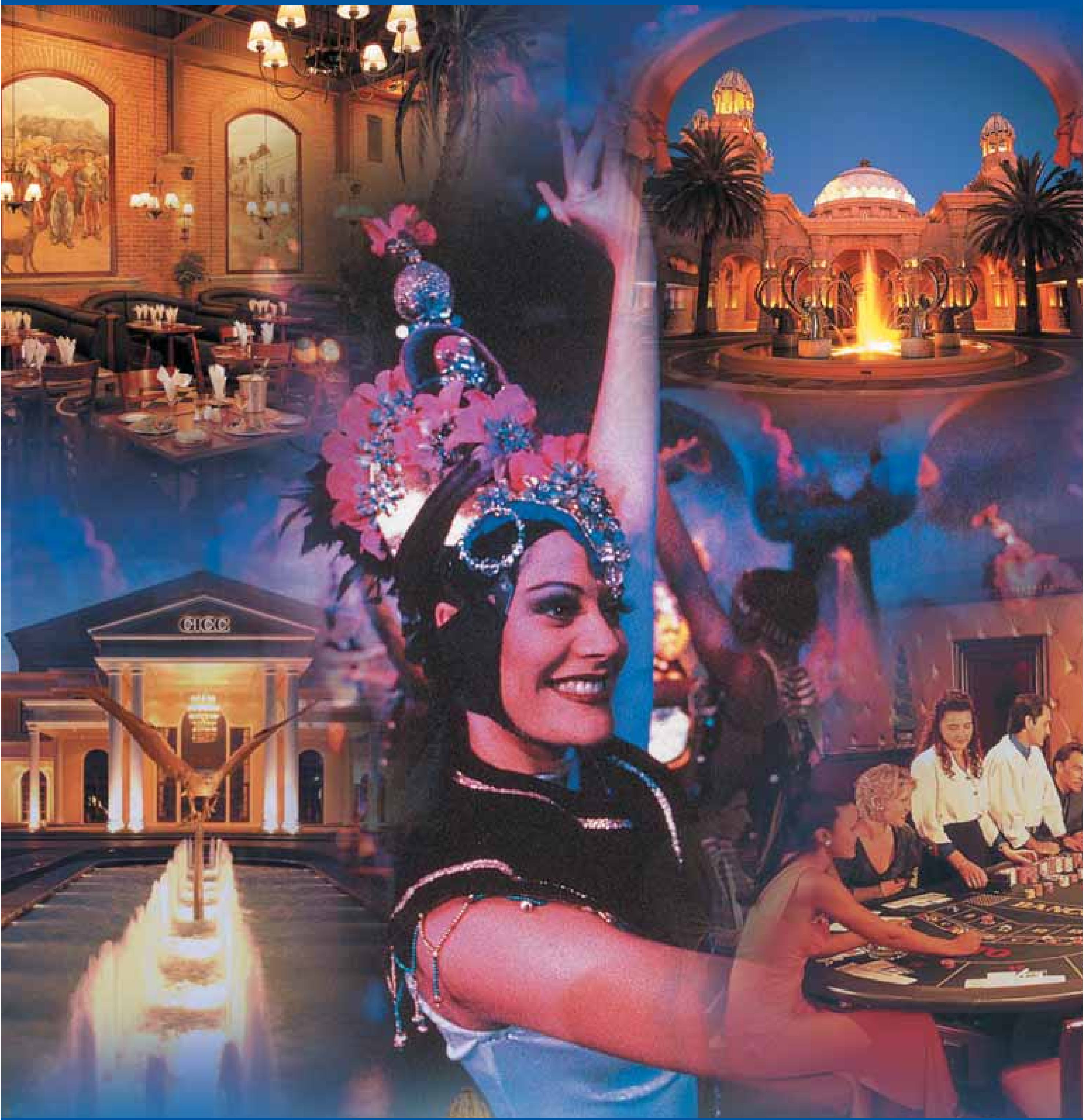
CASA
Casino Association of South Africa



THE 2006 SURVEY OF CASINO ENTERTAINMENT IN SOUTH AFRICA

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FOREWORD Jabu Mabuza, Chairman

This is the third edition of the *Survey of Casino Entertainment* in South Africa and complies with The Casino Association of South Africa's view that all the industry's stakeholders should have full access to the facts and figures about casino gambling, in the belief that freely available information such as this plays a constructive and positive role in the development of good public policy and good governance in respect of the casino industry.

Our 2006 survey includes the latest statistics on the industry's economic contributions at both the national and provincial level, including data on employment and tax revenues. Also included are the results of independent surveys on South Africans' perceptions of casino entertainment, along with data on customer profiles, including visitors' trends and information on the general composition of the gaming population.

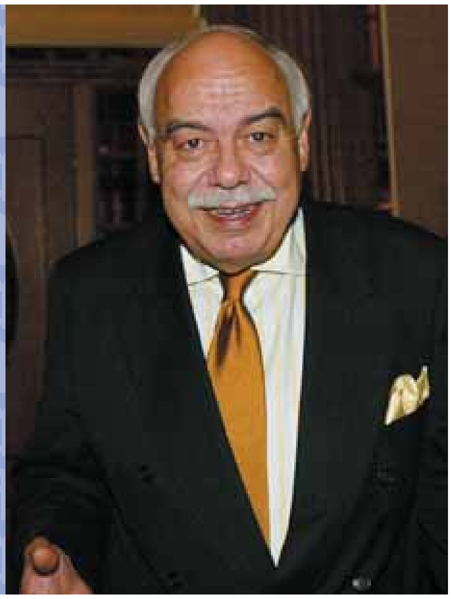
It is a significant industry by any yardstick, and in particular, it is a key component of South Africa's tourism and leisure industry. In recent years, CASA members have invested heavily in infrastructure and tourism plant, including two new international convention centres, and over 5 000 new hotel rooms, and it is widely recognised that the casino sector has considerably advanced transformation, and a new order in the management and ownership of assets in southern Africa's tourism and leisure industry.

This publication should be regarded as a complementary tool to CASA's website, which provides policy makers, researchers, academia, regulators and the media, among other stakeholders, with the first-ever online knowledge data bank of key statistics in respect of South Africa's new casino sector.

The research we report in this survey continues to demonstrate that, after a decade of legalised casino gambling, the industry enjoys a high level of public acceptance and that the great majority of South Africans, at all income levels, gamble responsibly and safely. At the same time, there is a growing acknowledgement of the economic benefits that casinos bring and a general perception that the industry is conducted with the utmost probity and with due regard to our declared intention to combat problem (particularly underage) gambling and promote responsible gambling.

I trust you will find this newly updated edition of the survey both useful and interesting and that it will serve as a valuable reference tool for the facts about casino gambling.

Foreword by Jabu Mabuza



OVERVIEW, 1996 - 2006 SOUTH AFRICA'S CASINO INDUSTRY TEN YEARS ON: ACHIEVEMENTS, ISSUES AND CHALLENGES. By Derek Auret, Chief Executive

This year is the tenth since South Africa introduced its ground-breaking new gambling dispensation, which happened with the passage of the 1996 National Gambling Act, and it is appropriate to review the progress of the industry, and the jurisdiction, over that time.

Those familiar with South Africa will attest that our casino industry has been remarkably successful. It has been responsible for more than R15 billion in new investment in all nine provinces, adding more than R40 billion to GDP in terms of economic multipliers. The industry has created almost 100 000 direct and indirect jobs, and in 2005 alone accounted for over R1.07 billion in provincial gaming taxes and VAT which, together with company tax, contributed R2.7 billion to overall government revenue. Casinos account for more than 83 % of all gambling taxes paid to government, according to the National Gambling Board.

And our 34 casinos have also generated substantial returns for our shareholders. Particularly in the last five years, casinos in South Africa have performed extremely well on the back of a buoyant local economy, with gross gaming revenue growing from R8.2 billion in 2003 to R11.5 billion in 2006, of which casinos account for 88%. Just in the past 12 months, turnovers have increased by up to 20%, in some cases, with EBITDA up by more than 25% in many instances.

A Very Different Industry Post 1996

The gambling industry in our country today bears little resemblance to that which existed prior to the introduction of that legislation in 1996. Before 1996, the industry was primarily resort-based and located in rural areas, the most notable example of which was Sun City, of course. Additionally, in our cities and towns there was a flourishing illegal industry of up to 150 000 machines, in contrast to the 8 000 in self-regulated rural resorts at that time.

But with the re-incorporation of the homelands into South Africa, and given the huge illegal industry in urban areas, there was clearly a need after the advent of our new democracy for a rationalisation of the industry and for appropriate regulation. The result was the 1996 National Gambling Act, subsequently replaced by the Act of 2004.

Although there have been many milestones over the past decade, perhaps the one that stands out the most is the degree to which Government and the industry have succeeded in forging a collaborative partnership that has led to South Africa's ability to boast one of the world's most ethical and socially-responsible gambling regimes.

The Need for Sensible Public Policy

One cannot speak of the success of our casino industry generally without placing that success story within the context of the development of public policy and hence the evolution of the South Africa state over the past decade. I believe this because the global experience of the gambling industry is that it flourishes and delivers a public good only where it constitutes a constructive partnership with government based on a mutually-beneficial policy framework.

It is a universal habit of governments everywhere to justify their existence by an incessant process of regulation, law-making, policy reform and the identification of vacuums where their writ does not yet run. Fortunately, we have largely been spared this tendency in South Africa and the casino industry has been allowed to grow in a spirit of collaboration with government rather than in a climate of confrontation, mutual suspicion and antagonistic over-regulation.

Internationally, the historic divide in the debate about gambling has been between an industry seeking the freedom to cater for humankind's propensity to gamble and governments seeking to exercise maximum control over the activity in order to both share in its profits and appease public concerns. It is a debate which seeks to strike a balance between a complex array of vested interests, social values and economic priorities, and it occurs in an environment where ethical passions run particularly high and definitions of the public interest vary widely. The challenge that presently confronts policy makers in jurisdictions as diverse as Singapore and the United Kingdom, Russia and Canada, is to find the point of equilibrium between these often-irreconcilable demands and to strike a balance between maximising the benefits to be derived from the gambling industry and simultaneously limiting the social costs of gambling.

However, the emerging global consensus is that because humankind's urge to gamble is a reality and particularly prone to criminal or antisocial behaviour if forced underground, public policy must accept its inevitability and find ways of constraining rather than suppressing society's instinctive desire to take risks and lay wagers.

A consequence of this consensus is that - where it has gained public acceptance - commercial gambling is always a public-private sector partnership in which each party has a common interest in ensuring both that the industry is profitable over the long term and that it enjoys broad public approval, contributes to the economic well-being of non-gamblers as well as of gamblers, and is not perceived as exploitative and indifferent to negative social impacts.

Before 1996, South Africa had no such constraints and the consequences were there for all to see, as they are today in much of Eastern Europe, where rampant criminality, money-laundering and corruption characterise the gambling industry in that part of the world.

