

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT of 2017

Re: Proposed acquisition of Tatts Group Limited by Tabcorp Holdings Limited**Tabcorp Holdings Limited** (Applicant)Statement of: **Fiona Mead**

Address: 5 Bowen Crescent, Melbourne, Victoria, 3004

Occupation: Acting Company Secretary

Date: 7 March 2017



Filed on behalf of Tabcorp Holdings Limited (Applicant)

Prepared by Grant Marjoribanks

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A. INTRODUCTION

1. I am employed by Tabcorp Holdings Limited ACN 063 780 709 (**Tabcorp**) as Acting Company Secretary. I am authorised to make this statement on Tabcorp's behalf.
2. Exhibited to me at the time of signing this statement and marked "Exhibit FMM-1" is a bundle of documents. Where in this statement I refer to documents, I refer to them by reference to their tab number in FMM-1 and their unique document number beginning with a "TBP" prefix. I have reviewed the documents to which I refer prior to signing this statement.
3. The matters set out in this statement are based on my knowledge of Tabcorp's operations and my involvement with Tabcorp's business as Acting Company Secretary. I have also made enquiries of relevant Tabcorp books and records.

A.1. Experience and employment history

4. I have been employed by Tabcorp in the role of Acting Company Secretary since July 2016.
5. Prior to joining Tabcorp, I was Company Secretary of Asciano Limited, a position I held from 2007 to 2014. Prior to that role, I was Assistant Company Secretary of Telstra Corporation from 1997 to 2007.
6. I hold a Bachelor of Laws (Honours) and a Bachelor of Commerce from the University of Melbourne. I am also a Fellow of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Company Directors.

B. TABCORP COMPANY INFORMATION REQUIRED FOR THE FORM S

7. I have been asked to provide certain information which I am informed by Tabcorp's solicitors, Herbert Smith Freehills, is required for the Form S. That information is set out in sections B.2 to B.4 below and in Exhibit FMM-1 and is current as at 1 March 2017.

B.2. Corporate and ownership details

8. Tabcorp is incorporated in Victoria and its registered address is 5 Bowen Crescent, Melbourne, Victoria, 3004.
9. Tabcorp is listed on the Australian Securities Exchange (**ASX**). As at 1 March 2017, Tabcorp has on issue:
 - (a) **Ordinary Shares:** 835,267,014 fully paid ordinary shares which are listed on the ASX under the code TAH;

- (b) **Subordinated Notes:** 2,500,000 subordinated notes which are unsecured, subordinated, cumulative debt securities listed on the ASX under the code TAHHB; and
- (c) **Performance Rights:** 3,879,208 Performance Rights issued to Tabcorp's senior employees pursuant to long-term incentive arrangements.
10. All Ordinary Shares issued by Tabcorp carry one vote per share. Subordinated Notes entitle holders to receive quarterly interest payments (subject to deferral) and \$100 cash per note upon redemption. Subordinated Notes and Performance Rights do not carry any right to vote.
11. A copy of Tabcorp's Constitution is at **Tab 1** of **FMM-1 [TBP.004.013.5037]**. Tabcorp's Constitution, together with an agreement entered into with the State of Queensland, contain restrictions prohibiting an individual from having a voting power of more than 10%. Tabcorp may refuse to register any transfer of shares which would contravene these shareholding restrictions or require divestiture of the shares that cause an individual to exceed the shareholding restrictions.
12. A copy of Tabcorp's Annual Report for the year ended 30 June 2016 (**FY2016 Annual Report**) is at **Tab 2** of **FMM-1 [TBP.011.001.0117]**.
13. As at 1 March 2017, Tabcorp's register of members identified the following shareholders as having a greater than 5% shareholding:

Investor name	Number of ordinary shares	% of issued capital
HSBC Custody Nominees (Australia) Limited	215,661,577	25.82
J P Morgan Nominees Australia Limited	184,563,349	22.10
National Nominees Limited	77,205,044	9.24

B.3. Related bodies corporate

14. Tabcorp's related bodies corporate at the end of FY2016 are reported in the FY2016 Annual Report (at **Tab 2** of **FMM-1 [TBP.011.001.0117]** at **[.0219]**). I set out at **Tab 3** of **FMM-1 [TBP.001.022.0488]** a list of Tabcorp's related bodies corporate which is current as at 1 March 2017.

B.4. Recent acquisitions

15. I set out at **Tab 4** of **FMM-1 [TBP.001.022.0152]** a list of Australian acquisitions made by Tabcorp and its related bodies corporate in the last 5 years.

Signature of witness



Name of witness

Fiona Mead

Date of signature

7 March 2017

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT of 2017

Tabcorp Holdings Limited (Applicant)

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

EXHIBIT CERTIFICATE

This is the exhibit marked "**FMM-1**" to the statement of **Fiona Mead** dated **7 March 2017**.

Exhibit FMM-1

Filed on behalf of Tabcorp Holdings Limited (Applicant)

Prepared by Grant Marjoribanks

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RE: Proposed acquisition of Tatts
Group Limited by Tabcorp Holdings
Limited

Tab	Document Description	Document ID
1	Tabcorp's constitution	TBP.004.013.5037
2	Tabcorp Annual Report 2016	TBP.011.001.0117
3	Tabcorp's related bodies corporate	TBP.001.022.0488
4	Australian acquisitions made by Tabcorp and its related bodies corporate 2012-2017	TBP.001.022.0152

List of Tabcorp's Australian acquisitions in the last 5 years

Date	Acquisition
August 2012	Tabcorp Wagering Holdings Pty Ltd acquired an Australian field services business owned by NCSS Maintenance Services Pty Limited.
October 2014	Tabcorp acquired the ACTTAB business, which conducted totalisator and fixed odds wagering, as well as Trackside and Keno, in the ACT.
May 2015	Tabcorp Wagering Holdings Pty Ltd acquired all the shares in OneTab Australia Pty Ltd and OneTab Holdings Pty Ltd, which conducted the business of digital bar tab services.
December 2016	Tabcorp acquired Intecq Limited, a business supplying gaming and promotional management systems and services.



Tabcorp Holdings Limited
ACN 063 780 709

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Facsimile 61 3 9868 2300
Website www.tabcorp.com.au

26 October 2011

To: Australian Securities Exchange
Companies Announcements Platform
20 Bridge Street
Sydney NSW 2000

AMENDED CONSTITUTION

At the Annual General Meeting of Tabcorp Holdings Limited, held on 26 October 2011, special resolutions to amend the company's Constitution were passed.

A copy of the Constitution, incorporating the amendments passed at the Annual General Meeting, is attached in accordance with Listing Rule 15.4.2.

Kerry Willcock
Executive General Manager – Corporate, Legal and Regulatory

Enc.

CONSTITUTION

OF

TABCORP HOLDINGS LIMITED

(ACN 063 780 709)

Incorporates all amendments including those approved at the AGM on 26 October 2011

Preliminary

1. (a) The name of the Company is Tabcorp Holdings Limited.
- (b) The Company is a public company limited by shares.
- (c) The Replaceable Rules in the Corporations Act do not apply to the Company (except to the extent this Constitution contains them) but instead the following is the Constitution prescribing regulations for the Company.

PART 1

Interpretation

2. (1) In this Constitution unless it is inconsistent with the subject or context in which it is used:

"Applicable Gaming Law of Queensland" means the Keno Act 1996 (Qld);

"appropriate decision maker" or "appropriate decision maker under the Applicable Gaming Law of Queensland" means the Minister of the Crown in right of the State of Queensland for the time being charged with the administration of the Applicable Gaming Law of Queensland (and includes any other Minister of the Crown who is temporarily performing the duties of that Minister) or (if relevant) any other applicable decision maker;

"ASX Settlement" means ASX Settlement Pty Ltd (ABN 49 008 504 532);

"ASX Settlement Operating Rules" means the operating rules of ASX Settlement or of any relevant organisation which is an alternative or successor to, or replacement of, ASX Settlement or of any applicable person who holds a licence under the Corporations Act which authorises the person to operate a clearing and settlement facility;

"ASX" means ASX Limited (ABN 98 008 624 691) and includes any successor body;

"Board" means the Directors for the time being of the Company or those of them that are present at a meeting at which there is a quorum;

"Business Day" means a day which is a business day for the purposes of the Listing Rules;

"Call" includes any instalment of a call and any amount due on allotment of any share;

"Chairman" includes an Acting Chairman under Rule 52;

"CHESS Holding" has the same meaning as in the ASX Settlement Operating Rules;

"Committee" means a Committee to which powers have been delegated by the Board pursuant to Rule 90;

"the Company" means Tabcorp Holdings Limited (ACN 063 780 709);

"Constitution" means this Constitution as altered or added to from time to time;

"Corporations Act" means the Corporations Act 2001 (Cth) and includes a reference to the Corporations Regulations;

"Direct Vote" means a notice of a shareholder's voting intention delivered to the Company by post, fax, electronic or other means approved by the Board and otherwise in accordance with this Constitution and regulations, rules and procedures made by the Board in accordance with Rule 62A;

"Director" means a person appointed or elected from time to time to the office of Director of the Company in accordance with this Constitution and includes any alternate Director duly acting as a Director;

"Group" means the Company and its subsidiaries;

"Holding Adjustment" has the same meaning as in the ASX Settlement Operating Rules;

"Issuer Sponsored Holding" has the same meaning as in the ASX Settlement Operating Rules;

"the Listing Rules" means the ASX Listing Rules;

"Marketable Parcel" has the same meaning as in the Listing Rules;

"Market Transfer" means a transfer of shares in the Company where the transfer is pursuant to a transaction entered into on the stock market operated by the ASX and includes a proper ASTC transfer;

"NSW TAB Privatisation Act" means the Totalizator Agency Board Privatisation Act 1997 (NSW);

"Office" means the registered office from time to time of the Company;

"person" and words importing persons include partnerships, associations and corporations, unincorporated and incorporated by Ordinance, Act of Parliament or registration as well as individuals;

"proper ASTC transfer" has the same meaning as in the Corporations Regulations;

"Register" means the register of shareholders of the Company and includes a branch register of shareholders established pursuant to Rule 101;

"Registered Address" means the address of a shareholder specified on a transfer or any other address of which the shareholder notifies the Company as a place at which the shareholder will accept service of notices;

"Relevant Associate" means an associate (within the meaning of section 1.4 of the Victorian Act) of the Company, or of a subsidiary of the Company, in circumstances where the Company or that subsidiary is a gambling industry participant within the meaning of section 1.3(1) of the Victorian Act;

"Relevant Period for Queensland" means the period during which the Company, or a subsidiary of the Company, is a holder of a keno licence under the Applicable Gaming Law of Queensland;

"Relevant Period for TAB (NSW)" means the period during which:

- (a) the Company, or a wholly owned subsidiary of the Company, is the nominated company within the meaning of Section 37A of the NSW TAB Privatisation Act; and
- (b) the Company, or a wholly owned subsidiary of the Company, has a relevant interest in more than 10% of the voting shares in TAB or has such relevant interests in voting shares in TAB or such circumstances exist which, in the absence of the Company, or a wholly owned subsidiary of the Company, being the nominated company within the meaning of Section 37A of the NSW TAB Privatisation Act, would result in the Company having a prohibited shareholding interest in TAB (within the meaning of Division 3 of the Totalizator Act);

"Relevant Subsidiary for Queensland" means Tabcorp Gaming Holdings Limited (ACN 136 582 806);

"Relevant Period for Victoria" means the period during which the Company, or a subsidiary of the Company, is a gambling industry participant within the meaning of section 1.3(1) of the Victorian Act;

"Replaceable Rules" has the same meaning as in the Corporations Act;

"Retiring Director" means a Director who is required to retire under Rule 81(a) and a Director who ceases to hold office pursuant to Rule 69;

"Seal" means the common seal from time to time of the Company;

"Secretary" means a person appointed as Secretary of the Company and includes any person appointed to perform the duties of Secretary;

"securities" includes shares, stock, rights to shares or stock, options to acquire shares or stock and other securities with rights of conversion to equity and debentures, debenture stock, notes and other obligations of the Company;

"share", in relation to a body corporate, means a share in the body corporate's share capital;

"shareholder" means a shareholder of the Company in accordance with the Corporations Act;

"shareholders present" means shareholders present at a general meeting of the Company in person or by duly appointed representative, proxy or attorney;

"statutory declaration" means a declaration by virtue of any Act of the Commonwealth, of a State or of a Territory authorising a declaration to be made otherwise than in the course of a judicial proceeding;

"TAB" means TAB Limited (ACN 081 765 308);

"TAB (NSW) Ministers" means both of the following Ministers:

- (a) the "Minister", as defined in section 5 of the NSW TAB Privatisation Act; and
- (b) the Minister responsible for administering the Totalizator Act;

"Takeover" has the same meaning as in the Listing Rules;

"Totalizator Act" means the Totalizator Act 1997 (NSW);

"Victorian Act" means the Gambling Regulation Act 2003 (Vic);

"Victorian Commission" means the Victorian Commission for Gambling Regulation constituted under the Victorian Act;

"writing" and **"written"** includes printing, typing, lithography and other modes of reproducing words in a visible form;

- (2) Words and phrases which are given a special meaning by the Corporations Act have the same meaning in this Constitution.
- (3) Words in the singular include the plural and vice versa.
- (4) Words importing a gender include each other gender.

- (5) A reference to the Corporations Act or any other statute or regulations is to be read as though the words "as modified or substituted from time to time" were added to the reference.
- (6) A reference to the Listing Rules or the ASX Settlement Operating Rules is to the Listing Rules or the ASX Settlement Operating Rules (as the case may be) in force from time to time in relation to the Company after taking into account any waiver or exemption which is in force either generally or in relation to the Company.
- (7) The headings do not affect the construction of this Constitution.

SHARES

Issue of shares with special rights

3. Without prejudice to any special rights conferred on the holders of any shares, and subject to this Constitution and the Listing Rules, any share in the capital of the Company may be issued with preferred, deferred or other special rights, obligations or restrictions, whether in regard to dividends, voting, return of share capital, payment of calls or otherwise, as the Board may from time to time determine.

Preference shares

4. If the Company at any time proposes to create and issue any preference shares:
 - (a) the preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed whether out of profits or otherwise;
 - (b) the preference shares confer on the holders the right to convert the preference shares into ordinary shares if and on the basis the Board decides at the time of issue of the preference shares;
 - (c)
 - (i) the preference shares confer on the holders a right to receive a preferential dividend at the rate (which may be subject to an index) and on the basis decided by the Board at the time of issue of the preference shares;
 - (ii) in addition to the preferential dividend, the preference shares may participate with the ordinary shares in dividends declared or determined by the Board from time to time if and to the extent the Board decides at the time of issue of the preference shares; and
 - (iii) the preferential dividend may be cumulative if and to the extent the Board decides at the time of issue of the preference shares;

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- (d) the preference shares are to confer on the holders:
 - (i) the right on redemption and in a winding up to payment in cash in priority to any other class of shares of:
 - (A) the amount paid or agreed to be considered as paid on each of the preference shares; and
 - (B) the amount (if any) equal to the aggregate of any dividend accrued (whether declared, determined or not) but unpaid and of any arrears of dividends; and
 - (ii) the right, in priority to any payment of dividend on any other class of shares, to the preferential dividend;
- (e) the preference shares do not confer on the holders any further rights to participate in assets or profits of the Company;
- (f) the holders of the preference shares have the same rights as the holders of ordinary shares to receive notices, reports and financial statements and to attend and be heard at all general meetings, but are not to have the right to vote at general meetings except as follows:
 - (i) on any question considered at a general meeting if, at the date of the meeting, the dividend (or part of a dividend) on the preference shares is in arrears;
 - (ii) at a general meeting upon a proposal:
 - (A) to reduce the share capital of the Company;
 - (B) that affects rights attached to the preference shares;
 - (C) to wind up the Company; and
 - (D) for the disposal of the whole of the property, business and undertaking of the Company;
 - (iii) at a general meeting on a resolution to approve the terms of a buy-back agreement;
 - (iv) on any question considered at a general meeting held during the winding up of the Company; and
- (g) the Company may issue further preference shares ranking *pari passu* in all respects with (but not in priority to) other preference shares already issued and the rights of the issued preference shares are not to be deemed to have been varied by the further issue.

Power to pay commission and brokerage

5. The Company may pay a commission to any person in consideration of the person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the Company, or procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in the Company. The commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company or otherwise. The Company may in addition to or instead of commission pay any brokerage permitted by law.

Shares at the disposal of the Board

6. (1) Except as provided by this Constitution to the contrary, all unissued shares are under the control of the Board which may grant options on the shares, issue option certificates in respect of the shares and allot or otherwise dispose of the shares on the terms and conditions and for the consideration it thinks fit.
- (2) Subject to the Listing Rules, except for:
- (a) shares or options in the Company issued to employees of the Company or any of its subsidiaries; or
 - (b) unsecured debt securities issued in the ordinary course of business of the Company which do not materially increase the total indebtedness of the Company,
- the Company will not, during the Relevant Period for Queensland, issue any shares of a class other than a class of shares on issue at the time of the proposed issue without the prior written approval of the appropriate decision maker under the Applicable Gaming Law of Queensland.
- (3) For the purposes of Rule 6(2), shares are not in different classes merely because:
- (a) of a temporary difference in the dividend or distribution rights attaching to the shares; or
 - (b) different amounts have been paid up on the shares.

Directors may participate

7. Any Director or any person who is an associate of a Director for the purposes of the Listing Rules may participate in any issue by the Company of securities unless the Director or person is precluded from participating by the Listing Rules.

Surrender of shares

8. In its discretion, the Board may accept a surrender of shares by way of compromise of any question as to whether or not those shares have been validly issued or in any other case where the surrender is within the powers of the Company. Any shares surrendered may be sold or re-issued in the same manner as forfeited shares.

Restricted Securities

9. (1) If the Company at any time has on issue restricted securities within the meaning of the Listing Rules, the Company must refuse to acknowledge, deal with, accept or register any sale, assignment or transfer of such restricted securities which is or might be in breach of the Listing Rules or any escrow agreement entered into by the Company under the Listing Rules in relation to such restricted securities.
- (2) In the event of a breach of any escrow agreement entered into by the Company under the Listing Rules in relation to restricted securities within the meaning of the Listing Rules, the member holding the shares in question shall notwithstanding any rights attached to such shares cease to be entitled to any dividends and to any voting rights in respect of those shares for so long as the breach subsists.

Joint holders

10. Where two or more persons are registered as the holders of any shares, they are deemed to hold the shares as joint tenants with benefits of survivorship subject to the following provisions and to the provisions of Part 2 of this Constitution:

Number of holders

- (a) the Company is not bound to register more than three persons as the holders of the shares;

Liability for payments

- (b) the joint holders of the shares are liable severally as well as jointly in respect of all payments which ought to be made in respect of the shares;

Death of joint holder

- (c) on the death of any one of the joint holders, the survivor is the only person recognised by the Company as having any title to the shares but the Board may require evidence of death and the estate of the deceased joint holder is not released from any liability in respect of the shares;

Power to give receipt

- (d) any one of the joint holders may give a receipt for any dividend, bonus or return of capital payable to the joint holders;

Notices and certificates

- (e) only the person whose name stands first in the Register as one of the joint holders of the shares is entitled, if the Company is required by the Corporations Act or the Listing Rules to issue certificates for shares, to delivery of a certificate relating to the shares or to receive notices from the

Company and any notice given to that person is deemed notice to all the joint holders; and

Votes of joint holders

- (f) any one of the joint holders may vote at any meeting of the Company either personally, by duly authorised representative, proxy or attorney or by Direct Vote, in respect of the shares as if that joint holder were solely entitled to the shares. If more than one of the joint holders are present at any meeting personally or by duly authorised representative, proxy or attorney or by Direct Vote, the joint holder who is present whose name stands first in the Register in respect of the shares is entitled alone to vote in respect of the shares.

Non-recognition of equitable interests

11. Except as otherwise provided in this Constitution, the Company is entitled to treat the registered holder of any share as the absolute owner of the share and is not, except as ordered by a Court or as required by statute, bound to recognise (even when having notice) any equitable or other claim to or interest in the share on the part of any other person.

CERTIFICATES

Entitlement to certificates

12. Subject to Rule 10(e), where the Company is required by the Corporations Act or the Listing Rules to issue certificates for shares, every shareholder is entitled, without payment, to one certificate for the shares registered in that shareholder's name or to several certificates in reasonable denominations, each for a part of the shares.

Delivery of certificates

13. The Company may send any certificate to a shareholder by prepaid post addressed to the shareholder at that shareholder's Registered Address or as is otherwise directed by the shareholder and every certificate so sent shall be at the risk of the shareholder entitled thereto.

Issue of certificates

14. Subject to Rule 104, if the Board wishes to issue certificates for shares or where the Company is required by the Corporations Act or the Listing Rules to issue certificates for shares, share certificates are to be issued under the Seal in any form prescribed by or acceptable to the Board and are to be signed in any manner determined by the Board.

Renewal of certificates

15. (1) This Rule only applies in circumstances where the Board wishes to issue certificates for shares or where the Company is required by the Corporations Act or the Listing Rules to issue certificates for shares.

- (2) If a certificate is worn out or defaced, upon production of the certificate to the Company, the Board may order it to be cancelled and may issue a new certificate.
- (3) If a certificate is lost, stolen or destroyed, upon the giving of any indemnity and any evidence that the certificate has been lost, stolen or destroyed which the Board may require and upon the payment of any reasonable fee the Board may from time to time determine, a new certificate may be issued instead of the lost, stolen or destroyed certificate. A certificate issued to replace a certificate which has been lost, stolen or destroyed may be endorsed as having been issued instead of a lost, stolen or destroyed certificate.
- (4) A certificate issued under this Rule shall be issued within the time specified in the Listing Rules.

Computerised share transfer system

16. At any time when the Board considers it is expedient in order to enable the Company to participate in any computerised or electronic share transfer system introduced by or acceptable to the ASX, the Board may:
 - (a) provide that shares may be held in certificated or uncertificated form, and make any provision it thinks fit, including for the issue or cancellation of certificates, to enable shareholders to hold shares in uncertificated form and to convert between certificated and uncertificated holdings;
 - (b) provide that some or all shareholders are not to be entitled to receive a share certificate in respect of some or all of the shares which the shareholders hold in the Company;
 - (c) accept any instrument of transfer or other method of transfer in accordance with the requirements of any share transfer system; and
 - (d) despite any other provision in this Constitution, do all things it considers necessary, required or authorised by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules in connection with the share transfer system.

CALLS

Power to make calls

17. Subject to the terms upon which any shares may have been issued, the Board may make calls from time to time upon the shareholders in respect of all moneys unpaid on their shares. Each shareholder is liable to pay the amount of each Call in the manner, at the time and at the place specified by the Board. Calls may be made payable by instalments.

Obligation for calls

18. The Company may make arrangements on the issue of shares for a difference between the holders of those shares in the amount of calls to be paid and the time of payment of the calls.

When a Call is made

19. A Call is deemed to have been made at the time when the resolution of the Board authorising the Call was passed. The Call may be revoked or postponed at the discretion of the Board at any time prior to the date on which payment in respect of the Call is due.

Interest on the late payment of calls

20. If any sum payable in respect of a Call is not paid on or before the date for payment, the shareholder from whom the sum is due is to pay interest on the unpaid amount from the due date to the date of payment at the rate the Board from time to time determines. The Board may waive the whole or part of any interest paid or payable under this Rule.

Instalments

21. If, by the terms of an issue of shares, any amount is payable in respect of any shares by instalments, every instalment is payable as if it is a Call duly made by the Board of which due notice had been given, and all provisions of this Constitution with respect to the payment of calls and of interest or to the forfeiture of shares for non-payment of calls or with respect to liens or charges apply to the instalment and to the shares in respect of which it is payable.

Payment in advance of calls

22. If the Board thinks fit it may receive from any shareholder all or any part of the moneys unpaid on all or any of the shares held by that shareholder beyond the sums actually called up and then due and payable either as a loan repayable or as a payment in advance of calls. The Company may pay interest on the moneys advanced at the rate and on the terms agreed by the Board and the shareholder paying the sum in advance.

Non-receipt of notice of Call

23. Notice of any Call shall be in writing including such information as the Corporations Act and Listing Rules may require but the non-receipt of a notice of any Call by, or the accidental omission to give notice of any Call to, any shareholder does not invalidate the Call.

FORFEITURE AND LIEN

Notice requiring payment of sums payable

24. If any shareholder fails to pay any sum payable on or in respect of any shares, either for allotment money, calls or instalments, on or before the day for payment, the Board may, at any time after the day specified for payment whilst any part of the sum remains unpaid, serve a notice on the shareholder requiring that shareholder to pay the sum together with interest accrued and all expenses incurred by the Company by reason of the non-payment.

Time and place for payment

25. The notice referred to in Rule 24 is to name a day on or before which the sum, interest and expenses (if any) are to be paid and the place where payment is to be made. The notice is also to state that, in the event of non-payment at or before the time and at the place specified, the shares in respect of which the sum is payable will be liable to be forfeited.

Forfeiture on non-compliance with notice

26. If there is non-compliance with the requirements of any notice given pursuant to Rule 24, any share in respect of which notice has been given may, at any time after the day specified in the notice for payment whilst any part of allotment moneys, calls, instalments, interest and expenses (if any) remains unpaid, be forfeited by a resolution of the Board to that effect. The forfeiture is to include all dividends, interest and other moneys payable by the Company in respect of the forfeited shares and not actually paid before the forfeiture.

Notice of forfeiture

27. When any share is forfeited, notice of the resolution of the Board is to be given to the shareholder in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture and the date of forfeiture is to be made in the Register. Failure to give notice or make the entry as required by this Rule does not invalidate the forfeiture.

Disposal of forfeited shares

28. Any forfeited share is deemed to be the property of the Company and the Board may sell or otherwise dispose of or deal with the share in any manner it thinks fit and with or without any money paid on the share by any former holder being credited as paid up PROVIDED that forfeited shares may not be sold or otherwise disposed of to a Director or to an associate of a Director unless (i) those shares have first been offered for sale to all other shareholders and have not been taken up by them and (ii) are sold or disposed of, within one month of the expiry of that offer, on the same terms and conditions on which they were offered to the other shareholders.

Annulment of forfeiture

29. The Board may, at any time before any forfeited share is sold or otherwise disposed of, annul the forfeiture of the share upon any condition it thinks fit.

Liability notwithstanding forfeiture

30. Any shareholder whose shares have been forfeited is, notwithstanding the forfeiture, liable to pay and is obliged forthwith to pay to the Company all sums of money, interest and expenses owing upon or in respect of the forfeited shares at the time of forfeiture, together with expenses and interest from that time until payment at the rate the Board from time to time determines. The Board may enforce the payment or waive the whole or part of any sum paid or payable under this Rule as it thinks fit.

Company's lien or charge

31. The Company has a first and paramount lien or charge for unpaid calls, instalments, interest due in relation to any calls or instalments and any amounts the Company is called upon by law to pay in respect of the shares of a shareholder upon shares registered in the name of the shareholder in respect of which the calls, instalments and interest are due and unpaid or in respect of which the amounts are paid and upon the proceeds of sale of the shares. The lien or charge extends to all dividends and bonuses from time to time declared or determined in respect of the shares provided that, if the Company registers a transfer of any shares upon which it has a lien or charge without giving the transferee notice of any claim it may have at that time, the shares are freed and discharged from the lien or charge of the Company in respect of that claim. The Company may do all things necessary or appropriate under the ASX Settlement Operating Rules and the Listing Rules in order to protect or enforce any lien or charge.

Sale of shares to enforce lien

32. For the purpose of enforcing a lien or charge, the Board may sell the shares which are subject to the lien or charge in any manner it thinks fit and with or without giving any notice to the shareholder in whose name the shares are registered.

Title to shares forfeited or sold to enforce lien

33. (1) In a sale or a re-allotment of forfeited shares or in the sale of shares to enforce a lien or charge, an entry in the Board's minute book that the shares have been forfeited, sold or re-allotted in accordance with this Constitution is sufficient evidence of that fact as against all persons entitled to the shares immediately before the forfeiture, sale or re-allotment of the shares. The Company may receive the purchase money or consideration (if any) given for the shares on any sale or re-allotment.
- (2) In a re-allotment, a certificate signed by a Director or the Secretary to the effect that the shares have been forfeited and the receipt of the Company for the price of the shares constitutes a good title to them.
- (3) In a sale, the Company may appoint a person to execute a transfer in favour of the person to whom the shares are sold.
- (4) Upon the issue of the receipt or the execution of the transfer the person to whom the shares have been re-allotted or sold is to be registered as the holder of the shares, discharged from all calls or other money due in respect

of the shares prior to the re-allotment or purchase and the person is not bound to see to the regularity of the proceedings or to the application of the purchase money or consideration; nor is the person's title to the shares affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale or re-allotment.

- (5) The net proceeds of any sale or re-allotment are to be applied first in payment of all costs of or in relation to the enforcement of the lien or charge or the forfeiture (as the case may be) and of the sale or re-allotment, next in satisfaction of the amount in respect of which the lien exists as is then payable to the Company (including interest) or the amount in respect of the forfeited shares then payable to the Company (including interest) as the case may be and the residue (if any) paid to, or at the direction of, the person registered as the holder of the shares immediately prior to the sale or re-allotment or to the person's executors, administrators or assigns upon the production of any evidence as to title required by the Board.
- (6) If a certificate for the shares is not produced to the Company, the Board may, where the Company is required by the Corporations Act or the Listing Rules to issue certificates for shares, issue a new certificate distinguishing it from the certificate (if any) which was not produced.

PAYMENTS BY THE COMPANY

Payments by the Company

34. If any law of any place imposes or purports to impose any immediate or future or possible liability on the Company to make any payment or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any securities held either jointly or solely by any holder or in respect of any transfer of those securities or in respect of any interest, dividends, bonuses or other moneys due or payable or accruing due or which may become due or payable to the holder by the Company on or in respect of any securities or for or on account or in respect of any holder of securities, whether in consequence of:
 - (a) the death of the holder;
 - (b) the non-payment of any income tax or other tax by the holder;
 - (c) the non-payment of any estate, probate, succession, death, stamp or other duty by the holder or the trustee, executor or administrator of that holder or by or out of the holder's estate;
 - (d) any assessment of income tax against the Company in respect of interest or dividends paid or payable to the holder; or
 - (e) any other act or thing, the Company in each case:
 - (i) is to be fully indemnified from all liability by the holder or the holder's trustee, executor or administrator and by any person who becomes

registered as the holder of the securities on the distribution of the deceased holder's estate;

- (ii) has a lien or charge upon the securities for all moneys paid by the Company in respect of the securities under or in consequence of any law;
- (iii) has a lien upon all dividends, bonuses and other moneys payable in respect of the securities registered in the Register as held either jointly or solely by the holder for all moneys paid or payable by the Company in respect of the securities under or in consequence of any law, together with interest at a rate the Board may determine from time to time from the date of payment to the date of repayment, and may deduct or set off against any dividend, bonus or other moneys payable any moneys paid or payable by the Company together with interest;
- (iv) may recover as a debt due from the holder or the holder's trustee, executor or administrator, or any person who becomes registered as the holder of the securities on the distribution of the deceased holder's estate, any moneys paid by the Company under or in consequence of any law which exceed any dividend, bonus or other money then due or payable by the Company to the holder together with interest at a rate the Board may determine from time to time from the date of payment to the date of repayment; and
- (v) may, if any money is paid or payable by the Company under any law, refuse to register a transfer of any securities by the holder or the holder's trustee, executor or administrator until the money and interest is set off or deducted or, if the money and interest exceeds the amount of any dividend, bonus or other money then due or payable by the Company to the holder, until the excess is paid to the Company.

Nothing in this Rule prejudices or affects any right or remedy which any law confers on the Company, and, as between the Company and each holder, each holder's trustee, executor, administrator and estate, any right or remedy which the law confers on the Company is enforceable by the Company.

TRANSFER AND TRANSMISSION OF SECURITIES

Instrument of transfer required

35. Subject to Rule 16, no transfer of any securities may be registered unless a proper instrument of transfer, in writing in the usual or common form or in any form the Board may from time to time prescribe or in a particular case accept, duly stamped (if necessary) is delivered to the Company. The transferor is deemed to remain the holder of the securities transferred until the name of the transferee is entered in the Register.

Board may refuse to register

36. The Board may refuse to register any transfer of securities other than a proper ASTC transfer:
- (a) over which the Company has a lien;
 - (b) if the registration of the transfer would result in a contravention of or failure to observe the provisions of any applicable law of the Commonwealth, a State or a Territory of the Commonwealth or the Listing Rules;
 - (c) where the transfer would at the date of acquisition create a new holding of less than a Marketable Parcel;
 - (d) where the Company or the Board is permitted to do so under the Listing Rules;
 - (e) which is or might be in breach of the Applicable Gaming Law of Queensland or the terms of a keno licence under the Applicable Gaming Law of Queensland or any associated agreement between the Company and the State of Queensland;
 - (f) which is or might be in breach of the Victorian Act or which causes or may cause a person to become a Relevant Associate who is unsuitable to be concerned in or associated with the gambling business of the Company or any subsidiary of the Company; or
 - (g) which is or might be in breach of Rule 132(1).

Notice of refusal of transfer

37. The decision of the Board relating to the registration of a transfer is absolute. If the Board refuses to register a transfer of a security the Board shall give the lodging party written notice of the refusal and the precise reasons for the refusal within the maximum period permitted by the Listing Rules. Failure to give notice of refusal to register any transfer as may be required under the Corporations Act or the Listing Rules does not invalidate the decision of the Board.

Closing Register, entitlement to vote

38. Subject to the provisions of the Corporations Act, the Register may be closed at any time the Board thinks fit and the Board may specify a time by reference to which the entitlement of persons to vote at any general meeting of the Company is to be determined.

Instrument of transfer and certificate to be left at Office

39. (1) Every instrument of transfer must be left for registration at the Office or any other place the Board determines from time to time. Unless the Board otherwise determines either generally or in a particular case, the instrument of transfer is to be accompanied by the certificate (if any) for the securities to be transferred. In addition, without limiting paragraph (2), the instrument of

transfer is to be accompanied by any other evidence which the Board (or the Company's securities registry) may require to prove the title of the transferor, the transferor's right to transfer the securities, due execution of the transfer or due compliance with the provisions of any law relating to stamp duty. The Company (or the Company's securities registry) may charge a fee on the transfer of any share, to the extent permitted by the Listing Rules.

- (2) The Company (or the Company's securities registry) may put in place, and require compliance with, reasonable processes and procedures in connection with determining the authenticity of an instrument of transfer, notwithstanding that this may prevent, delay or interfere with the registration of the relevant instrument or transfer.
- (3) This Rule 39 does not apply in respect of a proper ASTC transfer.

Company may retain instrument of transfer

40. Each instrument of transfer which is registered may be retained by the Company for any period determined by the Board after which the Company may destroy it.

Cancellation of old and issue of new certificate

41. Subject to Rule 39, on each application to register the transfer of any securities or to register any person as the holder in respect of any securities transmitted to that person by operation of law or otherwise, the certificate (if any) specifying the securities in respect of which registration is required must be delivered up to the Company for cancellation and upon registration the certificate is deemed to have been cancelled. Subject to Rule 16, if the Company is required by the Corporations Act or the Listing Rules to issue certificates for securities a new certificate specifying the securities transferred or transmitted is to be issued and sent to the transferee or transferee. If the registration of any transfer is required in respect of only some of the securities specified in the certificate (if any) delivered up to the Company and if the Company is required by the Corporations Act or the Listing Rules to issue certificates for securities, a new certificate specifying the remaining securities is to be issued and sent to the transferor. New certificates are to be issued within the time specified by the Listing Rules.

Transmission upon death

42. The trustee, executor or administrator of a deceased shareholder (who is not one of several joint holders) is the only person recognised by the Company as having any title to securities registered in the name of the deceased shareholder but the Board may, subject to compliance by the transferee with this Constitution, register any transfer signed by a shareholder prior to the shareholder's death notwithstanding that the Company has notice of the shareholder's death.

Transmission by operation of law

43. A person (a "transferee") who establishes to the satisfaction of the Board that the right to any securities has devolved on the transferee by will or by operation of law may be registered as a holder in respect of the securities or may (subject to the provisions in this Constitution relating to transfers) transfer the securities. However,

the Board has the same right to refuse to register the transmittee as if the transmittee were the transferee named in an ordinary transfer presented for registration.

ALTERATION OF CAPITAL

Power to alter share capital

44. Subject to the Corporations Act and the Listing Rules, the Company may reduce or alter its share capital in any manner provided for by the Corporations Act.

Board may give effect to alteration of share capital

45. The Board may do anything which is required to give effect to any resolution authorising reduction or alteration of the share capital of the Company and, without limitation, may make provision for the issue of fractional certificates or sale of fractions of shares and distribution of net proceeds as it thinks fit.

GENERAL MEETINGS

General meetings

46. General meetings of the Company may be convened and held at the times and places and in the manner determined by the Board. Except in the manner and circumstances provided by the Corporations Act, the shareholders may not convene a meeting of the Company. By resolution of the Board any general meeting (other than a general meeting which has been requisitioned by shareholders in accordance with the Corporations Act) may be cancelled or postponed prior to the date on which it is to be held.

Notice of general meeting

47. Subject to the provisions of the Corporations Act and the Listing Rules, notice of a general meeting may be given by the Board in such form and manner as the Board thinks fit. Notice of the meeting shall be given to the members, and to such persons as are entitled thereto under this Constitution or under the Corporations Act or under the Listing Rules. The non-receipt of a notice of any general meeting by, or the accidental omission to give notice to, any person entitled to notice does not invalidate any resolution passed at that meeting.

PROCEEDINGS OF MEETINGS

Business of general meetings

48. The business of an annual general meeting is to receive and consider the accounts and reports required by the Corporations Act to be laid before each annual general meeting, to elect Directors in the place of those retiring under this Constitution, when relevant to appoint an auditor, and to transact any other business which, under this Constitution, is required to be transacted at any annual general meeting. All other business transacted at an annual general meeting and all business transacted at other general meetings is deemed to be special. Except with the approval of the

Board, with the permission of the Chairman or pursuant to the Corporations Act, no person may move at any meeting either:

- (a) in regard to any special business of which notice has been given under Rule 47, any resolution or any amendment of a resolution; or
- (b) any other resolution which does not constitute part of special business of which notice has been given under Rule 47.

The auditors are entitled to attend and be heard on any part of the business of a meeting which concerns the auditors.

Quorum

49. Three shareholders present shall constitute a quorum for a meeting. No business may be transacted at any meeting except the election of a Chairman and the adjournment of the meeting unless a quorum is present at the commencement of the business.

Adjournment in absence of quorum

50. If within fifteen minutes after the time specified for a general meeting a quorum is not present, the meeting, if convened upon a requisition by shareholders, is to be dissolved, and in any other case it is to be adjourned to the same day in the next week (or, where that day is not a Business Day, the Business Day next following that day) at the same time and place and if, at the adjourned meeting, a quorum is not present within thirty minutes after the time specified for holding the meeting, the meeting is to be dissolved.

Chairman

51. (1) The Chairman of the Board is entitled to take the chair at every general meeting.
- (2) If at any general meeting:
- (a) the Chairman of the Board is not present at the specified time for holding the meeting; or
 - (b) the Chairman of the Board is present but is unwilling to act as chairman of the meeting,

the Deputy Chairman of the Board is entitled to take the chair at the meeting.

- (3) If at any general meeting:
- (a) there is no Chairman of the Board or Deputy Chairman of the Board;
 - (b) the Chairman of the Board and Deputy Chairman of the Board are not present at the specified time for holding the meeting; or

- (c) the Chairman of the Board and the Deputy Chairman of the Board are present but each is unwilling to act as chairman of the meeting,

the shareholders present may choose another Director as chairman of the meeting and if no Director is present or if each of the Directors present is unwilling to act as chairman of the meeting, a shareholder chosen by the shareholders present may take the chair at the meeting.

Acting Chairman

52. If during any general meeting the Chairman acting pursuant to Rule 51 is unwilling to act as chairman for any part of the proceedings, the Chairman may withdraw as chairman during the relevant part of the proceedings and may nominate any person who immediately before the general meeting was a Director or who has been nominated for election as a Director at the meeting to be Acting Chairman of the meeting during the relevant part of the proceedings. Upon the conclusion of the relevant part of the proceedings the Acting Chairman is to withdraw and the Chairman is to resume acting as chairman of the meeting.

General conduct of meeting

53. (1) The general conduct of each general meeting of the Company and the procedures to be adopted at the meeting are as determined by the Chairman.
- (2) The Chairman or a person acting with the Chairman's authority may require any person who wishes to attend the meeting to comply with searches, restrictions or other security arrangements the Chairman or a person acting with the Chairman's authority considers appropriate. The Chairman or a person acting with the Chairman's authority may refuse entry to any person who does not comply with the arrangements, any person who possesses a recording or broadcasting device without the consent of the Chairman or a person acting with the Chairman's authority, or any person who possesses an article which the Chairman or person acting with the Chairman's authority considers to be dangerous, offensive or liable to cause disruption.
- (3) The Chairman may at any time the Chairman considers it necessary or desirable for the proper and orderly conduct of the meeting demand the cessation of debate or discussion on any business, question, motion or resolution being considered by the meeting and require the business, question, motion or resolution to be put to a vote of the shareholders present and entitled to vote at the meeting.
- (4) The Chairman may require the adoption of any procedures which are in the Chairman's opinion necessary or desirable for the proper and orderly casting or recording of votes at any general meeting of the Company, whether on a show of hands or on a poll.
- (5) Any determination by the Chairman in relation to matters of procedure (including any procedural motions moved at, or put to, any meeting) or any other matter arising directly or indirectly from the business is final (including any procedural motions moved at, or put to, any meeting). Any challenge to a right to vote (whether on a show of hands or on a poll) or to a determination to

allow or disregard any vote (including in each case a Direct Vote) may only be made at the meeting and may be determined by the Chairman whose decision is final.

- (6) Nothing contained in this Rule limits the powers conferred on a Chairman by law.

Adjournment

54. The Chairman may at any time during the course of the meeting adjourn from time to time and place to place the meeting or any business, motion, question or resolution being considered or remaining to be considered by the meeting or any debate or discussion and may adjourn any business, motion, question, resolution, debate or discussion either to a later time at the same meeting or to an adjourned meeting. If the Chairman exercises a right of adjournment of a meeting pursuant to this Rule, the Chairman has the sole discretion to decide whether to seek the approval of the shareholders present to the adjournment and, unless the Chairman exercises that discretion, no vote may be taken by the shareholders present and entitled to vote in respect of the adjournment. No business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Voting

55. (1) The Chairman may determine that any question to be submitted to a general meeting be determined by a poll without first submitting the question to the meeting to be decided on a show of hands.
- (2) Unless the Chairman makes the determination referred to in Rule 55(1), each question submitted to a general meeting is to be decided in the first instance by a show of hands of the shareholders present and entitled to vote.
- (3) In the case of an equality of votes, the Chairman has, both on a show of hands and on a poll at or for the purposes of a general meeting, a casting vote in addition to the vote or votes to which the Chairman may be entitled as a shareholder or as a proxy, attorney or duly appointed representative of a shareholder.
- (4) The Board may, subject to law, determine that, at any meeting of shareholders or a class of shareholders, a shareholder who is entitled to attend and vote at that meeting is entitled to give their vote by Direct Vote.

Declaration of vote on a show of hands unless a poll is demanded

56. At any meeting, unless a poll is demanded, a declaration by the Chairman that a resolution has been passed or lost, having regard to the majority required, and an entry to that effect in the book to be kept of the proceedings of the Company, signed by the Chairman of that or the next succeeding meeting, is conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution. A poll may be demanded either immediately before or immediately after any question is put to a show of hands either by shareholders in

accordance with the Corporations Act (and not otherwise) or by the Chairman. No poll may be demanded on the election of a chairman of a meeting.

Taking a poll

57. If a poll is demanded as provided in Rule 56, it is to be taken in the manner and at such time and place as the Chairman directs, and the result of the poll is deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

Continuation of business

58. A demand for a poll does not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. A poll demanded on any question of adjournment is to be taken at the meeting and without adjournment.

Special meetings

59. All the provisions of this Constitution as to general meetings apply to any special meeting of any class of shareholders which may be held pursuant to the operation of this Constitution or the Corporations Act.

VOTES OF SHAREHOLDERS

Voting rights

60. Subject to restrictions on voting from time to time affecting any class of shares and to Part 2 of this Constitution and subject to Rules 10(f), 62A, 63 and 65:
- (a) at meetings of shareholders or a class of shareholders each shareholder entitled to attend and vote may:
 - (i) attend and vote in person; or
 - (ii) be represented and vote by proxy, by attorney or (where the shareholder is a body corporate) by representative; or
 - (iii) if a determination has been made by the Board in accordance with Rule 55(4), vote by Direct Vote;
 - (b) a shareholder may only vote by one of the permitted methods in Rule 60(a) in respect of a share although, without limiting Rules 64(2) and 64A(a), a shareholder may attend and participate in a meeting even though the shareholder has previously appointed a proxy or attorney, or has given a Direct Vote, in respect of that meeting;
 - (c) on a show of hands in respect of a resolution:
 - (i) subject to paragraphs (ii) and (iii), each shareholder present has one vote;

- (ii) where a shareholder has appointed more than one person as representative, proxy or attorney for that shareholder, none of the representatives, proxies or attorneys is entitled to vote;
 - (iii) where a person is entitled to vote by virtue of paragraph (i) in more than one capacity, that person is entitled only to one vote; and
 - (iv) a Direct Vote is not counted; and
- (d) on a poll in respect of a resolution, subject to Rules 60(b) and 64A:
- (i) each shareholder present; and
 - (ii) if a determination has been made by the Board in accordance with Rule 55(4), every shareholder who gives a Direct Vote,

having the right to vote on the resolution:

 - (iii) has one vote for each fully paid share held; and
 - (iv) for each other share held, has a vote in respect of the share which carries the same proportionate value as the proportion of the amount paid up on the total issue price of that share at the time the poll is taken bears to the total issue price of the share. Amounts paid in advance of a call are ignored when calculating the proportion; and
 - (v) in respect of every shareholder who gives a Direct Vote, their vote is treated as if the shareholder cast the vote in the poll at the meeting, and must be counted accordingly.

