



Australia's leading wagering, racing media and Keno operator

- Secure long term licences in Australia's most attractive markets
- Iconic Australian brands with market leading positions such as TAB, Sky Racing and Keno
- Extensive multi channel distribution footprint through retail, mobile, internet, phone and self service
- Strong earnings, cash flows, and balance sheet
- Established relationships with industry partners
- Recognised as global leader in responsible gambling

Key achievements during the year

- Awarded the new Victorian Wagering and Betting Licence
- Launched Victorian Keno business
- Prepared for Tabcorp Gaming Solutions start up
- Expanded Sky Channel international export
- Launched Premier Gateway International wagering hub in Isle of Man
- Refinanced FY13 debt maturities
- Strong revenue growth continued in fixed odds, Trackside and Luxbet. Retail wagering and online turnover also grew
- Completed demerger separation of former casinos business

Notice of meeting

The Annual General Meeting of Tabcorp Holdings Limited will be held at The Grand Ballroom, Four Seasons Hotel, 199 George Street, Sydney, New South Wales on Wednesday 31 October 2012 at 10am (AEDT).

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Financial performance

- Net profit after tax (NPAT) from continuing operations of \$340.0 million, up 12.7%⁽¹⁾
- Earnings before interest and taxation (EBIT) from continuing operations of \$591.7 million, up 5.2%⁽²⁾
- Revenues of \$3,038.5 million, up 3.1%. Operating expenses up 5.2% to \$416.1 million include start up costs for Victorian Keno and Tabcorp Gaming Solutions
- Earnings per share from continuing operations of 47.6 cents, up 4.6%⁽²⁾, following capital management activities
- Declared dividends totaling 24 cents per share fully franked, including final dividend of 11 cents per share. Dividend pay out ratio 50.9% of NPAT
- Taxes on gambling paid from continuing operations of \$1,121.9 million, up 0.6%, including:
 - Contribution to State community benefit funds in Australia of \$78.7 million, up 0.5%
- Income generated for the racing industry up 1.7% to \$652.7 million:
 - Victorian racing industry up 0.6% to \$324.2 million
 - New South Wales racing industry up 1.0% to \$238.6 million
 - Race field fees up 10.0% to \$38.0 million
 - Broadcast rights and international contributions up 6.6% to \$51.9 million
- Income taxes paid and payable from continuing operations of \$157.0 million, up 24.1%

(1) Prior year NPAT of \$534.8 million included \$591.2 million profit from discontinued operations and impairment of \$358.0 million, resulting in FY11 NPAT from continuing operations of \$301.6 million. FY11 result included interest expense of \$134.4 million, which reflected the higher debt levels prior to the demerger of the Casinos business, compared with \$94.7 million in the current period.

(2) Prior year comparative from continuing operations excludes impairment of \$358.0 million.

(3) For periods before FY11/12, earnings and revenue is normalised to reflect the theoretical win rate of the VIP Rebate Business of the now-demerged Casinos division, and earnings excludes one-off demerger related items.

(4) For periods before FY08/09, comparatives adjusted to include Victorian licence amortisation.

(5) FY07/08 includes the special dividend declared in August 2008 of 47 cents per share which was declared as a substitute for the final dividend for FY07/08.

Net profit after tax⁽³⁾⁽⁴⁾
\$ million



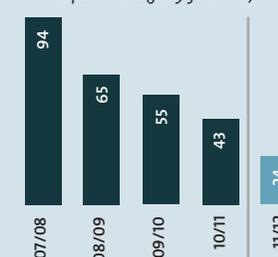
Revenue⁽³⁾
\$ million



Earnings per share⁽³⁾⁽⁴⁾
Cents per share



Dividends per share⁽⁵⁾
Cents per share (fully franked)



Chairman's message



“Tabcorp is well placed for the future, with a clear strategy of leadership in our chosen markets.”

I am pleased to present the 2012 annual report for Tabcorp Holdings Limited.

2012 – A successful year

The 2012 financial year was a successful year for Tabcorp on both a financial and operational front. It was a year in which Tabcorp secured its leadership position in Australian gambling and entertainment by winning new licences.

Tabcorp completed the operational separation following the demerger of the former Casinos business in June 2011, which now trades on the Australian Securities Exchange (ASX) as Echo Entertainment Group. The company is now clearly focussed on our continuing businesses of Wagering, Media and International, Keno and Gaming.

Tabcorp's businesses again demonstrated their resilience in 2012, as evidenced by growth in revenues of 3.1% to \$3,038.5 million and growth in Earnings Before Interest and Taxes (EBIT) of 5.2% to \$591.7 million¹.

A significant area of attention for Tabcorp during the year centred on preparing for a seamless transition to Victoria's new gambling industry structure, which was implemented in August 2012.

In December 2011, Tabcorp was awarded the new Victorian Wagering and Betting Licence in a competitive tender. We were delighted to be chosen by the Victorian Government as the preferred tenderer. The new licence, which commenced in August 2012 and runs until August 2024, has given Tabcorp the opportunity to operate a new 50/50 Joint Venture with the Victorian Racing Industry. The sole licence allows Tabcorp to offer on-course and off-course wagering and betting on thoroughbred, harness and greyhound racing and approved sporting and other events. Tabcorp continues to be a key part of racing and wagering in Victoria, which is core to our company heritage.

In April 2012, Tabcorp launched the lottery game Keno into Victoria, after having been awarded Victoria's first ever stand-alone Keno licence in March 2011.

We transitioned out of our Victorian Tabaret gaming operation in August 2012 and commenced the new Tabcorp Gaming Solutions (TGS) business. Under Victoria's new gaming industry model, TGS is the state's leading gaming services provider, helping licensed venues manage their gaming offer to patrons.

Financial highlights and dividend

Tabcorp reported Net Profit After Tax (NPAT) from continuing operations of \$340.0 million, up 12.7%² for the year to 30 June 2012. The result reflects underlying earnings growth particularly in the Wagering and Media and International businesses, and the benefit of lower interest expense following the demerger.

The company's financial performance was also reflected in the growth in Earnings Per Share (EPS) to 47.6 cents, up 4.6%³.

While general market conditions continued to be challenging in 2012, it was positive that the company recorded strong EBIT and profit growth. Tabcorp's 2012 financial performance reflects the effective management of regulatory change, targeted investments and our commitment to innovation and new technologies.

Tabcorp declared a final dividend of 11 cents per share for the second half, fully franked and payable on 26 September 2012 to shareholders registered at 22 August 2012. The full year dividend was 24 cents, which constituted a dividend payout ratio of 50.9% of annual NPAT. This was in line with previous guidance.

Capital management

Tabcorp successfully completed a number of refinancing activities in 2012, resulting in the company now having a staggered and long-term debt maturity profile. Tabcorp refinanced its FY2013 debt maturities by:

- Raising A\$250 million through the offer of Tabcorp Subordinated Notes;
- Raising A\$210 million from the US Private Placement (USPP) market; and
- Extending the maturity date of A\$400 million of our syndicated bank facility from June 2013 to June 2015.

The USPP and subordinated notes offer were well supported by investors, which is a positive endorsement of the investment credentials of Tabcorp.

The company's funding is now diversified across bank facilities, retail bonds, institutional bonds and the USPP market.

1 Prior year comparative from continuing operations excludes impairment of \$358.0 million.

2 Prior year NPAT of \$534.8 million included \$591.2 million profit from discontinued operations and impairment of \$358.0 million, resulting in FY2011 NPAT from continuing operations of \$301.6 million. FY2011 result included interest expense of \$134.4 million, which reflected the higher debt levels prior to the demerger of the Casinos business, compared with \$94.7 million in the current period.

3 Prior year comparative from continuing operations excludes impairment of \$358.0 million.

Board

In June 2012, Elmer Funke Kupper was appointed a Non-Executive Director of the company after receiving the requisite regulatory approvals. As the company's former CEO, Elmer has deep knowledge of Tabcorp's businesses and strong relationships with our partners.

In July 2012, Steven Gregg was also granted the necessary regulatory approvals and was appointed a Non-Executive Director. Steven brings strong credentials to the Tabcorp Board, having held senior executive roles in investment banking and management consulting.

I welcome Elmer and Steven to the Tabcorp Board.

Supreme Court proceedings

In August, I wrote to all shareholders outlining that Tabcorp has filed a Writ and a Statement of Claim in the Supreme Court of Victoria seeking a payment from the State of Victoria of an estimated \$686.8 million.

The State of Victoria's obligation to make the payment to Tabcorp came into existence when it privatised the Victorian TAB and listed Tabcorp on the ASX in 1994. The *Gaming and Betting Act 1994* provided for a payment by the State of Victoria to Tabcorp on the grant of new licences, irrespective of whether Tabcorp was the new licensee.

Your Directors have given due and careful consideration to the decision to lodge this claim. The Board considers that the company is entitled to a payment, and that the company has a duty to Tabcorp's many individual shareholders to pursue that entitlement.

Management and employees

I would like to acknowledge the leadership of our CEO David Attenborough and his management team during the 2012 financial year. I would also like to acknowledge the outstanding contribution of Tabcorp's more than 3,000 full-time and casual employees across Australia. Tabcorp's strong financial and operational performance reflects their collective commitment to our businesses and their focus on our customers.

Tabcorp and the community

Tabcorp has been a reliable and trusted operator of gambling businesses since the company's establishment in 1994. We are proud of our corporate social responsibility record. Tabcorp was once again recognised by the Dow Jones Sustainability Index as the overall global leader in the gambling industry and a world leader in the promotion of responsible gambling in its 2011 ratings.

In 2012 Tabcorp announced the launch of Tabcare, a new employee engagement program which supports our people in undertaking activities that benefit the broader community. This program complements the many existing community-based activities that Tabcorp supports. Tabcorp has partnered with the Westpac Life Saver Rescue Helicopter and Conservation Volunteers Australia (NSW), Riding Develops Abilities Victoria and Fare Share (Victoria) and The Pyjama Foundation (Queensland), to help deliver Tabcare.

Tabcorp was also proud to once again be the major supporter of Greyhound Racing Victoria's The Great Chase, which raises funds and provides social activities for disability services groups.

The future

Tabcorp is well placed for the future, with a clear strategy of leadership in our chosen markets.

Our financial results in 2012 demonstrate that our businesses are trading well in their respective markets, despite the economic uncertainty and challenging market conditions.

Further, Tabcorp has cemented its leadership in the Australian gambling industry through the launch of our new Victorian Wagering and Betting licence and our new Victorian Keno and TGS businesses.

The company has a portfolio of well recognised brands and products, a diversified presence in retail and online distribution and a number of long-dated licences. These assets allow us to provide a competitive entertainment experience for our customers and position us to deliver strong returns for our shareholders.

In closing, I would like to thank you for your continued support of Tabcorp. I would also like to acknowledge our many racing industry, venue and business partners. It is through our joint efforts that we serve the hundreds of thousands of customers who continue to choose our market-leading brands and products.

Paula Dwyer
Chairman



Chief Executive Officer's message



“We are stepping up our investment in new products and strengthening our multi-channel strategy, which differentiates us from our competitors.”

I am pleased to report that the 2012 financial year was a successful one for Tabcorp. It was not only a year in which the company delivered strong financial results despite the tough and competitive trading environment, it was also a year in which the company positioned itself to continue to be a major operator in Victoria.

Following a seamless transition to the new Victorian gambling industry structure in August 2012, the company is now operating under its new Wagering and Betting Licence, has decommissioned the old Tabaret business and successfully launched Tabcorp Gaming Solutions (TGS).

In executing these key deliverables, the company has ensured it maintains its leadership position in Australian gambling and entertainment.

Group performance overview

The company's reported Net Profit After Tax (NPAT) from continuing operations was \$340.0 million, up 12.7%¹ for the year to 30 June 2012. This result reflects the benefit of lower interest expense following the demerger of Echo Entertainment Group.

The best measure of the company's financial performance is the growth in Earnings Before Interest and Taxes (EBIT), which was up 5.2%² to \$591.7 million. This was achieved in what have been widely recognised as challenging economic conditions.

I will now take you through the performance of each of our four businesses.

Wagering EBIT \$242.2³ million, up 10.0%

Tabcorp is Australia's market leader in wagering. Core to our Wagering business is the distribution of a full range of fixed odds and totalisator products to customers through a multi-channel strategy across retail, online and mobile channels. The 10.0% growth in EBIT demonstrates that the strategy is resonating with our customers.

Wagering revenues for the year were \$1,637.4 million, up 4.4% on the prior year. Operating expenses were \$279.8 million, up 6.2%, driven by investment in technology for growth initiatives, such as the Trackside, fixed odds and self-service expansion.

Fixed odds revenues were again one of the standouts for the business, growing 41.5% on the prior year to \$321.4 million. This offset a decline in totalisator revenues as customer preferences continue to shift towards fixed

odds betting. Tabcorp is largely driving this migration as a result of giving customers greater choice between tote odds and fixed odds products.

Tabcorp's animated racing game, Trackside, delivered 65.6% revenue growth to \$82.3 million, as a result of its expansion in NSW and continued growth in Victoria, where it has been long established.

Our retail channel is a critical element of our multi-channel strategy. The social experience associated with betting in a hotel, club or TAB agency provides us with a key competitive advantage. Retail wagering turnover was up 6.5% in NSW to \$3,911.0 million with the growth largely aided by fixed odds racing and a full year of Trackside. Victorian retail wagering turnover also grew to \$3,047.8 million, up 0.9%. The company added 186 new sites to the retail network in FY12 across NSW and Victoria, largely by using our cost-effective kiosk model.

Online turnover, excluding our Northern Territory-based bookmaking business, was \$2,159.2 million, up 14.5%. Online gambling purchases continue to grow as more and more consumers have access to mobile technology and the Internet.

A major operational achievement of the year was the launch of our international totalisator gateway, Premier Gateway International (PGI), which is based on the Isle of Man. PGI intends to expedite the co-mingling of overseas totalisator pools into our local pools.

Total returns to the Australian racing industry from Tabcorp's Wagering business were \$600.8 million. Racing industry contributions in Victoria were \$324.2 million, up 0.6%, and in NSW were \$238.6 million, up 1.0%. Race field fees were \$38.0 million, up 10.0%. This significant level of funding underscores the importance of Tabcorp to Australian racing.

Media and International EBIT \$57.1 million, up 8.1%

Tabcorp's Media and International business is a core part of Tabcorp. The co-ordination of vision, data and commentary through our Sky media platform is integral to the success of our Wagering businesses. Sky also provides other vital services, such as delivering Trackside to approximately 2,500 venues in Victoria and NSW.

The Media and International business achieved revenue growth of 6.1% to \$190.2 million, primarily as a result of increased export and subscription revenue.

1 Prior year NPAT of \$534.8 million included \$591.2 million profit from discontinued operations and impairment of \$358.0 million, resulting in FY11 NPAT from continuing operations of \$301.6 million. FY11 result included interest expense of \$134.4 million, which reflected the higher debt levels prior to the demerger of the Casinos business, compared with \$94.7 million in the current period.

2 Prior year comparative from continuing operations excludes impairment of \$358.0 million.

3 Prior year comparative from continuing operations excludes impairment of \$358.0 million.

Operating expenses for the year were \$113.4 million, up 4.6%, and were driven by investments in outside broadcast television production, rights fees and digital media. These investments enhanced the quality of the vision delivered to Sky's viewers.

Media and International also continued to expand the distribution of vision online and internationally. Australian and New Zealand racing is now exported to 31 countries, while the hours of distribution of our Racing World Australia channel in the UK was also expanded.

Finally, Sky retained the South Australian and Tasmanian thoroughbred media rights in 2012. A focus for the second half of the 2012 calendar year will be securing the NSW and Victorian thoroughbred media rights, which expire in December 2012.

Gaming

EBIT \$244.1 million, up 1.1%

The Gaming division's focus in FY12 centred on managing the transition out of Tabaret to the new gaming industry structure, while preparing TGS for launch.

Gaming revenues for the year were up 0.1% to \$1,078.9 million. Operating expenses, which incorporated \$8 million in start-up expenses for TGS, were well controlled at \$35.4 million, down 3.5% on the prior year.

As we have foreshadowed previously, there will be a goodwill write-off relating to the Tabaret Gaming business, which is expected to be \$47 million in the first half of FY13.

As we look to the future, TGS is our new gaming services provider, which has been established to help hotels and clubs manage their gaming offer.

TGS continued to enter into contracts with venues in FY12, with more than 8,500 gaming machines now signed up. The expected EBITDA from TGS is \$55 million per year from August 2012.

Keno

EBIT \$48.3 million, down 1.0%

Keno recorded strong revenue performance, with total revenues up 8.0% to \$183.1 million. Queensland revenues grew 6.9%, while revenue growth in NSW was 7.6%. The NSW and Queensland businesses continue to perform well.

Keno's overall EBIT result, down 1.0%, was negatively impacted by \$4 million in start-up costs associated with the new Victorian Keno

business. Excluding these start up costs, Keno would have delivered EBIT growth of approximately 9%.

Keno was successfully launched into more than 600 Victorian venues in FY12 and is a growing and important part of the Tabcorp group.

Our people and partners

I would like to acknowledge the hard work and commitment of our employees in helping to achieve a successful 2012. Our employees are now encouraged to live out the new Tabcorp Ways of Working, which is based on the pillars of 'Think Customer', 'Think Big', 'Be One Team', 'Be Accountable' and 'Do The Right Thing'.

Tabcorp operates its businesses with the support of a vast number of important stakeholders. It is important our interests are aligned. On that note, I would like to acknowledge each of our stakeholders for their support in 2012.

Tabcorp looking forward

Tabcorp's continuing businesses started the 2013 financial year with good momentum.

We are stepping up our investment in new products and strengthening our multi-channel strategy, which differentiates us from our competitors. We have also embraced the opportunity to create a new identity for our TAB brand. The new branding is presenting a fresh and innovative face to the wagering marketplace and highlights TAB's ability to create magic moments. We will continue to make the investments that allow us to remain at the forefront of emerging trends in gambling entertainment.

There is much to look forward to in 2013 including executing our new licences, developing compelling new products and channels and building on our customer focus.

We have a great platform. This positions Tabcorp well for a sustainable and profitable future.



David Attenborough
Managing Director and
Chief Executive Officer



Business overview

Wagering



Operations

- Network of agencies, hotels, clubs and on-course totalisators in Victoria and NSW
- Totalizator and fixed odds betting offered on racing and sporting events
- Luxbet.com offering racing, sport and novelty product fixed odds bookmaking service by telephone and online
- Trackside, a computer simulated racing product, in Victoria and NSW, and licensed overseas
- Wagering and pooling through Premier Gateway International (PGI) joint venture in the Isle of Man
- 2,800 (approx) TAB retail outlets
- Over 92,000 customer loyalty members

What happened during the year

- Awarded new Victorian Wagering and Betting Licence
- Expanded retail network with 186 new sites
- Launched new **tab.com.au** website
- Expanded fixed odds offering
- Launched PGI in the Isle of Man
- Renewed WA and ACT pooling arrangements
- Invested in technology to expand Trackside, fixed odds and self service

Key objectives for the year ahead

- Strengthen our customer relationships through our customer management program and promoting brand loyalty
- Build on strength in retail
- Continue fixed odds expansion
- Expand online with best in class offering (including social media)
- Grow international wagering revenues

Summary financial performance of Wagering business

	2012	2011	Change
For the year ended 30 June	\$million	\$million	%
Revenue	1,637.4	1,569.1	4.4
Taxes, levies, commissions and fees	(1,044.1)	(1,018.1)	2.6
Operating expenses	(279.8)	(263.5)	6.2
EBITDA	313.5	287.5	9.0
Depreciation and amortisation	(71.3)	(67.3)	5.9
EBIT	242.2	220.2	10.0
EBIT/Revenue	14.8%	14.0%	0.8

All information as at 30 June 2012, unless otherwise stated.

Media and International



Operations

- Broadcasting through Sky Racing nationally and internationally
- Sky Sports Radio network in New South Wales
- Sky Racing available in approximately 2.4 million Australian homes
- Broadcasting to 5,400 Australian outlets
- Covering over 86,000 races per annum
- Broadcasting Australian racing to 31 countries

What happened during the year

- Revenue growth from subscriptions and increased international export
- Media rights retained including Tasmanian and South Australian thoroughbreds
- Racing World Australia extended coverage into 14 million UK homes
- Invested in outside broadcast TV production, media rights fees and digital capabilities

Key objectives for the year ahead

- Maintain growth (including through retaining media rights)
- Expand vision and data distribution reciprocity (including Racing World Australia)

Summary financial performance of Media and International business

	2012	2011	Change
For the year ended 30 June	\$million	\$million	%
Revenue	190.2	179.3	6.1
Taxes and operator commissions	(11.1)	(11.1)	(0.0)
Operating expenses	(113.4)	(108.4)	4.6
EBITDA	65.7	59.8	9.9
Depreciation and amortisation	(8.6)	(7.0)	22.9
EBIT	57.1	52.8	8.1
EBIT/Revenue	30.0%	29.5%	0.5

Revenues and expenses do not aggregate to Group total due to intercompany eliminations between Wagering and Media and International businesses.

