797,9**	**(2,7)**	**2 795,2**
Management contracts	**382,4**	**—**	**382,4**
Trademarks	**20,0**	**—**	**20,0**
Computer software	**70,9**	**(31,8)**	**39,1**
Franchise costs	**6,6**	**(6,6)**	**—**
	4 663,1	**(43,9)**	**4 619,2**
31 March 2013			
Goodwill	1 385,3	(2,8)	1 382,5
Casino licences	2 797,7	(2,5)	2 795,2
Management contracts	382,4	—	382,4
Trademarks	20,0	—	20,0
Computer software	26,3	(21,1)	5,2
Franchise costs	6,3	(6,2)	0,1
	4 618,0	(32,6)	4 585,4

5. Interest-bearing long-term borrowings

	2014 R'm	2013 R'm
South African – secured		
Deferred hedging loan	**425,0**	425,2
Nedbank property loan	**22,9**	26,7
ABSA term loan – PGEFS	**7,3**	12,1
South African – unsecured		
Deeply subordinated shareholder loans	**6 366,9**	5 171,1
Foreign – secured		
SSNs	**6 229,6**	4 971,0
Total interest-bearing long-term borrowings	**13 051,7**	10 606,1
Less: current portion included in current liabilities	**(6 282,4)**	(212,4)
– Nedbank property loan related to non-current asset held for sale	**(22,9)**	(26,7)
– Current portions of other borrowings	**(6 259,5)**	(185,7)
	6 769,3	10 393,7

Notes to the group management accounts

for the three months ended 31 March (continued)

6. Segment analysis

	Revenue 2014 R'm	Revenue 2013 R'm	**EBITDA 2014 R'm**	EBITDA 2013 R'm
Emperors Palace	**493,3**	485,8	**164,5**	175,9
Botswana#	**71,5**	62,9	**15,0**	14,4
Head office	**49,2**	48,8	**33,5**	29,4
Graceland	**41,4**	42,5	**11,5**	13,3
Rio	**41,1**	39,6	**13,4**	14,0
Umfolozi	**39,8**	40,0	**12,0**	13,3
Mmabatho Palms	**26,0**	24,1	**3,6**	3,7
Khoroni	**25,8**	24,3	**7,3**	7,0
Frontier	**12,1**	13,2	**1,7**	2,5
Other	**3,9**	6,2	**(1,3)**	(0,8)
Inter-company	**(48,0)**	(47,8)	**—**	—
Peermont group total	**756,1**	739,6	**261,2**	272,7

#Average exchange rate (Rand/Pula) R1,23:P1 (2013: R1,13:P1) for the three months applied to the revenue and EBITDA figures.

Annexure B

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF
Peermont Global Limited and its subsidiaries
for the 12 months ended 31 March 2014

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Basis of preparation

The Peermont group recently announced that it had successfully completed the recapitalisation and refinancing announced in November 2013 through the issue of new equity and the raising of new debt, details of which are presented in the main document.

Accordingly, summarised unaudited pro forma consolidated financial information for the 12 months ended 31 March 2014 are presented based on the actual consolidated management accounts of the group, prepared in accordance with IFRS, adjusted to reflect the following transactions:

- Settlement of the SSNs, the deferred hedging loan and all related foreign exchange hedges
- Raising of the new senior debt facilities and a new Mezzanine PIK Notes Loan
- Issuing by Peermont of additional A ordinary shares in settlement of the deeply subordinated PIK Equity Loan and the resultant impacts thereof
- Issuing by Peermont of new B ordinary shares in settlement of the deeply subordinated PIK Notes Loan
- Pro forma estimated interest accrued as well as estimated interest and capital repayments on the new debt facilities for a 12 month period

The unaudited pro forma consolidated income statement for the 12 months ended 31 March 2014 gives pro forma effect to the above transactions as if these had occurred 12 months prior to the reporting date. The unaudited pro forma consolidated statement of financial position at 31 March 2014 gives pro forma effect to the above transactions as if these had occurred on the reporting date. The unaudited pro forma group financial information presented has been prepared in accordance with Peermont's accounting policies consistently applied during the periods presented.

The pro forma adjustments are based on preliminary estimates, information currently available and certain assumptions that are believed to be reasonable, and may be revised as additional information becomes available.

The unaudited pro forma group information is presented for illustrative purposes only and does not purport to represent what the results of the group would have been had the events listed above occurred on 31 March 2014 or to project the future results of operations of the group for any future period.

