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APPENDIX 4D

Tabcorp

Results for announcement to the market

Half year report for the 6 months ended 31 December 2018
Tabcorp Holdings Limited (ABN 66 063 780 709)

Results	$m	% change increase/(decrease)
Revenue from ordinary activities	2,787.5	108%
Profit from ordinary activities after tax attributable to members	182.5	642%
Net profit for the period attributable to members	182.5	642%
From continuing activities:		
Revenue from continuing activities	2,787.4	108%
Profit from continuing activities after tax	192.3	97%

Dividend	Record date	Payable	Amount per share	Franked amount per share
Interim dividend	19 February 2019	13 March 2019	11.0 ¢	11.0 ¢

No foreign conduit income is attributable to the interim dividend.

Dividend reinvestment plan

Tabcorp's Dividend Reinvestment Plan (DRP) will operate in respect of the interim dividend, with the last date for receipt of election notices being 20 February 2019. No discount is applicable to shares allocated to participants and no brokerage, commission or other transaction costs will be payable by participants on shares acquired under the DRP. Shares will be allocated on 13 March 2019 and will rank equally in all respects with existing shares. The price at which shares are allocated is the daily volume weighted average market price of Tabcorp shares sold in the ordinary course of trading on the Australian Securities Exchange over a period of 10 business days beginning on the second business day after the dividend record date.

Net tangible asset backing	December 2018 $	June 2018 $	December 2017 $
Net tangible asset backing per ordinary share	**(2.07)**	(2.12)	(1.81)
Net tangible asset backing per ordinary share including licences	**(0.92)**	(0.95)	(1.00)

Supplementary information

The previous corresponding period is the half year ended 31 December 2017.

For additional Appendix 4D disclosures, refer to the accompanying Interim Financial Report (which includes the Directors' Report) for the half year ended 31 December 2018 and ASX Media Release.

This Appendix 4D should be read in conjunction with Tabcorp Holdings Limited's Annual Report 2018.

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Tabcorp

Tabcorp Holdings Limited and controlled entities

ABN 66 063 780 709

INTERIM FINANCIAL REPORT

For the half year ended 31 December 2018

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Tabcorp

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DIRECTORS' REPORT

Tabcorp

The Directors of Tabcorp Holdings Limited (the Company) present their report for the consolidated entity comprising the Company and its subsidiaries (the Tabcorp Group) in respect of the half year ended 31 December 2018.

Directors

The Directors of the Company in office during the half year and up to the date of this report (unless otherwise stated) are as follows:

Name	Title
Paula Dwyer	Chairman and Non Executive Director
David Attenborough	Managing Director and Chief Executive Officer
Bruce Akhurst	Non Executive Director
Harry Boon	Non Executive Director
Steven Gregg	Non Executive Director
Vickki McFadden	Non Executive Director
Justin Milne	Non Executive Director
Zygmunt Switkowski AO	Non Executive Director

Elmer Funke Kupper retired as a Non Executive Director at the Annual General Meeting on 17 October 2018.

Principal activities

The principal activities of the Tabcorp Group during the half year comprised the provision of gambling and entertainment services. The Tabcorp Group's principal activities remain unchanged from the previous financial year to 30 June 2018, except as disclosed elsewhere in this Directors' Report.

Review of operations

The Tabcorp Group has the following three operating segments at the end of the period:

- Lotteries and Keno;
- Wagering and Media; and
- Gaming Services.

The Sun Bets operating segment reported in the financial results for the previous financial year ended 30 June 2018 was discontinued following the closure of the Company's Sun Bets business in the UK.

Comparisons to the prior half year period ended 31 December 2017 includes 18 days contribution from Tatts Group Limited (Tatts Group) following the Company's acquisition of all the ordinary shares of Tatts Group in December 2017.

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Group

Reported net profit after income tax (NPAT) was $182.5 million, up from $24.6 million in the previous corresponding period (pcp). This period's result was positively impacted by the full period contribution from the Tatts Group. Basic earnings per share (EPS) for the period was 9.1 cents per share, up from 2.6 cents per share in the pcp which was adversely impacted by the discontinued Sun Bets operations.

Revenues from continuing operations were $2,787.4 million and NPAT from continuing operations was $192.3 million, up >100% and 97.2% respectively on the pcp. Earnings before interest and tax (EBIT) from continuing operations was $378.4 million, up from $208.9 million in the pcp. Basic EPS from continuing operations for the period was 9.5 cents per share, down from 10.3 cents per share in the pcp.