Gaming



Operations

- To 15 August 2012, operated electronic gaming machines (EGMs) in licensed hotels and clubs under the Tabaret brand in Victoria
- From 16 August 2012, commenced Tabcorp Gaming Solutions (TGS) to be the leading gaming services provider to licensed venues under the new Victorian gaming industry structure
- At year end, Tabaret market share was 53.3%, with 13,107 EGMs (average) in 255 Victorian venues

What happened during the year

- Managed transition from Tabaret to TGS
- Tabcorp Gaming Solutions contracted over 8,500 Victorian EGMs
- Launched Diamond Rewards loyalty program with over 100 live venues
- Invested in TGS startup while maximised returns from Tabaret

Key objectives for the year ahead

- Optimise Victorian gaming earnings until licence expiry on 15 August 2012
- Deliver TGS as the leading gaming services provider in Victoria
- Continue to expand TGS

Summary financial performance of Gaming business

For the year ended 30 June	2012 \$million	2011 \$million	Change %
Revenue	1,078.9	1,077.4	0.1
Taxes, levies, commissions and fees	(760.9)	(761.1)	0.0
Operating expenses	(35.4)	(36.7)	(3.5)
EBITDA	282.6	279.6	1.1
Depreciation and amortisation	(38.5)	(38.2)	0.8
EBIT	244.1	241.4	1.1
EBIT/Revenue	22.6%	22.4%	0.2

Statistics relate to Victorian Tabaret only.
Victorian Tabaret revenues and expenses are net of 25% allocation to joint venture partner

Keno



Operations

- Keno in 3,457 licensed venues in Victoria, New South Wales and Queensland
- 5,482 Keno terminals in Victoria, New South Wales and Queensland

What happened during the year

- Commenced new Victorian Keno Licence in April 2012
- Launched Victorian Keno in over 600 live venues and over 700 signed
- NSW hotel expansion nearing conclusion with 761 additional live venues (up 74 from start of year)
- Number of tickets sold increased 2.8% to 94.6 million (in Queensland and NSW)
- Invested in start up of new Victorian Keno business

Key objectives for the year ahead

- Grow Keno in current and new markets
- Expand distribution, self service and product offerings

Summary financial performance of Keno business

For the year ended 30 June	2012 \$million	2011 \$million	Change %
Revenue	183.1	169.6	8.0
Taxes, levies, commissions and fees	(81.1)	(74.8)	8.4
Operating expenses	(38.6)	(34.2)	12.9
EBITDA	63.4	60.6	4.6
Depreciation and amortisation	(15.1)	(11.8)	28.0
EBIT	48.3	48.8	(1.0)
EBIT/Revenue	26.4%	28.8%	(2.4)

Ticket count for prior year restated due to change in Queensland Keno Bonus reporting methodology

Responsible gambling

The Tabcorp Group is committed to promoting a sustainable gambling industry, and delivering its products and services responsibly. Responsible gambling is a key component of our operating philosophy and company values. We actively engage our employees, customers, governments, industry partners, community groups, and other stakeholders in creating the most enjoyable gambling and entertainment experiences, whilst proactively taking steps to minimise the potential harm that gambling can cause for some individuals.

Framework

For many years, the Tabcorp Group has been at the forefront of promoting responsible gambling, and continues to evolve its practices to meet the changing needs of customers, industry and the wider community. Tabcorp's responsible gambling framework is a multi-layered approach which includes measures to help people make informed choices, reduce problem gambling behaviour and supporting people who may have developed problem gambling behaviours. Such measures include making available to customers and the wider community a range of information to inform them about Tabcorp's products and services. Tabcorp has responsible gambling codes of practice that are specific to the operations of each business, and are therefore responsive to the specific needs of customers of those businesses. Responsible gambling personnel implement the Tabcorp Group's initiatives, promote awareness, and support self-exclusion and counselling services.

The Board Audit, Risk and Compliance Committee oversees the responsible gambling framework and monitors the effectiveness of practices that are in place within each business, so that customer care initiatives are consistently delivered.

Employee awareness

The Tabcorp Group's employee responsible gambling strategy was refreshed and enhanced during the year. A new Responsible Gambling Employee Resource Centre was developed, which includes videos and other resources for use by employees covering Tabcorp's commitment to responsible gambling, Tabcorp's Employee Gambling Policy, the fun and risks of gambling, identifying responsible versus problem gambling behaviours, and how to seek further assistance.

This year, employees within key businesses were surveyed by an external independent firm to identify to what extent they are at risk of problem gambling. Pleasingly, the results indicated that of our employees who gamble, all of them consider that they gamble responsibly.

Responsible gambling awareness forms an integral part of the Group's induction program and is maintained by annual refresher training for employees and agents within our retail network.

The Group's Employee Gambling Policy, which establishes the conduct that is expected of employees and contractors with regard to their gambling behaviour, was updated and relaunched in July 2012. Refer to section 17 of the Corporate governance statement on page 23 for more information.

Community awareness

In May 2012, the Tabcorp Group again supported the annual Victorian Responsible Gambling Awareness Week through the provision of the services of our expert employees, promotion within our venues, and by assisting in the funding of the week's activities. This event, which represents a partnership between government, the broader gambling industry and community organisations, highlights to gamblers that when they gamble they should do so responsibly and stay in control, and provides useful information and resources to customers and the community.

More information regarding responsible gambling and Tabcorp's codes of practice are available from the Responsible Gambling section of Tabcorp's website at www.tabcorp.com.au.



FTSE4Good

Tabcorp has received a 100% rating for promoting responsible gambling in the annual Dow Jones Sustainability Index assessment in each of the past five years.

People

Within our businesses there are more than 3,000 employees dedicated to providing the most exciting and engaging gambling and entertainment experiences. In order for Tabcorp to perform and grow its businesses, we invest in attracting and developing quality people who share our vision for success and have the capabilities and qualities to support our organisational goals and strategies. Tabcorp employees have personal and professional growth opportunities, and are supported through leadership experiences, training, secondments, rotations, projects, and career advancement opportunities. A new talent management program commenced during the year to identify and develop high calibre managers. The program is aligned with Tabcorp's succession planning process.

Engagement

Tabcorp recognises the importance of having an engaged workforce in order to maximise performance and execute on the growth strategies of the businesses. During the year, Tabcorp adopted a new survey approach to better understand its workplace and assess employee engagement. This survey, which was facilitated by an international consulting firm, followed the organisational changes that stemmed from the demerger and sets a new benchmark for Tabcorp to build upon. In response to the survey's findings, employees have been involved in seminars, briefings, leadership training and focus group meetings. Strategies and plans have been developed to address specific areas of focus to improve the way employees interact within the workplace and to foster long term individual and organisational success.

Diversity

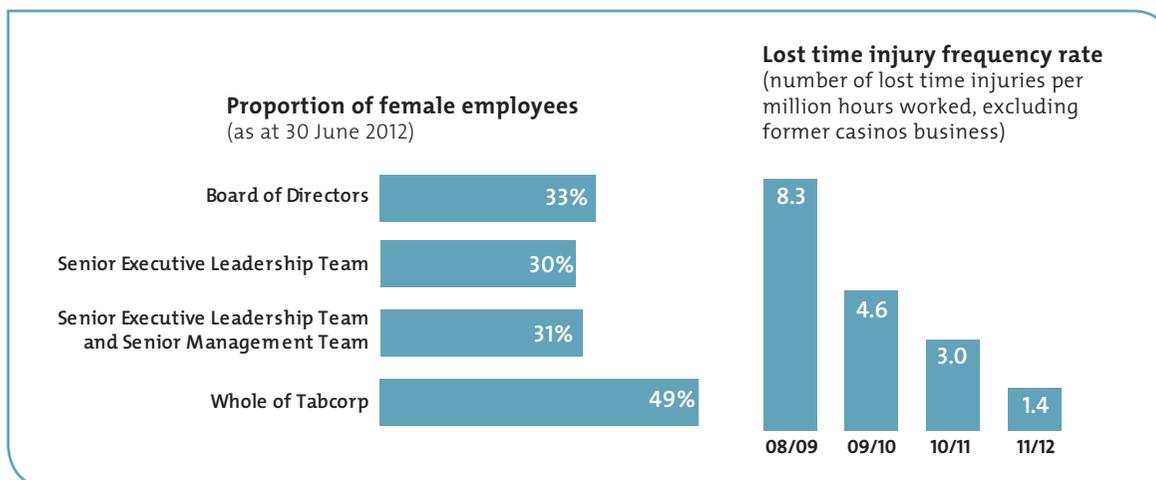
During the year, Tabcorp introduced a Diversity Policy which sets out the Company's policy in relation to diversity amongst the Board of Directors and senior management. In accordance with the policy, the Board has set an objective to have at least 33% female representation in senior management roles by 2015. The proportion of women at various levels within the Tabcorp Group at the end of the financial year is shown in the chart below. Further details are available in section 18 of the corporate governance statement on page 23 and in the Diversity Policy, which is available from the sustainability section of Tabcorp's website.

Health and safety

Tabcorp is committed to providing safe and healthy workplaces for all employees, contractors and visitors. Systems, policies and procedures are in place to assist in managing, reporting and controlling risks, hazards and incidents throughout the workplace. These were further developed during the year, by creating greater awareness and engagement amongst employees, increased focus on proactively identifying and managing hazards and risks, and including additional lead indicators to monitor performance. These practices are overseen by the Board Audit, Risk and Compliance Committee and Occupational Health and Safety Committees established in each Tabcorp location. As a consequence of continually strengthening Tabcorp's management of workplace health, safety and wellbeing, Tabcorp's lost time injury frequency rate has reduced by 83% since FY08/09 (note: this result would be improved if Tabcorp's former casinos business was included in the years prior to FY11/12). Tabcorp's Health and Safety Policy is available from the Sustainability section of Tabcorp's website.

Award for shared services

Tabcorp's Business Services Team received an award for "Excellence in Value Creation" at the 2012 Australasian Shared Services and Outsourcing Excellence Awards. This award recognised the team's outstanding contribution to value creation for delivering the Tabcorp demerger program of work six months early and under budget while maintaining high levels of service.



Community

As an integral part of the racing, gaming and entertainment industry, Tabcorp's businesses play a substantial role in supporting the communities in which they operate. The Tabcorp Group has a number of programs and services in Victoria, New South Wales and Queensland which provide donations, partnerships, sponsorships, employee engagement opportunities and in kind benefits to a range of charities, not for profit groups and local community organisations. These activities are reviewed regularly to enhance the employee experience, meet the changing needs of these community groups, and align with the strategies and priorities of Tabcorp's businesses.

Tabcare

Following a review of Tabcorp's community support strategy and investment programs during the year, and in consideration of the organisational changes and business priorities following the demerger, the Tabcorp Group launched its new community engagement program, called Tabcare, in July 2012. Tabcare enables employees to contribute their energies and passions through a volunteering program and a matched fundraising program. Eligible employees are offered one day's volunteer leave annually which they can use at their nominated local community non-profit organisation or with other employees at one of the community organisations with which Tabcorp has established a partnership: FareShare and Riding Develops Abilities in Victoria; Westpac Life Saver Rescue Helicopters and Conservation Volunteers in New South Wales; and The Pyjama Foundation in Queensland. Through the fundraising program, Tabcorp encourages teams of employees to raise money for registered charities, where Tabcorp will match any funds raised up to \$10,000 per charitable organisation to enable the money to be shared around. Tabcorp has dedicated up to \$200,000 in donations for matched fundraising activities in this financial year.

Community partnerships

During the year, Tabcorp's employees, businesses and brands contributed a total of approximately \$1 million of voluntary funding to local communities and charitable organisations. This included employee volunteering and support services through Tabcorp's ROAR program: a partnership with the Tigers in the Community Foundation, a non-profit charitable organisation associated with the Richmond Football Club, helping to deliver community programs in inner Melbourne. Also, through Tabcorp's partnership with Greyhound Racing Victoria, the TAB Sportsbet Great Chase series delivered funds to community groups, with Wintringham Community Services receiving \$5,000 in the final event of the series. Other activities included the provision of Sky Channel advertising, sponsoring and partnering with local community organisations, and supporting employees with fundraising events.

Other contributions

In addition, Tabcorp's businesses contribute significant funding which is utilised by governments to support many services and projects throughout the community. During the year, Tabcorp's businesses contributed:

- \$1,121.9 million in taxes on gambling, including gaming levies and State community benefit funds; and;
- \$157.0 million in income taxes paid and payable.

Major community services and facilities, such as roads, hospital and health facilities and other community infrastructures benefit from the funds generated by Tabcorp's businesses.

Refer to Tabcorp's website at www.tabcorp.com.au for further information about how the Tabcorp Group supports the communities in which it operates.



Environment

The Tabcorp Group is committed to operating as efficiently as possible and managing environmental risks and opportunities in accordance with applicable legislation. Processes and systems are in place to monitor, evaluate and manage Tabcorp's environmental commitments which assist in minimising the consumption of energy, water and waste.

As a consequence of the demerger of Tabcorp's former casinos business in June 2011, the environmental impacts of the Tabcorp Group have substantially lessened. At the time to demerger, the former casinos business represented 80% of the Tabcorp Group's total energy consumption and greenhouse gas emissions and 95% of total water usage. Accordingly, the Tabcorp Group no longer meets the criteria required to participate in the Federal Government's Energy Efficiency Opportunities (EEO) initiative and the National Greenhouse Energy Reporting System (NGERS).

Despite formally withdrawing from these Government programs, the Tabcorp Group continues to work with local communities, employees, suppliers and other stakeholders to identify and implement initiatives that are environmentally sustainable. Tabcorp encourages employees to reduce the consumption of paper, materials, energy and water, and to recycle waste wherever appropriate. Through the Tabcare community program, employees are able to contribute to helping the environment through volunteering for local community not-for-profit organisations.

Greenhouse gas emissions

Tabcorp's measurable greenhouse gas emissions for the financial year ended 30 June 2012 totalled 21,484 tCO₂-e up 4.6% on the prior year. These emissions comprised:

- 7.5% Scope 1 emissions resulting from fleet vehicle fuels (6.6%) and natural gas used for heating offices (0.9%); and
- 92.5% Scope 2 emissions from electricity used to power offices and buildings.

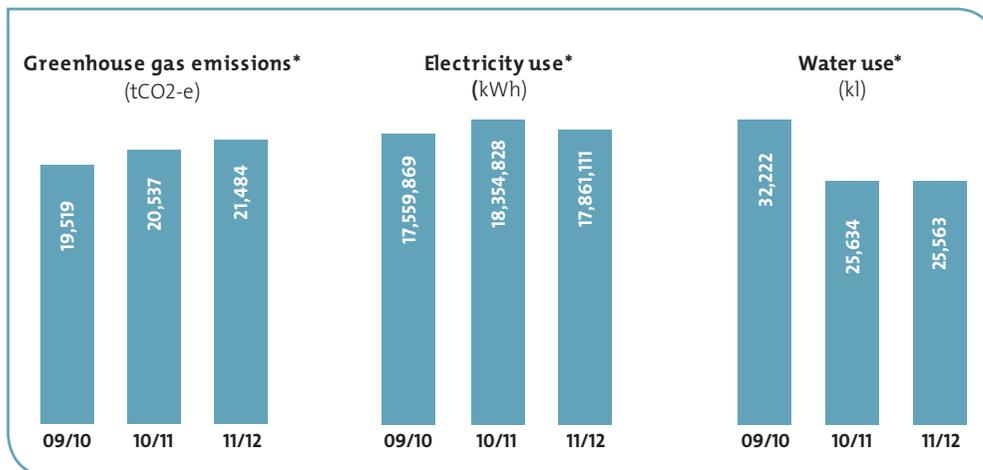
Electricity

Tabcorp's measurable electricity usage at its offices and buildings (excluding the company's former casinos business) was 17,861,111 kWh, down 2.7% from the prior year.

Water

For the financial year, Tabcorp's measurable water consumption at its offices and buildings (excluding the company's former casinos business) was 25,563 kl, down 0.3% from the prior year.

Refer also to page 31 in the Directors' Report for additional information regarding the Tabcorp Group's environmental regulation and performance.



* Excluding former casinos business

Board of Directors



Paula Dwyer

**Chairman since June 2011 and
Non Executive Director since August 2005**

Bachelor of Commerce; Fellow of the Institute of Chartered Accountants in Australia; Fellow of the Australian Institute of Company Directors (AICD); Fellow of the Financial Services Institute of Australasia

Paula Dwyer is a Director of Australia and New Zealand Banking Group Limited, Leighton Holdings Limited and Lion Pty Ltd. She is also a Member of the Takeovers Panel and Deputy Chairman of the Baker IDI Heart and Diabetes Institute.

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

Ms Dwyer was formerly a director of Suncorp Group Limited, Foster's Group Limited, Healthscope Limited, David Jones Limited, Astro Japan Property Group Limited and is a former member of the Victorian Casino and Gaming Authority and of the Victorian Gaming Commission from 1993 to 1995.

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



David Attenborough

**Managing Director and
Chief Executive Officer since June 2011**

*Bachelor of Science (Honours);
Masters of Business Administration*

David Attenborough joined Tabcorp in April 2010 as Managing Director - Wagering. He became Managing Director and Chief Executive Officer when Tabcorp's demerger of Echo Entertainment Group Limited was completed in June 2011.

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



Elmer Funke Kupper

Non Executive Director since June 2012

*Bachelor of Business Administration;
Master of Business Administration*

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

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

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



Steven Gregg

Non Executive Director since July 2012

Bachelor of Commerce

Steven Gregg is a Director of Goodman Fielder Limited and of thoroughbred bloodstock company William Inglis & Son Limited. He is also Consultant and Senior Adviser to the Grant Samuel Group and a Director of The Lorna Hodgkinson Sunshine Home.

Mr Gregg had an executive career in investment banking and management consulting, having held senior executive roles with ABN Amro Bank, and Partner and Senior Adviser to McKinsey & Company.

Mr Gregg was formerly Chairman of Austock Group Limited.

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



Jane Hemstritch

Non Executive Director since November 2008

Bachelor of Science (First Class Honours); Fellow of the Institute of Chartered Accountants in Australia; Fellow of the Institute of Chartered Accountants in England and Wales; Fellow of AICD; Member of Chief Executive Women Inc.

Jane Hemstritch is a Director of the Commonwealth Bank of Australia, Lend Lease Group and Santos Limited. She is also a Director of the Victorian Opera Company, Deputy Chairman of The Global Foundation, a Member of the Research and Policy Council for the Committee for Economic Development of Australia, and a Member of the Council of the National Library of Australia.

Mrs Hemstritch was Managing Director - Asia Pacific for Accenture Limited where she was a member of Accenture's global executive leadership team and headed up its business portfolio in Asia Pacific spanning twelve countries.

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



Justin Milne

Non Executive Director since August 2011

Bachelor of Arts; Member of AICD

Justin Milne is a Director of Basketball Australia Limited and Commissioner of the National Basketball League. He is also a Director of Quickflix Limited and NetComm Wireless Limited, a Board Member of the Sydney Children's Hospital Advisory Network and Chairman of the Sydney Children's Hospital Foundation Building Appeal.

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

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



Zygmunt Switkowski

Non Executive Director since October 2006

Bachelor of Science (Honours); PhD (Nuclear Physics); Fellow of AICD

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

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

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

Senior Executive Leadership Team



David Attenborough

Managing Director and Chief Executive Officer

David joined Tabcorp in April 2010 as Managing Director - Wagering. He became Managing Director and Chief Executive Officer following Tabcorp's demerger in June 2011.

He has an extensive background in totalisator and fixed-odds betting, racing and broadcasting. He was previously the Chief Executive Officer (South Africa) of Phumelela Gaming and Leisure Limited, the leading wagering operator in South Africa. His previous experience includes the development of casino, bookmaking and gaming opportunities for British bookmaking company Ladbrokes (formerly part of the Hilton Group Plc).

David holds a Bachelor of Science (Honours) and a Masters of Business Administration.



Damien Johnston

Chief Financial Officer

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

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

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



Kerry Willcock

Executive General Manager – Corporate, Legal and Regulatory

Kerry joined Tabcorp in February 2005. She has extensive commercial, legal, litigation and government relations experience having worked with Allens Arthur Robinson, Clayton Utz and with the Australian Postal Corporation, where she held the position of General Counsel.

Kerry holds a Bachelor of Arts and a Bachelor of Laws and is a qualified mediator.

She is also a member of the Australian Corporate Lawyers Association (ACLA) General Counsel Group and a member of the Australian Institute of Company Directors.



Merryl Dooley

Executive General Manager – Human Resources

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

Merryl holds a Masters of Business Administration (Executive) and a Bachelor of Arts.



Doug Freeman

Executive General Manager – Strategy and Business Development

Since joining Tabcorp in June 2005, Doug has held several senior finance and strategy roles within Tabcorp's wagering and media businesses. He commenced his current role following Tabcorp's demerger in June 2011.

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

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



David Ginnane

Executive General Manager – Marketing

David joined Tabcorp as Business Development Manager in the Gaming Marketing team in April 2004. Since this time, he has held several general management roles across the Gaming and Wagering businesses. Most recently, David was General Manager Products & Customer Experience before commencing his current role in August 2012.

Before joining Tabcorp, he held senior business and corporate management roles with General Motors Acceptance Corporation, including responsibilities for domestic and international regions.

David holds a Masters of Business Administration and a Bachelor of Business.



Craig Nugent

Managing Director – Fixed Odds

Craig joined Tab Limited in 1999 as Manager Oncourse Wagering and International Sales. Throughout his time with Tabcorp, and Tabcorp subsidiaries Tab Limited and Luxbet, he has held senior executive roles in sportsbetting, oncourse wagering and international sales.

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



Brendan Parnell

Chief Operating Officer – Media and International

Brendan commenced with Sky Channel in 1995 and in 2003 became General Manager Broadcasting. In 2007 he was appointed as Chief Operating Officer of Tabcorp's Media and International division overseeing the television, radio and international wagering operations.

He began his broadcasting career as a news and sports reporter / producer in regional television including Seven Network Queensland where he was Network Sports Editor.

Brendan holds a Graduate Certificate of Management and a Bachelor of Arts (Journalism).



Adam Rytenski

Executive General Manager – Distribution

Adam joined Tabcorp in April 2000 as State Manager – Retail and since then he has held numerous senior management roles. Following Tabcorp's demerger in June 2011, Adam was appointed to his current role, responsible for leading Tabcorp's customer distribution channels including retail, online, phone and oncourse.

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

Adam holds a Masters of Business Administration.



