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**FY2010 Market Presentation 24 February 2011**

**Speaker Notes**

## COVER SLIDE - 1

Good morning everyone, welcome to Aristocrat's results presentation for the full year to December 31 2010, here in our Sydney showroom. I'm Jamie Odell, Chief Executive Officer and Managing Director of Aristocrat. Joining me is Chief Financial Officer, Toni Korsanos.

A number of other key leaders of the business are also participating today, either in the room or on the line. These include the Managing Directors of our regional businesses: Nick Khin, President of Americas and EMEA, Trevor Croker, Managing Director of Australia and New Zealand and Warren Jowett, Managing Director of Japan and Asia Pacific and Sam Nickless, Managing Director, Emerging Businesses and Strategy.

On behalf of the Aristocrat team, welcome once again and thank you for joining us today.

## DISCLAIMER SLIDE - 2

Before we begin, I would like to draw your attention to the usual disclaimer statement. I also confirm that this presentation is being webcast.

## AGENDA SLIDE (FINANCIAL RESULTS SUMMARY) - 3

In terms of our agenda this morning, I will begin with a summary of our financial results for the year ending 31 December 2010. I will then provide detail around our operational performance in each key market and the progress we are making in positioning the business for sustainable growth within our five year change window. I will also comment on our plans and expectations for 2011. Toni will then provide more detail on our Group result, before I make some concluding comments and open the floor to any questions.

For those of you here at the showroom, we invite you to stay for a few moments after the presentation to experience some of the exciting new products that we showcased at G2E 2010 and at ICE in Europe just last month. There will be a number of Aristocrat people on hand to talk to you about the games, and features and technology they incorporate, so I'd encourage you to take advantage of the opportunity.

Turning firstly to a summary of our financial results…

## FINANCIAL RESULTS SUMMARY SLIDE - 4

Aristocrat delivered normalised profit after tax and non-controlling interest of $54.6 million for the 2010 full year. This result is within the $50 - $60 million range previously flagged to the market. Net abnormal gains after tax for the period were $22.6 million.

Reported profit (post abnormal items) after tax and non-controlling interest was $77.2 million for the year ended 31 December 2010 compared to a loss of $157.8 million in the prior year.

Revenue for the full year was $684.6 million, 24.7% below the prior corresponding period in reported terms and 16.4% lower on a constant currency basis.

Operating cash flow of $73.6 million was 53.4% below the 2009 result, and 45.1% less in constant currency.

## FINANCIAL RESULTS – SUMMARY SLIDE - 5

2010 was a challenging year for Aristocrat, and our headline results reflect the fact that we are 18 months into a five year program to transform our business and its performance. Our efforts are also coinciding with some of the weakest economic conditions and most intense competition we've seen across our key markets in many years. Other headwinds, including the ongoing strength of the Australian dollar, were also relevant in 2010 and further dampened our reported results.

Operational performance for the year was mixed, with strong results in markets such as Asia Pacific and Europe and an encouraging performance in North America more than offset by very poor earnings in Australia and Japan. Once again, the key determinant was the competitiveness of our product portfolio, which improved in North America and a number of other markets over the course of 2010 due to strong new product releases. In Australia and Japan, our portfolios were largely comprised of legacy products, the competitiveness of which deteriorated through the year.

Throughout the year, we accelerated implementation of our strategy and undertook much of the heavy lifting required to support sustainable change. In particular, the business sharpened its singular focus on product, training all efforts to ensure we deliver better and more competitive products in each of our core markets and segments in future, while further reducing costs.

To this end, major improvements were bedded down in all key markets. Value-adding capability was bolstered, particularly in the areas of technology and innovation, which was fast-tracked and leveraged across our portfolio during 2010. Pipelines were progressively improved and encouraging progress – in the form of stronger and more competitive games – began to appear in North America, our highest priority market, late in the fourth quarter.

While the extent and impact of these changes may not be visible in our top line results for 2010, they will underpin the improvements we expect to see in 2011, and the step-change in performance momentum we plan to deliver in 2012 and 2013.

While we have some way to go, particularly in improving portfolio competitiveness in Australia and Japan, we believe that the progress made through 2010 will position Aristocrat to demonstrate sustainable profit growth across all key markets by full year 2013, in line with our commitments.

