



Wagering

Media and International

Gaming

Keno

Tabcorp is Australia's leading wagering, media, gaming and Keno operator, with:

- Secure long term licences
- Iconic Australian brands with market leading positions
- Strong cash flows and earnings
- Established relationships with industry partners
- Responsible gambling leadership

Significant achievements during the year:

- Demerged the Casinos business to form Echo Entertainment Group Limited
- New 12-year Victorian Wagering and Betting Licence announced
- Awarded the new 10-year Victorian Keno Licence
- Expanded fixed odds betting in New South Wales
- Launched Trackside in New South Wales

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Notice of meeting

The Annual General Meeting of Tabcorp Holdings Limited will be held at The Grand Ballroom, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne, Victoria on Wednesday 26 October 2011 at 10am (Melbourne time).

Main cover picture: Melbourne Cup winning jockey Corey Brown is co-host of "Off the Rails" which screens Tuesdays 7pm on Sky Racing World (source: www.sdpmmedia.com.au).

Financial performance

Including from demerged Casinos business

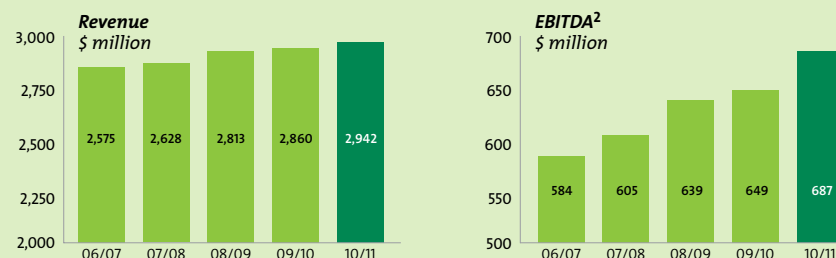
- Reported net profit after tax (NPAT) of \$534.8 million, up 13.9% (includes one-off demerger impacts)
- Normalised NPAT of \$486.3 million, up 1.9%¹
- Normalised earnings per share 73.4 cents, down 6.4%, following capital raising¹
- Declared dividends totaling 43 cents per share fully franked, including final dividend of 19 cents per share. Dividend pay out ratio of 60.7% of normalised NPAT¹

- Income generated for the Victorian and New South Wales racing industries down 0.1% to \$322.2 million and down 0.1% to \$236.0 million respectively and race field fees down 0.1% to \$35.0 million
- Taxes on gambling paid including gaming levy of \$1,432.2 million, up 3.4%
- Contribution to State community benefit funds in Australia of \$91.5 million, up 4.2%
- Income taxes paid and payable of \$229.0 million, up 34.1%

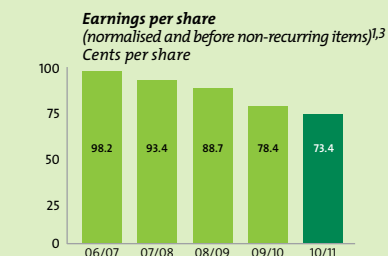
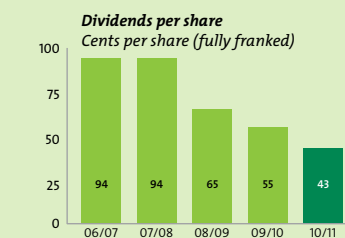
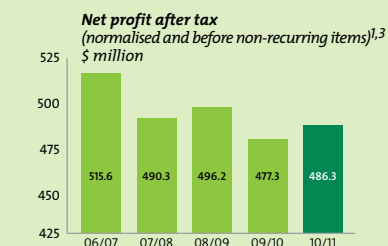
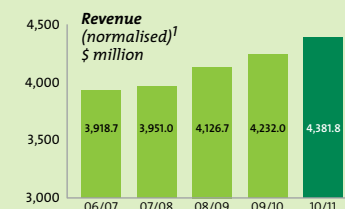
From continuing businesses

- Earnings before interest and taxation (EBIT) of \$562.5 million, up 5.2%
- Revenues of \$2,941.9 million, up 2.9%. Expenses well controlled, up 2.0%
- Revenue and earnings growth achieved across all businesses
- Strong balance sheet ratios maintained with gross debt to EBITDA² ratio of 1.4 times

Trends from continuing businesses



Group results (including from demerged Casinos business)



1. Normalised earnings have been adjusted to the theoretical win rate of the VIP Rebate Business of the now-demerged Casinos division, and exclude one-off demerger related items. Following the demerger of the Casinos business, Tabcorp will no longer normalise earnings
2. Earnings before interest, tax, depreciation and amortisation
3. For periods before FY09 comparatives adjusted to include Victorian licence amortisation

Chairman's message



“Tabcorp is a competitive and well capitalised business with great brands, a strong presence in retail and online distribution, several long dated licences, and robust cash flows.”

I am pleased to present this 2011 annual report, my first as Chairman of Tabcorp.

A transformational year

In June 2011, the company successfully executed the demerger of Echo Entertainment Group Limited which now operates the company's former Casinos business. Tabcorp continues to operate the company's Wagering, Media and International, Gaming and Keno businesses. The demerger created two independent and significant ASX-listed companies able to pursue separately their investment programs and growth prospects.

In March 2011 Tabcorp was awarded the new 10-year Victorian Keno licence. The company also executed an important agreement with the NSW racing industry and NSW Government to introduce Tabcorp's animated racing game, Trackside, into TAB outlets and venues across NSW and an expanded fixed odds offer into the NSW market.

The announcement in July 2011 that the Victorian Government will award the new 12-year Victorian Wagering and Betting Licence to Tabcorp has strengthened our position as Australia's leading wagering operator and provides a further opportunity for growth. The licence will create value for Tabcorp shareholders and allows the company to continue the strong and important relationship we have built over the last 17 years with the racing industry in Victoria. Tabcorp currently estimates the Victorian Wagering and Betting Licence will generate Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) of approximately \$120 million in the first full financial year of operation.

The achievements of the last year position Tabcorp to deliver sustained performance over the next decade. Tabcorp is a competitive and well capitalised business with great brands, a strong presence in retail and online distribution, several long dated licences, and robust cash flows.

Financial highlights and dividend

Tabcorp reported Net Profit After Tax (NPAT) of \$534.8 million, up 13.9%, for the year to 30 June 2011. This result includes a full year contribution from the now demerged Echo Entertainment (Casinos) business.

Normalised NPAT was \$486.3 million, up 1.9% on the prior period. Normalised earnings per share were 73.4 cents, down 6.4% as a result of the increase in the number of shares, following the capital raising

in October 2010. Normalised earnings are adjusted to the theoretical win rate of the VIP Rebate Business of the Casinos division to provide a better insight into the underlying performance of the business. Tabcorp will not normalise earnings in future periods following the demerger of Echo Entertainment (Casinos).

The earnings performance of each of Tabcorp's continuing businesses was strong in 2011, despite challenging consumer markets. Each of the businesses has momentum and is well positioned and focused on performing in markets where we have a depth of knowledge and experience.

Tabcorp declared a fully franked final dividend of 19 cents per share payable on 23 September 2011 to shareholders registered at 25 August 2011. This brings the full year dividend to 43 cents, constituting a payout ratio of 60% of NPAT. The Board intends to target a payout ratio of 50% of NPAT in FY2012 and 80% of NPAT in FY2013.

Capital management

Tabcorp's capital position continues to be strong and the company is well placed to fund investments including the transition to new licences in 2012. The company's Gross Debt to EBITDA ratio stands at 1.4 times.

In October 2010, Tabcorp raised \$428 million in new equity. Tabcorp has also entered into an agreement to underwrite its Dividend Reinvestment Plan participation to 50% for the next two dividends.

In July 2011, Tabcorp's investment grade credit rating of "BBB" was confirmed with the outlook revised from negative to stable following the Victorian Government's announcement that it will award the company the new Victorian Wagering and Betting Licence.

Board

Following the demerger of Echo Entertainment, Zygmunt Switkowski, Jane Hemstritch and I continue to serve as Non-Executive Directors of Tabcorp. Justin Milne joined the Tabcorp Board as a Non-Executive Director in August 2011 after receiving the necessary regulatory approvals.

I would like to acknowledge the significant contributions to Tabcorp of our former Chairman John Story and former Board members John O'Neill and Brett Paton. These gentlemen retired from Tabcorp as a

consequence of the demerger and are now Non-Executive Directors of Echo Entertainment. I thank them for their commitment and support.

Elmer Funke Kupper, ceased as Tabcorp's Managing Director and Chief Executive Officer in June 2011 as a result of the demerger. Elmer led Tabcorp to the point where the demerger became the logical course for the company and subsequently separated the group into two reinvigorated, substantial and successful businesses. On behalf of the Board, I would like to acknowledge Elmer's hard work, and leadership. Elmer's experience, knowledge of the market and relationships with our industry partners are invaluable and he will be welcomed when he rejoins Tabcorp as a Non-Executive Director in 2012.

Management and employees

In June 2011 following the demerger David Attenborough commenced as the company's Managing Director and Chief Executive Officer.

David leads a high-performing, talented group of more than 3,000 employees. Since commencing in the role he has shown enthusiasm, commitment and discipline and I would like to thank him, his management team and all Tabcorp employees for their efforts during the year.

Our community

Tabcorp is proud of its acknowledged position as a leader in the responsible delivery of betting and gambling products and we take this responsibility very seriously.

The Dow Jones Sustainability Index once again recognised Tabcorp as the overall global leader in the gambling industry and as a world leader in the promotion of responsible gambling in its 2010 ratings.

Tabcorp is pleased to support the communities in which we operate. In January 2011, the company donated \$1 million to the Queensland Premier's Flood Relief Appeal to provide assistance to the many people affected by this tragedy.

Tabcorp's businesses also partnered with many other community-based organisations and initiatives. These included The Great Chase which links greyhound racing with disability services groups, the youth cancer fundraising initiative "You Can", the "Go The Pink Dog" campaign which

promotes fundraising and breast cancer awareness, and the Richmond Football Club's "Tigers in the Community Foundation".

The future

Tabcorp is a successful, diversified business, offering its products and services across multiple locations and distribution channels. The company generates significant operating cash flows, with high margins and earnings growth and has managed to do this despite the challenging regulatory environment and increased competition.

The recent financial performance reflects our disciplined management, focus on prudent investment and the quality of our assets.

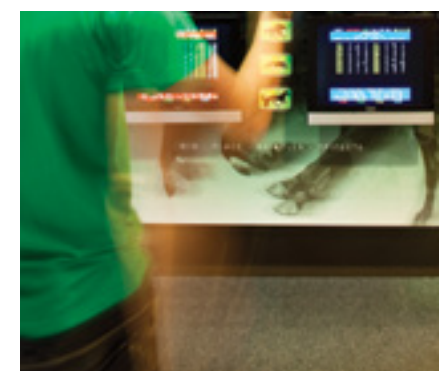
Our strong customer brands are well placed to reach their substantial potential in their respective markets. Coupled with the exciting opportunities provided by the new Victorian Keno and Wagering and Betting licences which commence in 2012, I am confident that Tabcorp has the foundations for profitable growth.

Thank you for your continued support of Tabcorp.



Paula Dwyer
Chairman

16 August 2011



Chief Executive Officer's message

The 2011 financial year was a year of progressive change for Tabcorp, culminating in the successful demerger of our Casinos business. The company managed significant transformation, while driving operational performance and profit growth.

Below, I briefly discuss the group's financial performance, including the now demerged Casinos business, before focusing on the earnings and performance of Tabcorp's continuing operations.

Group performance overview, including demerged Casinos business

Tabcorp Holdings Limited announced a reported Net Profit After Tax of \$534.8 million, up 13.9%, for the year to 30 June 2011. Reported NPAT reflects the actual win rate in the VIP Rebate Business of the Casinos division and one-off demerger related items. Normalised NPAT was \$486.3 million, up 1.9%.

Group performance overview of Tabcorp's continuing operations

Tabcorp's continuing businesses delivered Earnings Before Interest and Taxes (EBIT) of \$562.5 million for the year to 30 June 2011, up 5.2%. Each of Tabcorp's continuing businesses reported growth in revenues and earnings. This was a pleasing outcome and is a tribute to the strength of our brands and strategies, the contribution of our employees and the support of our customers.

The revenue growth reflects the fact that our investments are being made in the right areas and are resonating with our customers. The company was also disciplined in controlling expenses, managing expense growth to just 2.0%.

Wagering

EBIT \$220.2 million, up 4.5%

The Wagering business performed well in challenging market conditions. Turnover was up 2.8% and revenues increased 1.0% compared to FY10. Expenses were flat.

Tabcorp's investments and strategies delivered profitable growth in the Wagering business, despite ongoing competition in key markets. In the 2011 financial year, Tabcorp expanded its wagering coverage to more than 83,000 races and continued to be an industry leader in new technology. Mobile betting increased 397% driven by the introduction

of the TAB Sportsbet wagering App on iPads, iPhones and Android smart phones. Our TAB Sportsbet wagering iPhone App was the first in the world to offer tote betting.

Recent trends in the wagering market continued, with a substantial increase in fixed odds and online wagering more than offsetting a decline in totalisator revenues. Fixed odds revenues were one of the stand-outs for the group, increasing 31.7% in 2011, aided by the expansion of fixed odds racing betting in NSW.

The retail businesses in both NSW and Victoria delivered improved results in the second half, despite challenges in the broader retail market. The growth in the NSW retail business was driven by the offering of fixed odds on racing and the successful roll-out of Trackside in NSW. Trackside continues to yield healthy results, with revenues up 39.2% across NSW and Victoria.

The use of self-service technology in the TAB retail network continued to grow, with 44.3% of retail turnover in Victoria and 19.2% of retail turnover in NSW being channeled through Easy Bet Terminals. Tabcorp continued to expand the roll-out of self-service technology in 2011, more than 3,400 terminals are now deployed in TAB outlets across the two states.

Total distributions to the Victorian racing industry were \$322 million, down 0.1%, and \$236 million to the NSW racing industry, down 0.1%.

Race field fees are in addition to these racing industry distributions. Race field fees were flat at approximately \$35 million and are estimated to increase to \$38 million in FY12.

2011 marked the 50th year since the formation of the Victorian TAB. The Victorian TAB is an important part of our company's heritage, which we have operated since its privatisation in 1994. Naturally, we were delighted with the Victorian Government's announcement to award the new Victorian Wagering and Betting Licence to Tabcorp, allowing us to continue to be a major part of wagering and racing in that state.

Media and International

EBIT \$52.8 million, up 2.7%

The company's media and international operations increased revenues by 9.3% to \$179.3 million. Expenses grew 9.1%, largely attributable to the expansion of Sky Racing to three channels.



“Each of Tabcorp's continuing businesses reported growth in revenues and earnings.”

Tabcorp's national and international racing broadcaster Sky Racing signed key media rights agreements in FY11 with Racing Queensland, Greyhound Racing Victoria, Harness Racing NSW and Racing and Wagering Western Australia.

The business continued to invest in digital media with the launch of the new interactive Skyform, racing's biggest online archive with more than 70,000 races per year. The multi-screen media centre gives customers live racing streams 17 hours per day, 7 days per week. On average, more than 1 million videos are viewed from the Sky Racing Media centre each month.

Sky also executed a deal with international racing broadcaster 'At The Races' which has led to the Sky Racing World thoroughbred channel being exported to 14 million UK and Irish households.

Gaming

EBIT \$241.4 million, up 7.1%

Revenues grew 3.9% and expenses were well controlled, declining 6.3%.

The momentum behind the business is best reflected in Tabcorp's market share gains, increasing from 52.9% in FY10 to 53.9% in FY11.

The company's growing market share augurs well for Tabcorp's development of and investment in Tabcorp Gaming Solutions (TGS). Under the new gaming structure in Victoria in 2012, it is anticipated that TGS will be the leading gaming services provider, helping clubs and pubs manage their gaming offer to patrons.

It is expected that Tabcorp Gaming Solutions will contribute approximately \$45 million per annum in EBITDA from August 2012.

Keno

EBIT \$48.8 million, up 4.7%

The Keno business delivered a solid result, with revenues up 7.9% on the prior corresponding period to \$169.6 million. Expenses were up 4.9%, driven by a targeted distribution expansion program in NSW and Queensland to 2,739 distribution points, and further technology upgrades. This included investment in the roll-out of self-service Keno Touch terminals in NSW.

In the second half of the 2011 financial year Tabcorp was awarded the new 10-year Victorian Keno licence. To secure the licence, which commences in April 2012, Tabcorp made a one-off payment of \$60 million. On full implementation, the Victorian Keno business is expected to operate across approximately 1,000 venues and contribute EBITDA of around \$20 million per annum after the second full year of operation. The EBITDA contribution from Keno in FY11 was \$60.6 million.

Our people

Following the demerger, Tabcorp's more than 3,000 employees are now operating under the 'One Tabcorp. One Team' banner. We have restructured the company to more closely integrate the management of our various businesses.

Our people have shown great commitment during a time of significant change and I thank them for their support.

The way forward

Tabcorp has a strong, experienced management team and businesses that are performing well and have momentum.

We will continue to develop the businesses through our investments in new technology, self-service terminals, strengthening our retail footprint, a new online wagering platform and expanding wagering products into the retail network such as live betting and Trackside.

Tabcorp also looks forward to a successful launch of Victorian Keno in April 2012 and a smooth transition to the new Victorian Wagering and Betting Licence in August 2012.

Our ongoing growth as a business will always have creating the best possible customer experience top of mind, as well as working alongside the racing industry and other stakeholders to share the benefits.