Kim Wenn

Chief Information Officer – Tabcorp Technology

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

Previously, she has worked in research, development, logistics and project management within the information technology industry at Quest Software, Microlistics, Tech-Precision and Amcor.

Kim holds a Masters in Management and Technology, and a Bachelor of Science (Computing).

Corporate governance

Tabcorp again received the highest rating for corporate governance out of all global gambling companies in the 2011 Dow Jones Sustainability Index assessment.

Tabcorp also received the highest possible rating for corporate governance in the 2012 FTSE4Good ESG (Environmental, Social and Governance) Ratings.

1. Tabcorp's approach to corporate governance

Tabcorp's Board of Directors and management strongly support the principles of good corporate governance, and are committed to building on the Group's strong reputation for integrity. This is particularly important given the highly regulated industry in which the Tabcorp Group operates, and is essential for increasing our opportunities to win and retain gambling licences, and for the long term sustainability of our businesses.

This corporate governance statement outlines the Tabcorp Group's main corporate governance practices and policies in place during the financial year and at the date of this report. The Group's corporate governance practices are reviewed regularly and will continue to be developed and refined to meet the needs of the Group and taking account of best practice. Since the start of the 2012 financial year, the Group's corporate governance practices were enhanced through the adoption of a Diversity Policy (refer section 18), a policy limiting the number of other directorships that Non Executive Directors may hold (refer section 6), revision of the Employee Gambling Policy (refer section 17), and the launch of a new Sustainability section on Tabcorp's website (refer section 27).

In developing the appropriate corporate governance practices, the Group takes into account all applicable legislation and recognised standards, which include, but are not limited to:

- *Corporations Act 2001 (Cth) (Corporations Act);*
 - *Australian Securities Exchange (ASX) Listing Rules;*
 - State legislation governing the licences issued to the Tabcorp Group to conduct gambling and related activities; and
 - *Australian Standard AS 8000 – Good Governance Principles.*
- 🔗 This corporate governance statement and other related information is available from the corporate governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

2. ASX Corporate Governance Principles

The Tabcorp Group adopts the "*Corporate Governance Principles and Recommendations, 2nd edition*" which was published by the ASX Corporate Governance Council (ASX CGC) in August 2007 and as amended. The Group complies with these principles and recommendations and has processes in place to maintain ongoing compliance. Statements in this corporate governance section have been referenced to the applicable ASX CGC Recommendation and are indicated by the symbol .

🔗 The ASX CGC "*Corporate Governance Principles and Recommendations, 2nd edition*" are available from the ASX website at www.asxgroup.com.au/corporate-governance-council.htm.

3. Composition of the Board

At the date of this report, the Tabcorp Board consisted of six Non Executive Directors, including the Chairman, and the Managing Director and Chief Executive Officer. Tabcorp's Constitution requires that the number of Directors (not including alternate Directors) shall not exceed twelve, nor be less than three. A Director, other than any Managing Director, may not hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's last election or re-election to the Board, whichever is the longer, without submitting for re-election. The Board has the power to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, subject to receiving all necessary regulatory and Government Ministerial approvals, but that person must stand for election at the following annual general meeting.

The appointment and removal of the Managing Director and Chief Executive Officer is a matter for the Board as a whole, in association with the recommendations of the Nomination Committee.

As set out in section 10, the Nomination Committee assists the Board with the recruitment of new Directors, election or re-election of Directors, membership of each Board Committee and Board succession. In carrying out these responsibilities, the Board considers the knowledge, skills, experience, competencies, diversity, qualifications, behaviours, specific areas of expertise and personal characteristics that are desirable for Directors of Tabcorp. The Board believes it has the appropriate mix of these attributes amongst its Directors to enable the Board to operate effectively.

The appointment of Steven Gregg as an additional Non Executive Director during the financial year was facilitated through a formal recruitment process undertaken by the Board. The Board established selection criteria, having regard to the mix of attributes required on the Board and those of existing Directors. An independent executive search firm was engaged by the Board to assist with the process. The Chairman held an initial meeting with Mr Gregg, and each Director had the opportunity to meet with Mr Gregg prior to the Board decision.

Details of the Directors, their qualifications and experience are included on pages 12 and 13.

🔗 Tabcorp's Constitution is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

🔗 The terms of reference for each of the Board Committees are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendations 1.1, 2.1, 2.2, 2.3, 2.4, 2.6, 4.2, 4.4

4. Responsibilities and functions of the Board and management

The Board has agreed the responsibilities and functions of the Board as a whole, and those of Directors, the Chairman and the Managing Director and Chief Executive Officer.

The Board's role includes:

- Reviewing and approving the strategies, budgets and business plans prepared by management;
- Assuring itself of the effectiveness of arrangements for the governance of the Tabcorp Group including:
 - The quality of the executive team;
 - The appropriateness of organisational arrangements and structure; and
 - The adequacy of internal controls, policies, procedures and processes;
- Overseeing performance against targets and objectives; and
- Overseeing reporting to shareholders and other stakeholders on the strategic direction, governance and performance of the Tabcorp Group.

To assist the Board with carrying out its responsibilities and functions, certain powers have been delegated to management, including the authority to undertake transactions and incur expenditure on behalf of the Tabcorp Group up to specified thresholds. These are referred to in Tabcorp's Delegated Authorities and Approval Limits ('DAAL') Group Policy, which has been agreed by the Board and management. The policy includes the financial and non-financial matters that the Board has delegated to management, the capital and operational expenditure approval limits applicable to each level of management, and specific key responsibilities within each division of the Tabcorp Group.

Management provides relevant information to the Board in a concise and timely manner to enable the Board to make informed decisions and effectively discharge their duties. The Board regularly monitors the flow of information it receives from management, and Directors may request additional information where necessary.

🔗 A summary of the responsibilities and functions of the Board, Directors, the Chairman and Managing Director and Chief Executive Officer matters are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

- ☑ ASX CGC's Recommendation 1.1, 2.3

5. Director independence

Directors are required to be meticulous in their disclosure of any material contract or relationship, including relevant interests of family companies and spouses and involvement with other companies or professional firms. Directors are required to adhere strictly to the constraints on their participation and voting in relation to matters in which they may have an interest, in accordance with the Corporations Act and policies of the Tabcorp Group.

A register of Directors' material interests is maintained and is regularly sent to every Director. Where Directors are involved with other companies or professional firms, which from time to time have dealings with the Tabcorp Group, all such dealings are at arms length and on normal commercial terms.

Details of offices held by Directors with other organisations are set out on pages 12, 13 and 27.

The Board periodically assesses the independence of each Director. For this purpose, an independent Director is a Non Executive Director whom the Board considers to be independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment.

All of the Non Executive Directors of Tabcorp throughout the financial year and at the date of this report, with the exception of Elmer Funke Kupper, have been determined by the Board to be independent Directors. In reaching that determination, the Board has taken into account (in addition to the matters set out above):

- The specific disclosures made by each Director as referred to above;
- That no Director is, or is associated directly with, a substantial shareholder of Tabcorp;
- That no Director has ever been employed in the last three years in any other capacity by Tabcorp or any of its subsidiaries;
- That no Director personally carries on any role for the Tabcorp Group other than as a Director of Tabcorp;
- There are no related party dealings referable to a Director which are material and require disclosure under accounting standards; and
- That no Director is, or is associated with, a supplier, professional adviser, consultant to or customer of the Tabcorp Group which is material for the purposes of the ASX CGC corporate governance recommendations, given that any fees paid by Tabcorp to any such associate were less than 1% of annual earnings for both Tabcorp and the respective associate, and that any remuneration received by a Director from any such associate was not impacted in any way by the fees paid by Tabcorp except as follows;

Paula Dwyer is considered by the Board as independent despite fees of \$42,856 paid by Tabcorp to Back Page Lead Pty Ltd (BackPageLead) of which Ms Dwyer's

Corporate governance (continued)

spouse is a director and has an ownership interest. The fees exceeded 1% of annual earnings for BackPageLead during the year, however any related income received by her spouse from BackPageLead as a consequence of the fees was not material to either Ms Dwyer or her spouse. Further, all arrangements between Tabcorp and BackPageLead were at arms length and on normal commercial terms, and Ms Dwyer did not participate in any decisions in respect of these arrangements. The Board is satisfied that these circumstances did not affect the independence of Paula Dwyer.

Steven Gregg is considered by the Board as independent despite fees of \$166,000 paid by Tabcorp to William Inglis & Son Limited (William Inglis) of which Mr Gregg is a director. The fees exceeded 1% of annual earnings for William Inglis during the year, however all arrangements between Tabcorp and William Inglis were at arms length and on normal commercial terms and Mr Gregg did not participate in any decisions in respect of these arrangements. The Board is satisfied that these circumstances did not affect the independence of Steven Gregg.

Justin Milne is considered by the Board as independent despite fees of \$85,020 paid by Tabcorp to PieNetworks Limited (PieNetworks) of which Mr Milne was a director. The fees exceeded 1% of annual earnings for PieNetworks during the year, however all arrangements between Tabcorp and PieNetworks were at arms length and on normal commercial terms and Mr Milne did not participate in any decisions in respect of these arrangements. The Board is satisfied that these circumstances did not affect the independence of Justin Milne.

Elmer Funke Kupper returned to the Board of Tabcorp as an observer in January 2012 and commenced as a Non Executive Director in June 2012 following the receipt of all necessary regulatory approvals, having ceased as Tabcorp's Managing Director and Chief Executive Officer on 8 June 2011 in connection with the Demerger. The Board considers that Mr Funke Kupper's experience, knowledge of the market and relationships with industry partners will add considerable value to Board deliberations.

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

The Board also has procedures in place to ensure it operates independently of management. For example, at every Board meeting, the Non Executive Directors meet together in the absence of executive Directors and other executives of the Tabcorp Group. Where appropriate, executives are also excluded from Board discussions that relate to specific management issues, such as executive remuneration.

☑ ASX CGC's Recommendations 2.1, 2.2, 2.3, 2.6

6. Other directorships

Directors are required continually to evaluate the number of Boards on which they serve to ensure that they can give the time and attention required to fulfil their duties and responsibilities. Directors are required to seek approval from the Chairman prior to accepting an invitation to become a Director of any corporation, and in the case of the Chairman, seek approval from the Chairman of the Audit, Risk and Compliance Committee.

The Board has adopted a policy that Non Executive Directors are permitted to hold a maximum number of four directorships of ASX listed companies, other than Tabcorp, with a chairmanship equivalent to two directorships, subject to the discretion of the Chairman (or in the case of the Chairman, the Chairman of the Audit, Risk and Compliance Committee),

Details of the directorships for each Director are available on pages 12, 13 and 27.

☑ ASX CGC's Recommendations 2.1, 2.2, 2.4, 2.5

7. Board and Committee meetings

The Board and its Committees meet regularly to discuss matters relevant to the Tabcorp Group. Additional meetings may be scheduled to address specific matters.

Any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter, unless all other Directors present resolve otherwise.

The Company Secretary is responsible for coordinating and distributing materials for Board meetings, shareholder meetings and Board Committee meetings. The appointment and removal of the Company Secretary is a matter for discussion by the Board as a whole, and all Directors have access to the Company Secretary.

Directors are required to attend all Board meetings, shareholder meetings and Board Committee meetings for which they are members, subject to any unusual or unforeseen circumstances which may prevent them from attending.

The number of Board and Committee meetings and the attendance of each Director are set out on page 32.

☑ ASX CGC's Recommendations 2.5, 2.6, 4.4, 8.1, 8.3

8. Committees of the Board

To assist the Board in achieving the highest standards of corporate governance, the Directors involve themselves with the critical areas of the Group's activities through Board Committees.

The Board Committees as at the date of this report were:

- Audit, Risk and Compliance (see section 9);
- Remuneration (see section 10); and
- Nomination (see section 11).

Board Committee membership is restricted to Non Executive Directors only.

All Non Executive Directors are members of the Audit, Risk and Compliance Committee and the Nomination Committee, in addition to membership of other Board Committees as appointed. Tabcorp's Board Committee arrangements reflect similar board committee structures in other large Australian companies.

Each Board Committee has terms of reference which set out the roles, responsibilities, composition and processes of each Committee. These terms of reference are reviewed regularly.

 The terms of reference for Tabcorp Board Committees are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

- ASX CGC's Recommendations 1.1, 2.4, 4.1, 4.3, 8.1

9. Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee provides the Board with additional assurance and oversight relating to financial accounting practices, financial and operational risk management, compliance management, internal control systems, external reporting and the internal and external audit functions.

The key responsibilities of the Audit, Risk and Compliance Committee are as follows:

Audit:

- Oversee compliance with statutory responsibilities relating to financial disclosure, and approval of full year and half year financial statements as well as the financial statements in the annual report;

- Review the activities of the internal audit function and the external auditor (Ernst & Young) and review their performance on an annual basis;
- Review the adequacy of the Group's internal controls;
- Monitor related party transactions and potential conflicts of interest; and
- Review the process for management assurance to the Board (refer to section 14 of this corporate governance statement for more information)

Risk and Compliance:

- Reviewing and approving the Group's risk and compliance policies and frameworks;
- Assessing the appropriateness of risk and compliance management systems, related control processes, and reporting systems;
- Monitoring the effectiveness of systems and processes in place to ensure compliance requirements are being satisfied and performing adequately;
- Evaluating the effectiveness of the Group's systems and controls to monitor and manage risks that are significant to the fulfilment of the Group's business objectives; and
- Ensuring that sufficient resources are dedicated to managing risk and compliance.

The Chairman of the Audit, Risk and Compliance Committee is required to meet regularly with the external auditor in the absence of management. The Chairman of the Audit, Risk and Compliance Committee is also required to meet with Tabcorp's General Manager Audit, Risk and Compliance on a regular basis.

The annual internal audit plan and the scope of work to be performed is set in consultation with the Audit, Risk and Compliance Committee. The Committee approves the annual internal audit plan and reviews progress and reports made pursuant to that plan.

The Audit, Risk and Compliance Committee is committed to maintaining auditor independence and limiting the engagement of the external auditor for only audit related services, unless exceptional circumstances necessitate the involvement of the external auditor. The Chairman of the Audit, Risk and Compliance Committee must approve all non-audit related work to be undertaken by the external auditor (if any). Tabcorp will maintain the rotation of the lead external audit partner every five years or less, as required by the Corporations Act. The external auditor attends Tabcorp's annual general meeting and is available to answer shareholder questions regarding aspects of the external audit and their report.

Refer also to section 12 for internal control framework and section 13 for management of risk.

Corporate governance (continued)

Composition of the Audit, Risk and Compliance Committee

Chairman: Jane Hemstritch
Other Members: Paula Dwyer
Elmer Funke Kupper (from 25 June 2012)
Steven Gregg (from 18 July 2012)
Justin Milne (from 1 August 2011)
Zygmunt Switkowski

The terms of reference for the Audit, Risk and Compliance Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendations 1.1, 2.5, 4.1, 4.2, 4.3, 4.4, 6.2, 7.1, 7.3

10. Remuneration Committee

The Remuneration Committee has responsibility for, among other things:

- Reviewing and making recommendations to the Board on remuneration packages and policies applicable to the Chairman, Directors, the Managing Director and Chief Executive Officer, and senior executives reporting to the Managing Director and Chief Executive Officer;
- Reviewing and making recommendations to the Board on the Tabcorp Group's general remuneration practices and policies, including terms and conditions of any employee share ownership and option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements;
- Reviewing and approving participation of executives in incentive plans, including option and share plans;
- Reviewing and making recommendations to the Board regarding the Group's remuneration arrangements with respect to gender;
- Reviewing with reference to market benchmarks, the remuneration arrangements for the Managing Director and Chief Executive Officer and making recommendations to the Board; and
- Overseeing the preparation of the annual Remuneration Report.

Details relating to the remuneration of the Chairman, Directors, the Managing Director and Chief Executive Officer, the Company Secretary and other senior executives of the Tabcorp Group are set out in the Remuneration Report on pages 35 to 48.

Composition of the Remuneration Committee

Chairman: Zygmunt Switkowski
Other Members: Paula Dwyer
Steven Gregg (from 18 July 2012)

The terms of reference for the Remuneration Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendations 1.1, 2.5, 8.1, 8.2, 8.3

11. Nomination Committee

The main responsibilities of the Nomination Committee are to:

- Manage a process to identify suitable candidates for appointment to the Board and Board Committees;
- Make recommendations to the Board regarding succession planning for the Board (refer to section 23 for further information);
- Make recommendations to the Board on candidates it considers appropriate for appointment to the Board and Board Committees, including whether the Board should support the election or re-election of any Director required to retire at a general meeting;
- Annually review the skills, experience, expertise, diversity and attributes required of Directors to discharge the Board's duties and the extent to which they are represented in the composition of the Board and each Board Committee;
- Facilitate an independent three yearly assessment of the effectiveness and performance of the Board, Board Committees and Directors (refer to section 22 for further information); and
- Ensure that an effective Board induction process is in place (refer to section 24 for more information).

Composition of the Nomination Committee

Chairman: Paula Dwyer
Other Members: Jane Hemstritch
Elmer Funke Kupper (from 25 June 2012)
Steven Gregg (from 18 July 2012)
Justin Milne (from 1 August 2011)
Zygmunt Switkowski

 The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendations 1.1, 2.4, 2.5, 2.6

12. Internal control framework

The Board reviews and approves the internal control structure of the Tabcorp Group. This includes the role performed by the Group's internal audit, risk management and compliance functions.

Also, the Group's strategic plan (see section 27) and a detailed budget are prepared annually and subject to the approval of the Board.

Forecasts for the Tabcorp Group and each of the operating divisions are regularly updated and reported to the Board throughout the year to enable Directors to monitor performance against the annual budget.

The Tabcorp Group has detailed procedural guidelines for the approval of capital expenditure including annual budgeting, review and approval of individual proposals and specific levels of authority between the Board, the Managing Director and Chief Executive Officer and other levels of management.

Processes for the investment of surplus cash, management of debt and currency, and interest rate risk management have been approved by the Board and are the subject of ongoing reporting to the Board. Tabcorp enters into interest rate swaps and cross currency swaps to hedge interest rate and foreign exchange risk on debt. The Tabcorp Group Treasury department is responsible for managing the Tabcorp Group's finance facilities and interest rate, credit, liquidity and currency risks in line with policies set by the Board.

The Tabcorp Group's internal audit function is resourced by Tabcorp employees supplemented by relevant industry experts, and is independent of the external auditor. Internal audit reports are regularly submitted to the Chief Financial Officer, to the Audit, Risk and Compliance Committee and, where appropriate, to the Board. The Audit, Risk and Compliance Committee approves the internal audit plan annually.

The Tabcorp Compliance Policy and Framework was developed to align with:

- Australian Standard AS 3806 – Compliance Programs;
- Australian Standard AS 8000 – Good Governance Principles;
- Applicable legislation; and
- The Tabcorp Group's organisational structure and strategy.

The Tabcorp Group utilises an enterprise wide compliance system, which provides a consistent and uniform approach to collating and reporting relevant information from across all divisions. The system monitors whether practices and processes designed to ensure compliance have been operating effectively, increases the visibility of potential issues, and assists the processes for resolving issues.

 The standards AS 3806 – Compliance Programs and AS 8000 – Good Governance Principles are available from SAI Global's website at www.saiglobal.com.

ASX CGC's Recommendations 1.1, 3.1, 3.3, 7.1, 7.2, 7.3

13. Management of risk

The Tabcorp Group has in place a Risk Management Framework, policies and procedures, which set out the roles, responsibilities and guidelines for managing financial and operational risks associated with the Group's businesses.

During the financial year Tabcorp's Audit, Risk and Compliance department updated and monitored the risk profiles for each of the Group's operating businesses and all major projects. These profiles identify the:

- Nature and likelihood of occurrence for specific material risks;
- Key controls that are in place to mitigate and manage the risk;
- Sources and levels of assurance provided on the effective operation of key controls; and
- Responsibilities for managing these risks.

The risk profiles for each key operating division are reported to the Board Audit, Risk and Compliance Committee and are considered as part of the annual internal audit planning process. Risks identified within each business are captured on an on-line risk management system, which provides ongoing reporting and enhances the monitoring of the risk profiles throughout the year.

Corporate governance (continued)

Management Risk and Compliance Committees operate within each business to:

- Establish a platform to coordinate risk management and compliance across all parts of the business in an efficient, effective and consistent manner;
- Provide a stronger risk management and compliance focus through principled leadership;
- Monitor and report on risk management and compliance activities; and
- Transfer organisational learning.

The Tabcorp Group's Risk Management Framework is based on concepts and principles identified in the Australian/New Zealand Standard on Risk Management (AS/NZS ISO 31000:2009).

The risk framework, policies and procedures will continue to be enhanced as the Tabcorp Group's existing operations develop and its range of activities expands. The implementation of these policies and procedures is monitored and reviewed at least annually by the Board Audit, Risk and Compliance Committee.

 The terms of reference for the Audit, Risk and Compliance Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

 The standard AS/NZS ISO 31000:2009– Risk Management is available from SAI Global's website at www.saiglobal.com.

ASX CGC's Recommendations 7.1, 7.2, 7.3

14. Management assurance

At the Board meetings to approve the Tabcorp Group's annual and half yearly results, the Board received and considered statements in writing from the Managing Director and Chief Executive Officer and the Chief Financial Officer in relation to the Tabcorp Group's system of risk oversight and management and internal control.

The certificate of assurance stated that the financial statements had been prepared in conformity with generally accepted accounting principles and that they gave a true and fair view of the state of affairs of Tabcorp and of the Tabcorp Group.

The certificate of assurance also stated that the risk management and internal compliance and control systems were operating effectively, in all material respects, based on the AS/NZS ISO 31000:2009 – Risk Management standard adopted by the Tabcorp Group. The certificate of assurance also included statements that all information had been made available to the external auditor, and that there were not any irregularities or significant issues identified that would have a material impact on the Tabcorp Group.

