



21 November 2006

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International All Sports Limited
ABN 32 066 967 502

**CHAIRMAN'S ADDRESS TO INTERNATIONAL ALL SPORTS LIMITED
ANNUAL GENERAL MEETING**

Please find attached a copy of the Chairman's Address to the Annual General Meeting of International All Sports Limited on Tuesday 21 November 2006.

ROBERT EDGE
Chief Executive Officer

CHAIRMAN'S ADDRESS
INTERNATIONAL ALL SPORTS LIMITED ANNUAL GENERAL MEETING
THE VICTORIAN CLUB
10.00 AM TUESDAY 21 NOVEMBER 2006

WELCOME

Good morning ladies and gentlemen. It is now 10.00 am Eastern Standard Time, and as there is a quorum present, I have great pleasure in welcoming you to the eighth Annual General Meeting of International All Sports Limited, and in declaring the meeting open.

INTRODUCTIONS

My name is Barry Coulter and I am the Chairman of International All Sports Limited.

I would like to introduce my Board colleagues; from your left to right are Mark Read Managing Director, Chief Executive Officer and Company Secretary Robert Edge and Non Executive Director Peter Woodhead.

Also in attendance is the Company external auditor Peter Sexton of Hayes Knight and Graham Sherry of the Company solicitor's firm Baker and McKenzie.

NOTICE OF MEETING

I have been advised that notice of this meeting has been properly given in accordance with the Company's Constitution.

The official business of the meeting is to consider:

1. The re-election of Peter Woodhead as Non Executive Director;
2. The Financial Reports;
3. The Remuneration Report;
4. Appointment of WHK Greenwoods; and
5. Adoption of a new Constitution.

Prior to considering these matters I will address you on the outcomes for the 2006 financial year.

CHAIRMAN'S ADDRESS

On behalf of the Board of Directors, I am pleased to report that this year has been a year during which the continued growth in the Company's domestic and international business has resulted in turnover of \$938 million for the year ended 30 June 2006 – an increase of 60% from the prior year.

The improvement in the Company's performance was a direct result of strong customer growth and betting in Australian and International Horse Racing, and operational improvements made to Canbet's sports betting and gaming business.

Highlights for the year included:

- Wagering turnover for the group increased by 60% to \$938.6m.
- The total number of bets taken by IASbet increased by 97% to 5.359 million and in Canbet by 21% to 1.995 million resulting in a total bets taken by the group of 7.354 million (excluding gaming).
- For the year ended 30 June 2006 the percentage of bets taken over the Internet has risen to 95%. This increased Internet focus is directly related to the investment in state of the art proprietary software, the new international website, and the broad Internet product offering.
- The number of customers who bet with IASbet increased by 33.6% to 15,001 and the number who bet with Canbet increased by 16.5% to 12,859. Consequently the group's active client base is 27,860.
- Revenue from operations increased by 40% to \$39.1m. This represents a gross margin of 4.2%.
- EBITDA increased to \$4.54m from a loss of \$1.57m in the 2005 year.
- Canbet Sports Bookmakers UK Limited achieved turnover of \$222.3m representing an increase of 20% from the 2005 year.
- Company balance sheet is strong, with good cash reserves of \$29.7m at 30 June 2006, compared to \$24.9m for 30 June 2005. Of these reserves a net amount of \$14.5m represents moneys held on behalf of clients.
- Profit from operations before tax of \$0.82m was a significant improvement from the loss of \$4.29m in 2005.
- An interim dividend of 1.5 cents per share was paid on 12 January 2006.
- Turnover from Australian racing increased to \$449.47m (2005: \$294.47m) representing an increase of 52.6%.

- Revenue from Australian Racing increased to \$21.8m (2005:\$14.5m) representing an increase of 50.3%.
- Turnover on all Australian and International Racing increased to \$609.54m (2005: \$423.06m) representing an increase of 44%.
- Revenue on all Australian and International Racing increased to \$30.98m (2005: \$20.74m) representing an increase of 49.3%.