Lotteries and Keno

Revenues for the Lotteries and Keno business were $1,409.2 million and EBIT was $210.1 million, both of which were up >100% on the pcp resulting from the contribution from the Tatts Group for the full period.

Lotteries revenues were $1,292.8 million, supported by game innovations and ongoing investment in digital. The result was also helped by favourable jackpots. The new Powerball game was launched in April 2018, creating bigger and more frequent jackpots. Digital sales accounted for 21.5% of total lottery sales. There are now more than 2.98 million active registered players.

Keno revenues were $116.4 million, and benefited from the launch of Keno Mega Millions in Victoria in September 2018. Digital sales accounted for 5.5% of total Keno sales.

Wagering and Media

Revenues for the Wagering and Media business were $1,221.8 million and EBIT was $159.6 million, up 22.8% and 33.8% respectively on the pcp, primarily resulting from the contribution from the Tatts Group (UBET) for the full period.

TAB turnover was $6,668.5 million, up 2.6% on the pcp, with growth in digital turnover ($2,944.8 million, up 15.3% on the pcp), more than offsetting the decline in retail turnover ($3,014.6 million, down 5.6% on the pcp). TAB fixed odds revenues were $469.4 million, down 2.3% on the pcp, due to a significant increase in generosities in the current period and lower fixed odds yields. TAB tote revenues were $499.7 million, down 5.1%.

UBET turnover was $1,859.0 million, including digital turnover of $639.3 million and retail turnover of $955.1 million. UBET contributed $276.5 million in revenues for the period, comprising fixed odds revenues of $130.8 million and tote revenues of $145.7 million.

Gaming Services

Revenues for the Gaming Services business were $155.8 million and EBIT was $37.4 million, up 69.0% and 30.8% respectively on the pcp, primarily as a result of the contribution from the Tatts Group (Max) for the full period.

The results were impacted by the expiry of some TGS venue contracts. Progress continues to be made on long-term TGS contract extensions with one-third of the Victorian network now contracted beyond 2022, albeit on lower margins. There are now 8,350 contracted electronic gaming machines in Victoria and 1,900 in NSW.

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Changes in the state of affairs

On 19 July 2018, the Tabcorp Group announced that it had completed discussions with News UK and executed an agreement to exit the Sun Bets business and Sun Bets ceased offering products effective from that date.

Dividends

A final dividend of 10 cents per share fully franked in respect of the year ended 30 June 2018 was announced on 8 August 2018 and paid to shareholders on 14 September 2018.

An interim dividend of 11 cents per share in respect of the current financial year has been announced. The interim dividend will be fully franked and payable on 13 March 2019 to shareholders registered at 19 February 2019. The ex-dividend date is 18 February 2019.

The Company's Dividend Reinvestment Plan will operate in respect of this interim dividend, with no discount or underwriting applicable.

The target dividend payout ratio for the 2019 financial year is 100% of NPAT before significant items, amortisation of the Victorian Wagering and Betting Licence, and purchase price accounting.

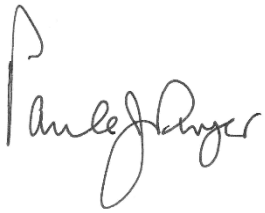
Rounding of amounts

Dollar amounts in the Financial Report and the Directors' Report have been rounded to the nearest hundred thousand unless specifically stated to be otherwise, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6. This auditor's independence declaration forms part of the Directors' Report.

This report has been signed in accordance with a resolution of Directors.



Paula J Dwyer
Chairman

13 February 2019
Melbourne

Ernst & Young
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Auditor's Independence Declaration to the Directors of Tabcorp Holdings Limited

As lead auditor for the review of Tabcorp Holdings Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tabcorp Holdings Limited and the entities it controlled during the financial period.

Ernst & Young

David Shewring
Partner
13 February 2019

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INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Tabcorp