 The standard AS/NZS ISO 31000:2009– Risk Management is available from SAI Global's website at www.saiglobal.com.

ASX CGC's Recommendations 1.1, 4.4, 7.2, 7.3, 7.4

15. Code of Conduct

The Tabcorp Group has a Group-wide Code of Conduct. Compliance with the Code of Conduct and associated policies, guidelines and procedures is a requirement for all employees, Directors and contractors of the Tabcorp Group. The Code is founded on the Tabcorp Group's values, and establishes the behaviour that is expected from all employees, Directors and contractors, including the maintenance of ethical standards, honesty, teamwork, fairness, courtesy and integrity.

The Code includes, among other things, references to specific Tabcorp Group policies regarding money laundering, corruption, bribery, bullying and harassment, equal opportunity in the workplace, insider trading, whistleblowing, conflicts of interest and restrictions on the use of the Group's gambling products.

The Code of Conduct and relevant policies are included in the Tabcorp Group's induction program, with annual refresher training and compliance awareness conducted across the Tabcorp Group.

In addition to adhering to the high ethical standards set by the Code of Conduct, Tabcorp's Directors and key personnel are also required to undergo extensive probity investigation and clearance by applicable gambling regulators and Government Ministers in Australia and overseas.

 Tabcorp's Code of Conduct is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendation 3.1, 3.3

16. Tabcorp Integrity Protection Service (TIPS)

TIPS is an independent, anonymous crime and misconduct reporting service delivered by Deloitte, an international consulting and forensic investigations specialist. It is one of Tabcorp's processes to prevent, detect, and respond to crime and misconduct.

TIPS is available 24 hours a day, 7 days a week to Tabcorp's people and stakeholders in Australia and overseas.

The program is managed by the Tabcorp Group's Compliance team and has accountability at the highest levels with the Chairman of the Board Audit, Risk and Compliance Committee able to access reports relating to all employees and review the action taken. TIPS was introduced to achieve Australian and international best practice, reflecting Tabcorp's commitment to integrity and befitting the responsibilities of a publicly listed company.

 Tabcorp's commitment to integrity and information regarding TIPS are available from the integrity section of Tabcorp's website at www.tabcorp.com.au/about_integrity.aspx.

 Further information on TIPS is available from its website at www.tips.deloitte.com.au.

ASX CGC's Recommendation 3.1, 3.3

17. Responsible Gambling

The Tabcorp Group takes a leadership position in the responsible delivery of its gambling products and support for customers.

The Tabcorp Group was one of the first Australian gambling companies to launch a voluntary Responsible Gambling Code of Practice in 2001. Tabcorp's Responsible Gambling Code of Practice set common standards for the responsible delivery of gambling products for all of the Group's gambling operations and venue facilities. Compliance with the Code was independently reviewed by KPMG each year.

Australian State governments regulate the gambling industry, and are increasingly moving towards mandated responsible gambling codes that have varying requirements. In light of this development, the Tabcorp Group decided in 2008 to gradually replace its Group-wide Code with a specific code for each of its businesses. The evolution from a Group-wide Code to individual codes has enabled the Tabcorp Group to maintain its compliance with the specific requirements of State governments. The codes are specific to each business and are therefore more responsive to individual gambler's circumstances. The Tabcorp Group will continue to refine its responsible gambling practices and its codes to strengthen its commitment to customer care.

The Tabcorp Group has an Employee Gambling Policy which was updated in July 2012. Directors, employees and contractors may not gamble whilst on duty, whether on Tabcorp's gambling products or those of another operator. Limited exemptions apply, which require written authorisation. Gambling off duty is subject to specific restrictions which apply to Directors, executives and direct reports to executives, and other groups according to the nature of their work.

Further details about the Tabcorp Group's commitment to responsible gambling are available on page 8 of this report and on Tabcorp's website.

 Tabcorp's Responsible Gambling Codes are available from the Responsible Gambling section of Tabcorp's website at www.tabcorp.com.au/responsible.aspx.

ASX CGC's Recommendations 3.1, 3.3

18. Diversity

Tabcorp has adopted a Diversity Policy in relation to diversity of the Board and senior management within the Tabcorp Group. The Board Nomination Committee is responsible for overseeing the policy, monitoring Tabcorp's diversity strategy and reviewing progress against measurable objectives established to achieve Tabcorp's diversity goals.

The Board has set an objective to have by 2015 at least 33% female representation in senior management roles, which comprises the Senior Executive Leadership team (Chief Executive Officer and direct reports) and the Senior Management Team (direct reports to the Senior Executive Leadership Team, and their direct reports).

As at 30 June 2012, the proportion of women employees across the Tabcorp Group was:

- 33% of the Board of Directors (following the commencement of Steven Gregg as a Director on 18 July 2012, the Board comprises 29% female Directors);
- 30% of the Senior Executive Leadership Team;
- 31% of the combined Senior Executive Leadership Team and Senior Management Team; and
- 49% of the entire Tabcorp Group.

 Tabcorp's Diversity Policy is available from the corporate governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendations 3.2, 3.3, 3.4, 3.5

19. Securities trading policy

Tabcorp has a policy regarding trading in Tabcorp securities which applies to all Directors, employees and contractors. This policy also extends to any person or entity, which may in the circumstances be reasonably associated with the Tabcorp Group or any Director, employee or contractor (for example a spouse, dependent children, family trust, family company or joint venture partner).

Directors, executives reporting directly to the Managing Director and Chief Executive Officer ("Executives"), all direct reports to those Executives ("Executive Direct Reports"), and their associates are not permitted to trade in Tabcorp's securities during Blackout Periods and subject to the processes set out in the policy.

The applicable Blackout Periods:

- commence on 1 January and end on the day Tabcorp announces its half year results (ASX Appendix 4D) inclusively;
- commence on 1 July and end on the day Tabcorp announces its preliminary final year results (ASX Appendix 4E) inclusively.

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

Approval for trading in a Blackout Period or within 12 months of acquisition will only be granted in exceptional circumstances and where the trade is the only reasonable course of action available. The nature of exceptional circumstances and the approval process to be followed are set out in the policy.

Directors are required to obtain written approval from the Chairman prior to a Director or an associate of a Director trading in Tabcorp securities. In the case of a proposed trade by the Chairman or their associate, approval is required from the Chairman of the Audit, Risk and Compliance Committee.

Corporate governance (continued)

If any Executive or Executive Direct Report or any associate of an Executive or Executive Director Report wishes to trade in Tabcorp's securities at any time, the Executive or Executive Direct Report must obtain the prior written approval of either the Company Secretary or the Managing Director and Chief Executive Officer.

The policy also contains restrictions on margin lending. Directors, Executives and Executive Direct Reports must receive prior consent from the Chairman (in the case of the Chairman, prior consent from the Chairman of the Audit, Risk and Compliance Committee) before entering into margin loans or similar financing arrangements.

The details of Tabcorp securities held by Directors are available in the Directors' Report on page 31.

 Tabcorp's Securities Trading Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendations 3.2, 3.3

20. Continuous disclosure

The Tabcorp Group has a Disclosure and Investor Communications Policy and procedures are in place to ensure that information is reported to the ASX in accordance with the continuous disclosure requirements of its Listing Rules. The Board reviews Tabcorp's compliance with its continuous disclosure obligations at each of its meetings.

The Tabcorp Group's Executive General Manager – Corporate, Legal and Regulatory, in her capacity as Company Secretary, is responsible for coordinating disclosure of information to the ASX, the Australian Securities and Investments Commission and shareholders. The Company Secretary is referred to as the Disclosure Officer in this policy.

The Disclosure Officer must be kept informed by management of disclosure related issues, and each Executive Committee member must notify the Disclosure Officer immediately of any information that may require disclosure.

In addition to the Disclosure Officer, there are a limited number of authorised Tabcorp spokespersons. Only authorised Tabcorp spokespersons may speak on the Group's behalf to people such as analysts, brokers, journalists and shareholders, and comments must be limited to their expertise. If an employee of the Tabcorp Group is not an authorised Tabcorp spokesperson, and receives an inquiry about the Group from a journalist, analyst or other external party, they must refer the inquiry to an authorised Tabcorp spokesperson.

Authorised Tabcorp spokespersons liaise closely with the Disclosure Officer to ensure all proposed public comments are within the bounds of information that is already in the public domain, and/or is not material.

 Tabcorp's Disclosure and Investor Communications Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendations 5.1, 5.2

21. Independent professional advice

An individual Director may, after discussion with the Chairman, and advising the Managing Director and Chief Executive Officer, obtain independent professional advice at the expense of the Tabcorp Group. Such advice is to be made available to all other Directors.

Board Committees and Committee members may also obtain independent professional advice, subject to the terms of reference for the applicable committee.

 The terms of reference for each Board Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendations 1.1, 2.1, 2.6, 8.1

22. Performance assessment

The Nomination Committee is responsible for facilitating an independent review of the performance and effectiveness of the Board, its Committees and Directors every three years. The next independent assessment is scheduled to commence in the first half of the 2012-2013 financial year. The previous independent assessment was undertaken during the 2008/9 financial year. The assessment process included surveys and interviews with current Directors and the Executive Committee. The results were benchmarked against those of other companies for comparative purposes. The Board reviewed the findings and recommendations contained in the report, and further enhancements were implemented.

Formal performance and development evaluations are conducted every six months for each employee, including executives and the Managing Director and Chief Executive Officer. Individual performance is assessed using a balanced scorecard setting out individual targets that are aligned to and are supportive of the Tabcorp Group's annual objectives. Refer to page 39 of the Remuneration Report for further information. Employees are also assessed on whether they have exhibited Tabcorp's five values of customer, performance, teamwork, innovation and integrity. Performance assessments for senior executives were undertaken in relation to the end of the financial year and half year in accordance with the process disclosed above.

 The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's recommendation 1.2, 2.4, 2.5, 2.6

23. Succession planning

The Tabcorp Group has a succession plan for members of its Board and senior management. This plan identifies the best candidates for leadership and management roles so that the Board and Executive Committee comprise high calibre people with the necessary and desirable experience and competencies that best meet the organisation's needs.

The Nomination Committee is responsible for making recommendations to the Board to facilitate the orderly succession of Board membership and to manage a process to identify suitable candidates for appointment to the Board and for the optimal composition of Board Committees.

Refer to section 3 for information regarding the attributes the Board considers when appointing new Directors and the process involved.

Directors regularly discuss succession matters at meetings of the Board and the Nomination Committee.

 The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendation 2.4, 2.6

24. Induction

The appointment of any new Director is subject to regulatory and Government Ministerial approvals. While these approvals are being sought, the person, with the approval of the regulators, may attend Board and Committee meetings as an observer. This assists their transition into their role, but they may not vote on any matter.

Each observer undertakes an induction program and is provided with access to Tabcorp's online Directors' Knowledge centre, the Tabcorp Group's strategic plan and other materials to assist them to participate fully and actively in all Board decision-making at the earliest opportunity. In addition, upon being invited to join the Tabcorp Board, every observer receives a letter of appointment setting out the key information and terms and conditions applicable to their appointment as a Director of Tabcorp.

The induction program aims to provide the observer with the relevant knowledge regarding the processes of the Tabcorp Board, Board culture, the role and responsibilities of a Tabcorp Director, the Tabcorp Group's strategic direction, the nature of the Group's businesses, industry matters, the Group's financial position, key senior management, operational and risk management practices and the major issues facing the Tabcorp Group. The induction program includes meetings with each Executive Committee member and their leadership team, site tours, and specific matters of interest to each observer.

The Board Nomination Committee is responsible for ensuring that an effective induction process is in place, and regularly reviews its effectiveness in accordance with industry best practice and including incorporation of feedback from newly appointed Directors.

Tabcorp has a formal induction program for all employees, including executives. This program is conducted by skilled trainers and provides information about the structure and operations of the Tabcorp Group, Tabcorp's Code of Conduct, key employee policies (such as the use of Tabcorp's gambling products, harassment and bullying), occupational health and safety, and equal opportunity. In addition, employees receive orientation regarding their specific responsibilities, duties and rights, meet with executives and team members and undergo familiarisation in their workplace.

Employees have agreed position descriptions and balance scorecards that set out their duties, responsibilities, objectives and key performance indicators. Letters of appointment or employment contracts set out other key terms of employment, including term of office, rights, responsibilities, and entitlements on termination of employment.

 The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

ASX CGC's Recommendation 1.1, 3.1, 3.3

25. Directors' continuing education

All Directors have access to continuing education to update and enhance their skills and knowledge to enable them to continue to carry out their duties as Directors in an efficient and knowledgeable manner.

The continuing education program includes information concerning key developments in the Tabcorp Group and the industry and environments within which it operates, including site visits to the Group's properties, updates to relevant policies, discussion of relevant legal developments, corporate governance updates and other matters of interest for Directors.

ASX CGC's Recommendation 1.1, 2.5

Corporate governance (continued)

26. Group strategic planning

Tabcorp has a formal strategic planning process whereby a strategic plan is approved by the Board each year. The intent of the annual review is to consider a range of strategies and provide management with guidance on those strategies that in the Board's opinion will enhance shareholder value.

- ☑ ASX CGC's Recommendation 1.1

27. Sustainability

Tabcorp is committed to the long term sustainability of its operations and aims to optimise the social, environmental, workplace and economic impact of its operations for the benefit of all stakeholders.

Tabcorp's commitment to responsible gambling, its employees and community well-being is discussed on pages 8 to 10 of this report.

Although the operations of the Tabcorp Group are considered to have minor impact on the environment, Tabcorp is committed to protecting the environment and minimising the impact wherever appropriate. Tabcorp's environmental performance is set out on page 11 and in the Directors' Report on page 31.

Tabcorp's commitment to long term sustainability is recognised by its inclusion in several investment indices:

- Dow Jones Sustainability Index
- FTSE4Good index

🔗 Details about Tabcorp's sustainability practices are available from the Sustainability section of Tabcorp's website at www.tabcorp.com.au/about-us_sustainability.aspx.

- ☑ ASX CGC's Recommendation 3.1

28. Engaging shareholders

The Tabcorp Group's Disclosure and Investor Communications Policy sets out Tabcorp's procedures and guidelines relating to continuous disclosure and the communication of information to investors. Information is communicated to shareholders through Tabcorp's website, annual report, dividend mailings, email broadcasts, the ASX, and other means where appropriate.

The Tabcorp Group's website provides stakeholders with a range of information about the Group, including its operations, history, strategies, values, brands, community involvement, share price performance and shareholder reports. There is also a facility for any interested person to receive email notifications of all major Tabcorp news releases published on the website. Major announcements, such as the annual and half-year results

and the annual general meeting, are webcast live on Tabcorp's website. Webcasts are archived and accessible on the website for at least twelve months.

Tabcorp provides a service for its shareholders to receive all shareholder related communications electronically, including dividend statements, notices of meeting, and the annual report. This email service provides a quick and convenient means for receiving this information while reducing costs and being environmentally friendly. Shareholders can also use the website to lodge their proxy appointment prior to the annual general meeting.

Dedicated shareholder relations personnel are available to assist in responding promptly to all shareholder inquiries. Contact details are available at the back of this report. Tabcorp has a Shareholder Enquiries and Complaints Policy that sets out the way in which Tabcorp addresses concerns and feedback from shareholders.

Tabcorp encourages its shareholders to participate fully at its annual general meeting. Important issues are presented to shareholders as single resolutions and full discussion of each item is encouraged. Explanatory memoranda, where considered appropriate, are included with the notice of annual general meeting in respect of items to be voted on at the meeting.

Other shareholder related information is available at the back of this report.

🔗 Tabcorp's website is available at www.tabcorp.com.au.

🔗 Shareholders can elect to receive all communications electronically by following the instructions on Tabcorp's website at www.tabcorp.com.au/investor_holder_eshare.aspx.

🔗 Sign up to receive email notification of major Tabcorp news releases through the News section of Tabcorp's website at www.tabcorp.com.au/news_enews.aspx.

🔗 Tabcorp's Disclosure and Investor Communications Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

🔗 Tabcorp's Shareholder Enquiries and Complaints Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

- ☑ ASX CGC's Recommendations 6.1, 6.2

Directors' report

The Directors of the Company submit their report for the consolidated entity comprising the Company and its controlled entities (collectively referred to as “the Tabcorp Group”) in respect of the financial year ended 30 June 2012.

1. Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report (except as otherwise stated) are set out on pages 12 and 13.

2. Changes to the Board's composition

2.1 Appointments

Elmer Funke Kupper

Mr Funke Kupper ceased as Tabcorp's Managing Director and Chief Executive Officer in June 2011 upon the implementation of the Demerger of Echo Entertainment Group Limited from the Company pursuant to Tabcorp's Scheme Booklet dated 15 April 2011 (Demerger). As previously foreshadowed, in January 2012 Mr Funke Kupper rejoined the Tabcorp Board as an observer and commenced as a Non Executive Director on 25 June 2012 following the receipt of all necessary regulatory approvals.

Steven Gregg

Mr Gregg commenced as a Non Executive Director on 18 July 2012 following the receipt of all necessary regulatory approvals.

Justin Milne

Mr Milne commenced as a Non Executive Director on 1 August 2011 following the receipt of all necessary regulatory approvals.

3. Directorships of other listed companies

The following table shows, for each person who served as a Director during the financial year and up to the date of this report (unless otherwise stated), all directorships of companies that were listed on the ASX or other financial markets operating in Australia, other than Tabcorp, since 1 July 2009, and the period for which each directorship has been held.

Name	Listed entity	Period directorship held
Paula Dwyer	Astro Japan Property Group (i)	February 2005 to December 2011
	Australia and New Zealand Banking Group Limited	April 2012 to present
	Foster's Group Limited	May 2011 to December 2011
	Healthscope Limited	March 2010 to October 2010
	Leighton Holdings Limited	January 2012 to present
	Suncorp Group Limited (ii)	April 2007 to February 2012
David Attenborough	Nil	
Elmer Funke Kupper	ASX Limited	October 2011 to present
Steven Gregg	Austock Group Limited	March 2009 to May 2012
	Goodman Fielder Limited	February 2010 to present
Jane Hemstritch	Commonwealth Bank of Australia	October 2006 to present
	Lend Lease Group	September 2011 to present
	Santos Limited	February 2010 to present
Justin Milne	pieNETWORKS Limited	March 2011 to February 2012
	NetComm Wireless Limited	March 2012 to present
	Quickflix Limited	July 2011 to present
Zygmunt Switkowski	Healthscope Limited	January 2006 to October 2010
	Lynas Corporation Limited	February 2011 to present
	Oil Search Limited	November 2010 to present
	Suncorp Group Limited (ii)	September 2005 to present

(i) Ms Dwyer was a Director of Astro Japan Property Group Limited and Astro Japan Property Management Limited which were associated with listed stapled securities of the Astro Japan Property Group.

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

Directors' report (continued)

4. Company Secretaries

Kerry Willcock joined the Tabcorp Group in February 2005 as Executive General Manager, Corporate and Legal. She holds a Bachelor of Arts and a Bachelor of Laws, and is a qualified mediator. She has extensive commercial, legal, litigation and government relations experience having worked with Allens Arthur Robinson, Clayton Utz and the Australian Postal Corporation, where she held the position of General Counsel. Kerry is also a member of the Australian Corporate Lawyers Association General Counsel Group and a member of the Australian Institute of Company Directors.

Michael Scott was appointed as an additional Company Secretary on 8 August 2012. He has been in the role of assistant to the Company Secretary since joining the Tabcorp Group in September 2002. He holds a Graduate Diploma of Applied Corporate Governance and a Bachelor of Land Information (Cartography). Michael is a Fellow of Chartered Secretaries Australia, Graduate Member of the Australian Institute of Company Directors and Fellow of Leadership Victoria's Williamson Community Leadership Program.

5. Principal activities

The principal activities of the Tabcorp Group during the financial year comprised the provision of leisure and entertainment services (particularly in relation to gambling).

The Demerger of Echo Entertainment Group Limited from Tabcorp, which was implemented in June 2011, resulted in Tabcorp retaining its wagering, media and international, gaming and keno businesses while Echo Entertainment Group Limited now holds the casinos business previously held by Tabcorp.

Other than in respect of the discontinued casinos business resultant from the Demerger, the Tabcorp Group's principal activities remain unchanged from the previous financial year.

6. Financial results

The financial results of the Tabcorp Group for the prior financial year to 30 June 2011 include the operations of the casinos business up until the Demerger was implemented.

The financial results of the Tabcorp Group for the financial year to 30 June 2012, and comparisons to the prior financial year to 30 June 2011, relate to the continuing operations of its wagering, media and international, gaming and keno businesses, unless otherwise stated.

Profit after income tax was \$340.0 million.

Earnings before interest and tax (EBIT) was \$591.7 million.

Revenue was \$3,038.5 million, which was 3.1% above the previous financial year.

The financial results reported for the prior financial year, which included a full year contribution from the now demerged casinos business and an impairment of \$358.0 million, were profit after income tax of \$534.8 million, EBIT of \$856.3 million and revenue of \$4,469.6 million.

7. Earnings per share

Basic earnings per share for the period were 47.6 cents.

Diluted earnings per share for the period were 47.5 cents.

Earnings per share reported for the previous financial year, which included a full year contribution from the casinos business prior to demerger, were basic earnings per share of 80.7 cents and diluted earnings per share of 80.4 cents.

Earnings per share is disclosed in note 6 to the Financial Report.

8. Dividends

A final dividend of 11 cents per ordinary share has been declared. The final dividend will be fully franked and payable on 26 September 2012 to shareholders registered at 22 August 2012. The ex-dividend date is 16 August 2012. There will be no discount and no underwriting applicable to the Tabcorp Dividend Reinvestment Plan.

