2005 FULL YEAR

RESULTS PRESENTATION

FINAL TRANSCRIPT

MARKET SENSITIVE AND CONFIDENTIAL

GOOD MORNING EVERYONE.

THANK YOU FOR JOINING US TODAY FOR OUR 2005 FULL YEAR RESULTS PRESENTATION.

MY NAME IS PAUL ONEILE. I AM THE CHIEF EXECUTIVE OFFICER OF ARISTOCRAT. WITH ME IS SIMON KELLY, THE COMPANY'S CHIEF FINANCIAL OFFICER.

I WOULD ALSO LIKE TO WELCOME THOSE PARTICIPATING VIA WEBCAST AND TELECONFERENCE. BEFORE STARTING, I WOULD REQUEST THAT ANY QUESTIONS BE LEFT UNTIL THE END OF THE PRESENTATION.

TURNING TO THE AGENDA FOR TODAY, I WILL START BY GIVING YOU AN OVERVIEW OF OUR 2005 RESULTS.

SIMON WILL THEN TAKE YOU THROUGH THE DETAILS OF OUR FINANCIAL PERFORMANCE, AFTER WHICH I WILL REVIEW THE PRINCIPAL GEOGRAPHIC SEGMENTS OF OUR BUSINESS IN GREATER DETAIL.

I WILL THEN OUTLINE OUR BUSINESS OBJECTIVES, GROWTH FRAMEWORK AND SAY A FEW WORDS ABOUT THE OUTLOOK FOR 2006 AND BEYOND.

TURNING NOW TO A SUMMARY OF OUR FINANCIAL PERFORMANCE FOR THE YEAR.

2005 WAS AN EXCELLENT YEAR FOR ARISTOCRAT.

REVENUE OF $1.3 BILLION WAS UP 15% ON THE PRIOR YEAR.

NET PROFIT AFTER TAX WAS $244 MILLION, UP 72% ON THE PREVIOUS YEAR'S RECORD RESULT.

EACH OF OUR BUSINESSES IMPROVED ITS TRADING PROFITABILITY YEAR-ON-YEAR.

OUR INTERNATIONAL BUSINESS GREW SUBSTANTIALLY DURING 2005 AND NOW ACCOUNTS FOR 75% OF SEGMENT PROFIT COMPARED TO 70% IN 2004.

STRONG REVENUE GROWTH IN NORTH AMERICA, JAPAN AND OTHER INTERNATIONAL MARKETS MORE THAN OFFSET A MARGINAL DECLINE IN AUSTRALIA.

OPERATING CASH FLOW INCREASED TO $393 MILLION, UP FROM $250 MILLION IN 2004.

TODAY WE ANNOUNCED A FINAL DIVIDEND OF 20 CENTS PER SHARE FULLY FRANKED – WHICH TAKES THE TOTAL DIVIDEND FOR 2005 TO 30 CENTS. THIS REPRESENTS A PAYOUT OF 60% OF EARNINGS.

FROM A CAPITAL MANAGEMENT PERSPECTIVE, WE HAVE COMPLETED ALMOST 30% OF OUR CURRENT $100 MILLION ON-MARKET SHARE BUY-BACK, WHICH IS OUR SECOND SUCH PROGRAM.

OVER THE YEAR WE RETURNED $300 MILLION TO SHAREHOLDERS THROUGH CAPITAL MANAGEMENT INITIATIVES AND DIVIDENDS.

IN SUMMARY, OUR 2005 RESULTS REFLECT THE INITIATIVES THE COMPANY HAS UNDERTAKEN OVER THE PAST TWO YEARS AND PLACES US IN A STRONG POSITION TO CAPTURE THE GROWTH POTENTIAL OF THE GLOBAL GAMING MARKET OVER THE NEXT FEW YEARS.

I WILL NOW HAND OVER TO SIMON TO TAKE YOU THROUGH THE COMPANY'S FINANCIALS.

THANK YOU PAUL…AND GOOD MORNING

AS PAUL MENTIONED, I PROPOSE TO TAKE YOU THROUGH AN ANALYSIS OF OUR FINANCIAL RESULTS AND POSITION AS AT 31 DECEMBER 2005.

PLEASE NOTE THAT WE HAVE APPLIED INTERNATIONAL ACCOUNTING STANDARDS (OR IFRS) WITH EFFECT FROM 1 JANUARY 2005. THROUGHOUT MY PRESENTATION AND OUR OTHER RESULTS MATERIALS, REFERENCES TO THE CURRENT AND PRIOR PERIOD ARE TO THE RESTATED RESULTS IN ACCORDANCE WITH IFRS.

BEFORE I REVIEW THE RESULTS IN DETAIL, I WOULD LIKE TO HIGHLIGHT THE FACTORS WHICH DROVE THE RESULT ABOVE THE RANGE THAT WE ANNOUNCED IN AUGUST.

I HAVE TAKEN HERE THE MID POINT OF OUR $225 – $240 MILLION RANGE AS A STARTING POINT.

FIRSTLY, WE HAD ANTICIPATED COMPLETING THE SALE OF A 28% INTEREST IN OUR SOUTH AFRICAN OPERATIONS DURING THE SECOND HALF. AS FLAGGED AT THE TIME, THE PROFIT ON THIS SALE HAD BEEN INCLUDED IN OUR GUIDANCE. AS SOME OF THE CONDITIONS PRECEDENT TO CLOSING HAD NOT BEEN SATISFIED AT 31 DECEMBER WE HAVE NOT RECOGNISED THE $6.0 MILLION PROFIT ON SALE IN THE 2005 YEAR. WE NOW ANTICIPATE COMPLETING THIS TRANSACTION AND RECOGNISING THIS PROFIT DURING 2006.

THE REPORTED RESULT WAS NEGATIVELY IMPACTED BY A $5.1 MILLION ADJUSTMENT RESULTING FROM A CHANGE IN THE WAY WE CALCULATE EMPLOYEE ENTITLEMENTS. THIS PREDOMINANTLY RELATES TO PRIOR YEARS AND IS IN THE MAIN NON-RECURRING.

WE ALSO HAD A NUMBER OF MARKET RELATED CONDITIONS WHICH IMPACTED THE OVERALL RESULT VERSUS OUR ORIGINAL EXPECTATIONS:

- THE IMPACT OF HURRICANE KATRINA WHERE WE LOST APPROXIMATELY 150 RECURRING REVENUE UNITS IN THE FIELD AND A PLACEMENT PIPELINE OF ANOTHER 100. WHEN COMBINED WITH LOST UNIT AND SYSTEMS SALES, WE ESTIMATE THAT THE TOTAL COST IMPACT WAS $5.3 MILLION;

- IN RUSSIA, CHANGES IN THE REGULATORY ENVIRONMENT MEANT THE FULL YEAR RESULT FELL $1.4 MILLION SHORT OF WHAT WE HAD BUILT INTO OUR GUIDANCE.

OUR LEGAL COSTS INCREASED $4.2 MILLION VERSUS OUR EXPECTATIONS. THIS INCREASE PRIMARILY REFLECTS

CHANGES IN THE TIMING OF CASES AND ACTIONS THE COMPANY COMMENCED IN PROTECTING ITS INTELLECTUAL PROPERTY RIGHTS DURING THE SECOND HALF.

AT THE OPERATIONAL LEVEL, THE BIGGEST SINGLE FACTOR DRIVING OUR RESULT HIGHER THAN GUIDANCE WAS OUR SALES IN JAPAN. WHILE WE WERE OPTIMISTIC OF THE SUCCESS OF *KYOJIN-NO-HOSHI 3*, THE GAME PROVED MORE SUCCESSFUL THAN WE HAD FORECAST WITH SALES OF OVER 72,000 UNITS. THE PROFIT IMPACT OF THIS INCREMENTAL VOLUME COMPARED TO THE MID POINT OF OUR GUIDANCE APPROXIMATES $25 MILLION. HIGHER VOLUMES ALSO ENABLED US TO NEGOTIATE MORE FAVOURABLE PRICES FROM SUPPLIERS.

THE BALANCE OF THE CHANGE REFLECTS STRONG TRADING IN ALL OTHER REGIONS, OFFSET IN PART BY A SOFTER THAN ANTICIPATED NORTH AMERICAN MARKET IN THE SECOND HALF.

OTHER THAN THE EMPLOYEE BENEFIT ADJUSTMENT, I CAN CONFIRM THAT THERE WERE NO OTHER SIGNIFICANT NON-RECURRING ITEMS IN THE 2005 RESULTS. TAKING THIS IMPACT INTO ACCOUNT, UNDERLYING PROFIT APPROXIMATES $250 MILLION.

I WOULD NOW LIKE TO BRIEFLY COVER THE IMPACTS OF INTRODUCING INTERNATIONAL ACCOUNTING STANDARDS FOR THE FIRST TIME, EFFECTIVE 1 JANUARY.

THIS CHART RECONCILES RESULTS FOR THE CURRENT AND PRIOR PERIOD UNDER BOTH PRIOR AND NEWLY ADOPTED ACCOUNTING STANDARDS.

