TABCORP HOLDINGS LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

ACN 063 780 709

Contents

DIRECTORS' REPORT

The Board of Directors of TABCORP Holdings Limited has pleasure in submitting the statement of financial position of the company and the economic entity in respect of the financial year ended 30 June 2003, and the related statement of financial performance and statement of cash flows for the year then ended.

BOARD OF DIRECTORS

The names and details of the directors in office at the date of this report are set out below.

M.B. Robinson AO
Chairman and non-executive director since June 1994

Michael Robinson is a Partner of the law firm, Allens Arthur Robinson. He was the Senior Partner of Arthur Robinson & Hedderwicks 1996–2001 and was its Managing Partner 1980–1988. Mr Robinson is Chairman of the Bionic Ear Institute, a Trustee of the Epworth Medical Foundation and a director of the Asia Society AustralAsia Centre, the National Australia Day Council, the State Orchestra of Victoria, Clough Limited and the General Sir John Monash Foundation. He is Chairman of the TABCORP Nomination Committee and is a member of the TABCORP Audit, Remuneration and Compliance Committees.

M.J. Slatter
Managing Director and Chief Executive Officer since October 2002

Matthew Slatter commenced as Managing Director and Chief Executive Officer in October 2002. Mr Slatter was previously Chief Finance Officer and director of AXA Asia Pacific Holdings Limited since July 2000 and has over 20 years experience in the financial services industry in Australia, New Zealand and the United Kingdom. Immediately prior to joining AXA, he was Chief Executive of the Bank of Melbourne, responsible for its integration with Westpac, and has held general management positions at Westpac, Lloyds TSB and The National Bank of New Zealand.

A.G. Hodgson
Deputy Chairman and non-executive director since June 1994

Tony Hodgson was the co-founder and was formerly Senior Partner of the chartered accounting firm Ferrier Hodgson and is a Consultant to the firm. Mr Hodgson is Chairman of HSBC Asset Management (Australia) Limited and Chairman of the Advisory Board to the Victorian Rugby Union. Mr Hodgson is also a director of Coles Myer Ltd, HSBC Bank Australia Limited, Presidents Club Ltd and Collins Associates Ltd. Mr Hodgson is Chairman of the TABCORP Audit Committee and a member of the TABCORP Nomination Committee.

P.G. Satre
Non-executive director since June 2000

Phil Satre is Chairman of Harrah's Entertainment, Inc., one of the world's largest gambling companies. Mr Satre is also a director of the Gaming Entertainment Research and Education Foundations and the American Gaming Association. He is a director of JDN Realty Company.

P.H. Wade
Non-executive director since June 1994

Peter Wade was Managing Director of North Broken Hill Peko Limited until his retirement in 1993. He is Chairman of CSL Limited. Mr Wade is Chairman of the TABCORP Remuneration Committee and the TABCORP Staff Superannuation Fund. He is also a member of the TABCORP Audit Committee.

R.F.E. Warburton
Non-executive director since June 2000

Richard Warburton was formerly Chairman of Star City Holdings Limited. He is currently Chairman of Caltex Australia Limited and the Board of Taxation. Mr Warburton is also a director of Southcorp Limited and Nufarm Limited. He is a member of the TABCORP Remuneration and Nomination Committees.

W.V. Wilson
Non-executive director since June 1994

Warren Wilson held senior posts at the South Australian and Tasmanian Totalizator Agency Boards from 1967 until he joined the Royal Hong Kong Jockey Club in 1978. In 1980 Mr Wilson became the executive director responsible for all betting and lottery activity. He retired from the Club in January 1994. Mr Wilson is a Board member of the South Australian Forestry Corporation, and a Partner in the Ramada Pier Hotel at Glenelg in South Australia. He is Chairman of the TABCORP Compliance Committee.

CHANGES TO THE BOARD'S COMPOSITION

Mr M.J. Slatter commenced as Managing Director and Chief Executive Officer on 8 October 2002. Messrs I.R. Wilson, formerly Managing Director and Chief Executive Officer, and D.J. Simpson, formerly Finance Director, ceased as directors on 31 August 2002 and 21 February 2003 respectively. All other directors held their position as a director throughout the entire financial year and continue to hold that position.

DIRECTORS' INTERESTS

At the date of this report, the relevant interests of the directors in the shares, options or other instruments of the companies within the economic entity, as notified by the directors to the Australian Stock Exchange in accordance with Section 205G(1) of the Corporations Act 2001, are:

	TABCORP Holdings Limited	
Name	Ordinary Shares	Options
M.B. Robinson	45,000	–
M.J. Slatter	500,000[1]	2,500,000[2]
A.G. Hodgson	100,000	–
P.G. Satre	4,000	–
P.H. Wade	30,000	–
R.F.E. Warburton	12,500	–
W.V. Wilson	50,000	–

(1) Mr M.J. Slatter was provided with a loan to acquire 500,000 ordinary shares on the terms and conditions set out in the rules of the TABCORP Senior Executive Long Term Incentive Plan previously approved by shareholders.
(2) 2,500,000 options with an exercise price of $12.61 per share were issued to Mr M.J. Slatter (see Directors' and Officers' Remuneration section of this report).

DIRECTORS' MEETINGS

During the year the Company held 14 meetings of the Board of Directors. The attendances of the Directors at meetings of the Board and its Committees were:

	Board of Directors		Audit Committee		Compliance Committee		Remuneration Committee	
Name	Attended	Maximum possible	Attended	Maximum possible	Attended	Maximum possible	Attended	Maximum possible
M.B. Robinson	14	14	5	5	2	2	6	6
M.J. Slatter	11	11	–	–	–	–	–	–
A.G. Hodgson	13	14	5	5	–	–	–	–
P.G. Satre	13	14	–	–	–	–	–	–
P.H. Wade	13	14	4	5	–	–	6	6
R.F.E. Warburton	14	14	–	–	–	–	6	6
W.V. Wilson	13	14	–	–	2	2	–	–
D.J. Simpson	8	8	–	–	–	–	–	–
I.R. Wilson	2	2	1	1	–	–	1	1

In addition to the scheduled Board meetings, the Board meets as needs dictate.

The details of the functions and memberships of the Committees of the Board are presented in the Corporate Governance section of this Annual Report.

DIRECTORS' AND OFFICERS' REMUNERATION

Remuneration of directors and senior executives of the company is determined by the Remuneration Committee. Remuneration is determined as part of an annual performance review, having regard to market factors, a performance evaluation process and independent remuneration advice. For executive directors and officers, remuneration packages generally comprise salary, a performance based bonus and superannuation. Executives are also provided with longer-term incentives through the Senior Executive Long Term Incentive Plan and the General Employee Share Plan, which act to align the executives' actions with the interests of the shareholders. Non-executive directors are not entitled to performance based bonuses.

At the 2002 Annual General Meeting, shareholders noted that Mr M.J. Slatter had been granted 2,500,000 options to acquire ordinary shares in TABCORP Holdings Limited with an exercise price of $12.61 per share. One million of these options expire no later than 7 October 2010 and will vest only if certain annual and cumulative benchmarks are achieved. The remaining options vested immediately and will expire on 7 October 2005.

During the financial year, Mr I.R. Wilson exercised 2,194,500 options to acquire fully paid ordinary shares in TABCORP Holdings Limited at an exercise price of $10.18.

Mr I.R. Wilson had 805,500 remaining options, which could only be exercised if the company achieved specified performance benchmarks for the period 1 July 1999 to 30 June 2003. As these benchmarks were not achieved, none of these options could be exercised and have now lapsed.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company, other than through exercise of the options.

The remuneration provided to directors and the five most highly remunerated officers of the company and the economic entity is as follows:

	Emoluments(1)	Performance Based Bonus	Super-annuation	Retirement Benefits(2)	Benefits	FBT Payable	Options(3)	Loans(4)	Total (with Retirement Benefits)	Total(5)
	$	$	$	$	$	$	$	$	$	$
Directors										
M.B. Robinson	276,250		10,519	53,316					340,085	286,769
M.J. Slatter	778,682	175,000	76,125		1,331	1,253	1,615,043(6)	30,254	2,677,688	2,677,688
A.G. Hodgson	160,000		10,519	30,240					200,759	170,519
P.G. Satre	109,000			71,060					180,060	109,000
P.H. Wade	121,250		10,210	26,675					158,135	131,460
R.F.E. Warburton	106,250		9,563	89,100					204,913	115,813
W.V. Wilson	112,500		9,985	21,825					144,310	122,485
I.R. Wilson(7)	930,839	167,182			167,349	157,780	441,289(8)	119,051	1,983,490	1,983,490
D.J. Simpson(9)	261,794		76,692		26,945	27,555		18,332	411,318	411,318
Senior Executives – Economic Entity										
D. Banks	590,099	65,346	150,758		42,178	39,817		24,600		912,798
P.R. Broberg	379,879	27,925	92,525		34,733	35,422		19,269		589,753
D.E. Elmslie	461,802	25,053	107,583		34,660	35,362		31,388		695,848
M.J. Piggott	398,940	73,059	103,835		34,605	32,856		30,594		673,889
J.C. Read	302,012	24,300	80,516		35,342	33,527		12,203		487,900
Senior Executives – Company										
P.R. Broberg	379,879	27,925	92,525		34,733	35,422		19,269		589,753
P. H. Caillard	208,803	16,314	38,786		18,874	18,932		14,830		316,539
D.E. Elmslie	461,802	25,053	107,583		34,660	35,362		31,388		695,848
R.E. Preston	206,794	10,938	38,786		20,019	20,217		16,480		313,234
J.C. Read	302,012	24,300	80,516		35,342	33,527		12,203		487,900

(1) Salaries for executive directors and senior executives include accruals for annual and long service leave.
(2) Accrual for retirement benefits for non-executive directors approved by the company's shareholders on 10 November 1999.
(3) Each option entitled the holder to purchase one ordinary share in the company.
(4) Cost to company to provide low interest/interest free loan(s).
(5) Total excludes retirement benefits for non-executive directors.
(6) Mr M.J. Slatter was appointed on 8 October 2002. The estimated value ($1,615,043) disclosed above is calculated at the date of grant using the following methodologies. 1,500,000 options expire on 7 October 2005 and were granted in consideration of contractual entitlements Mr Slatter had with his previous employer. The estimated value ($1,394,893) is calculated using a Standard Binomial model. 1,000,000 options expire no later than 7 October 2010. The ability to exercise these options is conditional on the economic entity achieving certain performance hurdles. The estimated value ($220,150) is calculated using a Monte Carlo Simulation-based model.
(7) Mr I.R. Wilson retired on 31 August 2002. Emolument includes salary paid to retirement, payment on retirement and annual leave accrued to cessation.
(8) These options have lapsed subsequent to 30 June 2003 as the performance hurdles relating to them have not been met. Estimated value disclosed above is calculated at the date of grant using a Monte Carlo Simulation-based model.
(9) Mr D.J. Simpson retired on 21 February 2003.

SHARE OPTIONS

The only options on issue are the 2,500,000 options issued to Mr M.J. Slatter (see the Directors' and Officers' Remuneration section of this report above).

EMPLOYEE SHARE OWNERSHIP PLAN

During the financial year, 477,700 shares were issued to employees pursuant to the TABCORP General Employee Share Plan ('the Plan') previously approved by shareholders. Employees who acquire shares under the Plan are provided with an interest free loan to acquire the shares and are obliged to repay the loan by way of deduction from their after tax wage or salary in equal instalments over five years. The company's security for each of these loans is limited to the shares acquired with that particular loan under the Plan. The company also operates a separate Senior Executive Long Term Incentive Plan which is referred to in the Directors' and Officers' Remuneration section. During the financial year, 1,196,500 shares were issued to senior executives under this plan (including the 500,000 shares to Mr M.J. Slatter referred to above).

CORPORATE INFORMATION

TABCORP Holdings Limited is a company limited by shares that is incorporated and domiciled in Australia. The registered office of TABCORP Holdings Limited is 5 Bowen Crescent, Melbourne, Victoria 3004, Australia.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the financial year comprised the provision of leisure and entertainment services (particularly in relation to gambling). The principal activities remain unchanged from the previous year.

RESULTS

Consolidated profit after income tax of the economic entity for the financial year was $252.6 million which was 3.2% below the previous financial year. The economic entity generated profit before interest, taxation and amortisation of goodwill of $438.7 million, which was 3.2% below the previous financial year. It generated operating revenue of $1,900.7 million, which was 1.7% below the operating revenue achieved in the previous financial year.

DIVIDENDS

The following dividends (including special dividends) have been paid, declared or recommended since the end of the preceding financial year by the parent entity:

	$'000
Final fully franked dividend for 2002 of 32.0 cents per share on ordinary shares as declared by the directors on 15 August 2002 and paid on 27 September 2002.	118,994
Interim fully franked dividend for 2003 of 33.0 cents per share on ordinary shares as declared by the directors on 19 February 2003 and paid on 2 April 2003.	120,634
Final fully franked dividend for 2003 of 34.0 cents per share on ordinary shares as declared by the directors on 13 August 2003 payable on 1 October 2003.	124,289

Further information regarding dividends may be found in Note 5 of the consolidated financial statements.

REVIEW OF OPERATIONS

The economic entity achieved profit after tax for the year of $252.6 million which was 3.2% behind last year. During the year, the economic entity's total operating revenue fell by 1.7% to $1,900.7 million. Basic earnings per share were 68.7 cents, down 1.9% on the previous corresponding period.

A final dividend of 34 cents per ordinary share has been declared. The dividend will be fully franked and payable on 1 October 2003 to shareholders registered on the books at 5 September 2003. This takes the full year dividend to 67 cents, an increase of 4 cents on the previous financial year.

WAGERING

The Wagering Division generated profit before interest, taxation and amortisation of goodwill of $67.0 million[1], which was 0.4 % above the previous financial year. The Wagering Division's total operating revenue increased by 4.4% to $421.3 million. This strong result was partly attributable to controlled operating expenses and another successful spring racing carnival.

GAMING

The Gaming Division achieved profit before interest, taxation and amortisation of goodwill of $208.2 million[1], which was 11.9% below the previous financial year. The Gaming Division's total operating revenue decreased by 7.6% to $848.1 million. These results were adversely affected by the introduction of smoking bans in Victorian gaming venues on 1 September 2002.

