

NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

11. Non-current Assets - Other financial assets

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Shares in controlled entities - at cost	-	-	254,479	254,479
Shares in associate - at cost	-	-	-	7,964
Non traded shares in other corporations	*	*	*	*
	-	-	254,479	262,443

Non-Traded Shares in Other Corporations

- * Included in non-traded shares in other corporations in both the consolidated and parent entity accounts are shares in TAB Superannuation Company Pty Ltd at the value of \$10. The parent entity owns 100% of the issued capital of TAB Employee Share Plan Pty Ltd. TAB Superannuation Company Pty Ltd and TAB Employee Share Plan Pty Limited are not controlled entities of TAB Limited because they are required to act in the interests of the members of the superannuation fund and share plan respectively, rather than those of Tab Limited.

Company	Country of Incorporation	Equity Holding (ordinary shares)		Investment	
		2002 %	2001 %	2002 \$'000	2001 \$'000
Sky Channel Pty Limited	Australia	100	100	254,479	254,479
Sky Australia International Racing Pty Limited****	Australia	100	100	***	***
Sky Marketing Pty Limited****	Australia	100	100	***	***
Sky Racing Productions Pty Limited****	Australia	100	100	***	***
Sky Racing Productions (NSW) Pty Limited****	Australia	100	100	***	***
Data Monitoring Services Pty Limited **	Australia	100	100	***	***
E-Tab Pty Limited **	Australia	100	100	***	***
2KY Broadcasters Pty Limited****	Australia	100	100	1,593	1,582
2KY Marketing Pty Limited****	Australia	100	100	***	***

- ** Both companies are non-trading entities
- *** Investments less than \$1,000
- **** Investments held by Sky Channel Pty Limited

→ **NOTES** to and forming part of the Financial Statements for the Year ended 30 June 2002**12. Non-Current Assets – Property, Plant and Equipment**

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Land and Buildings				
Freehold land				
At cost	3,248	5,893	2,248	4,893
	3,248	5,893	2,248	4,893
Buildings				
At cost	26,425	28,029	22,362	23,967
Less: Accumulated depreciation	12,308	14,884	12,003	14,681
	14,117	13,145	10,359	9,286
Retail outlet improvements				
At cost	40,067	26,572	40,067	26,572
Less: Accumulated amortisation	13,091	10,784	13,091	10,784
	26,976	15,788	26,976	15,788
Total land and buildings	44,341	34,826	39,583	29,967
Plant and Equipment				
At cost	395,475	207,413	344,233	152,740
Less: Accumulated depreciation	136,682	118,699	95,786	76,653
Total plant and equipment	258,793	88,714	248,447	76,087
Work in Progress				
At cost	86,837	181,225	86,781	181,105
Total work in progress	86,831	181,225	86,981	181,105
Total property, plant and equipment	389,971	304,765	374,811	287,159

Work in Progress

Amounts capitalised as work in progress as at balance date represent expenditure incurred in developing software systems and establishing infrastructure for the Gaming business (State-wide linked jackpots), progress payments for the replacement wagering terminal and work to date in refurbishing the Company's principal office.

NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

12. Non-Current Assets – Property, Plant and Equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Freehold Land	Buildings	Retail Outlet Improvements	Plant & Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated						
Carrying amount at start of year	5,893	13,145	15,788	88,714	181,225	304,765
Additions	-	1,478	15,624	50,077	63,487	130,666
Transfer from work in progress	-	1,946	164	155,765	(157,875)	-
Disposals	(2,645)	(1,264)	(231)	(5,140)	-	(9,280)
Depreciation/amortisation expense (Note 3(a))	-	(1,188)	(4,369)	(30,623)	-	(36,180)
Carrying amount at end of year	3,248	14,117	26,976	258,793	86,837	389,971
Parent						
Carrying amount at start of year	4,893	9,286	15,788	76,087	181,105	287,159
Additions	-	1,478	15,624	47,817	63,431	128,350
Transfer from work in progress	-	1,946	164	155,645	(157,755)	-
Disposals	(2,645)	(1,265)	(231)	(5,066)	-	(9,207)
Depreciation/amortisation expense (Note 3(a))	-	(1,086)	(4,369)	(26,036)	-	(31,491)
Carrying amount at end of year	2,248	10,359	26,976	248,447	86,781	374,811

13. Non-Current Assets – Intangible Assets

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Goodwill at cost	248,353	248,186	6,813	6,646
Less: Accumulated amortisation	52,257	39,666	1,091	554
	196,096	208,520	5,722	6,092
Wagering licences at cost	308,000	308,000	308,000	308,000
Less: Write-down	3,500	-	3,500	-
Less: Prior year write down	-	3,500	-	3,500
Less: Accumulated amortisation	13,349	10,274	13,349	10,274
	291,151	294,226	291,151	294,226
Gaming licences at cost	30,000	30,000	30,000	30,000
Less: Accumulated amortisation	436	-	436	-
	29,564	30,000	29,564	30,000
Right to narrowcast, Sky Channel company name and related business names at cost	30,000	30,000	-	-
Right to radio broadcasting, 2KY Broadcasters company name and related business names at cost	26,009	25,998	-	-
	572,820	588,744	326,437	330,318

→ **NOTES** to and forming part of the Financial Statements for the Year ended 30 June 2002**14. Non-Current Assets – Other**