I would now like to provide further detail on operational performance in our key markets over the course of 2010, together with some commentary in terms of our plans and expectations for the remainder of 2011.

## AGENDA SLIDE (DETAILED 2010 REVIEW, 2011 OUTLOOK) - 6

## NORTH AMERICA RESULTS SLIDE - 7

Building our share and profitability in the North American market remains critical to our turnaround. Performance in this region was again impacted by poor economic conditions, which drove weak operator capital spend and a further fall in new venue openings. However, our widescreen innovation performed strongly, underpinning an impressive value and volume share result and improvements in game performance. A fall in our gaming operations installed base was due to the ageing of our portfolio over the course of the year, as the majority of new products were released in the fourth quarter of the year. Encouragingly, Aristocrat achieved its highest share result in the fourth quarter of 2010, demonstrating the increasing momentum beginning to flow from stronger product releases. Turning now to our systems business, revenues reflected the lack of new openings in 2010. However, Aristocrat maintained its customer base and market share.

Revenue decreased 7.9% to US$296.8 million, mainly driven by lower sales volumes in a contracting market and a smaller contribution from gaming operations. Profit declined US$8.8 million (7.0%) compared to the prior corresponding period.
In outright sales, Aristocrat increased shipshare and achieved a 2.6% increase in average selling price for the year, despite intense competitive pressure. This reflects the benefit of the stronger products and games developed in line with our strategy, specifically the new *VIRIDIAN*

*WS* and *VIRIDIAN Slant Vii* products that achieved an average price premium of US$1,000 compared to our standard product. Outright unit sales fell 7.3% compared to the prior period, however the total market is estimated to have declined by 12%.

As at 31 December 2010, we had over 5,000 widescreen installations across the North American market, which is ahead of our expectations at this early point. We are now monitoring close to 600 widescreen games across 35 casinos in 15 states, and overall performance is 1.3 times floor average.

Our value share of the gaming operations market held flat to our 2009 result. However, our footprint declined 11.5% to 5,670 units, reflecting the impact of our ageing installed base, withdrawals that occurred in the lead up to new product releases and the timing of these releases as previously noted. Average fee per day declined from US$42 in the prior corresponding period to US$39, principally due to our ageing installed base and a continued decline in operator revenues. 2010 was the year in which our North American business transitioned between our legacy gaming operations portfolio and our new portfolio of tailored, innovative and compelling games and products that are now coming on stream in line with our strategy. The uneven gaming operations result for 2010 reflects this changeover.

Systems revenue fell 20.7% to US$48.2 million, due to the near halving of new casino installations for the year compared with 2009. However, improved margins cushioned the fall in profit, which was 9.1% below the 2009 result. Throughout 2010 we continued to invest in developing our systems product to add functionality and optimise our existing customer base, thereby decreasing our reliance on new casino openings and expansions to drive revenues.

G2E SLIDE - 8

As you know, the Global Gaming Expo or G2E is the largest and most significant gaming trade event in the world. G2E 2010 was a key milestone for Aristocrat, as we showcased our most extensive, exciting and competitive game releases in recent memory to an enthusiastic customer response.

Many key titles launched at G2E represented the first output of our new games strategy and capability. Titles such as *Godard's Rockin' Olives*, *Tarzan*, and *Mission Impossible* are all on our sleek new *VERVE hd* cabinet which includes our advanced *Gen7X* platform. This delivers a host of game-play enhancements, including true high definition graphics, 3D digital sound, interactive edge lighting and our industry-leading full LCD button deck. Orders have been healthy, and while most titles are yet to hit the market, we have early evidence that performance is improving.

Aristocrat's latest release games are achieving an average fee per day of over US$50 compared to our overall 2010 average fee per day of US$39. This is obviously an early indication of progress, but it does show the step-change in the quality of the new generation of games we are beginning to bring to market in North America.

NORTH AMERICA – OUTLOOK SLIDE - 9

Turning to the outlook for 2011 in North America, we are not yet seeing improvements in economic conditions. We expect the market to be slightly down compared to 2010, driven by a flat replacement cycle and limited new openings.

For Aristocrat's part, we expect to maintain shipshare in outright sales, with improved mix (particularly widescreen sales) driving better margins.