STAR CITY

Star City achieved a profit before interest, taxation and amortisation of goodwill of $174.9 million[1], which was 9.3% above the previous financial year. Star City's total operating revenue increased by 3.2% to $631.2 million.

(1) Based on segment results as disclosed in Note 34 to the accounts which excludes unallocated corporate revenue of $0.6 million and expenses of $12.0 million.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 5 March 2003, the economic entity announced a proposal to merge with Jupiters Limited by way of schemes of arrangement under which the economic entity intends to acquire all of the securities in Jupiters Limited.

The merged group will operate approximately 18,000 gaming machines with four casinos and hotel complexes in Queensland and New South Wales, off-course wagering and sportsbetting operations in Victoria as well as keno operations across the east coast of Australia.

The merger is subject to approval by Jupiters Limited shareholders as well as certain regulatory authorities. It is currently anticipated that the merger will be implemented in mid-November 2003.

There were no significant changes in the state of affairs of the economic entity that occurred during the year other than as set out elsewhere in this Directors' Report.

SIGNIFICANT EVENTS AFTER REPORTING DATE

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

LIKELY DEVELOPMENTS AND FUTURE RESULTS

The proposed merger with Jupiters Limited will, if implemented, constitute a significant change to the company's operations and is expected to be completed in mid-November 2003. Otherwise, the economic entity will continue with the strategies in the year under review.

The directors have excluded from this report any further information on the likely developments in the operations of the economic entity 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 economic entity.

INDEPENDENT AUDITORS

At the company's 2002 Annual General Meeting shareholders approved the appointment of Ernst & Young as external auditor, following the merger between Ernst & Young and Arthur Andersen. The company's internal auditors are KPMG. More information relating to the auditors can be found in the Corporate Governance statement of this Annual Report.

DIRECTORS' INTERESTS IN CONTRACTS

The directors of the economic entity, or their director-related entities, conduct transactions with entities within the economic entity 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 at arm's length in similar circumstances. These transactions are described in further detail in Note 38(d) of the economic entity's consolidated financial statements.

ENVIRONMENTAL REGULATION AND PERFORMANCE

No environmental breaches have been notified to the economic entity by any government agency.

The consolidated entity's environmental obligations and waste discharge quotas are regulated under both state and federal law. The consolidated entity has a record of at least complying, but in most cases exceeding its environment performance obligations. An independent audit of Star City's compliance with environmental obligations was performed by KPMG, which did not identify any areas of material non-compliance.

Star City is a participant in the Federal Government's 'Greenhouse Challenge Program'. In October 2002, the New South Wales Minister for Energy awarded Star City with a 'Silver Green Globe Award' in recognition for initiatives including lighting changes, improvements in efficiency in operating the major mechanical plant and waste management. The energy savings achieved by Star City to win this award was over 9,000 tonnes of carbon dioxide (CO_2) annually.

With the NSW Government's Sustainable Energy Development Authority (SEDA), Star City is currently investigating opportunities for co-generation of energy and believes it is on target to achieve the 'Gold Green Globe Award'.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

TABCORP Holdings Limited has entered into a contract insuring each of the directors of the company named earlier in this report and each full-time executive officer, director and secretary of group entities, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. In accordance with section 300(9) of the Corporations Act 2001 further details have not been disclosed due to confidentiality provisions in the insurance contracts.

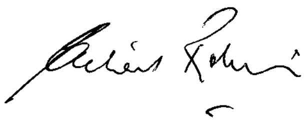
ROUNDING OF AMOUNTS

The parent entity 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 statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

CORPORATE GOVERNANCE

The directors of TABCORP Holdings Limited support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. A review of the company's corporate governance practices was undertaken during the year. As a result new practices were adopted and existing practices optimised to reflect industry best practice. The Corporate Governance statement is contained in the Annual Report.

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



M.B. Robinson AO
Chairman

Melbourne
13 August 2003

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		TABCORP Holdings	
	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Total operating revenues	2	1,900,681	1,933,052	23,078	22,654
Other revenues from ordinary activities	2	36,447	34,607	279,091	269,793
Revenues from ordinary activities	2	1,937,128	1,967,659	302,169	292,447
Government taxes and levies		(589,823)	(609,591)	–	–
Commissions and fees		(415,961)	(428,629)	(10,385)	(10,194)
Employee costs		(224,448)	(227,084)	(20,135)	(18,958)
Depreciation and amortisation		(105,209)	(108,522)	(1,971)	(1,899)
Property rentals, rates and maintenance		(32,155)	(23,024)	(2,896)	(2,799)
Computer costs		(6,518)	(6,902)	(855)	(800)
Advertising and promotions		(24,129)	(26,013)	(2,703)	(3,319)
Written down value of non-current assets sold		(13,364)	(4,788)	(226)	(209)
Insurance costs		(8,290)	(6,463)	(248)	(326)
Stock exchange expenses		(142)	(111)	(142)	(111)
Professional and contract services		(4,512)	(3,961)	(1,422)	(1,363)
Audit and review services		(572)	(527)	(263)	(248)
Borrowing costs		(52,629)	(56,009)	(7,934)	(5,144)
Other expenses from ordinary activities		(87,095)	(82,640)	(4,503)	(4,966)
Profit from ordinary activities before income tax expense		372,281	383,395	248,486	242,111
Income tax (expense)/benefit relating to ordinary activities	4	(119,657)	(122,436)	6	(890)
Net profit attributable to members of the parent entity		252,624	260,959	248,492	241,221
Decrease in retained profits on adoption of revised Accounting Standard AASB 1028 'Employee Benefits'	30	(305)	–	(57)	–
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		(305)	–	(57)	–
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of the parent entity		252,319	260,959	248,435	241,221
Basic earnings per share (cents per share)	6	68.7	70.0		
Diluted earnings per share (cents per share)	6	68.5	69.4		
Basic earnings per share (cents per share) (pre amortisation of goodwill)	6	73.5	74.8		
Diluted earnings per share (cents per share) (pre amortisation of goodwill)	6	73.3	74.2		

The accompanying notes form an integral part of this Statement of Financial Performance.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

		Consolidated		TABCORP Holdings	
	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current assets					
Cash assets	7	118,789	126,843	489	221
Receivables	8	9,762	9,505	143,048	278,726
Inventories	9	4,688	4,638	–	–
Other	10	25,141	21,431	3,210	3,861
Total current assets		158,380	162,417	146,747	282,808
Non-current assets					
Receivables	11	–	–	597,600	593,929
Other financial assets	12	–	–	3,290	3,241
Property, plant and equipment	13	759,212	802,313	3,915	4,710
Intangible assets – licences	14	831,201	833,905	597,304	597,424
Intangible assets – other	15	543,546	510,881	–	–
Deferred tax assets	16	33,968	21,916	3,078	2,986
Other	17	73,194	82,246	37,133	35,976
Total non-current assets		2,241,121	2,251,261	1,242,320	1,238,266
TOTAL ASSETS		2,399,501	2,413,678	1,389,067	1,521,074
Current liabilities					
Payables	18	167,831	115,735	201,495	142,285
Interest bearing liabilities	19	450,898	144,000	–	–
Current tax liabilities	21	34,899	28,252	–	–
Provisions	22	35,266	147,005	4,128	121,679
Other	23	200	291	–	–
Total current liabilities		689,094	435,283	205,623	263,964
Non-current liabilities					
Payables	24	–	2,122	28,522	23,644
Interest bearing liabilities	25	315,000	632,898	–	–
Deferred tax liabilities	26	58,176	56,888	305	461
Provisions	27	16,450	9,016	746	549
Other	28	905	1,094	–	–
Total non-current liabilities		390,531	702,018	29,573	24,654
TOTAL LIABILITIES		1,079,625	1,137,301	235,196	288,618
NET ASSETS		1,319,876	1,276,377	1,153,871	1,232,456
Equity					
Contributed equity	29	1,137,766	1,226,366	1,137,766	1,226,366
Retained profits	30	182,110	50,011	16,105	6,090
TOTAL EQUITY		1,319,876	1,276,377	1,153,871	1,232,456

The accompanying notes form an integral part of this Statement of Financial Position.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		TABCORP Holdings	
	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Cash flows from operating activities					
Net cash receipts in the course of operations		1,935,489	1,975,264	54,389	51,540
Payments to suppliers, service providers and employees		(832,640)	(835,363)	(45,233)	(37,936)
Payment of Government levies, betting taxes and GST		(550,292)	(573,150)	(3,174)	(2,080)
Dividends received		–	–	226,634	199,518
Interest received		4,113	4,202	602	717
Borrowing costs paid		(56,548)	(57,730)	(1)	(1)
Income tax (paid)/received		(121,755)	(98,517)	(637)	370
Net operating cash flows	33(b)	378,367	414,706	232,580	212,128
Cash flows from investing activities					
Loans pursuant to employee share plan		12,688	6,039	12,688	6,039
Payment for property, plant and equipment		(58,002)	(46,817)	(1,559)	(2,867)
Proceeds from sale of property, plant and equipment		13,527	5,281	269	458
Payment of merger costs		(2,229)	–	–	–
Other	38(c)	3,546	153	3,302	153
Loans advanced to controlled entities		–	–	(14,030)	(6,500)
Loans repaid by controlled entities		–	–	31,497	166
Net investing cash flows		(30,470)	(35,344)	32,167	(2,551)
Cash flows from financing activities					
Loans from controlled entities		–	–	119,932	10,000
Repayment of loans from controlled entities		–	–	(39,460)	(9,425)
Proceeds from borrowings		314,000	280,000	–	–
Repayment of borrowings		(325,000)	(442,133)	–	–
Dividends paid		(239,628)	(212,725)	(239,628)	(212,725)
Proceeds from issue of shares		22,340	–	22,340	–
Payment for share buy-back	29(a)	(127,663)	(1,195)	(127,663)	(1,195)
Net financing cash flows		(355,951)	(376,053)	(264,479)	(213,345)
Net increase/(decrease) in cash held		(8,054)	3,309	268	(3,768)
Cash at the beginning of the financial year		126,843	123,534	221	3,989
Cash at the end of the financial year	33(a)	118,789	126,843	489	221

The accompanying notes form an integral part of this Statement of Cash Flows.

NOTE 1 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of these financial statements are:

(a) Basis of Preparation
The financial statements have been drawn up as a general purpose financial report in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and the Corporations Act 2001. The accounting policies used are consistent with those adopted in the previous year, except where there is a change in accounting policy as set out in Note 1(u). The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies described below have been consistently applied by all entities in the economic entity.

(b) Principles of Consolidation
The consolidated financial statements of the economic entity include the financial statements of the parent entity, TABCORP Holdings Limited, and its controlled entities, referred to collectively throughout these financial statements as the 'economic entity'. Where an entity began to be controlled during the year, the results are included only from the date control commenced. The balances, and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated.

(c) Goodwill
Goodwill, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity, is amortised over the period of time during which benefits are expected to arise.

Goodwill is amortised on a straight line basis over 20 years.

The unamortised balance of goodwill is reviewed at least at each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the statement of financial performance.

In establishing the fair value of the identifiable net assets acquired, a liability for restructuring costs is only recognised at the date of acquisition where there is a demonstrable commitment and a detailed plan. The liability is only recognised where there is little or no discretion to avoid payment to other parties in settlement of costs of the restructuring and a reliable estimate of the amount of the liability as at the date of acquisition can be made.

(d) Revenue Recognition

Revenue
Wagering and Gaming revenue is recognised as the residual value after deducting the statutory return to customers from the Wagering and Gaming turnover. Casino revenue is the net gaming win plus the retail sales of food, beverages, accommodation and other services.

Revenues from ordinary operations include revenue derived from monitoring operations which is recognised as earned.

Interest Income
Interest income is recognised as it accrues.

Asset Sales
The gross proceeds of asset sales are included as revenue of the entity. The profit and loss on disposal of assets is brought to account at the completion of the sale.

(e) Foreign Currency
Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial period in which the exchange rates change.

(f) Taxation
The economic entity follows the policy of tax effect accounting. The income tax expense in the statement of financial performance represents the tax on pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. The tax effect of timing differences which arise from items being brought to account in different periods for income tax and accounting purposes is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax liability, calculated at the tax rates expected to apply when the differences reverse. Future income tax benefits are not brought to account unless realisation of such benefit is assured beyond any reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain.

(g) Non-Current Assets
The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

(h) Financial Instruments
Trade accounts receivable generally settled within 60 days are carried at amounts due, and are non interest bearing.

A provision is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified. The carrying amounts approximate fair value.

Cash, short-term deposits and bank accepted bills are carried at cost. Interest revenue is recognised on an effective yield basis. The carrying amounts approximate fair value because of their short term to maturity.

NOTE 1 Statement of significant accounting policies (continued)

Trade accounts payable, including accruals not yet billed, are recognised when the economic entity becomes obliged to make future payments as a result of a purchase of assets or services. Trade accounts payable are generally settled within 30 days, and are non interest bearing. The carrying amounts approximate fair value.

Bank overdraft and loans are carried at cost. Borrowing costs, including interest, are expensed as incurred. The carrying amounts approximate fair value because of the short term to maturity of the amounts drawn.

Loans pursuant to the employee share plan are held at the outstanding value applicable to the loan at balance date. The carrying amounts approximate their fair value as the amounts are based on the economic entities' entitlement to all monies outstanding.

Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Refer to Note 41(c) for details of interest rate swap agreements and Note 41(d) for interest rate option agreements.

(i) Property, Plant and Equipment

Items of property, plant and equipment excluding freehold land are recorded at cost and depreciated by the straight line method to write off the original cost over the estimated useful lives. Assets are depreciated from the date of acquisition.

The depreciation rates used for each class of asset are within the following ranges:

Buildings	1.05% to 11.11%
Leasehold improvements	1.05% to 20.00%
	(2002: 1.05% to 25.00%)
Plant and equipment	5.26% to 33.33%
Consumables	20.00% to 33.33%

Freehold land is recorded at the lower of cost and recoverable amount and is not depreciated.

Assets acquired under finance leases are capitalised and amortised over the life of the relevant lease, or where ownership is likely to be obtained on expiration of the lease, over the expected useful life of the asset. Lease payments are allocated between interest expense and reduction in the lease liability.

Operating lease assets are not capitalised and rental payments are charged against profits in equal instalments over the accounting periods covered by the lease term. Provision is made for future operating lease payments in relation to surplus lease space.

