

TAB OFF-COURSE LICENCE

D02/59298



RAC000AMGW

TOTALIZATOR ACT 1997

LICENCE TO CONDUCT OFF-COURSE TOTALIZATOR

I, the Honourable Jack Richard Face MP, Minister for Gaming and Racing being the Minister for the time being administering the Totalizator Act 1997 grant pursuant to section 14 of the Act to TAB LIMITED (ACN 081 765 308) (referred to in this licence as "the licensee") for the term and subject to the conditions set out below a licence to conduct an off-course totalizator in respect of betting on the following events and contingencies:

- (a) events and contingencies scheduled to be held at a race meeting on any racecourse within or outside Australia (being horse racing, harness racing and greyhound racing events or contingencies).
- (b) any event declared for the time being under Section 57EA of the Gaming and Betting Act 1912 to be a sports betting event for the purposes of that Act.

1. Term of Licence

This licence is granted for the period that begins on 6 MARCH 1998 and ends on 6 MARCH 2097, inclusive of the exclusivity period referred to in section 14(1) of the Act, unless earlier cancelled or surrendered under the Act.

2. Definitions and Interpretations

In this licence, unless the context or subject matter clearly requires to the contrary:

"the Act" means the Totalizator Act 1997 and any regulations made under that Act (as amended, modified or replaced from time to time);

"the totalizator" means the off-course totalizator conducted by the licensee pursuant to this licence;

"Totalizator Adjustment Account" means the accounting ledger referred to in Condition (7);

Words and expressions which are not specifically defined in this licence, but are defined in the Act, have the meaning given to them in the Act;

References to the Minister include any person to whom a function is delegated by the Minister under Section 115 of the Act.

The singular includes the plural and vice versa. A gender includes the other genders. Words importing persons include corporations.

3. Conditions of Licence

This licence is granted subject to the following conditions:

- (1) The totalizator and betting by means of the totalizator must be conducted by the licensee in accordance with the Act, directions by the Minister under the Act, the rules and these conditions as amended from time to time and any other laws of the State relating to betting or wagering .
- (2) As soon as reasonably practicable after becoming aware of the matter, the licensee must report to the Minister any matter involving or relating to non-compliance with any requirements of the Act, the rules, directions by the Minister or the conditions of this licence and any matter which may prejudice the security and integrity or apparent integrity of any aspect of the totalizator or totalizator betting activities conducted by the licensee.
- (3) The licensee must, during the month of January in each year, provide to the Minister a document setting out the management structure of the licensee and each of its related bodies corporate that identifies the names and positions of all personnel associated with or involved in the conduct of the totalizator on behalf of the licensee. The authorities, responsibilities and delegations attached to each position are to form part of the documentation of the management structure. The licensee must notify the Minister of any change to the management structure of the licensee and each of its related bodies corporate relative to the positions, authorities, responsibilities or delegations of personnel within 14 days of any such change taking place.
- (4) The licensee must, if required by the Minister, pay the reasonable costs and expenses incurred by or on behalf of the Minister in connection with the making of probity checks in respect of persons employed or engaged by or on behalf of the licensee (including management and contractors) in relation to the conduct or operation of the totalizator.
- (5) The licensee must obtain the approval of the Minister of any computer software and computer software system to be used in connection with the conduct of the totalizator by or on behalf of the licensee. The licensee must notify the Minister of any alteration or addition to any such computer software and computer software system no later than 14 days of the alteration or addition taking place and, if required by the Minister, must obtain the approval of the Minister of the alteration or addition.
- (6) The licensee must permit access for and assist in the evaluation of the operation of the totalizator and the totalizator system by consultants engaged by the Minister at such time or times as the Minister determines and must assist such consultants and furnish any records and documentation requested by or on behalf of the Minister for the purposes of any such evaluation. The reasonable costs incurred in connection with any such evaluation are payable by the licensee to the Minister, unless the Minister determines otherwise in a particular case.
- (7) The licensee must establish and maintain in the records of the licensee an accounting ledger to be entitled 'Totalizator Adjustment Account'. Where an error occurs in the calculation or determination of a dividend or determination

of the total amount of investments received into a totalizator pool conducted by the licensee or in such other circumstances as the Minister may determine in writing from time to time:

- any profit or gain which accrues to the licensee which would not have accrued had the error not been made shall be credited by the licensee to the Totalizator Adjustment Account within 14 days of the error becoming known to the licensee; and
 - any loss actually suffered by the licensee which would not have been suffered by the licensee had the error not been made, shall (subject as stated below) be debited by the licensee from the Totalizator Adjustment Account within 14 days of the error becoming known to the licensee.
- (8) With respect to the Totalizator Adjustment Account, the licensee must:
- (a) make available to the Minister upon demand full details of transactions recorded in and all records relating to the Account;
 - (b) by no later than June 15 of each year, pay any credit balance in the Totalizator Adjustment Account at the close of business on June 1 of that year to the Minister for remittance to the Consolidated Fund.
- (9) The licensee shall calculate and pay to the Minister amounts payable under Sections 70(1) and 75(4) of the Act as if no errors of the type described in condition (7) had occurred.
- (10) The licensee must develop and install in consultation with the Minister within twelve months of a date determined by the Minister and thereafter maintain, at the cost of the licensee, a monitoring system approved by the Minister that will enable the ongoing and real-time checking and evaluation by the Minister of the licensee's computer system which records bets and pools calculations and provides statistical data of betting and revenues in the conduct of the totalizator. The licensee must give to the Minister monitoring access to such computer system at such time or times as the Minister requires. The licensee must also consult with and obtain the approval of the Minister in respect of any alterations and additions to be made to such monitoring system as soon as reasonably practicable before such alteration or addition takes place.
- (11) The licensee must notify the Minister as soon as practicable after the commencement of the term of this licence, of the amount of commission to be deducted as permitted by Section 69 of the Act in respect of racing events and sports betting events on which the totalizator will be conducted, and, at least 14 days prior to any change to that amount or those amounts, must notify the Minister of details of the change.
- (12) The licensee must notify the Minister as soon as practicable after the commencement of the term of this licence, of the method by which roundings

in respect of dividends shall be determined, and, at least 14 days prior to any change to that method, must notify the Minister of the change.

- (13) When establishing any premises for totalizator betting the licensee shall have regard to community concerns in relation to the proximity of schools and places of worship to the premises.
- (14) The licensee must obtain the Minister's approval before entering into any arrangement with another body conducting totalizator betting outside of New South Wales that would result in either the receipt of betting investments from that other totalizator into the totalizator conducted by the licensee or the transmission of betting investments received into the totalizator conducted by the licensee to a totalizator conducted outside of New South Wales.
- (15) Subject to condition (14), amounts invested or received in the totalizator conducted by the licensee which are transmitted by the licensee to a totalizator being conducted outside of New South Wales shall be subjected to commission deductions in accordance with Section 69 of the Act and the provisions of Section 70 and 75 of the Act shall apply to the commissions deducted and roundings in respect of dividends declared in respect of such investments.
- (16) The licensee must provide to the Minister a summary, in a form approved by the Minister, of any betting investments received from each and every interstate and overseas agency or operator of a totalizator, within 7 days of the racing events or sports betting event in respect of which the investments were received.
- (17) The licensee must pay as the minimum dividend payable in respect of racing events and sports betting events an amount of not less than 104% of the unit of investment except where:
 - (i) in respect of racing events, two or more starters filling a place (including first place) that requires a dividend pool or part of a dividend pool (in respect of that place) to be divided among the starters filling that place;
 - (ii) the payment of a dividend equal to 104% or more of the unit of investment would result in the payment of dividends equal to more than the total amount invested on the totalizator; or
 - (iii) the rules of the totalizator otherwise provide.

In the circumstances referred to in (i), (ii) or (iii), the minimum dividend payable shall be the unit of investment.

- (18) The licensee must keep a register of all contractors (as defined in the Act) showing such details as will identify such contractors, the responsibilities for certifying performance of the services and the type of services provided by them, and shall make such register available to the Minister upon request for

examination. The licensee must provide to the Minister such other details of a contractor the Minister deems necessary to assist in any probity check to be initiated in respect of a contractor.

- (19) The licensee must display or cause to be displayed in a prominent position in each premises where bets on the totalizator are accepted, in addition to a copy of the rules of the totalizator in accordance with section 55 of the Act:
- (i) information in relation to all racing events on which the totalizator is conducted that includes:
 - a list of contestants names, their totalizator numbers and the time of race start;
 - the placings in each completed race and the dividends payable by the totalizator conducted on such race;
 - notice of any contestant declared to be a non-starter;
 - the approximate win and place dividends for each race contestant as calculated on progressive selling and as up dated from time to time;
 - such other information as the Minister directs in writing from time to time; and
 - (ii) information in relation to all sports betting events on which the totalizator is conducted that includes:
 - a list of entrants in the sporting event showing their names and totalizator numbers and the time for closing of betting;
 - the results and dividends payable by the totalizator conducted on the event;
 - such other information as the Minister directs in writing from time to time.
- (20) The licensee must make available to each racing club conducting totalizator betting on racing events as agent for the licensee in pursuance of Section 17(3) of the Act, investment information on the totalizator in a format that would allow for the display on racecourses of the approximate dividends in respect of totalizator betting on the racing events.
- (21) The licensee must include in the rules made under Part 4 of the Act:
- (a) a procedure to disallow the cancellation of a totalizator bet once the investor has left the totalizator window or has terminated a telecommunication connection to place bets on the totalizator, unless the cancellation satisfies strictly adhered to and published criteria; and

- (b) provision as to the liability of the licensee, agent or other person acting under the authority or on behalf of the licensee, in connection with the payment and processing of winning bets and lost or destroyed tickets in respect of winning bets.
- (22) The licensee must submit to the Minister within seven days of the determination of a racing event or sports betting event on which the totalizator operates a return which specifies details of bets, dividends and revenues in respect of the event in such form as approved by the Minister.
- (23) The licensee must make payment to the Minister of any betting tax imposed under Part 6 of the Act by way of direct deposit to a notified bank account or other means approved by the Minister.
- (24) The licensee must in consultation with the Minister within six months of a date determined by the Minister develop, provide, install and maintain a system, at the cost of the licensee, for the electronic submission of returns and payments referred to in conditions (22) and (23).
- (25) The licensee must provide on demand to an inspector appointed under Section 92 of the Act all financial records relating to the conduct of the totalizator, including (but not exclusive to):
 - (i) the amounts of bets made on the totalizator each day;
 - (ii) the amount of commission deducted from bets made on the totalizator each day;
 - (iii) the amount of dividends payable by the totalizator each day; and
 - (iv) the amount of any commission that is applied in rounding up an amount calculated as dividend, including any amount applied to increase a calculated dividend to pay the minimum dividend payable in accordance with condition (17).
- (26) The licensee must provide to the Minister within 14 days prior to the first day of each month a schedule of all racing events and sports betting events in respect of which the licensee intends to conduct the totalizator during that month. Within 7 days after the end of each month, the licensee must provide to the Minister a schedule setting out all racing events and sports betting events in respect of which the licensee conducted the totalizator during that month.
- (27) The licensee in entering into an agreement or arrangement under which a contractor is to perform a service in connection with the totalizator or totalizator equipment which is not located on premises controlled by or in the possession of the licensee, must bind the contractor to provide or procure access to the premises by inspectors appointed under Section 92 of the Act or make other arrangements to ensure such access is provided or procured.
- (28) This licence is not transferable.

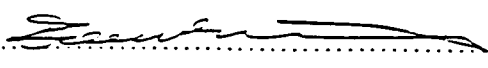
- (29) The licensee must pay the reasonable legal costs incurred by or on behalf of the Minister in connection with any legal advice required or obtained by or on behalf of the Minister with respect to any amendments of the conditions of this licence or the rules proposed by the licensee.
- (30) Where these conditions require the licensee to notify the Minister of any matter or information, such notification must be in a written form and given by an authorised officer of the licensee.

Dated this 6th day of March 1998

Signed by 

THE HONOURABLE JACK RICHARD FACE MP
MINISTER FOR GAMING AND RACING

In the presence of:

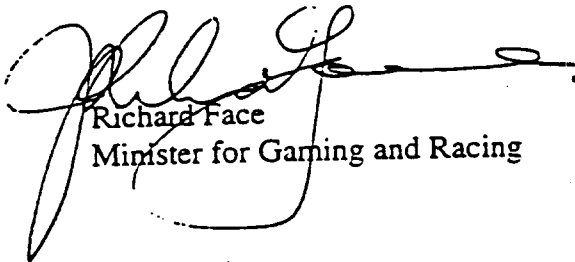




TOTALIZATOR ACT 1997

DECLARATION - SECTION 11

I, Richard Face, Minister for Gaming and Racing, in pursuance of section 11 of the *Totalizator Act 1997* (Meaning of "exclusive licence period"), declare that the operative date for the purpose of section 11 of the *Totalizator Act 1997* is 22 June 1998.