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Expenditure carried forward at cost	397	397	-	-
Less: Accumulated amortisation	(250)	(125)	-	-
	147	272	-	-
Note Receivable	500	-	500	-
	647	272	500	-

15. Current Liabilities – Customers Balances

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Customer account betting balances	27,370	26,836	27,370	26,836
Unclaimed bettor returns and outstanding prepaid betting vouchers	3,784	3,239	3,784	3,239
	31,154	30,075	31,154	30,075

16. Current Liabilities – Payables

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trade creditors and accruals	115,368	80,212	108,899	72,960

17. Current Liabilities – Provisions

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Dividends	31,583	30,006	31,583	30,006
Employee entitlements	11,279	11,561	9,759	10,073
Onerous contracts	-	649	-	-
Restructuring provision	431	3,539	285	3,132
	43,293	45,755	41,627	43,211

The restructuring provision in 2002 has been established to fund expected payments associated with costs applicable to the restructuring of operational functions.

The restructuring provision in 2001 was established to fund redundancy payments associated with the closure of agencies and staff redundancy costs applicable to the out-sourcing of various corporate and operational functions.

NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

18. Non-Current Liabilities – Interest bearing liabilities

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Bank borrowings (unsecured)	420,000	280,000	420,000	280,000
	420,000	280,000	420,000	280,000
Financing Arrangements				
Unrestricted access was available at balance date to the following lines of credit:				
Total facilities				
Bank overdrafts	1,000	1,000	-	-
Bank borrowing facilities	600,000	300,000	600,000	300,000
Other	6,373	6,363	4,355	4,345
	607,373	307,363	604,355	304,345
Used at balance date				
Bank overdrafts	-	-	-	-
Bank borrowing facilities	420,000	280,000	420,000	280,000
Other	3,227	3	3,227	3
	423,227	280,003	423,227	280,003
Unused at balance date				
Bank overdrafts	1,000	1,000	-	-
Bank borrowing facilities	180,000	20,000	180,000	20,000
Other	3,146	6,360	1,128	4,342
	184,146	27,360	181,128	24,342

The bank overdraft facilities may be drawn at any time and are subject to annual review.

Tab Limited has unsecured cash advance facilities of \$600 million. Subject to the continuance of satisfactory credit standing, these facilities may be drawn at any time in Australian dollars. Duration of the facility is as follows:

- \$100 million expires March 2003
- \$50 million expires March 2005
- \$50 million expires March 2006
- \$400 million expires March 2007

The current effective interest rate on the bank borrowing facilities is 6.25% (2001: 6.84%).

Existing borrowings incur interest at the bank bill swap rate (BBSY) on the date of funding for the term equivalent to the funding period plus an agreed margin.

The borrowing facility is subject to a negative pledge agreement under which the economic entity undertakes to comply with financial undertakings as to its shareholder net worth, debt payback and interest cover.

Details of interest rate swaps used to hedge borrowings are set out in Note 22.

19. Non-Current Liabilities – Provisions

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Employment entitlements	2,988	3,398	2,287	2,543

→ NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

20. Contributed Equity

(a) Issued and Paid up Capital

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Ordinary shares fully paid	315,136	431,364	315,136	431,364

(b) Movements in the ordinary share capital on issue:

	Number of Shares	Number of Shares	Share Capital	Share Capital
	2002 '000	2001 '000	2002 \$'000	2001 \$'000
Opening Balance	500,100	500,000	431,364	431,121
Bought back during the year, inclusive of transaction costs	(48,908)	-	(116,228)	-
Employee options plan issues	-	100	-	243
Balance	451,192	500,100	315,136	431,364

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors.

Information relating to the Employee Share Option Plan including details of shares issued under the plan are set out in Note 25.

On 27 May 2002, 48,907,638 (9.8%) ordinary shares were bought back by Tab limited. The shares, which were paid at \$2.35 per share, were repurchased for \$2.74 per share. The premium of \$0.39 per share was paid as a fully franked dividend out of retained profits. The balance of \$2.35 per share plus transaction costs of \$1,295,100 were all debited to the contributed equity account. The total consideration of the share buy-back was \$135.3 million.

21. Retained Profits

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Retained profits at the beginning of the financial year	67,754	54,454	82,352	58,245
Net profit attributable to members of Tab Limited	76,630	73,312	84,928	84,119
Dividends provided for or paid	(61,589)	(60,012)	(61,589)	(60,012)
Dividends paid relating to share buy-back	(19,074)	-	(19,074)	-
Retained profits at the end of the financial year	63,721	67,754	86,617	82,352

22. Financial Instruments

(a) Forward Interest Rates Swap Contracts

Tab Limited has entered into forward interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contract is to be settled on a net basis and the amount payable at the reporting date is included in other creditors. The contract requires settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Tab Limited will pay fixed interest rates ranging from 5.62% to 6.29% (2001:7.43% to 7.62%).

At 30 June 2002 the notional principal amounts and expiry dates of the interest rate swap contracts are as follows:-

Commencement date	Expiry date	Contract amount \$'000
09/10/01	08/04/03	200,000
27/05/02	27/05/04	50,000
09/04/03	12/04/04	230,000
13/04/03	10/05/05	130,000

NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

22. Financial Instruments (continued)

(b) Credit Risk

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts.

