

**CEO & CFO PRESENTATION
MACQUARIE CONFERENCE 7 MAY 2008**

THANK YOU STEVE AND GOOD MORNING, LADIES AND GENTLEMEN.

MY NAME IS PAUL ONEILE AND I AM THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR OF ARISTOCRAT LEISURE LIMITED. WITH ME TODAY IS SIMON KELLY THE COMPANY'S CHIEF FINANCIAL OFFICER AND FINANCE DIRECTOR.

BEFORE MOVING INTO THE DETAIL, PLEASE FAMILIARISE YOURSELVES WITH THE CONTENTS OF THE DISCLAIMER SHOWN HERE.

I EXPECT THAT MANY OF YOU WILL HAVE SEEN THE TRADING UPDATE AND OUTLOOK THAT I PRESENTED AT OUR ANNUAL GENERAL MEETING LAST WEEK.

TODAY I WANTED TO TALK ABOUT SOME OF THE DETAIL BEHIND THAT ANNOUNCEMENT AND TO ADDRESS SOME OF THE ISSUES THAT I KNOW INVESTORS HAVE ABOUT THE BUSINESS AND ITS OUTLOOK.

WE ARE CURRENTLY EXPERIENCING CHALLENGING MARKET AND ECONOMIC CONDITIONS ACROSS A NUMBER OF OUR KEY MARKETS.

FURTHER, WITH 75% OF OUR EARNINGS DERIVED OFFSHORE, THE STRENGTH OF THE AUSTRALIAN DOLLAR IS ADVERSELY IMPACTING THE REPORTED VALUE OF OUR FOREIGN DENOMINATED EARNINGS. WITH AN ANTICIPATED 11% APPRECIATION IN THE AUSTRALIAN DOLLAR VS THE US DOLLAR OVER 2008, OUR REPORTED EARNINGS OUT OF NORTH AMERICA WILL BE REDUCED BY APPROXIMATELY \$13 MILLION COMPARED WITH 2007.

LOOKING SPECIFICALLY AT SOME OF OUR KEY MARKETS, IN NORTH AMERICA REPORTED GAMING SPEND IN MARCH WAS DOWN AGAINST PCP WITH SOME STATES REPORTING DOUBLE DIGIT DECLINES.

WE HAVE SEEN A SHARP DETERIORATION IN THE OUTLOOK FOR THE REPLACEMENT OF SLOT MACHINES. WITH SLOT

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MACHINE REPLACEMENT BEING SOMEWHAT DISCRETIONARY, AT LEAST IN THE SHORT TERM, AND WITH THE RELATIVELY SHORT LEAD TIME FROM ORDER TO PLACEMENT, WE HAVE SEEN OPERATORS REACT TO THE MARCH TURNOVER FIGURES BY PULLING BACK ON THEIR PLANNED REPLACEMENTS. AS A RESULT, WHAT WE THOUGHT WAS GOING TO BE A REPLACEMENT MARKET OF SOME 55 – 60,000 UNITS IN 2008 IS NOW LIKELY TO BE MUCH CLOSER TO 40,000 UNITS.

PUTTING THIS IN PERSPECTIVE, THIS REPRESENTS SOMETHING LIKE A 16 YEAR EFFECTIVE REPLACEMENT CYCLE, WHEREAS HISTORICALLY THIS HAS RUN AT 5-7 YEARS. CLEARLY GIVEN THAT SLOT MACHINES ARE COMPUTERS THIS IS NOT SUSTAINABLE OVER TIME.

ON THE OTHER HAND, UNITS GOING INTO NEW VENUES AND EXPANSIONS OF EXISTING CASINOS REMAIN IN LINE WITH EXPECTATIONS. GIVEN THAT THESE MACHINES ARE NECESSARY TO OPEN A VENUE, I AM CONFIDENT THAT WE WILL SEE ABOUT 36,000 UNITS GOING INTO THIS SEGMENT OF THE MARKET THIS YEAR. WE REVALIDATED THIS NUMBER AS RECENTLY AS LAST WEEK.

THE COMBINATION OF LOWER REPLACEMENT SALES AND HIGHER NEW OR EXPANSIONARY UNITS IS NOW LIKELY TO SEE NORTH AMERICAN MARKET DEMAND OF AROUND 75,000 UNITS, ABOUT WHERE IT WAS IN 2007 AND SOME 15 – 20,000 UNITS DOWN ON OUR EXPECTATIONS OF A FEW MONTHS AGO.

ONE THING I CAN CONFIRM WITH CONFIDENCE IS THAT WE ARE MAINTAINING OUR SHARE OF SALES IN WHAT IS A VERY TIGHT MARKET. WE HAVE LOOKED AT THIS BOTH BOTTOM UP, DEAL BY DEAL AND TOP DOWN AND I AM CONFIDENT THAT WE CONTINUE TO GAIN APPROXIMATELY 40% OF ALL VIDEO SALES IN NORTH AMERICA.

NOW MOVING ON TO AUSTRALIA.

DEMAND REMAINS SOFT WITH UNCERTAINTY REGARDING POTENTIAL GOVERNMENT AND REGULATORY CHANGE TOGETHER WITH LOWER OPERATOR GAMING TURNOVER RESULTING FROM THE INTRODUCTION OF SMOKING

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REGULATIONS IMPACTING CAPITAL EXPENDITURE PROGRAMS.

THIS UNCERTAINTY IS EXACERBATED BY CHANGES SUCH AS THOSE RECENTLY ANNOUNCED IN VICTORIA WHICH TOOK EVERYONE BY SURPRISE. IN ADDITION, WE HAVE SEEN A FAIR AMOUNT OF ANTI-GAMING SENTIMENT COMING FROM THE FEDERAL GOVERNMENT, WHILST THE INDUSTRY IS ALSO SUBJECT TO A NUMBER OF STATE GOVERNMENT SPONSORED ENQUIRIES.

THE SMOKING BANS WHICH WERE INTRODUCED ACROSS A NUMBER OF STATES IN 2007 ARE REALLY BITING WITH SOME VENUES REPORTING TURNOVER DOWN 15 - 20%.

NOT SURPRISINGLY, WITH THE DEGREE OF NEGATIVITY IN THE INDUSTRY, WE ARE SEEING A RELUCTANCE OF OPERATORS TO RE-INVEST IN THEIR GAMING FLOORS. ALTHOUGH OUR OWN SOFTWARE SALES HAVE REMAINED SOLID, THE NEW SOUTH WALES REGULATOR ANNOUNCED THAT IN THE MARCH QUARTER THE NUMBER OF SLOT MACHINES SOLD IN THE STATE FELL SOME 38% VS PCP.

WHILE I HAVE BEEN SAYING THIS NOW FOR SOME TIME, THE REALITY IS THE REPLACEMENT CYCLE SIMPLY CANNOT REMAIN AT CURRENT LEVELS YEAR AFTER YEAR AND IT HAS BEEN AT THESE LEVELS NOW FOR 2-3 YEARS. AT LAST YEAR'S SALES RATE IT WOULD TAKE AROUND 16 YEARS TO REPLACE ALL OF THE MACHINES IN AUSTRALIA.

AS GAMING SPEND PICKS UP FOLLOWING THE DOWNTURN DRIVEN BY THE SMOKING BANS, A PROCESS THAT SEEMS TO TYPICALLY TAKE 12 – 18 MONTHS, WE EXPECT TO SEE A PICK UP IN THE REPLACEMENT CYCLE OVER THE SECOND HALF OF THE YEAR.

WE BELIEVE THE INTRODUCTION OF OUR FIRST NEW HARDWARE AND PLATFORM RELEASE SINCE 2002 KNOWN AS VIRIDIAN/GEN 7 WILL ALSO BE THE CATALYST FOR AN UPTICK IN THE REPLACEMENT CYCLE. I WILL GIVE YOU SOME MORE INSIGHT INTO THE VIRIDIAN/GEN 7 IN A MOMENT.