THE IMPACTS SHOWN HERE REFLECT THE FULL YEAR IMPACT OF THE COMPONENTS WHICH I EXPLAINED IN MORE DETAIL AT THE HALF YEAR. I DO NOT THEREFORE PROPOSE TO RUN THROUGH THESE AGAIN, OTHER THAN TO RE-ITERATE THE EXPLANATION OF THE 2004 FOREIGN EXCHANGE ADJUSTMENT, GIVEN ITS SIZE.

THIS RELATES TO THE REALISATION OF $29 MILLION POST TAX HELD IN THE FOREIGN CURRENCY TRANSLATION

RESERVE AS A RESULT OF THE REPAYMENT OF INTERCOMPANY LOANS DURING 2004. UNDER PREVIOUS ACCOUNTING STANDARDS, THIS REALISATION WAS ACCOUNTED FOR AS A RESERVE TRANSFER. UNDER IFRS WE ARE REQUIRED TO BRING THESE THROUGH THE INCOME STATEMENT. THIS IS A NON-CASH, ACCOUNTING ADJUSTMENT.

THE TOP LINE HERE SHOWS HOW OUR RESULTS WOULD HAVE BEEN REPORTED UNDER PREVIOUS ACCOUNTING STANDARDS. NAMELY A $248 MILLION PROFIT AGAINST THE $175 MILLION WE REPORTED IN 2004.

AT THE FOOT OF THE PAGE YOU CAN SEE THE RESULTS RESTATED UNDER IFRS WHICH SHOW THE $102 MILLION IMPROVEMENT TO $244 MILLION.

I WOULD NOW LIKE TO MOVE ON TO TALK ABOUT THE DETAILED PROFIT AND LOSS.

TOTAL REVENUE INCREASED BY 15% TO A RECORD $1.3 BILLION.

HAD EXCHANGE RATES REMAINED AT 2004 LEVELS, REVENUE WOULD HAVE BEEN APPROXIMATELY $58 MILLION HIGHER. TAKING THIS INTO ACCOUNT, REAL REVENUE GROWTH WAS 20%. THE OVERALL REVENUE RESULT REFLECTS SOME SIGNIFICANT UNDERLYING CHANGES IN REGIONAL RESULTS. IN PARTICULAR, A $131 MILLION INCREASE IN NORTH AMERICAN REVENUE. WITH THE EXCEPTION OF AUSTRALIA, ALL BUSINESS SEGMENTS RECORDED SIGNIFICANT TRADING REVENUE GROWTH. PAUL WILL COVER OFF INDIVIDUAL BUSINESS RESULTS IN MORE DETAIL AS PART OF THE BUSINESS SEGMENT REVIEW.

GROSS PROFIT IMPROVED BY 3.1 PERCENTAGE POINTS TO 51.6%. GROSS PROFIT IN THE SECOND HALF WAS MARGINALLY LOWER THAN IN THE FIRST HALF DUE TO THE MIX EFFECT OF LOWER MARGIN JAPANESE SALES.

EXPENSES WERE FLAT IN REPORTED TERMS, ALTHOUGH THIS REFLECTS A NUMBER OF SIGNIFICANT OFFSETTING IMPACTS.

IN PARTICULAR, PRIOR YEAR EXPENSES WERE INFLATED BY THE PRE TAX FOREIGN EXCHANGE ADJUSTMENT ON THE ADOPTION OF IFRS, WHICH I EXPLAINED ON THE PREVIOUS SLIDE.

EXPENSES IN THE CURRENT YEAR WERE IMPACTED BY A NUMBER OF ITEMS, INCLUDING:

- THE EMPLOYEE BENEFIT ADJUSTMENT I REFERRED TO EARLIER;

- HIGHER LEGAL COSTS; AND

- A DECREASE IN AGENTS COMMISSIONS IN JAPAN DUE TO THE CHANGE IN DISTRIBUTION MIX BETWEEN AGENTS AND DISTRIBUTORS.

EXCLUDING THESE AMOUNTS, EXPENSES INCREASED 7.3%.

EBIT AT $358 MILLION IS A $128 MILLION IMPROVEMENT ON THE PRIOR YEAR AND REPRESENTS 27% OF REVENUE.

THE EFFECTIVE TAX RATE OF 33% IS HIGHER THAN THE AUSTRALIAN RATE OF 30%, BUT LOWER THAN THE 2004 RATE OF 37%.

MUCH OF THIS DIFFERENCE REFLECTS THE IMPACT OF A $5.5 MILLION PRIOR YEAR CHARGE RECORDED IN 2004.

THE CURRENT YEAR RATE IS INDICATIVE OF THE LIKELY AVERAGE RATE OVER TIME, PRIOR TO THE IMPACT OF OVERSEAS DIVIDEND WITHHOLDING TAX LEAKAGE, OF WHICH THERE WAS NONE IN THE CURRENT YEAR.

THE PROFIT AFTER TAX OF $244 MILLION REPRESENTS A 72% INCREASE OVER THE PRIOR YEAR AND OUR SECOND SUCCESSIVE RECORD ANNUAL PROFIT.

I WOULD NOW LIKE TO MOVE ON AND DEMONSTRATE THE KEY DRIVERS OF THE CHANGE IN EBIT YEAR-ON-YEAR. I WILL COVER OFF THE MAJOR ITEMS ONLY.

THIS CHART RECONCILES 2004 EBIT OF $230 MILLION TO THE $358 MILLION REPORTED IN THE CURRENT YEAR.

I HAVE STRIPPED OUT TRANSLATIONAL FOREIGN EXCHANGE IMPACTS FROM INDIVIDUAL COMPONENTS TO SHOW THE UNDERLYING MOVEMENTS IN REVENUE AND COST ELEMENTS.

AS I MENTIONED EARLIER, 2004 EBIT WAS IMPACTED BY A PRE TAX FX ADJUSTMENT OF $41 MILLION RELATING TO IFRS. I HAVE SHOWN THIS ITEM SEPARATELY TO THE LEFT.

YOU WILL NOTE THAT THE MAJOR CONTRIBUTORS TO THE IMPROVEMENT IN RESULTS WERE THE NEXT FOUR COMPONENTS TO THE LEFT, WHICH COLLECTIVELY COMPRISE THE IMPROVEMENT IN GROSS PROFIT.

THE FIRST COMPONENT REPRESENTS THE MARGIN IMPACT OF IMPROVED VOLUMES – THIS CONTRIBUTED AN INCREMENTAL $78 MILLION, WITH REVENUES UP $160 MILLION AND COST OF SALES UP $82 MILLION.

THIS IMPACT WAS DRIVEN BY THE OVERALL 15% INCREASE IN THE NUMBER OF GLOBAL UNITS SOLD. EXCLUDING THE IMPACT OF JAPAN, VOLUME WAS UP 8%.

OUTSIDE OF AUSTRALIA, ALL SEGMENTS GENERATED VOLUME GROWTH AS MARKETS EXPANDED AND WE EXPERIENCED ENHANCED MARKET SHARE.

NORTH AMERICAN RECURRING REVENUE INSTALLATIONS, WHICH INCREASED BY A NET 865 UNITS OVER THE YEAR, MADE UP APPROXIMATELY ONE THIRD OF THE VOLUME DRIVEN MARGIN GROWTH.

MOVING ON, PRICE/MIX CONTRIBUTED $57 MILLION. THIS INCREASE PRIMARILY REFLECTS THE IMPACT OF PRICE INCREASES AND OUR PREMIUM PRODUCT FOCUS. THE

EFFECTIVE PRICE/MIX INCREASE ON PRODUCT SALES APPROXIMATES 6.3%.

THE COST OF SALES IMPROVEMENT RESULTS FROM MANUFACTURING PRODUCTIVITY EFFICIENCIES AND IMPROVED RECURRING REVENUE MARGINS, OFFSET BY THE IMPACT OF THE HIGHER COST OF THE *KYOJIN-NO-HOSHI 3* CABINET IN JAPAN. THE INCLUSION OF AN LCD IN THIS CABINET ADDED SOME $27 MILLION TO COSTS, VERSUS A STANDARD CABINET. PART, ALTHOUGH NOT ALL OF THIS COST INCREASE, WAS RECOVERED THROUGH A HIGHER SELLING PRICE.

THE CURRENT PERIOD RESULT ALSO BENEFITTED FROM LOWER INVENTORY PROVISIONING COSTS, PARTICULARLY IN JAPAN.

OTHER NET MARGIN IMPACTS OF $4.2 MILLION COMPRISE A NUMBER OF COMPONENTS:

THESE INCLUDE:

- AN INCREASE IN SYSTEMS REVENUE;

- AN INCREASE IN REVENUE DERIVED FROM INTELLECTUAL PROPERTY RIGHTS IN NORTH AMERICA; PARTIALLY OFFSET BY

- THE 2004 COMPARATIVE INCLUDING REVENUE AND MARGIN BOOKED ON LEGACY SOUTH AMERICAN CONTRACTS.

THE INCREASE IN R&D COSTS REFLECTS OUR COMMITMENT TO ENSURING WE REMAIN AT THE LEADING EDGE OF THE PROVISION OF GAMING SOLUTIONS IN ALL MARKETS IN WHICH WE OPERATE.

