

CRYPTOLOGIC INC.
Third Quarter 2000 Results
Conference Call
October 24, 2000
8:30 a.m. EDT

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the CryptoLogic Third Quarter 2000 Results Conference Call. At this time, all participants are in a listen-only mode. Later we will conduct a question and answer session. At that time, if you have a question, you will need to press the "1" followed by the "4" on your push-button phone. As a reminder, this conference is being recorded today, Tuesday, October 24, 2000. I would now like to turn the conference over to Andrew Rivkin, President and Chief Executive Officer of CryptoLogic. Please go ahead, sir.

Andrew Rivkin: Welcome to CryptoLogic's third quarter 2000 conference call. I am Andrew Rivkin, President and CEO of CryptoLogic, on the call from Australia. I am joined in Toronto by Harvey Solursh, Chief Financial Officer; Jenny Solursh, Senior Vice-President; Nelson Lee, Director of Finance; and Nancy Chan-Palmateer, Director of Communications.

This morning we will review our final results for the third quarter of 2000, which were in line with our pre-announcement on October 2nd. Afterwards we would be pleased to take any questions.

Please be reminded that CryptoLogic reports in U.S. dollars. For the third quarter ended September 30, 2000, total revenue was \$9.0 million, an increase of 13% compared with \$8.0 million the same 1999 third quarter. The company's net income was \$2.6 million, compared to \$4.8 million in the 1999 third quarter. This translated into fully diluted earnings per share from continuing operations of \$0.19 for the third quarter of 2000 compared to \$0.32 in 1999. Based on net income, earnings per share were \$0.17 for the third quarter compared with \$0.31 in 1999.

For the nine months ended September 30, 2000, CryptoLogic's total revenue increased by 12% to \$27.0 million compared to \$24.1 million in the 1999 period. Net income for the nine-month period was \$11.4 million, versus \$15.1 million in 1999. As a result, the fully diluted earnings per share from continuing operations were \$0.78 for the nine months ended September 30th, 2000 compared to \$1.00 in 1999. On net income, earnings per share were \$0.75 for this nine-month period in 2000 compared with \$0.98 in 1999.

CryptoLogic continued to have a strong cash position, which was at approximately \$56 million including restricted cash as at September 30, 2000.

As we have previously indicated, fiscal 2000 is expected to record modest revenue growth and lower net margins compared to historical performance. CryptoLogic's third quarter results were consistent with this expectation.

The delay of version 4.0, which was six months later than expected, continued to be the main contributing factor to CryptoLogic's modest growth year-to-date.

Management is confident that this is a timing issue and that the increase in revenue anticipated in 2000 has been largely deferred to 2001.

Presently, a number of our land-based licensees have launched version 4.0. InterCasino was the first to commence major marketing initiatives in August, and results in September were encouraging. Marketing efforts to promote new version releases have proven to be a key opportunity to renew and attract player interest, and ultimately drive increased revenue growth.

Our generation 4 software is also now in the hands of William Hill, eBet, Casino Sur, and Kiwi Casino. William Hill has commenced marketing activities, with the other licensees launching major promotions towards the end of October. Therefore, we expect to see some contribution to fourth quarter, but more notable results are expected to materialize in early 2001.

Year 2000 has been an important investment year to ensure continued growth in the future and to take the company to the next level. Heightened expenditures in key areas will enable CryptoLogic to keep delivering the most advanced technology and scale up operations to support a growing number of brand name and land-based organizations. We also continued to incur costs associated with certification of our software in Australia, a first-world regulated jurisdiction for Internet gaming.

As a result, the most significant investment in software development and support saw our costs in this area increase to 52% of total revenue in the 2000 third quarter, compared to 35% in the 2000 second quarter and 29% in the 1999 third quarter.

It is worth noting that the level of activity in the third quarter of 2000 was atypical of most quarters for CryptoLogic. During this period the company signed three major new licensees -- a record number in one quarter. Considerable effort was devoted to quickly launch these licensees. Casino eBet, Kiwi Casino and both the English and Spanish versions of Casino Sur are live and generating promising traffic.

CryptoLogic continued to be well capitalized and post the highest revenue and profit levels in the Internet gaming industry. We already have, on-line, the largest number of brand name and land-based organizations in the world, and together with significant investments made in 2000, we are well positioned to drive increased revenue and earnings growth in 2001 and beyond.

Given the company's solid fundamentals and growth prospects, we view our shares as excellent value investment at today's prices. For the nine months ended September 30th, 2000, CryptoLogic has purchased 221,600 shares through the company's buy back program, which represented an investment of about \$4.2 million. We expect to continue to buy back shares at current levels.

