



30 November 2007

TATTERSALL'S LIMITED'S 2007 ANNUAL GENERAL MEETING

Chairman's and Chief Executive's Presentations

Attached are copies of the Chairman's and Chief Executive's Addresses to be presented at the Tattersall's Limited 2007 Annual General Meeting, commencing 10.30am, Friday 30 November, 2007.

A copy of the slide presentation which accompanies these Addresses will follow.

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TATTERSALLS' LIMITED

CHAIRMAN'S ADDRESS

GOOD MORNING, LADIES AND GENTLEMEN. MY NAME IS HARRY BOON AND I AM CHAIRMAN OF TATTERSALL'S LIMITED. AS IT IS PAST THE APPOINTED TIME, AND A QUORUM IS PRESENT, I NOW DECLARE OPEN THE MEETING OF MEMBERS OF TATTERSALL'S LIMITED.

BEFORE WE PROCEED I ASK THOSE IN THE ROOM TO PLEASE TURN OFF MOBILE PHONES.

A VERY WARM WELCOME TO ALL SHAREHOLDERS HERE AT MOONEE VALLEY AND TO THOSE WATCHING OR LISTENING ON-LINE. MOONEE VALLEY IS THE VENUE OF THE TATTERSALL'S COX PLATE – KNOWN AS THE BEST WEIGHT FOR AGE THOROUGHBRED RACE IN THE WORLD – A RACE OF WHICH TATTERSALL'S IS PROUD TO BE THE MAJOR SPONSOR. IT IS ALSO HOME TO ONE OF OUR NEWER GAMING VENUES LOCATED AT THE TOP OF THE STRAIGHT.

BEFORE PROCEEDING FURTHER, I WOULD LIKE TO INTRODUCE THE MEMBERS OF THE BOARD OF TATTERSALL'S LIMITED. FROM THE FAR LEFT OF THE STAGE ARE:

- MR KEVIN SEYMOUR
- MS LYNDSEY CATTERMOLE
- MR JULIEN PLAYOUST

- MR ROBERT BENTLEY
- MR BRIAN JAMIESON

- MR GEORGE CHAPMAN
- COMPANY SECRETARY, MS PENNY GRAU
- CHIEF FINANCIAL OFFICER, MR RAY GUNSTON; AND
- MANAGING DIRECTOR & CHIEF EXECUTIVE, MR DICK MCILWAIN

ALSO PRESENT WITH US TODAY WE HAVE CON GRAPSAS AND ANTON LINSCHOTEN, REPRESENTING THE AUDITORS, PRICEWATERHOUSECOOPERS. ALSO PRESENT ARE SOME OF TATTERSALL'S MANAGEMENT TEAM WHO WILL BE AVAILABLE TO CHAT WITH SHAREHOLDERS AFTER THE MEETING.

THIS IS THE THIRD ANNUAL GENERAL MEETING OF TATTERSALL'S SINCE LISTING IN JULY 2005, LESS THAN TWO AND A HALF YEARS AGO. IN THIS SHORT PERIOD MUCH HAS HAPPENED.... THE SUCCESSFUL LISTING WAS AUSTRALIA'S FIRST-EVER TRANSITION FROM A 100 YEAR OLD TRUST TO A PUBLIC COMPANY, WE THEN COMPLETED THE MERGER WITH UNITAB, EXPANDED INTO THE UNITED KINGDOM, DIVESTED BYTECRAFT ENTERTAINMENT, ACQUIRED THE GOLDEN CASKET LOTTERY BUSINESS IN QUEENSLAND AND, MOST RECENTLY, HAVE SECURED A NEW 10 YEAR LOTTERY LICENCE IN VICTORIA. MORE ON THIS SHORTLY.

FIRST, SOME IMPORTANT FORMAL PRELIMINARIES: THE NOTICE OF MEETING AND THE ANNUAL REPORT WERE SENT TO SHAREHOLDERS AND THE AUSTRALIAN STOCK EXCHANGE ON OCTOBER 26 AND WITH YOUR AGREEMENT, I WILL TAKE THE NOTICE AS BEING READ.

YEAR IN REVIEW

THIS ANNUAL MEETING FORMALLY RELATES TO THE FINANCIAL YEAR ENDING 30 JUNE 2007 – A COMPANY CHANGING YEAR.

CLEARLY THE MERGER WITH UNITAB IN OCTOBER 2006 WAS A DEFINING EVENT IN TATTERSALL'S EVOLUTION. TATTERSALL'S HAS A LONG AND PROUD HISTORY IN VICTORIA AND REMAINS COMMITTED TO GROWING THE VICTORIAN OPERATIONS. THE UNITAB MERGER HAS SUCCESSFULLY EXPANDED AND TRANSFORMED TATTERSALL'S FROM AN ESSENTIALLY VICTORIAN COMPANY TO A TRULY NATIONAL AND DIVERSIFIED GAMBLING ORGANISATION WITH BROAD RANGING OPPORTUNITIES AHEAD. WE HAVE ALSO SIGNALLED OUR INTERNATIONAL AMBITIONS WITH THE EXPANSION OF OUR GAMING BUSINESS INTO THE U.K. AND IN SOUTH AFRICA.

TO PUT THIS IN PERSPECTIVE I WILL JUST REFLECT FOR A MOMENT ON THE PREVIOUS FINANCIAL YEAR ENDING 30 JUNE 2006. IN THAT YEAR, TATTERSALL'S DERIVED ALMOST 100% OF ITS PROFITS FROM ITS VICTORIAN OPERATIONS. DURING THAT PERIOD, LICENCE RENEWAL UNCERTAINTY WAS STILL HANGING OVER THE LOTTERIES BUSINESS, WITH ONGOING DELAYS IN THE LICENCE AWARD PROCESS, AND THERE WAS SPECULATION ABOUT THE GAMING LICENCE WHICH RUNS UNTIL 2012. CLEARLY, THERE WAS INHERENT RISK IN MAINTAINING SUCH A NARROW GEOGRAPHIC AND OPERATIONAL BASE.