In South Africa, we have achieved this felicitous equilibrium because the tripartite alliance of government, industry and regulators has recognised – in both legislation and practice – that the public interest is best advanced through the cooperative governance of an industry that, if allowed to operate without restraint, has a considerable potential to cause social harm.

State Intervention

It is precisely because of gambling's potential to do harm, that the gambling industry in South Africa is arguably subject to a higher degree of state intervention than any other business sector in the economy. At the same time,

government's effective 41% share of value-added in the casino sector means it is effectively the industry's largest *de facto* shareholder. Equally, by virtue of its prescribed definition of the industry's operating parameters, government is an important participant in the sector and is thus locked into a practical partnership with the private sector in this multi-billion rand business.

Where many jurisdictions still struggle to strike the necessary equilibrium, we have succeeded in forging an alliance that imposes on government and the industry alike the need to manage and advance a relationship in which we work constructively and transparently to deal with issues of mutual concern and interest. Out of this has emerged a matrix of mutual obligations and legitimate expectations which has delivered a regime that mixes state-imposed control and a good measure of self-control.

But because it is a truism of any political order that policy changes over time and lawmakers come and go, there is always the danger that policy directions will shift and the rules of the game changed. And because international experience, notably in North America, teaches us that even the most enlightened and progressive governments are eternally tempted to extend control, we in the industry must not only take care to meet our own commitments to a successful partnership, but be vigilant if we are to hold Government to its side of the bargain. It is therefore in the interest of all of us that we should from time to time remind ourselves of the State's optimum role in the management of a gambling industry.

Of course nobody today questions whether the public interest demands a degree of regulation by government, but it seems to be indisputable that, if public benefits are to be secured, governments need to create a stable and consistent operating environment through an explicit planning and taxation framework which encourages investment and results in a sustainable industry. For that reason, there are several conditions which the casino industry should reasonably be able to expect from government if it is to be profitable and if it is to meet its obligations as a contributor to public benefit.

Consistency and Certainty Essential

The greatest enemy of any business – particularly one as capital-intensive and as prone to populist politics as the casino sector – is uncertainty. In this regard, it is important to bear in mind that the casino business is abnormally risky because markets are difficult to predict and the regulatory environment upon which profitability depends is subject to various types of political change. Consequently, because casino operators are as interested as any business undertaking in the ratio of return to risk on their investment, investors in casino projects require a higher than average return on their investment. For that reason, government may be reasonably expected to, at least:

- Provide operators with a degree of exclusivity in specific areas, so as to reduce the detrimental effects of unbridled competition;
- Ensure the lowest possible costs of doing business, including realistic taxation rates, low licence fees and minimal regulatory costs; and
- Guarantee security against unexpected and harmful changes of the rules. Government must be clear about policy objectives and offer consistent, predictable and well-defined criteria.

Historically, governments have often regarded casinos as enticing and easily accessed sources of income and imposed abnormally large taxes on gambling revenues well in excess of normal consumption taxes such as VAT. While this clearly yields short-term economic benefit, it is essentially a political decision since it simply switches tax burdens from one section of the population to another. Because gambling taxes are relatively unresented, gamblers typically don't notice that they are paying them since, for example, an additional 40% of taxation is the difference between a machine which pays out 95% and one which pays out 93%. Non-gamblers, on the other hand, are quite content that their taxes should be lower because those paid by gamblers are higher.

In implementing such a fiscal strategy, however, there is a danger that governments will implement them in a short-sighted and self-defeating way - the main danger being that governments become unhealthily greedy. Such ravenousness leads them to ignore the fact that high taxes mean lower capital investment in non-gambling facilities which attract increased tourism spend and produce much-needed public infrastructure. The levying of ever- higher taxes on more and more forms of gambling, as high as 70% as is happening presently in some US states, may well boost revenues in the short term. But it simultaneously raises the risk that people may seek cheaper gambling opportunity elsewhere, especially via the Internet.

Given the growing variety of gambling types and an expanding range of public choice in the availability of gambling, it is arguable that government has a duty to guard against the over-provision of venues and machines that undermine a tightly-regulated legitimate casino sector.

A recent example of the introduction of a degree of uncertainty into our sector has been the authorisation of real-touch bingo machines in the face of the declining financial fortunes of the bingo industry. In reality, these are no more than slot machines and their proliferation threatens to undercut the carefully-controlled slots sector of the casino industry. In the US, similar issues have arisen over "racinos", where the horse racing industry has sought to buttress its declining fortunes by adding slot machines to its product offering.

Developments such as these may undermine the democratic consensus that we should not have too much gambling and may lead to a backlash – as has

happened in Canada with video lottery terminals – with the public demanding the reintroduction of various forms of prohibition.

And this would be an unjust outcome for an industry which has demonstrably fulfilled in every respect the social and legal obligations that to which we are subject in terms of our licence conditions.

Knowing and Sharing The Facts

It is important at this point to re-emphasise the importance of research and empirical evidence in policy-formulation. The South African gambling industry has been meticulous in its monitoring of international best practice and is in constant interaction with the world's leading academic and industry experts. It is, however, not always apparent that legislators or policy makers are as rigorous in their attempts to understand either the lessons of international research or the consequences of their threatened interventions in the business of the industry. All too often, anecdotal hearsay or unscientific prejudice are allowed to influence what should be a rational debate and create a climate which is not conducive to the establishment of a stable, predictable and coherent regulatory environment.

Being Responsible

We in the South Africa casino industry recognise we are under an obligation to acknowledge Government's facilitating role and honour the confidence it has placed in us by demonstrating beyond question that we are responsible corporate citizens, and that we are reliable, accountable and reputable partners in the implementation of Government's policy objectives, in our expenditure on social investment, and in the promotion of ethical, scrupulous and crime-free gaming conduct.

In other words, we need to be seen to be serving the public interest, insistent in our conviction that we are accountable, not only to our shareholders, but to the broader South African society in which we operate.

If we are to insist our rightful place in the formulation of gambling policy, our reciprocal duties are nowhere more obvious than in the area of problem gambling. Recent experience has demonstrated how important it is that the industry should take a proactive rather than a reactive stance when it comes to problem gambling.

When lawmakers in South Africa, for example, three years ago sought to introduce a range of new measures to deal with problem gambling, industry representations succeeded in removing from the new legislation many of its most undesirable features largely because we were able to demonstrate our determination to ensure that the integrity of the industry is maintained and that adequate systems are in place for addressing problem gambling effectively.

Conclusion

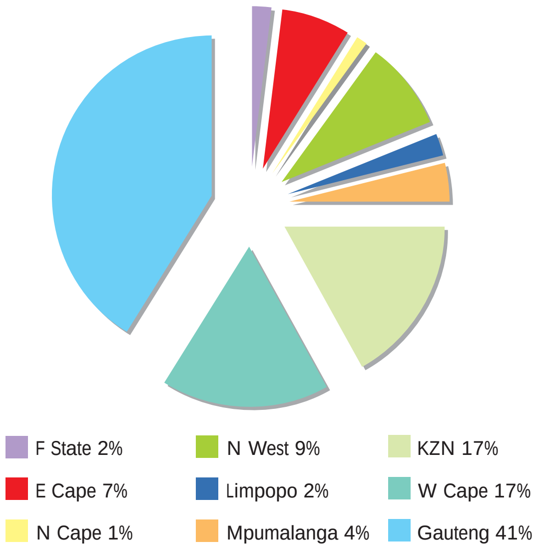
Over this first decade of South Africa's new gambling dispensation, we have been fortunate to have escaped the adversarial relationship between regulators and industry which exists in certain other jurisdictions. This is not a mere accident of history, but the outcome of a constructive engagement between government and industry which recognises the salient importance of our industry's proven ability to contribute positively to socio-economic development through new investment, employment creation, and the provision of new non-gambling tourism infrastructure.

Our task now is to develop the strengths of that partnership, to consolidate and cement its benefits and to add institutional weight to the structures and organisations through which we seek to obtain consensus about what is needed to ensure the sustainable health of the industry, which is in the interest of all its stakeholders, not least of which government.

NATIONAL GAMBLING STATISTICS: 2005/2006 FINANCIAL YEAR

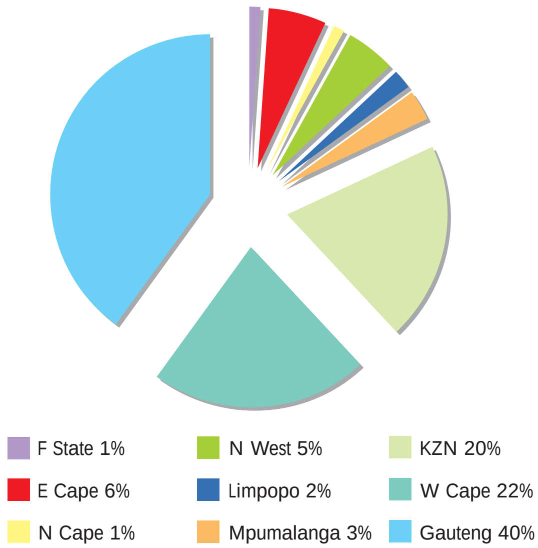
In August 2006 the National Gambling Board (NGB) published its survey of national gambling statistics for the 2005/2006 financial year, ending 31 March 2006, in which it reported that gross gambling revenue for the year was R11.5 billion, a 16% increase over the previous year's R9.918 billion.