IN JAPAN WE ARE SEEING PLAYERS AND OPERATORS GRADUALLY EMBRACING THE NEW INDUSTRY

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REGULATIONS, KNOWN AS REGULATION 5, WHICH CAME INTO FULL EFFECT IN OCTOBER 2007.

BACK IN 2005 OUR SALES IN JAPAN PEAKED AT \$374 MILLION, BUT 2006 AND 2007 SAW MODEST SALES GIVEN THE INTRODUCTION OF REGULATION 5. TOWARDS THE END OF 2007 WE STARTED TO SEE AN IMPROVEMENT IN THE SENTIMENT OF OPERATORS AND PLAYERS TOWARDS THE NEW REGULATION GAMES, AND OUR MORE RECENT RELEASES HAVE BEEN PROVING SUCCESSFUL.

WE EXPECT TO INCREASE SALES BY 200% IN THE FIRST HALF OF 2008 TO APPROXIMATELY 33,000 UNITS, MORE THAN THE TOTAL SALES WE MADE IN THE WHOLE OF 2007. WE HAVE A GOOD LINE UP OF GAMES FOR THE SECOND HALF, INCLUDING ONE GAME WHICH IS THE SEQUEL TO ONE OF OUR BEST EVER SELLING GAMES. SUBJECT TO REGULATORY APPROVAL OF GAMES FOR THE SECOND HALF, WE ARE ON TRACK TO RECORD A 6 - 7% SHARE OF THE 1.0 - 1.2 MILLION UNITS FORECAST TO BE SOLD IN JAPAN IN 2008.

IN ASIA, THE TIMING OF GAMING EXPANSION WILL IMPACT RESULTS COMPARED WITH THE PRIOR CORRESPONDING PERIOD WHICH HAD BENEFITED FROM A NUMBER OF LARGE VENUE OPENINGS.

GIVEN THE RAPID EXPANSION IN THE REGION OVER THE PAST YEAR WE ARE ALSO SEEING AN OVERHANG OF MACHINES, PARTICULARLY IN MACAU. WITH MACHINE NUMBERS HAVING VIRTUALLY DOUBLED OVER 12 MONTHS THE NUMBER OF VISITORS AND THE AMOUNT OF SPEND ON MACHINES, WHILST SHOWING VERY STRONG GROWTH HAS SIMPLY NOT BEEN ENOUGH TO BALANCE SUPPLY AND DEMAND.

AS A RESULT WE HAVE SEEN SOME MACHINES WAREHOUSED BY OPERATORS AND THESE ARE CREATING A SHORT TERM OVERHANG IN THE REGION. THE MOST RECENT DATA OUT OF MACAU SHOWS THAT THE NUMBER OF VISITORS AND THE LEVEL OF GAMING SPEND IS CONTINUING TO GROW STRONGLY AND IT WILL NOT BE LONG BEFORE THE BALANCE IS RESTORED.

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OUR MARKET SHARE ACROSS THE REGION REMAINS VERY STRONG AND I AM CONFIDENT ABOUT THE REGIONAL OUTLOOK. WHILE VENUE OPENINGS IN MACAU WILL BE LOWER IN 2008, THESE WILL PICK UP AGAIN STRONGLY IN 2009 AND BEYOND. I BELIEVE WE WILL CONTINUE TO SECURE A 50-60% SHARE OF THESE OPPORTUNITIES.

ELSEWHERE, WE EXPECT VIRTUALLY ALL OF OUR OTHER BUSINESSES TO RECORD SOLID GROWTH OVER THE YEAR, DESPITE A NUMBER OF THESE COMING OFF SIGNIFICANT GROWTH IN THE PCP.

AS PART OF OUR ANNOUNCEMENT LAST WEEK WE ADVISED THAT WE EXPECT THE PHASING OF EARNINGS IN 2008 TO BE WEIGHTED MORE TOWARDS THE SECOND HALF THAN THE TRADITIONAL 40/60 SPLIT WHICH OUR BUSINESS HAS REPORTED.

I WANTED TO BRIEFLY TOUCH ON A FEW OF THE REASONS WHY WE SEE THE SECOND HALF BEING SIGNIFICANTLY STRONGER THAN THE FIRST.

THE PROGRESSIVE APPROVAL AND ROLLOUT OF VIRIDIAN/GEN7 AROUND THE WORLD WILL BE A KEY FACTOR. THE FIRST JURISDICTIONAL APPROVALS WERE ONLY RECEIVED IN FEBRUARY AND SHIPMENTS COMMENCED IN ONLY 6 WEEKS AGO.

UNDERSTANDABLY SOME OPERATORS HAVE HELD BACK ON SPENDING ON OUR OLDER PRODUCT RANGE PENDING THE AVAILABILITY OF VIRIDIAN. THE FACT IS THAT THE REGULATORY PROCESS TO GET THIS NEW PRODUCT APPROVED IN EACH OF THE 200 PLUS JURISDICTIONS IN WHICH WE OPERATE IS A HUGE TASK AND IN MANY CASES THE TIMING IS OUT OF OUR HANDS. WE ARE PROGRESSIVELY SEEING APPROVALS COME THROUGH AND THESE WILL CONTINUE AS THE YEAR PROGRESSES.

AT THE SAME TIME, WE ARE SEEING A RAMPING UP IN THE LIBRARY OF GAMES AVAILABLE ON OUR NEW PLATFORM. SO FOR EXAMPLE, TODAY WE HAVE 9 GAMES AVAILABLE IN NEW SOUTH WALES, BUT WE EXPECT OVER 70 BY THE END OF THE YEAR. IN THE GLI JURISDICTIONS IN THE UNITED STATES, WHICH INCLUDE THE NATIVE AMERICAN TRIBES,

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TODAY WE HAVE 44 GAMES, WHILE WE EXPECT AROUND 120 BY THE END OF THE YEAR.

SO THERE IS A SIGNIFICANT INCREASE IN GAME DELIVERY FOR VIRIDIAN OVER THE BALANCE OF 2008.

OUR GLOBAL PRICE INCREASES THIS YEAR ARE CENTRED ON VIRIDIAN, SO EFFECTIVELY WE ONLY SEE THE BENEFITS OF IMPROVED PRICING AS VIRIDIAN IS ROLLED OUT. AS A GUIDE VIRIDIAN IS TYPICALLY PRICED ABOUT 15% MORE THAN OUR OLD PRODUCT RANGE.

EARLY PERFORMANCE DATA FROM VIRIDIAN HAS BEEN VERY POSITIVE WITH OPERATORS REPORTING PERFORMANCE 125 – 400% OF FLOOR AVERAGE, ALBEIT THIS DATA IS OFF A SMALL BASE AND EARLY IN THE DEPLOYMENT. WE ARE EXPECTING THIS PERFORMANCE TO DRIVE AN INCREASE IN THE REPLACEMENT CYCLE IN MATURE MARKETS SUCH AS HERE IN AUSTRALIA, WHILST BEING A CATALYST FOR SHARE IMPROVEMENT IN DEVELOPING AND GROWTH MARKETS.

IN NORTH AMERICA SPECIFICALLY, WHILE WE EXPECT REPLACEMENT DEMAND TO BE RELATIVELY EVENLY SPREAD OVER THE YEAR, SALES OF UNITS GOING INTO NEW VENUES AND EXPANSIONS IS SKEWED 1/3 FIRST HALF 2/3 SECOND HALF DUE TO THE TIMING OF THESE OPENINGS. AS I SAID EARLIER WE THINK THIS IS RELATIVELY LOW RISK GIVEN IT IS CRITICAL TO VENUES OPENING AND WE CAN SUPPORT OUR EXPECTATIONS HERE ON A VENUE BY VENUE BASIS.