(c) Interest Rate Risk Exposure

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the table below.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

Exposures as at balance date are shown below:

2002 Consolidated

	Notes	Fixed Interest Rate Maturing in:				Non-Interest Bearing \$'000	Total \$'000
		Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 to 5 Years \$'000	More Than 5 Years \$'000		
Financial Assets							
Cash	6	9,001	-	-	-	18,988	27,989
Receivables	7	-	-	-	-	18,019	18,019
Total Financial Assets		9,001	-	-	-	37,007	46,008
Weighted average interest rate (per annum)		4.39%					
Financial Liabilities							
Unclaimed bettor returns	15	-	-	-	-	3,784	3,784
Payables	16	-	-	-	-	115,368	115,368
Interest bearing liabilities	18	420,000	-	-	-	-	420,000
Interest rate swap	*	(250,000)	-	250,000	-	-	-
Total Financial Liabilities		170,000	-	250,000	-	119,152	539,152
Weighted average interest rate (per annum)		5.6%		6.7%			
Net Financial/Assets/(Liabilities)		(160,999)	-	(250,000)	-	(82,145)	(493,144)

* Notional principal amounts.

2001 Consolidated

	Notes	Fixed Interest Rate Maturing in:				Non-Interest Bearing \$'000	Total \$'000
		Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 to 5 Years \$'000	More Than 5 Years \$'000		
Financial Assets							
Cash	6	14,058	8,372	-	-	12,902	35,332
Receivables	7	-	-	-	-	13,478	13,478
Total Financial Assets		14,058	8,372	-	-	26,380	48,810
Weighted average interest rate (per annum)		4.80%	4.95%				
Financial Liabilities							
Unclaimed bettor returns	15	-	-	-	-	3,281	3,281
Payables	16	-	-	-	-	80,212	80,212
Interest bearing liabilities	18	280,000	-	-	-	-	280,000
Interest rate swap	*	(150,000)	-	150,000	-	-	-
Total Financial Liabilities		130,000	-	150,000	-	83,493	363,493
Weighted average interest rate (per annum)		5.40%		8.09%			
Net Financial/Assets/(Liabilities)		(115,942)	8,372	(150,000)	-	(57,113)	(314,683)

* Notional principal amounts

→ **NOTES** to and forming part of the Financial Statements for the Year ended 30 June 2002

22. Financial Instruments (continued)

(d) Net Fair Value of Financial Assets and Liabilities

(i) On-Statement of Financial Position

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying value.

The net fair value of other monetary financial assets and liabilities is based upon market forces where a market exists or by discounting the affected future cash flows by the current interest rates for assets with similar risk profiles. The net fair value of these assets and liabilities is not less than their carrying value.

(ii) Off-Statement of Financial Position

The net fair value of financial assets or financial liabilities arising from the interest rate swap agreements have been determined at a carrying value which represents the amount currently receivable or payable at balance date. The interest rate swap agreements were entered into with nil transaction costs.

23. Remuneration of Directors

	Directors of Consolidated Entity		Directors of the Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities	2,232,106	1,830,000	2,232,106	1,830,000

Details of options granted to and exercised by Directors and Director-related entities during the year ended 30 June 2002 are set out in Note 29.

In August 2001 a retirement benefit of \$312,795 was paid to Mr J R Cribb, OBE following his retirement as a director.

The number of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

\$	2002 Number	2001 Number
60,000 - 69,999	1	-
80,000 - 89,999	5	5
110,000 - 119,999	-	1
160,000 - 169,999	1	1
320,000 - 329,999	1	-
1,160,000 - 1,169,999	-	1
1,270,000 - 1,279,999	1	-

NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

24. Remuneration of Executives

	Executive Officers of Consolidated Entities		Executive Officers of Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Remuneration received, or due and receivable from entities in the consolidated entity and related parties by executive officers (including directors) whose remuneration was at least \$100,000:				
Executive officers of the parent entity:	5,905,889	5,477,604	5,905,889	5,477,604
Executive officers of other entities in the consolidated entity	1,394,692	1,081,564	-	-
	<u>7,300,581</u>	<u>6,559,168</u>	<u>5,905,889</u>	<u>5,477,604</u>

The number of executive officers (including directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands is as follows:

\$	Consolidated Entities		Parent Entity	
	2002 Number	2001 Number	2002 Number	2001 Number
120,000 - 129,999	1	1	1	1
130,000 - 139,999	-	4	-	4
140,000 - 149,999	1	3	1	1
150,000 - 159,999	1	2	1	2
160,000 - 169,999	4	4	1	4
170,000 - 179,999	2	1	2	1
180,000 - 189,999	1	-	1	-
200,000 - 209,999	1	-	1	-
210,000 - 219,999	-	3	-	2
220,000 - 229,999	3	2	3	2
230,000 - 239,999	1	2	-	1
250,000 - 259,999	3	-	3	-
270,000 - 279,999	1	-	-	-
280,000 - 289,999	-	2	-	2
310,000 - 319,999	1	-	1	-
330,000 - 339,999	1	2	1	1
340,000 - 349,999	-	1	-	1
360,000 - 369,999	1	-	1	-
390,000 - 399,999	1	-	-	-
410,000 - 419,999	1	-	1	-
470,000 - 479,999	1	-	1	-
1,160,000 - 1,169,999	-	1	-	1
1,270,000 - 1,279,999	1	-	1	-

In addition to the above remuneration, options have been granted to executive officers under the Employee Share Option Plan, details of which are set out in Note 25.

→ NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

25. Employee Entitlements

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Employee Entitlements Liabilities				
Provision for employee entitlements				
Current (Note 17)	11,279	11,561	9,759	10,073
Non-Current (Note 19)	2,988	3,398	2,287	2,543
Aggregate employee entitlement liability	14,267	14,959	12,046	12,616

Employee Numbers

	Number		Number	
	2002	2001	2002	2001
Number of permanent employees at year end	747	729	513	493

Employee Share Plan

At the Annual General Meeting held in November 1998 shareholders gave approval for the establishment of two Tab Limited employee share plans.

- (i) No allocation under the Employee Performance Share Plan was made during 2001/02.
In 2000/01, 1,056 eligible employees were provided with \$1,000 of shares each at no cost to the employee.
- (ii) An Employee Savings Share Plan operated during 2001/02 with 113 (2001: 125) permanent employees of the consolidated entity electing to acquire 111,843 (2001: 122,334) ordinary shares on a salary sacrifice basis.

Employee Share Option Plan

The establishment of the Employee Share Option Plan was approved by shareholders at the November 1999 Annual General Meeting. The plan provides for executives to receive options over ordinary shares for no consideration. Each option is convertible to one ordinary share. There are no voting or dividend rights attached to the unissued ordinary shares. Options are exercisable subject to service conditions and agreed performance criteria. Currently seven executive employees participate in the Option Plan.

Unissued ordinary shares under the Option Plan are:-

Issue date	Expiry date	Exercise price	Options issued	Total options exercised and shares issued		Unissued shares and options available	
				2002	2001	2002	2001
		\$					
30/11/99	30/11/09	2.90	1,500,000	-	-	1,500,000	1,500,000
03/07/00	03/07/10	2.43	1,280,000	-	100,000	630,000	1,180,000
29/09/01	29/09/11	2.67	630,000	-	-	630,000	-
			3,410,000	-	100,000	2,760,000	2,680,000

During the year, 550,000 options were forfeited due to resignations. No options expired during the year ended 30 June 2002. No options have been exercised during or since the end of the year.

The market value of each share which is the subject of options at 30 June 2002 was \$3.11 (2001: \$3.12).

Employee Superannuation Plan

Tab Limited maintains a defined contribution superannuation fund covering all employees of the consolidated entity. Benefits are based upon accumulated contributions plus income earned. Tab Limited and its controlled entities contribute to the superannuation fund in accordance with legislation or trust deed requirements. Contribution rates range between 8% and 18.5% of salary. As at balance date, no arrears in employer contributions existed.

NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

26. Remuneration of Auditors

	Consolidated		Parent Entity	
	2002 \$	2001 \$	2002 \$	2001 \$
Amounts received or due and receivable by the Company's external auditor.				
audit or review of the financial report of the entity and any other entity in the consolidated entity	255,000	225,000	210,000	177,750
other services in relation to the entity and any other entity in the consolidated entity	290,753	430,323	205,323	236,610
Total auditors' remuneration	545,753	655,323	415,323	414,360
Other services comprise:				
Additional assurance services	15,207	14,000	1,708	14,000
Taxation advise	77,048	42,272	51,878	11,472
Accounting and other advice on acquisitions and investments	95,694	162,913	48,933	-
Project and system review	79,835	178,078	79,835	178,078
Other services	22,969	33,060	22,969	33,060
	290,753	430,323	205,323	236,610

27. Contingent Liabilities

- (a) Tab Limited and the NSW Racing Industry are parties to a Racing Distribution Agreement (RDA) for a period of 99 years, effective March 1998.

This agreement provides for Tab Limited to make a range of payments to the NSW Racing Industry in return for the staging of an agreed program of races in NSW and for the provision of specified NSW racing information.

NSW Racing Pty Limited has commenced a number of dispute notices and court proceedings relating to all alleged breaches by Tab Limited of the RDA in the period since it became effective. Some of these disputes were resolved prior to 30 June 2002, with the financial outcome being included in the financial statements for the year ended 30 June 2002. Tab Limited continues to dispute the remaining claims commenced by NSW Racing Pty Limited. The timing and financial outcome of the remaining disputes is inherently uncertain but in Tab Limited's view, the financial effect on an annual basis will not be material.

- (b) Due to the nature of fixed odds sports betting activities there are a number of wagers on events that are undecided at the end of the financial year. The profit or loss resulting from these wagers is brought to account when the outcome of the event is known. No provision has been made to recognise any potential liability as the amount cannot be reliably measured.

→ **NOTES** to and forming part of the Financial Statements for the Year ended 30 June 2002**28. Commitments for Expenditure**

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Capital Commitments				
Commitments for the acquisition of plant and equipment and capital expenditure projects, contracted for at the reporting date but not recognised as liabilities payable:				
Within one year	20,242	43,919	19,561	43,919
Later than one year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
	<u>20,242</u>	<u>43,919</u>	<u>19,561</u>	<u>43,919</u>
Non-cancellable Operating Leases				
Future operating lease commitments not provided for in the financial statements and payable:				
Within one year	13,142	12,144	12,605	11,558
Later than one year but not later than 5 years	18,676	18,168	18,304	17,892
Later than 5 years	200	91	200	39
	<u>32,018</u>	<u>30,403</u>	<u>31,109</u>	<u>29,489</u>
Operating Expenditure Commitments				
Operating expenditure commitments contracted for at balance date but not recognised as liabilities payable:				
Within one year	56,609	49,662	52,873	22,629
Later than one year but not later than 5 years	81,087	83,373	63,085	38,114
Later than 5 years	50,451	8,724	44,995	5,276
	<u>188,147</u>	<u>141,759</u>	<u>160,953</u>	<u>66,019</u>

29. Related Parties**Directors**

The directors of Tab Limited at any time during the financial year were as follows: G Pemberton, J R Cribb (retired 20 August 2001), B Hutchinson, G Kelly, The Hon B Unsworth, G Wild, F A McDonald, B F Keane (appointed 20 August 2001) and W Wilson.