Gross Gambling Revenue per Province: 2005/2006 Financial Year



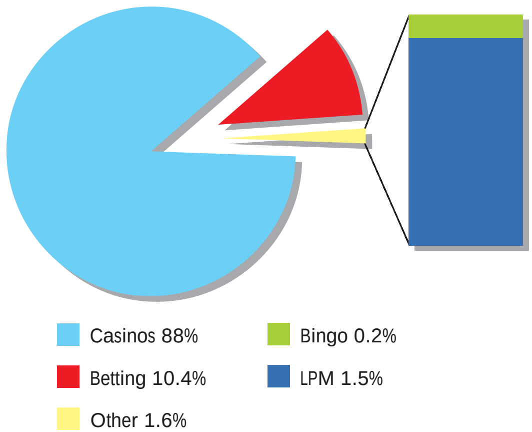
TOTAL R11.51 BILLION

Tax Contribution per Province: 2005/2006 Financial Year



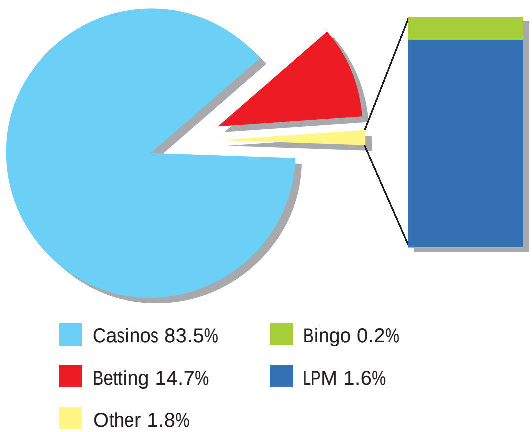
TOTAL R1.07 BILLION

Gross Gambling Revenue per Gambling Mode: 2005/2006 Financial Year



TOTAL R11.51 BILLION

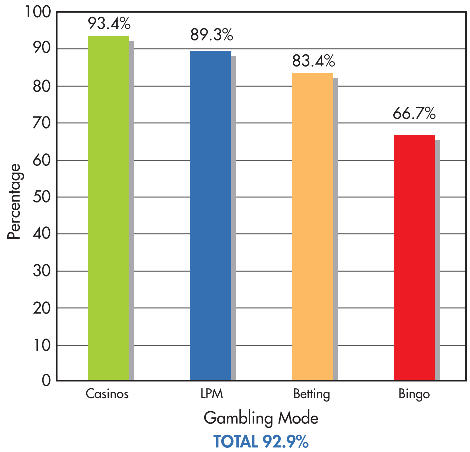
Tax per Gambling Mode: 2005/2006 Financial Year



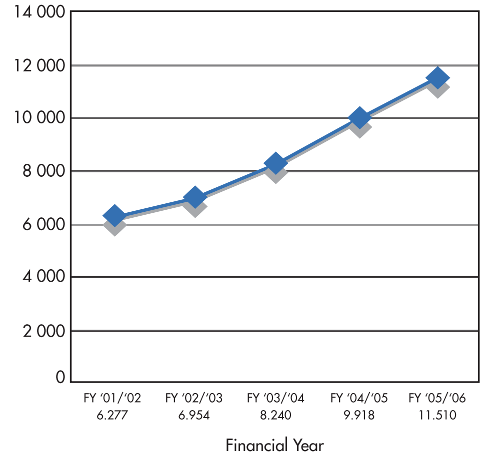
TOTAL R1.07 BILLION

National gambling Statistics

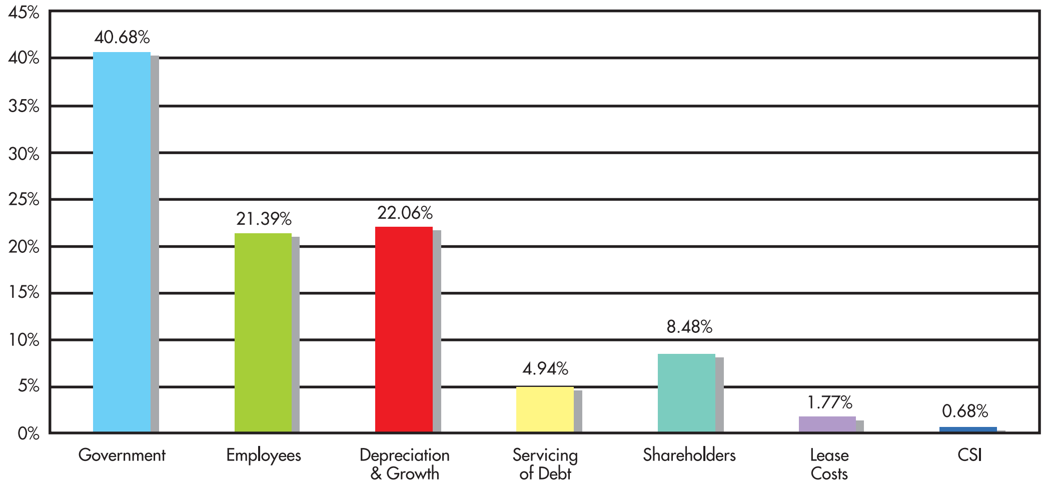
Percentage of RTP per Gambling Mode 2005/2006 Financial Year



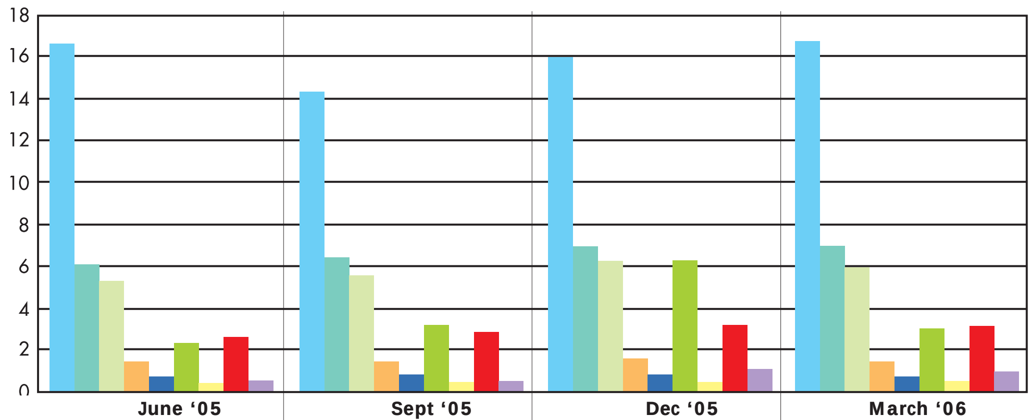
Increase in Gambling Activities GGR all models



Casino Industry Value Added Statement: Where the Money Goes

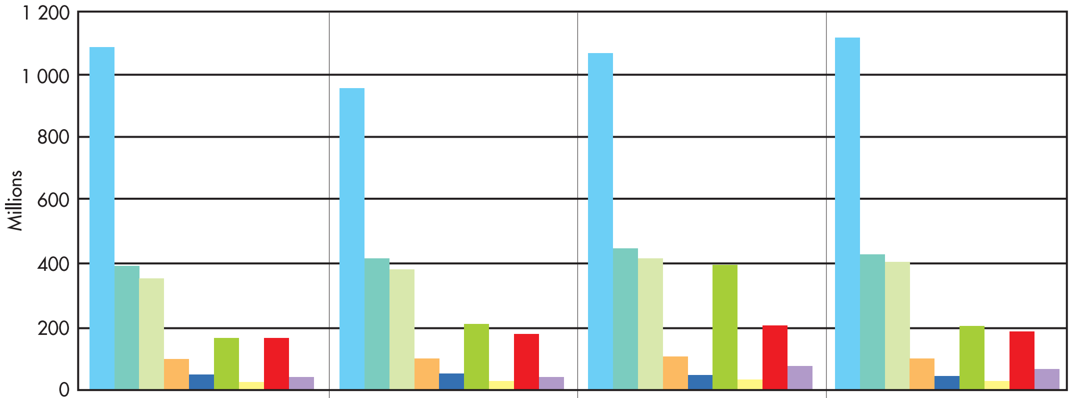


Quarterly Casino Turnover: 2005/2006 Financial Year



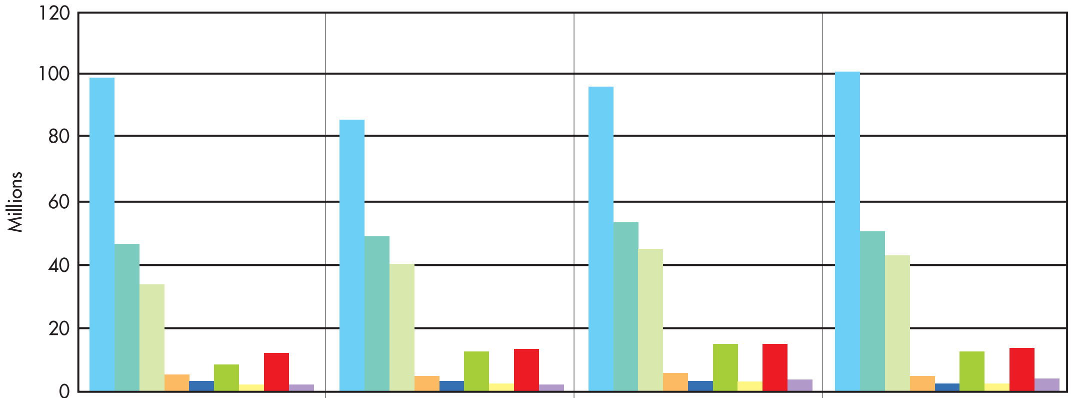
	June '05	Sept '05	Dec '05	March '06
Gauteng	16 641 117 405	14 283 555 241	15 991 286 187	16 755 813 083
W Cape	6 092 596 227	6 413 639 461	6 946 617 488	6 948 313 878
KZN	5 295 363 250	5 602 335 097	6 248 379 558	5919 440 919
Mpumalanga	1 477 335 156	1 499 853 433	1 591 454 310	1499 752 691
Limpopo	760 362 594	843 033 770	853 822 241	769 180 606
N West	2 326 665 018	3 191 571 565	6 288 741 854	2 996 987 334
N Cape	419 240 039	528 334 539	543 869 205	530 494 909
E Cape	2 664 961 396	2 851 946 257	3 210 294 891	3 124 790 774
F State	544 933 987	546 236 423	1 061 222 073	978 205 840

Quarterly Casino GGR: 2005/2006 financial year



	June '05	Sept '05	Dec '05	March '06
Gauteng	1 087 098 778	953 175 173	1 060 513 990	1 117 983 226
W Cape	392 024 207	413 276 301	445 245 575	427 799 489
KZN	354 957 194	382 859 082	421 729 402	406 354 397
Mpumalanga	96 498 680	99 582 587	108 465 298	101 634 559
Limpopo	46 438 862	47 233 147	49 694 361	43 053 068
N West	168 173 732	208 990 362	400 325 143	201 415 508
N Cape	24 866 261	31 271 039	37 875 237	32 614 531
E Cape	166 775 664	179 482 430	203 475 376	187 231 193
F State	41 518 223	42 183 169	75 208 565	68 442 913

Quarterly Casino Tax: 2005/2006 financial year



	June '05	Sept '05	Dec '05	March '06
Gauteng	97 838 890	85 785 766	95 446 259	100 618 490
W Cape	45 812 431	48 924 183	53 229 155	50 367 505
KZN	33 324 143	39 906 574	44 533 513	42 627 632
Mpumalanga	4 824 934	4 979 129	5 423 265	5 081 728
Limpopo	2 786 331	2 833 989	2 981 662	2 583 184
N West	8 625 568	12 545 786	14 518 393	12 345 939
N Cape	1 989 301	2 501 683	2 740 795	2 606 414
E Cape	11 735 614	12 861 768	14 959 757	13 511 066
F State	2 011 749	2 047 432	3 578 899	3 253 804

HIGHLIGHTS OF THE YEAR

Understanding the Prevalence of Youth Gambling in South Africa

Late last year, the National Gambling Board published *A Profile of Youth Gambling in South Africa*, which revealed that 5.1% of school-goers surveyed across South Africa indicated a strong pre-disposition to gambling and constitute a core of potential problem gamblers. The research was undertaken by the University of the Witwatersrand. More than 12 000 pupils in grades 10, 11 and 12 from 28 schools in all nine provinces participated in the survey and, using random sampling techniques, just over 4 000 of these surveys were analysed for the purposes of the report.

