

BURSWOOD LIMITED
ABN 36 075 071 537

2003 ANNUAL GENERAL MEETING

- CHAIRMAN'S ADDRESS -

Before turning to the first item of business, I would like to comment on the Company's key achievements and overall performance for the past financial year – possibly our most challenging period on record.

I will then invite our Managing Director, John Schaap to give his report, which will include information on our major operational areas, as well as new Company developments.

Major Outcomes

Firstly, looking at the Company's performance since this time last year, there are a number of very positive outcomes and major achievements I would like to highlight.

At last year's AGM, we reported on the very poor first quarter result we had suffered, due to, fundamentally, win rate related losses in our International Commission Business, or 'ICB', as well as the impact of the non-smoking policy on the main gaming floor.

To address those issues, we also reported on several changes we had implemented or planned to implement:

- Modifications were made to our ICB program in October last year to reduce the level of risk we were exposed to. Mr Schaap will explain these changes further in his address. To date, looking at the period from October 2002 to present, the revised program is delivering improved results.
- To counteract the adverse impact of the non-smoking policy, we developed dedicated smoking facilities for patrons. These measures, together with further enhancements and closer attention to the maintenance of these facilities, are also beginning to deliver the desired result with the smoke-free impact lessening.
- In line with the Company's poor first quarter result and the difficult trading conditions for the tourism industry, we initiated a major cost reduction program. This too, has achieved the desired outcome.

Last year we also reported on our plan to purchase the Burswood Hotel. To assist with the purchase, we undertook a capital raising program which was well supported by existing shareholders and new investors, and successfully raised \$51.5 million in new capital. The subsequent acquisition of the Hotel was settled in February.

Another major achievement was the finalisation of negotiations with InterContinental Hotels Group, or 'IHG'. We signed agreements with IHG in June to develop a new Holiday Inn hotel at the Resort and to re-brand the existing Burswood Hotel. Mr Schaap will discuss this progress further.

This time last year, our joint venture with Mirvac Fini remained subject to some outstanding conditions precedent. These conditions have been satisfied and our joint venture was formalised in February, resulting in the Company receiving a \$26 million payment from Mirvac Fini. Mr Schaap will talk more about the Mirvac Fini residential development and its benefits.

We also welcomed the State Government's approval of proposed amendments to the Burswood Agreement, which successfully passed through the Western Australian Parliament in August this year. The amended Agreement will pave the way for valuable growth opportunities for Burswood's business, both at the Resort and on the Burswood peninsula.

The proposed changes include a revised Casino tax rate on various components of our gaming business. This provides the Company and shareholders with certainty for the future, and a more competitive international tax rate in line with other major casinos.

The other key change proposed is the removal of the 10% limitation on individual shareholdings in the Company, and I will revisit this shortly.

Financial Performance

Looking now to our financial performance, we reported a net profit after tax of \$11.1 million, compared with \$20.6 million in the previous year.

This is a disappointing result, which reflects the impact of the very low win percentage achieved in our International Commission Business, particularly during the first quarter.

The overall result also includes an increased Casino tax expense accrued to accommodate changes in our tax regime, effective from 24 December 2002.

It is important to note however, that the fundamentals of the business are sound. All areas, with the exception of international gaming, produced positive growth during what was one of the most challenging periods on record for Burswood and the tourism industry generally. These positive outcomes reflect several things.

- Firstly, the benefits of the Company's investment in capital improvements over recent years.
- Secondly, the introduction of new gaming products, which produced improved turnover in the second half of the year and are continuing to generate growth.
- And importantly, our focus on continual efficiency improvements.

The underlying strength of the business becomes very clear when we look at the year's net profit after tax calculated using our expected ICB win percentage. This shows that our profit would have been \$25.2 million, or around \$14.1 million higher, compared to a result for the previous year of \$18 million, or around \$2.6 million lower, calculated on the same basis.

Notwithstanding the year's reported profit, it was the decision of Directors to declare interim and final dividends for the year of 0.75 of a cent and 1 cent per share respectively.

First Quarter Performance

I turn now to the first quarter of this current financial year, to September 30.

