Good afternoon and welcome to the Peermont 2nd quarter 2010 Results Conference Call

My name is Anthony Puttergill, CEO of Peermont and with me I have Grant Robinson, our Group Financial Director.

We will be discussing our quarterly report for the three and six months ended 30 June 2010 that was released yesterday for distribution through the clearing systems, to investors listed on our mailing list and on our website.

In summary, for the quarter:

- 1. Total revenues increased by 7.0% to R654.4 million for the quarter from R611.6 million in the same quarter of 2009;
- 2. Cash costs increased by 6.2% as compared to Q2 2009;
- 3. EBITDA increased by 7.3% to R241.1 million, from R224.8 million in 2009. This results in an LTM EBITDA of R961.3 million:
- 4. Our EBITDA margin at 36.8% remained unchanged from the same quarter in 2009.

For the six months to June:

- Total revenues increased by 2.2% to R1 273.1 million for the period from R1 245.4 million in the same quarter of 2009; and
- EBITDA decreased by 0.5% to R464.0 million from R466.2 million in 2009.
 Our EBITDA margin decreased to 36.4% from 37.4% in the same six months of 2009.

Our credit ratios are as follows:

- 1. Net cash pay debt/LTM EBITDA is 5.1 times;
- 2. Total net debt through the PIK Notes/LTM EBITDA is 6.6 times; and
- 3. The estimated LTM EBITDA/historic net cash interest expense is 1.4 times.

To calculate these credit ratios, we have adjusted the EBITDA figure to include interest received and we have adjusted the net debt figures above to include:

- the unamortised costs relating to the notes (which are being written up on an effective interest basis over the life of the loans);
- The value of the net derivative liability directly related to the SSN Debt and coupon payments; and
- Cash balances on hand.

Our call will begin with a brief discussion of the macro-economic environment in SA, followed by an update of industry developments. I will then take you through certain financial and operating highlights, followed by a review of the financial results by Grant. Finally, I will conclude with a brief discussion of the key developments for the rest of the year.

SA GDP for Q2 disappointed slightly, coming in at 3.2% qoq annualised from 4,6% in Q1. GDP was up 3.0% yoy. Eight of the ten sectors recorded positive qoq growth rates, while the mining sector shaved approximately 1.2% off GDP growth based on a decline in volumes mainly as a result of industrial action and maintenance.

Given the significant increase in unemployment in 2009, the state of the consumer still remains somewhat fragile and credit demand remains weak.

The FIFA 2010 World Cup had a positive impact on our sector and our results for the quarter, particularly our rooms revenues and I will say more in this regard later on in the call.

Gaming revenues, as estimated based on levies paid in Gauteng, South Africa's largest gaming market, increased by 3.7% in the quarter to 30 June 2010 as compared to the same period in 2009. Emperors Palace ("EP") showed an increase of 7.4% in the same three month period. In the six months to June, the Gauteng gaming market increased by approximately 0.2% while EP's gaming revenues increased by 1.9% for the same six months. For Q2 we estimate our gaming market share in Gauteng to be at 24.6% as compared to 23.8% in 2009.

Revenues at EP increased by 8.7%, while revenues from the balance of the group operations increased by 3.9%. Revenues from other operations grew to R223.4 million for the guarter, comprising 34.1% of group revenues.

The hotel market in South Africa showed significant positive growth in Revpar for Q2 of 2010 largely driven by World Cup activity. Our results for the quarter reflect growth in rooms revenue of 40.8% and a combined growth in rooms, food and beverage revenue of 23.0%.

From an overall group revenue perspective:

- 1. Within the second quarter, we experienced a revenue decline of 1.9% in April, and increase of 1.8% in May and an increase of 22.6% in June;
- 2. In July, revenue increased by 14.7% compared to July 2009, and August thus far is showing an increase of approximately 1.4% as compared to the same period last year.
- 3. We estimate that the FIFA 2010 World Cup held during June and July boosted group revenues by R42.6 million, of which approximately R24.3 million was included in the Q2 revenues and R18.3 million was generated in July;
- 4. We estimate that this event boosted group EBITDA by R25.4 million, of which approximately R15.4 million was included in the Q2 results and R10 million was recorded in July.
- 5. To get a feel for underlying growth momentum, if we exclude the estimated impact of the FIFA 2010 World Cup from the Q2 results, we estimate that revenue would have increased by 3% and EBITDA by 0,4%, still a positive result in the current climate.

