

OUTLOOK

The company currently expects that the strong first half performance will be sustained for the full year. Net profit after tax (pre goodwill and non-recurring items) is anticipated to be 20% to 25% above the year ended 30 June 2003.

The merger with Jupiters Limited was successfully completed in November 2003. As mentioned earlier in the report, the expected synergies are above forecast and the integration is ahead of schedule.

TABCORP continues to set new benchmarks for entertainment and hospitality in our industry, striving to offer high quality, innovative products and providing the highest levels of service to customers.

Its diversified businesses across the east coast of Australia ensure that TABCORP is well positioned for future growth, delivering rewards to shareholders and strong support to the racing, entertainment and tourism industries.

On 23 February 2004 the company announced a takeover bid for Tab Limited. A merger of TABCORP and Tab will create significant value for shareholders through the realisation of substantial synergies and efficiencies, as we have achieved with the recent acquisition of Jupiters. TABCORP believes that it can realise synergies and efficiencies (contributing to pre-tax earnings) of at least \$53 million per year in the third full year following completion of the merger. These savings are after deducting the NSW and Victorian racing industries' net share of synergies and assuming certain regulatory approvals are obtained. A successful merger would consolidate our position as one of the world's premier gambling and entertainment companies and would give the merged company an excellent platform from which to grow.

SHAREHOLDER INFORMATION

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Online shareholder information

For further information about TABCORP, please visit our website at: www.tabcorp.com.au

Information on this website is updated regularly to enable shareholders to conveniently access information about TABCORP and its businesses.



TABCORP HOLDINGS LIMITED

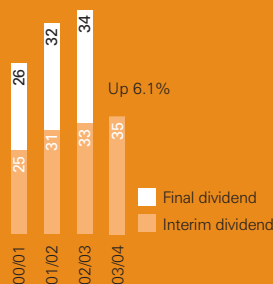
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HALF YEAR REPORT

31 DECEMBER 2003

- Net profit after tax (before goodwill) – up 23.5% to \$173.2 million (an increase of 20.6% excluding non-recurring items)
- Earnings per share (before goodwill) – up 19.5% to 45.3 cents (an increase of 16.8% excluding non-recurring items)
- Basic earnings per share – up 14.7% to 40.6 cents
- Interim dividend 35 cents per share fully franked – up 6.1% on previous interim dividend of 33 cents per share. Introduction of a dividend reinvestment plan.
- Dividend payout ratio of 83.9% compared to 86.0% on a before goodwill basis
- Net operating revenue \$1,118.5 million – up 13.8%
- Earnings before interest, taxation and goodwill amortisation (EBITA) – up 25.4% to \$284.7 million
- Taxes on gambling paid by TABCORP businesses – \$401.2 million
- Income generated for the Victorian racing industry – \$135.0 million
- The TABCORP group contributed \$38 million to state community benefit funds
- Successful merger with Jupiters and synergies greater than expected
- Takeover offer for Tab Limited

Dividends per share
Cents per share (fully franked)



Comparisons refer to the previous corresponding half year period, unless otherwise stated

The Directors of TABCORP Holdings Limited are pleased to report net profit after tax before goodwill of \$173.2 million for the six months ended 31 December 2003, being a 23.5% increase compared to the previous corresponding period.

The Directors declared an interim dividend of 35 cents per share fully franked, up from 33 cents for the previous comparable period. The Board has activated a new dividend reinvestment plan enabling shareholders to use this dividend to purchase additional shares at a discount of 2.5%.

Shareholders holding not less than 200 shares will have received with this report information about the new shareholder benefits scheme. This shareholder benefits scheme provides benefits, such as special hotel room rates and restaurant discounts, available at the company's hotel and casino complexes. The benefits scheme is available to those shareholders holding at least 200 shares.

During the half-year, TABCORP businesses paid out a total of \$401.2 million in taxes on gambling that help provide essential services in the community and support for various groups. In addition, the Victorian racing industry received \$135.0 million from TABCORP businesses, assisting the industry to maintain a market leading position in the provision of racing products and to operate outstanding events such as the Spring Racing Carnival.