Directors' Remuneration

Information on remuneration of directors is disclosed in Note 23.

Transactions of Directors and Director-Related Entities Concerning Shares

Aggregate numbers of shares acquired or disposed of by directors of the company and consolidated entity or their director-related entities from the company:

	Consolidated	
	2002 Number	2001 Number
Acquisitions		
Ordinary Shares	6,200	4,263
Tab Limited Option Plan	-	-
Disposals		
Ordinary Shares	-	-

The Tab Limited Employee Option Plan terms and conditions are described in Note 25. All other transactions relating to shares and options were on the same basis as similar transactions with other shareholders.

NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

29. Related Parties (continued)

Aggregate numbers of shares of Tab Limited held directly, indirectly or beneficially by directors of the company or the consolidated entity or their director-related entities at balance date.

	2002 Number	2001 Number
Ordinary shares	83,248	77,048
Options over ordinary shares	1,500,000	1,500,000

Other Transactions with Directors and Director-Related Entities

Transactions entered into during the year by directors of the parent entity and consolidated entities including wagering and gaming services are on the same terms and conditions which are available to other employees, customers and shareholders.

Transactions within the Wholly-Owned Group

Transactions during the year between Tab Limited and its controlled entities, SKY Channel Pty Limited and 2KY Broadcasters Pty Limited, consisted of:-

- (a) loans advanced by Tab Limited (Note 7),
- (b) loans repaid to Tab Limited,
- (c) Tab Limited paid subscription, Pay TV and radio racing fees,
- (d) the payment of dividends to Tab Limited, and
- (e) other transactions included the provision of superannuation and insurance services which are provided free of charge.

The loans to controlled entities are interest free and are repayable on demand. The payment of subscription, pay TV, and radio racing fees were made in accordance with contractual terms and conditions.

Ultimate Parent Entity

The ultimate parent company is Tab Limited, a company domiciled and incorporated in New South Wales, Australia.

30. Economic Dependency

Tab Limited's wagering revenue is dependent upon the provision of high quality racing product to its customers. Tab Limited does not control the racing product or the activities of racing bodies that supply the product upon which Tab Limited accepts wagers. Fees paid to NSW Racing Pty Limited for the supply of racing product totalled \$191.91 million (2001: \$183.46 million) (refer Note 3 (a)).

31. Events Occurring after Reporting Date

No matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

32. Segment Information

Business segments

The consolidated entity comprises the following main business segments:

Wagering

Accepts bets on thoroughbred, harness and greyhound races throughout Australia and internationally and on an extensive range of sporting events.

Media

Includes the national and international broadcasting of racing and sporting events.

Gaming

Represents state wide linked jackpot operations, the monitoring of gaming machines throughout New South Wales, internet-based authorisations for electronic gaming machine changes and machine investment activities.

→ **NOTES** to and forming part of the Financial Statements for the Year ended 30 June 2002**32. Segment Information (continued)****Primary reporting – business segments
2002 Consolidated**

	Wagering	Media	Gaming	Inter-segment Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales to customers outside the consolidated entity	753,396	99,251	18,325	-	870,973
Other revenue	20,437	450	2,493	-	23,379
Inter-segment revenue	-	25,792	-	(25,792)	-
Total segment revenue	773,833	125,493	20,818	(25,792)	
Unallocated revenue					3,115
Total consolidated revenue					897,467
Segment result	115,249	23,236	(4,409)	-	134,076
Interest expense					(21,654)
Write-off of investment in associate (net of sale proceed)					(4,681)
Unallocated interest received					1,115
Profit from ordinary activities before income tax expense					108,856
Income tax expense					(32,226)
Profit from ordinary activities after income tax expense					76,630
Assets					
Segment assets	539,995	271,861	232,613	(26,621)	1,017,848
Unallocated assets					8,500
Total assets					1,026,348
Liabilities					
Segment liabilities	142,538	35,457	9,846	(26,621)	161,220
Unallocated liabilities					486,271
Total Liabilities					647,491
Other segment information					
Equity accounted investments included in unallocated assets					-
Acquisition of property, plant and equipment, intangible assets and other non-current assets	88,224	2,317	40,125	-	130,666
Depreciation and amortisation expense	26,106	16,912	9,394	-	52,412
Non-cash expense other than depreciation and amortisation	70,274	892	3,159	-	74,325

NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

32. Segment Information (continued)

2001 Consolidated	Wagering \$'000	Media \$'000	Gaming \$'000	Inter-segment Eliminations \$'000	Consolidated \$'000
Revenue					
Sales to customers outside the consolidated entity	720,680	91,192	1,340	-	813,212
Other revenue	15,386	3,669	108	-	19,163
Inter-segment revenue	-	19,572	-	(19,572)	-
Total segment revenue	736,066	114,433	1,448	(19,572)	-
Unallocated revenue					4,050
Total consolidated revenue					836,425
Segment result	106,777	22,458	(1,156)	-	128,079
Interest expense					(16,654)
Share of net loss of equity accounted investment					(771)
Unallocated interest received					1,078
Sale of subsidiary					2,249
Profit from ordinary activities before income tax expense					113,981
Income tax expense					(40,669)
Profit from ordinary activities after income tax expense					73,312
Assets					
Segment assets	498,553	292,060	192,990	(35,267)	948,336
Unallocated assets					16,697
Total assets					965,033
Liabilities					
Segment liabilities	115,127	45,918	3,656	(35,267)	129,434
Unallocated liabilities					336,481
Total Liabilities					465,915
Other segment information					
Equity accounted investments included in unallocated assets					6,681
Acquisition of property, plant and equipment, intangible assets and other non-current assets	78,518	31,392	71,550	-	181,460
Depreciation and amortisation expense	18,884	16,544	796	-	36,224
Non-cash expense other than depreciation and amortisation	56,836	831	2,272	-	59,939

Secondary reporting – geographical segments

The consolidated entity operates predominantly in Australia.

→ NOTES to and forming part of the Financial Statements for the Year ended 30 June 2002

33. Reconciliation of Operating Profit after Income Tax to Net Cash Inflow from Operating Activities

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Operating profit after income tax	76,630	73,312	84,928	84,119
Depreciation and amortisation	52,412	36,224	35,543	19,719
Net (profit) loss on sale of investment in subsidiary	-	(2,249)	-	(2,070)
Gain on deferred consideration settlement	-	(2,850)	-	(2,850)
Net (profit) loss on disposal of non-current assets	(10,916)	(8,632)	(10,945)	(8,524)
Share of loss of associate	638	771	-	-
Write-off of investment in associate	6,043	-	7,964	-
Write back of interest on deferred consideration	-	179	-	179
Write down of intangibles (oncourse licence)	-	3,500	-	3,500
Change in operating assets and liabilities, net of effects from purchase of controlled entities:				
(increase)/decrease in receivables	(4,495)	(4,090)	(28,473)	(23,967)
(increase)/decrease in inventories	(669)	(598)	(669)	(598)
(increase)/decrease in current tax assets	(2,093)	-	(2,093)	-
(increase)/decrease in other assets	(2,499)	4,314	(2,423)	3,951
(increase)/decrease in customer balances	1,079	7,220	1,079	7,220
increase/(decrease) in accounts payable	23,850	9,167	24,678	9,181
increase/(decrease) in provisions	(4,448)	(6,796)	(3,417)	(4,656)
increase/(decrease) in deferred tax assets	3,609	2,853	3,733	1,318
increase/(decrease) in provision for income tax payable	(2,816)	(5,034)	(2,771)	(4,911)
increase/(decrease) in provision for deferred income tax	11,027	5,179	11,017	5,216
Net cash inflow from operating activities	147,352	112,470	118,151	86,827

34. Earnings Per Share

	Consolidated	
	2002 Cents	2001 Cents
Basic earnings per share	15.5	14.7
Diluted earnings per share	15.5	14.7

The following earnings and share data has been used in the calculation of basic and diluted earnings per share:

	\$	\$
Earnings used in calculating basic earnings per share	76,630,000	73,312,000
Earnings used in calculating diluted earnings per share	76,630,000	73,312,000

	2002 Number	2001 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	495,410,226	500,100,000

There have been no other conversions to, call of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

Options

Options granted to the managing director and other executives under the Tab Limited Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 25.

DIRECTOR'S DECLARATION

The directors declare that the financial statements and notes set out on pages 7 to 36.

- (a) comply with Accounting Standards and the Corporations Regulations 2001.
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

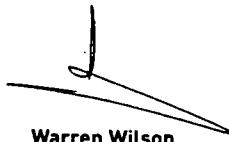
In the directors' opinion:

- (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Gary Pemberton, AC
Chairman



Warren Wilson
Managing Director

23 August 2002

→ INDEPENDENT AUDIT REPORT to the members of TAB Limited

Scope

We have audited the financial report of Tab Limited for the financial year ended 30 June 2002, as set out on pages 7 to 37, including the Directors' Declaration. The financial report includes the financial statements of TAB Limited and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

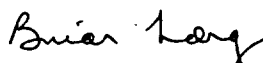
Audit Opinion

In our opinion, the financial report of Tab Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



Ernst & Young



Brian Long, Partner

Sydney, 23 August 2002

→ CORPORATE GOVERNANCE STATEMENT

The following outlines the main corporate governance practices and principles that applied throughout the 2002 financial year. Unless otherwise stated:

The Board

The Board has overall responsibility for the company's corporate governance. The Board consists of seven non-executive directors, including the Chairman, and one executive director, being the Managing Director. Directors, other than the Managing Director stand for re-election at least every three years. At least one-third of the directors, excluding the Managing Director, must retire each year, and subject to the Corporations Act 2001, may stand for re-election. The minimum number of directors is five and the maximum is currently eight.

The Board as a whole is responsible for selecting and nominating individuals to fill casual Board vacancies, ensuring that a mix of skills and experience is maintained. All appointments to the Board are subject to receiving necessary regulatory approval.

In the event of a potential conflict of interest, directors are required to advise the Board and withdraw from all deliberations concerning the matter and are not permitted to exercise any influence over other directors.

Directors have the right to seek independent professional legal advice at Tab Limited's expense, in connection with their duties and responsibilities as directors.