IN SYSTEMS WE EXPECT TO SEE THE BENEFIT FLOWING THROUGH AS WE OBTAIN ADDITIONAL JURISDICTIONAL APPROVALS AND CONTINUE THE ROLLOUT OF VALUE-ADDED CONTENT FOR SENTINEL III. WITH 190,000 MACHINES CONNECTED TO OUR OASIS SYSTEM, THE POTENTIAL TO SELL SENTINEL III HARDWARE AND THE VALUE ADDED SPEED MEDIA CONTENT THAT IT SUPPORTS IS SUBSTANTIAL AS THIS PRODUCT OFFERING IS APPROVED.

IN JAPAN THE LAUNCH OF OUR KEY LICENSED PROPERTY GAME IN THE SECOND HALF IS EXPECTED TO BE OUR

BIGGEST REGULATION 5 GAME TO DATE. THIS GAME DOES HOWEVER REMAIN SUBJECT TO REGULATORY APPROVAL.

ELSEWHERE, WE WILL SEE A CONTRIBUTION IN THE SECOND HALF FROM THE LAUNCH OF OUR NEW PRODUCT RANGE DESIGNED FOR THE SPANISH MARKET. THE TYPE B MARKET IN SPAIN HAS 245,000 MACHINES AND IS ONE IN WHICH WE HAVE NOT COMPETED IN THE PAST. WE HAVE SPENT THE PAST 18 MONTHS DESIGNING A PRODUCT RANGE SPECIFICALLY FOR THIS MARKET AND WILL BE LAUNCHING PRODUCT INTO 4 OF THE 17 PROVINCES IN SPAIN WHICH COLLECTIVELY MAKE UP AROUND 50% OF THE TOTAL MARKET. WE EXPECT TO COMMENCE SALES AROUND THE HALF YEAR.

ALSO AROUND THAT TIME WE EXPECT THE ACE VIDEO LOTTERY SYSTEM IN NORWAY TO GO LIVE. THIS GOVERNMENT OPERATED GAMING SYSTEM IS THE ONLY SLOT SYSTEM IN THE COUNTRY AND WE HAVE THE CONTRACT TO SUPPLY BOTH THE INFRASTRUCTURE AND CONTENT.

THE SYSTEM IS EXPECTED TO GO LIVE IN MID JUNE WITH A HANDFUL OF TERMINALS. WE THEN EXPECT THAT THIS WILL EXPAND TO A FEW THOUSAND BY THE END OF THE YEAR. THE ORIGINAL PLAN WAS FOR 10,000 TERMINALS, HOWEVER IT IS NOT CLEAR WHETHER NORSK TIPPING WILL ACHIEVE THEIR TARGET OR OVER WHAT TIMEFRAME. WE WILL EARN AN INCOME STREAM FROM TERMINAL SALES AND CONTENT USAGE FEES BASED ON TURNOVER ON THE SYSTEM.

IN ADDITION, WE WILL SEE A FULL HALF OF COST SAVINGS FLOWING THROUGH RESULTING FROM THE COST EFFICIENCY REVIEW THAT WE RECENTLY COMMENCED. THIS REVIEW COVERS ALL AREAS OF OUR BUSINESS, SUPPLY CHAIN, RESEARCH AND DEVELOPMENT, SALES AND MARKETING AS WELL AS GENERAL AND ADMINISTRATIVE COSTS AT BOTH A DIVISIONAL AND HEAD OFFICE LEVEL. NOTHING IN THIS REVIEW IS "SACRED".

IT IS THESE FACTORS WHICH ARE THE KEY DRIVERS OF THE SKEWING OF OUR RESULTS TOWARDS THE SECOND HALF.

I'D NOW LIKE TO MOVE ON TO DISCUSS RESEARCH AND DEVELOPMENT.

FIRSTLY, HERE IS SOME HISTORY. BETWEEN 2003 AND 2005 WE WERE SPENDING AROUND \$60 - \$65 MILLION PER ANNUM, OR 5-6% OF REVENUE. THIS INCREASED TO \$104 MILLION, REPRESENTING 9% OF REVENUE IN 2007. I AM EXPECTING THE \$ SPEND TO REMAIN AROUND THIS LEVEL IN 2008.

ALL OF OUR R&D SPEND IS FULLY EXPENSED AGAINST PROFIT – WE DO NOT CAPITALISE ANYTHING. I ESTIMATE THAT APPROXIMATELY 60-70% OF OUR 2007 SPEND WAS WHAT I WOULD CALL STAY-IN-BUSINESS SPEND. IN OTHER WORDS, PRODUCING PRODUCT TO MAINTAIN OUR POSITION IN EXISTING MARKETS BOTH IN TERMS OF GAME OUTPUT AND SYSTEMS FUNCTIONALITY.

THE EXPANSION OF GAMING JURISDICTIONS BRINGS WITH IT AN INCREASE IN COMPLEXITY AND THE LEVEL OF STAY-IN-BUSINESS R&D SPEND ASSOCIATED WITH MAINTAINING PRODUCT FLOW AND OUR MARKET POSITION IN EACH.

THE REST IS WHAT I WOULD CALL INVESTMENT SPEND – THAT DIRECTED AT DELIVERING INCREMENTAL REVENUE. GIVEN THAT IT TYPICALLY TAKES 2-3 YEARS TO BRING KEY INNOVATION TO MARKET AS A RESULT OF THE COMPLEX REGULATORY PROCESS WE HAVE TO GO THROUGH, IT REALLY IS ONLY NOW THAT WE ARE STARTING TO SEE THE COMMERCIAL BENEFITS OF THE INCREASED SPEND SINCE 2005 WHEN WE FIRST STARTED RAMPING UP OUR INVESTMENT IN THE FUTURE. UP TO THAT POINT VIRTUALLY ALL OF OUR SPEND HAD BEEN DIRECTED AT STAY-IN-BUSINESS.

HERE I HAVE LISTED SOME OF THE KEY INNOVATION PROJECTS WHICH HAVE CONSUMED THE MAJORITY OF THE INVESTMENT OVER THAT TIME. THERE ARE OF COURSE OTHER PROJECTS WHICH ARE COMMERCIALY SENSITIVE WHICH ARE NOT LISTED HERE.

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THE VIRIDIAN/GEN 7 IS SOMETHING WE HAVE BEEN WORKING ON FOR 3 – 4 YEARS. SUCH A PROJECT TOUCHES VIRTUALLY EVERY PART OF OUR BUSINESS AND IS HIGHLY COMPLEX. WE ARE ONLY NOW STARTING TO SEE THE FIRST COMMERCIAL BENEFITS OF THIS INITIATIVE.

WE HAVE INVESTED SUBSTANTIAL SUMS IN DEVELOPING THE ACE SERVER BASED GAMING CONTENT MANAGEMENT SYSTEM INTO A PRODUCT THAT CAN BE DEPLOYED INTO CLASS III OR CASINO GAMING MARKETS. WE ARE VERY CLOSE TO HAVING GLI APPROVAL OF THIS PRODUCT. WE WILL THEN DEPLOY THIS TECHNOLOGY ON COMMERCIAL TRIALS AROUND THE WORLD.

WE WILL NOT HOWEVER SEE COMMERCIAL RETURNS ON THIS PRODUCT FOR A FEW YEARS AS I BELIEVE THAT SERVER BASED GAMING TAKE UP WILL BE EVOLUTIONARY. I AM CONFIDENT THAT THIS SOLUTION IS AT THE FOREFRONT OF THE INDUSTRY AND THE FEEDBACK FROM OPERATORS ON ITS CAPABILITY HAS BEEN VERY POSITIVE.

SINCE WE ACQUIRED ACE TWO YEARS AGO WE HAVE ALSO BEEN WORKING ON UPGRADING ITS CORE VIDEO LOTTERY SYSTEM WHICH WAS SPECIFICALLY DESIGNED TO MEET THE REQUIREMENTS OF THE NORWEGIAN GOVERNMENT. AS I MENTIONED A FEW MINUTES AGO, THE SYSTEM WILL GO LIVE IN JUNE AND THIS WILL BE THE FIRST COMMERCIAL RETURNS OF ANY SUBSTANCE FROM THIS TECHNOLOGY.