	Note	December 2018 $m	December 2017 $m
Revenue		**2,787.4**	1,338.1
Other income	A3	**2.3**	104.2
Commissions and fees		**(783.5)**	(491.5)
Government taxes and levies		**(992.5)**	(261.5)
Employment costs		**(215.0)**	(131.9)
Depreciation and amortisation		**(149.6)**	(98.8)
Impairment	A3	**-**	(13.8)
Communication and technology costs		**(61.0)**	(41.1)
Advertising and promotions		**(82.8)**	(48.1)
Property costs		**(36.0)**	(25.2)
Other expenses		**(90.9)**	(74.5)
Transaction costs - combination with Tatts Group	A3	**-**	(47.0)
Profit before income tax expense and net finance costs		**378.4**	208.9
Finance income		**0.7**	1.0
Finance costs		**(97.0)**	(45.9)
Profit from continuing operations before income tax expense		**282.1**	164.0
Income tax expense		**(89.8)**	(66.5)
Profit from continuing operations after income tax expense		**192.3**	97.5
Discontinued operations			
Loss from discontinued operations net of tax	C1	**(9.8)**	(72.9)
Net profit after tax		**182.5**	24.6
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges taken to equity		**29.5**	2.3
Exchange differences on translation of foreign operations		**(0.1)**	(0.2)
Income tax relating to these items		**(9.0)**	(0.7)
Items that will not be reclassified to profit or loss			
Net loss on equity instruments at fair value through other comprehensive income		**(0.1)**	(0.1)
Other comprehensive income for the period, net of income tax		**20.3**	1.3
Total comprehensive income for the period		**202.8**	25.9

	December 2018 cents	December 2017 cents
Earnings per share:		
From continuing operations		
Basic earnings per share	**9.5**	10.3
Diluted earnings per share	**9.5**	10.2
Total attributable to shareholders of Tabcorp		
Basic earnings per share	**9.1**	2.6
Diluted earnings per share	**9.0**	2.6
Dividends per share:		
Declared and paid during the period	**10.0**	12.5
Determined in respect of the period	**11.0**	11.0

The income statement should be read in conjunction with the accompanying notes.

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BALANCE SHEET
AS AT 31 DECEMBER 2018

Tabcorp

	Note	December 2018 $m	June 2018 $m
Current assets			
Cash and cash equivalents		**413.9**	368.2
Receivables		**136.7**	98.1
Prepayments		**53.6**	44.9
Current tax assets		**19.0**	21.1
Derivative financial instruments	B3	**51.9**	49.6
Other		**81.4**	85.8
Total current assets		**756.5**	667.7
Non current assets			
Receivables		**5.6**	7.0
Investment in an associate		**29.5**	22.7
Other financial assets	B2	**112.2**	75.8
Licences		**2,307.4**	2,361.1
Other intangible assets		**9,115.4**	9,142.0
Property, plant and equipment		**527.5**	488.2
Prepayments		**26.2**	29.9
Derivative financial instruments	B3	**260.7**	123.0
Other		**29.8**	23.4
Total non current assets		**12,414.3**	12,273.1
TOTAL ASSETS		**13,170.8**	12,940.8
Current liabilities			
Payables		**1,002.2**	1,019.9
Interest bearing liabilities	B1	**316.8**	132.9
Provisions		**68.9**	92.4
Derivative financial instruments	B3	**34.6**	48.1
Other		**73.7**	67.3
Total current liabilities		**1,496.2**	1,360.6
Non current liabilities			
Payables		**276.9**	261.8
Interest bearing liabilities	B1	**3,435.8**	3,371.8
Deferred tax liabilities		**596.1**	596.1
Provisions		**69.9**	78.9
Derivative financial instruments	B3	**31.5**	21.8
Other		**10.4**	11.2
Total non current liabilities		**4,420.6**	4,341.6
TOTAL LIABILITIES		**5,916.8**	5,702.2
NET ASSETS		**7,254.0**	7,238.6
Equity			
Issued capital		**8,544.1**	8,529.1
Accumulated losses		**(585.0)**	(566.2)
Reserves		**(705.1)**	(724.3)
TOTAL EQUITY		**7,254.0**	7,238.6

The balance sheet should be read in conjunction with the accompanying notes.

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CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Tabcorp

	December 2018 $m	December 2017 $m
Cash flows from operating activities		
Net cash receipts in the course of operations	**2,865.8**	1,381.0
Payments to suppliers, service providers and employees	**(1,538.9)**	(898.1)
Payment of government levies, betting taxes and GST	**(888.8)**	(159.4)
Finance income received	**0.6**	1.0
Finance costs paid	**(106.7)**	(64.3)
Income tax paid	**(95.0)**	(21.5)
Net cash flows from operating activities	**237.0**	238.7
Cash flows from investing activities		
Payments relating to cash-settled equity swap	**-**	(325.1)
Proceeds relating to cash-settled equity swap	**-**	74.1
Payment for business acquisition, net of cash acquired	**-**	(210.7)
Net proceeds from business divestment	**-**	13.2
Payment for property, plant and equipment and intangibles	**(110.8)**	(105.9)
Proceeds from sale of property, plant and equipment and intangibles	**1.4**	-
Payment for exercise of call option	**(8.2)**	-
Proceeds from sale of shares in an associate	**12.1**	-
Payment for financial assets	**(36.2)**	-
Loan repayments received from customers	**1.1**	5.0
Net cash flows used in investing activities	**(140.6)**	(549.4)
Cash flows from financing activities		
Net cash flows from revolving bank facilities	**154.0**	35.0
Proceeds from borrowings	**-**	3,529.0
Repayment of borrowings	**-**	(2,536.2)
Settlement of dividends payable by business acquired	**-**	(235.0)
Dividends paid	**(188.6)**	(104.4)
Payment of transaction costs for share issue	**-**	(2.4)
Payment for on-market share purchase	**(0.7)**	(4.9)
Net cash flows from/(used in) financing activities	**(35.3)**	681.1
Net increase in cash held	**61.1**	370.4
Effects of exchange rate changes on cash	**0.1**	0.1
Cash at beginning of period	**352.7**	114.3
Cash at end of period	**413.9**	484.8

