

5 October 2009

Dear Member,

On behalf of the Committee, we have pleasure in presenting the unaudited financial results for the six months ended 31 August 2009 and the Balance Sheet of the Club at that date. As part of our undertaking to improve communication to members, we would welcome any comments which you may wish to make. Please address these in writing, for the attention of the Committee via the General Manager.

The summarised results to August 2009 are reflected below. The results for these first six months of the year are pleasing considering the recession which is affecting businesses world-wide! - in fact, although the surplus on bar and catering is significantly below budget, the reflected loss after interest is only marginally higher than expected due to good cost controls.

1. **Member usage** - we are particularly pleased to report the positive variances against budget on bar, catering and member playing fees. Now that the Woodmead club house extensions and the golf course refurbishment are complete, we are slowly starting to reap the rewards of this expenditure.
2. **Capital expenditure** - there has been minimal outlay on capital items in the last six months.
3. **Woodmead club house update** - the club house and pool pavilion upgrade is now complete and has certainly been well accepted by the members. We believe this project has been successful and will fill a need for a casual and family facility at Woodmead that can also be used for functions.
4. **Subscriptions and Entrance fees** - subscriptions are somewhat below budget. We are, however, comfortable that even in this economic climate we are attracting members and we look to you as members to introduce to the Club, the sort of persons who will enjoy our really magnificent facilities. Entrance fees are slightly more than budgeted at this stage, but this may even out as the process of billing members has changed with successfully elected members having to attend a Member's introductory meeting before being finally accepted into the Club. This function only takes place about every 6 - 8 weeks.
5. **Investments** - the market values of our portfolios at 31 August 2009 were R56.4 million, after having withdrawn R11.4 million (for final capital expenditure payments), compared to R61.2 million at 28 February 2009. The Development Fund has increased by R6.0 million since February, of which R4.0 million is an improvement in market value. The Committee is generally comfortable with our portfolio structured as it is at present, on a fairly conservative basis.
6. **Income from investments** - interest earned has reduced significantly year on year, as fund balances reduced with payments being made for the renovations. Although interest rates continue to decline, interest earned is more than budget as Management are controlling cash outlays by ensuring only the absolute necessary projects are undertaken.
7. **Expenditure** - costs have been well controlled, even though operational revenue is down 11% to budget and depreciation has increased by 21% year on year, the cost savings have reduced the impact on the year to date loss. A great result considering the economic climate!
8. **Cash flow** - notwithstanding the deficit at operating level being higher than budget, the net cash movement from operations is in line with budget as is the closing balance of R16.9 million (budget R16.96 million).
9. **The next six months** - while the results to August are overall below expectation Management will continue to strive to market and sell the Club as the venue to be seen at - from both a function and casual eating perspective.

In conclusion, members can be assured that our Club remains financially sound. Now that Woodmead has a number of additional facilities, the aim will be to encourage the members to enjoy this new environment, but still continue to make use of Auckland Park as the venue of tranquility. We hope that you have found this interim report useful and informative.

