Tatts Group Limited
ASX Half-year information – 31 December 2007

28 February 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

TATTS GROUP LIMITED HALF YEAR REPORT

FOR HALF-YEAR ENDED 31 DECEMBER 2007

In accordance with the ASX Listing Rules, the documents which follow are for immediate release to the market.

1. Media Release
2. Half Year Report for the half year ended 31 December 2007 (Appendix 4D)
3. Directors' Report and Interim Financial Report for the half year ended 31 December 2007

DIVIDEND

The Directors have declared a fully franked interim dividend of 9.5 cents per share, payable on 4 April 2008. The record date for the purpose of determining entitlements is 14 March 2008.

Penny Grau.

Penny Grau
General Counsel and Company Secretary

MEDIA RELEASE

TATTS GROUP 2008 HALF-YEAR RESULTS HIGHLIGHTS

- Reported Revenue up 33.4% on the previous corresponding period.
- Reported EBITDA up 46.9%.
- Reported NPAT up 23.5%.
- Interim dividend of 9.5 cents per share payable on 4 April 2008.
- Dividend up almost 19% on last year's interim dividend.
- Dividend payout ratio of 90.4%, maintaining a high dividend payout ratio.

TATTS GROUP 2008 HALF YEAR RESULTS

	31 December 2007 A$m	Reported [1] % on pcp	Pro-forma [2] % on pcp
REVENUE			
Tatts Pokies [3]	658.7	2.4	2.4
UNiTAB Wagering	268.8	78.4	(5.0)
Tatts Lotteries	514.2	72.2	2.2
Maxgaming	57.6	107.1	3.5
Bytecraft Systems	36.9	28.4	31.6
Tatts International	15.9	10.7	10.7
Shared Services	6.1	8.3	16.2
Inter Company Eliminations	(19.4)	---	---
TOTAL	**1538.8**	**33.4**	**1.4**
EXPENSES			
Tatts Pokies	539.0	3.0	3.1
UNiTAB Wagering	204.8	82.5	(4.0)
Tatts Lotteries [4]	462.5	64.9	0.4
Maxgaming	25.1	102.8	(1.7)
Bytecraft Systems	33.4	35.7	35.7
Tatts International	15.3	2.1	8.2
Shared Services	13.9	(33.6)	(24.3)
Inter Company Eliminations	(19.4)	---	---
TOTAL	**1274.6**	**30.9**	**0.8**
EBITDA			
Tatts Pokies	119.7	(0.1)	(0.5)
UNiTAB Wagering	64.0	66.3	(8.3)
Tatts Lotteries	51.8	186.0	21.0
Maxgaming	32.5	110.6	7.9
Bytecraft Systems	3.5	(14.8)	2.4
Tatts International [5]	0.6	---	183.6
Shared Services	(7.8)	49.0	40.5
Inter Company Eliminations	(0.0)	---	---
TOTAL	**264.2**	**46.9**	**4.3**
Share of Talarius Net Loss	(4.1)	---	---
Discontinued Operations [6]	1.7	---	---
Depreciation & Amortisation	(51.2)	39.4	0.9
EBIT	**210.6**	**42.5**	**3.9**
Interest	(17.1)	---	---
NPBT	**193.5**	**25.3**	**3.0**
Tax	(59.8)	---	---
Tax - Discontinued Operations [6]	(0.5)	---	---
Minority interest	(0.2)	---	---
NPAT	**133.0**	**23.5**	**1.4**
Earnings per Share	**10.5**	**(7.2)**	**1.4**
Dividend per Share	**9.5**	**18.8**	**18.8**

