# Good afternoon and welcome to the Peermont 3rd Quarter Investor Conference Call

I am Anthony Puttergill, Group Chief Executive Officer and with me I have Grant Robinson, Group Financial Director.

We will be talking to the condensed unaudited consolidated financial statements for the three and nine months ended 30 September 2007 which was released to the Bank of New York for distribution through Euroclear and ClearStream, and on our website yesterday.

As was the case for the first two quarters of 2007, we have also prepared pro forma condensed unaudited consolidated group revenue and EBITDA figures for the 9 months ended 30 September 2007 to assist investors in comparing our performance to the pro forma numbers contained in the offering memorandum.

We believe that the pro forma revenue and EBITDA numbers provide a better basis for structuring a commentary on performance for the periods, as these exclude the effects of the transaction.

The highlights of the results include the following:

- 1) Pro forma total revenues increased by 14,6% to R595,0 million for the quarter and by 18% to R1 724,9 for the nine months of the year to date;
- 2) Pro forma EBITDA increased by 18,6% to R245,7 million for the quarter and by 24,0% to R707,6 million for the nine months, resulting in a pro forma LTM EBITDA of R952,0 million;
- 3) Our pro forma EBITDA margin increased to 41,3% for the quarter as compared to 39,9% for the same quarter in 2006 and to 41,0% for the nine months ended September 2007 as compared to 39,1% for the same nine months in 2006.

As a reminder, the main adjustments to arrive at pro forma numbers are threefold, namely that;

- we assumed the Tusk acquisition was effective 1 January 2006 even though the acquisition only occurred on 1 September 2006;
- we have assumed that Emperors Palace was fully consolidated at 100% effective 1 January 2006 even though the reorganisation only took place in April 2007 resulting in our effective interest increasing from 83% proportionally consolidated, to a full 100%; and
- we have eliminated the effects of once-off transaction related costs.

The results are therefore presented on a like-for-like basis. Investors are reminded that the pro forma information does not form part of our quarterly report and is for information purposes only.

As a result of the strong revenue growth and improved EBITDA margins for the nine months, our pro forma credit ratios have improved as follows:

- 1. Net cash pay debt/LTM pro forma EBITDA has improved to 5,2 times, as compared to 6,3 times per the offering memo;
- 2. Total net debt through the PIK's/LTM pro forma EBITDA has improved to 6,2 times, as compared to 7,3 times per the offering memo; and
- 3. The estimated LTM pro forma EBITDA/pro forma net cash interest expense has improved to 2,2 times, vs 1,9 times per the offering memo

We have adjusted the net debt figures above to include the estimated costs relating to the notes, which are being written up on an effective interest basis over the life of the loans. Revenue and EBITDA trends within the nine month period are as follows:

- 1. pro forma revenue of R595,0 million for the third quarter grew by 3,4% as compared to R575.2 million in the second quarter, which in turn grew by 3.7% as compared to the R554.7 million reported for the first quarter;
- 2. pro forma EBITDA of R245,7 million for the third quarter grew by 2,6% as compared to R239.4 million in the second quarter, which in turn grew by 7.6% as compared to the R222.5 million reported for the first quarter; and
- 3. The pro forma EBITDA margin of 41,3% for the third quarter compared to 41,6% for the second quarter and 40,1% reported in the first quarter.

Other discernible trends are as follows:

- 1. The rate of revenue growth is still healthy but slowing as compared to the significantly above expectation revenue growth for the first two quarters;
- 2. Within the third quarter, we experienced strong revenue growth in July and August as contrasted with relatively flat revenue growth in September. The slow revenue growth in September was experienced across the industry in most provinces throughout South Africa and is generally attributed to player interest in the Rugby World Cup, which reached near-fever levels and the ICC 20/20 cricket world cup hosted by South Africa in the same month;
- There appears to be a shift in the economy from consumer-led growth to investment-led growth and as a consequence household expenditure growth rates, while still relatively strong, are slowing; and
- 4. Revenue growth for October and November so far has picked up from the rates seen in September, but is not of the same order of magnitude as the rates seen during the first 8 months of the year.

I will now take you briefly through the operating performance of each property for the quarter and nine month periods under review:

**Emperors Palace,** our largest operation, grew total revenues for the quarter by 12,6% to R415,9 million from R369,3 million in 2006. For the nine months to 30 September 2007, revenues grew by 15,9% to R1 215,2 million.