In gaming operations, the North American business is on track to deliver nine fully developed game themes to market over 2011, compared to the six released late in 2010. On the back of these stronger and more consistent game releases, we expect to see game performance continue to improve through 2011, despite intense competition. In particular, we expect overall growth in our North America performance to be driven by a stronger gaming operations result. We are confident that our average fee per day will improve and we will see a small uplift in both our gaming operations installed base and value share, with momentum building over the year as more new releases come to market.

In the systems business, we will drive revenues by continuing to improve our offer and optimise our existing customer base off the back of new functionality delivered in the second half. Specifically, we will be commercialising new Oasis modules such as the business intelligence module nVision and the powerful new media platform nCompass.

In the second half of the year, we will be launching our widescreen stepper product, as previewed at G2E, as part of our work to build a competitive stepper business over time.

Overall, I'm confident we are on track in North America and positioned to compete more effectively through 2011 and beyond.

AUSTRALIA RESULTS SLIDE - 10

In Australia, 2010 results were poor and unacceptable. Sales performance fell due to difficult overall market conditions, weak game performance in New South Wales and Queensland, the lack of a widescreen offering and a portfolio that was too heavily focused on one cent games.

Revenue for the year declined 33.8% and profit fell 68.3% compared to the prior corresponding period. The Australian market contracted mildly, with New South Wales recording the largest fall in EGM shipments followed by Queensland offset by growth in Victoria and Tasmania.

Platform unit sales fell 29.4% for the year, with fewer sales into New South Wales and Queensland partly offset by improved sales into Victoria and Tasmania. Shipshare fell 10.2% to 26.3% for 2010. Game conversions declined 23.1% however the business also cycled over the one-off impact of the revocation of *Indian Dreaming*. Excluding the impact of the *Indian Dreaming* revocation, conversions fell 3.1%.

Margin declined approximately 18 percentage points as a result of increased promotional pricing, an unfavourable mix shift with fewer conversions and the impact of a fixed cost base applied to lower revenues.

Positively, a number of new games showcased at AGE 2010 achieved solid sales and performed well in the market through the second half. Games such as *FA FA FA link' Players Choice Class Act* and *Rose Tattoo* continue to perform well and are an encouraging prelude to the more fundamental and consistent quality improvements we will be bringing to market in Australia over the course of 2011 and into 2012.

Before moving on to the outlook for the Australian business, I want to stress that 2010 – while extremely disappointing from a topline perspective – was a watershed year in terms of our rebasing and rebuilding effort in our home market. Enormous work went into overhauling our product related processes and capability, all the way from insights through to our customer facing teams, leveraging the progress we're making in North America and following a similar and rigorous methodology.

The accelerated release of a new widescreen product this month, supported by an exciting game library built specifically for Australian customers, demonstrates the positive direction in which we are now heading.

## AUSTRALIA OUTLOOK SLIDE - 11

Our games release pipeline in 2011 will grow significantly, with 44% more games scheduled for release in New South Wales and Queensland compared with 2010. Moreover, game quality will also build steadily over the course of the year.

While our Australian widescreen product officially launches tomorrow, initially in New South Wales and Queensland, it has already generated significant customer traction and the order book is building steadily. This product has been based on our highly successful US widescreen offer, which, as I have indicated, drove share gains in the North American market in 2010. The Australian widescreen product leverages the US cabinet, but the supporting game content has been extensively tailored to the needs of the local market and reflects Australian customer insights.

We also expect to benefit from a more competitive game portfolio that better targets growing segments in the Australian market, such as mid denomination product, and more games that target our MKVI installed base to drive higher conversion revenues.

As a result of these portfolio improvements we expect that the Australian business will rebuild share through our turnaround window to 2013, and with increasing momentum. By the end of 2011, we expect to achieve a shipshare in the mid thirties, while increasing our average selling price and lifting margins. It is anticipated that top line performance will improve from the second quarter of this year, and the overall improvement we will see in Australia over 2011 will be significant. Ongoing progress in our product development capability and output through the year will ensure our pipeline for 2012 is fully stocked with quality games and products designed to suit the Australian market.

A level of uncertainty will persist in the market around the impact of any gaming reform, but our progress will not be contingent on any particular outcome nor on mandated churn.

While significant work lies ahead, the Australian business is working to a clear plan and making steady progress. We do not back away from our commitment to demonstrate sustained growth in Australia by full year 2013, and we are confident that we will achieve this, and take a significant step towards this goal over the course of 2011.