I can also advise that the wholly owned subsidiary Ferncourt Pty Ltd operated successfully for the full year, returning to historic profit levels after the poor 2nd half in the 2005 year.

During the year the company acquired from **Sunthunder** Systems, the ownership of all technology and know-how relating to its proprietary betting systems, and a non-exclusive, worldwide, perpetual and royalty free licence to use the Sunthunder Base System. This now ensures that IAS has full ownership and control of its internationally operated proprietary software.

The agreement also included a commitment from Sunthunder to provide the necessary resources to enable a full technology transfer, to implement future development and to provide ongoing support for a period of three years. Cost incurred for the provision of this capability will not be materially different to that paid to Sunthunder in recent years.

In November 2005, IAS acquired **Austote** Pty Ltd (“Austote”). Austote is licensed in Norfolk Island and is authorised to accept bets as both bookmaker and a totalisator operator. Austote made a positive contribution to this year’s results, and is well positioned to provide the Company with strong future growth as a pari-mutuel operation.

I can confirm that both International All Sports Limited and its subsidiary Austote Pty Ltd, have reached agreement with **Racing Victoria Limited** (RVL) to make a financial contribution to the Victorian Racing Industry for the publication of Victorian Race Fields.

The Company is pleased to be seen as a financial supporter and partner of Victorian Racing and further, as a company managed and operated at the high level of integrity expected by RVL.

I am frustrated to report that the Company continues to defend the **CBA** matter. However, the Directors are making every effort to positively resolve the matter on commercially acceptable terms. The trial commencement date has been set for 5 March 2007.

The Company is disappointed that the **USA Government** passed laws to circumvent its commitment under the General Agreement of Trade and Services to the World Trade Organisation to allow free international trade in an effort to protect USA gaming companies that operate in the USA.

A significant business opportunity has been lost with the introduction of legislation on 13 October 2006, prohibiting internet sports wagering and gaming by USA residents.

Canbet, our UK subsidiary was acquired by IAS in December 2004 by way of an exchange of shares. The USA was the target market for growth of this subsidiary.

Since acquisition, the Company has continued to develop the Canbet brand and operating system to provide IAS with a truly global platform.

The Company has decided to retain Canbet with the exception that sports wagering will not be offered to USA residents. Canbet is now fully licensed in both the UK and Australia.

Canbet will re-focus its marketing efforts into emerging gaming markets in Europe and Asia. (Canbet will repatriate clients' funds to US residents and cease taking bets from those parties.)

IAS has been an active player in USA racing for 6 years and will concentrate on this, in leveraging its competitive advantage in Asian racing and in expanding its product offerings in racing in the USA, Asia, Australia and the UK. I should mention that USA horse racing has been exempted from the new legislation and as such would not affect the business of IASbet.com.

The Directors remain disappointed in the market valuation of the Company's share price during the year ended 30 June 2006. The Board will strive to improve profitability during the coming year, and this along with a positive resolution to the CBA matter should see the share price restored to higher levels.

It is interesting to note the break-up of our shareholders. There are:

- 2,000 shareholders who have 1,000 shares or less;
- 1,600 shareholders with between 1,000 and 5,000 shares;
- Of 4,600 total shareholders, 61 hold over 60% of the Company; and
- 1,000 shareholders in 16 countries.

The Company has a policy of distributing a minimum of 50% of the profit to the shareholders and this will be maintained.

Having received some correspondence from several shareholders I would like to correct the perception with regard to the Read family.

- 25 traders produced a total revenue of \$29 million
- The top 6 traders produced \$16.7 million and include members of the Read and Manuel families.

We look forward to the future with confidence. To ensure we continue to build on our existing customer base, IAS will further enhance and improve its various wagering and gaming platforms, ensuring that it maintains its competitive position in the online wagering and gaming markets and providing a dynamic wagering and gaming experience for its customers.

I would like to thank my fellow Directors for their diligence and counsel and for their support during the year.
