

DUNCAN FISCHER, AGM

It is a great privilege to have been appointed Managing Director and to address you as Shareholders at this first Annual General Meeting (AGM) of Tattersall's Ltd.

I would like to take this opportunity to provide an overview of our business, look at the highlights of our first Annual Report, provide an update on the current financial year, then touch on our growth strategy and some of the issues facing our company.

As our Chairman's videos showed, we have been operating in the lottery business for more than 100 years, and more recently, in the gaming industry. Today Tattersall's is one of Australia's leading gaming and lotteries businesses,

- with a strong portfolio of brands,
- an extensive network of gaming and lottery outlets
- and millions of customers.

In lotteries, we are one of the world's oldest, continuous private lottery operators. Our lottery products are some of Australia's most powerful brands. You will recognise many of these brands. Brands that are respected, trusted and supported by millions of loyal customers. These brands are showcased and promoted by our Lotteries network of over 900 agents.

In Victoria, we have held the lotteries licence continuously since 1954. We also operate public lotteries in Tasmania, the ACT and the Northern Territory.

We have extended our products and games into South Pacific countries, Fiji, Samoa and the Cook Islands. These countries have come to enjoy Tattersall's games, the proceeds of which support initiatives in these countries such as local sporting development.

Tattersall's has taken steps towards international expansion and diversification in the lotteries business.

Tattersall's is a founding shareholder in Uthingo, the South African national lottery operator serving a population of 45 million people, with over 8000 outlets.

The percentage of total lottery revenue derived from each of our main brands clearly shows the importance of the high jackpotting products Powerball - Tattslotto with around 35% of adults in Melbourne playing our games weekly, with this number rising to around 60% in superdraw weeks.

These percentages show that we need to review our product portfolio regularly to focus on primary products, reposition underperforming products, and to ensure a broad enough range of product is on offer to align our product portfolio with our customers preferences, so that Tattersall's can keep delivering the dream.

Licensed Australian lotteries date back to Tattersall's in Tasmania in 1897.

These days, each State and territory has one lottery operator, except for the ACT, which has two operators. All operated by State Governments, other than Tattersall's jurisdictions.

The lottery operators in each State and Territory have formed national Lottery Blocs under which the prize funds for specific games from each participant are pooled to create larger and more attractive prizes with higher 1st division prize offers.

In Victoria, the Bloc games are Tattsлото, Powerball, Super 7s Oz Lotto, Super 66 and Soccer Pools. Tattersall's administers all major Bloc Games for the National Bloc partners.

In gaming, Tattersall's is one of two licensed wide area gaming operators in Victoria. Tattersall's is licensed for up to 13,750 machines until the year 2012. 50% to be placed in hotels and 50% in Licensed Clubs and at least 20% of machines in country Victoria with up to 80% in the Melbourne metropolitan area.

The 50/50 and 80/20 requirements are monitored at all times.

At 30 June 2005, Tattersall's operated 13,364 machines in 256 venues across the State under the Tatts Pokies brand.

Our gaming venues represent a range of individually owned hotels and clubs as well as some major groups. The largest groups are the Returned & Services League (RSL) and the Bruandwo group.

Tattersall's gaming business is built on five core values;

- Local
- Friendly
- Good value
- Fun
- And responsible gaming

Going back, the first legalised gaming machines in Australia commenced in 1956 in New South Wales into licensed clubs with hotels following in the 1980s.

The ACT and the Northern Territory introduced gaming in the 1970s. Victoria, Queensland, South Australia and Tasmania followed in the 1990s.

There are about 187,000 gaming machines in clubs and hotels and about 11,000 in casinos, across Australia.

Victoria has 30,000 machines (including 2500 at the casino). By comparison NSW has about 100,000 machines and Queensland about 40,000.

On a per capita basis, Victoria has fewer machines than four other States and fewer than the national average.

Gaming machines expenditure in Victoria increased steadily as the network was rolled out in 1992 until the introduction of smoking bans downturn in 2002.

Revenue returned to full year growth for Tattersall's year on year, in Financial Year 2005.

A key driver of Revenue in our business is Household Disposable Income.

Household Disposable Income is affected by a range of factors including earnings, interest rates, petrol prices, inflation and tax rates.

The lotteries business has proved over the years to be remarkably resilient to changing economic conditions.

Even in tough times, the public finds the small amount of money required to "have a flutter" and dream of becoming an instant millionaire.