Voting rights of personal representatives, etc.

61. Where a person satisfies the Board at least 48 hours before the holding of a general meeting (unless the person has previously satisfied the Board as to the person's right to vote) that the person is a trustee, executor or administrator as referred to in Rule 42 or a transmittee as referred to in Rule 43, the person may (subject to Part 2 of this Constitution) vote at the general meeting in the same manner as if the person were the registered holder of the securities referred to in Rules 42 or 43, as the case requires.

Appointment of proxies

62. (1) A shareholder who is entitled to attend and vote at a meeting of the Company may appoint a person as a proxy to attend and vote for the shareholder in accordance with the Corporations Act but not otherwise. A proxy appointed in accordance with the Corporations Act to attend and vote may exercise the rights of the shareholder on the basis and subject to the restrictions provided in the Corporations Act but not otherwise.
- (2) A form of appointment of a proxy is valid if it is in accordance with the Corporations Act or in any form (including electronic) which the Board may prescribe or accept.

- (3) Any form of appointment of proxy under this Rule 62 which is incomplete may be completed by the Secretary on the authority of the Board and the Board may authorise completion of the proxy by the insertion of the name of any Director as the person in whose favour the proxy is given.
- (4) Where a notice of meeting provides for electronic lodgement of proxy appointment forms, a form lodged at the electronic address specified in the notice is taken to have been received at the Office and validated by the shareholder if there is compliance with the requirements set out in the notice.

Form of Direct Vote

- 62A. (1) The Board may, subject to this Constitution, prescribe regulations, rules and procedures in relation to the giving of Direct Votes (including specifying the form, method and timing of giving a Direct Vote at or for the purposes of a meeting in order for the vote to be valid) and for revoking a Direct Vote. Without limitation, such regulations, rules and procedures may permit a shareholder to give a Direct Vote prior to the relevant meeting. The Board must specify in the notice of meeting, or in any document accompanying the notice of meeting or otherwise made available to shareholders for the purpose of the meeting, the form, method and timing of giving a Direct Vote in order for the Direct Vote to be valid.
- (2) If sent by post or fax, a Direct Vote must be signed by the shareholder or properly authorised attorney or, if the shareholder is a company, either under seal or by a duly authorised officer or attorney.
 - (3) If sent electronically, a Direct Vote is taken to have been signed if it has been signed or authorised by the shareholder in the manner approved by the Board or specified in the notice of meeting.
 - (4) At least 48 hours (or any shorter period as the Board may permit or specified by the Corporations Act) before the time for holding the relevant meeting, adjourned meeting or a poll at which a person proposes to cast a notice of their voting intention, the Company must receive at the Office or such other electronic address specified for that purpose in the notice of meeting:
 - (a) the Direct Vote; and
 - (b) if relevant, any authority or power under which the Direct Vote was signed or a certified copy of that power or authority if not already lodged with the Company.
 - (5) A notice of voting intention is valid if it contains the following information:
 - (a) the shareholder's name and address or any applicable identifying notations such as the holder identification number or similar approved by the Board or specified in the notice of meeting; and
 - (b) the shareholder's voting intention on any or all of the resolutions to be put before the meeting, being a meeting in respect of which a

determination has been made by the Board in accordance with Rule 55(4).

Voting by corporation

63. Any corporation, being a member and entitled to vote, may by resolution of its directors or other governing body or by an instrument of proxy authorise any person, though not a member of the Company, to act as its representative at meetings and the representative shall, in accordance with his authority and until his authority is revoked by the corporation which he represents, be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were a natural person who was a member.

Validity of proxies, attorneys and representatives

64. (1) A vote exercised in accordance with the terms of an instrument of proxy, a power of attorney or other relevant instrument of appointment is valid despite:
- (a) the previous death or unsoundness of mind of the principal;
 - (b) the revocation of the instrument (or of the authority under which the instrument was executed) or the power; or
 - (c) the transfer of the share in respect of which the instrument or power is given,
- if no notice in writing of the death, unsoundness of mind, revocation or transfer (as the case may be) has been received by the Company at the Office at least 48 hours (or any shorter period as the Board may permit or is specified by the Corporations Act) before the commencement of the meeting, or adjourned meeting at which the instrument is used or the power is exercised.
- (2) An appointment of a proxy or attorney is not revoked by the principal attending the relevant meeting unless the principal instructs the Company (or at the Company's instruction, the Company's securities registry) prior to the meeting that the shareholder wishes to vote in person on any or all of the resolutions to be put before the meeting, in which case the appointment of the proxy or attorney is revoked entirely for that meeting.
- (3) Voting instructions given by a shareholder to a Director or employee of the Company who is held out by the Company in material sent to shareholders as willing to act as proxy who is appointed as proxy ("Company Proxy") are valid only if contained in the form of appointment of the Company Proxy. If a shareholder wishes to give a Company Proxy appointed by the shareholder new instructions or variations to earlier instructions, the new or varied instructions are only valid if either they are received at the Office at least 48 hours before the meeting or adjourned meeting by a notice in writing signed by the shareholder or they are otherwise validated by the shareholder in a manner acceptable to the Board in its discretion prior to the commencement of the meeting.

Validity of Direct Vote

- 64A. Where the Board determines that, at a meeting of shareholders or a class of shareholders, shareholders will be entitled to vote by Direct Vote, the following provisions apply:
- (a) a Direct Vote by a shareholder is not revoked by the shareholder attending the meeting unless the shareholder instructs the Company (or at the Company's instruction, the Company's securities registry) prior to the meeting that the shareholder wishes to vote in person on any or all of the resolutions to be put before the meeting, in which case the Direct Vote by the shareholder is revoked;
 - (b) a Direct Vote by a shareholder is automatically revoked if the Company receives a further valid Direct Vote from the shareholder;
 - (c) a Direct Vote by a shareholder is automatically revoked if, after the Direct Vote is received, the Company receives a valid instrument of proxy in respect of that shareholder for the relevant meeting;
 - (d) a Direct Vote by a shareholder revokes the authority of a previously provided instrument of proxy, power of attorney or other relevant instrument of appointment in respect of that shareholder for the relevant meeting;
 - (e) a Direct Vote by a shareholder is valid even if prior to the vote being counted:
 - (i) the shareholder becomes of unsound mind or dies;
 - (ii) subject to Rule 64A(a), the shareholder wishes to change their vote; or
 - (iii) where the Direct Vote is given on behalf of the shareholder by an attorney, the appointment of the attorney or the authority under which the appointment was made is revoked,

if no notice in writing of the relevant event has been received by the Company at the Office at least 48 hours (or any shorter period as the Board may permit or specified by the Corporations Act) before the commencement of the meeting or adjourned meeting to which the Direct Vote relates; and
 - (f) if the Chairman determines it is appropriate, a Direct Vote by a shareholder on a resolution is taken to be a Direct Vote on the resolution as amended.

Attorneys of shareholders

65. Any shareholder may, by duly executed power of attorney, appoint an attorney to act on the shareholder's behalf at all or certain specified meetings of the Company. Before the attorney is entitled to act under the power of attorney, the power of attorney or proof of the power of attorney to the satisfaction of the Board must be produced for inspection at the Office or any other place the Board may determine from time to time together, in each case, with evidence of the due execution of the

power of attorney as required by the Board. The attorney may be authorised to appoint a proxy for the shareholder granting the power of attorney.

Rights of shareholder indebted to Company in respect of other shares

66. Subject to Part 2 of this Constitution and to any restrictions from time to time affecting the right of any shareholder or class of shareholders to attend any meeting, a shareholder holding a share in respect of which for the time being no moneys are due and payable to the Company is entitled to be present at any general meeting and to vote and be reckoned in a quorum notwithstanding that moneys are then due and payable to the Company by the shareholder in respect of any other share held by the shareholder provided that, upon a poll, a shareholder is only entitled to vote in respect of shares held by the shareholder upon which, at the time when the poll is taken, no moneys are due and payable to the Company.

DIRECTORS

Number of Directors

67. The number of Directors (not including alternate Directors) shall not be less than three nor more than 12 (or, subject to Rule 69, such lower number which the Board may from time to time determine in accordance with the Corporations Act, provided that the Board may not reduce the number below the number of Directors in office at the time of the reduction). All Directors are to be natural persons.

Qualification of Directors

68. (1) A Director need not be a shareholder but during the Relevant Period for Queensland, must be a person in respect of whom the appropriate decision maker under the Applicable Gaming Law of Queensland has given prior written approval to the appointment as a Director.
- (2) In addition to receiving prior written approval in accordance with Rule 68(1), each Director must receive all other necessary regulatory approvals (if any) required for him or her to be a Director of the Company (including any approvals required for the Company to continue to hold any licences, permits or authorisations which it may hold from time to time).

Power to appoint Directors

69. The Board has the power at any time to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, provided that the number of Directors (not including alternate Directors) does not exceed 12. Any Director (other than any Managing Director) appointed under this Rule may hold office only until the next annual general meeting of the Company and is then eligible for election at that meeting.

Remuneration of Directors

70. Each non-executive Director is to be paid remuneration for services which will be a sum determined by the Board payable at the time and in the manner determined by the Board but the aggregate remuneration paid to all the non-executive Directors in any year may not exceed an amount fixed by the Company in general meeting. The

expression “*remuneration*” in this Rule does not include any amount which may be paid by the Company under Rules 71, 72, 73 and 129.

Remuneration of Directors for extra services

71. Any Director who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid a fee for the services as determined by the Board.

Travelling and other expenses

72. Every Director is, in addition to any other remuneration provided for in this Constitution, entitled to be paid from Company funds all reasonable travel, accommodation and other expenses incurred by the Director in attending meetings of the Company or of the Board or of any Committees or while engaged on the business of the Company.

Retirement benefits

73. Any Director may be paid a retirement benefit, as determined by the Board, in accordance with the Corporations Act. The Board may make arrangements with any Director with respect to the payment of retirement benefits in accordance with this Rule.

Directors may contract with Company

74. (1) A Director is not disqualified by the office of Director from contracting or entering into any arrangement with the Company either as a vendor, purchaser or otherwise and no contract or arrangement entered into with the Company by a Director nor any contract or arrangement entered into by or on behalf of the Company in which a Director is in any way interested may be avoided for that reason. A Director is not liable to account to the Company for any profit realised by any contract or arrangement by reason of holding the office of Director or of the fiduciary relationship established by the Office.
- (2) Subject to the Corporations Act and the Listing Rules, a Director who has an interest in a matter may vote in respect of that matter if it comes before the Board (or any Committee) and be counted as part of the quorum.
- (3) To the extent and in the manner required by the Listing Rules, the Company shall inform the ASX of any material contract involving directors' interests.
- (4) A Director who is interested in any contract or arrangement may, notwithstanding the interest, attest the affixing of the Seal to any document evidencing or otherwise connected with the contract or arrangement.

Director may hold other office

75. (1) A Director may hold any other office or position under the Company (except that of auditor) in conjunction with the office of Director, on such terms and at such a remuneration in addition to remuneration (if any) as a Director, as the Board approves.
- (2) Except to the extent that the Company or a subsidiary of the Company would be caused to be in breach of the Victorian Act by virtue of Section 4.3.28 of the Victorian Act and except in so far as it would be a breach of Section 4.3.29 of the Victorian Act, a Director may be or become a director of or hold any other office or position under any corporation promoted by the Company, or in which it may be interested, whether as a vendor or shareholder or otherwise, or with any other corporation or organisation, and the Director is not accountable for any benefits received as a director or shareholder of or holder of any other office or position under any such corporation or organisation.

Exercise of voting power in other corporations

76. The Board may exercise the voting power conferred by the shares in any corporation held or owned by the Company as the Board thinks fit (including the exercise of the voting power in favour of any resolution appointing the Directors or any of them directors of that corporation or voting or providing for the payment of remuneration to the directors of that corporation) and a Director may vote in favour of the exercise of those voting rights notwithstanding that the Director is, or may be about to be appointed, a director of that other corporation and may be interested in the exercise of those voting rights.

Directors may lend to the Company

77. Any Director may lend money to the Company at interest with or without security or may, for a commission or profit, guarantee the repayment of any money borrowed by the Company and underwrite or guarantee the subscription of shares or securities of the Company or of any corporation in which the Company may be interested without being disqualified in respect of the office of Director and without being liable to account to the Company for the commission or profit.

ALTERNATE DIRECTORS**Director may appoint alternate Director**

78. Subject to this Constitution, each Director may from time to time appoint any person approved by a majority of the other Directors to act as an alternate Director in the Director's place, whether for a stated period or periods or until the happening of a specified event or from time to time, whenever by absence or illness or otherwise the Director is unable to attend to duties as a director. The appointment is to be in writing and signed by the Director and a copy of the appointment is to be given by the appointing Director to the Company by forwarding or delivering it to the Office or by forwarding or delivering it to a meeting of the Board. The appointment takes effect immediately upon receipt of the appointment at the Office or at a meeting of the Board and approval by a majority of the other Directors or upon such later date

or at such later time as is specified in the appointment. The following provisions apply to any alternate Director:

- (a) the alternate Director may be removed or suspended from office upon receipt at the Office of written notice, letter, facsimile transmission or other form of visible communication from the Director by whom the alternate Director was appointed to the Company;
- (b) the alternate Director is entitled to receive notice of meetings of the Board and to attend and vote at the meetings if the Director by whom the alternate Director was appointed is not present;
- (c) the alternate Director is entitled to exercise all the powers (except the power to appoint an alternate Director) and perform all the duties of a Director in so far as the Director by whom the alternate Director was appointed has not exercised or performed them;
- (d) the alternate Director is not, unless the Board otherwise determines, (without prejudice to the right to reimbursement for expenses pursuant to Rule 72) entitled to receive any remuneration as a Director from the Company, and any remuneration (not including remuneration authorised by the Board or reimbursement for expenses) paid to the alternate Director by the Company is to be deducted from the remuneration of the Director by whom the alternate Director was appointed;
- (e) the office of the alternate Director is vacated upon the death of or vacation of office by the Director by whom the alternate Director was appointed;
- (f) the alternate Director is not to be taken into account in determining the number of Directors; and
- (g) the alternate Director is, while acting as a Director, responsible to the Company for the alternate Director's own acts and defaults and is not deemed to be the agent of the Director by whom the alternate Director was appointed.

VACATION OF OFFICE OF DIRECTOR

Vacation of office by Director

79. The office of a Director is vacated:
- (a) upon the Director becoming an insolvent under administration, suspending payment generally to creditors or compounding with or assigning the Director's estate for the benefit of creditors;
 - (b) upon the Director becoming a person of unsound mind or a person who is a patient under laws relating to mental health or whose estate is administered under laws relating to mental health;
 - (c) upon the Director being absent from meetings of the Board during a period of three consecutive calendar months without leave of absence from the Board

where the Board has not, within 14 days of having been served by the Secretary with a notice giving particulars of the absence, resolved that leave of absence be granted;

- (d) upon the Director resigning office by notice in writing to the Company;
- (e) upon the Director being removed from office pursuant to the Corporations Act;
- (f) upon the Director being prohibited from being a Director by reason of the operation of the Corporations Act;
- (g) during the Relevant Period for Victoria, upon:
 - (i) the Director assuming such office or position or becoming entitled to such shares as would cause the Company or a subsidiary of the Company to be in breach of the Victorian Act by virtue of Section 4.3.28 of the Victorian Act; or
 - (ii) a notice in writing being issued to the Company or a subsidiary of the Company by the Victorian Commission in pursuance of the Victorian Act:
 - (A) setting out as a ground giving rise to its issue that the Director is or has become at any time unsuitable to be concerned in or associated with the gambling business of the Company or any subsidiary of the Company, or that the Director has engaged or is engaging in conduct that, in the Victorian Commission's opinion, is unacceptable for a person who is concerned in or associated with the gambling business of the Company or any subsidiary of the Company; and
 - (B) requiring that the Director's association with the Company or any subsidiary of the Company be terminated or otherwise cease; or
- (h) during the Relevant Period for Queensland, upon a notice in writing being issued to the Company or a subsidiary of the Company by an appropriate decision maker in pursuance of the Applicable Gaming Law of Queensland now or hereafter in force setting out as a ground giving rise to its issue that the Director is not or has ceased to be at any time a suitable person to be associated with the ownership or management of the operations of the Company or any subsidiary of the Company.

Directors who are employees of the Company

80. The office of a Director who is an employee of any member of the Group becomes vacant upon the Director ceasing to be employed within the Group but the person concerned is eligible for reappointment or re-election as a Director of the Company.

ELECTION OF DIRECTORS

81. The following provisions apply to all the Directors:

Retirement of Directors

- (a) A Director (other than any Managing Director) may not hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's last election or re-election to the Board, whichever is the longer, without submitting for re-election. If no Director would otherwise be required (by this Rule 81 or Rule 69) to submit for election or re-election but the Listing Rules require that an election of Directors be held, the Director to retire at the annual general meeting is the Director who has been longest in office since their last election, but, as between persons who became Directors on the same day, the one to retire is (unless they otherwise agree among themselves) determined by ballot. A Director retiring pursuant to this Rule 81(a) is eligible for re-election.

Time of retirement

- (b) Any Director who retires (whether under this Rule 81 or otherwise) at a general meeting and seeks re-election at the meeting retains office until the dissolution or adjournment of the meeting at which the Director retires.

Nomination of Directors

- (c) No person (other than a Retiring Director) is eligible for election to the office of Director at any general meeting unless the person or some shareholder intending to nominate the person has given notice in writing signed by the nominee giving consent to the nomination and signifying either candidature for the office or the intention of the shareholder to nominate the nominee. To be valid, the notice is required to be left at the Office not less than 35 business days before the meeting.

MANAGING DIRECTOR

Appointment of a Managing Director

82. The Board may from time to time appoint one of its members to be Managing Director (who may bear that title or any other or additional title determined by the Board) for a period ending on the happening of events (if any) stipulated by the Board, and at a remuneration which may be by way of salary or commission on or participation in profits (but not operating revenues) or by any or all of these methods and otherwise on terms as determined by the Board from time to time. The Board may confer upon and withdraw from the Managing Director any of the powers exercisable under this Constitution by the Board as it thinks fit and upon any conditions it thinks expedient but the conferring of powers by the Board upon the Managing Director does not exclude the exercise of those powers by the Board.

Managing Director not to submit for re-election

83. A Managing Director is not required to submit for re-election pursuant to Rule 81 while continuing to hold the office of Managing Director, but is subject to the same provisions as to vacation of office under Rule 79 and removal as the other Directors. A Managing Director ceases to be a Managing Director if the Managing Director ceases to hold office as a Director.

PROCEEDINGS OF DIRECTORS**Procedures relating to Board meetings**

84. The Board may meet together for the execution of business, adjourn and otherwise regulate its meetings as it thinks fit. Until otherwise determined by the Board, two Directors form a quorum. Subject to the Corporations Act, a Director who has a personal interest in a matter that is being considered at a Board meeting shall be counted in a quorum notwithstanding the interest. Notice of a meeting is deemed to have been given to a Director if sent by mail (electronic or otherwise), personal delivery or facsimile transmission to the usual place of business or residence of the Director or at any other address given to the Secretary by the Director from time to time or by any technology agreed by all directors.

Meetings by technology

85. (1) For the purposes of the Corporations Act, each Director, by consenting to be a Director (or by reason of the adoption of this Constitution), consents to the use of each of the following technologies for holding a Board meeting:
- (a) video;
 - (b) telephone;
 - (c) any other technology which permits each Director to communicate with every other Director; or
 - (d) any combination of these technologies.

A Director may withdraw the consent given under this Rule in accordance with the Corporations Act.

- (2) Where the Directors are not all in attendance at one place and are holding a meeting using technology and each Director can communicate with the other Directors:
- (a) the participating Directors are, for the purpose of every provision of this Constitution concerning meetings of the Board, taken to be assembled together at a meeting and to be present at that meeting; and
 - (b) all proceedings of those Directors conducted in that manner are as valid and effective as if conducted at a meeting at which all of them were physically present in the one location.

Votes at meetings

86. Questions arising at any meeting of the Board are decided by a majority of votes, and, in the case of an equality of votes, the Chairman has (except when only two Directors are present or except when only two Directors are competent to vote on the question then at issue) a second or casting vote.

Convening of meetings

87. The Board may at any time, and the Secretary, upon the request of any two Directors, must, convene a meeting of the Board.

Chairman

88. The Board may elect a Chairman and a Deputy Chairman of its meetings and determine the period for which each is to hold office. If no Chairman or Deputy Chairman is elected or if at any meeting the Chairman and the Deputy Chairman are not present at the time specified for holding the meeting, the Directors present may choose one of their number to be Chairman of the meeting.

Powers of meetings

89. A meeting of the Board at which a quorum is present is competent to exercise any of the authorities, powers and discretions for the time being vested in or exercisable by the Board.

Delegation of powers to Committees

90. The Board may delegate any of its powers to Committees consisting of a Director or Directors or any other person or persons as the Board thinks fit. Any Committee formed or person or persons appointed to the Committee must, in the exercise of the powers delegated, conform to any regulations that may from time to time be imposed by the Board. A delegate of the Board may be authorised to sub-delegate any of the powers for the time being vested in the delegate.

Proceedings of Committees

91. The meetings and proceedings of any Committee are to be governed by the provisions of this Constitution for regulating the meetings and proceedings of the Board so far as they are applicable and are not superseded by any regulations made by the Board under Rule 90.

Validity of acts

92. (1) All acts done at any meeting of the Board or by a Committee or by any person acting as a Director are, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any of the Directors or the Committee or the person acting as a Director or that any of them were disqualified, as valid as if every person had been duly appointed and was qualified and continued to be a Director or a member of the Committee (as the case may be).

- (2) If the number of Directors is reduced below the minimum number fixed pursuant to this Constitution, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of calling a general meeting of the Company but for no other purpose.

Circulating resolution

93. A resolution of which notice has been given to all Directors and which is approved by a majority of the Directors entitled to vote on the resolution (not being less than the number required for a quorum at a meeting of the Board) is as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted. The resolution is effective when approved by the last of the Directors constituting a majority. For the purposes of this Rule:
 - (a) the references to "Directors" do not include any alternate Director (other than an alternate Director who is specifically authorised by the appointing Director to vote on the relevant resolution);
 - (b) a resolution will be "approved" by a Director if:
 - (i) the Director signs a document containing the resolution in writing (which document may be separate to any document signed by any other Director), and sends, or causes to be sent, to the Company (including by facsimile transmission or other mechanical or electronic means) that document or a copy of that document, and that document or copy is received by the Company in legible form; or
 - (ii) the Director provides confirmation that they are in favour of the resolution in such other manner as the Board may from time to time determine as a valid means of resolutions being passed by Directors without a meeting.

POWERS OF THE BOARD

General powers of the Board

94. The management and control of the business and affairs of the Company are vested in the Board, which (in addition to the powers and authorities conferred upon it by this Constitution) may exercise all powers and do all things as are within the power of the Company and are not by this Constitution or by law directed or required to be exercised or done by the Company in general meeting.

Power to borrow and guarantee

95. Without limiting the generality of Rule 94, the Board may exercise all the powers of the Company to raise or borrow money, may guarantee the debts or obligations of any person and may enter into any other financing arrangement, in each case in the manner and on the terms it thinks fit.

Power to give security

96. Without limiting the generality of Rule 94, the Board subject to any other law may charge any property or business of the Company or any of its uncalled capital and may issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person, in each case in the manner and on the terms it thinks fit.

Power to authorise debenture holders, etc. to make calls

97. Without limiting the generality of Rule 94, if any uncalled capital of the Company is included in or charged by any debenture, mortgage or other security, the Board may, by instrument under the Seal, authorise the person in whose favour the debenture, mortgage or other security is executed or any other person in trust for him to make calls on the shareholders in respect of that uncalled capital and to sue in the name of the Company or otherwise for the recovery of moneys becoming due in respect of calls made and to give valid receipts for those moneys, and the authority subsists during the continuance of the debenture, mortgage or other security, notwithstanding any change in the Directors, and is assignable if expressed to be.

Power to issue bond, debenture or other security

98. Any bond, debenture or other security may be issued with or without the right of or obligation on the holder to exchange the bond, debenture or security in whole or in part for shares in the Company at any time, with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company and appointment of Directors and with such general rights and upon such conditions as the Board thinks fit.

Personal liability of officer

99. If any Director or any officer of the Company is or may become personally liable for the payment of any sum which is or may become primarily due from the Company, the Board may charge the whole or any part of the assets of the Company by way of indemnity to secure the Director or officer from any loss in respect of the liability.

Disposal of main undertaking

100. Any sale or disposal of the Company's main undertaking shall be conditional upon approval or ratification by the Company in general meeting. No person who may benefit (other than as a holder of securities issued by the Company) from the sale or disposal, and no person who for the purposes of Division 2 of Part 1.2 of the Corporations Act would be regarded as a person associated with that person, may vote on any resolution to approve or ratify the sale or disposal.

REGISTER**Branch register**

101. The Company may cause to be kept in any place a branch register of shareholders. The Board in its discretion may from time to time determine which shareholders or class of shareholders may be registered on any branch register and appoint an

authority in any place in which a branch register is kept to keep the branch register and enter and remove particulars of shares transferred from or to any other register of shareholders and approve or reject transfers in the branch register, and every authority if authorised by the Board may, in respect of transfers or other entries proposed to be registered or made in the branch register for which the authority is appointed, exercise all the powers of the Board in the same manner and to the same extent and effect as if the Board were actually present and exercised those powers.

THE SEAL

Execution of cheques, bills etc

102. All cheques, bills of exchange and promissory notes shall be signed, drawn, made, accepted or endorsed (as the case may be) for and on behalf of the Company by two Directors, or by one Director and the Secretary or some other officer authorised by the Board, or in such other manner as the Board may from time to time determine.

Affixing the Seal

103. The Board is to provide for the safe custody of the Seal, which may only be used by the authority of the Board. Every instrument to which the Seal is affixed is to be signed by a Director and countersigned by the Secretary or by a second Director or by another person appointed by the Board for the purpose. The Board may determine either generally or in any particular case that a signature may be affixed by a mechanical means specified in the determination.

Certificate Seal

104. The Company may have one or more duplicates of the Seal which are to be facsimiles of the Seal with the addition on their faces of the words "Certificate Seal" and which are to be known as Certificate Seals. Any certificate for shares issued under a Certificate Seal is deemed to be sealed with the Seal.

Official Seal

105. The Company may have one or more duplicates of the Seal which are to be facsimiles of the Seal with the addition on their faces of the words "Duplicate Seal" and which are to be known as Duplicate Seals. Any document executed under a Duplicate Seal is deemed to be sealed with the Seal.

MINUTES

Minutes

106. The Board is to ensure that minutes are duly recorded in any manner it thinks fit:
- (a) of the names of the Directors present at each meeting of the Board and of any Committees; and
 - (b) of all resolutions and proceedings of general meetings of the Company and of meetings of the Board and any Committees.

The minutes of any meeting of the Board or of any Committee or of the Company, if purporting to be signed by the chairman of the meeting or by the chairman of the next succeeding meeting, are (except as referred to in Rule 56) prima facie evidence of the matters stated in the minutes.

DIVIDENDS

Power to declare or determine dividends

107. (1) The Board may from time to time declare or determine that a dividend is payable and may fix the time for payment of any dividend. The dividend is (subject to the rights of, or any restrictions on, the holders of shares created or raised under any special arrangement as to dividend) payable on all shares in proportion to the amount of total issue price for the time being paid in respect of the shares, and may be declared or determined at a rate per annum in respect of a specified period provided that no amount paid on a share in advance of calls is to be treated as paid on that share.
- (2) No dividend bears interest against the Company.
- (3) Part 2 of this Constitution provides for circumstances relating to the suspension of dividend rights in respect of shares in the Company registered in the names of certain persons.

Dividend Plans

108. The Board may establish and maintain one or more dividend plans (including rules) pursuant to which shareholders may elect with respect to some or all of their shares (subject to the rules of the relevant plan):
- (a) to reinvest in whole or in part dividends paid or payable or which may become payable by the Company to the shareholder in cash by subscribing for shares in the capital of the Company;
- (b) that dividends from the Company not be declared, determined or paid and that instead a payment or distribution other than a dividend (including, without limitation, an issue of bonus shares, with no amount credited to the share capital account in connection with the issue of those shares) be made by the Company;
- (c) that cash dividends from the Company not be paid and that instead a cash dividend be received from a related corporation nominated by the Board;
- (d) to participate in a dividend selection plan, including but not limited to a plan pursuant to which shareholders may elect to receive a dividend from a related corporation which is less in amount but franked to a greater extent than the ordinary cash dividend declared or determined by the Board or to receive a dividend from any related corporation which is greater in amount but franked to a lesser extent than the ordinary cash dividend declared or determined by the Board.

Rules of Dividend Plans

109. (1) Pursuant to a dividend plan established in accordance with Rule 108, any shareholder may elect for a specified period or for a period to be determined by specified notice (in either case determined by the Directors and prescribed in the rules of the plan) that all or some of the ordinary shares held by that shareholder and designated by the shareholder in accordance with the rules of the plan (the "designated shares") will participate in the dividend plan. During that period the designated shares will be entitled to participate in the dividend plan subject to the rules of the dividend plan.
- (2) In the event of any inconsistency between any dividend plan established in accordance with Rule 108 or the rules of any dividend plan and this Rule, this Rule shall prevail.
- (3) The Directors are authorised to do all things which they consider to be desirable or necessary for the purpose of implementing every dividend plan established in accordance with Rule 108.
- (4) The Directors are authorised to vary the rules of any dividend plan established in accordance with Rule 108 at their discretion and to suspend or terminate any dividend plan at their discretion. Any dividend plan may also be suspended, terminated or varied by resolution of a general meeting of the Company.

Employee Share Plan

110. (1) The Directors may, subject to the Listing Rules:
- (a) implement an employee share plan (on the terms they determine) under which securities of the Company or of a related body corporate may be issued or otherwise provided to or for the benefit of any officer (including any Director) or employee of the Company or of a related body corporate or affiliate of the Company or to a relative of that officer or employee or to a Company, trust or other entity or arrangement in which that officer or employee or a relative of that officer or employee has an interest;
- (b) amend, suspend or terminate any employee share plan implemented by them; and
- (c) give financial assistance in connection with the acquisition of securities of the Company or of a related body corporate under any employee share plan in any manner permitted by the Corporations Act.
- (2) Rule 110(1) does not limit the Directors' powers to establish an employee share plan or limit the scope or structure of a plan.

Interim Dividends

111. The Board may from time to time pay to the shareholders on account of the next forthcoming dividend any interim dividend as in its judgment the position of the Company justifies.

No interest on dividends

112. No dividend or other moneys payable on or in respect of a share carries interest as against the Company.

Reserves

113. The Board may, in priority to any dividend, set aside out of the profits of the Company any sums as it thinks proper as a reserve, which at the discretion of the Board may be applicable for any purpose to which the profits of the Company may be properly applied, and pending application may be employed in the business of the Company or be invested in any investments the Board may from time to time think fit. Any income derived from or accretions to such shares, securities or other investments may either be carried to the credit of the reserve fund or reserve funds represented by such shares, securities or other investments or be dealt with as profits arising from the business of the Company.

Distribution otherwise than in cash

114. When declaring or determining a dividend the Board may:
- (a) direct payment of the dividend wholly or in part by the distribution of specific assets or documents of title and in particular of paid up shares, debentures or debenture stock of the Company or any other company; and
 - (b) if the Company in general meeting has approved the adoption of a plan in that behalf, determine and announce that each shareholder entitled to participate in the dividend may elect that the payment of the dividend be satisfied in respect of all, or a number of shares less than all, of the shares held by the shareholder by the allotment of paid up shares in accordance with the plan.

Power to capitalise profits

115. The Board may resolve that the whole or any portion of any sum forming part of the undivided profits of the Company or standing to the credit of any reserve or other account, and which is available for distribution, be capitalised and distributed to shareholders in the same proportions in which they would be entitled to receive it if distributed by way of dividend or in accordance with either the terms of issue of any shares or the terms of any plan for the issue of securities for the benefit of officers or employees and that all or any part of the sum be applied on their behalf either in paying up the amounts for the time being unpaid on any issued shares held by them, or in paying up in full unissued shares or other securities of the Company to be issued to them accordingly, or partly in one way and partly in the other.

Appropriation and application of amounts to be capitalised

116. The Board may specify the manner in which any fractional entitlements and any difficulties relating to distribution are to be dealt with and, without limiting the generality of the foregoing, may specify that fractions are to be disregarded or that any fractional entitlements are to be increased to the next whole number or that payments in cash in lieu of fractional entitlements be made. The Board may make all necessary appropriations and applications of the amount to be capitalised pursuant to Rule 115 and all necessary allotments and issues of fully paid shares or debentures. Where required, the Board may appoint a person to sign a contract on behalf of the shareholders entitled upon a capitalisation to any shares or debentures, which provides for the issue to them, credited as fully paid, of any further shares or debentures or for the payment by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised.

Transfer of shares

117. A transfer of shares registered after the transfer books close for dividend purposes, but before a dividend is payable, does not pass the right to any dividend declared or determined before the books are closed.

Retention of dividends

118. The Board may retain the dividends payable on securities referred to in Rules 42 and 43 until the trustee, executor or administrator or the transmittee (as the case requires) becomes registered as the holder of the securities or duly transfers them. The Board may also retain any dividends on or in respect of which (or on or in respect of the shares upon which any such dividend is payable) the Company has a lien or charge under Rule 31 and may apply the same in or towards satisfaction of the calls, instalments or sums owing in respect of which the lien or charge exists.

How dividends are payable

119. (1) Any dividend, interest or other money payable in cash in respect of shares may be paid in any manner and by any means determined by the Board, at the sole risk of the intended recipient. Without prejudice to any other means of payment which the Board may adopt any payment may be made:
- (a) by cheque sent through the post directed to:
 - (i) the address of the shareholder as shown in the Register or, in the case of joint holders, to the shareholder whose name stands first in the Register in respect of the joint holding; or
 - (ii) any other address as the shareholder or joint holders in writing directs or direct; or
 - (b) by electronic funds transfer to an account with a bank or other financial institution nominated by the shareholder or joint holders in writing and acceptable to the Company.

- (2) Without limiting Rule 120, if the Board decides to make a payment by electronic funds transfer under Rule 119(1) and an account is not nominated by the shareholder or joint holders in accordance with the requirements of Rule 119(1), the Company may hold the amount payable in a separate account of the Company until the holder or joint holders nominate an account in accordance with the requirements of Rule 119(1).
- (3) Payments of dividends and other distributions by the Company may be made in Australian dollars or any other currency determined by the Board in its discretion. Payments in different currencies may be made to different shareholders as determined by the Board in its discretion. If a payment is made in a currency other than Australian dollars the Board may determine in its discretion the appropriate exchange rate and the time of calculation to calculate the amount payable in the relevant currency. The determinations of the Board are, in the absence of manifest error, final.

Unclaimed dividends

120. Subject to law, all unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed or otherwise disposed of according to law.

NOTICES

Service of notices

121. A notice may be given by the Company to any shareholder, or in the case of joint holders to the shareholder whose name stands first in the Register, personally, by leaving it at the shareholder's Registered Address or by sending it by prepaid post or facsimile transmission addressed to the shareholder's Registered Address or, in any case, by other electronic means determined by the Board. All notices sent by prepaid post to persons whose Registered Address is not in Australia are to be sent by airmail.

When notice deemed to be served

122. Any notice sent by post is deemed to have been served at the expiration of 48 hours after the envelope containing the notice is posted and, in proving service, it is sufficient to prove that the envelope containing the notice was properly addressed and posted. Any notice served on a shareholder personally or left at the shareholder's Registered Address is deemed to have been served when delivered. Any notice served on a shareholder by facsimile or other electronic transmission is deemed to have been served when the transmission is sent.

Shareholder not known at Registered Address

123. Where a shareholder does not have a Registered Address or where the Company has a reason in good faith to believe that a shareholder is not known at the shareholder's Registered Address, a notice is deemed to be given to the shareholder if the notice is exhibited in the Office for a period of 48 hours (and is deemed to be duly served at the commencement of that period) unless and until the shareholder informs the Company of a registered place of address.

Signature to notice

124. The signature to any notice to be given by the Company may be written or printed.

Reckoning of period of notice

125. Where a given number of days' notice or notice extending over any other period is required to be given the day of service is not to be reckoned in the number of days or other period.

Notice to transferor binds transferee

126. Every person who, by operation of law, transfer or any other means becomes entitled to be registered as the holder of any shares is bound by every notice which, prior to the person's name and address being entered in the Register in respect of those shares, was duly given to the person from whom the person derives title to those shares.

Service on deceased shareholders

127. A notice served in accordance with this Rule is (notwithstanding that the shareholder is then dead and whether or not the Company has notice of the shareholder's death) deemed to have been duly served in respect of any registered shares, whether held solely or jointly with other persons by the shareholder, until some other person is registered in the shareholder's place as the holder or joint holder and the service is for all purposes deemed to be sufficient service of the notice or document on the shareholder's heirs, executors or administrators and all persons (if any) jointly interested with the shareholder in the shares.

WINDING UP**Distribution in specie**

128. (1) If the Company is wound up, whether voluntarily or otherwise, the liquidator may divide among all or any of the contributories as the liquidator thinks fit in specie or kind any part of the assets of the Company, and may vest any part of the assets of the Company in trustees upon any trusts for the benefit of all or any of the contributories as the liquidator thinks fit.

Variation of rights of contributories

(2) If thought expedient, any division may be otherwise than in accordance with the legal rights of the contributories and, in particular, any class may be given preferential or special rights or may be excluded altogether or in part, but where any division otherwise than in accordance with the legal rights of the contributories is determined, any contributory who would be prejudiced by the division has a right to dissent and ancillary rights as if the determination were a special resolution passed pursuant to the Corporations Act relating to the sale or transfer of the Company's assets by a liquidator in a voluntary winding up.

Restricted Securities

- (3) The holders of restricted securities within the meaning of the Listing Rules which are subject to escrow restrictions at the commencement of the winding up shall rank on a return of capital behind all other shares in the Company.

Liability to calls

- (4) If any shares to be divided in accordance with Rule 128(1) involve a liability to calls or otherwise, any person entitled under the division to any of the shares may, by notice in writing within ten business days after the passing of the special resolution, direct the liquidator to sell the person's proportion and pay the person the net proceeds and the liquidator is to act accordingly, if practicable.

INDEMNITY OF OFFICERS, INSURANCE AND ACCESS

Indemnity of officers

129. (1) The Company shall indemnify each officer of the Company and each officer of each wholly owned subsidiary of the Company out of the assets of the Company to the relevant extent against any liability incurred by the officer in or arising out of the conduct of the business of the Company or the conduct of the business of such wholly owned subsidiary of the Company (as the case may be) or in or arising out of the discharge of the duties of the officer.
- (2) Where the Board considers it appropriate, the Company may execute a documentary indemnity in any form in favour of any officer of the Company or any officer of any wholly owned subsidiary of the Company.
- (3) Where the Board considers it appropriate, the Company may:
- (a) make payments by way of premium in respect of any contract effecting insurance on behalf or in respect of an officer of the Company or an officer of any wholly owned subsidiary of the Company (as the case may be) against any liability incurred by the officer in or arising out of the conduct of the business of the Company or the conduct of the business of such wholly owned subsidiary of the Company (as the case may be) or in or arising out of the discharge of the duties of the officer; and
 - (b) bind itself in any contract or deed with any officer of the Company or any officer of any wholly owned subsidiary of the Company (as the case may be) to make the payments.
- (4) Where the Board considers it appropriate, the Company may:
- (a) give a former Director access to certain papers, including documents provided or available to the Directors and other papers referred to in those documents; and

- (b) bind itself in any contract with a Director or former Director to give the access.
- (5) In this Rule:
- (a) "officer" means:
 - (i) a director, executive officer, secretary, or other officer; or
 - (ii) a person appointed as trustee by, or acting as a trustee at the express request of, the Company or a wholly owned subsidiary of the Company;
 - (b) "duties of the officer" includes duties arising by reason of the appointment, nomination or secondment in any capacity of an officer by the Company or any wholly owned subsidiary of the Company to any other corporation;
 - (c) "liability" means all costs, charges, losses, damages, expenses, penalties and liabilities of any kind including, in particular, legal costs incurred in defending any proceedings (whether criminal, civil, administrative or judicial) or appearing before any court, tribunal, government authority or other body;
 - (d) "to the relevant extent" means:
 - (i) to the extent the Company is not precluded by law from doing so;
 - (ii) where the liability is incurred in or arising out of the conduct of the business of another corporation or in the discharge of the duties of the officer in relation to another corporation, to the extent and for the amount that the officer is not entitled to be indemnified and is not actually indemnified out of the assets of that corporation; and
 - (iii) to the extent and for the amount that the officer is not otherwise entitled to be indemnified and is not actually indemnified by another person (including, but without limitation, a subsidiary of the Company or an insurer under any insurance policy).

SMALL SHAREHOLDINGS

Sale of Small Holdings

130. (1) (a) In this Rule unless the context otherwise requires:

"Divestment Notice" means a notice in writing stating or to the effect that the Company intends to sell or arrange the sale of the shares of a shareholder unless within the Specified Period (which must be set out in the notice):

- (i) the shareholding of the shareholder increases to at least a Marketable Parcel and the shareholder notifies the Company in writing of the increase;
- (ii) the shares are sold by the shareholder; or
- (iii) except in respect of a Divestment Notice sent to a Prescribed New Small Holder, the shareholder gives to the Company a written notice that the shareholder wishes to retain the shares.

"Effective Date" means the date on which this Rule 130 was included in this Constitution.

"New Small Holder" means a shareholder who holds less than a Marketable Parcel of shares in the Company where:

- (i) the holding is a new holding created by the transfer of a parcel of shares that was less than a Marketable Parcel at the time a proper ASTC transfer was initiated or a paper based transfer was lodged; and
- (ii) the transfer occurred after the Effective Date.

"Notice Date" means the date on which the Company sends to a shareholder a Divestment Notice.

"Prescribed New Small Holder" means a New Small Holder which the Company determines should be treated as a Prescribed New Small Holder with the consequences set out in this Rule and, accordingly, is a person to whom the Company determines to send a Divestment Notice specifying seven days as the Specified Period.

"Sale Period" means the period of either seven days following the expiration of the Specified Period or, where Rule 130(2)(d) applies, seven days following the date of receipt by the Company of revocation of the notice referred to in Rule 130(2)(c)(iii).

"Small Holder" means a shareholder who holds less than a Marketable Parcel of shares in the Company but does not include a Prescribed New Small Holder.

"Specified Period" means either:

- (i) a period of not less than six weeks after the Notice Date, as determined by the Company; or
 - (ii) if the Company in its discretion determines in the case of a New Small Holder, the period of seven days after the Notice Date.
- (b) Where under this Rule powers are conferred on the Secretary the powers may be exercised either by the Secretary or by any person nominated by the Secretary.
- (2) (a) If the Secretary determines that a shareholder is a Small Holder or a Prescribed New Small Holder, the Secretary may send (subject to Rule 130(2)(b)) a Divestment Notice to the shareholder.
- (b) Subject to Rule 130(5), the Company may not give more than one Divestment Notice to a particular shareholder in any 12 month period.
- (c) Where the Company has sent to a shareholder a Divestment Notice then, unless within the Specified Period:
- (i) the shareholding of the shareholder increases to at least a Marketable Parcel and the shareholder has notified the Company in writing of the increase;
 - (ii) the relevant shares are sold by the shareholder; or
 - (iii) (save in respect of Prescribed New Small Holders who are not entitled to give notice of a wish to retain the relevant shares) the shareholder gives to the Company a written notice that the shareholder wishes to retain the relevant shares,
- the shareholder is deemed to have irrevocably appointed the Company as the shareholder's agent to sell the shares the subject of the Divestment Notice during the Sale Period at the price and on the terms determined by the Secretary in the Secretary's sole discretion and to receive the proceeds of sale on behalf of the shareholder. Nothing in this Rule obliges the Company to sell the shares. For the purposes of the sale, the Company may initiate a Holding Adjustment to move all the shares from a CHES Holding to an Issuer Sponsored Holding or a certificated holding or to take any other action the Company considers necessary or desirable to effect the sale.
- (d) Where a shareholder (not being a Prescribed New Small Holder) has given to the Company notice under Rule 130(2)(c)(iii) the shareholder may at any time revoke the notice and on revocation the Company is constituted the shareholder's agent as provided in Rule 130(2)(c).