The following dividends have been paid, declared or recommended by the Company since the end of the preceding financial year:

	\$m
2012 final dividend	
Final fully franked dividend for 2012 of 11 cents per share on ordinary shares as announced on 9 August 2012 with a record date of 16 August 2012 and payable on 26 September 2012.	80.3
2012 interim dividend	
Interim fully franked dividend for 2012 of 13 cents per share on ordinary shares as announced on 9 February 2012 with a record date of 20 February 2012 and payable on 26 March 2012.	92.7
2011 final dividend *	
Final fully franked dividend for 2011 of 19 cents per share on ordinary shares as announced on 16 August 2011 with a record date of 25 August 2011 and payable on 23 September 2011.	130.7

* - based on earnings inclusive of the casinos business prior to Demerger.

Further information regarding dividends may be found in note 5 to the Financial Report.

9. Review of operations

The Tabcorp Group's structure post the Demerger, comprises the following four businesses:

- Wagering;
- Media and International;
- Gaming; and
- Keno.

The activities and results for these continuing businesses during the financial year are discussed below.

9.1 Wagering business

The Tabcorp Group conducts wagering activities in Victoria and New South Wales (NSW) through a network of agencies, hotels and clubs, and provides on-course totalizators at thoroughbred, harness and greyhound metropolitan and country race meetings. Also, totalizator and fixed odds betting is offered on sporting events. The business operates LUXBET.COM, offering a racing, sport and novelty product bookmaking service by telephone and online based in the Northern Territory. In addition, the Tabcorp Group is party to the Premier Gateway International (PGI) joint venture in the Isle of Man.

The Wagering business achieved EBIT (and before impairment) of \$242.2 million, which was 10.0% above the previous financial year. The business's revenue increased by 4.4% to \$1,637.4 million.

9.2 Media and International business

The Tabcorp Group has specialist television and radio operations focused on the racing industry and other sporting activities. The business operates Sky Racing, Sky Sports Radio and other domestic and international broadcasting services.

The Media and International business achieved EBIT of \$57.1 million, which was 8.1% above the previous financial year. The business's revenue increased by 6.1% to \$190.2 million.

9.3 Gaming business

In Victoria, the Tabcorp Group owns and operates electronic gaming machines (EGMs) in licensed hotels and clubs under the Tabaret brand pursuant to the Victorian Gaming Licence. Refer to section 10.3 regarding changes to this business which are scheduled to occur in mid August 2012.

The Gaming business achieved EBIT of \$244.1 million, which was 1.1% above the previous financial year. The business's revenue increased by 0.1% to \$1,078.9 million.

9.4 Keno business

The Tabcorp Group operates Keno in Victoria, New South Wales and Queensland.

On 15 April 2012 a new 10 year Victorian Keno Licence commenced under which a member of the Tabcorp Group conducts and distributes approved Keno games in hotels, clubs and wagering outlets in Victoria. Refer to section 10.2 for further information. Prior to the commencement of the new Victorian Keno Licence, the Tabcorp Group's Club Keno business operated in Victoria through a joint venture arrangement.

The Keno business achieved EBIT of \$48.3 million, which was 1.0% below the previous financial year. The business's revenue increased by 8.0% to \$183.1 million.

10. Significant changes in the state of affairs

The following events, which may be considered to be significant changes in the state of affairs of the Tabcorp Group, have occurred since the commencement of the financial year on 1 July 2011.

10.1 Victorian Wagering and Betting Licence

The new Victorian Wagering and Betting Licence ("the New Licence") was issued to Tabcorp Wagering (Vic) Pty Ltd, a wholly owned subsidiary of Tabcorp, on 19 December 2011. The New Licence period is 12 years and will commence after the expiry of the current Victorian Wagering Licence on 15 August 2012. At the discretion of the responsible minister, the New Licence may be extended for a further period of up to two years.

The New Licence will allow Tabcorp to offer on-course and off-course wagering and betting on thoroughbred, harness and greyhound racing and approved sporting and other events in Victoria. It also allows for the offering of approved simulated racing games and the operation of a betting exchange.

The documents governing the formal relationship between Tabcorp Wagering (Vic) Pty Ltd and the Victorian Racing Industry were executed on 21 December 2011.

Tabcorp paid the \$410 million fee for the New Licence to the Victorian Government in January 2012.

Directors' report (continued)

10.2 Victorian Keno

The Tabcorp Group commenced operations under the new 10 year Victorian Keno Licence on 15 April 2012. The licence authorises Tabcorp Investments No. 5 Pty Ltd, a wholly owned subsidiary of Tabcorp, to conduct and distribute Keno games in approved hotels, clubs (with full and restricted club liquor licences) and wagering outlets throughout Victoria. The new stand-alone licence also includes the right to offer approved simulated racing games in a broader range of approved venues.

10.3 Victorian Gaming / TGS

Tabcorp's Victorian Gaming Licence expires on 15 August 2012, which follows the Victorian Government's decision to move to a new industry structure for gambling in Victoria. Upon the expiry of this licence, Tabcorp will no longer be licensed to conduct, and will therefore cease to operate, its current gaming business.

Tabcorp has responded to this new industry structure by introducing a new business called Tabcorp Gaming Solutions (TGS) to supply EGMs and provide specialised consulting and support services for the new operators of EGMs. TGS is currently contracted in respect of over 8,500 EGMs in Victoria and is on track to commence operations on 16 August 2012.

10.4 Tabcorp Subordinated Notes

The Company raised \$250 million from the offer of Tabcorp Subordinated Notes pursuant to the Prospectus dated 22 February 2012. Tabcorp Subordinated Notes are unsecured, subordinated, cumulative notes listed on ASX under the code TAHHB. Holders of Tabcorp Subordinated Notes are entitled to receive quarterly interest payments (subject to deferral) equal to the sum of the 3 month Bank Bill Rate plus a margin of 4.0% per annum. Tabcorp Subordinated Notes will mature on 22 March 2037, unless redeemed earlier. Tabcorp Subordinated Notes were issued on 22 March 2012 at a price of \$100 each and the minimum investment was for \$5,000.

10.5 Debt refinancing

Tabcorp announced on 30 April 2012 that it had completed the refinancing of debt facilities which were due to mature in the financial year ending 30 June 2013. The refinancing consisted of US\$220 million of debt raised from the US private placement market ("USPP") and extending the maturity of A\$400 million of existing syndicated bank facility from June 2013 to June 2015.

The USPP comprised the issue of US\$87 million of notes maturing in 2019 and US\$133 million of notes maturing in 2022. The US dollar proceeds were converted into \$210.5 million Australian Dollars through the use of cross currency swaps.

10.6 Changes to the Board of Directors

A number of changes occurred to the composition of the Board during the year. Refer to section 2 for information.

10.7 Other significant changes in the state of affairs

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

11. Business strategies

The key strategic priorities of the Tabcorp Group are as follows:

- Wagering
 - Build on strength in retail
 - Drive fixed odds expansion whilst maintaining parimutuel positioning
 - Drive online with best in class offering (including social media)
 - Deepen our customer relationships via our customer relationship management program and through promoting brand loyalty
 - Grow international wagering revenues
- Media and International
 - Maintain growth (including retaining media rights)
 - Expand vision and data distribution reciprocity (including Racing World Australia)
- Gaming / TGS
 - Optimise Victorian gaming earnings until licence expires
 - Commence TGS operations in Victoria
 - Expand TGS
- Keno
 - Grow Keno in current and new markets
 - Expand distribution, self service and product offerings

12. Significant events after the end of the financial year

As announced on 24 July 2012, the Tabcorp Group received confirmation that the Australian Taxation Office has allowed a claim for refunds of GST paid by the Group's Victorian and NSW wagering businesses. The refunds will have a net profit after tax impact of \$14.3 million to the Group, which will be recognised in the financial year ending 30 June 2013. The refunds relate to GST paid between May 2006 and March 2010 on wagering turnover derived from overseas based customers.

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

Refer also to note 28 to the Financial Report.

13. Likely developments and expected results

The Tabcorp Group will continue with its strategies, as set out in this report.

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

14. Auditors

The Tabcorp Group's external auditor is Ernst & Young.

The Tabcorp Group's internal audit function is fully resourced by Tabcorp, with KPMG providing specialist independent external support where necessary.

More information relating to the audit functions can be found in the corporate governance statement of the Concise Annual Report.

15. Directors' interests in contracts

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

16. Environmental regulation and performance

The Tabcorp Group's environmental obligations and waste discharge quotas are regulated under both state and federal laws. The Tabcorp Group has a record of complying with, and in most cases exceeding, its environment performance obligations.

No environmental breaches have been notified to the Tabcorp Group by any government agency.

The Tabcorp Group's environmental impacts reduced significantly when the former casinos business was demerged in June 2011. Consequently, the Tabcorp Group no longer meets the criteria for the Federal Government's Energy Efficiency Opportunities (EEO) initiative and the National Greenhouse Energy Reporting System (NGERS).

17. Risk management

The Tabcorp Group has a structured and proactive approach to understanding and managing risk. The key focus of the risk management approach is to align strategy, processes, people, technology and knowledge with evaluating and managing the uncertainties and opportunities faced by the Tabcorp Group. Overviews of the Tabcorp Group's risk management processes and internal control framework are disclosed in the corporate governance statement of the Concise Annual Report.

18. Directors' interests in Tabcorp securities

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

Name	Number of securities			Tabcorp Subordinated Notes
	Ordinary Shares	Performance Rights	Tabcorp Bonds	
Paula Dwyer	34,292	-	-	-
David Attenborough	58,609	447,761	-	-
Elmer Funke Kupper	-	232,136	1,500	-
Steven Gregg	-	-	-	-
Jane Hemstritch	23,181	-	2,000	-
Justin Milne	-	-	-	-
Zygmunt Switkowski	84,876	-	-	-

Directors' report (continued)

19. Board and Committee meeting attendance

During the financial year ended 30 June 2012 the Company held 14 meetings of the Board of Directors, of which seven were standard Board meetings and seven Board meetings were held to discuss special business.

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

Name	Board of Directors		Audit, Risk and Compliance Committee		Nomination Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B
Paula Dwyer	14	14	5	5	2	2	5	5
David Attenborough ⁽ⁱ⁾	14	14	5	5	2	2	5	5
Elmer Funke Kupper ⁽ⁱⁱ⁾	7	7	3	3	1	1	-	-
Steven Gregg ⁽ⁱⁱⁱ⁾	10	10	4	4	1	1	3	3
Jane Hemstritch	12	14	5	5	2	2	-	-
Justin Milne ^(iv)	14	14	5	5	2	2	-	-
Zygmunt Switkowski	14	14	5	5	2	2	5	5

A – Number of meetings attended

B – Maximum number of possible meetings available for attendance

- (i) The Managing Director and Chief Executive Officer attends Board Committee meetings, but is not a member of any Board Committee. Only Non Executive Directors are members of Board Committees.
- (ii) Commenced as a Non Executive Director on 25 June 2012 following the receipt of all necessary regulatory approvals. The meetings disclosed above relate to the period when Mr Funke Kupper attended meetings as an observer whilst awaiting regulatory approval, for which he was not required to attend and could not vote on any matter.
- (iii) Commenced as a Non Executive Director on 18 July 2012 following the receipt of all necessary regulatory approvals. The meetings disclosed above relate to the period when Mr Gregg attended meetings as an observer whilst awaiting regulatory approval, for which he was not required to attend and could not vote on any matter.
- (iv) Commenced as a Non Executive Director on 1 August 2011 following the receipt of all necessary regulatory approvals. The meetings disclosed above include one Board meeting where Mr Milne attended as an observer whilst awaiting regulatory approval, for which he was not required to attend and could not vote on any matter.

The details of the functions and memberships of the Committees of the Board are set out in the corporate governance statement of the Concise Annual Report. The terms of reference for each Board Committee are available from the corporate governance section of the Company's website.

20. Indemnification and insurance of Directors and Officers

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

21. Non-statutory audit and other services

Ernst & Young, the external auditor to the Company and the Tabcorp Group, provided non-statutory audit services to the Company during the financial year ended 30 June 2012. The Directors are satisfied that the provision of non-statutory audit services during this period was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-statutory audit service provided means that auditor independence was not compromised. These statements are made in accordance with advice provided by the Company's Audit, Risk and Compliance Committee.

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

Ernst & Young, acting as the Company's external auditor, received or are due to receive \$434,000 in relation to the provision of non-statutory audit services to the Company.

Amounts paid or payable by the Company for audit and non-statutory audit services are disclosed in note 3 to the Financial Report.

22. Corporate governance

The Directors of the Company support and adhere to the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations, 2nd edition*, recognising the need for the highest standard of corporate behaviour and accountability. The Company's corporate governance statement is contained in the Concise Annual Report, and associated information is available under the corporate governance section of the Company's website at www.tabcorp.com.au/about_governance.aspx.

23. Rounding of amounts

Tabcorp Holdings Limited is a company of the kind specified in Australian Securities and Investments Commission Class Order 98/0100. In accordance with that Class Order, amounts in the financial report and the Directors' report have been rounded to the nearest hundred thousand dollars unless specifically stated to be otherwise.

24. Auditor's independence declaration

Attached is a copy of the auditor's independence declaration provided under section 307C of the Corporations Act 2001 in relation to the audit for the financial year ended 30 June 2012. This auditor's independence declaration forms part of this Directors' report.

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



Paula Dwyer
Chairman

Melbourne
9 August 2012

Directors' report (continued)



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

In relation to our audit of the financial report of Tabcorp Holdings Limited for the financial year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Tony Johnson'.

Tony Johnson
Partner
9 August 2012

Liability limited by a scheme approved
under Professional Standards Legislation

Remuneration report (audited)

Introduction

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

The Remuneration report relates to the key management personnel (KMP) of the consolidated entity comprising the Company and its consolidated entities for the financial year ended 30 June 2012. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and comprises all the Directors of Tabcorp and certain members of the Executive Committee. The same group of individuals is regarded as KMP for both the Company and the Group.

As detailed in this Remuneration report, the annual reward structure for the most senior managers comprises three components: a fixed base salary, a short term incentive and a long term incentive in the form of Performance Rights. For KMP who are executives, at least 50% of their total annual reward is 'at risk' in the form of short term or long term incentives tied to the achievement of specific Group, business unit and individual performance objectives and targets.

For the year ended 30 June 2012, short term incentives were awarded to senior managers and will be paid in August 2012. With regard to long term incentives, during the year, an allocation of Performance Rights was made to 8 senior managers. In addition, an allocation of Performance Rights under the long term incentive plan was also made to the Managing Director and Chief Executive Officer following shareholder approval at the 2011 Tabcorp Annual General Meeting.

Whether the allocated Performance Rights generate value for the senior managers will depend on the Company's Total Shareholder Return over a three year period. If, at the end of the three year period, the minimum performance hurdle is not met, all Performance Rights will lapse. The maximum number of Performance Rights will vest only if the highest performance threshold is met at the end of the three year period.

The Board reviews the remuneration for Non Executive Directors each calendar year. The fees for the 2012 financial year are lower than the fees for the 2011 financial year, as the fees were adjusted to reflect the changes in Tabcorp following the demerger of Echo Entertainment Group Limited (Echo) from the Company pursuant to Tabcorp's Scheme Booklet dated 15 April 2011 (the Demerger). The details of Non Executive Director remuneration are included in Section 5.3.

1. Significant changes since 30 June 2011

1.1 Non Executive Directors

Justin Milne, Elmer Funke Kupper and Steven Gregg commenced as Non Executive Directors on 1 August 2011, 25 June 2012 and 18 July 2012 respectively, following the receipt of all necessary regulatory approvals.

1.2 Senior Management Remuneration Framework

As a result of Tabcorp's demerger of Echo and reorganisation of the Wagering and Gaming businesses, the use of a divisional performance multiplier to determine the STI pool available for these businesses has been discontinued. This change ensures senior managers who participate in the STI program are aligned to the achievement of Tabcorp's overall financial objectives whilst also ensuring business unit financial and non-financial targets are considered in determining individual STI outcomes.

2. Governance

The main responsibilities of the Board Remuneration Committee are:

- Establishing and maintaining fair and reasonable remuneration policies and practices that apply to the Group;
- Reviewing and recommending to the Board the remuneration of KMP and the terms and conditions of any incentive plans; and
- Agreeing benchmarks against which annual salary reviews are evaluated.

In exercising its responsibilities, the Board Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and executives every year by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality and high performing Board and executive team.

To assist in exercising its responsibilities, the Board Remuneration Committee receives independent advice on matters such as remuneration strategies, mix and structure, as appropriate. During the year ended 30 June 2012 and to the date of this report, no remuneration consultant provided a remuneration recommendation in respect of any KMP.

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

Remuneration report (audited) (continued)

3. Remuneration philosophy

The key objective of Tabcorp's remuneration philosophy is to enable Tabcorp to attract, motivate and retain high calibre individuals at both Board and senior management level. To achieve this, Tabcorp's remuneration framework is based upon the following key principles:

- Creating shareholder value relative to our peer group;
- Maintaining market competitiveness; and
- Measuring and rewarding individual, business unit and Group performance.

For executive and senior management remuneration, this involves aligning the reward components with the individual's ability to influence results and to increase the focus on variable reward that is leveraged for superior performance.

There has been no significant change in the remuneration strategy since the previous financial year.

4. Key management personnel (KMP)

Name	Position held	Period in position if less than full year
Non Executive Directors		
Current		
Paula Dwyer	Chairman and Director (Non Executive)	
Elmer Funke Kupper	Director (Non Executive)	From 25 June 2012
Jane Hemstritch	Director (Non Executive)	
Justin Milne	Director (Non Executive)	From 1 August 2011
Zygmunt Switkowski	Director (Non Executive)	
Future, pending regulatory approval		
Steven Gregg ⁽ⁱ⁾	Will be appointed Director (Non Executive)	N/A
Executives		
Current Executive Director		
David Attenborough	Managing Director and Chief Executive Officer	
Current Executives		
Mohan Jesudason	Managing Director, Gaming & Group Marketing	
Damien Johnston ⁽ⁱⁱ⁾	Chief Financial Officer	From 12 July 2011
Kerry Willcock	Executive General Manager, Corporate, Legal and Regulatory	

(i) Commenced as a Director and a KMP on 18 July 2012, following the receipt of all necessary regulatory approvals.

(ii) Commenced in position on 9 June 2011, and as a KMP on 12 July 2011 following the receipt of all necessary regulatory approvals.

Details of Director qualifications, experience and other responsibilities are set out on pages 12 to 13 and page 27 of the Directors' report.

5. Non Executive Director remuneration

5.1 Remuneration framework

The Board Remuneration Committee has responsibility for reviewing and recommending to the Board appropriate remuneration arrangements for Non Executive Directors, taking into consideration factors including:

- The Group's remuneration philosophy;
- The level of fees paid to Board members of other publicly listed Australian companies;
- Operational and regulatory complexity;
- The responsibilities and workload requirements of each Board member; and
- Advice from independent remuneration consultants.

Non Executive Directors' fees are reviewed yearly and the current aggregate annual limit (including superannuation contributions) is set at \$2 million, as approved by shareholders at the Annual General Meeting on 28 November 2005.

Non Executive Directors do not receive any performance or incentive payments and are not eligible to participate in any of Tabcorp's incentive plans. This policy aligns with the principle that Non Executive Directors act independently and impartially. Elmer Funke Kupper has retained some Performance Rights in relation to his former position of Managing Director and Chief Executive Officer, as outlined in section 6.4.2.8. These Performance Rights are not expected to deliver any value to Mr Funke Kupper, and the fair value was fully expensed on cessation of employment in the prior year.

5.2 Structure

Non Executive Directors' remuneration comprises the following components:

- Board fee;
- Board Committee fees; and
- Superannuation (currently 9% of total fees, uncapped).

Some Directors may receive additional remuneration and associated superannuation (where applicable) for:

- Chairmanship of the Victorian Joint Venture Management Committee, receiving a fee equivalent to Chairman of the Remuneration Committee;
- Observer fees, equivalent to the applicable Board and Committee fees (for attending Board and Committee meetings and induction whilst awaiting regulatory approval); or
- Membership of other Committees, such as the previous year's Demerger Due Diligence Committee.

Board fees are structured by having regard to the responsibilities of each position within the Board. Board Committee fees are structured to recognise the differing responsibilities and workload associated with each Committee, and the additional responsibilities of each Committee Chairman.

Board fees are not paid to the Managing Director and Chief Executive Officer, or to executives for directorships of any subsidiaries.

5.3 Current annual fees

The annual fees are detailed in Figure 1 for Non Executive Directors and Board Committee memberships. The fees for the 2012 financial year are lower than the fees for the 2011 financial year, because the fees were adjusted to reflect the changes in Tabcorp following the Demerger.

Figure 1: Non Executive Director and Board Committee fixed annual fees

Position	Board fees ⁽ⁱ⁾ \$	Board Committee fees ⁽ⁱ⁾		
		Audit, Risk & Compliance \$	Remuneration \$	Nomination \$
Chairman	350,000			
Non Executive Director	120,000			
Committee Chairman		40,000	25,000	7,500
Committee Member		20,000	10,000	7,500

(i) Fees exclude superannuation contributions.

Remuneration report (audited) (continued)

6. Senior management remuneration (including Executive Director)

The Remuneration Committee and the Board has responsibility for reviewing the remuneration framework of the Group and recommending to the Board the appropriate remuneration arrangements. The Remuneration Committee approves the remuneration and incentives for members of the Executive Committee and makes recommendations to the Board in relation to the Managing Director and Chief Executive Officer.