With regard to the Gaming business, it is probably too early to say whether the same applies to Victorian Gaming where it has been a growing industry since 1992.

We have not yet seen severe fluctuations of economic conditions to test the Victorian industry's resilience to changing conditions.

FINANCIAL RESULTS

I now come to the financial results for Financial Year 2005.

As you know, Tattersall's restructured on 31 May 2005, so the statutory results for the new corporate entity in our Annual Report are only for the first month of operations – the month to June 30, 2005.

However, to enable a better picture of performance, and comparison with the Prospectus, we also included in the annual report a summary of our normalized results as highlights for the 12 months to June 2005.

I am pleased to say that in our first annual report we are able to show that we achieved the forecasts in our Prospectus, with EBITDA of \$247.6 million, which is \$3.6 million above the forecast of \$244 million.

Turning to the specifics of our lottery business, the key drivers in lotteries are product offerings, jackpots and distribution channels.

In 2005, we made substantial changes to our Powerball product, with improvements to the jackpot sequencing, together with a price increase. We have seen good continued participation.

We set a new record for Tattslotto with our December 2004 Megadraw of \$31million. I am pleased to let you know that the December 2005 Megadraw will be \$32 million.

We continued our program of upgrade and fitouts with 169 outlet fitouts completed during the Financial Year.

The upgrade is aimed at creating a common look and feel and improving the visibility and presentation of our products.

Internet sales were up 50% from the previous year, making our internet site our largest single outlet.

Our product offer was further enhanced by the implementation of the new Essnet lottery system in November 2004.

This new system provides the capacity to provide access to new product distribution channels, increased line entries per ticket, advance-ticketing capability up from 10 to 26 weeks.... and expanded bundling of lottery products.

The full impact of the new system will be realised during 2006 and beyond.

The 2005 normalised results for lotteries are as follows,

REVENUE	\$1.2 Billion
EBITDA	\$28.5 Million

In gaming, the key indicator of revenue is the average net machine revenue per machine per day. In 2005 we achieved a figure consistent with forecasts of \$242.

For 2006 our forecast is an average of \$251.

There are three factors that significantly influence gaming performance:

- quality of venues
- the machine product
- the number of machines operating

During FY 2005, 51 venues – about 20% - were refurbished. In FY 2006, 70 venues are planned for an upgrade, and this program is progressing well. In 2005 we also improved our product offering to customers by introducing 43 new games and 5123 game changes.

We expanded our existing jackpot offers to include 1 cent and 1 dollar denominations.

At June 30 2005, we had 32.3% of our machines linked to jackpot systems and this has increased further in recent months. We are continuing to further enhance our jackpot functionality and capability into the 2006 and 2007 Financial years.

We plan to install 140 additional Gaming Machines in the network during 2006. As of a few weeks ago we had 13421 gaming machines in operation, which is in line with our forecasts.

In South Africa, through a majority-owned investment, we have a licence to operate up to 1000 machines in the province of Western Cape which has a similar population to Victoria, 4 to 5 million.

In South Africa, 195 machines were installed by June 30 2005 and we are pleased that the average net revenue per machine per day is ahead of our original forecasts.

We currently have 342 gaming machines installed at 76 venues in Western Cape.

Negotiations for Kwa Zulu Natal Licence are being conducted and we await news on the licence application for Northwest.

The normalised gaming results for 2005 are as follows;

REVENUE \$1.2 Billion

and

EBITDA \$219.1 Million

Turning to our performance to date in the current financial year. In both lotteries and gaming, we undertook significant work in 2005 and we continue to lay the foundations to further improve our business. I would like to recognize the efforts and support of our lotteries and gaming networks.

Whilst the gaming market has had a soft start to this financial year, our performance for this financial year so far shows that we are on track to achieve our forecast profits for 2006.

By far the most important development for the future of our business occurred on 7 July 2005 with the listing on the Australian Stock Exchange. It was the end of a process that began in earnest more than a year earlier when the Trustees of the Estate decided in April 2004 that a listing was in the best interests of the business and the beneficiaries of the Estate.

It was an historic occasion which was widely reported on. I would like to thank the Trustees, the beneficiaries, and our new Directors for supporting the efforts to achieve the most important development in the company since the reading of the George Adams will in 1904.