Star City received an extremely positive review following the triennial review by the NSW Casino Control Authority. The review found that Star City has in place a thorough, comprehensive and impressive compliance system which is overseen in a highly competent and focussed manner. This has been the result of TABCORP's firm commitment to operate a highly reputable hotel and casino complex, which is a major tourist attraction in Australia. TABCORP has enhanced the reputation of Star City and implemented a successful cultural change program at the same time as substantially improving EBITA profitability from \$112.3 million in the year ended 30 June 2001 to \$181.7 million in the year ended 30 June 2003 (excluding non-recurring items).

The Jupiters merger completed in November 2003 has been managed successfully and is ahead of schedule and financial forecasts. The expected annual synergies arising from the Jupiters merger are \$24.6 million, \$14.4 million above the \$10.2 million identified at the time of the merger, with \$20.5 million expected to be achieved in the year ending 30 June 2005. The merged group is benefiting already from the increased scale, business diversity and enhanced financial strength resulting from this merger.

Following the merger with Jupiters the Board had the pleasure of welcoming John Story and Lawrence Willett as non-executive Directors of TABCORP. John Story was previously a Director of Jupiters and Lawrence Willett was previously Chairman of Jupiters. They bring substantial corporate, industry and administrative experience to the TABCORP Board.

Michael Robinson
Chairman

Matthew Slatter
Managing Director and
Chief Executive Officer

During the half year ended 31 December 2003, TABCORP's net operating revenue grew by 13.8% to \$1,118.5 million. Wagering revenue grew strongly on the previous period and the Casinos division reported a 39.3% increase in revenue. There was evidence of a recovery in the last few months of the half year, but smoking bans in Victoria continued to hold down activity in the Gaming division. Revenue was down by 4.6% for the half year compared to the prior corresponding period, with Victorian gaming revenue down 5.3%.

Earnings before interest, taxation and goodwill amortisation (EBITA) for the TABCORP group were \$284.7 million, up 25.4% on the prior corresponding period (up 23.1% excluding non-recurring items in the prior period).

Earnings per share before goodwill amortisation increased 19.5% on the prior corresponding period to 45.3 cents.

The annualised return on average shareholders' equity (before goodwill) of 21.6% was achieved through continued tight control on expenses and efficient capital management.

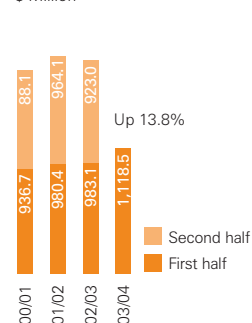
| TABCORP Financial Results Summary | 6 Months to 31 Dec 03 \$m | 6 Months to 31 Dec 02 \$m | Change % |
|--|---------------------------------|---------------------------------|-------------|
| Operating revenue | 1,118.5 | 983.1 | 13.8 |
| Total revenue from ordinary activities | 1,131.4 | 991.1 | 14.2 |
| EBITDA | 333.7 | 272.4 | 22.5 |
| EBITA | 284.7 | 227.1 | 25.4 |
| NPAT | 155.4 | 131.2 | 18.4 |
| NPAT before goodwill | 173.2 | 140.3 | 23.5 |

EBITDA – Earnings before interest, tax, depreciation and goodwill amortisation

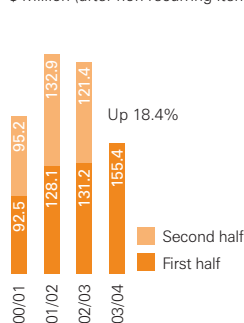
EBITA – Earnings before interest, tax and goodwill amortisation

NPAT – Net profit after tax

Net operating revenue
\$ Million



Net profit after tax
\$ Million (after non-recurring items)



The Wagering and Network Games division recorded a 13.3% increase in net operating revenue to \$253.3 million. The increase in net operating revenue was achieved by a combination of solid underlying growth in its traditional Victorian based wagering businesses and the inclusion of the Jupiters' businesses of Keno and Jupiters International technology sales for the months of November and December. On a comparative six-month pro-forma basis, including the Jupiters businesses for the full six months in the periods ending 31 December 2003 and 31 December 2002, the overall revenue growth was 7.6% on the prior corresponding period.