THE NORWEGIAN INSTALLATION WILL ALSO BE A REFERENCE SITE FOR US AS WE LOOK TO SECURE VLT CONTRACTS AROUND THE WORLD. WE ARE CURRENTLY IN DISCUSSIONS WITH A NUMBER OF REGIONAL GOVERNMENTS IN NORTH AMERICA, EUROPE AND ASIA AND WHILE OUR ACE TECHNOLOGY IS RECOGNISED AS BEING AT THE FOREFRONT OF THE INDUSTRY, HAVING A CREDIBLE REFERENCE SITE WILL DEFINITELY ENHANCE ACE'S COMMERCIAL PROSPECTS.

WE HAVE SPENT A LOT OF TIME AND EFFORT IN DEVELOPING ENHANCED FUNCTIONALITY FOR OUR OASIS SYSTEM IN NORTH AMERICA. THIS SYSTEM IS USED IN SOME 35% OF CASINOS IN THE REGION AND IS WELL ACCEPTED BY CUSTOMERS. AS THE INSTALLED BASE HAS

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MATURED, THE FOCUS HAS BECOME MORE ON DEVELOPING VALUE ADDED CONTENT THAT PROVIDES OPERATORS WITH IMPROVED REVENUE GENERATING CAPABILITY.

THE SENTINEL III IS A KEY EXAMPLE OF THIS. SENTINEL III IS THE PLAYER INTERFACE WHICH SITS IN A SMALL LCD SCREEN ABOVE THE MAIN SCREEN. WE HAVE DEVELOPED A SYSTEM WHICH ENABLES AN OPERATOR TO MANAGE THE CONTENT STREAMED TO THIS DEVICE, WHICH MIGHT BE ANYTHING FROM ADVERTISING AND PROMOTIONS TO TAILORED MESSAGES TO THE PARTICULAR PLAYER WHO HAS BEEN RECOGNISED THROUGH THE CARD BASED LOYALTY MODULE.

THE "PRIZE" THOUGH HAS ALWAYS BEEN USING THIS DEVICE TO DRIVE EXCITEMENT ON THE GAMING FLOOR THROUGH THINGS LIKE RANDOM JACKPOTTING. WE HAVE SPENT THE PAST FEW YEARS BOTH UPGRADING OUR CORE OASIS SYSTEM TO ALLOW THIS TO HAPPEN AND DEVELOPING THE FIRST MODULES WHICH PROVIDE THIS FUNCTIONALITY.

THE FIRST, KNOWN AS SPEED MEDIA MODULES, HAVE NOW BEEN APPROVED BY GLI AND ARE OUT ON COMMERCIAL TRIAL. WE EXPECT MORE JURISDICTIONAL APPROVALS AND FULL COMMERCIAL DEPLOYMENT AS THE YEAR PROGRESSES.

WE HAVE ALSO UNDERTAKEN VARIOUS REGIONAL SPECIFIC PRODUCT INITIATIVES. THE SPANISH PRODUCT LINE IS A GOOD EXAMPLE. AS I SAID EARLIER, WE HAVE SPENT THE PAST 18 MONTHS DEVELOPING THIS PRODUCT LINE, HOWEVER WE WILL NOT SEE ANY REVENUE FROM THIS INITIATIVE FOR A FEW MONTHS.

IN RELATION TO STEPPER, AS THE AUSTRALIAN MARKET, AND MOST OTHER INTERNATIONAL MARKETS, MOVED AWAY FROM MECHANICAL MACHINES YEARS AGO, THE COMPANY LOST ITS STEPPER EXPERTISE. WHEN IT BECAME APPARENT THAT STEPPERS WOULD REMAIN A SIGNIFICANT PART OF THE U.S. MARKET FOR A NUMBER OF YEARS, WE DID DEVELOP A RANGE OF PRODUCTS FOR THIS SECTOR. OUR INITIAL EFFORTS WERE AIMED AT GETTING A STEPPER INTO THE MARKET AS QUICKLY AS

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POSSIBLE. THESE WERE BASED ON OLD TECHNOLOGY AND PROVED TO BE UNSUCCESSFUL.

MID LAST YEAR WE COMMENCED ESTABLISHING A SPECIALIST TEAM TO DEVELOP A NEXT GENERATION STEPPER UTILISING OUR LATEST VIRIDIAN TECHNOLOGY, SOMETHING WHICH WILL REALLY COMPETE WITH THE BEST STEPPERS IN THE MARKET. BASED ON WHAT I SAW 4 WEEKS AGO WHEN I WAS LAST IN THE US, THE TEAM ARE WELL ON TRACK TO DELIVER ON THEIR GOAL AND WE WILL SEE THE LAUNCH OF THE PRODUCT AT THE US GAMING SHOW IN NOVEMBER THIS YEAR. REGULATORY APPROVALS WILL MEAN SALES WILL COMMENCE IN Q1 2009.

AS YOU CAN APPRECIATE, THE INVESTMENTS THAT I HAVE JUST TAKEN YOU THROUGH HAVE NOT DELIVERED ANY REVENUE TO DATE, WHILE WE HAVE BEEN FULLY EXPENSING ITS COST AGAINST PROFIT. EACH OF THESE MAJOR INITIATIVES ARE ON THE VERGE OF DELIVERING EARNINGS AND I AM CONFIDENT THAT WE WILL SEE THE BENEFITS OF THIS INVESTMENT AS THE NEXT 12 MONTHS PROGRESSES.

OUR MAJOR 2008 INITIATIVE IS THE GLOBAL LAUNCH OF OUR NEW VIRIDIAN™ CABINET AND GEN7™ PLATFORM. THIS REPLACES OUR EXISTING PRODUCT WHICH WAS INTRODUCED AROUND 6 YEARS AGO. WHILE THIS TECHNOLOGY WILL PLAY GAMES FROM OUR EXISTING GAMES LIBRARY, WE WILL PROGRESSIVELY BE LAUNCHING NEW GAMES WHICH UTILISE THE PROCESSING POWER THAT THIS PLATFORM PROVIDES.

THE GEN 7 PLATFORM HAS BEEN DESIGNED FOR TODAY AND TOMORROW. THE POWERFUL GAME ENGINE DELIVERS AN ENHANCED GAMING EXPERIENCE WHICH WILL ALLOW BREAKTHROUGH NEXT GENERATION GAMING CONCEPTS NOT POSSIBLE WITH OUR EXISTING PLATFORM.

THE DYNAMIC SCORECARD AND TOP BOX LCD SCREEN HIGHLIGHTS WINNING COMBINATIONS, IMPROVING PLAYER UNDERSTANDING OF THE GAME AND PROVIDING A PLAYER ATTRACT MODE WHEN NOT BEING PLAYED THROUGH EYE CATCHING ANIMATIONS AND ATTRACT SEQUENCES.

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PLAYER SELECTABLE DENOMINATION ALLOWS GAME SPECIFIC MULTIPLE DENOMINATION SUPPORT GIVING GREATER VARIETY FOR BOTH PLAYERS AND FLEXIBILITY FOR OPERATORS.

THE HIGH RESOLUTION GRAPHICS AND SOUND CAPABILITY PROVIDE A VISUAL MASTERPIECE OFFERING PLAYERS LIFE-LIKE GRAPHICS AND SOUNDS.

IMPORTANTLY THE VIRIDIAN GEN 7 PROVIDES A TECHNOLOGY PATHWAY IN THAT IT'S UPGRADEABLE ARCHITECTURE IS READY FOR DOWNLOADABLE AND CLIENT-SERVER USAGE WITH ITS FLEXIBLE SECURE NETWORK COMMUNICATION CAPABILITY INCLUDING ETHERNET.