Gaming revenue for the quarter increased by 10,9% to R353,8 million. For the year to date, gaming revenue increased by 14,2% to R1 041,1 million whilst hotel and resort revenues increased by 47,6% to R66,6 million. Our gaming revenue growth of 14.2% compared to growth of 15,7% for the Gauteng casino market overall. However, the Gauteng casino market growth was inflated by the inclusion of the Morula Sun from March 2006 due to the provincial boundary lines being redrawn. If the estimated effect of this inclusion is adjusted, we estimate that the Gauteng casino market growth would have been approximately 14.6%, slightly ahead of our reported gaming revenue growth. Gaming revenue growth for the nine months ended 30 September was boosted by tables revenue growth of 15,2% as compared to growth in slots revenues of 13,8%.

We have continued to benefit from increased activity in the airport node as well as from the investment in the additional 150 rooms to Emperors Palace which opened in March 2006. Rooms revenue grew by 47,6% to R66,6 million for the nine months compared to the same period in 2006. Average room occupancy levels, despite the additional capacity, reached a record 87,0% for the quarter, bringing the average room occupancy for the nine months to 83,6%.

EBITDA for the quarter increased by 12,3% to R161,1 million. The EBITDA margin reduced slightly from 38,9% in the same period last year to 38,7% for the current quarter as a result of the postponement of certain marketing expenditure to the 2<sup>nd</sup> half of 2007 and the catch-up of restructured recharges/management fees paid to head office.

EBITDA for the nine months increased by 20,6% to R484,7 million. The EBITDA margin for the year to date improved to 39,9% from 38,3% during the same nine month period last year.

**Graceland** continued its above expectation revenue performance with revenues up 22,5% versus the 1<sup>st</sup> nine months of 2006. Revenue growth for the quarter of 14,7%, to R35,8 million for the quarter, while still strong, slowed from the fantastic growth experienced in the first six months.

EBITDA for the quarter grew by 24% from R7,5 million to R9,3 million. For the nine months to date, EBITDA grew by 68,9% from R16,4 million to R27,7 million due to the effect of the profit improvement plan in the first six months.

There have been no further developments as regards the previously reported Mpumalanga Gaming Board plans to increase gaming levies in the province from the current 5,7%.

#### Botswana

The economic performance of Botswana as a whole has continued to improve in 2007 with inflation being brought under control and relatively robust mining sector output. Overall, our Botswana operations grew revenue for the quarter by 26,7% in pula terms which lifted EBITDA by 54,8% in pula terms to 13,0 million pula or R15,5 million. In particular room occupancy levels and average room rates increased significantly, largely as a result of increased levels of economic activity.

For the nine months to September 2007, revenues grew by 17,1% to Pula 108,8 million from Pula 92,9 million in 2006. EBITDA for the nine months increased by 31,3% to Pula 30,6 million from Pula 23,3 million.

**Tusk Rio** which operates in the Klerksdorp area, posted slower revenue growth of 5,2% for the quarter to R32,6 million, flowing down to EBITDA of R15,1 million. The slower revenue increase, is due to:

- 1) flat revenue growth in September 2007 as explained above;
- 2) strong revenue in the prior period as a result of the renewed mining activity which took effect in the second half of 2006; and
- 3) the opening of new illegal operations during the quarter.

As regards Illegal casino activity in the North West Province, in our last conference call we ventured that the situation is likely to get worse before it gets better and indeed that seems to be the case. However, we are still cautiously hopeful that the situation will improve during 2008 through the intervention of national law enforcement agencies.

For the year to date, Rio recorded revenue growth of 15% to R96,4 million. EBITDA amounted to R44,4 million, an increase of 22,6% from R36,2m reported in the same nine months in 2006. This resulting EBITDA margin of 46,1% is still the strongest in the group and despite the slower revenue growth in the third quarter, Rio still managed to increase its EBITDA margin.

#### **Tusk Mmabatho**

This unit grew revenues by a healthy 14,4% to R19,1 million for the quarter. This resulted in EBITDA of R6,7 million and a record margin of 35,1%.

The unit is in a significantly better state of repair following the major repairs and maintenance programme effected this year. The major repair and maintenance programme has however not extended to an upgrade of any the front of house areas. Consequently, we are in the early phases of developing a phased upgrade to the front of house areas, which is expected to improve the property's revenue-earning potential.

Revenues for the 9 months ended 30 September were R53,2 million, up 14,2% on the comparable period in 2006. EBITDA increased by 15,7% to R14,7 million, resulting in an EBITDA margin of 27,6%, an improvement from 27,3% in the same period in 2006.