We would now be pleased to answer any questions.

Questions and Answers

Operator: Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press the "1" followed by the "4" on your telephone. You will hear a three-tone prompt acknowledging your request. If your question has been answered and you wish to withdraw your polling request, you may do so by pressing the "1" followed by the "3". If you are on a speaker phone, please pick up your handset before entering your request. One moment, please, for your first question.

Your first question is from Peter Swan of Pacific Growth Equities. Please proceed.

Peter Swan: Hi Andrew. In your press release, you mentioned that you were going to spin off e-cash. Could you give us some details on that?

Andrew Rivkin: We have made investments, in the third quarter, of approximately \$310,000. We continue to increase levels of investment into the product. We're working, right now, on a strategic round of financing, where we hope to raise money from groups who will, in addition to putting money in, make commitments to utilize the application in future. That's where we sit with e-cash today. I can't really tell you when that will come to fruition, because we're still in the early stages of that at this time.

Peter Swan: Okay. And then, also, could you just give us an update on the legislative front, I guess here, and internationally as well?

Andrew Rivkin: I think internationally things are going extremely well. As you might know, in Australia the moratorium failed. Every place else around the world there's no pending negative legislation anywhere else but the United States. In the U.S., Congress has been extending for the purpose of passing appropriations bills, or budget bills. We have been told that they're expected to adjourn approximately the end of this month.

Kyl is still working to move the bill forward, get it attached to an appropriation bill, which he was able to do last year. But we're still optimistic that with the amount of time there is remaining that the bill will not pass again this year and will have to be re-introduced from scratch - completely - next year. With the momentum in terms of Las

Vegas operators getting into Internet gaming, at least in the play-for-fun mode, we're optimistic that next year will be even better in terms of no legislation against Internet gaming in the U.S.

Peter Swan: Great. Thanks.

Operator: Your next question is from Robert Horowitz of RH Capital. Please proceed.

Robert Horowitz: Hello, Andrew.

Andrew Rivkin: Hi, Rob.

Robert Horowitz: A couple questions. First of all, operating expenses were obviously much higher, continue to be much higher than last year. I was wondering if you can give us some kind of view of what ongoing operating expenses will look like into 2001, as well as what kind of revenue increase, just from existing customers, you anticipate for next year, assuming no new customers at this point in time.

Andrew Rivkin: Well, I think the modeling we've done assumes the same sort of level of customer acquisition that we have been accustomed to in the past, which is effectively four customers per year. With that kind of customer growth, we're looking for, next year, 25% in terms of top line revenue growth, which would be up from the 12-15% which we've managed to achieve this year. We're looking to push our margins back up to 50%, which compares with 40% net margin which we're expected to achieve this year.

In answer to your first question, the additional expenses this year come first of all, from our Australian certification, which we think is very important for the company. It's a very strategic investment in our future. It has already allowed us to capture some important licensees, and we expect that it will position us to capture many more of the land-based or branded licensees in the future.

We have also made investments in getting new land-based licensees, including Casino Sur, eBet, and Kiwi Casino up very quickly in the third quarter. We're building infrastructure, including a new office in London and new additions to our development group, which we felt were necessary to ensure that we were able to deliver software on time in 2001. So, all these things contributed to lower margins this year, especially in the third quarter, but we think that they're all important for the company and will yield important revenue in 2001 and beyond.

Robert Horowitz: And what are you looking for in terms of timing for Australian certification at this point?

Andrew Rivkin: At the end of the year. We're in the meat of the certification right now, so it's very, very difficult to predict when it will happen, because there are, of course, two independent bodies involved. One is the Government of Australia, the second is the independent third-party testing company, but we're guessing end of the year, early 2001.

Robert Horowitz: And can you give us a little bit of colour on what your current prospects - sight line - looks like?

Andrew Rivkin: I think it's the same as normal. We had a good year in 2000. I think that we have traditionally signed one deal per quarter. We're looking to do a little bit better in fourth quarter and 2001, but we're improving the quality of the licensees at the same time as we've been able to increase the quantity, certainly in the third quarter. We're in ongoing discussions in Asia, Australia and in Europe as well.

Robert Horowitz: Great. Thanks, Andrew. Hope to catch up with you soon.

Andrew Rivkin: Thanks.

Operator: Your next question is from Art Walzmann, private investor. Please proceed.

Art Walzmann: Andrew, hello.