(j) Licences

The wagering and gaming licence has not been amortised as the payment to be received by the parent entity under Section 21 of the Gaming and Betting Act 1994 at the end of the licence period is currently expected to be not less than the carrying value of the asset. The licence period expires in the year 2012. The casino licence is amortised over the life of the casino licence, being ninety-nine years from the date of issue, 14 December 1994. Other licences are amortised over the period of operation of the licences.

(k) Rights to Management Agreement

The rights to the Casino Complex Management Agreement in relation to the operation, management and supervision of the casino is being amortised over the life of the agreement, which coincides with the term of the casino licence.

(l) Rental Expenditure

The payment made for rental in advance for the casino site for 12 years has been deferred in the statement of financial position at the nominal amount and is being amortised over 12 years commencing from the date of issue of the casino licence, being 14 December 1994. The payment made for rental in advance in respect of a property (switching station) has been deferred in the statement of financial position at the nominal amount and is being amortised over ninety-five years commencing from the date of acquisition of the site, being 5 December 1997.

(m) Deferred Revenue

Deferred revenue comprises three elements, being an amount representing an initial lease incentive period at the commencement of a non-cancellable operating lease which is being reduced on an imputed interest basis over the lease term at the rate implicit in the lease, deferred revenue relating to exclusivity contracts which is being reduced over the period of the contracts, and third party contributions to a capital project which is being reduced over five years.

(n) Investments

Investments in controlled entities are carried in the parent entity's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the statement of financial performance when they are declared by the controlled entities.

(o) Inventories

Inventories include consumable stores, food and beverages, finished goods and work in progress and are carried at the lower of cost and net realisable value. Costs are assigned on a weighted average basis.

(p) Employee Benefits

Wages, Salaries, and Annual Leave
Liabilities for employee benefits of salaries and wages expected to be settled within 12 months of the reporting date and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration rates the company expects to pay, including related on-costs when the liability is expected to be settled.

Long Service Leave
The liability for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. Liabilities for employee entitlements which are not expected to be settled within 12 months are discounted using the interest rate applicable to Commonwealth Government bonds at balance date. In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates. Related on-costs have also been included in the liability.

Employee Share Plan
A TABCORP employee share plan has been established under which shares in TABCORP Holdings Limited and loans to acquire shares in the parent entity are made available to eligible employees (refer Note 31).

Superannuation
TABCORP Holdings Limited and its controlled entities contributed to a number of employee superannuation funds. Contributions are charged against income as incurred (refer Note 31).

Workers' Compensation
Star City Holdings Limited self-insures in relation to workers' compensation, and a provision has been brought to account (refer Note 22).

(q) Provisions

Dividends
A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

Surplus Lease Space
Provision is made for non-cancellable operating lease rentals payable on surplus leased premises when it is determined that no substantive future benefit will be obtained from its occupancy and sub-lease rentals are less. The estimate is calculated based on discounted net future cash flows, using the interest rate implicit in the lease or an estimate thereof.

(r) Joint Venture Operation
The economic entity's interest in an unincorporated joint venture operation is brought to account by including the following appropriate categories in the statement of financial position and statement of financial performance:

- the economic entity's interest in each of the individual assets employed and liabilities incurred in the joint venture operation; and
- the economic entity's share of product and expenses relating to the joint venture operation (refer Note 37).

(s) Rounding of Amounts
The company is of a kind referred to in class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that class order to the nearest thousand dollars.

(t) Comparative Information
Comparative information has been reclassified to achieve consistency in disclosure with current financial year and other disclosures, where necessary.

(u) Changes in Accounting Policy
The company has adopted the new Accounting Standard AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets' which has resulted in a change in the accounting for dividend provisions. Previously, the company recognised a provision for dividend as a liability based on the amount that was proposed or declared after the reporting date. In accordance with the requirements of the new standard, a provision for dividend will only be recognised at the reporting date where the dividends are declared, determined or publicly recommended prior to the reporting date. The effect of the revised policy has been to increase consolidated retained profits and decrease provisions at the beginning of the financial year by $119.408 million. In accordance with the new standard, no provision for dividend has been recognised for the financial year ended 30 June 2003. The change in accounting policy has had no effect on basic and diluted earnings per share.

The company has adopted the revised Accounting Standard AASB 1028 'Employee Benefits' which has resulted in a change in the accounting for annual leave. In accordance with the requirements of the revised standard, the liability for annual leave is now calculated using the remuneration rates the company expects to pay, including related on-costs when the liability is expected to be settled. The effect of the revised policy at the beginning of the financial year has been to:
- increase provision for employee benefits by $0.436 million (company: $0.081 million);
- decrease opening retained profits by $0.305 million (company: $0.057 million); and
- increase future income tax benefits by $0.131 million (company: $0.024 million).

NOTE 2 Profit from ordinary activities

	Consolidated		TABCORP Holdings	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Profit from ordinary activities has been determined after crediting the following revenues:				
Total operating revenues	1,900,681	1,933,052	23,078	22,654
Other revenues:				
Interest received or due and receivable from:				
• wholly-owned group companies	–	–	–	6
• other than related parties	4,173	4,103	592	695
Dividends received or due and receivable from wholly-owned group companies	–	–	249,700	240,200
Gross proceeds from sale of non-current assets [(a)]	13,528	5,281	269	458
Rental from properties	1,889	2,556	50	45
Net foreign exchange gain	1,992	2,039	–	–
Other revenue items	14,865	20,628	28,480	28,389
Total other revenues	36,447	34,607	279,091	269,793
Total revenues from ordinary activities	1,937,128	1,967,659	302,169	292,447
[(a)] Net gain on disposal of property, plant and equipment	164	492	43	249
Profit from ordinary activities has been determined after charging the following expenses:				
Depreciation of:				
• buildings	5,752	5,709	–	–
• leasehold improvements	2,370	2,067	–	–
• plant and equipment	64,179	67,821	1,971	1,899
• consumables	74	185	–	–
Total depreciation	72,375	75,782	1,971	1,899
Amortisation of:				
• goodwill	17,955	17,952	–	–
• casino licence	2,584	2,584	–	–
• other licences	119	26	–	–
• rights to management agreement	2,185	2,185	–	–
• leased assets capitalised	–	2	–	–
• rental in advance	9,991	9,991	–	–
Total amortisation	32,834	32,740	–	–
Other charges against assets:				
• Net bad and doubtful debts expense	870	(915)	–	–
• Write-down of property, plant and equipment to recoverable amount	907	–	–	–
Operating lease rentals:				
• minimum lease payments	6,962	7,252	2,270	2,206
Borrowing costs:				
• wholly-owned group companies	–	–	7,933	5,143
• other parties	52,629	56,008	1	1
• finance charges on capitalised leases	–	1	–	–
Amounts set aside to provisions for:				
• employee entitlements	13,943	13,572	841	324
• inventory obsolescence	75	180	–	–
Total amount set aside to provisions	14,018	13,752	841	324

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000

NOTE 3 Auditors' Remuneration

Total remuneration received or due and receivable by the auditors of TABCORP Holdings Limited and its controlled entities in respect of:					
• audit and review services		572	527	263	248
• other services – accounting advice		58	20	–	–

NOTE 4 Income Tax

Income Tax Expense					
The difference between income tax expense/(benefit) provided in the financial statements and the prima facie income tax expense/(benefit) is reconciled as follows:					
Profit from ordinary activities before income tax expense		372,281	383,395	248,486	242,111
Prima facie tax thereon at 30%		111,684	115,018	74,546	72,633
Tax effect of permanent and other differences:					
• dividends received		–	–	(74,910)	(72,060)
• amortisation of goodwill		5,386	5,386	–	–
• amortisation of rights to management agreement		656	656	–	–
• amortisation of licences		811	783	–	–
• sundry items		1,164	744	356	222
• (over)/under provision in prior year		(44)	(151)	2	95
Aggregate income tax expense/(benefit)		119,657	122,436	(6)	890
Aggregate income tax expense/(benefit) comprises movements in:					
• provision for income tax – (increase)		(130,290)	(100,321)	(218)	(349)
• provision for deferred income tax – (increase)/decrease		(1,288)	(4,480)	156	49
• future income tax benefits – increase/(decrease)		11,921	(17,635)	68	(590)
Income tax (expense)/benefit		(119,657)	(122,436)	6	(890)

NOTE 5 Dividends

Dividends recognised in the current year by the economic entity are:					
(a) an interim dividend of 33.0 cents per share, franked to 100% with Class C (30%) franking credits, was paid on 2 April 2003 (2002: 31.0 cents per share, franked to 100% with Class C (30%) franking credits was paid on 28 March 2002)		120,634	115,707	120,634	115,707
(b) 2002 final dividend recognised when declared during the year of 32.0 cents per share, franked to 100% with Class C (30%) franking credits was paid on 27 September 2002		118,994	–	118,994	–
(c) (2002: a final dividend of 32.0 cents per share, franked to 100% with Class C (30%) franking credits was provided for and payable 27 September 2002)	22	–	119,408	–	119,408
(d) (2002: a final dividend for 30 June 2001 of 26.0 cents per share applicable to shares issued on 30 August 2001 and 7 September 2001, franked to 100% with Class C (30%) franking credits was paid on 28 September 2001)		–	224	–	224
	30	239,628	235,339	239,628	235,339

		Consolidated		TABCORP Holdings	
	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
NOTE 5 Dividends (continued)					
Since the end of the financial year, the directors declared the following dividend: Final – 34.0 cents per share, franked to 100% with Class C (30%) franking credits		124,289	–	124,289	–

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2003 and will be recognised in subsequent financial reports.

	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
Franking Credits		
Franking credits available at the 30% corporate tax rate after allowing for tax payable provided for in the financial statements, payment of dividends provided and receipt of dividends receivable as at balance date – calculated under the tax paid basis	5,177	125

	Consolidated	
	2003 $'000	2002 $'000
NOTE 6 Earnings per share		
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings		
Profit from ordinary activities after related income tax expense	252,624	260,959
Earnings used in calculating basic earnings per share	252,624	260,959
Add goodwill amortisation	17,955	17,952
Earnings used in calculating basic earnings per share (pre amortisation of goodwill)	270,579	278,911
Diluted earnings		
Profit from ordinary activities after related income tax expense	252,624	260,959
Add after-tax effect of interest on potential ordinary shares	519	–
Earnings used in calculating diluted earnings per share	253,143	260,959
Add goodwill amortisation	17,955	17,952
Earnings used in calculating diluted earnings per share (pre amortisation of goodwill)	271,098	278,911
	2003 Number	2002 Number
Weighted average number of shares used as the denominator:		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	367,957,969	373,051,931
Add potential ordinary shares, being options granted on 7 October 2002 (2002: 1 July 1999) (refer Note 31)	1,828,767	3,000,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	369,786,736	376,051,931

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000

NOTE 7 Cash assets

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
Cash on hand and in banks		57,006	57,505	41	–
Short-term deposits, maturing within 30 days		50,624	69,338	448	221
Bank accepted bills, maturing within 30 days		11,159	–	–	–
	33(a)	118,789	126,843	489	221

NOTE 8 Receivables (current)

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
Trade debtors		8,307	11,105	–	–
Provision for doubtful debts		(4,926)	(4,340)	–	–
		3,381	6,765	–	–
Sundry debtors		6,138	2,557	681	132
Amounts receivable from controlled entities		–	–	142,360	278,577
Accrued interest income		243	183	7	17
		9,762	9,505	143,048	278,726

NOTE 9 Inventories (current)

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
Consumable stores at cost		5,233	5,143	–	–
Provision for obsolescence		(788)	(776)	–	–
		4,445	4,367	–	–
Finished goods and stores at net realisable value		243	271	–	–
		4,688	4,638	–	–

NOTE 10 Other assets (current)

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
Rental in advance		10,214	10,214	–	–
Prepayments		8,036	7,805	470	526
Loans pursuant to employee share plan [a]		2,740	3,335	2,740	3,335
Merger costs [b]		4,076	–	–	–
Other		75	77	–	–
		25,141	21,431	3,210	3,861

[a] Loans pursuant to employee share plan mature at either five years from the date of the loan or cessation of employment. Refer Note 31 for the terms of these loans.

[b] Merger costs relate to the proposed merger with Jupiters Limited. This amount has been recognised as an asset as the costs are incidental to the merger and will be included in the cost of the investment on the basis that the merger will proceed.

	Consolidated		TABCORP Holdings	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
NOTE 11 Receivables (non-current)				
Amounts receivable from controlled entities	–	–	597,600	593,929
NOTE 12 Other financial assets (non-current)				
Shares in controlled entities – at cost	–	–	3,290	3,241
NOTE 13 Property, plant and equipment				
Land and buildings				
Freehold land:				
• at cost	1,466	15,994	–	–
Freehold land and buildings:				
• at recoverable amount	2,050	–	–	–
Buildings:				
• at cost	478,383	475,808	–	–
• accumulated depreciation	(32,294)	(26,544)	–	–
	446,089	449,264	–	–
Total land and buildings, net	449,605	465,258	–	–
Capital works in progress:				
• at cost	755	755	–	–
Leasehold improvements:				
• at cost	26,376	23,333	–	–
• accumulated depreciation	(15,166)	(12,137)	–	–
Total leasehold improvements, net	11,210	11,196	–	–
Consumables:				
• at cost	9,813	9,789	–	–
• accumulated depreciation	(4,895)	(4,821)	–	–
Total consumables, net	4,918	4,968	–	–
Plant and equipment:				
• at cost	754,150	717,512	10,319	9,681
• accumulated depreciation	(461,426)	(397,376)	(6,404)	(4,971)
Total plant and equipment, net	292,724	320,136	3,915	4,710
	759,212	802,313	3,915	4,710

(a) Independent valuations of applicable freehold land and buildings were carried out as at 30 June 2001 and 31 December 2002 in accordance with the economic entity's policy of obtaining an independent valuation of land and buildings at least every three years. These valuations are on the basis of the open market value of the properties concerned in either their existing use or alternative use where the properties are identified as not long-term operational assets. The directors are of the opinion that these bases provide a reasonable estimate of recoverable amount.

	Valuation	Carrying Value
	$'000	$'000
The amount of the valuation as at 30 June 2001 is – Consolidated:	460,127	447,555
The amount of the valuation as at 31 December 2002 is – Consolidated:	2,050	2,050

(b) Refer to Note 20 for information on non-current assets pledged as security by the parent entity or its controlled entities.