David Attenborough
Managing Director and
Chief Executive Officer

16 August 2011



Analysis of continuing businesses

Wagering

Customers
1,200,000
regular customers



tabsportsbet

LUXBET.COM

National market share

43.3% (Tabcorp estimate)

Operations

- Network of agencies, hotels and clubs and on-course totalisators in Victoria and New South Wales
- Betting on sports and racing under the TAB Sportsbet brand
- Luxbet.com offering racing, sport and novelty product bookmaking service by telephone and online
- 1,969 employees

Products

- 2,603 TAB retail outlets
- On-course betting at 255 racecourses
- 310,000 customers betting through internet, pay TV and phone

What happened during the year

- Strong growth in fixed odds offsetting decline in totalisator revenues
- Launched fixed odds racing in NSW retail outlets in January 2011
- Launched Trackside in NSW in January 2011
- Expansion in self service terminals, with more than 3,400 terminals deployed
- Mobile betting grew 397% with more than 265,000 downloads of the TAB Sportsbet app

Key objectives for the year ahead

- Prepare for the new Victorian Wagering and Betting Licence which the Victorian Government intends to award to Tabcorp
- Continue expanding fixed odds offering
- Grow New South Wales loyalty program
- Deploy new on-line wagering platform

Summary financial performance of Wagering business

	2011	2010	Change
For the year ended 30 June	\$million	\$million	%
Revenue	1,569.1	1,553.5	1.0
Taxes, levies, commissions and fees	(1,018.1)	(1,015.7)	0.2
Operating expenses	(263.5)	(263.5)	0.0
EBITDA	287.5	274.3	4.8
Depreciation and amortisation	(67.3)	(63.6)	5.8
EBIT	220.2	210.7	4.5
EBIT/Revenue	14.0%	13.6%	0.4

Media and International

3,100,000 total Sky Racing and Sky Sports Radio audience each week



Operations

- Broadcasting through Sky Racing nationally and internationally
- Three channels: Sky Racing 1, Sky Racing 2 and Sky Racing World
- Sky Sports Radio network in New South Wales
- 220 employees

Products

- Sky Racing available in 2.35 million Australian homes
- Broadcasting to 5,100 Australian outlets
- Covering 82,000 races per annum
- Broadcasting Australian racing to 26 countries

What happened during the year

- Revenue growth from additional channels and international co-mingling
- Concluded media rights arrangements with Racing Queensland, Harness Racing NSW, Greyhound Racing Victoria and WA Thoroughbreds
- Commenced broadcasting Sky Racing World into 14 million UK and Irish households in June 2011
- Launched online media centre with more than 1 million videos viewed per month on average

Key objectives for the year ahead

- Develop international pooling hub in Isle of Man (Premier Gateway International launched July 2011)
- Complete digital vision upgrade to wagering venues

Summary financial performance of Media and International business

	2011	2010	Change
For the year ended 30 June	\$million	\$million	%
Revenue	179.3	164.0	9.3
Taxes and operator commissions	(11.1)	(8.2)	3.5
Operating expenses	(108.4)	(99.4)	9.1
EBITDA	59.8	56.4	6.0
Depreciation and amortisation	(7.0)	(5.0)	40.0
EBIT	52.8	51.4	2.7
EBIT/Revenue	29.5%	31.3%	(1.8)

Gaming

Customers

1,200,000 EGM customers

Share of Victorian gaming market

53.9%

Operations

- Electronic gaming machines (EGMs) in licensed hotels and clubs under the Tabaret brand in Victoria
- Establishing Tabcorp Gaming Solutions to be the leading gaming services provider to licensed venues under the new Victorian gaming industry structure commencing August 2012
- 136 employees

Products

- Tabaret in Victoria:
 - 133 hotels
 - 130 clubs
 - 13,303 EGMs (average)
 - 185,000 loyalty members



What happened during the year

- Tabaret market share increased to record level of 53.9% (up 1.0% from start of year)
- Tabcorp Gaming Solutions has signed up Victoria venues with in excess of 7,500 EGMs

Key objectives for the year ahead

- Grow market share and maximise returns from Tabaret
- Manage transition prior to Victorian industry change in August 2012
- Expand Tabcorp Gaming Solutions business model in Victoria by contracting more EGMs

Summary financial performance of Gaming business

For the year ended 30 June	2011 \$million	2010 \$million	Change %
Revenue	1,077.4	1,037.1	3.9
Taxes, levies, commissions and fees	(761.1)	(736.0)	3.4
Operating expenses	(36.7)	(39.0)	(6.3)
EBITDA	279.6	262.1	6.7
Depreciation and amortisation	(38.2)	(36.7)	4.1
EBIT	241.4	225.4	7.1
EBIT/Revenue	22.4%	21.7%	0.7

Keno

Customers

1,354,000



Operations

- Keno in licensed hotels and clubs in New South Wales and Queensland
- Keno in Victorian licensed venues through a joint venture arrangement
- 124 employees

Products

- Keno in 2,739 outlets in Queensland and New South Wales:
 - 687 NSW hotels
 - 992 NSW clubs
 - 576 Qld hotels
 - 273 Qld clubs
 - 206 Qld TABs
 - 5 Casinos

What happened during the year

- Tabcorp awarded the new 10-year Victorian Keno Licence
- Completed roll out of 600 self service Keno Touch terminals in NSW
- Expanded Keno into 687 New South Wales hotels (up 102 from start of year)
- Number of tickets sold increased 7.1% to 96.5 million (in Queensland and NSW)
- Six Spot 10 jackpots occurred in Queensland (five occurred in FY10)

Key objectives for the year ahead

- Establish new Victorian keno business to commence on 15 April 2012
- Target of 1,000 Victorian venues by FY13
- Continue expansion of self service terminals

Summary financial performance of Keno business

For the year ended 30 June	2011 \$million	2010 \$million	Change %
Revenue	169.6	157.2	7.9
Taxes, levies, commissions and fees	(74.8)	(68.8)	8.7
Operating expenses	(34.2)	(32.6)	4.9
EBITDA	60.6	55.8	8.6
Depreciation and amortisation	(11.8)	(9.2)	28.3
EBIT	48.8	46.6	4.7
EBIT/Revenue	28.8%	29.6%	(0.8)

Board of Directors



Paula Dwyer

Chairman since June 2011 and Non Executive Director since August 2005

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

Paula Dwyer is a Director of Suncorp Group Limited, Foster's Group Limited and Astro Japan Property Group Limited. She is also a Member of the Takeovers Panel and Deputy Chairman of the Baker IDI Heart and Diabetes Institute.

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

Ms Dwyer was formerly a director of Healthscope Limited, David Jones Limited and is a former member of the Victorian Casino and Gaming Authority and of the Victorian Gaming Commission from 1993 to 1995.

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



David Attenborough

Managing Director and Chief Executive Officer since June 2011

Bachelor of Science; Masters of Business Administration (Honours)

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

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



Jane Hemstritch

Non Executive Director since November 2008

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

Jane Hemstritch is a Director of the Commonwealth Bank of Australia and Santos Limited. She is also a Director of the Victorian Opera Company, Deputy Chairman of The Global Foundation, a Member of the Research and Policy

Council for the Committee for Economic Development of Australia, and a Member of the Council of the National Library of Australia.

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

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

Justin Milne

Non Executive Director since August 2011

Bachelor of Arts; Member of AICD

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

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



Zygmunt Switkowski

Non Executive Director since October 2006

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

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

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

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



Executive Committee

David Attenborough

Managing Director and Chief Executive Officer

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

He has an extensive background in totalisator and fixed-odds betting, racing and broadcasting. He was previously the Chief Executive Officer

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

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



Damien Johnston

Chief Financial Officer

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

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

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



Merryl Dooley

Executive General Manager - Human Resources

Merryl commenced with Tabcorp in October 1990 and has held numerous positions across a range of discipline areas including human resources, training and development, communications and sales. She became

Executive General Manager - Human Resources in June 2011 following the implementation of the Tabcorp demerger.

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



Doug Freeman

Executive General Manager - Strategy and Business Development

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

He previously held senior finance and general management roles in medium to large multinational organisations in the service and

manufacturing industries, including George Weston Foods Limited, Optus Group, and Alexander & Alexander Group.

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



Mohan Jesudason

Managing Director - Gaming and Group Marketing

Mohan commenced at Tabcorp in August 2003 as Managing Director - Gaming. Following Tabcorp's demerger in June 2011, his role expanded to also include Group Marketing.

Before joining Tabcorp, Mohan held key senior management roles with Telecom New Zealand, National Mutual Australia and New Zealand, and the State Bank of Victoria.

Mohan holds a Bachelor of Economics, a Graduate Diploma in Accounting and is an Associate of the Australian Insurance Institute.



Kerry Willcock

Executive General Manager - Corporate, Legal and Regulatory

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

Kerry holds a Bachelor of Arts and a Bachelor of Laws and is a qualified mediator and member of the Mediation Panel of the Law Institute of Victoria.

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



Sustainability

The Tabcorp Group is committed to responsibly and efficiently delivering its products and services for the benefit of all stakeholders. We work closely with stakeholders to maintain a successful industry which is socially, economically and environmentally sustainable.

Tabcorp's ongoing commitment to corporate social responsibility resulted in Tabcorp being assessed in the inaugural FTSE4Good ESG (environmental, social and governance) Ratings as the best company in the global travel and leisure sector and again recognised by the Dow Jones Sustainability Index as the global leader in the gambling industry.

Responsible gambling

Responsible gambling practices are embedded in Tabcorp's operations. We take proactive steps to minimise the potential harm that gambling can cause for some individuals.

Tabcorp has responsible gambling codes of practice in place for its wagering, gaming and Keno businesses, which are tailored to specific customer needs and comply with relevant regulatory requirements.

All Tabcorp staff and agents in our retail network receive responsible gambling training upon employment and refresher training at least once a year. Training includes information on how to recognise situations where customers or employees may require support for their gambling behaviour. Tabcorp manages a self exclusion program, has an employee assistance program and supports gambling counselling services to assist customers and employees. Training is supported by a responsible gambling communications program which includes regular newsletters, brochures and posters in the workplace and in venues where relevant.

Tabcorp promotes responsible gambling behaviour amongst employees and has an Employee Gambling Policy which prohibits employees from gambling while on duty (subject to a small number of work related exceptions), and restricts gambling while off duty.

In the past year, Tabcorp has again supported Responsible Gambling Awareness Week activities in Victoria, New South Wales and Queensland.

For further information refer to page 19 of the Corporate Governance statement and the Responsible Gambling section of Tabcorp's website at www.tabcorp.com.au which contains the Tabcorp Group's responsible gambling codes.

Community

Tabcorp's employees and businesses contributed approximately \$3 million in benefits to local communities and charitable organisations during the financial year ended 30 June 2011. This included a \$1 million donation to the Queensland Premier's Flood Relief Appeal, following devastating floods in Queensland. Tabcorp's Queensland-based employees, including those from its now demerged casinos business, also contributed their time and expertise, and the casinos business provided casino and hotel facilities and services during the floods.

The Tabcorp "ROAR" program, which represents a partnership with the Tigers in the Community Foundation, is in its second year, providing opportunities for Tabcorp and its employees to assist in

delivering local community programs to support disadvantaged people in inner Melbourne. This year, employees have assisted in the provision of after school activities for disadvantaged children.

In addition, the Tabcorp Group contributed a total of \$91.5 million (including from former casinos businesses) to State community benefit funds in Victoria, New South Wales and Queensland which help deliver many community facilities and services, such as roads, health facilities and other community infrastructure projects.

Employees

To achieve the organisation's goals and strategies, Tabcorp's talent sustainability strategy focuses on attracting, retaining and developing quality people and supporting high performing teams. To enable employees to meet their potential and the organisation's aspirations, Tabcorp provides growth opportunities through leadership experiences, training, secondments, rotations, projects, promotions and other personal and professional development opportunities.

Employees who deliver superior performance within the workplace and demonstrate the Tabcorp values/behaviours of integrity, teamwork, customer, performance and innovation are recognised and rewarded through the "Shine" program.

Tabcorp's Code of Conduct sets the ethical and behavioural standards expected from all employees and is founded on Tabcorp's values. Refer to page 18 of the Corporate Governance statement for further information.

Occupational health and safety committees throughout the Tabcorp Group and the Board Audit, Risk and Compliance Committee oversee the effectiveness of systems, policies and programs to minimise workplace risks and promote safe and healthy workplaces.

Environment

As a consequence of the demerger, the Tabcorp Group's environmental footprint has reduced significantly. The Company's former casinos business represented the most significant environmental obligations for the Tabcorp Group, accounting for approximately 80% of the Group's energy consumption and almost all its water consumption. Despite these changes, the Tabcorp Group continues to be committed to operating as efficiently as possible to minimise its impact on the environment. Refer to page 28 in the Directors' Report for information regarding the Tabcorp Group's environmental regulation and performance during the financial year ended 30 June 2011.



Corporate governance

Tabcorp again received the highest rating for corporate governance out of all global gambling companies in the 2010 Dow Jones Sustainability Index assessment.

1. Tabcorp's approach to corporate governance

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

The Group's corporate governance practices are reviewed regularly and will continue to be developed and refined to meet the needs of the Group and taking account of best practice.


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

- *Corporations Act 2001 (Cth) (Corporations Act);*
- Australian Securities Exchange (ASX) *Listing Rules*;
- State legislation governing the licences issued to the Tabcorp Group to conduct gambling and related activities; and
- *Australian Standard AS 8000 – Good Governance Principles.*

This corporate governance statement outlines the Tabcorp Group's main corporate governance practices and policies in place throughout the financial year and at the date of this report.

🔗 This corporate governance statement and other related information is available from the corporate governance section of Tabcorp's website at www.tabcorp.com.au/about_governance.aspx.

2. ASX Corporate Governance Principles

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

🔗 The ASX CGC "*Corporate Governance Principles and Recommendations, 2nd edition*" are available from the ASX website at www.asx.com.au/about/corporate_governance.

3. Composition of the Board

At the date of this report, the Tabcorp Board consisted of four independent Non Executive Directors, including the Chairman, and the Managing Director and Chief Executive Officer. In addition, it is expected that former Managing Director and Chief Executive Officer, Elmer Funke Kupper, will rejoin the Board as a Non Executive Director approximately six months after ceasing his executive role. Refer to section 5 for the assessment of Director independence.

Each of the Board's committees is composed exclusively of independent Non Executive Directors.

Details of the Directors, their qualifications and experience are included in the Directors' Report and pages 8 and 9.

Tabcorp's Constitution requires that the number of Directors (not including alternate Directors) shall not exceed twelve, nor be less than three. A Director, other than any Managing Director, may not hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's last election or re-election to the Board, whichever is the

longer, without submitting for re-election. The Board has the power to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, subject to receiving all necessary regulatory and Government Ministerial approvals, but that person must stand for election at the following annual general meeting.

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

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

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

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

4. Responsibilities and functions of the Board and management

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

The Board's role includes:

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

Corporate governance (continued)

- Overseeing reporting to shareholders and other stakeholders on the strategic direction, governance and performance of the Tabcorp Group.

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

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

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

- ✅ ASX CGC's Recommendation 1.1, 2.3

5. Director independence

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

A register of Directors' material interests is maintained and is regularly sent to every Director. Where Directors

are involved with other companies or professional firms, which from time to time have dealings with the Tabcorp Group, all such dealings are at arms length and on normal commercial terms.

Details of offices held by Directors with other organisations are set out on pages 8 to 9.

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

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

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

Paula Dwyer is considered by the Board as

independent despite fees of \$66,935 paid by Tabcorp to Back Page Lead Pty Ltd of which Ms Dwyer's spouse is a director and has an ownership interest. The fees exceeded the 1% threshold of annual earnings for Back Page Lead Pty Ltd during the year, however all arrangements between Tabcorp and Back Page Lead Pty Ltd were at arms length and on normal commercial terms and Ms Dwyer did not participate in any decisions in respect of these arrangements. The Board is satisfied that these circumstances did not affect the independence of Paula Dwyer.

It is expected that Elmer Funke Kupper, Tabcorp's former Managing Director and Chief Executive Officer, will return as an additional Non Executive Director approximately six months after ceasing his executive role. The Board considers that Mr Funke Kupper's experience, knowledge of the market and relationships with industry partners will add considerable value to Board deliberations.

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

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

- ✅ ASX CGC's Recommendations 2.1, 2.2, 2.3, 2.6

6. Other directorships

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

the Chairman, seek approval from the Chairman of the Audit, Risk and Compliance Committee.

Details of the directorships for each Director are available on pages 8 and 9.

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

7. Board and Committee meetings

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

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

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

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

The number of Board and Committee meetings and the attendance of each Director are set out on page 28.

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

8. Committees of the Board

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

During the financial year, the Board reviewed the Committee structure while having regard to changes stemming from the demerger, and decided to amalgamate

the Audit Committee with the Risk and Compliance Committee, and to cease the Technology Committee.

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

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

Information regarding the previous Technology Committee is disclosed in section 12.

Board Committee membership is restricted to Non Executive Directors only.

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

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

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

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

9. Audit, Risk and Compliance Committee

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

The roles and responsibilities of the Audit Committee and the Risk and Compliance Committee were combined into the Audit, Risk and Compliance Committee at the time of the demerger.

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

Audit:

- Oversee compliance with statutory responsibilities relating to financial disclosure, and approval of full year and half year financial statements as well as the financial statements in the annual report;
- Review the activities of the internal audit function and the external auditor (Ernst & Young) and review their performance on an annual basis;
- Review the adequacy of the Group's internal controls;
- Monitor related party transactions and potential conflicts of interest; and
- Review the process for management assurance to the Board (refer to section 15 of this corporate governance statement for more information)

Risk and Compliance:

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

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

Corporate governance (continued)

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


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


Refer also to section 13 for internal control framework and section 14 for management of risk.

Composition of the Audit, Risk and Compliance Committee (from 9 June 2011)

Chairman:	Jane Hemstritch
Members:	Paula Dwyer Justin Milne (from 1 August 2011) Zygmunt Switkowski

During the financial year and prior to the demerger, all Non Executive Directors were members of the Audit Committee and the Risk and Compliance Committee, Paula Dwyer was Chairman of the Audit Committee and John O'Neill was Chairman of the Risk and Compliance Committee.