AS A RESULT OF THE STRONG REVENUE GROWTH AND DESPITE THE INCREASE IN REAL R&D SPEND, IN PERCENTAGE TERMS, R&D COSTS ACTUALLY FELL MARGINALLY TO 5.1% OF REVENUE.

WE HAVE INITIATED SIGNIFICANT INVESTMENTS IN OUR NEXT GENERATION PRODUCT AND SYSTEMS OFFERINGS AND IN DOLLAR TERMS YOU SHOULD SEE ONGOING INCREASES IN R&D SPEND. OUR OVERALL TARGET OF 5 – 6% OF REVENUE REMAINS.

AS MENTIONED EARLIER, AGENT COMMISSIONS IN JAPAN ACTUALLY DECREASED YEAR-ON-YEAR DESPITE HIGHER SALES VOLUMES AS A RESULT OF THE CHANGE IN CHANNEL MIX.

SELLING, MARKETING AND DISTRIBUTION COSTS WERE UP SIGNIFICANTLY REFLECTING HIGHER VOLUMES, INFLATION AND INVESTMENT IN OUR GLOBAL INFRASTRUCTURE.

GENERAL AND ADMINISTRATION COSTS ALSO INCREASED PREDOMINANTLY REFLECTING A $12 MILLION INCREASE IN LEGAL FEES AND THE EMPLOYEE BENEFIT ADJUSTMENT I MENTIONED EARLIER. EXCLUDING THESE FACTORS, G&A COSTS WERE UP 3.9%, GENERALLY REFLECTING INFLATION.

IT IS WORTH POINTING OUT THAT, ALTHOUGH THESE THINGS ARE DIFFICULT TO PREDICT, WE BELIEVE THAT LEGAL COSTS WILL DECLINE IN 2006.

FINALLY, AS I MENTIONED EARLIER, I HAVE STRIPPED OUT TRANSLATIONAL FOREIGN EXCHANGE IMPACTS FROM THE PREVIOUS COMPONENTS. YOU CAN SEE HERE THE NET IMPACT ON EBIT AMOUNTS TO AN UNFAVOURABLE $16 MILLION.

IN CONCLUSION, YOU CAN SEE THAT THE STRONG EBIT IMPROVEMENT REFLECTS A CONTINUATION OF THE KEY DRIVERS THAT I HAVE MENTIONED AT PREVIOUS PRESENTATIONS, NAMELY:

- GLOBAL VOLUME GROWTH;

- IMPROVED PRICING;

- COST EFFICIENCIES PARTICULARLY IN THE SUPPLY CHAIN; AND

- LEVERAGE OF FIXED COST STRUCTURES, ALTHOUGH WE HAVE INVESTED IN OUR INFRASTRUCTURE DURING THE YEAR TO ENABLE US TO OPTIMISE OPPORTUNITIES IN THE GLOBAL GAMING ENVIRONMENT AS THEY ARISE.

HIGHER LEGAL COSTS AND THE ADJUSTMENT TO EMPLOYEE BENEFIT COSTS ALSO IMPACTED THE OVERALL RESULT.

THIS CHART DEMONSTRATES HOW THE OVERALL MIX OF OUR REVENUE HAS CHANGED VERSUS 2004.

YOU CAN SEE THE MIX HAS REMAINED RELATIVELY CONSTANT, WITH NORTH AMERICA GROWING AT A SLIGHTLY FASTER RATE THAN THE OTHER SEGMENTS.

LOOKING AT PROFIT CONTRIBUTION, YOU CAN ALSO SEE THAT THIS BROADLY MATCHES THE PICTURE OF REVENUE CONTRIBUTIONS.

THE NORTH AMERICAN BUSINESS NOW PROVIDES ALMOST DOUBLE THE CONTRIBUTION OF ANY OTHER REGION.

COMBINED WITH THE PRIOR CHART, YOU CAN SEE THAT WE NOW DERIVE 79% OF OUR REVENUE AND 75% OF OUR TRADING PROFITS FROM OUTSIDE AUSTRALIA. AUSTRALIA, DOES HOWEVER, REMAIN A SIGNIFICANT AND IMPORTANT CONTRIBUTOR TO THE OVERALL GROUP AND THIS WILL REMAIN THE CASE.

TURNING NOW TO CASH FLOW...

ONE OF OUR KEY STRATEGIES IS FOCUSING ON CASH MANAGEMENT, WHICH HAS RESULTED IN A SIGNIFICANT IMPROVEMENT IN OPERATING CASH FLOW OVER THE PAST 2 YEARS.

THE MANAGEMENT CASH FLOW HERE RECONCILES EBIT TO STATUTORY OPERATING CASH FLOW AND THE

MOVEMENT IN NET CASH BALANCES. THIS SEPARATELY IDENTIFIES CASH IMPACTS PRE FOREIGN EXCHANGE.

RATHER THAN DISCUSSING EACH INDIVIDUAL LINE ITEM, I WILL FOCUS ON THE LARGER ONES ONLY.

THE STRONG EBIT PERFORMANCE, COUPLED WITH THE CONTINUED FOCUS ON CASH MANAGEMENT, HAS ENABLED US TO FURTHER IMPROVE OUR OPERATING CASH FLOW, WHICH ROSE 57% TO $393 MILLION.

FOREIGN EXCHANGE IN THE PRIOR PERIOD PREDOMINANTLY RELATES TO THE IFRS ADJUSTMENT WHICH I MENTIONED EARLIER. THIS HAD NO IMPACT ON THE COMPANY'S OVERALL CASH BALANCES OR CASH FLOW. OTHER FOREIGN EXCHANGE CASH FLOWS IN THE CURRENT PERIOD WERE MINIMAL.

THE MAJOR INFLUENCE ON OPERATING CASH FLOW WAS THE $44 MILLION CASH INFLOW AS A RESULT OF CHANGES IN OPERATING ASSETS AND LIABILITIES.

THIS PREDOMINANTLY RESULTS FROM A DECREASE IN NET WORKING CAPITAL PARTIALLY OFFSET BY THE MOVEMENT IN NON-CURRENT RECEIVABLES AND PROGRESSIVE JACKPOT LIABILITIES.

I WILL COVER OFF NET WORKING CAPITAL IN MORE DETAIL IN A MOMENT.

THE NET CASH OUTFLOW FROM INVESTING ACTIVITIES DECREASED $10 MILLION TO $37 MILLION, PRIMARILY REFLECTING THE LOWER ADDITIONS TO THE INSTALLED BASE OF PARTICIPATION UNITS IN NORTH AMERICA THAN IN THE PRIOR YEAR. APPROXIMATELY 72% OF CURRENT PERIOD CAPITAL EXPENDITURE RELATES TO PARTICIPATION UNIT PLACEMENTS.

YOU CAN SEE HERE THE TOTAL $229 MILLION CASH SPEND ON THE VARIOUS CAPITAL MANAGEMENT INITIATIVES WE UNDERTOOK DURING THE YEAR.

THE DEPRECIATION OF THE AUSTRALIAN DOLLAR AGAINST THE US DOLLAR SINCE DECEMBER 2004 RESULTED IN A $12 MILLION INCREASE IN THE AUSTRALIAN DOLLAR VALUE OF THE COMPANY'S FOREIGN DENOMINATED NET DEBT.

IN OVERALL TERMS, THE COMPANY REMAINED EFFECTIVELY DEBT FREE DURING THE YEAR, WITH NET CASH INCREASING BY $64 MILLION DESPITE CAPITAL MANAGEMENT INITIATIVES AND DIVIDEND PAYMENTS TOTALLING ALMOST $300 MILLION.

IN FACT, THIS CASH FLOW DEMONSTRATES THE LEVERAGE OPPORTUNITIES FOR THE COMPANY. DESPITE REVENUES GROWING A REAL 20%, WE HAVE REDUCED WORKING CAPITAL AND INVESTED ONLY $10 MILLION IN NON PARTICIPATION CAPITAL EXPENDITURE. OUR FREE CASH FLOW IN 2005 REPRESENTS 27% OF REVENUES.

WHILE I HAVE ALREADY DISCUSSED THE CASH FLOW IMPACTS OF WORKING CAPITAL, I WANT TO NOW BRIEFLY SHOW HOW NET WORKING CAPITAL IS TRACKING IN OVERALL TERMS.

THIS CHART SHOWS OVERALL NET WORKING CAPITAL TO REVENUE MEASURED ON A PRECEDING 12 MONTHS BASIS OVER THE LAST 5 YEARS.

THIS MEASURE OF WORKING CAPITAL EFFICIENCY HAS IMPROVED SIGNIFICANTLY FROM 9.4% AT THE END OF 2004 TO 3.4% AT 31 DECEMBER 2005. THIS IS, HOWEVER, A RESULT THAT I DO NOT ANTICIPATE REPEATING.

THE SIGNIFICANT DECLINE IN 2005 WAS PREDOMINANTLY DRIVEN BY THE PHASING OF RECEIPTS AND PAYMENTS ASSOCIATED WITH THE SALE OF *KYOJIN-NO-HOSHI 3* IN JAPAN IN THE LAST QUARTER OF THE YEAR. THESE ARE ESTIMATED TO HAVE FAVOURABLY IMPACTED NET WORKING CAPITAL AND HENCE OPERATING CASH FLOW BY $60 - $70 MILLION.