I The Numbers

Perhaps the most salient observation to be made on this body of research is that the prevalence of young people in South Africa to gamble is within what is described as "international norms". In the formal, regulated industry it is lower than in many other jurisdictions. For example, 1.4% of adolescents in the study claim to have laid bets at a casino, in person or through a third party. In Australia and some US jurisdictions the number is twice that amount, and of course in arcades, British children of all ages are legally entitled to play low-prize slot machines. In both Britain and the US, the prevalence of problem gambling among adolescents is 6% higher than in adults.

Also sociologists would concur that as adults in surveys often downplay their gambling, or for that matter, smoking or drinking, adolescents are known to stress their maturity by exaggerating their participation in adult practices such as these. It may be, as has been found in other jurisdictions, that the Wits numbers therefore are higher than is actually the case in reality.

II Types of Gambling

What is clear from the report is that at gambling venues where there are well-policed access controls, such as casinos, there is a much lower likelihood of adolescents being able to gamble.

Thus, it is no surprise that the number of young people who claim to have gambled in a casino in person or by agency (1.4% of the sample), is substantially less than those who have purchased lottery tickets (9.1%), scratch cards (4.5%) or indulged in sports betting (5%).

Similarly, unregulated or informal gambling, presumably in playgrounds or at home, features much more regularly than casinos. Gambling and wagering via flipping coins (3.5%), informally organised card games (2.7%), cellphone gambling (2%), or dice (1.9%) for example, show a much higher participation from young people than those who say they have gambled themselves, or via a third party, in a casino.

We note the researchers' concern over the amount of adolescent gambling on the lottery, the most common form of gambling practised by young people. It is thought-provoking that the study speaks of the growing tendency of learners to disassociate the lottery from mainstream gambling, which, after all, it is.

III Income Groups

Independent research, undertaken in both 2005 and 2006, has shown that the very poor do not patronise casinos in significant numbers. This is because casinos are less accessible and convenient than other forms of gambling, such as the lottery, and also, the price of casino gambling constitutes an effective barrier to entry.

Casino gambling in South Africa is very much an activity of the middle classes.

This is corroborated in the Wits Study, which suggests that young people in disadvantaged urban areas were much less likely to engage in organised gambling. For the poor among the young people surveyed, informal gambling, such as dice games, that offer lower barriers to entry, are most common.

IV Prevention

One acknowledges that many young people have a high propensity to take risks, and this is a reality not just in South Africa, but throughout the world. It is also very much true of the behaviour of some adolescents in respect of alcohol consumption, drugs, unprotected sex and smoking, as it is with gambling.

This is why the casino industry has helped to fund, through the National Responsible Gambling Programme (NRGP), an extensive public education programme about gambling and the need for young people to understand not just the law in respect of gambling, but the risks.

Over the past three years, the NRGP has educated over 50 000 learners at nearly 180 schools as part of this comprehensive initiative, in addition to the programme's regular public service education campaigns.

The Wits research makes the important point that parents also have a significant responsibility to not only engage with their children on the subject of high risk behaviours, but it notes that most young people who claim to gamble do so with funds from their parents. Clearly this is something which needs attention.

2006 NRGP National Prevalence Study: Gambling and Problem Gambling in South Africa

This past year, the National Responsible Gambling Programme (NRGP) published its third biennial *National Problem Gambling Prevalence Study*, in which it revealed that the incidence of problem gambling in South Africa had dropped from 6.8% in 2003 to 4.8% in 2005, while just under 1% of adult South Africans were pathological or compulsive gamblers.

According to the executive director of the NRGP, Professor Peter Collins, "Our study reveals that 144 out of 3 003 respondents answered seven or more of the 20 Gambler's Anonymous questions affirmatively, which is noticeably less than the number in our survey in 2003. This indicates that 4.8% of those with easy access to commercial gambling gamble too much, compared to 6.8% in 2003, and these people can be categorised as problem gamblers. The research also suggests that somewhat less than 1% of this sample have an addiction to gambling which is similar to alcoholism and drug addiction.

"This is broadly in line with comparable international jurisdictions in the English-speaking world such as Australia, Canada, New Zealand and the US, where the number of addictive or compulsive gamblers is also around 1%".

In terms of participation in gambling, the findings of the research project suggest that 81.5% of people play the lottery regularly (once a week), up from 72.3% two years ago. There had also been some growth in the number of people wagering on horses (5.9%), up from 5.7%, and table games in casinos at 2.2%, up from 1.4% in 2003. Other forms of gambling showed a slight decline compared to 2003, including slot machines at 13.9%

(down from 14.1%), newspaper jackpots at 2.6% (down from 3.3%), and scratch cards at 14% (down from 15%).

The number of people who only play the lottery has grown from 41.4% two years ago to 52.5% in 2005.

The number of people who never gamble, which was 20.1% in 2003, has declined to 15% in 2005.

The study reveals that growth in the gambling industry comes principally from the lottery. Although the number of people who use slot machines has stabilised, the number who play slots regularly has declined. Horse racing is slightly up, as are table games, in overall and regular participation, but other forms of gambling, including scratch cards have declined.

Research was also conducted into gambling spend by disposable income groups, and this confirmed that all income groups are playing the lottery regularly. Out of those who gamble regularly in the lowest income groups (those with disposable monthly income below R1 400), over 70% play the lottery regularly but less than 3% play slots regularly and about 7% regularly bet on horses.

Although the lottery is played by a large proportion of people, expenditure on slots far outweighs that on the lottery, but is expended by a much smaller proportion of relatively wealthier people.

Those who play the lottery spend on average just over R81 per month, with the lottery accounting for 26.4% of total gambling spend in SA. Those who play slots spend R541 per month on average, and slots constitute 43.7 % of all gambling expenditure in the country.

Conversely, the minority of poor people who do play slot machines and horses spend a high proportion of their income doing so, whereas they spend only modestly on the lottery.

Participation in gambling is evenly distributed by race, although a higher percentage of blacks (6.2%) experience problems with their gambling than others (Indians 5%, coloureds 4.1%, and whites 2.8%).

"These findings accord with what common sense would predict. The lottery is a much more accessible product to poor people, both in terms of geography and price, whereas slot machines are a relatively expensive past time. And casinos are beyond the reach of many people in terms of cost, such as entrance fees, and price of food, drinks, other services and entertainment, as well as transport," Collins said.

Professor Collins said that the main conclusions to be drawn from the study were:

- South Africa's gambling market has matured to an equilibrium incidence of problem gambling of 4 %;

- The decrease over the past two years in the number of people who exhibit problems with their gambling is attributable largely to steps which have been taken in South Africa to address the question of problem gambling, especially public awareness and the provision of treatment services, and the effectiveness of those measures. South Africans today better understand gambling;

- The majority of South Africans, including the majority of poor people, gamble sensibly.

Bureau of Market Research: Socio-economic impact of legalised gambling in South Africa

A survey conducted by the Bureau of Market Research at UNISA, on behalf of the National Gambling Board, estimated that the magnitude of problem gambling in South Africa is 0.52% of gambling participants and 0.26% of the South African population 18 years and older - numbers which are somewhat lower than those reported in 2003 and 2004, but consistent with international norms.

The survey, amongst 3 100 respondents, followed a similar study conducted in 2002 which established a baseline on the South African population's gambling conduct and behaviour with regard to various aspects such as propensity to gamble, the impact of gambling on household welfare levels and the frequency of visiting gambling outlets. That study found that the gambling industry showed typical characteristics of a developing gambling market with substantial volatility. The follow-up study commissioned by the NGB in 2005 gauges the trends and socio-economic impact of gambling on the South African society, and informs the Board on its regulatory responsibilities within a more matured gambling marketplace.

The survey found that in the three months preceding the survey, 45.8% of respondents bought lotto tickets, 7.8% bought scratch cards and 7.1% participated in casino gambling.

The report revealed a general a decline in the propensity to gamble among the South African population. Participation in the national lottery (lotto and scratch cards) declined from 71.3% in 2002, 69.1% in 2003 (lotto only) to 45.8% in 2005 (lotto only). The percentage of respondents visiting casinos declined from 19.3% in 2001, 10.4% in 2003 to 7.1% in 2005. Respondents who did not participate in any gambling activity increased from 43.2% in 2002 and 2003 to 50.2% in 2005.

Of those who visited casinos, the following frequency was reported -

- 0.5% daily
- 9.7% once a week
- 16.2% once every two weeks
- 32.9% once a month
- 40.7% visit casinos less often

Casino visiting patterns show the following since the 2002 NGB survey:

- High frequency visitors (daily and once a week) remain unchanged at around 10% of patrons.
- Those who frequented casinos once or twice a month increased from 26.6% to 49.1% of patrons.
- The 2002 NGB survey shows that patrons visiting the casinos less than once per month declined from 64.1 % in 2002 to 40.7 % in 2005. This can be explained largely by the novelty effect during the establishment of the casino industry that faded as the casino market became more integrated in general community behaviour.

Regular visitors to casinos were spread fairly evenly across age groups. Patrons visiting casinos at least once every two weeks show the following age representation:

- 18 to 30 years: 27.0%
- 31 to 50 years: 27.2%
- Older than 50 years: 24.0%

The once-a-month visitors were more concentrated in the younger age groups while those visiting casinos less than once a month were positively correlated with age.

Significant variations of casino patrons by educational level were recorded. The composition of casino patrons by educational level shows the following pattern:

- No formal schooling: 0.5%
- Primary education: 6.5%
- Secondary education: 59.5%
- Tertiary education: 33.5%

Only 7.0% of casino visitors reported an educational level of primary education or less. More than nine in every ten casino patrons (93.0%) attained a secondary qualification. Patrons with secondary and tertiary qualifications showed fairly similar frequency patterns with 9.4% of secondary qualified and 11.1% of tertiary qualifieds visiting casinos at least once a week.

There was limited variation in casino visiting behaviour by gender. High frequency visits (at least once a week) were reported by 9.0% of males and 11.2% of females. Visits once a month or less often showed limited variation – 74.1% for males and 72.8% for females.

Analysis of the visiting frequency of casinos by personal income group revealed the following distribution of high frequency visitors (at least once a week):

- R12 000 or less pa: 12.3%
- R12 000 – R60 000 pa: 8.1%
- R60 000 or more pa: 13.4%

Percentages for visits once a month or less often also showed limited variation by income group:

- R12 000 or less pa: 68.4%
- R12 001 – R60 000 pa: 77.0%
- R60 000 or more pa: 69.9%

Comparisons of the 2005 NGB study with previous surveys suggest that casino gambling remains the most important gambling mode (from an expenditure point of view) attracting just more than 70% of total legal gambling expenditure. Propensity to casino gambling increased from 0.91% in the 2003 NGB survey to 1.21% in the 2005 survey. A propensity of just above 1.20% was maintained since 2003 and may suggest a stabilisation of the propensity in the order of 1.20% of household expenditure. This implies casino GGR growth for the country as a whole more or less similar to average salary increases.