The cash flow statement should be read in conjunction with the accompanying notes.
The cash flow statement includes the cash flows of the discontinued Sun Bets business, refer note C1.

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STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Tabcorp

	Number of ordinary shares m	Issued capital: Ordinary shares $m	Issued capital: Treasury shares $m	Accumulated losses $m	Reserves: Hedging $m	Reserves: Demerger $m	Reserves: Other $m	Total equity $m
2018								
Balance at 1 July 2018	**2,013.0**	**8,529.2**	**(0.1)**	**(566.2)**	**(56.9)**	**(669.9)**	**2.5**	**7,238.6**
Profit for the period	**-**	**-**	**-**	**182.5**	**-**	**-**	**-**	**182.5**
Other comprehensive income	**-**	**-**	**-**	**-**	**20.5**	**-**	**(0.2)**	**20.3**
Total comprehensive income	**-**	**-**	**-**	**182.5**	**20.5**	**-**	**(0.2)**	**202.8**
Dividends paid	**-**	**-**	**-**	**(201.3)**	**-**	**-**	**-**	**(201.3)**
Dividend reinvestment plan	**2.6**	**12.7**	**-**	**-**	**-**	**-**	**-**	**12.7**
Transfers	**-**	**2.8**	**-**	**-**	**-**	**-**	**(2.8)**	**-**
Restricted shares issued	**-**	**-**	**(0.7)**	**-**	**-**	**-**	**-**	**(0.7)**
Share based payments expense	**-**	**-**	**0.2**	**-**	**-**	**-**	**1.7**	**1.9**
Balance at 31 December 2018	**2,015.6**	**8,544.7**	**(0.6)**	**(585.0)**	**(36.4)**	**(669.9)**	**1.2**	**7,254.0**
		Total issued capital	**8,544.1**			**Total reserves**	**(705.1)**	
2017								
Balance at 1 July 2017	835.3	2,445.1	(0.6)	(270.3)	(24.2)	(669.9)	3.3	1,483.4
Profit for the period	-	-	-	24.6	-	-	-	24.6
Other comprehensive income	-	-	-	-	1.6	-	(0.3)	1.3
Total comprehensive income	-	-	-	24.6	1.6	-	(0.3)	25.9
Dividends paid	-	-	-	(104.4)	-	-	-	(104.4)
Transfers	-	3.0	-	-	-	-	(3.0)	-
Restricted shares issued	-	-	(0.3)	-	-	-	-	(0.3)
Share based payments expense	-	-	0.4	-	-	-	1.6	2.0
Consideration for business combination	1,175.2	6,075.7	-	-	-	-	-	6,075.7
Transaction costs on business combination	-	(2.4)	-	-	-	-	-	(2.4)
Net outlay to purchase shares	-	(4.6)	-	-	-	-	-	(4.6)
Balance at 31 December 2017	2,010.5	8,516.8	(0.5)	(350.1)	(22.6)	(669.9)	1.6	7,475.3
		Total issued capital	8,516.3			Total reserves	(690.9)	

The statement of changes in equity should be read in conjunction with the accompanying notes.

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ABOUT THIS REPORT

Tabcorp Holdings Limited (the Company) is a company domiciled in Australia. The general purpose condensed consolidated half year financial report of the Company for the six months ended 31 December 2018 (half year financial report) comprises the Company and its subsidiaries (the Group) and the Group's interest in joint arrangements and associates.

In December 2017, the Group acquired 100% of the ordinary shares of Tatts Group Limited (Tatts Group), through a scheme of arrangement between Tatts Group and its members. Comparative period results include 18 days contribution from Tatts Group.

The half year financial report was authorised for issue by the Board of Directors on 13 February 2019 and has been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001 (Cth).