THE 2007 FINANCIAL YEAR PAINTS A VERY DIFFERENT PICTURE.

AS THIS CHART HIGHLIGHTS, THE TATTERSALL'S GROUP NOW HAS SIX DISTINCT OPERATING DIVISIONS EACH CONTRIBUTING TO BOTTOM LINE PROFIT, SPREADING RISK AND CREATING FUTURE OPPORTUNITIES.

TATTS POKIES GAMING OPERATIONS PERFORMED VERY WELL, AND CONTINUED TO GROW IN ITS OWN RIGHT DURING 2007, FOLLOWING THE MERGER WITH UNITAB, GAMING REPRESENTED ONLY 53% OF THE GROUP'S *PRO FORMA EBITDA*, AND THIS WILL FURTHER REDUCE IN 2008 WITH THE INCLUSION OF GOLDEN CASKET IN THE LOTTERIES SEGMENT.

THE MERGER WITH UNITAB BROUGHT WAGERING TO TATTERSALL'S AS A NEW BUSINESS SEGMENT, AND DELIVERED 30% OF THE GROUP'S PRO-FORMA EBITDA IN 2007. IT ALSO GAVE US ADDED EXPOSURE TO THE NSW AND QUEENSLAND GAMING MARKETS THROUGH MAXGAMING WHICH DELIVERED 14% OF PRO-FORMA EBITDA OF THE GROUP.

IN ADDITION TO THESE EXCELLENT CONTRIBUTIONS FROM THE MERGED BUSINESS, THE POSITIONING OF TATTERSALL'S AS A DIVERSIFIED GAMBLING AND ENTERTAINMENT ORGANISATION WAS NOT LIMITED TO THE MERGER WITH UNITAB.

DURING THE YEAR WE FURTHER DEVELOPED OUR INTERNATIONAL ASPIRATIONS. HAVING COMMENCED A START-UP GAMING OPERATION IN SOUTH AFRICA IN 2003, OUR REACH HAS NOW BROADENED TO EUROPE. IN FEBRUARY 2007, THROUGH A JOINT VENTURE WITH MACQUARIE BANK, TATTERSALL'S ACQUIRED TALARIUS PLC, A COMPANY THAT OPERATES AROUND 200 HIGH STREET GAMING VENUES THROUGHOUT THE UK WITH OVER 8,000 GAMING MACHINES AND HOLDS AROUND 20% MARKET SHARE.

THE UK IS CURRENTLY EXPERIENCING A PERIOD OF REGULATORY AND STRUCTURAL CHANGE RANGING FROM SMOKING BANS AND MACHINE PAYOUT LIMITS TO NEW TECHNICAL REQUIREMENTS ON THE MACHINES THEMSELVES. THESE CHANGES WERE ANTICIPATED IN OUR ACQUISITION MODEL AND PROVIDE BOTH CHALLENGES AND OPPORTUNITIES IN A FIELD OF BUSINESS THAT IS FAMILIAR TO TATTERSALL'S. THE INVESTMENT IN TALARIUS PROVIDES AN ESTABLISHED PLATFORM FOR TATTERSALL'S TO PARTICIPATE LONG TERM IN THE GROWING EUROPEAN GAMING INDUSTRY WHEN IT IS GOING THROUGH A PERIOD OF RATIONALISATION AND CONSOLIDATION.

IN FEBRUARY 2007, WE DISPOSED OF BYTECRAFT'S ENTERTAINMENT DIVISION. THIS ALLOWS US TO FOCUS AND EXPAND THE BYTECRAFT SYSTEMS BUSINESS. BYTECRAFT SYSTEMS IS A NATIONAL PROVIDER OF INSTALLATIONS AND MAINTENANCE SERVICES TO GAMING MACHINES, BANK ATM'S AND OTHER TECHNICAL EQUIPMENT, AND NOW DERIVES AROUND HALF OF ITS REVENUE FROM CONTRACTS OUTSIDE THE TATTERSALL'S GROUP. MORE RECENTLY, BYTECRAFT SYSTEMS HAS ACQUIRED THE GETRONICS GAMING EQUIPMENT SUPPORT BUSINESS IN QUEENSLAND, AND HAS ASSUMED THE PROVISION OF SERVICES TO MAXGAMING'S LICENSED MONITORING CUSTOMERS.

THE OTHER HIGH PROFILE TRANSACTION IN THE 2006/7 YEAR WAS OUR ACQUISITION FROM THE QUEENSLAND GOVERNMENT OF THE GOLDEN CASKET LOTTERY CORPORATION. THIS WAS COMPLETED AT THE END OF JUNE THIS YEAR AT A COST OF \$542 MILLION.

THIS EXCITING ACQUISITION CONTINUES OUR QUEST FOR GEOGRAPHIC DIVERSITY BEYOND VICTORIA, AND IS ALREADY DELIVERING POSITIVE FINANCIAL RETURNS TO THE GROUP IN 2007/8. THE ACQUISITION PROVIDES TATTERSALL'S WITH ACCESS TO THE QUEENSLAND LOTTERY MARKET FOR A PERIOD OF 65 YEARS, AND MORE THAN DOUBLES THE CONTRIBUTION FROM LOTTERIES TO GROUP PROFIT.