1 Reported comparative figures reflect UNiTAB businesses only for the period since merger date, exclude Golden Casket, and report Bytecraft Entertainment results as discontinued operations.
2 Pro-forma comparative figures reflect the full 6 months results for the UNiTAB businesses, and also for Golden Casket within the Tatts Lotteries segment. Bytecraft Entertainment's results are totally removed from comparative pro-forma figures. The pro-forma comparatives for Tatts Lotteries revenue and expenses therefore increase by $204.6 million and $180.2 million respectively, and the Bytecraft pro-forma comparatives are reduced by $19.1 million and $12.9 million for revenue and expenses respectively.
3 Tatts Pokies segment includes the profit on sales of EGM's of $1.9 million in the half year ($4.2 million in the previous corresponding period (pcp)).
4 Tatts Lotteries expenses currently include the shared services costs of Golden Casket of $3.5 million.
5 The reported pcp EBITDA for International was a loss.
6 Discontinued Operations relate to Bounty Limited, the former subsidiary of Golden Casket, which was sold on 8 January 2008. For the Reported comparatives, Discontinued Operations include Bytecraft Entertainment, but a percentage change is meaningless. No amount for Bytecraft Entertainment has been included for the pro-forma comparatives.

Overview

Revenues up 1.4% and operating profit up 4.3% on the pro-forma results recorded for the corresponding period underscore the strength of the Tatts Group business model. These outcomes were the result of capturing and locking in the benefits secured from the merger of the Tattersall's and UNiTAB businesses in October 2006, the first returns from the Golden Casket acquisition, our capacity to withstand the burden of increased levies on gaming machines in Victoria and smoking bans at gaming venues in Victoria and the UK, and the temporary disruption to race wagering from a bout of equine influenza in NSW and Queensland.

It was also a period during which the foundations were laid for long term and sustainable improvements to a number of businesses. These improvements included a major lotteries licence renewal in Victoria, initial successes from a long term plan to secure additional gaming machine allocations in regions where Tatts Pokies is under-represented, and the full acquisition and management of the Talarius business in the UK.

Before commenting on the performance of the Tatts businesses and their full year implications, it would seem necessary to observe that the second half of a typical financial year is never as strong as the first as there are fewer days and fewer events to drive spending on recreational services.

Tatts Pokies

This business almost fought off the combined impact of whole-of-venue smoking bans, an $18 million annual increase in the Government gaming machine levy to $58 million annually and a $2.3 million shortfall in profits from gaming machine sales, to record the best revenue growth we have seen since smoking was banned in gaming rooms in 2002.

The first half result was achieved as the business progressively removed machines from some of its more significant venues in response to regulatory changes. Machine turnover during the two months since the new regulations were imposed suggest that they are disadvantaging social players who are more active on Friday and Saturday. This is an unintended consequence of a regulated change which will do little to alter the behaviour of problem gamblers.

The result for the first half is a direct consequence of simultaneously pursuing revenue growth and profitability. Tatts Pokies will continue to make a substantial long term contribution to Tatts' profits, and will be a powerful and extremely credible bidder for a gaming machine operator's licence in Victoria beyond 2012.

Meanwhile, the long and arduous process we are required to follow to repair the damage from mandated changes and competitor activity has begun to produce real progress with approvals to install 103 machines in venues including Geelong Football Club in Point Cook, Pascoe Vale RSL, Loch Sport RSL and the Pakenham Football Social Club, and the appointment of Tatts Pokies as the operator of 105 machines in the Legends Room at Moonee Valley. These and further approvals in the last reporting period to install 125 machines spread across the Wodonga SS&A, Upper Yarra RSL and the part-owned Lynbrook Hotel are an essential part of a program to fill the void left by the reduction in machine numbers at some of Tatts Pokies best venues and the determination to push deeper into regions where Tatts Pokies is under-represented.

UNiTAB Wagering

The last six months was an example of a good game interrupted! The half started well with growth exceeding 7%. Equine influenza then interrupted racing in NSW and Queensland to produce a sales result which was 5% below the record set in the corresponding period last year. Sales have bounced back since racing in South East Queensland and Sydney resumed in December despite some damage to the program caused by wet weather in both these States.

History has shown repeatedly that natural events disrupt racing from time to time. This doesn't mean that the business is re-based every time there is a disruption to the racing program. Racing offers a constantly changing environment because it is a live event and punters quickly adapt to the new circumstances. It was of no surprise to us that betting sales were down less than 10% even though the race meetings lost because of equine influenza would normally account for approximately 50% of betting sales.