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

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

10. Remuneration Committee


The Remuneration Committee has responsibility for, among other things:

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

Details relating to the remuneration of the Chairman, Directors, the Managing Director and Chief Executive Officer, the Company Secretary and other senior executives of the Tabcorp Group are set out in the Remuneration Report on pages 31 to 49.

Composition of the Remuneration Committee

Chairman:	Zygmunt Switkowski
Members:	Paula Dwyer John Story (ceased 8 June 2011)

 The terms of reference for the Remuneration Committee are available from the Corporate Governance section of Tabcorp's website at

www.tabcorp.com.au/about_governance.aspx.

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


11. Nomination Committee

The main responsibilities of the Nomination Committee are to:

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

Composition of the Nomination Committee

Chairman:	Paula Dwyer (from 9 June 2011) John Story (ceased 8 June 2011)
Members:	Paula Dwyer (appointed Chairman from 9 June 2011) Jane Hemstritch Justin Milne (from 1 August 2011) Zygmunt Switkowski John O'Neill (ceased 8 June 2011) Brett Paton (ceased 8 June 2011)

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

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

12. Technology Committee

The Technology Committee operated throughout the financial year, up until the demerger. The oversight of key strategies, investments, opportunities and risks associated with information technology will be undertaken by the Audit, Risk and Compliance Committee or by the Board where appropriate.

The main responsibilities of the Committee were to:

- Review strategies relating to technology and their alignment with Tabcorp Group plans and strategies;
- Review and approve Tabcorp Group Technology policies and standards;
- Oversee management's plans for developing new technologies and transitioning to new technologies for key products and services;
- Review and make recommendations to the Board concerning large new technology projects, and monitor these projects once implemented; and
- Monitor and review the effectiveness of disaster recovery plans, technology security measures, major technology risks, technology risk mitigation strategies and other applicable controls.

Composition of the Technology Committee

Chairman: Jane Hemstritch
Members: Brett Paton
Zygmunt Switkowski

 ASX CGC's Recommendations 1.1, 2.5

13. Internal control framework

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

Also, the Group's strategic plan (see section 26) and a detailed budget are prepared annually and subject to the approval of the Board.

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

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


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

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

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

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

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

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

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

14. Management of risk

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

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

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

Corporate governance (continued)

■ Responsibilities for managing these risks.

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

Management Risk and Compliance Committees operate within each business to:

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

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

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

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

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

✅ ASX CGC's Recommendations 7.1, 7.2, 7.3

15. Management assurance

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

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

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

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

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

16. Code of Conduct

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

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

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

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

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


✅ ASX CGC's Recommendation 3.1, 3.3

17. Tabcorp Integrity Protection Service (TIPS)

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

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

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

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

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

ASX CGC's Recommendation 3.1, 3.3


18. Responsible Gambling

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

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

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

Further details about the Tabcorp Group's commitment to responsible gambling are available on page 12 of this report and on Tabcorp's website.

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

ASX CGC's Recommendations 3.1, 3.3

19. Securities trading policy

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

The policy was updated in November 2010 to incorporate ASX Listing Rule amendments which came into effect on 1 January 2011. In accordance with these amendments, Blackout Periods replaced Trading Windows. Directors, executives reporting directly to the Managing Director and Chief Executive Officer ("Executives"), all direct reports to those Executives ("Executive Direct Reports"), and their associates are not permitted to trade in Tabcorp's securities during Blackout Periods and subject to the processes set out in the policy.

The applicable Blackout Periods:

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

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

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


set out in the policy.

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

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

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

The details of Tabcorp securities held by Directors are available in the Directors' Report on page 28.

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

ASX CGC's Recommendations 3.2, 3.3

20. Continuous disclosure

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

The Tabcorp Group's Executive General Manager – Corporate, Legal and Regulatory, in her capacity as Company Secretary, is responsible for coordinating


Corporate governance (continued)

disclosure of information to the ASX, the Australian Securities and Investments Commission and shareholders. The Company Secretary is referred to as the Disclosure Officer in this policy.

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

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

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


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

ASX CGC's Recommendations 5.1, 5.2

21. Independent professional advice

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

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


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

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

22. Performance assessment

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

Formal performance and development evaluations are conducted every six months for each employee, including executives and the Managing Director and Chief Executive Officer. Individual performance is assessed using a balanced scorecard setting out individual targets that are aligned to and are supportive of the Tabcorp Group's annual objectives. Refer to page 36 of the Remuneration Report for further information. Individuals are also assessed on whether they have exhibited Tabcorp's five values of customer, performance, teamwork, innovation and integrity. Performance assessments for senior executives were undertaken in relation to the end of the financial year and half year in accordance with the process disclosed above.

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


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

23. Succession planning

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

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

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

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

ASX CGC's Recommendation 2.4, 2.6

24. Induction

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


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

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

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

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

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

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

 ASX CGC's Recommendation 1.1, 3.1, 3.3

25. Directors' continuing education

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

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

 ASX CGC's Recommendation 1.1, 2.5

26. Group strategic planning

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

 ASX CGC's Recommendation 1.1


27. Sustainability

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

Tabcorp's commitment to responsible gambling, its employees and community well-being is discussed on page 12 of this report.

Although the operations of the Tabcorp Group are considered to have minor impact on the environment, Tabcorp is committed to protecting the environment and minimising the impact wherever appropriate. Tabcorp's environmental performance is set out on page 12 and in the Directors' Report on page 28.

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

 Dow Jones Sustainability Index.

 FTSE4Good index.

 ASX CGC's Recommendation 3.1

28. Engaging shareholders

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

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

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

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

Corporate governance (continued)

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

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

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

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

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

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

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

✔ ASX CGC's Recommendation 6.1, 6.2

Directors' report

The Directors of the Company submit their report for the consolidated entity comprising the Company and its controlled entities (collectively referred to as the Tabcorp Group) in respect of the financial year ended 30 June 2011.

1. Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report (except as otherwise stated) are set out on pages 8 and 9 and below.

Name	Qualifications, experience and special responsibilities
Current	
Refer to pages 8 and 9 for current Directors	
Former	
John Story ⁽ⁱ⁾	<p><i>Chairman from November 2007 and Non Executive Director from January 2004 to June 2011</i></p> <p>Bachelor of Arts; Bachelor of Laws; Fellow of the AICD</p> <p>John Story has over 18 years' experience as a Director in the gambling industry, having joined Tabcorp following its merger with Jupiters Limited in November 2003.</p> <p>Mr Story is Chairman of Suncorp Group Limited and a Director of CSR Limited. He is also Chancellor of the University of Queensland and Commissioner of the Public Service Commission (Queensland).</p> <p>Mr Story was a Partner of the law firm Corrs Chambers Westgarth for 36 years until his retirement on 30 June 2006. He practised in the areas of corporate and commercial law and served as the firm's Queensland Managing Partner and National Chairman.</p> <p>Mr Story was Chairman of the Tabcorp Nomination Committee. He was also a member of the Tabcorp Audit Committee, the Tabcorp Remuneration Committee and the Tabcorp Risk and Compliance Committee.</p>

Name	Qualifications, experience and special responsibilities
Elmer Funke Kupper ⁽ⁱ⁾	<p><i>Managing Director and Chief Executive Officer from September 2007 to June 2011</i></p> <p>Bachelor of Business Administration; Master of Business Administration</p> <p>Elmer Funke Kupper joined Tabcorp in February 2006. He commenced as Chief Executive Australian Business and in March 2007 was appointed as Acting Chief Executive Officer. In September 2007 he was appointed to the Tabcorp Board as Managing Director and Chief Executive Officer.</p> <p>Prior to joining Tabcorp, Mr Funke Kupper held several senior executive positions with the Australia and New Zealand Banking Group Limited, including Group Head of Risk Management, Group Managing Director Asia Pacific and Managing Director Personal Banking and Wealth Management. Previously Mr Funke Kupper was a senior management consultant with McKinsey & Company and AT Kearney.</p> <p>He is the immediate past Chairman of the Australasian Gaming Council.</p>
John O'Neill AO ⁽ⁱ⁾	<p><i>Non Executive Director from May 2008 to June 2011</i></p> <p>Diploma of Law; Fellow of Australian Institute of Bankers; Foundation Fellow of AICD</p> <p>John O'Neill is Managing Director and Chief Executive Officer of Australian Rugby Union Limited.</p> <p>He is a former Chief Executive Officer of Football Federation Australia and was Managing Director and Chief Executive Officer of the State Bank of New South Wales and Chairman of the Australian Wool Exchange Limited. He was also the inaugural Chairman of Events New South Wales, which flowed from the independent reviews he conducted into events strategy, convention and exhibition space, and tourism on behalf of the New South Wales Government.</p> <p>Mr O'Neill was Chairman of the Tabcorp Risk and Compliance Committee. He was also a member of the Tabcorp Audit Committee and the Tabcorp Nomination Committee.</p>

Directors' report (continued)

Name	Qualifications, experience and special responsibilities
Brett Paton ⁽ⁱ⁾	<p><i>Non Executive Director from October 2008 to June 2011</i></p> <p>Bachelor of Economics; Member of the Institute of Chartered Accountants in Australia; Fellow of the Financial Services Institute of Australasia</p> <p>Brett Paton is Vice Chairman Institutional Clients Group for Australia and New Zealand at Citigroup Inc and is a member of the Citigroup Australian Management Committee. He is also a member of the ASX Capital Markets Advisory Panel.</p> <p>Mr Paton was Managing Director and Vice Chairman of Global Investment Banking at UBS and was a Member of its Australian Executive Committee, Chairman of the Equity Markets Committee and Chairman of the Capital Commitment Committee, its underwriting committee.</p> <p>Mr Paton was a member of the Tabcorp Audit Committee, Tabcorp Nomination Committee, Tabcorp Risk and Compliance Committee and the Tabcorp Technology Committee.</p>

(i) Ceased as a Director of the Company on 8 June 2011 in association with the demerger of Echo Entertainment Group Limited from the Company. Information was applicable at the time of cessation as a Director of the Company.

2. Changes to the Board's composition

Following the implementation of the demerger of Echo Entertainment Group Limited from the Company pursuant to Tabcorp's Scheme Booklet dated 15 April 2011 (Demerger), the following changes to the Tabcorp Board's composition occurred in June 2011:

- Mr Story ceased as Chairman and Non Executive Director;
- Ms Dwyer took over as Chairman from Mr Story;
- Mr O'Neill and Mr Paton ceased as Non Executive Directors;
- Mr Funke Kupper ceased as Managing Director and Chief Executive Officer. It is expected that he will rejoin the Tabcorp Board as a Non Executive Director six months after ceasing his executive role; and
- Mr Attenborough took over as Managing Director and Chief Executive Officer from Mr Funke Kupper.

In addition, Mr Milne became a Non Executive Director on 1 August 2011 following the receipt of all necessary regulatory approvals.

3. Directorships of other listed companies

The following table shows, for each person who served as a Director during the financial year and up to the date of this report (unless otherwise stated), all directorships of companies that were listed on the ASX or other financial markets operating in Australia, other than Tabcorp, since 1 July 2008, and the period for which each directorship has been held.

Name	Listed entity	Period directorship held
Current		
Paula Dwyer	Astro Japan Property Group ⁽ⁱ⁾ Foster's Group Limited Healthscope Limited Suncorp Group Limited ⁽ⁱⁱ⁾	February 2005 to present May 2011 to present March 2010 to October 2010 April 2007 to present
David Attenborough	Nil	
Jane Hemstritch	Commonwealth Bank of Australia Santos Limited	October 2006 to present February 2010 to present
Justin Milne	pieNETWORKS Limited Quickflix Limited	March 2011 to present July 2011 to present
Zygmunt Switkowski	Healthscope Limited Lynas Corporation Limited Oil Search Limited Suncorp Group Limited ⁽ⁱⁱ⁾	January 2006 to October 2010 February 2011 to present November 2010 to present September 2005 to present
Former		
John Story ⁽ⁱⁱⁱ⁾	Echo Entertainment Group Limited ^(iv) CSR Limited Suncorp Group Limited ⁽ⁱⁱ⁾	March 2011 to present April 2003 to present January 1995 to present
Elmer Funke Kupper ⁽ⁱⁱⁱ⁾	Nil	
John O'Neill ⁽ⁱⁱⁱ⁾	Echo Entertainment Group Limited ^(iv)	March 2011 to present
Brett Paton ⁽ⁱⁱⁱ⁾	Echo Entertainment Group Limited ^(iv)	March 2011 to present

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

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

(iii) Ceased as a Director of Tabcorp on 8 June 2011 as a consequence of the Demerger. The directorships disclosed above were applicable at that time.

(iv) Echo Entertainment Group Limited shares commenced trading on the ASX on 6 June 2011.

4. Company Secretary

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

5. Principal activities

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

The Demerger of Echo Entertainment Group Limited from Tabcorp, which was implemented on 15 June 2011, resulted in Tabcorp retaining its wagering, gaming and keno businesses while Echo Entertainment Group Limited now holds the casinos business previously held by Tabcorp.

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

6. Financial results

The financial results of the Tabcorp Group include the operations of the casinos business up until the Demerger was implemented.

Consolidated profit after income tax of the Tabcorp Group (including the impact of the Demerger) for the financial year was \$534.8 million, which was 13.9% above the previous financial year.

Earnings from continuing operations before interest, tax (EBIT) and impairments were \$562.5 million, which was 5.2% above the previous financial year.

Net operating revenue from continuing operations was \$2,947.5 million, which was 2.9% above the previous financial year.

7. Earnings per share

The Tabcorp Group's earnings for the financial year were as follows:

- From continuing operations, basic earnings per share were (8.5) cents, compared to 45.3 cents for the previous financial year, and diluted earnings per share were (8.5) cents, compared to 45.2 cents for the previous financial year.
- Total basic earnings per share were 80.7 cents, up 4.6% on the previous financial year, and diluted earnings per share were 80.4 cents, up 4.4% on the previous financial year.

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

8. Dividends

A final dividend of 19 cents per ordinary share has been declared, which is a decrease of six cents on the previous final dividend. The final dividend will be fully franked and payable on 23 September 2011 to shareholders registered at 25 August 2011. The ex-dividend date is 19 August 2011. Tabcorp has entered into an agreement to underwrite its Dividend Reinvestment Plan participation to 50% for this final dividend and the next dividend.

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

\$m

2011 final dividend

Final fully franked dividend for 2011 of 19 cents per share on ordinary shares as announced on 16 August 2011 with a record date of 25 August 2011 and payable on 23 September 2011.

130.7

2011 interim dividend

Interim fully franked dividend for 2011 of 24 cents per share on ordinary shares as announced on 3 February 2011 with a record date of 14 February 2011 and payable on 21 March 2011.

164.4

2010 final dividend

Final fully franked dividend for 2010 of 25 cents per share on ordinary shares as announced on 5 August 2010 with a record date of 16 August 2010 and payable on 20 September 2010.

153.2

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

9. Change in share capital

Pursuant to the Demerger, and in accordance with shareholder approval obtained at the General Meeting held on 1 June 2011, the Company's share capital was reduced by \$2,219,808,249. This amount was applied by Tabcorp on behalf of Scheme Participants as payment for the shares in Echo Entertainment Group Limited to effect the Demerger.

10. Review of operations

Following the Demerger, the Tabcorp Group's divisional structure comprises the following four continuing businesses:

- Wagering;
- Media and International;
- Victorian gaming; and
- Keno.

The Tabcorp Group previously operated a Casinos division, which was discontinued when the Demerger was implemented.

The activities and results for these continuing and discontinuing operations are discussed below.

10.1. Wagering division

The Tabcorp Group conducts wagering activities in Victoria and New South Wales through a network of agencies, hotels and clubs, and provides on course totalizators at thoroughbred, harness and greyhound metropolitan and country race meetings. In addition, totalizator and fixed odds betting is offered on sporting events. The division also operates LUXBET.COM,

Directors' report (continued)

offering a racing, sport and novelty product bookmaking service by telephone and online based in the Northern Territory.

The Wagering division achieved EBIT before impairments of \$220.2 million, which was 4.5% above the previous financial year. The division's operating revenue increased by 1.0% to \$1,569.1 million.

10.2. Media and International division

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

The Media and International division achieved EBIT of \$52.8 million, which was 2.7% above the previous financial year. The division's operating revenue increased by 9.3% to \$179.3 million.

10.3. Victorian gaming division

In Victoria, the Tabcorp Group owns and operates electronic gaming machines (EGMs) in licensed hotels and clubs under the Tabaret brand.

The Victorian gaming division achieved EBIT of \$241.4 million, which was 7.1% above the previous financial year. The division's operating revenue increased by 3.9% to \$1,077.4 million.

10.4. Keno division

The Tabcorp Group operates Keno in New South Wales and Queensland, and Club Keno games through a joint venture arrangement in Victoria.

The Keno division achieved EBIT of \$48.8 million, which was 4.7% above the previous financial year. The division's operating revenue increased by 7.9% to \$169.6 million.

10.5. Discontinued Casinos division

The Tabcorp Group operated its Casinos division until the Demerger was implemented. This division operated four hotel and casino properties: Star City in Sydney; Jupiters on the Gold Coast; Treasury in Brisbane; and Jupiters Townsville. In addition, this division managed the Gold Coast Convention and Exhibition Centre, and had an interest in and managed the Townsville Entertainment and Convention Centre.

For the period to 15 June 2011, the discontinued Casinos division made the following contributions to the Tabcorp Group. The division achieved EBIT of \$347.2 million, which was 33.6% above the previous financial year. The division's operating revenue increased by 12.3% to \$1,527.2 million.

11. Significant changes in the state of affairs

The following events, which may be considered to be significant changes in the state of affairs of the Tabcorp Group, have occurred since the commencement of the financial year on 1 July 2010.