Our net profit after tax, which has not been subject to audit, is approximately \$10.7 million, which is clearly a significant improvement over the previous corresponding period. This result has been assisted by a better than expected win percentage on ICB. Adjusted to our expected win percentage, the result would have been approximately \$8.1 million.

Casino headcount is down slightly, however local gaming revenue is improving, which is assisted by the introduction of new gaming products I spoke of earlier. All other areas of the business are also continuing to produce good results.

It should be noted that due to the nature of our business, the first quarter result is not always indicative of the Company's full year result. ICB in particular should be viewed over a much longer period of time. The result is however, very encouraging, as is the emergence of other positive signs across core components of the business.

Capital Management

Looking now at the Company's capital management, the financial year saw a major improvement in our capital structure, with a significant reduction in total borrowings, even with the purchase of the Hotel taken into account. The capital management initiatives implemented to achieve this included:

- our successful capital raising program which I referred to earlier;
- activation of the Company's Dividend Reinvestment Plan;
- receipt of the \$26 million payment from Mirvac Fini;
- tight control of capital expenditure;
- and significant cost reductions across the organisation.

Consequently, the Company's gearing ratio, or net debt to equity ratio, is considered to be at an appropriate level. Looking ahead, we will continue to review the organisation's capital management with a view to improving shareholder returns.

Corporate Governance

I now wish to deal briefly with the very topical issue of corporate governance.

In response to the Australian Stock Exchange Corporate Governance Council Guidelines released in March this year, the Board reviewed the Company's corporate governance practices. The review found that we complied in most areas.

To further promote good corporate governance, the Company's practices were consolidated into a Statement of Corporate Governance Principles, which has been adopted by the Board. The Statement was reported extensively in this year's Annual Report and is also published on the Company's website.

The Board and the Company are strongly committed to the highest standard of governance and accountability, and the Principles will be continually reviewed.

Constitutional Changes

I would now like to mention the proposed Constitutional amendment with respect to the removal of the 10% ‘cap’ or limit on individual shareholdings in Burswood.

The Board supports the proposed changes to the Company’s Constitution, in order to reflect the terms of the amended Burswood Agreement as recently approved by the Western Australian Parliament.

The effect of the amendment is that Burswood shares can be traded freely on the stock market, subject only to those holding in excess of 10% requiring probity approval from the Gaming Commission of Western Australia.

This more flexible trading brings the Company into line with other publicly listed companies and should enhance interest in the Company’s shares and Burswood generally. We have already seen evidence of this in the weeks leading up to today’s AGM, with shares traded at an improved value in anticipation of the amendment being adopted by shareholders.

The proposed amendment to the Constitution is strategically very important for the Company, as it will provide greater flexibility in capital management options available to Burswood in the future.

Board Changes

Turning now to changes at Board-level during the year. As previously announced, Mr David Young, the Company’s longstanding Chairman, retired from the Board in July. Mr Young had served as a Director for close to 10 years and as Chairman for the majority of that time. On behalf of the Board and the Company’s employees and shareholders, I would like to thank Mr Young and acknowledge the valuable contribution he made to the Company during his time on the Board.

Also in July, Mr Bill Wyllie retired from his position as a Director. We extend our appreciation to Mr Wyllie for his major support of the Company and his contribution at Board-level, over the past three years.

Replacing Mr Wyllie as a Director is Mr Ian Hoad who had served as an alternate for Mr Wyllie during that three-year period. The Board also welcomed Ms Fiona Harris who was appointed as a Director in August.

Management and Staff

In closing, on behalf of the Board, I would like to thank our 2,700-plus dedicated staff for their commitment and hard work during what was an especially challenging period, and indeed a difficult time for the entire tourism and hospitality industry. We are looking forward to the continuing support of our employees in the year ahead, as we seek to maintain a high standard of customer service, while striving to deliver positive results for you, our shareholders.

That concludes my address. I would now like to invite our Managing Director, Mr John Schaap to address the meeting.

- MANAGING DIRECTOR'S ADDRESS -

Thank you Chairman.

As the Chairman highlighted, our financial performance for the year-ended 30 June 2003 produced a disappointing profit result, which was severely affected by the result in our International Commission Business.