Wagering is a consistent performer. It suits the Tatts business and investment model of steady and consistent growth which is supported by a reliable and easily understood cost structure. A decline in pro-forma EBITDA of just $5.8 million for the half is a real example of UNiTAB Wagering's ability to maintain its contribution to the Tatts Group's performance regardless of an unanticipated event.

Obviously the corresponding half next year will offer a low base for growth. However, we need to pass through the second half of this financial year first. The only obvious risk to the performance of this business during the current half will be if the Easter and Winter Racing Carnivals are significantly affected by wet weather. These disruptions were more common in the late eighties and early nineties. The difference between then and now is that we previously relied on a less diverse racing program.

Punters now have greater choice and a greater willingness to shift their focus to other meetings when one is washed out somewhere around the nation.

Lotteries

Tatts Lotteries has proven yet again that sector consolidation works. The acquisition of Queensland's Golden Casket Lottery Corporation and sales revenue gains from a higher incidence of jackpot activity have driven the significant increase in lottery EBITDA to $51.8 million. The pro-forma result for the corresponding period last year was just $18.4 million, or $42.8 million pro-forma including Golden Casket. Clearly, we are on track to exceed the full year EBITDA forecast of $90 million foreshadowed at the time we acquired Golden Casket.

The integration of the Queensland and Tattersall's lotteries businesses has been calmly and effectively managed by the former head of Golden Casket, Bill Thorburn. A successful voluntary early retirement program has created the momentum required to overhaul the cost base in a planned and structured manner with very little disturbance to the business. Meanwhile, a $9.5 million project to develop and deploy a home grown lottery system over the next three years is well advanced. The UNiTAB wagering system will provide the basic architecture for the software required by this project.

Maxgaming

The lift in Maxgaming's performance was foreshadowed at the time of the full year results. The realignment of this business throughout the 2007 financial year is beginning to deliver improved profits. The lift in pro-forma EBITDA from $30.1 million to $32.5 million has been driven by an improvement in margins from 54.1% to 56.4%.

The NSW links business continues to be the subject of considerable attention. The approval of stand alone play will allow gaming machines on wide area jackpots to continue to operate when the jackpot link is interrupted by a communications or host failure. This is a capability that is available in all other jurisdictions and will give hotels and clubs the confidence they need to install links which will allow them to participate in a jackpot that operates across the different venues they own. This technology was developed for a February release. Its deployment will depend on the date of the relevant NSW Government approvals.

Bytecraft

The result for this half excludes the contribution made by Bytecraft Entertainment that was part of the previous corresponding period. It was sold to Staging Connections in February last year.

Revenue from the continuing business has lifted substantially. The increase was largely derived from Bytecraft taking over the gaming machine maintenance contracts for the machines monitored by Maxgaming in Queensland.

More than 47% of revenue came from servicing external rather than internal customers during the period. A long term contract for the maintenance of Woolworths point of sale equipment was renewed during the period.

Bytecraft's EBITDA margin in this year is impacted by changes in inter-company charges and accounting treatments. Comparable underlying margin performance is consistent on a pro-forma basis.

The geographical spread and increased activity required for the maintenance and repair of point of sale equipment around Australia has led to Bytecraft's acquisition of the outstanding shares in EGMTech. This has provided the opportunity to deliver additional efficiencies through the better integration of the technicians employed by Bytecraft and a network of agents who complete repairs in country regions on behalf of Bytecraft.

International

The South African gaming business has benefited from the continuing roll-out of gaming machines in KwaZulu Natal (KZN). Machine numbers in the two operating provinces (KZN and Western Cape) increased from 644 to 1050. EBITDA for the six months of $1.6 million for South African Gaming easily eclipsed the $0.4 million in the previous corresponding period.

South Africa continues to offer opportunities for growth. The approved machine numbers of 1000 each in KZN and Western Cape have not yet been reached. The outcome of our licence application in Free State is expected to be known in the second half of the 2008 financial year. We have also formed a partnership with a credible empowerment group to bid for a licence to operate 1500 machines in Gauteng. The outcome of this bid is expected to be known either later this year or early 2009.