Richard Face
Minister for Gaming and Racing

22nd June 1998, Sydney



TAB ON-COURSE LICENCE

TOTALIZATOR ACT 1997

LICENCE TO CONDUCT ON-COURSE TOTALIZATOR

I, the Honourable Jack Richard Face MP, Minister for Gaming and Racing being the Minister for the time being administering the Totalizator Act 1997 grant pursuant to section 15 of the Act to TAB LIMITED (ACN 081 765 308) (referred to in this licence as "the licensee") for the term and subject to the conditions set out below a licence to conduct an on-course totalizator in respect of betting on the following events and contingencies:

- (a) events and contingencies scheduled to be held at a race meeting on any racecourse within or outside Australia (being horse racing, harness racing or greyhound racing events or contingencies).
- (b) any event declared for the time being under Section 57EA of the Gaming and Betting Act 1912 to be a sports betting event for the purposes of that Act.

1. TERM OF LICENCE

This licence is granted for the period that begins on 6 MARCH 1998 and ends on 6 MARCH 2097, inclusive of the exclusivity period referred to in section 15(1) of the Act, unless earlier cancelled or surrendered under the Act.

2. DEFINITIONS AND INTERPRETATIONS

In this licence, unless the context or subject matter clearly requires to the contrary:

the Act" means the Totalizator Act 1997 and any regulations made under that Act (as amended, modified or replaced from time to time):

the totalizator" means any on-course totalizator conducted by the licensee pursuant to this licence:

the Totalizator Adjustment Account" means the accounting ledger referred to in Condition (8):

Words and expressions which are not specifically defined in this licence, but are defined in the Act, have the meaning given to them in the Act:

References to the Minister include any person to whom a function is delegated by the Minister under Section 115 of the Act.

The singular includes the plural and vice versa. A gender includes the other genders. Words importing persons include corporations.

3. CONDITIONS OF LICENCE

This licence is granted subject to the following conditions:

- (1) The totalizator and betting by means of the totalizator must be conducted by the licensee in accordance with the Act, directions by the Minister under the Act, the rules and these conditions as amended from time to time and any other laws of the State relating to betting or wagering .
- (2) As soon as reasonably practicable after becoming aware of the matter, the licensee must report to the Minister any matter involving or relating to non-compliance with any requirements of the Act, the rules, directions by the Minister or the conditions of this licence and any matter which may prejudice the security and integrity or apparent integrity of any aspect of the totalizator or totalizator betting activities conducted by the licensee.
- (3) The licensee must, during the month of January in each year, provide to the Minister a document setting out the management structure of the licensee and each of its related bodies corporate that identifies the names and positions of all personnel associated with or involved in the conduct of the totalizator on behalf of the licensee. The authorities, responsibilities and delegations attached to each position are to form part of the documentation of the management structure. The licensee must notify the Minister of any change to the management structure of the licensee and each of its related bodies corporate relative to the positions, authorities, responsibilities or delegations of personnel within 14 days of any such change taking place.
- (4) The licensee must, if required by the Minister, pay the reasonable costs and expenses incurred by or on behalf of the Minister in connection with the making of profiting checks in respect of persons employed or engaged by or on behalf of the licensee (including management and contractors) in relation to the conduct or operation of the totalizator.
- (5) The licensee must obtain the approval of the Minister of any computer software and computer software system to be used in connection with the conduct of the totalizator by or on behalf of the licensee. The licensee must notify the Minister of any alteration or addition to any such computer software and computer software system no later than 14 days of the alteration or addition taking place and, if required by the Minister, must obtain the approval of the Minister of the alteration or addition.
- (6) The licensee must permit access for and assist in the evaluation of the operation of the totalizator and the totalizator system by consultants engaged by the Minister at such time or times as the Minister determines and must assist such consultants and furnish any records and documentation requested by the Minister for the purpose of any such evaluation. The reasonable costs incurred in connection with any such evaluation are payable by the licensee to the Minister, unless the Minister determines otherwise in a particular case.
- (7) The licensee must obtain the prior approval of the Minister to transmit and receive totalizator bets (that are not transmitted to the off-course totalizator licensee) from one racecourse to another racecourse or betting auditorium.
- (8) The licensee must establish and maintain in the records of the licensee an accounting ledger to be entitled 'Totalizator Adjustment Account'. Where an

error occurs in the calculation or determination of a dividend or determination of the total amount of investments received into a totalizator pool conducted by the licensee or in such other circumstances as the Minister may determine in writing from time to time:

- any profit or gain which accrues to the licensee which would not have accrued had the error not been made shall be credited by the licensee to the Totalizator Adjustment Account within 14 days of the error becoming known to the licensee; and
- any loss actually suffered by the licensee which would not have been suffered by the licensee had the error not been made, shall (subject as stated below) be debited by the licensee from the Totalizator Adjustment Account within 14 days of the error becoming known to the licensee.

(9) With respect to the Totalizator Adjustment Account, the licensee must:

- (a) make available to the Minister upon demand full details of transactions recorded in and all records relating to the Account;
- (b) by no later than June 15 of each year, pay any credit balance in the Totalizator Adjustment Account at the close of business on June 1 of that year to the Minister for remittance to the Consolidated Fund.

(10) The licensee shall calculate and pay to the Minister amounts payable under Section 70(1) and 75(4) of the Act as if no errors of the type described in condition (8) had occurred.

(11) The licensee must develop and install in consultation with the Minister within twelve months of a date determined by the Minister and thereafter maintain, at the cost of the licensee, a monitoring system approved by the Minister, that will enable the ongoing and real-time checking and evaluation by the Minister of the licensee's computer system which records bets and pools calculations and provides statistical data of betting and revenues in the conduct of the totalizator. The licensee must give to the Minister monitoring access to such computer system at such time or times as the Minister requires. The licensee must also consult with and obtain the approval of the Minister in respect of any alterations and additions to be made to such monitoring system as soon as reasonably practicable before such alteration or addition takes place.

(12) The licensee must notify the Minister as soon as practicable after the commencement of the term of this licence, of the amount of commission to be deducted as permitted by Section 69 of the Act in respect of racing events and sport betting events on which the totalizator will be conducted, and, at least 14 days prior to any change to that amount or those amounts, must notify the Minister of details of the change.

(13) The licensee must notify the Minister as soon as practicable after the commencement of the term of this licence of the method by which roundings

in respect of dividends shall be determined, and, at least 14 days prior to any change to that method, must notify the Minister of the change.

- (14) The licensee must pay as the minimum dividend payable in respect of racing events and sports betting events an amount of not less than 104% of the unit of investment except where:
- (i) in respect of racing events, two or more starters filling a place (including first place) that requires a dividend pool or part of a dividend pool (in respect of that place) to be divided among the starters filling that place;
 - (ii) the payment of a dividend equal to 104% or more of the unit of investment would result in the payment of dividends equal to more than the total amount invested on the totalizator; or
 - (iii) the rules of the totalizator otherwise provide.

In the circumstances referred to in (i), (ii) or (iii) the minimum dividend payable shall be the unit of investment.

- (15) The licensee must keep a register of all contractors (as defined in the Act) showing such details as will identify such contractors, the responsibilities for certifying performance of the services and the type of services provided by them, and shall make such register available to the Minister upon request for examination. The licensee must provide to the Minister such other details of contractors the Minister deems necessary to assist in any probity check to be initiated in respect of a contractor.
- (16) The licensee must display or cause to be displayed in a prominent position at each place where bets on the totalizator are accepted, in addition to a copy of the rules of the totalizator in accordance with section 55 of the Act:
- (i) information in relation to all racing events on which the totalizator is conducted that includes:
 - a list of contestants' names, their totalizator numbers and the time of race start;
 - the placings in each completed race and the dividends payable by the totalizator conducted on such race;
 - notice of any contestant declared to be a non-starter;
 - the approximate win and place dividends for each race contestant as calculated on progressive selling and as up dated from time to time;
 - such other information as the Minister directs in writing from time to time; and

- (ii) information in relation to all sports betting events on which the totalizator is conducted that includes:
- a list of entrants in the sporting event showing their names and totalizator numbers and the time for closing of betting;
 - the results and dividends payable by the totalizator conducted on the event;
 - such other information as the Minister directs in writing from time to time.
- (17) The licensee must submit to the Minister within seven days of the determination of a racing event or sports betting event on which the totalizator operates a return which specifies details of bets, dividends and revenues in respect of the event in such form as approved by the Minister.
- (18) The licensee must make payment to the Minister of any betting tax imposed under Part 6 of the Act by way of direct deposit to a notified bank account or other means approved by the Minister.
- (19) The licensee must in consultation with the Minister within six months of a date determined by the Minister develop, provide, install and maintain a system, at the cost of the licensee, for the electronic submission of returns and payments referred to in conditions (17) and (18).
- (20) The licensee must provide on demand to an inspector appointed under Section 92 of the Act all financial records relating to the conduct of the totalizator, including (but not exclusive to):
- (i) the amounts of bets made on the totalizator each day;
 - (ii) the amount of commission deducted from bets made on the totalizator each day;
 - (iii) the amount of dividends payable by the totalizator each day; and
 - (iv) the amount of any commission that is applied in rounding up an amount calculated as dividend, including any amount applied to increase a calculated dividend to pay the minimum dividend payable in accordance with condition (14).
- (21) The licensee in entering into an agreement or arrangement under which a contractor is to perform a service in connection with the totalizator or totalizator equipment which is not located on premises controlled by or in the possession of the licensee, must bind the contractor to provide or procure access to the premises by inspectors appointed under Section 92 of the Act or make other arrangements to ensure such access is provided or procured.
- (22) The licensee must include in the rules made under Part 4 of the Act:

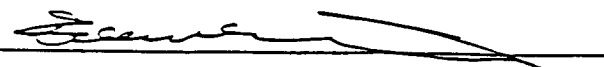
- (a) a procedure to disallow the cancellation of a totalizator bet once the investor has left the totalizator window or has terminated a telecommunication connection to place bets on the totalizator, unless the cancellation satisfies strictly adhered to and published criteria; and
 - (b) provision as to the liability of the licensee, agent or other person acting under the authority or on behalf of the licensee, in connection with the payment and processing of winning bets and lost or destroyed tickets in respect of winning bets.
- (23) This licence is not transferable.
- (24) The licensee must pay the reasonable legal costs incurred by or on behalf of the Minister in connection with any legal advice required or obtained by or on behalf of the Minister with respect to any amendments of the conditions of this licence or the rules proposed by the licensee.
- (25) Prior to the commencement of operation of the totalizator on a racecourse, the licensee must inform the Minister of the name and location of the racecourse.
- (26) The licensee shall not conduct the totalizator on a racecourse unless the racecourse is licensed under the Gaming and Betting Act 1912 and the licensee has entered into contractual arrangements with the racing club which conducts racing events on that racecourse (being arrangements which permit the conduct of the totalizator on that racecourse) and that racing club is registered by a controlling body as a racing club.
- (27) The licensee must provide to the Minister within 14 days prior to the first day of each month a schedule of all racing events and sports betting events in respect of which the licensee intends to conduct the totalizator during that month. Within 7 days after the end of each month, the licensee must provide to the Minister a schedule setting out all racing events and sports betting events in respect of which the licensee conducted the totalizator during that month.
- (28) Where these conditions require the licensee to notify the Minister of any matter or information, such notification must be on a written form and given by an authorised officer of the licensee.

Dated this 6th day of March 1998.