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth).

The accounting policies used are consistent with those applied in the 30 June 2018 financial report, except for the adoption of new standards effective as of 1 July 2018. The Group applies, for the first time, *AASB 9 Financial Instruments* and *AASB 15 Revenue from Contracts with Customers.*

Adoption of AASB 9 impacted how the Group classifies certain financial instruments (refer note B2). Assets previously classified as held to maturity investments are now classified as debt instruments at amortised cost and assets previously classified as available for sale financial assets are now classified as equity instruments at fair value through other comprehensive income (FVOCI). Comparative information has been restated. There were no changes to the measurement of the Group's financial assets except that changes in the fair value of equity instruments at FVOCI are no longer permitted to be reclassified to profit or loss upon derecognition. There were no changes in the classification or measurement of the Group's financial liabilities.

AASB 15 establishes a framework for determining whether, how much and when revenue from contracts with customers is recognised. The core principle is that revenue must be recognised when control of the goods or services is transferred to the customer, at the transaction price. The Group's accounting policies in relation to revenue (refer to note A1) have been aligned to the new standard.

On application of AASB 15, certain commission arrangements are reclassified out of operating expenses and are presented as a reduction to revenue. The reclassification has no impact on profit. The below table sets out the impact of the restatement:

	December 2017		
	Reported $m	Impact $m	Restated $m
Revenue	1,372.5	(34.4)	1,338.1
Commission and fees	(525.9)	34.4	(491.5)

Note disclosures in this half year financial report have been grouped into the following three sections:

A Group performance
A1 Segment information
A2 Dividends
A3 Revenue and expenses
A4 Subsequent events

B Capital and risk management
B1 Interest bearing liabilities
B2 Other financial assets
B3 Derivative financial instruments
B4 Fair value measurement

C Group structure
C1 Discontinued operations

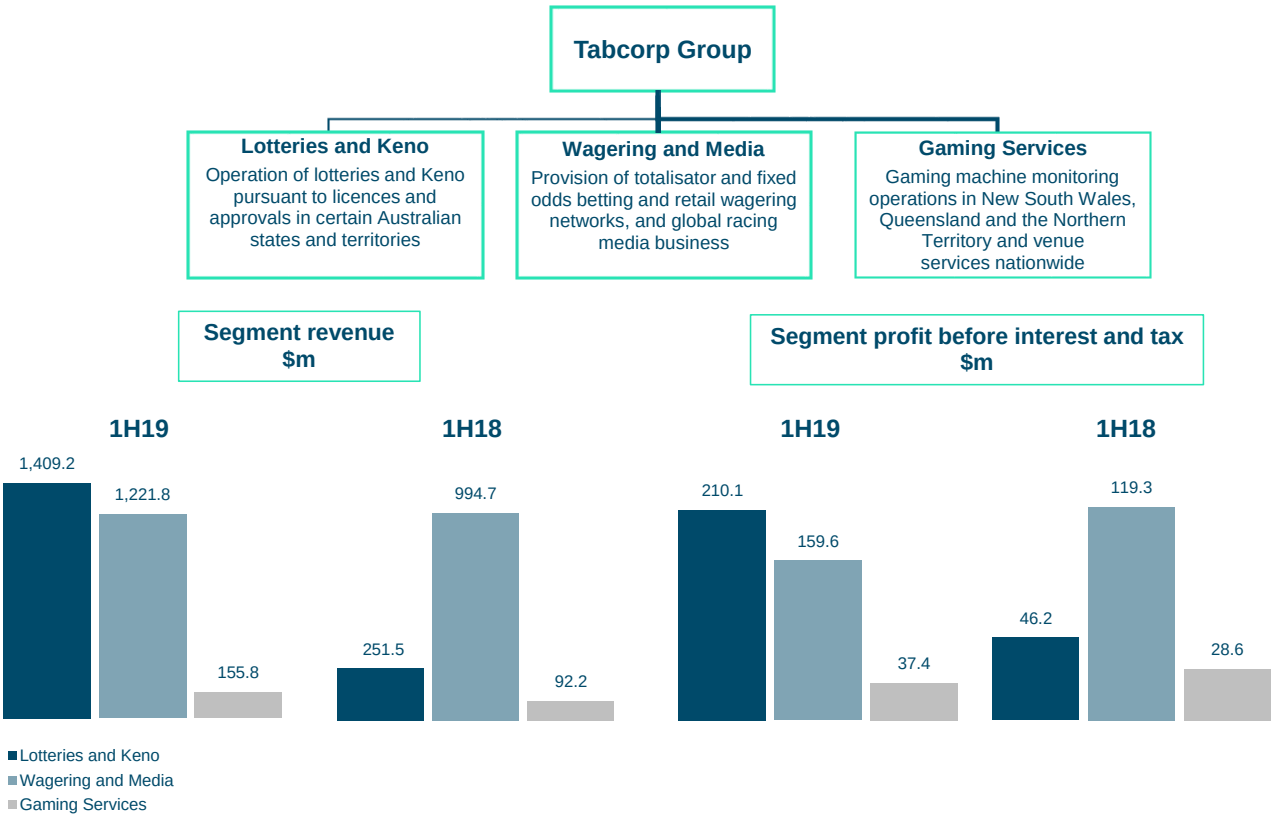
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SECTION A - GROUP PERFORMANCE