11.1. Demerger

The Demerger of Echo Entertainment Group Limited from Tabcorp was implemented in June 2011 by way of a Scheme of Arrangement in accordance with Tabcorp's Scheme Booklet dated 15 April 2011. The Demerger resulted in Tabcorp retaining its wagering, gaming and keno businesses while Echo Entertainment Group Limited holds the casinos business previously held by Tabcorp. As referred to in section 9, the Company's share capital was reduced by \$2,219,808,249, with this amount being applied by Tabcorp on behalf of Scheme Participants as payment for the shares in Echo Entertainment Group Limited.

As a result of the Demerger, there were a number of changes to the composition of the Tabcorp Board which are described in section 2.

With regard to the casinos business, which is now operated by Echo Entertainment Group Limited, during the period the Tabcorp Group announced:

- an additional \$285 million investment at Star City, bringing the total capital for the Star City redevelopment to \$860 million, in addition to the \$100 million licence payment to the NSW Government; and
- an expansion of the investment program in the three Queensland casinos, increasing the total investment at these properties to \$625 million.

11.2 Victorian Wagering and Betting Licence

As announced on 19 July 2011, the Victorian Government intends to award the new Victorian Wagering and Betting Licence to Tabcorp. The licence period is for 12 years and will commence in August 2012. At the discretion of the responsible minister, the licence may be extended for a further period of up to two years.

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

Tabcorp will need to enter into arrangements with the Victorian racing industry that will govern its formal relationship with the Victorian racing industry. Discussions are underway between Tabcorp and the Victorian racing industry to finalise those arrangements.

Tabcorp currently estimates the Victorian Wagering and Betting Licence will generate EBITDA of approximately \$120 million in the first full financial year of operation, based on current assumptions.

Tabcorp will pay a licence fee of \$410 million during the financial year ending 30 June 2012.

11.3. Victorian Keno

The Tabcorp Group was awarded the Victorian Keno Licence, which is for 10 years and will operate from 15 April 2012. The licence authorises Tabcorp to conduct and distribute Keno games in approved hotels, clubs (with full and restricted club liquor licences) and wagering outlets throughout Victoria. The new stand-alone licence also includes the right to offer approved simulated racing games in a broader range of approved venues.

Tabcorp's Victorian Keno business is expected to operate across at least 1,000 venues on full implementation. Based on roll out to 1,000 venues Tabcorp currently expects that the Victorian Keno business will contribute EBITDA of approximately \$20 million per annum after the second full year of operation.

Tabcorp has made a licence payment of \$60 million.

11.4. Entitlement offer

The Company raised \$428 million in capital through an accelerated renounceable entitlement offer during October and November 2010. Under the offer, eligible shareholders were offered the opportunity to acquire new Tabcorp ordinary shares at \$6.25 each on the basis of one new share for every nine existing ordinary shares held as at the record date of 21 October 2010. New shares were issued on 4 November 2010 under the institutional component of the offer and on 22 November 2010 under the retail component of the offer.

11.5. Arrangements with Racing NSW and the NSW Government

In the first half of the financial year, Tabcorp reached agreement with Racing NSW and the NSW Government on a funding package for the redevelopment of Randwick racecourse.

Under this agreement, Tabcorp received approval to introduce Trackside in its NSW retail network. Tabcorp will pay Racing NSW a total of \$150 million in two installments: the first was paid on 1 July 2011 and second is payable on 1 July 2012. Under the terms agreed, Trackside is expected to contribute EBITDA in excess of \$30 million per annum on full roll-out in 12 months time.

Separately, the NSW Government granted a number of other approvals under its racing reform program, including fixed odds betting on racing in all channels (including retail), a reduced tax rate for Tabcorp for premium and overseas customers and international comingling with NSW as a host.

11.6. Other significant changes in the state of affairs

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

12. Business strategies

The key strategic priorities of Tabcorp after the Demerger are as follows:

- Wagering, Media and International

- Maintain retail leadership
- Drive fixed odds expansion
- Drive online
- Improve regulatory conditions
- Leverage loyalty program
- Expand internationally
- Victorian gaming
 - Develop Tabcorp Gaming Solutions
- Keno
 - Grow Keno
 - Pursue new licences

13. Significant events after the end of the financial year

No matters or circumstances have arisen since the end of the financial year which are not otherwise dealt with in this report or in the Financial Report, that have significantly affected or may significantly affect the operations of the Tabcorp Group, the results of those operations or the state of affairs of the Tabcorp Group in subsequent financial years. Refer also to note 29 to the Financial Report.

14. Likely developments and expected results

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

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

15. Auditors

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

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

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

16. Directors' interests in contracts

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

Directors' report (continued)

17. Environmental regulation and performance

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

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

The Tabcorp Group is registered for the Federal Government's Energy Efficiency Opportunities (EEO) initiative, which requires companies that use over 0.5 petajoules of energy per annum to identify opportunities to reduce energy consumption. The Tabcorp Group publishes its EEO report under the corporate governance section of its website.

The Tabcorp Group is also registered for the Federal Government's National Greenhouse Energy Reporting System (NGERS), which requires organisations that meet certain thresholds in energy consumption or greenhouse gas emissions to report to the Government all energy consumption and greenhouse gas emissions every year.

Each Tabcorp Group property applies environmental management procedures and systems representing best practice standards, which assist in maintaining high levels of environmental regulation and performance.

18. Risk management

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

19. Directors' interests in Tabcorp securities

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

Name	Ordinary Shares	Performance Rights	Tabcorp Bonds
Current			
Paula Dwyer	34,292	-	-
David Attenborough	58,609	-	-
Jane Hemstritch	23,181	-	2,000
Justin Milne	-	-	-
Zygmunt Switkowski	84,876	-	-
Former			
John Story ⁽ⁱ⁾	58,194	-	-
Elmer Funke Kupper ⁽ⁱ⁾	97,863	1,120,734	1,500
John O'Neill ⁽ⁱ⁾	-	-	-
Brett Paton ⁽ⁱ⁾	23,181	-	3,000

(i) Ceased as a Director on 8 June 2011 in association with the Demerger. The number of Tabcorp securities disclosed above was applicable at the time of cessation as a Director of the Company.

20. Board and Committee meeting attendance

During the financial year ended 30 June 2011 the Company held 21 meetings of the Board of Directors, of which 11 were standard Board meetings, and 10 Board meetings were held to discuss special business.

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

Name	Board of Directors		Audit, Risk and Compliance Committee ⁽ⁱ⁾		Audit Committee ⁽ⁱ⁾		Risk and Compliance Committee ⁽ⁱ⁾		Nomination Committee		Remuneration Committee		Technology Committee ⁽ⁱ⁾	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Current														
Paula Dwyer	21	21	1	1	3	3	3	3	2	2	9	9	3	3
David Attenborough ⁽ⁱⁱ⁾	2	2	1	1	-	-	-	-	-	-	-	-	-	-
Jane Hemstritch	21	21	1	1	3	3	3	3	2	2	-	-	4	4
Justin Milne ⁽ⁱⁱⁱ⁾	15	15	1	1	2	2	2	2	1	1	-	-	3	3
Zygmunt Switkowski	20	21	1	1	3	3	3	3	2	2	9	9	4	4
Former														
John Story ^(iv)	19	19	-	-	3	3	3	3	2	2	9	9	-	-
Elmer Funke Kupper ^{(iii)(iv)}	19	19	-	-	3	3	3	3	2	2	9	9	4	4
John O'Neill ^(iv)	16	19	-	-	3	3	3	3	2	2	-	-	-	-
Brett Paton ^(iv)	18	19	-	-	3	3	3	3	2	2	-	-	4	4

A – Number of meetings attended

B – Maximum number of possible meetings available for attendance

- (i) Following the implementation of the Demerger, the Audit Committee and the Risk and Compliance Committee were combined to form the Audit, Risk and Compliance Committee and the Technology Committee ceased. Ms Dwyer was not a member of the Technology Committee, however she attended three Technology Committee meetings.
- (ii) The Managing Director and Chief Executive Officer attends Board Committee meetings, but is not a member of any Board Committee. Only Non Executive Directors are members of Board Committees. In addition to the meetings above, Mr Attenborough also attended eleven Board meetings, two Risk and Compliance Committee meetings and one Technology Committee meeting as Managing Director – Wagering prior to becoming a Director.
- (iii) Mr Milne attended the meetings above as an Observer prior to his commencement as a Director on 1 August 2011. He could not vote on any matter at these meetings and was not required to attend these meetings.
- (iv) Ceased as a Director on 8 June 2011 in association with the Demerger.

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

21. Indemnification and insurance of Directors and Officers

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

22. Non-statutory audit and other services

Ernst & Young, the external auditor to the Company and the Tabcorp Group, provided non-statutory audit services to the Company during the financial year ended 30 June 2011. The Directors are satisfied that the provision of non-statutory audit services during this period was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-statutory audit service provided means that auditor independence was not compromised. These statements are made in accordance with advice provided by the Company's Audit, Risk and Compliance Committee.

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

Ernst & Young, acting as the Company's external auditor, received or are due to receive the following amounts in relation to the provision of non-statutory audit services to the Company:

Description of services	\$000
Other audit services	351
Other regulatory audit services	137
Other assurance ⁽ⁱ⁾	1,725
Total of all non-statutory audit and other services	2,213

(i) Includes the preparation of the Investigating Accountants Report for the Scheme Booklet and attendance at the Scheme and General Meetings relating to the Demerger.

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

23. Corporate governance

The Directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. In recognition of changes stemming from the Demerger and the Company's ongoing commitment to maintaining best practice, the Company adopted new practices and optimised its existing practices. The Company's corporate governance statement is contained in the Concise Annual Report, and associated information is available under the

corporate governance section of the Company's website at www.tabcorp.com.au/about_governance.aspx.

24. Rounding of amounts

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

25. Auditor's independence declaration

Attached is a copy of the auditor's independence declaration provided under section 307C of the Corporations Act 2001 in relation to the audit for the financial year ended 30 June 2011. This auditor's independence declaration forms part of this Directors' report.

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



Paula Dwyer
Chairman

Melbourne
16 August 2011

Directors' report (continued)



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

In relation to our audit of the financial report of Tabcorp Holdings Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Tim Wallace'.

Tim Wallace
Partner

Melbourne
16 August 2011

Liability limited by a scheme approved
under Professional Standards Legislation

Remuneration report (audited)

Introduction

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

The Remuneration report relates to the Group's key management personnel (KMP) and the five executives that received the highest remuneration during the year in the Company and the Group. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and comprises all the Directors of Tabcorp and certain members of the Executive Committee. The same group of individuals is regarded as KMP for both the Company and the Group.

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

For the year ending 30 June 2011, short term incentives were awarded to senior managers, and were, on average, higher than the previous financial year. With regard to long term incentives, an allocation of Performance Rights was made for the year ending 30 June 2010 to 15 senior managers in accordance with their employment contracts. An allocation of Performance Rights under the long term incentive plan to the former Managing Director and Chief Executive Officer was made following shareholder approval.

Whether the allocated Performance Rights generate value for the senior managers will depend on the Company's Total Shareholder Returns over a three to four year period. If the minimum performance hurdles are not met, all Performance Rights will lapse. The total number of Performance Rights will vest only if the highest performance threshold is met. Retesting was removed for allocations of Rights made under the Company's long term incentive plan after 30 June 2010. For these and future allocations, a single test will apply after three years.

As a result of the demerger of Echo Entertainment Group Limited (Echo) from the Company pursuant to Tabcorp's Scheme Booklet dated 15 April 2011 (the Demerger), the Board determined to collapse all existing Employee Share Schemes prior to the implementation of the Demerger. Details of the treatment of these schemes are set out in Sections 6.3.2.9, 6.3.3.1 and 6.5.1.4.

The Board reviews the remuneration for Non Executive Directors each calendar year. In 2011, the Board also considered the implications of the Demerger for Non Executive Director remuneration. The Board resolved that following the Demerger, Non Executive Director

remuneration should be adjusted to reflect the changes in Tabcorp. As a result, the fees for the 2012 financial year will be lower than the fees for the 2011 financial year. The details of Non Executive Director remuneration are included in Section 5.3.

1. Significant changes since 30 June 2010

1.1 Non Executive Directors

Upon the implementation of the Demerger of Echo the composition of the Board changed. Three Non Executive Directors (Mr John Story, Mr John O'Neill and Mr Brett Paton) resigned from the Board on 8 June 2011.

Following the Demerger, the Tabcorp Board will initially comprise:

- Ms Paula Dwyer as Non Executive Chairman and Director; and
- Ms Jane Hemstrich and Dr Zygmunt Switkowski as Non Executive Directors.

Mr Justin Milne joined the Tabcorp Board as a Non Executive Director on 1 August 2011, following the receipt of all regulatory approvals.

1.2 Executives

Tabcorp's former Managing Director and Chief Executive Officer, Mr Elmer Funke Kupper, led the Company for most of the 2011 financial year and through the Demerger period. On Demerger, Mr David Attenborough became Managing Director and Chief Executive Officer of Tabcorp and Mr Larry Mullin became Managing Director and Chief Executive Officer of Echo. It is expected that Mr Funke Kupper will join the Board of Tabcorp as a Non Executive Director six months after ceasing his executive role.

Before his appointment as Managing Director and Chief Executive Officer of Tabcorp post Demerger, Mr Attenborough was Managing Director of the Company's Wagering Division. Mr Attenborough commenced employment on 9 April 2010.

1.3 Due Diligence Committee

In December 2010, the Board established a Due Diligence Committee to oversee the due diligence process of the Demerger. Mr Brett Paton was Chairman of the committee, and Ms Paula Dwyer was a committee member. The Committee concluded its work in June 2011 when the Demerger was implemented.

1.4 Treatment of Employee Share Schemes under the Demerger

The Board considered the impact of the Demerger on the Company's various Employee Share Schemes and made decisions in relation to the treatment of each of the schemes under the Demerger. The details of this treatment were set out in the Scheme Booklet sent to shareholders on 15 April 2011.

The treatment of the relevant securities under the Demerger is described in Sections 6.3.2.9, 6.3.3.1 and 6.5.1.4.

Remuneration report (audited) (continued)

2. Governance

The main responsibilities of the Board Remuneration Committee are:

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

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

To assist in exercising its responsibilities, the Board Remuneration Committee receives independent advice on matters such as remuneration strategies, mix and structure.

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

3. Remuneration philosophy

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

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

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

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

4. Key management personnel (KMP)

Name	Position held	Period in position if less than full year
Non Executive Directors		
Current		
Paula Dwyer	Chairman and Director (Non Executive)	Chairman from 9 June 2011
Jane Hemstritch	Director (Non Executive)	
Zygmunt Switkowski	Director (Non Executive)	
Future, pending regulatory approval		
Justin Milne ⁽ⁱ⁾	Will be appointed Director (Non Executive)	N/A
Former		
John Story	Chairman and Director (Non Executive)	Until 8 June 2011
John O'Neill	Director (Non Executive)	Until 8 June 2011
Brett Paton	Director (Non Executive)	Until 8 June 2011
Executives		
Current Executive Director		
David Attenborough ⁽ⁱⁱ⁾	Managing Director and Chief Executive Officer	From 9 June 2011
	Managing Director, Wagering	From 29 July 2010 until 8 June 2011
Current Executives		
Mohan Jesudason	Managing Director, Gaming & Group Marketing	From 9 June 2011
	Managing Director, Gaming	Until 8 June 2011
Kerry Willcock	Executive General Manager, Corporate, Legal and Regulatory	From 9 June 2011
	Executive General Manager, Corporate and Legal	Until 8 June 2011
Future Executive, pending regulatory approval		
Damien Johnston ⁽ⁱⁱⁱ⁾	Chief Financial Officer	N/A
Former Executive Director		
Elmer Funke Kupper	Managing Director and Chief Executive Officer	Until 8 June 2011
Former Executives		
Larry Mullin	Chief Executive Officer, Casinos	Until 8 June 2011
Matt Bekier	Chief Financial Officer	Until 8 June 2011
Louise Marshall	Executive General Manager, Human Resources	Until 8 June 2011

(i) Commenced as a Director and a KMP on 1 August 2011, following the receipt of all necessary regulatory approvals.

(ii) Commenced employment on 9 April 2010, and as a KMP on 29 July 2010 following the receipt of all necessary regulatory approvals.

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

Details of Director qualifications, experience and other responsibilities are set out on pages 8 to 9 and 23 of the Directors' report.

5. Non Executive Director Remuneration

5.1 Remuneration framework

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

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

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

Non Executive Directors do not receive any performance or incentive payments and are not eligible to participate in any of Tabcorp's incentive plans. This policy aligns with the principle that Non Executive Directors act independently and impartially.

5.2 Structure

Non Executive Directors' remuneration comprises the following components:

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

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

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

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

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

5.3 Current annual fees

The annual fees are detailed in Figure 1 for Non Executive Directors and Board Committee memberships. Following its annual review of these fees (benchmarked to the ASX100 companies), the Board decided to increase the fees from 1 July 2010. Non Executive Director Remuneration had not increased since January 2007.

Remuneration report (audited) (continued)

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

Position	Board fees ⁽ⁱ⁾ \$	Audit ⁽ⁱⁱ⁾ \$	Risk and Compliance ⁽ⁱⁱ⁾ \$	Board Committee fees ⁽ⁱ⁾			
				Remuneration \$	Nomination \$	Technology ⁽ⁱⁱ⁾ \$	Due Diligence ⁽ⁱⁱⁱ⁾ \$
Up to the Demerger (8 June 2011)							
Chairman	380,000						
Non Executive Director	140,000						
Committee Chairman		50,000	25,000	25,000	7,500	25,000	40,000
Committee Member		15,000	15,000	10,000	7,500	10,000	40,000
Following the Demerger (9 June 2011)							
		Audit, Risk & Compliance ⁽ⁱⁱ⁾					
Chairman	350,000						
Non Executive Director	120,000						
Committee Chairman		40,000		25,000	7,500	N/A	N/A
Committee Member		20,000		10,000	7,500	N/A	N/A

(i) Fees exclude superannuation contributions.