Signed by 

THE HONOURABLE JACK RICHARD FACE MP
MINISTER FOR GAMING AND RACING

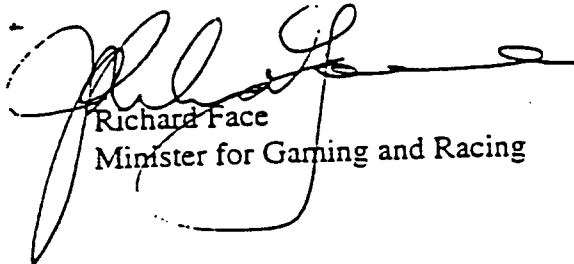
In the presence of:



TOTALIZATOR ACT 1997

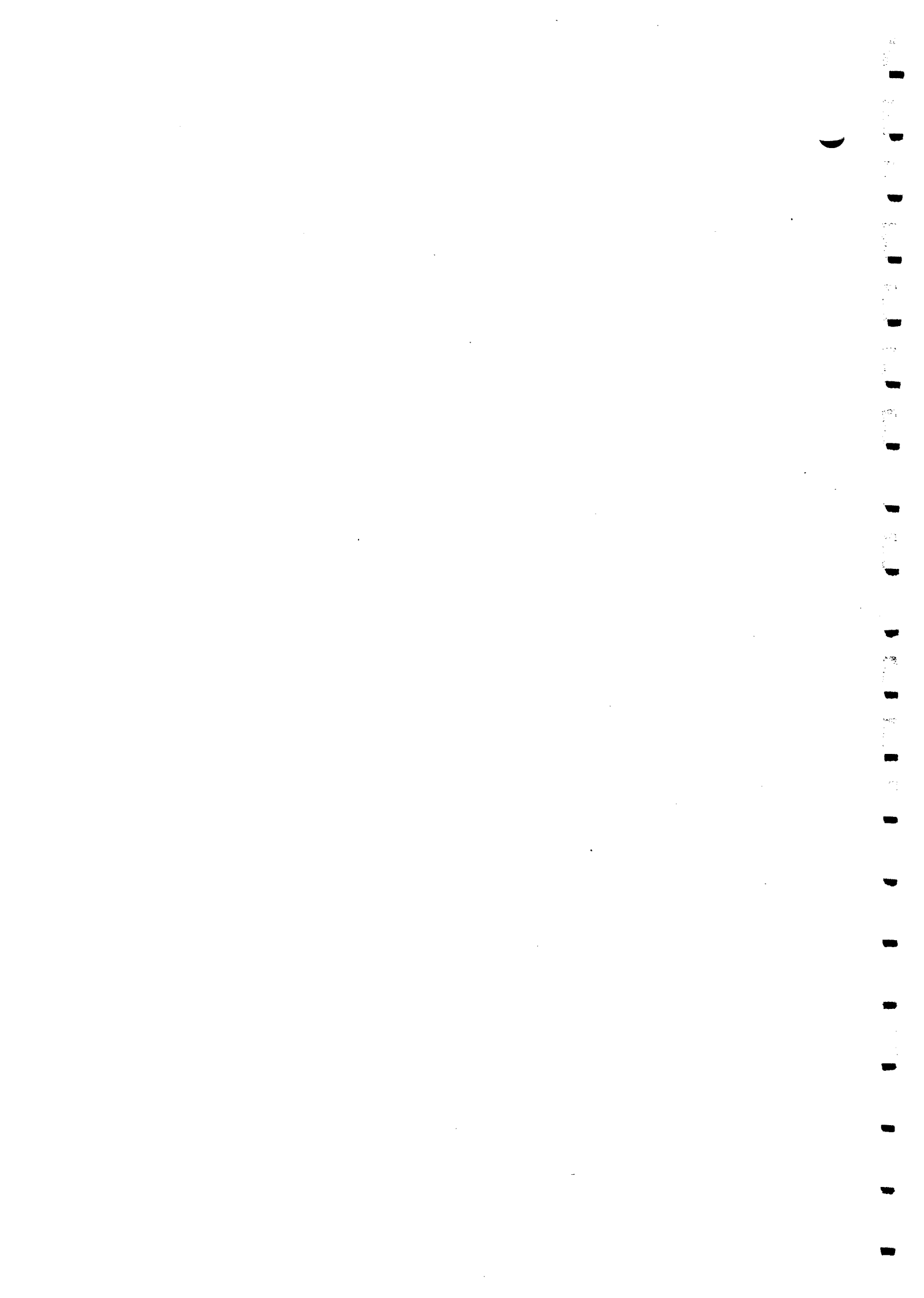
DECLARATION - SECTION 11

I, Richard Face, Minister for Gaming and Racing, in pursuance of section 11 of the *Totalizator Act 1997* (Meaning of "exclusive licence period"), declare that the operative date for the purpose of section 11 of the *Totalizator Act 1997* is 22 June 1998.



Richard Face
Minister for Gaming and Racing

22nd June 1998, Sydney



D02/59299



RAC000AMGX

Please Note:

Attachment “C” is not part of the document approved for placement on the Public Register



~~Sydney Morning Herald~~ Tuesday 13/8/2002

General News Page 3

Circulation: 253,740

Size: 222.88 sq.cms.

D02/59300



RAC000AMGY

Pubs hit jackpot with 2500 new pokies

Geesche Jacobsen

Hoteliers claiming they face financial ruin are receiving a multi-million dollar windfall from thousands of new poker machine licences, a year after government gambling reforms.

Overall, pubs will receive 2500 new licences under two schemes: one for hoteliers arguing they would face hardship if they did not receive extra pokies, and another to replace old card machines with new poker machines.

Each licence is worth about \$120,000 when sold, with pokies generating an average of \$47,000 a year in revenue for owners.

The NSW Government also stands to gain about \$30 million in taxes from the machines.

When it capped pokie numbers at 104,000 as part of last year's reforms, only 100,162 pokies were in operation, leaving room for the approval of extra machines.

However, problem-gambling counsellors warn that they will bear the brunt of the new machines as more gamblers will turn to them needing help after playing the pokies.

The head of the NSW Council on Problem Gambling, the Rev

Chester Carter, said there were already too many poker machines in the state and counselling services were stretched to their limits dealing with the problem.

"It will create more work as the ease of access to poker machines creates big problems for anybody who has a predisposition to problem gambling," Mr Carter said.

Almost 3000, mostly country, hotels have submitted applications under the hardship scheme which is open to pubs with fewer than the maximum of 15 pokies.

So far, 1634 new machines have been approved under the scheme. But not all publicans have been granted all the extra licences they have applied for.

Pubs can also get extra pokies by converting old-fashioned card machines - not regarded as much of a danger by gambling counsellors - to new machines at a rate of 3:1 (or 2:1 for country hotels).

So far, almost 1600 card machines have been surrendered, and another 900 may still be handed back, potentially adding a total of 900 new poker machines to the pool.

While publicans cannot trade the new licences, known as

entitlements, for at least three years, they gain a valuable asset - worth about \$300 million.

Poker machine entitlements are trading for between \$350,000 to \$380,000 for a set of three - of which one has to be forfeited to the Government - according to the Liquor Administration Board.

A spokesman for the Gaming Minister, Richard Face, said that the Government had drawn a line in the sand with the total of 104,000 poker machines.

"There was always room for hardship and . . . the [pubs] have obviously met the requirements," he said.

However, the president of the Australian Hotels Association, John Thorpe, said that hotels which had not installed the maximum 15 poker machines had been caught out by the Government's poker machine freeze.

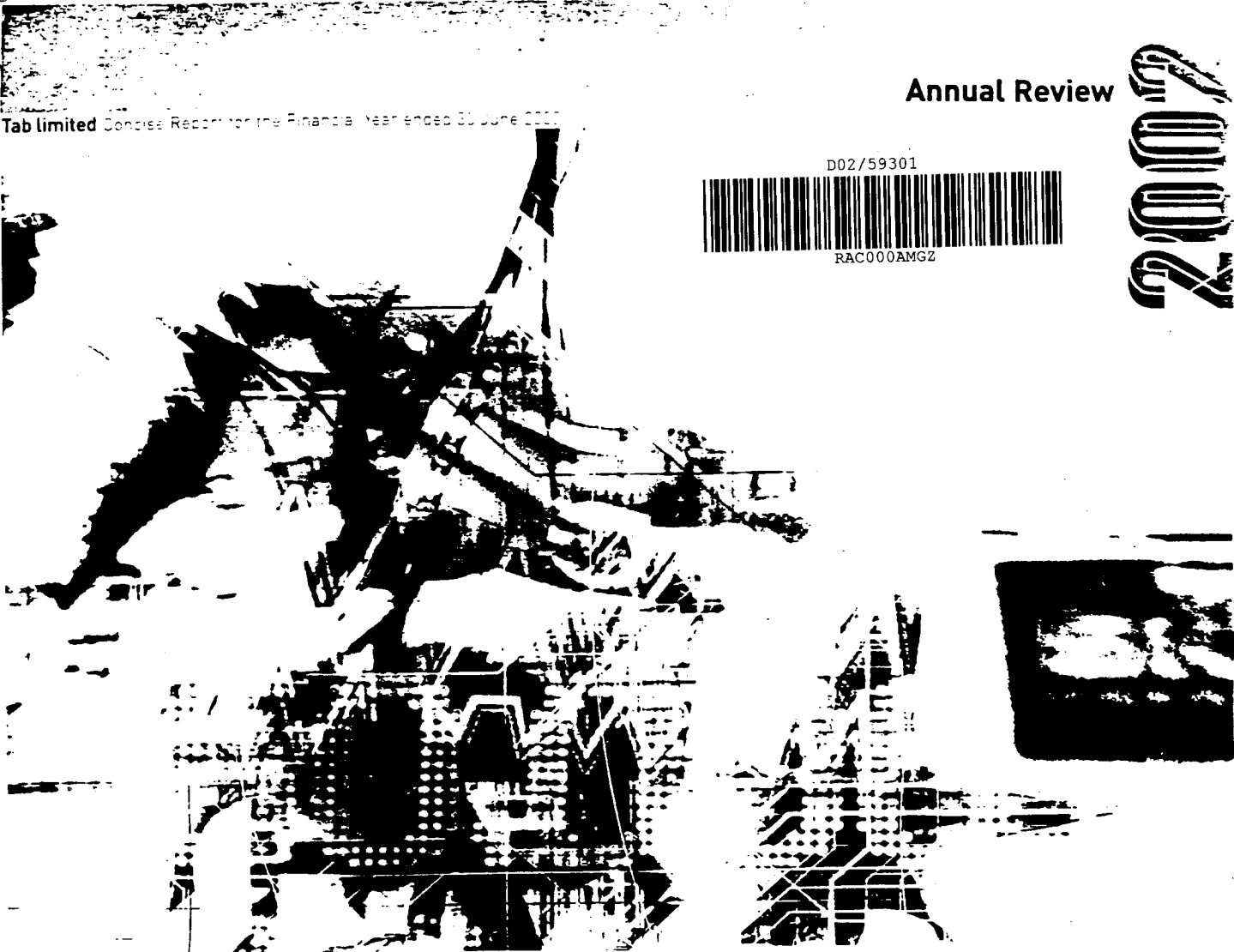
"The hotel industry promotes the responsible conduct of gaming, but believes that the freeze unfairly affected many hotels, particularly those in the country," Mr Thorpe said.

The hardship program and the conversion of card machines were designed to give country hotels a fair outcome, he said.

D02/59301



RAC000AMGZ



future



→ GAMING

Gaming moved onto the front foot with two major initiatives – the shift to an operating business with introduction of the statewide Linked Jackpot system, and the successful delivery of the Centralised Monitoring System across the NSW hotel and club network.



→ MEDIA

The operations of Sky Channel and 2KY continued to strengthen during the year with increased sales, greater national and international audience penetration and the re-signing of a number of key broadcast contracts with major race clubs.



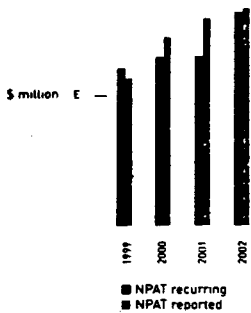
→ WAGERING

TAB off-course sales broke through the \$4 billion barrier for the first time in 2001/2002, increasing 5.25 per cent to \$4,225.4 million. Sales numbers underscored TAB's status as the third largest wagering operation in the world.

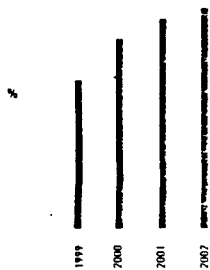
Chairman's and Managing Director's

CORPORATE INFORMATION

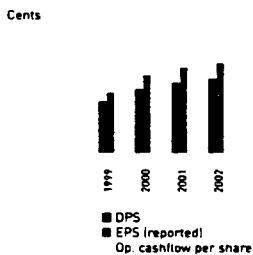
Net Profit After Tax



Return on Equity



Cashflow & dividend



Shareholders will note that in 2001/2002 our net operating cash flow was \$147 million, 31 per cent higher than in the previous year and a record for Tab Limited.

It is with pleasure that we report that all three Business Units – Wagering, Media and Gaming – performed successfully in the year under review.

Profit after tax grew 4.5 per cent or \$3.3 million to \$76.6 million. Revenue totalled \$897.5 million, a rise of 7.3 per cent.

The improved result provided the impetus for the Directors to increase the final dividend from 6c to 7c a share, making for a total dividend for the year of 13c, or 8.3 per cent higher than in 2000/2001.

The benefits of capital expenditure across several key projects in previous years started to flow through, paving the way for better returns for shareholders.

As a result of the share buy-back during the year, the company saw around 43,000 shareholders take up the offer and leave the register.

The buy-back, completed successfully in May, helped drive a 5.5 per cent rise in weighted average earnings per share to 15.5 cents and also produced a 0.25 per cent fall in the company's cost of capital.

Although the buy-back increased the company's gearing, key debt capacity indicators such as interest cover and debt payback remain very strong.

Shareholders will note that in 2002/2003 our net operating cash flow was \$147 million, 31 per cent higher than in the previous year and a record for Tab Limited.