THE VIRIDIAN CABINET IS AN ENVIRONMENTALLY RESPONSIBLE DESIGN. IT HAS BEEN SPECIFICALLY BUILT TO MEET NOT ONLY TODAY'S ENVIRONMENTAL CHALLENGES, BUT THOSE OF THE FUTURE.

IT INCORPORATES DESIGN TO ENSURE IT CONSUMES LESS ENERGY WHICH IN TURN RESULTS IN A LOWER RUNNING COST. FEATURES INCLUDE NO INCANDESCENT LIGHTING, COLD CATHODE FLUORESCENT LIGHTS, LED BUTTONS, SMART HEAT MANAGEMENT DESIGN, HEAT PIPES AND VENTILATION WHICH REMOVES THE NEED FOR POWERED FANS AND THE USE OF LCD'S WHICH ALONE REDUCE POWER CONSUMPTION BY 25%.

SMART CARD COPY PROTECTION PROVIDES GUARANTEED AUTHENTIC ARISTOCRAT SOFTWARE AND ENHANCES THE PROTECTION OF OUR INTELLECTUAL PROPERTY.

TECHNOLOGICALLY, THE GEN 7 HAS A CPU 8X FASTER THAN MK6 AND 10X MORE MEMORY.

TO DATE, WE HAVE APPROVALS IN NEW SOUTH WALES, GLI WHICH COVERS THE NATIVE AMERICAN CASINOS IN NORTH AMERICA, COLORADO, DELAWARE, MAINE, AND NEW JERSEY. APPROVAL IN NEVADA IS ANTICIPATED IN THE NEXT 60 DAYS WITH MACAU IMMINENT AND MOST EUROPEAN APPROVALS ANTICIPATED IN Q3.

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WE ARE PROGRESSIVELY RECEIVING MORE PERFORMANCE DATA AND THE PRODUCT IS PERFORMING VERY WELL IN THE FIELD WITH TURNOVER SUBSTANTIALLY ABOVE FLOOR AVERAGES IN VIRTUALLY EVERY VENUE IN WHICH IT HAS BEEN DEPLOYED. PROVIDING THIS PERFORMANCE CONTINUES TO HOLD, AND I HAVE NO REASON TO THINK IT WON'T, I AM HOPEFUL THAT THIS INNOVATION WILL KICK START THE REPLACEMENT CYCLE FOR US HERE IN AUSTRALIA AS WELL AS IN NORTH AMERICA, AND THEN OTHER MARKETS AS APPROVALS ARE RECEIVED.

AS YOU CAN SEE FROM WHERE OUR R&D EFFORT IS GOING, DESPITE THE RECENT ADVERSE OPERATING CONDITIONS, WE REMAIN FOCUSSED ON THE FUTURE AND WE HAVE POSITIONED OURSELVES FOR NEW GROWTH OPPORTUNITIES.

HERE YOU CAN SEE AN UPDATE ON HOW WE SEE THOSE OPPORTUNITIES DEVELOPING OVER THE NEXT FEW YEARS.

VIRIDIAN, AS I HAVE ALREADY SAID, IS A GLOBAL INITIATIVE WHICH I EXPECT TO ASSIST IN KICK STARTING THE REPLACEMENT CYCLE, PARTICULARLY HERE IN AUSTRALIA.

IN ADDITION, IN AUSTRALIA OVER THE COURSE OF 2008 WE WILL BE PROGRESSIVELY INTRODUCING A NEW LICENSING MODEL, WHICH WE BELIEVE WILL BENEFIT BOTH OPERATORS AND OURSELVES.

THE AMERICAS REMAIN THE MOST SIGNIFICANT OPPORTUNITY IN DOLLAR TERMS. HOWEVER GIVEN THE CURRENT STATE OF THE U.S. ECONOMY AND ITS IMPACT ON THE GAMING INDUSTRY, I NOW ANTICIPATE THAT THESE OPPORTUNITIES WILL BE LATER THAN OUR PREVIOUS EXPECTATIONS.

I DO NOT EXPECT TO SEE MUCH PICK UP IN THE REPLACEMENT CYCLE UNTIL THE LATTER PART OF 2008 AND, ALTHOUGH THERE HAS BEEN A RECENT PAUSE IN

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THE TREND TOWARDS VIDEO, THERE WILL BE CONTINUED MIGRATION OF STEPPER TO VIDEO IN THE YEARS AHEAD.

AT THE G2E TRADE SHOW IN LAS VEGAS THIS NOVEMBER WE INTEND UNVEILING OUR NEW AND INNOVATIVE 5 REEL STEPPER WITH SALES COMMENCING IN EARLY 2009.

NEW JURISDICTIONS AND EXPANDED GAMING FLOORS ARE EXPECTED TO ADD UP TO A FURTHER 250,000 UNITS TO THE MARKET OVER THE NEXT 5 YEARS ACROSS ALL CATEGORIES.

EARLIER THIS YEAR BOTH FLORIDA AND CALIFORNIA ENABLED SIGNIFICANT EXPANSION OF THEIR GAMING MARKETS AND AS PLAYER EXPOSURE TO CASINOS INCREASES, THIS WILL FURTHER HELP DRIVE THE MOVE TOWARDS VIDEO.

AS CAPITAL MARKETS TIGHTEN I ANTICIPATE THAT WE WILL CONTINUE TO GROW OUR RECURRING REVENUE BASE AS WELL AS INCREASE THE PERCENTAGE OF GAME CONVERSIONS KITS WE SELL INTO THE U.S.

WE CONTINUE TO BUILD OUR RELATIONSHIPS AND BUSINESS IN SOUTH AMERICA, ALTHOUGH ON A LOW RISK BASIS. THIS REGION PROVIDES SIGNIFICANT POTENTIAL FOR US GIVEN OUR RELATIVELY LOW MARKET SHARE AT THIS TIME.

MEXICO REPRESENTS ANOTHER OPPORTUNITY AS THAT MARKET DEVELOPS. OUR INITIAL SALES OF A LOW COST PRODUCT INTO THE MARKET HAVE BEEN VERY WELL RECEIVED.

IN JAPAN, WE MUST BE CAUTIOUS ABOUT TRENDS, HOWEVER TO DATE WE HAVE ALREADY SOLD MORE UNITS THAN WE SOLD THROUGH THE WHOLE OF 2007 AND PLAYERS ARE MORE ACCEPTING OF OUR NEW REGULATION 5 GAMES.

THE JAPANESE AUTHORITIES CONTINUE TO EXPLORE CASINO OPPORTUNITIES AND, ALTHOUGH STILL SOME TIME

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OFF, THE OPENING OF THAT MARKET WILL GENERATE FURTHER BUSINESS FROM THAT REGION.

IN EUROPE, OUR MARKET SHARES ARE MODEST, BUT GROWING. THERE ARE NUMEROUS DEVELOPING OPPORTUNITIES. THOSE NEARER TERM INCLUDE SPAIN WHERE THE INDUSTRY IS UNDERGOING DRAMATIC CHANGE AND WHERE WE WILL LAUNCH OUR NEW PRODUCT LINE OVER THE NEXT QUARTER, AND FRANCE WHERE WE HAVE SIGNIFICANT TRACTION AT THE MOMENT.

WE ARE SEEING A GENERAL MOVE TOWARDS REGULATION OF EUROPEAN MARKETS AND DIGITISATION OF EXISTING MACHINES. WE EXPECT THIS REGION TO CONTINUE TO POST STRONG COMPOUND GROWTH.

IN ASIA, GROWTH WILL CONTINUE WITH THE SUCCESS OF MACAU ENCOURAGING A BROADER OPENING UP OF GAMING MARKETS IN THE REGION. TAIWAN, KOREA, INDIA, THE PHILIPPINES AND CAMBODIA, TO NAME A FEW, ARE ALL LIKELY TO SEE GAMING INTRODUCED OR EXPANDED IN ONE FORM OR ANOTHER OVER THE NEXT 5 YEARS. AND OF COURSE, LONGER TERM THERE IS THE PROSPECT OF CHINA.