TATTERSALLS NOW HOLDS THE MAJOR LOTTERY LICENCES IN FIVE STATES AND TERRITORIES, REPRESENTING AROUND 50% OF THE HIGHLY REGULATED AUSTRALIAN LOTTERY MARKET. THIS HAS BROUGHT SIGNIFICANT ECONOMIES OF SCALE THROUGH REDUCED OPERATING COSTS AND EFFICIENCIES.

GOVERNMENT LICENCES

THIS NOW BRINGS US TO THE VICTORIAN LOTTERY LICENCE.

AFTER A PROTRACTED PROCESS, THE VICTORIAN GOVERNMENT RECENTLY ANNOUNCED THAT TATTERSALL'S HAS BEEN SUCCESSFUL IN SECURING THE IMPORTANT 10 YEAR CATEGORY 1 LOTTERY LICENCE WHICH ENTITLES TATTERSALL'S TO CONTINUE TO OPERATE THE MAJOR LOTTERY BLOC GAMES IN VICTORIA FOR THE NEXT 10 YEARS, AT A COST OF \$19 MILLION.

WE WILL OPERATE ALL THE BEST KNOWN AND MOST SUCCESSFUL GAMES - TATTSLOTTO, POWERBALL, SUPER 7'S OZLOTTO, SUPER66 AND THE SOCCER POOLS - THESE GAMES REPRESENT AROUND 85% OF REVENUE OF THE CURRENT VICTORIAN LOTTERY MARKET BUT MORE IMPORTANTLY, CONTRIBUTE NEARLY 100% OF THE PROFIT.

THE DECISION BY THE VICTORIAN GOVERNMENT TO INTRODUCE COMPETITION INTO THE VICTORIAN LOTTERY INDUSTRY BRINGS LOTTERIES INTO LINE WITH THE COMPETITIVE ENVIRONMENT THAT HAS ALWAYS EXISTED IN THE VICTORIAN GAMING INDUSTRY, WHERE TATTERSALL'S AND TABCORP EACH HOLD LICENCES IN ADDITION TO CROWN CASINO. TATTERSALL'S WELCOMES SUCH COMPETITION AND HAS A DEMONSTRATED TRACK RECORD OF SUCCESS IN THIS ENVIRONMENT.

WITH THE SHACKLES OF THE LOTTERY LICENCE UNCERTAINTY NOW REMOVED, WE CAN LOOK FORWARD TO CONTINUING TATTERSALL'S LONG AND PROUD HISTORY AS THE MAJOR LOTTERY OPERATOR IN VICTORIA, AND TO FURTHER DEVELOPING OUR RANGE OF LOTTERY PRODUCTS.

I WOULD NOW LIKE TO TURN TO THE GAMING INDUSTRY LICENCE WHICH WE HOLD UNTIL 2012.

SINCE THIS LICENCE DOES NOT EXPIRE UNTIL 2012, THERE IS A LONG ROAD AHEAD IN THE RENEWAL PROCESS. THERE ARE MANY ISSUES THAT NEED TO BE RESOLVED BY THE VICTORIAN GOVERNMENT OVER THE COMING YEAR.

FIRST AND FOREMOST IS AN UNDERSTANDING OF THE GOVERNMENT'S PREFERRED INDUSTRY STRUCTURE.

UNLIKE OTHER AUSTRALIAN JURISDICTIONS, VICTORIA'S GAMING INDUSTRY IS CONDUCTED UNDER THE OPERATOR MODEL – THAT IS, THE TWO CURRENT OPERATORS, TATTERSALL'S AND TABCORP, OWN ALL THE GAMING MACHINES IN THE VARIOUS VENUES EXCEPT THOSE AT CROWN CASINO.

WE BELIEVE THAT THE CURRENT INDUSTRY STRUCTURE IN VICTORIA – THE EXISTING OPERATOR MODEL, PROVIDES A HIGHER STANDARD OF RESPONSIBLE GAMING, HAS THE LOWEST OPERATING COSTS AND THUS DELIVERS HIGHER TAXES TO GOVERNMENT. THIS MODEL ALSO HAS RESULTED IN THE LOWEST PER CAPITA DENSITY OF GAMING MACHINES OF ANY MAINLAND JURISDICTION WITH MACHINES OUTSIDE CASINOS.

WE SEE NO COMPELLING REASON WHY THIS OPERATOR MODEL SHOULD CHANGE, AND WE AWAIT THE GOVERNMENT'S GUIDANCE ON THIS KEY ISSUE. THIS WILL BE THE NEXT MAJOR STEP IN THE GAMING LICENCE RENEWAL PROCESS, HOPEFULLY LEADING TO A DECISION WELL BEFORE THE 2012 EXPIRY OF THE CURRENT LICENCE.

THE OTHER SIGNIFICANT STRUCTURAL DECISION TO BE MADE BY THE VICTORIAN GOVERNMENT IS IN RESPECT OF THE WAGERING LICENCE CURRENTLY HELD EXCLUSIVELY BY TABCORP, WHICH IS ALSO DUE TO EXPIRE IN 2012.

THE GOVERNMENT HAS COMMITTED THAT THE VICTORIAN RACING INDUSTRY MUST BE NO WORSE OFF AS A RESULT OF ITS STRUCTURAL REVIEW. THIS IS A VIEW SHARED BY TATTERSALL'S, AND ONE WE ARE CONFIDENT CAN BE ACHIEVED THROUGH THE INTRODUCTION OF COMPETITION IN WAGERING.

TATTERSALL'S - THROUGH UNITAB - NOW HAS STRONG WAGERING CAPABILITIES WITH EXISTING TAB LICENCES IN QUEENSLAND, SOUTH AUSTRALIA AND THE NORTHERN TERRITORY. WE HAVE THE SYSTEMS, CAPACITY, ABILITY AND STRONG DESIRE TO BRING OUR PROVEN TRACK RECORD TO VICTORIA. WE BELIEVE THAT THIS CAN BE DONE IN A WAY THAT BENEFITS OUR CUSTOMERS, THE RACING INDUSTRY, AND OUR SHAREHOLDERS.