NOTE 13 Property, plant and equipment (continued)

Reconciliations

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

	Freehold Land at Cost	Freehold Land and Buildings at Recoverable Amount	Buildings at Cost	Leasehold Improve-ments at Cost	Consum-ables at Cost	Capital Works in Progress at Cost	Plant and Equipment at Cost
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2003 – Consolidated							
Carrying amount at beginning of year	15,994	–	449,264	11,196	4,968	755	320,136
Additions	221	–	3,207	3,105	24	–	49,514
Reclassification	(2,328)	2,958	(630)	–	–	–	–
Disposals/write-down	(12,421)	(908)	–	(38)	–	–	(1,783)
Depreciation/amortisation expense	–	–	(5,752)	(3,053)	(74)	–	(75,143)
Carrying amount at end of year	1,466	2,050	446,089	11,210	4,918	755	292,724
2003 – TABCORP Holdings Limited							
Carrying amount at beginning of year	–	–	–	–	–	–	4,710
Additions	–	–	–	–	–	–	1,402
Disposals	–	–	–	–	–	–	(226)
Depreciation/Amortisation expense	–	–	–	–	–	–	(1,971)
Carrying amount at end of year	–	–	–	–	–	–	3,915

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
NOTE 14 Intangible assets – licences					
Wagering and Gaming licence at cost	1(j)	597,240	597,240	597,240	597,240
Casino licence:					
• at cost	1(j)	256,000	256,000	–	–
• accumulated amortisation		(22,103)	(19,519)	–	–
		233,897	236,481	–	–
Other licences:					
• at cost	1(j)	280	280	280	280
• accumulated amortisation		(216)	(96)	(216)	(96)
		64	184	64	184
		831,201	833,905	597,304	597,424

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
NOTE 15 Intangible assets – other					
Goodwill:					
• at cost		359,598	359,793	–	–
• accumulated amortisation		(66,696)	(48,741)	–	–
		292,902	311,052	–	–
Rights to Management Agreement:					
• at cost		258,224	205,224	–	–
• accumulated amortisation		(7,580)	(5,395)	–	–
		250,644	199,829	–	–
		543,546	510,881	–	–
NOTE 16 Deferred tax assets					
Future income tax benefits		33,968	21,916	3,078	2,986
Future income tax benefit comprises the estimated future benefit at current income tax rates on the following items:					
• tax losses carried forward		11,023	1,096	–	–
• timing differences		22,945	20,820	3,078	2,986
		33,968	21,916	3,078	2,986
NOTE 17 Other assets (non-current)					
Rental in advance		35,999	46,204	–	–
Loans to executive directors	38(c)	6,071	5,592	6,071	5,592
Loans pursuant to employee share plan		28,937	30,384	28,937	30,384
Loans – other	38(c)	2,125	–	2,125	–
Other		62	66	–	–
		73,194	82,246	37,133	35,976

Loans pursuant to employee share plan mature at either five years from the date of the loan or cessation of employment. Refer Note 31 for the terms of these loans.

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
NOTE 18 Payables (current)					
Trade creditors and accrued expenses – unsecured		167,831	115,735	1,676	4,377
Amounts due to controlled entities		–	–	199,819	137,908
		167,831	115,735	201,495	142,285
NOTE 19 Interest bearing liabilities (current)					
Bank loans – unsecured	20	282,898	44,000	–	–
Bank loans – secured	20	168,000	100,000	–	–
		450,898	144,000	–	–

Details of the security relating to the bank loans is disclosed in Note 20.

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000

NOTE 20 Financing arrangements

The economic entity has access to the following financing facilities:

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
Total facilities available					
General purpose		50,000	50,000	–	–
Term debt/Revolving		1,200,000	1,000,000	–	–
		1,250,000	1,050,000	–	–
Facilities utilised at balance date					
General purpose	39(e)	18,282	12,016	–	–
Term debt/Revolving	19, 25	765,898	776,898	–	–
		784,180	788,914	–	–
Facilities not utilised at balance date					
General purpose		31,718	37,984	–	–
Term debt/Revolving		434,102	223,102	–	–
		465,820	261,086	–	–

The economic entity has two distinct sets of financing facilities. One to meet the general requirements of the group, and the other established by Star City Holdings Limited and its controlled entities ('Star').

General Requirements
The facilities consisted of:
- a $100 million (2002: $Nil) revolving facility expiring 31 December 2003;
- a $100 million (2002: $Nil) term facility expiring 30 June 2004;
- a $200 million (2002: $200 million) revolving facility expiring 30 June 2004;
- a $100 million (2002: $100 million) term facility expiring 30 June 2005; and
- a $350 million (2002: $350 million) revolving facility expiring 30 June 2005.

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

Each of the above facilities is subject to a negative pledge agreement under which the economic entity undertakes to comply with financial undertakings as to its tangible net worth, gearing and interest cover.

Star Facilities
Star has a facility as follows:
- a $100 million (2002: $100 million) revolving facility expiring 31 August 2003;
- a $250 million (2002: $250 million) revolving facility expiring 30 June 2004; and
- a $50 million (2002: $50 million) general purpose facility which is to be utilised for general corporate purposes and the Star City Complex. This facility is renewable annually. The facility is made up of bank guarantees (Note 39(e)), encashment facilities and general working capital.

Bank bills have an average maturity of 30 days.

Star was granted a Group Limit Facility on 10 May 1996 which enables certain of the controlled entities of Star to net the balances of the bank accounts required as part of the working capital facility.

These facilities have been secured by charges over assets (as detailed below), undertakings and cash flows of Star.

	Consolidated 2003 $'000	Consolidated 2002 $'000
The carrying amount of non-current assets pledged as security are:		
• Property, plant and equipment	631,887	663,289

Jupiters Limited Merger
During the year, a controlled entity entered into commitment letters to allow for the partial refinancing of existing debt as well as the financing requirements associated with the proposed merger with Jupiters Limited. As at the date of this report the facility agreements associated with this financing had not been finalised.

		Consolidated		TABCORP Holdings	
	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
NOTE 21 Current tax liabilities					
Taxation		34,899	28,252	–	–
NOTE 22 Provisions (current)					
Dividends (a)	5	–	119,408	–	119,408
Employee benefits	31	22,336	18,280	4,128	2,244
Workers' compensation (b)		10,330	9,051	–	–
Surplus lease space (c)	32(b)	2,600	226	–	–
Other		–	40	–	27
		35,266	147,005	4,128	121,679

	Consolidated 2003 $'000	TABCORP Holdings 2003 $'000
Reconciliations		
Reconciliations of the carrying amounts of each class of provision, except for employee benefits, at the end of the current financial year are set out below.		
(a) Dividends		
Carrying amount at beginning of year	119,408	119,408
Adjustment on adoption of AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets'	(119,408)	(119,408)
Provisions made during the year:		
• Final dividend 2002	118,994	118,994
• Interim dividend 2003	120,634	120,634
Payments made during the year	(239,628)	(239,628)
Carrying amount at the end of the year	–	–
(b) Workers' compensation		
Carrying amount at beginning of year	9,051	–
Provisions made during the year	5,242	–
Payments made during the year	(3,963)	–
Carrying amount at the end of the year	10,330	–
(c) Surplus lease space – current		
Carrying amount at beginning of year	226	–
Provisions made during the year	3,328	–
Payments made during the year	(954)	–
Carrying amount at the end of the year	2,600	–

	Consolidated		TABCORP Holdings	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
NOTE 23 Other liabilities (current)				
Deferred revenue	200	291	–	–

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
NOTE 24 Payables (non-current)					
Trade creditors and accrued expenses – unsecured		–	2,122	–	122
Amounts due to controlled entities		–	–	28,522	23,522
		–	2,122	28,522	23,644
NOTE 25 Interest bearing liabilities (non-current)					
Bank loans – unsecured	20	315,000	472,898	–	–
Bank loans – secured	20	–	160,000	–	–
		315,000	632,898	–	–

Details of the security relating to the bank loans is disclosed in Note 20.

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
NOTE 26 Deferred tax liabilities					
Provision for deferred income tax – timing difference		58,176	56,888	305	461
NOTE 27 Provisions (non-current)					
Employee benefits	31	9,172	7,322	746	549
Surplus lease space (a)	32(b)	7,274	1,682	–	–
Other		4	12	–	–
		16,450	9,016	746	549

Reconciliations

Reconciliations of the carrying amounts of each class of provision, except for employee benefits, at the end of the current financial year are set out below.

	Consolidated 2003 $'000	TABCORP Holdings 2003 $'000
(a) Surplus lease space – non-current		
Carrying amount at beginning of year	1,682	–
Provisions made during the year	5,592	–
Carrying amount at the end of the year	7,274	–

	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
NOTE 28 Other liabilities (non-current)				
Deferred revenue	905	1,094	–	–

	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
NOTE 29 Contributed equity				
Issued and paid up capital:				
Ordinary shares, fully paid	1,137,766	1,226,366	1,137,766	1,226,366

(a) Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price	$'000
1 July 2001	Opening balance	372,283,834		1,218,819
30 August 2001	Issue to employees under the Employee Share Plan (i)	43,500	9.02	392
7 September 2001	Issue to employees under the Employee Share Plan (i)	818,000	9.02	7,378
28 September 2001	Issue to employees under the Employee Share Plan (i)	104,500	9.30	972
15 May 2002	Shares bought back (ii)	(100,000)		(1,195)
30 June 2002	**Balance**	373,149,834		1,226,366
28 August 2002	Options exercised	1,460,640	10.18	14,869
30 August 2002	Options exercised	733,860	10.18	7,471
6 September 2002	Issue to employees under the Employee Share Plan (i)	477,700	12.74	6,086
7 October 2002	Issue to employees under the Employee Share Plan (i)	500,000	12.15	6,075
28 November 2002	Issue to employees under the Employee Share Plan (i)	412,500	11.06	4,562
Various	Shares bought back (ii)	(11,178,013)		(127,663)
30 June 2003	**Balance**	365,556,521		1,137,766

(i) Refer Note 31 for details of the Employee Share Plan.
(ii) On 23 April 2002 the company announced plans to enter into an on-market share buy-back for up to 5% of the issued capital. Since 23 April 2002, the company had purchased and cancelled 11,278,013 shares (30 June 2002: 100,000 shares). The total consideration of $128.858 million (2002: $1.195 million) was all debited to the Contributed Equity account.

(b) Ordinary shares
There is only one class of share (ordinary shares) on issue. These ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the company in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Options
Note 31 provides details of options granted to certain directors and shares issued on exercise of options.

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
NOTE 30 Retained profits					
Retained profits at the beginning of the financial year		50,011	24,391	6,090	208
Adjustment arising from adoption of new Accounting Standard AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets'		119,408	–	1,208	–
Adjustment arising from adoption of revised Accounting Standard AASB 1028 'Employee Benefits'		(305)	–	(57)	–
Dividend paid	5	(239,628)	(115,931)	(239,628)	(115,931)
Net profit attributable to members of the parent entity		252,624	260,959	248,492	241,221
Dividends provided	5	–	(119,408)	–	(119,408)
Retained profits at the end of the financial year		182,110	50,011	16,105	6,090
Retained profits are expected to be utilised as follows:					
• Proposed dividend declared	40(c)	124,289	–	124,289	–
• Proposed subsidiary dividend declared		–	–	(118,200)	–
• Retained		57,821	50,011	10,016	6,090
		182,110	50,011	16,105	6,090

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000

NOTE 31 Employee benefits

	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Aggregate employee benefits, including on-costs					
Included in trade creditors and accrued expenses – current	18	8,592	12,446	681	2,842
Provision for employee benefits – current	22	22,336	18,280	4,128	2,244
Provision for employee benefits – non-current	27	9,172	7,322	746	549
		40,100	38,048	5,555	5,635
Employee Numbers					
Number of employees at 30 June (full-time equivalent employees)		3,353	3,631	178	185

Equity-based Plans

Employee Share Plan

A TABCORP Employee Share Plan has been established and approved by shareholders under which shares in the parent entity and loans to acquire shares in the parent entity are available to eligible employees. Eligible employees must be permanent with a minimum of six months' continuous service as at the date of offer whilst the executive plan eligibility may vary according to their service agreements. Other than shares applied for in the TABCORP float, the shares are issued at market price at the date of offer. The maximum number of shares that can be outstanding at any time under the Plan is limited to 3% of the issued capital of the parent entity.

Loans pursuant to the employee share plan mature at either five years from the date of the loan or cessation of employment. Interest is charged on certain loans at the rate of 4% (2002: 5%). Loans are either repaid via salary deductions or dividends.

Details of the employee share plan for the parent entity are as follows:

	Ordinary Shares		Ordinary Shares	
	2003 (a)	2003 (b)	2002 (a)	2002 (b)
Total number issued to employees during the year ('000)	1,174	500	1,163	–
Total number issued to employees since commencement of the plan ('000)	10,276	4,000	9,102	3,500
Total number that have become available for purchase since commencement of the plan ('000)	29,483	4,000	24,496	3,500
Purchase entitlements not taken up by employees are not available at balance date for purchase.				
Total number of employees eligible to participate in this plan at balance date	3,040	1	2,810	1
Total number of employees participating in this plan at balance date	730	1	650	1
Total market value, at date of issue, of issues during the year ($'000)	14,037	6,075	10,487	–
Proceeds received from issues during the year ($'000)	14,171	6,075	10,586	–

(a) Shares issued to employees.

(b) Shares issued to executive directors under service agreements.

NOTE 31 Employee benefits (continued)

Options Granted under a Service Agreement

The parent entity has granted share options to certain executive directors under their Service Agreements to acquire ordinary shares in TABCORP Holdings Limited.

These options become exercisable either before a due date or through the satisfaction of certain performance hurdles.

Set out below are summaries of options granted under Service Agreements.