WE ARE THE PRE-EMINENT SUPPLIER IN THIS REGION AND WE EXPECT TO MAINTAIN OUR LEADING POSITION AS THESE OPPORTUNITIES DEVELOP.

SALES VOLUMES WILL HOWEVER BE LUMPY DEPENDENT ON THE TIMING OF MAJOR CASINO OPENINGS.

ELECTRONIC TABLE GAMING CONTINUES TO BUILD MOMENTUM AS PLAYERS AND OPERATORS EMBRACE THE ENHANCED GAMING EXPERIENCE THAT THESE PRODUCTS PROVIDE.

THEIR POTENTIAL IN THE SHORT TERM HAS BEEN HINDERED BY THE REGULATORY APPROVAL PROCESS IN MANY JURISDICTIONS, HOWEVER AS THIS PROGRESSIVELY CLEARS, THE OPPORTUNITIES WILL OPEN UP.

FINALLY, I EXPECT OUR SERVER BASED PRODUCT OFFERINGS TO BEGIN TO CONTRIBUTE TO EARNINGS AS GLOBAL OPPORTUNITIES DEVELOP. OUR ACE PLATFORM,

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WHICH WE BELIEVE IS TECHNOLOGICALLY AND COMMERCIALY THE BEST SOLUTION, IS CURRENTLY AWAITING REGULATORY APPROVAL AND POSITIONS US WELL FOR GROWTH.

WE EXPECT TO RUN A SMALL NUMBER OF TRIALS AROUND THE WORLD DURING 2008, INCLUDING IN NORTH AMERICA AND ASIA, FOLLOWED BY A FULL COMMERCIAL LAUNCH ONCE THE ACE SYSTEM IS PROVEN.

HOWEVER, I EXPECT IT TO BE SOME TIME BEFORE THE FULL POTENTIAL OF THESE TECHNOLOGIES IS REALISED, WITH ADOPTION LIKELY TO BE EVOLUTIONARY RATHER THAN REVOLUTIONARY.

AS MENTIONED EARLIER WE WILL COMMENCE THE ROLLOUT OF THE ACE VIDEO LOTTERY SYSTEM IN NORWAY IN JUNE AND EXPECT THIS TO BE THE FORERUNNER OF OTHER INSTALLATIONS AROUND THE WORLD.

WITH MUCH OF OUR GROWTH COMING FROM NEW MARKETS WHICH ARE DEPENDANT ON REGULATORY CHANGE, THE ONE THING THAT REMAINS THE MOST UNPREDICTABLE IS TIMING.

GIVEN THAT GAMING IS AN EMOTIVE SUBJECT, PREDICTING THE 'WHEN' CAN BE HIGHLY SUBJECTIVE. THE UNPREDICTABILITY OF THE EXACT TIMING OF THESE CHANGES DOES THEREFORE MAKE SHORT TERM FORECASTING DIFFICULT, BUT WE ARE CONFIDENT THAT OVER THE MEDIUM TERM THE GROWTH OUTLOOK FOR THE GLOBAL INDUSTRY AND OURSELVES IS VERY POSITIVE.

I WOULD NOW LIKE TO HAND OVER TO SIMON WHO WILL COVER OFF SOME OF THE KEY OPERATING TRENDS IN OUR BUSINESS BEFORE WE OPEN THE FLOOR TO QUESTIONS.

THANK YOU PAUL AND GOOD MORNING.

IN PREVIOUS PRESENTATIONS, I HAVE DISCUSSED THE KEY DRIVERS OF EBIT – VOLUME GROWTH, PRICING AND EXPENSE LEVERAGE. TODAY I WANT TO SHOW HOW THESE HAVE TRENDED OVER THE PAST FEW YEARS AND TALK

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ABOUT SOME OF OUR OTHER UNDERLYING BUSINESS FUNDAMENTALS.

THE CHARTS HERE SHOW HOW THE KEY DRIVERS HAVE TRENDED OVER THE PAST 5 YEARS.

THE CHART TO THE TOP LEFT SHOWS NON-JAPANESE REVENUE IN CONSTANT CURRENCY TERMS. YOU CAN SEE THAT THIS HAS BEEN ON A STEADY GROWTH PATH SINCE 2003, WITH A VERY HEALTHY COMPOUND ANNUAL GROWTH RATE OF 16% OVER THAT TIME.

DESPITE ALL OF THE NOISE OF REGULATORY CHANGE, ECONOMIC CIRCUMSTANCES AND EXCHANGE RATES, WE DO CONTINUE TO POST SOLID UNDERLYING REVENUE GROWTH.

THE PENETRATION OF GAMING MACHINES IN MANY PARTS OF THE WORLD IS ONLY A FRACTION OF THAT OF MATURE MARKETS SUCH AS AUSTRALIA. FOR THAT REASON THE MACRO INDUSTRY GROWTH POTENTIAL IS VAST AND IT IS THIS INEVITABLE EVOLUTION THAT WILL BE A KEY DRIVER OF OUR OWN REVENUES.

I SEE NO REASON WHY WE WILL NOT SEE THIS KIND OF ONGOING REVENUE GROWTH OVER THE MEDIUM TERM.

THE CHART AT THE TOP RIGHT SHOWS HOW THE GLOBAL WEIGHTED AVERAGE PLATFORM PLUS SOFTWARE SELLING PRICE HAS CHANGED YEAR-ON-YEAR. GIVEN THEIR DISTORTIONARY IMPACT, I HAVE STRIPPED OUT THE EFFECTS OF CURRENCY AND JAPAN.

YOU CAN SEE THAT SINCE 2004 AVERAGE PRICES HAVE BEEN GROWING AT WELL ABOVE CPI AND ON A GENERALLY INCREASING TREND. IN FACT AVERAGE PRICES HAVE INCREASED BY ALMOST 8% PER ANNUM OVER THE PAST 4 YEARS.

THE EARNING CAPACITY OF THE PRODUCTS WE SELL REMAINS HIGH AND THE OPERATOR PAYBACK SO SHORT THAT WE CONTINUE TO SEE HEALTHY AVERAGE PRICE GROWTH INTO THE FUTURE.

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IN THE SHORT TERM THIS WILL BE DRIVEN BY THE PROGRESSIVE ROLL OUT OF VIRIDIAN WHICH IS PRICED AT AROUND A 15% PREMIUM TO OUR EXISTING RANGE.

THE CHART AT THE BOTTOM LEFT SHOWS REPORTED GROSS PROFIT WHICH HAS GROWN FROM AROUND 43% TO 58% OVER THE PERIOD. THE SMALL DECLINE IN 2007 REFLECTS THE IMPACT OF HIGHER SALES IN JAPAN WHICH ARE AT LOWER AVERAGE MARGINS.

WE CERTAINLY EXPECT THIS TO REMAIN ROBUST IN THE SHORT TERM AND ON A GRADUALLY IMPROVING TREND OVER THE MEDIUM TERM.

FINALLY, NET EXPENSES BEFORE R&D COSTS AS A PERCENTAGE OF REVENUES HAVE DECLINED OVER THE PERIOD, STABILISING AT AROUND 19%. THE GOOD NEWS HERE IS THAT MUCH OF THESE COSTS ARE FIXED AND WILL NOT STEP UP AS VOLUMES PICK UP. THIS IS WHERE WE WILL SEE THE COST LEVERAGE COME THROUGH AS MARKET DEMAND IMPROVES.

OUR FIXED COSTS OF DOING BUSINESS ARE RELATIVELY HIGH BOTH IN TERMS OF R&D AND SUPPORT INFRASTRUCTURE SUCH AS LEGAL, COMPLIANCE AND SELLING.