The Board has established sub-committees to assist in key areas of corporate governance. These sub-committees are:

Audit Committee

The Audit Committee is responsible for ensuring the quality and reliability of financial information used by the Board and financial reports issued by Tab to its shareholders. In addition, the Committee is responsible for monitoring the effectiveness of internal control and management information systems and liaising with and reviewing the performance of the external auditors to ensure that the statutory audits are conducted in an effective manner.

Tab Limited has a business risk management function which incorporates internal audit. The main functions of the Business Risk Management unit are to report to the Board on identified business risks, and to monitor and report how these risks are being managed. Other responsibilities include audit reviews of operational and financial controls, and reviews of risk exposures and controls with respect to existing IT systems and those under development.

The Audit Committee consists of Belinda Hutchinson (Chairman), Gary Pemberton, Brian Keane, Graham Kelly and Allan McDonald.

Nomination Committee

The Nomination Committee supports and advises the full board on the size, composition and succession planning for the Tab Limited Board; and that the Committee will make recommendations to the Boards in relation to candidates for Board membership.

In accordance with the Company's Constitution, the Board has fixed the number of Directors at eight. The Board's objective is to have sufficient diversity of Board membership to harness a relevant

range of skills and experience: balance between continuity (to retain corporate knowledge) and re-vitalisation; gender; personality; business experience and professional background.

The Nomination Committee consists of Graham Kelly (Chairman), Brian Keane, Alan MacDonald, The Hon Barrie Unsworth and Geoffrey Wild.

Regulatory and Compliance Committee

The Regulatory and Compliance Committee is responsible for monitoring the company's legal and procedural requirements to ensure that Tab Limited complies with its relevant licences and regulatory obligations, including those relating to occupational health and safety and environmental compliance.

Throughout the year the Committee has been responsible for the implementation of a Code of Business Conduct.

The Regulatory and Compliance Committee consists of The Hon Barrie Unsworth (Chairman), Geoffrey Wild and Warren Wilson.

Remuneration Committee

The Remuneration Committee is responsible for reviewing the remuneration arrangements of non-executive directors and senior management of Tab Limited, including the Managing Director.

The Remuneration Committee consists of Graham Kelly (Chairman), Belinda Hutchinson, Gary Pemberton and The Hon Barrie Unsworth.

Ethical Standards

The company's policies as to the integrity and conduct of its directors, employees and consultants are set out in the company's Code of Business Conduct. This code is available to all personnel and is reinforced on an ongoing basis. This includes ongoing ethics training.

In order to ensure that it complies with its obligations under its various licences, Tab Limited must ensure that its business dealings exhibit the highest standards of integrity.

Management is responsible for reviewing compliance with the the company's Code of Business Conduct and that of the company's relevant licences, and reports regularly to the Regulatory and Compliance Committee.

Risk Assessment and Management

The Board continuously monitors the operational and financial performance measures of Tab Limited. Through the Audit Committee and the Regulatory and Compliance Committee, risk management strategies are pursued by management and reviewed and enhanced, if appropriate. The company has a range of policies and procedures in place, which are designed to manage the risks associated with the company's operations and the various licences issued to the company.

Auditor Independence

The company has implemented a policy and guidelines with respect to auditor independence. The policy has been incorporated within the Audit Committee Charter and outlines the key principles Tab Limited has adopted to ensure auditor independence. The principles have been tailored for Tab Limited's specific requirements to ensure an independent and high quality external audit.

CORPORATE GOVERNANCE STATEMENT

The key principles for auditor independence set out:

- The appointment of the external auditor by the Board and continuous performance review of the auditor by the Audit Committee;
- The external auditor's reporting requirements and access to Directors via the Audit Committee;
- The required audit standards and service quality, including qualification of staff engaged; and
- The disclosure requirements of the external auditor in relation to their independence and their internal processes to ensure independence and quality.

The Company has also established specific guidelines for management in respect to the engagement of the external auditor for the provision of non-audit services. Consultancy services where the external auditor would ultimately be reviewing its own work or is considered to compromise the auditor's independence are not approved. The guidelines also require the external auditor to advise of each proposed consultancy service they intend to submit to Tab Limited, together with the reasons why in their opinion there is no conflict or audit independence issues arising from provision of the proposed services.

→ SHAREHOLDER INFORMATION

The following information in relation to Tab Limited was applicable as at 23 August 2002

Number of Holders of Equity Securities

451,192,362 fully paid ordinary shares are held by 248,751 holders. All ordinary shares of the company carry one vote per share.

Twenty Largest Shareholders

Rank	Name	Shares	Percentage of Issued Capital
1	J P Morgan Nominees Australia Limited	29,943,172	6.64
2	National Nominees Limited	27,923,335	6.19
3	Westpac Custodian Nominees Limited	24,927,978	5.52
4	RBC Global Services Australia Nominees Pty Limited	19,982,148	4.43
5	RBC Global Services Australia Nominees Pty Limited <PIPOOLED A/C>	11,833,091	2.62
6	AMP Life Limited	10,375,441	2.30
7	Westpac Financial Services Limited	9,142,049	2.03
8	Queensland Investment Corporation	7,958,152	1.76
9	Citicorp Nominees Pty Limited <CFS WSLE Imputation Fnd A/C>	7,527,530	1.67
10	Commonwealth Custodial Services Limited	5,986,638	1.33
11	Westpac Life Insurance Services Limited	5,534,151	1.23
12	ANZ Nominees Limited	4,248,451	0.94
13	Questor Financial Services Limited <TPS RF A/C>	4,070,351	0.90
14	Citicorp Nominees Pty Limited <CFS Imputation Fnd A/C>	3,979,950	0.88
15	The National Mutual Life Association of Australasia Limited	3,573,720	0.79
16	McHugh Holdings Pty Limited	3,505,562	0.78
17	Cogent Nominees Pty Limited	3,408,672	0.76
18	RBC Global Services Australia Nominees Pty Limited <BKCUST A/C>	3,171,383	0.70
19	MLC Limited	2,974,829	0.66
20	Cogent Nominees Pty Limited <SMP Accounts>	2,808,796	0.62
	TOTAL	192,875,399	42.75