As Managing Director, I particularly want to recognise the staff. Tattersall's has a special partnership with its staff, probably unique in Australian business because of our history. Indeed, we could not have floated this company without the approval, support and efforts of the staff at Tattersall's.

The listing of Tattersall's refreshes and invigorates the company with new opportunities. It provides Tattersall's with a more modern capital structure, access to equity and capital markets, the ability to pursue growth and diversification, improved corporate transparency making it easier for Governments to understand our business, and the opportunity for the public to participate in the future of our company.

More than \$300 million in cash was added to our balance sheet on listing and our shareholder base has broadened by tens of thousands. Around 50% of the shares of the company were traded in the first few weeks. We currently have approximately 40,000 shareholders.

Most importantly, I intend to ensure that we capitalize on these benefits and opportunities and grow and develop Tattersall's business and value for all shareholders.

So where to from here? In considering our future, we have identified four strategic areas for growth and development.

They are depicted on the screen;

1. Replicating our operator model
2. Industry segment diversification.
3. Technology
4. Related Competency Opportunities

1. Replicating our operator model

Tattersall's has core competencies that have been developed in operating our core business over the past 100 years. We have shown that these competencies are transportable.

These competencies have led to our operations in the National Lottery of South Africa and our Gaming network in Western Cape. We will further consider any appropriate markets where we are able to apply that expertise.

2. Industry segment diversification

Identifying other opportunities within our own Industry, not necessarily as operators of gaming licences. We have done so through our investment in Bytecraft, which will deliver, cost efficiencies as well as revenues outside Victoria and outside direct Gaming activities.

Bytecraft Systems provides installation and maintenance service for lottery terminals, gaming machines, automatic teller machines, EFTPOS terminals and wagering terminals.

We will continue to assess domestic and international opportunities for diversification within our industry.

3. Technology

Technology is the enabler for our entire business. Our experience and credibility as an operator creates the potential for supply arrangements or full operator contracts in conjunction with gaming and lottery technology.

Our investment in Essnet was done for this reason.

We will continue to identify appropriate Technology partners to pursue growth and diversification opportunities through Technology solutions.

4. Related Competency Opportunities

Whilst our competencies are specific, they do have some application to other industry segments.

Our core skills in managing technology-based distribution networks provides credibility for entry into other parts of the leisure and entertainment sector.

We recently announced that we had increased our shareholding in Bytecrafft, to 100%. Our Company, Bytecrafft Entertainment provides services and lighting equipment to entertainment events, concerts, theatres, corporate and special events.

We will continue to look for further related competency opportunities.

Tattersall's faces some key issues. Clearly, the major issue is our licences. Our lotteries licence expires in 2007 and the Victorian Government review is under way.

We lodged a Registration of Interest with the Government and received an Invitation to Apply For a Lottery Licence on Friday 11 November 2005.

Announcement of award of licence is expected in Mid 2006

The gaming licence expires in 2012 and the review is expected to begin in the new calendar year.

We believe that Tattersall's is strongly positioned to be granted new licences.

- Longstanding experience of over 100 years of lotteries experience and gaming operations since 1992.
- Established infrastructure
- Extensive investment in systems
- Network of over 1000 lottery and gaming outlets
- Millions of loyal customers
- One of the Most Efficient Lottery operators in Australia
- Reputation of Reliability, Probity, and Community Trust
- Experienced Management team with a track record of success in highly regulated markets
- A Victorian based Public Company with a broadbase of shareholders

Another issue touched on the Annual report is RESPONSIBLE GAMBLING.

From time to time, our industry comes under attack because of the business we are in. We acknowledge that gambling causes problems and we do not underestimate the potential for harm for a relatively small number of people.

However, we will continue to defend the rights of Tattersall's to provide a legal, ethical, and responsibly supplied product for fun and entertainment.

We will continue to support any measures shown to reduce gambling problems research that identifies the problem and finds ways to minimise harm.

For many years, we have been at the forefront of responsible gaming practice.

The *Have fun but play it safe* awareness program was an industry first when it was introduced by Tattersall's in 1999.

In summary, Tattersall's has a great history, a fantastic business today and an exciting future.

There are challenges ahead, and the company is ready for them. Our future will be created by maintaining our historical values of trust, integrity and innovation, leveraging our proven key competencies, our excellent management team, our dedicated and experienced staff.... and by pursuing the new opportunities created by the listing of Tattersall's.