- (e) The Secretary may execute on behalf of a shareholder a transfer of the shares in respect of which the Company is appointed agent under Rule 130(2)(c) in the manner and form the Secretary considers necessary and to deliver the transfer to the purchaser. The Secretary may take any other action on behalf of the shareholder as the Secretary considers necessary to effect the sale and transfer of the shares.
 - (f) The Company may register a transfer of shares whether or not any certificate for the shares has been delivered to the Company.
 - (g) If the shares of two or more shareholders to whom this Rule applies are sold to one purchaser, the transfer may be effected by one transfer.
 - (h) If shares are sold under this Rule, the Company must:
 - (i) within a reasonable time after completion of the sale, inform the former shareholder of the sale and the total sale proceeds received by the Company; and
 - (ii) if any certificate for the shares the subject of the transfer has been received by the Company (or the Company is satisfied that the certificate has been lost or destroyed or that its production is not essential), within 60 days after completion of the sale, cause the proceeds of sale to be sent to the former shareholder (or, in the case of joint holders, to the holder whose name appeared first in the register of members in respect of the joint holding). Payment may be made in any manner and by means as determined by the Board and is at the risk of the former shareholder.
 - (i) The Company bears the costs of sale of the transferor of shares sold under this Rule (but is not liable for tax on income or capital gains of the former shareholder).
 - (j) All money payable to former shareholders under this Rule which is unclaimed for one year after payment may be invested or otherwise made use of by the Board for the benefit of the Company until claimed or otherwise disposed of according to law. No money payable under this Rule by the Company to former shareholders bears interest as against the Company.
- (3) (a) A certificate signed by the Secretary stating that shares sold under this Rule have been properly sold discharges the purchaser of those shares from all liability in respect of the purchase of those shares.

- (b) When a purchaser of shares is registered as the holder of the shares, the purchaser:
 - (i) is not bound to see to the regularity of the actions and proceedings of the Company under this Rule or to the application of the proceeds of sale; and
 - (ii) has title to the shares which is not affected by any irregularity or invalidity in the actions and proceedings of the Company.
- (4) Any remedy of any shareholder to whom this Rule applies in respect of the sale of the shareholder's shares is limited to a right of action in damages against the Company to the exclusion of any other right, remedy or relief against any other person.
- (5) On the date on which there is announced a Takeover, the operation of this Rule is suspended. Despite Rule 130(2)(b), on the close of the offers under the Takeover the Company may invoke the procedures set out in this Rule.

PART 2

Operation

Definitions

131. (1) In this Part 2 of this Constitution unless it is inconsistent with the subject or context in which it is used:

"associate", in relation to a person, has the meaning it would have under Division 2 of Part 1.2 of the Corporations Act if:

(a) the following paragraph (aa) were inserted in Section 12(1) of the Corporations Act after paragraph (a) of Section 12(1):

"(aa) the reference relates to whether a person is in a position to exercise certain powers in relation to a designated body; or"; and

(b) Sections 13, 16(2) and 17 of the Corporations Act were repealed.

"Australian body corporate" means a body corporate that:

(a) is incorporated by or under a law of the Commonwealth or of a State or Territory; and

(b) is substantially owned and effectively controlled by persons who are:

(i) Australian individuals; or

(ii) Australian government bodies; or

(iii) Australian fund managers; or

(iv) bodies corporate incorporated by or under a law of the Commonwealth or of a State or Territory substantially owned and effectively controlled by persons referred to in paragraphs (i), (ii) or (iii);

"Australian citizen" has the same meaning as in the *Australian Citizenship Act 1948* (Cth);

"Australian fund manager" means the trustee or manager of a fund in which the total interests of Australian individuals, Australian government bodies and Australian bodies corporate represent at least 60% of the total interests in the fund;

"Australian government body" means:

(a) the Commonwealth, a State or a Territory; or

(b) a Commonwealth, State or Territory authority; or

- (c) a local government body (whether incorporated or not) formed by or under a law of a State or a Territory; or
- (d) a person who is a nominee of a body mentioned in paragraph (a), (b) or (c);

"Australian individual" means a natural person who is an Australian citizen or who, within the meaning of Section 5A of the Foreign Acquisitions and Takeovers Act 1975 (Cth), is ordinarily resident in Australia;

"Australian resident" means:

- (a) an Australian individual; or
- (b) an Australian government body; or
- (c) an Australian body corporate; or
- (d) an Australian fund manager;

"dispose of" means to sell, transfer, assign, alienate, surrender, dispose of, deposit, part with possession of and enter into any agreement or arrangement to do or allow any of these things;

"Entrenched Provision for Queensland" means all or any of the following provisions of this Constitution:

- (a) the definitions in Rule 2(1) of "Applicable Gaming Law of Queensland", "appropriate decision maker", "appropriate decision maker under the Applicable Gaming Law of Queensland", "Relevant Period for Queensland" and "Relevant Subsidiary for Queensland";
- (b) Rules 6(2) and 6(3);
- (c) Rule 36(e);
- (d) Rules 68(1) and 68(2);
- (e) Rule 79(h);
- (f) the definitions in Rule 131(1) of "associate", "dispose of", "Required Information", "share", "voting share" and this definition of "Entrenched Provision for Queensland";
- (g) Rules 132(1)(a) and 132(2)(b);
- (h) Rules 133(1), 133(3) and 133(4);
- (i) Rule 134; and
- (j) Rule 136;

"Entrenched Provision for TAB (NSW)" means all or any of the following provisions of this Constitution:

- (a) the definitions in Rule 2(1) of "NSW TAB Privatisation Act", "Relevant Period for TAB (NSW)", "TAB", "TAB (NSW) Ministers" and "Totalizator Act";
- (b) the definitions in Rule 131(1) of "associate", "dispose of", "Required Information", "Relevant Subsidiary for TAB (NSW)", "share", "TAB Totalizator Licence", "voting share" and this definition of "Entrenched Provision for TAB (NSW)";
- (c) Rules 132(1)(b) and 132(2)(c);
- (d) Rules 133(2), 133(3) and 133(4);
- (e) Rule 134;
- (f) Rule 135; and
- (g) Rule 136;

"non-resident" means a person who is not an Australian resident;

"relevant offence" means an offence -

- (a) against a law of a State or Territory, the Commonwealth or any other place in connection with the promotion, formation or management of a body corporate punishable by imprisonment or a fine of not less than \$5,000; or
- (b) involving fraud or dishonesty, being an offence -
 - (i) against a law of a State or Territory, the Commonwealth or any other place; and
 - (ii) punishable by imprisonment for life or for a period, or maximum period, of at least three months; or
- (c) against a law of a State or Territory, the Commonwealth or any other place punishable by imprisonment for life or for a period, or maximum period, of at least five years;

"Relevant Subsidiary for TAB (NSW)" means Tabcorp Investments No.4 Pty Ltd (ACN 108 197 084);

"Required Information" means information:

- (a) as to whether the person providing the information is entitled or will be entitled to voting shares in the Company and, if so, the number of voting shares to which that person is or will be entitled;

- (b) as to whether any other persons are entitled to or will be entitled to the voting shares referred to in paragraph (a) and, if so, the total number of voting shares in the Company to which those persons are or will be entitled;
- (c) identifying each person referred to in paragraph (a) or (b) who is a non-resident; and
- (d) identifying each person referred to in paragraph (a) or (b) who has been convicted of a relevant offence;

"share", in relation to a body corporate, has the same meaning as in Section 9 of the Corporations Act;

"TAB Totalizator Licence" means a licence in force under the Totalizator Act;

"Victorian Minister" means the Minister of the Crown in right of the State of Victoria for the time being charged with the administration of the Victorian Act. The term includes any Minister of the Crown who is temporarily performing the duties of the Victorian Minister;

"voting power", in relation to a body corporate, has the same meaning as in Section 610 of the Corporations Act; and

"voting share", in relation to a body corporate, has the same meaning as in Section 9 of the Corporations Act.

- (2) For the purposes of this Part 2 of this Constitution, a body corporate is substantially owned and effectively controlled by:
 - (a) Australian individuals; or
 - (b) Australian government bodies; or
 - (c) Australian fund managers; or
 - (d) bodies corporate incorporated by or under a law of the Commonwealth or of a State or Territory substantially owned and effectively controlled by persons referred to in paragraphs (a), (b) or (c),

if and only if the total value of shares in the body corporate in which persons other than persons mentioned in paragraphs (a) to (d) have relevant interests (within the meaning of Rule 131(3)) represents less than 40% of the total value of the issued share capital of the body corporate.

- (3) For the purposes of this Part 2 of this Constitution, a person has a relevant interest in a share if, and only if, the person would be taken to have a relevant interest in the share because of sections 608 and 609 of the Corporations Act.

- (4) For the purposes of this Part 2 of this Constitution:
- (a) the voting power a person has in the Company is the person's voting power determined in accordance with Section 610 of the Corporations Act as if a reference in Section 610 of the Corporations Act to a relevant interest were a reference to a relevant interest within the meaning of Rule 131(3); and
 - (b) the voting shares in the Company to which a person is entitled (or will be entitled) are the voting shares in the Company through which the person has (or will have) voting power (whether by reason of the person having a relevant interest in those voting shares or otherwise).
- (5) A reference in this Part 2 of this Constitution to the Corporations Act is a reference to the Corporations Act as it would apply if references in the Corporations Act to a body corporate, corporation or company included references to -
- (a) a body corporate of any kind wherever formed or incorporated and whether formed or incorporated under the Corporations Act or any other law; and
 - (b) any unincorporated body, being a society, association, company of proprietors or other body or undertaking, wherever formed, that, under the laws of its place of formation, may sue or be sued, or may hold property in the name of the secretary or some other officer of the society, association or body, or in the name of any trustee or trustees; and
 - (c) any unincorporated body, being a society, association, company of proprietors or other body or undertaking to which is applied, under the laws of the place of its formation, with or without exceptions, a law in force in that place relating to companies or corporations as if it were a company or corporation within the meaning of that law.
- (6) If the whole or a portion of the share capital of the Company consists of stock, a reference in this Part 2 of this Constitution to a number of shares in the Company as a percentage is, in relation to an amount of stock, a reference to the amount of stock that represents that number of shares.

Shareholder restrictions

- 132 (1) (a) During the Relevant Period for Queensland, a person's voting power in the Company must not exceed 10% without the written consent of the appropriate decision maker under the Applicable Gaming Law of Queensland.
- (b) During the Relevant Period for TAB (NSW), a person's voting power in the Company must not exceed 10% without the written consent of the TAB (NSW) Ministers.

- (2) The purpose of the provisions of this Part 2 of this Constitution is to:
- (a) assist in the enforcement of the prohibitions and restrictions imposed under the Victorian Act from time to time, and otherwise to impose certain prohibitions and restrictions which are to apply as a consequence of the Company, or a subsidiary of the Company, being a gambling industry participant within the meaning of section 1.3(1) of the Victorian Act and to provide for the enforcement of those prohibitions and restrictions;
 - (b) assist in the enforcement of the prohibitions and restrictions imposed under the Applicable Gaming Law of Queensland from time to time, and otherwise to impose certain prohibitions and restrictions which are to apply as a consequence of the Company, or a subsidiary of the Company, being a holder of a keno licence under the Applicable Gaming Law of Queensland and to provide for the enforcement of those prohibitions and restrictions; and
 - (c) impose certain prohibitions and restrictions which are to apply as a consequence of the Company being, or being the ultimate holding company of a company which is, the nominated company within the meaning of the NSW TAB Privatisation Act, and to provide for the enforcement of those prohibitions and restrictions.
- (3) Shareholders acknowledge and recognise that the exercise of the powers given to the Board pursuant to the provisions of this Part 2 of this Constitution may cause individual shareholders considerable disadvantage but the shareholders acknowledge that such a result may be necessary to enable the enforcement of the prohibitions referred to in this Rule.
- (4) The powers conferred on the Board under this Part 2 of this Constitution are to be interpreted widely. In exercising its powers under this Part the Board may disregard any loss or disadvantage that may be suffered by individual shareholders affected by the exercise of those powers. Shareholders acknowledge that they have no right of action against the Board or the Company for any loss or disadvantage incurred by them as a result, whether direct or indirect, of the Board exercising its powers pursuant to the provisions of this Part 2 of this Constitution.

Rights and powers of the TAB (NSW) Ministers and the appropriate decision maker under the Applicable Gaming Law of Queensland

- 133 (1) Notwithstanding any other provision in this Constitution, but subject to the Listing Rules and the Corporations Act, during the Relevant Period for Queensland:
- (a) The Company (in the case of a power conferred under this Constitution on the Company) or the Board (in the case of a power conferred under this Constitution on the Board) as the case may be, must obtain the prior written approval of the appropriate decision maker under the Applicable Gaming Law of Queensland to:
 - (i) appoint any person as a Director or alternate Director;
 - (ii) alter or amend any Entrenched Provision for Queensland;
 - (iii) appoint any person, other than one of the four major accounting firms operating in Australia from time to time, as auditor of the Company;
 - (iv) subject to Rule 36, knowingly permit a contravention of Rule 132(1)(a) or register any transfer of shares which would contravene the provisions of Rule 132(1)(a);
 - (v) dispose of any interest in any shares in a Relevant Subsidiary for Queensland other than to a person approved in writing by the appropriate decision maker under the Applicable Gaming Law of Queensland.

A reference in Rule 133(1)(a)(ii) to altering or amending any Entrenched Provision for Queensland includes a reference to any alteration or amendment of this Constitution of any type which has the effect of altering, adding to or omitting any Entrenched Provision for Queensland or any other effect which is equivalent or substantially similar to that effect.

- (b) The Company acknowledges that an appropriate decision maker in pursuance of an Applicable Gaming Law of Queensland now or hereafter in force may determine in its absolute discretion that a person who holds shares in the Company is not or may cease to be at any time a suitable person to be associated with the ownership or management of the operations of the Company or any subsidiary of the Company.

- (2) Notwithstanding any other provision in this Constitution, but subject to the Listing Rules and the Corporations Act, during the Relevant Period for TAB (NSW), the Company (in the case of a power conferred under this Constitution on the Company) or the Board (in the case of a power conferred under this Constitution on the Board) as the case may be, must obtain the prior written approval of the TAB (NSW) Ministers to:
- (a) alter or amend any Entrenched Provision for TAB (NSW);
 - (b) appoint any person, other than one of the four major accounting firms operating in Australia from time to time, as auditor of the Company;
 - (c) subject to Rule 36, knowingly permit a contravention of Rule 132(1)(b) or register any transfer of shares which would contravene the provisions of Rule 132(1)(b); or
 - (d) dispose of any interest in any shares in a Relevant Subsidiary for TAB (NSW) other than to a person approved in writing by the TAB (NSW) Ministers.

A reference in Rule 133(2)(a) to altering or amending any Entrenched Provision for TAB (NSW) includes a reference to any alteration or amendment of this Constitution of any type which has the effect of altering, adding to or omitting any Entrenched Provision for TAB (NSW) or any other effect which is equivalent or substantially similar to that effect.

- (3) Each shareholder acknowledges that a statutory declaration provided to the Company by a shareholder pursuant to Rule 134 may be provided by the Company to any or all of:
- (i) the Victorian Commission and the Victorian Minister;
 - (ii) an appropriate decision maker under the Applicable Gaming Law of Queensland; and
 - (iii) the TAB (NSW) Ministers.
- (4) The Company will enforce the disposition of shares of any person in accordance with the procedure for disposal of shares set out in Rule 136.

Requirement to provide information

134. (1) The Board:

- (a) may, from time to time and at any time; and
- (b) must, if directed to do so by a TAB (NSW) Minister,

send to a shareholder (the "Recipient Shareholder") a pro forma statutory declaration in a form approved by the Board which makes provisions for the shareholder to set out therein the Required Information.

- (2) The Recipient Shareholder must, within 7 calendar days of the pro forma statutory declaration referred to in Rule 134(1) being sent to it (or within such other period, not being less than 7 calendar days, as the Board may permit), provide to the Company a statutory declaration in the form of the pro forma statutory declaration sent to it, which statutory declaration:
- (a) sets out the Required Information; and
 - (b) is made:
 - (i) where the Recipient Shareholder is a natural person - by that person;
 - (ii) where the Recipient Shareholder is a corporation - by two directors of that corporation; and
 - (iii) where the Recipient Shareholder is a body corporate which is not a corporation - by a duly authorised officer of that body corporate.

Suspension of voting rights, dividend rights and disposal of shares

135. (1) Where a shareholder fails to comply with Rule 134(2), the voting rights in respect of all the shares registered in the name of the shareholder (or that number of such shares as the Board may specify) are suspended from the date that the shareholder fails to comply with Rule 134(2) until:
- (a) a statutory declaration as required pursuant to Rule 134(2) has been provided to the Company; or
 - (b) the person ceases to be the registered owner of those shares,
- whichever is the earlier.
- (2) If a shareholder fails to comply with the requirements of Rule 134(2), the Board may give notice in writing to the shareholder requiring that the relevant statutory declaration setting out the Required Information be provided to the Company.
- (3) If within 14 calendar days of the date of the notice referred to in Rule 135(2) the relevant statutory declaration has not been provided the Board may:
- (a) give notice in writing to the shareholder requiring that all shares in the Company registered in the name of the shareholder (or that number of such shares as the Board may specify) be disposed of within 3 months; and
 - (b) give notice in writing to the shareholder that all dividend rights in respect of all shares in the Company registered in the name of the shareholder (or that number of such shares as the Board may specify) are suspended from the date of the notice until:
 - (i) a statutory declaration as required pursuant to Rule 134(2) has been provided to the Company; or

- (ii) the person ceases to be the registered owner of those shares,
whichever is the earlier.
- (4) If a notice under Rule 135(3) is not complied with by the shareholder within the time limit specified in Rule 135(3), the Board may appoint a person to execute any documents and implement any procedures as may be required to procure the transfer of the shares on behalf of the shareholder and to receive and give a good discharge for the purchase price. Brokerage, stamp duty and any other costs of the transfer shall be paid out of the sale proceeds. The net proceeds of any sale under this Rule shall be paid to the shareholder who held the shares sold under this Rule provided that the shareholder has delivered to the Company such documents or information as may be reasonably required by the Board. Upon the name of the purchaser being entered in the Register in purported exercise of the powers under this Rule, the validity of the sale shall not be challenged by any person.

Compulsory disposition of shares

136. (1) (a) If:
- (i) a notice in writing ("Authority Disposal Direction") is issued to the Company or a subsidiary of the Company by the Victorian Commission in pursuance of the Victorian Act setting out as a ground giving rise to its issue that a holder of shares in the Company ("Disqualified Shareholder"), or a person who has a relevant interest in those shares, is unsuitable to be concerned in or associated with the gambling business of the Company or any subsidiary of the Company or that the Disqualified Shareholder or other person has engaged or is engaging in conduct that, in the Victorian Commission's opinion, is unacceptable for a person who is concerned in or associated with the gambling business of the Company or any subsidiary of the Company; or
 - (ii) a notice in writing (also an "Authority Disposal Direction") is issued to the Company or a subsidiary of the Company by an appropriate decision maker in pursuance of the Applicable Gaming Law of Queensland now or hereafter in force setting out as a ground giving rise to its issue that a holder of shares in the Company (also a "Disqualified Shareholder") is not or has ceased to be at any time a suitable person to be associated with the ownership or management of the operations of the Company or any subsidiary of the Company,
- then the Company shall immediately upon receipt of the Authority Disposal Direction serve a copy of the same on the Disqualified Shareholder.

- (b) A Disqualified Shareholder must within 30 days after the date of an Authority Disposal Direction dispose of all of its shares in the Company (or that number of such shares as the Board may specify).
- (2) (a) If, at any time, a person (also referred to as a "Disqualified Shareholder") who holds shares in the Company does not:
 - (i) without the prior written consent of the appropriate decision maker under the Applicable Gaming Law of Queensland, comply with the provisions of Rule 132(1)(a) (including, without limitation, by enabling another person to be entitled to shares held by the person); or
 - (ii) without the prior written consent of the TAB (NSW) Ministers, comply with the provisions of Rule 132(1)(b) (including, without limitation, by enabling another person to be entitled to shares held by the person),

then the Company shall, upon becoming aware of or on being notified by a Relevant Regulatory Body of such non-compliance, immediately serve on the Disqualified Shareholder a notice in writing ("Company Disposal Direction") requiring the Disqualified Shareholder to dispose of, within 30 days after the date of the Company Disposal Direction, those shares in the Company which cause the Disqualified Shareholder, or another person who is entitled to shares held by the Disqualified Shareholder, to exceed the number of shares permitted under Rule 132(1)(a) or Rule 132(1)(b) (as the case may be).

For the purpose of this Rule 136(2)(a), a "**Relevant Regulatory Body**" means each of:

- (a) the appropriate decision maker under the Applicable Gaming Law of Queensland; and
- (b) the TAB (NSW) Ministers.
- (b) A Disqualified Shareholder must, within 30 days after the date of the Company Disposal Direction dispose of those shares in the Company which cause the Disqualified Shareholder, or another person who is entitled to shares held by the Disqualified Shareholder, to exceed the number of shares permitted under Rule 132(1)(a) or Rule 132(1)(b) (as the case may be).
- (3) (a) If, at any time, the Board is of the opinion that the holding of shares by a shareholder may:
 - (i) prejudice the ability of the Company or a subsidiary of the Company to be granted a TAB Totalizator Licence; or
 - (ii) result in any TAB Totalizator Licence held by the Company or a subsidiary of the Company being revoked, suspended or made

subject to a condition or conditions that would have a material adverse effect on the operations of the relevant licensee,

then the Board may serve on that shareholder (also a "Disqualified Shareholder") a notice in writing (also a "Company Disposal Direction") requiring the Disqualified Shareholder to dispose of all of its shares in the Company (or that number of such shares as the Board may specify) within 30 days after the date of the Company Disposal Direction.

- (b) A Disqualified Shareholder must within 30 days after the date of the Company Disposal Direction dispose of all, or such other number as may be specified in the Company Disposal Direction, of its shares in the Company.
- (4) The Company when serving upon a Disqualified Shareholder a copy of an Authority Disposal Direction under Rule 136(1) or a Company Disposal Direction under Rule 136(2) or Rule 136(3) must advise the Disqualified Shareholder in writing of the suspension of the relevant dividend and voting rights as set out in Rule 136(8) provided that failure to give such advice as required by this Rule 136(4) shall not effect the operation of Rule 136(8).
- (5) (a) If the Disqualified Shareholder fails to dispose of the shares required to be disposed of pursuant to Rule 136(1), Rule 136(2) or Rule 136(3) (as the case may be), the Company may sell the shares at (subject to Rule 136(5)(d)) not less than their fair market value, determined in accordance with Rule 136(6), and for that purpose may initiate a Holding Adjustment to move all the shares held by a Disqualified Shareholder from a CHESS Holding to an Issuer Sponsored Holding or a certificated holding and effect a transfer to give effect to the sale or other disposition of all or the relevant number (as the case may be) of the shares held by the Disqualified Shareholder.
- (b) Each member irrevocably appoints each Director and Secretary of the Company severally as its attorney ("Attorney") to do anything necessary or considered expedient by the Company to effect a sale or other disposition of shares in the Company held by a Disqualified Shareholder and to receive and give a good discharge for the purchase price for the shares including, without limitation, effecting a transfer referred to in Rule 136(5)(a).
- (c) Subject to Rule 136(5)(a), any sale or other disposition under this Rule 136(5) may be made by the Company by offering the shares for sale:
- (i) on the ASX, if at the time of sale the Company is admitted to the official list of the ASX, or by private sale or tender;
 - (ii) in one lot or in parcels; and

either with or without special conditions or stipulations as to the time or mode of payment of the purchase price for the shares, and in any case on such other terms as the Company thinks fit.

- (d) If the Company cannot sell the shares, or the relevant number of the shares, of the Disqualified Shareholder for a sum equal to or greater than the fair market value as determined in accordance with Rule 136(6) within 30 days, the Company shall ascertain third parties who may be interested in acquiring the shares and the Attorney shall be authorised to effect a transfer of the shares for the purpose of giving effect to a sale or disposal of the shares at the best price which the Company using its reasonable endeavours is able to attain.
- (6) (a) The meaning of "fair market value" for the purpose of this Rule 136 shall be the greater of:
- (i) the value that the Company agrees should be placed on all but not some of the shares held by the Disqualified Shareholder and which are to be disposed of on the basis of what a hypothetical, prudent, willing, but not anxious purchaser would be prepared to pay to a willing, but not anxious vendor in circumstances where both the purchaser and vendor are fully informed of all publicly available operational and financial details. The Company will have regard to such factors as it believes are necessary to determine the fair market value but will give particular consideration to the future maintainable earnings of the Company, the nature and timing of future cash inflows and outflows and the discount factor to be applied to those cashflows, the price and quantity at which shares have been traded recently and since the Company has been admitted to the official list of the ASX and the number of shares to be sold;
or
- (ii)
- | | | |
|---|---|--|
| <u>Shareholders' Funds</u> | X | number of shares to be |
| total number of ordinary
shares on issue | | disposed of by Disqualified
Shareholder |
- (b) For the purpose of Rule 136(6)(a)(ii), "Shareholders' Funds" means, in relation to the Company, the aggregate of:
- (i) the amount paid up or credited as paid up on the issued share capital of the Company (excluding the amount paid up or credited as paid up on any shares or other security issued by the Company which give an entitlement to the holder to require their repurchase or redemption by the Company);
- (ii) the amount standing to the credit (or debit) of the capital and revenue reserves of the Company (including but not limited to amounts standing to the credit of capital reserves and revenue reserves and retained profits or losses),

less the value of all intangible assets (including goodwill, trade names, patents, future income tax benefits, underwriting and formation expenses and other items of like nature) except for the value of the Company's interest in any wagering or gaming licence.

- (c) The Company shall have 14 days following the expiry of the period in which the Disqualified Shareholder is given to dispose of its shares in accordance with Rule 136 to determine the fair market value of the shares of the Disqualified Shareholder.
 - (d) If the Company fails to determine the fair market value, then that fair market value shall be determined by the Company's auditor on the same basis outlined in Rule 136(6)(a) following a request to the Company's auditor by the Company or the Disqualified Shareholder. The auditor shall have 14 days within which to determine the fair market value following receipt of a request from the Company or the Disqualified Shareholder. The determination of the auditor, who shall act as expert and not as arbitrator, shall be final and binding on the Company and the Disqualified Shareholder. The cost of such determination shall be borne by the Disqualified Shareholder.
- (7) A person to whom shares are sold or otherwise disposed of under Rule 136(5) is not bound to see to the regularity or validity of, or to the application of the purchase money or consideration on, any sale or other disposal and the title of that person to the shares is not affected by any irregularity or invalidity in the forfeiture of the shares or the exercise of any power by the Company or the Board.
- (8) All dividend and voting rights attaching to:
- (a) all the shares in the Company held by a Disqualified Shareholder referred to in Rule 136(1)(a) (or that number of such shares as the Board may specify pursuant to Rule 136(1)(b));
 - (b) those shares in the Company which cause a Disqualified Shareholder specified in Rule 136(2)(a), or another person who is entitled to shares held by that Disqualified Shareholder, to exceed the number of shares permitted under Rule 132(1);
 - (c) those shares in the Company held by a Disqualified Shareholder and referred to in a Company Disposal Direction given under Rule 136(3) as being required to be disposed of,

shall be suspended immediately upon the issue of an Authority Disposal Direction or a Company Disposal Direction until the disposal of the relevant shares by the Disqualified Shareholder.

- (9) The Board shall have the power to make a determination, on the basis of information known to the Board after reasonable inquiry, of all questions arising under this Rule 136, including without limitation:
- (a) whether a Disqualified Shareholder has disposed of shares pursuant to Rules 136(1), 136(2) or 136(3) (as applicable);
 - (b) the number of shares held by any person; and
 - (c) a person's voting power in the Company.
- (10) Any determination made pursuant to Rule 136(9) shall be binding on, and conclusive against (in the absence of manifest error), the Disqualified Shareholder.
- (11) A Disqualified Shareholder shall indemnify the Company and keep it indemnified for all direct and indirect costs incurred by the Company as a result of the Disqualified Shareholder's continuing ownership of or failure to divest shares.
- (12) Any person aggrieved by a sale or other disposal under Rule 136 shall have no remedy against:
- (a) the Victorian Commission, the Victorian Minister or the State of Victoria; or
 - (b) the TAB (NSW) Ministers or the State of New South Wales; or
 - (c) an appropriate decision maker under the Applicable Gaming Law of Queensland or the State of Queensland.
- (13) Terms defined in this Rule 136 have the corresponding meanings only in this Rule 136.

Sub-registers of shares

137. (1) In addition to the Register and any other register maintained in compliance with the Corporations Act, the Board may maintain any of the following sub-registers of shares:
- (a) a sub-register of voting shares in the Company to which Australian residents are entitled;
 - (b) a sub-register of voting shares in the Company to which non-residents are entitled; and
 - (c) a sub-register of voting shares in the Company to which persons who have been convicted of a relevant offence are entitled.

- (2) For the purposes of this Rule 137 voting shares may be included in a sub-register as being voting shares to which a particular person is entitled if:
- (a) those voting shares are acknowledged in writing by the registered owner of those shares to be shares to which that person is entitled; or
 - (b) in the opinion of the Board, those voting shares are shares to which that person is entitled.

Inconsistency with Part 1

138. In the event of any inconsistency between Parts 1 and 2 of this Constitution the provisions of Part 2 shall prevail.

No derogation from Act

139. Nothing in this Constitution shall be construed as in any way derogating from or limiting the operation of the provisions of the Victorian Act.

List of Tabcorp's related-bodies corporate

100% owned Australian subsidiaries in a deed of cross guarantee with Tabcorp

- Tabcorp Assets Pty Ltd (ACN 064 303 920)
- Luxbet Pty Ltd (ACN 092 104 786)
- Tabcorp Participant Pty Ltd (ACN 064 304 105)
- Tabcorp ACT Pty Ltd (ACN 167 957 002)
- Tabcorp Wagering (Vic) Pty Ltd (ACN 134 587 107)
- Tabcorp Wagering Participant (Vic) Pty Ltd (ACN 154 418 489)
- Tabcorp Wagering Assets (Vic) Pty Ltd (ACN 154 419 226)
- Tabcorp Investments No.4 Pty Ltd (ACN 108 197 084)
- Tab Limited (ACN 081 765 308)
- Sky Channel Pty Ltd (ACN 009 136 010)
- 2KY Broadcasters Pty Ltd (ACN 000 820 057)
- Tabcorp Services Pty Ltd (ACN 065 600 446)
- Tabcorp Training Pty Ltd (ACN 164 783 199)
- Tabcorp International Pty Ltd (ACN 006 574 652)
- Tabcorp International No.4 Pty Ltd (ACN 146 788 614)

100% owned Australian subsidiaries

- Tabcorp Manager Pty Ltd (ACN 064 304 016)
- Tabcorp Wagering Manager (Vic) Pty Ltd (ACN 154 419 342)
- Tabcorp Investments Pty Ltd (ACN 085 513 300)
- Tabcorp Investments No.2 Pty Ltd (ACN 105 341 375)
- Tabcorp Investments No.5 Pty Ltd (ACN 105 341 366)
- Tabcorp Investments No.6 Pty Ltd (ACN 140 778 472)
- Tabcorp Investments No.9 Pty Ltd (ACN 602 941 506)
- Tabcorp Investments No.10 Pty Ltd (ACN 609 414 673)
- Tabcorp Employee Share Administration Pty Ltd (ACN 064 458 224)
- Showboat Australia Pty Ltd (ACN 061 299 625)
- Tabcorp Wagering Holdings Pty Ltd (ACN 138 672 581)
- OneTab Holdings Pty Ltd (ACN 156 560 539)
- OneTab Australia Pty Ltd (ACN 154 156 859)
- COPL Pty Ltd (ACN 604 570 023)
- Tabcorp International No.5 Pty Ltd (ACN 114 560 075)
- Tabcorp International No.6 Pty Ltd (ACN 163 559 108)
- Sky Channel Marketing Pty Ltd (ACN 000 092 277)

- Sky Australia International Racing Pty Ltd (ACN 058 310 231)
- Tabcorp Gaming Holdings Pty Ltd (ACN 136 582 806)
- Keno (Qld) Pty Ltd (ACN 071 366 446)
- Tabcorp Gaming Solutions Pty Ltd (ACN 138 853 675)
- Tabcorp Gaming Solutions (NSW) Pty Ltd (ACN 141 733 575)
- Tabcorp Gaming Solutions (Qld) Pty Ltd (ACN 136 582 851)
- Tabcorp Gaming Solutions (ACT) Pty Ltd (ACN 605 478 902)
- TAHAL Pty Ltd (ACN 000 005 916)
- Keno (NSW) Pty Ltd (ACN 003 992 327)
- Club Gaming Systems (Holdings) Pty Ltd (ACN 051 404 007)
- Advento Pty Ltd (ACN 600 150 230)
- Bounty Pty Ltd (ACN 096 276 292)
- Bounty Systems Pty Ltd (ACN 090 692 489)
- Clubline Systems Pty Ltd (ACN 090 524 039)
- eBET Gaming Systems Pty Ltd (ACN 086 218 831)
- eBET Services Pty Ltd (ACN 132 670 485)
- eBET Systems Pty Ltd (ACN 088 033 121)
- Industry Data Online Pty Ltd (ACN 098 768 202)
- Inov8 Mobile Pty Ltd (ACN 051 065 117)
- Intecq Ltd (ACN 056 210 774)
- Maxi Gaming Pty Ltd (ACN 075 457 626)
- Odyssey Gaming Ltd (ACN 074 735 452)
- Odyssey Gaming Services Pty Ltd (ACN 061 363 139)

50% owned Australian subsidiaries

- Gaming Solutions Pty Ltd (ACN 125 503 853)

International subsidiaries

- Tabcorp Europe Holdings Limited (Isle of Man Company Number 006134V)
- Tabcorp Europe Limited (Isle of Man Company Number 011529V)
- Luxbet Europe Limited (Isle of Man Company Number 009507V)
- Luxbet Europe Services Limited (Isle of Man Company Number 009504V)
- Tabcorp UK Limited (United Kingdom Company Number 09815995)
- Tabcorp Canada Limited (Canada Company Number 833749-7)
- Sky Racing World Holdco, LLC (United States (Delaware) Company Number 5337595)
- Sky Racing World, LLC (United States (Delaware) Company Number 5337600)

- Sky Racing World GP (United States (Delaware) General Partnership Number 5337590)
- Tabusa, LLC (United States (Delaware) Company Number 5972705)
- eBET Inc (United States (California) Company Number C2176003)

50% owned international subsidiaries

- Premier Gateway International Limited (Isle of Man Company Number 006136V)
- Premier Gateway Services Limited (Isle of Man Company Number 006135V)



Annual Report 2016

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Notice of meeting

The Annual General Meeting of Tabcorp Holdings Limited will be held at The Grand Ballroom, The Westin Sydney, 1 Martin Place, Sydney, on Tuesday, 25 October 2016 at 10.00am (AEDT).

Elect not to receive a hard copy

Shareholders can elect not to receive a hard copy Annual Report by updating their communications preferences with the share registry – go online at linkmarketservices.com.au or call 1300 665 661.

About the Annual Report

Tabcorp has evolved its Annual Report into one document. Previously it consisted of two documents – the Concise Annual Report and the Financial Report. The move to a single document enables Tabcorp to publish its Annual Report earlier, on the day it releases its full year results, therefore providing information to stakeholders in a more timely and efficient manner. Shareholders who previously elected to receive a Concise Annual Report or the Full Annual Report now receive the one Annual Report document. A copy of the Annual Report is available, free of charge, on request. Current and past Annual Reports are available from the Company's website at www.tabcorp.com.au.

Sustainability Report

Tabcorp will release a separate Sustainability Report later this year. Therefore, detailed sustainability related disclosures have been transferred from the Annual Report and will be published in the Sustainability Report.

Tabcorp is a top 100 ASX listed company, and one of the world's largest publicly listed gambling companies.

It is the biggest financial contributor to the Australian racing industry.

Through our strong connections with our industry partners, customers, community groups, and employees, we create sustainable value and benefits that are shared with our stakeholders.



“No other organisation supports the industry to the same extent Tabcorp does.”



Tabcorp creates winning partnerships with the racing industry

In March 2016, Tabcorp and the Victoria Racing Club (VRC) announced an eight-year extension of their long-standing relationship.

The partnership is important to the long term growth of the VRC, the biggest member-based race club in the world.

VRC Chief Executive Officer, Simon Love, understands the value of a winning partnership.

“As an organisation, we are focused solely on how we can create the best experience and atmosphere for race-goers. Our partnership with Tabcorp helps support us as we evolve as a premium entertainment experience and venue,” Simon said.

Simon believes the partnership with Tabcorp is of significance not only for the organisation, but for the industry at large.

“Tabcorp has been integral to the development of racing in Victoria.

When you look at the highly competitive wagering landscape we operate within, no other organisation supports the industry to the same extent Tabcorp does,” Simon said.

“The digital age is driving our industry to evolve very quickly. Our team recognises the need to find new ways to innovate and upgrade to ensure key calendar events such as the Melbourne Cup Carnival and our other race days remain fresh and vibrant. Our partnership with Tabcorp is critical to our continued evolution.

“Iconic events such as the Emirates Melbourne Cup are a part of the fabric and culture of being Australian. Whether people attend the races in a corporate suite, or have general admission to the lawn, our aim is to deliver a memorable, premium quality experience that knocks other leisure pursuits out of the park. Tabcorp not only helps us to create this experience, but enables us to build on it.”

Tabcorp supports jockeys with three-year partnership

In 2015, Tabcorp announced a three-year partnership with the National Jockeys Trust (NJT), which includes a \$120,000 donation.

Over the past 12 years, the NJT has proudly supported those who show immense bravery every time they compete in a race. During this time, the NJT has provided financial relief to more than 260 jockeys, apprentice jockeys and their families when faced with serious injury, illness and even death.

NJT Chairman, Paul Innes AO said as Australia's largest wagering operator, Tabcorp is an important contributor to the racing industry. "We're very grateful for Tabcorp's partnership with the National Jockeys Trust as it helps us provide meaningful support to jockeys and their families," he said.

Mr Innes said jockeys risk severe injury or even death on a daily basis doing the job they love.

"There are times when badly injured riders and families of riders we have lost need financial support," he said. "Recently, we received a call from a female jockey who was seriously injured in a fall more than 20 years ago, and was in need of financial assistance. The Trust was able to assist her and her family through a difficult time. We would not be able to provide the same level of support without Tabcorp's contribution."

Emma Goring, whose husband, Mark died after a race fall in 2003, said the National Jockey's Trust continues to play an integral role in her family's life following the accident. "The Trust was established a year after Mark's fall, and the assistance we've received from them over the past 12 years has helped our family immensely," she said.

As part of the agreement, Tabcorp was an official partner for National Jockeys Celebration Day in August 2015 and the National Jockeys Trust T20 Cricket match in January 2016.

Ms Goring's son joined the Jockey's Team at this year's match in honor of his father. "The opportunity for him to participate in the match and play against the All Stars Team means a lot to our family in remembrance of Mark and other jockeys whom we have lost," she said. "On behalf of myself and my children, I want to pass on a massive thanks to Tabcorp for its support of the National Jockey's Trust."





Tabcorp is the most substantial contributor to the Australian racing industry, and returned \$786.9 million in the 2016 financial year.

FY16 strategic achievements

ACTTAB integration completed successfully

Secured five-year agreement for Victorian thoroughbred media rights

Sky Thoroughbred Central commenced high definition broadcasting of Australian racing

Investment in technology platforms and digital development capabilities

Sun Bets, a new online wagering and gaming business, established in the UK

NSW Keno licence extended to 2050

Significant investment in risk and compliance capability

Federal Government response to Illegal Offshore Wagering Review welcomed

FY17 priorities

Release new TAB app in 1Q17

Develop new wagering products and enhance existing offering

Increase digital integration in TAB retail

Launch Sun Bets in the UK

Drive TGS venue performance and continue expansion

Pool Keno jackpots with Queensland, subject to legislative approval

Launch Keno in-venue digital solution and new game format, subject to regulatory approvals

Achieve our 14% target return on invested capital

Ensure the highest levels of regulatory compliance and work to resolve the matters raised by AUSTRAC

Financial performance

Final dividend of 12 cents per share, taking full year ordinary dividends to 24 cents per share fully franked, up 20.0% and in line with the dividend payout policy⁽ⁱ⁾.

Statutory NPAT of \$169.7 million, down 49.3%:

- NPAT before significant items⁽ⁱⁱ⁾ of \$185.9 million, up 8.5%.

Earnings before interest, tax, depreciation and amortisation (EBITDA) before significant items⁽ⁱⁱ⁾ of \$515.8 million, up 1.5%.

Operating expenses of \$468.7 million, up 2.2% (excluding significant items⁽ⁱⁱ⁾).

Revenues of \$2,188.7 million, up 1.5%.

Statutory EPS of 20.4 cents per share, down 51.9%:

- EPS before significant items⁽ⁱⁱ⁾ of 22.4 cents per share, up 3.1%.

Review of results

The financial results of the Group for the financial year ended 30 June 2016 relate to the Group's operations, which comprise its three businesses of Wagering and Media, Gaming Services, and Keno.

Reported net profit after income tax (NPAT) of the Group for the financial year was 49.3% below the previous financial year. This year's result was adversely impacted by significant items after tax of \$16.2 million⁽ⁱⁱ⁾, compared to one-off tax benefits of \$163.2 million in the prior year. Significant items comprised costs relating to civil proceedings commenced by AUSTRAC and the establishment of a new online wagering and gaming business in the UK.

The Group's basic earnings per share (EPS) for the financial year were 20.4 cents, down 51.9% on the previous year.

Before significant items, NPAT was 8.5% above the previous year, and EPS was 3.1% above the prior year. Revenue was 1.5% above the

previous financial year. Shareholders' funds as at the end of the financial year totalled \$1,688.1 million, which was 0.1% below the previous financial year.

The Group enhanced its strategic position and delivered improved financial performance in FY16, resulting in a 20% lift in dividend per share to shareholders. Investment was focused on strengthening the business and positioning for future growth, while also delivering strong growth in shareholder returns.

The Wagering and Media business continued to grow in FY16, benefiting from TAB's multi-channel distribution model and the integration with the Sky media business. Momentum improved across the year, with trends in the second half stronger than the first half.

The TGS business continued to deliver improved performance for its venues, expanded its NSW footprint, and is well positioned to pursue strategic initiatives such as the proposed acquisition of INTECQ.

For the year ended 30 June	FY16 \$m	FY15 \$m	Change %
Revenue	2,188.7	2,155.5	1.5
Taxes, levies, commissions and fees	(1,204.2)	(1,188.8)	1.3
Operating expenses	(504.9)	(458.6)	10.1
Depreciation and amortisation	(178.6)	(173.5)	3.0
EBIT	301.0	334.6	(10.0)
NPAT	169.7	334.5	(49.3)

The Keno business returned to growth, as customers responded positively to the brand transformation, and the pooling of jackpots between NSW, Victoria and, recently, the ACT. The Group also secured the extension of the NSW Keno licence to 2050.

An enhanced anti-money laundering/counter-terrorism financing (AML/CTF) program was adopted effective from 31 December 2015, and the

Group has invested substantially in its risk and compliance functions. Recent initiatives such as the proposed acquisition of INTECQ Limited and the launch of Sun Bets further strengthen and diversify the Group's operations.

Refer to pages 16 to 20 for information about the financial and operational performance of each business unit within the Group.

Dividends

A final dividend of 12 cents per share has been announced. The final dividend will be fully franked and payable on 20 September 2016 to shareholders registered at 11 August 2016. The ex-dividend date is 10 August 2016.

The interim and final dividends payable in respect of the full year

totalled 24 cents per share fully franked.

The FY17 dividend target is the greater of 90% of NPAT before significant items and amortisation of the Victorian Wagering and Betting Licence or 24 cents per share.

Tabcorp's Dividend Reinvestment Plan (DRP) will operate in respect of this final dividend, with no discount or underwriting applicable. The same

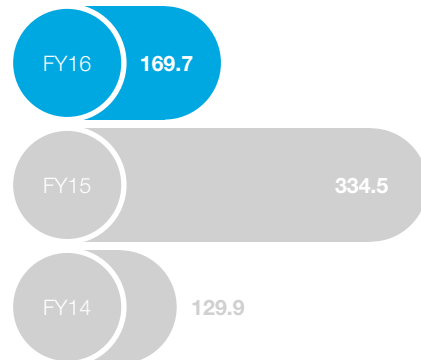
DRP arrangements operated in respect of the interim dividend paid on 16 March 2016.

The table below shows the dividends paid, declared or recommended by the Company since the end of the previous financial year.

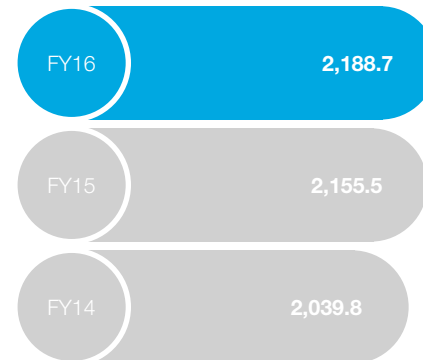
Further information regarding dividends may be found in note A3 to the Financial Report.

Description	Amount per share fully franked	Announcement date	Record date	Payment date	Total
2016 final dividend	12 cents	4 August 2016	11 August 2016	20 September 2016	\$99.8m
2016 interim dividend	12 cents	4 February 2016	11 February 2016	16 March 2016	\$99.8m
2015 final dividend	10 cents	13 August 2015	20 August 2015	24 September 2015	\$82.9m

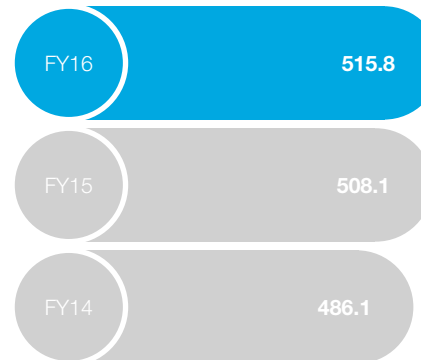
Net profit after tax⁽ⁱⁱ⁾ \$m



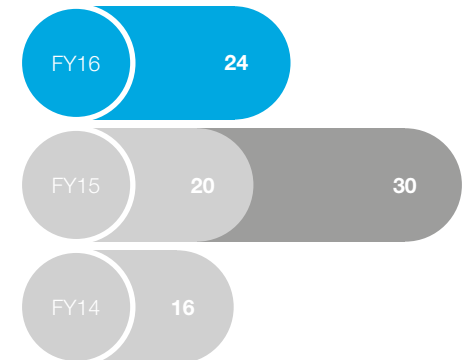
Revenue⁽ⁱⁱⁱ⁾ \$m



EBITDA before significant items^{(iii) (iv)} \$m



Dividends per share^(v) Cents per share (fully franked)



(i) 90% of NPAT before significant items and amortisation of the Victorian Wagering and Betting Licence.