On the question of which gambling modes the less affluent part of the community are active in, the survey found the following for those that earned less than R1 000 per month:

- 73.3% bought lotto tickets
- 15.3% bought scratch cards
- 6.4% frequented casinos
- 3.2% wagered on horses
- 1.2% played LPMs

Of the unemployed:

- 74.6% bought lotto tickets
- 14.4% bought scratch cards
- 7.0% visited casinos
- 2.5% wagered on horses
- 1.0% played LPMs

The survey found that 55.6% of respondents find gambling acceptable, 25.1% find it not acceptable to themselves but have no objections to gambling by others and 19.3% find it unacceptable.

Respondents were requested to indicate whether they were aware of any programme to assist compulsive or problem gamblers. Just less than one out of every four (23.6%) respondents participating in gambling activities are aware of any programme. However, visitors to casinos (40.3%) confirmed a substantially higher awareness than those participating in the lotto (23.9%).

CASINO GROUPS HOLDING LICENSES IN SOUTH AFRICA

	Sun International	Peermont Global	Century Casinos	London Clubs International	Tsogo Sun	Gold Reef Casino	Desert Palace
Eastern Cape	2				1		
Free State	2	1				1	
Gauteng*	2	1		1	1	2	
KwaZuluNatal	1	1	1		1	1	
Limpopo	1	1					
Mpumalanga		1			2		
North West	2	2					
Northern Cape**	1						1
Western Cape	2		1			2	
Total	**13**	**7**	**2**	**1**	**5**	**6**	**1**

*Silverstar Casino Resort anticipated opening March 2008

**Desert Palace is not a member of CASA

PROFILE OF SOUTH AFRICAN CASINOS BY PROVINCE

EASTERN CAPE

Current number of casinos	3
Proposed number of casinos	5
Number of tables	47
Number of machines	1 607
Casino employees	3 518
Payroll	R146.1 million
Gross casino gaming revenue	R737 million
Casino gaming tax revenue	R53 million
Visitors	5 086 000

Provincial gaming tax base

Taxable revenue (millions)		Rates of tax
0 – 4		3.0%
4 – 8	120 000	5.0%
>8	320 000	10.0%

Port Elizabeth: The Boardwalk

Date opened	October 2000
Operator	Emfuleni Resorts (Pty) Ltd
Management company	Sun International Management Ltd
Total capital investment	R454 million
Employees	1 461
Permanent	382
Casual	78
Outsourced	1 001
Payroll	R48.8 million
Slots	779
Tables	21
Visitors	3 021 000

East London: Hemingways Casino

Date opened	September 2001
Operator	Tsogo Sun Gaming
Management company	Monyaka
Total capital investment	R222 million
Employees	445
Permanent	187
Casual	10
Outsourced	248
Payroll	R32.1 million
Slots	390
Tables	12
Visitors	1 300 000

Bizana: Wild Coast Sun

Date opened	December 1981
Operator	Transkei Sun International Ltd
Management company	Sun International Management Ltd
Total capital investment	R37.3 million
Employees	1 612
Permanent	455
Casual	301
Outsourced	856
Payroll	R65.2 million
Slots	438
Tables	14
Visitors	765 000

Profile of South African Casinos by Province

FREE STATE

Current number of casinos:	4
Proposed number of casinos	4
Number of tables	14
Number of machines	607
Casino employees	1 317
Payroll	38.1 million
Gross casino gaming revenue	R227 million
Casino gaming tax revenue	R11 million
Visitors	2 050 964

Provincial gaming tax base

Taxable revenue (millions)	Rates of tax
	5.7%

Bethlehem: Frontier Inn & Casino

(Opening in December 2006)

Operator:	Peermont Global
Total capital investment	R104 million
Slots	120
Tables	12

Bloemfontein: Windmill Casino

Date opened	October 2005
Operator	Mangaung Sun (Pty) Ltd
Management company	Sun International Management Ltd
Total capital investment	R160 million
Employees	855
Permanent	165
Casual	128
Outsourced	562
Payroll	16.9 million
Slots	193
Tables	8
Visitors	1 044 000

Thaba ‘Nchu: Naledi Sun

Date opened	May 1989
Operator	Sun International Ltd
Management company	Sun International Management Ltd
Total capital investment	R13.5 million
Employees	129
Permanent	70
Casual	2
Outsourced	57
Payroll	R8.3 million
Slots	188
Tables	0
Visitors	153 000

Welkom: Goldfields Casino and Entertainment Centre

Date opened	December 2003
Operator	Goldfields Casino and Entertainment Centre (Pty) Ltd
Management company	Gold Reef Management
Total capital investment	R62.6 million
Employees	333
Permanent	192
Casual	48
Outsourced	93
Payroll	R12.9 million
Slots	226
Tables	6
Visitors	853 964

GAUTENG

Current number of casinos	6
Proposed number of casinos	7
Number of tables	281
Number of machines	7 857
Casino employees	9 581
Payroll	836.8 million
Gross casino gaming revenue	R4.2 billion
Casino gaming tax revenue	R380 million
Visitors	21 409 272
Provincial gaming tax base	

Taxable revenue (millions)	Rates of tax
	9.0%

Fourways: Montecasino

Date opened	November 2000
Operator	Tsogo Sun Gaming
Management company	Monyaka
Total capital investment	R2 268 million
Employees	1 994
Permanent	1 207
Casual	35
Outsourced	752
Payroll	R189.0 million
Slots	1 700
Tables	70
Visitors	7 500 000

Johannesburg: Gold Reef City

Date opened	March 2000
Operator	Akani Egoli (Pty) Ltd
Management company	Gold Reef Management
Total capital investment	1 175 million
Employees	1 773
Permanent	1 133
Casual	0
Outsourced	640
Payroll	R173.7 million
Slots	1 600
Tables	50
Visitors	3 650 000

Mabopane: Morula Sun Casino[1]

Date opened	June 1987
Operator	Sun International Ltd
Management company	Sun International Management Ltd
Total capital investment	R61.7 million
Employees	525
Permanent	358
Casual	0
Outsourced	167
Payroll	R55.0 million
Slots	507
Tables	11
Visitors	838 000

[1] With effect from 1 March 2006 and as a result of the reconstitution of the provincial boundaries pursuant to the Constitution Twelfth Amendment Act 2005 and the Cross-boundary Municipalities Laws Repeal Act 2005, Morula Sun, previously in the North West Province, will fall within the Gauteng Province in future.

Vanderbijlpark: Emerald Casino Resort

Date opened	May 2001
Operator	London Clubs International
Management company	London Clubs International
Total capital investment	R600 million
Employees	1 214
Permanent	514
Casual	200
Outsourced	500
Payroll	R68.2 million
Slots	660
Tables	23
Visitors	1 021 042

Kempton Park: Emperors Palace Hotel Casino and Convention Resort

(previously Caesars)

Date opened	December 1998
Operator	Peermont Global (East Rand) (Pty) Ltd
Management company	Peermont Global East Rand Management (Pty) Ltd
Total capital investment	R2 062.9 million
Employees	2 053
Permanent	1 491
Casual	62
Outsourced	500
Payroll	R219.9 million
Slots	1 640
Tables	67
Visitors	4 799 230

Brakpan: Carnival City

Date opened	December 1998
Operator	Afrisun Gauteng (Pty) Ltd
Management company	Sun International Management Ltd
Total capital investment	R964 million
Employees	2 022
Permanent	686
Casual	0
Outsourced	1 336
Payroll	R131.0 million
Slots	1 750
Tables	60
Visitors	3 601 000

West Rand: Silverstar Casino Resort

Date opened	Anticipated opening March 2008
Operator	Gold Reef and Akani
Management company	Gold Reef and Akani

KWAZULU-NATAL

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Current number of casinos:	5
Proposed number of casinos	5
Number of tables	127
Number of machines	3 155
Casino employees	3 780
Payroll	220.2 million
Gross casino gaming revenue	R1.6 million
Casino gaming tax revenue	R160 million
Visitors	13 748 357

Provincial gaming tax base

Taxable revenue (millions)	Rates of tax
30	9.0%
>30	12.0%
+ 0.5% local government levy	

Durban: Suncoast Casino and Entertainment World

Date opened	November 2002
Operator	Tsogo Sun Gaming
Management company	Monyaka
Total capital investment	R1 400 million
Employees	1 362
Permanent	829
Casual	79
Outsourced	454
Payroll	R58.9 million
Slots	1 250
Tables	50
Visitors	8 600 000

Durban: Sibaya Casino and Entertainment Kingdom

Date opened	February 2001
Operator	Afrisun KZN (Pty) Ltd
Management company	Sun International Management Ltd
Total capital investment	R1 056.5 billion
Employees	1 431
Permanent	562
Casual	0
Outsourced	869
Payroll	R109.8 million
Slots	955
Tables	37
Visitors	2 959 000

Empangeni: Tusk Umfolozi Casino Resort

Date opened	May 2002
Operator	Emanzini Leisure Resorts (Pty) Ltd
Management company	Tusk Casino and Hotel Management (Pty) Ltd
Total capital investment	R81.3 million
Employees	230
Permanent	134
Casual	0
Outsourced	96
Payroll	R16.4 million
Slots	300
Tables	10
Visitors	261 200

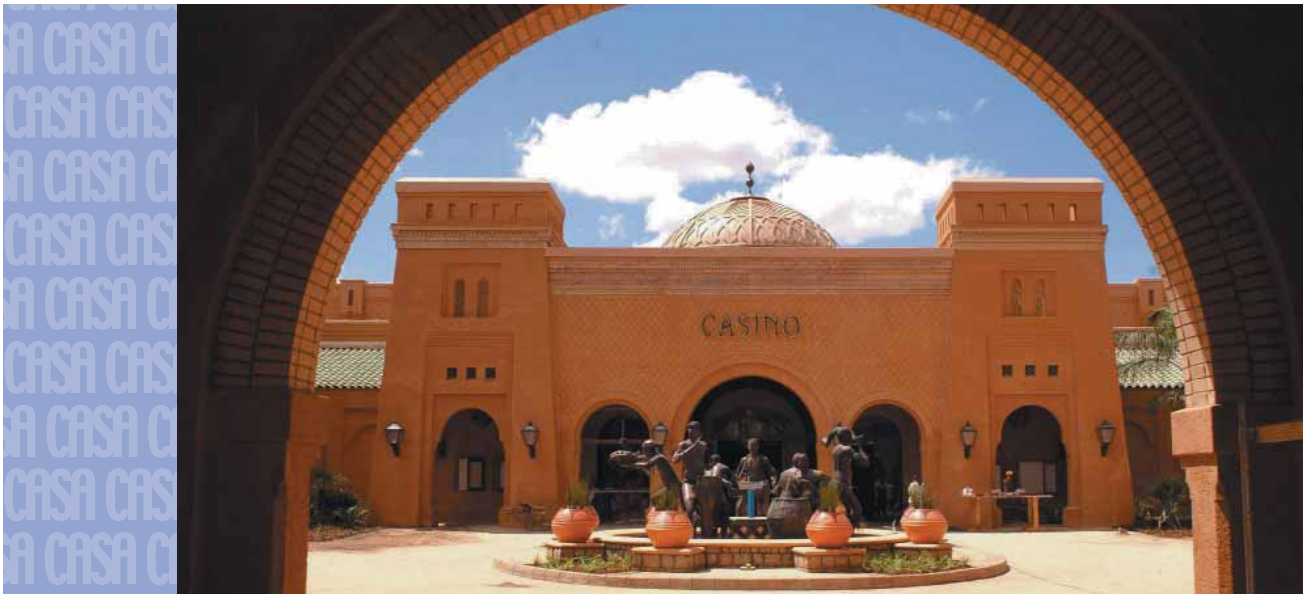
Pietermaritzburg: Golden Horse Casino

Date opened	September 2001
Operator	Akani Msunduzi (Pty) Ltd
Management company	Gold Reef Management
Total capital investment	R136.5 million
Employees	560
Permanent	237
Casual	50
Outsourced	273
Payroll	R20.1 million
Slots	450
Tables	23
Visitors	1 628 157