## JAPAN RESULTS SLIDE - 12

While economic conditions in Japan remained soft, over the course of 2010 pachislot demand grew. However, Aristocrat did not benefit from this lift, as market demand shifted and our legacy product was uncompetitive.

Revenue of ¥3.8 billion was achieved in 2010, representing a decline of 54.7% compared to the prior corresponding period, and unit volumes fell 52.0%.

Profits slipped 69.4%, reflecting the significant revenue decline and the impact of a relatively fixed cost base.

The acquisition of the Spiky brand was bedded down during the second half of the year, improving our regulatory approval performance and reducing this potential constraint on the business. We also released our first Spiky game title, which was distributed under new arrangements with one of the largest distribution agents in the market. The title, *Mina*, sold just under 3,000 units and performed to our sales expectations.

One key title, *MACH GO GO GO 3*™ was released during the year but sold significantly fewer units than previous iterations. This is another clear sign that the Japan pachislot market is shifting decisively towards premium licensed games that leverage exciting new technologies. Further, the concentration of operator spend on the top four or five titles released during the year validates our strategy to generate sustainable returns in Japan by delivering bigger and better key licensed game titles to the market on a consistent basis. The business continued to implement this strategy throughout 2010, with a raft of improvements made to support game development capability and efficiency.

## JAPAN OUTLOOK SLIDE - 13

In 2011 we will take a number of steps forward in Japan. From this year, all game releases will feature licensed content rather than in-house developed characters. Two key games will be released, compared to one in 2010, and we will incorporate a host of new features into our games, leveraging technology improvements, as well as releasing a new cabinet.

On the strength of our portfolio enhancements, we expect to lift total unit sales to around 25,000 over 2011. Performance will be heavily weighted to the second half, when the two key game releases are scheduled. We also expect to acquire a number of new key licenses during the year, which will underpin a strengthening release pipeline for 2012 and 2013.

Investment in core game development skills and capability will continue to increase, while non-core functions will be outsourced and the business' overall cost base significantly reduced.

I've been upfront about the unique challenges we face in Japan. 18 months in, we are making progress, but it is difficult terrain and it will take the full five year change window to fix the problems and return the business to a steady growth trajectory. We continue to believe there is significant upside to delivering in Japan and will remain focused on unlocking this value opportunity in a timely and sustainable way.

## REST OF WORLD RESULTS (1) SLIDE -14

I will now finish with a review of performance in other key markets and segments, collectively referred to as 'Rest of World'.

Total revenue in this segment increased 5.3% to $199.1 million and profit lifted 13.6% to $64.3 million in constant currency compared to the prior corresponding period. This was largely due to increased platform sales, reflecting strong results in Asia Pacific, Europe and Latin America, partly offset by revenue declines in New Zealand and South Africa.

## ASIA PACIFIC OVERVIEW SLIDE - 15

I'd like to focus firstly on our performance in the dynamic Asia Pacific region in 2010.

Aristocrat again outperformed, with revenues up 63.4% and profits up 58.2% in constant currency compared to corresponding 2009 results. Strongly performing games such as the Hyperlink games *Fa Fa Fa* and *Yellow Dragon* helped to consolidate our leading position in the Macau market. Aristocrat also secured a dominant share of high profile new openings in Singapore over the course of 2010.

For some time we have been achieving market-leading levels of game performance and floor share in Macau and now Singapore. These are the markets that are fuelling growth in the gaming profit pool globally, particularly as more mature markets in North America and Japan are impacted by difficult economic conditions. For example, Macau currently generates double the gaming revenues than Nevada.

Our leading presence in these markets is a great strategic strength for us. We have achieved this by executing our strategy, that is, by tailoring our games to the needs of local operators and players, leveraging exciting new technologies and ensuring they are as competitive as possible. Our success in this region reinforces our confidence in our broader turnaround plan and our ability to execute effectively.

## REST OF WORLD RESULTS (2) SLIDE - 16

Turning now to other Rest of World segments ….

European revenues also improved, and profits increased significantly, off the back of increased licensing of our content to the European street market segment.

Our Aristocrat Lotteries business, formerly ally known as ACE, extended its presence in Europe, entering the Italian market and rolling out our product for the Cogetech contract late in the fourth quarter of 2010. Aristocrat is the first major class 3 gaming manufacturer to achieve approval from Italian regulators, on the strength of our proven *TruServ* system and we are already seeing impressive game performance.