(ii) Following the implementation of the Demerger, the Audit Committee and the Risk and Compliance Committee were combined to form the Audit, Risk and Compliance Committee, and the Technology Committee ceased and became the responsibility of the full Board.

(iii) Committee commenced in December 2010 to oversee the due diligence process for the Demerger and concluded in June 2011.

6. Senior management remuneration (including Executive Director)

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

6.1 Remuneration framework

The remuneration framework for senior management comprises a mix of both fixed and variable remuneration components. The level of fixed remuneration reflects the scope and responsibilities of the role and the level of knowledge, skills and experience of the individual. Variable remuneration depends on the achievement of Group, divisional and individual performance targets, and shareholder value hurdles. Variable remuneration may be delivered in the form of cash or a mix of cash and Restricted Shares for achievement of short term performance targets, and Performance Rights (and Performance Options prior to 30 June 2007) for achievement of long term performance targets.

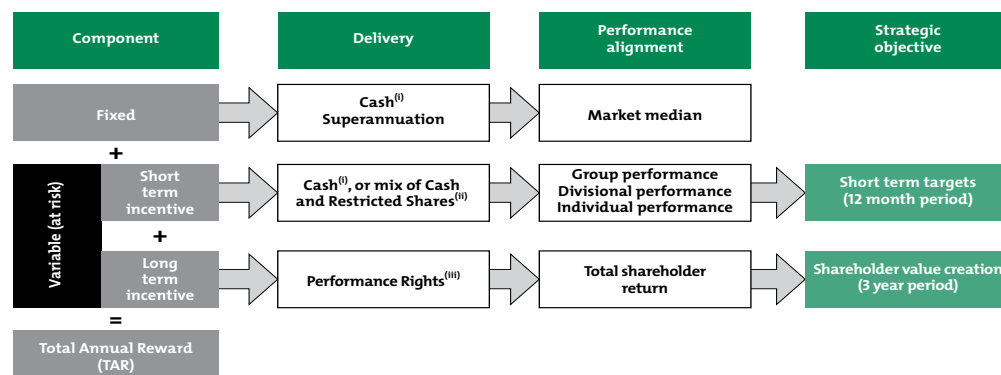
The objective of structuring a remuneration framework comprising both fixed and variable components is to ensure remuneration is market competitive and aligned to:

- Shareholders' interests through:
 - The use of financial measures, such as net profit after tax (to date measured on a normalised basis and before non-recurring items) as the primary reward measure for short term performance outcomes.
 - Rewarding long term company performance measured by reference to a comparable group of companies in the S&P/ASX 100 index, which over the long term should lead to attractive value creation for shareholders.
 - Aligning Group, divisional and individual performance targets to the performance objectives in Tabcorp's annual and long term strategic plans.

- Attracting, motivating and retaining individuals of the highest calibre.
- Fostering a culture of high performance in a team based environment.
- Senior managements' interests through:
 - Differentiating reward outcomes based upon individual performance and capability.
 - Linking the form of reward delivery with the ability to influence results.
 - Providing upside opportunity for superior Group performance and increased shareholder value.

The reward structure is outlined in Figure 2.

Figure 2: Senior management reward structure



- (i) May voluntarily elect to salary sacrifice for additional superannuation contributions and motor vehicle novated leases (for fixed component only).
- (ii) Applicable to certain senior management, issued under the Tabcorp Employee Deferred Share Plan and subject to a three year service condition.
- (iii) May vest on the third anniversary after the grant, subject to meeting relevant performance based hurdles.

6.2 KMP target reward mix

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

The target reward mix for the KMP (other than Non Executive Directors and the Managing Director and Chief Executive Officer) is outlined in Figure 3. This target reward mix excludes appointment incentives (refer Sections 6.4.2 and 6.6.2). Refer Sections 6.4 and 6.5 for details of the Managing Director and Chief Executive Officer's remuneration.

Figure 3: KMP target reward mix

KMP	% target reward mix			Total Annual Reward
	Fixed	Short term (cash)	Long term (equity)	
Current				
Mohan Jesudason	45	30	25	100
Kerry Willcock	50	25	25	100
Future				
Damien Johnston	50	25	25	100
Former				
Larry Mullin	42	42	16	100
Matt Bekier	45	30	25	100
Louise Marshall	50	25	25	100

6.3 Variable (at risk) remuneration

6.3.1 Short term incentive (STI)

6.3.1.1 Overview

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

6.3.1.2 Determining Factors

The incentive is based upon three key factors:

Figure 4: STI calculation

$$\text{Target STI (\$)} \times \text{Group Funding Multiplier or Divisional Multiplier} \times \text{Individual Performance Multiplier} = \text{Short Term Incentive}$$

■ Target STI

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

Remuneration report (audited) (continued)

■ *Group Funding Multiplier (GFM) or Divisional Multiplier (DM)*

The first step is to determine the GFM. This is linked to the achievement of Tabcorp's target normalised net profit after tax before non recurring items as approved by the Board. The GFM determines the overall STI pool available for distribution. If the minimum financial performance target is not met, individual awards may be funded at a reduced level, at the discretion of the Board.

If the minimum financial performance target is met, the second step is to determine the DM. This creates differentiation between divisions based on their performance and contribution to the Group. The DM is determined by reference to the performance of each division against financial targets, non financial targets and execution of the division's key strategic objectives. Senior management working in Group functions generally receive the GFM.

■ *Individual Performance Multiplier (IPM)*

Individual performance is assessed using a balanced scorecard of individual measures that align to and are supportive of the Group's annual objectives. The balanced scorecard assesses four performance areas – customers, people, organisation, and shareholders. Specific key performance objectives (KPOs) are agreed upon for each performance area at the start of the financial year against which the individual is assessed.

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

6.3.1.3. Delivery

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

As a result of the Demerger, the Board waived the disposal restrictions for past allocations. At the date disposal restrictions and forfeiture provisions were waived, the fair value of the Restricted Shares was fully expensed.

6.3.1.4 Accounting treatment

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

6.3.1.5 STI performance

For the year ended 30 June 2011, short term incentive targets were derived from the Board approved business plan. The Board awarded short term incentives to senior management that reflected the financial performance of the Company against the targets set. On average, they were higher than the previous year.

6.3.2 Long term incentive (LTI)

6.3.2.1 Overview

The LTI is principally designed to reward senior management for contributions to long-term shareholder value creation, measured on the third anniversary after the date of grant (grants prior to 1 July 2010 were measured between the third and fourth anniversary). Ultimate value from the LTI is only delivered to senior management if certain shareholder returns are achieved on the test date, resulting in the equity instruments vesting.

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

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

- Tested against the relevant performance hurdle at the third anniversary of the date of grant (and at a further two subsequent six monthly intervals for grants prior to 1 July 2010);
- May vest at the third anniversary of the date of grant, with any unvested Performance Rights lapsing immediately;
- Senior management have until the seventh anniversary of the date of grant to exercise vested Performance Rights, otherwise they lapse;
- Upon exercise the Company will issue or transfer ordinary shares to the senior manager; and
- The fair value will be expensed over a three year period (and four year period for grants prior to 1 July 2010) from the grant date in accordance with Accounting Standards.

6.3.2.2 Allocation

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

Figure 5: Allocation calculation

$$\text{Target LTI (\$)} \div \text{Fair Value of Performance Right} = \text{Number of Performance Rights allocated}$$

6.3.2.3 Vesting conditions

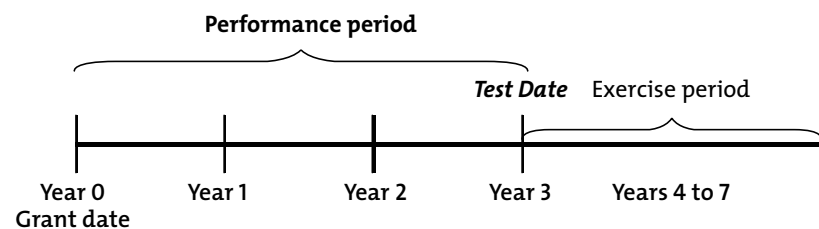
The vesting of Performance Rights issued under the LTI is dependent on two conditions, as discussed below.

■ Time based

Performance Rights may vest at the third anniversary of the date of grant (Test Date), subject to meeting the relevant performance based hurdle (refer Figure 6). The Test Date aligns with Tabcorp's long term business strategy. The Performance Rights are tested against the performance hurdle at the Test Date.

Retesting was removed under the LTI in relation to offers made after 30 June 2010. For allocations made prior to 1 July 2010, Performance Rights were tested against the performance hurdle at six monthly intervals over a twelve month period commencing on the third anniversary of the date of grant.

Figure 6: Time based vesting conditions (subject to meeting performance hurdle)



■ Performance based

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

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

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

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

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

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

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

For grants prior to 1 July 2010, if Tabcorp's relative TSR ranking on a test date is higher than that measured on a previous test date(s), then a further number of Performance Rights may vest to senior management in addition to those that may have already vested. Alternatively, if Tabcorp's relative TSR ranking is lower than as measured on a previous test date(s), then no further Performance Rights will vest. The maximum number of Performance Rights that will have vested to senior management will accord with the highest measure of Tabcorp's relative TSR ranking on test dates during the test period.

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

Upon exercise of Performance Rights, senior management will be allocated an equivalent number of fully paid ordinary shares in the Company, and will receive full voting and dividend rights corresponding to the rights of all other holders of ordinary shares.

Remuneration report (audited) (continued)

6.3.2.4 *Lapsing conditions*

Performance Rights that have not vested after testing will lapse.

Performance Rights which have vested will be exercisable by senior management until the seventh anniversary after the grant date. Following the seventh anniversary, any vested Performance Rights which have not been exercised will lapse.

6.3.2.5 *Cessation of employment*

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

Vested Performance Rights are exercisable by the individual for a period of 90 days after termination of employment, following which they will lapse.

6.3.2.6 *Accounting treatment*

Performance Rights issued under the LTI are expensed on a straight line basis over a three year period, commencing from the grant date (or four year period for grants prior to 1 July 2010). Under Accounting Standards, Tabcorp is required to recognise an expense irrespective of whether the Performance Right ultimately vests to the senior manager. A reversal of the expense is only recognised in the event the Performance Rights lapse due to cessation of employment within the three or four year period.

The 'Remuneration of KMP' tables at section 7.1 (Figures 12B & 12D) reflect the accounting expense recognised in the relevant financial year, not the total fair value of Performance Rights allocated to the executive during the year, which is disclosed in Figure 13E.

6.3.2.7 *Former LTI plan*

Prior to the implementation of the current LTI plan, which was approved by shareholders at the Company's Annual General Meeting in 2003, senior managers were provided with the opportunity to participate in the Tabcorp Senior Executive Long Term Incentive Plan. This plan ceased being offered to senior managers in 2003, however during the financial year to 30 June 2011 Mr Mohan Jesudason, a KMP during the year, continued to participate in this plan.

This former LTI plan enabled senior managers to receive a loan to acquire Tabcorp shares. The dividends received from the shares acquired under the plan were applied towards paying interest on the outstanding loan balance, a cash payment to cover the personal income tax liability associated with the dividend, and loan principal repayments. The loan was required to be repaid upon cessation of employment.

As a result of the Demerger, the former LTI plan was collapsed prior to the implementation of the Demerger.

6.3.2.8 *LTI performance*

In the 2011 financial year, there were five scheduled test dates for past allocations under the LTI. The performance based criteria for vesting was achieved during the second test for the 29 November 2007 grant, however, was not achieved for any other allocations. Therefore Performance Rights only vested for the 29 November 2007 grant.

6.3.2.9 *Treatment of LTI under the Demerger (other than the former Managing Director and Chief Executive Officer)*

As a result of the Demerger, the application of performance hurdles for unvested Performance Rights and performance Options would be distorted, as the relative TSR on Tabcorp Shares would exclude (at least in part) the value of Echo Shares and distributions on such Shares during the testing period. As a consequence, the financial performance of Tabcorp would not be fairly or accurately represented if the performance hurdles were applied in these circumstances. Further, the value of a Tabcorp Share received upon the exercise of a vested Performance Right or Performance Option would be diminished by the value of an Echo Share.

Accordingly, the Board decided to accelerate the testing of relevant performance conditions to the date on which the Scheme became effective on 3 June 2011 (the Effective Date). The acceleration applied only to the pro rata portion of the unvested Performance Rights that was equal to the proportion of the standard vesting period of three years that had elapsed at 3 June 2011.

The performance conditions tested remained unchanged, i.e. they were the same performance conditions applying since the grant of the relevant Performance Right or Performance Option, except only to the extent that the testing date is brought forward.

Any Performance Rights or Performance Options that did not vest upon testing lapsed.

Any Performance Rights that did not qualify for testing on a pro rated basis were cancelled. With respect to these cancelled Performance Rights, Tabcorp paid the holder an amount equal to 50% of their fair value as at their date of grant.

The fair value of all Performance Rights and Performance Options were fully expensed at the date of accelerated testing or cancellation.

6.3.3. Appointment/retention incentives

6.3.3.1 *Criteria for issue*

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

Additionally, senior managers may also be issued Performance Rights (and Performance Options prior to 30 June 2007) upon appointment. These instruments are issued under the LTI and are subject to the same performance hurdles and vesting conditions (refer section 6.3.2).

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

Appointment incentives that were provided in prior financial years that remained subject to trading restrictions or vesting criteria are disclosed in sections 6.4.2.1 and 6.6.3.

As a result of the Demerger, the Board determined to waive the disposal restrictions and forfeiture provisions in respect of the Restricted Shares issued pursuant to the Deferred Share Plan Rules.

6.3.3.2 Accounting treatment

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

As Performance Rights (and Performance Options prior to 30 June 2007) are issued under the LTI, they are expensed in the same manner as described in section 6.3.2.6.

6.3.4 Policy prohibiting hedging

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

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

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

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

6.4 Executive director contract – Managing Director and Chief Executive Officer

6.4.1 Current contract

David Attenborough commenced his new role as Managing Director and Chief Executive Officer on 9 June 2011 after all conditions precedent to implement the Demerger were satisfied or waived. In accordance with his employment contract, Mr Attenborough receives fixed remuneration and the opportunity to receive variable remuneration through short term and long term incentive arrangements. Mr Attenborough's contract is for a continuing term capable of being terminated on 6 months' notice by Mr Attenborough and 12 months' notice by Tabcorp. The contract does not require any termination payments, other than payment in lieu of notice (if applicable).

6.4.1.1 Fixed remuneration

Mr Attenborough receives fixed remuneration (inclusive of superannuation) of \$900,000 per annum.

6.4.1.2 Short term incentive

Mr Attenborough is eligible to receive a short term performance award based on his individual performance and the Company's performance over the annual performance review period. Mr Attenborough's short term performance award is equivalent to \$600,000 if targets are met, and is delivered in cash, with the opportunity for Mr Attenborough to voluntarily sacrifice part of the award into additional superannuation contributions. This short term incentive is similar to that which applies to the STI in section 6.3.1, other than as set out above.

6.4.1.3 Long term incentive

The Company intends that the long term incentive component of Mr Attenborough's remuneration package will involve annual grants of Performance Rights or Options, which would be subject to performance hurdles, with the grant of such Performance Rights or Options being subject to obtaining any necessary shareholder approvals at the relevant time. This long term incentive is similar to that which applies to the LTI in section 6.3.2, other than as set out in this section.

The Performance Rights or Options granted will be tested on the test date to determine whether the applicable performance hurdles have been met. The performance hurdle is relative TSR, which is based on the Company's TSR ranking compared to a peer group of companies measured over the period from the effective date to the applicable test date.

Upon termination of employment (other than at the discretion of the Board in special circumstances such as, but not limited to, death and permanent disablement), all unvested Performance Rights or Options will lapse immediately. In all circumstances of termination of employment (other than for serious misconduct, in which case all vested (but not exercised) and all unvested Performance Rights or Options will lapse

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immediately), all Performance Rights or Options that have vested at the date of termination will be exercisable by Mr Attenborough for a period of 90 days following termination of employment, following which they will lapse.

6.4.1.4 Other benefits

Mr Attenborough's contract includes benefits comprising of:

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

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

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

These benefits are consistent with Mr Attenborough's previous contract.

6.4.2 Previous contracts

6.4.2.1 Appointment incentive

Mr Attenborough was provided an appointment incentive in the prior year upon commencement with the Company as Managing Director, Wagering of approximately \$500,000 comprising cash of \$166,667 and Restricted Shares of approximately \$333,333 as follows:

Instrument type	Number	Trading restrictions and vesting conditions
Restricted Shares	47,483	Subject to trading restrictions lifting in 2 tranches on 9 April 2011 and 9 April 2012

As a result of the Demerger, the Board determined to waive the disposal restrictions and forfeiture provisions in respect of the Restricted Shares issued pursuant to the Deferred Share Plan Rules.

6.5 Executive director contract – former Managing Director and Chief Executive Officer

6.5.1 Current contract

Elmer Funke Kupper was Managing Director and Chief Executive Officer until 8 June 2011. In accordance with an employment contract, Mr Funke Kupper received fixed remuneration and the opportunity to receive variable remuneration through short term and long term incentive arrangements. Mr Funke Kupper's contract was for a continuing term capable of being terminated on 6 months' notice by Mr Funke Kupper and 12 months' notice by Tabcorp. The contract did not require any termination payments, other than payment in lieu of notice (if applicable).

6.5.1.1 Fixed remuneration

Mr Funke Kupper received fixed remuneration (inclusive of superannuation) of \$1,500,000 per annum.