I will now take you briefly through the operating performance points for the quarter:

Emperors Palace: Total revenues for the quarter increased by 8.7% to R431.0 million from R396.6 million in 2009.

Gaming revenue for the quarter increased by 3.5% to R344.3 million whilst hotel and resort revenues increased by 35.1% to R86.5 million, with rooms revenues increasing by 59.9%, positively impacted by the World Cup.

Our slots revenue increased by 2.3%, while our tables revenue increased by 6.8% when compared to the same quarter in the prior year. Our market share of GGR for the quarter of 24.6% represented a significant improvement as compared to the 23.8% reported for Q2 2009.

The refurbishment of our entertainment emporium, the addition of the Peermont Metcourt Hotel in 2009 and our ongoing vigorous marketing campaigns have resulted in a significant increase in the number of guest visits to the complex. The average daily number of vehicles through the gate has increased by approximately 11% as compared to the same quarter in 2009.

The FIFA World Cup positively impacted hotel and resort operations revenue growth during June and July. Rooms revenue increased by 59.9% to R49.1 million for the three months compared to the same period in 2009. Average complex occupancy levels were 81.3% for the quarter, as compared to prior period occupancies of 71.1%. The occupancies included in the Quarterly Report exclude complimentary rooms to guests.

Cash costs increased by 12.8% compared to the second quarter of 2009, influenced by a 271% increase in municipal rates and taxes and a 28.7% increase in promotions and marketing costs as a result of the drive to increase footfall and promote the complex both before and during the World Cup. A significant portion of the increase in marketing and promotions cost relates specifically to World Cup activities and to the timing of the annual marketing

spend. Consequently, the increase in these costs is not expected to be as pronounced for the full year. In addition, the increase in municipal rates and taxes took effect as from July 2009 and therefore, going forward, the increase in this cost is not expected to be as severe.

As a result of the 8.7% increase in revenue and 12.8% increase in costs, EBITDA for the quarter decreased marginally by 0.1% to R146.0 million.

As regards our other group operations, overall revenue grew by 3.9% or R8.4 million and EBITDA grew by 21.1% or R16.5 million.

In particular, our Botswana, Khoroni and Frontier Inn operations delivered impressive performances during the quarter.

Botswana continued to deliver healthy growth in local currency terms, with revenue growth of 10.8% in pula to P53.5 million (R66.1 million) and EBITDA growth of 19.9% to P19.9 million (R22.6 million), despite a 2% increase in the general VAT rate from 10% to 12%. Although we gained market share, we expect significant new competition in Gaborone towards the end of this year in the form of a new casino and new hotel in central Gaborone, both of which are expected to have a significant adverse impact on revenues from this source. We have objected to the issue of this new casino licence and intend to appeal to the High Court to have this decision reviewed.

Revenues at Khoroni grew by 19.0% to R20.7 million, with EBITDA increasing by 76.9%. We are currently experiencing a strike at this property, which commenced last Friday 20 August. To date, this industrial action has been largely peaceful and has not significantly impacted service delivery and revenues.

Revenues at Frontier Inn increased by 13.7%, with EBITDA increasing by 47.6%, benefitting from the reduction in property rates and taxes in the current quarter due to successful negotiations concluded with the local council in the latter part of 2009.

I will now hand you over to Grant Robinson to deal with details of the cash flows, treasury activities and capital expenditures in the quarter.

Thereafter, I will cover new developments.

I will now hand you over to Grant Robinson

Good afternoon

The most significant items from the lower end of the income statement, and the cash flows for the six months are as follows:

Depreciation

The depreciation charge has increased by R13.6 million or 12.5% from R109.1 million in 2009 to R122.7 million in 2010. This was largely due to the two new hotels, included from March 2009, and the upgraded and refurbished facilities completed in 2009.

Financial income

This consists mainly of the cash received on the cash deposits at financial institutions. This is lower than the comparable period due to overall lower interest rates and reduced cash balances on hand.

The most significant variance to the prior period arose due to an unrealised foreign exchange gain of R880.0 million which was recorded on the translation of the SSN liability in the prior six month period as compared to only R352.7 million recorded in the current period. This was driven by changes in the Rand: Euro exchange rates.

Financial expenses

This cost for the six months ended June 2010, consists mainly of the R831.9 million effect on the mark-to-market of the derivative instruments used to hedge the SSN liability and the SSN coupon payments; the coupon accrual on the notes of R209.9 million; the coupon accrual on the shareholders loans of R273.7 million; and, finance costs of R7.5 million relating to the interest flows on debt in the Head office, PGNW and Frontier companies.