#### Tusk Venda

Revenue for the quarter grew by 4,5% to R11,5 million flowing down to EBITDA of R3,7 million. This resulted in an EBITDA margin of 32,2%, a significant improvement on the 26,4% achieved in the same quarter in 2006.

The refurbishment and upgrade programme impacted the availability of rooms and restaurant facilities, resulting in slower revenue growth for the quarter.

For the nine months to 30 September 2007, revenues increased by 12,2% to R34,1 million. This generated EBITDA of R10,7 million at a margin of 31,4%. This is an improvement on the EBITDA of R8,7 million and the margin of 28,6% achieved in the comparable period in 2006.

#### **Tusk Umfolozi**

We were again pleasantly surprised by the performance of the Tusk Umfolozi operation in Empangeni which grew revenue by 16,4% to R28,4 million for the third quarter of 2007. EBITDA growth was slower, up 15,2% to R10,6 million for the quarter. The slightly slower EBITDA growth for the quarter is largely attributable to costs incurred for applications to the KwaZulu-Natal Gambling Board to relocate the casino from Empangeni to Richards Bay.

For the nine months to date, Umfolozi's revenue was up by 28,2% to R82,2 million when compared to the same period in the prior year. This flowed down to an EBITDA of R30,2 million, up 39,8% from the R21,6 million reported for the nine months ended 30 September 2006.

The EBITDA margin improved from 33,7% in the nine months September 2006 to 36,7% in the same period for 2007.

**Frontier Inn,** which opened in Bethlehem, Free State in November last year, generated revenues of R27,5 million and an EBITDA of R4,9 million in the first nine months of 2007. The operation experienced a subdued third quarter as a result of a lower slots win% driven by the more volatile higher denomination slots in the casino.

# **Head Office & Management Companies**

Revenues for the quarter increased by 24,3%, from R28,0 million in 2006 to R34,8 million in the third quarter of 2007. EBITDA grew by 60,3% from R13,6 million in 2006 to R21,8 million in the quarter to 30 September 2007. The increase was largely due to increased management fees from the operating units and a catch-up of recharges to Emperors Palace based on a revised recharge structure, post the transaction.

For the nine months to date, revenues increased by 27,7% from R84,4 million to R107,8 million. After adjusting for the transaction costs, Head office EBITDA for the nine months increased by 20,9% from R45,9 million to R55,5 million. This resulted in an EBITDA margin of 51,5% for the nine months to 30 September 2007. While the year to date EBITDA margin is below that of 54,4% achieved in the first nine months of 2006, due to the reasons outlined in the commentary, the margin for the third quarter of 62,6% was above expectation.

I will now hand you over to Grant Robinson to deal with:

- the accounting detail of the Quarterly Report,
- factors affecting our results as reported,
- some commentary of the historical results presented
- details of the cash flows in the nine months, and
- details of our capital expenditure for the nine months

Thereafter I will cover new developments.

I will now hand you over to Grant Robinson

#### Good afternoon

The quarterly reports for the Senior Secured Notes and the PIK Notes were issued at about 11am UK time yesterday, to the Bank of New York and on our website. The reports were also mailed to those analysts and investors on our mailing list by College Hill at about the same time.

The Senior Secured Notes report was prepared at a Peermont Global (Pty) Ltd group level.

In our previous teleconference in September we covered the changes to the structure of the business and the effect of the transaction costs on the figures reported. This information is repeated in our September quarterly report, but we will not discuss it again today.

For the three and nine month periods ended 30 September 2007, we have provided condensed unaudited consolidated financial information which is derived from the condensed unaudited consolidated income statements of our predecessor company (Old Peermont Global) for the four month period from 1 January 2007 to 24 April 2007, and the condensed unaudited consolidated income statements of the successor company (Peermont (Pty) Ltd) for the three and five month periods from 1 July to 30 September 2007 and 25 April to 30 September 2007, respectively.

The condensed unaudited financial information reflects the aggregate of the financial performance of the predecessor and successor companies for the three and nine month periods ended 30 September 2007. The information has been derived exclusively by combining items of a similar nature from the income statements of the predecessor and successor companies. Such combination does not take into account that the two company's accounts are reported on a different basis.

# Main factors affecting the reported results

## Change in holding of Emperors Palace

The information for the predecessor company only proportionately consolidated the Emperors Palace operation at approximately 83% whereas this operation is fully consolidated in the successor company. The full consolidation of Emperors Palace in the successor group adds significantly to the overall results of the group.