(ii) Significant items (after tax) in FY16 comprised costs relating to the establishment of a new online wagering and gaming business in the UK (\$14.4m), AUSTRAC civil proceedings (\$13.6m), partially offset by income tax benefits (\$11.8m) relating to the NSW retail exclusivity payment and prior year research and development claims. Significant items (after tax) in FY15 totalled \$163.2 million relating to income tax benefits.

(iii) Refers to continuing operations.

(iv) EBITDA is non-IFRS financial information.

(v) FY15 dividends included a special dividend of 30 cents per share paid in March 2015.

Financial benefits to stakeholders

Taxes on gambling paid \$428.6 million.

Returns to the racing industry of \$786.9 million, up 1.8%:

- Victorian racing industry received \$331.2 million.
- NSW racing industry received \$290.8 million.
- Race field fees of \$94.8 million.
- Broadcast rights and international contributions of \$70.1 million.

Income taxes paid and payable of \$61.4 million.

Tabcorp's businesses generated more than \$1.2 billion in gambling taxes and racing industry funding in FY16, highlighting the value that Tabcorp's operations provide to stakeholders.

Supporting our community and industry with the Teal Pants Initiative

An innovative fundraiser for ovarian cancer research has expanded rapidly with support from Tabcorp. The Teal Pants Initiative, founded in 2014, sees female harness drivers race in teal pants to raise funds for the Women's Cancer Foundation, which funds ovarian cancer research.

Tabcorp and harness racing clubs in Victoria, NSW and the ACT supported the promotion by donating a combined \$400 for each female winner throughout the race period from 1 February to 12 March this year.

With 184 female winners over the campaign (multiple race winners included), Tabcorp donated \$36,800 of a combined \$73,600 raised with the harness racing bodies.

Tabcorp also helped raise awareness of the promotion through advertisements on Sky Racing.

Kerri Coghlan, Chair of the Women's Cancer Foundation, welcomed Tabcorp's participation. "It's been so good to have a corporate as large as Tabcorp back the initiative," Ms Coghlan said. "This demonstrates the business takes philanthropy and community engagement seriously and is willing to contribute to an extremely worthy cause."



“It’s been so good to have a corporate as large as Tabcorp back the initiative.”

Chairman's and Managing Director's message

Tabcorp is an Australian gambling entertainment company. We are a leader in the Australian market and one of the world's largest publicly listed gambling companies. We are one of the few integrated gambling and entertainment companies in the world through our retail, our digital and our Sky media platforms. We have a rich racing heritage built on strong partnerships and integrity.

This has been an important year for Tabcorp.

In a volatile environment Tabcorp made significant progress, both in terms of our commitment to operating to the highest standards and in terms of strategic achievements.

We hold an important role in a large, heavily regulated industry which is enjoyed by over 70% of the adult population. We have millions of customers and a presence in 4,000 venues from TAB agencies, to clubs and hotels. And we are a large employer. Your board and management are conscious of our responsibilities, not just to our customers, colleagues and shareholders, but to the broader community.

Taxes are just one part of the contribution we make to communities. In FY16 we paid close to \$500 million in gambling taxes and income taxes.

This year we faced up to some challenges to our values. We are committed to achieving the highest standards of regulatory compliance and in December adopted a new joint anti-money laundering/counter-terrorism financing (AML/CTF) program.

Tabcorp has continued to take steps to promote responsible gambling, provide the highest levels of customer care and ensure that value created is shared with the community. These measures are core to Tabcorp's future as a sustainable gambling-led company as we work to be the most respected and most trusted by our customers, shareholders, regulatory authorities, partners and governments.

Financial performance and shareholder returns

Over the last year, we enhanced the strategic position of our businesses, delivered improved financial performance and invested in a number of attractive growth opportunities.

Tabcorp reported Net Profit (After Tax) of \$169.7 million, down 49.3% on the prior corresponding period (pcp). However, the reported performance was impacted by significant items after tax of \$16.2 million and one-off tax benefits of \$163.2 million in the pcp. NPAT before significant items was \$185.9 million, up 8.5%.

Group revenues were \$2,188.7 million, up 1.5%.

We announced a fully-franked, full year ordinary dividend of 24 cents per share, up 20.0% on the pcp, with a final dividend of 12 cents per share. This reflects our commitment to delivering strong, sustainable shareholder returns.

Advancing our strategic agenda

We are building a profitable and resilient business for our shareholders, our partners and our employees, with a focus on developing our three core businesses: Wagering and Media, Keno and Gaming Services.

The Wagering and Media business is the biggest contributor to the group's earnings. During the year, the integration of the ACT TAB business was successfully completed and is now an important part of our portfolio of long-dated and attractive licences. Our racing broadcaster, Sky Racing secured media rights for Victorian thoroughbred racing. As a result, TAB account holders have digital access to all Australian racing vision, which is unique to Tabcorp and differentiates us from our competitors.

Keno returned to growth during the year, benefiting from a number of initiatives which have enhanced the customer experience. These included a relaunch of the brand and the



Paula Dwyer
Chairman

David Attenborough
Managing Director and
Chief Executive Officer

commencement of jackpot pooling between NSW and Victoria. The ACT's Keno pools also joined the jackpot pools in July 2016.

The New South Wales Government extended our exclusive NSW Keno licence until 2050. The licence enhancements include digital play in-venue, subject to regulatory approvals. The extension adds longevity to Tabcorp's portfolio of Keno licences and approvals, with the Victorian licence expiring in 2022, Queensland in 2047 and ACT in 2064.

Our Gaming Services business, TGS, has continued to grow following our expansion into NSW. Six new venues were signed this year and we now have 800 electronic gaming machines under contract in NSW, in addition to more than 8,800 in Victoria.

Internationally, after gaining the necessary licences and approvals, we have launched Sun Bets. This is a new online wagering and gaming business in the United Kingdom and Ireland, which has been established in partnership with News UK.

A champion of racing and community funding

Tabcorp has its origins in racing and we are the largest supporter of the Australian racing industry.

Almost 70% of the revenue generated by Tabcorp's businesses is returned to the racing industry, venue partners and the community.

This year, racing industry returns from Tabcorp totalled \$786.9 million. This is the racing industry's primary source of income and ensures racing, particularly in NSW and Victoria, is very well-funded by global standards.

Additionally, we extended important partnerships with industry bodies such as the Australian Trainers' Association and the National Jockeys Trust.

Online wagering reform

This year has been characterised by legitimate debate about the role of gambling, particularly with the continuing growth of online gambling.

Revenue
\$2,188.7m
up 1.5%

NPAT
\$169.7m
down 49.3%

Ordinary
dividend
24cps
up 20.0%

“Your board and management are conscious of our responsibilities, not just to our customers, colleagues and shareholders, but to the broader community.”

We welcomed the Federal Government's response to the Illegal Offshore Wagering Review. The Government has stated it will remove any doubt about the legality of online betting on live sport, addressing the activity of those wagering operators who have been circumventing the law.

Tabcorp also supports the Government's proposal to address unlicensed offshore operators whose activities pose a threat to racing and sports integrity, deprive our governments and racing industries of income and overlook consumer protection.

It is the government's role to ensure a level playing field across Australian business. In FY15, Northern Territory-licensed corporate bookmakers paid almost \$5 million in wagering tax on \$9.6 billion in turnover. On the same turnover, our TAB businesses would have paid \$190 million back to governments.

NSW and ACT greyhound racing

The NSW and ACT governments have announced that the staging of greyhound racing will end from next year. This is currently the subject

of a legal challenge by certain members of the NSW greyhound industry. The revelations of animal cruelty that have been exposed in NSW are abhorrent and we support a well regulated greyhound racing industry where animal welfare comes first.

NSW greyhound racing accounts for approximately 5% of Tabcorp's total wagering turnover. However, we expect a significant level of substitution will occur to other wagering product, such as interstate greyhound racing, thoroughbred and harness racing, sport and our animated racing game, Trackside.

Legal proceedings

In March 2016, the High Court of Australia dismissed Tabcorp's appeal against a judgment of the Court of Appeal of the Supreme Court of Victoria which had found in favour of the State of Victoria. The initial proceeding related to Tabcorp's claim for a payment of \$686.8 million. This amount has been dealt with in previous financial accounts. It will not have any impact on our accounts going forward and the proceeding has been concluded.

Separately, in June 2016, Tabcorp filed a defence in relation to an amended claim filed in the civil proceedings brought by AUSTRAC against Tabcorp and our NSW and Victorian wagering businesses. The hearing is scheduled to commence in June 2017.

Tabcorp has already adopted a new joint AML/CTF program in December 2015 and we are implementing a range of further enhancements designed to ensure ongoing compliance with our AML/CTF obligations.

Board update

Tabcorp is fully cooperating with an Australian Federal Police investigation into a 2009 business opportunity in the Cambodian sports betting market. This opportunity never became operational.

As a result of the investigation, Elmer Funke Kupper requested a leave of absence from the Board of Directors until the completion of the investigation. We accepted Mr Funke Kupper's request, which is in accordance with the highest professional and governance standards.

On August 3 we announced the appointment of Vicki McFadden and Bruce Akhurst as Directors of the Company, subject to the receipt of the necessary regulatory and ministerial approvals.

Our people, stakeholders and partners

Tabcorp employs more than 3,000 people in a diverse range of roles across Australia, the UK and other markets. The achievements you will read about in this Annual Report are the result of their hard work and dedication.

In November 2015, Tabcorp was the only company in the gambling sector, and one of only 90 in Australia to be recognised by the Federal Government's Workplace Gender Equality Agency as an Employer of Choice for Gender Equality.

The future

We remain focussed on future performance and generating attractive returns from the businesses we operate. Our target is to achieve 14% Return on Invested Capital in the 2017 financial year.

We will continue to invest in growth initiatives that can differentiate our businesses and create value for shareholders. Our aim is to create outstanding customer experiences through best-in-class product and technology and to earn the reputation as the most respected gambling company in the world.

In closing, we would like to thank you for your continued support of Tabcorp. We look forward to shareholders joining us for our Annual General Meeting on 25 October 2016, which will be held at The Westin in Sydney. For those who cannot attend in person, but would like to follow the proceedings, the meeting will be webcast live through www.tabcorp.com.au.



Paula J Dwyer
Chairman



David R H Attenborough
Managing Director and
Chief Executive Officer



“There aren’t too many services around the world that offer high definition coverage of racing to the extent we do at Sky Thoroughbred Central.”



Sky Racing first to broadcast Australian racing in high definition

From the tension and anticipation of the mounting yard, to the power and thrills of the races themselves, high definition broadcast has changed how Australians view thoroughbred racing.

The transformation is a result of Sky Thoroughbred Central's high definition upgrade of race broadcasts from New South Wales, Queensland and the Australian Capital Territory.

The high definition service debuted on 1 April 2016, in time for The Championships at Royal Randwick.

Sky Racing Presenter, Greg Radley, said high definition broadcast helps punters watching Sky Thoroughbred Central's coverage to better assess horses in mounting yards ahead of races.

"For people who can't be at the racetracks themselves, high definition television provides a clearer view of how horses look in the mounting yard, and their fitness and coat condition," Mr Radley said. "And when it comes to the race itself, you can better see the horses in full flight."

The high definition capability uses a purpose-built network that connects 137 racetracks around Australia to Sky Racing's headquarters at Frenchs Forest in NSW. The new connection uses Telstra's Digital Video Network and is the largest installation of the telecommunications carrier's platform to date.

Mr Radley pointed out that high definition coverage extends from Group 1 and metropolitan race meets to racetracks in rural and regional Australia. "Who would have thought we'd televise meets from country racetracks like Gunnedah in high definition?" he said. "There aren't too many services around the world that offer high definition coverage of racing to the extent we do at Sky Thoroughbred Central."

Tabcorp's Chief Operating Officer, Wagering and Media, Craig Nugent, said Sky Racing and Tabcorp were "committed to the best racing broadcast capabilities available." Mr Nugent added the investment with Telstra potentially opened the door to future broadcast enhancements.

Greg Radley, Sky Racing Presenter, interviewing lucky customers Peter and Jeanette Miller after winning \$85,000 on the Doncaster Mile in a joint promotion between TAB, The Daily Telegraph and the Australian Turf Club.

Wagering and Media business

Operations

- Network of TAB agencies, hotels and clubs, and on-course totalisators in Victoria, NSW and the ACT.
- Wagering channels include retail, internet, mobile devices, phone and pay TV.
- Totalisator and fixed odds betting offered on racing and sporting events.
- Luxbet offers a racing, sport and novelty product bookmaking service by phone, internet and mobile devices.
- New Sun Bets business will provide online wagering and gaming services to UK and Ireland residents.
- Trackside, a computer simulated racing product, operating in Victoria, NSW and the ACT, and licensed in other Australian and overseas jurisdictions.
- International wagering and pooling through Premier Gateway International (PGI) joint venture in the Isle of Man (50% interest).

- Three Sky Racing television channels broadcasting thoroughbred, harness and greyhound racing and other sports to audiences in TAB outlets, hotels, clubs, other licensed venues, and into homes to pay TV subscribers.
- Sky Sports Radio network in NSW and the ACT, and advertising and sponsorship arrangements with Radio Sport National.
- Broadcasting Australian racing to 52 countries and importing overseas racing to Australia.
- 2,900 TAB retail outlets (approx).
- Mobile devices represent 63% of digital wagering turnover (up 9%).
- Sky Racing available in 2.6 million Australian homes (approx).
- Broadcasting to 5,400 Australian outlets.

Licences/approvals

- Victorian Wagering and Betting Licence expires in August 2024, and may be extended for a further two year period.
- NSW Wagering Licence expires in March 2027, with retail exclusivity period expiring in June 2033.
- ACT Totalisator Licence expires in October 2024.
- ACT Sports Bookmaking Licence expires in October 2029, with further rolling extensions to October 2064.
- ACT Approval to Conduct Trackside expires in October 2024.
- Luxbet's Northern Territory licence expires in June 2020.
- Sun Bets operates under a UK Remote Operating licence with no expiry, and an Irish Remote Bookmaker's Licence expiring in June 2017.
- Luxbet Europe's UK Combined Remote Operating Licence has no expiry, and its Isle of Man licence expires in January 2019.

FY16 highlights

- Established new Sun Bets business in the UK.
- 12.0% growth in turnover from digital channels.
- 16.4% growth in fixed odds revenue.
- TAB Sports turnover up 7.2%.
- ACTTAB integration successfully completed.
- TAB launched its Fixed Odds Partial Cash Out product in January 2016, an example of ongoing product innovation.
- Expanded distribution of Australian and New Zealand racing to foreign markets and international co-mingling, with the addition of the German Tote.
- Active TAB account customers now exceed 430,000, up 6%.
- Agreements in place for Victorian and NSW thoroughbred media rights.

Future objectives

- Launch Sun Bets, the new online wagering and gaming business in the UK.
- Introduce new TAB app ahead of the footy finals and the 2016 Spring Racing Carnival.
- Drive digital growth by utilising exclusive media assets and retail presence.
- Revitalise TAB customer experience across retail channels.
- Further integrate TAB with Sky media assets.
- Develop new products and enhance existing offering.
- Implement Longitude software to deliver enhanced pari-mutuel betting options (subject to regulatory approval).
- Maintain market leadership and support industry transformation.
- Be the partner of choice for racing and sporting bodies.



Luxbet
BACKED BY TABCORP



Review of results

Wagering and Media revenue was 0.9% above the previous financial year, while EBITDA was up 1.7%.

Momentum improved across the year, with TAB turnover growth of 3.8% in the second half compared with 1.9% in the first half. Digital turnover grew 15.0% in the second half, with full year digital turnover of \$3,827.9 million, up 12.0%.

Digital capability continues to be enhanced, with a new TAB app scheduled to be launched ahead of the AFL and NRL finals and the 2016 Spring Racing Carnival.

In respect of the exclusive retail channel, total turnover was down 1.1%. TAB continues to increase digital integration in the retail channel to improve the customer experience.

TAB Racing revenues grew 1.0%, underpinned by 16.4% growth in Fixed Odds, which offset a decline in Totalisator revenues.

TAB Sports turnover was up 7.2%, however revenues were down 3.9%, reflecting lower yields.

Total
wagering
turnover
of \$12.7b
up 2.7%

Revenues
of \$1,873.0m
up 0.9%

EBIT of
\$252.2m
up 2.0%

For the year ended 30 June	FY16 \$m	FY15 \$m	Change %
Revenue	1,873.0	1,856.9	0.9
Taxes, levies, commission and fees	(1,112.7)	(1,099.4)	1.2
Operating expenses	(378.2)	(381.7)	(0.9)
EBITDA	382.1	375.8	1.7
Depreciation and amortisation	(129.9)	(128.6)	1.0
EBIT	252.2	247.2	2.0

Gaming Services business



Operations

- Tabcorp Gaming Solutions (TGS) operates across Victoria and NSW.
- TGS provides a mix of gaming expertise, specialised services, strategic advice and financing to licensed gaming venues, with the aim of optimising gaming and total venue performance.
- TGS partners with hotels and clubs in Victoria and NSW, and has more than 9,600 EGMs under contract.
- TGS operates a loyalty program, Diamond Rewards, which covers 75% of contracted EGMs in Victoria.

Licences/approvals

- Victorian Listing on the Roll of Manufacturers, Suppliers and Testers.
- NSW Gaming Machine Dealer's Licence.
- ACT Supplier Certificate.
- Tasmanian Listing on the Roll of Recognised Manufacturers, Suppliers and Testers of Gaming Equipment.

FY16 highlights

- TGS grew its NSW operations by adding six new NSW venues.
- A number of venue partner contracts across the Victorian network were extended, with 87% now contracted through to 2022.
- Active members of the Diamond Rewards loyalty program grew 17% to 398,000.

Future objectives

- Complete the acquisition of INTECQ Limited to broaden service offering.
- Expand the TGS partner network across Victoria and NSW, and into other jurisdictions.
- Provide best in class gaming product and service excellence to venues.
- Increase customer visitation by leveraging loyalty, customer relationship management and marketing programs.
- Continue to evolve the TGS value proposition to deliver the best outcomes for venue partners.

Review of results

TGS revenues were up 7.6%, while EBITDA was up 3.7%.

TGS now has a total of over 9,600 electronic gaming machines (EGMs) under contract, up 9%, with the majority of the growth driven by expansion in NSW. In Victoria, of the 8,820 EGMs under contract, 87% are contracted through to 2022. In NSW, there are approximately 800 EGMs under contract, including 417 that commenced billing in the second half of FY16.

Tabcorp has invested in TGS' capability to help drive better performance outcomes for its network.

TGS will continue to sign up additional venues and expand the number of EGMs under contract. The acquisition of INTECQ Limited will complement TGS, providing increased scale and diversification of earnings.

For the year ended 30 June	FY16 \$m	FY15 \$m	Change %
Revenue	107.2	99.6	7.6
Taxes, levies, commissions and fees	(1.1)	(0.8)	37.5
Operating expenses	(36.0)	(31.2)	15.4
EBITDA	70.1	67.6	3.7
Depreciation and amortisation	(29.1)	(26.0)	11.9
EBIT	41.0	41.6	(1.4)

Revenues
of \$107.2m
up 7.6%

EBIT of
\$41.0m
down 1.4%

“The support from TGS enabled our club to complete a revamp that has been very well received by both members and visitors.”

Scott Miles, General Manager
Steelers Club, Wollongong

Keno business



Operations

- Keno is a random number game that is played every 3 minutes with the chance for customers to win instant prizes and life-changing jackpots.
- Keno is distributed to 3,568 venues across clubs, hotels and TABs in Victoria, Queensland and ACT, and in clubs and hotels in NSW.
- Keno is available online in the ACT.
- 100.0m tickets sold in FY16 up 1.4%
- Average ticket size in FY16 of \$11.2, up 1.8%

Licences/approvals

- Victorian Keno Licence expires in April 2022.
- NSW Keno Licence expires in April 2050.
- In NSW Tabcorp operates Keno under a management agreement with ClubKENO Holdings Pty Ltd.
- Queensland Keno Licence expires in June 2047.
- ACT Approval to Conduct Keno expires in October 2064.

FY16 highlights

- Total Keno network turnover was up 4.1%.
- NSW Keno Licence extended to 2050.
- Business performance improved through brand transformation and jackpot pooling which commenced between NSW, Victoria and the ACT.

Future objectives

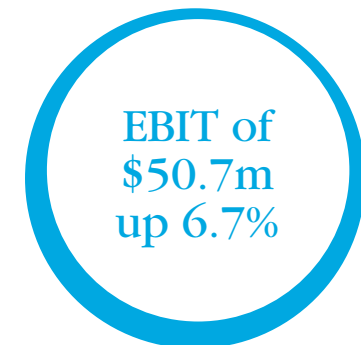
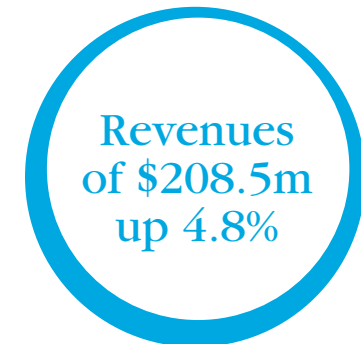
- Roll out of a digital in-venue offering in NSW to enhance the Keno retail experience, subject to regulatory approvals.
- Extend Keno's product offer and launch new products.
- Expand Keno jackpot pooling to include Queensland, subject to legislative approval.

Review of results

The return to growth reflects the repositioning of the business through an extensive Keno brand transformation program. The pooling of jackpots between NSW, ACT and Victoria has also enhanced the game's appeal.

As a result of the positive customer response to these initiatives, total Keno network turnover was up 4.1%, and the Keno business revenue was up 4.8%. Revenue performance was up 20.4% in Victoria, up 7.4% in NSW, and up 0.8% in Queensland. EBITDA was up 5.9%.

The progress of the initiatives during FY16, as well as initiatives planned for the coming year, provide confidence that Keno will continue to grow.



For the year ended 30 June	FY16 \$m	FY15 \$m	Change %
Revenue	208.5	199.0	4.8
Taxes, levies, commissions and fees	(90.4)	(88.6)	2.0
Operating expenses	(47.8)	(44.0)	8.6
EBITDA	70.3	66.4	5.9
Depreciation and amortisation	(19.6)	(18.9)	3.7
EBIT	50.7	47.5	6.7

Keno is a fun, social game that provides customers with a chance to win \$1 million every 3 minutes.



Promoting responsible gambling to enable informed decisions

“Doing the right thing” for Tabcorp, customers and the community is what motivates Mandy Tervit-Veasey, Responsible Gambling and Compliance Manager for the business.

“Our aim at Tabcorp is to equip people with the information and resources to help them make informed decisions about gambling,” said Ms Tervit-Veasey, whose role includes managing Tabcorp’s responsible gambling program to comply with various state, territory and Commonwealth regulatory and legislative regimes and codes of conduct.

Tabcorp has been acknowledged in the Dow Jones Sustainability Index assessment as an industry leader in responsible gambling. However, Ms Tervit-Veasey said, “there are always opportunities to do more”. Tabcorp continues to work to improve its systems and processes in this area.

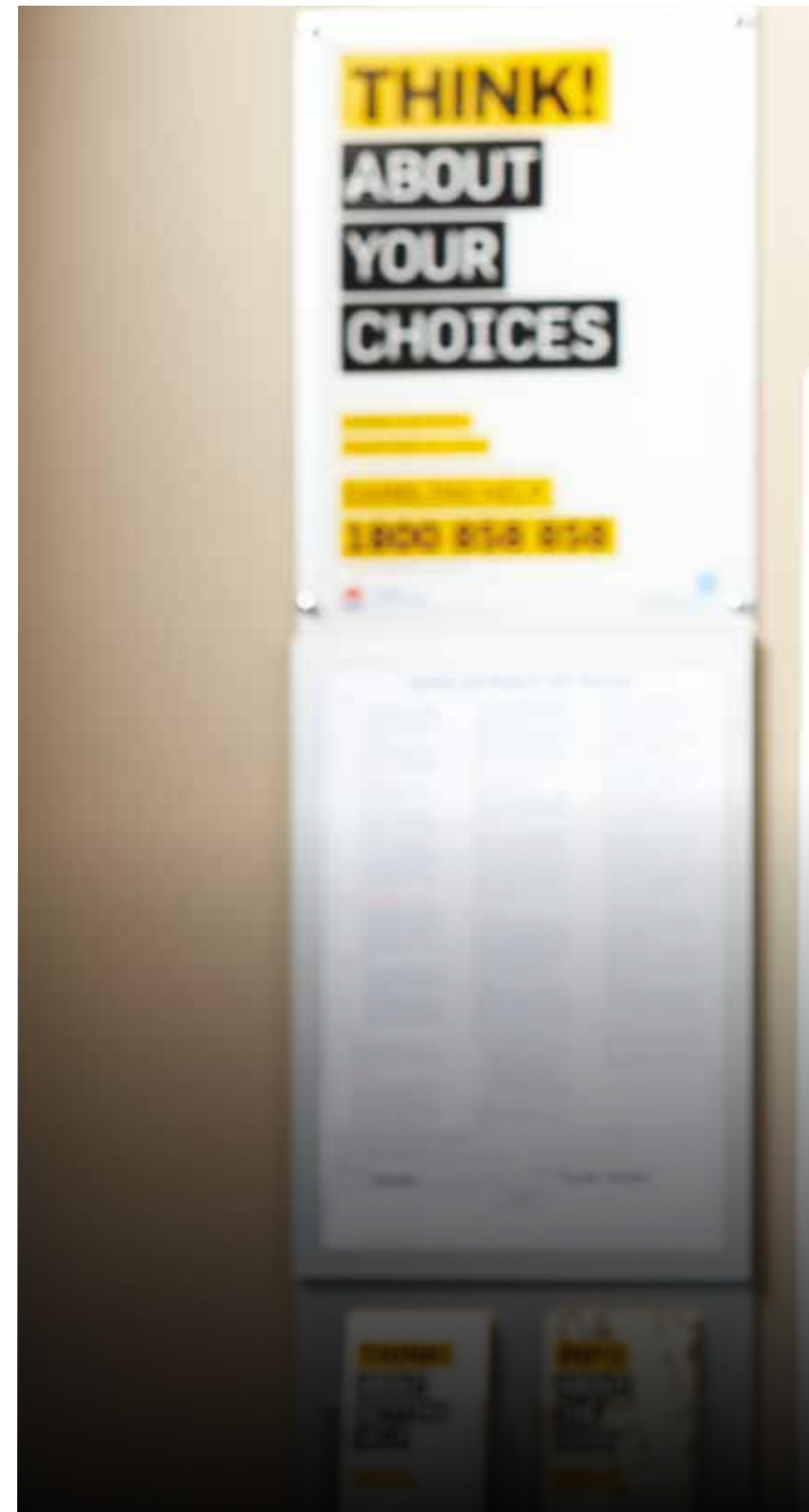
Mandy also regularly attends conferences to gain insights into how other businesses and regulatory bodies manage gambling issues.

One of Ms Tervit-Veasey’s tasks is to participate on the steering committee for Victoria’s Responsible Gambling Awareness Week (RGAW). Held in October 2015, RGAW featured a range of events hosted by local councils, sporting clubs, venues and Gamblers’ Help agencies.

Ms Tervit-Veasey said there was a particular 2015 RGAW event in Victoria that was one of the best initiatives she has attended since she started her role seven years ago. “The event provided a deep insight into the impact of problem gambling on a range of culturally diverse groups,” she said. “It also demonstrated that counsellors needed to be sensitive to cultural differences in order to develop effective strategies to reduce problem gambling across different groups.”

Ms Tervit-Veasey is proud of Tabcorp’s relationships with bodies such as the Victorian Responsible Gambling Foundation (VRGF). “The VRGF recently asked us to help review an updated best practices guide for its counsellors, which shows how we can work together,” she said. “We hope to continue to deepen our relationships with the VRGF and similar bodies in other jurisdictions as part of our continued commitment to responsible gambling.”

Mandy Tervit-Veasey, Tabcorp Responsible Gambling & Compliance Manager



A woman with blonde hair, wearing a teal top, is smiling in front of a KENO machine. The machine has a large screen displaying the KENO logo, which consists of a colorful triangle pointing right followed by the word "KENO" in blue capital letters. The background is a plain, light-colored wall.

“Our aim at Tabcorp is to equip people with the information and resources to help them make informed decisions about gambling.”

Tabcorp team members step up for their communities

Community and employee engagement is embedded in Tabcorp's culture. In July 2012, the business unveiled its Tabcare program to enable employees to contribute to the community through two initiatives: volunteering and matched fundraising.

The volunteer program allows eligible employees to take one day of paid volunteer leave each year to work with Tabcorp's community partners or a charity of their choice. Under the matched fundraising program, Tabcorp annually sets aside \$200,000 of donations to match employees' efforts to raise funds for registered charities (to a limit of \$10,000 per charity, to share the money around).

Four years on from the launch, the Tabcare program has delivered valuable dividends for communities and charities, according to

Tabcorp's Shareholder Relations and Community Projects Officer, Sean Gray. "When we first started the program, we were advised that a 7% volunteer participation rate from employees would be excellent," Mr Gray said. "We have doubled this, and now have over 16% of our employees volunteering through Tabcare."

"The feedback we have had from employees who have volunteered at our partner organisations has been very positive," Mr Gray said. "Many of them have participated in OzHarvest's Cooking for a Cause program, which brings team members together and teaches them how to save food and create tasty dishes."

OzHarvest's National Corporate Engagement Manager, Megs Hermann said the donation of time

and energy from Tabcorp employees helps to prepare beautiful meals for people in need. "Tabcorp's active involvement in the program provides invaluable support for our mission to rescue food and nourish our community," she said.

Over the past four years the Tabcare program has grown, with community partnerships now involving: OzHarvest in the ACT, NSW and Victoria; Fareshare in Victoria; Conservation Volunteers in NSW and Victoria; and The Pyjama Foundation in Queensland.

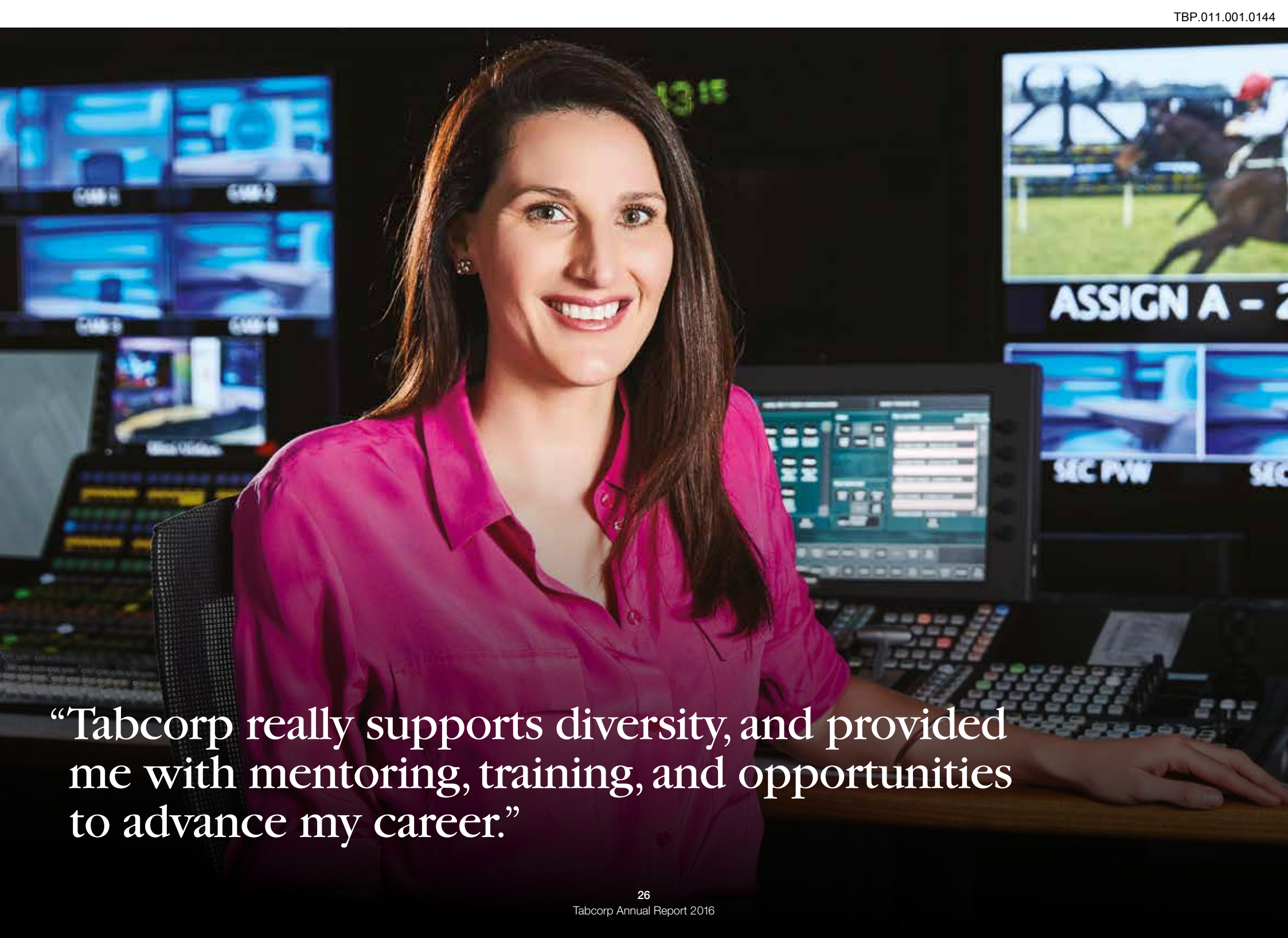
In addition to supporting volunteering and matched fundraising, Tabcorp also backs its charitable programs with annual donations. "I like to think that the support of Tabcorp and our employees makes a real difference for these charities," Mr Gray said.

Megs Hermann, OzHarvest National Corporate Engagement Manager, with Sean Gray, Tabcorp Shareholder Relations and Community Projects Officer





“Tabcorp’s active involvement in the program provides invaluable support for our mission to rescue food and nourish our community.”



“Tabcorp really supports diversity, and provided me with mentoring, training, and opportunities to advance my career.”



Supporting diversity in the workplace and industry

Hayleigh Attard says hard work and a supportive employer drove her to become a senior member of Australia's premier racing broadcaster, Sky Racing.

Ms Attard, who started at Sky Racing as an Associate Producer, did not know a great deal about what the role entailed when she sat down for an interview six years ago. "I was very honest and said I didn't know much about television," she said. "But thankfully, they saw in me, someone who was willing to listen, learn and work hard, so they decided to put me on."

The team mentored and trained Ms Attard in the world of television, and she responded with a diligent, go-the-extra-mile approach, which now sees her lead the production

of all racing and live television at Sky Racing. "Tabcorp really supports diversity, and provided me with mentoring, training, and opportunities to advance my career," she said.

The role is ideal for someone who comes from a racing family with the sport in their blood. "Former Chairman of the New South Wales Stewards Panel, Ray Murrhly, once told me when I was younger that if I worked in the racing industry, I would never experience a dull day," she said. "He was right and that comment has always stuck with me!"

While once considered a predominantly male domain, women continue to play significant roles in all facets of racing. "Compared to most industries, racing is extremely supportive of women," she said.

"I think we're the only sport in the world where women and men compete on a level field."

She encourages younger women to consider careers in the racing industry. "I regularly go back to my old school and deliver the message that there are opportunities for women – and men – who persevere and work hard," she said. "Young women should aim to start as soon as they can, and like most things in life, if you are willing to work hard and strive for your goals, then racing is one of those industries where such traits will be rewarded."

Hayleigh Attard, Sky Racing Senior Producer

Board of Directors



Paula Dwyer

Chairman and Non Executive Director from June 2011.⁽¹⁾⁽⁶⁾

Paula Dwyer is Chairman of Healthscope Limited, and a Director of Australia and New Zealand Banking Group Limited and Lion Pty Ltd. She is also a Member of the Kirin Holdings International Advisory Board.

Ms Dwyer was formerly a Director of Leighton Holdings Limited, Suncorp Group Limited, Foster's Group Limited, David Jones Limited, Astro Japan Property Group Limited and is a former member of the ASIC External Advisory Panel, the Victorian Casino and Gaming Authority, and of the Victorian Gaming Commission from 1993 to 1995.

Ms Dwyer had an executive career in finance holding senior positions in investment management, investment banking and chartered accounting with Ord Minnett (now JP Morgan) and PricewaterhouseCoopers.

Ms Dwyer is Chairman of the Victorian Joint Venture Management Committee and Chairman of the Tabcorp Nomination Committee. She is a member of the Tabcorp Audit, Risk and Compliance Committee and Tabcorp Remuneration Committee.

Ms Dwyer holds a Bachelor of Commerce. She is a Fellow of the Chartered Accountants Australia and New Zealand, Fellow of the Australian Institute of Company Directors (AICD), and is a Senior Fellow of the Financial Services Institute of Australasia.



David Attenborough

Managing Director and Chief Executive Officer from June 2011.

David Attenborough joined Tabcorp in April 2010 as Managing Director – Wagering. He became Managing Director and Chief Executive Officer when Tabcorp's demerger of its former casinos business was completed in June 2011. He is also a Director of the Australasian Gaming Council.

Mr Attenborough was previously the Chief Executive Officer (South Africa) of Phumelela Gaming and Leisure Limited, the leading wagering operator in South Africa. His previous experience also includes the development of casino, bookmaking and gaming opportunities for British bookmaking company Ladbrokes (formerly part of the Hilton Group Plc).

Mr Attenborough holds a Bachelor of Science (Honours) and a Master of Business Administration, and is a Member of the AICD.



Elmer Funke Kupper

Non Executive Director from June 2012 (on leave of absence).

Prior to demerger, Elmer Funke Kupper was Tabcorp's Managing Director and Chief Executive Officer from September 2007 to June 2011, and previously he was Tabcorp's Chief Executive Australian Business from February 2006.

Mr Funke Kupper was Managing Director and Chief Executive Officer of ASX Limited from October 2011 to March 2016. His career includes several senior executive positions with Australia and New Zealand Banking Group Limited, including Group Head of Risk Management, Group Managing Director Asia Pacific and Managing Director Personal Banking and Wealth Management. Previously he was a senior management consultant with McKinsey & Company and AT Kearney.

Mr Funke Kupper is a member of the Tabcorp Audit, Risk and Compliance Committee and Tabcorp Nomination Committee.

Mr Funke Kupper holds a Bachelor of Business Administration and a Master of Business Administration, and is a Member of the AICD.



Steven Gregg

Non Executive Director from July 2012.

Steven Gregg is a Director of Caltex Australia Limited, Challenger Limited and thoroughbred bloodstock company William Inglis & Son Limited. He is also a Member of the Grant Samuel non-executive Advisory Board, Trustee of the Australian Museum Trust and a Director of The Lorna Hodgkinson Sunshine Home. He is the former Chairman of Goodman Fielder Limited and former Chairman of Austock Group Limited.

Mr Gregg had an executive career in investment banking and management consulting, including as Global Head of Investment Banking and CEO at ABN Amro Bank, and Partner and Senior Adviser to McKinsey & Company.

Mr Gregg is a member of the Tabcorp Audit, Risk and Compliance Committee, Tabcorp Nomination Committee and Tabcorp Remuneration Committee.

Mr Gregg holds a Bachelor of Commerce.



Jane Hemstritch

Non Executive Director from June 2011.⁽ⁱ⁾⁽ⁱⁱⁱ⁾

Jane Hemstritch is a Director of Lend Lease Group. She is also a non-executive member of the Herbert Smith Freehills Global Council, Chairman of Victorian Opera Company Limited, and a Member of the Council of the National Library of Australia.

Mrs Hemstritch was formerly a Director of Santos Limited and the Commonwealth Bank of Australia. She was also Managing Director – Asia Pacific for Accenture Limited where she was a member of Accenture's global executive leadership team and managed its business portfolio in Asia Pacific spanning twelve countries.

Mrs Hemstritch is Chairman of the Tabcorp Audit, Risk and Compliance Committee and a member of the Tabcorp Nomination Committee.

Mrs Hemstritch holds a Bachelor of Science (First Class Honours). She is a Fellow of the Chartered Accountants Australia and New Zealand, Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the AICD, and is a Member of Chief Executive Women Inc.



Justin Milne

Non Executive Director from August 2011.

Justin Milne is Chairman of MYOB Group Limited and Chairman of NetComm Wireless Limited. He is also a Director of NBN Co Limited, Members Equity Bank Limited and SMS Management and Technology Limited.

Mr Milne had an executive career in telecommunications, marketing and media. From 2002 to 2010 he was Group Managing Director of Telstra's broadband and media businesses, and headed up Telstra's BigPond New Media businesses in China. He is also the former Chairman of pieNETWORKS Limited, former Director of Basketball Australia Limited and former Chief Executive Officer of OzEmail and the Microsoft Network.

Mr Milne is a member of the Tabcorp Audit, Risk and Compliance Committee and Tabcorp Nomination Committee.

Mr Milne holds a Bachelor of Arts, and is a Member of the AICD.



Zygmunt Switkowski AO

Non Executive Director from June 2011.^{(i)(iv)}

Zygmunt Switkowski is the Chairman of Suncorp Group Limited and Chairman of NBN Co Limited. He is also a Director of Oil Search Limited and Healthscope Limited, and Chancellor of the Royal Melbourne Institute of Technology. He is a former Director of Lynas Corporation Limited and he is the former Chairman of the Australian Nuclear Science and Technology Organisation, and former Chairman of Opera Australia.

Dr Switkowski was the Chief Executive Officer and Managing Director of Telstra Corporation Limited from 1999 to 2005, and is a former Chief Executive Officer of Optus Communications. He worked for Kodak (Australasia) for 18 years, serving as the Chairman and Managing Director from 1992 to 1996.

Dr Switkowski is Chairman of the Tabcorp Remuneration Committee. He is also a member of the Tabcorp Audit, Risk and Compliance Committee and Tabcorp Nomination Committee.

Dr Switkowski holds a Bachelor of Science (Honours), and a PhD (Nuclear Physics). He is a Fellow of the AICD.

- (i) The demerger of the Group's former casinos business, which occurred in June 2011, resulted in Tabcorp being a substantially different company. Therefore the Company's view is that Directors' tenure was reset at that time.
- (ii) Prior to demerger was a Non Executive Director from August 2005.
- (iii) Prior to demerger was a Non Executive Director from November 2008.
- (iv) Prior to demerger was a Non Executive Director from October 2006.

Executives



Merryl Dooley
Executive General Manager
– People, Culture &
Communications

Merryl commenced with Tabcorp in October 1990 and has held numerous positions across a range of discipline areas including human resources, training and development, communications and sales. She became Executive General Manager – Human Resources in June 2011 following the implementation of the Tabcorp demerger, and Executive General Manager – People, Culture & Communications in March 2016.

Merryl holds a Master of Business Administration (Executive) and a Bachelor of Arts, and has attended the Senior Executive Program at the London Business School. She is a Member of AICD.



Doug Freeman
Executive General Manager
– Commercial Development

Since joining Tabcorp in June 2005, Doug has held several senior finance and strategy roles within Tabcorp's wagering and media businesses. Most recently, Doug was Executive General Manager Strategy and Business Development before commencing his current role in July 2013.

He previously held senior finance and general management roles in medium to large multinational organisations in the service and manufacturing industries, including George Weston Foods Limited, Optus Group, and Alexander & Alexander Group.

Doug holds a Bachelor of Commerce and is a Member of the Institute of Chartered Accountants.



Julian Hoskins
Group General Counsel (Acting)

Julian joined Tabcorp in September 2008 as General Counsel, Corporate, and held several General Counsel roles within Tabcorp until being appointed as Acting Group General Counsel in December 2015.

Prior to joining Tabcorp, he was in the Mergers and Acquisitions Team at Mallesons Stephens Jaques (now King and Wood Mallesons), and held several senior positions in other large law firms in Australia and Europe.

Julian holds a Bachelor of Laws (Honours) and a Master of Laws. He is a Member of ACC Australia (ACLA) GC100 and a Member of AICD.



Damien Johnston
Chief Financial Officer

Damien joined Tabcorp in September 2003. He was Tabcorp's Deputy Chief Financial Officer, being responsible for Tabcorp's Corporate Finance function including Treasury and Investor Relations, and became Chief Financial Officer upon implementation of the Tabcorp demerger in June 2011.

He previously had a 21 year career with BHP Billiton with key finance roles in both Australia and Asia. These included both operational finance and corporate roles.

Damien holds a Bachelor of Commerce and is a Member of CPA Australia.



Clinton Lollback
Chief Risk Officer

Clinton joined Tabcorp in January 2016. Prior to joining Tabcorp, he was the Head of Operational Risk at Macquarie Group, a role he established and led for 10 years.

Clinton has extensive risk management experience in the banking and finance industry, including roles with Westpac, JP Morgan, and Coopers & Lybrand.