International Commission Business

Our expected win percentage on ICB is 1.35%, however we achieved only 0.89% for the year. Turnover was also lower than the previous year, by around 13%. This resulted in a 43.7% reduction in our international gaming revenue, which of course, severely impacted the Company's overall revenue and profit result for the year.

In direct response to this, we modified our ICB program to minimise the volatility and risk we were being exposed to. The limits that apply on our international gaming tables have been reduced and we have adopted a more conservative approach to the level of player invited to join commission programs. Our focus has shifted from high-level players to medium to high-calibre players.

As the Chairman reported earlier, to date, these changes are producing improved results. And while ICB results have to be viewed over the longer term, the outcome does demonstrate that the changes we made to the ICB program have been effective.

Competitive Landscape

In looking at our international gaming operations, it is appropriate to highlight how dramatically the competitive landscape has changed in recent times, making it increasingly challenging for land-based casino operators in the Asia Pacific region.

This map highlights how the industry in Australia has evolved, spanning three distinct phases:

- The first Australian casinos commenced in the late 1970s.
- Burswood was part of phase two in the mid-80s.
- And this was followed, in the 90s, by Crown in Melbourne, Star City in Sydney and others.

Internationally, competition is even more intense. Our nearest overseas competitors in South East Asia include:

- Illegal casinos in Taiwan, Jakarta and Bangkok.
- There has also been a proliferation of cruise ships operating off the coast of Singapore and Hong Kong, and several new major casinos scheduled to commence operating in Macau in the near future. These pose a strong incentive for international players not to travel distances from their countries of origin.
- This next level shows the spread of legal and semi-legalised casinos.
- And then there is sports betting, which is prevalent in all countries and has experienced a rapid surge in popularity.

The continued development of multi-million dollar casino gaming and entertainment complexes in Las Vegas also poses a significant challenge. The incentives and facilities provided to international gaming customers and their families are very competitive.

It is valuable to look at the dynamic nature of the environment in which we operate, to appreciate the intensity of the competition and challenges faced in the international arena.

Burswood remains strongly committed to the international gaming market, as it makes a very important contribution to our business. And we will, of course, continue to closely monitor results in this area, particularly the competitive nature of the business and our ability to continue to attract an economical level of turnover.

Performance Generally

In addition to the challenges already discussed, our 2002/2003 result was also affected by the problems of the tourism industry Australia-wide over the past 18 months. Tourism operators across the board have suffered from issues such as:

- The Bali tragedy;
- The war in Iraq and global terrorism threats; and
- The SARS virus, which brought airline travel in Northern and South East Asia to a near standstill, which naturally affected travel within our key markets.

The non-smoking policy on the main gaming floor also continued to impact our results.

It is pleasing to report that these negative effects are lessening and as previously mentioned, we have seen some strong growth come back into the business in the second half of the last financial year, as well as the first quarter of this year.

Despite the difficulties during the year, our total headcount, or the number of patrons who visited the Casino, was similar to the previous year, at approximately 4.6 million or around 12,500 people per day.

As mentioned earlier by the Chairman, with the exception of international gaming, all key areas of our business improved and achieved good growth.

Local Gaming

Looking now at the individual components of our business, revenue from our local gaming operations in the last financial year increased by 1.7%. The fact that we were able to achieve any growth – given the impact of world events and a full year impact of the non-smoking policy on the main gaming floor – is a very positive reflection of the underlying strengths that underpin our gaming business.

The second half of the year was much stronger financially for local gaming, following the successful introduction of world-first new video machines. We marked the world launch of Arishinko and Crazy Balls in December last year, when we installed 55 new machines in a refurbished area adjacent to Guest Services, called the 'Ball Park'. This helped to boost our electronic gaming revenue by 8% in the second half.

Based on the popularity of the new games, we replaced 102 very old machines in other areas of the main gaming floor during the year. Further building on this success, we have plans in place to replace other old and less enjoyable games with two new game types in the coming months. We are also in discussions with several game manufacturers to look at the development of other new and more exciting game concepts.

Other improvements on the gaming floor during the year included the refurbishment of an under-utilised area of the Casino, which opened as a new 'Club Lounge' in June.