6.1 Remuneration framework

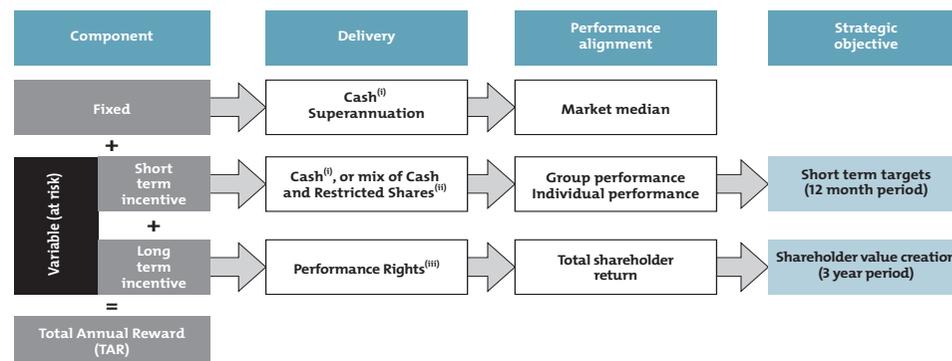
The remuneration framework for senior management comprises a mix of both fixed and variable remuneration components. The level of fixed remuneration an individual receives reflects the scope and responsibilities of their role, their knowledge, skills and experience as well as benchmark market data. Variable remuneration depends on the achievement of Group, business unit and individual performance targets, and shareholder value hurdles. Variable remuneration may be delivered in the form of cash or a mix of cash and Restricted Shares for achievement of short term performance targets, and Performance Rights subject to the achievement of long term performance targets.

The objective of structuring a remuneration framework comprising both fixed and variable components is to ensure remuneration is market competitive and aligned to:

- Shareholders' interests through:
 - The use of financial measures, such as net profit after tax before non-recurring items as the primary reward measure for short term performance outcomes.
 - Rewarding long term company performance measured by reference to a comparable group of companies in the S&P/ASX 100 index, which over the long term should lead to attractive value creation for shareholders.
 - Aligning Group, business unit and individual performance targets to the performance objectives in Tabcorp's annual and long term strategic plans.
 - Attracting, motivating and retaining individuals of the highest calibre.
 - Fostering a culture of high performance in a team based environment.
- Senior managements' interests through:
 - Differentiating reward outcomes based upon individual performance and capability.
 - Linking the form of reward delivery with the ability to influence results.
 - Providing upside opportunity for superior Group performance and increased shareholder value.

The reward structure is outlined in Figure 2.

Figure 2: Senior management reward structure



(i) May voluntarily elect to salary sacrifice for additional superannuation contributions and motor vehicle novated leases (for fixed component only).

(ii) Applicable to certain senior management, issued under the Tabcorp Employee Deferred Share Plan and subject to a three year service condition.

(iii) May vest on the third anniversary after the grant, subject to meeting relevant performance based hurdles.

6.2 Target reward mix

The target reward mix aims to position Total Annual Reward (TAR) at the market median when all performances have been achieved at target. It is set after benchmarking against a wide range of organisations to ensure that the incentive and TAR are competitive, fair and reasonable. Senior management with greater responsibility in key business units have a greater proportion of at risk remuneration.

The target reward mix for the KMP (other than Non Executive Directors and the Managing Director and Chief Executive Officer) is outlined in Figure 3. This target reward mix excludes appointment incentives and additional compensation (refer Section 6.6.2). Refer to Section 6.5 for details of the Managing Director and Chief Executive Officer's remuneration.

Figure 3: KMP target reward mix

KMP	% target reward mix			Total Annual Reward
	Fixed	Short term (cash)	Long term (equity)	
Mohan Jesudason	45	30	25	100
Damien Johnston	50	25	25	100
Kerry Willcock	50	25	25	100

6.3 Fixed remuneration

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

An individual's fixed remuneration is set taking into consideration the scope and responsibilities of their role, their knowledge, skills and experience as well as benchmark market data for similar roles from similar sized companies based on market capitalisation.

Fixed remuneration is reviewed annually taking into consideration an individual's performance (as assessed through the Group's performance management process) and relativity with the external market data. The Remuneration Committee approves the fixed remuneration for the senior executive leadership team and makes recommendations to the Board in relation to the Managing Director and Chief Executive Officer.

During the 2012 financial year, the fixed remuneration of KMP has not increased.

6.4 Variable (at risk) remuneration

6.4.1 Short term incentive (STI)

6.4.1.1 Overview

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

6.4.1.2 Determining Factors

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

Figure 4: STI calculation



■ Target STI

This amount is based on a percentage of the individual's Total Annual Reward (TAR) (refer to Figure 3 above).

■ Group Funding Multiplier (GFM)

The GFM is linked to the achievement of Tabcorp's target net profit after tax before non recurring items (NPAT) as approved by the Board. The Board considers NPAT to be an appropriate performance measure as it aligns the Group's remuneration philosophy with creating value, and is within the scope of influence of participants. The GFM determines the overall STI pool available for distribution. If the financial performance target is not met, individual awards may be funded at a reduced level, at the discretion of the Board.

■ Individual Performance Multiplier (IPM)

Individual performance is assessed using a balanced scorecard of individual measures that align to and are reflective of the Group's annual objectives. The balanced scorecard assesses four performance areas – customers, people, organisation, and shareholders. Specific key performance objectives, including the achievement of business unit financial and non-financial targets and strategic objectives are agreed upon for each performance area at the start of the financial year against which the individual is assessed. In the pursuit of superior shareholder returns and value creation, such metrics include the achievement of profit measures and cost management targets; providing the best gambling and entertainment experience for customers; providing operational excellence, regulatory compliance and positive company image; ensuring Tabcorp is a great place to work; and delivering strategic value/opportunities.

To be eligible to receive a STI, participants need to demonstrate required levels of behaviours in line with Group values and must not have any significant controllable compliance breaches.

Remuneration report (audited) (continued)

6.4.1.3 Delivery

The STI is delivered in cash, or a mix of cash and Restricted Shares. It is mandatory for participants at a senior management level, where the target STI is 30% or more of TAR and who do not participate in the long term incentive plan, to defer one third of their total STI into Restricted Shares. Restricted Shares are subject to a three year service condition during which time the shares may not be traded, however participants have full entitlement to dividends and voting rights.

6.4.1.4 Accounting treatment

The financial impact of the STI (excluding any Restricted Shares) is expensed in the relevant financial year and is reflected in the remuneration disclosures for KMP. Restricted Shares are expensed on a straight line basis over a three year period, commencing from the time the Restricted Shares are granted to the participant, which occurs after the end of the financial year.

6.4.1.5 STI performance

For the year ended 30 June 2012, short term incentive targets were derived from the Board approved business plan which included financial and non-financial goals. The Board awarded short term incentives to senior management that reflected the financial performance of the Group against the targets set. The financial performance of the Group for the year ended 30 June 2012 was assessed by the Board as consistent with the business plan expectations and at target.

6.4.2 Long term incentive (LTI)

6.4.2.1 Overview

The LTI is principally designed to reward senior management for contributions to long term shareholder value creation, measured on the third anniversary after the date of grant. Ultimate value from the LTI is only delivered to senior management if certain shareholder returns are achieved on the test date, resulting in the equity instruments vesting.

The LTI is delivered through Performance Rights that provide the senior manager with the opportunity to acquire shares, subject to meeting the market based performance condition, at no cost to the senior manager. Performance Rights are considered an effective instrument for delivering incentives to senior management which is aligned to achieving shareholder value over the three year period.

Performance Rights issued under the LTI plan have the following features:

- Tested against the relevant performance hurdle at the third anniversary of the date of grant;
- May vest at the third anniversary of the date of grant, with any unvested Performance Rights lapsing immediately;

- Upon vesting, the Company will issue or transfer ordinary shares to the senior manager; and
- The fair value will be expensed over a three year period from the grant date in accordance with Accounting Standards.

6.4.2.2 Allocation

The Performance Rights under the LTI are generally allocated annually in September. The number of Performance Rights allocated is calculated as outlined in Figure 5.

Figure 5: Allocation calculation

$$\begin{array}{|c|} \hline \text{Target LTI} \\ \hline (\$) \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{Fair} \\ \text{Value of} \\ \text{Performance} \\ \text{Right} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Number of} \\ \text{Performance} \\ \text{Rights} \\ \text{allocated} \\ \hline \end{array}$$

6.4.2.3 Vesting conditions

The vesting of Performance Rights issued under the LTI is dependent on meeting a minimum performance hurdle at the test date (third anniversary of the date of grant), as discussed below.

The performance hurdle for Performance Rights issued under the LTI is relative Total Shareholder Return (relative TSR).

TSR measures the return received by shareholders (capital returns, dividends and share price movement) over a specific period relative to a peer group of companies. If there is any change in the dividend payment timetable of a company in the peer group (including Tabcorp), then the TSR performance of that company is adjusted to remove any artificial distortion in the outcome. Tabcorp engages an external consultant to calculate Tabcorp's TSR relative to the peer group of companies.

The Board considers relative TSR to be an appropriate performance measure as it reflects the Group's remuneration philosophy of creating shareholder value relative to our peer group, and recognises that the Company is in the midst of transitioning to the new licence arrangements in 2012 and 2013, the result of which means the setting of future earnings targets remains volatile. The use of an alternative measure such as Earnings Per Share (EPS) either instead of, or in addition to relative TSR, may be considered by the Board in the future.

The peer group used for assessing Tabcorp's relative TSR is based upon the following companies.

Basis	Exclusions
S&P/ASX 100 index	<ul style="list-style-type: none"> ■ Property trusts; ■ Infrastructure groups; and ■ Mining companies Represented by the S&P Global Industry Classification Standards of Metals & Mining, Transportation Infrastructure, Utilities and Real Estate Investment Trusts.

The composition of the peer group may change as a result of specific external events, such as mergers and acquisitions, capital returns, delistings and capital reconstruction. The Board Remuneration Committee has agreed guidelines for adjusting the peer group following such events, and has the discretion to determine any adjustment to the peer group of companies.

The table below sets out the percentage of Performance Rights that will vest depending on Tabcorp's relative TSR ranking as at the applicable test date:

Tabcorp's relative TSR ranking	Percentage of Performance Rights that will vest
Below 50th percentile	0%
At 50th percentile	50%
Above 50th and below 75th percentile	Pro-rata between 50% (at 50th percentile) and 100% (at 75th percentile)
At or above 75th percentile	100%

This testing schedule and vesting criteria are common practice adopted by the companies in the S&P/ASX100 index, which is consistent with Tabcorp's remuneration philosophy (refer to section 3) and senior management remuneration framework (refer to section 6.1).

For Performance Rights which have vested, the Company will issue or transfer ordinary shares to the senior manager, with full voting and dividend rights corresponding to the rights of all other holders of ordinary shares.

6.4.2.4 Lapsing conditions

Performance Rights that have not vested after testing will lapse.

6.4.2.5 Cessation of employment

All unvested Performance Rights will lapse immediately upon cessation of employment. However, the Board Remuneration Committee has discretion in special circumstances to determine the number of Performance Rights retained and the terms applicable. Special circumstances include events such as retirement, redundancy, death and permanent disability.

6.4.2.6 Accounting treatment

Performance Rights issued under the LTI are expensed on a straight line basis over a three year period, commencing from the grant date. Under Accounting Standards, Tabcorp is required to recognise an expense irrespective of whether the Performance Right ultimately vests to the senior manager. A reversal of the expense is only recognised in the event the Performance Rights lapse due to cessation of employment within the three year period.

The 'Remuneration of KMP' tables at section 7.1 (Figures 11C & 11D) reflect the accounting expense recognised in the relevant financial year, not the total fair value of Performance Rights allocated to the executive during the year, which is disclosed in Figure 12E.

6.4.2.7 LTI performance

In the 2012 financial year, there were three scheduled test dates for past allocations under the LTI (to the former Managing Director and Chief Executive Officer as outlined in section 5.1). The performance hurdle for vesting was not achieved for any allocations.

6.4.2.8 Prior year treatment of LTI under the Demerger

In the prior year, as a result of the Demerger, the Board determined to collapse all existing Employee Share schemes prior to the implementation date of the Demerger. Under the LTI, in relation to Performance Rights and Performance Options retained by holders who were employees and former employees, the testing of relevant performance conditions was accelerated to the date on which the Scheme became effective. The acceleration applied only to the pro rata portion of the unvested Performance Rights that was equal to the proportion of the standard vesting period of three years that had elapsed at 3 June 2011.

Any Performance Rights or Performance Options that did not vest upon testing lapsed, and any Performance Rights that did not qualify for testing on a pro rated basis were cancelled in the prior year. The fair value of all Performance Rights and Performance Options were fully expensed at the date of accelerated testing or cancellation.

In relation to the former Managing Director and Chief Executive Officer, following the Demerger there were 232,136 Performance Rights left on foot (as referred to in section 5.1), which will continue to be tested at the respective test dates. The performance hurdles applying in respect of those Performance Rights that remained on foot were not adjusted to reflect the fact that following the Demerger, the TSR on Tabcorp Shares exclude (at least in part) the value of Echo Shares and distributions on such shares during the testing period.

Remuneration report (audited) (continued)

6.4.3. Appointment/retention incentives

6.4.3.1 Criteria for issue

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

Additionally, senior managers may also be issued Performance Rights upon appointment. These instruments are issued under the LTI and are subject to the same performance hurdles and vesting conditions (refer section 6.4.2).

A combination of equity instruments such as Restricted Shares, subject to time based restrictions, and Performance Rights, subject to performance and time based hurdles, are employed to attract, retain and compensate senior management for equity forfeited.

No new appointment or retention incentives were provided to KMP during the year ended 30 June 2012.

6.4.3.2 Accounting treatment

The fair value of Restricted Shares is expensed as remuneration over the relevant restriction period. At the date disposal restrictions and forfeiture provisions were waived, the fair value of the Restricted Shares was fully expensed.

As Performance Rights are issued under the LTI, they are expensed in the same manner as described in section 6.4.2.6.

6.4.4 Policy prohibiting hedging

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

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

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

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

6.5 Executive director contract – Managing Director and Chief Executive Officer

6.5.1 Current contract

David Attenborough is Managing Director and Chief Executive Officer. In accordance with his employment contract, Mr Attenborough receives fixed remuneration and the opportunity to receive variable remuneration through short term and long term incentive arrangements. Mr Attenborough's contract is for a continuing term capable of being terminated on 6 months' notice by Mr Attenborough and 12 months' notice by Tabcorp. The contract does not require any termination payments, other than payment in lieu of notice (if applicable).

6.5.1.1 Fixed remuneration

Mr Attenborough receives fixed remuneration (inclusive of statutory superannuation contributions) of \$900,000 per annum. During the 2012 financial year, the fixed remuneration of Mr Attenborough has not increased, reflecting the timing of his appointment to the position effective 9 June 2011.

6.5.1.2 Short term incentive

Mr Attenborough is eligible to receive a short term performance award based on his individual performance and the Group's performance over the annual performance review period. Mr Attenborough's short term performance award is equivalent to \$600,000 at target and is delivered in cash, with the opportunity for Mr Attenborough to voluntarily sacrifice part of the award into additional superannuation contributions. This short term incentive is similar to that which applies to the STI in section 6.4.1.

6.5.1.3 Long term incentive

The Company intends that the long term incentive component of Mr Attenborough's remuneration package will involve annual grants of Performance Rights or Options, which would be subject to a performance hurdle, with the grant of such Performance Rights or Options being subject to obtaining any necessary shareholder approvals at the relevant time. This long term incentive is similar to that which applies to the LTI in section 6.4.2, other than as set out in this section.

Since being appointed as Managing Director and Chief Executive Officer, Mr Attenborough has received one grant of Performance Rights under the Tabcorp Long Term Incentive Plan, which was approved by shareholders at the Company's 2011 Annual General Meeting. The details follow:

Effective date	Number	Test date	Expiry date
23 September 2011	447,761	23 September 2014	23 September 2014

Upon termination of employment (other than at the discretion of the Board in special circumstances such as, but not limited to, death and permanent disablement), all unvested Performance Rights or Options will lapse immediately. In all circumstances of termination of employment (other than for serious misconduct, in which case all Performance Rights or Options will lapse immediately), a pro-rata number of Performance Rights or Options based on the time served from Effective date to Test date will be tested. In addition, partial lapse of unvested Performance Rights or Options may occur in circumstances where Mr Attenborough takes parental leave or extended unpaid leave. In the event of a takeover offer for the Company or any other transaction resulting in a change of control of the Company, the Board is required to determine, in its absolute discretion, the appropriate treatment regarding any unvested Performance Rights.

Further information relating to these Performance Rights is available in the notice of meeting for the Company's 2011 Annual General Meeting.

6.5.1.4 Other benefits

Mr Attenborough's contract includes benefits comprising of:

Living away from home expenses – Mr Attenborough receives reimbursement of up to \$3,500 per week for living away from home expenses (such as accommodation) until 9 April 2014.

Home leave - Mr Attenborough receives 4 return business class tickets for travel between Australia and South Africa each year until 9 April 2014.

FBT – Tabcorp bears the cost of any fringe benefits tax payable in respect of housing and location assistance until 9 April 2014.

6.6 Executive contracts - KMP

6.6.1 Current contracts

The table below contains details of the contracts of the executives who are KMPs, excluding the Managing Director and Chief Executive Officer. The current contracts do not provide for any termination payments, other than payment in lieu of notice.

Name	Position	Contract duration	Minimum notice period (months)	
			Executive	Tabcorp
Mohan Jesudason	Managing Director, Gaming & Group Marketing	Open ended	6	9
Damien Johnston	Chief Financial Officer	Open ended	6	9
Kerry Willcock	Executive General Manager, Corporate, Legal and Regulatory	Open ended	6	12

6.6.2 Additional Compensation

No new additional compensation arrangements were entered into during the year ended 30 June 2012. Arrangements that were previously put in place are as follows.

Managing Director, Gaming & Group Marketing

Mr Jesudason's contract includes additional compensation that requires him to be an employee of Tabcorp on 30 September 2012 and satisfy certain business outcomes. The maximum compensation payable is \$1,000,000. It was put in place in 2010 and any payment will be made during the financial year ending 30 June 2013.

Remuneration report (audited) (continued)

Chief Financial Officer

Mr Johnston's contract includes additional compensation that requires him to be an employee of Tabcorp on 30 June 2012. The additional compensation of \$182,000 was put in place in 2008 and will be paid during the financial year ending 30 June 2013.

Executive General Manager – Corporate, Legal and Regulatory

Ms Willcock's contract includes additional compensation that requires her to be an employee of Tabcorp on 15 December 2012 and satisfy certain business outcomes. The additional compensation of \$525,000 was put in place in 2010 and will be paid during the financial year ending 30 June 2013.

6.7 Performance of Tabcorp and shareholder wealth

Tabcorp's annual financial performance (which is presented on a pre impairment basis to align with the performance measure for the STI, as outlined in section 6.4.1.2) and indicators of shareholder wealth over the five year period ended 30 June 2012 are highlighted in the graphs below. For periods up to and including the year ended 30 June 2011, the financial performance included Echo Entertainment Group, as indicated by the grey bars. The financial performance of Tabcorp post the Demerger of Echo Entertainment Group is indicated by the blue bars.

Figure 6: Net profit after tax⁽ⁱ⁾

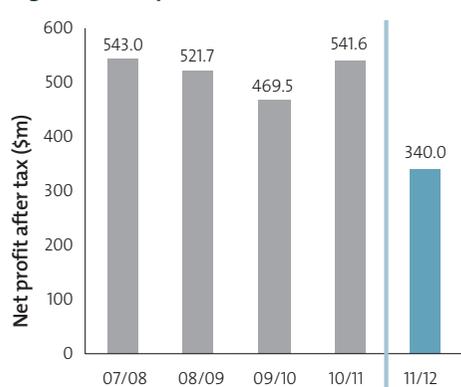
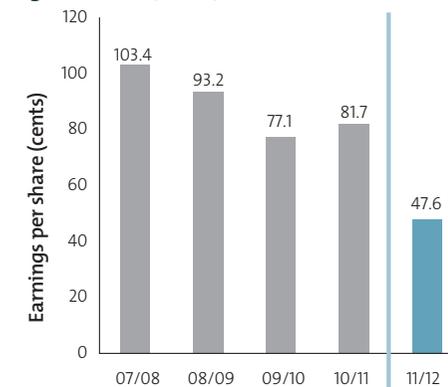


Figure 7: EPS (basic)⁽ⁱ⁾



- (i) The results for the 10/11 year are before both impairment of \$358.0m and gain on demerger of Echo Entertainment Group, net of tax of \$351.2m.
The results for the 07/08 year are before impairment of \$707.6m.

Figure 8: Full year dividend in respect of each financial year (includes interim, final and special dividends)⁽ⁱⁱ⁾

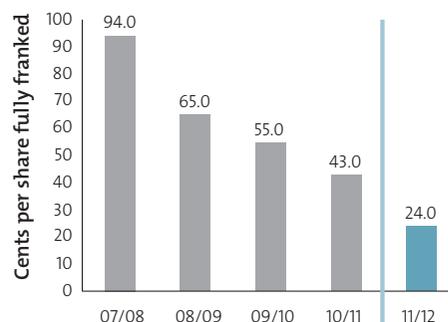
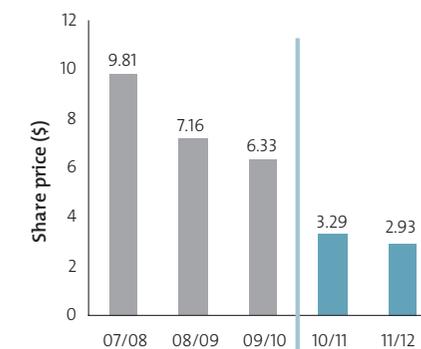


Figure 9: Company share price at the end of each financial year⁽ⁱⁱⁱ⁾



- (ii) The 07/08 year includes the special dividend declared in August 2008 of 47.0 cents per share. This dividend was declared as a substitute for the final dividend for the 07/08 year.
(iii) The closing share price for 10/11 is after the Demerger of Echo Entertainment Group and before the declaration of the final dividend which was based on Group earnings pre-Demerger inclusive of Echo Entertainment Group.