Newcastle: Century Casino Newcastle

(Changed name from Monte Vista's Hollywood Casino in November 2006)

Date opened	September 1999
Operator	Balele Leisure (Pty) Ltd
Management company	Century Casinos Africa (Pty) Ltd
Total capital investment	R61.2 million
Employees	197
Permanent	185
Casual	12
Outsourced	0
Payroll	R15.0 million
Slots	200
Tables	7
Visitors	300 000



LIMPOPO

Current number of casinos	2
Proposed number of casinos	3
Number of tables	21
Number of machines	416
Casino employees	581
Payroll	36.4 million
Gross casino gaming revenue	R186 million
Casino gaming tax revenue	R11 million
Visitors	1 474 000

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Provincial gaming tax base

Taxable revenue (millions)	Rates of tax
	6.0%

Polokwane: Meropa Casino

Date opened	March 2002
Operator	Meropa Leisure and Entertainment (Pty) Ltd
Management company	Sun International Management Ltd
Total capital investment	R182.1 million
Employees	354
Permanent	202
Casual	0
Outsourced	152
Payroll	R25.4 million
Slots	293
Tables	15
Visitors	1 092 000

Thohoyandou: Tusk Venda Casino Hotel

Date opened	July 1985
Operator	Tusk Resorts (Pty) Ltd
Management company	Tusk Casino and Hotel Management (Pty) Ltd
Total capital investment	R81.9 million
Employees	227
Permanent	133
Casual	0
Outsourced	94
Payroll	R11.0 million
Slots	123
Tables	6
Visitors	382 000

MPUMALANGA

Current number of casinos	3
Proposed number of casinos	4
Number of tables	40
Number of machines	1 061
Casino employees	1 307
Payroll	98.6 million
Gross casino gaming revenue	R406 million
Casino gaming tax revenue	R20 million
Visitors	3 776 635
Provincial gaming tax base	

Taxable revenue (millions)	Rates of tax
	5.7%

Secunda: Graceland Hotel, Casino and Country Club

Date opened	October 1997
Operator	Peermont Global (Southern Highveld) (Pty) Ltd
Management company	Peermont Global Ltd
Total capital investment	R226.8 million
Employees	514
Permanent	383
Casual	56
Outsourced:	75
Payroll	R34.5 million
Slots	378
Tables	16
Visitors	1 076 635

Witbank: The Ridge

Date opened	September 2002
Operator	Tsogo Sun Gaming
Management company	Monyaka
Total capital investment	R205 million
Employees	368
Permanent	185
Casual	23
Outsourced	160
Payroll	R32.2 million
Slots	360
Tables	12
Visitors	1 400 000

Nelspruit: Emnotweni Casino

Date opened	November 1999
Operator	Tsogo Sun Gaming
Management company	Monyaka
Total capital investment	R170 million
Employees	425
Permanent	186
Casual	38
Outsourced	201
Payroll	R31.9 million
Slots	323
Tables	12
Visitors	1 300 000

NORTH WEST

Current number of casinos	4
Proposed number of casinos	4
Number of tables	72
Number of machines	1 688
Casino employees	9 367
Payroll	414.1 million
Gross casino gaming revenue	R979 million
Casino gaming tax revenue	R48 million
Visitors	1 763 323

Provincial gaming tax base

Taxable revenue (millions)	Rates of tax
	3.0%

Mmabatho: Tusk Mmabatho Casino Resort

Date opened	December 1978
Operator	Tusk Resorts (Pty) Ltd
Management company	Tusk Casino and Hotel Management (Pty) Ltd
Total capital investment	R217.1 million
Employees	270
Permanent	132
Casual	0
Outsourced	138
Payroll	R20.5 million
Slots	155
Tables	8
Visitors	318 200

Pilanesburg: Sun City

Date opened	December 1979
Operator	Sun International Ltd
Management company	Sun International Management Ltd
Total capital investment	R502.5 million
Employees	6 671
Permanent	1 558
Casual	1 300
Outsourced	5 113
Payroll	R308.3 million
Slots	599
Tables	38
Visitors	1 500 000

Klerksdorp: Tusk Rio Casino Resort

Date opened	September 2004
Operator	Tusk Resorts (Pty) Ltd
Management company	Tusk Casino and Hotel Management (Pty) Ltd
Total capital investment	R80 million
Employees	250
Permanent	149
Casual	0
Outsourced	101
Payroll	R19.7 million
Slots	241
Tables	11
Visitors	443 123

Hammanskraal: The Carousel

Date opened	November 1991
Operator	Sun International Ltd
Management company	Sun International Management Ltd
Total capital investment	R76.5 million
Employees	876
Permanent	358
Casual	50
Outsourced	468
Payroll	R65.6 million
Slots	693
Tables	15
Visitors	535 000

NORTHERN CAPE

Current number of CASA-affiliated casinos	1
Proposed number of casinos	3
Number of tables	9
Number of machines	225
Casino employees	339
Payroll	16.3 million
Gross casino gaming revenue	R127 million
Casino gaming tax revenue	R10 million
Visitors	730 000

Provincial gaming tax base

Taxable revenue (millions)	Rates of tax
	8.0%
(2% Development Trust)	

Kimberley: Flamingo Casino

Date opened	March 2002
Operator	Teemane (Pty) Ltd
Management company	Sun International Management Ltd
Total capital investment	R128.1 million
Employees	339
Permanent	129
Casual	0
Outsourced	210
Payroll	R16.3 million
Slots	225
Tables	9
Visitors	730 000

WESTERN CAPE

Current number of casinos	4
Proposed number of casinos	5
Number of tables	89
Number of machines	2 763
Casino employees	2 875
Payroll	228.1 million
Gross casino gaming revenue	R1.7 million
Casino gaming tax revenue	R198 million
Vistors	8 264 040

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Provincial gaming tax base

Taxable revenue (millions)		Rates of tax
0 – 10		6.0%
10 – 20	R600 000	8.5%
20 - 30	R1.45m +	11.0%
30 – 40	R2.25m +	13.0%
40 – 50	R3.83m +	15.0%
>50	R5.35m +	17.0%

Cape Town: GrandWest

Date opened	December 2000
Operator	SunWest International (Pty) Ltd
Management company	Sun International Management Ltd
Total capital investment	R1 552 .2 million
Employees	1 919
Permanent	935
Casual	0
Outsourced	984
Payroll	R167.1 million
Slots	1 831
Tables	61
Visitors	6 382 000

Caledon: Caledon Hotel Spa Casino

Date opened	October 2000
Operator	Century Casinos Caledon (Pty) Ltd
Management company	Century Casinos Africa (Pty) Ltd
Total capital investment	R143.2 million
Employees	375
Permanent	202
Casual	91
Outsourced	82
Payroll	R25.7 million
Slots	350
Tables	6
Visitors	534 568

Langebaan: Casino Mykonos

Date opened	November 2000
Operator	West Coast Leisure (Pty) Ltd
Management company	Gold Reef Management
Total capital investment	R66 million
Employees	260
Permanent	170
Casual	0
Outsourced	90
Payroll	R17.8 million
Slots	270
Tables	9
Visitors	830 000

Mossel Bay: Garden Route Casino

Date opened	December 2002
Operator	Garden Route Casino (Pty) Ltd
Management company	Gold Reef Management
Total capital investment	R132 million
Employees	321
Permanent	204
Casual	0
Outsourced	117
Payroll	R17.5 million
Slots	312
Tables	13
Visitors	517 472

Worcester: The Golden Valley Casino

Date opened	November 2006
Operator	Worcester Casino (Pty) Ltd
Management company	Sun International Management Ltd
Total capital investment	R151 million
Slots	158
Tables	0

CASINO COMPANIES' PROFILES

Century Casinos

Century Casinos, Inc. is an international casino entertainment company that owns and operates Womacks Casino and Hotel in Cripple Creek, Colorado; owns and operates the Century Casino Millennium in the Marriott Hotel in Prague, Czech Republic; operates the casinos aboard the Silver Wind, Silver Cloud, The World of ResidenSea, and the vessels of Oceania Cruises; owns a 65% interest in, and has a management contract for, the Century Casino & Hotel in Central City, Colorado. Through its subsidiary Century Resorts Alberta Inc., it owns and operates Century Casino & Hotel in Edmonton, Alberta, Canada.

Through its subsidiary Century Casinos Africa (Pty) Limited, it owns and operates The Caledon Hotel, Spa & Casino near Cape Town, South Africa as well as 60% of, and provides technical casino services to, the Century Casino Newcastle, in Newcastle, South Africa. Furthermore, the company's Austrian subsidiary, Century Casinos Europe GmbH, entered into an agreement to acquire a 33.3% ownership interest in Casinos Poland Ltd. The closing of this transaction is subject to due diligence. The company continues to pursue other international projects in various stages of development.

Gold Reef Casino Resorts Ltd

Gold Reef Casino Resorts Ltd's interests incorporate Akani Egoli (Pty) Limited, which operates Gold Reef City Casino and Theme Park, West Coast Leisure (Pty) Limited, which operates Casino Mykonos, Akani Msunduzi (Pty) Limited, which operates the Golden Horse, Pinnacle Point Casino (Pty) Ltd, which operates the Garden Route Casino and an interest in Goldfields Casino and Entertainment Centre (Pty) Ltd, which operates the Goldfields Casino.

During the year GRCR acquired 100% of the issued share capital of Silver Star Development Ltd, the holder of the sixth and final casino in Gauteng.

London Clubs International

London Clubs International (LCI) has been publicly quoted on the London Stock Exchange since 1994. It has casinos in London, Egypt, Lebanon, and South Africa (Emerald Casino Resort). The group operates wholly- owned casinos in the United Kingdom and joint ventures and management contracts overseas.