GIVEN THAT BOTH THE GAMING AND WAGERING LICENCES IN VICTORIA RUN UNTIL 2012, AND THAT THESE IMPORTANT INDUSTRY STRUCTURE ISSUES NEED TIME FOR DISCUSSION BEFORE THEY ARE RESOLVED, A DECISION ON NEW LICENCES BEYOND 2012 IS NOT EXPECTED IN THE NEAR FUTURE.

RESPONSIBLE GAMBLING AND THE FOUNDATION

I TURN NEXT TO THE ISSUES OF RESPONSIBLE GAMBLING AND TATTERSALL'S INVOLVEMENT IN THE BROADER COMMUNITY. ALTHOUGH BOTH TOPICS WERE COVERED IN DETAIL AT LAST YEAR'S MEETING, IT IS WORTH SPENDING A FEW MOMENTS TODAY TO EMPHASISE AGAIN OUR POSITION AND COMMITMENT ON THESE IMPORTANT ISSUES.

TATTERSALL'S IS WELL AWARE OF ITS SOCIAL RESPONSIBILITIES, AND WE WILL CONTINUE TO WORK CLOSELY WITH RELEVANT GOVERNMENT AND COMMUNITY STAKEHOLDERS TO ENSURE THAT OUR PRODUCTS ARE OFFERED AND USED IN A RESPONSIBLE MANNER. WE WILL CONTINUE TO WELCOME ANY EVIDENCE-BASED INITIATIVES TO REDUCE PROBLEM GAMBLING.

OUR VEHICLE FOR CONDUCTING PHILANTHROPIC ACTIVITIES IN THE COMMUNITIES THAT WE SERVE IS THE TATTERSALL'S GEORGE ADAMS FOUNDATION. THE FOUNDATION DISTRIBUTED MORE THAN 3.5 MILLION DOLLARS TO WORTHY CAUSES LAST YEAR, MAKING TATTERSALL'S ONE OF AUSTRALIA'S LARGEST CORPORATE PHILANTHROPIC DONORS. THIS IS IN ADDITION TO THE AMOUNT OF 10 MILLION DOLLARS BEING DONATED OVER THE NEXT 3 YEARS TO QUEENSLAND HOSPITALS THROUGH GOLDEN CASKET.

I AM PLEASED TO INFORM YOU THAT THE BOARD HAS RECENTLY TAKEN THE DECISION TO CONTINUE TO SUPPORT THE FOUNDATION'S PHILANTHROPIC ACTIVITIES INTO THE FUTURE AFTER ITS INITIAL GRANT PERIOD CONCLUDES AT THE END OF THE 2007/8 FINANCIAL YEAR.

CAPITAL MANAGEMENT AND DIVIDEND POLICY

I WOULD LIKE TO BRIEFLY TOUCH ON OUR CAPITAL MANAGEMENT AND DIVIDEND POLICY.

THE TOTAL DIVIDEND PAID FOR THE PAST YEAR WAS 22 CENTS PER SHARE, INCLUDING 18 CENTS ORDINARY DIVIDEND AND THE SPECIAL DIVIDEND OF 4 CENTS PER SHARE FOLLOWING SETTLEMENT OF THE TRUSTEE COMMISSION CLAIM. THIS MEANS THAT TATTERSALL'S PAID OUT 96% OF 2006/7 PROFITS AS DIVIDENDS TO SHAREHOLDERS. EVEN IF WE EXCLUDE THE SPECIAL DIVIDEND, THE PAYOUT REMAINS AROUND 96% OF OPERATING PROFIT. YOUR BOARD IS COMMITTED TO MAINTAINING A HIGH DIVIDEND PAYOUT RATIO FOR THE FORESEEABLE FUTURE.

THE NOTICE OF MEETING INCLUDED AN INVITATION TO SEND QUESTIONS IN ADVANCE. I TAKE THIS OPPORTUNITY TO THANK SHAREHOLDERS AND I WILL ANSWER THE MOST FREQUENTLY ASKED QUESTION NOW. THE OTHER FREQUENTLY ASKED QUESTIONS HAVE BEEN COVERED ELSEWHERE IN TODAY'S PRESENTATIONS.

WE ARE OFTEN ASKED BY SHAREHOLDERS WHETHER WE PLANNED TO INTRODUCE A DIVIDEND REINVESTMENT PLAN OR DRP.

YOUR COMPANY HAS A FORMIDABLE BALANCE SHEET WITH AVERAGE DEBT FOR THE YEAR AROUND \$550 MILLION – CONSIDERED LOW FOR A COMPANY WITH MARKET CAPITALISATION IN EXCESS OF \$5 BILLION. WE ALREADY HAVE MORE THAN 1.2 BILLION SHARES ON OFFER - A LARGE NUMBER BY ANY MEASURE.

THE STRONG BALANCE SHEET AND LOW DEBT PROVIDES TATTERSALL'S WITH AN EXCELLENT POSITION FROM WHICH TO MANAGE ANY FUTURE LICENCE RENEWAL OR INDUSTRY CONSOLIDATION OPPORTUNITIES OVER THE COMING YEARS. WE WILL CONTINUE TO SEEK OPPORTUNITIES TO PRUDENTLY USE THIS BALANCE SHEET TO CONTINUE TO ADD SHAREHOLDER VALUE.