In South Africa, constant currency revenues and profits declined by 13.5% and 20.2% respectively compared to the prior corresponding period, reflecting depressed domestic conditions and highly constrained operator spend.

In Latin America, revenues grew strongly in the second half, principally due to the establishment of an office in Mexico in the first half of 2010. In constant currency, revenue increased 26.5% in 2010 compared to the prior corresponding period, although profit was flat, because of costs associated with the expansion into Mexico and unfavourable mix shift.

The New Zealand business cycled over the one-off impact of regulatory reform that drove intensive capital spend in 2009. In constant currency, revenue and profits decreased 60.4% and 90.1% respectively as a result.

## REST OF WORLD OUTLOOK SLIDE - 17

Overall we expect revenues in the Rest of World segment to fall back somewhat in 2011, principally due to the smaller number of new openings scheduled in key Asia Pacific markets. However, we expect to continue to achieve market-leading floor share in new openings, and have secured more than 60% of the slot floor at Galaxy, which is scheduled to open in the first half of 2011.

We anticipate flat performance across Europe and South Africa and increased traction in Latin America as our presence in Mexico continues to expand and we optimise our existing customer base in the region. Performance in New Zealand will improve as more typical buying patterns return to the market and our widescreen product, released in the last quarter of 2010 and already outperforming floor averages, is supported with an expanding games library.

The performance of our Aristocrat Lotteries business is expected to lift in the first half of 2011, driven by the completion of the rollout of around 2,250 units under the Cogetech contract. Game performance to date has been strong, and the business is exploring opportunities to build and leverage our foothold in the Italian market.

More broadly, since creating an emerging markets division in late 2010, Aristocrat is rigorously assessing value-adding opportunities to deploy our *TruServ* system solution in emerging VLT markets around the world. We have also commenced deployment of Aristocrat game content to licensed operators in European street markets, and launched initial online game offerings. We will continue to cultivate and pursue these future value streams throughout 2011.

That concludes the review of our operational performance for 2010, and our expectations for the remainder of the 2011 financial year. I would now like to invite Toni Korsanos to provide more detail on our Group result before I make some concluding comments.

Toni ….

## AGENDA SLIDE (GROUP RESULTS) – 18

## PROFIT & LOSS SLIDE - 19

Thank you Jamie, and good morning everybody.

Turning first to the summary profit & loss statement. As is our usual practice results on this slide are normalised and have been provided in both reported and on a constant currency basis.

Reported segment revenue declined $224.0 million (24.7%) and segment profit declined $92.1 million (30.3%). In constant currency, the decline in segment revenue was 16.4% and segment profit 21.4%. These results reflect the significantly lower trading volumes this period as well as unfavourable foreign exchange translation impacts, which outweighed cost savings achieved during the year.

Rigorous cost control remained a key focus across the Group. Corporate costs declined 18.4% compared to the prior corresponding period and Group SMG&A costs followed a similar trend declining 12.8% overall (7.1% in constant currency).

In 2010, Aristocrat continued to take a strategic approach to design and development (D&D) spend – investing more in core, value-creating skills and capability and capturing efficiencies else where.

D&D spend rose as a percentage of revenue to 16.0% (15.5% on a constant currency basis) from 12.5% in the prior corresponding period. Total reported spend declined $3.6 million compared to 2009, however in constant currency terms, spend increased by 3.7%. The translational impact on D&D spend also reflects the increased proportion of activity now undertaken in North America.

Total D&D headcount is currently 761 compared to 644 as at December 2009. The difference is mainly due to the establishment of our Indian Development Centre and our investment in new creative studios and technology resources.

Net interest expense was marginally down this period reflecting lower average net debt levels held for the most part of the year. At 31 December 2010, the Group was carrying higher levels of debt due to the settlement of the convertible bonds litigation and the associated damages payment in September 2010.

The effective tax rate on the normalised result is 22.5%, lower than the 25.1% recorded in the prior corresponding period. This reduction was driven by overall lower earnings and earnings mix.

The decline in profit after tax has resulted in basic and fully diluted earnings per share falling by 12.7 cents (down 55.2%) to 10.3 cents.

## ABNORMALS SLIDE -20

Our full year result was also benefited by net abnormal gains totalling $29.9 million before tax, and $22.6 million after tax.