Grant Date	Expiry Date	Exercise Price	Note	Balance at Start of the Year Number	Granted During the Year Number	Exercised During the Year Number	Balance at End of the Year Number
Consolidated and TABCORP Holdings – 2003							
1 July 1999	30 June 2004	$10.18	(a)	3,000,000	–	2,194,500	805,500
7 October 2002	7 October 2005	$12.61	(b)(d)	–	1,500,000	–	1,500,000
7 October 2002	7 October 2010	$12.61	(c)(d)	–	1,000,000	–	1,000,000
				3,000,000	2,500,000	2,194,500	3,305,500
Consolidated and TABCORP Holdings – 2002							
1 July 1999	30 June 2004	$10.18		3,000,000	–	–	3,000,000

(a) Subsequent to 30 June 2003, TABCORP Holdings Limited has obtained an independent report stating that the remaining performance hurdles have not been met. As a result, the balance of these options has lapsed and were not considered potential ordinary shares.
(b) The options vested at reporting date and are considered potential ordinary shares.
(c) These options can only be exercised if certain annual and cumulative benchmarks are achieved. At reporting date these options had not yet vested, however are considered potential ordinary shares.
(d) The weighted number of potential ordinary shares used in the calculation of diluted earnings per share in Note 6 is 1,828,767.

Options exercised during the financial year and number of shares issued to executive directors on the exercise of options.

		Consolidated		TABCORP Holdings	
Exercise Date	Fair Value of Shares at Exercise Date	2003 Number	2002 Number	2003 Number	2002 Number
28 August 2002	$12.49	1,460,640	–	1,460,640	–
30 August 2002	$12.80	733,860	–	733,860	–
		2,194,500	–	2,194,500	–
The fair value of shares issued on the exercise of options is the closing price at which the company's shares were traded on the Australian Stock Exchange on the day the options were exercised.					
Options vested at the reporting date		1,500,000	2,194,500	1,500,000	2,194,500
		$'000	$'000	$'000	$'000
Aggregate proceeds received from executive directors on the exercise of options and recognised as issued capital		22,340	–	22,340	–
Fair value of the shares issued to executive directors on the exercise of options as at their issue date		27,637	–	27,637	–

Fair Value of Options

Of the options granted by the company during the year, only 1,500,000 are currently available to be exercised. These options expire on 7 October 2005 and each option entitles the holder to purchase one ordinary share in the company. The options have been independently valued at the date of being granted at $1,394,893 using a Standard Binomial model. The remaining 1,000,000 options expire not later than 7 October 2010 and can only be exercised on the consolidated entity achieving certain performance hurdles. These options have been independently valued at the date of being granted at $1,511,257 using a Monte Carlo simulation-based model which also uses the Binomial Tree methodology.

NOTE 31 Employee benefits (continued)

The following assumptions have been made for options granted on 7 October 2002.

		2003
Share volatility		20.66%
Risk-free interest rate		refer (a)
Dividend yield		5.20%
Expected life of options:	Options expiring 7 October 2005	1.5 years
	Options expiring not later than 7 October 2010	4 years

The expected share volatility reflects the assumption that the historical volatility is indicative of future trends. The dividend yield reflects the assumption that the current dividend payout ratio will continue with no anticipated increases. The expected life of the options implies that the executive would on average exercise half-way through the option life.

(a) The rates used in the valuation are zero coupon interest rates derived from government bond market interest rates on the valuation date and vary according to each maturity date.

Superannuation Funds

The economic entity maintains two superannuation funds covering all of its employees and the employees of controlled entities.

The TABCORP Superannuation Fund and the TABCORP Staff Superannuation Fund comprise:

(a) a defined benefit section (closed to new entrants): providing benefits based on salary and length of service; and

(b) an accumulation section: providing benefits based on contributions accumulated with interest.

An additional section is included in the TABCORP Staff Superannuation Fund covering non-executive directors of TABCORP Holdings Limited which provides benefits based on remuneration and period of service, as approved by shareholders. This section was closed on 27 June 2003 with accrued benefits transferred to the accumulation section of the TABCORP Staff Superannuation Fund.

The most recent actuarial reviews of the TABCORP Superannuation Fund and the TABCORP Staff Superannuation Fund were carried out effective at 1 July 2001 by Mr A. Sach, FIAA, of Mercer Human Resources Consulting Pty Ltd. The actuary's investigation for those reviews confirmed that both Funds held sufficient assets to meet any benefits that would have been vested under each Fund in the event of termination of the Funds or the voluntary or compulsory termination of employment of each employee.

With effect from 1 July 2003, the TABCORP Superannuation Funds will merge. As a result the next actuarial review will be undertaken as at 30 June 2003.

As at the date of this report, the results of this actuarial review had not been finalised.

TABCORP Holdings Limited and controlled entities are obliged to contribute to the Superannuation Funds as a consequence of legislation or trust deeds; legal enforceability is dependent on the terms of the legislation and the trust deeds. The rate of payment of contributions to the Funds is based on advice from the actuary.

The information disclosed at the last actuarial review of the TABCORP Superannuation Fund and the TABCORP Staff Superannuation Fund is as follows:

	TABCORP Superannuation Fund	TABCORP Staff Superannuation Fund	Total
	$'000	$'000	$'000
At 30 June 2001			
Fund assets at market value	40,252	55,952	96,204
Accrued benefits	26,413	41,573	67,986
Excess of fund assets over accrued benefits	13,839	14,379	28,218

Information disclosed in the most recent audited financial statements of both Funds is as follows:

	TABCORP Superannuation Fund	TABCORP Staff Superannuation Fund	Total
At 30 June 2002			
Fund assets at market value	39,344	54,982	94,326
Vested benefits	29,397	46,100	75,497
At 30 June 2001			
Fund assets at market value	40,252	55,952	96,204
Vested benefits	23,812	37,609	61,421

NOTE 32 Commitments

		Consolidated		TABCORP Holdings	
	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
(a) Capital expenditure commitments					
Contracted but not provided for and payable not later than one year		12,685	7,481	571	774
(b) Operating lease commitments					
Contracted but not provided for and payable:					
Not later than one year		9,926	9,202	2,320	2,270
Later than one year but not later than five years		30,069	28,846	6,280	8,615
Later than five years		28,468	30,169	–	–
		68,463	68,217	8,600	10,885
Non-cancellable sub-leases exist in relation to the operating lease commitments disclosed above with the following future minimum lease payments contracted to be received:					
Not later than one year		799	1,670	–	–
Later than one year but not later than five years		1,703	2,882	–	–
Later than five years		648	1,095	–	–
		3,150	5,647	–	–
Surplus lease space exists in relation to operating lease commitments disclosed above, in respect of which a liability has been recognised in the financial statements as follows:					
Current provisions	22	2,600	226	–	–
Non-current provisions	27	7,274	1,682	–	–
		9,874	1,908	–	–

The consolidated entity leases property under operating leases expiring from one year to ninety years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or are subject to market rate review.

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000

NOTE 33 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, deposits at call and bank accepted bills, net of outstanding bank overdrafts.

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
Cash	7	118,789	126,843	489	221

(b) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

	Consolidated 2003 $'000	Consolidated 2002 $'000	TABCORP Holdings 2003 $'000	TABCORP Holdings 2002 $'000
Profit from ordinary activities after income tax	252,624	260,959	248,492	241,221
Add/(less) items classified as investing/financing activities:				
Profit on sale of non-current assets	(164)	(492)	(43)	(249)
Add/(less) non-cash income and expense items:				
Depreciation expense	72,375	75,782	1,971	1,899
Amortisation expense	22,843	22,749	–	–
Write-down of property, plant and equipment to recoverable amount	907	–	–	–
Write-off of property, plant and equipment	73	676	–	236
Net cash provided by operating activities before change in assets and liabilities	348,658	359,674	250,420	243,107
Change in assets and liabilities:				
(Increase)/decrease in:				
• trade and sundry debtors	4,948	(1,955)	(549)	2,314
• inventories	(50)	286	–	–
• prepayments	9,980	7,147	56	14
• accrued interest income	(60)	83	10	7
• amounts receivable from controlled entities	–	–	(3,121)	(42,804)
• future income tax benefits	(11,921)	17,635	(68)	590
(Decrease)/increase in:				
• trade creditors and accrued expenses	5,767	19,482	(2,544)	3,570
• amounts due to controlled entities	–	–	(13,441)	5,143
• provisions	13,179	4,985	1,973	236
• provision for deferred income tax	1,288	4,480	(156)	(49)
• provision for income tax	6,647	3,398	–	–
• deferred revenue	(69)	(509)	–	–
Net cash provided by operating activities	378,367	414,706	232,580	212,128

(c) Non-cash financing and investing activities

During the year a controlled entity purchased the remaining rights to the management agreement from Leighton Property Development Pty Limited for an amount of $53.0 million. This was settled on 15 July 2003.

NOTE 34 Segment information

The consolidated entity's primary format of segment reporting is on a business segment basis.

The consolidated entity has three main business segments:

Wagering
Totalizator and fixed odds betting on thoroughbred, harness, greyhounds and sporting and other events.

Gaming
Gaming machine operations in licensed clubs and hotels.

Star City
Star City Casino operations, including a hotel, apartment complex, theatres, restaurants and bars.

The consolidated entity's business segments are located in, and provide services to one geographical segment, Australia. Intersegment pricing is determined on an arm's-length basis.

	Wagering	Gaming	Star City	Segment Total	Unallocated	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2003 Consolidated							
Total operating revenues – external	421,302	848,137	631,242	1,900,681			1,900,681
Other revenues from ordinary activities – external	12,747	2,145	16,831	31,723	4,724		36,447
Intersegment revenue							
Revenues from ordinary activities	434,049	850,282	648,073	1,932,404	4,724		1,937,128
Segment result (pre amortisation of goodwill)	67,042	208,175	174,914	450,131			450,131
Segment result	**66,935**	**208,175**	**157,066**	**432,176**			**432,176**
Unallocated interest revenue					4,173		4,173
Unallocated other revenue					551		551
Unallocated interest expense					(52,629)		(52,629)
Unallocated expenses					(11,990)		(11,990)
Result from ordinary activities before income tax expense	66,935	208,175	157,066	432,176	(59,895)	–	372,281
Income tax expense							(119,657)
Net profit attributable to members of the parent entity							252,624
Depreciation and amortisation	11,637	26,574	66,820	105,031			
Non cash expenses other than depreciation and amortisation	41,262	18,003	74,861	134,126			
Segment assets	262,202	551,303	1,537,667	2,351,172	62,814	(14,485)	2,399,501
Segment liabilities	65,498	21,112	120,221	206,831	887,279	(14,485)	1,079,625
Acquisition of non-current assets	22,984	17,529	15,396	55,909	162	–	56,071

	Wagering	Gaming	Star City	Segment Total	Unallocated	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2002 Consolidated							
Total operating revenues – external	403,610	917,569	611,873	1,933,052			1,933,052
Other revenues from ordinary activities – external	19,763	4,901	5,383	30,047	4,560		34,607
Intersegment revenue			22	22		(22)	–
Revenues from ordinary activities	423,373	922,470	617,278	1,963,121	4,560	(22)	1,967,659
Segment result (pre amortisation of goodwill)	66,788	236,278	160,049	463,115			463,115
Segment result	**66,689**	**236,278**	**142,196**	**445,163**	–	–	**445,163**
Unallocated interest revenue					4,103		4,103
Unallocated other revenue					457		457
Unallocated interest expense					(56,009)		(56,009)
Unallocated expenses					(10,319)		(10,319)
Result from ordinary activities before income tax expense	66,689	236,278	142,196	445,163	(61,768)	–	383,395
Income tax expense							(122,436)
Net profit attributable to members of the parent entity							260,959
Depreciation and amortisation	10,591	25,534	72,006	108,131			
Non cash expenses other than depreciation and amortisation	39,254	14,717	53,271	107,242			
Segment assets	211,902	624,919	1,529,246	2,366,067	52,659	(5,048)	2,413,678
Segment liabilities	63,744	21,589	52,264	137,597	1,004,752	(5,048)	1,137,301
Acquisition of non-current assets	19,403	17,087	10,227	46,717	–	–	46,717

For comparison with previous years' disclosure in which segment's profit before interest and tax (PBIT) had been stated on a full income and expense allocation basis excluding goodwill amortisation, the following segment result is disclosed:

	Wagering	Gaming	Star City	Segment Total	Goodwill Amortisation	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
2003 Consolidated						
Segment result	62,331	202,896	173,465	438,692	(17,955)	420,737
2002 Consolidated						
Segment result	63,946	230,835	158,472	453,253	(17,952)	435,301

NOTE 35 Controlled entities

The following were controlled entities at 30 June 2003, and have been included in the consolidated financial statements. The financial years of all controlled entities are the same as that of TABCORP Holdings Limited.

Name of controlled entity	Note	Place of Incorporation	Type of Shares	Interest Held 2003 %	Interest Held 2002 %
TABCORP Holdings Limited	(a)	Australia	–	–	–
TABCORP Assets Pty Ltd	(a)	Australia	ordinary	100	100
TABCORP Manager Pty Ltd	(a)(c)	Australia	ordinary	100	100
TABCORP Participant Pty Ltd	(a)	Australia	ordinary	100	100
TABCORP (Queensland) Pty Ltd	(a)(c)	Australia	ordinary	100	100
TABCORP Investments Pty Ltd	(b)	Australia	ordinary	100	100
TABCORP Online Pty Ltd	(a)(c)	Australia	ordinary	100	100
TABCORP Issuer Pty Ltd	(c)(f)	Australia	ordinary	100	–
TABCORP Investments No. 2 Pty Ltd	(c)(f)	Australia	ordinary	100	–
Star City Holdings Limited	(b)(d)	Australia	ordinary	100	100
Star City Pty Ltd	(b)(d)	Australia	ordinary	100	100
Star City Entertainment Pty Ltd	(b)(d)	Australia	ordinary	100	100
Sydney Harbour Casino Properties Pty Ltd	(b)(d)	Australia	ordinary	100	100
Sydney Harbour Apartments Pty Ltd	(b)(d)	Australia	ordinary	100	100
Star City Investments Pty Ltd	(b)(d)	Australia	ordinary	100	100
Showboat Australia Pty Ltd	(b)	Australia	ordinary	100	100
Sydney Casino Management Pty Ltd	(g)	Australia	ordinary	100	85
Structured Data Systems Pty Ltd	(a)(c)	Australia	ordinary	100	100

(a) These companies have entered into a Deed of Cross Guarantee dated 8 June 1995 with TABCORP Holdings Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed in certain circumstances, including the winding up of that company. Structured Data Systems Pty Ltd and TABCORP Online Pty Ltd were approved to become a party to the Deed of Cross Guarantee on 13 November 2000. In addition, as a result of the class order issued by the Australian Securities and Investments Commission, TABCORP Assets Pty Ltd and TABCORP Participant Pty Ltd are relieved from the requirements to prepare financial statements.