THE OVERALL RESULT WAS ALSO IMPACTED BY HIGHER RECEIVABLE LEVELS IN AUSTRALIA PRIMARILY DUE TO A GREATER PROPORTION OF SALES IN THE FINAL QUARTER

AND AN INCREASE IN THE PLACEMENT OF PRODUCT UNDER THE COMPANY'S *VALUE ADDED SERVICE AGREEMENTS)*.

OVER THE MEDIUM TERM, AN AVERAGE NET WORKING CAPITAL TO REVENUE RATIO OF CLOSER TO 10% IS MORE SUSTAINABLE. BY WAY OF EXAMPLE, THE MONTHLY AVERAGE OVER THE FIRST HALF OF 2005 PRIOR TO THE RELEASE OF *KYOJIN-NO-HOSHI 3* WAS 8.8%.

NET WORKING CAPITAL RESULTS IN INDIVIDUAL MONTHS WILL ALWAYS HOWEVER REMAIN SUBJECT TO FLUCTUATION AS A RESULT OF PARTICULAR TRADING INITIATIVES, SUCH AS MAJOR PRODUCT LAUNCHES.

I HAVE INCLUDED INDIVIDUAL CHARTS ON INVENTORY AND RECEIVABLES AS AN ATTACHMENT TO THIS PRESENTATION.

TURNING NOW TO CAPITAL MANAGEMENT.

FIRSTLY I WOULD LIKE TO RE-ITERATE OUR OVERALL CAPITAL MANAGEMENT OBJECTIVES. NAMELY, TO MAINTAIN A CONSERVATIVE FUNDING STRUCTURE, WHICH PROVIDES SUFFICIENT FLEXIBILITY TO FUND THE OPERATIONAL DEMANDS OF THE BUSINESS AND TO UNDERWRITE ANY FUTURE STRATEGIC OPPORTUNITIES.

THE COMPANY HAS SUBSTANTIAL CASH ON HAND - $360 MILLION, EXCEEDING DEBT BY SOME $184 MILLION.

IN JULY, WE PUT IN PLACE A NEW $300 MILLION SYNDICATED FACILITY. TOGETHER WITH NET CASH ON HAND AND OUR CASH FLOW EXPECTATIONS, THIS PROVIDES US WITH SIGNIFICANT FINANCIAL FLEXIBILITY.

OPERATING CASH FLOW OVER THE PAST TWO YEARS APPROXIMATES $643 MILLION, GENERATING SOME $559 MILLION OF FREE CASH FLOW.

THE COMPANY'S CASH FLOW PERFORMANCE DEMONSTRATES OUR ABILITY TO GROW WITHOUT SIGNIFICANT INVESTMENT IN CAPITAL EXPENDITURE OR

WORKING CAPITAL. THE OUTLOOK FOR CONTINUED LEVERAGE OF OUR FIXED ASSET BASE AND FREE CASH FLOW REMAINS VERY POSITIVE. AT THE SAME TIME, WE ARE DETERMINED TO TAKE A PRO-ACTIVE APPROACH TO CAPITAL MANAGEMENT.

TAKING THESE OBJECTIVES AND THE POSITIVE CASH FLOW OUTLOOK INTO ACCOUNT, WE HAVE UNDERTAKEN A NUMBER OF CAPITAL MANAGEMENT INITIATIVES OVER THE PAST 12 MONTHS.

IN DECEMBER 2004, WE CALLED FOR REDEMPTION OF OUR US DOLLAR CONVERTIBLE BONDS. HOWEVER REDEMPTION REMAINS SUBJECT TO LEGAL PROCEEDINGS.

WE TODAY ANNOUNCED A FINAL FULLY FRANKED DIVIDEND OF 20 CENTS PER SHARE.

THE BOARD HAS DETERMINED THAT THE DIVIDEND RE-INVESTMENT PLAN WILL NOT OPERATE IN RESPECT OF THIS DIVIDEND.

IN FUTURE PERIODS THE PROSPECT OF FRANKING IS POSITIVE. AT THIS TIME, WE ANTICIPATE BEING ABLE TO FULLY FRANK DIVIDENDS APPROXIMATING 60 – 70% OF EARNINGS, ALTHOUGH THIS MAY CHANGE AS THE MIX OF OVERSEAS EARNINGS CHANGES.

AT OUR RESULTS RELEASE A YEAR AGO WE ANNOUNCED OUR INTENTION TO RETURN $100 MILLION OR 21 CENTS PER SHARE TO SHAREHOLDERS VIA A CAPITAL RETURN. THIS RETURN WAS MADE IN JULY.

DURING THE YEAR WE ALSO COMPLETED THE FIRST SHARE BUYBACK OF $100 MILLION THAT WE ANNOUNCED IN AUGUST 2004. WE THEN ANNOUNCED A SECOND $100 MILLION BUYBACK IN NOVEMBER. THIS BUYBACK IS 30% COMPLETE TODAY AND IT IS OUR INTENTION TO CONTINUE THIS PROGRAM OVER THE REMAINDER OF 2006.

DURING THE SECOND HALF, WE COMMENCED ACQUIRING SHARES ON MARKET IN ANTICIPATION OF SATISFYING OUTSTANDING CONTINGENT OBLIGATIONS IN RESPECT OF

SHARE AND OPTION BASED REMUNERATION PLANS. IN DOING SO, WE AIM TO MITIGATE THE DILUTIONARY IMPACT OF THESE PLANS.

AS AT TODAY, WE HAVE PURCHASED 2.9 MILLION SHARES LEAVING 3.3 MILLION SHARES TO ACQUIRE. WE ANTICIPATE COMPLETION OF PURCHASES TO COVER THESE OVER THE REMAINDER OF THE HALF. WE WILL ALSO CONSIDER FURTHER PURCHASES AS NECESSARY TO MITIGATE THE DILUTIONARY IMPACT OF ANY FURTHER SHARE BASED REMUNERATION GRANTS.

WE ARE CONFIDENT THAT THESE INITIATIVES, TOGETHER WITH ANTICIPATED ONGOING STRONG CASH GENERATION, PROVIDE A BALANCE BETWEEN ENHANCING SHAREHOLDER RETURNS AND LEAVING THE COMPANY WITH AMPLE FLEXIBILITY TO FUND THE OPERATIONAL DEMANDS OF THE BUSINESS AND TO UNDERWRITE ANY FUTURE STRATEGIC OPPORTUNITIES.

FINALLY, THIS CHART SETS OUT SOME KEY FINANCIAL DATA AND RATIOS, WHICH SUMMARISE THE PERFORMANCE OF THE COMPANY FOR THE YEAR COMPARED WITH 2004.

EBIT OF $358 MILLION EXCEEDS THE 2004 RESULT BY $128 MILLION, OR 56%.

THE WORKING CAPITAL/REVENUE RATIO FELL TO 3.4% BENEFITTING FROM PARTICULARLY FAVOURABLE CIRCUMSTANCES IN OUR JAPANESE BUSINESS. I ANTICIPATE THIS METRIC WILL REVERT BACK TO THE LEVELS OF THE PAST TWO YEARS IN FUTURE REPORTING PERIODS.

OPERATING CASH FLOW AT $393 MILLION OR 30% OF REVENUE IS ANOTHER RECORD RESULT, ALTHOUGH IT ALSO INCLUDES THE FAVOURABLE JAPANESE BENEFITS I JUST MENTIONED. ADJUSTING FOR THESE, OPERATING CASH FLOW WOULD STILL HAVE BEEN A VERY HEALTHY $320-330 MILLION.

DESPITE CAPITAL MANAGEMENT INITIATIVES AND DIVIDENDS PAID DURING THE YEAR TOTALLING ALMOST $300 MILLION, NET CASH ON HAND INCREASED $64 MILLION.

OUR GEARING AND DEBT COVERAGE RATIOS ARE VERY CONSERVATIVE AND DEMONSTRATE THE STRENGTH AND FINANCIAL FLEXIBILITY THAT OUR BALANCE SHEET PROVIDES.

RETURN ON EQUITY IS A VERY SUBSTANTIAL 70%.

FULLY DILUTED EARNINGS PER SHARE IMPROVED 21.9 CENTS OR OVER 75% TO 51.1 CENTS.

IN SUMMARY, AS YOU CAN SEE HERE, THE STRONG OPERATING PERFORMANCE IN THE YEAR HAS ENABLED THE COMPANY TO FURTHER STRENGTHEN ITS FINANCIAL POSITION.

THIS FINANCIAL PERFORMANCE REFLECTS THE BENEFITS OF SUBSTANTIAL TOP LINE GROWTH, THE LEVERAGING OF FIXED COST STRUCTURES AND THE COMPANY'S ABILITY TO SUPPORT SUCH GROWTH WITH MINIMAL CAPITAL INVESTMENT. THIS IS A STRATEGY WE INTEND TO CONTINUE.

I WILL NOW HAND BACK TO PAUL FOR THE SEGMENT REVIEW....PAUL...

THANK YOU, SIMON.