Clinton holds a Bachelor of Business and is a Member of the Institute of Chartered Accountants.



Fiona Mead
Company Secretary
(subject to regulatory approval)

Fiona was appointed to the Tabcorp Senior Executive Leadership Team in July 2016, and will formally take up the role of Company Secretary once all regulatory and ministerial approvals have been received.

Prior to joining Tabcorp, she was Company Secretary of Asciano Limited and previously Assistant Company Secretary of Telstra Corporation.

Fiona holds a Bachelor of Laws (Honours) and a Bachelor of Commerce. She is a Fellow of the Governance Institute of Australia and a Graduate Member of the AICD.



Claire Murphy
Chief Marketing Officer

Claire commenced with Tabcorp in January 2015 in the role of General Manager Marketing – Keno & Gaming, and was appointed as Chief Marketing Officer in March 2016.

Prior to joining Tabcorp, she held senior marketing roles with William Hill Australia, Crown Melbourne, Melbourne Storm Rugby League Club, World Wrestling Entertainment in the UK, and Goodyear.

Claire holds a Bachelor of Arts and is a Member of AICD.



Craig Nugent
Chief Operating Officer
– Wagering and Media

Craig joined Tab Limited in 1999 as Manager Oncourse Wagering and International Sales. Throughout his time with Tabcorp, and Tabcorp subsidiaries Tab Limited and Luxbet Pty Ltd, he has held senior executive roles in Fixed Odds Racing and Wagering, Oncourse Operations and International Sales. He commenced his current role in March 2014.

Prior to joining Tabcorp, he held management roles in the New South Wales racing industry bodies Australian Jockey Club and Sydney Turf Club.



Adam Rytenskild
Chief Operating Officer
– Keno and Gaming

Adam joined Tabcorp in 2000 as State Manager – Retail Wagering and since then he has held numerous senior management roles. Following Tabcorp's demerger in June 2011, Adam was appointed to the role of Executive General Manager – Distribution, responsible for leading Tabcorp's customer distribution channels including the establishment of Digital and growing the Retail business.

He has extensive experience leading multi-channel businesses, including a nine year career with Mobil Oil prior to joining Tabcorp.

Adam holds a Master of Business Administration and has attended the Senior Executive Programme at London Business School. He is a Member of AICD.



Kim Wenn
Chief Information Officer

Kim commenced at Tabcorp in April 2005 and has held several positions in Tabcorp's wagering technology field before being appointed to her current role in June 2011 following Tabcorp's demerger.

She has extensive experience managing and leading technology businesses, including a five year career with Quest Software prior to joining Tabcorp.

Kim holds a Master in Management and Technology, a Bachelor of Science (Computing), and has attended the Advanced Management Programme at Harvard Business School. She is a Graduate Member of the AICD.

Corporate governance

Introduction

Tabcorp is committed to operating with integrity and maintaining high standards of ethical behaviour. To support this commitment, Tabcorp has in place corporate governance practices and policies which are reviewed regularly and enhanced where necessary to ensure they continue to meet the needs of the Company and represent best practice.

Throughout the 2016 financial year, and to the date of this report, the Group complied with the *Corporate Governance Principles and Recommendations, 3rd Edition* published by the ASX.

Tabcorp's Corporate Governance Statement 2016, Appendix 4G, and other governance related information are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au.

The following is a summary of the key corporate governance developments which Tabcorp introduced since the start of the 2016 financial year.

Board skills matrix

The disclosure in the Corporate Governance Statement 2016 of the Board skills matrix was enhanced to show the Board's assessment of its Directors' relevant skills and experiences. Following a self-evaluation against the matrix, the Board determined that all seven Directors exhibited the skills/experiences relevant to seven of the thirteen criteria, and there was generally a high prevalence exhibited for all criteria.

Further details are set out in section 2.2 of the Corporate Governance Statement, and Directors' biographical details can be found on pages 28 and 29 of the Annual Report.

Director tenure

The Company considers that Directors' tenure was reset when the demerger of the Group's former casinos business occurred in June 2011, which resulted in Tabcorp being a substantially different company.

Tabcorp does not consider that the length of service on the Board should be considered as a factor affecting a Director's independence and the ability to act in the best interests of the Group.

Tabcorp maintains a balanced Board with a good mix of longer serving Directors and more recent appointments.

Further details are set out in section 2.4 of the Corporate Governance Statement. Directors' biographical details can be found on pages 28 and 29 of the Annual Report.

Directors' Shareholdings Policy

The Board approved changes to the Directors' Shareholding Policy to strengthen the alignment between the interests of Non Executive Directors and the interests of the Group and shareholders.

Under the policy, Non Executive Directors are encouraged to acquire and hold a minimum shareholding in Tabcorp. Non Executive Directors are encouraged to reach the applicable threshold within three years from appointment, with current Non Executive Directors having three years from FY16 to acquire additional shares to meet the threshold.

Further details are set out in section 5.8 of the Corporate Governance Statement. Directors' interests in Tabcorp securities can be found on page 41 of the Annual Report. The policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au.

Executives' Shareholdings Policy

Tabcorp introduced the Executives' Shareholdings Policy which sets mandatory minimum shareholding requirements applicable to members of the Senior Executive Leadership Team. The aim of the policy is to ensure that there is an adequate level of alignment between the interests of executives, the Group and shareholders, through equity ownership.

Under the policy, executives will be required to hold a minimum shareholding in Tabcorp. The minimum shareholding must be achieved within five years from 1 July 2016 or from the date the executive is appointed into their role.

The policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au.

Securities Trading Policy

The Board approved changes to the Tabcorp Securities Trading Policy. The key changes were the introduction of an additional Blackout Period prior to the Annual General Meeting, the additional requirement for Senior Executive Leadership Team members to seek written approval from the Chairman prior to trading (following approval from the Managing Director and Chief Executive Officer, or the Company Secretary), and the inclusion of prohibitions on short selling and engaging in speculative short term investing of Tabcorp securities.

Under the policy, the applicable Blackout Periods commence on:

- 1 January and end on the day Tabcorp announces its half year results inclusively;
- 1 July and end on the day Tabcorp announces its preliminary final year results inclusively; and
- 1 October and end on the day of Tabcorp's Annual General Meeting inclusively.

The Tabcorp Board, Chairman, Managing Director and Chief Executive Officer, or Company Secretary may also decide other Blackout Periods at any time.

Further details are set out in section 5.7 of the Corporate Governance Statement, and the policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au.

Anti-Bribery and Corruption Policy

Tabcorp launched its new Anti-Bribery and Corruption Policy which was approved by the Board. The policy prohibits all forms of bribery, facilitation payments, paying or receiving secret commissions, and fraud. It also sets the standards required of employees when dealing with third parties, and the offering and acceptance of gifts and hospitality.

Further details are set out in section 5.5 of the Corporate Governance Statement, and the policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au.

New Chief Risk Officer function

Tabcorp created the new role of Chief Risk Officer to lead the Group's overall risk, financial crime/AML and compliance activities, including responsible gambling. The Chief Risk Officer team strengthens the Group's focus on managing risk and regulatory compliance in an increasingly global context. The creation of the Chief Risk Officer function follows best practice in the financial services sector and we understand is a first for a gambling company in Australia.

Refer to section 4 of the Corporate Governance Statement for further details about the risk management and controls applicable to the Group.

Directors' Report

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The Directors of Tabcorp Holdings Limited (the Company) submit their report for the consolidated entity comprising the Company and its subsidiaries (the Group) and the Group's interests in joint arrangements in respect of the financial year ended 30 June 2016.

1. Principal activities

The principal activities of the Group during the financial year comprised the provision of gambling and entertainment services. The Group's principal activities remain unchanged from the previous financial year, except as disclosed elsewhere in this report.

2. Operating and financial review of the Group

The financial results of the Group for the financial year ended 30 June 2016 comprise its three businesses of Wagering and Media, Gaming Services, and Keno. The activities and financial performance of the Group and each of its operating businesses for the financial year are set out on pages 6 to 21.

3. Significant changes in the state of affairs

The following events, which may be considered to be significant changes in the state of affairs of the Group, have occurred since the commencement of the financial year on 1 July 2015.

3.1 Sun Bets business

During the year, Tabcorp has been establishing Sun Bets, a new online wagering and gaming business to compete in the UK and Irish online gambling markets. This business will operate in partnership with News UK, where Tabcorp is the wagering operator and holder of the relevant gambling licences, and News UK provides marketing and promotional services to customers.

3.2 NSW Keno Licence

Tabcorp was issued a new NSW Keno Licence during the year, extending approval to operate the exclusive NSW Keno business until 2050. The new licence offers exciting enhancements to the current game, including digital play in-venue, subject to regulatory approvals. Tabcorp paid \$25.0 million to the NSW Government, and will pay an annual fee on the anniversary of licence commencement of \$3.0 million, indexed at 2.5% per annum, increasing to \$4.5 million in 2022, thereafter indexed at 2.5% per annum for the remainder of the licence term.

3.3 Media rights

On 7 August 2015, Tabcorp announced that its Sky Racing business had reached agreement on a media rights deal for Victorian thoroughbred racing. The arrangements, which expire in 2020, include domestic, digital and international rights for Victorian thoroughbred racing (except for MRC international rights which ceased in July 2016). This followed an earlier announcement that Tabcorp's Sky Racing business had secured the broadcasting rights for all New South Wales thoroughbred racing, and that Sky Racing's thoroughbred showcase channel, Sky Thoroughbred Central, would be included on FOXTEL's base tier.

These long term media rights arrangements deliver certainty for Tabcorp, the racing industry, retail venue partners and wagering customers.

All Australian racing vision is available on the Sky Racing broadcast and TAB digital platforms.

3.4 Other significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group that occurred during the financial year other than as set out in this Directors' report.

Directors' Report

4. Significant events after the end of the financial year

On 1 August 2016, Tabcorp announced that it will acquire INTECQ Limited (INTECQ) through a Scheme of Arrangement. The acquisition is subject to certain terms and conditions which are contained in the Scheme Implementation Agreement, including approval from INTECQ's shareholders, the Australian Securities and Investments Commission, the Court, gaming regulators and other regulatory approvals including the Australian Competition and Consumer Commission approval. INTECQ is a leading Australian gaming systems company, providing integrated gaming technology solutions, gaming management systems and Licensed Monitoring Operator services to gaming venues and other businesses. Tabcorp's proposed acquisition of INTECQ will provide increased scale and diversification to the Tabcorp Gaming Solutions business. Under the terms of the Scheme Implementation Agreement, INTECQ shareholders will receive \$7.15 cash for each INTECQ share held, which implies an expected enterprise value of \$115 million. Tabcorp intends to fund the acquisition from existing cash and bank facilities.

No other matters or circumstances have arisen since the end of the financial year, which are not otherwise dealt with in this report or in the Financial Report, that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years. Refer also to note A6 to the Financial Report.

5. Business strategies

The Group is one of Australia's leading gambling entertainment companies and seeks to deliver sustainable superior returns to its shareholders through the delivery of financial, operational and leadership excellence. To achieve these outcomes, the Group continues to focus on a number of key priorities, which are set out on page 7. The priorities and strategies of the Group's operating businesses are set out on pages 16 to 20.

6. Likely developments and expected results

Each year the Board undertakes a formal strategic planning process to provide guidance to management about the Group's strategic direction. The Group plans to continue with its business strategies, as set out in this report. The execution of these strategies is expected to result in improved financial performance over the coming financial years.

The achievement of the expected results in future financial years is dependent on a range of factors, and may be adversely affected by any number of events, and are subject to, among other things, the key risks and uncertainties described in section 7.

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors have reasonable grounds to believe that to include such information will be likely to result in unreasonable prejudice to the Group.

7. Key risks and uncertainties

The Group has a structured and proactive approach to understanding and managing risk. The key focus of the risk management approach is to ensure alignment of strategy, processes, people, technology and knowledge, and evaluate and manage the uncertainties and opportunities faced by the Group. Overviews of the Group's risk management processes and internal control framework are disclosed in the Company's Corporate Governance Statement available on Tabcorp's website.

Set out below are summaries of the key risks which may materially impact the execution and achievement of the business strategies and prospects for the Group in future financial years. These key risks should not be taken to be a complete or exhaustive list of the risks and uncertainties associated with the Group. Many of the risks are outside the control of the Directors. There can be no guarantee that Tabcorp will achieve its stated objectives, that it will meet trading performance or financial results guidance that it may provide to the market, or that any forward looking statements contained in this report will be realised or otherwise eventuate.

7.1 Regulation and changes to the regulatory environment

The activities of the Group are conducted in highly regulated industries. The gambling activities that members of the Group conduct, and will conduct, and the level of competition that they experience, and will experience, depend to a significant extent on:

- the licences granted to the Group and to third parties; and
- government policy and the manner in which the relevant governments exercise their broad powers in relation to the manner in which the relevant businesses are conducted.

Changes in legislation, regulation or government policy may have an adverse impact on the Group's operational and financial performance. Court decisions concerning the constitutionality or interpretation of such legislation, regulations or government policy may have an adverse effect on the operational and financial performance of the Group. Potential changes, which would potentially negatively affect the value of the licences granted to members of the Group, and potentially the Group's financial performance, include:

- changes in state wagering, Keno or other gambling tax rates and levies;
- changes or decisions concerning race fields and sports product fees, advertising restrictions and the distribution of gambling products, including through particular channels;
- changes impacting on aspects of retail exclusivity;
- variations to permitted deduction rates and returns to players;
- variations to arrangements for racing industry funding in Victoria, NSW and the ACT;
- changes to the conditions in which venues offering products of members of the Group must operate;
- the introduction of additional legislation to guard against money laundering;
- the introduction of further legislation to implement further responsible gambling measures;
- changes or decisions by government or industry concerning wagering, Keno or other forms of gambling; and
- any other legislative change.

Any non-renewal of licences currently held by members of the Group, or the issue of additional wagering, Keno or other gambling licences to third parties, would potentially result in the Group not generating the revenue it currently generates from its licences, which could adversely impact the Group's financial performance and financial position.

Changes to the regulatory environment in some of the jurisdictions in which the Group operates which have been made or foreshadowed and which may have an adverse effect on the operational and financial performance of the Group include the expansion throughout Australia of sports product fees or increases in those fees for sports betting operators. This risk, and the similar race fields fee risk, are detailed below.

The rapid deregulation of the national wagering market has seen a dramatic growth in market share by the corporate bookmakers, mostly located in the Northern Territory, and the introduction of race fields fees legislation across Australia (which allows racing codes in a state or territory to charge wagering operators for the use of race fields information, irrespective of the domicile of the operator). This rapid deregulation has the potential to have an adverse impact on the Group's earnings in the short term as market changes continue. Tabcorp continually adjusts its wagering business model to take account of the changed market dynamics and to mitigate the adverse consequences of deregulation.

As a leader in the Australian gambling industry, the Group takes a proactive approach to engaging with relevant regulators and governments, and lodges submissions in respect of changes to the industry which may impact the Group and its stakeholders.

The Group operates a diverse portfolio of businesses spread across a number of jurisdictions, business segments and customer categories which reduces the reliance on any one specific business or jurisdiction. The Group maintains long term gambling licences, and seeks new licences and to extend existing licences where possible. During the financial year, the Group was successful in extending its approval to operate Keno in NSW until 2050 through the grant of a new NSW Keno Licence.

Directors' Report

7.2 Disciplinary action and cancellation of licences

In certain situations (including if the Group fails to meet the terms and conditions of its licences or other compliance requirements), the authorities that regulate the licences and authorisations that have been granted to members of the Group (including the Victorian Wagering and Betting Licence; the Victorian, NSW and Queensland Keno Licences; the ACT Keno authorisation, the NSW and ACT totalisator and sports bookmaking licences; and the Northern Territory sports bookmaking licence) may take disciplinary action against relevant members of the Group.

The disciplinary action that may be taken includes the issue of a letter of censure, the imposition of fines, the variation of the terms of, or imposition of new terms on, a licence or authorisation and the suspension, termination or cancellation of a licence or authorisation.

The suspension, cancellation or termination of any of the key licences or authorisations held by a member of the Group would potentially result in a loss of revenue and profit for the Group, which would adversely affect the Group's financial performance and financial position.

Certain licences held by members of the Group, including the Victorian Wagering and Betting Licence, impose conditions requiring the licensee to comply with applicable laws, a breach of which is grounds for disciplinary action.

7.3 Competition

In a broad sense, gambling activities compete with other consumer products for consumers' discretionary expenditure and, in particular, with other forms of leisure and entertainment including cinema, restaurants, sporting events, the internet and pay television.

Further, the Group's Wagering and Media business currently competes with bookmakers in Victoria and NSW, and other interstate and international wagering operators who accept bets over the telephone or internet (such as corporate bookmakers based in the Northern Territory and betting exchanges). The internet and other new forms of distribution have allowed new competitors to enter the Group's traditional markets of Victoria and NSW without those competitors being licensed in those states. Furthermore, court decisions, the relaxation of advertising laws (or the way in which they have been administered) and the increasing application of competition policy have allowed other wagering operators to gain greater freedom to compete nationally.

Competition from interstate and international operators may extend to the Group's retail wagering network.

The Group's Keno and Gaming Services businesses also face competition in their respective industries.

If the Group does not adequately respond to the competition which it faces, there may be a change in consumer spending patterns which may have an adverse effect on the operational and financial performance of the Group.

The Group adopts a range of strategies, including leveraging its exclusive retail network, expanding its TAB customer loyalty program, enhancing its customer service and relationship management, and driving digital excellence across its multi-channel network.

The Group also explores new business opportunities, and during the year established Sun Bets, a new online wagering and gaming business in the UK.

7.4 Racing products

The Group's Wagering and Media business is reliant on the Victorian, NSW and other racing industries in Australia and overseas providing a program of events for the purposes of wagering. A significant decline in the quality or number of horses or greyhounds, or number of events, or the occurrence of an event which adversely impacts on the Australian racing industry or any State or Territory racing industry, or which otherwise disrupts the scheduled racing program (such as an outbreak of equine influenza or other equine pandemic), would have a significant adverse effect on wagering revenue and may have an adverse effect on the operational and financial performance of the Group. The Group engages and works closely with racing bodies and industry stakeholders to optimise racing schedules and broadcasts to provide the best racing product available to customers and ameliorate the potential for adverse impacts which may result from a decline in racing product. In addition, the Group has business continuity plans to help manage and respond to significant events which may impact upon the supply of racing product.

7.5 Race field and sports product fees

Each State and Territory of Australia has implemented race fields arrangements, under which each State or Territory or its racing industry charges wagering operators product fees for use of that industry's race fields information (or otherwise charges fees in respect of the operator's race betting operations in that State or Territory). Consequently, the Group is required to pay product fees to the relevant racing controlling body. Similarly, legislation has been introduced in various jurisdictions to support the imposition by sports controlling bodies of fees payable by wagering operators betting on relevant sporting events. There is the potential that fees will increase, or new fees will be introduced, and such fees may have an adverse effect on the operational and financial performance of the Group. However, the Group has mitigation strategies to partly ameliorate such impacts, including that members of the Group currently have contracts that the Group considers will allow them to offset some of the fees or obtain damages under contract. Members of the Group may in the future disagree with various racing industry bodies regarding the application of certain aspects of the race fields regimes or contracts that govern product fees. Such disagreements may lead to litigation or other dispute resolution processes, including negotiated settlement.

7.6 Sky Channel broadcast arrangements

Sky Channel requires and holds rights to broadcast various race meetings and other sporting events held throughout Australia and internationally. The Group has in place contracts in respect of Victorian thoroughbred racing broadcast rights which expire in 2020, and NSW thoroughbred racing broadcast rights which expire in 2025. These long term media rights arrangements deliver certainty for the Group, the racing industry, retail venue partners and wagering customers. If, for any reason, the Group is unable to renegotiate any of its key broadcast arrangements or to renegotiate them on materially the same or similar terms, then this may adversely impact the operational and financial performance of the Group's Wagering and Media business. The Group has alternative business plans to mitigate potential adverse impacts should they arise. In addition, the Group continues to expand the export of Australian racing vision to more countries around the world and import racing content to Australian customers.

7.7 Technology security risks

The Group's businesses rely on the successful operation of technology infrastructure. A technology security failure, such as a cyber attack, could impact upon the Group's technology systems and equipment, or result in the loss or exposure of information assets, which may potentially adversely impact the reputation, operations or financial performance of the Group. Significant resources are allocated to managing the Group's information technology portfolio, including specialist resources dedicated to information security and responding to cyber risks. The Group's information security management system has been certified to ISO 27001 standard. The Group continues to evolve and strengthen its practices to effectively manage technology security risks.

Directors' Report

8. Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report (except as otherwise stated) are set out on pages 28 and 29.

9. Directorships of other listed companies

The following table shows, for each person who served as a Director during the financial year and up to the date of this report (unless otherwise stated), all directorships of companies that were listed on the ASX or other financial markets operating in Australia, other than Tabcorp, since 1 July 2013, and the period for which each directorship has been held.

Name	Listed entity	Period directorship held
Paula Dwyer	Australia and New Zealand Banking Group Limited	April 2012 to present
	Healthscope Limited ⁽ⁱ⁾	June 2014 to present
	Leighton Holdings Limited	January 2012 to May 2014
David Attenborough	Nil	
Elmer Funke Kupper	ASX Limited	October 2011 to March 2016
Steven Gregg	Caltex Australia Limited	October 2015 to present
	Challenger Limited	October 2012 to present
	Goodman Fielder Limited	February 2010 to March 2015
Jane Hemstritch	Commonwealth Bank of Australia	October 2006 to March 2016
	Lend Lease Group	September 2011 to present
	Santos Limited	February 2010 to May 2016
Justin Milne	MYOB Group Limited	March 2015 to present
	NetComm Wireless Limited	March 2012 to present
	SMS Management and Technology Limited	August 2014 to present
Zygmunt Switkowski	Healthscope Limited ⁽ⁱ⁾	April 2016 to present
	Lynas Corporation Limited	February 2011 to August 2013
	Oil Search Limited	November 2010 to present
	Suncorp Group Limited ⁽ⁱⁱ⁾	September 2005 to present

(i) Relisted on ASX in July 2014.

(ii) Includes the period as a Director of Suncorp-Metway Limited prior to the corporate restructure of the Suncorp Group.

10. Directors' interests in Tabcorp securities

At the date of this report, the Directors had the following relevant interests in the securities of the Company, as notified to the ASX in accordance with section 205G(1) of the Corporations Act 2001:

Name	Number of securities	
	Ordinary shares	Performance Rights
Paula Dwyer	100,000	-
David Attenborough	1,052,316	1,593,768
Elmer Funke Kupper	54,166	-
Steven Gregg	15,000	-
Jane Hemstritch	31,962	-
Justin Milne	31,208	-
Zygmunt Switkowski	91,949	-

11. Directors' interests in contracts

Some Directors of the Company, or related entities of the Directors, conduct transactions with entities within the Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director or Director-related entity on normal commercial terms and conditions.

The Board assesses the independence of Directors and, among other things, takes into account any related party dealings referable to a Director which are material and require disclosure under accounting standards, and whether any Director is, or is associated with, a supplier, professional adviser, consultant to or customer of the Group which is material. No such circumstances arose during the financial year. For more information refer to the Corporate Governance Statement available on Tabcorp's website.

Directors' Report

12. Board and Committee meeting attendance

During the financial year ended 30 June 2016 the Company held 17 meetings of the Board of Directors, of which ten were standard scheduled Board meetings and seven Board meetings were held to discuss special business.

The attendance of the Directors at meetings of the Board and standing Board Committees during the year in review were:

Name	Standard Board Meetings		Special Board Meetings		Audit, Risk and Compliance Committee		Nomination Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
Paula Dwyer ⁽ⁱ⁾	10	10	7	7	4	4	2	2	4	4
David Attenborough ⁽ⁱⁱ⁾	10	10	7	7	4	4	2	2	4	4
Elmer Funke Kupper ⁽ⁱⁱⁱ⁾	7	8	6	6	3	3	2	2	-	-
Steven Gregg	10	10	7	7	4	4	2	2	4	4
Jane Hemstritch	9	10	5	7	3	4	1	2	-	-
Justin Milne	10	10	7	7	4	4	2	2	-	-
Zygmunt Switkowski	10	10	7	7	4	4	2	2	4	4

A – Number of meetings attended.

B – Maximum number of possible meetings available for attendance.

- (i) Paula Dwyer also attended meetings of the Victorian Joint Venture Management Committee as Chairman of this Committee.
- (ii) David Attenborough attends Board Committee meetings, but he is not a member of any Board Committee. Only Non-Executive Directors are members of Board Committees.
- (iii) Elmer Funke Kupper commenced a leave of absence from the Board on 21 March 2016.

In addition to the meeting attendances above, a number of Directors participated in Board Committees established for special purposes.

The terms of reference and details of the functions and memberships of the Committees of the Board are set out in the Company's Corporate Governance Statement available on Tabcorp's website.

13. Indemnification and insurance of Directors and Officers

The Directors and Officers of the Group are indemnified against liabilities pursuant to agreements with the Group. Tabcorp has entered into insurance contracts with third party insurance providers, and in accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.

14. Company Secretaries

Fiona Mead was appointed to the Tabcorp Senior Executive Leadership Team and commenced on 18 July 2016. She will formally take up the role of Company Secretary once all regulatory and ministerial approvals have been received. Prior to joining Tabcorp, she was Company Secretary of Asciano Limited and previously Assistant Company Secretary of Telstra Corporation. She holds a Bachelor of Laws (Honours) and Bachelor of Commerce. Fiona is a Fellow of the Governance Institute of Australia (GIA) and a Graduate Member of the Australian Institute of Company Directors (AICD).

Michael Scott was appointed as an additional Company Secretary in August 2012. He has been assistant to the Company Secretary since joining the Group in September 2002. He holds a Graduate Diploma of Applied Corporate Governance and a Bachelor of Land Information (Cartography). Michael is a Fellow of the GIA, Graduate Member of the AICD and Fellow of Leadership Victoria's Williamson Community Leadership Program.

15. Corporate governance

The Directors of the Company support and adhere to the *ASX Corporate Governance Principles and Recommendations, 3rd Edition*, recognising the need for maintaining high standards of corporate behaviour and accountability. Refer to pages 32 and 33 for further information. The Company's Corporate Governance Statement is available under the corporate governance section of the Company's website at www.tabcorp.com.au/about_governance.aspx.

16. Environmental regulation and performance

The Group's environmental obligations and waste discharge quotas are regulated under both state and federal laws. The Group has a record of complying with, and in most cases exceeding, its environmental performance obligations. No environmental breaches have been notified to the Group by any government agency.

17. Other matters

In July 2015 the Australian Transaction Reports and Analysis Centre (AUSTRAC) commenced civil proceedings against Tabcorp Holdings Limited and the Group's NSW and Victorian wagering businesses alleging certain breaches of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. The hearing is scheduled to commence in June 2017. The Company takes its regulatory compliance obligations extremely seriously. The Company acknowledges the matters raised by AUSTRAC and is committed to ensuring they are resolved. At this stage it is not possible to determine the extent of any potential financial impact to the Group.

In March 2016, Tabcorp was advised by the Australian Federal Police that an investigation had commenced into claims raised in media articles in relation to a payment concerning a Cambodian business opportunity. The Company explored a business opportunity in relation to the Cambodian sports betting market in 2009/2010. At that time, some Asian countries were considering deregulating sports betting. The Company chose not to pursue the opportunity. Mr Elmer Funke Kupper is on leave of absence from the Board of Directors until the completion of this investigation. The Company is cooperating fully with the Australian Federal Police.

Also in March 2016, the High Court of Australia handed down its judgment which dismissed the Company's appeal against the judgment of the Court of Appeal of the Supreme Court of Victoria delivered in December 2014. The initial proceeding related to the Company's claim for a payment from the State of Victoria of an estimated \$686.8 million in relation to the State of Victoria's obligation to make the payment in August 2012, when the Company's Gaming and Wagering Licences expired and new licences were granted. As a result of the Victorian Government's decision in 2008 that the Company was not entitled to the payment, the Company incurred charges against its earnings in previous financial years. The Company has therefore dealt with the original announcement in its financial accounts in prior years.

18. Auditors

The Group's external auditor is Ernst & Young. The Group's internal audit function is fully resourced by Tabcorp, with specialist independent external support where necessary. More information relating to the audit functions can be found in the Company's Corporate Governance Statement.

19. Non-statutory audit and other services

Ernst & Young, the external auditor to the Company and the Group, provided non-statutory audit services to the Company during the financial year ended 30 June 2016. The Directors are satisfied that the provision of non-statutory audit services during this period was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-statutory audit service provided means that auditor independence was not compromised.

The Company's Board Audit, Risk and Compliance Committee reviews the activities of the independent external auditor and reviews the auditor's performance on an annual basis. The Chairman of the Board Audit, Risk and Compliance Committee must approve all non-statutory audit and other work to be undertaken by the auditor (if any). Further details relating to the Board Audit, Risk and Compliance Committee and the engagement of auditors are available in the Company's Corporate Governance Statement available on the Tabcorp website.

Directors' Report

19. Non-statutory audit and other services (continued)

Ernst & Young, acting as the Company's external auditor, received or are due to receive \$478,000 in relation to the provision of non-statutory audit services to the Company.

Amounts paid or payable by the Company for audit and non-statutory audit services are disclosed in note E5 to the Financial Report.

20. Auditor's independence declaration

Shown opposite is a copy of the auditor's independence declaration provided under section 307C of the Corporations Act 2001 in relation to the audit for the financial year ended 30 June 2016.

This auditor's independence declaration forms part of this Directors' Report.

21. 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.

22. Remuneration Report

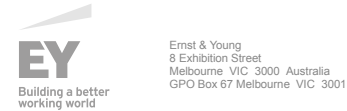
The Remuneration Report for the financial year ended 30 June 2016 forms part of this Directors' Report, and can be found on pages 45 to 72.

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



Paula J Dwyer
Chairman

Melbourne
4 August 2016



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

As lead auditor for the audit of Tabcorp Holdings Limited for the financial year ended 30 June 2016, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Ernst & Young



Tony Johnson
Partner
4 August 2016

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Liability limited by a scheme approved under Professional Standards Legislation

Remuneration Report

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Remuneration Report

1. Purpose

This Remuneration report outlines the remuneration policy and arrangements for Tabcorp's Directors, executives and senior management in accordance with the requirements of the *Corporations Act 2001* and its Regulations. The information provided in this Remuneration report has been audited as required by section 308(3C) of the Corporations Act.

The Remuneration report relates to the key management personnel ('KMP') of the Group, comprising the Company and its subsidiaries for the financial year ended 30 June 2016. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and comprises all the Directors of Tabcorp and certain members of the Senior Executive Leadership Team. The same group of individuals is regarded as KMP for both the Company and the Group.

2. Remuneration philosophy

Tabcorp's remuneration philosophy is to attract, motivate and retain high calibre individuals across the organisation through a market-competitive, performance-linked and shareholder-aligned remuneration framework. The Remuneration Committee regularly reviews the remuneration philosophy and underlying principles to ensure they remain competitive and consistent with generally accepted market practice and business objectives.

Tabcorp's remuneration philosophy and framework is underpinned by the following key principles:

Creating long term shareholder value

Reward for the creation of long term shareholder value.

Driving performance

Appropriately rewarding for superior Group, business unit and individual performance.

Ensuring market competitiveness

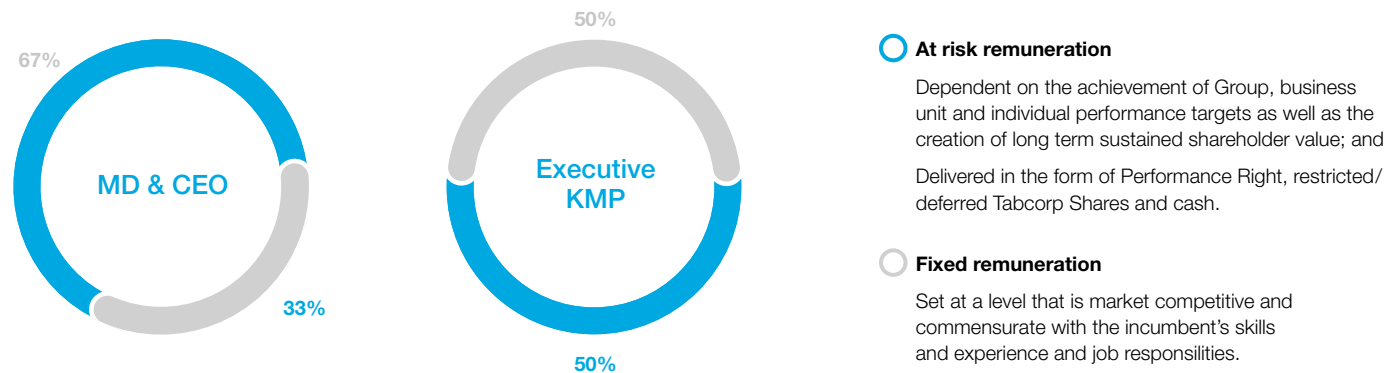
Ensuring remuneration levels are market competitive.

Driving the right behaviours

Operating a remuneration framework that fosters Tabcorp's Ways of Working.

The Tabcorp remuneration framework for executives and senior management is therefore heavily focused on variable performance-linked remuneration as illustrated in the following diagram:

Diagram 1: Proportion of remuneration at risk



3. Governance

The Remuneration Committee assists the Board in the oversight of Tabcorp's remuneration strategy and framework by:

- Establishing and maintaining competitive, reasonable and equitable remuneration policies and practices;
- Reviewing the Group's remuneration framework (including incentive plans) and recommending to the Board the appropriate remuneration arrangements for KMP (including the MD & CEO); and
- Agreeing remuneration levels and incentive outcomes for executive KMP and the Group and making recommendations to the Board regarding the MD & CEO.

In exercising its responsibilities, the Remuneration Committee regularly assesses the appropriateness of the nature and amount of remuneration of Directors and executives by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality and high performing Board and executive team. To assist with this, the Remuneration Committee may receive independent advice on matters such as remuneration strategies, mix and structure, as appropriate. During the year ended 30 June 2016 and to the date of this report, no remuneration consultant provided a remuneration recommendation in respect of any KMP.

Tabcorp is committed to ensuring that all employees are remunerated fairly and equitably. As such, pay equity reviews are conducted annually and presented to the MD & CEO and the Remuneration Committee. Although no significant gaps were identified during the year ended 30 June 2016, variances have been addressed (where appropriate).

The Board Remuneration Committee is governed by its Terms of Reference, which are available on Tabcorp's website at www.tabcorp.com.au under the About Us – Corporate Governance section.

4. Remuneration summary of the year ended 30 June 2016

Table 1: Summary of the year ended 30 June 2016

Area	Summary	Reference
Reward mix	Following a comprehensive remuneration review, the Remuneration Committee elected to adjust the reward mix for the MD & CEO, the Chief Operating Officer Wagering and Media, and the Chief Operating Officer Keno and Gaming, effective 1 July 2015. This results in better market alignment and a greater proportion of the remuneration for these KMP being in the form of variable 'at risk' pay.	Section 7.2 Diagram 3
LTI grants	During the year, allocations of Performance Rights were made to eight members of the Senior Executive Leadership Team (including the MD & CEO, following shareholder approval at the 2015 Tabcorp AGM). In addition, an allocation of Performance Rights was made to selected members of the senior management team to further drive shareholder value creation, align the interests of these senior managers with the interests of shareholders (through the allocation of equity) and to retain key senior talent.	Section 7.4(b) Table 10
LTI vesting	An LTI test date occurred on 20 September 2015 for the 2012 LTI grant. The relative TSR ranking at the test date for this grant placed Tabcorp just over the 82nd percentile when compared to the peer group. As a result 100% of the Performance Rights for this grant vested.	Section 7.4(b) Table 14

Remuneration Report

4. Remuneration summary of the year ended 30 June 2016 (continued)

Table 1: Summary of the year ended 30 June 2016 (continued)

Area	Summary	Reference
MD & CEO remuneration	<p>For the year ended 30 June 2016, Mr Attenborough's fixed remuneration remained unchanged.</p> <p>As communicated in the 2015 Remuneration Report, to better align Mr Attenborough's total remuneration package with comparable roles in the market and to recognise his responsibility as MD & CEO of a globally expanding business, an increase to his target STI opportunity (from \$750,000 to \$1,100,000) and his target LTI opportunity (from \$950,000 to \$1,100,000) was applied effective 1 July 2015. As a result, two thirds of Mr Attenborough's total remuneration package is now 'at risk' and subject to both short and long term performance conditions.</p>	Section 7.5
Chief Operating Officer Keno and Gaming	<p>A comprehensive market benchmarking exercise was undertaken with respect to the remuneration package of the Chief Operating Officer Keno and Gaming. To ensure that Mr Rytenskiid continues to be competitively remunerated for the level of his responsibility in his role, the Remuneration Committee approved an increase to his fixed remuneration (equating to 10.9%). This was in addition to his approved annual remuneration increase of 3.0%.</p>	Table 17 Table 18
Non Executive Director fees	<p>Following a review of the Non Executive Director fees during the year, the base Board fees were increased for both the Chairman (from \$410,000 to \$425,000 per annum) and the Non Executive Directors (from \$140,000 to \$145,000 per annum). There were no increases to Board Committee fees for the year.</p>	Section 8.3
Employee Share grant	<p>Grants of \$1,000 worth of 'free' Tabcorp shares were made to eligible employees (excluding the Senior Executive Leadership Team) in recognition of their contribution to strong Group performance in the preceding financial year. This grant helps align the interests of employees (who are now shareholders) with external shareholders and reinforces Tabcorp's philosophy of rewarding employees for the achievement of strong Group performance results.</p>	
Directors' Shareholding Policy	<p>The Board approved changes to the Directors' Shareholding Policy. Under the Policy, Non Executive Directors are encouraged to acquire and hold a minimum shareholding in Tabcorp approximately equivalent to the annual Non Executive Director base fee (for Non Executive Directors) or two times the annual Non Executive Director base fee (for the Chairman of the Board).</p>	

5. Proposed remuneration changes from 1 July 2016

Table 2: Proposed changes from 1 July 2016

Area	Summary
Executive Shareholding Policy	<p>The Board has approved a Mandatory Shareholding Policy for Executives (effective 1 July 2016) which aims to ensure that there is an adequate level of alignment between Executives, the Group and shareholders, through equity ownership. Under the Policy, the MD & CEO will be required to hold the equivalent of a minimum of two times his fixed remuneration in Tabcorp shares (one times fixed remuneration for the remainder of the Senior Executive Leadership Team, including Executive KMP). The minimum shareholding must be achieved within five years from 1 July 2016 or from the date the Executive is appointed into their role.</p>
LTI allocation methodology	<p>To further improve transparency and reduce volatility in the number of Performance Rights allocated each year under the LTI, a face value allocation methodology will be utilised for future LTI allocations. This replaces the fair value allocation methodology and will be effective from the 2016 LTI Offers. The number of Performance Rights to be allocated in future, will be based on a five-day trading Volume Weighted Average Price (VWAP) of the Group's shares trading on the ASX up to but not including the grant date.</p>

6. Key management personnel (KMP)

Table 3: List of KMP for the year ended 30 June 2016

Name	Position held	Period in position if less than full year
Executive Director		
David Attenborough	Managing Director and Chief Executive Officer (MD & CEO)	
Current Executives		
Damien Johnston	Chief Financial Officer	
Craig Nugent	Chief Operating Officer Wagering and Media	
Adam Rytenskild	Chief Operating Officer Keno and Gaming	
Former Executive		
Kerry Willcock	Executive General Manager, Corporate, Legal and Regulatory	Until 19 February 2016
Non Executive Directors		
Paula Dwyer	Chairman and Director (Non Executive)	
Elmer Funke Kupper ⁽ⁱ⁾	Director (Non Executive)	
Steven Gregg	Director (Non Executive)	
Jane Hemstritch	Director (Non Executive)	
Justin Milne	Director (Non Executive)	
Zygmunt Switkowski	Director (Non Executive)	

(i) Effective 21 March 2016, Mr Elmer Funke Kupper was granted a leave of absence from the Board of Directors until the completion of the investigation by the Australian Federal Police into Tabcorp's activities in relation to a business opportunity in Cambodia in 2010. Mr Funke Kupper does not receive any Tabcorp Board fees whilst on this leave of absence.

Details of Director qualifications, experience and other responsibilities are set out on pages 28 and 29.

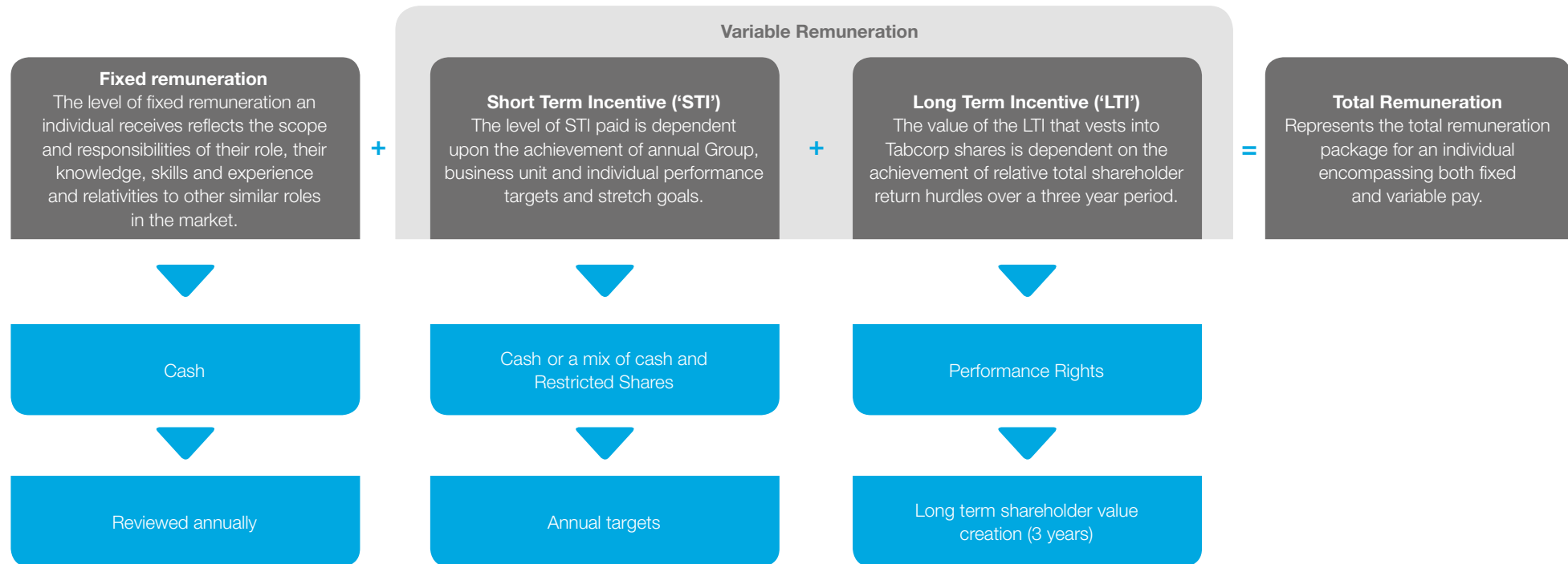
Remuneration Report

7. Senior management remuneration (including the MD & CEO)

7.1 Remuneration framework

The remuneration framework for senior management comprises a mix of both fixed and variable remuneration as depicted below:

Diagram 2: Senior management remuneration framework



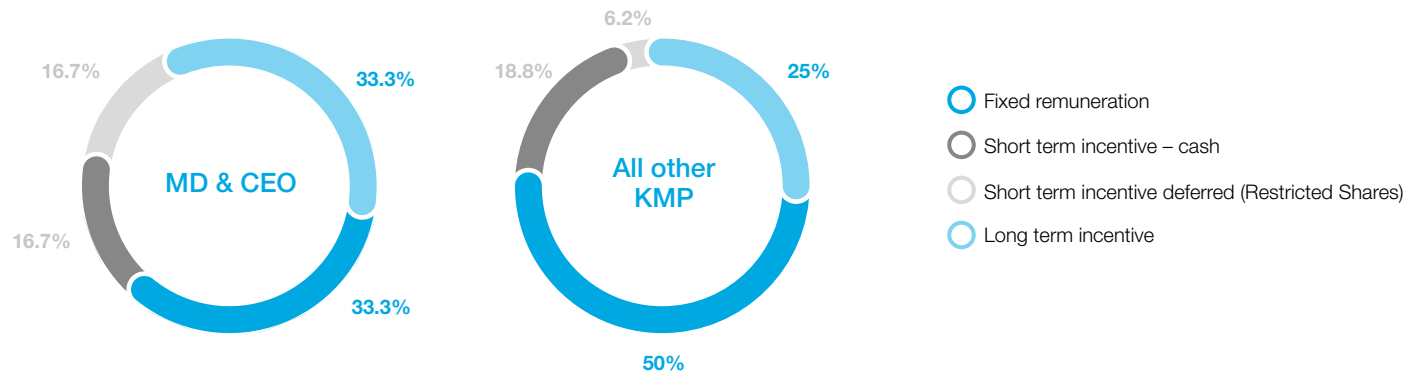
Tabcorp's remuneration framework has been deliberately structured to ensure a strong and direct link between performance and remuneration and to align senior management, the Group and shareholders through:

- The use of financial measures such as net profit after tax before non-recurring items (NPAT) as the primary gateway for STI payments;
- The use of both financial and non-financial Group, business unit and individual performance measures that align to Tabcorp's long term strategic plans, to determine STI payments;
- Rewarding for long term shareholder value creation through the use of a relative total shareholder return measure within the LTI; and
- Providing upside opportunity for superior performance and long term shareholder value creation.