This slide summarises the key contributors to our net abnormal result, which consisted of:

- A $22.1 million net profit after tax realised on the lower than expected final convertible bonds damages settlement. This lead to the release of the balance of the provision that was raised in 2009;
- A net profit after tax of $12.7 million from the sale of Aristocrat's investment in Elektronček, as reported at the half year. Proceeds from this transaction were received in the second half following regulatory approval of the divestment;
- The recognition of a one-off non-cash impairment of $8.1 million after tax against gaming operations assets. This reflects the diminished life cycle of *VIRIDIAN 19"* machines following the successful release of the *VIRIDIAN WS.*
- Restructuring costs of $4.1m after tax. Restructuring activities in the second half of the year focused on the Australian and Japanese businesses, with the objective to reduce fixed costs and on D&D spend as efficiency benefits associated with the Indian Development Centre were realised.

## EBIT BRIDGE SLIDE - 21

I will now provide an overview of the key contributors to the normalised EBIT result for the year compared to the prior corresponding period.

I have isolated the impact of New Zealand, Japan and foreign exchange for the purposes of showing the underlying movements in revenue and cost elements.

We have already touched on the impact of results from New Zealand and Japan, the increased design and development investment and strong control of SMG&A costs across the Group. I will now discuss key movements in terms of volumes, price/mix and supply chain savings.

The unfavourable volume variance is representative of declines in platform sales and game conversions in North America and Australia, as well as reduced gaming operations installations. These declines were partially offset by strong performance in Asia Pacific, Europe and Latin America.

Negative price/mix was primarily driven by lower pricing in Australia and the decline in average gaming operations fee per day. These declines were partially offset by the higher ASP achieved in North America and Asia Pacific performance, which delivered favourable mix through a higher proportion of *VIRIDIAN p*roduct and linked game conversions this year.

The favourable cost of sales variance is representative of ongoing supply chain cost management across the Group despite the change in product mix with the introduction of *VIRIDIAN WS*.

CAPITAL MANAGEMENT SLIDE - 22

We continue to take a prudent approach to cash flow management, with the recent finalisation of the convertible bonds litigation having a significant impact on borrowings as was anticipated. Net debt increased from $75.3 million to $285.8 million as a result of this outflow.

As previously reported, the Group extended its three year debt facilities out to June 2013. The Group had committed bank facilities of $500.0 million at 31 December 2010 with A$298.7million drawn.

Moving forward from the completion of the convertible bonds litigation, the outlook for cash flow remains positive, with the business requiring limited capital investment to grow organically combined with a continued focus on cash flow management. Aristocrat remains committed to reducing borrowings and achieving more conservative gearing levels as well as driving down interest costs in the medium term.

Despite lower earnings, favourable net changes in working capital, primarily debtor receipts, delivered strong operating cash flows. The Group's profit to cash conversion and its ability to deliver operating cash flows remains sound with operating cash flow representing 134.8% of profit after tax for the year.

Fully diluted operating cash flow per share was 13.9 cents.

The directors have authorised a final dividend in respect of the year ended 31 December 2010 of 1.5 cents per share. The dividend will be unfranked and is expected to be declared and paid on 28 March 2011. The Dividend Reinvestment Plan will be activated in respect of this dividend and a 2.5% discount will apply. The dividend will be funded by way of an underwritten DRP.

Total dividends in respect of the 2010 year amount to 5.0 cents per share compared to 4.5 cents per share in the prior corresponding period. Total 2010 dividends represent a payout ratio of 49% of normalised earnings. It remains the Group's intention to maintain an annual earnings payout ratio within its stated 50% -70% range over the medium term.

That completes the Group results summary. I will now hand back to Jamie to make some summary comments.

Jamie …

AGENDA – CONCLUDING COMMENTS SLIDE - 23

Thanks Toni.

I will now summarise our expectations for the balance of 2011, focusing on our key markets and segments and highlighting some of the critical metrics we will be using to measure our progress as we move forward.

Before stepping through this detail, it's worth acknowledging that in any change program, the middle phase is often the most difficult. Typically, this is the time when the obvious opportunities have been captured there is a huge rebuilding effort underway internally, many people are at capacity, problems have been fully exposed but not necessarily fully solved, and the top line results are not yet coming through. In the context of a five year change window, 2010 was certainly the peak of our difficult, middle phase.