Revenue from wagering on racing increased by 3.8%. Revenue from thoroughbred racing grew by 2.6%, supported by a record Flemington Spring Carnival. Revenue from harness racing grew by 5.2% and greyhound racing grew by 8.6%, with the codes benefiting from additional meeting coverage and enhanced marketing.

Revenue from sportsbetting grew by 23.7%, with the World Cup Rugby tournament attracting considerable interest from existing and new customers.

Trackside, the animated horse racing game, continued to provide strong revenue growth of 23.1% in Victorian retail outlets, with further expansion planned during the next 12 months.

Account Sales betting continued to show strong growth, with self-service technologies representing 49.2% of account transactions, and internet transactions growing by 69.6% during the six-month period.

Keno in Queensland and New South Wales and the Jupiters International technology sales business were integrated into the operations from November 2003. For the two months, these businesses contributed \$19.5 million in revenue with all products showing solid growth over comparable periods. On a comparative six-month pro-forma basis Keno revenue from all States was up 3.9% on the prior corresponding period and Jupiters International (including international sales and support of Trackside) recorded \$9.8 million in revenue for the six months, up from \$1.9 million in the prior corresponding period.

The overall revenue growth, combined with the division's ability to continue to extract operating efficiencies, resulted in an increase of 24.2% in EBITA to \$46.6 million. On a comparative six-month pro-forma basis, EBITA for Wagering and Network Games increased 14.8% on the prior corresponding period.

| Summary of Wagering Business Financial Performance | 6 Months to 31 Dec 03 \$m | 6 Months to 31 Dec 02 \$m | Change % |
|---|---------------------------------|---------------------------------|-------------|
| Operating revenue | 253.3 | 223.5 | 13.3 |
| Total revenue from ordinary activities | 259.7 | 227.2 | 14.3 |
| Racing industry fees | 68.6 | 66.0 | 4.0 |
| Government betting tax* | 66.4 | 60.6 | 9.6 |
| Operator commissions | 27.6 | 21.7 | 27.1 |
| Other operating expenses | 43.1 | 35.7 | 20.8 |
| EBITDA | 54.1 | 43.3 | 25.0 |
| EBITA | 46.6 | 37.5 | 24.2 |

* Includes GST on gambling revenue

The Gaming division reported a 4.6% decline in net operating revenue over the previous corresponding period to \$428.7 million. The decrease in net operating revenue reflected six months of smoking bans in Victorian gaming venues for the period ended 31 December 2003, compared to four months for the previous corresponding period, with revenue from Victorian gaming down 5.3% on the prior corresponding period. On a comparative six-month pro-forma basis the overall revenue decrease was 5.0% on the prior year, with machine monitoring in Queensland up 10.2%.

The decrease associated with the smoking bans has been partially offset by improved facilities, amenities and products in Victorian venues.

Recovery from the smoking bans continued. Revenue from Victorian operations for the month of December 2003 increased 2.7% compared with December 2002. The company continues to work with venues to improve the amenities for smokers with 198 venues of the total 270 having been modified to the 'optimum' (Grade 4) smoking area solution as at 31 December 2003. In addition, all venues have implemented an electronic gaming machine reservation system to meet the needs of smokers.

Revenue performance was supported by the company's ongoing process of upgrading its network with the latest games, machines and jackpot products. A total of 1,581 new games, new machines and machine platform upgrades have been introduced. This included 215 Cash Express hyperlink jackpot machines, which have been well received by our customers. A total of 502 hyperlink machines are now operational.

During the period, one new TABARET venue opened and 20 venues were refurbished.

The Gaming division integrated the Jupiters Machine Monitoring business into its operations from November 2003. For the two months, this business contributed \$3.6 million in revenue, showing solid growth over comparable periods.

Operating costs (excluding \$1.8 million in non-recurring items in the prior period) were 21.8% above the prior corresponding period due to the inclusion of machine monitoring operating expenses. On a comparative six-month pro-forma basis, costs were below the prior corresponding period by 2.7% excluding non-recurring items.