7.2 Target reward mix

To ensure that Tabcorp's Total Remuneration (i.e. the sum of fixed and variable remuneration) is competitive, fair and reasonable, extensive market benchmarking is regularly undertaken against a wide range of relevant organisations. The target reward mix (i.e. the split between fixed and on-target variable remuneration) aims to position Total Remuneration at the market median where target performance has been achieved. The target reward mix for executive KMP (including the MD & CEO) is outlined in Diagram 3.

Diagram 3: Executive KMP target reward mix for the year ended 30 June 2016



7.3 Fixed remuneration

Senior managers receive a fixed remuneration package comprising cash salary, statutory superannuation contributions and other benefits they may elect to receive on a salary sacrifice basis (such as additional superannuation contributions and motor vehicle novated leases).

An individual's fixed remuneration is set taking into consideration a range of factors. These factors are also considered annually as part of the annual remuneration review process. These include:

- the scope and responsibilities of their role;
- their knowledge, skills and experience;
- their performance (as assessed through the Group's performance management process);
- market data for similar roles in comparable companies;
- rarity and market demand for their skill set; and
- relativity of remuneration to other similar roles internally.

The Remuneration Committee approves the fixed remuneration for the Senior Executive Leadership Team and makes recommendations to the Board in relation to the MD & CEO.

During the year ended 30 June 2016, the fixed remuneration packages of executive KMP, including the MD & CEO increased by 4.6% on average.

Remuneration Report

7.4 Variable (at risk) remuneration

(a) Short term incentive (STI)

Overview

The STI is designed to reward employees for the achievement of Group, business unit and individual performance goals over the relevant 12 month period, which are aligned to the Group's annual objectives for each financial year.

Eligibility

The Senior Executive Leadership Team (including executive KMP), senior managers and mid-level managers are eligible to participate in the STI plan.

The STI pool (Group Funding Multiplier)

During each financial year, the Remuneration Committee reviews Tabcorp's performance against net profit after tax (NPAT) before non-recurring items and other financial targets. At the end of the financial year, the Board determines the Group Funding Multiplier (GFM) depending on NPAT performance (adjusted for non-recurring items), which sets the size of the STI pool:

- if the Group's NPAT target is achieved for the year, 100% of the STI pool will generally be funded (i.e. a GFM of 1). To achieve the target, a level of stretch performance is required;
- if the Group's NPAT performance for the year is below target, a smaller STI pool may be funded (at the Board's discretion) or the Board may elect to have no STI pool (i.e. a GFM range of 0 to <1), in which case no STI payments would be made; and
- if the Group's NPAT performance for the year is above target, a larger STI pool may be funded, capped at a maximum of 125% of the target pool (i.e. a GFM of >1 but <=1.25).

The Board has discretion to adjust the GFM (and thus the STI pool) if it feels it is necessary, taking into consideration a range of financial and non-financial business factors. The GFM has a range of 0 to 1.25 (maximum).

The Board considers NPAT to be an appropriate performance measure to determine the STI pool as it aligns to the Group's remuneration philosophy of creating shareholder value, it is directly linked to driving business results and it is within senior management's scope of influence.

NPAT and EPS performance over the past five financial years

Diagram 4: NPAT performance

Net profit after tax (\$m)

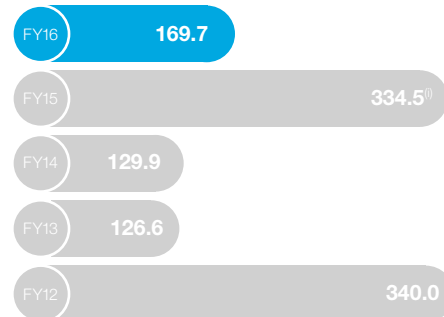
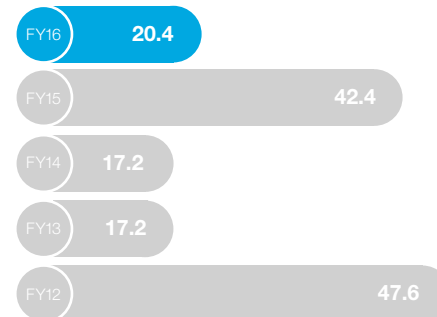


Diagram 5: EPS (basic) performance

Earnings per share (cents)



(i) Includes \$163.2 million as a result of receiving income tax benefits relating to the Victorian wagering and gaming licences payment and the NSW Trackside payment and associated interest income.

Taking the above performance and overall Group results into consideration, the Board determined that a maximum Group Funding Multiplier of 0.9 (i.e. 90%) should be applied for the year.

The STI calculation

An individual's short term incentive is calculated by taking three key factors into account:

Diagram 6: STI calculation



(i) The STI Award is comprised of cash (50% for the MD & CEO and 75% for all other executive KMP) and Restricted Shares (50% for the MD & CEO and 25% for all other executive KMP) which are restricted for a two year period.

(ii) The sum of the STI payments cannot exceed the STI pool which is capped at a maximum of 125% of the target pool.

Table 4: Components of the STI calculation

Component	Definition	How is it calculated?
Target STI (\$)	Each participant in the STI plan is eligible to receive an on-target STI Award upon the achievement of target Group, business unit and individual performance.	The Target STI (\$) is calculated as a percentage of an individual's Total Remuneration (see Diagram 3) and is determined with reference to market benchmarks and the nature of the role.
Divisional Multiplier	The Divisional Multiplier aims to reward STI participants for delivering superior business unit performance and to recognise each business unit's contribution to the overall Group results. There are three Divisional Multipliers – Wagering and Media, Keno and Gaming, and Corporate.	The Divisional Multiplier is based on the contribution to NPAT of each business unit and applies to all participants who are employed within that business unit.
Individual Performance Multiplier	Individual performance is assessed using a balanced scorecard of financial and non-financial measures that are reflective of the Group's annual objectives and aligned to creating superior shareholder returns (see Table 5). In addition to the balanced scorecard measures, key strategic priorities are also set and assessed annually. The Board sets the performance objectives for the MD & CEO at the start of each financial year. The MD & CEO works with the Remuneration Committee and the Senior Executive Leadership Team to set the executives' objectives which are then cascaded down the organisation.	At the end of the financial year, each participant undergoes a performance review in line with Tabcorp's performance management process. Objectives are assessed and an overall performance rating is assigned (taking into consideration performance against objectives as well as behaviours (Ways of Working)). The performance rating translates into an Individual Performance Multiplier which scales up or down and can range from 0 (for below expectation performance) up to a maximum of 2 (for exceptional performance).

The Divisional Multipliers and Individual Multipliers are set with reference to the overall STI pool to ensure that the total STI payout does not exceed the defined pool.

Remuneration Report

Delivery

The STI is delivered in cash, or a mix of cash and Restricted Shares (see Diagram 3). Restricted Shares are subject to a two year service condition during which time the Restricted Shares may not be traded, however participants have full entitlement to dividends and voting rights. All Restricted Shares will be forfeited immediately upon cessation of employment during the restriction period. However, the Remuneration Committee has discretion in special circumstances to determine that the Restricted Shares remain on foot (in full or on a pro rata basis) and the terms applicable. Special circumstances include events such as retirement, redundancy, death and permanent disability.

The STI deferral element promotes the building of share ownership in Tabcorp (further aligning the interests of senior managers with shareholders), reduces long term risk and assists with the retention of key senior managers (providing increased continuity for the business).

Claw back

Restricted Shares are subject to claw back if the Board considers this to be appropriate having regard to any information which has come to light after the delivery of the Restricted Shares to participants, including but not limited to misconduct or any material misstatement or omission in Tabcorp's prior financial statements.

The Board has the capacity to introduce further terms and conditions which may specify additional circumstances in which a participant's Restricted Shares may be subject to claw back.

STI performance

For the year ended 30 June 2016, STI measures and targets were derived from the Board approved strategic corporate plan which comprised financial and non-financial objectives. These objectives were subsequently included in the balanced scorecards for the Senior Executive Leadership Team. A list of these measures is included in Table 5 including a summary of key achievements during the year.

Table 5: STI measures and summary of achievements for the year ended 30 June 2016

Objective	Measures⁽ⁱ⁾	Achievements for the year
Financial	Revenue Profit (e.g. EBIT, NPAT before non-recurring items) Dividends Balance sheet Operating costs	<ul style="list-style-type: none"> • Group revenue of \$2,188.7 million, up 1.5%. • Earnings before interest and tax (EBIT), before significant items, of \$337.2 million, up 0.8%. • Net profit after tax (NPAT), before significant items, of \$185.9 million, up 8.5%.⁽ⁱⁱ⁾ • Full year ordinary dividends totalled 24 cents per share fully franked, up 20.0%. • Group operating expenses of \$468.7 million, up 2.2%. • Expense (cost) to revenue ratio of 21.4%.
Customers and Growth	Customer acquisition and loyalty Brand strategy Delivery of new products and digital initiatives	<ul style="list-style-type: none"> • More than 430,000 Active TAB account customers, up 6%. • 398,000 members of the Diamond Rewards loyalty program, up 17%. • Keno brand and customer experience transformation supporting 4.8% revenue growth. • Wagering Partial Cash Out successfully launched.
People and Leadership	Employee engagement Gender diversity Health & Safety	<ul style="list-style-type: none"> • Overall employee engagement score of 3.94 out of 5, up 0.05 on the previous year. • Employer of Choice for Gender Equality citation awarded by the Federal Workplace Gender Equality Agency. • Industry leading lost time injury frequency rate of 0.9 per million hours worked.
Organisation	Corporate reputation Stakeholder engagement Operational effectiveness	<ul style="list-style-type: none"> • Dow Jones Sustainability Index leader in the global gambling category. • Financial benefits to stakeholders: taxes on gambling \$428.6 million, returns to the racing industry \$786.9 million. • New or extended partnerships with Victoria Racing Club, Australian Trainers Association, TasRacing, National Jockeys Trust. • No major incidents throughout the Spring Racing Carnival. Host systems 100% available for all major Carnival race days. • ACTTAB integration completed.
Strategic	Risk and compliance optimisation Domestic and international business expansion opportunities Digital strategy Product development Licence extensions	<ul style="list-style-type: none"> • New AML/CTF program adopted in December 2015, and Chief Risk Officer (CRO) appointed to lead new Risk function. • Licences granted for new online wagering and gaming business in the UK and Ireland, in partnership with News UK. • Five-year agreement for Victorian thoroughbred media rights. • Sky Thoroughbred Central commenced broadcast of Australian racing in high definition – an Australian first. • First-to-market with leading gaming product for TGS venues. • New NSW Keno licence issued, extending approval to operate until 2050.

(i) For 2017, the MD & CEO's and his direct reports' scorecards have been refined and simplified to focus on key business priorities (financial and non financial) in line with the Corporate Plan and Tabcorp's overarching goals. The refined scorecard will be presented in next year's Remuneration Report (ending 30 June 2017).

(ii) Statutory net profit after tax (NPAT) of \$169.7 million, which was down 49.3% on the prior corresponding period. The results were impacted by significant items after tax of \$16.2 million, compared to a one-off tax benefit of \$163.2 million in the prior corresponding period.

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Table 6: STI Awards achieved

KMP	Year	Actual STI Achieved			Actual STI achieved as a % of target STI	STI forfeited as a % of target STI	Actual STI achieved as a % of maximum STI
		Cash portion \$ ⁽ⁱ⁾	Restricted portion \$ ⁽ⁱⁱ⁾	Total \$			
Current executives							
David Attenborough	2016	495,000	495,000	990,000	90%	10%	36%
	2015	425,000	425,000	850,000	113%	0%	45%
Damien Johnston	2016	226,600	75,533	302,133	90%	10%	36%
	2015	275,000	91,666	366,666	113%	0%	45%
Craig Nugent	2016	187,718	62,572	250,290	72%	28%	29%
	2015	271,338	90,446	361,784	107%	0%	43%
Adam Rytenskind	2016	302,402	100,801	403,203	134%	0%	54%
	2015	157,650	52,550	210,200	80%	20%	32%
Former executive							
Kerry Willcock	2016	-	-	-	0%	100%	0%
	2015	134,379	44,793	179,172	63%	37%	25%

(i) 75% (50% for the MD & CEO) of the actual STI achieved is paid as cash, and is included in remuneration of the current financial year.

(ii) 25% (50% for the MD & CEO) of the actual STI achieved is deferred in the form of Restricted Shares which are subject to a two year service restriction from the grant date. The Restricted Shares will be granted after the end of the financial year, and the value will be reflected in remuneration during the vesting period.

(b) Long term incentive (LTI)

Overview

The Tabcorp LTI is designed to reward senior management for contributing to the creation of long term shareholder value and to retain key critical talent within the organisation.

Table 7: Summary of the Tabcorp LTI plan for the year ended 30 June 2016

What is the purpose of the LTI Plan?	To drive long term business performance and shareholder value creation, to align senior management and shareholder interests (through the use of equity) and to retain high performing and skilled senior managers.
Who is eligible to participate in the LTI Plan?	The Senior Executive Leadership Team (including executive KMP) and certain key senior managers.
How is LTI delivered?	Participants in the LTI plan are allocated a maximum number of Performance Rights at the beginning of the performance period. Performance Rights provide the right to receive Tabcorp shares subject to meeting performance conditions, at no cost to the participant. They do not attract dividends nor provide voting rights.
How long is the performance period?	Vesting is dependent on meeting the minimum performance hurdle at the third anniversary of the date of the allocation (i.e. a three year performance period). During the year, the Remuneration Committee reviewed the length of the performance period. Following careful consideration, the Committee elected to retain the current three year performance period, taking into consideration a number of factors, including Tabcorp's rapidly changing industry, the nature of the Group's business operations and market benchmarks.

Are Performance Rights forfeitable?	All unvested Performance Rights will lapse immediately upon cessation of employment. However, the Remuneration Committee has discretion in special circumstances to determine the number of Performance Rights retained and the terms applicable. Special circumstances include events such as retirement, redundancy, death and permanent disability.		
Can Performance Rights be clawed back?	Performance Rights are subject to claw back if the Board considers this to be appropriate having regard to any information which has come to light after the grant of the Performance Rights to participants, including but not limited to misconduct or any material misstatement or omission in Tabcorp's prior financial statements. The Board has the capacity to introduce further terms and conditions which may specify additional circumstances in which a participant's Performance Rights may be subject to claw back.		
What is the performance measure?	<p>The performance measure is relative total shareholder return (relative TSR). Relative TSR measures the return received by shareholders (capital returns, dividends and share price movement) over a specific period relative to a peer group of companies. Tabcorp engages an external consultant to calculate relative TSR.</p> <p>During the year ended 30 June 2016, the Remuneration Committee considered adopting a second performance measure within the LTI. Taking into consideration a number of factors, the Committee elected not to introduce a second LTI measure. The Committee will review the LTI performance measures again in 2017.</p> <p>The Board considers relative TSR to be an appropriate performance measure as it reflects the Group's remuneration philosophy of creating shareholder value relative to a peer group, over the long term.</p>		
Which companies are included in the peer group?	<p>The peer group used for assessing Tabcorp's relative TSR performance is the S&P/ASX 100 index excluding property trusts, infrastructure groups and mining companies (represented by the S&P Global Industry Classification Standards (GICS) of Metals & Mining, Oil and Gas, Transportation, Infrastructure, Utilities and Real Estate Investment Trusts).</p> <p>The Remuneration Committee reviewed the peer group during the year. This peer group was deemed appropriate and retained, as it contains organisations of comparable size to that of Tabcorp as well as organisations that exhibit similar operational structures in comparable industries. In addition, the constituent companies represent competitors for similar executive talent.</p> <p>The composition of the peer group may change as a result of specific external events, such as mergers and acquisitions, capital returns, delistings and capital reconstruction. The Remuneration Committee has agreed guidelines for adjusting the peer group following such events, and has the discretion to determine any adjustment to the peer group of companies.</p>		
What are the relative TSR performance hurdles?	Tabcorp's relative TSR ranking	Percentage of Performance Rights that will vest	Value of LTI reward
	Below 50th percentile	0%	Zero
	At 50th percentile	50%	Target
	Above 50th percentile and below 75th percentile	Pro-rata between 50% (at 50th percentile) and 100% (at 75th percentile)	Between Target and Outperformance
	At or above the 75th percentile	100%	Outperformance (two times Target)
	This testing schedule and vesting criteria are common practice adopted by companies in the S&P/ASX100 index, which is consistent with Tabcorp's remuneration philosophy (refer to Section 2) and senior management remuneration framework (refer to Section 7.1).		
	If Performance Rights vest, the Company will issue or transfer ordinary shares to the participant, with full voting and dividend rights corresponding to the rights of all other holders of ordinary shares.		
	Performance Rights that have not vested after testing will lapse (there is no retesting).		

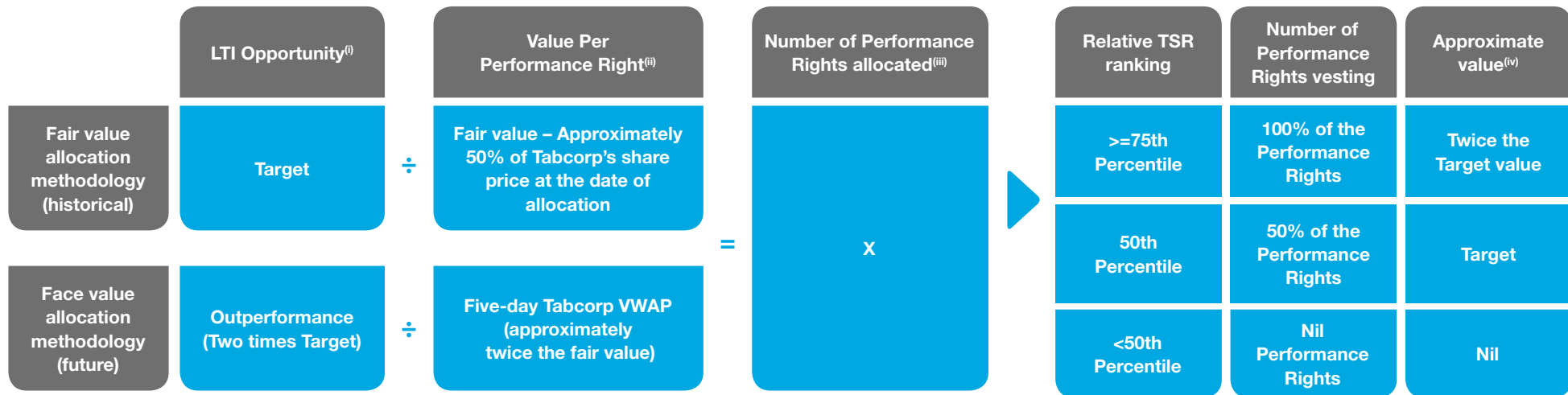
Remuneration Report

Allocations

The Performance Rights granted under the LTI are generally allocated annually, subject to Board and shareholder (for the MD & CEO only) approval. Historically, for each LTI offer, Tabcorp allocated a number of Performance Rights to LTI participants on the basis of a fair market value allocation methodology (aligned to AASB 2 Share-based Payment rules). Under this methodology, the target LTI value (see Diagram 3) was divided by a discounted Tabcorp share price (discounted for a number of factors including share price volatility and the probability of vesting) to determine the number of Performance Rights to allocate. In future, all LTI allocations will be made using a face value methodology. This will improve LTI transparency and reduce the volatility in the number of Performance Rights allocated annually.

Historically, the fair market value of each Performance Right under the LTI Plan, was calculated to be approximately 50% of the prevailing share price at the date of allocation (independently calculated by PriceWaterhouseCoopers). This meant that the effective maximum value (face value) of the LTI allocated, which would be realised for outperformance, equated to approximately twice the fair market value. As such, this 'outperformance' value will be utilised in future to ensure that LTI participants are not disadvantaged/advantaged by the transition to the new allocation methodology (i.e. they are receiving no more or less value than they would have under the previous methodology). Diagram 7 below summarises both the historical methodology and the future methodology.

Diagram 7: Summary of the operation of fair and face value allocation methodologies within Tabcorp



- (i) Under the fair value allocation methodology, the 'Target' LTI value (see Diagram 3) was used as the basis for making allocations. Under the face value allocation methodology, the Outperformance value will be utilised going forward as the basis for making allocations.
- (ii) Historically, the fair value (which equated to approximately 50% of the face value) was used to calculate the number of Performance Rights granted. Under the face value methodology, Tabcorp's share price will be used to calculate the number of Performance Rights allocated.
- (iii) The number of Performance Rights allocated should be approximately the same under both methodologies.
- (iv) The value realised by the participant should be approximately equivalent under both methodologies for the same level of performance outcome.

Future allocations

Diagram 8: LTI Allocation calculation



Table 8: Components of the LTI calculation

Component	Definition	How is it calculated?
Outperformance (\$)	The Outperformance (\$) value is based on a percentage of the individual's Total Remuneration and is benchmarked to ensure that it is competitive and appropriate within the market. The Outperformance (\$) is equal to two times the target value as disclosed in Diagram 3.	The Outperformance (\$) represents the intended LTI value that a participant will realise if Tabcorp's relative TSR is ranked at or above the 75th percentile against the peer group (i.e. one hundred per cent vesting).
Volume Weighted Average Tabcorp Share Price ('VWAP')	The VWAP is utilised to determine the number of Performance Rights to allocate to participants.	The Outperformance (\$) value is divided by the five-day VWAP of Tabcorp shares traded on the ASX up to but not including the grant date.
Number of Performance Rights allocated	The number of Performance Rights allocated to participants reflects the maximum number that could vest at the end of the performance period for the achievement of the highest relative TSR performance hurdle.	The number of Performance Rights allocated is calculated by taking the Outperformance (\$) value and dividing it by the five-day VWAP of Tabcorp shares traded on the ASX up to but not including the grant date.

Table 9: Current LTI allocations on foot

Grant year	Grant date	Allocation to	Test and expiry date
2013	2 October 2013	Senior management	18 September 2016
	31 October 2013	MD & CEO	
2014	28 October 2014	MD & CEO, senior management	16 September 2017
2015	29 October 2015	MD & CEO, senior management	22 September 2018

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Table 10: Performance Rights granted during the year ended 30 June 2016

KMP	Grant date \$	Number \$	Fair value at grant date \$	Exercise price \$	Expiry date
Executive Director					
David Attenborough	29 October 2015	484,581	2.47	Nil	22 September 2018
Current Executives					
Damien Johnston	29 October 2015	147,886	2.47	Nil	22 September 2018
Craig Nugent	29 October 2015	153,138	2.47	Nil	22 September 2018
Adam Rytenskild	29 October 2015	119,221	2.47	Nil	22 September 2018
Former Executive					
Kerry Willcock ⁽ⁱ⁾	29 October 2015	130,077	2.47	Nil	22 September 2018
Total		1,034,903			

(i) For the Performance Rights granted during the year, on cessation of employment 17,904 were retained, and 112,173 lapsed.

Table 11: Performance Rights vested and shares issued during the year ended 30 June 2016

KMP	Number of Performance Rights vested	Number of shares issued	Amount paid per share \$
Executive Director			
David Attenborough	427,586	427,586	Nil
Current Executives			
Damien Johnston	230,937	230,937	Nil
Craig Nugent	126,750	126,750	Nil
Adam Rytenskild	106,493	106,493	Nil
Former Executives			
Kerry Willcock	201,094	201,094	Nil
Total	1,092,860	1,092,860	

Table 12: Value of Performance Rights granted as part of remuneration – granted and exercised during the year ended 30 June 2016

KMP	Granted⁽ⁱ⁾ \$	Exercised⁽ⁱⁱ⁾ \$	As a % of remuneration⁽ⁱⁱⁱ⁾
Executive Director			
David Attenborough	1,196,915	1,954,068	37%
Current Executives			
Damien Johnston	365,278	1,055,382	28%
Craig Nugent	378,251	579,248	21%
Adam Rytenskild	294,476	486,673	18%
Former Executives			
Kerry Willcock	321,290	919,000	32%
Total	2,556,210	4,994,371	

(i) Represents the value of Performance Rights granted during the year. For details on the valuation of the Performance Rights, including models and assumptions used, refer to Note E1 of the Tabcorp Financial Report.

(ii) Represents the value of Performance Rights exercised during the year. The value is calculated based on the market value of Tabcorp shares at the date of exercise.

(iii) Represents the fair value of Performance Rights expensed during the year as a percentage of total remuneration, excluding termination payments. Total remuneration includes share based payments.

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Table 13: KMP interests in Performance Rights of Tabcorp for the year ended 30 June 2016 (number)

KMP	Balance at start of year	Granted as remuneration	Vested	Lapsed ⁽ⁱ⁾	Net change other ⁽ⁱⁱ⁾	Balance at KMP cessation date	Balance at end of year ⁽ⁱⁱⁱ⁾
Executive Director							
David Attenborough	1,536,773	484,581	(427,586)	-	-	n/a	1,593,768
Current Executives							
Damien Johnston	589,101	147,886	(230,937)	-	46,218	n/a	552,268
Craig Nugent	336,116	153,138	(126,750)	-	26,370	n/a	388,874
Adam Rytenskild	288,928	119,221	(106,493)	-	22,667	n/a	324,323
Former Executives							
Kerry Willcock	516,254	130,077	(201,094)	(236,811)	40,502	248,928	n/a
Total	3,267,172	1,034,903	(1,092,860)	(236,811)	135,757	248,928	2,859,233

- (i) Performance Rights that lapsed on cessation of employment; being 36,085 granted in FY14, 88,553 granted in FY15 and 112,173 granted in FY16.
- (ii) Additional Performance Rights were allocated during the year to restore value to previous equity grants that were impacted by the 1 for 12 pro rata accelerated renounceable entitlement offer and the payment of a special dividend, which occurred in March 2015. The additional Performance Rights are subject to the same terms and conditions as the corresponding tranche of Performance Rights to which the additional grants relate under the LTI. No additional Performance Rights were allocated to the MD & CEO.
- (iii) The number of Performance Rights vested and exercisable at year end was nil.

LTI performance

Diagram 9: Full year dividend in respect of each financial year (includes interim, final and special dividends)

Cents per share fully franked

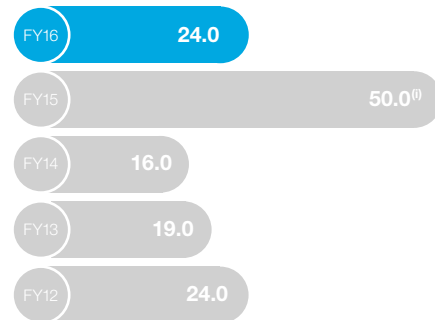
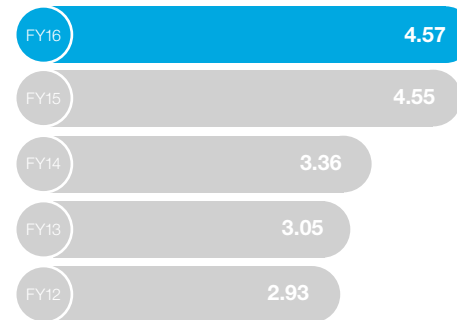


Diagram 10: Company share price at the end of each financial year

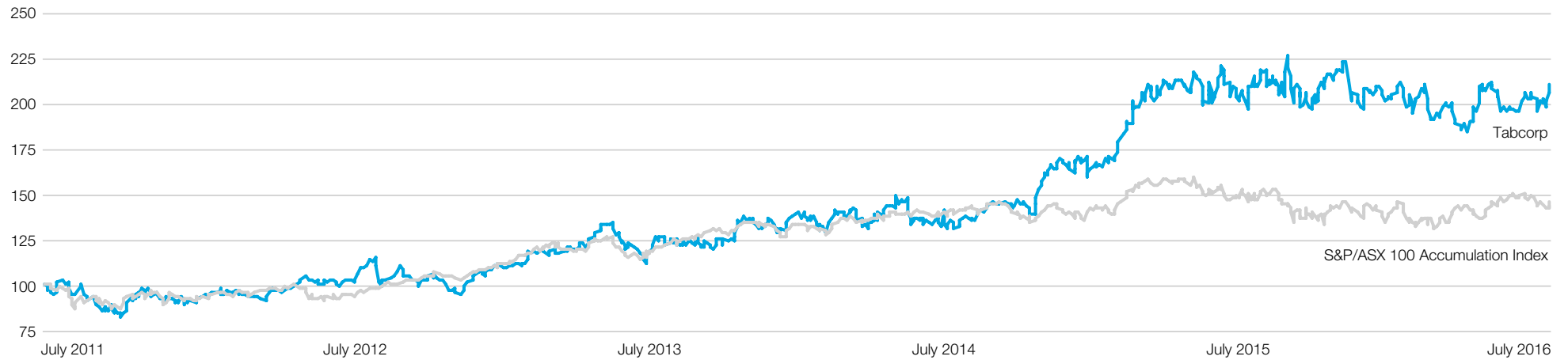
Share price (\$)



- (i) Dividends include a special dividend of 30 cents per share declared in February 2015.

Diagram 11: Tabcorp Total Shareholder Return⁽ⁱ⁾

Indexed to 100 at 1 July 2011



(i) Excludes the value of franking credits.
Source: Bloomberg.

In the year ended 30 June 2016, there was one test date on 20 September 2015 for the 2012 allocation under the LTI. The relative TSR percentile ranking of this allocation at the test date was a little over the 82nd percentile, and accordingly 100% of the Performance Rights vested.

Table 14: LTI testing results

Grant year	Grant date	Allocation to	Test date	TSR result at test date	% of Performance Rights	
					Vested	Lapsed
2011	23 September 2011	Senior management	23 September 2014	69.2 percentile	88%	12%
	26 October 2011	MD & CEO				
2012	4 October 2012	Senior management	20 September 2015	82.4 percentile	100%	-
	31 October 2012	MD & CEO				

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(c) Appointment/retention incentives

Restricted Shares may be issued to senior managers as an incentive upon appointment (either on joining Tabcorp or transfer to a new position internally) or for retention. These are ordinary shares in the Company, and in order to act as a retention mechanism are subject to time based restrictions of up to three years.

Additionally, senior managers may also be issued Performance Rights upon appointment. These instruments are issued under the LTI and are subject to the same performance hurdles and vesting conditions (refer Section 7.4(b)).

No appointment or retention incentives were provided to executive KMP during the year ended 30 June 2016.

(d) Policy prohibiting hedging

Participants in the incentive plans (STI and LTI) are restricted from hedging the value of Restricted Shares and unvested Performance Rights, and must not enter into a derivative arrangement in respect of the equity instruments granted under these plans. Breaches of the restriction will result in equity instruments being forfeited.

These prohibitions are included in Tabcorp's Securities Trading Policy, available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au, and in the terms and conditions of the incentive plans.

Equity instruments granted under the incentive plans can only be registered in the name of the participant, are identified as non tradable on the share register, and cannot be traded or transferred to another party until vested or until any trading restriction period has expired (where applicable).

The Board at its discretion can request a senior manager to provide a statutory declaration that the senior manager has complied with this policy. During the year, the Board did not require any such declarations.

7.5 MD & CEO current remuneration arrangements

(a) Current remuneration

Mr Attenborough receives fixed remuneration and the opportunity to receive variable remuneration through STI and LTI arrangements. As communicated in the 2015 Remuneration report, changes implemented in the current financial year in relation to Mr Attenborough's remuneration have resulted in an increase in both the target short term incentive opportunity and the target long term incentive opportunity, with his fixed remuneration remaining unchanged. This overall increase in remuneration recognises Mr Attenborough's success in leading the transformation of Tabcorp to drive sustained performance, improves alignment with comparable roles in the market, and provides greater alignment with shareholder interests. 67% of Mr Attenborough's remuneration is now 'at risk' and subject to the achievement of both Group and individual performance outcomes.

Fixed remuneration

There was no change to Mr Attenborough's fixed remuneration which has remained at \$1,100,000.

STI

For the year ended 30 June 2016, Mr Attenborough was eligible to receive an STI Award based on his individual performance and the Group's performance over the annual performance review period. Mr Attenborough's annual STI Award was equivalent to \$1,100,000 at target and is delivered in cash (50%) and Restricted Shares (50%), with the opportunity for Mr Attenborough to voluntarily sacrifice part of the cash component into additional superannuation contributions.

For the year ended 30 June 2016, Mr Attenborough was provided with an STI Award of \$990,000 which equated to 90% of his target incentive (36% of his maximum incentive). The Board deemed this to be appropriate given Tabcorp's performance levels over the year (see Table 5). 50% (\$495,000) of this Award will be in the form of Tabcorp Shares which are restricted for two years and subject to forfeiture conditions.

LTI

The Company intends that the LTI component of Mr Attenborough's remuneration package will involve annual grants of Performance Rights, which would be subject to a performance hurdle, with the grant of such Performance Rights being subject to obtaining any necessary shareholder approvals at the relevant time. For the year ended 30 June 2016, Mr Attenborough's LTI Award was equivalent to \$1,100,000 at target. The structure and operation of this LTI Award is the same as that which applies to the LTI offers to other senior managers in Section 7.4(b), other than as set out in this section. Since being appointed as MD & CEO, Mr Attenborough has received five grants of Performance Rights under the Tabcorp Long Term Performance Plan, which were approved by shareholders at the Company's previous Annual General Meetings. The details of the current allocations still on foot are as follows:

Table 15: MD & CEO – current LTI allocations on foot

Grant date	Number	Test and expiry date
31 October 2013	590,062	18 September 2016
28 October 2014	519,125	16 September 2017
29 October 2015	484,581	22 September 2018

Upon termination of employment, all unvested Performance Rights will lapse immediately. However, in situations where termination is as a result of an event beyond the control of the incumbent (e.g. death, permanent disablement or other Board determined appropriate reason) a pro rata number of Performance Rights may vest into shares. The exact number of Performance Rights that will vest will be determined by the duration of the performance period that has already elapsed and relative TSR performance outcomes as at the appropriate test date.

Partial lapse of unvested Performance Rights may occur in circumstances where Mr Attenborough takes parental leave or extended unpaid leave. In the event of a takeover offer for the Company or any other transaction resulting in a change of control of the Company, the Board is required to determine, in its absolute discretion, the appropriate treatment regarding any unvested Performance Rights.

Further information relating to these Performance Rights is available in the notice of meeting for the Company's 2013, 2014 and 2015 Annual General Meetings.

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(b) Changes for the 2017 financial year

Following the year ended 30 June 2016, a comprehensive remuneration benchmarking exercise was undertaken, comparing Mr Attenborough's remuneration levels with the remuneration levels of Managing Directors and Chief Executive Officers in other similar organisations (including companies within the "Gaming" sector). Following the results of this benchmarking exercise, the Board approved an increase to Mr Attenborough's fixed remuneration level to \$1,250,000 (effective 1 September 2016), inclusive of statutory superannuation contributions (from \$1,100,000). This decision was made to better align Mr Attenborough's fixed remuneration with the other comparable roles in the market and to recognise his responsibilities in a complex and global business.

Mr Attenborough's reward mix will remain unchanged (see Diagram 3) for the 2017 financial year.

As a result of the increase to his fixed remuneration and the reward mix remaining unchanged, Mr Attenborough's target Short Term Incentive opportunity will increase to \$1,250,000 (from \$1,100,000) for the 2017 financial year. Fifty per cent of any applicable Short Term Incentive payments made to Mr Attenborough will be subject to deferral in Restricted Shares for a two year period.

Mr Attenborough's Long Term Incentive target opportunity will also increase to \$1,250,000 (from \$1,100,000), and will be subject to the same terms and conditions as the Long Term Incentive detailed in Section 7.4(b).

7.6 Contracts – executive KMP (including the MD & CEO)

The table below contains details of the contracts of the executive KMP. The contracts do not provide for any termination payments, other than payment in lieu of notice.

Table 16: Executive KMP contracts

Name	Position	Contract duration	Minimum notice period (months)	
			Executive	Tabcorp
Current Executives				
David Attenborough	Managing Director and Chief Executive Officer	Open ended	6	12
Damien Johnston	Chief Financial Officer	Open ended	6	9
Craig Nugent	Chief Operating Officer Wagering and Media	Open ended	6	9
Adam Rytenskind	Chief Operating Officer Keno and Gaming	Open ended	6	9
Former Executive				
Kerry Willcock	Executive General Manager, Corporate, Legal & Regulatory	Open ended	6	12

7.7 Remuneration – executive KMP (including the MD & CEO)

Table 17: Executive KMP remuneration

KMP	Year	Short term			Long term	Post employment	Total excluding charge for share based allocations	Charge for share based allocations ^(iv)			Performance related ^(v) %	Termination benefits \$
		Salary & fees ⁽ⁱ⁾ \$	Cash bonus ⁽ⁱⁱ⁾ \$	Non-monetary benefits ⁽ⁱⁱⁱ⁾ \$	Accrued leave benefits \$	Super-annuation \$		Restricted Shares \$	Performance Rights \$	Total \$		
Executive Director												
David Attenborough	2016	1,080,692	495,000	-	36,320	19,308	1,631,320	382,377	1,173,742	3,187,439	64%	-
<i>Managing Director and Chief Executive Officer</i>	2015	1,056,300	425,000	1,145	44,337	18,783	1,545,565	214,837	968,936	2,729,338	59%	-
Current Executives												
Damien Johnston	2016	648,839	226,600	-	(13,801)	19,308	880,946	95,832	372,960	1,349,738	52%	-
<i>Chief Financial Officer</i>	2015	630,158	275,000	-	13,554	18,783	937,495	67,869	335,281	1,340,645	51%	-
Craig Nugent	2016	672,567	187,718	-	24,234	19,308	903,827	86,508	259,940	1,250,275	43%	-
<i>Chief Operating Officer Wagering and Media</i>	2015	637,488	271,338	1,380	16,984	18,783	945,973	63,141	191,514	1,200,628	44%	-
Adam Rytenski	2016	543,803	302,402	-	43,521	19,308	909,034	83,070	215,579	1,207,683	50%	-
<i>Chief Operating Officer Keno and Gaming</i>	2015	506,717	157,650	-	(16,602)	18,783	666,548	47,601	163,374	877,523	42%	-
Former Executives												
Kerry Willcock ^(vi)	2016	363,901	-	-	23,723	12,872	400,496	69,931	218,044	688,471	42%	594,003
<i>EGM Corporate, Legal and Regulatory</i>	2015	552,008	134,379	-	34,562	18,783	739,732	48,093	293,958	1,081,783	44%	-
Total	2016	3,309,802	1,211,720	-	113,997	90,104	4,725,623	717,718	2,240,265	7,683,606		594,003
	2015	3,382,671	1,263,367	2,525	92,835	93,915	4,835,313	441,541	1,953,063	7,229,917		-

(i) Comprises salary and salary sacrificed benefits (including superannuation and motor vehicle novated leases where applicable).

(ii) Cash bonus reflects 75% (50% for the MD & CEO) of the STI achieved in the year. The remaining 25% (50% for the MD & CEO) of the STI is deferred into Restricted Shares, and is reflected in remuneration during the vesting period.

(iii) Comprises the cost to the Company for providing car parking, where applicable.

(iv) Represents the fair value of share based payments expensed by the Company. Value only accrues to the KMP when conditions have been met.

(v) Represents the sum of cash bonus, Restricted Shares and Performance Rights as a percentage of total remuneration, excluding termination payments.

(vi) Ceased employment and as a KMP on 19 February 2016. Termination payment includes \$594,003 payment in lieu of notice. In addition to the amounts disclosed above, payment on cessation of annual leave amounted to \$52,280 and long service leave amounted to \$161,149.

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7.7 Remuneration – executive KMP (including the MD & CEO) (continued)

Table 17 is prepared in accordance with the Corporations Act requirements. The amounts that appear under the heading 'charge for share based allocations' are the amounts expended by the Company in accordance with the required Accounting Standards in respect of current and past incentive allocations of Restricted Shares and Performance Rights. These amounts are therefore not amounts actually received by Executives during the year. Whether Executives receive any value from the allocation of long term incentives in the future will depend on the performance of the Company relative to a peer group of listed companies. The mechanism which determines whether or not long term incentives vest in the future is described in Section 7.4(b).

An overview of the actual value of remuneration received by KMP during the year is outlined in Table 18. This information is provided as it is considered to be of interest to users of the Remuneration Report.

Table 18: Actual value of remuneration received by current Executive KMP

KMP	Year	Salary and fees ⁽ⁱ⁾ \$	Cash bonus ⁽ⁱⁱ⁾ \$	Superannuation \$	Value of STI vested ⁽ⁱⁱⁱ⁾ \$	Value of LTI vested ^(iv) \$	Total \$
Executive Director							
David Attenborough	2016	1,080,692	425,000	19,308	-	1,954,068	3,479,068
	2015	1,056,300	506,250	18,783	-	1,446,086	3,027,419
Current Executives							
Damien Johnston	2016	648,839	275,000	19,308	-	1,055,382	1,998,529
	2015	630,158	249,638	18,783	-	723,041	1,621,620
Craig Nugent	2016	672,567	271,338	19,308	-	579,248	1,542,461
	2015	637,488	221,288	18,783	-	383,427	1,260,986
Adam Rytenskild	2016	543,803	157,650	19,308	-	486,673	1,207,434
	2015	506,717	200,025	18,783	-	268,398	993,923
Total	2016	2,945,901	1,128,988	77,232	-	4,075,371	8,227,492
	2015	2,830,663	1,177,201	75,132	-	2,820,952	6,903,948

(i) Comprises salary and salary sacrificed benefits as calculated in Table 17.

(ii) Cash bonus reflects the 75% (50% for the MD & CEO) of the previous year's STI, which was paid during the year.

(iii) Value of Restricted Shares vesting during the year as part of the STI, calculated based on the market value of Tabcorp shares at the date of vesting.

(iv) Value of shares issued during the year on the vesting of Performance Rights as part of the LTI, calculated based on the market value of Tabcorp shares at the date of vesting.

8. Non Executive Director remuneration

8.1 Remuneration framework

The Remuneration Committee has responsibility for annually reviewing and recommending to the Board appropriate remuneration arrangements for Non Executive Directors, taking into consideration factors including, the Group's remuneration philosophy (see Section 2), the level of fees paid to Board members of other publicly listed Australian companies, operational and regulatory complexity, the responsibilities and workload requirements of each Board member and advice from independent remuneration consultants, where appropriate.

The current aggregate annual limit (including superannuation contributions) is set at \$2 million, as approved by shareholders at the Annual General Meeting on 28 November 2005.

Non Executive Directors do not receive any performance or incentive payments and are not eligible to participate in any of Tabcorp's incentive plans. This aligns with the principle that Non Executive Directors act independently and impartially.

8.2 Structure

Non Executive Directors receive a base Board fee and a fee for each Board Committee that they are members of. The Board Chairman receives a fixed single fee which is inclusive of services on all Board Committees. In addition, Superannuation Guarantee Contributions are payable on all fees.

Some Directors may receive additional remuneration and associated superannuation (where applicable) for:

- Chairmanship of the Victorian Joint Venture Management Committee, receiving a fee equivalent to Chairman of the Board Remuneration Committee – Paula Dwyer was Chairman of this Committee throughout the year;
- Observer fees, equivalent to the applicable Board and Committee fees (for attending Board and Committee meetings and induction whilst awaiting regulatory approval) – no Observer fees were paid during the year; or
- Membership of other Committees, which may be required from time to time – no additional Committee fees were paid during the year.

Board fees are structured by having regard to the responsibilities of each position within the Board. Board Committee fees are structured to recognise the differing responsibilities and workload associated with each Committee, and the additional responsibilities of each Committee Chairman. Board fees are not paid to the MD & CEO, or to executives for directorships of any subsidiaries.

Remuneration Report

8.3 Current annual fees

A review of Non Executive Director remuneration levels was conducted during the year ended 30 June 2016. To ensure continued competitiveness of Non Executive Director remuneration levels, adjustments were made (effective 1 September 2015) as detailed in the table below:

Table 19: Non Executive Director and Board Committee fixed annual fees

Position	Effective date	Board fees ⁽ⁱ⁾ \$	Board Committee fees ⁽ⁱ⁾		
			Audit, Risk & Compliance \$	Remuneration \$	Nomination \$
Chairman	September 2015	425,000			
	September 2014	410,000			
Non Executive Director	September 2015	145,000			
	September 2014	140,000			
Committee Chairman	September 2015		40,000	30,000	7,500
	September 2014		40,000	30,000	7,500
Committee Member	September 2015		20,000	15,000	7,500
	September 2014		20,000	15,000	7,500

(i) Fees exclude superannuation contributions.

The actual remuneration earned by Non Executive Directors for the year ended 30 June 2016, is detailed in Table 20.

Table 20: Non Executive Director remuneration

KMP	Year	Short term	Post employment	Total
		Salary and fees \$	Superannuation \$	
Paula Dwyer ⁽ⁱ⁾	2016	422,500	40,137	462,637
	2015	408,333	38,792	447,125
Elmer Funke Kupper ⁽ⁱⁱ⁾	2016	128,542	12,211	140,753
	2015	166,667	15,833	182,500
Steven Gregg	2016	186,667	17,733	204,400
	2015	181,667	17,258	198,925
Jane Hemstritch	2016	191,667	18,208	209,875
	2015	186,667	17,733	204,400
Justin Milne	2016	171,667	16,308	187,975
	2015	166,667	15,833	182,500
Zygmunt Switkowski	2016	201,667	19,158	220,825
	2015	196,667	18,683	215,350
Total	2016	1,302,710	123,755	1,426,465
	2015	1,306,668	124,132	1,430,800

(i) In addition Ms Dwyer received a fee of \$30,000 (excluding superannuation at 9.5%) for undertaking the role of Chairman of the Victorian Joint Venture Management Committee throughout the year.