I WOULD LIKE TO THANK SIMON AND HIS TEAM FOR THE CONTRIBUTION THAT THEY HAVE MADE, AND CONTINUE TO MAKE, TO THE COMPANY.

I WILL NOW GO THROUGH THE RESULTS AND OUTLOOK FOR EACH OF THE COMPANY'S KEY MARKETS, NAMELY AUSTRALIA, NORTH AMERICA, JAPAN AND OTHER INTERNATIONAL.

TURNING FIRST TO AUSTRALIA.

THE AUSTRALIAN MARKET CONTINUES TO BE A CHALLENGING ONE. DESPITE THE DIFFICULT TRADING ENVIRONMENT BOTH PROFIT CONTRIBUTION AND SEGMENT MARGIN IMPROVED, YEAR ON YEAR.

AUSTRALIAN SEGMENT PROFIT INCREASED BY 10% TO $107 MILLION, ALTHOUGH REVENUE DECLINED MARGINALLY TO $271 MILLION.

WHILST UNIT SALES WERE DOWN 19%, SALES OF CONVERSIONS WERE UP 13%, REFLECTING OUR CHANGING BUSINESS STRATEGY.

THIS IMPROVED PRODUCT MIX, COMBINED WITH THE CONTINUED FOCUS ON COST CONTROL, RESULTED IN SEGMENT MARGIN IMPROVING FROM 34% TO 39%.

THESE RESULTS WERE ACHIEVED DESPITE CONTINUING LEGISLATIVE AND REGULATORY RESTRICTIONS CONTRIBUTING TO A DRAMATIC SLOWING OF THE REPLACEMENT CYCLE WHICH REMAINS AT HISTORIC LOWS. IN FACT ONLY A FEW YEARS AGO THE REPLACEMENT CYCLE WAS IN THE ORDER OF 5 YEARS COMPARED TO THE 12 YEARS IT IS TODAY.

OUR FOCUS WAS ON PREMIUM PRODUCT, PARTICULARLY OUR *HYPERLINK* PORTFOLIO AND MID-RANGE BONUSING PRODUCTS INCLUDING *EXTREME MYSTERY LINK* AND *CORRIDA DE TOROS*.

THE COMPANY'S MULTIGAME PRODUCT PORTFOLIO MARKETED UNDER *PLAYER'S CHOICE*, AND OUR HYPERLINK PRODUCTS, ARE ONLY AVAILABLE THROUGH THE COMPANY'S *VALUE ADDED SERVICES AGREEMENT*, KNOWN AS 'VASA'.

VASA PERMITS THE COMPANY TO DERIVE AN ONGOING REVENUE STREAM FROM ITS PREMIUM PRODUCTS.

TURNING NOW TO THE STRATEGIES WE ARE CURRENTLY FOCUSING ON AND OUR VIEW OF THE OUTLOOK FOR THE AUSTRALIAN MARKET.

WE WILL CONTINUE TO DEVELOP PREMIUM PRODUCTS TO MAINTAIN OR IMPROVE OUR MARKET SHARE IN AUSTRALIA.

I HAVE ALREADY MENTIONED *HYPERLINK*, OUR MID-RANGE BONUSING PRODUCTS AND *PLAYERS CHOICE,* AND THESE WILL BE FURTHER ENHANCED.

OUR PRODUCT MIX WILL CONTINUE TO CHANGE AS WE SHIFT OUR FOCUS FROM HARDWARE TO SOFTWARE.

OPERATING MARGINS WILL CONTINUE TO IMPROVE AS WE RELEASE MORE OF OUR PRODUCT UNDER A LICENSING MODEL RATHER THAN OUTRIGHT SALE.

RECURRING REVENUE IS ALREADY PROVING SUCCESSFUL FOR THE COMPANY AND DURING 2006 OUR PORTFOLIO WILL BE SUPPLEMENTED BY A RANGE OF NEW PRODUCTS IN THIS AREA.

WE CONTINUE TO SEEK APPROVAL FOR CASHLESS TECHNOLOGY WHICH HAS PROVED VERY POPULAR IN THE UNITED STATES AND MANY OTHER JURISDICTIONS AROUND THE WORLD. WITH GREATER EMPHASIS ON SECURITY IN CLUBS AND HOTELS I CONSIDER THIS A LOGICAL AND ESSENTIAL STEP AND ONE WHICH WILL BE EMBRACED BY AUSTRALIAN OPERATORS.

THE CURRENT REPLACEMENT CYCLE IS UNSUSTAINABLE AND INEVITABLY IT WILL RETURN TO NORMAL LEVELS. WE ARE PROGRESSING THE DEVELOPMENT OF OUR NEXT GENERATION TECHNOLOGY FOR WHEN AN UPTURN OCCURS.

BUSINESS EFFICIENCIES AND COSTS WILL ALSO CONTINUE TO BE A KEY FOCUS FOR THE COMPANY.

I AM SATISFIED THAT WE HAVE ADOPTED A SOUND PRODUCT STRATEGY FOR 2006 AND I AM CONFIDENT THAT THE PROFIT CONTRIBUTION FROM OUR AUSTRALIAN OPERATION WILL CONTINUE TO GROW.

TURNING NOW TO NORTH AMERICA, WHICH WAS THE STANDOUT REGION FOR US DURING THE YEAR. THE

STRONG RESULTS WERE MOST ENCOURAGING, PARTICULARLY GIVEN THAT THE NORTH AMERICAN MARKET WAS RELATIVELY SUBDUED FOR MUCH OF THE SECOND HALF. THIS AROSE FROM UNCERTAINTY AROUND HIGHER INTEREST RATES AND FUEL COSTS, THE IMPACT OF HURRICANE KATRINA ON THE GULF REGION, A SLOWDOWN IN THE REPLACEMENT CYCLE AND DELAYS IN NEW JURISDICTIONS OPENING UP.

THE PROFIT CONTRIBUTION FROM NORTH AMERICA INCREASED BY 78% TO $182 MILLION.

SEGMENT REVENUE IMPROVED BY 35% TO JUST UNDER $500 MILLION. SEGMENT MARGIN INCREASED TO 36%, REFLECTING IMPROVED PRICING, REVENUE MIX AND FURTHER LEVERAGING OF OUR FIXED COSTS.

UNIT SALES WERE UP 43% TO OVER 17,600 UNITS, REFLECTING THE INCREASING POPULARITY OF OUR PRODUCT AND THE EFFORTS OF OUR NORTH AMERICAN TEAM.

WE ALSO SUCCESSFULLY TRIALLED OUR NEW FIVE-REEL STEPPER SERIES, WHICH FEATURES A TWENTY LINE, FIVE REEL VIDEO STYLE FORMAT, DESIGNED TO BRIDGE THE GAP BETWEEN STEPPER AND VIDEO PLAY.

OUR RECURRING REVENUE INSTALLED BASE INCREASED TO 6,159 UNITS, UP 16% ON LAST YEAR.

TOTAL RECURRING REVENUE INCREASED BY 41% TO 108 MILLION U.S. DOLLARS. AVERAGE DOLLAR PER DAY WAS IN LINE WITH LAST YEAR, REFLECTING THE MIX OF JACKPOT TO NON-JACKPOT MACHINES RATHER THAN A DECLINE IN GAME PERFORMANCE.

THE IMPROVEMENT IN RECURRING REVENUE WAS ACHIEVED DESPITE THE IMPACT OF HURRICANE KATRINA AND DELAYS ARISING FROM THE GAME DEVELOPMENT AND APPROVAL PROCESS. THESE IMPACTS RESULTED IN A REDUCTION IN OUR PARTICIPATION INSTALLED BASE OF APPROXIMATELY 150 UNITS AND THE LOSS OF A FURTHER

100 MACHINES, WHICH WERE DUE TO BE INSTALLED IN THE SECOND HALF.

AFTER ALLOWING FOR THE IMPACT OF HURRICANE KATRINA, RECURRING REVENUE PLACEMENTS IN THE SECOND HALF WERE DOUBLE THOSE OF THE FIRST HALF.

THE RECURRING REVENUE INCREASE WAS DRIVEN BY THE EXCEPTIONAL WIN-PER-UNIT PERFORMANCE OF A NUMBER OF NEW AND EXISITING PRODUCTS IN THE SECOND HALF, PARTICULARLY *ZORRO* AND THE ONGOING SUCCESS OF *CASH EXPRESS* AND *MILLIONI$ER.*

TWO FURTHER KEY PRODUCT APPROVALS THAT ASSISTED THE SECOND HALF RESULT WERE *REEL POWER* IN NEVADA AND OUR FIRST STAND ALONE PROGRESSIVES IN NEVADA AND THE GLI JURISDICTIONS.

OUR SYSTEMS BUSINESS RECORDED A SOLID PERFORMANCE WITH REVENUE UP 8% LARGELY DUE TO IMPROVING *OASIS* SYSTEM SALES AND HIGHER INCOME FROM *QUICKETS,* THE COMPANY'S TICKET-IN TICKET-OUT TECHNOLOGY.

DURING THE YEAR, WE SIGNED UP OUR 200TH *OASIS* CUSTOMER AND THE COMPANY RECEIVED APPROVAL FOR ITS *OASIS PERSONAL BANKER* MODULE.