The consolidated statement of financial performance and statement of financial position of all entities included in this class order 'closed group' are set out at footnote (h).

(b) These companies have entered into a Deed of Cross Guarantee dated 4 June 2001 with TABCORP Investments Pty Ltd which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed in certain circumstances, including the winding up of that company. In addition, as a result of the class order issued by the Australian Securities and Investments Commission, Star City Holdings Limited, Star City Pty Ltd, Star City Entertainment Pty Ltd, Sydney Harbour Casino Properties Pty Ltd, Sydney Harbour Apartments Pty Ltd, Star City Investments Pty Ltd and Showboat Australia Pty Ltd are relieved from the requirements to prepare financial statements.

The consolidated statement of financial performance and statement of financial position of all entities included in this class order 'closed group' are set out at footnote (i).

(c) These companies are relieved from the requirements to prepare financial statements as they are all small proprietary companies as defined by the Corporations Act 2001.

(d) These companies have provided a charge over their assets and undertakings and have entered into a guarantee and indemnity agreement as explained in Note 39(b) and (c).

(e) TABCORP Superannuation Pty Ltd, TABCORP Staff Superannuation Pty Ltd and Star City Superannuation Fund Pty Ltd are wholly-owned subsidiaries of TABCORP Holdings Limited, and are not considered to be controlled entities in accordance with section 50AA(4) of the Corporations Act 2001. Star City Superannuation Fund Pty Ltd was de-registered on 5 May 2003.

(f) These companies were incorporated on 30 June 2003.

(g) On 30 June 2003 Showboat Australia Pty Limited purchased the remaining 15% of this company.

TABCORP Holdings Limited Closed Group	2003 $'000	2002 $'000

NOTE 35 Controlled entities (continued)

(h) Financial information for class order closed group – entities denoted as (a) above

	2003 $'000	2002 $'000
Statement of Financial Performance for the year ended 30 June 2003		
Revenues from ordinary activities	1,363,821	1,427,190
Government taxes	(460,552)	(482,566)
Commissions and fees	(406,927)	(419,640)
Employee costs	(56,008)	(53,565)
Depreciation and amortisation	(38,365)	(36,494)
Borrowing costs	(31,786)	(28,909)
Other expenses from ordinary activities	(61,286)	(62,608)
Profit from ordinary activities before income tax expense	308,897	343,408
Income tax expense relating to ordinary activities	(70,974)	(80,349)
Net profit attributable to members of the parent entity	237,923	263,059
Retained profits at the beginning of the financial year	32,221	4,501
Net profit attributable to members of the parent entity	237,923	263,059
Adjustment arising from adoption of new Accounting Standard AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets'	80,408	–
Adjustment arising from adoption of revised Accounting Standard AASB 1028 'Employee Benefits'	(174)	–
Dividends provided for or paid	(239,628)	(235,339)
Retained profits at the end of the financial year	110,750	32,221
Statement of Financial Position as at 30 June 2003		
Cash assets	78,548	88,472
Receivables	2,180	43,974
Inventories	3,913	3,730
Other	4,914	5,541
Total current assets	89,555	141,717
Receivables	1,108,672	1,106,998
Property, plant and equipment	127,251	138,926
Intangible assets – licences	597,304	597,424
Intangible assets – other	1,707	1,765
Deferred tax assets	9,872	8,666
Other	37,133	35,976
Total non-current assets	1,881,939	1,889,755
TOTAL ASSETS	1,971,494	2,031,472
Payables	79,042	91,114
Interest bearing liabilities	282,898	44,000
Current tax liabilities	8,334	24,572
Provisions	11,376	127,188
Other	125	76
Total current liabilities	381,775	286,950
Payables	14,407	122
Interest bearing liabilities	315,000	472,898
Deferred tax liabilities	6,140	9,298
Provisions	5,406	3,388
Other	250	229
Total non-current liabilities	341,203	485,935
TOTAL LIABILITIES	722,978	772,885
NET ASSETS	1,248,516	1,258,587
Contributed equity	1,137,766	1,226,366
Retained profits	110,750	32,221
TOTAL EQUITY	1,248,516	1,258,587

NOTE 35 Controlled entities (continued)

(i) Financial information for class order closed group – entities denoted as (b) above

	TABCORP Investments Pty Ltd Closed Group 2003 $'000	2002 $'000
Statement of Financial Performance for the year ended 30 June 2003		
Revenues from ordinary activities	648,815	618,135
Government taxes	(129,271)	(127,025)
Commissions and fees	(9,034)	(8,989)
Employee costs	(168,440)	(173,519)
Depreciation and amortisation	(66,844)	(72,028)
Borrowing costs	(20,843)	(27,100)
Other expenses from ordinary activities	(115,998)	(92,487)
Profit from ordinary activities before income tax expense	138,385	116,987
Income tax expense relating to ordinary activities	(48,683)	(42,087)
Net profit attributable to members of the parent entity	89,702	74,900
Retained profits at the beginning of the financial year	17,790	19,890
Net profit attributable to members of the parent entity	89,702	74,900
Adjustment arising from adoption of new Accounting Standard AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets'	39,000	–
Adjustment arising from adoption of revised Accounting Standard AASB 1028 'Employee Benefits'	(131)	–
Dividends provided for or paid	(75,000)	(77,000)
Retained profits at the end of the financial year	71,361	17,790
Statement of Financial Position as at 30 June 2003		
Cash assets	40,241	38,371
Receivables	17,067	4,579
Inventories	775	908
Other	20,227	15,890
Total current assets	78,310	59,748
Property, plant and equipment	631,961	663,387
Intangible assets – licences	233,897	236,481
Intangible assets – other	541,839	509,116
Deferred tax assets	24,096	13,250
Other	36,061	46,270
Total non-current assets	1,467,854	1,468,504
TOTAL ASSETS	1,546,164	1,528,252
Payables	88,866	29,669
Interest bearing liabilities	168,000	100,000
Current tax liabilities	26,565	3,680
Provisions	23,890	58,773
Other	75	215
Total current liabilities	307,396	192,337
Payables	1,103,672	1,103,998
Interest bearing liabilities	–	160,000
Deferred tax liabilities	52,036	47,590
Provisions	11,044	5,672
Other	655	865
Total non-current liabilities	1,167,407	1,318,125
TOTAL LIABILITIES	1,474,803	1,510,462
NET ASSETS	71,361	17,790
Contributed equity	–	–
Retained profits	71,361	17,790
TOTAL EQUITY	71,361	17,790

	TABCORP Holdings 2003	TABCORP Holdings 2002

NOTE 36 Staff costs

(a) Remuneration of directors

Prepared in accordance with Accounting Standard AASB 1017 and Urgent Issues Group Abstract 14 and reported on the basis of gross cost to the entity of remuneration paid or payable, or otherwise made available.

The numbers of directors of TABCORP Holdings Limited whose remuneration (including brokerage, commission, bonuses, retirement payments and salaries), paid or payable directly or indirectly by the parent entity or any related party, as shown in the following bands, were:

	2003	2002
$110,000 – $119,999	–	2
$120,000 – $129,999	–	1
$130,000 – $139,999	–	1
$140,000 – $149,999	1	–
$150,000 – $159,999	1	–
$170,000 – $179,999	–	1
$180,000 – $189,999	1	–
$200,000 – $209,999	2	–
$300,000 – $309,999	–	1
$340,000 – $349,999	1	–
$410,000 – $419,999	1	–
$680,000 – $689,999	–	1
$1,060,000 – $1,069,999	1	–
$1,540,000 – $1,549,999	1	–
$3,350,000 – $3,359,999 (i)	–	1
	$	$
The aggregate remuneration of the directors referred to in the above bands was	4,244,425	5,012,910

(i) Prior year includes termination payment of $650,000.

The total of all remuneration paid or payable directly or indirectly, by the respective corporations of which they are director, or any related party, to all the directors of each corporation in the economic entity was $4,271,891 (2002: $5,035,273). This amount includes the value of insurance premiums paid for the benefit of directors.

NOTE 36 Staff costs (continued)

(b) Remuneration of executives
Prepared in accordance with Accounting Standard AASB 1034 and reported on the basis of gross cost to the entity of remuneration paid or payable, or otherwise made available.

The numbers of executive officers domiciled in Australia who received, or were due to receive, directly or indirectly from the parent entity, or from any related party, a total remuneration in connection with the management of affairs of the parent entity, or any of its subsidiaries whether as executive officers or otherwise, as shown in the following bands, were:

	Consolidated		TABCORP Holdings	
	2003	2002	2003	2002
$210,000 – $219,999	–	1	–	–
$220,000 – $229,999	1	1	1	–
$230,000 – $239,999	1	–	–	–
$240,000 – $249,999	–	2	–	1
$250,000 – $259,999	1	–	–	–
$260,000 – $269,999	–	2	–	–
$270,000 – $279,999	4	3	–	–
$280,000 – $289,999	1	1	–	1
$290,000 – $299,999	–	2	–	1
$300,000 – $309,999	2	1	–	–
$310,000 – $319,999	3	–	3	–
$320,000 – $329,999	1	2	–	–
$330,000 – $339,999	2	–	–	–
$350,000 – $359,999	1	1	–	–
$360,000 – $369,999	3	2	–	–
$370,000 – $379,999	–	1	–	1
$380,000 – $389,999	–	1	–	–
$400,000 – $409,999	–	1	–	–
$410,000 – $419,999	1	–	1	–
$480,000 – $489,999	2	–	1	–
$500,000 – $509,999	–	1	–	1
$580,000 – $589,999	1	–	1	–
$600,000 – $609,999	–	1	–	1
$650,000 – $659,999	–	1	–	1
$660,000 – $669,999	–	1	–	–
$670,000 – $679,999	1	–	–	–
$680,000 – $689,999	–	1	–	1
$690,000 – $699,999	1	–	1	–
$910,000 – $919,999	1	–	–	–
$940,000 – $949,999	–	1	–	–
$1,060,000 – $1,069,999	1	–	1	–
$1,540,000 – $1,549,999	1	–	1	–
$3,350,000 – $3,359,999[(i)]	–	1	–	1
	$	$	$	$
The aggregate remuneration of the executives referred to in the above bands was	12,965,199	13,786,950	5,955,632	7,019,566

Remuneration of executives includes executive directors of the parent entity who are already disclosed within 'Remuneration of directors'.

(i) Prior year includes termination payment of $650,000.

		Consolidated
	2003 $'000	2002 $'000

NOTE 37 Interest in joint venture operation

TABCORP Holdings Limited and certain of its controlled entities (TABCORP Assets Pty Ltd, TABCORP Manager Pty Ltd and TABCORP Participant Pty Ltd) conduct an unincorporated joint venture operation with VicRacing Pty Ltd. TABCORP Holdings Limited and the abovenamed controlled entities manage the joint venture whose principal activity is the organisation, conduct, promotion and development of wagering and gaming within the state of Victoria. The economic entity receives 75% of the product and expenses of the joint venture.

Assets employed in joint venture operations

	2003 $'000	2002 $'000
Current assets		
Cash assets	76,013	85,177
Receivables	1,024	2,889
Other	580	453
	77,617	88,519
Total assets employed	77,617	88,519

NOTE 38 Related parties

(a) Directors

The following persons held the position of director of TABCORP Holdings Limited during all of the past two financial years, unless otherwise stated:

M.B. Robinson
M.J. Slatter (appointed on 8 October 2002)
I.R. Wilson (retired on 31 August 2002)
A.G. Hodgson
P.G. Satre
D.J. Simpson (retired on 21 February 2003)
P.H.Wade
R.F.E. Warburton
W.V. Wilson

	Shares and Options Issued by Parent Entity Shares			Options
	2003 Number	2002 Number	2003 Number	2002 Number
(b) Directors' shareholdings				
Balance at the beginning of the financial year	4,463,500	4,710,500	3,000,000	3,000,000
Acquired from (shares)/issued by (options) the entity during the year	2,698,500	–	2,500,000	–
Disposed of (shares)/exercised (options) during the year (i)	(3,144,500)	(247,000)	(2,194,500)	–
Shareholdings of retired directors	(3,276,000)	–	–	–
Balance at the end of the financial year	741,500	4,463,500	3,305,500	3,000,000

(i) None of the current directors sold shares during the current year.

NOTE 38 Related parties (continued)

(c) Directors' loans

Director loans had been made by the economic entity to executive directors I.R. Wilson and D.J. Simpson. Interest, where applicable, is charged at a rate to a maximum of 4% (2002: 5%) and totalled $Nil (2002: $0.053 million) during the year. The loans are to be repaid following cessation of employment, and, where advanced to finance the acquisition of shares in the company, the dividends received on those shares are applied towards loan repayment. The loans are secured by an equitable mortgage over the shares held by the directors. I.R. Wilson repaid $2.352 million (2002: $0.315 million) and D.J. Simpson repaid $1.115 million (2002: $0.009 million) of the balance outstanding on their loans during the year. In accordance with the terms of his service agreement, the balance owing by I.R. Wilson of $2.125 million is to be repaid by 31 August 2004. The amounts repaid during the year of $3.467 million (2002: $0.324 million) have been included in 'Other cash flows from investing activities' within the statement of cash flows.

During the year, a non-recourse executive director loan of $6.075 million has been made by a director-related entity to executive director M.J. Slatter. Interest, where applicable, is charged at a rate to a maximum of 4% and totalled $0.118 million during the year. The loan is to be repaid following cessation of employment, and, where advanced to finance the acquisition of shares in the company, the dividends received on those shares are applied towards interest payable on the outstanding loan balance, a cash payment to cover the personal income tax liability associated with the dividend and principal loan repayments. The effect of the above was to reduce the loan balance by $0.004 million during the year. The loan is secured by an equitable mortgage over the shares held.

		Consolidated		TABCORP Holdings	
	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Loans to directors outstanding at year end:					
Non-current	17	6,071	5,592	6,071	5,592

(d) Director transactions

The directors of the economic entity, or their director-related entities, conduct transactions with entities within the economic entity 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 at arm's length in similar circumstances. These transactions include the following and have been quantified below where the transactions are considered likely to be of interest to users of these financial statements:

(i) Mr M.B. Robinson is a partner in the legal firm of Allens Arthur Robinson. This firm rendered legal advice to the economic entity. All dealings with the firm were in the ordinary course of business and on normal commercial terms and conditions. The amount paid by the economic entity during the year was $1,574,584 (2002: $274,744). The majority of these costs relates to advice obtained in connection with the proposed merger with Jupiters Limited. Mr M.B. Robinson is the Chairman of the Bionic Ear Institute. The economic entity has made donations to the Institute during the year of $10,500 (2002: $Nil). Mr M.B. Robinson is also a trustee of the Epworth Medical Foundation. The economic entity has made a donation to the Foundation of $5,000 (2002: $2,300).