On behalf of the Committee,
Sincerely

Tim Fearnhead - Chairman

Richard Irvine - Chairman Finance and Audit sub-committee

The Country Club, Johannesburg



Unaudited Income Statement for the six months ended 31 August

| | Actual 2009 | Budget 2009 | Variance | Actual 2008 |
|--|----------------|----------------|---------------|----------------|
| Note | R 000 | R 000 | R 000 | R 000 |
| CLUB OPERATIONS | | | | |
| Bar and catering sales | 18 284 | 20 751 | -2 467 | 14 938 |
| Bar and catering cost of sales | -7 250 | -8 145 | 895 | -5 475 |
| Bar and catering gross profit | 11 034 | 12 606 | -1 572 | 9 463 |
| Personnel costs and other overheads | -9 828 | -10 861 | 1 033 | -9 013 |
| Surplus on bar and catering | 1 206 | 1 745 | -539 | 450 |
| Ground and administration expenses | -12 149 | -11 914 | -235 | -12 314 |
| Depreciation | -5 454 | -5 693 | 239 | -4 327 |
| | -16 397 | -15 862 | -535 | -16 191 |
| FUNDED BY | 14 381 | 14 619 | -238 | 13 026 |
| Entrance fees | 998 | 792 | 206 | 777 |
| Subscriptions | 13 172 | 13 636 | -464 | 12 067 |
| Sundry income | 211 | 191 | 20 | 182 |
| OPERATING LOSS BEFORE EXCEPTIONAL ITEMS | -2 016 | -1 243 | -773 | -3 165 |
| EXCEPTIONAL ITEMS | -11 | -18 | 7 | -9 |
| OPERATING LOSS BEFORE INTEREST | -2 027 | -1 261 | -766 | -3 174 |
| Interest received | 270 | 102 | 168 | 210 |
| Income from investments | 993 | 934 | 59 | 3 401 |
| (LOSS)/SURPLUS FOR THE PERIOD | -764 | -225 | -539 | 437 |
| PERCENTAGES TO SALES | | | | |
| Bar - gross profit | 61% | 61% | | 63% |
| Catering - gross profit | 60% | 60% | | 64% |
| Personnel costs | 48% | 45% | | 47% |
| Other overheads | 6% | 7% | | 13% |

Unaudited Balance Sheets as at 31 August and audited Balance Sheet as at 28 February 2009

| | 2009 31 August | 2009 28 February | 2008 31 August |
|------------------------------------|-------------------|---------------------|-------------------|
| | R 000 | R 000 | R 000 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Development fund investments | 49 537 | 43 516 | 50 967 |
| Discretionary fund investments | 6 852 | 17 651 | 37 041 |
| Property, plant and equipment | 146 316 | 145 772 | 120 335 |
| | 202 705 | 206 939 | 208 343 |
| CURRENT ASSETS | 26 200 | 28 013 | 21 906 |
| Inventories | 2 918 | 2 709 | 2 389 |
| Members' accounts | 4 327 | 2 780 | 4 310 |
| Receivables and deposits | 2 043 | 3 512 | 961 |
| Cash and cash equivalents | 16 912 | 19 012 | 14 246 |
| TOTAL ASSETS | 228 905 | 234 952 | 230 249 |
| FUNDS AND LIABILITIES | | | |
| FUNDS | | | |
| Accumulated funds | 149 115 | 138 948 | 120 710 |
| Development fund | 49 537 | 43 516 | 50 967 |
| Discretionary fund | 6 852 | 17 651 | 37 041 |
| | 205 504 | 200 115 | 208 718 |
| CURRENT LIABILITIES | 23 401 | 34 837 | 21 531 |
| Payables and accruals | 8 484 | 9 364 | 7 486 |
| Subscriptions in advance | 13 789 | 23 707 | 12 310 |
| Provisions | 1 128 | 1 766 | 1 735 |
| TOTAL FUNDS AND LIABILITIES | 228 905 | 234 952 | 230 249 |

Note to the Unaudited Income Statement for the six months ended 31 August

| | Actual 2009 | Budget 2009 | Variance | Actual 2008 |
|--|----------------|----------------|-------------|----------------|
| | R 000 | R 000 | R 000 | R 000 |
| 1 GROUNDS AND ADMINISTRATION EXPENSES | | | | |
| INCOME | | | | |
| Playing fees | 6 411 | 6 899 | -488 | 3 890 |
| Other revenue | 989 | 1 186 | -197 | 1 038 |
| Total income | 7 400 | 8 085 | -685 | 4 928 |
| EXPENSES | | | | |
| Staff costs | -6 416 | -6 654 | 238 | -5 745 |
| Diploma students | -486 | -657 | 171 | -425 |
| Golfing overhead costs | -3 872 | -4 049 | 177 | -3 273 |
| Clubhouse maintenance | -1 577 | -1 482 | -95 | -1 613 |
| Utilities and rates | -1 693 | -1 608 | -85 | -1 413 |
| Audit fees | -192 | -192 | - | -170 |
| Administration | -1 923 | -1 841 | -82 | -1 593 |
| Grounds | -549 | -570 | 21 | -452 |
| Other overheads | -2 841 | -2 946 | 105 | -2 558 |
| Total expenses | -19 549 | -19 999 | 450 | -17 242 |
| NET GROUNDS AND ADMINISTRATION EXPENSES | -12 149 | -11 914 | -235 | -12 314 |