Andrew Rivkin: Hi, Art.

Art Walzmann: This is going to be the question I wanted to ask last time. Who is this that's dumping all your stock on the market and why?

Andrew Rivkin: We've had an institutional investor who had started selling stock in July of this year. They've sold, from what we've been told, more than 400,000 shares. The reason, from what we understand from the institution, is that they were reducing their investment in technology in general, nothing really to do with CryptoLogic. It's obviously had a negative impact on our share price, but we've been told, also, that they're finished their selling. We were in the market buying during that period, but obviously that's significant volume, and we weren't able to influence the share price against that institution. But we continue to be active in our share buy back.

Art Walzmann: They're done now, you say?

Andrew Rivkin: We've been told they're done.

Art Walzmann: That's good. Another thing, the last press release that my broker read me was just awful. It was nowhere near what the conference call we had last

time. It came out about the same time, and it didn't at all say what we talked about on the conference call. And it painted an awfully bleak picture.

Andrew Rivkin: The press releases tend to be fairly bland, and we try and add some colour to that in the conference call, but they tend to be just numbers.

Art Walzmann: All right.

Andrew Rivkin: Thanks for your questions, Art.

Operator: Next question is from Jamey Cappello of Sidoti. Please go ahead.

Jamey Cappello: Hi, Andrew. How's it going?

Andrew Rivkin: Good, thank you.

Jamey Cappello: Just a couple questions, if you could speak to your top five licensees, and the roll-out of 4.0. I know William Hill is getting a CD mailer underway. I know InterCasino has done one already and is doing another one. How about Sands and Omni? How are those shaping up?

Andrew Rivkin: Well, the software has been delivered. I don't know when their marketing is going to commence. They're still doing some tweaking. I've been told that it should start in early November. So, we're hopeful that there will be some impact in the fourth quarter from their marketing efforts, but again, as we've said since September, we're looking for the major impact in terms of growth resulting from version 4.0 to come in 2001.

Jamey Cappello: Okay, right, so we should be looking for any kind of 4.0 boost. You're going to have a full quarter of InterCasino and probably maybe a month and a week of William Hill, and then the other guys maybe last couple weeks for getting sticky for people to come into there and start betting again.

Andrew Rivkin: That's correct.

Jamey Cappello: Okay.

Andrew Rivkin: We're excited about the results, but it's still really too early to tell. We had been excited about September's performance for InterCasino on version 4.0, and continued on in October, but again, it's just one licensee, two-month history. October's looking promising but we need to have more data before we can make the final determination.

Jamey Cappello: Right. And then one other question regarding U.S.-based operators. Are you guys heating up relationships again, just to maybe perhaps do a play for free?

Andrew Rivkin: Yes, we are. We're looking at opportunities to do play for free with U.S. operators, and also with other operators internationally who may not be ready to get into actual play for real money Internet gaming.

We are in a situation where we are in the business, and we're actually operating, which means that some operators today are still looking for relationships with absolute play for fun people who are not operating, but we were in Las Vegas last week. We have ongoing discussions with the U.S.-based operators, and we're hopeful that we'll be able to do something.

Jamey Cappello: Okay, great. Thanks a lot.

Operator: Ladies and gentlemen, if there are any additional questions, please press the "1" followed by the "4" at this time.

Your next question is from Bob Graham, private investor. Please proceed.

Bob Graham: Hello, Mr. Rivkin. This is Bob Graham. My question relates to the costs. You indicated that in the third quarter your costs were 52% of revenue.

Andrew Rivkin: Correct.

Bob Graham: Can you tell me what you anticipate in the fourth quarter? Secondly, how much of the version 4.0 costs have been written off? I presume they're being written off. How much was written off in the third quarter, and you anticipate in the fourth? And you also indicated expenditures of \$310,000 in the e-cash spin-off for the third quarter. Is that going to continue, and how much? And then what do you expect in the fourth quarter results to be?

Andrew Rivkin: I'm sorry, I missed the last part of your question. Let me start off by answering the ones that I did hear. In terms of version 4.0 expenses, all expenses are written off immediately as they're incurred. We have, as I mentioned, third quarter software expenses of 52% revenue. We're expecting the net margins for the year to be approximately 40%, which would be consistent with the margins in the first and second quarter.

E-cash costs will continue for the short-term until we finalize the strategic round, so we're expecting to have those costs, again, in the fourth quarter, as well.

Bob Graham: And what effect is the e-cash spin-off on overall operation?