The amusement and gaming machine operations in the UK of Talarius struggled after smoking bans and changes to machine play limits were imposed on venues by the British Government in September. This has resulted in Tatts taking an active role in the management of Talarius and a decision by our joint venture partner to exit the business. Tatts now owns 100% of European Gaming which wholly owns Talarius.

The decision to buy out the joint venture partner is part of a plan by Tatts to invest in the Talarius business. New gaming machines, the reconfiguration of gaming floors, venue refurbishments and better machine monitoring are to be funded through a three year capital expenditure program of £7.5M annually. Additionally, Tatts has committed funds to acquire further gaming sites within the UK.

The EBITDA of Talarius for the last six months was £3.4 million. This was significantly below the EBITDA of £8.1 million recorded for the first six months of the calendar year. The share of net loss of A$4.1 million shown in the results for the last half is mainly attributable to financing and re-structuring costs. This business is expected to start recovering now that the impact of the smoking bans has begun to wane and the investment in the business gains traction after February. It will also benefit from a substantial reduction in financing costs as a result of bringing the non-recourse debt it was carrying into the Tatts Group corporate debt facilities in February.

Other

Shared Services' costs have significantly reduced during the period as a result of the first stages of separate projects to reduce occupancy costs and integrate the financial management and payroll systems. Total Tatts Group shared service costs represent around 1.1% of net revenue. This is down from 1.5% for FY2007. It should be noted that this calculation recognises Golden Casket's shared services costs of $3.5 million that are currently included within the Tatts Lotteries segment.

Depreciation and amortisation is likely to be around $110 million for the full year with the full inclusion of Talarius in the second half of FY2008. The accelerated depreciation impact of the capital expenditure program required to comply with the changes in the Victorian gaming regulatory environment was partly offset by the ability to spread the depreciation charges for the Tatts Lotteries' Victorian lottery system over a longer licence period. Capital expenditure is now expected to be around $125 million for the full year, including Talarius capital expenditure in the second half of FY2008.

Interest expense for the second half of FY2008 will reflect weighted average net debt of approximately $800 million. The increase in debt is associated with the decision to acquire the remaining 50% of Talarius and to refinance the non-recourse debt of Talarius with corporate debt.

Tatts is currently reviewing its financing arrangements as part of a general restructuring of its funding facilities. This review is not designed to reduce debt levels or engage in any other form of capital management. With gearing around only 16% of market capitalisation and the interest cover from EBITDA in excess of 10 times following the inclusion of Talarius debt, the level of debt on the balance sheet is not expected to compromise the Board's approach to dividends or its capacity to develop and expand its businesses.

Dividend

The strength of Tatts' free cash flow, its consistency of earnings and a relatively low debt burden has encouraged the Board to maintain its commitment to a high dividend payout ratio by declaring an interim dividend of 9.5 cents per share. This represents a 90.4% payout ratio and is an 18.8% increase over the dividend in the previous corresponding period. The dividend will be fully franked and paid on 4 April 2008. The record date will be 14 March 2008.

Looking Beyond Today

We have moved a long way since the merger with UNiTAB in 2006. Importantly, we have changed our name and put the Trustees dispute behind us. Nevertheless, we continue to encounter damaging allegations about Tattersall's past business practices. These allegations stem from a previous era, and it is noteworthy that there has not been a single allegation of improper or questionable business practices since the merger in 2006.

The entire Tatts group of companies remain committed to the responsible delivery of our services and we are active and willing participants in the work being done to manage the harm caused by gambling. We also recognise that the vast majority of our customers continue to enjoy the recreational benefits available from the responsible use of our services.

KEY BUSINESS MEASURES

Wouldn't you rather be with friends?