A1 Segment information

Operating segments reflect the business level at which financial information is provided to the Managing Director and Chief Executive Officer (Chief Operating Decision Maker), for decision making regarding resource allocation and performance assessment. The measure of segment profit used excludes significant items not considered integral to the ongoing performance of the segment. Inter-segment pricing is determined on commercial terms and conditions.

The Group has three operating segments at period end. Sun Bets ceased trading during the period and is reported as a discontinued operation (refer Note C1). Comparative information has been restated to reflect the Group's current reportable segments.



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SECTION A - GROUP PERFORMANCE (CONTINUED)

A1 Segment information (continued)

	Lotteries and Keno $m	Wagering and Media $m	Gaming Services $m	Total $m
December 2018				
Revenue - external customers	**1,409.2**	**1,220.9**	**155.8**	**2,785.9**
Revenue - intersegment	**-**	**0.9**	**-**	**0.9**
Segment revenue	**1,409.2**	**1,221.8**	**155.8**	**2,786.8**
Segment profit before interest and tax	**210.1**	**159.6**	**37.4**	**407.1**
December 2017				
Segment revenue - external customers	251.5	994.7	92.2	1,338.4
Segment profit before interest and tax	46.2	119.3	28.6	194.1

	Revenue		Profit	
	December 2018 $m	December 2017 $m	**December 2018 $m**	December 2017 $m
Reconciliation of segment revenue and profit before tax				
Segment total (per above)	**2,786.8**	1,338.4	**407.1**	194.1
Intersegment revenue elimination	**(0.9)**	-	**-**	-
Unallocated items:				
- significant items:				
- costs relating to the combination with Tatts Group	**-**	-	**(17.7)**	(69.4)
- Racing Queensland arrangements [(i)]			**(8.6)**	-
- net gain on cash-settled equity swap	**-**	-	**-**	110.3
- other [(ii)]	**-**	-	**-**	(23.3)
	-	-	**(26.3)**	17.6
- finance income	**-**	-	**0.7**	1.0
- finance costs [(iii)]	**-**	-	**(97.0)**	(45.9)
- other	**1.5**	(0.3)	**(2.4)**	(2.8)
Total per income statement (continuing operations)	**2,787.4**	1,338.1	**282.1**	164.0

(i) Additional fees related to the minimum performance obligations under Racing Queensland arrangements.

(ii) Significant items - other: in the prior period comprised costs relating to Luxbet closure of $17.0m and loss on Odyssey divestment of $6.3m.

(iii) Prior period includes financing costs relating to the cash-settled equity swap of $6.3m.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. The following specific criteria must also be met before revenue is recognised:

Lotteries revenue is recognised as the gross subscriptions received for lotteries less prizes payable when the official draw for each game is completed. Subscriptions received during the year for games which will be drawn in the next financial period, are deferred and recognised as revenue in the next financial period. Revenue from lottery card subscriptions is recognised over the life of the subscription. Management fees recognised in relation to the Master Agent Agreement associated with the operation of SA Lotteries are recognised in sales revenue.

Keno revenue is recognised as the residual value after deducting the return to customers from Keno turnover.

Wagering revenue is recognised as the residual value after deducting the return to customers from wagering turnover. Fixed odds betting revenue is recognised as the net win or loss on an event. The amounts bet on an event are recognised as a liability until the outcome of the event is determined, at which time the revenue is brought to account. Open betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue.

The Group operates loyalty programmes enabling customers to accumulate award credits for wagering spend. A portion of the spend is allocated to the loyalty points awarded to customers on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue from the award credits is recognised when the award is redeemed or expires.

Media revenue includes subscription income and advertising revenue, and is recognised once the service has been rendered. Subscriptions received relating to future periods are treated as deferred revenue.

Gaming services revenue is recognised once the service has been rendered or the goods have been delivered to the buyer.