The Gaming division saw two major developments commence. The Centralised Monitoring System successfully completed two quarterly cycles of monitoring assessment of some 100,000 gaming machines across NSW clubs and hotels.

Additionally, the inaugural Statewide Linked Jackpot game Maximillions was launched in February. This game, unique to NSW clubs, had some 1,152 machines signed as at 30 June.

The game has received favourable response from club managers and players. It has performed three times ahead of the floor average.

A field trial of the new Linked Jackpot game for hotels, called "The Stash", was also underway at the time of publication.

It is worth noting that capital expenditure in the Gaming division was substantially reduced during the year from \$71.6 million to \$39 million, and will fall further in 2003.

Wagering continued to be strong for Tab Limited, with fixed-odds betting boosting turnover to an eight year high.

Revenues rose 5.1 per cent from \$736.1 million to \$773.9 million.

The division's concentration on boosting customer service was maintained through further agency refurbishments, roll-out of the Eureka wagering terminal, and the Tabatha natural language speech recognition system.

Fixed-odds sports betting continued to capture the attention of our customers. The World Cup Soccer championship in particular excited community interest.

The settlement of all outstanding disputes with NSW Racing Pty Limited has also given hope of an improving relationship with the NSW racing industry.

The Media division, comprising Sky Channel and 2KY delivered a solid performance.

Revenues rose 5.2 per cent to \$99.7 million.

Sky and 2KY broadcast more than 50,000 races during the year, reaching an estimated audience of two million people each week.

The volume of "live" broadcasting undertaken by Sky Channel – some

100 hours each week – is the largest in the world and is a tribute to the considerable operational and technical skills within the division.

The signing of a number of broadcast rights contracts with leading racing clubs was an important milestone, paving the way for fee discounts for loyal club and hotel customers.

The 2002 financial year has been a difficult and sometimes controversial year. Operational and regulatory requirements continue to demand more from our staff. Against this background, they have delivered not only in the year completed, they have also set solid platforms for the future.

The current year will continue to see strong cash flows generated as a result of significantly reduced capital expenditure, increased momentum in major gaming activities and improved outcomes within the wagering and media businesses.

All the signs point to strong growth in earnings before interest, tax, depreciation and amortisation, and an improvement in earnings per share.

We remain committed to extracting sustained superior value for our shareholders, while positioning the company for its next phase of growth.

Gary Pemberton
Gary Pemberton, AC
Chairman

Warren Wilson
Warren Wilson
Managing Director

FINANCIAL HIGHLIGHTS

Revenue and earnings

By any measure, Tab Limited had a successful 2001/2002 financial year: the company posted record revenue, profits, operating cash flow and earnings and dividends per share.

Cash flow

Net cash inflow from operating activities increased by 31% to \$147m, driven largely by the commencement of operations of CMS, improved performance of the Wagering and Media businesses, and reduced tax payments.

Capital expenditure

Tab's core Wagering business and the development of the company's new Gaming businesses has required significant capital investment since

privatisation of the company in mid-1998. It is pleasing to report that capital expenditure declined by 24% to \$119 million in 2001/2002 from \$157 million in 2000/2001 and is expected to fall further in subsequent years.

Interest expense

Tab Limited's net interest expense was \$20.3 million, an increase of 35% from \$15.0 million for the previous financial year. The increase was the result of debt funding of capital expenditure and, towards the end of the year, the share buy-back.

Share buy-back

In May 2002, Tab Limited completed an off-market buy-back of approximately 49 million shares, or 9.8% of its issued capital, at \$2.74

per share. The buy-back comprised a capital component of \$2.35 and a fully franked dividend of \$0.39 per share. Almost 43,000 shareholders accepted the company's offer to acquire their shares. The buy-back incurred additional debt of \$135 million. Benefits to the company are:

- sustainable cost savings, estimated conservatively at approximately \$600,000 per annum, including share registry maintenance;
- enhanced shareholder returns, particularly earnings per share and return on equity;
- a reduced cost of capital resulting from the capital restructure involving reduced equity and increased debt.

Capital structure

The timing of Tab Limited's share buy-back was, in part, driven by the completion of the initial development expenditure on Tab Limited's new Gaming activities and the commencement of operating cash flows from these businesses. Although the company now has a higher level of net debt (at \$392 million at 30 June 2002), the strength and stability of its cash flows result in the company having a significant capacity to service its debt.

Prior to the share buy-back, Tab Limited established new borrowing facilities totalling \$600 million with three substantial Australian banks. These facilities, which have a maximum term of five years and an average term of

Corporate Governance

→ CORPORATE INFORMATION

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, involved 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 Limited 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.

The main functions of the Business Risk Management unit are to report to the Board on identified business risks, and 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 Board on the size, composition and succession planning for the Tab Limited Board. The Committee also makes recommendations to the Board 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 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, Allan McDonald, 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 has been distributed to all personnel and is reinforced on an ongoing basis. Part of these initiatives will be 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 the compliance with the Code of Business Conduct and that of the 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 various licences issued to the company.

Auditor Independence

Tab Limited Directors have implemented policy and guidelines in 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 audit.

The key principles for Auditor Independence set out:

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

The Directors have also established specific guidelines for management in respect to the engagement of the external auditor to provide 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.

→ FINANCIAL HIGHLIGHTS (CONTINUED)

4.10 years, refinanced existing debt and were used to fund the share buy-back. The company also has almost two thirds of its debt at fixed rates, in order to prudently limit the impact of interest rate increases on future interest expense and profitability.

Dividends

In 2001/2002 the total dividend was increased by 8.3% to 13 cents per share, fully franked. The company's policy remains to distribute not less than 80% of annual profits by way of dividends to shareholders. It is anticipated that dividends will continue to be fully franked.

→ LATE MAIL

Settlement of Dispute between NSW Racing and Tab Limited

Following the release of Tab Limited's 2001/2002 results in 23 August 2002, racing's peak body, NSW Racing Pty Limited and Tab Limited signed a deed which will provide a commercial resolution to end all outstanding disputes over differing interpretations of the contract linking Tab Limited and the three codes of racing – the Racing Distribution Agreement. The deed is subject to certain conditions precedent.

It is anticipated that the settlement will form a basis for clearer lines of communication between the parties and a better mutual understanding of their respective roles.

→ SHAREHOLDER INFORMATION

Shareholder Information
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

Investor Enquiries: 1800 356 888
General Enquiries: 61 2 8234 5222
Facsimile: 61 2 8234 5050
E-mail: sydney.services@computershare.com.au
Website: Shareholders are able to obtain information on their shareholding at www.computershare.com
All enquiries should include the SRN.

Corporate Information

Registered Office
Tab Limited
495 Harris Street, Ultimo NSW 2007, Australia
Telephone: 61 2 9211 0188
Facsimile: 61 2 9281 9773

Postal Address
GPO Box 4168, Sydney NSW 1171, Australia

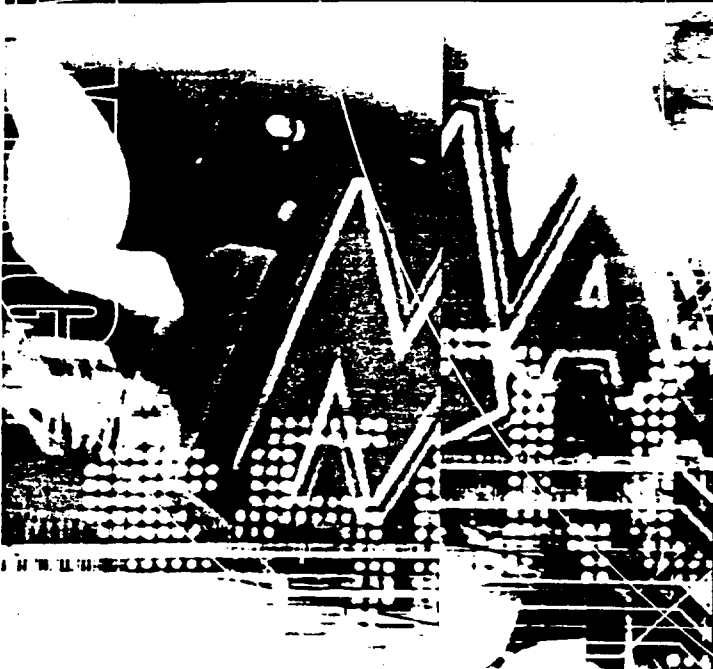
Company Secretary
Danielle Corcoran
dcorcora@tablimited.com.au

Auditor
Ernst & Young
321 Kent Street, Sydney NSW 2001, Australia

www.tablimited.com.au
On the company's internet site you will find all the latest betting options, live prices and up to the minute information on sports through SportsTAB and for galloping, greyhounds and harness racing through RaceTAB. You are also able to open an account and bet through the net using NetTAB. There is an investor page from which you can access information on Tab Limited, including latest announcements, share price and general shareholder information. This site is linked to our share registry and the Australian Stock Exchange websites.

→ GAMING

During the year, Gaming moved onto the front foot with two major initiatives – the shift of the maxgaming division from a technology development phase to an operating business, and the successful delivery of the Centralised Monitoring System across the NSW hotel and club network.



maxgaming

Maximillions

The first Statewide Linked Jackpot product, Maximillions, began its first field trial installation with 20 NSW clubs in February. The number of venues was expanded to 60 in April. Government approval to 125 clubs was granted prior to June 30, allowing for the installation of some 1,152 electronic gaming machines (EGMs).

Support for the game across the club network was strong from the outset, and has continued to gain popularity with venue management and their patrons.

Favourable "word of mouth" has also helped drive orders from a growing list of venues, representing a broad selection of large and small clubs across metropolitan and regional NSW.

A further encouraging sign is the number of clubs placing repeat orders.

Maximillions, the first game in NSW to link gaming machines across multiple venues, offers players four levels of jackpots; two operate on the Statewide Link (Maxi and Major) and two operate in-venue (Mini and Minor) jackpots.

In the first five months of operation, patrons won 26 Maxi jackpots at an average of \$62,000 per jackpot and 340 Major jackpots at an average of \$6,000 per jackpot. At the end of June, Maximillions had paid-out \$3.2million in jackpot winnings.

With jackpot frequency continuing to increase, Maximillions is likely to forge a successful pathway for other Linked Jackpot products.

The Stash

Building on the encouraging results of Maximillions, maxgaming's product portfolio will expand with the addition of a Mystery Linked Jackpot offering for hotels, known as The Stash.

In July 2002, maxgaming commenced a blind trial. Developed in conjunction with the hotel industry, "The Stash" can be connected to machines across the denomination range from 1c to \$1.

Operated exclusively for hotels, The Stash offers a multi-level jackpots system. The major jackpot is between \$15,000 and \$25,000.

Quickchange

The online gaming machine authorisation product, Quickchange, commenced operation in November, 2001. It has proven a popular innovation with venues because of the speed with which gaming machine authorisations are dealt with.

For the month of June, Quickchange held a 67 per cent share of the total number of authorisations processed, with the strong prospect of further growth.

Going Forward

Working with venue management has become a fundamental part of the maxgaming business process, as demonstrated through the development and introduction of Maximillions.

"Delivering solutions to gaming venue operators expands the opportunity to develop new revenue streams within a shorter development time and authenticates initiatives and market demands for future product development," commented maxgaming Chief Executive Joe Collins.

"maxgaming is pursuing its goal to be the partner of choice for gaming venue operators throughout New South Wales by utilising its wide area networks and software applications to provide the best possible products and services to gaming venue managers," he said.

Data Monitoring Services

The Centralised Monitoring System officially commenced reading electronic gaming machine transactions throughout the State in 1,400 clubs (December) and 1,800 hotels (January). 100% of venues are connected and monitored.

Two quarterly assessments have been completed for both Clubs and Hotels, generating approximately \$359 million in duty payable to the Office of State Revenue.

DMS is continuing to work with the Department of Gaming and Racing (DGR) to improve the performance of the Centralised Monitoring System. Areas to be enhanced include:

- **Venue Centred Access** – provide venues with a single interface to access their data held within CMS.
- **Monitoring Progressive Controllers** – monitoring of all X-series progressive jackpot controllers.
- **SWL/CMS Interface** – reconciliation between Statewide Links and CMS data.
- **Models Subsystem** – develop a system that records all approved models of poker machines.
- **Reporting Suite** – provide an online menu driven reporting suite for use by DGR.