Figure 10 shows Tabcorp's TSR performance relative to the peer group of companies at test dates during the test periods for currently existing LTI allocations made both pre and post the Demerger, together with future test dates.

Figure 10: Current LTI allocations

Grant date	Allocation to	Expiry date	Relative TSR percentile ranking at test date / Future test date		
			First	Second	Third
Allocations post Demerger					
23 Sep 2011	Senior management	23 Sep 2014	23 Sep 2014	N/A	N/A
26 Oct 2011	MD&CEO	23 Sep 2014	23 Sep 2014	N/A	N/A
Allocations pre Demerger					
23 Oct 2008	Former MD&CEO	15 Sep 2015	18th percentile	18th percentile	15 Sep 2012
19 Oct 2009	Former MD&CEO	17 Jun 2016	18th percentile	17 Dec 2012	17 Jun 2013
25 Oct 2010	Former MD&CEO	14 Sep 2017	14 Sep 2014	N/A	N/A

7. Remuneration tables

7.1 Remuneration of KMP

Figure 11A: KMP remuneration for the year ended 30 June 2012 – Non Executive Directors

KMP	Short term	Post	Total
	Salary & fees ⁽ⁱ⁾	employment	
	\$	\$	\$
Current			
Paula Dwyer	412,500	37,125	449,625
Elmer Funke Kupper ⁽ⁱⁱ⁾	73,750	6,638	80,388
Jane Hemstritch	167,500	15,075	182,575
Justin Milne ⁽ⁱⁱⁱ⁾	147,500	13,275	160,775
Zygmunt Switkowski	172,500	15,525	188,025
Future			
Steven Gregg ^(iv)	101,666	8,850	110,516
Total	1,075,416	96,488	1,171,904

(i) Comprises salary and fees, including fees earned whilst an Observer.

(ii) Appointed as an Observer on 1 January 2012, and commenced as a Director and KMP on 25 June 2012, following the receipt of all necessary regulatory approvals. Total remuneration for the period whilst a KMP was \$3,100.

(iii) Appointed as an Observer on 18 October 2010, and commenced as a Director and KMP on 1 August 2011, following the receipt of all necessary regulatory approvals. Total remuneration for the period whilst a KMP was \$147,377.

(iv) Appointed as an Observer on 14 October 2011, and commenced as a Director and KMP on 18 July 2012 following the receipt of all necessary regulatory approvals. Total remuneration for the period whilst a KMP was nil.

Figure 11B: KMP remuneration for the year ended 30 June 2011 – Non Executive Directors

KMP	Short term	Post	Total
	Salary & fees ⁽ⁱ⁾	employment	
	\$	\$	\$
Current			
Paula Dwyer	297,500	26,775	324,275
Jane Hemstritch	200,379	18,034	218,413
Zygmunt Switkowski	210,076	18,907	228,983
Future			
Justin Milne ⁽ⁱⁱ⁾	116,515	10,486	127,001
Former			
John Story ⁽ⁱⁱⁱ⁾	401,591	36,143	437,734
John O'Neill ⁽ⁱⁱⁱ⁾	176,136	15,852	191,988
Brett Paton ⁽ⁱⁱⁱ⁾	216,136	19,452	235,588
Total	1,618,333	145,649	1,763,982

(i) Comprises salary and fees, including fees earned whilst an Observer.

(ii) Appointed as an Observer on 18 October 2010, and commenced as a Director and KMP on 1 August 2011 following the receipt of all necessary regulatory approvals. Total remuneration for the period whilst a KMP was nil.

(iii) Ceased as a KMP on 8 June 2011 as a result of the Demerger to join Echo.

Remuneration report (audited) (continued)

Figure 11C: KMP remuneration for the year ended 30 June 2012 – Executives

KMP	Short term				Long term	Post employment	Total excluding charge for share based allocations	Charge for share based allocations ^(iv)		Total	Performance related ^(v)	Termination benefits
	Salary & fees ⁽ⁱ⁾	Bonus	Non-monetary benefits ⁽ⁱⁱ⁾	Other ⁽ⁱⁱⁱ⁾	Long service leave	Superannuation		Performance Rights				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	\$
Current Executive Director												
David Attenborough ^(vi)	891,191	690,000	409,566	-	4,424	15,775	2,010,956	210,683	2,221,639		41%	-
Current Executives												
Mohan Jesudason	629,238	220,000	-	850,000	16,742	15,775	1,731,755	100,308	1,832,063		17%	-
Damien Johnston ^(vii)	577,327	390,000	-	182,000	15,458	15,775	1,180,560	83,333	1,263,893		37%	-
Kerry Willcock	492,922	266,000	-	525,000	28,082	15,775	1,327,779	72,916	1,400,695		24%	-
Total	2,590,678	1,566,000	409,566	1,557,000	64,706	63,100	6,251,050	467,240	6,718,290			-

(i) Comprises salary, salary sacrificed benefits (including superannuation and motor vehicle novated leases) and annual leave expense.

(ii) Comprises the cost to the Company for providing relocation expenses, living away from home benefits, accommodation, car parking, and airfares, where applicable.

(iii) Comprises additional compensation as outlined in section 6.6.2, and will be paid during the year ending 30 June 2013.

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

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

(vi) Non-monetary benefits include increased FBT charges relating to living away from home expenses. These benefits are outlined in section 6.5.1.4.

(vii) Commenced as KMP on 12 July 2011, following the receipt of all necessary regulatory approvals. Total remuneration for the period whilst a KMP was \$1,246,996.

The amounts that appear under the heading 'charge for share based allocations' are the amounts required under the Accounting Standards to be expensed by the Company in respect of the allocation of long term incentives and Restricted Shares to KMP. Each year, the Board may decide to allocate long term incentives to executives. Currently, these long term incentives are allocated in the form of Performance Rights, which are expensed by the Company over the three year vesting period. Figures 11C and 11D represent the expenses incurred during the year in respect of current and past incentive allocations. These amounts are therefore not amounts actually received by executives during the year. Whether executives receive any value from the allocation of long term incentives in the future will depend on the performance of the Company relative to a peer group of listed companies. The mechanism which determines whether or not long term incentives vest in the future is described in Sections 6.4.2 and 6.5.1.3.

Figure 11D: KMP remuneration for the year ended 30 June 2011 – Executives

KMP	Short term				Long term	Post Employment	Total excluding charge for share based allocations	Charge for share based allocations ^(iv)		Accelerated Charge for Share based payments ^(v)		Total	Performance related ^(vi)	Termination benefits
	Salary & fees ⁽ⁱ⁾	Bonus	Non-monetary benefits ⁽ⁱⁱ⁾	Other ⁽ⁱⁱⁱ⁾	Long service leave	Super-annuation		Performance Options & Rights	Restricted Shares	Performance Options & Rights	Restricted shares & former LTI loans			
Current Executive Director														
David Attenborough ^{(vii) (viii)}	717,685	470,000	257,539	-	2,040	15,199	1,462,463	22,109	201,387	66,326	69,444	1,821,729	27%	-
Current Executives														
Mohan Jesudason	638,249	475,000	13,322	300,000	41,863	15,199	1,483,633	351,204	-	555,022	422,584	2,812,443	29%	-
Kerry Willcock	514,436	350,000	-	-	26,556	15,199	906,191	244,314	-	394,171	-	1,544,676	38%	-
Future Executive														
Damien Johnston ^(ix)	67,811	23,868	-	-	38,422	921	131,022	-	-	-	-	131,022	18%	-
Former Executive Director														
Elmer Funke Kupper ^(x)	1,386,938	2,475,000	-	-	(58,106)	15,199	3,819,031	1,330,928	-	(294,357)	-	4,855,602	78%	3,000,000
Former Executives														
Larry Mullin ^{(vii) (xi) (xii)}	1,272,356	1,268,182	557,365	-	2,797	-	3,100,700	182,292	119,508	500,000	44,533	3,947,033	37%	-
Matt Bekier ^(xii)	728,771	587,121	30,779	-	17,399	15,199	1,379,269	417,120	-	661,991	-	2,458,380	41%	-
Louise Marshall ^(xiii)	379,651	253,636	-	-	3,972	14,278	651,537	107,512	-	253,425	-	1,012,474	36%	-
Total	5,705,897	5,902,807	859,005	300,000	74,943	91,194	12,933,846	2,655,479	320,895	2,136,578	536,561	18,583,359		3,000,000

(i) Comprises salary, salary sacrificed benefits (including superannuation, motor vehicle novated leases and school fees) and annual leave expense.

(ii) Comprises the cost to the Company for providing low interest loan to acquire shares in the Company pursuant to issues made under a previous employee share plan, relocation expenses, living away from home benefits, car parking, accommodation, airfares and travel costs, where applicable.

(iii) Comprises cash appointment incentives and retention payments, where applicable.

(iv) Represents the fair value of share based payments expensed by the Company, which includes amounts expensed on cessation of employment where equity instruments are retained, and reversal of previously recognised remuneration on cessation of employment where equity instruments lapse. Value only accrues to the KMP when conditions have been met.

(v) As a result of the Demerger, the remaining fair value of share based payments not already recognised was expensed where the date of testing was accelerated, the equity instruments were cancelled or disposal restrictions and forfeiture provisions were waived. The balance includes the reversal of previously recognised remuneration where equity instruments lapse on cessation of employment resulting from the Demerger.

(vi) Represents the sum of bonus, Performance Options and Performance Rights (excluding accelerated charge) as a percentage of total remuneration, excluding termination payments.

(vii) Share based allocations include Restricted Shares that were granted as appointment incentives.

(viii) Commenced employment on 9 April 2010, and as a KMP on 29 July 2010 following the receipt of all necessary regulatory approvals. Total remuneration for the period whilst a KMP was \$1,698,708. Non-monetary benefits restated for certain costs not previously included of \$78,223.

(ix) Commenced in role on 9 June 2011. Salary & fees reflects increase in annual leave accrual due to new salary level. Commenced as a KMP on 12 July 2011 following the receipt of all necessary regulatory approvals. Total remuneration for the period whilst a KMP was nil.

(x) Ceased employment and as a KMP on 8 June 2011. In addition to the amounts disclosed above, payment of annual leave on cessation amounted to \$188,335.

(xi) Received cash in lieu of superannuation, due to being a senior executive temporary resident of Australia. These amounts are disclosed under salary and fees.

(xii) Ceased employment and as a KMP on 8 June 2011 as a result of the Demerger to join Echo.

(xiii) Ceased as a KMP on 8 June 2011 as a result of the Demerger. The remuneration report for the year ended 30 June 2011 included accrued termination benefits of \$337,500. No termination benefits were paid, as Ms Marshall joined Echo following the Demerger.

The amounts that appear under the heading 'Accelerated Charge for Share Based Payments' are the amount required under the accounting standards to be expensed by the Company, in respect of the allocation of Long Term Incentives and Restricted Shares to KMP, resulting from the collapsing of the Company's Employee Share Schemes prior to the implementation of the Demerger. These amounts are therefore not amounts actually received by executives during the year.

Remuneration report (audited) (continued)

7.2 Other remuneration tables

Figure 12A: Short term incentive (STI) achieved

For the year ended 30 June 2012

KMP	Actual STI payment \$	Actual STI payment as a % of maximum STI ⁽ⁱ⁾	Actual STI payment as a % of target STI	STI not achieved as a % of target STI
David Attenborough	690,000	51%	115%	-
Mohan Jesudason	220,000	23%	51%	49%
Damien Johnston	390,000	58%	130%	-
Kerry Willcock	266,000	45%	101%	-

(i) Maximum STI for KMPs may vary, as it is subject to Board discretion.

Figure 12B: Terms and conditions of Performance Rights granted during the year

For the year ended 30 June 2012

Grant date	Fair value at grant date \$	Exercise price \$	Exercise and expiry date	Last exercise/ expiry date
23 September 2011 ⁽ⁱ⁾	1.34	-	23 September 2014	23 September 2014
26 October 2011 ⁽ⁱ⁾	1.49	-	23 September 2014	23 September 2014

(i) Terms and conditions of the Performance Rights are the same. Grant date differs due to Performance Rights granted to the Managing Director and Chief Executive Officer which required shareholder approval at the AGM. Fair value under accounting standards is determined at grant date.

Figure 12C: Performance Rights granted during the year

For the year ended 30 June 2012

KMP	Rights granted 23 September 2011 Number	Rights granted 26 October 2011 Number
David Attenborough	-	447,761
Mohan Jesudason	269,485	-
Damien Johnston	223,880	-
Kerry Willcock	195,895	-
Total	689,260	447,761

Figure 12D: Performance Rights vested and exercised during the year

For the year ended 30 June 2012

No Performance Rights vested or were exercised during the current year.

Figure 12E: Value of Performance Rights granted as part of remuneration

KMP	During the year ended 30 June 2012			As a % of remuneration ⁽ⁱⁱ⁾
	Granted ⁽ⁱ⁾ \$	Exercised \$	Lapsed \$	
David Attenborough	667,164	-	-	9%
Mohan Jesudason	361,110	-	-	5%
Damien Johnston	299,999	-	-	7%
Kerry Willcock	262,499	-	-	5%
Total	1,590,772	-	-	

(i) Represents the value of Performance Rights granted during the year. For details on the valuation of the Performance Rights, including models and assumptions used, refer to Note 23 of the Tabcorp Financial Report.

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

Income statement

For the year ended 30 June 2012

	2012 \$m	2011 \$m
Revenue	3,038.5	2,947.5
Other income	15.0	35.7
Government taxes and levies	(892.8)	(887.5)
Commissions and fees	(1,004.4)	(977.5)
Employment costs	(151.5)	(163.4)
Depreciation and amortisation	(133.5)	(124.3)
Property costs	(39.7)	(38.5)
Advertising and promotions	(35.4)	(30.9)
Other expenses	(204.5)	(198.6)
Impairment	-	(358.0)
Profit before income tax expense and net finance costs	591.7	204.5
Finance income	6.3	9.7
Finance costs	(101.0)	(144.1)
Profit from continuing operations before income tax expense	497.0	70.1
Income tax expense	(157.0)	(126.5)
Profit/(loss) from continuing operations after income tax	340.0	(56.4)
Discontinued operations		
Profit from discontinued operations and net gain on demerger of Echo Entertainment Group, net of tax	-	591.2
Net profit after tax	340.0	534.8
Other comprehensive income		
Change in fair value of cash flow hedges taken to equity	(45.8)	7.1
Recycling of discontinued cash flow hedges to income statement	-	(40.5)
Actuarial gain/(loss) on defined benefit plan	(1.8)	1.3
Income tax benefit on items of other comprehensive income	14.2	9.6
Other comprehensive income/(loss) for the period, net of income tax	(33.4)	(22.5)
Total comprehensive income for the period	306.6	512.3
Earnings per share:		
From continuing operations		
Basic earnings per share	47.6	(8.5)
Diluted earnings per share	47.5	(8.5)
Total attributable to shareholders of Tabcorp		
Basic earnings per share	47.6	80.7
Diluted earnings per share	47.5	80.4

In June 2011, Tabcorp demerged Echo Entertainment Group. As a result, certain items in the income statement are not directly comparable between years.

Balance sheet

As at 30 June 2012

	2012 \$m	2011 \$m
Current assets		
Cash and cash equivalents	151.4	147.1
Receivables	52.1	80.1
Inventories	4.8	9.4
Property, plant and equipment	4.9	-
Other	15.0	14.3
Total current assets	228.2	250.9
Non current assets		
Property, plant and equipment	313.3	280.5
Intangible assets - licences	814.8	430.2
Intangible assets - other	1,803.2	1,805.7
Receivables	58.8	56.8
Derivative financial instruments	17.7	-
Other	13.0	14.4
Total non current assets	3,020.8	2,587.6
TOTAL ASSETS	3,249.0	2,838.5
Current liabilities		
Payables	384.3	367.7
Interest bearing liabilities	-	449.8
Current tax liabilities	42.7	59.5
Provisions	31.5	65.9
Derivative financial instruments	19.8	3.7
Other	11.9	5.4
Total current liabilities	490.2	952.0
Non current liabilities		
Payables	-	75.0
Interest bearing liabilities	1,224.0	515.2
Deferred tax liabilities	63.1	63.3
Provisions	5.8	6.2
Derivative financial instruments	59.5	15.1
Other	0.6	0.8
Total non current liabilities	1,353.0	675.6
TOTAL LIABILITIES	1,843.2	1,627.6
NET ASSETS	1,405.8	1,210.9
Equity		
Issued capital	2,084.0	1,973.0
Retained earnings/(accumulated losses)	23.4	(91.9)
Reserves	(701.6)	(670.2)
TOTAL EQUITY	1,405.8	1,210.9

Cash flow statement

For the year ended 30 June 2012

	2012 \$m	2011 \$m
Cash flows from operating activities		
Net cash receipts in the course of operations	3,127.0	4,439.3
Payments to suppliers, service providers and employees	(1,572.6)	(2,357.2)
Payment of government levies, betting taxes and GST	(765.7)	(1,075.2)
Finance income received	6.2	8.1
Finance costs paid	(111.1)	(159.2)
Income tax paid	(158.3)	(197.7)
Net cash flows from operating activities	525.5	658.1
Cash flows from investing activities		
Payment for property, plant and equipment and intangibles	(631.0)	(595.6)
Proceeds from sale of property, plant and equipment and intangibles	1.2	2.1
Loan repayments received from customers	0.8	-
Loans advanced to customers	(5.0)	(47.6)
Net cash flows used in investing activities	(634.0)	(641.1)
Cash flows from financing activities		
Proceeds from issue of shares	-	427.7
Payment of transaction costs for share issue	-	(12.7)
Payment of transaction costs for capital reduction	(0.8)	(21.1)
Payment of transaction costs for demerger	(34.7)	(64.7)
Net cash flows from revolving bank facilities	250.0	(210.0)
Proceeds from long term borrowings	460.5	1,090.0
Repayment of long term borrowings	(450.0)	(938.6)
Cash reduction through demerger of entities	-	(124.5)
Dividends paid	(111.4)	(269.7)
Payments for on-market share purchase	(0.8)	(9.8)
Proceeds from sale of treasury shares	-	1.6
Net cash flows used in financing activities	112.8	(131.8)
Net increase/(decrease) in cash held	4.3	(114.8)
Cash at beginning of year	147.1	261.9
Cash at end of year	151.4	147.1

The cash flow statement for the prior year includes the cash flows of the Echo Entertainment Group for the period up to the demerger date.

Statement of changes in equity

For the year ended 30 June 2012

	Issued capital		Retained earnings/ (accumulated losses)	Net unrealised losses reserve	Employee equity benefit reserve	Demerger reserve	Total equity
	Ordinary shares	Treasury shares					
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2012							
Balance at beginning of year	1,973.0	-	(91.9)	(0.3)	-	(669.9)	1,210.9
Profit for the period	-	-	340.0	-	-	-	340.0
Other comprehensive income/(loss)	-	-	(1.3)	(32.1)	-	-	(33.4)
Total comprehensive income for the period	-	-	338.7	(32.1)	-	-	306.6
Dividends paid	-	-	(223.4)	-	-	-	(223.4)
Dividend reinvestment plan	112.0	-	-	-	-	-	112.0
Transaction costs for capital reduction	(0.6)	-	-	-	-	-	(0.6)
Restricted shares issued	-	(0.8)	-	-	-	-	(0.8)
Share based payments expense	-	0.4	-	-	0.7	-	1.1
Balance at end of year	2,084.4	(0.4)	23.4	(32.4)	0.7	(669.9)	1,405.8
2011							
Balance at beginning of year	3,737.6	(3.7)	(310.0)	23.1	7.7	-	3,454.7
Profit for the period	-	-	534.8	-	-	-	534.8
Other comprehensive income/(loss)	-	-	0.9	(23.4)	-	-	(22.5)
Total comprehensive income for the period	-	-	535.7	(23.4)	-	-	512.3
Dividends paid	-	-	(317.6)	-	-	-	(317.6)
Dividend reinvestment plan	47.9	-	-	-	-	-	47.9
Echo Entertainment Group demerger distribution	(2,219.8)	-	-	-	-	(669.9)	(2,889.7)
Ordinary shares issued	427.7	-	-	-	-	-	427.7
Transaction costs for share issue and capital reduction	(24.4)	-	-	-	-	-	(24.4)
Transfers	12.8	-	-	-	(12.8)	-	-
Restricted shares issued	-	(1.0)	-	-	-	-	(1.0)
Share based payments expense	-	3.1	-	-	6.6	-	9.7
Payment on Performance Rights cancellation	-	-	-	-	(1.5)	-	(1.5)
Net outlay to purchase shares ⁽ⁱ⁾	(8.8)	-	-	-	-	-	(8.8)
Disposal of shares	-	1.6	-	-	-	-	1.6
Balance at end of year	1,973.0	-	(91.9)	(0.3)	-	(669.9)	1,210.9

(i) Net outlay for the purchase of Company shares for Performance Rights exercised by certain executives in lieu of issuing new share capital.

Notes to the concise financial statements

For the year ended 30 June 2012

1. Accounting policies

This concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 Concise Financial Reports. The financial statements and specific disclosures required by AASB 1039 are an extract of, and have been derived from the Group's full financial report for the financial year. Other information included in the concise financial report is consistent with the Group's full financial report.

All amounts are presented in Australian Dollars.

A full description of the accounting policies adopted by the Group is provided in the 2012 financial statements which form part of the full financial report.

	2012 \$m	2011 \$m
2. Dividends		
Dividends declared and paid during the year on ordinary shares:		
(a) Interim dividend for 2012 of 13.0 cents per share paid on 26 March 2012 (2011: 24.0 cents per share paid on 21 March 2011)	92.7	164.4
(b) Final dividend for 2011 of 19.0 cents per share paid on 23 September 2011 (2010: 25.0 cents per share paid on 20 September 2010)	130.7	153.2
	223.4	317.6
Dividends declared after balance date		
Since the end of the financial year, the directors declared the following dividend: Final dividend for 2012 - 11.0 cents per share (2011: 19.0 cents per share)	80.3	130.7

The financial effect of this dividend has not been brought to account in the financial statements and will be recognised in subsequent financial reports (refer to note 4).