## Tusk group

The predecessor information includes the Tusk group of companies for the month of September 2006, as these were only acquired with effect from 1 September 2006. In the 2006 pro forma figures presented in the Offering Memorandum, Tusk made up approximately 15% of the group's revenue and therefore also has a significant impact on the successor's results.

#### Transaction costs

To summarize the detail from the September conference call.

- A total of R78,0 million of employee costs relating to the transaction are included in the income statement for the nine months ended 30 September 2007.
- Other professional fees of R2,6 million relating to the transaction were incurred and or accrued in other operating costs in the nine month period.
- Certain provisions totalling R8,4 million were released by Emperors Palace.
- Revenues were increased by R5,8 million due to unclaimed amounts released by Emperors Palace.
- R94,8 million of finance costs was incurred at the time of the transaction.
- The write up of a loan to fair value amounting to R20,4 million.

# Group accounting

The revaluation of buildings and the increase in the rate of depreciation from approximately one to two percent, would also make a significant impact on the overall depreciation charge.

## Foreign exchange effects

The group is exposed to exchange rate fluctuations on the E520 000 000 SSN issue and the related hedging contracts. IFRS requires that the E520m SSN liability be restated at spot through the finance charges line at each reporting date. The related FEC derivative instruments are also required to be fair valued at each reporting date.

The group has elected to cash flow hedge account for the movement in the coupon FEC's and therefore the resultant movement on these Forward Exchange contracts is taken directly to reserves at each reporting date.

The effect in the current quarter was to record:

- a cash flow hedge gain of R13,5 million in equity at 30 September 2007 for the coupon contracts.
- A gain of R41,4 million on restatement of the FEC covering the E520m to fair value, and
- A loss of R144,9 million on restating the actual E520m loan to spot at 30 September 2007.

The overall effect in the nine months was to record:

- a cash flow hedge loss of R29,2 million in equity at 30 September 2007 for the coupon contracts.
- A loss of R18,3 million on restatement of the FEC covering the E520m to fair value, and
- A loss of R105,5 million on restating the actual E520m loan to spot at 30 September 2007.

The net effect of the E520 million forex exposure on the income statement for the nine months to 30 September 2007 is R123,8 million.

The effects of the volatility caused by the revaluations will all net out over the FEC period as the capital and coupon payments are fully hedged.

All of these factors, mentioned above have a significant impact on the comparisons made with in the quarterly reports as provided.

For this reason, we have prepared an adjusted EBITDA calculation, as well as annexure B of the SSN report containing pro forma results, to give investors pro forma comparative information to enable a fairer like for like comparison, which Anthony has discussed earlier.

# **Commentary on the results**

We felt that the information provided in the report is fairly self explanatory. As Anthony has dealt with the pro forma results, which we believe will give investors and analysts a more comparable picture of the group's true performance, I will not specifically address the items set out in the quarterly report. We are happy to take questions on this section after Anthony's section of the conference call.

I will focus on the cash flows and capital expenditure sections of the quarterly report for clarification thereof.

#### Cash flows

For the nine month period ended 30 September 2007, we have provided condensed unaudited consolidated cash flow information which is derived from the condensed unaudited consolidated cash flow statement of our predecessor company for the four month period from 1 January 2007 to 24 April 2007, and the condensed unaudited consolidated cash flow statement of the successor company for the five month period from 25 April 2007 to 30 September 2007.

The condensed unaudited consolidated financial information reflects the aggregate of the cash flow performance of the predecessor and successor companies for the nine month period ended 30 September 2007.

## Cash flows generated from operating activities

Net cash inflow from operating activities for the nine month period was R612,2 million compared to R521,5 million in the predecessor company in 2006. The effect of the increased holding in Emperors Palace for five months, the cash flows from the Tusk entities and organic growth contributed to the increase.

#### Financial income

This consists mainly of the cash received on the cash deposits at financial institutions and the settlement of the loan of R20,4 million mentioned before.

## Financial expenses

This cost for the nine months is made up predominantly of R67,0 million paid as preference dividends to the holders of preference shares on the redemption of these shares, and debt break costs of approximately R27,8 million. The balance consists of the interest costs incurred on debt in the predecessor company, prior to the transactions. Some interest was incurred on the debt carried in certain subsidiaries, existing at the time of the transactions, and remaining after the buyout.

The increase of R1,9 million for the quarter is predominantly interest paid to commercial banks for borrowings existing at the time of the buyout.