(ii) Mr P.G. Satre is the Chairman of Harrah's Entertainment Inc. This company provides the economic entity with access to their knowledge and experience in operating casinos via an agreement which commenced in January 2000 and currently runs until January 2005. The fees payable by the economic entity to Harrah's Entertainment Inc. will be $5,300,000 per annum for the duration of the extended term. All dealings with the company are in the ordinary course of business and on normal commercial terms and conditions.

(iii) Mr A.G. Hodgson is a director of HSBC Bank Australia Limited. The economic entity maintains operating accounts with this bank in the ordinary course of business and on normal commercial terms and conditions.

(iv) Mr R.F.E. Warburton is a director of Southcorp Limited. The economic entity purchases alcoholic beverages from this company in the ordinary course of business and on normal commercial terms and conditions.

(v) Mr D.J. Simpson and Mr I.R. Wilson are directors of Eastsail Pty Ltd, which provided charter services to the economic entity in the ordinary course of business and on normal commercial terms and conditions. The amount paid by the economic entity was $110,718 (2002: $8,478).

NOTE 38 Related parties (continued)

(e) Transactions with related parties in the wholly-owned group

In addition to those transactions disclosed in Note 2, the parent entity entered into the following transactions during the year with related parties in the wholly-owned group:

- loans were advanced and repayments received on short-term intercompany accounts;
- loans were advanced between controlled entities and are not expected to be repaid within the next 12 months; and
- management and service fees were received from certain wholly-owned controlled entities.

These transactions were undertaken on commercial terms and conditions. Certain loans advanced which are sourced from debt capital are charged interest at a rate at or above the bank bill rate plus net settlement payments on interest rate swaps (refer Note 41(c)) and bank fees on facilities, with other loans being interest free.

Amounts due to and receivable from related parties in the wholly-owned group

Appropriate disclosure of these amounts is contained in the respective notes to the financial statements.

Ownership interests

The ownership interests in related parties in the wholly-owned group are disclosed in Note 35.

(f) Transactions with other related parties

The economic entity had one partly-owned (85%) controlled entity, Sydney Casino Management Pty Ltd (SCM). The remaining 15% was purchased by the economic entity on 30 June 2003 (refer note 40(a)). This entity acts as nominee for the Showboat Leighton Partnership.

Star City Pty Ltd and Sydney Harbour Casino Properties Pty Ltd entered into a Casino Complex Management Agreement with SCM in previous years. Under this agreement, SCM provides services to Star City Pty Ltd and Sydney Harbour Casino Properties Pty Ltd in relation to planning, decorating, furnishing, managing and equipping of the Star City Casino Complex.

SCM is paid a fee equal to the sum of (i) 1.5% of Casino Revenue, (ii) 6% of Casino Gross Operating Profit, (iii) 3.5% of Non-Casino Revenue, and (iv) 10% of Non-Casino Complex Gross Operating Profit, each fiscal year for services rendered by SCM pursuant to the management agreement. Casino Gross Operating Profit and Non-Casino Gross Operating Profit are determined after deducting revenue-based management fees. A management fee of $24.893 million was paid or payable for the year (2002: $24.591 million).

SCM is also paid a supplemental management fee by Star City Pty Ltd for expenses incurred by Showboat Australia Pty Ltd, which are reimbursed by SCM. This fee is based on salary and related costs incurred. The total supplemental fee paid or payable for the year was $4.195 million (2002: $3.292 million).

(g) Ultimate controlling entity

The ultimate controlling entity of the economic entity is TABCORP Holdings Limited.

NOTE 39 Contingent liabilities and contingent assets

Details of contingent liabilities and contingent assets where the probability of future payments/receipts is not considered remote are set out below as well as details of contingent liabilities and contingent assets, which although considered remote, the directors consider should be disclosed.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities

(a) Parent entity

As explained in Note 35(a), the parent entity has entered into a Deed of Cross Guarantee in accordance with a class order issued by the Australian Securities and Investments Commission. The parent entity, and all the controlled entities which are a party to the deed, have guaranteed the repayment of all current and future creditors in the event any of these companies are wound-up.

(b) Charges

(i) CCA

The controlled entities denoted (d) in Note 35 have provided the NSW Casino Control Authority (CCA) with a fixed and floating charge over all of the assets and undertakings of each company to secure payment of all monies and the performance of all obligations which they have to the CCA. The charge has a value of $1.5 billion and ranks second behind the Commonwealth Bank of Australia charge under its facility agreement.

(ii) Other

The controlled entity which is a participant in the joint venture described in Note 1(r) has entered into a deed of cross charge with its joint venture partner to cover the non-payment of a called sum in the event of the joint venture incurring a loss. The charge is over undistributed and future earnings of the joint venture to the level of the unpaid call.

(c) Guarantee and Indemnity

The controlled entities denoted in Note 35(b) have entered into a guarantee and indemnity agreement (Note 35(d)) in favour of the CCA whereby all parties to the agreement are jointly and severally liable for the performance of the obligations and liabilities of each company participating in the agreement with respect to agreements entered into and guarantees given.

NOTE 39 Contingent liabilities and contingent assets (continued)

Contingent liabilities (continued)

(d) Legal challenges

There are outstanding legal actions between controlled entities and third parties as at 30 June 2003. The economic entity has notified its insurance carrier of all litigation, and believes that any damages (other than exemplary damages) that may be awarded against the economic entity, in addition to its costs incurred in connection with the action, will be covered by its insurance policies where such policies are in place. However, given the nature of insurance, no assurance can be given that any such claims are not likely to have a material adverse effect on the economic entity. In the case of possible actions which, due to the demise of an underwriter do not have insurance cover, the economic entity considers that, on the balance of probability, no material losses will arise. This position will be monitored and in the event that a loss becomes probable, an appropriate provision will be made.

(e) Banking facilities

A controlled entity has provided a bank guarantee to WorkCover NSW for the amount of $11.766 million (2002: $5.500 million) which is required under the entity's self-insurance licence.

(f) Tax audit

A controlled entity has been audited by the Australian Taxation Office (ATO). The ATO has identified an issue which relates to the deductibility of rent of $120 million prepaid in December 1994 in relation to the Star City Casino site. The primary tax in dispute in relation to deductions claimed to date is approximately $33 million.

Under current Australian Accounting Standards the current profit impact of the primary tax in dispute would be approximately $13 million, the balance having a Statement of financial position impact only. On the basis of external advice and its assessment of the issue, TABCORP believes that the position taken in the income tax returns which have been lodged is correct.

(g) Undertakings – insurance deductible

Under the Casino Taxes Agreement, Star City is required to take out insurance in the name of the Casino Control Authority in respect of anticipated Weekly Duty and Community Benefit Levy arising out of partial or total loss or destruction of the Premises. The Agreement allows for a $1 million deductible for each and every loss.

Since the events of 11 September 2001, Star City has only managed to secure a 14-day loss deductible. Subsequent to 30 June 2003, TABCORP Holdings Limited has provided the CCA with a Deed of Undertaking to fund the shortfall of the difference between the current 14-day deductible and the $1 million required under the Casino Taxes Agreement (refer Note 40(b)). The directors believe this undertaking would not exceed $3–4 million for any one loss and believe such an event is remote.

(h) Jupiters Limited merger break costs

Under the terms of the Merger Implementation Agreement with Jupiters Limited, the economic entity may be liable to pay to Jupiters Limited break costs of $7.5 million as compensation if the merger does not proceed in certain circumstances. The economic entity considers such circumstances to be remote. Refer note 39(k).

(i) Interest rate option agreements

Under the interest rate option agreements referred to in Note 41(d) below, should the merger with Jupiters Limited not proceed, the agreements to enter into forward interest rate swaps may not be required. To the extent that the agreements are not entered into, the economic entity may be required to pay costs associated with closing out these agreements. Any amounts required to be paid will depend on the level of forward swap interest rates at that date.

Contingent assets

(j) Sale of land

During the year, a controlled entity disposed of land owned at 50 Union Street, Pyrmont. Proceeds of $12.3 million were received in February 2003. Part of the sale agreement includes an additional amount which is dependent upon the purchaser being able to seek an approved Development Application (DA) from Planning NSW to develop to a specified net lettable rent area. The additional payment cannot be reliably measured and no such approval has been received to date.

(k) Jupiters Limited merger break costs

Under the terms of the Merger Implementation Agreement with Jupiters Limited, Jupiters Limited may be liable to pay to the economic entity break costs of $12.2 million as compensation if the merger does not proceed in certain circumstances. The economic entity considers such circumstances to be remote. Refer Note 39(h).

NOTE 40 Events subsequent to reporting date

(a) Showboat Leighton Partnership

Following the purchase of the remaining 15% of Sydney Casino Management (SCM) on 30 June 2003 from Leighton Property Development Pty Limited, the Showboat Leighton Partnership will be dissolved, subject to the approval of the New South Wales Department of Gaming and Racing. Under the Sale Agreement, once this approval has been granted, the rights of SCM under the Casino Management Agreement (refer Note 38(f)) will be novated across to Showboat Australia Pty Limited.

(b) Deed of Undertaking to Casino Control Authority

Subsequent to 30 June 2003, TABCORP Holdings has provided a Deed of Undertaking as denoted in Note 39(g).

(c) Dividends

Since 30 June 2003, the directors have declared a dividend of 34 cents per ordinary share. This has the effect of reducing retained earnings and increasing current liabilities by $124.289 million (refer Note 5).

NOTE 41 Additional financial instruments disclosure

(a) Interest rate risk

The consolidated entity's exposure to interest rate risk and the effective interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Effective Interest Rate	Floating Interest Rate	Fixed Interest Maturing in: 1 year or less	Fixed Interest Maturing in: 1 to 5 years	Interest Bearing Employee Share Plan Loans (i)	Non-interest Bearing	Statement of Financial Position
		%	$'000	$'000	$'000	$'000	$'000	$'000
2003								
Financial assets								
Cash assets	7	0.2–4.25	34,606	–	–	–	22,400	57,006
Short-term deposits	7	4.60–4.75	50,624	–	–	–	–	50,624
Bank accepted bills	7	4.78–4.89	–	11,159	–	–	–	11,159
Receivables	8	–	–	–	–	–	9,762	9,762
Loans pursuant to employee share plan	10,17	up to 4.00	–	–	–	2,890	28,787	31,677
Loans to executive directors	17	up to 4.00	–	–	–	6,071	–	6,071
Loans – other	17	–	–	–	–	–	2,125	2,125
Total financial assets			85,230	11,159	–	8,961	63,074	168,424
Financial liabilities								
Trade creditors and accrued expenses	18, 24	–	–	–	–	–	167,831	167,831
Bank loans – unsecured	19, 25	5.28–5.45	597,898	–	–	–	–	597,898
Bank loans – secured	19, 25	7.94 (ii)	168,000	–	–	–	–	168,000
Total financial liabilities			765,898	–	–	–	167,831	933,729
Interest rate swaps (iii)	41(c)		(350,000)	350,000				–
2002								
Financial assets								
Cash assets	7	1.15–4.25	33,350	528	–	–	23,627	57,505
Short term deposits	7	4.60–4.65	69,338	–	–	–	–	69,338
Receivables	8	–	–	–	–	–	9,505	9,505
Loans pursuant to employee share plan	10,17	up to 5.00	–	–	–	6,638	27,075	33,713
Loans to executive directors	17	up to 5.00	–	–	–	1,122	4,470	5,592
Total financial assets			102,688	528	–	7,760	64,677	175,653
Financial liabilities								
Trade creditors and accrued expenses	18, 24	–	–	–	–	–	117,857	117,857
Bank loans – unsecured	19, 25	4.98–5.74	516,898	–	–	–	–	516,898
Bank loans – secured	19, 25	7.94 (ii)	260,000	–	–	–	–	260,000
Dividend payable	22	–	–	–	–	–	119,408	119,408
Total financial liabilities			776,898	–	–	–	237,265	1,014,163
Interest rate swaps (iii)	41(c)		(394,000)	44,000	350,000			–

(i) Interest bearing employee share loans are repayable from dividends with outstanding balances settled on cessation of employment.
(ii) The effective interest rate incorporates the effect of interest rate swaps.
(iii) Notional principal amounts

(b) Net fair values

The carrying amount of the entity's recognised financial assets and financial liabilities approximate their net fair value (refer Note 1(h)). The exception to the above is the net fair value of interest rate swap contracts, being unrecognised financial instruments amounting to $10.9 million (2002: $15.9 million). This value represents the estimated cost of cancelling the instruments (net of transaction costs) at balance date and is determined using independent market quotations and adopting conventional market valuation techniques.

NOTE 41 Additional financial instruments disclosure (continued)

(c) Unrecognised financial instruments – interest rate swaps

The entity has a policy of controlling exposure to interest rate fluctuations by the use of interest rate swaps or caps, accordingly a controlled entity has entered into interest rate swap agreements that are used to convert the variable interest rate of its long-term borrowings to medium-term fixed interest rates. These swaps are in accordance with the objective of hedging a portion of the interest rate risk in respect of its term and revolving debt facilities.

At 30 June 2003, a controlled entity has forward rate swap agreements which hedge a portion of the debt facilities through to their maturity in June 2004.

The controlled entity will pay fixed interest rates ranging from 7.28% to 8.61% (2002: 7.28% to 8.61%) and receive the bank bill swap rate calculated on the notional principal amount of the contracts.

At 30 June 2003, the notional principal amount of swaps in place at each year end through to the maturity of the contracts will be:

		30 June
	2003	2004
$ million	350	–

The economic entity's policy is not to recognise interest rate swaps in the financial statements. Net settlement receipts and payments are recognised as an adjustment to interest expense on an accruals basis over the term of the swaps such that the overall interest expense on term debt reflects the average long term cost of funds achieved by entering into the swap agreements.

(d) Unrecognised financial instruments – interest rate options

During the year a controlled entity entered into options to enter into forward interest rate swap agreements. These instruments were entered into to provide the economic entity with the certainty that the interest rate applicable to a portion of the future debt associated with the proposed merger of Jupiters Limited, will be able to be fixed within a known range of interest rates. The interest rate options expire in December 2003.