OF COURSE, THE BROAD RANGE OF CAPITAL MANAGEMENT TECHNIQUES AVAILABLE TO A COMPANY OF OUR SIZE IS KEPT UNDER REGULAR REVIEW BY THE BOARD AND MANAGEMENT. HOWEVER, WITH OVER 1.2 BILLION SHARES ALREADY ON ISSUE, RELATIVELY LOW LEVELS OF DEBT AND MANY OPPORTUNITIES AHEAD, RETAINING ADDITIONAL CASH THROUGH INTRODUCING A DRP WOULD NOT BE IN THE BEST INTERESTS OF ALL SHAREHOLDERS AT THIS STAGE OF THE COMPANY'S DEVELOPMENT.

AS A MATTER OF GOOD GOVERNANCE, THE ANSWERS TO THIS QUESTION AND SOME OTHER LESS FREQUENTLY ASKED QUESTIONS FROM SHAREHOLDERS TOGETHER WITH A COPY OF THE ADDRESSES DELIVERED TO THE MEETING TODAY WILL BE PUBLISHED IN THE INVESTOR SECTION OF THE TATTERSALL'S WEBSITE. TODAY'S ADDRESSES HAVE ALSO BEEN LODGED WITH THE ASX.

TATTERSALL'S LIMITED

CHIEF EXECUTIVE'S ADDRESS

OVERVIEW

THE TRANSFORMATION OF TATTERSALL'S INTO A BROADLY BASED GAMBLING ENTERPRISE WITH A FAR MORE SECURE FUTURE WAS ADVANCED SIGNIFICANTLY DURING THE 2007 FINANCIAL YEAR. THE MOST NOTEWORTHY ACHIEVEMENTS LAST YEAR WERE:

- THE INTEGRATION OF THE UNITAB AND TATTERSALL'S BUSINESSES;
- THE COMPLETE RE-STRUCTURING OF THE COMPANY'S OPERATIONS INTO SIX DIVERSE AND INDEPENDENT BUSINESS UNITS;
- A MORE SIGNIFICANT PRESENCE IN THE UK IN A JOINT VENTURE WITH MACQUARIE BANK;
- SETTLED THE LAST OF THE MATTERS LEFT UNRESOLVED WHEN THE ESTATE OF THE LATE GEORGE ADAMS BECAME A LISTED ENTITY AND PAID A SPECIAL DIVIDEND FROM THE UNUSED PORTION OF THE PROVISION SET ASIDE IN THE ACCOUNTS FOR THE INITIAL PUBLIC OFFER TO ACQUIRE SHARES IN JULY 2005;
- THE EXTENSION OF THE COMPANY'S LOTTERIES BUSINESS INTO A FIFTH JURISDICTION THROUGH THE ACQUISITION OF QUEENSLAND'S GOLDEN CASSET; AND MORE RECENTLY
- THE TEN YEAR RENEWAL OF THE COMPANY'S PROFITABLE VICTORIAN TATTSLOTTO, POWERBALL AND OZLOTTO LICENCES FOR \$19M.

TAKING FULL BENEFIT FROM THESE ACHIEVEMENTS CONTINUES INTO FY08. THE RATIONALISATION AND CONSOLIDATION OF THE COMPANY'S TECHNICAL OPERATIONS AND SYSTEMS, PROPERTY PORTFOLIOS AND ADMINISTRATIVE SYSTEMS WILL BE PROGRESSED FURTHER IN THE 2008 FINANCIAL YEAR.

THE RAPID AND SEAMLESS TRANSFORMATION OF TATTERSALL'S BUSINESS PORTFOLIO HAS LESSENERED OUR RELIANCE ON SINGLE PRODUCT STREAMS IN SINGLE JURISDICTIONS. THE COMPANY NOW OWNS AND OPERATES A WIDER ARRAY OF GAMBLING BUSINESSES WITH THE INFRASTRUCTURE AND TECHNICAL CAPABILITIES REQUIRED FOR A MORE SECURE FUTURE AS AUSTRALIA'S MAJOR PROVIDER OF NETWORKED GAMBLING SERVICES.

RETURN TO SHAREHOLDERS

CLEARLY, THE FY07 STORY WAS NOT JUST ABOUT BUILDING A MORE DIVERSE AND ROBUST COLLECTION OF BUSINESSES. IT PRODUCED IMMEDIATE FINANCIAL BENEFITS WHICH WILL CONTINUE TO EMERGE AS WE MOVE THROUGH FY08. FY07 HAS DELIVERED CONSIDERABLE SHAREHOLDER VALUE. SHAREHOLDERS ENJOYED THE BENEFIT OF INCREASED DIVIDENDS, A SPECIAL DIVIDEND AND SHARE PRICE GROWTH. THE TATTERSALL'S SHARE PRICE ON JULY 1, 2006 AND YESTERDAY WAS \$2.82 AND \$3.89 RESPECTIVELY, OR A CURRENT IMPLIED VALUE FOR THE OLD UNITAB SHARES OF \$16.84.

THE MAIN BENCHMARKS FOR OUR PERFORMANCE REMAIN FOCUSED ON LONG TERM SHAREHOLDER VALUE. IT IS NOT JUST ABOUT THE DOLLARS SAVED FROM A MERGER AND PAID AS AN ANNUAL DIVIDEND.

THE OPPORTUNITIES PROVIDED BY THIS LOGICAL BUSINESS COMBINATION HAVE ENABLED US TO GROW THE BUSINESS WHILE DELIVERING THE FORECAST MERGER BENEFITS AHEAD OF TARGET AND AHEAD OF SCHEDULE.