Customer service was a major focus during the year and continues to be. A number of initiatives have been undertaken, involving the contributions of staff at all levels, to improve our customer service delivery and make the Resort a more exciting and enjoyable experience.

We remain firmly focused on continually improving our customer service standards and adopting new ideas for the enjoyment of our customers.

Food & Beverage

Looking now at our food and beverage operations, we achieved a 7.4% growth in revenue, and that was despite the temporary closure of our two most popular restaurants for refurbishment.

Genting Palace and Victoria Station were refurbished over a six-week period during March and April this year. The new-look restaurants are larger in size and feature fresh décor and more efficient kitchen facilities. Since the restaurants re-opened in April, feedback, patronage and revenue have been very positive.

In The Ruby Room nightclub, new concepts have been introduced, which have grown patronage and results for the venue. Partnerships with external promoters have been developed to expand our market coverage, leading to an increase in the number of nights of operation from two per week to four. An increase in the number of private functions and corporate events has also been achieved.

Conventions & Entertainment

In our convention and entertainment area, we have achieved excellent results since opening the new Grand Ballroom in the Convention Centre and new meeting rooms in the Hotel.

Revenue in the last financial year increased by more than 32%, and that was despite world events which affected the tourism, meetings and hospitality industries right across Australia and globally.

Mamma Mia!

We are pleased to be hosting an eight-week season of the stage musical Mamma Mia which is now playing in the Burswood Theatre. The show has been hugely successful wherever it has played around Australia and the world, and it's shaping up to be an enormous success here at Burswood also. Importantly, it is expected to generate flow-on business for the Casino and our restaurants, bars and Hotel.

New Carpark

In the coming week we are opening a new customer carpark in the area of vacant land in front of the Convention Centre, here outside the Grand Ballroom [*indicate*]. This new facility will provide greater car parking capacity to assist during peak periods, including the season of Mamma Mia.

Hotel

Looking now at our Hotel operations, we performed very well during the last financial year, reflecting the benefits of our new and refurbished Hotel and Resort facilities.

Revenue increased by almost 20% and we successfully maintained our position as the leading five-star hotel in Perth, with average occupancy growing from 70% to 77%. Our average room rate also improved, from \$161 to \$169.

This very pleasing result was achieved despite intense local competition and difficulties in the hotel market Australia-wide, with a massive drop in global travel.

InterContinental Hotels Group

As the Chairman reported earlier, we successfully finalised our negotiations with InterContinental Hotels Group, or 'IHG', in June.

Our partnership involves IHG funding and developing a new 291-room, 3½-star hotel, to be known as 'Holiday Inn Burswood'. Construction, adjacent to the Convention Centre, is now underway and is due for completion in the first half of 2005. Beneath the new hotel, Burswood is funding and constructing a 236-bay carpark to accommodate additional parking needs of hotel and Resort guests.

This development will strengthen the Resort's competitive advantage, particularly in the convention market, as it will not only add an additional 291 rooms to our hotel inventory, but it will provide a more appealing mix of accommodation standards and pricing for conference organisers and delegates visiting Perth.

Another key component of our agreement with IHG is the re-branding of the existing Burswood Hotel. From September 29, the Hotel became part of the prestigious InterContinental worldwide hotel chain, when it was re-named 'InterContinental Burswood Resort Perth'.

This alliance is very valuable for Burswood, as it means we are now part of an international network that is well recognised by hotel guests, convention organisers and travellers right around the world. The Resort's profile and appeal as a corporate, convention and leisure destination is greatly strengthened through this association.

The room operations across both hotels will be managed by IHG. And Burswood, through our catering and entertainment arm, will manage the food, beverage and meeting room facilities of both.

IHG's strong global network includes more than 3,400 hotels in almost 100 countries. Burswood, as part of this network, is now able to tap into the international branding, promotion, loyalty and reservation

systems of the Group. This adds great strength to the Resort's sales and marketing efforts, through access to more than 18 million clients within IHG's international database.

The venture represents an exciting era of new business opportunities for the hotel and the Resort generally, and we look forward to working with our new partner, InterContinental Hotels Group, to deliver improved positioning and performance for Burswood in our first year together.

Mirvac Fini

Turning now to our joint venture with Mirvac Fini.