All interest relating to the notes and shareholders loans has been eliminated as non cash flow at the balance sheet date.

## Taxation paid

The predecessor group made certain taxation payments prior to the buyout and certain of the subsidiaries, where no taxation shield exists such as PGSH, PGB and PGEFSH, will continue to incur taxation cash flows. The STC payments relating to the transaction of R11,0 million, and stamp duties of R1,8 million not capitalised into the cost of the shares acquired, are included in taxation costs.

# Cash flows from investing activities

Capital expenditure for the three months was R45,3 million, predominantly on building maintenance and replacement of gaming equipment. This is discussed in more detail later in the presentation.

## Cash flows from financing activities

During the quarter the main long term debt repayments were:

- the Botswana subsidiary repaid approximately R12,9 million and
- PGEFS repaid approximately R6,7 million of long term debt outstanding.

# Advances to shareholders

These advances represent costs of stamp duty and bond costs related to the Transactions, paid on behalf of shareholders, still to be recovered from them.

#### Dividends paid

Dividends paid consisted of the minority share of a dividend paid by the Botswana operating company and a dividend paid by the predecessor company of 10 cents per share to its shareholders in April 2007.

## Cash and cash equivalents

At 30 September 2007 the Peermont Group had R525,3 million in cash resources available to service debt, working capital requirements and new projects.

# **Capital expenditures**

Our capital expenditures in the nine months ended 30 September 2007 and 2006 respectively, were R105,5 million and R86,0 million, representing approximately 6,3% and 7,8% of total revenue for those periods. Cash used for capital expenditures consists primarily of

- cash used for the replacement of gaming equipment and hotel furniture, fittings
  and equipment and property refurbishment as well as other assets used for the
  maintenance of our properties, plant and equipment net of proceeds received
  from the sale of property, plant and equipment ("maintenance capital
  expenditure"); and,
- 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 maintenance capital expenditures in the nine months ended 30 September 2007 and 30 September 2006 were R95,3 million and R34,9 million respectively, representing approximately 5,6% and 3,2% of total revenue, respectively. Our maintenance capital expenditures for the nine months ended 30 September 2007 reflected ordinary course maintenance and replacement of gaming equipment, primarily slot machines, hotel furniture, fittings and equipment and R22,2 million spent on the refurbishment and upgrade of the Tusk Mmabatho and Tusk Venda properties. The maintenance capital expenditures for the nine month period ended 30 September 2006 reflected ordinary course maintenance and replacement of gaming equipment, primarily slot machines.

Our expansion capital expenditures in the nine months ended 30 September 2007 were R10,2 million, representing approximately 0,6% of total revenue for the period. This consisted of R7,7 million spent by Emperors Palace on the construction of the new Metcourt Hotel, additional slot machines and live poker tables. PGB incurred R2,5 million on the acquisition of the Admiral casinos in Botswana.

Our expansion capital expenditures in the nine months ended 30 September 2006 were R51,1 million, representing approximately 4,6% of total revenue for the period. This consisted of R43,7 million spent on the construction of the Frontier Inn & Casino and R7,4 million of proportionately consolidated costs spent on the completion of the Mondior Concorde Hotel at Emperors Palace, both of which commenced in 2005.

# **Contingent liabilities**

We had previously reported that the South African Revenue Services had conducted an audit at, among other units, Emperors Palace. Certain exposures had been identified by the revenue authorities and these had not been resolved.

We are pleased to report that at a recent meeting, SARS agreed to settle the outstanding issues relating to the audit for an amount of approximately R23 000.

However, a new issue has arisen regarding the taxability of a profit of R33,8 million made by one of our subsidiaries on realisation of a foreign exchange option exercised in 2005. We obtained legal opinion on the matter at the time and, based on this advice, treated the gain as non-taxable. SARS is questioning the interpretation of the law. We have referred the matter to our taxation advisors who are dealing with it. Should SARS be successful in their challenge, the estimated exposure to the group is approximately R9,8 million.

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 recent developments.

The construction of the 248 room Metcourt hotel at Emperors Palace is progressing well, with the earthworks platform and site preparation having been completed. The piling exercise has also been completed and the construction of the structure is in progress. The hotel is expected to open on 1 March 2009 and is still within the budgeted cost of R170 million, despite higher than expected building costs.