EBITA (excluding non-recurring items) declined 5.7% to \$108.8 million compared with the previous period. On a comparative six-month pro-forma basis, EBITA (excluding non-recurring items) declined 5.2%.

Victoria's TABARET hotel venues contributed \$31.4 million to the State's Community Support Fund for the six months to 31 December 2003.

| Summary of Gaming Business Financial Performance | 6 Months to 31 Dec 03 \$m | 6 Months to 31 Dec 02 \$m | Change % |
|---|---------------------------------|---------------------------------|-------------|
| Operating revenue | 428.7 | 449.2 | -4.6 |
| Total revenue from ordinary activities | 431.8 | 450.6 | -4.2 |
| Government betting tax* | 172.9 | 182.4 | -5.2 |
| Operator commissions | 117.9 | 124.3 | -5.1 |
| Other operating expenses | 18.9 | 17.3 | -9.4 |
| EBITDA | 122.1 | 126.7 | -3.6 |
| EBITA | 108.8 | 113.6 | -4.2 |

* Includes GST on gambling revenue

The Casinos division achieved a 39.3% increase in net operating revenue to \$432.4 million and an increase in EBITA (excluding non-recurring items) to \$136.1 million, reflecting the Jupiters acquisition. On a comparative six-month pro-forma basis, operating revenues increased 6.0%, while EBITA (excluding non-recurring items) increased 22.8%.

At Star City, revenue from the main gaming floor tables increased by 6.5%, continuing the strong growth achieved in the second half of the 2003 financial year. Revenue from table games in the private gaming room increased 2.9% and electronic gaming revenue increased 1.0%. Increased investment in new products such as Rapid Sic Bo, expansion of the Rapid Roulette product and an enhanced promotional program is expected to improve current performances. The stage show Mamma Mia completed its run at Star City after achieving sales of 664,604 tickets. Hotel operations grew strongly despite the refurbishment of 310 standard rooms during this period. Occupancy of 85.7% was achieved for the half on stronger average room rates. High occupancy during the Rugby World Cup boosted the solid underlying growth. A continued focus on operating efficiencies delivered a 3.1% increase in the EBITDA margin at Star City.

The three Jupiters casinos on the Gold Coast, in Brisbane and in Townsville delivered strong net operating revenues for the two months to 31 December 2003, recording solid hotel room occupancy and improvements to gaming machine products. There were mixed performances in table games, but strong revenue growth from electronic gaming machines across the three casinos. On a comparative six-month pro-forma basis, net operating revenue from the three Jupiters casinos was up 8.8% relative to the prior corresponding period with revenue from the international rebate play business \$14.6 million above theoretical for the six months. Electronic gaming revenue increased by 7.8% relative to the prior corresponding period. On the same pro-forma basis, non-gaming net operating revenue at the three Jupiters casinos was up 9.7% on the prior corresponding period.

The integration of Jupiters into the TABCORP group continues and teams from Jupiters and Star City are now sharing best-practice knowledge in all areas of casino operations to enhance customer experience and operating margins.

The Queensland Government's announcement of a \$9 million phase one expansion of the Gold Coast Convention and Exhibition Centre is extremely positive and strongly supported by TABCORP. The initial \$118 million project will have a 6,000 seat auditorium – the largest in Australia for a convention centre – 19 meeting rooms and 7,000 square metres of exhibition space. The project has created 3,000 full time jobs during construction and will open mid-year.

| Summary of Casinos Financial Performance | 6 Months to 31 Dec 03 \$m | 6 Months to 31 Dec 02 \$m | Change % |
|---|---------------------------------|---------------------------------|-------------|
| Operating revenue | 432.4 | 310.4 | 39.3 |
| Total revenue from ordinary activities | 434.2 | 313.2 | 38.6 |
| Government betting tax* | 83.3 | 63.1 | 31.9 |
| Operating expenses | 186.7 | 142.2 | 31.3 |
| EBITDA | 164.2 | 107.9 | 52.2 |
| EBITA | 136.1 | 81.6 | 66.9 |

* Includes GST on gambling revenue