SECTION A - GROUP PERFORMANCE (CONTINUED)

A2 Dividends

	December 2018 Cents per share	December 2017 Cents per share	December 2018 $m	December 2017 $m
Fully franked dividends declared and paid during the period:				
Prior year final dividend	**10.0**	12.5	**201.3**	104.4
Fully franked dividends determined in respect of the period:				
Interim dividend	**11.0**	11.0	**221.7**	221.1
Fully franked dividends declared after balance date to be recognised in subsequent period:				
Interim dividend	**11.0**	11.0	**221.7**	221.1

A3 Revenue and expenses

	December 2018 $m	December 2017 $m
(a) Other income		
Net gain on cash-settled equity swap	**-**	110.3
Net gain/(loss) on disposal of non current assets	**1.5**	(0.3)
Net loss on disposal of subsidiaries	**-**	(6.3)
Other	**0.8**	0.5
	2.3	104.2
(b) Impairment		
Plant and equipment	**-**	1.2
Other intangible assets - software	**-**	9.3
Other intangible assets - other	**-**	3.3
	-	13.8
(c) Transaction costs - combination with Tatts Group		
Consultancy and legal costs	**-**	31.2
Debt related costs	**-**	15.4
Other expenses	**-**	0.4
	-	47.0

A4 Subsequent events

Other than the events disclosed elsewhere in this report, no additional matters or circumstances have arisen since the end of the half year, that may significantly affect the Group's operations, the results of those operations or the state of affairs of the Group.

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SECTION B - CAPITAL AND RISK MANAGEMENT

B1 Interest bearing liabilities

The Group borrows money from financial institutions and debt investors in the form of bank loans, foreign currency denominated notes and bonds. The following table details the debt position of the Group at 31 December:

Facility	Details	Facility $m	Maturity	December 2018 $m	June 2018 $m
Bank overdraft	Floating interest rate revolving bilateral overdraft facility.	100.0	Feb-19	**-**	15.5
Bank loans - unsecured	Floating interest rate revolving facility. Subject to financial undertakings as to gearing and interest cover.	633.3	Dec-20	**631.0**	630.7
		633.3	Dec-21	**412.2**	257.8
		633.4	Dec-22	**-**	-
		1,900.0		**1,043.2**	888.5
US private placement	Fixed interest rate US dollar debt. Aggregate US dollar principal of $1,640.0 million. Cross currency swaps are in place for all US dollar debt. Under these swaps the aggregate Australian dollar amount payable at maturity is $2,008.5 million.	USD 87.0	Apr-19	**123.4**	117.4
		USD 170.0	Dec-20	**246.5**	236.1
		USD 133.0	Apr-22	**188.4**	179.3
		USD 105.0	Jun-26	**148.2**	141.1
		USD 450.0	Jun-28	**635.1**	604.6
		USD 520.0	Jun-30	**733.8**	698.7
		USD 175.0	Jun-33	**247.0**	235.1
		AUD 97.3	Jun-35	**96.8**	96.7
		AUD 97.3	Jun-36	**96.8**	96.7
				2,516.0	2,405.7
Tatts Bonds	Floating rate interest 90 day BBSW +3.1% paid quarterly in arrears.	192.0	Jul-19	**193.4**	195.0
				3,752.6	3,504.7
Current				**316.8**	132.9
Non current				**3,435.8**	3,371.8
				3,752.6	3,504.7

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SECTION B - CAPITAL AND RISK MANAGEMENT (CONTINUED)

B2 Other financial assets

AASB 9 requires that, subsequent to initial recognition, an entity recognises its financial assets at amortised cost or fair value, depending on the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. Following the adoption of AASB 9, the Group classifies its financial assets as follows:

	December 2018 $m	June 2018 $m
Equity instruments at fair value through other comprehensive income		
Unlisted investments - managed fund	**21.0**	20.8
Debt instruments at amortised cost		
Investment - term deposits	**91.2**	55.0
	112.2	75.8

Equity instruments at fair value through other comprehensive income are equity instruments which the Group intends to hold for the foreseeable future, and for which an irrevocable election to classify as such upon transition to AASB 9 has been made.

After initial measurement, they are subsequently carried at fair value (refer to note B4). Changes in the fair value are recognised in other comprehensive income and accumulated in a reserve within equity. No subsequent recycling of gains or losses to profit or loss is permitted.

Debt instruments at amortised cost are financial assets held in order to collect contractual cash flows that solely represent payments of principal and interest. They are carried at amortised cost.