In late 2006, Harrah's, the world's largest casino owner and operator, announced that London Clubs shareholders had accepted its offer of $570 million to buy a majority shareholding of London Clubs International. Harrah's said it hoped to acquire 100% of London Clubs shares by the end of the year.

Peermont Global

Peermont Global was incorporated in May 1995 and changed its name from Global Resorts SA (Pty) Ltd to Peermont Global Limited in June 2004. Peermont Global has three properties: in Gauteng (Emperors Palace), the

Free State (Frontier Inn) and in Mpumalanga (Gracelands). In 2006, Peermont acquired a controlling interest in the Tusk Casino Resorts and Hotels Group for R565.7 million. The group announced that it would also sell 21% of its Tusk holding to the black investor group MIC Leisure in order to meet its black economic empowerment objectives and restructure the BEE shareholding within the Tusk Resorts Group.

Tusk comprises gaming and hotel operations in the North West, Limpopo and KwaZulu-Natal provinces, including Tusk Mmabatho Casino Resort (Mafikeng), Tusk Rio Casino (Klerksdorp), Tusk Taung Hotel (Tuang), Tusk Venda Casino Hotel (Thohoyandou) and Tusk Umfolozi Casino (Empangeni).

Sun International

Sun International was established in 1983 and listed on the Johannesburg Stock Exchange in 1985. The group's operations include resorts, luxury hotel products, and mass market casinos in 14 jurisdictions in South Africa, Zambia, Botswana, Namibia, Lesotho and Swaziland.

More than half of this portfolio has been developed in the last ten years, with new projects under consideration in the Middle East, Africa, Russia and the United Kingdom.

Every day, over 50 000 customers from over 50 countries visit a Sun International property.

Over a period of three decades, the group has invested more than R14 billion in new tourism infrastructure. It employs some 8 300 people, has indirectly created 50 000 new employment opportunities in the broader tourism industry, and it has been estimated that its business has a direct impact on the livelihood of more than 500 000 people in southern Africa.

Sun International has casino licenses in eight of South Africa's nine provinces. The group operates 20 casinos in southern Africa, including 13 of the 35 casinos currently operating in South Africa. The group is the leading casino operator in the southern hemisphere and enjoys a 44% share of the South African casino market.

Tsogo Sun

Tsogo Sun Holdings comprises the gaming interests of Tsogo Sun Gaming, such as Montecasino, Suncoast Casino, Hemingways Casino, Emnotweni Casino and The Ridge, and the hotel interests of Southern Sun Hotels. Tsogo Sun Holdings has a shareholding split between Tsogo Investments (51%) and SABMiller (49%).

Johnnic has a 9.7% effective interest in Tsogo Sun and a 30% effective interest in Tsogo Sun KwaZulu Natal through its holdings in gaming company Durban Add Ventures which owns and operates the Suncoast Casino and Entertainment World complex in Durban.

CORPORATE SOCIAL INVESTMENT

Activities during the year included:

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Peermont Global allocated R20 645 863 to CSI, of which R20.5 million was contributed by Emperor's Palace. Virtually all of this was spent on educational projects, through support to the East Rand Children's Trust and the East Rand Youth Trust. The Children's Trust provides child care in areas where there are no facilities available, such as the Vosloorus After-School Care Centre and nursery schools and crèches in the Ekurhuleni metropolitan area. Other areas of support include the provision of playground equipment and the financial support and mentorship of high school learners. The Trust has sponsored 200 learners at Star Schools, installed ten media centres, built 13 jungle gyms and awarded ten schools capital funds to start tuck shops.

Peermont Global assists the youth of the Ekurhuleni area by offering full study bursaries to candidates from disadvantaged backgrounds. The East Rand Youth Trust has to date sponsored 26 students in various fields of study. The student is not obliged to work this bursary back, as it is a gift from the company to uplift the Ekurhuleni Metro Community.

Across its four properties - now part of Peermont Global - **Tusk Resorts** spent a total of R789 997 on CSI.

Emerald Casino spent R5 million in CSI.

Century Casinos' Caledon property made CSI donations of R294 700, of which R12 650 went to sport development and R130 500 to 16 local senior citizen homes. Since 2002 has rented foyer space to the Overberg Community Trust for the operation of their community shop and the rental paid over to the Trust from April 2005 to 31 March 2006 was R33 092.

In February 2004 the property entered into a 3-year agreement with a BEE company in Caledon to open a laundry for its uniforms and linen. For 1 April 2005 to 31 March 2006 the casino paid R358 515 to this company for services rendered.

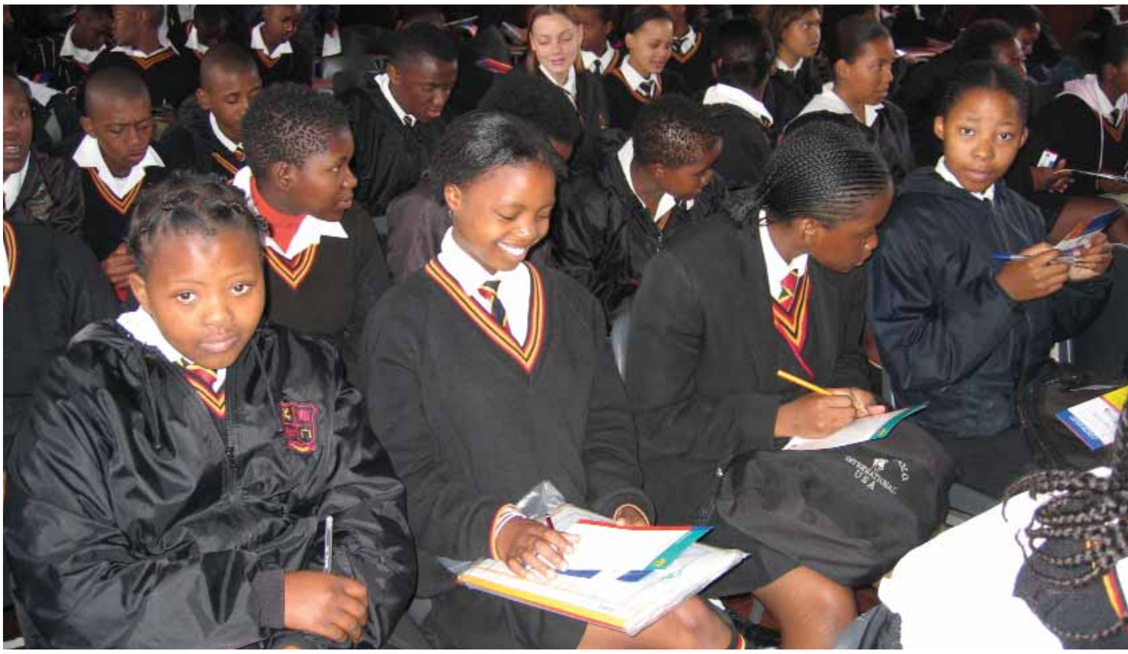
Sponsorships and donations by the Hollywood Casino in KwaZulu-Natal have benefited the Newcastle Crisis Centre, Child Welfare, Newcastle Reach for a Dream, Water Tanks for Schools and the Bayete Aids Awareness Campaign. In all, R458 025 was distributed.

Tsogo Sun contributed a total of R5.8 million to CSI projects, of which R2.4 million went to education, R1.3 million to health and welfare – particularly AIDS-related initiatives - and R1.5 million to sports sponsorships.

In the **Gold Reef** Group, Gold Reef City donated just over R2 million to causes such as the Orange Farm Township Project, which includes a college and a workshop for the disabled in the area, the Primedia wish list for a kidney donation, the Tomorrow Trust and the YWCA. The casino also committed over R1 million to Noah, a charity that provides homes for AIDS orphans.

The **Golden Horse Casino** donated more than R650 000. Major donations included the running costs of

Corporate Social Investment



an Educational Science Centre, the Careways Group - an organisation that provides counselling to people with HIV/AIDS – and the Winter Warmth Campaign.

The **Goldfields Casino** donated a million rand to the community trust, whose beneficiaries include the Lesedi Mohau Development Centre which educates the unemployed, Northern Free State Outreach (a training programme mainly for women) and House of Hope, which provides food and shelter for AIDS orphans and abandoned children.

Casino Mykonos donated approximately R1.3 million to the West Coast Community Trust. This was distributed to institutions working with traumatised children, the Karitas School for children with special educational needs and the Indlu Yothando Day Care Centre for the aged.

The **Garden Route Casino** donated over a million rand to a local community trust. A commitment of R500 000 was made to the first AIDS Hospice in Mossel Bay. Other smaller efforts were made such as repairs at the local Child Welfare building, donating blankets, etc.

Through various social programmes and donations, both at national and business unit level, **Sun International's** contribution to CSI amounted to 2% of after tax profit. Among the group's beneficiaries were the Sports Trust, which approved projects in the amount of R5.7 million. Projects assisted at a national level also included Disability Sports South Africa (DISSA), which will receive an amount of R3.5 million over the next three years, the Arts and Culture Trust and the Variety Club, to which Sun International donates R10 000 every time the Grand Progressive Jackpot is won.

R10 000 for every jackpot paid out on the Dream Machine is donated to Reach For A Dream, which assists children who have been diagnosed with a life-threatening illness. Other major beneficiaries are the National Sea Rescue Institute and the South African Chefs Association.

Individual Sun International properties spent a total of R19.5 million on CSI projects during the year. Such regional projects and sponsorships have included the Tapologo AIDS Hospice in Rustenburg, which received R2.5 million, Soundtrack 4 Life, the Faranani Hydroponic Project which creates sustainable farming jobs in Limpopo Province, and Habitat for Humanity. Sun International sponsored the Macufe Arts and Cultural Festival in Bloemfontein, renovated the Odi Hospital Paediatrics Ward which assists patients from Mabopane, Garankuwa, Soshanguve and surrounding communities, and made contributions to the Read Educational Trust in Port Elizabeth, the Kwa-Mashu Old Age Home, housing Projects for AIDS orphans and the Childhood Cancer Association.

In the Eastern Cape, the Wild Coast Sun paid 75% of its R1.2 million CSI expenditure to the Wild Coast Sun Mbizana Development Trust.

A number of sponsorships continue to be granted to welfare organisations including the Heart Foundation, SPCA, Rotary, Police Forums, Starfish, the Red Cross Society and the SOS Children's Fund.

CASA CODE OF CONDUCT

CASA and its members are committed to making responsible gambling an integral part of our daily operations at all our casinos throughout South Africa. To advance this goal, CASA members have agreed on a code of conduct which details how we fulfil this pledge.