6.5.1.2 Short term incentive

Mr Funke Kupper was eligible to receive a short term performance award based on his individual performance and the Company's performance over the annual performance review period. Mr Funke Kupper's short term performance award was equivalent to \$1,500,000 if targets were met, and was delivered in cash, with the opportunity for Mr Funke Kupper to voluntarily sacrifice part of the award into additional superannuation contributions. This short term incentive was similar to that which applies to the STI in section 6.3.1, other than as set out above.

Following an assessment by the Board of Mr Funke Kupper's performance for the 2011 financial year, a short term performance award of \$2,475,000 was made. The award reflected the Board's assessment that Mr Funke Kupper's leadership and performance exceeded targeted outcomes with regard to a range of financial and non-financial goals, including but not exclusive to, positioning the business for the execution of the demerger, the award of the Victorian Keno Licence and the submission for the Victorian Wagering and Betting Licence.

6.5.1.3 Long term incentive

The long term incentive component of Mr Funke Kupper's remuneration package involved annual grants of Performance Rights, which were subject to performance hurdles, with the grant of such Performance Rights subject to obtaining any necessary shareholder approvals at the relevant time. This long term incentive was similar to that which applies to the LTI in section 6.3.2, other than as set out in this section.

Since being appointed as Managing Director and Chief Executive Officer, Mr Funke Kupper received four grants of Performance Rights under the Tabcorp Long Term Performance Plan, which were approved by Shareholders at the Company's 2007, 2008, 2009 and 2010 Annual General Meeting. These were as follows:

Effective Date	Number	Test dates	Expiry date
13 July 2007	100,000	30 June 2011 and 30 June 2012	26 November 2014
15 September 2008	281,425	15 September 2011, 15 March 2012 and 15 September 2012	15 September 2015
17 June 2009	326,086	17 June 2012, 17 December 2012 and 17 June 2013	17 June 2016
14 September 2010	413,223	14 September 2013	14 September 2017

The Performance Rights granted were to be tested on each test date to determine whether the applicable performance hurdles were met. However, due to the Demerger, no stated test dates occurred and the treatment of unvested Performance Rights is detailed in Section 6.5.1.4. The performance hurdle was relative TSR, which was based on the Company's TSR ranking compared to a peer group of companies measured over the period from the effective date to the applicable test date.

Further information relating to these Performance Rights is available in the notices of meeting for the Company's 2007, 2008, 2009 and 2010 Annual General Meetings.

6.5.1.4 Treatment under the Demerger – Performance Rights held by Mr Funke Kupper

The Board determined that the 100,000 Performance Rights granted to Mr Funke Kupper in 2007 automatically lapsed upon him ceasing employment, in accordance with Mr Funke Kupper's contract.

In relation to the Performance Rights granted in 2008, 2009 and 2010, upon Mr Funke Kupper ceasing employment a pro-rata portion remained in existence, with the balance of those grants automatically lapsing, in accordance with Mr Funke Kupper's contract and the terms and conditions applicable to those Performance Rights. The pro-rata portion of each of those grants that remained in existence were determined on the basis of the period of employment from the relevant grant date to the cessation date. The Performance Rights that remained in existence are referred to collectively as the **Pro-rated Rights**.

No payment was made to Mr Funke Kupper in respect of any of the Performance Rights that lapsed.

The Board determined that, in relation to the Pro-rated Rights, it would exercise its discretion under Mr Funke Kupper's contract and under the terms and conditions of the Performance Rights to allow potential vesting of those Performance Rights immediately following cessation of his employment.

Pro-rated Rights that were allowed to vest in this way were the lesser of 340,245 (being one third of the total Performance Rights granted in 2008, 2009 and 2010) and the number determined according to the extent that the applicable performance conditions were met at the Effective Date of the Demerger.

Vesting was determined as if the testing date for measuring the performance hurdles applicable to each grant was the date the Scheme became effective (3 June 2011). If any of the Pro-rated Rights did not vest in this way, they did not lapse at that time but remained on foot and will be tested on the testing dates originally provided for under their terms of grant. However, the performance hurdles applying in respect of those Performance Rights that remain on foot will not be adjusted to reflect the fact that following the Demerger, the total shareholder return on Tabcorp Shares will exclude (at least in part) the value of Echo Shares and any distributions on such shares during the testing period.

Where Performance Rights have lapsed, the remuneration previously recognised in relation to these Performance Rights was reversed on cessation of employment. The fair value of all other Performance Rights was fully expensed on cessation of employment.

6.6 Executive Contracts - KMP

6.6.1 Current contracts

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

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

(i) Commenced as a KMP on 12 July 2011 following the receipt of all necessary regulatory approvals.

6.6.2 Additional Compensation

Managing Director, Gaming & Group Marketing

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

Chief Financial Officer

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

Executive General Manager – Corporate, Legal and Regulatory

Ms Willcock's contract includes additional compensation that requires her to be an employee of Tabcorp on 15 December 2012 and satisfy certain business outcomes.

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The additional compensation of \$525,000 was put in place in 2010 and will be paid during the 30 June 2013 financial year.

6.6.3 Previous contracts

The table below contains details of the contracts of the executives who were KMPs. These contracts did not provide for any termination payments, other than payment in lieu of notice.

Name	Position	Contract duration	Minimum notice period (months)	
			Executive	Tabcorp
Former				
Larry Mullin ⁽ⁱ⁾	Chief Executive Officer, Casinos	4 years	6	9
Matt Bekier ⁽ⁱ⁾	Chief Financial Officer	Open ended	3	9
Louise Marshall ⁽ⁱⁱ⁾	Executive General Manager, Human Resources	Open ended	3	9

(i) Ceased employment and as a KMP on 8 June 2011.

(ii) Ceased as a KMP on 8 June 2011.

Appointment Incentives - Chief Executive Officer, Casinos

Mr Mullin was provided an appointment incentive during the year ended 30 June 2009 of approximately \$1,500,000 comprising cash of \$900,000 and Restricted Shares of approximately \$600,000 as follows:

Instrument type	Number	Trading restrictions and vesting conditions
Restricted Shares	90,931	Subject to trading restrictions lifting in 3 tranches on 2 February 2010, 2011 and 2012

As a result of the Demerger, the Board determined to waive the disposal restrictions and forfeiture provisions in respect of the Tabcorp Shares issued pursuant to the Deferred Share Plan Rules.

Out performance incentive - Chief Executive Officer, Casinos

Mr Mullin's contract included an Out Performance Incentive (OPI), which would have been payable if certain earnings threshold results for the Casinos Division were met for the 30 June 2012 financial year. The maximum OPI payable would have been \$2,700,000, and any payment was to be made following the release of the 30 June 2012 financial results. However, as a result of the Demerger, Mr Mullin was issued a new employment contract with Echo and therefore, the Tabcorp OPI no longer applies.

Other benefits - Chief Executive Officer, Casinos

Mr Mullin's contract included benefits comprising of living away from home expenses and relocation costs for a period of four years.

6.7 Performance of Tabcorp and shareholder wealth

Tabcorp's annual financial performance (on a pre impairment basis) and indicators of shareholder wealth over the five year period ending 30 June 2011 are highlighted in the graphs below.

Figure 7: Net profit after tax ⁽ⁱ⁾

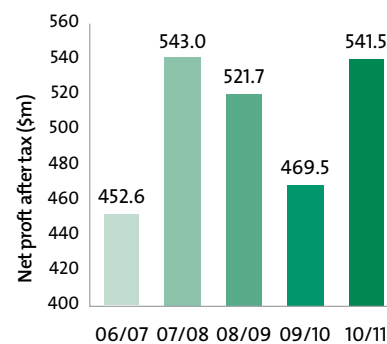


Figure 8: EPS (basic) – pre impairment ⁽ⁱ⁾

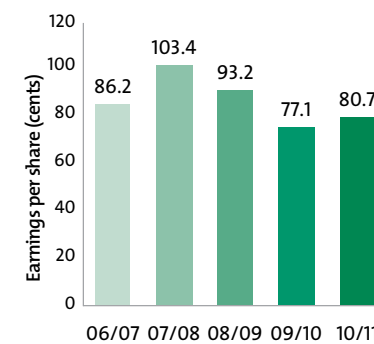


Figure 9: Full year dividend in respect of each financial year (includes, interim final and special dividends) ⁽ⁱⁱ⁾

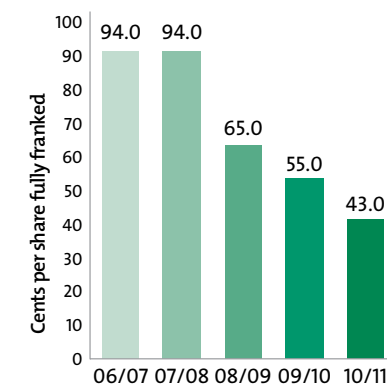
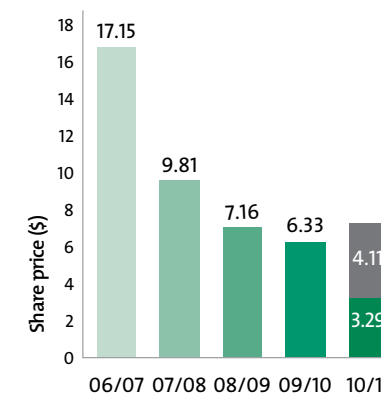


Figure 10: Company share price at the end of each financial year ⁽ⁱⁱⁱ⁾



(i) After income tax before both impairment and gain on demerger of Echo Entertainment Group, net of tax.

(ii) The 07/08 year includes the special dividend declared in August 2008 of 47.0 cents per share. This dividend was declared as a substitute for the final dividend for the 07/08 year.

(iii) The closing share price for 07/08 includes the effect of the Victorian Government's announcement in April 2008 regarding its decision to change the Victorian gambling industry. The closing share price for 10/11 is after the Demerger. The Echo closing share price for 10/11 is also shown.

Figure 11 shows Tabcorp's TSR performance relative to the peer group of companies at test dates during the test periods for LTI allocations.

Figure 11: Relative TSR ranking

Grant date	Expiry date per original grant	Accelerated expiry date ⁽ⁱ⁾	TSR result at test date			
			First	Second	Third	Accelerated test date 3 June 2011 ⁽ⁱⁱ⁾
1 Dec 2003	1 Dec 2010	N/A	44.1	33.3	31.0	N/A
7 Sep 2004	7 Sep 2011	N/A	17.3	12.2	21.4	N/A
3 Mar 2005	3 Mar 2012	N/A	32.9	31.5	18.9	N/A
7 Sep 2005	7 Sep 2012	N/A	16.5	21.1	24.3	N/A
3 Mar 2006	3 Mar 2013	N/A	39.7	21.5	37.3	N/A
17 Nov 2006	17 Nov 2013	N/A	16.7	20.3	27.7	N/A
17 Nov 2006	17 Nov 2013	9 June 2011	16.7	27.7	N/A	42.3
29 Nov 2007	29 Nov 2014	9 June 2011	40.9	50.7	N/A	50.7
15 Sep 2008	15 Sep 2015	9 June 2011	N/A	N/A	N/A	78.2
23 Oct 2008	15 Sep 2015	N/A	N/A ⁽ⁱⁱⁱ⁾	N/A ⁽ⁱⁱⁱ⁾	N/A ⁽ⁱⁱⁱ⁾	78.2
17 Jun 2009	17 Jun 2016	9 June 2011	N/A	N/A	N/A	68.1
19 Oct 2009	17 Jun 2016	N/A	N/A ⁽ⁱⁱⁱ⁾	N/A ⁽ⁱⁱⁱ⁾	N/A ⁽ⁱⁱⁱ⁾	68.1
14 Sep 2010	14 Sep 2017	9 June 2011	N/A	N/A	N/A	95.8
25 Oct 2010	14 Sep 2017	N/A	N/A ⁽ⁱⁱⁱ⁾	N/A ⁽ⁱⁱⁱ⁾	N/A ⁽ⁱⁱⁱ⁾	95.8

(i) Refer Section 6.3.2.9 for details.

(ii) As outlined in Section 6.3.2.9, the accelerated testing of performance conditions applied to all Performance Rights and Performance Options retained by holders who are employees and former employees, other than the Performance Rights retained by the former Managing Director and Chief Executive Officer as outlined in Section 6.5.1.4.

(iii) In relation to the former Managing Director and Chief Executive Officer as outlined in Section 6.5.1.4, there are 232,136 Performance Rights left on foot and will continue to be tested at the respective dates. The performance hurdles applying in respect of those Performance Rights that remain on foot will not be adjusted to reflect the fact that following the Demerger, the TSR on Tabcorp Shares will exclude (at least in part) the value of Echo Shares and distributions on such shares during the testing period.

7. Remuneration tables

7.1 Remuneration of KMP (including five highest paid executives, in accordance with the Corporations Act 2001)

Figure 12A: KMP remuneration for the year ended 30 June 2011 – Non Executive Directors

KMP	Short term	Post employment	Total
	Salary & fees ⁽ⁱ⁾	Superannuation	
	\$	\$	\$
Current			
Paula Dwyer	297,500	26,775	324,275
Jane Hemstritch	200,379	18,034	218,413
Zygmunt Switkowski	210,076	18,907	228,983
Former			
John Story ⁽ⁱⁱ⁾	401,591	36,143	437,734
John O'Neill ⁽ⁱⁱ⁾	176,136	15,852	191,988
Brett Paton ⁽ⁱⁱ⁾	216,136	19,452	235,588
Total	1,501,818	135,163	1,636,981

(i) Comprises salary and fees.

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

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Figure 12B: KMP remuneration for the year ended 30 June 2011 – Executives (including five highest paid executives)

KMP	Short term				Long term	Post Employment	Total excluding charge for share based allocations	Charge for share based allocations ^(iv)		Accelerated Charge for Share based payments ^(v)		Restricted shares & former LTI loans	Total	Performance related ^(vi)	Termination benefits
	Salary & fees ⁽ⁱ⁾	Bonus	Non-monetary benefits ⁽ⁱⁱ⁾	Other ⁽ⁱⁱⁱ⁾	Long service leave	Super-annuation		Performance Options & Rights	Restricted Shares	Performance Options & Rights					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	\$
Current Executive Director															
David Attenborough ^{(vii)(viii)}	717,685	470,000	10,881	168,435	2,040	15,199	1,384,240	22,109	201,387	66,326	69,444	1,743,506	28%	-	
Current Executives															
Mohan Jesudason	638,249	475,000	13,322	300,000	41,863	15,199	1,483,633	351,204	-	555,022	422,584	2,812,443	29%	-	
Kerry Willcock	514,436	350,000	-	-	26,556	15,199	906,191	244,314	-	394,171	-	1,544,676	38%	-	
Future Executive															
Damien Johnston ^(ix)	67,811	23,868	-	-	38,422	921	131,022	-	-	-	-	131,022	18%	-	
Former Executive Director															
Elmer Funke Kupper ^(x)	1,386,938	2,475,000	-	-	(58,106)	15,199	3,819,031	1,330,928	-	(294,357)	-	4,855,602	78%	3,000,000	
Former Executives															
Larry Mullin ^{(vii)(xi)(xii)}	1,272,356	1,268,182	276,311	281,054	2,797	-	3,100,700	182,292	119,508	500,000	44,533	3,947,033	37%	-	
Matt Bekier ^(xii)	728,771	587,121	-	30,779	17,399	15,199	1,379,269	417,120	-	661,991	-	2,458,380	41%	-	
Louise Marshall ^(xiii)	379,651	253,636	-	-	3,972	14,278	651,537	107,512	-	253,425	-	1,012,474	36%	337,500	
Total	5,705,897	5,902,807	300,514	780,268	74,943	91,194	12,855,623	2,655,479	320,895	2,136,578	536,561	18,505,136		3,337,500	

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

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

(iii) Comprises cash appointment incentives, relocation expenses, living away from home benefits and retention payments, where applicable.

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

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

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

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

(viii) Commenced employment on 9 April 2010, and as a KMP on 29 July 2010 following the receipt of all necessary regulatory approvals. Total remuneration for the period whilst a KMP was \$1,620,485.

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

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

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

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

(xiii) Ceased as a KMP on 8 June 2011 as a result of the Demerger. Termination benefits will be paid during the year ended 30 June 2012.

The amounts that appear under the heading 'charge for share based allocations' are the amounts required under the Accounting Standards to be expensed by the Company in respect of the allocation of long term incentives and Restricted Shares to KMP. Each year, the Board may decide to allocate long term incentives to executives. Currently, these long term incentives are allocated in the form of Performance Rights, which are expensed by the Company over the three to four year vesting period. Figures 12B and 12D represent the expenses incurred during the year in respect of current and past incentive allocations. These amounts are therefore not amounts actually received by executives during the year. Whether executives receive any value from the allocation of long term incentives in the future will depend on the performance of the Company relative to a peer group of listed companies. The mechanism which determines whether or not long term incentives vest in the future is described in Sections 6.3.2 and 6.4.1.3.

The amounts that appear under the heading 'Accelerated Charge for Share Based Payments' are the amount required under the accounting standards to be expensed by the Company, in respect of the allocation of Long Term Incentives and Restricted Shares to KMP, resulting from the collapsing of the Company's Employee Share Schemes prior to the implementation of the Demerger. These amounts are therefore not amounts actually received by executives during the year. The value of equity instruments exercised and lapsed during the year are disclosed in Figure 13E.

Figure 12C: KMP remuneration for the year ended 30 June 2010 – Non Executive Directors

KMP	Short term	Post employment	Total
	Salary & fees ⁽ⁱ⁾	Superannuation	
	\$	\$	\$
Current			
John Story	410,500	36,945	447,445
Paula Dwyer	241,500	21,735	263,235
Jane Hemstritch	175,671	15,810	191,481
John O'Neill	181,500	16,335	197,835
Brett Paton	173,171	15,585	188,756
Zygmunt Switkowski	198,167	17,835	216,002
Former			
Anthony Hodgson ⁽ⁱⁱ⁾	67,500	6,075	73,575
Total	1,448,009	130,320	1,578,329

(i) Comprises salary and fees.