(ii) Mr Funke Kupper does not receive Tabcorp Board fees whilst on leave of absence.

Remuneration Report

9. KMP shareholdings

Table 21: KMP interests in shares of Tabcorp (number)

For the year ended 30 June 2016

KMP	Balance at start of year	Granted as remuneration ⁽ⁱ⁾	On vesting of Performance Rights	Net change other ⁽ⁱⁱ⁾	Balance at KMP cessation date	Balance at end of year
Executive Director						
David Attenborough	541,084	83,646	427,586	-	n/a	1,052,316
Current Executives						
Damien Johnston	244,089	18,041	230,937	-	n/a	493,067
Craig Nugent	125,035	17,801	126,750	(231,226)	n/a	38,360
Adam Rytenskild	20,366	10,342	106,493	-	n/a	137,201
Former Executives						
Kerry Willcock	349,122	8,815	201,094	(430,355)	128,676	n/a
Non Executive Directors						
Paula Dwyer	54,166	-	-	45,834	n/a	100,000
Elmer Funke Kupper	54,166	-	-	-	n/a	54,166
Steven Gregg	15,000	-	-	-	n/a	15,000
Jane Hemstritch	25,112	-	-	6,850	n/a	31,962
Justin Milne	9,208	-	-	22,000	n/a	31,208
Zygmunt Switkowski	91,949	-	-	-	n/a	91,949
Total	1,529,297	138,645	1,092,860	(586,897)	128,676	2,045,229

(i) Includes Restricted shares issued during the year as part of the STI.

(ii) Includes participation in capital raisings, the Tabcorp Dividend Reinvestment Plan and other voluntary on-market transactions.

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Income statement

For the year ended 30 June 2016

	Note	2016 \$m	2015 \$m
Revenue		2,188.7	2,155.5
Other income	A4	4.4	(3.7)
Commissions and fees		(869.2)	(823.6)
Government taxes and levies		(335.0)	(365.2)
Employment costs		(187.6)	(176.0)
Depreciation and amortisation		(178.6)	(173.5)
Communications and technology costs		(77.9)	(78.5)
Advertising and promotions		(64.0)	(41.9)
Property costs		(43.1)	(41.7)
Other expenses		(136.7)	(116.8)
Profit before income tax expense and net finance costs		301.0	334.6
Finance income		2.9	5.3
Finance costs	A4	(72.8)	(81.1)
Profit before income tax expense		231.1	258.8
Income tax (expense)/benefit	A5	(61.4)	75.7
Net profit after tax		169.7	334.5
Other comprehensive income			
Change in fair value of cash flow hedges taken to equity that may be reclassified to profit or loss		11.1	1.9
Exchange differences on translation of foreign operations		(0.8)	0.7
Income tax on items that may be reclassified to profit or loss		(3.3)	(0.6)
Items that will not be reclassified to profit or loss		(1.8)	2.1
Income tax on items that will not be reclassified to profit or loss		0.5	(0.6)
Other comprehensive income for the year, net of income tax		5.7	3.5
Total comprehensive income for the year		175.4	338.0
Earnings per share:		2016	2015
		cents	cents
Basic earnings per share	A2	20.4	42.4
Diluted earnings per share	A2	20.3	42.2
Dividends per share:			
Declared and paid during the year	A3	22.0	48.0
Determined in respect of the year	A3	24.0	50.0

The accompanying notes form an integral part of this income statement.

Balance sheet

As at 30 June 2016

	Note	2016 \$m	2015 \$m
Current assets			
Cash and cash equivalents	C5	126.0	160.0
Receivables	C6	41.5	35.1
Prepayments		17.1	16.8
Current tax assets		-	76.2
Derivative financial instruments	B3	2.8	1.9
Other		9.7	6.2
Total current assets		197.1	296.2
Non current assets			
Receivables	C6	10.7	14.2
Licences	C1	682.4	700.9
Other intangible assets	C2	1,945.3	1,924.7
Property, plant and equipment	C4	311.7	325.1
Prepayments		33.0	33.6
Derivative financial instruments	B3	100.0	79.2
Other		22.6	10.1
Total non current assets		3,105.7	3,087.8
TOTAL ASSETS		3,302.8	3,384.0
Current liabilities			
Payables		317.0	327.2
Interest bearing liabilities	B2	248.9	-
Current tax liabilities		7.4	14.2
Provisions	C7	28.6	27.3
Derivative financial instruments	B3	34.0	30.9
Other		6.7	6.7
Total current liabilities		642.6	406.3
Non current liabilities			
Interest bearing liabilities	B2	831.5	1,147.7
Deferred tax liabilities	A5	60.8	58.1
Provisions	C7	24.6	25.1
Derivative financial instruments	B3	52.3	53.0
Other		2.9	3.7
Total non current liabilities		972.1	1,287.6
TOTAL LIABILITIES		1,614.7	1,693.9
NET ASSETS		1,688.1	1,690.1
Equity			
Issued capital		2,430.6	2,426.2
Accumulated losses		(46.3)	(32.0)
Reserves		(696.2)	(704.1)
TOTAL EQUITY		1,688.1	1,690.1

The accompanying notes form an integral part of this balance sheet.

Cash flow statement

For the year ended 30 June 2016

	Note	2016 \$m	2015 \$m
Cash flows from operating activities			
Net cash receipts in the course of operations		2,218.8	2,193.3
Payments to suppliers, service providers and employees		(1,510.0)	(1,407.3)
Payment of government levies, betting taxes and GST		(250.7)	(311.3)
Finance income received		2.9	5.3
Finance costs paid		(71.3)	(83.1)
Income tax refund		11.4	2.8
Net cash flows from operating activities	C5	401.1	399.7
Cash flows from investing activities			
Payment for business acquisition, net of cash acquired	D4	-	(103.3)
Payment for property, plant and equipment and intangibles		(183.1)	(131.6)
Proceeds from sale of property, plant and equipment and intangibles		6.5	-
Loan repayments received from customers		3.6	3.2
Net cash flows used in investing activities		(173.0)	(231.7)
Cash flows from financing activities			
Net cash flows from revolving bank facilities		(80.0)	-
Dividends paid		(173.3)	(357.6)
Proceeds from issue of shares		-	235.8
Payment of transaction costs for share issue		-	(7.1)
Payments for on-market share purchase		(8.8)	(5.9)
Net cash flows used in financing activities		(262.1)	(134.8)
Net (decrease)/increase in cash held		(34.0)	33.2
Cash at beginning of year		160.0	126.8
Cash at end of year	C5	126.0	160.0

The accompanying notes form an integral part of this cash flow statement.

Statement of changes in equity

For the year ended 30 June 2016

	Number of ordinary shares m	Issued capital		Accumulated losses \$m	Reserves			Total equity \$m
		Ordinary shares \$m	Treasury shares \$m		Hedging \$m	Demerger \$m	Other \$m	
2016								
Balance at beginning of year	829.4	2,427.0	(0.8)	(32.0)	(39.2)	(669.9)	5.0	1,690.1
Profit for the year	-	-	-	169.7	-	-	-	169.7
Other comprehensive income	-	-	-	(1.3)	7.8	-	(0.8)	5.7
Total comprehensive income	-	-	-	168.4	7.8	-	(0.8)	175.4
Dividends paid	-	-	-	(182.7)	-	-	-	(182.7)
Dividend reinvestment plan	2.1	9.4	-	-	-	-	-	9.4
Transfers	-	2.0	-	-	-	-	(2.0)	-
Restricted shares issued	-	-	(1.6)	-	-	-	-	(1.6)
Share based payments expense	-	-	1.8	-	-	-	2.9	4.7
Net outlay to purchase shares	-	(7.2)	-	-	-	-	-	(7.2)
Balance at end of year	831.5	2,431.2	(0.6)	(46.3)	(31.4)	(669.9)	5.1	1,688.1
		Total issued capital 2,430.6			Total reserves (696.2)			
2015								
Balance at beginning of year	763.0	2,189.2	(0.5)	(0.7)	(40.5)	(669.9)	3.8	1,481.4
Profit for the year	-	-	-	334.5	-	-	-	334.5
Other comprehensive income	-	-	-	1.5	1.3	-	0.7	3.5
Total comprehensive income	-	-	-	336.0	1.3	-	0.7	338.0
Dividends paid	-	-	-	(367.3)	-	-	-	(367.3)
Dividend reinvestment plan	2.7	9.7	-	-	-	-	-	9.7
Accelerated renounceable entitlement offer	63.7	235.8	-	-	-	-	-	235.8
Transaction costs for share issue	-	(5.0)	-	-	-	-	-	(5.0)
Transfers	-	2.1	-	-	-	-	(2.1)	-
Restricted shares issued	-	-	(1.1)	-	-	-	-	(1.1)
Share based payments expense	-	-	0.8	-	-	-	2.6	3.4
Net outlay to purchase shares	-	(4.8)	-	-	-	-	-	(4.8)
Balance at end of year	829.4	2,427.0	(0.8)	(32.0)	(39.2)	(669.9)	5.0	1,690.1
		Total issued capital 2,426.2			Total reserves (704.1)			

Issued capital – Ordinary shares are issued and fully paid. They carry one vote per share and hold the rights to dividends. Issued capital is recognised at the fair value of the consideration received. When issued capital is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from total issued capital. Any transaction costs directly attributable to the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the share proceeds received.

Treasury shares represent the unvested portion of Restricted Shares issued to executives as an incentive, on appointment or for retention, which is recognised as a reduction in issued capital. The amount which has been credited to the employee equity benefit reserve is transferred to issued capital to the extent the relevant Performance Rights vest or have been treated as vested.

Nature of reserves

Hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

Demerger reserve arose on the demerger of The Star Entertainment Group (previously the Echo Entertainment Group) in 2011. It represents the difference between the fair value of The Star Entertainment Group shares (being the distribution liability arising on demerger), the amount allocated as a capital reduction and any transfers to retained earnings.

Other reserves contain the employee equity benefit reserve and the foreign currency translation reserve.

The accompanying notes form an integral part of this statement of changes in equity.

Notes to the financial statements

For the year ended 30 June 2016

About this report

Tabcorp Holdings Limited (the Company) is a company limited by shares which are traded on the Australian Securities Exchange. The Company is incorporated and domiciled in Australia, and is a for-profit entity. The financial report of the Company for the year ended 30 June 2016 comprises the Company and its subsidiaries (the Group) and the Group's interest in joint arrangements.

The financial report was authorised for issue by the Directors on 4 August 2016.

The financial report is a general purpose financial report which:

- has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards as issued by the Australian Accounting Standards Board and other mandatory financial reporting requirements in Australia;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- is presented in Australian dollars with dollar amounts rounded to the nearest hundred thousand unless specifically stated to be otherwise, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191; and
- is prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value.

The accounting policies have been applied consistently throughout the Group for the purposes of this financial report.

The content and format of the financial report has been enhanced to present the financial information in a more meaningful manner to users. Note disclosures have been grouped into five sections. The notes within each section detail the accounting policies applied, together with any key judgements and estimates used. The purpose of the revised format is to provide users with a clearer understanding of the key drivers of the Group's financial performance and financial position.

A Group performance		B Capital and risk management		C Operating assets and liabilities		D Group structure		E Other disclosures						
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						C7	Provisions	100						

Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of these assets and liabilities recognised in the financial statements are described in the following notes:

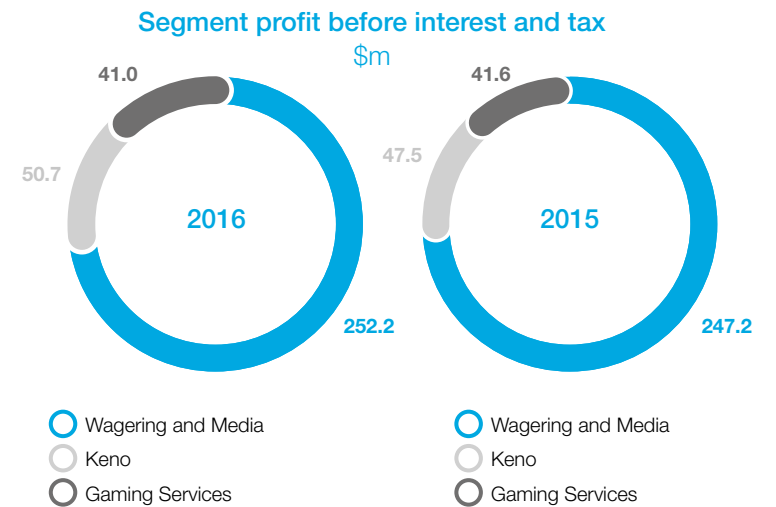
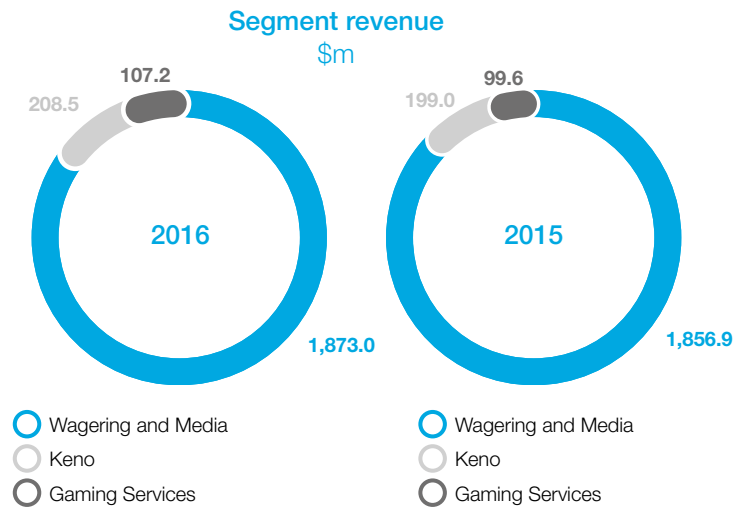
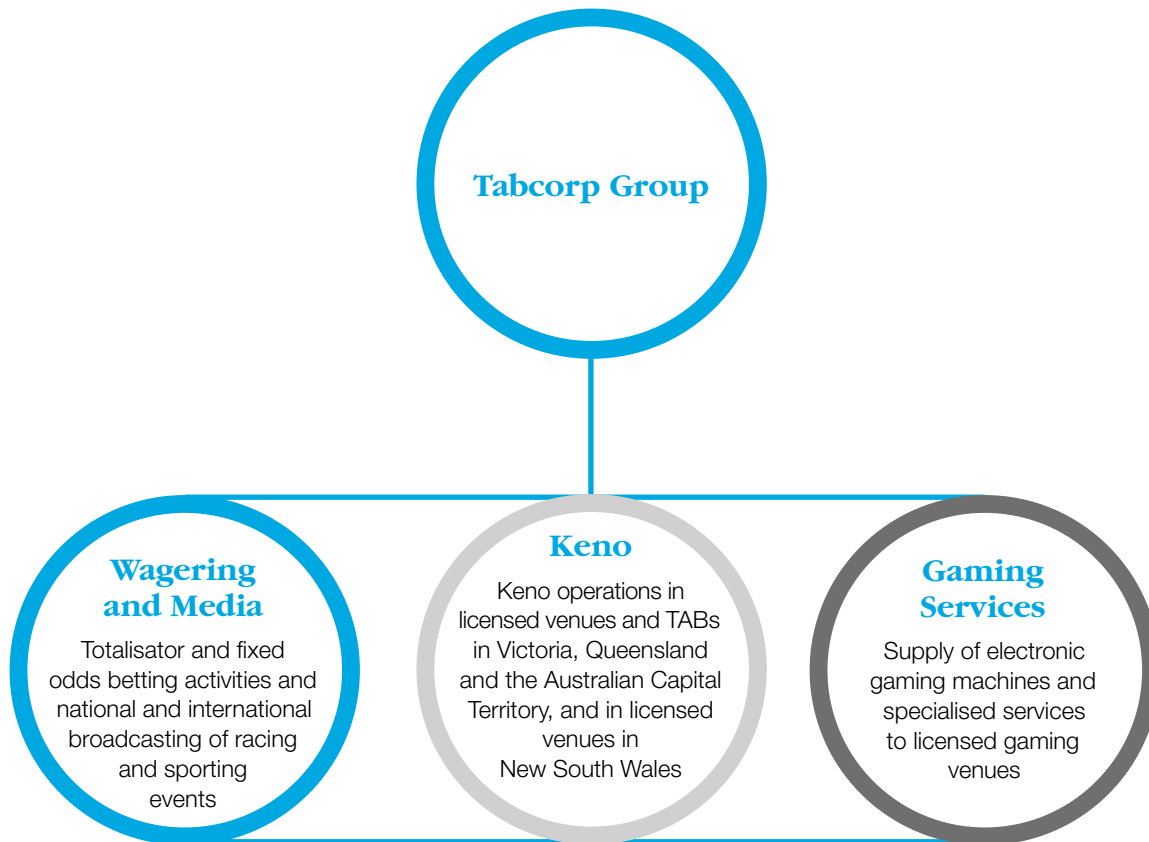
A5 – Income tax	C1 – Licences	C3 – Impairment testing	E3 – Contingencies
B3 – Derivative financial instruments	C2 – Other intangible assets	C6 – Receivables	

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. Intersegment pricing is determined on commercial terms and conditions.

The Group has three operating segments:



Notes to the financial statements: Group performance

For the year ended 30 June 2016

A1 Segment information (continued)

	Wagering and Media \$m	Keno \$m	Gaming Services \$m	Total \$m
2016				
Revenue	1,873.0	208.5	107.2	2,188.7
Segment profit before interest and tax	252.2	50.7	41.0	343.9
Depreciation and amortisation	129.9	19.6	29.1	178.6
Capital expenditure ⁽ⁱ⁾	82.4	19.1	50.2	151.7
2015				
Revenue	1,856.9	199.0	99.6	2,155.5
Segment profit before interest and tax	247.2	47.5	41.6	336.3
Depreciation and amortisation	128.6	18.9	26.0	173.5
Capital expenditure ⁽ⁱ⁾	79.2	16.6	46.9	142.7

(i) Capital expenditure excludes the acquisition of licences and assets acquired via business combinations (refer note D4).

	2016 \$m	2015 \$m
Reconciliation of segment profit		
Segment profit before interest and tax	343.9	336.3
Unallocated items:		
– finance income	2.9	5.3
– finance costs	(72.8)	(81.1)
– significant items ⁽ⁱ⁾	(36.2)	-
– other	(6.7)	(1.7)
Profit before income tax expense	231.1	258.8

(i) Significant items comprise costs relating to the AUSTRAC civil proceedings (\$19.4m) and the establishment of a new online wagering and gaming business in the UK (\$16.8m).

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

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, equal to the fair value of the award credits earned, is treated as deferred revenue. 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.

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

Gaming services revenue is recognised once the service has been rendered.

A2 Earnings per share

	2016 \$m	2015 \$m
Earnings used in calculation of earnings per share (EPS)	169.7	334.5
	2016 Number (m)	2015 Number (m)
Weighted average number of ordinary shares used in calculating basic EPS	831.1	789.7
Effect of dilution from Performance Rights	3.6	3.8
Weighted average number of ordinary shares used in calculating diluted EPS	834.7	793.5

Basic EPS is calculated as net profit after tax divided by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated on the same basis as basic EPS except that it reflects the impact of any potential commitments the Group has to issue shares in the future, for example shares to be issued upon vesting of Performance Rights.

A3 Dividends

	2016 Cents per share	2015 Cents per share	2016 \$m	2015 \$m
Fully franked dividends declared and paid during the year:				
Prior year final dividend	10.0	8.0	82.9	61.0
Interim dividend	12.0	10.0	99.8	76.6
Special dividend	-	30.0	-	229.7
	22.0	48.0	182.7	367.3
Fully franked dividends determined in respect of the year:				
Interim dividend	12.0	10.0	99.8	76.6
Final dividend	12.0	10.0	99.8	82.9
Special dividend	-	30.0	-	229.7
	24.0	50.0	199.6	389.2
Dividends declared after balance date to be recognised in subsequent year:				
Final dividend	12.0	10.0	99.8	82.9
Franking credits available at the 30% company tax rate after allowing for tax payable or receivable			140.4	162.7

Notes to the financial statements: Group performance

For the year ended 30 June 2016

A4 Revenue and expenses

	2016 \$m	2015 \$m
(a) Other income		
Net gain/(loss) on disposal of non current assets	2.0	(6.0)
Other	2.4	2.3
	4.4	(3.7)
(b) Employment costs include:		
Defined contribution plan expense	14.3	12.6
(c) Operating lease rentals		
Minimum lease payments	41.9	39.9
(d) Finance costs		
Interest costs	66.5	76.1
Other	6.3	5.0
	72.8	81.1

Contributions to defined contribution plans are recognised in the income statement as they become payable.

Operating lease rentals are recognised in the income statement on a straight line basis over the lease term. Lease incentives received are recognised as a liability and are released to the income statement on a straight line basis over the lease term. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Finance income is recognised using the effective interest rate method.

Finance costs are recognised as an expense when incurred.

A5 Income tax

(a) The major components of income tax (expense)/benefit are:	2016 \$m	2015 \$m
Current tax	(74.1)	(85.0)
Adjustments in respect of current income tax of previous years	12.6	146.6
Deferred tax	0.1	14.1
	(61.4)	75.7
Income tax reconciliation:		
Profit before income tax expense	231.1	258.8
Income tax payable at the 30% company tax rate	(69.3)	(77.6)
Tax effect of adjustments in calculating taxable income:		
– NSW Traxside concessions tax benefit ⁽ⁱ⁾	-	31.5
– Victorian licences tax benefit ⁽ⁱⁱ⁾	-	128.9
– amortisation of Victorian licences	(11.7)	(11.7)
– research and development claims	7.6	2.0
– NSW retail exclusivity payment	7.5	-
– other	4.5	2.6
Income tax (expense)/benefit	(61.4)	75.7

(i) In November 2014, the Group resolved with the Australian Taxation Office the tax treatment of the NSW Traxside concessions payment of \$150 million, which was recognised as an asset in 2010. Under the settlement, the Group is entitled to a tax deduction of \$105 million over a 10 year period. The Group considers the settlement changes the tax base of the asset, resulting in a new temporary difference arising. An income tax benefit of \$31.5 million representing the entire deduction was recognised in the prior year, together with a deferred tax asset which will unwind as the tax deductions are claimed or prior assessments are amended.

(ii) In May 2015, the Group resolved with the Australian Taxation Office the income tax treatment of the \$597.2 million it paid to the State of Victoria in 1994 in relation to the Victorian licences granted at that time. The agreed tax treatment provides the Group with an allowable deduction of \$429.6 million, with the balance generating a capital loss of \$167.6 million. As a result an income tax benefit of \$128.9 million was recognised in the prior year.

Notes to the financial statements: Group performance

For the year ended 30 June 2016

A5 Income tax (continued)

(b) Deferred tax assets/(liabilities)

	Balance at 1 July 2014 \$m	Recognised in income statement \$m	Acquisitions via business combinations \$m	Recognised directly in equity \$m	Balance at 30 June 2015 \$m	Recognised in income statement \$m	Recognised directly in equity \$m	Balance at 30 June 2016 \$m
NSW Trackside concessions	-	17.3	-	-	17.3	(3.1)	-	14.2
Fair value of cash flow hedges	17.4	-	-	(0.6)	16.8	-	(3.3)	13.5
Property, plant and equipment	13.7	1.0	-	-	14.7	1.8	-	16.5
Provisions	11.1	0.3	0.3	-	11.7	0.6	-	12.3
Accrued expenses	6.8	3.3	-	-	10.1	(1.5)	-	8.6
NSW retail exclusivity	-	-	-	-	-	3.0	-	3.0
Derivatives	3.5	(0.6)	-	-	2.9	(0.6)	-	2.3
Share issue transaction costs	1.7	(2.1)	-	2.2	1.8	(0.5)	-	1.3
Other	6.1	(2.9)	-	(0.6)	2.6	(2.5)	0.5	0.6
Licences	(96.8)	(4.2)	-	-	(101.0)	1.5	-	(99.5)
Other intangible assets	(7.9)	5.6	(6.6)	-	(8.9)	0.4	-	(8.5)
Unclaimed dividends	(5.8)	0.3	-	-	(5.5)	0.7	-	(4.8)
Research and development	(16.7)	(3.9)	-	-	(20.6)	0.3	-	(20.3)
Net deferred tax assets/(liabilities)	(66.9)	14.1	(6.3)	1.0	(58.1)	0.1	(2.8)	(60.8)

Income tax comprises current and deferred income tax. Income tax is recognised in the income statement except when it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes. The temporary differences for goodwill and the initial recognition of an asset or liability in a transaction which is not a business combination and that affect neither accounting nor taxable profit at the time of the transaction are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

A **deferred tax asset** is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Claims for refunds from taxation authorities are recognised when formal confirmation of the claim is received from the relevant authority.

A6 Subsequent events

Subsequent events other than those disclosed elsewhere in this report are:

Proposed acquisition of INTECQ Limited

On 1 August 2016 the Group announced it had entered into a binding Scheme Implementation Agreement to acquire INTECQ Limited ('INTECQ'), subject to the approval by INTECQ's shareholders and obtaining all necessary regulatory approvals. Under the terms of the agreement, INTECQ shareholders will receive \$7.15 cash for each INTECQ share held. This implies an expected enterprise value of \$115 million. The financial effects of the above transaction have not been brought to account in the financial statements for the year ended 30 June 2016.

Section B – Capital and risk management

B1 Capital management

The Group's objectives when managing capital are to ensure the Group continues as a going concern while providing optimal returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group has a target of an investment grade credit rating. Gearing is managed primarily through the ratio of gross debt to earnings before interest, tax, depreciation, amortisation and impairment (EBITDA).

At 30 June the Group's gearing ratio was:

	2016 \$m	2015 \$m
Gross debt (US private placement debt at the Australian dollar principal repayable under cross currency swaps)	1,000.5	1,080.5
EBITDA (before significant items)	515.8	508.1
Gearing ratio	1.9	2.1

B2 Interest bearing liabilities

The Group borrows money from financial institutions and debt investors in the form of bank loans, subordinated notes and foreign currency denominated notes. The Group has a mixture of fixed and floating interest rates and uses interest rate swaps to manage exposure to interest rate risks.

The following table details the debt position of the Group at 30 June:

Facility	Details	Facility limit	Maturity	2016 \$m	2015 \$m
Bank loans – unsecured	Floating interest rate revolving facility. Subject to financial undertakings as to gearing and interest cover.	400.0	Jun-18	398.9	398.4
		150.0	Dec-18	-	99.5
		400.0	Jun-20	138.0	117.9
		950.0		536.9	615.8
Subordinated notes	Floating interest rate. Expected to be redeemed in Mar-17.	250.0	Mar-37	248.9	247.5
US private placement	Fixed interest rate US dollar debt. Aggregate US dollar principal of \$220.0m. Cross currency swaps in place for all US dollar debt. Under these swaps the aggregate Australian dollar amount payable at maturity is \$210.5m.	USD 87.0	Apr-19	116.6	112.5
		USD 133.0	Apr-22	178.0	171.9
				294.6	284.4
				1,080.4	1,147.7
Current				248.9	-
Non-current				831.5	1,147.7
				1,080.4	1,147.7

Interest bearing liabilities are recognised initially at fair value net of transaction costs, and subsequent to initial recognition are recognised at amortised cost which is calculated using the effective interest rate method. Foreign currency liabilities are carried at amortised cost and are translated at the exchange rates ruling at reporting date. Gains and losses are recognised in the income statement when the liabilities are derecognised in addition to the amortisation process.

Notes to the financial statements: Capital and risk management

For the year ended 30 June 2016

B3 Derivative financial instruments

The Group holds the following derivative financial instruments as part of its risk management strategy (hedging instruments – cross currency swaps and interest rate swaps) and as a result of its operations (open betting positions), all at fair value based on level 2 observable inputs (refer to note B4):

	2016 \$m	2015 \$m
Current assets		
Cross currency swaps	2.8	1.9
Non current assets		
Cross currency swaps	100.0	79.2
	102.8	81.1
Current liabilities		
Interest rate swaps	21.0	21.8
Cross currency swaps	2.3	2.2
Open betting positions	10.7	6.9
	34.0	30.9
Non current liabilities		
Interest rate swaps	52.3	53.0
	86.3	83.9

Derivative financial instruments are recognised initially at cost, and subsequently are stated at fair value (refer to note B4). The method of recognising any remeasurement gain or loss depends on the nature of the item being hedged. For the purposes of hedge accounting, hedges are classified as either cash flow or fair value hedges.

Cash flow hedges are used to hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness. The effective portion of any gain or loss on the hedging instrument is recognised directly in equity, with any ineffective portion recognised in the income statement. For hedged items relating to financial assets or liabilities, amounts recognised in equity are reclassified into the income statement when the hedged transaction affects the income statement (i.e. when interest income or expense is recognised). When the hedged item is the cost of a non-financial asset or liability, the amounts recognised in equity are transferred into the initial cost or other carrying amount of the non-financial asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or the designation of the hedge relationship is revoked but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Fair value hedges are used to hedge the variability of changes in the fair value of a recognised asset or liability or an unrecognised firm commitment. Any gain or loss on the derivative is recognised directly in the income statement.

B3.1 Interest rate swaps

These swaps are used to mitigate the risk of variability in cash flows due to movements in the reference interest rate of the designated debt.

The notional principal amounts and periods of expiry of these interest rate swap contracts are:

	Notional principal	
	2016 \$m	2015 \$m
Less than one year	200.0	-
One to five years	348.5	548.5
More than five years	227.0	127.0
Notional principal	775.5	675.5
Fixed interest rate range p.a.	1.9% – 7.3%	4.2% – 7.3%
Variable interest rate range p.a.	2.0% – 2.3%	2.1% – 2.3%

Net settlement receipts and payments are recognised as an adjustment to interest expense on an accruals basis over the term of the swaps, such that the overall interest expense on borrowings reflects the average cost of funds achieved by entering into the swap agreements.

B3.2 Cross currency swaps

These swaps are used to reduce the exposure to the variability of movements in the forward USD exchange rate in relation to the USD private placement debt.

The principal amounts and periods of expiry of the cross currency swap contracts are:

	2016		2015	
	Pay principal AUD \$m	Receive principal USD \$m	Pay principal AUD \$m	Receive principal USD \$m
One to five years	83.5	87.0	83.5	87.0
More than five years	127.0	133.0	127.0	133.0
Notional principal	210.5	220.0	210.5	220.0
Fixed interest rate range p.a.		4.6% – 5.2%		4.6% – 5.2%
Variable interest rate range p.a.	5.8% – 6.1%		5.8% – 6.1%	

The terms and conditions in relation to the interest rate and maturity of the cross currency swaps are similar to the terms and conditions of the underlying hedged US private placement debt.

Notes to the financial statements: Capital and risk management

For the year ended 30 June 2016

B4 Fair value measurement

The fair value of financial assets and financial liabilities are 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 are deemed to be the fair value unless stated below:

	Carrying amount		Fair value	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Financial liabilities				
US private placement	295.3	285.4	329.8	312.1
Subordinated notes	250.0	250.0	252.4	253.3
	545.3	535.4	582.2	565.4

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

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).

Subordinated notes

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

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).

There have been no significant transfers between level 1 and level 2 during the financial year ended 30 June 2016.

B5 Financial instruments – risk management

The Group's principal financial instruments, other than derivatives, comprise cash, short term deposits, and interest bearing liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also has various other financial assets and liabilities which arise directly from its operations.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities, principally interest rate swaps and cross currency swaps. The Group does not hold or issue derivative financial instruments for trading purposes.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk, these are discussed below.

B5.1 Interest rate risk

The Group has a policy of controlling exposure to interest rate fluctuations by the use of fixed and variable rate debt and interest rate swaps or caps. It has entered into interest rate swap arrangements to hedge underlying debt obligations and allow floating rate borrowings to be swapped to fixed rate borrowings. Under these arrangements, the Group pays fixed interest rates and receives the bank bill swap rate (BBSW) calculated on the notional principal amount of the contracts.

At 30 June after taking into account the effect of interest rate swaps, approximately 67.5% (2015: 62.5%) of the Group's borrowings are at a fixed rate of interest.

The following classes of financial assets and financial liabilities are exposed to floating interest rate risk:

	2016 \$m	2015 \$m
Financial assets		
Cash assets	16.5	16.5
Short term deposits	92.1	126.6
	108.6	143.1
Financial liabilities		
Bank loans – unsecured	536.9	615.8
Subordinated notes	248.9	247.5
Interest rate swaps – notional principal amounts	775.5	675.5
Cross currency swaps – notional principal amounts	210.5	210.5
	1,771.8	1,749.3

Sensitivity analysis – interest rates – AUD and USD

The Group's sensitivity to reasonably possible changes in interest rates on the affected financial assets and financial liabilities in existence at year end is shown below. With all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post tax profit higher/(lower)		Other comprehensive income higher/(lower)	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
AUD				
+ 1.00% (100 basis points) (2015: + 1.00%)	(1.1)	(1.7)	13.4	17.7
- 1.00% (100 basis points) (2015: - 1.00%)	1.1	1.7	(14.0)	(18.6)
USD				
+ 0.20% (20 basis points) (2015: + 0.20%)	-	-	(2.0)	(2.3)
- 0.20% (20 basis points) (2015: - 0.20%)	-	-	2.1	2.3

The movements in profit are due to higher/lower interest costs from variable rate debt and investments. The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges.

Notes to the financial statements: Capital and risk management

For the year ended 30 June 2016

B5 Financial instruments – risk management (continued)

B5.1 Interest rate risk (continued)

Sensitivity analysis – interest rates – AUD and USD (continued)

Significant assumptions used in the analysis include:

- reasonably possible movements were determined based on the Group's current credit rating and mix of debt, relationships with financial institutions and the level of debt that is expected to be renewed, as well as a review of the last two years' historical movements and economic forecasters' expectations;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at balance date; and
- net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months.

B5.2 Foreign currency risk

The Group's primary currency exposure is to US dollars as a result of issuing US private placement debt. In order to hedge this exposure, the Group has entered into cross currency swaps to fix the exchange rate on the USD debt until maturity. The Group agrees to pay a fixed USD amount in exchange for an agreed AUD amount with swap counterparties, and to re-exchange this again at maturity. These swaps are designated to hedge the principal and interest obligations of the US private placement debt.

Sensitivity analysis foreign exchange

The following analysis is based on the Group's foreign currency risk exposures in existence at balance date and demonstrates the Group's sensitivity to reasonably possible changes in the AUD/USD exchange rate. With all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post tax profit higher/(lower)		Other comprehensive income higher/(lower)	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
AUD/USD + 10 cents (2015: + 10 cents)	-	-	(3.8)	(3.2)
AUD/USD – 10 cents (2015: – 10 cents)	-	-	5.0	4.1

The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges. Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- reasonably possible movements were determined based on a review of the last two years' historical movements and economic forecasters' expectations;
- movement of 10 cents was calculated by taking the USD spot rate as at balance date, moving this spot rate by 10 cents and then re-converting the USD into AUD with the 'new spot-rate'. This methodology reflects the translation methodology undertaken by the Group;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at balance dates; and
- net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months.

B5.3 Credit risk

The Group's credit risk arises in relation to cash and cash equivalents, receivables, financial liabilities and liabilities under financial guarantees. Credit risk on financial assets which have been recognised on the balance sheet, is the carrying amount less any allowance for non recovery.

Credit risk is managed by:

- adherence to a strict cash management policy;
- use of a risk assessment process for customers requesting credit using credit checks, bank opinions and trade references;
- conducting all investment and financial instrument activity with approved counterparties with investment grade credit ratings; and
- reviewing compliance with counterparty exposure limits on a continuous basis, and spreading the aggregate value of transactions amongst the approved counterparties.

Credit risk associated with financial liabilities arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in respect of derivative contracts is detailed in the liquidity risk table in note B5.4.

Credit risk includes liabilities under financial guarantees. For financial guarantee contract liabilities the fair value at initial recognition is determined using a probability weighted discounted cash flow approach. The fair value of financial guarantee contract liabilities has been assessed as nil (2015: nil), as the possibility of an outflow occurring is considered remote. Details of the financial guarantee contracts at balance date are outlined below:

Deed of cross guarantee

The Company has entered into a deed of cross guarantee as outlined in note D2.

Guarantees and indemnities

Entities in the Group are called upon to give in the ordinary course of business, guarantees and indemnities in respect of the performance of their contractual and financial obligations. The maximum amount of these guarantees and indemnities is \$19.2 million (2015: \$18.3 million).

B5.4 Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and notes. To help reduce liquidity risk, the Group targets a minimum level of cash and cash equivalents to be maintained, and has sufficient undrawn funds available.

The Group's policy is that not more than 33% of debt facilities should mature in any financial year within the next four years. At 30 June 2016, no debt facilities mature in less than one year (2015: nil).

Due to the measures in place for managing liquidity and access to capital markets, this risk is not considered significant.

Notes to the financial statements: Capital and risk management

For the year ended 30 June 2016

B5 Financial instruments – risk management (continued)

B5.4 Liquidity risk (continued)

The contractual cash flows including principal and estimated interest payments of financial liabilities in existence at year end are as follows:

	2016			2015		
	< 1 year \$m	1 – 5 years \$m	> 5 years \$m	< 1 year \$m	1 – 5 years \$m	> 5 years \$m
Non-derivative financial instruments						
Financial liabilities						
Trade creditors and accrued expenses	317.0	-	-	327.2	-	-
Bank loans – unsecured	18.0	566.0	-	21.7	672.9	-
Subordinated notes ⁽ⁱ⁾	261.8	-	-	15.4	61.5	507.7
US private placement	14.6	130.4	134.7	14.1	134.0	143.4
Net outflow	611.4	696.4	134.7	378.4	868.4	651.1
Derivative financial instruments						
Financial assets						
Interest rate swaps – receive AUD floating	14.3	34.7	2.5	14.8	37.8	5.2
Cross currency swaps – receive USD fixed	14.6	130.4	134.7	14.1	134.0	143.4
	28.9	165.1	137.2	28.9	171.8	148.6
Financial liabilities						
Interest rate swaps – pay AUD fixed	33.9	81.4	5.2	36.3	99.7	11.3
Cross currency swaps – pay AUD floating	12.6	123.5	133.5	12.6	128.2	141.2
Open betting positions	10.7	-	-	6.9	-	-
	57.2	204.9	138.7	55.8	227.9	152.5
Net outflow	(28.3)	(39.8)	(1.5)	(26.9)	(56.1)	(3.9)

(i) The above analysis for the current year is based on the Company redeeming the subordinated notes in full on the first call date, being 22 March 2017 (“First Call Date”). Subject to any redemption on the First Call Date, or on any subsequent interest payment date thereafter, the contractual payments in relation to the subordinated notes will be \$15.8 million within one year, \$63.1 million within one to five years and \$498.5 million greater than five years from balance date.

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date. For foreign currency receipts and payments, the amount disclosed is determined by reference to the USD/AUD rate at balance date.

Section C – Operating assets and liabilities

C1 Licences

	Victorian Wagering and Betting Licence \$m	NSW wagering licence \$m	Keno licences \$m	ACT totalisator and sports bookmaking licence \$m	Total \$m
2016					
Carrying amount at beginning of year	318.4	298.5	65.9	18.1	700.9
Additions	-	-	25.7	-	25.7
Amortisation	(34.9)	(3.7)	(5.3)	(0.3)	(44.2)
Carrying amount at end of year	283.5	294.8	86.3	17.8	682.4
Cost	418.7	339.1	128.0	18.4	904.2
Accumulated amortisation and impairment	(135.2)	(44.3)	(41.7)	(0.6)	(221.8)
	283.5	294.8	86.3	17.8	682.4
2015					
Carrying amount at beginning of year	353.3	302.2	71.1	-	726.6
Acquisitions via business combinations	-	-	-	18.4	18.4
Amortisation	(34.9)	(3.7)	(5.2)	(0.3)	(44.1)
Carrying amount at end of year	318.4	298.5	65.9	18.1	700.9
Cost	418.7	339.1	102.3	18.4	878.5
Accumulated amortisation and impairment	(100.3)	(40.6)	(36.4)	(0.3)	(177.6)
	318.4	298.5	65.9	18.1	700.9
Amortisation policy – straight line basis over useful life (years):	12	93	10 – 34	50	
Licence expiration date:	2024	2097		2064 ⁽ⁱ⁾	
– Victorian Keno			2022		
– Queensland Keno			2047		
– NSW Keno			2050		

(i) ACT sports bookmaking licence was granted for an initial term of 15 years with further rolling extensions to a total term of 50 years.

Licences that are acquired by the Group are stated at cost less accumulated amortisation.

Notes to the financial statements: Operating assets and liabilities

For the year ended 30 June 2016

C2 Other intangible assets

	Goodwill \$m	NSW Trackage concessions \$m	NSW retail exclusivity \$m	Brand names \$m	Media content and broadcast rights \$m	Other \$m	Software \$m	Total \$m
2016								
Carrying amount at beginning of year	1,431.7	142.2	46.2	110.0	30.6	4.9	159.1	1,924.7
Additions:								
– acquired	-	-	-	-	-	-	18.9	18.9
– internally developed	-	-	-	-	-	-	56.4	56.4
Amortisation	-	(1.7)	(2.6)	-	-	(0.8)	(48.4)	(53.5)
Disposals	-	-	-	-	-	-	(1.3)	(1.3)
Other	0.1	-	-	-	-	-	-	0.1
Carrying amount at end of year	1,431.8	140.5	43.6	110.0	30.6	4.1	184.7	1,945.3
Cost	2,136.7	150.0	51.3	110.0	30.6	11.5	493.9	2,984.0
Accumulated amortisation and impairment	(704.9)	(9.5)	(7.7)	-	-	(7.4)	(309.2)	(1,038.7)
	1,431.8	140.5	43.6	110.0	30.6	4.1	184.7	1,945.3
Includes capital works in progress of:							45.7	45.7
2015								
Carrying amount at beginning of year	1,348.4	143.9	48.8	105.5	30.6	5.8	150.9	1,833.9
Additions:								
– acquired	-	-	-	-	-	-	31.6	31.6
– internally developed	-	-	-	-	-	-	21.1	21.1
Acquisitions via business combinations	82.0	-	-	4.5	-	-	0.3	86.8
Amortisation	-	(1.7)	(2.6)	-	-	(0.9)	(41.9)	(47.1)
Disposals	-	-	-	-	-	-	(2.9)	(2.9)
Other	1.3	-	-	-	-	-	-	1.3
Carrying amount at end of year	1,431.7	142.2	46.2	110.0	30.6	4.9	159.1	1,924.7
Cost	2,136.6	150.0	51.3	110.0	30.6	11.5	426.8	2,916.8
Accumulated amortisation and impairment	(704.9)	(7.8)	(5.1)	-	-	(6.6)	(267.7)	(992.1)
	1,431.7	142.2	46.2	110.0	30.6	4.9	159.1	1,924.7
Includes capital works in progress of:							36.0	36.0
Amortisation policy – straight line basis over useful life (years):		87	20	Indefinite	Indefinite	12–15	3–10	
Expiration date		2097	2033					

Goodwill arising in a business combination represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed. All business combinations are accounted for by applying the acquisition method. Any contingent consideration is recognised at fair value at the acquisition date. Negative goodwill arising on an acquisition is recognised directly in the income statement. Goodwill is not amortised, and is stated at cost less any accumulated impairment losses. Any impairment losses recognised against goodwill cannot be reversed.

Brand names, media content and broadcast rights are not amortised as the Directors believe that the life of these intangibles to the Group will not materially diminish over time, and the residual value at the end of that life would be such that the amortisation charge, if any, would not be material.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. The cost of internally developed software includes the cost of materials, direct labour and an appropriate proportion of overheads.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

C3 Impairment testing

Goodwill and indefinite life intangible assets are tested for impairment annually, or whenever there is an indicator of impairment.

	2016 \$m	2015 \$m
Carrying amount of goodwill and other intangible assets with indefinite useful lives allocated to each cash generating unit (CGU) or segment:		
Goodwill		
Wagering and Media	1,277.8	1,277.7
Keno	154.0	154.0
	1,431.8	1,431.7
Other intangible assets with indefinite useful lives		
NSW Wagering	98.8	98.8
ACTTAB	4.5	4.5
Sky Racing	30.8	30.8
Sky Sports Radio	6.5	6.5
	140.6	140.6

The recoverable amount of each CGU is determined based on fair value less costs of disposal, calculated using discounted cash flows. The cash flow forecasts are principally based upon management approved business plans for a four year period and extrapolated using growth rates ranging from 2.0% to 2.5%. These cash flows are then discounted using a relevant long term post tax discount rate, ranging between 9.2% and 9.7%. This is considered to be level 3 in the fair value hierarchy, based on non market observable inputs (refer to note B4 for explanation of the valuation hierarchy).

Notes to the financial statements: Operating assets and liabilities

For the year ended 30 June 2016

C3 Impairment testing (continued)

Key assumptions on which management has based its cash flow projections:

- State tax regimes and the regulatory environment in which the Group currently operates remain largely unchanged.
- Exclusive retail wagering licences in Victoria, NSW and the ACT are assumed to be retained. The wagering business competes with bookmakers in Victoria, NSW and the ACT, and other interstate and international wagering operators who accept bets over the phone and the internet. There is a possibility that competition from the interstate and international operators may extend further to the Group's retail wagering network in the future.
- Race fields arrangements implemented in each State and Territory of Australia remain largely unchanged.
- Growth rates used to extrapolate cash flows are either in line with or do not exceed the long term average growth rate for the industry in which the CGU operates.
- Discount rates applied are based on the post tax weighted average cost of capital applicable to the relevant CGU.
- Terminal growth rate used is in line with the forecast long term underlying growth rate in Consumer Price Index.