As at 30 June 2003 the unrecognised fair value of the interest rate options is $1.2 million. The value represents the amount that would be receivable on cancelling the instruments (net of transaction costs) at balance date and is determined using independent market quotations and adopting conventional market valuation techniques.

At 30 June 2003 the notional principal amount of swaps to which the options related, in place at 30 June 2003 and through to the end of the contracts is:

Notional Amount	Interest Rate Range
$250 million	4.55% to 5.05%
$350 million	4.74% to 5.245%

(e) Credit risk exposures

The credit risk on financial assets which have been recognised on the statement of financial position is the carrying amount, net of any provision for doubtful debts. The economic entity is not materially exposed to one individual debtor. The economic entity minimises credit risk via adherence to a strict cash management policy.

In relation to unrecognised financial liabilities, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The economic entity's maximum credit risk exposure in relation to these is in respect of the interest rate swap contracts and the options to enter into interest rate swap contracts and is detailed in Notes 41(b) and 41(d) above.

Credit risk in trade receivables is managed in the following ways:

- the provision of cheque cashing facilities for casino gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the taking up of bank opinions and the use of a central credit agency which collates information from major casinos around the world.
- the provision of non-gaming credit is covered by a risk assessment process for all customers using the Credit Reference Association of Australia, bank opinions and trade references.

The maximum credit exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

DIRECTORS' DECLARATION

The directors declare that:

(a) the financial statements and associated notes of the company and of the economic entity comply with the accounting standards and Urgent Issues Group Concensus Views;

(b) the financial statements and notes of the company and of the economic entity give a true and fair view of the financial position as at 30 June 2003 and performance of the company and of the economic entity for the year then ended; and

(c) in the directors' opinion:
   (i) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and the companies and parent entity who are party to the deed described in Note 35(a) will, as an economic entity, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee dated 8 June 1995 (as amended on 13 November 2000); and
   (ii) the financial statements and notes of the company and of the economic entity are in accordance with the Corporations Act 2001.

Made in accordance with a resolution of directors.

M.B. Robinson AO
Chairman

Melbourne, 13 August 2003

INDEPENDENT AUDIT REPORT TO MEMBERS OF TABCORP HOLDINGS LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for TABCORP Holdings Limited (the company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:
- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our statutory audit work, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit Opinion

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

(a) the Corporations Act 2001, including:
   (i) giving a true and fair view of the financial position of TABCORP Holdings Limited and the consolidated entity at 30 June 2003 and of their performance for the year ended on that date; and
   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Ernst & Young

Mary B Waldron
Partner

Melbourne, 13 August 2003

FIVE YEAR REVIEW

	2003	2002	2001	2000	1999
	$'000	$'000	$'000	$'000	$'000
Wagering, Gaming & Star City revenue	1,900,681	1,933,052	1,812,959	1,595,831	1,066,165
EBITDA	525,946	543,824	478,464	421,287	254,748
PBIT	420,737	435,301	365,067	326,219	220,135
Profit after income tax	252,624	260,959	187,682	174,780	143,341
Profit after income tax (pre goodwill)	270,579	278,911	205,775	187,476	143,341
Dividend	244,923	235,339	189,901	174,639	130,884
Cash and deposits	118,789	126,843	123,534	91,019	84,816
Other current assets	39,591	35,574	29,880	30,459	9,958
Licences/Management Agreement Rights	1,081,845	1,033,734	1,038,529	1,043,332	597,472
Goodwill	292,902	311,052	329,846	346,094	–
Other non-current assets	866,374	906,475	980,186	1,060,303	199,396
Total assets	2,399,501	2,413,678	2,501,975	2,571,207	891,642
Current interest-bearing liabilities	450,898	144,000	229,052	196,871	38,000
Other current liabilities	238,196	291,283	252,123	287,267	211,412
Non current interest-bearing liabilities	315,000	632,898	710,000	780,154	–
Other non-current liabilities	75,531	69,120	67,590	68,851	15,027
Total liabilities	1,079,625	1,137,301	1,258,765	1,333,143	264,439
Shareholders' funds	1,319,876	1,276,377	1,243,210	1,238,064	627,203
Capital expenditure	56,436	47,230	46,672	67,715	97,101
	cents	cents	cents	cents	cents
Earnings per share – pre goodwill	73.5	74.8	55.3	53.7	47.1
Earnings per share – post goodwill	68.7	70.0	50.4	50.1	47.1
Dividend per share	67.0	63.0	51.0	47.0	43.0
Operating cash flow per share	90.7	100.0	65.7	60.5	39.1
Return on shareholders' funds (post goodwill)	18.8%	19.0%	14.1%	15.6%	18.8%
Net assets per share	$3.61	$3.42	$3.34	$3.33	$2.06
Operating revenue	$'000	$'000	$'000	$'000	$'000
Wagering	421,302	403,610	380,339	363,107	352,967
Gaming	848,137	917,569	846,349	794,348	713,198
Star City	631,242	611,873	586,271	438,376	–
Total	1,900,681	1,933,052	1,812,959	1,595,831	1,066,165

EBITDA - Earnings before interest, tax, depreciation and amortisation
PBIT - Profit before interest and tax

Share capital
TABCORP has on issue 365,556,521 fully paid ordinary shares.

The company conducted an on market share buy-back between 10 May 2002 and 17 December 2002, for which a total of 11,278,081 shares were bought back and subsequently cancelled for a total consideration of $128,729,792.87 (excluding brokerage calculated at 0.1%). The buy-back was undertaken as part of TABCORP's policy to maximise returns to shareholders and formed part of the company's efficient capital management strategy. There is not currently any share buy-back in respect of the company's shares.

Substantial shareholders
The following substantial shareholder notices have been lodged in accordance with section 671B of the Corporations Act 2001:

Name	Date of interest	Number of ordinary shares[1]	% of issued capital[2]
Maple-Brown Abbott Limited	31 July 2003	30,308,972	8.29
Perpetual Trustees Australia Limited	5 December 2002	30,073,434	8.16
UBS Nominees Pty Ltd	16 June 2003	22,513,668	6.16

[1] as disclosed in last notice lodged.
[2] the percentage set out in the notice is calculated on the total issued share capital of the company at the date of change in interest.

Distribution of shareholdings

Number of shares held	Number of holders	% of holders	Number of ordinary shares	% of issued capital
1 – 1,000	49,753	62.91	30,842,336	8.44
1,001 – 5,000	25,919	32.77	60,204,584	16.47
5,001 – 10,000	2,302	2.91	17,397,417	4.76
10,001 – 100,000	990	1.25	23,729,305	6.49
100,001 and over	119	0.15	233,382,879	63.84
Total	79,083	100.00	365,556,521	100.00

Voting rights
All shares issued by TABCORP Holdings Limited carry one vote per share. Part 4 of the Gaming and Betting Act 1994 and Rules 134 to 142 of the company's Constitution contain certain restrictions in relation to shareholding interests. Failure to comply with certain provisions of the Gaming and Betting Act or the Constitution can result in suspension of voting rights.

Twenty largest shareholders*

Name	Number of ordinary shares	% of issued capital
J P Morgan Nominees Australia Limited	39,796,277	10.89
National Nominees Limited	39,348,227	10.76
Westpac Custodian Nominees Ltd	38,697,326	10.59
RBC Global Services Australia Nominees Pty Limited	37,703,080	10.31
Citicorp Nominees Pty Limited	10,145,553	2.78
Commonwealth Custodial Services Limited	8,050,048	2.20
Queensland Investment Corporation	7,220,987	1.98
ANZ Nominees Limited	5,367,929	1.47
Cogent Nominees Pty Limited	5,131,953	1.40
HSBC Custody Nominees (Australia) Limited	4,769,851	1.30
AMP Life Limited	3,844,478	1.05
IOOF Investment Management Ltd	1,733,254	0.47
Invia Custodian Pty Limited	1,683,315	0.46
NRMA Nominees Pty Limited	1,656,162	0.45
UBS Warburg Private Clients	1,605,140	0.44
Merrill Lynch (Australia) Nominees Pty Ltd	1,395,401	0.38
Australian United Investment Co Limited	1,190,000	0.33
Perpetual Trustee Co Ltd (Hunter)	1,059,844	0.29
PSS Board	1,048,470	0.29
Government Superannuation Office	1,036,170	0.28
Total of top twenty shareholders	212,483,465	58.13

* On a grouped basis

Marketable Parcel
There were 114 shareholders holding less than a marketable parcel ($500) based on a market price of $11.40 at the close of trading on 21 August 2003.

Shareholding Restrictions
On 19 June 2002, Royal Assent was given to the Gaming Legislation (Amendment) Act, enabling TABCORP's individual shareholder restriction to be increased from 5% to 10%, and removing the previous 40% foreign ownership restriction.

SHAREHOLDER ENQUIRIES
Investors seeking information about their shareholding should contact the company's Share Registry. Shareholders should have their Shareholder Reference Number (SRN) available to assist in responding to their enquiries.

TABCORP's Share Registry
ASX Perpetual Registrars Limited
GPO Box 1736P, Melbourne Vic 3001
Telephone: 03 9615 9999
Toll Free: 1300 665 661
Facsimile: 03 9615 9900
Facsimile: 03 9615 9744 (proxy forms only)
Email: registrars@asxperpetual.com.au
Website: www.asxperpetual.com.au

SHARE REGISTRY ON-LINE AT www.asxperpetual.com.au
The Share Registry's website allows shareholders to check their current and previous holding balances. Shareholders can also check and update their annual report election and Tax File Number (TFN) or Australian Business Number (ABN). There are also a number of forms that can be downloaded to advise a change of address or change of direct credit details for dividend payments.

GENERAL ENQUIRIES ABOUT TABCORP
If you would like more information about the company, you are invited to contact:

TABCORP's Shareholder Relations Manager
Telephone: 03 9868 2779
Facsimile: 03 9868 2726
Email: investor@tabcorp.com.au
Website: **www.tabcorp.com.au**

TABCORP ON THE WEB AT www.tabcorp.com.au
Investor information is available on TABCORP's website. This website includes key Australian Stock Exchange announcements, Annual and Half-Yearly Reports and general company information.

STOCK EXCHANGE LISTING
The company's shares are listed on the Australian Stock Exchange under the code 'TAH'. Trading information is published in daily newspapers.

AMERICAN DEPOSITARY RECEIPTS
The company's shares are traded in sponsored American Depositary Receipts (ADR) form in the United States of America. ADR holders receive all information sent to shareholders and receive their dividends in US dollars. Each ADR represents 10 TABCORP ordinary shares. Enquiries about ADRs should be made to:

Anita Sung
Assistant Vice President
The Bank of New York – ADR Division
101 Barclay Street, New York 10286 USA
Telephone: +212 815 8161
Telephone: 1 888 BNY ADRs (shareholder relations, US residents)
Telephone: +1 610 312 5315 (shareholder relations, non US residents)
Facsimile: +212 571 3050
Website: www.adrbny.com

REMOVAL FROM THE ANNUAL REPORT MAILING LIST
Shareholders who do not wish to receive the Annual Report or Half-Yearly Report should advise the company's Share Registry in writing. The last six Annual Reports are currently available from the company's website. This report and future reports will be made available on the website shortly after being mailed to shareholders.

CHANGE OF ADDRESS
Shareholders should advise the Share Registry immediately in writing as soon as there is a change to their address, or bank account details if required for dividend payment purposes. Broker sponsored shareholders should advise their sponsoring broker.

DIRECT CREDIT OF DIVIDENDS
Dividend payments may be credited into a nominated account with a financial institution in Australia. You should advise the Share Registry in writing of your details. Recent dividend payments are detailed in the Directors' Report.

DIVIDEND REINVESTMENT PLAN (DRP)
TABCORP's DRP has previously been inoperative, however a new DRP will commence operation for the next interim dividend.

TAX FILE NUMBER (TFN)/AUSTRALIAN BUSINESS NUMBER (ABN)
The company is obliged to deduct tax at the top marginal rate plus Medicare levy from any unfranked or partially franked dividends paid to Australian resident shareholders who have not supplied their TFN, ABN or exemption details. For those shareholders who have not provided this information and would like to do so, please contact the company's Share Registry.

CONSOLIDATION OF SHAREHOLDINGS
If you have received more than one Annual Report for the same shareholding, please contact the company's Share Registry to consolidate your details into a single shareholding.

PRIVACY
TABCORP respects the privacy of its stakeholders. TABCORP's Privacy Policy is available on our website at **www.tabcorp.com.au**

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 strongly recommends investors seek independent professional advice before making investment decisions.

KEY DATES

2003	**Date**
Annual General Meeting (at Star City, Sydney)	30 October
2004*	
Half-year results announcement	19 February
Ex-dividend for interim dividend	25 February
Record date for interim dividend	2 March
Interim dividend payment	6 April
End of financial year	30 June
Full-year results announcement	12 August
Ex-dividend for final dividend	18 August
Record date for final dividend	24 August
Final dividend payment	30 September
Annual General Meeting	28 October

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

DISCLOSING INFORMATION
TABCORP immediately informs the Australian Stock Exchange of anything that may affect the company's share price.

COMPANY DIRECTORY

Directors
M.B. Robinson AO (Chairman)
M.J. Slatter (Managing Director & Chief Executive Officer)
A.G. Hodgson (Deputy Chairman)
P.G. Satre
P.H. Wade
R.F.E. Warburton
W.V. Wilson

Company Secretary
P.H. Caillard

Registered Office
TABCORP Holdings Limited
5 Bowen Crescent
Melbourne Vic 3004
Australia
Telephone: 03 9868 2100
Facsimile: 03 9868 2300
Email: investor@tabcorp.com.au

Website
www.tabcorp.com.au

Share Registry
ASX Perpetual Registrars Limited
Level 4
333 Collins Street
Melbourne Vic 3000
Australia
Toll Free: 1300 665 661
Telephone: 03 9615 9780
Website: www.asxperpetual.com.au

Independent Auditors
Ernst & Young – External auditors
KPMG – Internal auditors

Stock Exchange Listing
TABCORP Holdings Limited shares are quoted on the Australian Stock Exchange under the code 'TAH'.
The company's shares are traded in sponsored American Depositary Receipt (ADR) form in the United States of America.

TABCORP