THE MORE IMPRESSIVE OUTCOME FROM THE PREVIOUS FINANCIAL YEAR HAS BEEN OUR CAPACITY TO CONVERT RELATIVELY LOW GROWTH INTO IMPROVED PROFIT MARGINS. THE PRO-FORMA EARNINGS BEFORE INTEREST DEPRECIATION AND AMORTISATION (EBITDA) ROSE 12.2% FROM A 3.5% LIFT IN FULL YEAR REVENUES. IMPORTANTLY, THIS LED TO A NET PROFIT BEFORE TAX WHICH WAS \$46M GREATER THAN WHEN THE TWO COMPANIES OPERATED AS SEPARATE ENTITIES.

THIS RESULT WAS ACHIEVED DESPITE THE DISLOCATION THAT INEVITABLY ACCOMPANIES A MERGER AS WELL AS A RAPID SEQUENCE OF ACQUISITIONS AND DIVESTMENTS – NAMELY THE ACQUISITIONS OF TALARIUS AND GOLDEN CASKET; A NEW VICTORIAN LOTTERY LICENCE; AND THE DIVESTMENT OF BYTECRAFT ENTERTAINMENT.

THE NEW TATTS BUSINESS MODEL UNDERSCORES THE COMPANY'S ABILITY TO PRODUCE RELATIVELY STABLE GROWTH AND SUSTAINABLE PROFITS. ACCORDINGLY, CAPITAL EXPENDITURE IS PREDICTABLE AND CONSISTENT WITH THE GROWTH PATTERNS PRODUCED BY THE VARIOUS BUSINESSES. THE CLOSE ALIGNMENT BETWEEN REVENUE, PROFITS AND CAPITAL INVESTMENT PRODUCE A POWERFUL BUSINESS MODEL WHICH IS STRENGTHENED WHENEVER THE RISKS OF OVER-DEPENDENCY ON A SINGLE BUSINESS OR JURISDICTION ARE REDUCED.

THIS STRENGTH WAS EVIDENT IN FY07 WHEN UNITAB WAGERING WAS THE STANDOUT PERFORMER. FORTUNATELY, OR MAYBE NATURALLY, THE OTHER BUSINESSES HAVE BEEN ABLE TO TAKE THE LEAD IN FY08 IN THE WAKE OF THE DISRUPTION TO RACING IN NSW AND QUEENSLAND FROM THE OUTBREAK OF EQUINE INFLUENZA IN LATE AUGUST THIS YEAR.

THE ONGOING PERFORMANCE OF EACH OF THE BUSINESSES CAN BE MEASURED BEST THROUGH THE PRO-FORMA RESULTS THAT WERE PUBLISHED AS PART OF THE FULL YEAR PROFIT ANNOUNCEMENT IN AUGUST. THIS INFORMATION HAS BEEN IN THE PUBLIC DOMAIN FOR A CONSIDERABLE AMOUNT OF TIME. IT WILL SERVE LITTLE PURPOSE TODAY TO DWELL ON IT, EXCEPT TO HIGHLIGHT SOME OF THE MORE SIGNIFICANT ACHIEVEMENTS;

FY 2007 RESULTS

TATTS POKIES MANAGED TO EXTRACT IMPROVED PROFITS FROM RELATIVELY LOW GROWTH. THIS BUSINESS INVESTED \$58M IN NEW GAMES AND JACKPOT SYSTEMS IN FY07, AND HAS BEGUN A PROGRAM DESIGNED TO IMPROVE ITS PRESENCE IN THE FASTER GROWING OUTLYING SUBURBS OF MELBOURNE. THE SUCCESSFUL PARTICIPATION IN THE CAROLINE SPRINGS CLUB DEVELOPMENT TYPIFIES HOW THIS PROGRAM WILL UNFOLD THROUGHOUT FY08 AND FY09.

UNITAB WAGERING HAD ITS BEST YEAR FOR MORE THAN A DECADE WITH TOTAL REVENUE UP BY 8.2%, INCLUDING FIXED ODDS BETTING ACHIEVING GROWTH OF 35.6% WITH THE SUPPORT OF THE FIFA WORLD CUP FINALS AND THE INTRODUCTION OF MULTI-BETTING.

MAXGAMING REALIGNED ITS BUSINESS AROUND A MORE RELIABLE MODEL WITH A SWITCH TO LONGER TERM CONTRACTS IN QUEENSLAND AND A STRONGER EMPHASIS ON HOTEL WIDE AREA JACKPOT LINKS IN NSW. THE QUEENSLAND BUSINESS NOW HOLDS OVER 80% OF THE MARKET.

TATTERSALL'S LOTTERIES IN VICTORIA, TASMANIA, THE NT AND ACT HAD A STRONGER SECOND HALF AS THE JACKPOT SEQUENCE RETURNED TO MORE NORMAL PATTERNS. A ONE YEAR EXTENSION TO THE LICENCE WAS ANNOUNCED FOLLOWING THE PROTRACTED AND DESTABILISING LICENCE RENEWAL PROCESS IN VICTORIA. THIS WAS ONLY RESOLVED IN OCTOBER THIS YEAR WHEN THE GOVERNMENT GRANTED TATTERSALL'S A FURTHER TEN YEAR LICENCE FOR NETWORKED GAMES WHICH ARE CONDUCTED IN CONJUNCTION WITH OTHER STATES' LOTTERIES.

BYTECRAFT SYSTEMS PRODUCED A SIGNIFICANT JUMP IN PROFITS. THIS BUSINESS CONTINUES TO EXTEND ITS REACH AND REDUCE ITS RELIANCE ON TATTERSALL'S THROUGH CONTRACTS FOR THE MAINTENANCE OF POINT OF SALE EQUIPMENT WITH A NUMBER OF NATIONAL RETAILERS AND FINANCIAL INSTITUTIONS. IT ALSO TOOK OVER THE MAINTENANCE OF THE QUEENSLAND GAMING MACHINES MONITORED BY MAXGAMING. BYTECRAFT ENTERTAINMENT WAS SOLD IN FEBRUARY DELIVERING A NET PROFIT BEFORE TAX ON DISPOSAL OF \$4.6 MILLION.