B3 Derivative financial instruments

The Group holds the following derivative financial instruments, all at fair value based on level 2 observable inputs (refer to note B4):

	December 2018 $m	June 2018 $m
Current assets		
Cross currency swaps	**51.9**	40.5
Equity derivative	**-**	9.1
	51.9	49.6
Non current assets		
Interest rate swaps	**-**	1.2
Cross currency swaps	**260.7**	121.8
	260.7	123.0
	312.6	172.6
Current liabilities		
Interest rate swaps	**21.4**	22.4
Cross currency swaps	**6.7**	9.5
Open betting positions	**6.5**	16.2
	34.6	48.1
Non current liabilities		
Interest rate swaps	**31.5**	21.4
Cross currency swaps	**-**	0.4
	31.5	21.8
	66.1	69.9

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SECTION B - CAPITAL AND RISK MANAGEMENT (CONTINUED)

B4 Fair value measurement

The fair value of financial assets and financial liabilities is estimated for recognition, measurement and disclosure purposes at each balance date. Various methods are available to estimate the fair value of a financial instrument and comprise:

Level 1	- calculated using quoted prices in active markets.
Level 2	- estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3	- estimated using inputs for the asset or liability that are not based on observable market data.

The carrying amount of financial assets or liabilities recognised in the financial statements is deemed to be the fair value unless stated below:

	Carrying amount		Fair value	
	December 2018 $m	June 2018 $m	**December 2018 $m**	June 2018 $m
Financial assets				
Investment in an associate	**29.5**	22.7	**52.1**	33.0
	29.5	22.7	**52.1**	33.0
Financial liabilities				
US private placement	**2,526.7**	2,416.3	**2,610.8**	2,440.3
Tatts Bonds	**193.8**	195.6	**192.8**	196.2
	2,720.5	2,611.9	**2,803.6**	2,636.5

The fair value of the Group's financial instruments is estimated as follows:

Investment in an associate
Fair value is determined using quoted market price (level 1 in fair value hierarchy).

US private placement
Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at balance date, in combination with restatement to foreign exchange rates at balance date (level 2 in fair value hierarchy).

Tatts Bonds
Fair value is determined using independent market quotations (level 1 in fair value hierarchy).

Cross currency and interest rate swaps
Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at balance date (level 2 in fair value hierarchy).

Equity instruments at fair value through other comprehensive income
Fair value is calculated by reference to market prices prevailing at balance date (level 2 in fair value hierarchy).

Equity derivative
Fair value was calculated using the Black Scholes Discrete model (level 2 in fair value hierarchy).

There have been no significant transfers between level 1 and level 2 during the half year ended 31 December 2018.

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SECTION C - GROUP STRUCTURE

C1 Discontinued operations

In July 2018, Sun Bets ceased trading and is reported as a discontinued operation. Sun Bets was a UK online wagering and gaming business that the Group had in partnership with News UK since 2016.

The results of the discontinued operations are presented below:

	December 2018 $m	December 2017 $m
Revenue	**0.1**	3.7
Expenses [(i)]	**(10.6)**	(78.5)
Loss before income tax benefit	**(10.5)**	(74.8)
Income tax benefit on operating activities of discontinued operations	**0.7**	1.9
Loss from discontinued operations, net of tax	**(9.8)**	(72.9)
Cash flow information - discontinued operations:		
The cash flows from the discontinued operations contained in the Group cash flow statement are:		
Net cash outflow from operating activities	**(91.7)**	(12.4)
Net cash outflow from investing activities	**-**	(5.5)
Net cash outflow	**(91.7)**	(17.9)
Earnings per share from discontinued operations:		
Basic earnings per share	**(0.5)**	(7.7)
Diluted earnings per share	**(0.5)**	(7.6)

(i) Expenses in the prior period included an impairment of software of $4.3 million and an onerous contract provision raised in relation to contractual obligations of $49.0 million.

A **discontinued operation** is a component of the Group's business that represents a separate major line of business or geographical area of operations, or is a controlled entity acquired or held exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

DIRECTORS' DECLARATION

Tabcorp

In the opinion of the Directors of Tabcorp Holdings Limited:

(a) the financial statements and notes are in accordance with the Corporations Act 2001 (Cth), including:

  (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and

  (ii) complying with Accounting Standards and Corporations Regulations 2001 (Cth); and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.



Paula J Dwyer
Chairman



David R H Attenborough
Managing Director and Chief Executive Officer

Melbourne
13 February 2019

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Independent Auditor's Review Report to the Members of Tabcorp Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Tabcorp Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

David Shewring
Partner
Melbourne
13 February 2019

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