The following are the relevant sections of the code:

COMMITMENT TO OUR CUSTOMERS

Responsible Gambling

- CASA members will make available brochures regarding responsible gambling and where to find assistance. These will be available and visible in gaming areas.
- CASA members will make available on their web sites information regarding responsible gambling and where to find professional help.
- CASA members will display in gaming areas signage bearing a toll-free problem gambling counselling line.
- CASA members will provide opportunities for customers to request in writing that they not be sent promotional mailings and for revocation of their privileges for specific casino services such as loyalty card promotions. In addition, each CASA member shall make reasonable efforts to honour a written request from any person that it not knowingly grant that person access to gaming activities at one or more of its properties.
- CASA members reserve the right to exclude a patron from gaming, without a request from the patron.

Underage Gambling and Unattended Children in Casinos

- CASA members will make diligent efforts to prevent children from loitering in the gaming area of a casino.
- CASA members will communicate the legal age to gamble through appropriate signage and/or brochures.
- Employees working in relevant areas will receive training in appropriate procedures for dealing with unattended children, underage gambling, and the purchase and consumption of alcohol and tobacco by underage persons.
- Where, in the opinion of management, an unaccompanied child on the complex appears to be at risk, appropriate personnel will be contacted and remain with the child while reasonable steps are taken to locate the parent or responsible adult on property or by telephone. If efforts are unsuccessful, the unaccompanied child will be released to the care of an appropriate third party.

Alcohol

- CASA members will observe a responsible beverage service policy and not knowingly serve alcoholic beverages to an underage person.

Responsible Advertising

This code applies to the advertising and marketing of casino gaming by CASA member companies. It does not pertain to advertising and marketing that is primarily of hotels, restaurants and entertainment that are often associated with or operated by casinos. For the purposes of this code, and as reflected in the national regulations, advertising and marketing include radio and television ads broadcast off the premises, print, brochures, direct mail, billboard and internet promotions.

All casino advertising and marketing will:

- Be consistent with principles of dignity and integrity and subject to the jurisdictions in which it operates.
- Contain the NRGP's responsible gambling message and the NRGP's toll-free problem gambling counselling line.
- Reflect generally accepted contemporary standards of good taste.
- Make no false or misleading claims.

Casino advertising and marketing materials will not:

- Degrade the image or status of persons of any ethnic or religious group or affiliation.

- Feature anyone who is or appears to be below the legal age participating in gaming.
- Contain claims or representations that gaming will guarantee an individual's social, financial or personal success.
- Exhort gaming as a means of covering past financial losses.
- Be placed in media where most of the audience is reasonably expected to be below the legal age to participate in gaming.
- Imply or suggest any illegal activity of any kind.
- Be placed in media specifically oriented to children.
- Be placed at any venue where most of the audience is normally expected to be below the legal age to participate in gaming.

COMMITMENT TO THE PUBLIC

Funding the NRGP

- In terms of agreements reached at the SA Advisory Council on Responsible Gambling (SARGT), CASA members will continue to provide funding for the National Responsible Gambling Programme (NRGP)
- CASA members will use this research to identify the best practices for casinos to follow in order to promote responsible gambling.

NRGP TREATMENT CENTRES

CASA
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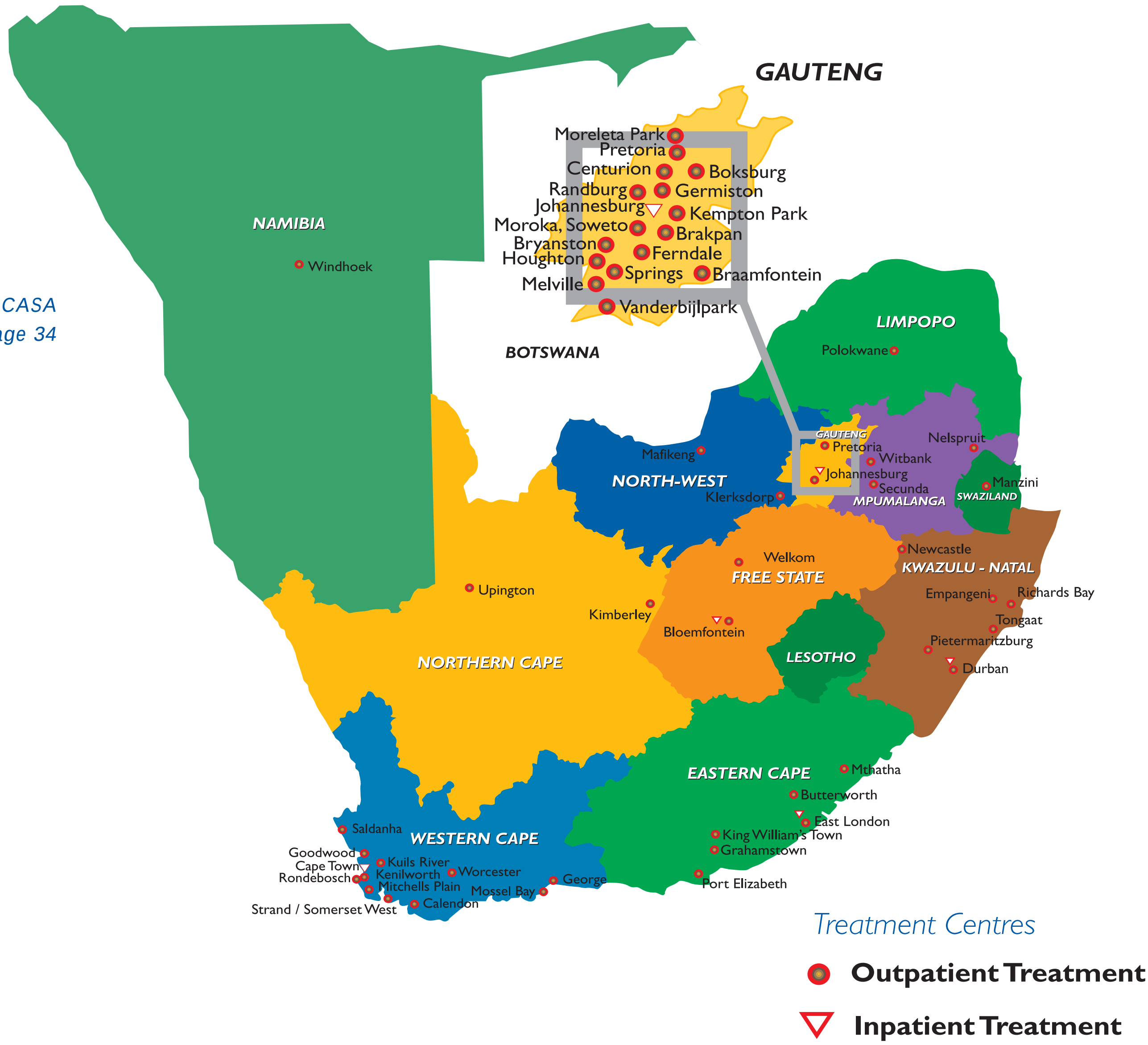

REGULATORY AUTHORITIES IN SOUTH AFRICA

National Gambling Board of South Africa

Block G, Ground Floor
Mapungubwe Building
77 Meintjies Street
Sunnyside
Pretoria 0002

Private Bag X27
Hatfield 0028

Tel: +27(0) 12 394 3800
Fax: +27 (0)12 394 0831
E-mail: info@ngb.org.za
www.ngb.org.za

South African Regulators Forum

SARF Secretariat:
The DTI Campus
Mulayo Building (Block C)
77 Meintjies Street
Sunnyside
Pretoria 0002

Tel: +27 (0) 12 394 3200
Fax: +27 (0) 12 394 4200

Eastern Cape Gambling and Betting Board

Quenera Park
Quenera Drive
Beacon Bay
East London 5201

P.O. Box 18304
Quigney
East London 5211

Tel: +27 (0) 43 702 8300
Fax: +27 (0) 43 748 2218
E-mail: nwabisam@ecgbb.co.za
www.ecgbb.co.za

Free State Gambling and Racing Board

190 Nelson Mandela Drive
Bloemfontein 9300

PO Box 9229
Bloemfontein 9300

Tel: +27 (0) 51 404 0300
Fax: +27 (0) 51 404 0322
Email: ratsomm@fsgb.co.za

Gauteng Gambling Board

1256 Heuwel Avenue
Centurion 0157

Private Bag X125
Centurion 0046

Tel: +27 (0) 12 663 8900
Fax: +27 (0) 12 663 8588
E-mail: info@ggb.org.za
www.ggb.org.za

KwaZulu-Natal Gambling Board

Natalia
330 Longmarket Street
Pietermaritzburg
KwaZulu-Natal 3201

Private Bag X9102
Pietermaritzburg
KwaZulu-Natal 3200

Tel: 27 (0) 33 345 2714
Fax: 27 (0) 33 342 7853
info@kzngambling.co.za
www.kzngambling.co.za

Regulatory Authorities in South Africa

Limpopo Gambling Board
22 Schoeman Street
Polokwane 0699

Private Bag X9520
Polokwane 0700

Tel: +27 (0) 15 295 5581
Fax: +27 (0) 15 295 3566
Email: ceo@lgb.co.za
www.lgb.co.za

Mpumalanga Gaming Board
First Avenue
White River
Mpumalanga Province 1240

Private Bag X9908
White River
Mpumalanga Province 1240

Tel: +27 (0) 13 750 8000
Fax: +27 (0) 13 750 8099
www.mgb.org.za

Northern Cape Gambling and Racing Board
18-22 Stockdale Street
Kimberley 8300

Private Bag X6108
Kimberley 8301

Tel: +27 (0) 53 832 9516
Fax: +27 (0) 53 832 2564
Email: pgaoboihi@met.ncape.gov.za

North West Gambling Board
3rd Floor East Gallery
MegaCity
Sekame Road
Mmabatho

Private Bag X34
Mmabatho 2735

Tel: +27 (0) 18 384 7491
Fax: +27 (0) 18 384 0039
info@nwgb.co.za
www.nwgb.co.za

Western Cape Gambling and Racing Board
Seafare House
68 Orange Street
Gardens
Cape Town 8001

P.O. Box 8175
Roggebaai 8012

Tel: +27 (0) 21 480 7400
Fax: +27 (0) 21 422 2603
Rossouw@wcgrb.co.za
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SA Bureau of Standards
Tel: +27 (0) 12 428 6358
Fax: +27 (0) 12 428 6233
Email:motsoate@sabs.co.za

Website:
www.sabs.co.za
-Click: Regulatory Division
-Click: Electrotechnical & Gaming

RESPONSIBLE GAMBLING STRUCTURES

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Mr Chris Fismer (Vice-Chairperson)
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32 Kenilworth Road
Kenilworth 7700

Website: www.responsiblegambling.co.za
E-mail: info@responsiblegambling.co.za

SOUTH AFRICAN SARGT RESPONSIBLE GAMBLING TRUST

SOUTH AFRICAN RESPONSIBLE GAMBLING FOUNDATION

NATIONAL Responsible Gambling PROGRAMME

DEREK AURET

CHIEF EXECUTIVE

CASINO ASSOCIATION OF SOUTH AFRICA

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EMAIL: info@casasa.org.za