The decision to extend the refinance date of the Senior Secured Notes has resulted in significant changes to the accounting for the notes in terms of IFRS. Per IAS 39, the previously written up issue costs, issue discount and potential early redemption premium associated with the SSNs of R372.6 million were reversed, and consequently the issue costs and discount will be written up again over the period to April 2014. In terms of the accounting standard this must be done utilising the same effective interest rate.

The estimated refinance date for the PIK Notes Loan was also extended, and consequently the early redemption premium and Notes issue discount of R62.2 million were treated in the same manner.

Taxation credit

The taxation credit consists mainly of the deferred taxation effects of the reported results and the reversal of the deferred taxation benefit previously raised on the expected early redemption premium.

Cash flows

Cash flows generated from operating activities

Net cash inflow from operating activities for the six months was R441.4 million compared to R468.4 million in the comparative period in 2009. This translates into a cash conversion to EBITDA ratio of approximately 95%.

Finance expenses paid

The finance expenses paid relate mostly to the SSN coupon payment of R334 million paid in April 2010.

Taxation paid

The taxation payments for both reported periods are for certain of the subsidiaries, not affected by new debt raised for the buyout, e.g. Graceland and Botswana where taxation cash flows will continue to be incurred.

A previously accrued and long outstanding liability of R7.2 million due by Tusk Resorts to SARS was settled in the six months.

Cash flows used in investing activities

Capital expenditure for the six months was a net R71.0 million, predominantly on payments of R27.8 million on construction of the new facilities at Umfolozi and R21.7 million on slots throughout the group and the balance on normal maintenance expenditure. This is discussed in more detail later in the call.

Cash flows used in financing activities

During the six month period, net long-term debt repayments of R36.6 million were made. These relate to the repayment of the corporate notes by PGB, as well as normal redemption of debt by PGNW, Head office and PGEFS.

Dividends paid

Dividends in both periods relate to the minority portion of the Botswana company dividends paid.

Cash and cash equivalents

At 30 June 2010 the group had R336.3 million in cash resources available to service debt, working capital requirements and new projects. This includes approximately R40.0 million required for floats and approximately R38.5 million held on behalf of the beneficiaries of the group's consolidated trusts.

Capital expenditures

Our net capital expenditures in the six months ended 30 June 2010 and 2009 were R71.3 million and R131.3 million respectively, representing approximately 5.6% and 10.5% of total revenue for those periods.

Our net maintenance capital expenditures in the six months ended 30 June 2010 and 2009 were R41.1 million and R67.6 million, representing approximately 3.2% and 5.4% of total revenue, respectively. Our maintenance capital expenditures for both periods reported reflected ordinary course maintenance and replacement of gaming equipment, primarily slot machines, hotel furniture, fittings and equipment.

Our expansion capital expenditures in the six months ended 30 June 2010 totalled R30.2 million. The main component of this was R27.8 million relating to the upgrade and expansion of our Umfolozi property.

The abnormally higher level of maintenance capital in the six months ended 30 June 2009 totalled R63.7 million. The largest components of this were R38.9 million on the acquisition of the previously leased head office building; R12.8 million spent by Emperors Palace on the construction of the new Peermont Metcourt Hotel; R7.2 million spent by Rio on the construction of its new Peermont Metcourt Hotel and the revamp of its salon privé; R3.4 million spent by Botswana on the acquisition of land adjacent to the Metcourt Lodge in

Francistown; and, R1.4 million incurred by Emperors Palace on minor gaming expansion activities.

Total maintenance capital expenditure for the 2010 year is expected to be in the region of approximately R96 million and expansion capex, largely on the Umfolozi development, is expected to be approximately R90 million.

Available capital resources

We have utilised R56.7 million of our Revolving Credit Facility for the issue of guarantees to the local gambling boards, suppliers and certain local government institutions. This leaves us with R343.3 million of the facility available for other group needs.

We are in negotiations with the providers of our Revolving Credit Facility to increase the available facility from R400 million to R550 million to April 2013, the maturity date of the current facility.

Contingent liabilities

The group's legal advisors have recently met with South African Revenue Services officials in an attempt to resolve this long outstanding dispute. We await feedback from SARS on the outcome of the meeting. Should SARS be successful in their challenge, the estimated exposure to the group is approximately R9.8 million plus interest, which has currently not been provided for.