Danny Monk, Balmain Leagues Club

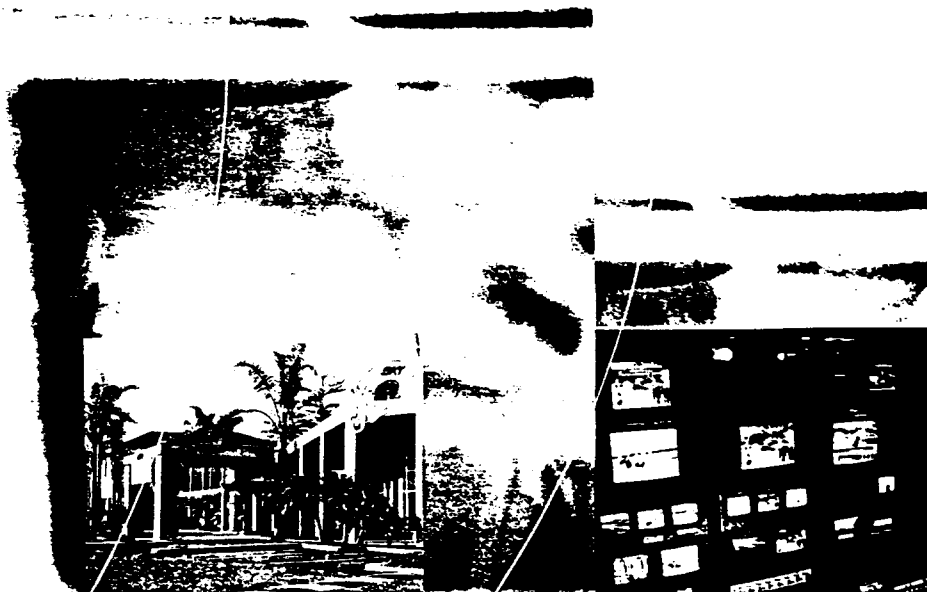




The operations of Sky Channel and 2KY continued to strengthen during the year with increased sales, greater audience penetration and the re-signing of a number of broadcast contracts with major race clubs.

Revenues totalled \$99.7 million - 4.2 per cent higher than in the preceding 12 months.

Earnings before interest and tax improved from \$21.9 million to \$23.0 million, a rise of 5.0 per cent.



Broadcast Rights

A number of key broadcast rights contracts were successfully renewed.

The renegotiations were completed on improved terms, providing a significant boost to Sky's business. They cover Victorian, South Australian and ACT thoroughbred racing and Victorian greyhounds.

Sky was able to utilise the reductions in rights fees emanating from the new contracts to reward the loyalty of hotel and club customers throughout Australia with a five per cent reduction in subscription fees, commencing 1 July, 2002.

Raceday Coverage

- The focus of the Media Division in delivering the highest quality audio and visual coverage of the three codes of racing continues to play a major role in the development and marketing of Australian racing, both domestically and internationally.
- Apart from the continued coverage of major Group racing and live hosting of feature racedays across the nation, a highlight for the year was the outstanding success of the Sky Channel Nights of Glory promotion with Harness Racing Victoria.

Programming

- The commitment to quality production and entertainment for viewers and listeners continues to bring increased benefits and value to media's business partners while positively impacting on wagering turnover.
- Sky Channel, 2KY 1017 and the Sky Racing Radio network showcase the three codes of racing with broadcasts of almost 5,500 meetings a year covering over 50,000 individual races. The Sunday

twilight racing program resumed as a permanent fixture during the year, ensuring that Sky provides over 12 hours of "live" programming per day, more than any other broadcaster in the world.

- Program coverage includes a wide range of information such as late mail, predictive performance ratings and betting data delivered as part of the raceday presentation.
- During the year significant improvements were made to the betting displays on Sky Channel and Sky Racing. The overall raceday coverage was enhanced with live interviews, expert tips and a new weather service including current track specific forecasts, rainfall details and radar images.
- Programming was also enhanced by the inclusion of feature events from around the world, including New Zealand, USA, Japan, Hong Kong and Europe.
- 2KY continues to provide extensive and informative raceday coverage along with exciting sporting related programs. The Big Sports Breakfast is the leading weekday all-sports program in NSW and attracts a growing listener base.

Reach

- Sky Channel is available at over 5,000 commercial outlets across the nation and reaches an estimated two million viewers each week. Sky Racing is available in over 1.4 million Australian homes via the major pay-TV carriers and attracts a regular weekly audience of more than 400,000.
- 2KY, through its broadcasting license in Sydney and over 130 narrowcast licenses throughout NSW, provides live audio coverage of racing to over 75 per cent of the NSW population.

Piracy

- Sky Channel provides secure encrypted video transmission Australia-wide using two transponder channels on the Optus B3 satellite. However, the real risk of piracy continues for the television subscription industry and Sky is working with authorities and regulators in order to stamp out the illegal use of its signal.
- Significant upgrades to encoding equipment and security systems are being implemented as part of Sky's overall commitment to its customer base and secure broadcasting.

International

- Sky Channel continues to expand its broadcast of Australian racing to many regions around the globe. The significant investment in the international business is bringing increased returns to both Sky and the Australian racing industry.
- The developed markets of New Zealand, North America and parts of Asia have been enhanced by expansion to the United Kingdom. Sky continues to develop relationships in key parts of Europe and Asia as the dynamics change in each region.
- Sky completed the re-organisation of its international satellite systems during the year resulting in greater flexibility and expanded coverage. The system enables two way communication and links to most parts of the world.
- An impressive international reputation and extensive programming content places Sky in a unique and desirable position to develop a 24 hour comprehensive racing channel.

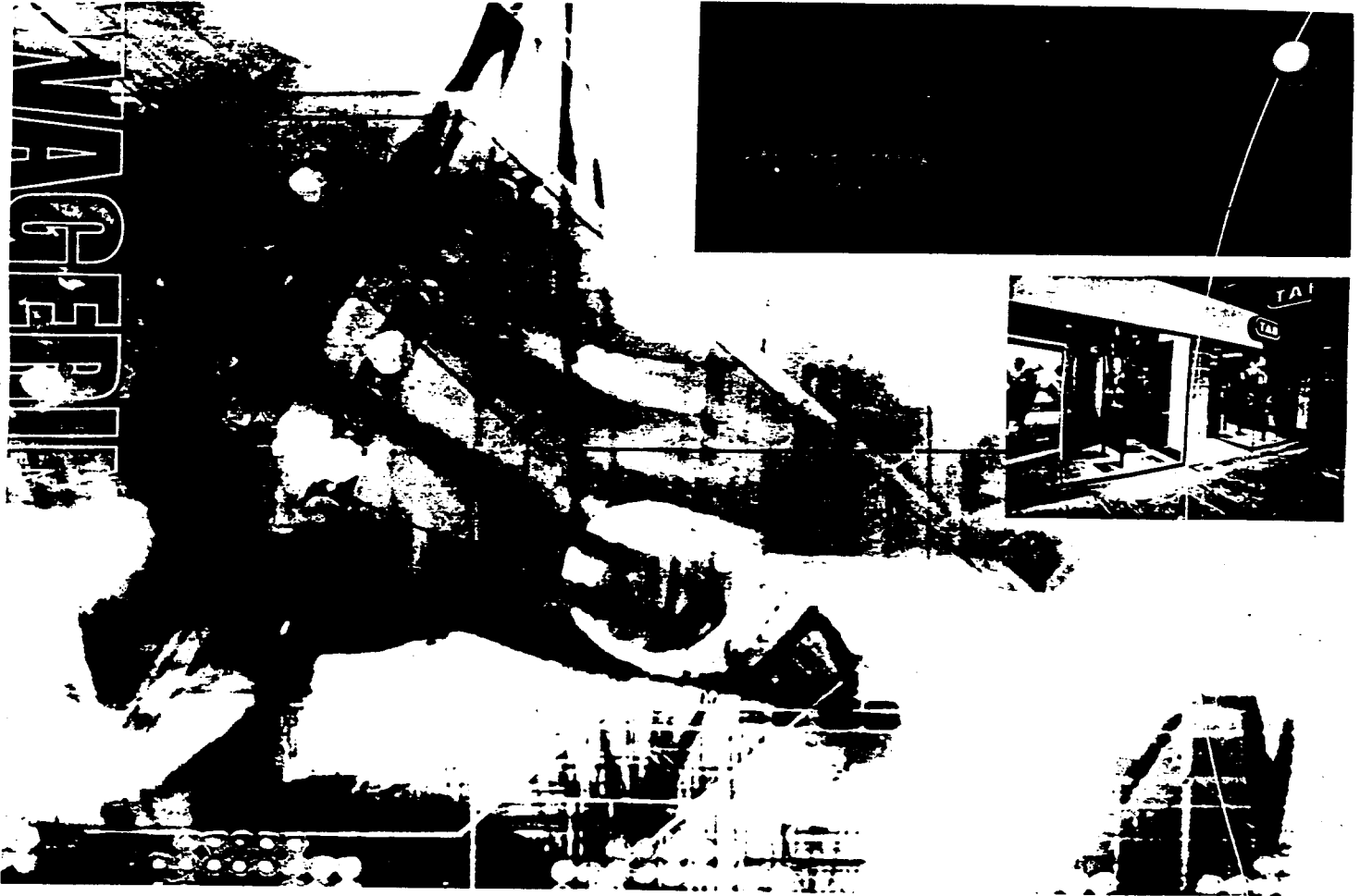
Other Business Activities

- Sky Racing Productions (a NSW based on-course vision provider) provides over 70 live outside broadcasts per month at thoroughbred and harness racetracks in the State. This is complemented by Sky Channel's internal programming needs and live hosting of feature events.
- Sky Business Television offers a cost-effective way for corporations and organisations to conduct business activity using its extensive commercial network around the country. Key Clients during the year included the Teachers' Federation, the Australian Competition & Consumer Commission and Australian Taxation Office.
- Sky Pay Per View events remained popular, with world class boxing events during the year including bouts involving Kostya Tszyu, Sugar Shane Mosley, Bernard Hopkins, Lennox Lewis and Mike Tyson.
- The Media division is exploring how digital technology can best be utilised to improve the service to its television viewers and radio listeners. Much of the Sky Channel production facility has already been converted from analogue to digital technology.
- The group has conducted a comprehensive review of its entire communications infrastructure to ensure that it remains at the forefront of broadcasting activity. The project encompasses all inbound and outbound communication systems and related technology.

Annual Review

Tab limited Concise Report for the Financial Year ended 30 June 2002

WAGERING



TAB off-course sales broke through the \$4 billion barrier for the first time in 2001-2002, increasing 5.25 per cent to \$4,225.4 million

During the 12 months, a record 460 million transactions were processed. This is almost 20,000 transactions per hour of operation.

During the year, Raceday Operations managed 5,467 meetings across the three codes - thoroughbred, harness and greyhounds. This represents more than 50,000 individual races. Those races generated some 280,000 individual dividend declarations.

The sales numbers underscore TAB's status as the 3rd largest wagering operation in the world per head of population.

Net TAB

Race TAB

Sports TAB

TAB

Best sales increase

SportsTAB

Wagering continues to benefit from an increasing public interest in fixed odds betting.

Sales rose by \$95.03 million or 92.7 per cent compared to the previous 12 months.

The impact of the World Cup Soccer Championship was phenomenal. Sales topped \$42 million.

The event showed the level of enthusiasm international spectators of this kind can generate when played in a favourable time zone - an experience that will be repeated during the 2003 World Cup Rugby Championship in Australia.

Strong fixed odds growth was experienced across all sports with sales rising greater than 50 per cent for the majority of sports.

Also propelling public demand was the increased variety of betting options available to customers across many different sports.

Stringent book management during the 12 months produced a double-digit trading yield, which ensured revenue performance matched the strong sales growth.

Sports betting has been a magnet for the betting public overseas for many years,

and the trends suggest it is now capturing the imagination of a growing pool of customers in Australia.

Retail Operations

The refurbishment program covering the entire agency network is at the half-way mark.

During the year a further 60 agencies were upgraded, bringing to 160 the number of outlets revamped so far.

