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ASX RELEASE

TATTS GROUP TO MAINTAIN DIVIDENDS

The announcement by the Victorian Government on 10 April 2008 on the gambling licensing arrangements that will apply beyond 2012 is not expected to impact adversely on the Group's consolidated profit for the remaining period of the Gaming Licence or affect its ability to maintain its stated dividend policy.

Following a review of the carrying value of assets in the Group accounts, the Board has determined that the Intangible Assets (Gaming Licence and Brand) carried in the Balance Sheet of the parent company, Tatts Group Limited, will be fully written-off in the parent company's profit and loss statement in the current financial year.

In adopting this treatment the Board advises that:

- the accounting treatments adopted are in accordance with Australian accounting standards, particularly in relation to the Gaming Licence, and do not reflect any assessment by the Company of its entitlement to compensation or other rights following on from the Government's statements;
- there will be no impact on the consolidated profit of the Group, as these write-offs only occur in the parent company accounts and are fully eliminated on consolidation. This outcome flows from the business combination accounting entries made at the time of the restructure and float of the Company in 2005;
- given the continued ongoing profitability of the Group, and the one-off nature of these write-offs, the Board intends to determine a special dividend in the first quarter of the 2009 financial year. This special dividend will effectively, both in terms of quantum and timing of payment, substitute for the final dividend that will not be determined by the parent company in the 2008 financial year, given it will incur a loss due to the write-offs.
- as the intended special dividend will flow from profits generated within the Group in the 2008 financial year, and as the write-offs are a one-off occurrence, future dividend flows will not be impacted in any way by these treatments.

Accordingly, the Board advises that the write-off of these Intangible Assets:

- do not impact the Group's consolidated profit nor the consolidated balance sheet;
- do not reflect any assessment by the Company of its entitlement to compensation from the Victorian Government or other rights;
- will not prevent the maintenance of the Company's stated policy of maintaining a high annual dividend payout ratio from the profits of the Group.

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