INTERNATIONAL ACTIVITIES CONTINUED TO EXPAND WITH EXTRA GAMING MACHINES DEPLOYED IN TWO PROVINCES IN SOUTH AFRICA AND THE CONVERSION OF A 10% EQUITY INTEREST IN THE UK GAMING AND AMUSEMENT MACHINE OPERATOR, TALARIUS INTO A 50:50

JOINT VENTURE WITH MACQUARIE BANK. TALARIUS OPERATES OVER 8000 MACHINES IN THE UK.

SHARED SERVICE COSTS AS A PERCENTAGE OF EBITDA FELL FROM 10.9% TO 8.9%. THE REAL DECLINE IN OVERHEADS REMAINS A PRIMARY TARGET FOR COST SAVINGS WITH REDUCED PROPERTY COSTS, AND LESS EXPENDITURE ON CONSULTANTS AND SPONSORSHIPS. THIS AREA OF THE BUSINESS IS ALSO CONTRIBUTING TO LOWER INPUTS BY SUCCESSFULLY NEGOTIATING REDUCED COSTS FOR COMPANY-WIDE SERVICES INCLUDING TELECOMS AND A NUMBER OF CONSUMABLES USED IN THE WAGERING AND LOTTERIES BUSINESSES.

LOCKING DOWN THESE BENEFITS HAS BECOME AN IMPORTANT PART OF HOW WE MOVE INTO FY08. INDEED, FY08 IS TURNING OUT TO BE AN INTERESTING YEAR. HOWEVER, WE SUSPECT THAT NO YEAR IN THE FUTURE WILL BE THE SAME AS THE LAST. THIS IS A REFLECTION OF THE DIVERSITY OF THE BUSINESSES WE OWN.

FY 2008 YEAR TO DATE

TRADING IN FY08 SO FAR PRESENTS A DIFFERENT STORY TO THE ONE THAT EMERGED IN FY07:

TATTS POKIES

FY08 HAS DELIVERED THE BEST START TO A YEAR ACHIEVED BY TATTS POKIES SINCE SMOKING BANS IN GAMING ROOMS IN 2002 WITH TOTAL GAMING MACHINE REVENUE UP BY 3.7% SO FAR THIS FINANCIAL YEAR. THIS GROWTH, AND THE CAREFUL MANAGEMENT OF OVERHEADS, HAS MEANT THAT OPERATING PROFITS TO DATE HAVE OFF-SET THE COST OF THE EXTRA HEALTH BENEFIT LEVY IMPOSED ON THIS BUSINESS BY THE GOVERNMENT OF VICTORIA FROM JULY 1 THIS YEAR.

A NUMBER OF ADDITIONAL REGULATIONS WILL APPLY FROM JANUARY 1. THEY REQUIRE THE REMOVAL OF 283 GAMING MACHINES UNDER THE GOVERNMENT'S REGIONAL CAPS POLICY AND WILL TAKE TO 42 THE NUMBER OF IMPEDIMENTS PLACED IN THE WAY OF THIS BUSINESS SINCE 1999 ALONE. ACCORDINGLY, IT WILL BE DIFFICULT FOR THIS BUSINESS TO EXCEED THE OPERATING PROFIT RECORDED LAST FINANCIAL YEAR NOTWITHSTANDING THE EFFORT WE HAVE MADE TO COMPLY WITH THESE NEW RESTRICTIONS, INCLUDING A \$27M INVESTMENT IN NEW MACHINES AND GAMES DURING THE FIRST HALF.

UNITAB WAGERING

EXCEEDINGLY STRONG GROWTH IN THE LEAD-UP TO THE OUTBREAK OF EQUINE INFLUENZA STALLED AFTER AUGUST 25TH. RACE WAGERING SALES HAVE DECLINED BY 7% YEAR TO DATE. THEY HAVE BEGUN THE LONG HAUL BACK INTO POSITIVE TERRITORY SINCE FALLING TO 7.3% BEHIND AT THE WEEK WHICH ENDED ON 24 OCTOBER. THIS RECOVERY WILL ACCELERATE WHEN METROPOLITAN RACING RESUMES IN NSW AND QUEENSLAND TOMORROW.

FIRST HALF EBITDA IS LIKELY TO BE DOWN BY AROUND \$5 MILLION ON THE PRO-FORMA RESULT OF \$69.8M REPORTED FOR THE CORRESPONDING PERIOD LAST YEAR.

IT IS PROBABLY A LITTLE BEYOND THIS BUSINESS TO DELIVER SALES GROWTH THIS FINANCIAL YEAR. THE FIRST HALF USUALLY CONTRIBUTES AROUND 52% OF ANNUAL SALES AND IT WILL BE DIFFICULT TO RUN DOWN A 7% DEFICIT BY JUNE 30. WE EXPECT THAT THE FIRST HALF PROFIT SHORTFALL OF AROUND \$5M WILL BE SUBSTANTIALLY RECOVERED IN THE SECOND HALF EVEN IF SALES ARE MARGINALLY BEHIND THE LEVEL SET LAST FINANCIAL YEAR.

MAXGAMING

MAXGAMING IS ENJOYING A BETTER YEAR FOLLOWING THE DECISION LAST YEAR TO PROTECT THIS BUSINESS WITH LONGER TERM CONTRACTS IN QUEENSLAND AND THE SHIFT TO MORE RELIANCE ON WIDE AREA LINKS WITHIN THE HOTEL SECTOR IN NSW. THE DOWNWARD PRESSURE ON PRICING TO SECURE THESE OUTCOMES AND A GENERAL REDUCTION IN OPERATING COSTS IS ALREADY APPARENT FROM IMPROVED PROFIT MARGINS THIS FINANCIAL YEAR.