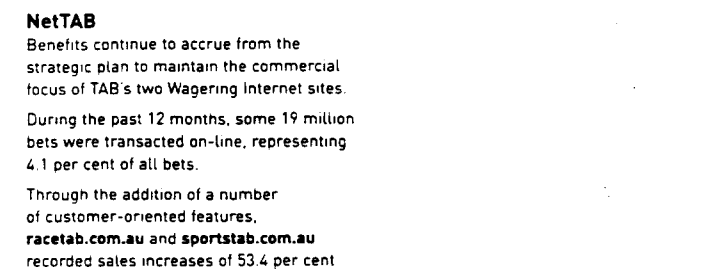
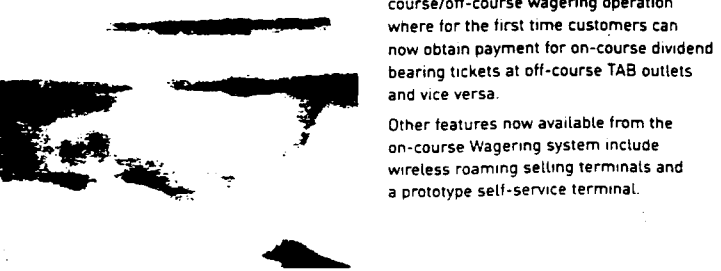
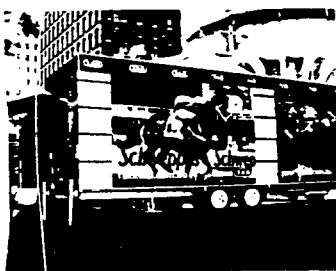
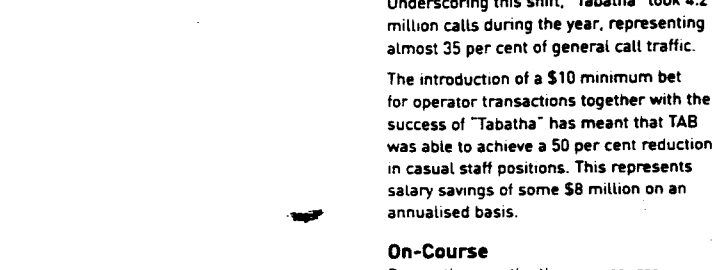
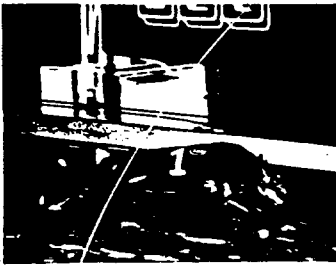
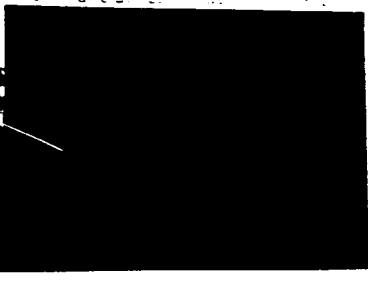
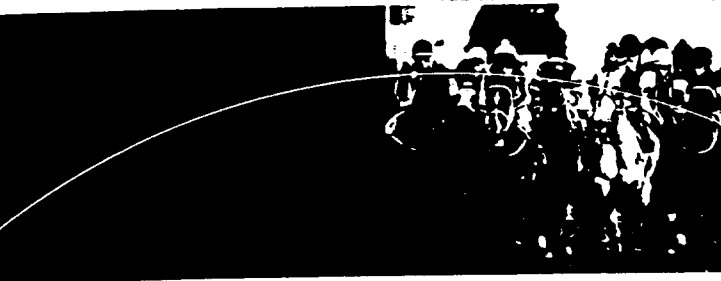
The strategy to strengthen availability of services resulted in the retail network growing by an additional 55 PubTAB and 43 ClubTAB venues.

The network now numbers 1,970 outlets.

A second Mobile TAB was put into service during the year. The two mobile outlets service popular high-profile sporting events and are also deployed to offer an alternative wagering service to meet agency refurbishment closures and for Regional operator training programs.

As at 30 June, 2002 almost all TAB licensed outlets had undergone upgrading and standardisation of retail signage.





Some 65 per cent of the ageing "Flight" wagering machines have been replaced with the new custom-built "Eureka" terminal.

This state-of-the-art terminal offers a host of benefits for customers and operators.

The balance of those old machines still in service are scheduled to be replaced by November 2002.

With full deployment of the Eureka terminal taking place in the wake of the 2002 Melbourne Cup, venues will have the choice of traditional ticket-based operator sales or new touch screen customer self-service.

Equipped with a number of special electronic features, the terminal has the capacity to receive and generate race fields and formguide using Sky Channel satellite facilities.

NetTAB
Benefits continue to accrue from the strategic plan to maintain the commercial focus of TAB's two Wagering Internet sites.

During the past 12 months, some 19 million bets were transacted on-line, representing 4.1 per cent of all bets.

Through the addition of a number of customer-oriented features, racetab.com.au and sportstab.com.au recorded sales increases of 53.4 per cent and 136.9 per cent respectively.

Pointing to the growing demand on the two sites, the number of visitors from outside Australia increased four-fold.

Account Sales
Total accounts grew by 23,980 during the year to 190,677.

This increase in customer volumes was successfully managed through a combination of:

- "Tabatha" natural language speech recognition technology
- PhoneTAB keypad IVR
- Betstream
- Personal computer interface and
- Traditional operator service

Electronic customer access methods continue to gain in popularity, with more than 50 per cent of all Account Sales now being transacted electronically.

Underscoring this shift, "Tabatha" took 4.2 million calls during the year, representing almost 35 per cent of general call traffic.

The introduction of a \$10 minimum bet for operator transactions together with the success of "Tabatha" has meant that TAB was able to achieve a 50 per cent reduction in casual staff positions. This represents salary savings of some \$8 million on an annualised basis.

On-Course
During the year the three on-course Wagering systems acquired since privatisation were rationalised into an enhanced single system.

This has resulted in a seamless on-course/off-course wagering operation where for the first time customers can now obtain payment for on-course dividend bearing tickets at off-course TAB outlets and vice versa.

Other features now available from the on-course Wagering system include wireless roaming selling terminals and a prototype self-service terminal.

domestic Test matches as well as exclusive exposure for sports betting on the Australian Rugby Union website.

SportsTAB enjoyed similar exclusive access to the National Rugby League premiership and its supporter base through its position as the Official Sports Betting Agency of the NRL.

The NRL sponsorship was complimented by the arrangement in place for the publication of sports betting and racing information on a daily basis.

One of the most pleasing aspects of TAB's sports sponsorship program was the success of the Sydney TAB Swifts in winning the 2001 Commonwealth Bank Trophy National Netball Competition. Led by Captain Liz Ellis, the team outpointed arch rivals AAMI Adelaide Thunderbirds to take its first National title. Liz and several other Swifts players were subsequently selected in the Australian team, which won the gold medal at the Commonwealth Games in Manchester.

New Products - Accumulator Expansion

One of SportsTAB's most successful products - Accumulator - was expanded in March 2002. The improvement paved the way for customers to place all-up bets on the result of Soccer matches, and also Rugby League, AFL and Rugby Union handicap betting markets.

Overall sales for Accumulator betting were \$14.77 million during the year, with the expanded segment of the product delivering incremental sales of \$6.02 million - equal to 40.75 per cent of total Accumulator sales.

Growth in the Accumulator product is a key driver of revenue performance for SportsTAB.

Print and Supply Logistics

New operator facilities with the Eureka terminal and careful management of stock issues to outlets resulted in a significant reduction in ticket production costs.

Trials of recycled toner cartridges are also proving a plus in terms of the environment and savings for outlet operators.

FootyTAB Revitalisation

FootyTAB celebrated its 20th anniversary in 2002. With the National Rugby League reducing the number of matches each round to seven, an opportunity was presented to revitalise the product through changing the Pick the Margins.

An increase in the number of contingencies for each team from the original Draw, 1-12 and 13+ options to Draw, 1-10, 11-20 and 21+ resulted in a significant sales increase of 9.1 per cent.

Marketing and Sponsorship

The emphasis was on in-venue and personal relationship marketing during the year, using the very successful "Let's Play" theme. TAB continued to pursue its sponsorship of various sporting teams and codes.

As a supporter of the Wallabies, SportsTAB was able to gain access for its Mobile TAB facilities at Stadium Australia during



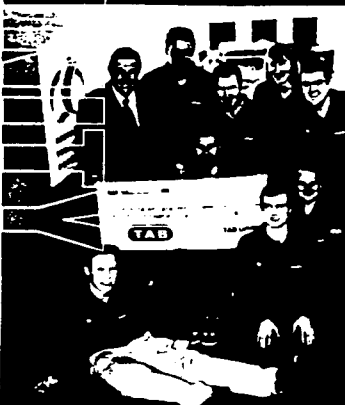
Annual Review

Tab limited Concise Report for the Financial Year ended 30 June 2002

COMMUNITY

→ COMMUNITY SUPPORT

Tab Limited is a company that operates in the public domain. People are our customers. We want to put something back into the community. Our policy is based on targeting a core group of charities, organisations and special activities.



The core group of community-based organisations which Tab Limited financially supports comprises:

- Children's Cancer Institute Australia
- Australian Paralympic Committee
- Odyssey House
- Australia Day Council (NSW)
- Returned Services League
- Industry Partnerships

Children's Cancer Institute Australia

The CCIA, founded in May 1976, is the only research body in the country solely devoted to research into the causes, prevention and cure of childhood cancer.

Tab Limited sponsors an annual gala Sports Trivia Night – an event that brings together more than 500 guests to raise funds from the corporate world. The 2002 Trivia Night generated funds in excess of \$100,000.

The company also holds fund-raiser functions for Tab employees to help spread awareness of CCIA's activities and to allow staff to make their own contribution.

Australian Paralympic Committee (APC)

Tab Limited committed funding to help the APC send Australia's highly successful 10 member team to the 2002 Winter Games in Salt Lake City.

Tab Limited has now signed a new sponsorship agreement that will see the company helping the APC develop new and existing athletes in the run-up to and beyond the 2004 Summer Games in Athens, Greece.

Odyssey House

Odyssey House was founded in 1977 and provides residential and non-residential rehabilitation programs for young men, women and their dependent children who suffer the adverse effects of drug, alcohol or gambling addiction.

Tab Limited is supporting Odyssey House through the funding of a specialist

counsellor on problem gambling for the next three years. This initiative reflects the company's strong advocacy of responsible gambling.

Australia Day Council (NSW)

The company is a Silver Corporate Supporter, with modest funding helping the organisation with the programming of a host of activities that reach out to communities in all parts of the State.

As a way of gaining increased profile and helping generate greater community participation and goodwill, the company is keen to become more active in its support of the Council's programming in 2003 and beyond.

Returned Services League

Tab Limited has had an arrangement with the RSL for several years, utilising the TAB Agency network to sell Anzac Day commemorative badges in April and Remembrance Day Poppies in November.

Efforts are in place to formalise this collaboration as a way of broadening Tab Limited's fund-raising activities and promotional support on behalf of the League.

Industry Partnerships

Tab Limited has a close working relationship with more than 2,000 retail outlets in the form of hotels, clubs and TAB agencies throughout New South Wales. Partnerships with the peak bodies – the Australian Hotels Association and ClubsNSW – are integral to a productive and consultative business relationship. They also provide an important network for helping the company fulfil its obligations under responsible gambling legislation.

Political Donations

Throughout the year the company made the following donations: \$28,000 - Liberal Party of Australia (NSW Branch); \$35,000 - Labor Party of Australia (NSW Branch) and \$7,000 National Party of Australia.

→ DIRECTOR'S REPORT

The Directors of Tab Limited present the following report on the consolidated entity consisting of Tab Limited and the entities it controlled at the end of, or during, the year ended 30 June 2002.

Directors

The following held office as directors of Tab Limited during the year and are directors at the date of this report unless otherwise stated:

- Gary Pemberton, AC
- John Ross Cribb, OBE *
- Belinda Hutchinson
- Brian Francis Keane #
- Graham Kelly
- Fergus Allan McDonald
- The Hon Barrie Unsworth
- Geoffrey Wild, AM
- Warren Wilson

* Mr Cribb retired from the Board on 20 August 2001
Mr Keane was appointed to the Board on 20 August 2001

Gary Pemberton, AC, Chairman

Mr Pemberton was appointed Chairman of the Board in July 1997. Mr Pemberton is also Chairman of Billabong International Limited and a director of Queensland Investment Corporation, and NM Rothschild Australia Holdings Pty Limited. He was previously Chairman of Qantas Airways Limited, Chief Executive and subsequently Chairman of Brambles Industries Limited and a director of Commonwealth Bank of Australia, CSR Limited, Rio Tinto plc and Rio Tinto Limited, and John Fairfax Holdings Limited.

Additional Responsibilities:

Chairman; member of the Audit and Remuneration Committees.

Warren Wilson, Managing Director

Mr Wilson was appointed Managing Director in June 1999. He was formerly Group Executive Wagering Sales of TAB and was the incumbent Managing Director of Sky Channel Pty Limited when Tab Limited acquired that business in April 1998. Mr Wilson is a director of the Australian Gaming Council and a member of the National Advisory Board on Gambling.

Additional Responsibilities:

Managing Director; member of the Regulatory and Compliance Committee.

Belinda Hutchinson, Non-executive Director

Ms Hutchinson was appointed a director in July 1997. She is also a director of Telstra Corporation Limited, Energy Australia Limited, Crane Group Limited, QBE Insurance Group Limited, St Vincent's and Mater Health Sydney Limited, a consultant to Macquarie Bank Limited and a member of the State Library of NSW Council. She was previously an executive director of Macquarie Bank Limited and, prior to that, a vice president of Citibank Limited.

Additional Responsibilities:

Chairman of the Audit Committee, member of the Remuneration Committee.

Brian Francis Keane, Non-executive Director

Mr Keane was appointed a director in August 2001. He retired in July 2002 as Chief Executive of AAMI Limited, a position he had held since 1983. He is a Director of RAC Insurance Pty Limited.