	1H 2008	1H 2007	Change
Number of Venues	257	257	0
Number of EGM's at 31 December	13,386	13,524	-138
NMR per EGM per day (average)	$263	$257	+2.3%
% of EGM's linked	43.0%	41.3%	+1.7%

	Meetings		QLD		SA		NT	
	H1 FY08 #	H1 FY07 #	Share %	Change %	Share %	Change %	Share %	Change %
CODE SHARE								
- Gallops	1,043	1,131	72.0	(3.4)	66.0	(3.0)	70.9	(1.7)
- Harness	704	788	10.0	(1.1)	13.8	(1.6)	10.6	(3.2)
- Greyhounds	1,340	1,197	18.0	4.5	20.2	4.6	18.5	4.9
RACING SHARE								
- Qld	402	514	19.5	(6.9)	13.2	(4.4)	14.3	(4.1)
- Vic	872	893	16.5	(7.8)	15.3	(7.7)	16.3	(7.8)
- NSW	573	795	38.0	5.9	37.9	3.6	35.6	3.5
- SA	276	277	9.1	1.6	14.9	1.4	9.8	1.3
- NT	60	61	0.3	-	0.3	-	4.0	-
- Other	904	576	16.6	7.2	18.4	7.1	20.0	7.1
Total	3,087	3,116	100.0	-	100.0	-	100.0	-

	Queensland		South Australia		Northern Territory	
Distribution Network	**Sites**	**% Share**	**Sites**	**% Share**	**Sites**	**% Share**
Agencies & Branches	142	24.7	57	31.3	10	23.5
Pub & club TAB's	75	11.2	73	23.0	2	3.6
Electronic & Satellites	510	37.5	213	25.2	37	32.9
On-course	62	3.1	-	-	4	8.4
Telebet	2	14.2	1	10.2	1	7.3
Internet	1	9.3	1	10.3	1	24.3

Tatts Group

Product Shares	Queensland % Share	South Australia % Share	Northern Territory % Share
Win/Place	62.2	63.7	65.5
Trifecta	17.2	16.4	18.0
Quinella/Exacta/Any2	7.9	8.8	7.0
Multiples	3.8	3.6	2.3
First4	2.7	1.9	2.6
FootyTAB	0.2	-	0.2
Fixed Odds	6.0	5.6	4.4

TATTS LOTTERIES

Tattersall's	1H 2008	1H 2007	Change
Major Product Sales ($million) *			
- Tattslotto	$157.9	$167.7	-5.8%
- Powerball	$57.4	$43.8	+31.1%
- Super 7's Oz Lotto	$29.3	$27.2	+7.7%
Number of Outlets	915	923	-8
Powerball Jackpots at and above $15 million	6	1	+5
Internet Sales ($million)	$17.4m	$13.7 m	+27.0%

Golden Casket	1H 2008	1H 2007	Change
Major Product Sales ($million) *			
- Saturday Gold Lotto	$83.0	$87.0	(4.6%)
- Powerball	$33.7	$25.4	32.7%
- Oz 7 Lotto	$22.4	$21.1	6.2%
- Instant Scratch-Its	$50.7	$49.2	3.0%
Number of Outlets	1,115	1,125	-10
Powerball Jackpots at and above $15 million	6	1	+5
Internet Sales ($million)	$8.4m	$5.6m	+50.0%

* Player expenditure (including commission) net of Prizes

	Queensland		New South Wales		Northern Territory	
Full Year (Machine Numbers)	**1H 2008**	**1H 2007**	**1H 2008**	**1H 2007**	**1H 2008**	**1H 2007**
Monitoring	34,203	33,428	100,127	100,649	1,161	1,054
MIS	32,796	32,012	-	-	952	865
Jackpot Linked	14,263	12,406	4,555	4,424	394	345
Loyalty Linked	17,100	15,903	-	-	-	-

South African Gaming	1H 2008	1H 2007	Change
Number of Venues			
- Western Cape	171	136	+35
- KZN	57	8	+49
Number of EGM's			
- Western Cape	788	606	+182
- KZN	262	38	+224
NMR per EGM per day (ave) – Rand			
- Western Cape	R598	R643	-7.0%
- KZN	R448	R418	+7.2%

Talarius	1H 2008	1H 2007	Change
Number of AGC Venues	191	198	(4%)
Number of EGM's in operation	7,644	8,051	(5%)
NMR per EGM per day (average) *	£17.31	£26.78	(35%)

*Gross revenue per day after Return To Player