Andrew Rivkin: It was about \$310,000 in the third quarter. We're showing it as discontinued operations as we're intending to spin it off. So without e-cash, would have brought our revenue up to \$2.9 million, or just under \$3 million.

Bob Graham: Okay. Getting back to the expenses of 52% for the third quarter, and 40% margins for the overall year, anticipated, what does that put the fourth quarter at, then? To come to 40%?

Andrew Rivkin: Overall we're looking for 15% growth in top line this year, with 40% margins. Harvey, I'll let you answer that question if you don't mind.

Harvey Solursh: Hi. We're looking at the software development and support costs will be slightly lesser than third quarter, and should end up being around 45-46% of revenue.

Bob Graham: Well, that's a substantial improvement.

Harvey Solursh: Yes.

Bob Graham: Can you tell us what you anticipate your earnings per share for the fourth quarter might be, then, as a result of this move?

Harvey Solursh: We actually don't forecast what the revenue and the earnings per share will be. The analysts are the ones that usually do this, and I think they're looking at a \$1.00 for the year, and approximately \$0.25 for the fourth quarter.

Andrew Rivkin: Great. Thank-you very much for your question.

Operator: Your next question is from Orin Hirschman of Adam Smith. Please proceed.

Orin Hirschman: Hi. Can you shed a little bit more light on Europe? Is there any near-term opportunity, particularly with government-oriented casinos there?

Andrew Rivkin: It's very hard to say. We're having a number of discussions with European groups. In terms of near-term opportunities, it's just the sales cycle is a long sales cycle. When you're talking about governments it makes it even longer. It's very hard to predict when things will come to fruition, but again our certification in Australia puts us in a very good position to do business, especially with governments around the world, and other major branded groups. I think that we've managed to lock up the vast majority of land-based groups up to date, and will continue to do so in the future. Whether or not we'll have any near-term European governments, I just can't say right now.

Orin Hirschman: But you actually see competition at this point in time, still early on in Europe. Who are the names that comes up? Or are they home-grown solutions?

Andrew Rivkin: In terms of solutions for European casino operators?

Orin Hirschman: Yeah. Typically government-sanctioned or government-run.

Andrew Rivkin: In terms of government-run Internet applications, I think that there's another name that probably has been successful in licensing a number of lottery applications in Europe, and that would be Access out of Australia. They don't provide software in the unregulated market. They have had a number of successful licenses of lottery products in Europe to date. Those lottery products we believe will ultimately turn into... they're being offered by the European governments now, and we believe those governments will offer casino products in the future.

Lottery is a good way to break into this technology. It's the easiest to get by politically, and we believe there'll ultimately be casinos offered in those jurisdictions as well. I don't think those casinos will go to Access, and we'll have opportunities to get licenses there, as well. But, I guess, in terms of competition in that market place, the big name would be Access, right now.

Orin Hirschman: And you mentioned Asia. Any near-term opportunity in Asia, and any additional language that you need in order really make an impact there?

Andrew Rivkin: We're about to release a Chinese version. That, I think, is an important language for the Asian market, in addition to what we've got already in terms of Japanese. I think that we'll have what is needed to really do very good work in that market. We've got a number of discussions going on in a number of countries in Asia, but again, we have done in the past an average of four licenses per year. We're talking to many, many groups right now. It's very hard to say which one's going to come next.

Orin Hirschman: Okay, thank-you.

Operator: Your next question is from Alfred Lewis of Associated Help. Please proceed.

Alfred Lewis: I would like to get back to the market, if I may. I haven't got the chart in front of me, but the stock went up to \$68 approximately, and then sat there for a while, and then began to dwindle off to a point of where it's now \$17 a share. My question to you, actually, is that you've been buying a great deal of stock by permission of the Toronto Stock Exchange, and I presume the Nasdaq as well. I'd like to know why the drop from \$68 down to this point took place, together with the amount of shares that you bought from that period to this period, if I may.

Andrew Rivkin: Well, there's a number of factors, probably. I think one of the most important factors was the Nasdaq market itself has fallen, especially on the technology side, significantly, since our \$68 share price. I think that there's certainly concerns about technology stocks. Many technology stocks are at their 52-week lows, or near their 52-week lows, which is the case for CryptoLogic, so I think that that's contributed significantly to the decline in our share price.

As I mentioned before on the call, we've had an institutional seller. That has had an impact on the share price, as well.

The buy back is a device which allows us to invest in the company. It's not a device, which enables you to manipulate stock. And certainly the level of stock that we've bought back over the period was not able to compete with that institutional seller who started selling in July.