Additional Responsibilities:

Member of the Remuneration Committee, the Audit Committee and the Nomination Committee.

Graham Kelly, Non-executive Director

Mr Kelly was appointed a director in July 1997. He is Chairman of Recruitment Solutions Limited and H-G Ventures Limited. He is also a director of Australian Transport Network Limited and Fresh Food Australia Holdings Pty Limited. He is a consultant to Freehills, of which he was previously National Chairman.

Additional Responsibilities:

Chairman of the Remuneration Committee and the Nomination Committee, member of the Audit Committee and Director of TAB Superannuation Company Pty Limited.

Fergus Allan McDonald, Non-executive Director

Mr McDonald was appointed a director in October 1997. He has had an extensive career in the investment and commercial banking fields and is presently a consultant and company director. Mr McDonald is Chairman of Julia Ross Recruitment Limited and General Cologne Re Australia Limited. His other directorships include Brambles Industries Limited, DCA Group Limited, Billabong International Limited and Securities Exchanges Guarantee Corporation Limited.

Additional Responsibilities:

Member of the Audit Committee and the Nomination Committee.

The Hon Barrie Unsworth, Non-executive Director

Mr Unsworth was appointed a director in July 1997. He is a director of Delta Electricity and Tempo Services Limited, Chairman of the Australia Day Council of NSW, and the Board of the Ambulance Service of NSW, and a former Premier of NSW.

Additional Responsibilities:

Chairman of the Regulatory and Compliance Committee and member of the Remuneration Committee and the Nomination Committee.

Geoffrey Wild, AM, Non-executive Director

Mr Wild has been a member of the Board since April 1994. He is Chairman of WPP Holdings (Australia) Pty Limited and a director of related entities. He is also Chairman of ComOps Limited and Total Sport & Entertainment Group Limited. Mr Wild is a director of OPSM Group Limited, Arab Bank Australia Limited, IBIS Business Information Pty Ltd, the PGA (Professional Golf Association) and an Advisory Board Member of ICI South Pacific (a subsidiary of Imperial Chemical Industries plc). Mr Wild has previously been Vice President and a director of the Sydney Olympic Bid Company Limited and the Chairman of the NSW Tourism Commission.

Additional Responsibilities:

Member of the Regulatory and Compliance Committee and the Nomination Committee.

Directors' and Executives Emoluments

The Remuneration Committee, comprising five non-executive directors, advises the Board on remuneration policies and practices generally and the remuneration arrangements for non-executive directors, executive directors and senior management.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders from time to time.

Senior management remuneration and related matters are reviewed annually by the Remuneration Committee where appropriate, having regard to performance in achieving goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements and performance related incentives. Incentives, based on performance, including EBIT measures, are available to senior executives and the Managing Director. Bonuses are not payable to non-executive directors. Remuneration packages are set at levels that are intended to attract and retain high quality executives. Remuneration and other terms of employment of executives are formalised in employment arrangements.

Details of the nature and amount of each element of the emoluments of each director of Tab Limited and each of the six officers of Tab Limited and the consolidated entity receiving the highest emoluments are set out in the accompanying tables.

DIRECTORS' REPORT

→ NON-EXECUTIVE DIRECTORS OF TAB LIMITED

Name	Directors' Base Fee	Superannuation	Total	Retirement
	\$	\$	\$	\$
Gary Pemberton, AC, Chairman	148,148	11,852	160,000	
John Ross Cribb, OBE, Deputy Chairman	13,837	909	14,746	312,794
Belinda Hutchinson	74,075	5,925	80,000	
Brian Keane	64,412	5,153	69,565	
Graham Kelly	74,074	5,926	80,000	
Fergus Allan McDonald	74,074	5,926	80,000	
The Hon Barrie Unsworth	74,074	5,926	80,000	
Geoffrey Wild, AM	74,074	5,926	80,000	

→ EXECUTIVE DIRECTORS OF TAB LIMITED

Name	Salary	Incentive	Motor Vehicle, Superannuation, Other Benefits	Total
	\$	\$	\$	\$
Warren Wilson	704,358	475,000	95,642	1,275,000

→ MEETINGS OF DIRECTORS

The number of meetings of the directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were:

	Meetings of Directors	Meetings of Committees		Remuneration	Nomination
		Audit	Regulatory and Compliance		
Number of meetings held	11	6	4	2	1
Number of meetings attended:					
Gary Pemberton, AC	11	6	*	2	*
Warren Wilson	11	*	4	*	*
John Ross Cribb, OBE	2(2)	1(1)	*	0(0)	*
Belinda Hutchinson	11	6	*	2	*
Brian Keane	9(9)	5(5)	*	2(2)	1
Graham Kelly	11	6	*	2	1
Fergus Allan McDonald	10	6	*	*	1
The Hon Barrie Unsworth	11	*	4	2	-
Geoffrey Wild, AM	10	*	4	*	1

* Not a member of the relevant committee
 () Number of meetings held during period while a director

→ DIRECTORS' SHAREHOLDINGS

At the date of this report, the directors and director-related entities hold the following relevant interests in the share capital of Tab Limited

Name	Ordinary Shares Directly and Beneficially Held	Ordinary Shares Director Related Entities Non Beneficially Held	Executive Options
	Gary Pemberton, AC	2,500	
Warren Wilson	3,578	3,000	1,500,000
Belinda Hutchinson	5,000		
Brian Keane	-		
Graham Kelly	5,257		
Fergus Allan McDonald	5,257	5,000	
The Hon Barrie Unsworth		20,000	
Geoffrey Wild, AM	5,000	29,000	

No financial benefit or assistance has been received by directors in acquiring shares in Tab Limited.

→ OTHER EXECUTIVES OF TAB LIMITED AND THE CONSOLIDATED ENTITY

Name	Salary	Incentive	Motor Vehicle, Superannuation, Other Benefits	Total
	Russell Chenu*	390,784	75,000	9,215
Peter Kadar*	304,193	85,000	25,807	415,000
Geoff Want*	253,232	85,000	58,013	396,245
Joe Collins*	227,400	60,000	72,600	360,000
Geoff Elith*	270,000	35,000	30,000	335,000
Ben Heap*	267,812	30,000	12,188	310,000

* Executives of the parent company
 * Executive of the consolidated entity

Tab Limited 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. For details of options on issue refer Note 25 of the full financial report.

Tab Limited Employee Share Plans

On 30 October 2001, 64,843 ordinary shares were purchased by 66 employees of Tab Limited under Tab Limited's Employee Savings Share Plan. Under this Plan employees may purchase shares under salary sacrifice arrangements over a six-month period.

On 17 April 2002, 47,000 ordinary shares were purchased by 47 employees of Tab Limited under Tab Limited's Employee Savings Share Plan. Under this Plan employees may purchase shares under salary sacrifice arrangements over a six-month period.

On 1 November 2001, Tab Limited purchased 447,937 ordinary shares which were issued to 1,056 eligible employees under Tab Limited's Employee Performance Share Plan. Under this Plan eligible employees were issued \$1,000 worth of shares which generally must be held for three years before they can be sold.

No directors participate in Tab Limited's Employee Savings Share Plan or the Performance Share Plan.

Wagering Operations

The wagering business unit continues to strengthen, producing record turnover and its best turnover growth in eight years. The 4.5 per cent growth in turnover was underpinned by a sustained focus on improving the wagering service to customers.

The program of upgrading retail venues was actively maintained. Half the Agency network has been refurbished within the past three years and licensed venues benefited from re-imaging and modernisation of wagering facilities.

This was supplemented by the ongoing roll-out of the new Eureka wagering terminal and the introduction of the "Tabatha" Natural Language Speech Recognition system, both providing enhanced customer service.

Further solid growth in Fixed Odds betting was experienced, underscoring this product's value as a key growth platform for TAB Wagering into the future. Fixed Odds attracted unprecedented interest during the Soccer World Cup.

Wagering taxes payable to the NSW State Government increased by 4.2 per cent to \$206.6 million, while the distribution to the NSW Racing Industry increased by 4.6 per cent to \$191.9 million.

Media Operations

The broadcast operations embracing Sky Channel and Radio 2KY achieved strong performance during the year with revenue of \$99.7 million, up 5.2 per cent on the prior year and an EBIT increase of 5.0 per cent to \$23.0 million.

Since the acquisition of Radio 2KY in April 2001, the operations of the station have been fully integrated within the Media Group. 2KY Racing Radio continues to provide extensive and informative race-day coverage along with sporting programs.

Sky Channel was successful in renewing on favourable terms the broadcast rights contracts with the Victorian thoroughbred and greyhound racing industry. South Australia and ACT race clubs and authorities whose contracts expired during the year. The achievement of this provided Sky Channel with the opportunity to reduce

subscription fees for hotel and club customers by 5 per cent from 1 July 2002

Sky Channel's international business continues to expand its broadcast of Australian racing, reaching the established markets of New Zealand, North America and parts of Asia.

The continued focus of the Media Group in delivering the highest quality audio and visual coverage of the three codes of racing is a significant factor in growing wagering turnover. Sky Channel services are now available to over 5,000 commercial outlets across Australia.

Sky reaches an estimated two million viewers each week and Sky Racing is able to be watched in over 1.5 million Australian homes via Pay TV carriers.

Sky Channel is currently finalising long-term contracts with major Pay TV carriers that will lead to Sky receiving revenue during the 2003/04 financial year.

Gaming Operations

The Centralised Monitoring System (CMS) commenced monitoring and assessing duty on 1 December 2001 for clubs and 1 January 2002 for hotels. Since these dates two full cycles of monitoring and assessment of approximately 100,000 gaming machines throughout NSW has been successfully completed on behalf of the NSW Government.

In November 2001 Tab launched an internet-based authorisation product called "Quickchange" that facilitates electronic gaming machine changes in venues. A rapid take-up rate of this product has seen Quickchange being utilised by a large number of venues in New South Wales. Revenue in 2001/2002 from central monitoring operations, machine investments and Quickchange totalled \$18.3 million.

The Statewide Linked Jackpot game, Maximillions, made its initial launch into clubs on 31 January 2002. The game has been highly popular with club patrons with at the end of the financial year, 1,163 machines committed by 170 venues and of these 495 machines had been installed in 60 venues.

A mystery jackpot product for hotels called "The Stash" is currently under development with field trials expected to occur in the latter part of the first quarter of 2002/2003.

Principal Activities

The principal activities of the Group during the course of the year were wagering, gaming and broadcasting.

Contingent Liability

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 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.

Significant Changes in the State of Affairs

No significant changes have occurred during the financial year.

Significant Events After Balance Date

No significant events have occurred after the balance date.

Annual Review

Tab limited Concise Report for the Financial Year ended 30 June 2002

→ DIRECTOR'S REPORT

→ DIVIDENDS

Dividends in respect of the year are as follows:

	2002 \$'000	2001 \$'000
Interim ordinary dividend of 6.0 cents per fully paid share paid on 28 March 2002	30,006	30,006
Share Buy-Back dividend of 39.0 cents per fully paid share paid on 27 May 2002	19,074	-
Final ordinary dividend of 7.0 cents per fully paid share to be paid on 3 October 2002	31,583	30,006
Total dividends in respect of the year	80,663	60,012

→ REVIEW OF OPERATIONS

A summary of the consolidated Statement of Financial Performance is set out below:

	2002 \$'000	2001 \$'000
Revenue	897,467	836,425
Operating Profit before Income Tax	108,856	113,981
Income Tax	(32,226)	(40,669)
Operating Profit after Income Tax	76,630	73,312

Capital expenditure incurred during the year totalled \$130.8 million and included expenditure for the development and expansion of wagering operations (\$54.2 million), central monitoring system development and implementation

(\$25.3 million), development of statewide linked jackpot system (\$13.7 million), expansion of media operations (\$2.5 million) and corporate related projects (\$35.1 million).

→ EARNINGS PER SHARE (EPS)

	2002	2001
Basic earnings per share	15.5c	14.7c
Diluted earnings per share	15.5c	14.7c

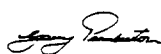
Environmental Regulation

During the year no breaches of environmental regulation were reported. The Company's policy is to ensure that all environmental laws are observed and the Company's operations are monitored by a compliance group overseen by the Regulatory and Compliance Committee. The Company's activities involve relatively low environmental risks. Matters of non-compliance are reported to the Committee quarterly with notification of the corrective action undertaken to rectify the issue.

Rounding of Amounts

Tab Limited is a company of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the rounding of amounts in the Directors' Report and Financial Report. Amounts in the Financial Report and the Directors' Report have been rounded to the nearest thousand dollars in accordance with that class order.

This report is made in accordance with a resolution of directors.



Gary Pemberton, AC
Chairman
23 August 2002



Warren Wilson
Managing Director

Indemnification and Insurance of Directors and Officers

The Company has entered into insurance contracts which indemnify Directors and Officers of the Company and its controlled entities against liabilities. 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.