## OUTLOOK SUMMARY SLIDE - 24

In 2011 we expect continued volatility and markets to remain subdued. Despite anticipated foreign exchange, interest and tax impacts, full year performance is expected to be ahead of the corresponding 2010 result driven by stronger operational performance supported by new products. At this early stage of the year, and based on current insights, the Group expects to deliver financial performance 10%-20% ahead of 2010 performance, normalised profit after tax.

As I flagged, rigorous cost control will be maintained. We will also continue to increase D&D productivity and reinvest efficiency gains in new technology and better products.

## OUTLOOK SUMMARY: H1 2011 SLIDE – 25

Overall operational performance for the first half of 2011 is expected to be marginally lower compared to the prior corresponding period. Significant challenges are expected as a result of a larger impact from translational foreign exchange, if current exchange rates prevail, higher interest costs due to higher levels of debt following the settlement of convertible bonds damages in 2010 and a higher effective tax rate.

However, we will be making real progress in our underlying competitiveness, and setting ourselves up for share and revenue growth over the full year. In North America, we expect our new participation games and products to be achieving a higher fee per day or average selling price compared to our legacy portfolio by the end of the first half. In Australia, we will be looking for the same outcome for average selling price.

## OUTLOOK SUMMARY: H2 2011 SLIDE - 26

The Group anticipates that operational performance in the second half of 2011 will be substantially stronger with momentum building through further major new participation game releases and new systems modules in North America, more new product launched in Australia and two key licensed games released in Japan. Pipelines will be substantially restocked in all markets and the Group will be well placed to leverage strongly performing new product and achieve significant revenue growth for the full year

Specifically, in North America, we expect to see continued improvement in our fee per day or average selling price for new products, together with an uplift in gaming operations installed base and value share. We also expect to maintain shipshare in outright sales with improved margins and the release of the widescreen stepper product. Finally, we expect to achieve revenue growth in our systems business through delivery of exciting new modules.

In Australia over the second half of 2011, in addition to a higher average selling price result for new compared to legacy products, we aim to see a significant improvement in EBIT margin compared to the 2010 result. Shipshare should recover to a mid-thirties figure, and the number of Aristocrat games in the top 50 list should be increasing and trending towards our installed base.

In Japan, while we are targeting to sell 25,000 units in the full year the majority will be in the second half due to the release of our two key licensed games.

## AGENDA SLIDE (CONCLUDING COMMENTS) – 27

The improvements we expect to demonstrate by the end of 2011 will be founded on a fundamental and sustainable lift in our game quality and competitiveness. As I said at the outset of our turnaround, we are focused on sustainable growth – not one-off benefits.

Further, we continue to expect a step-change in performance in 2012, as we enter the final phase of our turnaround program, with momentum consolidating through to end of our change window at full year 2013. Improving economic conditions in our key markets have the potential to significantly accelerate revenue and profit growth, but I want to stress that we will plan to grow regardless. Our strategy is built around competing aggressively and effectively, not simply waiting for a rising tide. This is ultimately the only way to deliver sustainable profit growth and fulfil the commitments we have made, commitments we again reiterate and confirm today.

Overall, we are encouraged by the progress we've experienced during the year in those markets and segments where we launched new products in line with our strategy. Our sustained leadership position in the dynamic markets of Macau and Singapore is one example, built fundamentally on the market-leading performance of our games. Likewise, our impressive share result in outright sales in North America – achieved in a contracting market – was largely due to our innovative widescreen release.

Momentum is improving, and by the end of 2011, our product portfolios in all key markets will contain a critical mass of exciting new products, developed to suit local tastes and leveraging significantly better technology. Over the course of the year, we will see mounting evidence of better games and stronger product portfolios delivering real value for the business: whether that's improvement in average prices, higher fee per day results, stronger share numbers or healthier margins.

While significant market growth is unlikely to manifest before 2012, Aristocrat will be well positioned and ready to take advantage of any broader economic recovery.

In the interim, we will continue to execute our transformation strategy in a disciplined way, and with the benefit of transparent progress metrics and refreshed capability from Board level down. I look forward to updating you on our progress.

AGENDA SLIDE (QUESTIONS) - 28

That concludes the formal presentation, I am happy to invite any questions.

Thank you