THIS MODULE IS A STATE OF THE ART CASHLESS SOLUTION THAT PERMITS PLAYERS TO CONVERT LOYALTY POINTS TO CASH AT THE GAMING MACHINE AND TO UPLOAD AND DOWNLOAD CASHABLE CREDITS.

ANOTHER INNOVATIVE OASIS PRODUCT SOLUTION RELEASED DURING THE YEAR WAS THE *OASIS SENTINEL III,* WHICH FEATURES A HIGH-RESOLUTION VISUAL DISPLAY ALLOWING CASINOS TO ADVERTISE PLAYER AND HOTEL PROMOTIONS AT THE GAMING MACHINE.

TURNING NOW TO THE INITIATIVES WE HAVE PUT IN PLACE AND THE OUTLOOK FOR NORTH AMERICA.

WE WILL CAPITALISE ON OUR STRONG PRODUCT PERFORMANCE AND MOMENTUM, WHICH WILL SEE MORE PRODUCT FLOWING INTO NORTH AMERICA'S COMMERCIAL AND NATIVE AMERICAN CASINOS THIS YEAR.

OUR FOCUS WILL REMAIN ON BOTH RECURRING REVENUE AND OUTRIGHT SALES PRODUCT AND WE EXPECT TO LAUNCH A SIGNIFICANT NUMBER OF NEW PRODUCTS IN THESE AREAS DURING 2006.

PLAYER PREFERENCES CONTINUE TO SHIFT TOWARDS LOW DENOMINATION GAMES. THESE GAMES MAKE UP ONLY 14% OF THE TOTAL U.S. MARKET COMPARED TO 86% IN AUSTRALIA. WE CONSIDER THIS TO REPRESENT A SIGNIFICANT OPPORTUNITY FOR US. AS A RESULT, OVER 70% OF OUR NORTH AMERICAN GAMES PORTFOLIO IS NOW IN THE LOW DENOMINATION RANGE BEING ONE, TWO AND FIVE CENTS.

WE WILL EXPAND OUR PRODUCT PORTFOLIO FURTHER WITH MULTI-SITE PROGRESSIVE, STEPPER, SLANT TOP AND *INTERBLOCK* MULTI-TERMINAL PRODUCTS.

TWO WEEKS AGO WE BEGAN TRIALLING OUR MULTI-SITE PROGRESSIVES IN THE MOHEGAN SUN CASINO IN CONNECTICUT. TO DATE THE RESULTS ARE VERY ENCOURAGING. BASED ON THE STRENGTH OF ITS PERFORMANCE, WE ANTICIPATE THAT FULL COMMERCIAL DEPLOYMENT WILL COMMENCE SHORTLY.

I MENTIONED EARLIER OUR 5 REEL STEPPERS. THIS PRODUCT HAS BEEN PERFORMING VERY WELL IN TRIAL SITES. WE WILL CONTINUE TO ADD CONTENT IN THIS AREA AS WE LAUNCH IT AS A REGULAR CATALOGUE ITEM IN THE SECOND QUARTER OF THIS YEAR.

WE HAVE JUST SUCCESSFULLY LAUNCHED OUR NEW SLANT TOP, WHICH WAS AN AREA WE HAD NOT RECENTLY CONCENTRATED ON. THIS WILL GIVE US ACCESS TO AN EVEN GREATER SHARE OF THE MARKET. TODAY APPROXIMATELY 25% OF CASINO FLOORS ARE SLANT TOPS.

THE MULTI-TERMINAL OFFERINGS WILL COMPRISE THE CURRENT SUITE OF INTERBLOCK PRODUCTS THAT WE ARE NOW OFFERING GLOBALLY. WE WILL ALSO BE ABLE TO ACCESS THE POKERTEK ELECTRONIC POKER PRODUCT, WHICH WE SEE AS HAVING SIGNIFICANT POTENTIAL. ALL OF THESE PRODUCTS ARE SUBJECT TO REGULATORY APPROVAL.

WE INTEND TO EXPAND OUR CONTENT LICENSING BUSINESS, WHICH HAS ALREADY PROVEN SUCCESSFUL IN A NUMBER OF CLASS II MARKETS.

AS I SAID LAST YEAR, HISTORICALLY, OUR SHARE OF KEY ACCOUNTS HAS BEEN SUBSTANTIALLY LOWER THAN OUR OVERALL MARKET SHARE IN THE UNITED STATES.

WHILE WE HAVE CERTAINLY MADE PROGRESS IN THIS AREA, GROWING OUR SHARE IN THE MAJORS STILL REPRESENTS A KEY OPPORTUNITY FOR US TO INCREASE SALES AND VISIBILITY IN THE MARKET.

TURNING TO THE OUTLOOK FOR 2006.

WE INTEND TO CONTINUE TO DRIVE GROWTH IN UNIT SALES AND RECURRING REVENUE INSTALLED BASE, ADDING ONTO OUR SUCCESSFUL MK VI PLATFORM THROUGH NEW GAME RELEASES.

OUR SYSTEMS BUSINESS CONTINUES TO GROW. THE YEAR HAS STARTED WELL WITH US SUCCESSFULLY TENDERING FOR TWO MAJOR INSTALLATIONS. WE ARE CURRENTLY INSTALLING THE FIRST OF THOSE AT SPIRIT MOUNTAIN IN OREGON.

HOWEVER, I EXPECT THE OVERALL SYSTEMS BUSINESS TO REMAIN RELATIVELY FLAT IN THE ABSENCE OF FURTHER JURISDICTIONS OPENING UP.

OVERALL I AM POSITIVE ABOUT OUR PROSPECTS IN NORTH AMERICA FOR 2006. THE MARKET IS UNLIKELY TO SEE SIGNIFICANT ORGANIC GROWTH UNTIL MAJOR JURISDICTIONS, SUCH AS PENNSYLVANIA AND FLORIDA, OPEN UP.

WE WILL CONTINUE TO INCREASE MARKET SHARE AS FLOORS MOVE MORE TOWARDS LOW DENOMINATION VIDEO SLOTS AND AS WE ESTABLISH POSITIONS IN THOSE SEGMENTS OF THE FLOOR WHERE WE HAVE NOT PREVIOUSLY BEEN COMPETING.

TURNING NOW TO JAPAN.

REVENUE WAS UP 11% TO 373 MILLION DOLLARS AND SEGMENT CONTRIBUTION PROFIT WAS UP BY ALMOST 16% TO 88 MILLION DOLLARS.

MARGIN IMPROVED TO 23%. THE EXTENT OF THIS IMPROVEMENT RESULTS FROM LOWER INVENTORY PROVISIONING OFFSET BY HIGHER TRADE-INS.

WE SOLD OVER 98,000 GAMES IN JAPAN DURING 2005, A NEW RECORD FOR THE COMPANY. THE ASSISTANCE WE RECEIVED FROM SAMMY CORPORATION CONTRIBUTED TO THIS STRONG PERFORMANCE.

TWO GAMES DROVE THIS SUCCESS. THE FIRST WAS *STREETFIGHTER II*, WHICH WAS RELEASED LATE IN THE FIRST HALF AND SOLD JUST OVER 23,000 UNITS.

THE SECOND GAME WAS *KYOJIN-NO-HOSHI 3*, WHICH WE LAUNCHED IN OCTOBER WITH OVER 72,000 UNITS SOLD DURING THE SECOND HALF.

IN AUGUST, WE OPENED A NEW OFFICE IN OSAKA AND EXPANDED OUR TOKYO OFFICE TO CONSOLIDATE OUR R&D FACILITY INTO THE SAME BUILDING AS SALES AND MARKETING.

NOW LOOKING AT SOME OF THE INTIATIVES WE ARE CURRENTLY PURSUING IN JAPAN AND THE OUTLOOK FOR THE COMING YEAR.

OUR KEY STRATEGIES FOR 2006 WILL BE OPTIMISING OUR REGULATION 4 PRODUCT SALES AND OBTAINING REGULATION 5 GAME APPROVALS.

WE HAVE 7 REGULATION 5 GAMES CURRENTLY IN DEVELOPMENT. OF THESE, 2 ARE PRESENTLY AWAITING REGULATORY APPROVAL. IF SUCCESSFUL, WE ANTICIPATE RELEASING THE FIRST OF THESE LATE IN THE FIRST HALF.

WE CONTINUE TO PURSUE REVENUE DIVERSIFICATION OPPORTUNITIES, INCLUDING LICENSING ARRANGEMENTS.

WE ARE MONITORING THE POTENTIAL INTRODUCTION OF CASINOS INTO JAPAN ALTHOUGH THIS IS NOT EXPECTED TO HAPPEN THIS YEAR.

THE MEDIUM TERM OUTLOOK IS DEPENDENT ON THE SUCCESSFUL DEVELOPMENT, REGULATORY APPROVAL AND MARKET ACCEPTANCE OF REGULATION 5 PRODUCT.

TURNING TO THE OUTLOOK.

I ANTICIPATE THAT *KYOJIN-N0-HOSHI 3* WILL CONTINUE TO SELL OVER THE BALANCE OF THE FIRST HALF.