LOTTERIES

THE INTEGRATION OF THE GOLDEN CASKET AND TATTERSALL'S LOTTERIES HAS PROGRESSED RAPIDLY WITH A STRONG RESPONSE TO A VOLUNTARY EARLY RETIREMENT PROGRAM, NORMAL JACKPOT ACTIVITY AND THE OPPORTUNITY TO SPREAD THE DEPRECIATION OF THE VICTORIAN LOTTERY INFRASTRUCTURE OVER A LONGER LICENCE PERIOD. WE REMAIN CONFIDENT THAT WE WILL COMFORTABLY ACHIEVE THE PREVIOUSLY ANNOUNCED EBITDA FORECAST OF \$90M IN FY08. THE PRO-FORMA EBITDA LAST YEAR FROM TATTERSALL'S LOTTERIES OPERATING ALONE WAS \$35.7M.

THE SPREADING OF THE LOTTERY SYSTEM DEPRECIATION OVER A LONGER PERIOD SHOULD SEE THE GROUP'S TOTAL DEPRECIATION FOR THE YEAR AT LESS THAN \$110 MILLION.

BYTECRAFT AND INTERNATIONAL

MEANWHILE, IN OTHER PARTS OF THE BUSINESS, BYTECRAFT SYSTEMS CONTINUES TO EXTEND ITS CUSTOMER BASE AND BUILD ITS REVENUE BASE. REVENUE GROWTH IS ALMOST 30% THIS FINANCIAL YEAR AS A RESULT OF NEW CONTRACTS AND THE ACQUISITION OF THE QUEENSLAND GAMING MACHINE MAINTENANCE CONTRACTS FROM GETRONICS.

THE SOUTH AFRICAN GAMING MACHINE OPERATIONS ARE PRODUCING MONTHLY OPERATING PROFITS AS THE ROLL-OUT OF MACHINES IN BOTH WESTERN CAPE AND KWAZULU-NATAL CONTINUES. MACHINE NUMBERS HAVE INCREASED FROM 789 AT JUNE 30 TO 907 AT THE END OF OCTOBER.

THE TALARIUS JOINT VENTURE IS CURRENTLY ENCOUNTERING THE DUAL IMPACT OF SMOKING BANS IN THE UK AND CHANGES TO THE MAXIMUM ALLOWABLE PLAY ON HIGH VALUE MACHINES. EXPERTISE FROM TATTS POKIES, MAXGAMING AND BYTECRAFT HAVE BEEN ACTIVE

IN ANALYSING MACHINE PERFORMANCE AND MAINTENANCE PROCEDURES AS PART OF A PROGRAM TO IMPROVE BUSINESS PERFORMANCE AND POSITION THE COMPANY TO TAKE ADVANTAGE OF OPPORTUNITIES TO ENGAGE IN FURTHER CONSOLIDATION WITHIN THE UK MARKET. UNTIL THESE STRATEGIES GAIN TRACTION, TALARIUS IS LIKELY TO GENERATE SMALL LOSSES AFTER FUNDING COSTS ARE TAKEN INTO ACCOUNT.

THE RESULTS ACHIEVED SO FAR THIS YEAR ILLUSTRATE HOW RESILIENT THE TATTS BUSINESS MODEL HAS BECOME. THE SECOND HALF OF FY08 IS EXPECTED TO SEE A RECOVERY IN THE WAGERING BUSINESS WHILE TATTS POKIES WILL STRUGGLE UNDER THE WEIGHT OF NEW GOVERNMENT RESTRICTIONS. THE GENERAL TRADING ENVIRONMENT IN VICTORIA SHOULD ALSO IMPROVE WITHOUT THE DISTRACTION OF THE CLAIMS MADE BY THE FORMER TRUSTEES AND THE UNCERTAINTY AND REPUTATIONAL DAMAGE CAUSED BY THE PROTRACTED LOTTERY LICENCE RENEWAL PROCESS.

CONVERSELY, WE ANTICIPATE THAT THE LIKELY ANNOUNCEMENT OF THE VICTORIAN GAMING AND WAGERING LICENCE RENEWAL PROCESS WILL OFFER ONGOING AND NEW OPPORTUNITIES FOR TATTS. IT IS IMPORTANT THAT WE TAKE ADVANTAGE OF THE GOVERNMENT'S RECENTLY ANNOUNCED ENTHUSIASM FOR COMPETITION IN THE GAMBLING SECTOR WHEN THIS PROCESS BEGINS. IT IS EQUALLY IMPORTANT THAT WE AND THE GOVERNMENT OF VICTORIA RECOGNISE THAT WE CAN ONLY CONTINUE TO OFFER HIGH QUALITY AND CAREER ORIENTED CORPORATE EMPLOYMENT OPPORTUNITIES IN VICTORIA IF WE HOLD QUALITY LICENCES WITHIN THE STATE.

SHAREHOLDERS OF TATTERSALL'S HAVE BENEFITED FROM THE PROGRESS WE HAVE MADE IN FY07. THE COMPANY REPRESENTS A BETTER INVESTMENT TODAY THAN IT DID BEFORE THE MERGER IN OCTOBER LAST YEAR. IT IS A PERFORMANCE DRIVEN ENTERPRISE COMMITTED TO SUSTAINABLE AND LONG TERM RETURNS. I AM SURE THAT YOU WILL CONTINUE TO BE ABLE TO FIND A PLACE FOR TATTS IN YOUR INVESTMENT PORTFOLIO BETWEEN NOW AND THE FY08 AGM.