THESE ARE HIGHLY LEVERAGABLE AND WE EXPECT TO SEE REVENUE GROWTH OUTSTRIP THESE COSTS ON AN ONGOING BASIS. COUPLED WITH THE BENEFITS OF THE COST EFFICIENCY REVIEW THAT WE ARE NOW WORKING OUR WAY THROUGH ACROSS THE WHOLE BUSINESS, I EXPECT COSTS AS A PERCENTAGE OF REVENUE TO CONTINUE TO DECLINE OVER TIME.

I BELIEVE THESE CHARTS DEMONSTRATE THAT THE DRIVERS OF OUR EARNINGS ARE VERY MUCH INTACT AND THAT THEIR UNDERLYING TRENDS ARE POSITIVE.

THEY ALSO SHOW THE OVERALL ROBUSTNESS AND SUSTAINABILITY OF OUR BUSINESS MODEL.

SO IN SUMMARY THE KEY DRIVERS OF OUR BUSINESS MODEL REMAIN SOUND.

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THE MACRO INDUSTRY GROWTH POTENTIAL IS SIGNIFICANT AND THIS WILL BE A KEY DRIVER OF OUR OWN REVENUES.

WE CONTINUE TO BENEFIT FROM IMPROVED PRICING WITH COMPOUND AVERAGE PRICE INCREASES OF 7.7% OVER THE PAST 5 YEARS AND A POSITIVE OUTLOOK.

MARGINS ARE VERY HEALTHY AND HAVE BEEN TRENDING UP.

OUR COST STRUCTURES ARE UNDER TIGHT CONTROL AND WE WILL SEE COST LEVERAGE AS REVENUES PICK UP.

AT THE SAME TIME, OUR DEBT LEVELS REMAIN MODEST, WITH CONSERVATIVE GEARING AT 0.5 TIMES EBITDA AND INTEREST COVERAGE AT OVER 29 TIMES. THESE DEMONSTRATE THE STRENGTH AND FINANCIAL FLEXIBILITY THAT OUR BALANCE SHEET PROVIDES. WE ALSO RETAIN SUBSTANTIAL UNDRAWN BANK FACILITIES.

IT IS OUR INTENTION TO MAINTAIN A CONSERVATIVELY GEARED BALANCE SHEET, OPERATING AT ALL TIMES WELL WITHIN LEVELS CONSIDERED APPROPRIATE OF OUR TRIPLE B MINUS INVESTMENT GRADE CREDIT RATING.

OPERATING CASH FLOW HAS TRACKED BETWEEN 20 AND 25% OF REVENUE OVER THE PAST 4 YEARS AND WE EXPECT THIS TO CONTINUE. IN FACT OUR MARCH YEAR TO DATE OPERATING CASH FLOW WAS SIGNIFICANTLY AHEAD OF THE PRIOR YEAR AND THE FULL YEAR OUTLOOK REMAINS FAVOURABLE.

AT THE SAME TIME THERE ARE LIMITED CAPITAL DEMANDS TO SUPPORT GROWTH. STAY IN BUSINESS CAPITAL EXPENDITURE HAS APPROXIMATED \$15 - \$20 MILLION OVER THE PAST FEW YEARS. IN ADDITION FURTHER FUNDS WILL BE FREED UP OVER THE NEXT 12 MONTHS AS WE VACATE AND DISPOSE OF OUR REMAINING PROPERTIES IN ROSEBERY, SOUTH SYDNEY REALISING APPROXIMATELY \$70 MILLION.

OUR STATED DIVIDEND POLICY IS TO PAY 60-70% OF OUR EARNINGS AS A FULLY FRANKED DIVIDEND AND IN ADDITION TWO SUPPLEMENTARY UNFRANKED DIVIDENDS

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TOTALLING 20 CENTS PER SHARE. OVER THE PAST 12 MONTHS THIS EQUATES TO DIVIDENDS OF 59 CENTS, FRANKED TO 66%. THIS POLICY REMAINS VERY MUCH INTACT AND WE SEE NO REASON AT THIS TIME WHY IT WILL NOT BE SUSTAINED.

THE SECOND LEG OF OUR CAPITAL MANAGEMENT POLICY IS AN ONGOING SHARE BUYBACK PROGRAM. WE ARE CURRENTLY \$22.5 MILLION THROUGH OUR MOST RECENTLY ANNOUNCED \$100 MILLION TRANCHE. OVER THE PAST 3 YEARS WE HAVE ACQUIRED APPROXIMATELY 6% OF THE COMPANY'S SHARES THROUGH EITHER THIS PROGRAM OR ONE WHERE WE ACQUIRE SHARES TO MITIGATE THE DILUTIONARY IMPACT OF SATISFYING EMPLOYEE SHARE OBLIGATIONS.

IN SUMMARY, THE MACRO FUNDAMENTALS OF THE GLOBAL GAMING INDUSTRY REMAIN VERY MUCH IN PLACE, OUR OWN BUSINESS FUNDAMENTALS ARE ROBUST AND WE ARE WELL PLACED TO SEE SUBSTANTIAL GROWTH AS THE CURRENT CHALLENGING ECONOMIC CONDITIONS AROUND THE WORLD EASE.

LADIES AND GENTLEMEN, THAT CONCLUDES THE FORMAL PART OF THE PRESENTATION. PAUL AND I WOULD NOW BE HAPPY TO TAKE ANY QUESTIONS.

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Aristocrat Leisure Limited

Macquarie Investor Presentation 7 May 2008

Paul Oneile
Chief Executive Officer
and Managing Director

Simon Kelly
Chief Financial Officer
and Finance Director

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Current Trading/2008 Outlook

- **Challenging market economic conditions and strong A\$**
- **North America**
 - **Sharp decline in gaming turnover in March**
 - **Pullback in discretionary capital spend on replacement units**
 - **New/expansion unit demand remaining robust**
 - **Stable share in a flat market**
- **Australia**
 - **Demand remains soft**
 - **Uncertainty regarding potential government and regulatory change**
 - **Lower operator gaming turnover impacting capital expenditure programs**

Current Trading/2008 Outlook

- **Japan**
 - **Players/operators gradually embracing Regulation 5**
 - **Sales to increase 200% in the first half to c33,000 units**
 - **Subject to regulatory approval, on track for 6 - 7% share of the 1.0 – 1.2 million units forecast to be sold in the market in 2008**
- **Asia**
 - **Timing of gaming expansion will impact results vs pcp**
 - **Prior year benefited from a number of large venue openings**
 - **Some machine overhang after recent rapid expansion**
 - **Share across the region remains very strong**
 - **Regional outlook positive but new venue openings will be lower in 2008 before picking up again in 2009+**
- **Elsewhere**
 - **Virtually all other businesses to record good growth vs pcp**

Factors driving H2 Result

- **Progressive approval and rollout of Viridian™/Gen7™**
 - More jurisdictions
 - Larger game library
 - Better pricing
- **North America**
 - New unit demand skew
 - Sentinel III hardware and content
- **Japan**
 - Launch of key licenced property game
- **Other**
 - Launch of new product range designed for the Spanish market
 - ACE Video Lottery System go live in Norway
 - Cost initiatives

R&D Investment

- **History:**

	2003	2004	2005	2006	2007
Spend \$m	63.4	59.0	65.8	95.2	104.2
%/Revenue	6.2%	5.2%	5.1%	8.6%	9.0%

- **All expensed – no capitalisation**
- **Typical 2 - 3 year lead time to commercial benefits**
- **Key R&D investments**
 - **Viridian™/Gen7™**
 - **ACE Class III – server based gaming**
 - **ACE VLT – video lottery**
 - **Oasis system functionality**
 - **Sentinel III value added content**
 - **Regional initiatives such as Spanish product line**
 - **Next generation stepper**