Summarised unaudited pro forma group income statement

for the 12 months ended 31 March 2014

	Actual 2014 R'm	**Pro forma 2014 R'm**
Revenue	3 095,1	**3 095,1**
Other income	8,0	**8,0**
Cash costs	(1 971,2)	**(1 971,2)**
EBITDA	1 131,9	**1 131,9**
Depreciation	(271,8)	**(271,8)**
Operating profit before net finance expenses	860,1	**860,1**
Finance income	1 384,4	**39,1**
Finance expenses	(3 333,4)	**(717,3)**
(Loss)/profit before taxation	(1 088,9)	**181,9**
Taxation	223,2	**(55,8)**
(Loss)/profit for the period	(865,7)	**126,1**

Summarised unaudited pro forma group statement of financial position

at 31 March 2014

	Actual 2014 R'm	**Pro forma 2014 R'm**
Assets		
Non-current assets	8 699,2	**8 699,2**
Current portion of derivative instrument	1 538,1	**—**
Other current assets	574,5	**481,1**
Total assets	10 811,8	**9 180,3**
Equity and liabilities		
Equity		
Capital and reserves	(2 833,3)	**2 288,4**
Non-controlling interests	47,3	**47,3**
Total equity	(2 786,0)	**2 335,7**
Liabilities		
Interest-bearing long-term borrowings	6 769,3	**5 097,4**
PIK Equity Loan	3 910,9	**—**
PIK Notes Loan/Mezzanine PIK Notes Loan	2 456,0	**1 125,0**
Deferred hedging loan/senior debt	400,0	**3 970,0**
Other borrowings	2,4	**2,4**
Deferred taxation liabilities	136,7	**1 094,8**
Other non-current liabilities	22,1	**22,1**
Current portion of long-term borrowings	6 282,4	**157,8**
Other current liabilities	387,3	**472,5**
Total equity and liabilities	10 811,8	**9 180,3**

EBITDA
The transactions described above mainly impact the finance income, finance expenses and taxation lines of the group income statement. All transaction costs were deferred during the last 12 month period and as a result, pro forma EBITDA for the period is not expected to the impacted as a direct result of these transactions.

Finance income and finance expenses
The pro forma income statement gives pro forma effect to the change in finance charges after the implementation of the capital restructure and debt refinance. Accordingly, the actual finance income and finance expenses for the period were adjusted by reversing the interest on the deeply subordinated PIK Equity Loan, the deeply subordinated PIK Notes Loan, the SSNs and the deferred hedging loan, as well as the foreign exchange gains and losses in respect of the SSN coupon payments, the restatement of the SSN liability and the valuation of the SRSs to hedge the SSN liability and related coupon payments. The estimated interest charges on the new senior debt and the new Mezzanine PIK Notes Loan were added to finance expenses to arrive at the pro forma amount. Based on this analysis, net finance expenses are reduced significantly and as a result the group returns to profitability.

Taxation
The pro forma taxation expense was calculated by adjusting the actual taxation credit reported for the 12 months to reflect the taxation impact of the adjustments to finance income and finance expenses, as well as the estimated deferred taxation effects.

Profit/loss for the period
Based on the pro forma reduced finance charges the group is expected to return to profitability.

Assets
The non-current and current assets of the group, excluding the adjustments for realisation of the foreign exchange derivative asset and previously deferred restructure costs, are not expected to be significantly impacted as a direct result of the relevant transactions.

Capital and reserves
The improvement in the pro forma capital and reserves amount as compared to the actual balances at 31 March 2014 is primarily a result of the ordinary shares issued by Peermont in exchange for the deeply subordinated PIK Notes Loan and the deeply subordinated PIK Equity Loan. The estimated retained earnings generated as a result of the restructure of the deeply subordinated PIK Equity Loan, adjusted for taxation at an estimated effective rate of 28%, is also included in the pro forma amount.

Non-controlling interests
At the date of this report, we assume that the capital restructure has had no direct impact on the shareholding in the subsidiaries of Peermont and therefore no adjustment has been made to the balance of non-controlling interests in the pro forma statement of financial position.

Interest-bearing long-term borrowings
As a result of the transactions documented above, the deeply subordinated PIK Equity Loan and the deeply subordinated PIK Notes Loan have been replaced by ordinary share capital; the SSNs and derivative instrument have been settled; and new debt facilities totalling R5,2 billion have been raised. Based on this pro forma analysis, these transactions have reduced the net total liabilities by approximately R6,3 billion and greatly improved the debt to equity ratio of the group.

Deferred taxation liabilities
The pro forma amount reflects an adjustment for the estimated deferred taxation raised as a result of the taxable income generated through the restructure of the deeply subordinated PIK Equity Loan. It was assumed that there will not be any other significant adjustments.

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