(ii) Retired at the Company's Annual General Meeting on 19 October 2009.

Remuneration report (audited) (continued)

Figure 12D: KMP remuneration for the year ended 30 June 2010 – Executives

KMP	Short term				Long term	Post employment	Charge for share based allocations ^(iv)						
	Salary & fees ⁽ⁱ⁾	Bonus	Non-monetary benefits ⁽ⁱⁱ⁾	Other ⁽ⁱⁱⁱ⁾	Long service leave	Super-annuation	Total excluding charge for share based allocations	Performance Options & Rights	Restricted Shares	Total	Performance related ^(v)	Termination benefits	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	\$
Current Executive Director													
Elmer Funke Kupper ^(vi)	1,549,319	1,125,000	-	-	17,879	14,461	2,706,659	909,749	-	3,616,408	56%	-	
Current Executives													
Larry Mullin ^{(vi)(vii)}	1,428,172	800,000	666,467	292,763	4,903	-	3,192,305	62,500	283,250	3,538,055	24%	-	
Matt Bekier	747,237	375,000	-	-	8,991	14,461	1,145,689	353,658	-	1,499,347	49%	-	
Mohan Jesudason	613,076	312,500	576	-	29,085	14,461	969,698	295,936	-	1,265,634	48%	-	
Kerry Willcock	476,372	210,000	-	-	13,847	14,461	714,680	202,955	-	917,635	45%	-	
Louise Marshall	366,677	150,000	-	-	3,128	14,461	534,266	62,741	-	597,007	36%	-	
Future Executive													
David Attenborough ^{(vi)(viii)}	167,719	110,000	-	255,859	415	3,615	537,608	-	62,500	600,108	18%	-	
Former Executive													
Robert Nason ^(ix)	371,049	-	578	52,994	(14,277)	7,231	417,575	(351,145)	-	66,430	0%	-	
Total	5,719,621	3,082,500	667,621	601,616	63,971	83,151	10,218,480	1,536,394	345,750	12,100,624			

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

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

(iii) Comprises cash appointment incentives, relocation expenses, living away from home benefits and mortgage interest subsidy payments, where applicable.

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

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

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

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

(viii) Commenced employment on 9 April 2010, and as a KMP on 29 July 2010 following the receipt of all necessary regulatory approvals. Total remuneration for the period whilst a KMP was nil.

(ix) Ceased employment and as a KMP on 31 December 2009. In addition to the amounts disclosed above, payment of annual leave on cessation amounted to \$96,378.

7.2 Other remuneration tables

Figure 13A: Short term incentive (STI) achieved

For the year ended 30 June 2011

KMP	Actual STI payment \$	Actual STI payment as a % of maximum STI ⁽ⁱ⁾	Actual STI payment as a % of target STI	STI not achieved as a % of target STI
Current				
David Attenborough	470,000	45%	101%	-
Mohan Jesudason	475,000	49%	110%	-
Kerry Willcock	350,000	59%	133%	-
Future				
Damien Johnston	23,868	58%	131%	-
Former				
Elmer Funke Kupper	2,475,000	73%	165%	-
Larry Mullin	1,268,182	44%	100%	-
Matt Bekier	587,121	53%	120%	-
Louise Marshall	253,636	53%	120%	-

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

Figure 13B: Terms and conditions of Performance Rights granted during the year

Grant date	Fair value at grant date \$	Exercise price \$	First exercise date	Last exercise/ expiry date per original grant	Accelerated exercise/ expiry date ⁽ⁱⁱ⁾
For the year ended 30 June 2011:					
14 September 2010 ⁽ⁱ⁾	3.63	-	14 September 2013	14 September 2017	9 June 2011
25 October 2010 ⁽ⁱ⁾	4.50	-	14 September 2013	14 September 2017	9 June 2011
For the year ended 30 June 2010:					
19 October 2009 ⁽ⁱⁱⁱ⁾	3.92	-	17 June 2012	17 June 2016	N/A ⁽ⁱⁱⁱ⁾

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

(ii) Refer Section 6.3.2.9 and 6.5.1.4 for details.

(iii) Allocation to the former Managing Director and Chief Executive Officer. Unvested Performance Rights remain on foot per original grant conditions. Refer Section 6.5.1.4 for details.

Figure 13C: Performance Rights granted during the year

For the year ended 30 June 2011

KMP	Rights granted 14 September 2010 Number	Rights granted 25 October 2010 Number
Current		
David Attenborough	24,362	-
Mohan Jesudason	95,654	-
Kerry Willcock	68,871	-
Former		
Elmer Funke Kupper	-	413,223
Larry Mullin	137,741	-
Matt Bekier	114,784	-
Louise Marshall	55,096	-
Total	496,508	413,223

For the year ended 30 June 2010

KMP	Rights granted 19 October 2009 Number
Current	
Elmer Funke Kupper	326,086
Larry Mullin	-
Matt Bekier	-
Mohan Jesudason	-
Kerry Willcock	-
Louise Marshall	-
Future	
David Attenborough	-
Former	
Robert Nason	-
Total	326,086

Remuneration report (audited) (continued)

Figure 13D: Performance Options and Performance Rights vested and exercised during the year
For the years ended 30 June 2011 and 30 June 2010

KMP	During the year ended 30 June 2011		
	Vested Number	Exercised Number	Amount paid per Performance Right
Current			
David Attenborough	5,851	5,851	Nil
Mohan Jesudason	140,628	140,628	Nil
Kerry Willcock	97,875	97,875	Nil
Future			
Damien Johnston ⁽ⁱ⁾	-	51,937	Nil
Former			
Elmer Funke Kupper ⁽ⁱⁱ⁾	340,245	340,245	Nil
Larry Mullin ⁽ⁱⁱⁱ⁾	63,772	63,772	Nil
Matt Bekier ⁽ⁱⁱⁱ⁾	166,253	166,253	Nil
Louise Marshall ⁽ⁱⁱⁱ⁾	49,594	49,594	Nil
Total	864,218	916,155	

(i) Commenced in role on 9 June 2011 and a KMP on 12 July 2011. No Performance Options or Performance Rights vested after commencement date.

(ii) Vesting and exercise of Performance Rights occurred after the individual ceased as a KMP.

(iii) Exercise of Performance Rights occurred after the individual ceased as a KMP.

No Performance Options and Performance Rights vested or were exercised during the prior year.

Figure 13E: Value of Performance Options and Performance Rights granted as part of remuneration ⁽ⁱ⁾

KMP	During the year ended 30 June 2011			As a % of remuneration ^(iv)
	Granted ⁽ⁱ⁾	Exercised ⁽ⁱⁱ⁾	Lapsed ⁽ⁱⁱⁱ⁾	
	\$	\$	\$	%
Current				
David Attenborough	88,434	43,707	-	5%
Mohan Jesudason	347,224	1,050,491	222,366	32%
Kerry Willcock	250,002	734,103	162,154	41%
Future				
Damien Johnston ^(v)	-	387,969	-	-
Former				
Elmer Funke Kupper ^(vi)	1,859,504	2,541,630	4,204,413	21%
Larry Mullin ^(vi)	500,000	476,377	36,524	17%
Matt Bekier ^(vi)	416,666	1,241,910	211,245	44%
Louise Marshall ^(vi)	199,998	370,467	19,486	36%
Total	3,661,828	6,846,654	4,856,188	

(i) Represents the value of Performance Rights granted during the year, granted in arrears. For details on the valuation of the Performance Options and Performance Rights, including models and assumptions used, refer to Note 26 of the Tabcorp Financial Report.

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

(iii) Represents the value of Performance Rights as a result of not satisfying the performance conditions during the year and at the accelerated test date for all holders other than Mr Funke Kupper. In relation to Mr Funke Kupper, the value of the lapsed Performance Rights are in relation to those that lapsed (a) upon cessation of employment and (b) as a result of not satisfying the performance conditions during the year. The value is determined assuming the performance conditions had been achieved, and is calculated based on the market value of Tabcorp shares at the date of lapsing, less any exercise amount payable.

(iv) Represents the fair value of Performance Options and Performance Rights expensed during the year (including accelerated charge) as a percentage of total remuneration, excluding termination payments. Total remuneration includes share based payments.

(v) Commenced in role on 9 June 2011 and a KMP on 12 July 2011. No Performance Options or Performance Rights were granted or lapsed after commencement date.

(vi) Exercise of Performance Rights occurred after the individual ceased as a KMP.

Figure 13F: Modification to Performance Rights during the year

During the year to 30 June 2011 as a result of the Demerger, the testing of relevant performance conditions for a pro rata portion of outstanding unvested Performance Rights (other than for the former Managing Director and Chief Executive Officer) was accelerated to the date on which the Scheme became effective. The effective date was 3 June 2011. The modification to the affected Performance Rights occurred on that date.

The conditions affecting the vesting and exercise of the Performance Rights prior to the alteration are outlined in section 6.3.2.3, and after the alteration are outlined in section 6.3.2.9.

The market price of the underlying instruments, being Tabcorp Shares, at the date of the alteration was \$7.72.

The alteration, being the bringing forward of the test date, has made no difference to the total fair value of the Performance Rights.

All of the modified Performance Rights expired on 9 June 2011.

Details of the modification to Performance Rights is outlined below:

KMP	Performance Rights – granted:							
	29 November 2007		15 September 2008		17 June 2009		14 September 2010	
	Testing brought forward Number	Original expiry date	Testing brought forward Number	Original expiry date	Testing brought forward Number	Original expiry date	Testing brought forward Number	Original expiry date
Current								
David Attenborough	N/A	N/A	N/A	N/A	N/A	N/A	5,851	14 Sep 2017
Mohan Jesudason	17,276	29 Nov 2014	56,656	15 Sep 2015	49,425	17 Jun 2016	22,974	14 Sep 2017
Kerry Willcock	11,662	29 Nov 2014	38,242	15 Sep 2015	35,586	17 Jun 2016	16,541	14 Sep 2017
Former								
Larry Mullin	N/A	N/A	N/A	N/A	35,586	17 Jun 2016	33,082	14 Sep 2017
Matt Bekier	20,156	29 Nov 2014	66,098	15 Sep 2015	59,311	17 Jun 2016	27,569	14 Sep 2017
Louise Marshall	N/A	N/A	19,994	15 Sep 2015	18,979	17 Jun 2016	13,233	14 Sep 2017
Total	49,094		180,990		198,887		119,250	

Modifications to Performance Rights for the former Managing Director and Chief Executive Officer are outlined in section 6.5.1.4, with original conditions outlined in section 6.5.1.3.

Income statement

For the year ended 30 June 2011

	2011 \$m	2010 \$m
Revenue	2,947.5	2,865.6
Other income	35.7	35.4
Government taxes and levies	(887.5)	(876.2)
Commissions and fees	(977.5)	(952.6)
Employment costs	(163.4)	(153.3)
Depreciation and amortisation	(124.3)	(114.5)
Property costs	(38.5)	(37.4)
Advertising and promotions	(30.9)	(33.0)
Professional and contract services	(13.2)	(21.4)
Other expenses	(185.4)	(178.0)
Profit before income tax expense, net finance costs and impairment	562.5	534.6
Impairment	(358.0)	-
Finance income	9.7	6.7
Finance costs	(144.1)	(153.6)
Profit from continuing operations before income tax expense	70.1	387.7
Income tax expense	(126.5)	(112.0)
Profit/(loss) from continuing operations after income tax	(56.4)	275.7
Discontinued operations		
Profit from discontinued operations and net gain on demerger of Echo Entertainment Group, net of tax	591.2	193.8
Net profit after tax	534.8	469.5
Other comprehensive income		
Change in fair value of cash flow hedges taken to equity	7.1	13.1
Recycling of discontinued cash flow hedges to income statement	(40.5)	-
Actuarial gain on defined benefit plan	1.3	0.5
Income tax (expense)/benefit on items of other comprehensive income	9.6	(4.0)
Other comprehensive income/(loss) for the period, net of income tax	(22.5)	9.6
Total comprehensive income for the period	512.3	479.1
Earnings per share:		
From continuing operations		
Basic earnings per share	(8.5)	45.3
Diluted earnings per share	(8.5)	45.2
From continuing operations before impairment		
Basic earnings per share	45.5	45.3
Diluted earnings per share	45.4	45.2
Total attributable to shareholders of Tabcorp		
Basic earnings per share	80.7	77.1
Diluted earnings per share	80.4	77.0

Balance sheet

As at 30 June 2011

	2011 \$m	2010 \$m
Current assets		
Cash and cash equivalents	147.1	261.9
Receivables	80.1	80.5
Inventories	9.4	13.8
Other	14.5	24.9
Total current assets	251.1	381.1
Non current assets		
Property, plant and equipment	280.5	1,762.9
Intangible assets - licences	430.0	652.6
Intangible assets - other	1,805.7	3,627.5
Other receivables	56.8	8.1
Derivative financial instruments	-	2.8
Other	14.4	22.7
Total non current assets	2,587.4	6,076.6
TOTAL ASSETS	2,838.5	6,457.7
Current liabilities		
Payables	367.7	510.3
Interest bearing liabilities	449.8	175.0
Current tax liabilities	59.5	46.8
Provisions	65.9	76.4
Derivative financial instruments	3.7	22.0
Other	5.4	15.5
Total current liabilities	952.0	846.0
Non current liabilities		
Payables	75.0	-
Interest bearing liabilities	515.2	1,816.8
Deferred tax liabilities	63.3	273.4
Provisions	6.2	10.6
Derivative financial instruments	15.1	53.9
Other	0.8	2.3
Total non current liabilities	675.6	2,157.0
TOTAL LIABILITIES	1,627.6	3,003.0
NET ASSETS	1,210.9	3,454.7
Equity		
Issued capital	1,973.0	3,733.9
Accumulated losses	(91.9)	(310.0)
Reserves	(670.2)	30.8
TOTAL EQUITY	1,210.9	3,454.7

Echo Entertainment Group was demerged in June 2011.

Cash flow statement

For the year ended 30 June 2011

	2011 \$m	2010 \$m
Cash flows from operating activities		
Net cash receipts in the course of operations	4,439.3	4,280.2
Payments to suppliers, service providers and employees	(2,357.2)	(2,213.6)
Payment of government levies, betting taxes and GST	(1,075.2)	(1,038.0)
Interest revenue received	8.1	6.6
Finance costs paid	(159.2)	(155.0)
Income tax paid	(197.7)	(179.0)
Net cash flows from operating activities	658.1	701.2
Cash flows from investing activities		
Payment for property, plant and equipment and intangibles	(595.6)	(408.1)
Proceeds from sale of property, plant and equipment and intangibles	2.1	2.7
Loans advanced to customers	(47.6)	(4.7)
Net cash flows used in investing activities	(641.1)	(410.1)
Cash flows from financing activities		
Proceeds from issue of shares	427.7	-
Payment of transaction costs for share issue	(12.7)	-
Payment of transaction costs for capital reduction	(21.1)	-
Payment of transaction costs for demerger	(64.7)	-
Net repayments of short term borrowings	(210.0)	(15.0)
Proceeds from long term borrowings	1,090.0	-
Repayment of long term borrowings	(938.6)	-
Cash reduction through demerger of entities	(124.5)	-
Dividends paid	(269.7)	(303.4)
Payments for on-market share buy back	(9.8)	(1.9)
Proceeds from sale of treasury shares	1.6	0.7
Loans advanced to related party	-	(1.0)
Net cash flows used in financing activities	(131.8)	(320.6)
Net decrease in cash held	(114.8)	(29.5)
Cash at beginning of year	261.9	291.4
Cash at end of year	147.1	261.9

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

Statement of changes in equity

For the year ended 30 June 2011

	Issued capital		Accumulated losses	Net unrealised gains reserve	Employee equity benefit reserve	Demerger reserve	Total equity
	Ordinary shares	Treasury shares					
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2011							
Balance at beginning of year	3,737.6	(3.7)	(310.0)	23.1	7.7	-	3,454.7
Profit for the period	-	-	534.8	-	-	-	534.8
Other comprehensive income	-	-	0.9	(23.4)	-	-	(22.5)
Total comprehensive income for the period	-	-	535.7	(23.4)	-	-	512.3
Dividends paid	-	-	(317.6)	-	-	-	(317.6)
Dividend reinvestment plan	47.9	-	-	-	-	-	47.9
Echo Entertainment Group demerger distribution	(2,219.8)	-	-	-	-	(669.9)	(2,889.7)
Ordinary shares issued	427.7	-	-	-	-	-	427.7
Transaction costs for share issue and capital reduction	(24.4)	-	-	-	-	-	(24.4)
Transfers	12.8	-	-	-	(12.8)	-	-
Restricted shares issued	-	(1.0)	-	-	-	-	(1.0)
Share based payments expense	-	3.1	-	-	6.6	-	9.7
Payment on Performance Rights cancellation	-	-	-	-	(1.5)	-	(1.5)
Net outlay to purchase shares ⁽ⁱ⁾	(8.8)	-	-	-	-	-	(8.8)
Disposal of shares	-	1.6	-	-	-	-	1.6
Balance at end of year	1,973.0	-	(91.9)	(0.3)	-	(669.9)	1,210.9
2010							
Balance at beginning of year	3,674.9	(4.2)	(416.5)	13.9	8.7	-	3,276.8
Profit for the period	-	-	469.5	-	-	-	469.5
Other comprehensive income	-	-	0.4	9.2	-	-	9.6
Total comprehensive income for the period	-	-	469.9	9.2	-	-	479.1
Dividends paid	-	-	(363.4)	-	-	-	(363.4)
Dividend reinvestment plan	60.0	-	-	-	-	-	60.0
Transfers	2.7	-	-	-	(2.7)	-	-
Restricted shares issued	-	(1.9)	-	-	-	-	(1.9)
Share based payments expense	-	1.5	-	-	1.7	-	3.2
Disposal of shares	-	0.9	-	-	-	-	0.9
Balance at end of year	3,737.6	(3.7)	(310.0)	23.1	7.7	-	3,454.7

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

Notes to the concise financial statements

For the year ended 30 June 2011

1. Accounting policies

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

All amounts are presented in Australian Dollars.