Since our last AGM, all approvals have been obtained for the residential development by Mirvac Fini adjacent to the Resort. As the Chairman highlighted earlier, we formalised our joint venture in February this year.

Under our agreement, Mirvac Fini will design, fund, construct and market the entire new community, which will comprise up to 1,200 dwellings for approximately 3,000 residents.

Mirvac Fini commenced site works in June and are well underway to creating a state-of-the-art Information and Display Centre overlooking the golf course and Swan River. This will be followed by work on the first apartment building, major roads, parks and gardens, and the first stage of housing.

More than 2.5 hectares is proposed as public open space and the design features eight lakes and two large-scale parks. The plan improves public access to the Swan River foreshore and includes amenities that will be accessible by all residents of Perth.

The new community will be officially named, launched and marketed in the coming months, when Mirvac Fini releases the first stage of apartments for sale. Prices for the first tower's two and three-bedroom apartments are expected to start from \$400,000, ranging up to \$1.7 million for the penthouse apartments. Already, more than 1,200 potential buyers have registered their interest in the development.

As the \$700 million project unfolds, it will create a valuable new earning stream for Burswood into the future. As previously stated, there is no further funding commitment for the Company over and above our initial contribution to the joint venture. In addition, the new community of around 3,000 residents, right on our doorstep, is expected to generate ongoing commercial benefit for the Resort's range of facilities.

Dome

In light of recent media attention and public comment speculating about the future of the Burswood Dome, I would like to restate the Company's position.

The Dome does not contribute positively to Burswood's business, and therefore, is an asset we need to review in the best interests of the Company and shareholders.

Consideration must also be given to the opening of the new Perth Convention and Exhibition Centre, scheduled for August 2004, which will have over 16,500 square metres of purpose-built exhibition space. This dedicated exhibition facility for Perth is expected to further reduce the viability of the Dome, as around 80% of the Dome's existing business comes directly from exhibitions.

That said, no major decisions have been made with respect to the Dome's future.

An important consideration is the Company's commitment to our joint venture with Mirvac Fini. Naturally, once residents move into their homes at the neighbouring residential area, it will no longer be possible to utilise the venue in its traditional format to host certain major events. This includes loud music or rock concerts, or any other large-scale events which may generate high levels of noise and disruption, or which are likely to have an adverse impact on the residential amenity of the area. This restriction would not include events like the Hopman Cup however.

As previously stated, there have been no major decisions made about the Dome's future. And, as the land surrounding the venue is State Reserve land, any future consideration given to redeveloping the Dome would be done in conjunction with the State Government and the Town of Victoria Park.

Awards

I would now like to formally acknowledge the Company's staff and management who contributed to Burswood's success in winning several prestigious industry awards during the year. Our award-winning titles included:

- The 2002 WA Industry & Export Award for Services Export, recognising our contribution as the most significant tourism export earner for the State. We are also a finalist in this year's awards, to be announced tomorrow night.
- As further testament to Burswood's contribution to the tourism industry, we were awarded Western Australia's most prestigious tourism title – the Sir David Brand Award for tourism excellence at the 2002 State Tourism Awards.
- There, we also won the award for Meetings & Business Tourism, and later went on to win the same title nationally at the Australian Tourism Awards, beating the very best venues in Australia. This is a very significant achievement, which reflects the quality of our new convention and meeting facilities.
- Victoria Station won the Restaurant & Catering Industry Association Award for 'best restaurant in a four and five-star hotel', and earlier this month also took out a Gold Plate Award for 'best steakhouse'.
- The 2003 Gold Plate Awards also recognised Chinois Restaurant in the International Room, along with Michael Britt from Windows, as Waiter of the Year.
- And recognising the talents in our kitchens, several individual awards were won by our chefs during the year.

These accolades reflect the success of our recent improvements at the Resort and honour the hard work and ongoing commitment of our staff. I would like to formally recognise their contribution here today, on behalf of the Board and all shareholders.

Closing

In concluding, I would like to emphasise how focused your Board and Management team is on achieving positive results for all shareholders this financial year, and on building upon our recent operational improvements and business achievements to strengthen benefits for shareholders well into the future.

Thank you for your attention.