Alfred Lewis: While the institutional seller was on the move, shall we say, were you purchasing stock from \$68 down to this point?

Andrew Rivkin: I believe we started purchasing stock at \$35. I think that's something that we talked about at the last conference call, although we've certainly been purchasing stock at these prices as well.

I just want to make one further comment. The U.S. legislation tends to have... or, what's happening in the U.S., politically, tends to have an impact on our share price, as well. As we come closer and closer to adjournment date for Congress, our stock tends to be under pressure, because there's more and more news out of the U.S. with respect to pending legislation.

Alfred Lewis: Would you have the number of shares that were traded from the \$68 figure to today's figure?

Andrew Rivkin: I think that that's something that's in the public record. I'm sure that if you were to call Nancy, who's in charge of investor relations, she'd be able to get you those numbers.

Alfred Lewis: But you don't have them yourself. So, you haven't any idea as to the price that you want to pay to purchase the stock on the open market.

Andrew Rivkin: Well, as I said, we're continuing with our ordinary course share buy back, which permits us to buy up to a total of 5% of the outstanding shares in the company, and up to 2% per month. We continue to do that as time goes by. But that's an ordinary course program, which has been put in place by the Directors, and of course they can cancel it at any time. We believe our shares are very good value right now, and we continue to take advantage of that program.

Alfred Lewis: I'm not really concerned about the value of the stock at this stage. We're looking at holders of ours of over a quarter of a million shares, and what we're trying to establish is that the amount of loss that we have suffered from \$68 a share down to today's price makes us think that somewhere along the line, somebody was getting news that was not released to the general public. Would you have any theories or concepts as to that kind of information being released?

Andrew Rivkin: Absolutely not. I think that, again, if you take a look at the market overall, especially a good look at technology, you will find that there are many stocks which, since March, have fallen from their 52-week highs to their 52-week lows. There's a lot of volatility in the Nasdaq market, a lot of volatility especially in technology, and I think that that is principally the cause for the decline in share price. Thanks very much for your question.

Sir, if you have any further questions, I'd appreciate it if you could give me a call, or call Nancy Chan Palmateer, in charge of investor relations. Thank-you.

Operator: Your next question is from David Hartley, First Associated Investors. please proceed.

David Hartley: Hi, Andrew. It's actually First Associates Investments. A question with regard to the e-cash... you charged \$317,000 this quarter. What would be the ongoing expenses you expect with e-cash? That's my first question, and secondly, maybe it's a question for Harvey. You had accrued liabilities this quarter of \$353,000, up from \$57,000. Could you give me some colour on that, possibly?

Andrew Rivkin: As to the first question, we expect in the fourth quarter the expenditures on e-cash to remain about the same as they were in the third quarter. I'll let Harvey answer the second question.

Harvey Solursh: Hi. As far as the accrued liabilities go, they're in line with August, where they were \$809,000. It's just as the company grows and the expense level grows, the accruals throughout the accounts payable are basically in line, also, with other months.

David Hartley: Okay. Andrew, just back to the \$317,000, should I expect that for the coming year, or what's the flavour there for that?

Andrew Rivkin: Well, I think that you should expect that until we're able to complete the strategic round of financing, and exactly when that happens I can't predict. But I think that there'll be no changes in the fourth quarter, certainly, and we don't expect there to be any changes until the round's completed, so it should stay around the same until we're done.

David Hartley: Okay. Thanks a lot, guys.

Operator: Your next question is a follow-up from Jamey Cappello. Please proceed, sir.

Jamey Cappello: Hi, Andrew. I'm not sure if you'll be able to help me on this one. I learned recently that Golden Palace dropped Microgaming. I was wondering if you were in talks with Golden Palace at any one point?

Andrew Rivkin: No, our understanding is they have developed their own software, and that is the software they're marketing to customers, as well. I'm not sure that that licensee, at this stage, would be the best choice for CryptoLogic. They have had a number of hiccups with respect to their promotions over the last year, and it's hard to say who left who. When you take a look at it it's just very difficult to say whether they left Microgaming or Microgaming left them, just because of the hiccups they've had with their promotions, and there are a bunch of dissatisfied customers there, as well. So, I'm not sure they would have been a great choice for us. They don't fit our strategic vision of major land-based branded licensees, but they have, from what we understand, developed their own software.

Jamey Cappello: Okay. And between Silicon Gaming, Boss Media, and Microgaming, who do you see the most out there, in competition?