The gaming expansion at Emperors Palace was completed on 31 October, with 8 live poker tables having been launched at the end of September and 84 additional slot machines having been brought into use at the end of October, within the total budget of some R14,3 million. The live poker tables are doing well and we are looking to expand this offering to the full licensed 12 tables over time and once we are able to find additional space to house them. The gaming expansion was commissioned with less disruption to the gaming floor than anticipated.

The acquisition of the two small Admiral casinos in Francistown and Selebi-Phikwe was concluded in August 2007. The upgrade of these casinos is expected to be completed by December 2007 within the total budget of Pula 15 million (R17,2 million). These casinos are to be renamed the Sedibeng and Syringa casinos respectively.

As regards the Rio expansion project, we have commenced with the site establishment and preparation phase. The total cost of this project is budgeted at R65,5 million. It is anticipated that approximately R1,5 million of this will be spent in 2007 and the balance of R64 million will be spent in 2008. The new hotel and ancillary facilities are scheduled to open during March 2009.

The Tusk Mmabatho and Tusk Venda refurbishment and the upgrade to Tusk Venda are expected to be completed by March 2008 within the total budgeted costs of R11,2 million and R22,6 million respectively. The upgrade of the 82 bedrooms and the restaurant at Tusk Venda was completed by early November.

As regards the planned relocation of the Tusk Umfolozi Casino at Empangeni to Richards Bay, it was previously announced that we had tendered for land and, if successful, would commence with the EIA approvals immediately. We have recently been advised that our land tender, at an initial price of R17,1 million, was successful and we are currently negotiating the final land purchase agreements with the local council. The price will be adjusted upwards in the event the land is accorded additional development rights. The total budget for the project however remains at R220 million.

The EIA approval process has now begun and subject to the necessary approvals from the local authorities and the KwaZulu-Natal Gambling Board, construction is expected to commence toward the end of the second quarter of 2008 and the resort is planned to open by the end of 2009.

As regards the Burgersfort casino licence, the successful bidder is still expected to be announced by the end of the year. In the interim, we have exercised our option to acquire the land for this project at a cost of R21,0 million.

As regards the Mthatha casino licence, there have been no further developments since we were informed of a land claim on the leasehold property on which the resort is planned to be developed. This land claim has halted development of the retail centre under construction on the land adjacent to our proposed site. As regards the legal action instituted against the Eastern Cape Gambling and Betting Board by an unsuccessful bidder for the licence, we have so far been unsuccessful in our attempts to facilitate a settlement between the parties. If and when the legal action is settled to the satisfaction of the ECGBB, and the land claim is settled to our satisfaction, the development process will commence. At this stage we can give no reliable indication of the expected commencement date for this development.

That brings me to the end of my discussion on development activity.

In general, while the first three quarters of 2007 significantly exceeded our expectations, the final quarter may well be more challenging, not only as a result of the gradual slowdown in household expenditure growth throughout the economy.

In December 2006, we experienced particularly buoyant revenues at Emperors Palace, boosted by a visiting group of players from a neighbouring country. Consequently, it will be very challenging to achieve the same level of revenues at EP for the month of December this year. Furthermore, we expect increased levels of competition amongst the casinos in Gauteng this December as a result of the planned Silverstar opening in the West Rand. We are planning a major programme of entertainment and promotion during December, led by the South African Summer Holiday promotion, all of which will increase sales and marketing costs for the final quarter.

Partially to counter the effects of these challenges, we have stepped up our efforts to promote our Imperium Club premium player programme. As a result of these efforts, we are hosting and expect to host increased numbers of premium players from the Far East and more recently, from Brazil during December and the first quarter of 2008. While these initiatives are expected to boost activity levels in the casino, investors should be aware that the premium player market segment generally offers lower margins due to the incentives offered to players and higher volatility due to the high average bets placed. Noteably, to mitigate the risk of higher volatility, we are not planning to increase table maximums during this period.

Also in partial mitigation of the challenges to revenue growth, we expect a positive contribution from the recently commissioned poker tables and additional slot machines at Emperors Palace.

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

- 1. Pro forma total revenues increased by 14,6% to R595,0 million for the quarter and by 18% to R1 724,9 for the year to date;
- 2. Pro forma EBITDA increased by 18,6% to R245,7 million for the quarter and by 24,0% to R707,6 million for the nine months, resulting in a pro forma LTM EBITDA of R952,0 million;
- 3. Our pro forma EBITDA margin increased to 41,3% for the quarter as compared to 39,9% for the same quarter in 2006 and to 41,0% for the nine months ended September 2007 as compared to 39,1% for the same nine months in 2006.

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