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VIRIDIION

DESIGNED TO PERFORM

SLEEKER

Slim line cabinet – Designed to Perform

BETTER

Operator and Player Focused Design

GREENER

Environmentally Responsible Design

VIRIDIION GEN7
DESIGNED TO PERFORM



GEN7

THE POWER BEHIND THE PERFORMANCE

SMARTER

Smart modular design

FUTURE

Technology for Today and Tomorrow
Downloadable & Server based ready

ARISTOCRAT

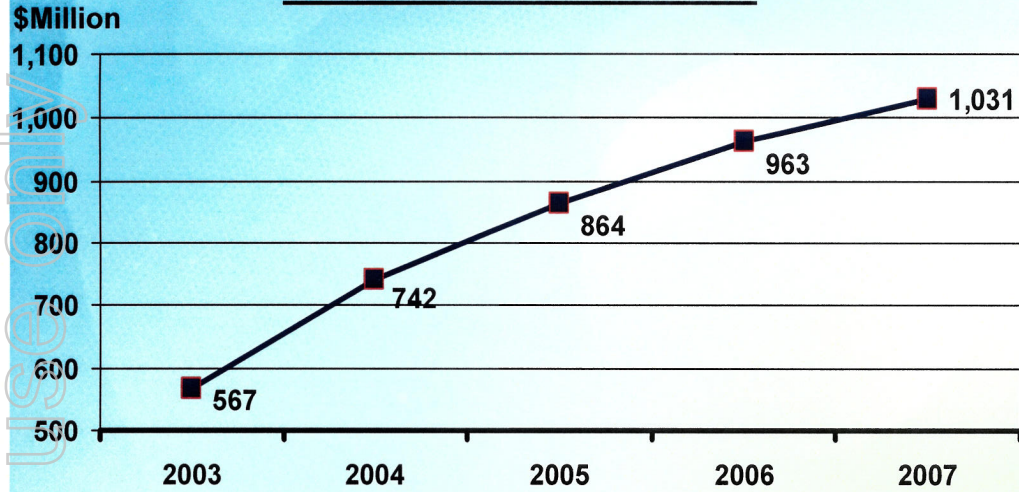
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Growth Opportunities

		2008	2009	2010	2011
Platform	- Launch of Viridian™ and GEN7™	■			
Australia	- Replacement cycle - Software/licencing model	■			
Americas	- Replacement cycle - Stepper - video migration - 5 reel stepper - New markets, Class II, III, VLT - Recurring revenue - Conversions - South America - Mexico	■	■		
Japan	- Regulation 5 - Class III casinos			■	
Europe	- Spain, France - Other regional expansion	■	■		
Asia	- Macau - Singapore - Other regional expansion	■	■		
Electronic Tables	- Interblock - PokerTek				
Server Based	- Class III - Interactive Video Terminals		■		

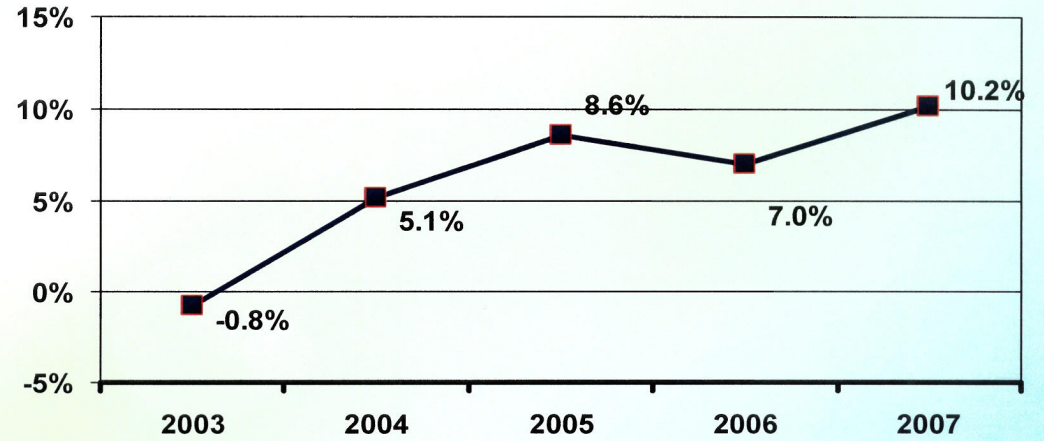
5 Year Trend Analysis

REVENUE ^{(1) (2)} - CAGR 16.1%

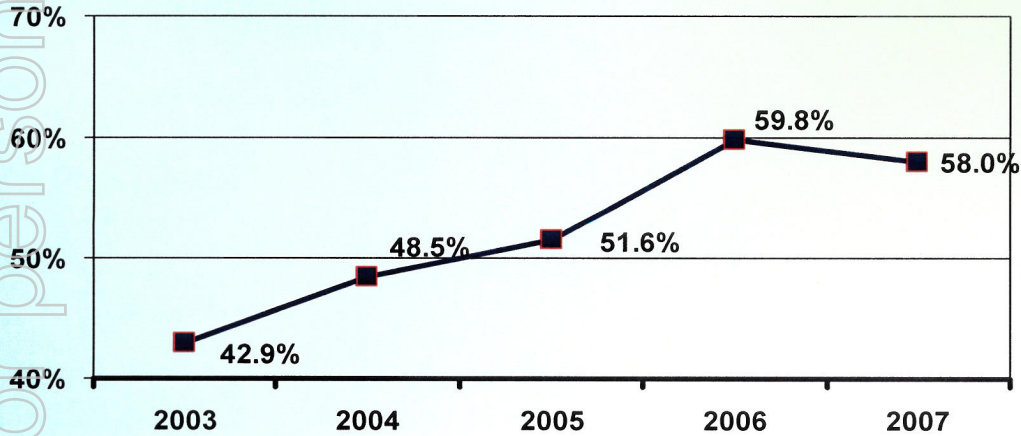


WEIGHTED AVERAGE GLOBAL PRICING

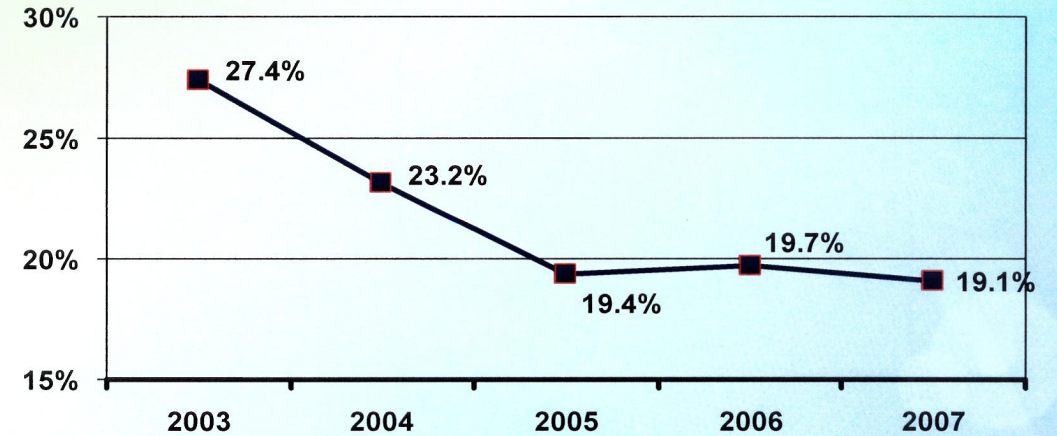
GROWTH ^{(1) (2)} - CAGR 7.7%



GROSS MARGIN



NET EXPENSES ⁽³⁾ / REVENUE



(1) Constant Currency

(2) Excludes Japan (3) Excludes R&D

Strong Business Fundamentals

- **Underlying revenue growth**
- **Increasing pricing**
- **Leverage of fixed costs**
- **Modest gearing, substantial debt coverage**
- **Strong operating cash flow – 20-25% of revenue**
- **Limited capital demands**
- **Sustainable dividends – 59 cps last 12 months, 66% franked**
- **Ongoing share buyback program**

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Questions?

Thank You