Distribution of Equity Securities

(a) Analysis of number of shareholders by size of holding:

Range	No. of Holders
1 - 1,000	213,229
1,000 - 5,000	29,395
5,001 - 10,000	4,213
10,001 - 100,000	1,794
100,001 and over	120
Total	248,751

(b) There were 153 holders of less than a marketable parcel of ordinary shares.

→ SHAREHOLDER INFORMATION

Consideration Affecting Shareholders

The Constitution of Tab Limited, the Totalizator Act 1997 (NSW) and the Totalizator Agency Board Privatisation Act 1997 (NSW) ("Acts") impose shareholding restrictions which prohibits anyone being entitled to more than 5% of the issued voting shares of Tab Limited unless that person is exempted from the shareholding restrictions by regulations under Acts.] Those Acts also enable any director of Tab Limited, the Company Secretary or the Minister administering either Act to require anyone who is entitled to Tab Limited shares (or who is suspected of being entitled to Tab Limited shares) to provide information to determine whether there is any breach of the shareholding restrictions. The directors also have the power under the Constitution to require information to determine compliance with the shareholding restrictions.

Removal from the Report Mailing

Shareholders who do not wish to receive reports in future should advise Tab Limited's Share Registry in writing. Those shareholders will continue to receive all other shareholders information, including notices of all shareholder meetings.

Change of Address

Shareholders should advise Tab Limited's Share Registry immediately in writing when there is a change to their registered address. Clearing House Electronic Subregister System (CHESS) sponsored holders should advise their sponsoring stockbroker. For security, shareholders should quote their old address and Shareholder Reference Number (SRN).

Direct Credit of Dividends

Dividend payments may be credited into a nominated financial institution account within Australia. Shareholders may provide details in writing to, or forms are available from, Tab Limited's Share Registry.

Consolidation of Shareholdings

Shareholders may have received more than one Concise Report. If so, the name and address printed on the notices of meeting and the proxy forms should be checked carefully. If these are identical, the shareholdings may be combined into a single shareholding by writing to Tab Limited's Share Registry quoting each SRN. If one or more shareholding is sponsored (ie, the SRN starts with the letter 'X') the sponsoring stockbroker will have to attend to consolidation.

Tax File Number

Tab Limited is obliged to deduct income tax at the top marginal rate plus Medicare Levy from unfranked or partially franked dividends paid to Australian resident shareholders who have not supplied their Tax File Number or exemption details.

Withholding Tax for Non-Australian Resident Shareholders

For non-Australian resident shareholders, any unfranked portion of their dividend will be subject to withholding tax at the rate applying to their country or residence, generally 15%. There is no withholding tax on the franked portion of dividends.

Stock Exchange Listing

Tab Limited's shares are listed on the Australian Stock Exchange Limited (ASX) and its home exchange. The ASX code is 'TAB'. Trading activity is published in Australian major daily newspapers.

CHESS

Tab Limited's securities have been uncertificated ie, issued without a share certificate) since the company was listed on the ASX. Shareholders are issued a statement of transactions similar to a bank statement. All stockmarket transactions in Tab Limited's securities are advised electronically to Tab Limited's Share Registry through CHESS. Shareholders can have their holdings issue (company) sponsored or broker sponsored. Shareholders who wish to convert to a broker sponsored holding should contact their stockbroker.

Shareholder Enquiries

Shareholders seeking information about their shareholding should contact Tab Limited's Share Registry:

C/- Computershare Investor Services Pty Limited

GPO Box 7045, Sydney, NSW 1115

Phone: 1800 356 888

Fax: 61 2 8234 5050

Email: sydney.services@computershare.com.au

Website: www.computershare.com



SCHEDULE 6

AGENT'S COMMISSION

1. Sales Commission

Commission is payable on "Net Sales" where "Net Sales" is defined as turnover less scratchings less cancelled bets plus reinvestments from Allup & Parlay betting as follows;

Standard Hours

First \$50,000	1.95%
\$50,001 - \$80,000	1.55%
\$80,001 - \$130,000	1.45%
\$130,001 +	1.4%

Extended Hours

Commission on all Net Sales (excluding Fixed Odds bets and FootyTAB) is 2%.

All FootyTAB and Fixed Odds bets are included in standard hours sales.

2. Management Fee

\$ 633.45	for non-dual outlets not open on Sundays
\$ 762.20	for non-dual outlets open on Sundays
\$ 787.95	for dual outlets

The Management Fee will be increased by 3% annually over the Term commencing on 1 July 2003.

3. Ticket Commission

\$0.01 per tickets processed during standard hours.

Processed tickets are tickets sold and paid less scratchings and cancellations.

4. PhoneTAB

New Account Fee \$10

Deposit Commission 1.4%

Withdrawal Fee \$1

5. Lotteries

4% of the dollar value of all lottery product sales.