A full description of the accounting policies adopted by the Group is provided in the 2011 financial statements which form part of the full financial report.

	2011 \$m	2010 \$m
2 Dividends		
Dividends declared and paid during the year on ordinary shares:		
(a) Interim dividend for 2011 of 24.0 cents per share paid on 21 March 2011 (2010: 30.0 cents per share paid on 22 March 2010)	164.4	182.3
(b) Final dividend for 2010 of 25.0 cents per share paid on 20 September 2010 (2009: 30.0 cents per share paid on 18 September 2009)	153.2	181.1
	317.6	363.4
Dividends declared after balance date		
Since the end of the financial year, the directors declared the following dividend:		
Final dividend for 2011 - 19.0 cents per share (2010: 25.0 cents per share)	130.7	153.2

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

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

3. Segment information

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

The Group has four operating segments:

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

Media & International was created as a separate operating segment during the period. Previously Media & International was included in the Wagering operating segment. The prior period has been restated accordingly.

The Star City and Queensland Casino segments were demerged from the group effective June 2011. Information about these discontinued segments is provided in note 33 to the financial statements which form part of the full financial report.

	Wagering \$m	Media & International \$m	Victorian Gaming \$m	Keno \$m	Total \$m
2011					
Revenue - external	1,569.1	130.5	1,077.4	169.6	2,946.6
Revenue - intersegment	-	48.8	-	-	48.8
Segment revenue	1,569.1	179.3	1,077.4	169.6	2,995.4
Segment profit before impairment, interest and tax	220.2	52.8	241.4	48.8	563.2
Segment profit/(loss) before interest and tax	(137.8)	52.8	241.4	48.8	205.2
Depreciation and amortisation	67.3	7.0	38.2	11.8	124.3
Impairment losses recognised in the income statement	(358.0)	-	-	-	(358.0)
Capital expenditure ⁽ⁱ⁾	217.8	9.9	26.1	75.8	329.6

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

2010					
Revenue - external	1,553.5	117.7	1,037.2	157.2	2,865.6
Revenue - intersegment	-	46.3	-	-	46.3
Segment revenue	1,553.5	164.0	1,037.2	157.2	2,911.9
Segment profit before interest and tax	210.7	51.4	225.4	46.6	534.1
Depreciation and amortisation	63.6	5.0	36.7	9.2	114.5
Capital expenditure	75.8	16.6	36.3	11.4	140.1

	2011 \$m	2010 \$m
Reconciliation of reportable segment revenue and profit		
(a) Revenue		
Segment revenue	2,995.4	2,911.9
Unallocated items	0.9	-
Intersegment revenue elimination	(48.8)	(46.3)
Consolidated revenue	2,947.5	2,865.6
(b) Segment profit before interest and tax	205.2	534.1
Unallocated items:		
- finance income	9.7	6.7
- other income and expenses	(0.7)	0.5
- finance costs	(144.1)	(153.6)
Profit from continuing operations before income tax expense	70.1	387.7

4. Subsequent events

(a) Dividends

Since 30 June 2011, the directors have declared a final dividend of 19.0 cents per ordinary share. The total amount of the final dividend is \$130.7 million. This has not been provided for in the 30 June 2011 financial statements (refer to note 2).

(b) Victorian Wagering and Betting Licence

On 19 July 2011 the Victorian Government announced its intention to award the Victorian Wagering and Betting Licence to the Group. The twelve year licence commences August 2012 and requires the Group to make an upfront premium payment to the Government of \$410.0 million in the next financial year.

(c) Funding

Since 30 June 2011, the Group signed a binding commitment letter for a bridge financing facility of \$450.0 million to support refinancing of the medium term notes maturing in October 2011.

Directors' declaration

In the opinion of the directors of Tabcorp Holdings Limited the accompanying concise financial report of the consolidated entity, comprising Tabcorp Holdings Limited and its controlled entities for the year ended 30 June 2011:

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

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

Signed in accordance with a resolution of directors.



Paula Dwyer
Chairman

Melbourne
16 August 2011

Independent audit report



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Fax: +61 3 8650 7777
www.ey.com/au

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

Report on the Concise Financial Report

We have audited the accompanying concise financial report of Tabcorp Holdings Limited which comprises the balance sheet as at 30 June 2011, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Tabcorp Holdings Limited for the year ended 30 June 2011. The concise financial report also includes the directors' declaration. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Tabcorp Holdings Limited for the year ended 30 June 2011. We expressed an unmodified audit opinion on the financial report in our report dated 16 August 2011. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

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

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

Independence

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

Liability limited by a scheme approved
under Professional Standards Legislation



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Auditor's Opinion

In our opinion, the concise financial report and the directors' declaration of Tabcorp Holdings Limited for the year ended 30 June 2011 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Report on the Remuneration Report

The following paragraphs are copied from our Report on the Remuneration Report for the year ended 30 June 2011.

We have audited the Remuneration Report included in pages 14 to 35 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Tabcorp Holdings Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Tim Wallace
Partner

Melbourne
16 August 2011

Five year review

	2011	2010	2009	2008	2007
	\$m	\$m	\$m	\$m	\$m
Total revenue ¹	4,469.6	4,219.8	4,211.3	3,992.5	3,875.1
EBITDA - pre impairment	1,132.7	998.0	1,072.6	1,075.2	947.8
Profit before interest and tax	856.3	794.4	895.4	174.7	803.3
Profit after income tax attributable to members of parent entity ²	534.8	469.5	521.7	(164.6)	450.4
Profit after income tax - pre impairment ²	892.8	469.5	521.7	543.0	452.6
Dividend ³	295.1	335.5	367.6	493.4	493.5
Cash and deposits	147.1	261.9	291.4	173.2	202.2
Other current assets	104.0	119.2	111.8	128.3	80.5
Intangible assets - licences	430.0	652.6	688.1	723.9	1,220.8
Intangible assets - other	1,805.7	3,627.5	3,641.8	3,506.8	3,680.7
Other non current assets	351.7	1,796.5	1,606.3	1,589.5	1,542.3
Total assets	2,838.5	6,457.7	6,339.4	6,121.7	6,726.5
Current interest bearing liabilities	449.8	175.0	-	-	390.0
Other current liabilities	502.2	671.0	697.0	615.8	514.9
Non current interest bearing liabilities	515.2	1,816.8	2,040.9	2,269.7	1,950.6
Other non current liabilities	160.4	340.2	324.7	478.9	486.8
Total liabilities	1,627.6	3,003.0	3,062.6	3,364.4	3,342.3
Shareholders' funds	1,210.9	3,454.7	3,276.8	2,757.3	3,384.2
Capital expenditure - payments	595.6	408.1	256.5	222.0	166.8
	cents	cents	cents	cents	cents
Earnings per share - pre impairment	134.8	77.1	93.2	103.4	86.2
Earnings per share	80.7	77.1	93.2	(31.4)	85.8
Dividends per share ³	43.0	55.0	65.0	94.0	94.0
Operating cash flow per share ⁴	9.4	48.2	74.3	82.0	84.2
Return on shareholders' funds - pre impairment	30.9%	13.9%	17.8%	17.0%	13.4%
Return on shareholders' funds	18.5%	13.9%	17.8%	-5.1%	13.3%
Net assets per share	\$1.83	\$5.68	\$5.86	\$5.25	\$6.45
Revenue ⁵	\$m	\$m	\$m	\$m	\$m
Casinos ⁶	1,439.4	1,371.9	1,357.7	1,323.2	1,343.1
Wagering	1,569.1	1,553.5	1,593.4	1,477.6	1,477.1
Media & International ⁷	179.3	164.0	-	-	-
Gaming	1,077.4	1,037.2	1,069.4	1,154.2	1,101.6
Keno ⁸	169.6	157.2	156.1	-	-
Unallocated/elimination	(53.0)	(51.8)	(5.9)	(3.9)	(2.1)
Normalisation adjustment	87.8	(12.2)	40.6	41.4	(44.6)
Total	4,469.6	4,219.8	4,211.3	3,992.5	3,875.1

EBITDA - Earnings before interest, tax, depreciation and amortisation.

- 1 Excludes net gain on demerger of Echo Entertainment Group before income tax benefit of \$304.6 million.
- 2 Includes net gain on demerger of Echo Entertainment Group of \$351.2 million.
- 3 Dividends attributable to the year, but which may be payable after the end of the period. 2008 includes a special dividend declared in August 2008.
- 4 Net operating cash flow per the statement of cashflows does not include payments for property, plant and equipment and intangibles, whereas these items are included in the calculation for the operating cash flow per share ratio.
- 5 Revenue includes both external and internal revenue.
- 6 The Casino revenues are normalised.
- 7 Included in Wagering prior to 2010.
- 8 Included in Gaming prior to 2009.

Shareholder information as at 18 August 2011

Ordinary shares

Tabcorp has on issue 688,019,737 fully paid ordinary shares. The issued capital has increased from last year due to ordinary shares issued pursuant to Tabcorp's Dividend Reinvestment Plan and shares issued under the 1 for 9 accelerated renounceable entitlement offer announced in October 2010. There currently isn't a share buy-back in operation in respect of the company's ordinary shares.

Tabcorp Bonds

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

Holders of Tabcorp Bonds are entitled to receive quarterly interest payments and \$100 cash per Tabcorp Bond upon redemption (on 1 May 2014).

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

Shareholding restrictions

Tabcorp's Constitution, together with an agreement entered into with the State of Queensland, contain various shareholder prohibitions and restrictions, including a prohibition on a person from having a voting power of more than 10% in the Company without obtaining the relevant written consents. The Company may refuse to register any transfer of shares which would contravene these shareholding restrictions or require divestiture of the shares that cause an individual to exceed the shareholding restrictions. Information may be requested to determine whether an individual has a prohibited shareholding interest.

Voting rights

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

Shareholder Benefits Scheme

Tabcorp introduced a benefits scheme for shareholders in April 2004. The scheme provides free entry into nominated thoroughbred, harness and greyhound racing events and special offers on accommodation, food and beverages, merchandise and other selected benefits at the hotel and casino properties previously operated by the Company prior to the demerger. The current benefits expire on 31 March 2012. Tabcorp will review the future of the scheme having regard to changes which stemmed from the demerger. Details of the scheme and its terms and conditions are available on Tabcorp's website, www.tabcorp.com.au.

Substantial shareholders

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

Name	Date of interest	Number of ordinary shares ⁽ⁱ⁾	% of issued capital ⁽ⁱⁱ⁾
Perpetual Limited	9 August 2011	55,988,365	8.14
BlackRock Investment Management (Australia) Ltd	19 July 2011	43,333,881	6.30

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

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

Marketable parcel

There were 41,270 shareholders holding less than a marketable parcel of ordinary shares (\$500, equivalent to 156 ordinary shares) based on a market price of \$3.21 at the close of trading on 18 August 2011.

Shareholder information as at 18 August 2011 (continued)

Twenty largest registered shareholders and bondholders*

Investor group name	Number of ordinary shares	% of issued capital
National Nominees Limited	124,246,658	18.06
HSBC Custody Nominees (Australia) Limited	123,364,689	17.93
J P Morgan Nominees Australia Limited	103,691,163	15.07
RBC Dexia Investor Services Australia Nominees Pty Limited	38,776,523	5.64
Citicorp Nominees Pty Limited	37,047,133	5.38
Cogent Nominees Pty Limited	12,015,741	1.75
AMP Life Limited	11,468,318	1.67
UBS Wealth Management Australia Nominees Pty Ltd	7,335,656	1.07
UBS Nominees Pty Ltd	6,878,548	1.00
Queensland Investment Corporation	5,665,860	0.82
Warbont Nominees Pty Ltd	3,294,193	0.48
CS Fourth Nominees Pty Ltd	2,560,361	0.37
Argo Investments Limited	2,455,345	0.36
Questor Financial Services Limited	2,155,991	0.31
MLEQ Nominees Pty Limited	2,100,000	0.31
Citicorp Nominees Pty Limited	2,025,539	0.29
Australian United Investment Co Limited	2,000,000	0.29
Brispot Nominees Pty Ltd	1,492,710	0.22
Ecapital Nominees Pty Limited	1,309,006	0.19
Australian Reward Investment Alliance	1,218,106	0.18
Total of top 20 registered shareholders	491,101,540	71.38

Investor group name	Number of Tabcorp Bonds	% of total Bonds
UBS Wealth Management Australia Nominees Pty Ltd	251,591	8.84
National Nominees Limited	124,135	4.36
HSBC Custody Nominees (Australia) Limited	121,564	4.27
UBS Nominees Pty Ltd	87,634	3.08
J P Morgan Nominees Australia Limited	52,500	1.85
Citicorp Nominees Pty Limited	48,393	1.70
Brispot Nominees Pty Ltd	44,038	1.55
Questor Financial Services Limited	20,464	0.72
Dimbulu Pty Ltd	20,000	0.70
ANZ Trustees Limited	19,000	0.67
First Option Credit Union Ltd	18,852	0.66
Invia Custodian Pty Limited	15,571	0.55
Jonwen Staff Super Nominees PL	15,000	0.53
RBC Dexia Investor Services Australia Nominees Pty Limited	11,738	0.41
Cogent Nominees Pty Limited	10,850	0.38
Link Enterprises (International) Pty Ltd	10,000	0.35
Avanteos Investments Limited	8,064	0.28
Jiliby Pty Ltd	7,500	0.26
Delmos Pty Ltd	7,000	0.25
Merrill Lynch (Australia) Nominees Pty Ltd	7,000	0.25
Total of top 20 registered bondholders	900,894	31.67

* On a grouped basis

Distribution of securities held

Number of securities held	Ordinary Shares ⁽ⁱ⁾		Tabcorp Bonds		Rights ⁽ⁱⁱ⁾	
	Number of holders	Number of securities	Number of holders	Number of securities	Number of holders	Number of securities
1 – 1,000	94,496	31,485,438	6,258	1,442,201	-	-
1,001 – 5,000	39,224	82,674,846	219	517,375	-	-
5,001 – 10,000	4,436	30,870,757	9	66,059	-	-
10,001 – 100,000	2,038	41,246,890	12	443,351	-	-
100,001 and over	92	501,741,806	2	375,726	1	232,136
Total	140,286	688,019,737	6,500	2,844,712	1	232,136

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

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

Refer to the Remuneration Report on pages 31 to 49 for more information about the Company's incentive arrangements.

Online shareholder services

Use the internet to easily manage your shareholding

On-line share registry facility

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

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

Dividend payments

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

Dividend reinvestment plan (DRP)

Tabcorp operates a DRP which enables participants to reinvest their dividends into acquiring additional Tabcorp shares without incurring any brokerage or handling costs. A 2.5% discount was applied to the price at which shares were issued under the DRP in respect of the final dividend payable on 23 September 2011. To elect to participate in the Company's DRP, use the online share registry facility or contact the share registry.

Annual report

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

Major Announcements

Tabcorp's major Company announcements since the previous annual report are listed below. These announcements are available on the Company's website at www.tabcorp.com.au following their release to the Australian Securities Exchange.

2011

16 Aug	Full year results – normalised net profit after tax of \$486.3 million, up 1.9%
20 Jul	Standard and Poor's affirms 'BBB' rating for Tabcorp
19 Jul	Tabcorp to be awarded Victorian Wagering and Betting Licence
11 Jul	Sky Racing World channel broadcasting into 14 million UK and Irish households
29 Jun	Demerger Class Ruling, including capital gains treatment and taxation implications for shareholders
3 Jun	Tabcorp's Demerger approved by Supreme Court of Victoria
3 Jun	Standard & Poor's assigns 'BBB' rating to Tabcorp
1 Jun	Tabcorp's Demerger approved by shareholders
30 May	Echo Entertainment Group raised US\$460 million debt in US private placement
21 Apr	Despatch of Demerger documents to shareholders
11 Mar	Victorian Keno licence awarded to Tabcorp
3 Feb	Half year results – normalised net profit after tax of \$272.0 million, up 3.0%
13 Jan	Tabcorp donated \$1 million to Queensland Premier's Flood Relief Appeal

2010

11 Dec	Proposed \$625 million expansion of Tabcorp's Queensland casinos
25 Oct	Speeches and presentation at Tabcorp's annual general meeting
18 Oct	Tabcorp announces Demerger and \$430 million accelerated renounceable entitlement offer
11 Oct	Tabcorp reaches in principle agreement with Racing NSW and NSW government to provide funding of \$150 million
14 Sep	Tabcorp again receives global recognition for gambling leadership

Company directory

Registered office

Tabcorp Holdings Limited
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Australia
Telephone: 03 9868 2100
Facsimile: 03 9868 2300
E-mail: investor@tabcorp.com.au

Website

www.tabcorp.com.au

Stock exchange listing

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

Share Registry

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

New South Wales office

495 Harris Street
Ultimo NSW 2007
Telephone: 02 9218 1000

Queensland office

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

Sky Racing / Sky Sports Radio

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

Key dates

2011

Annual General Meeting (Sofitel, Melbourne)	26 October
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2012*

Half-year results announcement	9 February
Ex-dividend for interim dividend	14 February
Record date for interim dividend	20 February
Interim dividend payment	26 March
End of financial year	30 June
Full-year results announcement	9 August
Ex-dividend for final dividend	16 August
Record date for final dividend	22 August
Final dividend payment	26 September
Annual General Meeting	31 October

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

About this Annual Report

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

Currency

References to currency are in Australian dollars unless otherwise stated.

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Investment warning

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

Privacy

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