The key estimates and assumptions used to determine the fair value less costs of disposal of a CGU are based on management's current expectations after considering past experience and external information, and are considered to be reasonably achievable. However, significant changes in any of these key estimates and assumptions may result in a CGU's carrying value exceeding its recoverable value requiring an impairment charge to be recognised at a future date.

At each balance date, in addition to goodwill and intangible assets with indefinite useful lives, all non-current assets are reviewed for impairment if events or changes in circumstances indicate they may be impaired. When an indicator of impairment exists, the Group makes a formal assessment of recoverable amount. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless the asset's recoverable value cannot be estimated as it does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, the recoverable amount is determined for the CGU, being assets grouped at the lowest levels for which there are separately identifiable cash flows.

Goodwill and intangible assets with indefinite useful lives (brand names, broadcast rights and media content) acquired through business combinations have been allocated to each CGU or group of CGUs expected to benefit from the business combination's synergies for impairment testing.

C4 Property, plant and equipment

	Land		Buildings \$m	Leasehold improvements \$m	Plant and equipment \$m	Total \$m
	Freehold \$m	Leasehold ⁽ⁱ⁾ \$m				
2016						
Carrying amount at beginning of year	5.3	2.4	15.9	47.5	254.0	325.1
Additions	-	-	0.7	2.1	73.6	76.4
Disposals	-	(2.4)	(1.3)	(0.4)	(4.8)	(8.9)
Depreciation	-	-	(1.9)	(12.0)	(67.0)	(80.9)
Carrying amount at end of year	5.3	-	13.4	37.2	255.8	311.7
Cost	5.3	-	26.5	105.6	713.2	850.6
Accumulated depreciation	-	-	(13.1)	(68.4)	(457.4)	(538.9)
	5.3	-	13.4	37.2	255.8	311.7
Includes capital works in progress of:			0.5	4.8	13.6	18.9
2015						
Carrying amount at beginning of year	5.3	-	10.0	46.8	250.5	312.6
Additions	-	-	6.4	11.5	72.4	90.3
Acquisitions via business combinations	-	2.4	1.2	2.4	2.3	8.3
Disposals	-	-	(0.2)	(1.8)	(1.8)	(3.8)
Depreciation	-	-	(1.5)	(11.4)	(69.4)	(82.3)
Carrying amount at end of year	5.3	2.4	15.9	47.5	254.0	325.1
Cost	5.3	2.4	27.3	107.4	720.5	862.9
Accumulated depreciation	-	-	(11.4)	(59.9)	(466.5)	(537.8)
	5.3	2.4	15.9	47.5	254.0	325.1
Includes capital works in progress of:			1.1	6.5	19.9	27.5

(i) Leasehold land is held under crown leases granted under the Land Titles Act 1925.

Depreciation policy – straight line basis over useful life (years):	7– 40	3– 13	3– 10
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Property, plant and equipment are stated at cost less accumulated depreciation. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

For operating leases where the lease incentive is in the form of a fitout contribution by the landlord, an asset is recognised and amortised on a straight line basis over the lease term.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate.

Notes to the financial statements: Operating assets and liabilities

For the year ended 30 June 2016

C5 Notes to the cash flow statement

(a) Cash and cash equivalents comprise:	2016 \$m	2015 \$m
Cash on hand and in banks	33.9	33.4
Short term deposits	92.1	126.6
	126.0	160.0

For the purpose of the cash flow statement, cash comprises cash balances and short term deposits with an original maturity of three months or less.

Significant restrictions

The Group operates under various state based licences which have regulatory requirements in place that restrict the Group's use of certain cash balances. The carrying amount of these cash balances included within the consolidated financial statements is \$27.2 million (2015: \$24.7 million).

(b) Reconciliation of net profit after tax to net cash flows from operating activities	2016 \$m	2015 \$m
Net profit after tax	169.7	334.5
Add/(less) items classified as investing/financing activities:		
– net (gain)/loss on disposal of non current assets	(2.0)	6.0
Add non cash income and expense items:		
– depreciation and amortisation	178.6	173.5
– share based payments expense	4.7	3.7
– other	3.4	2.7
Net cash provided by operating activities before changes in assets and liabilities	354.4	520.4
Changes in assets and liabilities:		
(Increase)/decrease in:		
– debtors	(4.1)	5.5
– current tax assets	76.2	(75.5)
– other assets	(18.1)	(36.9)
(Decrease)/increase in:		
– payables	(1.9)	(10.2)
– provisions	0.6	(0.1)
– deferred tax liabilities	(0.1)	(14.1)
– current tax liabilities	(6.8)	14.2
– other liabilities	0.9	(3.6)
Net cash flows from operating activities	401.1	399.7

C6 Receivables

	2016 \$m	2015 \$m
Current		
Trade debtors	25.9	21.4
Allowance for doubtful debts	(1.1)	(2.5)
	24.8	18.9
Receivable in respect of Victorian licences	-	474.6
Allowance for impairment	-	(474.6)
	-	-
Sundry debtors	15.1	14.5
Other	1.6	1.7
	41.5	35.1
Non current		
Other	10.7	14.2

Receivable in respect of Victorian licences

The receivable in the prior year related to an amount the Company was seeking from the State of Victoria on the grant of new licences pursuant to section 4.1.12 of the Gambling Regulation Act 2003 (Vic). The Victorian Government had formed the view that the Company was not entitled to compensation and the receivable was considered impaired and the full value was provided for at 30 June 2008.

The Company undertook legal action seeking a payment from the State of Victoria. The legal action concluded during the year, with the High Court of Australia dismissing an appeal by Tabcorp.

	2016 \$m	2015 \$m
Ageing analysis of trade debtors		
Not past due, 0–30 days	20.9	15.9
Past due, not impaired, > 30 days	3.9	3.0
Past due, impaired, > 30 days	1.1	2.5
	25.9	21.4

Other balances within receivables are not past due and are expected to be received when due.

Trade debtors are recognised and carried at original invoice amount less an allowance for any uncollectible amount.

Other receivables reflect fixed term loans and generate fixed or variable interest for the Group, and are initially recognised at amortised cost. The carrying amount may be affected by changes in the credit risk of counterparties. Subsequent increases in receivables due to the passage of time or resulting from a revision of the estimate of cash inflows are recognised in the income statement, however are not recognised where a receivable is fully impaired.

An allowance for doubtful debts or impairment is made when there is objective evidence that collection of the full amount is no longer probable. Factors considered when determining if an impairment exists include ageing and timing of expected receipts, management's experienced judgement and facts in the individual situation. Bad debts are written off when identified.

Notes to the financial statements: Operating assets and liabilities

For the year ended 30 June 2016

C7 Provisions

	2016 \$m	2015 \$m
Current		
Employee benefits	23.7	23.2
Premises	4.4	1.6
Other	0.5	2.5
	28.6	27.3
Non current		
Employee benefits	3.8	3.6
Premises	20.8	21.5
	24.6	25.1

Movement in premises and other provisions during the year are set out below:

	Premises \$m	Other \$m
Carrying amount at beginning of year	23.1	2.5
Provisions made during year	3.1	0.5
Provisions used during year	(1.0)	(1.6)
Provisions reversed during year	-	(0.9)
Carrying amount at end of year	25.2	0.5

Premises provisions comprise:

- lease rental and lease incentives amortised on a straight-line basis over the term of the lease;
- make good provisions for leasehold properties requiring remedial work at the end of the lease arrangement; and
- surplus lease space provisions.

A **provision** is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recorded as a finance cost.

Employee benefits (short term) are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided and the obligation can be estimated reliably.

Employee benefits (long term) – the Group's net obligation is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is discounted to determine its present value. Remeasurements are recognised in the income statement in the period in which they arise. This excludes pension plans.

Section D – Group structure

D1 Subsidiaries

The ultimate parent entity within the Group is Tabcorp Holdings Limited.

The consolidated financial statements incorporate the assets, liabilities and results of Tabcorp Holdings Limited and the following controlled entities:

100% owned Australian subsidiaries in a deed of cross guarantee with Tabcorp Holdings Limited (refer to note D2)

Tabcorp Assets Pty Ltd	Tabcorp Wagering (Vic) Pty Ltd	Tab Limited	Tabcorp Training Pty Ltd
Luxbet Pty Ltd	Tabcorp Wagering Participant (Vic) Pty Ltd	Sky Channel Pty Ltd	Tabcorp International Pty Ltd
Tabcorp Participant Pty Ltd	Tabcorp Wagering Assets (Vic) Pty Ltd	2KY Broadcasters Pty Ltd	Tabcorp International No.4 Pty Ltd
Tabcorp ACT Pty Ltd	Tabcorp Investments No.4 Pty Ltd	Tabcorp Services Pty Ltd	

100% owned Australian subsidiaries

Tabcorp Manager Pty Ltd	Tabcorp Investments No.10 Pty Ltd ⁽ⁱ⁾	Tabcorp International No.5 Pty Ltd	Tabcorp Gaming Solutions (NSW) Pty Ltd
Tabcorp Wagering Manager (Vic) Pty Ltd	Tabcorp Employee Share Administration Pty Ltd ⁽ⁱⁱ⁾	Tabcorp International No.6 Pty Ltd	Tabcorp Gaming Solutions (Qld) Pty Ltd
Tabcorp Investments Pty Ltd	Showboat Australia Pty Ltd	Sky Channel Marketing Pty Ltd	Tabcorp Gaming Solutions (ACT) Pty Ltd
Tabcorp Investments No.2 Pty Ltd	Tabcorp Wagering Holdings Pty Ltd	Sky Australia International Racing Pty Ltd	TAHAL Pty Ltd
Tabcorp Investments No.5 Pty Ltd	OneTab Holdings Pty Ltd	Tabcorp Gaming Holdings Pty Ltd	Keno (NSW) Pty Ltd
Tabcorp Investments No.6 Pty Ltd	OneTab Australia Pty Ltd	Keno (Qld) Pty Ltd	Club Gaming Systems (Holdings) Pty Ltd
Tabcorp Investments No.9 Pty Ltd	COPL Pty Ltd	Tabcorp Gaming Solutions Pty Ltd	

International subsidiaries

Name	Country of incorporation	% equity interest
Tabcorp Europe Holdings Limited	Isle of Man	100
Premier Gateway International Limited	Isle of Man	50
Premier Gateway Services Limited	Isle of Man	50
Tabcorp Europe Limited	Isle of Man	100
Luxbet Europe Limited	Isle of Man	100
Luxbet Europe Services Limited	Isle of Man	100
Tukcorp Limited ⁽ⁱⁱⁱ⁾	United Kingdom	100
Tabcorp Canada Limited	Canada	100
Sky Racing World Holdco, LLC	United States of America	100
Sky Racing World, LLC	United States of America	100
Tabusa, LLC ^(iv)	United States of America	100

Equity interest in all controlled entities at 30 June 2015 was consistent with 30 June 2016 other than:

- (i) Company joined the Group on 20 November 2015.
- (ii) Equity interest at 30 June 2015 was 33.3%, with remaining equity acquired on 24 July 2015.
- (iii) Company joined the Group on 16 November 2015.
- (iv) Company joined the Group on 23 February 2016.

Notes to the financial statements: Group structure

For the year ended 30 June 2016

D1 Subsidiaries (continued)

Subsidiaries are entities controlled by the Company. The Group controls an entity if and only if the Group has:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect its returns.

The financial statements of subsidiaries are included in the consolidated financial report from the date control commences until the date control ceases.

On consolidation, the assets and liabilities of foreign operations are translated into Australian Dollars at the rate of the exchange prevailing at balance date, and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Elimination of intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are undertaken in preparing the consolidated financial statements.

All **investments** are initially recognised at cost, being the fair value of the consideration given, and if acquired prior to 1 July 2009 included acquisition charges associated with the investment. Subsequently investments are carried at cost less any impairment losses.

A **joint arrangement** is an arrangement over which the Group has joint control with other parties and is bound by a contractual arrangement. A joint arrangement is classified as either a joint operation or a joint venture depending upon the rights and obligations of the parties to the arrangement.

- A **joint operation** is where the parties have rights to the assets and obligations for the liabilities, relating to the arrangement. The Group recognises in relation to its interest in a joint operation its assets, including its share of assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue including its share of revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.
- A **joint venture** is where the parties have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since acquisition date.

D2 Deed of cross guarantee

The parties to the deed of cross guarantee as identified in note D1 each guarantee the debts of the others. By entering into the deed, the subsidiaries are relieved from the requirements of preparation, audit and lodgement of a financial report and a Directors' report under ASIC Class Order 98/1418. Together with Tabcorp Holdings Limited, the entities represent a 'Closed Group' for the purposes of the Class Order.

The consolidated income statement and balance sheet of all entities included in the Closed Group are set out below.

	2016 \$m	2015 \$m
Income statement		
Revenue	1,901.1	1,906.2
Expenses	(1,614.9)	(1,595.2)
Profit before income tax expense and net finance costs	286.2	311.0
Finance income	2.9	5.3
Finance costs	(72.8)	(81.1)
Profit before income tax expense	216.3	235.2
Income tax (expense)/benefit	(35.0)	102.8
Net profit after tax	181.3	338.0
Other comprehensive income		
Change in fair value of cash flow hedges taken to equity that may be reclassified to profit or loss	11.1	1.9
Income tax on items that may be reclassified to profit or loss	(3.3)	(0.6)
Items that will not be reclassified to profit or loss	(1.8)	2.1
Income tax on items that will not be reclassified to profit or loss	0.5	(0.6)
Other comprehensive income for the year, net of income tax	6.5	2.8
Total comprehensive income for the year	187.8	340.8
Net profit after tax	181.3	338.0
Accumulated losses at beginning of year	(168.0)	(140.2)
Other comprehensive (loss)/income	(1.3)	1.5
Dividends paid	(182.7)	(367.3)
Accumulated losses at end of year	(170.7)	(168.0)

Notes to the financial statements: Group structure

For the year ended 30 June 2016

D2 Deed of cross guarantee (continued)

	2016 \$m	2015 \$m
Balance sheet		
Cash and cash equivalents	113.5	148.0
Receivables	19.3	19.0
Prepayments	15.2	15.4
Current tax assets	-	76.2
Derivative financial instruments	2.8	1.9
Other	4.5	3.2
Total current assets	155.3	263.7
Receivables	251.6	184.1
Investment in controlled entities	94.2	86.8
Licences	596.1	635.0
Other intangible assets	1,726.0	1,714.7
Property, plant and equipment	165.9	194.9
Prepayments	32.0	32.4
Derivative financial instruments	100.0	79.2
Other	2.8	2.8
Total non current assets	2,968.6	2,929.9
TOTAL ASSETS	3,123.9	3,193.6
Payables	287.6	303.2
Interest bearing liabilities	248.9	-
Current tax liabilities	7.1	13.9
Provisions	27.4	26.2
Derivative financial instruments	34.0	24.0
Other	5.9	5.7
Total current liabilities	610.9	373.0
Interest bearing liabilities	831.5	1,147.7
Deferred tax liabilities	40.9	41.6
Provisions	24.1	24.5
Derivative financial instruments	52.3	53.0
Total non current liabilities	948.8	1,266.8
TOTAL LIABILITIES	1,559.7	1,639.8
NET ASSETS	1,564.2	1,553.8
Issued capital	2,430.6	2,426.2
Accumulated losses	(170.7)	(168.0)
Reserves	(695.7)	(704.4)
TOTAL EQUITY	1,564.2	1,553.8

D3 Parent entity disclosures

	Tabcorp Holdings	
	2016 \$m	2015 \$m
Result of the parent entity		
Profit for the year	164.5	266.0
Other comprehensive (loss)/income	(1.3)	1.5
Total comprehensive income for the year	163.2	267.5
Financial position of the parent entity		
Current assets	55.5	160.7
Total assets	2,540.3	2,555.3
Current liabilities	275.6	29.6
Total liabilities	282.3	283.1
Total equity of the parent entity comprising of:		
Issued capital	2,430.6	2,426.2
Demerger reserve	(669.9)	(669.9)
Other reserves	5.4	4.5
Retained earnings	491.9	511.4
Total equity	2,258.0	2,272.2

Contingent liabilities

Refer to note E3.

Capital expenditure

The parent entity does not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2016 or 30 June 2015.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a deed of cross guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are set out in note D2.

Tax consolidation

Tabcorp Holdings Limited (the Head Company) and its 100% owned Australian tax resident subsidiaries have formed an income tax consolidation group, and are therefore taxed as a single entity. Members of the tax consolidation group entered into a tax sharing arrangement that provides for the allocation of income tax liabilities between the entities should the Head Company default on its tax payment obligations. At balance date, the possibility of default is remote.

Members of the tax consolidation group have entered into a tax funding agreement which requires each member of the tax consolidation group to make a tax equivalent payment to or from the Head Company, based on the current tax liability or current tax asset of the member. These amounts are recognised as either an increase or decrease in the subsidiaries' intercompany accounts with the Head Company. Deferred taxes are recognised separately by each member of the tax consolidation group.

Notes to the financial statements: Group structure

For the year ended 30 June 2016

D4 Business combinations

Acquisition of ACTTAB in the prior year

On 14 October 2014, the Group acquired the ACTTAB business. The acquisition provided the Group with long life licences that complemented the existing Wagering and Keno businesses. ACTTAB provides totalisator and fixed odds wagering, Keno and Trackside products within the ACT through a network of retail outlets, in addition to telephone and online platforms.

(a) Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of ACTTAB at the date of acquisition were:

	\$m
Cash and cash equivalents	0.3
Other assets	0.9
Licences	18.4
Other intangible assets	4.8
Property, plant and equipment	8.3
Deferred tax liabilities	(6.3)
Payables	(2.4)
Provisions	(2.4)
Net identifiable assets acquired	21.6
Goodwill arising on acquisition ⁽ⁱ⁾	82.0
Purchase consideration transferred (cash)	103.6

(i) Goodwill recognised is primarily attributable to the expected synergies and other benefits from combining the assets and activities of ACTTAB with those of the Group. The goodwill is not deductible for tax purposes.

The cash outflow on acquisition was:

– Net cash acquired	0.3
– Cash paid	(103.6)
Net cash outflow	(103.3)

(b) Acquisition costs

Transaction costs of \$2.8 million were expensed and included in other expenses in the income statement in the prior year.

(c) Revenue and profit contribution

In the prior year, the Group's profit before income tax expense includes revenue of \$20.9 million and a loss of \$3.0 million, including \$5.8 million of one-off acquisition and integration costs relating to the ACTTAB business since the date of acquisition (a period of 8.5 months). If the acquisition had taken place at the beginning of the prior year, the Group's revenue and profit before income tax expense in the prior year would have been \$2,163.3 million and \$259.5 million respectively.

Section E – Other disclosures

E1 Employee share plans

The Company operates share plans which provide equity instruments to senior executives and management as a component of their remuneration.

Long Term Performance Plan (LTPP)

The LTPP is available at the most senior executive levels. Under the LTPP employees may become entitled to Performance Rights in the Company. The fair value of Performance Rights is measured at grant date and is recognised as an employee expense (with a corresponding increase in equity) over three years irrespective of whether the Performance Rights vest to the holder. A reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the three year period. The fair value of the Performance Rights is determined by an external valuer and takes into account the terms and conditions upon which they were granted. The dilutive effect, if any, of outstanding Performance Rights is reflected in the computation of diluted earnings per share.

Short Term Performance Plan (STPP)

For senior management it is mandatory to defer 25% (50% for the Managing Director and Chief Executive Officer) of their STPP into Restricted Shares, which are subject to a two year service condition.

The cost of the Restricted Shares is based on the market price at grant date and is recognised over the vesting period.

The maximum number of shares that can be outstanding at any time under these plans is limited to 5% of the Company's issued capital.

The share based payments expense in respect of the equity instruments granted is recognised in the income statement for the period.

Further explanation of the share plans is disclosed in the Remuneration report.

Notes to the financial statements: Other disclosures

For the year ended 30 June 2016

E1 Employee share plans (continued)

Performance Rights (number)

Details of and movements in Performance Rights granted under the LTPP that existed during the current or previous year are:

Grant date	Expiry date	Balance at start of year	Movement during the year				Balance at end of year
			Granted	Forfeited	Vested	Other ⁽ⁱ⁾	
2016							
4 October 2012	20 September 2015	1,060,269	-	-	(1,140,803)	80,534	-
31 October 2012	20 September 2015	427,586	-	-	(427,586)	-	-
2 October 2013	18 September 2016	978,872	-	(60,273)	-	75,900	994,499
31 October 2013	18 September 2016	590,062	-	-	-	-	590,062
28 October 2014	16 September 2017	1,384,728	-	(137,565)	-	67,909	1,315,072
29 October 2015	22 September 2018	-	1,351,955	(112,173)	-	-	1,239,782
		4,441,517	1,351,955	(310,011)	(1,568,389)	224,343	4,139,415
2015							
23 September 2011	23 September 2014	1,058,998	-	(127,084)	(931,914)	-	-
26 October 2011	23 September 2014	447,761	-	(53,732)	(394,029)	-	-
4 October 2012	20 September 2015	1,060,269	-	-	-	-	1,060,269
31 October 2012	20 September 2015	427,586	-	-	-	-	427,586
2 October 2013	18 September 2016	978,872	-	-	-	-	978,872
31 October 2013	18 September 2016	590,062	-	-	-	-	590,062
28 October 2014	16 September 2017	-	1,384,728	-	-	-	1,384,728
		4,563,548	1,384,728	(180,816)	(1,325,943)	-	4,441,517

(i) Additional Performance Rights allocated during the year to restore value to previous equity grants that were impacted by the 1 for 12 pro rata accelerated renounceable entitlement offer and the payment of a special dividend, which occurred in March 2015. The additional Performance Rights are subject to the same terms and conditions as the corresponding tranche of Performance Rights to which the additional grants relate.

No Performance Rights were exercisable at the end of the current or previous year.

Fair value of equity instruments

Performance Rights have been independently valued at the date of grant using a modified form of Monte-Carlo simulation-based model.

The weighted average fair value of Performance Rights granted during the year was \$2.47 (2015: \$2.42).

The assumptions underlying the Performance Rights valuations are:

Grant date	Expiry date	Share price at date of grant \$	Expected volatility in share price ⁽ⁱ⁾ %	Expected dividend yield ⁽ⁱⁱ⁾ %	Risk free interest rate ⁽ⁱⁱⁱ⁾ %	Value per performance right \$
23 September 2011	23 September 2014	2.61	24.00	7.00	3.46	1.34
26 October 2011	23 September 2014	2.87	24.00	7.00	3.73	1.49
4 October 2012	20 September 2015	2.86	22.00	6.00	2.40	1.37
31 October 2012	20 September 2015	2.84	22.00	6.00	2.57	1.31
2 October 2013	18 September 2016	3.27	22.00	5.50	2.92	1.73
31 October 2013	18 September 2016	3.60	22.00	5.50	3.00	2.07
28 October 2014	16 September 2017	4.03	22.00	5.00	2.52	2.42
29 October 2015	22 September 2018	4.73	25.00	5.00	1.80	2.47

(i) Reflects the assumption that the historical volatility is indicative of future trends.

(ii) Reflects the assumption that the current payout ratio will continue with no anticipated increases.

(iii) Represents the zero coupon interest rate derived from government bond market interest rates on the valuation date and vary according to each maturity date.

E2 Commitments

	2016 \$m	2015 \$m
(a) Capital expenditure commitments		
Property, plant and equipment	11.7	10.3
Software	3.6	1.4
	15.3	11.7
(b) Operating lease commitments		
Contracted but not provided for and payable:		
Not later than one year	38.6	39.0
Later than one year but not later than five years	81.0	85.9
Later than five years	57.4	67.0
	177.0	191.9

The Group leases property under operating leases expiring from 1 to 12 years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or are subject to market rate review. For leases relating to the Victorian wagering operations, 50% of the cost is recoverable from VicRacing Pty Ltd.

Notes to the financial statements: Other disclosures

For the year ended 30 June 2016

E3 Contingencies

Details of contingencies where the probability of future payments is not considered remote are set out below as well as details of contingencies, which although considered remote, the Directors consider should be disclosed as they are not disclosed elsewhere in the notes to the financial statements.

Contingent liabilities

(a) Charge

A controlled entity, Tabcorp Wagering Participant (Vic) Pty Ltd, which is a participant in the joint venture outlined in note E4(a), has entered into a deed of cross charge with its joint venture partner to cover the non payment of a called sum in the event of the joint venture incurring a loss. The charge is over undistributed and future earnings of the joint venture to the level of the unpaid call.

(b) Legal challenges

There are outstanding legal actions between controlled entities and third parties at 30 June 2016. It is expected that any liabilities arising from such legal action would not have a material adverse effect on the Group's financial position, other than as outlined below.

(c) Civil proceedings

In July 2015 the Australian Transaction Reports and Analysis Centre commenced civil proceedings against Tabcorp Holdings Limited, Tab Limited and Tabcorp Wagering (Vic) Pty Ltd alleging certain breaches of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. The hearing is scheduled to commence in June 2017. As previously announced, the Company is contesting many of the allegations made against it. However, in some instances the Company will not contest allegations. At this stage it is not possible to determine the extent of any potential financial impact to the Group.

E4 Related party disclosures

(a) Transactions with joint arrangements

The Group conducts an unincorporated joint venture with VicRacing Pty Ltd in Victoria ('the joint venture'). The principal activity of the joint venture is the organisation, conduct, promotion and development of wagering and betting in Victoria. The Group receives 50% of the revenue and expenses of the joint venture, which is accounted for as a joint operation.

The Group charges the joint venture for the provision of employee, management and asset services. On consolidation, 50% of the charges eliminate (being the Group's interest in the joint venture). Charges for the remaining 50% of \$76.3 million were received by the Group in 2016 (2015: \$72.5 million).

(b) Director and executive disclosures

(i) Compensation of Key Management Personnel (KMP)

	2016 \$	2015 \$
Short term	5,824,232	5,955,231
Other long term	113,997	92,835
Post employment	213,859	218,047
Share based payments	2,957,983	2,394,604
Termination benefits	594,003	-
	9,704,074	8,660,717

E5 Auditor's remuneration

	2016 \$000	2015 \$000
Amounts received or due and receivable by Ernst and Young for:		
– audit and review of the financial report of the Group	948	961
– other assurance services in relation to the Group ⁽ⁱ⁾	478	375
	1,426	1,336

(i) Other services comprise other audit services for Group subsidiaries, regulatory audit services and other assurance work.

E6 Other accounting policies

(a) Statement of compliance

(i) Changes in accounting policy and disclosures

A number of new and amended accounting standards became mandatorily applicable for the Group for the first time in the current financial year. The adoption of these new and amended standards had no impact on the financial position or performance of the Group, or the disclosures included in this financial report.

(ii) New Australian Accounting Standards or International Financial Reporting Standards issued but not yet effective

The following new and amended accounting standards and interpretations have been recently issued by the Australian Accounting Standards Board but not yet effective, are considered relevant to the Group. They are available for early adoption but have not been applied by the Group in this financial report:

AASB 9 Financial Instruments is applicable to the Group from 1 July 2018. It includes revised guidance on classification and measurement of financial instruments and new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

Notes to the financial statements: Other disclosures

For the year ended 30 June 2016

E6 Other accounting policies (continued)

(a) Statement of compliance (continued)

(ii) New Australian Accounting Standards or International Financial Reporting Standards issued but not yet effective (continued)

AASB 15 Revenue from Contracts with Customers is applicable to the Group from 1 July 2018. It establishes a framework for determining whether, how much and when the revenue is recognised. The core principle is that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price.

AASB 16 Leases is applicable to the Group from 1 July 2019. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Depreciation of the asset and interest on the liability will be recognised.

The Group has not yet completed its assessment of the impact of these new standards on the financial report.

(b) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- wagering and certain Keno revenues, due to the GST being offset against government taxes; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(c) Foreign currency translation and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Australian Dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement with the exception of differences on foreign currency borrowings that are in an effective hedge relationship. These are taken directly to equity until the liability is extinguished at which time they are recognised in the income statement. Refer to note B3 for further detail.

Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian Dollars at foreign exchange rates ruling at the dates the fair value was determined.

Directors' declaration

In the opinion of the Directors of Tabcorp Holdings Limited (the Company):

- (a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note D2 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

Signed in accordance with a resolution of Directors.



Paula J Dwyer
Chairman



David R H Attenborough
Managing Director and Chief Executive Officer

Melbourne
4 August 2016

Independent auditor's report



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent auditor's report to the members of Tabcorp Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Tabcorp Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the notes to the financial statements, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Liability limited by a scheme approved under Professional Standards Legislation



Opinion

In our opinion:

- a. the financial report of Tabcorp Holdings Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Tabcorp Holdings Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Tony Johnson
Partner
4 August 2016

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Five year review

Financial performance	Unit	FY16	FY15	FY14	FY13	FY12
Total revenue	\$m	2,188.7	2,155.5	2,039.8	2,133.4	3,038.5
EBITDA ⁽ⁱ⁾	\$m	479.6	508.1	459.4	472.3	725.2
Profit before interest and tax	\$m	301.0	334.6	295.0	313.1	591.7
Profit after income tax attributable to members of parent entity ⁽ⁱⁱ⁾	\$m	169.7	334.5	129.9	126.6	340.0
Dividend ⁽ⁱⁱⁱ⁾	\$m	199.6	389.2	121.3	140.3	173.0
Financial position and cash flow						
Total assets	\$m	3,302.8	3,384.0	3,105.1	3,144.6	3,249.0
Total liabilities	\$m	1,614.7	1,693.9	1,623.7	1,731.4	1,843.2
Shareholders' funds/total equity	\$m	1,688.1	1,690.1	1,481.4	1,413.2	1,405.8
Net cash flows from operating activities	\$m	401.1	399.7	387.4	264.9	525.5
Capital expenditure – payments	\$m	183.1	131.6	198.4	204.2	631.0
Cash at end of year	\$m	126.0	160.0	126.8	109.7	151.4
Shareholder value						
Earnings per share	cents	20.4	42.4	17.2	17.2	47.6
Dividends per share ⁽ⁱⁱⁱ⁾	cents	24.0	50.0	16.0	19.0	24.0
Operating cash flow per share ^(iv)	cents	26.2	34.0	25.0	8.2	(14.8)
Net assets per share	\$	2.03	2.14	1.96	1.92	1.97
Return on shareholders' funds	%	10.0	21.3	8.9	9.0	25.9
Total shareholder return ^(v)	%	5.5	50.3	15.6	11.9	0.1
Share price close	\$	4.57	4.55	3.36	3.05	2.93
Market capitalisation	\$m	3,799.8	3,773.8	2,563.5	2,271.9	2,139.2
Segment revenue^(vi)						
Wagering and Media	\$m	1,873.0	1,856.9	1,737.8	1,711.5	1,776.5
Keno	\$m	208.5	199.0	203.9	205.4	183.1
Gaming Services	\$m	107.2	99.6	98.1	86.3	4.7
Gaming ^(vii)	\$m	-	-	-	130.2	1,074.2
Employee						
Safety ^(viii)	LTIFR	0.9	1.0	1.5	2.7	1.4
Engagement ^(ix)	number	3.94	3.89	3.81	3.65	3.47
Females in senior management roles	%	37	33	35	29	31
Stakeholder benefits						
Returns to racing industry	\$m	786.9	773.2	735.0	728.2	652.7
Taxes on gambling paid	\$m	428.6	459.6	439.3	521.7	1,121.9
Income tax expense/(benefit) ^(x)	\$m	61.4	(75.7)	66.7	83.0	157.0

- (i) FY13 includes impairment of \$65.8 million.
- (ii) FY15 includes \$163.2 million as a result of receiving income tax benefits relating to the Victorian wagering and gaming licence payment and the NSW Trackside payment (\$160.4 million) and associated interest income.
- (iii) Dividends attributable to the year, but which may be payable after the end of the period. FY15 includes a special dividend of 30.0 cents per share.
- (iv) Net operating cash flow per the cash flow statement does not include payments for property plant and equipment and intangibles, whereas these items are included in the calculation for the operating cash flow per share ratio. FY12 includes payment for the Victorian Wagering and Betting Licence of \$418.7 million.
- (v) Total shareholder return (TSR) is calculated from 1 July to 30 June. The share price used for calculating TSR is the volume weighted average share price used in the Tabcorp Dividend Reinvestment Plan (DRP). Where no DRP was in operation, the closing share price on the dividend payment date is used.
- (vi) Revenue includes both external and internal revenue.
- (vii) Gaming includes the Victorian Tabaret business which ceased operations on 15 August 2012.
- (viii) The lost time injury frequency rate (LTIFR) is the number of lost time injuries per million hours worked.
- (ix) Employee engagement is measured by Gallup on a 1 to 5 scale.

Major announcements

Tabcorp's major announcements since the previous annual report are listed below. These announcements are available on the Company's website at www.tabcorp.com.au following their release to the Australian Securities Exchange.

2016

3 August	Tabcorp appoints Bruce Akhurst and Vicki McFadden to its Board of Directors
1 August	Tabcorp to expand its Gaming Services business through the acquisition of INTECQ
7 July	NSW Government announced the cessation of greyhound racing as of 1 July 2017
23 June	Tabcorp filed its defence to AUSTRAC amended statement of claim
4 May	Tabcorp and the Australian Trainers Association extended and upgraded their sponsorship agreement
2 May	Trading update for the third quarter of the 2016 financial year
28 April	Tabcorp welcomed the Federal Government's response to the Illegal Offshore Wagering Review
20 April	AUSTRAC granted leave to file an amended statement of claim
13 April	Tabcorp and Tasracing announced new three-year sponsorship agreement
1 April	Sky Racing to broadcast Australian racing in high definition for the first time
21 March	Mr Elmer Funke Kupper granted a leave of absence from the Board of Directors
15 March	Australian Federal Police investigation in relation to a payment concerning a Cambodian business opportunity in 2009
11 March	Tabcorp and the Victoria Racing Club announced a new eight-year sponsorship agreement
2 March	High Court of Australia dismissed Tabcorp's appeal in relation to Tabcorp's claim for approximately \$686 million from the State of Victoria
12 February	New NSW Keno Licence to be issued, extending Tabcorp's approval to operate NSW Keno until 2050
4 February	Half year results – statutory net profit after tax of \$81.9 million, down 33.1%
21 January	German Tote joined Tabcorp's wagering pools

2015

10 December	Tabcorp and News UK partner to launch new online wagering and gaming business in the UK
8 December	Tabcorp and Thoroughbred Breeders Victoria announced a new partnership
19 November	Tabcorp made a submission to the Federal Government's Review into the Impact of Illegal Offshore Wagering
16 November	Tabcorp confirmed merger discussions with Tatts Group, but companies were unable to agree mutually acceptable terms and discussions ended
5 November	Tabcorp recognised as one of Australia's leading promoters of workplace diversity after being named an Employer of Choice for Gender Equality
29 October	Annual General Meeting addresses and presentations by the Chairman and Managing Director
29 October	Trading update for the first quarter of the 2016 financial year
13 October	Tabcorp filed defence to AUSTRAC statement of claim
10 September	Tabcorp once again topped global sustainability ranking in the Dow Jones Sustainability Index

Shareholder information

As at 30 June 2016

Ordinary shares

Tabcorp has on issue 831,461,276 fully paid ordinary shares which are listed on the Australian Securities Exchange (ASX) under the code TAH. The issued capital has increased from last year due to ordinary shares issued pursuant to Tabcorp's Dividend Reinvestment Plan. There currently isn't a share buy-back in operation in respect of the Company's ordinary shares.

Tabcorp Subordinated Notes

Tabcorp has on issue 2,500,000 Tabcorp Subordinated Notes which are unsecured, subordinated, cumulative debt securities listed on the ASX under the code TAHHB. They were initially issued on 22 March 2012 to successful applicants pursuant to the Tabcorp Subordinated Notes Prospectus dated 22 February 2012. Holders of Tabcorp Subordinated Notes are entitled to receive quarterly interest payments (subject to deferral) and \$100 cash per Tabcorp Subordinated Note upon redemption. The interest rate is equal to the three month bank bill rate plus a fixed margin of 4.00% per annum. If Tabcorp does not elect to redeem the Tabcorp Subordinated Notes on 22 March 2017 (the First Call Date), then the fixed margin increases by 0.25% per annum.

Shareholding restrictions

The Company's Constitution, together with an agreement entered into with the State of Queensland, contain restrictions prohibiting an individual from having a voting power of more than 10% in the Company. The Company may refuse to register any transfer of shares which would contravene these shareholding restrictions or require divestiture of the shares that cause an individual to exceed the shareholding restrictions.

Voting rights

Ordinary shares issued by Tabcorp Holdings Limited carry one vote per ordinary share. Tabcorp Subordinated Notes and Performance Rights do not carry any rights to vote at general meetings of the Company's shareholders. Failure to comply with certain provisions of the Victorian Gambling Regulation Act 2003 or Tabcorp's Constitution, including the shareholder restrictions discussed above, may result in suspension of voting rights.

Shareholder benefits scheme

Tabcorp operates a benefits scheme for shareholders. The scheme is aligned with Tabcorp's key wagering business and associated racing industries, and provides free entry into nominated thoroughbred, harness and greyhound racing events. Shareholders only have to register once, and in July each year they will receive a new benefits card. Details of the scheme and its terms and conditions are available on Tabcorp's website www.tabcorp.com.au.

Substantial shareholders

The following is a summary of the current substantial shareholder(s) pursuant to notices lodged with the ASX in accordance with section 671B of the Corporations Act 2001:

Name	Date of interest	Number of ordinary shares ⁽ⁱ⁾	% of issued capital ⁽ⁱⁱ⁾
Northcape Capital Pty Ltd	2 March 2016	68,086,949	8.19%
National Australia Bank Limited and its associated entities	18 May 2016	48,907,291	5.882%
The Vanguard Group, Inc	28 June 2016	42,218,117	5.078%

(i) As disclosed in the last notice lodged with the ASX by the substantial shareholder.

(ii) The percentage set out in the notice lodged with the ASX is based on the total issued share capital of Tabcorp at the date of interest.

Marketable parcel

There were 14,674 shareholders holding less than a marketable parcel of ordinary shares (\$500 or more, equivalent to 110 ordinary shares) based on a market price of \$4.57 at the close of trading on 30 June 2016.

Twenty largest registered holders of ordinary shares

Investor name	Number of ordinary shares	% of issued capital
J P Morgan Nominees Australia Limited	180,780,576	21.74
HSBC Custody Nominees (Australia) Limited	168,232,972	20.23
National Nominees Limited	120,910,793	14.54
Citicorp Nominees Pty Limited	51,488,286	6.19
BNP Paribas Noms Pty Ltd <DRP>	23,143,643	2.78
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	8,059,757	0.97
AMP Life Limited	7,577,869	0.91
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	6,678,299	0.80
RBC Investor Services Australia Nominees Pty Limited <PI Pooled A/C>	5,557,857	0.67
IOOF Investment Management Limited <IPS Super A/C>	5,162,338	0.62
UBS Nominees Pty Ltd	4,837,168	0.58
HSBC Custody Nominees (Australia) Limited <NT-Comnwith Super Corp A/C>	3,715,128	0.45
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	3,628,090	0.44
Argo Investments Limited	2,850,670	0.34
Navigator Australia Ltd <SMA Antares Inv DV Build A/C>	2,753,529	0.33
HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA NV A/C>	1,625,397	0.20
RBC Investor Services Australia Nominees Pty Limited <PISELECT>	1,389,777	0.17
3A Investments Pty Ltd	1,231,345	0.15
RBC Investor Services Australia Nominees Pty Limited <PICREDIT>	1,151,713	0.14
RBC Investor Services Australia Nominees Pty Limited <PIIC>	1,137,931	0.14
Total of top 20 registered holders	601,913,138	72.39

Twenty largest registered holders of Tabcorp Subordinated Notes

Investor group name	Number of Subordinated Notes	% of total Notes
Citicorp Nominees Pty Limited	177,983	7.12
HSBC Custody Nominees (Australia) Limited	166,842	6.67
UBS Nominees Pty Ltd	162,595	6.50
National Nominees Limited	150,774	6.03
National Nominees Limited <DB A/C>	100,000	4.00
BNP Paribas Noms Pty Ltd <DRP>	66,538	2.66
Arrowcrest Group Pty Ltd	22,500	0.90
HSBC Custody Nominees (Australia) Limited <A/C 2>	21,849	0.87
First Option Credit Union Ltd	20,000	0.80
Mr Masaji Kitagawa	20,000	0.80
Navigator Australia Ltd <MLC Investment Sett A/C>	13,872	0.55
Eastham Holdings Pty Ltd	13,212	0.53
Delmos Pty Ltd <The Ridgewill A/C>	13,000	0.52
BT Portfolio Services Limited <Maxwell Family A/C>	12,250	0.49
J P Morgan Nominees Australia Limited	12,205	0.49
Trijon Nominees Pty Ltd <McPharlin Super Fund A/C>	12,125	0.49
Bullando Pty Ltd	12,000	0.48
St Hedwig Village	12,000	0.48
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	11,567	0.46
Ramm Investments Pty Ltd <R&M Mesiti Hldgs P/L S/F A/C>	10,500	0.42
Total of top 20 registered holders	1,031,812	41.26

Distribution of securities held

Number of securities held	Ordinary Shares ⁽ⁱ⁾		Tabcorp Subordinated Notes		Performance Rights ⁽ⁱⁱ⁾	
	Number of holders	Number of securities	Number of holders	Number of securities	Number of holders	Number of securities
1 – 1,000	74,648	22,607,379	3,279	903,991	-	-
1,001 – 5,000	33,296	73,297,572	215	451,090	-	-
5,001 – 10,000	5,646	39,413,933	12	92,629	-	-
10,001 – 100,000	3,479	69,229,139	18	394,096	5	245,097
100,001 and over	106	626,913,253	4	658,194	8	3,894,318
Total	117,175	831,461,276	3,528	2,500,000	13	4,139,415

(i) Ordinary Shares includes Restricted Shares and Deferred Shares offered to employees under the Company's incentive arrangements.

(ii) Performance Rights were issued pursuant to the Company's long term incentive arrangements.

Refer to the Remuneration Report on pages 45 to 72 for more information about the Company's incentive arrangements.

Online shareholder services

Use the internet to easily manage your shareholding

Shareholders can use the online share registry facility available on the Company's website www.tabcorp.com.au, or on the share registry's website www.linkmarketservices.com.au to conduct standard shareholding enquiries and transactions, including:

- Download dividend statements
- Update registered address
- Check current and previous shareholding balances
- Appoint a proxy to vote at the Annual General Meeting
- Lodge or update banking details
- Participate in the Dividend Reinvestment Plan
- Notify Tax File Number/Australian Business Number

Go to the online
share registry facility



Dividend payments

All dividends paid by Tabcorp to shareholders with a registered address in Australia are paid by direct credit into a nominated bank account with an Australian financial institution. Payments are electronically credited on payment date, allowing shareholders to utilise their funds immediately without any mailing or handling delays. There are also no misplaced or un-deposited cheques, and reduces the likelihood of mail fraud. Shareholders can provide and update their bank account details by using the online share registry facility or by contacting the share registry.

Dividend Reinvestment Plan (DRP)

Tabcorp operates a DRP which enables participants to reinvest their dividends into acquiring additional Tabcorp ordinary shares without incurring any brokerage or handling costs. To elect to participate in the Company's DRP, use the online share registry facility or contact the share registry.

Annual Report

Tabcorp's interactive Annual Reports are available online from the Company's website, www.tabcorp.com.au. Annual Reports are sent to those shareholders who have requested to receive a copy. Shareholders who no longer wish to receive a hard copy of the Annual Report or wish to receive the Annual Report electronically should make their election by using the online share registry facility or contacting the share registry.

Electronic Communications

Shareholders can elect to receive all their communications electronically, including dividend statements, Annual Report, Notice of Meeting and proxy form. This enables shareholders to receive their communications promptly and securely, and helps minimise the costs of printing and mailing. Shareholders can update their communication preferences by using the online share registry facility or by contacting the share registry.

Company directory

Registered office

Tabcorp Holdings Limited
5 Bowen Crescent
Melbourne VIC 3004
Australia

Telephone 03 9868 2100
Facsimile 03 9868 2300
Email investor@tabcorp.com.au

Website

www.tabcorp.com.au

New South Wales office

Level 31
680 George Street
Sydney NSW 2000
Telephone 02 9218 1000

Sky Racing/Sky Sports Radio

79 Frenchs Forest Road
Frenchs Forest NSW 2086
Telephone 02 9451 0888

Queensland office

Level 16
15 Adelaide Street
Brisbane QLD 4000
Telephone 07 3243 4100

London office

3 London Bridge Street
London SE1 9SG
ENGLAND

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia
Telephone 1300 665 661
Telephone 02 8280 7418
Facsimile 02 9287 0303
Facsimile 02 9287 0309 (proxy forms only)
Email tabcorp@linkmarketservices.com.au
Website www.linkmarketservices.com.au

Key dates

2016

Annual General Meeting (The Westin Sydney)	25 October
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2017*

Half year results announcement	2 February
Ex-dividend for interim dividend	7 February
Record date for interim dividend	8 February
Interim dividend payment	15 March
End of financial year	30 June
Full year results announcement	4 August
Ex-dividend for final dividend	11 August
Record date for final dividend	14 August
Final dividend payment	18 September
Annual General Meeting (Melbourne)	23 October

* These are proposed dates.

See the Company's website for updates (if any).

Corporate information

The Company is a company limited by shares that is incorporated and domiciled in Australia.

Stock exchange listings

The Company's securities are quoted on the Australian Securities Exchange (ASX) under the codes TAH for ordinary shares and TAHHB for Tabcorp Subordinated Notes.

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