I AM OPTIMISTIC THAT WE WILL SHORTLY RECEIVE APPROVAL FOR THE FIRST OF OUR REGULATION 5 GAMES, ENABLING US TO DELIVER ON OUR STRATEGY OF SELLING A LARGER NUMBER OF TITLES THAN WE MIGHT NORMALLY DO TO BOOST OVERALL UNIT SALES.

I AM CONFIDENT OF THE LONGER TERM SUSTAINABILITY AND GROWTH POTENTIAL OF OUR JAPANESE BUSINESS.

TURNING NOW TO OTHER INTERNATIONAL MARKETS.

IN ALL OTHER MARKETS IN WHICH WE OPERATE, COMBINED REVENUE INCREASED BY 7% TO $156 MILLION.

OUR ASIA PACIFIC, NEW ZEALAND AND SOUTH AFRICAN OPERATIONS TOGETHER DROVE OVERALL GROWTH IN THIS SEGMENT.

WE HAVE ESTABLISHED STRONG MARKET SHARES IN THE NEW MARKETS WE HAVE ENTERED AND I BELIEVE THIS POSITIONS US VERY WELL FOR FUTURE GROWTH IN THOSE COUNTRIES.

NO BETTER EXAMPLE OF OUR SUCCESS IS MACAU, WHICH REMAINS THE STANDOUT PERFORMER IN THE ASIA-PACIFIC REGION, WHERE OUR OVERALL SHIP SHARE IS IN EXCESS OF 46% AND OUR MARKET SHARE HAS CONTINUED TO INCREASE TO AROUND 40%.

TO SUPPORT THIS GROWTH WE HAVE OPENED A NEW OFFICE TO DIRECTLY SUPPLY SALES AND SERVICE TO THIS IMPORTANT MARKET.

ELSEWHERE IN THE REGION, SALES TO MALAYSIA, CAMBODIA AND VIETNAM WERE STRONG.

IN NEW ZEALAND WE EXPERIENCED A WELCOME TURNAROUND WITH REVENUE UP 29% YEAR ON YEAR, DESPITE A PARTICULARLY DIFFICULT REGULATORY ENVIRONMENT.

SOUTH AFRICA RECORDED GROWTH IN UNIT SALES AND REVENUE, DRIVEN LARGELY BY GROWTH IN THE LIMITED PAYOUT MACHINE MARKET.

IN JULY, WE AGREED TO SELL A 28% INTEREST IN OUR SOUTH AFRICAN BUSINESS TO A LEADING BLACK ECONOMIC EMPOWERMENT INVESTMENT COMPANY. IN DOING SO WE BECAME THE FIRST INTERNATIONAL GAMING COMPANY TO EMBRACE THE OBJECTIVES OF THIS GOVERNMENT INTIATIVE.

AS SIMON MENTIONED EARLIER, WE EXPECT ALL CONDITIONS OF SALE TO BE MET SHORTLY AND THE PROFIT ON SALE WILL NOW BE RECOGNISED IN OUR 2006 RESULTS.

IN RUSSIA, CHANGES TO OUR DISTRIBUTION ARRANGEMENTS AND TO THE RUSSIAN LICENSING ENVIRONMENT, IMPACTED NEGATIVELY ON SALES.

I BELIEVE THAT THE REGULATORY CHANGES, WHICH HAVE IMPACTED ON ALL SUPPLIERS, WILL BE COMPLETED LATER THIS YEAR. ONCE FINALISED I AM OPTIMISTIC ABOUT A

STRONG RECOVERY IN THAT MARKET AND OF ARISTOCRAT SECURING SIGNIFICANT MARKET SHARE.

REVENUE DERIVED FROM THE REST OF EUROPE GREW STRONGLY YEAR ON YEAR. *HYPERLINK LOCO LOOT* PROVED A PARTICULARLY STRONG PERFORMER IN GERMANY, ALONG WITH CONTINUED STRONG SALES INTO HOLLAND.

IN SOUTH AMERICA REVENUE FELL FROM $20 MILLION TO $13 MILLION YEAR ON YEAR. THIS WAS DUE TO THE FACT THAT THE 2004 RESULT INCLUDED COLLECTIONS ON A LEGACY CONTRACT.

DURING THE YEAR WE SUCCESSFULLY IDENTIFIED AND COMMENCED SUPPLYING A SMALL NUMBER OF HIGHLY CREDENTIALLED OPERATORS IN ARGENTINA, CHILE, PERU AND BRAZIL. WE ALSO COMPLETED THE FIRST INSTALLATION OF RECURRING REVENUE GAMES IN PANAMA.

EXCLUDING THE IMPACT OF THE LEGACY CONTRACT COLLECTIONS, REVENUE IMPROVED YEAR ON YEAR AS THE COMPANY CONTINUED TO GAIN MOMENTUM IN THE REGION.

TURNING NOW TO THE INITIATIVES WE ARE PURSUING IN OUR OTHER MARKETS AND THE OUTLOOK FOR THOSE MARKETS FOR 2006.

MACAU, MALAYSIA, SINGAPORE, SOUTH KOREA, THAILAND, THE PHILIPPINES AND CAMBODIA EACH PRESENT UNIQUE CHALLENGES AND OPPORTUNITIES. I AM PLEASED TO SAY THAT OUR ASIA-PACIFIC SALES TEAM IS DOING AN EXCELLENT JOB IN IDENTIFYING OPPORTUNITIES AND ENSURING WE OBTAIN STRONG MARKET PRESENCE IN EACH OF THESE MARKETS.

WE CONTINUE TO CLOSELY MONITOR DEVELOPMENTS IN THE UK MARKET, WHICH IS NOW EXPECTED TO OPEN IN 2007.

RUSSIA WILL BEGIN TO REALISE ITS POTENTIAL AS AN IMPORTANT MARKET FOR US LATER THIS YEAR ONCE THE NEW REGULATORY FRAMEWORK IS IN PLACE.

SOUTH AMERICA WILL MAKE A MODEST BUT GROWING CONTRIBUTION TO RESULTS AS WE EXPAND OUR BUSINESS TO OUR SMALL GROUP OF QUALIFIED OPERATORS.

HOWEVER, IN ALL EMERGING MARKETS WE WILL CONTINUE TO FOLLOW OUR LOW RISK DISTRIBUTION MODEL AND CAREFULLY BALANCE UPSIDE POTENTIAL AGAINST RISK.

NOW LOOKING AT WHAT OUR OBJECTIVES ARE OVER THE COURSE OF THE COMING 12 MONTHS:

- WE WILL CONTINUE TO IMPROVE MARGINS WITHIN THE AUSTRALIAN AND NEW ZEALAND MARKETS, BOTH OF WHICH ARE MATURE AND HAVE CONSTRICTIVE REGULATORY FRAMEWORKS. WE WILL DO THIS BY CONTINUING TO DEVELOP OUR PRODUCT MIX WITH A FOCUS ON LICENSING.

- WE SHALL GROW OUR NORTH AMERICAN BUSINESS BY INCREASING OUR INSTALLED BASE OF RECURRING REVENUE UNITS, PARTICULARLY WITH THE INTRODUCTION OF OUR MULTI-SITE PROGRESSIVES, AND BY BUILDING ON THE MOMENTUM WE HAVE ON OUTRIGHT SALES. WE SHALL DRIVE HARDER IN THE LOWER DENOMINATION CATEGORIES AND WE WILL BROADEN OUR PRODUCT RANGE WITH 5 REEL STEPPER PRODUCT AND SLANT TOPS.

- IN JAPAN WE WILL SUCCESSFULLY TRANSITION FROM REGULATION 4 TO REGULATION 5 GAMING. WE AIM TO DEVELOP AND, SUBJECT TO REGULATORY APPROVAL, RELEASE A RANGE OF REGULATION 5 COMPLIANT GAMES INTO THAT MARKET.

- WE WILL EXPAND OUR RECURRING REVENUE BASE IN AS MANY MARKETS AS POSSIBLE.

- WE WILL STRIVE TO OBTAIN A SIGNIFICANT MARKET SHARE IN EACH EMERGING MARKET WITH PARTICULAR FOCUS ON ASIA, RUSSIA AND THE UK.

- R&D WILL BE APPROPRIATELY RESOURCED TO ENSURE ARISTOCRAT REMAINS THE MARKET LEADER IN GAMES AND SYSTEMS CONTENT.

- WE WILL MAINTAIN FOCUS ON COST CONTROL AND BUSINESS EFFICIENCY. AS OUR BUSINESS BECOMES MORE GLOBAL WE WILL CONTINUE TO LOOK FOR THE MOST EFFICIENT BUSINESS MODEL IN EACH MARKET AND SIMPLIFY OUR SUPPLY CHAIN.

- AND, WE MUST ENSURE THAT THE CULTURAL CHANGES ENGINEERED WITHIN THE COMPANY ARE REFINED TO INSTIL THE PRINCIPLE THAT EVERYONE STRIVES TO MAXIMISE THE RETURNS TO ALL STAKEHOLDERS.

I WOULD NOW LIKE TO GIVE YOU AN UPDATE ON THE GROWTH FRAMEWORK WE OUTLINED TO YOU LAST YEAR.