Andrew Rivkin: We see probably Boss Media in the sphere where we're operating. Silicon Gaming is brand new to the industry. They had an existing relationship with MGM. That's why we believe they're working with MGM now. They're also not operating an Internet gaming business, which is another reason why MGM, I think, looked favourably on them. So, they're not really in our sphere of operations, but Boss, for the most part, is.

Jamey Cappello: Okay, thank-you.

Operator: Your next question is from Pete Gardner, private investor. Please proceed.

Pete Gardner: Good morning. The revenues, you say, are up 12%. Is that from the second quarter or a year ago, please?

Andrew Rivkin: No, that's nine months over nine months, so nine months in 1999 over nine months in 2000.

Pete Gardner: Okay, gotcha. Since this time a year ago, there would be an increase in revenues coming from Hill, Jupiter, and some of the other people you have signed up. So if we chop those off and stick with only the ones that were there a

year ago, it looks as if the older licensees, on average, had no increase in revenues. Is that correct?

Andrew Rivkin: No, actually, the only new licensee, really, is effectively William Hill. Jupiters is not online yet. We're waiting for Australian certification, and we've had three new licensees start very recently, but there's been no contribution from them either. So, most of the new licensees have been in the last quarter of this year. The only new one, really is William Hill.

Pete Gardner: Would Hill have, by chance, have made up the majority of that increase of 12% nine-month on nine-month?

Andrew Rivkin: That's something that I'd have to take a look at. I don't have those numbers in front of me in terms what William Hill, specifically, has contributed to growth this year.

Pete Gardner: I gotcha on that. The only curiosity or concern is that it looks as if, on average, the prior licensees aren't humping and hustling to increase their revenues, which in turn would increase yours.

Andrew Rivkin: I think that what we're looking at is a situation where there has only been one licensee contributing to revenue. I think that we've got many other licensees in the stable who are doing very well. I think we have had had some of those licensees stop or slow down their marketing efforts in the second and third quarter, waiting for version 4.0 to come out, and have re-commenced a market... or are expected to recommence marketing efforts fairly soon. That's one of the reasons why we have not had the same growth in 2000 as we had in 1999. I'm not sure it's a situation where William Hill's accounting for all the growth. I think it's more of a situation that stems from delays in version 4.0.

Pete Gardner: Okay, gotcha. Thank you.

Operator: Your next question is a follow-up from Orin Hirschman. Please proceed.

Orin Hirschman: Hi. Clearly one of the biggest movers in Q4, in terms of moving revenue upward, is if the William Hill released a version 4.0. How confident are you, at this moment, that that's really going to take place on a timely basis, and get you at least a month of revenue?

Andrew Rivkin: We're confident. We've been told already that they've started. We started to see just days' worth of better results, and things like that. So, we deliver the product to them at the same time we deliver InterCasino, and we're confident that they're ready to go and have seen at least indications that things are moving like they should be.

Orin Hirschman: When is William Hill supposed to really commence the major promotion on version 4.0?

Andrew Rivkin: In terms of the major promotion, their online marketing has been started. I don't know when their CD mailing is going to out, but my understanding is it should be done shortly. They're satisfied with the version and have been for some time, and just had been waiting to finalize their marketing plan before they were going ahead. So, from what we understand, and what we've seen already, I think that they will contribute to improvements in revenue in the fourth quarter, some improvements in revenue, anyway, in the fourth quarter.

Orin Hirschman: Okay, thank-you.

Operator: Your next question is a follow-up from Bob Graham. Please proceed.

Bob Graham: Yes, Mr. Rivkin. Just a couple more questions. What does the term "strategic round of financing" mean? I don't understand that. And secondly, is there going to be a press release after this conference, and when would that be?

Andrew Rivkin: A strategic round basically means we're looking for investors who are going to utilize the technology in addition to finance it. It means that we're not just looking for financial investors, or just money, we're looking for smart money, or people who will take advantage of the technology, as well.

I don't expect that there will any press release. We just released information prior to the conference call, and next bit of information that needs to be released will be released when it's there, but having just done a press release yesterday, I don't anticipate another one in the short-term future.

Operator: Mr. Graham, are you finished with your questions?

Bob Graham: Yes. Thank you.

Operator: Thank you. We have no further questions, Mr. Rivkin. I'll turn the conference back to you.

Andrew Rivkin: Great. Thanks, everybody, for joining us. We look forward to hearing from everybody again at our fourth quarter conference call, which will be in February.

Operator: Ladies and gentlemen, that concludes your conference call for today. Thank you for participating and please disconnect your lines.