→ DIRECTOR'S DECLARATION

The directors declare that the financial statements and notes set out on pages 10 to 12.

- (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
23 August 2002



Warren Wilson
Managing Director

→ CONCISE FINANCIAL REPORT

The financial statements and specific disclosures included in this report have been derived from the audited financial report for the year ended 30 June 2002. To obtain a full understanding of

the financial performance, financial position and financing activities of Tab Limited reference should be made to the full financial report, available upon request.

→ STATEMENTS OF FINANCIAL PERFORMANCE For the year ended 30 June 2002

	Note	Consolidated	
		2002 \$'000	2001 \$'000
Revenues from ordinary activities	2	897,467	836,425
Borrowing expenses		(21,654)	(116,654)
Other expenses from ordinary activities		(1766,319)	(1705,019)
Share of net loss of associate accounted for using the equity method		(638)	(771)
Profit from ordinary activities before income tax expense		108,856	113,981
Income tax expense relating to ordinary activities		(32,226)	(40,669)
Net profit		76,630	73,312
Total changes in equity other than those resulting from transactions with owners as owners		76,630	73,312
Basic earnings per share	5	15.5	14.7
Diluted earnings per share	5	15.5	14.7

The above statements of financial performance should be read in conjunction with the accompanying notes

Discussion and Analysis of Consolidated Statements of Financial Performance

Total revenue of \$897.5 million was \$61.1 million (7.3%) higher than last year. This was due to an increase in off-course wagering and fixed odds sports betting turnover coupled with an increase in the overall take-out rate, commencement of Centralised Monitoring Services (CMS) operations and growth in media operations following a full-year effect of the acquisition of 2KY Broadcasters Pty Limited and increased site numbers. Gross proceeds from sale of properties was \$18.3 million, an increase of \$5.0 million

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$181.6 million, up \$16.1 million (9.7%) over the previous year

Net profit after tax was \$76.6 million, an increase of 4.5%. The growth rate was lower than the 9.7% growth in EBITDA due to a 78.6% (\$14.0 million) increase in depreciation expense following the commencement of CMS operations and the capital investment in the wagering business in recent years. Borrowing costs increased by \$5.0 million due to higher levels of debt required to fund capital projects and the share buy-back. Net profit was also impacted by the write-off of investment in associate (\$4.1 million) and a reduction in the rate of income tax from 34% to 30%.

Earnings per share increased by 5.4% to 15.5 cents per share.

→ STATEMENTS OF FINANCIAL POSITION As at 30 June 2002

	Note	Consolidated	
		2002 \$'000	2001 \$'000
Cash assets		27,989	35,332
Receivables		18,019	13,478
Current tax assets		2,093	-
Inventories		2,770	2,101
Other		5,632	3,644
Total Current Assets		56,503	54,555
Investments accounted for using the equity method		-	6,681
Property, plant & equipment		389,971	304,765
Deferred tax assets		6,407	10,016
Intangible assets		572,820	588,744
Other		647	272
Total Non-Current Assets		969,845	910,478
Total Assets		1,026,348	965,033
Customers' balances		31,154	30,075
Payables		115,368	80,212
Current tax liabilities		5,594	8,409
Provisions		43,293	45,755
Total Current Liabilities		195,409	164,451
Interest bearing liabilities		420,000	280,000
Deferred tax liabilities		29,094	18,066
Provisions		2,988	3,398
Total Non-Current Liabilities		452,082	301,464
Total Liabilities		647,491	465,915
Net Assets		378,857	499,118
Equity			
Contributed equity		315,136	431,364
Retained profits		63,721	67,754
Total Equity		378,857	499,118

The above statements of financial position should be read in conjunction with the accompanying notes.

CONCISE FINANCIAL REPORT

NOTES

Discussion and Analysis of Consolidated Statements of Financial Position

Total assets increased by \$61.3 million due to:

- a) Property, plant and equipment increased by \$85.2 million which comprised mainly of:
 - Capital expenditure on the maintenance and development of wagering operations (\$54.2 million) which included \$24.9 million on the new Eureka betting terminals and \$14.5 million on agency refurbishment.
 - The continued development of the Centralised Monitoring System and Maximillions statewide linked jackpots gaming business (\$39.0 million).
 - Work to date in refurbishing the company's principal office (\$21.2 million).
- Increase in the value of property, plant and equipment was reduced by the following:
 - Depreciation and amortisation expenses of \$36.2 million.
 - Asset disposals of \$9.3 million.
- b) Total value of intangible assets reduced by \$15.9 million due to amortisation charges relating to SKY Channel goodwill, RCT/ AWA Racecourse tote goodwill and wagering and CMS licences.
- c) The write-off of investment in Mikohn Gaming Australasia Pty Limited (\$4.1 million).

Total liabilities increased by \$181.6 million due to:

- Additional borrowing to fund the share buy-back (\$135.3 million) and capital expenditure (\$60 million).
- A net increase in income tax liabilities of \$8.2 million mainly due to additional research and development costs and increased direct deductions relating to capitalised gaming costs.
- Increased payables of \$35.2 million resulting from year end accruals.

The share buy-back of 9.8% of issued share capital and related transaction costs reduced total equity by \$120.2 million. This reduction included a decrease in retained profits of \$4.0 million due to the total appropriation for dividends for the year, which included a \$19.1 million dividend component of the share buy-back, exceeding the year's net profit after tax of \$76.6 million.

Net debt has increased by \$147.0 million to \$392.0 million leading to a net debt to equity ratio of 103.5% (2001: 49.0%) following additional borrowings to fund the operations outlined above and a reduction in equity.

Return on year end equity increased from 14.7% to 20.2% following an improved profit level on a reduced equity base.

INDEPENDENT AUDIT REPORT

To the members of Tab Limited

Scope

We have audited the concise financial report of Tab Limited for the financial year ended 30 June 2002 as set out on pages 10 to 12 in order to express an opinion on it to the members of the company. The company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Tab Limited for the year ended 30 June 2002. Our audit report on the full financial report was signed on 23 August 2002, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports" applicable in Australia.

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

Audit Opinion

In our opinion, the concise financial report of Tab Limited complies with Accounting Standard AASB 1039 "Concise Financial Reports" applicable in Australia.

Ernst & Young
Ernst & Young
Sydney
23 August 2002

Brian Long
Brian Long, Partner

STATEMENTS OF CASH FLOWS For the year ended 30 June 2002

	Consolidated	
	2002 \$'000	2001 \$'000
Cash Flows from Operating Activities:		
Receipts from customers	4,619,943	4,394,750
Dividends on winning wagers	(3,732,025)	(3,571,786)
Government wagering tax	(205,556)	(196,512)
Payments to suppliers & employees	(491,231)	(469,830)
Interest received	191,131	156,622
Other revenue received	1,310	1,787
Borrowing costs	1,485	5,320
Tax refund from Australian Taxation Office	(23,830)	(13,584)
Income tax paid	8,648	-
Net cash inflow from operating activities	147,352	112,470
Cash Flows from Investing Activities:		
Payments for property, plant and equipment	(118,501)	(157,145)
Payments for purchase of controlled entity, net of cash acquired	-	(25,338)
Proceeds from disposal of property, plant and equipment	19,120	14,030
Proceeds from sale of investment in subsidiary	-	5,250
Net cash outflow from investing activities	(99,381)	(143,203)
Cash Flows from Financing Activities:		
Payment of deferred settlement	-	(53,323)
Proceeds from borrowings	140,000	150,000
Dividends paid	(60,012)	(60,006)
Payment for share buy-back	(135,302)	-
Proceeds from issue of shares	-	243
Net cash inflow (outflow) from financing activities	(55,314)	36,914
Net (decrease) in cash held	(7,343)	(13,819)
Cash at the beginning of the reporting period	35,332	49,151
Cash at the end of the reporting period	27,989	35,332

The above statements of cash flows should be read in conjunction with the accompanying notes.

Discussion and Analysis of Consolidated Statements of Cash Flow

Cash flows from operating activities

Net cash inflow from operating activities increased by \$34.9 million due mainly to higher receipts (after customers dividends) of \$65.0 million following increased wagering turnover and a refund from the Australian Taxation Office of \$8.6 million. This increase was partially offset by higher payments to suppliers and employees (\$21.4 million), wagering tax (\$9.0 million) and borrowing costs (\$10.2 million).

Cash flows from investing activities

Net cash outflow from investing activities of \$99.4 million arose from payments for the acquisition of property, plant and equipment (\$118.5 million) reduced by proceeds from asset disposals of \$19.1 million.

Cash flows from financing activities

Net cash outflow of \$55.3 million comprised payments for the share buy-back and related transaction costs of \$135.3 million and dividend payments in October 2001 and March 2002 totalling \$60.0 million. These outflows were partially offset by proceeds from additional borrowings of \$140.0 million.

NOTE 1

This concise financial report relates to the consolidated entity consisting of TAB Limited and the entities it controlled at the end of, or during, the year ended 30 June 2002. It has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 1039 "Concise Financial Reports".

The financial statements and specific disclosures included in the concise financial report have been derived from the financial report. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the financial report.

Further financial information can be obtained from the full financial report which is available, free of charge, on request from the company. A copy may be requested by calling (02) 9211 0188. Alternatively, both the full financial report and the concise financial report can be accessed via the internet at <http://www.tablimited.com.au>.

The accounting policies adopted are consistent with those of the previous year except with respect to the determination of earnings per share.

The consolidated entity has adopted Accounting Standard AASB 1027 "Earnings Per Share" and has for the first time, determined basic and diluted earnings per share in accordance with the revised standard.

In previous years basic earnings per share (EPS) was calculated by dividing the profit from ordinary activities, after tax, by the weighted average number of ordinary shares outstanding during the financial year. In accordance with the revised AASB 1027, basic EPS is now calculated by

dividing net profit attributable to members of the company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted EPS was previously determined by dividing the profit from ordinary activities after tax, adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares and potential ordinary shares outstanding during the financial year. In accordance with AASB 1027, diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

The EPS information for the year ended 30 June 2001 has been recalculated to present the comparative amounts on a consistent basis with the current financial year.

Basic EPS and diluted EPS calculated in accordance with the previous method are not materially different to the revised method adopted.

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases to the nearest dollar.

NOTE 2

	2002 \$'000	2001 \$'000
Revenue from operating activities		
Wagering services	753,396	720,680
Media services	99,251	91,192
Gaming services	18,325	1,340
	870,972	813,212
Revenue from outside the operating activities	26,495	23,213
Total revenue from ordinary activities	897,467	836,425

Annual Review

Tab limited Concise Report for the Financial Year ended 30 June 2002

NOTE 3

	2002 \$'000	2001 \$'000
a) Current year's dividends provided for or paid		
i. Final dividend of 7 cents per share expected to be paid in October 2002 (2001: 6 cents per share). Fully franked at 30% (2001: 30%).	31,583	30,006
ii. Interim dividend of 6 cents per share paid in March 2002 (2001: 6 cents per share). Fully franked at 30% (2001: 34%).	30,006	30,006
iii. Dividend relating to share buy-back paid in May 2002 (39 cents per share). Fully franked at 30%	19,074	-
Total current year's dividends provided for or paid	80,663	60,012
b) Previous year's dividend paid in current year		
Final dividend of 6 cents per share paid in October 2001 (2000: 6 cents per share). Fully franked at 30% (2000: 36%).	30,006	30,000
Total dividends provided for or paid	110,669	90,012

Franked dividends

The franked portions of dividends proposed as at 30 June 2002 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2003.

NOTE 4

Primary reporting - business segments

	Wagering \$'000	Media \$'000	Gaming Inter-segment Eliminations \$'000	Consolidated \$'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)	-
Interest expense				(21,654)
Write-off of investment in associate (net of sale proceeds)				(4,681)
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)
Unallocated assets				8,500
Total assets				1,026,348
Liabilities				
Segment liabilities	142,538	35,457	9,846	(26,621)
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	-
Depreciation and amortisation expense	26,106	16,912	9,394	-
Non-cash expense other than depreciation and amortisation	70,274	892	3,159	-

NOTE 4 (CONTINUED)

Primary reporting - business segments

	Wagering \$'000	Media \$'000	Gaming 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				836,625
Segment result	106,777	22,458	(1,156)	-
Interest expense				(16,654)
Share of net loss of equity accounted investment				(771)
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)
Unallocated assets				16,697
Total assets				965,033
Liabilities				
Segment liabilities	115,127	45,918	3,656	(35,267)
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	-
Depreciation and amortisation expense	18,884	16,544	796	-
Non-cash expense other than depreciation and amortisation	56,836	831	2,272	-
Secondary reporting - geographical segments				
The consolidated entity operates, predominantly in Australia				

NOTE 5

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

NOTE 6

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 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.