GAMING REMAINS IN ITS INFANCY IN MANY GLOBAL MARKETS.

MODELLING THE SIZE OF THIS GLOBAL POTENTIAL REQUIRES MAKING ASSUMPTIONS ABOUT THE TIMING OF LEGALISATION AND THE TYPE OF GAMING ALLOWED, AND IS THEREFORE SUBJECT TO INHERENT ERROR. HOWEVER IT IS REASONABLE TO EXPECT THAT VOLUME GROWTH, EXCLUDING JAPAN, OVER A 5 YEAR TIME FRAME COULD BE IN THE ORDER OF 5 – 15% PER ANNUM COMPOUND.

THIS IN TURN MEANS THAT THE GROWTH POTENTIAL FOR ARISTOCRAT IS SUBSTANTIAL.

I HAVE ALREADY OUTLINED SOME OF OUR PLANS FOR MANY MARKETS AROUND THE WORLD. THE CHALLENGE FOR US IS TO TAKE ADVANTAGE OF THE OPPORTUNITIES AS THEY PRESENT THEMSELVES AND TO CARVE OUT STRONG MARKET POSITIONS IN EACH NEW TERRITORY WHERE IT IS ECONOMICALLY VIABLE TO DO SO.

LOOKING BEYOND 2006, I ENVISAGE GREAT OPPORTUNITIES IN 2007, 2008 AND BEYOND.

I THINK THE OPTIMISM IS WELL JUSTIFIED, GIVEN THE NUMBER OF NEW CASINOS THAT ARE CURRENTLY UNDER CONSTRUCTION OR FOR WHICH THERE ARE FIRM PLANS.

MACAU HAS SOME 12 CASINOS COMING ON LINE AND WITH OUR CURRENT MARKET SHARE, WE ARE WELL POSITIONED. SINGAPORE IS WELL ADVANCED IN ITS LICENSING PROCESS FOR ITS 2 CASINOS. THAILAND IS AGAIN LOOKING AT ITS CASINO PLANS, AND I HAVE ALREADY MENTIONED JAPAN.

NEW JURISDICTIONS IN THE UNITED STATES, PRINCIPALLY FLORIDA AND PENNSYLVANIA, WILL OPEN UP DURING THE COURSE OF THIS YEAR. THE LICENSING PROCESS IN THE UK AND RUSSIA IS PROGRESSING.

IN VIEW OF THESE DEVELOPMENTS AND THE NEW TECHNOLOGIES THAT WILL BE INTRODUCED, I THINK THERE ARE SOUND REASONS FOR THIS OPTIMISM.

OUR CORE COMPETENCIES LIE IN VIDEO SLOTS, IN GAMING CONTENT AND IN SYSTEMS. WE MUST LEVERAGE OUR SKILLS IN THOSE AREAS. WE ALSO NOW HAVE AN EXTENSIVE DISTRIBUTION CAPABILITY ON A GLOBAL SCALE, BEING LICENCED IN WELL OVER 200 JURISDICTIONS. WE THEREFORE HAVE THE CAPACITY TO BROADEN OUR PRODUCT RANGE WHILST RECOGNISING THAT OUR BUSINESS IS THE SUPPLY OF GAMING SOLUTIONS AROUND THE WORLD.

I CONTINUE TO BELIEVE THAT OUR ORGANIC GROWTH OPPORTUNITIES ARE THE MOST SIGNIFICANT, OFFERING THE HIGHEST PAYBACK. THE MARKET WILL CONTINUE TO

CONSOLIDATE AND IT IS IN THAT ENVIRONMENT THAT MUCH OF OUR ONGOING GROWTH WILL OCCUR.

THE INTRODUCTION OF NEW TECHNOLOGY WILL ENABLE OUR DOWNLOADABLE SYSTEMS TO BE INTRODUCED GLOBALLY OVER A PERIOD OF TIME, STARTING IN THE LARGEST MARKETS.

WE WILL CONTINUE TO UTILISE OUR LOWER RISK DISTRIBUTION MODEL WHICH HAS PROVEN TO BE A SUCCESSFUL ONE FOR US IN EMERGING MARKETS.

OUR BUSINESS AND STRATEGIC DEVELOPMENT TEAM HAVE BEEN AND WILL CONTINUE TO BE ACTIVE IN LOOKING AT VARIOUS OPPORTUNITIES TO GROW OUR BUSINESS.

DURING THE PAST YEAR WE CONCLUDED TWO SIGNIFICANT TRANSACTIONS AIMED AT BROADENING OUR PRODUCT RANGE, NAMELY ELEKTRONCEK WHICH DESIGNS AND MANUFACTURES ELECTRO-MAGNETIC GAMING PRODUCTS, AND POKERTEK WHICH HAS DEVELOPED A UNIQUE ELECTRONIC POKER TABLE GAME.

WE HAVE PLACED OURSELVES IN A STRONG STRATEGIC POSITION IN SOUTH AFRICA, WHERE WE HAVE PARTNERED WITH A HIGHLY CREDENTIALLED LOCAL COMPANY.

WE ALSO OPENED A NUMBER OF NEW OFFICES, INCLUDING MACAU, OSAKA, CAPETOWN AND MOSCOW.

WE CONTINUED THE PROCESS OF STREAMLINING OUR SUPPLY CHAIN, MOVING MORE TOWARDS ASSEMBLY RATHER THAN A MANUFACTURER OF EACH AND EVERY COMPONENT IN OUR CABINETS.

THE PARAMETERS WITHIN WHICH OUR DEVELOPMENT TEAM WORKS REMAIN UNCHANGED. THE FOCUS IS ON OPPORTUNITIES TO EXTEND OUR PATENT PORTFOLIO AND PRODUCT BASE, RATHER THAN AN ACQUISITION SIMPLY TO INCREASE MARKET SHARE.

TURNING TO THE OUTLOOK FOR 2006.

WHILST WE ARE ONLY 7 WEEKS INTO THE YEAR, I AM CONFIDENT THAT THERE IS POSITIVE MOMENTUM IN THE BUSINESS. I BELIEVE WE WILL CONTINUE TO GROW PROFITABILITY AND OUR SHARE OF THE GLOBAL MARKET.

THERE ARE A NUMBER OF UNCERTAINTIES IN SOME MARKETS, WHICH I MENTIONED EARLIER IN THE PRESENTATION. MAJOR INFLUENCES ON OUR 2006 PERFORMANCE WILL INCLUDE ANY UPLIFT IN THE REPLACEMENT CYCLE IN AUSTRALIA, CONTINUED GROWTH IN THE OVERALL NORTH AMERICAN MARKET, REGULATORY AND PUBLIC ACCEPTANCE OF REGULATION 5 GAMES IN JAPAN, AND STABILISATION OF THE REGULATORY ENVIRONMENT IN RUSSIA.

BEYOND 2006 THE OUTLOOK FOR THE FOLLOWING FEW YEARS ALSO LOOKS POSITIVE. THE GLOBAL GAMING MARKET CONTINUES TO EXPAND AND AS WE GATHER MOMENTUM WITH OUR WIDER PRODUCT RANGE, AND AS OUR NEW TECHNOLOGIES ARE INTRODUCED TO THE INDUSTRY, I AM OPTIMISTIC THAT OUR LONG TERM OBJECTIVES WILL BE ACHIEVED.

I WOULD LIKE TO SUMMARISE THE MAJOR POINTS WE HAVE COVERED THIS MORNING.

REVENUE WAS UP BY 15% TO $1.3 BILLION DOLLARS.

WE HAVE REPORTED A RECORD PROFIT AFTER TAX OF $244 MILLION.

OUR CASH FLOW INCREASED 57% TO $393 MILLION, DEMONSTRATING THE STRENGTH OF THE UNDERLYING BUSINESS.

THE COMPANY'S CASH ON HAND EXCEEDS ITS DEBT BY $183 MILLION.

THE BOARD DECLARED A FINAL DIVIDEND OF 20 CENTS PER SHARE FULLY FRANKED.

WE WILL CONTINUE TO CHALLENGE OUR ENTIRE ORGANISATION TO BRING GREATER EFFICIENCY,

EFFECTIVENESS AND DISCIPLINE TO RESOURCE ALLOCATION DECISIONS, TO ENSURE THAT WE CONTINUE TO DELIVER VALUE TO OUR SHAREHOLDERS.

LADIES AND GENTLEMEN, BEFORE I TAKE THE FIRST QUESTION, PLEASE NOTE THAT THIS IS A WEBCAST AND A TELECONFERENCE.

PLEASE BE AWARE THAT YOUR QUESTIONS WILL BE HEARD BY A MUCH WIDER AUDIENCE THAN THE PEOPLE IN THIS ROOM AND ARE BEING RECORDED.

I WOULD ALSO LIKE TO POINT OUT THAT LEGAL CONSIDERATIONS WILL PREVENT US FROM ANSWERING ANY QUESTIONS REGARDING ONGOING LITIGATION.

PLEASE INDICATE IF YOU WOULD LIKE TO ASK A QUESTION AND ONE OF OUR ATTENDANTS WILL PASS YOU A MICROPHONE.