Dividends on ordinary shares are fully franked at a tax rate of 30%.

3. Segment information

The Group's operating segments have been determined based on the internal management reporting structure and the nature of products and services provided by the Group. They reflect the business level at which financial information is provided to management for decision making regarding resource allocation and performance assessment.

The Group has four operating segments:

Wagering	Totalisator and fixed odds betting activities.
Media & International	National and international broadcasting of racing and sporting events.
Gaming	Electronic gaming machine operations and services in licensed hotels and clubs.
Keno	Keno operations in licensed clubs and hotels within Victoria, NSW and Queensland.

Notes to the concise financial statements (continued)

For the year ended 30 June 2012

3. Segment information (continued)

	Wagering \$m	Media & International \$m	Gaming \$m	Keno \$m	Total \$m
2012					
Revenue - external	1,637.4	139.1	1,078.9	183.1	3,038.5
Revenue - intersegment	-	51.1	-	-	51.1
Segment revenue	1,637.4	190.2	1,078.9	183.1	3,089.6
Segment profit before impairment, interest and tax	242.2	57.1	244.1	48.3	591.7
Depreciation and amortisation	71.3	8.6	38.5	15.1	133.5
Impairment losses recognised in the income statement	-	-	-	-	-
Capital expenditure ⁽ⁱ⁾	487.0	16.9	33.0	31.1	568.0

(i) Wagering capital expenditure includes \$418.5 million for the Victorian wagering and betting licence.

2011					
Revenue - external	1,569.1	130.5	1,077.4	169.6	2,946.6
Revenue - intersegment	-	48.8	-	-	48.8
Segment revenue	1,569.1	179.3	1,077.4	169.6	2,995.4
Segment profit before impairment, interest and tax	220.2	52.8	241.4	48.8	563.2
Depreciation and amortisation	67.3	7.0	38.2	11.8	124.3
Impairment losses recognised in the income statement	(358.0)	-	-	-	(358.0)
Capital expenditure ⁽ⁱⁱ⁾	217.8	9.9	26.1	75.8	329.6

(ii) Wagering capital expenditure includes \$150.0 million for the NSW Trackside concessions.
Keno capital expenditure includes \$61.0 million for the Victorian Keno licence.

	2012 \$m	2011 \$m
Reconciliation of reportable segment revenue and profit		
(a) Revenue		
Segment revenue	3,089.6	2,995.4
Unallocated items	-	0.9
Intersegment revenue elimination	(51.1)	(48.8)
Consolidated revenue	3,038.5	2,947.5
(b) Segment profit before impairment, interest and tax	591.7	563.2
Impairment	-	(358.0)
Profit before interest and tax	591.7	205.2
Unallocated items:		
- finance income	6.3	9.7
- other income and expenses	-	(0.7)
- finance costs	(101.0)	(144.1)
Profit from continuing operations before income tax expense	497.0	70.1

4. Subsequent events

(a) Dividends

Since 30 June 2012, the directors have declared a final dividend of 11.0 cents per ordinary share. The total amount of the final dividend is \$80.3 million. This has not been provided for in the 30 June 2012 financial statements (refer to note 2).

(b) GST refund

Since 30 June 2012, the Group received confirmation that the Australian Taxation Office has allowed a claim for refunds of GST paid by the Group's Victorian and NSW wagering businesses. The refunds will have a net profit after tax impact of \$14.3 million to the Group, which will be recognised in the next financial year. The refunds relate to GST paid between May 2006 and March 2010 on wagering turnover derived from overseas based customers.

Directors' declaration

In the opinion of the directors of Tabcorp Holdings Limited the accompanying concise financial report of the consolidated entity, comprising Tabcorp Holdings Limited and its controlled entities for the year ended 30 June 2012:

- (a) has been derived from or is consistent with the full financial report for the financial year; and
- (b) complies with Accounting Standard AASB 1039 Concise Financial Reports.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors.



Paula Dwyer
Chairman



David Attenborough
Managing Director and Chief Executive Officer

Melbourne
9 August 2012

Independent audit report



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Independent auditor's report to the members of Tabcorp Holdings Limited

Report on the Concise Financial Report

We have audited the accompanying concise financial report of Tabcorp Holdings Limited which comprises the balance sheet as at 30 June 2012, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Tabcorp Holdings Limited for the year ended 30 June 2012. The concise financial report also includes the directors' declaration. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal controls as the directors determine are necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Tabcorp Holdings Limited for the year ended 30 June 2012. We expressed an unmodified audit opinion on the financial report in our report dated 9 August 2012. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 *Concise Financial Reports*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Liability limited by a scheme approved
under Professional Standards Legislation



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Auditor's Opinion

In our opinion, the concise financial report and the directors' declaration of Tabcorp Holdings Limited for the year ended 30 June 2012 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

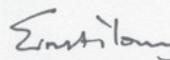
Report on the Remuneration Report

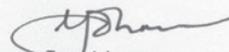
The following paragraphs are copied from our Report on the Remuneration Report for the year ended 30 June 2012.

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Tabcorp Holdings Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.


Ernst & Young


Tony Johnson
Partner

Melbourne
9 August 2012

Five year review

	2012 \$m	2011 \$m	2010 \$m	2009 \$m	2008 \$m
Total revenue	3,038.5	4,469.6	4,219.8	4,211.3	3,992.5
EBITDA ¹	725.2	774.7	998.0	1,072.6	367.6
Profit before interest and tax	591.7	856.3	794.4	895.4	174.7
Profit after income tax attributable to members of parent entity ²	340.0	534.8	469.5	521.7	(164.6)
Dividend ³	173.0	295.1	335.5	367.6	493.4
Cash and deposits	151.4	147.1	261.9	291.4	173.2
Other current assets	76.8	103.8	119.2	111.8	128.3
Intangible assets - licences	814.8	430.2	652.6	688.1	723.9
Intangible assets - other	1,803.2	1,805.7	3,627.5	3,641.8	3,506.8
Other non current assets	402.8	351.7	1,796.5	1,606.3	1,589.5
Total assets	3,249.0	2,838.5	6,457.7	6,339.4	6,121.7
Current interest bearing liabilities	-	449.8	175.0	-	-
Other current liabilities	490.2	502.2	671.0	697.0	615.8
Non current interest bearing liabilities	1,224.0	515.2	1,816.8	2,040.9	2,269.7
Other non current liabilities	129.0	160.4	340.2	324.7	478.9
Total liabilities	1,843.2	1,627.6	3,003.0	3,062.6	3,364.4
Shareholders' funds	1,405.8	1,210.9	3,454.7	3,276.8	2,757.3
Capital expenditure - payments	631.0	595.6	408.1	256.5	222.0
	cents	cents	cents	cents	cents
Earnings per share	47.6	80.7	77.1	93.2	(31.4)
Dividends per share ³	24.0	43.0	55.0	65.0	94.0
Operating cash flow per share ⁴	(14.8)	9.4	48.2	74.3	82.0
Return on shareholders' funds	25.9%	18.5%	13.9%	17.8%	-5.1%
Net assets per share	\$1.97	\$1.83	\$5.68	\$5.86	\$5.25
Revenue⁵	\$m	\$m	\$m	\$m	\$m
Casinos ⁶	-	1,439.4	1,371.9	1,357.7	1,323.2
Wagering	1,637.4	1,569.1	1,553.5	1,593.4	1,477.6
Media & International ⁷	190.2	179.3	164.0	-	-
Gaming	1,078.9	1,077.4	1,037.2	1,069.4	1,154.2
Keno ⁸	183.1	169.6	157.2	156.1	-
Unallocated/elimination	(51.1)	(53.0)	(51.8)	(5.9)	(3.9)
Normalisation adjustment	-	87.8	(12.2)	40.6	41.4
Total	3,038.5	4,469.6	4,219.8	4,211.3	3,992.5

- 1 2011 includes impairment of \$358.0 million and 2008 includes impairment of \$707.6 million.
- 2 2011 includes net gain on demerger of Echo Entertainment Group of \$351.2 million.
- 3 Dividends attributable to the year, but which may be payable after the end of the period. 2008 includes a special dividend declared in August 2008.
- 4 Net operating cash flow per the statement of cashflows does not include payments for property plant and equipment and intangibles, whereas these items are included in the calculation for the operating cash flow per share ratio. 2012 includes payment for the Victorian Wagering and Betting Licence of \$418.5 million.
- 5 Revenue includes both external and internal revenue.
- 6 The Casino revenues are normalised.
- 7 Included in Wagering prior to 2010.
- 8 Included in Gaming prior to 2009.

Shareholder information as at 17 August 2012

Ordinary shares

Tabcorp has on issue 730,113,969 fully paid ordinary shares. The issued capital has increased from last year due to ordinary shares issued pursuant to Tabcorp's Dividend Reinvestment Plan. There currently isn't a share buy-back in operation in respect of the company's ordinary shares.

Tabcorp Bonds

Tabcorp has on issue 2,844,712 Tabcorp Bonds which are five year debt securities listed on the Australian Securities Exchange (ASX) under the code TAHHA. They were initially issued on 1 May 2009 to successful applicants pursuant to the Tabcorp Bonds Prospectus dated 1 April 2009.

Holders of Tabcorp Bonds are entitled to receive quarterly interest payments and \$100 cash per Tabcorp Bond upon redemption.

The interest rate is equal to the three month bank bill rate plus a fixed margin of 4.25% p.a.

Tabcorp Subordinated Notes

Tabcorp has on issue 2,500,000 Tabcorp Subordinated Notes which are unsecured, subordinated, cumulative debt securities listed on the ASX under the code TAHHB. They were initially issued on 22 March 2012 to successful applicants pursuant to the Tabcorp Subordinated Notes Prospectus dated 22 February 2012.

Holders of Tabcorp Subordinated Notes are entitled to receive quarterly interest payments (subject to deferral) and \$100 cash per Tabcorp Subordinated Note upon redemption.

The interest rate is equal to the three month bank bill rate plus a fixed margin of 4.00% p.a.

Shareholding restrictions

Gambling legislation in Victoria, New South Wales and Queensland and Part 2 (Rules 131 to 139) of the Constitution of the Company contain provisions regulating the ownership of shares issued in the Company and the extent of voting rights (as applicable). In particular, it should be noted that a person cannot have voting power in the Company of more than 10%, without obtaining regulatory and ministerial approvals. The relevant Minister has the power to request information to determine whether a person has a prohibited shareholding interest. If a person fails to furnish these details within the time specified or, in the opinion of the Minister, the information is false or misleading, then the Minister can declare the voting rights of those shares suspended.

Voting rights

All ordinary shares issued by Tabcorp Holdings Limited carry one vote per share. Tabcorp Bonds, Subordinated Notes and Performance Rights do not carry any rights to vote at general meetings of the Company's shareholders. Failure to comply with certain provisions of the Victorian Gambling Regulation Act 2003 or Tabcorp's Constitution, including the shareholder restrictions discussed above, may result in suspension of voting rights.

Shareholder Benefits Scheme

Tabcorp introduced a benefits scheme for shareholders in April 2004. The scheme provides free entry into nominated thoroughbred, harness and greyhound racing events. The current benefits expire on 31 March 2013. Details of the scheme and its terms and conditions are available on Tabcorp's website, www.tabcorp.com.au.

Substantial shareholders

The following is a summary of the current substantial shareholders pursuant to notices lodged with the ASX in accordance with section 671B of the Corporations Act 2001:

Name	Date of interest	Number of ordinary shares ⁽ⁱ⁾	% of issued capital ⁽ⁱⁱ⁾
National Australia Bank Limited	17 August 2012	39,980,189	5.476
JCP Investment Partners Pty Ltd	16 August 2012	39,695,487	5.44
Northcape Capital Pty Ltd	14 June 2012	36,637,610	5.02
BlackRock Investment Management (Australia) Ltd	19 September 2011	35,334,738	5.14

(i) As disclosed in the last notice lodged with the ASX by the substantial shareholder.

(ii) The percentage set out in the notice lodged with the ASX is based on the total issued share capital of Tabcorp at the date of interest.

Marketable parcel

There were 41,076 shareholders holding less than a marketable parcel of ordinary shares (\$500, equivalent to 175 ordinary shares) based on a market price of \$2.86 at the close of trading on 17 August 2012.

Twenty largest registered shareholders*

Investor group name	Number of ordinary shares	% of issued capital
HSBC Custody Nominees (Australia) Limited	144,858,869	19.84
J P Morgan Nominees Australia Limited	144,810,645	19.83
National Nominees Limited	106,537,021	14.59
Citicorp Nominees Pty Limited	32,444,424	4.44
Cogent Nominees Pty Limited	15,375,879	2.11
UBS Wealth Management Australia Nominees Pty Ltd	6,227,691	0.85
AMP Life Limited	5,993,413	0.82
BNP Paribas Noms Pty Ltd	5,863,234	0.80
RBC Dexia Investor Services Australia Nominees Pty Limited	4,204,249	0.58
UBS Nominees Pty Ltd	3,138,164	0.43
Woodross Nominees Pty Ltd	2,755,206	0.38
Argo Investments Limited	2,631,388	0.36
Bond Street Custodians Limited	2,361,104	0.32
Questor Financial Services Limited	2,306,507	0.32
Queensland Investment Corporation	2,054,655	0.28
Australian United Investment Co Limited	2,000,000	0.27
Bainpro Nominees Pty Limited	1,962,200	0.27
CS Fourth Nominees Pty Ltd	1,446,324	0.20
Merrill Lynch (Australia) Nominees Pty Ltd	1,418,254	0.19
Glenn Hargraves Investments Pty Ltd	900,000	0.12
Total of top 20 registered shareholders	489,289,227	67.02

* On a grouped basis

Twenty largest registered bondholders*

Investor group name	Number of Tabcorp Bonds	% of total Bonds
UBS Wealth Management Australia Nominees Pty Ltd	198,165	6.97
National Nominees Limited	137,781	4.84
UBS Nominees Pty Ltd	104,236	3.66
HSBC Custody Nominees (Australia) Limited	102,069	3.59
Citicorp Nominees Pty Limited	72,069	2.53
J P Morgan Nominees Australia Limited	52,500	1.85
Questor Financial Services Limited	48,178	1.69
Dimbulu Pty Ltd	20,000	0.70
ANZ Trustees Limited	19,000	0.67
First Option Credit Union Ltd	18,852	0.66
Australian Leaders Fund	14,500	0.51
Cogent Nominees Pty Limited	14,204	0.50
Link Enterprises (International) Pty Ltd	10,000	0.35
M F Custodians Ltd	9,418	0.33
Avanteos Investments Limited	7,871	0.28
Invia Custodian Pty Limited	7,600	0.27
Jilliby Pty Ltd	7,500	0.26
Nulis Nominees (Australia) Limited	7,454	0.26
Delmos Pty Ltd	7,000	0.25
RBC Investor Service Australia Nominees Pty Limited	6,000	0.21
Total of top 20 registered bondholders	864,397	30.39

* On a grouped basis

Distribution of securities held

Number of securities held	Ordinary Shares ⁽ⁱ⁾		Tabcorp Bonds		Tabcorp Subordinated Notes		Performance Rights ⁽ⁱⁱ⁾	
	Number of holders	Number of securities	Number of holders	Number of securities	Number of holders	Number of securities	Number of holders	Number of securities
1 – 1,000	89,201	29,481,315	6,237	1,452,414	3,047	821,225	-	-
1,001 – 5,000	38,330	83,279,991	225	514,652	205	492,014	-	-
5,001 – 10,000	5,616	40,312,072	15	106,003	28	220,023	-	-
10,001 – 100,000	3,206	67,661,498	10	331,461	13	470,924	2	171,091
100,001 and over	136	509,379,093	3	440,182	1	495,814	8	1,722,954
Total	136,489	730,113,969	6,490	2,844,712	3,294	2,500,000	10	1,894,045

(i) Ordinary Shares includes Restricted Shares and Deferred Shares offered to employees under the Company's incentive arrangements

(ii) Rights were issued pursuant to the Company's long term incentive arrangements.

Refer to the Remuneration Report on pages 35 to 48 for more information about the Company's incentive arrangements.

Shareholder information as at 17 August 2012 (continued)

Twenty largest registered noteholders*

Investor group name	Number of Subordinated Notes	% of total Notes
UBS Wealth Management Australia Nominees Pty Ltd	495,814	19.83
Citicorp Nominees Pty Limited	109,825	4.39
National Nominees Limited	84,310	3.37
J P Morgan Nominees Australia Limited	57,750	2.31
UBS Nominees Pty Ltd	56,703	2.27
HSBC Custody Nominees (Australia) Limited	40,921	1.64
H & Tsc Pty Limited	37,000	1.48
M F Custodians Ltd	27,970	1.12
Cogent Nominees Pty Limited	24,900	1.00
Arrowcrest Group Pty Ltd	22,500	0.90
Mr Masaji Kitagawa	20,000	0.80
Avanteos Investments Limited	15,052	0.60
ABN Amro Clearing Sydney Nominees Pty Ltd	12,152	0.49
Ms Caroline Esther Cohen	10,000	0.40
Escor Investments Pty Ltd	10,000	0.40
Mr Edward Furnival Griffin + Mrs Deborah Ann Griffin	10,000	0.40
Warramboe Holdings Pty Ltd	10,000	0.40
Woodlea Group Pty Ltd	10,000	0.40
Wythenshawe Pty Ltd	10,000	0.40
Netwealth Investments Limited	9,710	0.39
Total of top 20 registered noteholders	1,074,607	42.98

* On a grouped basis

Online shareholder services

Use the internet to easily manage your shareholding

On-line share registry facility

Shareholders can use the on-line share registry facility on the Company's website, www.tabcorp.com.au, or through www.linkmarketservices.com.au to conduct standard shareholding enquiries and transactions, including:

- Download dividend statements
- Update registered address
- Check current and previous shareholding balances
- Appoint a proxy to vote at the Annual General Meeting
- Lodge or update banking details
- Participate in the Dividend Reinvestment Plan
- Notify Tax File Number / Australian Business Number

Dividend payments

All dividends paid by Tabcorp to shareholders with a registered address in Australia are paid by direct credit into a nominated bank account with an Australian financial institution. Payments are electronically credited on payment date, allowing shareholders to utilise their funds immediately without any mailing or handling delays. There are also no misplaced or un-deposited cheques, and reduces the likelihood of mail fraud. Shareholders can provide or update their bank account details by using the on-line share registry facility or by contacting the share registry.

Dividend reinvestment plan (DRP)

Tabcorp operates a DRP which enables participants to reinvest their dividends into acquiring additional Tabcorp shares without incurring any brokerage or handling costs. There was no discount applied to the price at which shares were issued under the DRP in respect of the final dividend payable on 26 September 2012. To elect to participate in the company's DRP, contact the share registry.

Annual report

Tabcorp's interactive annual reports are available on-line from the Company's website, www.tabcorp.com.au. Annual reports are sent to those shareholders who have requested to receive a copy. Shareholders who no longer wish to receive a hard copy of the annual report or wish to receive the annual report electronically should contact the share registry or make their election by using the on-line share registry facility at www.tabcorp.com.au.

Company directory

Registered office

Tabcorp Holdings Limited
5 Bowen Crescent
Melbourne VIC 3004
Australia
Telephone: 03 9868 2100
Facsimile: 03 9868 2300
E-mail: investor@tabcorp.com.au

Website

www.tabcorp.com.au

Stock exchange listing

The Company's securities are quoted on the Australian Securities Exchange (ASX) under the codes "TAH" for ordinary shares, "TAHHA" for Tabcorp Bonds and "TAHHB" for Tabcorp Subordinated Notes.

New South Wales office

495 Harris Street
Ultimo NSW 2007
Telephone: 02 9218 1000

Queensland office

Level 16
15 Adelaide Street
Brisbane QLD 4000
Telephone: 07 3243 4100

Sky Racing / Sky Sports Radio

79 Frenchs Forest Road
Frenchs Forest NSW 2086
Telephone: 02 9451 0888

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Telephone: 1300 665 661 (local call cost within Australia)
Telephone: 02 8280 7418
Facsimile: 02 9287 0303
Facsimile: 02 9287 0309 (proxy forms only)
E-mail: tabcorp@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Key dates

2012

Annual General Meeting (Four Seasons Hotel, Sydney)	31 October
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2013*

Half-year results announcement	7 February
Ex-dividend for interim dividend	12 February
Record date for interim dividend	18 February
Interim dividend payment	25 March
End of financial year	30 June
Full-year results announcement	9 August
Ex-dividend for final dividend	14 August
Record date for final dividend	20 August
Final dividend payment	24 September
Annual General Meeting	31 October

* These dates may change.
See the Company's website for updates.

Thoroughbred photo on cover courtesy of Bradley Photographers
NRL photo on cover courtesy of Action Photographics

About this Annual Report

Tabcorp's Annual Report consists of two documents – the Concise Annual Report (which incorporates the concise financial statements) and the Financial Report. The concise financial statements included in the Concise Annual Report cannot be expected to provide as full an understanding of Tabcorp's performance, financial position and investing activities as provided by the full Financial Report. A copy of Tabcorp's Financial Report is available, free of charge, on request and can be accessed via the Company's website at www.tabcorp.com.au.

Currency

References to currency are in Australian dollars unless otherwise stated.

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Investment warning

Past performance of shares is not necessarily a guide to future performance. The value of investments and any income from them is not guaranteed and can fall as well as rise. Tabcorp recommends investors seek independent professional advice before making investment decisions.

Privacy

Tabcorp respects the privacy of its stakeholders. Tabcorp's Privacy Policy is available on the Company's website at www.tabcorp.com.au.