Legal matters

A boxing promoter that had previously supplied services to the group instituted legal action against an entity in the group for damages in the amount of R19.8 million for an alleged breach of an alleged oral agreement. The matter was recently set down for trial but was postponed indefinitely and the plaintiff agreed to pay the costs of the postponement before setting the matter down for trial again, which has not yet occurred.

Foreign currency hedging

We previously announced details of the successful extension of our hedging arrangements for the remaining principal of the euro denominated SSNs to maturity of the notes, 30 April 2014. We refer investors to our release dated 20 July 2010 and to Annexure B of the June 2010 results document setting out the cash flow effects of the remaining hedges to the maturity of the notes.

As regards settlement of the MTM, R253 million was settled in July from the company's existing cash resources and a further R55 million was settled in August 2010, leaving a further amount of R128 million, plus interest to be settled before April 2011.

These settlements have placed additional pressure on the company's liquidity and therefore to create additional headroom, we are reviewing the existing RCF facility as discussed earlier.

Shareholding of Peermont Global (Southern Highveld) (Pty) Ltd

The long awaited approval of the restructuring of the shareholding in Peermont Global (Southern Highveld) (Pty) Ltd was received in June 2010. This means that the effective date of the agreements is 1 July 2010. The accounting treatment of the change in investment in PGSH from a joint venture to a subsidiary is fairly complex and these will be dealt with in the quarterly report to 30 September 2010.

S&P ratings

Standard & Poor's Ratings Services recently removed the company's ratings from CreditWatch with negative implications and affirmed its 'B' long-term corporate credit and senior secured debt ratings, with a revised negative outlook. The recovery rating on the senior secured debt was unchanged at '3'.

At this point, I'm handing you back to Anthony to take us through the final section dealing with new developments

Thank you Grant. I will now update you on more recent developments.

Construction of our new and improved facilities at Umfolozi is still on track, with the resort still scheduled to open on time in December 2010 and within the approved budget of R115 million. Disruption to the operations peaked in July, with approximately 40% of the gaming floor closed from April until July 2010, while undergoing refurbishment. The extent of the disruption caused by the construction programme has reduced from August 2010 and happily the operation is once again reporting overall growth in gaming revenue this month.

As regards the Casinos of Mauritius, there have been no further developments. We have requested the government of Mauritius to recommence the process of obtaining approvals for this transaction and await their further advice in this regard.

As regards our energy-saving initiatives, we have received approval from the Eskom investment committee to subsidise 73% or R5.8 million of our R8 million proposed investment in energy saving technology. We expect that the implementation of this project will significantly reduce our energy consumption, partially offsetting the effects of the increased energy tariffs going forward.

In a landmark ruling earlier this week, the Gauteng High Court confirmed the Gauteng Gambling Board's long held view that the following activities, relating to on-line gambling transactions are unlawful:

- Internet operators who offer on-line gambling (interactive games) to the residents of the Republic.
- A player or a punter who participates in on-line gambling transactions (interactive games).

- Persons, entities or organisations which facilitate the provision of on-line gambling (interactive games) including :
 - Internet service providers
 - Financial transaction providers such as banks
- Persons, entities or organisations which advertise or facilitate the advertisement of on-line gambling (interactive games) e.g. radio and television stations, print media, outdoor advertising agencies.

The Gauteng Gambling Board announced that it will pursue any person or organisation who contravenes the gambling legislation. They announced that persons who are prosecuted and found guilty of breach or contravention of the gambling legislation may expose themselves to the following consequences:

- Liability for a fine not exceeding R10 million or to imprisonment for a period not exceeding 10 years or to both such fine and imprisonment; and/or
- May not be suitable to hold an on-line gambling licence when South Africa invites application for on-line gambling licences.

We believe this is a positive development.

Finally, the Board recently approved the submission of a bid for the third and final casino licence available in Limpopo Province. As this is a process open to competition, more details will be released in due course.

I would like to end off by recapping the highlights of our performance for the quarter as follows:

- 1. Total revenues increased by 7.0% to R654.4 million for the quarter from R611.6 million in the same quarter of 2009;
- 2. Cash costs increased by 6.2% as compared to Q2 2009;
- EBITDA increased by 7.3% to R241.1 million, from R224.8 million in 2009.
 This results in an LTM EBITDA of R961.3 million;
- 4. Our EBITDA margin at 36.8% remained unchanged from the same quarter in 2009.

That brings me to the end of our presentation and I will now open the line for questions.