

19 February 2020

Australian Securities Exchange
Companies Announcements Platform
20 Bridge Street
Sydney NSW 2000

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 31 DECEMBER 2019

In accordance with the ASX Listing Rule 4.2A, the following information in respect of the half year ended 31 December 2019 is transmitted for lodgment:

1. Appendix 4D; and
2. Interim Financial Report.

The information contained in this announcement should be read in conjunction with Tabcorp's most recent Annual Report.

This announcement was authorised for release by the Tabcorp Board.

For more information:

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Tabcorp Holdings Limited	Level 21, Tower 2 727 Collins Street Melbourne VIC 3008	GPO Box 1943 Melbourne VIC Australia 3001	tabcorp.com.au ABN 66 063 780 709
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Results for announcement to the market

Half year report for the 6 months ended 31 December 2019

Tabcorp Holdings Limited (ABN 66 063 780 709)

Results	\$m	% change increase/(decrease)
Revenue from ordinary activities	2,913.9	4%
Profit from ordinary activities after tax attributable to members	198.8	11%
Net profit for the period attributable to members	198.8	11%
Revenue from continuing activities	2,913.9	4%
Profit from continuing activities after tax	198.8	5%

Dividend	Record date	Payable	Amount per share	Franked amount per share
Interim dividend	25 February 2020	18 March 2020	11.0 ¢	11.0 ¢

No foreign conduit income is attributable to the interim dividend.

Dividend reinvestment plan

Tabcorp's Dividend Reinvestment Plan (DRP) will operate in respect of the interim dividend, with the last date for receipt of election notices being 26 February 2020. No discount is applicable to shares allocated to participants and no brokerage, commission or other transaction costs will be payable by participants on shares acquired under the DRP. Shares will be allocated on 18 March 2020 and will rank equally in all respects with existing shares. The price at which shares are allocated is the daily volume weighted average market price of Tabcorp shares sold in the ordinary course of trading on the Australian Securities Exchange over a period of 10 business days beginning on the second business day after the dividend record date.

Net tangible asset backing ⁽ⁱ⁾	December 2019 \$	December 2018 \$
Net tangible asset backing per ordinary share	(2.25)	(2.24)
Net tangible asset backing per ordinary share including licences	(1.16)	(1.10)

(i) Net tangible assets includes liabilities in relation to leasing, however right-of-use assets are an intangible asset, and are not included in the above calculations. If right-of-use assets were included, the 'net tangible asset backing per ordinary share' would be \$(2.09) (2018: \$(2.08)).

Supplementary information

The previous corresponding period is the half year ended 31 December 2018.

The Group adopted AASB 16 during the period using the 'full retrospective' approach, and the previous corresponding period has been restated accordingly.

For additional Appendix 4D disclosures, refer to the accompanying Interim Financial Report (which includes the Directors' Report) for the half year ended 31 December 2019 and ASX Media Release.

This Appendix 4D should be read in conjunction with Tabcorp Holdings Limited's Annual Report 2019.

**Tabcorp Holdings Limited
and controlled entities**

ABN 66 063 780 709

**I N T E R I M F I N A N C I A L
R E P O R T**

**For the half year ended
31 December 2019**

Contents

Directors' Report	3
Directors	3
Principal activities	3
Review of operations	3
Dividends	5
Rounding of amounts	5
Auditor's independence declaration	6
 Financial Report	 7
Income statement	7
Balance sheet	8
Cash flow statement	9
Statement of changes in equity	10
Notes to the financial statements	11
Directors' declaration	20
Independent auditor's review report	21

DIRECTORS' REPORT

Tabcorp

The Directors of Tabcorp Holdings Limited (the Company) present their report for the consolidated entity comprising the Company and its subsidiaries (the Group) and the Group's interests in joint arrangements and associates in respect of the half year ended 31 December 2019.

Directors

The Directors of the Company in office during the half year and up to the date of this report (unless otherwise stated) are as follows:

Name	Title
Paula Dwyer	Chairman and Non Executive Director
David Attenborough	Managing Director and Chief Executive Officer
Bruce Akhurst	Non Executive Director
Harry Boon	Non Executive Director
Steven Gregg	Non Executive Director
Vicki McFadden	Non Executive Director
Justin Milne	Non Executive Director
Zygmunt Switkowski AO	Non Executive Director

The Company has announced that David Gallop AM and Anne Brennan will be appointed as Non Executive Directors, subject to regulatory and ministerial approvals.

Principal activities

The principal activities of the Group during the half year comprised the provision of gambling and entertainment services. The Group's principal activities remain unchanged from the previous financial year to 30 June 2019, except as disclosed elsewhere in this Directors' Report.

Review of operations

The Tabcorp Group had the following three operating segments throughout the period¹:

- Lotteries and Keno;
- Wagering and Media; and
- Gaming Services.

The Group adopted *AASB 16 Leases* using the 'full retrospective' approach. The comparative information in relation to the half year ended 31 December 2018 has been restated.

Group

Reported net profit after income tax (NPAT) was \$198.8m, which was up 10.8% on the previous corresponding period (pcp). Basic earnings per share (EPS) for the period was 9.8 cents per share, up 10.1% from the pcp.

Revenues from continuing operations were \$2,913.9m and NPAT from continuing operations was \$198.8m, up 4.4% and 5.1% respectively on the pcp. Earnings before interest and tax (EBIT) from continuing operations was \$376.6m, down 1.7% on the pcp. Basic EPS from continuing operations for the period was 9.8 cents per share, up 4.3% from the pcp.

¹ The Sun Bets business in the UK ceased offering products effective from 19 July 2018 and is classified as a discontinued operation in respect of the prior comparative period.

Tabcorp's diversified group of businesses delivered a solid overall result, with an excellent Lotteries and Keno result driving the Group's earnings growth. However, this was partly offset by declines in earnings in the Wagering and Media business and the Gaming Services business.

Lotteries and Keno

Revenues for the Lotteries and Keno business were \$1,584.3m and EBIT was \$245.8m, up 12.4% and 16.8% respectively on the pcpc.

Lotteries revenues were \$1,466.8m, up 13.5% on the pcpc. The step change in Lotteries performance through FY19 continued with another excellent result in the half year period driven by active management of the game portfolio, and digital and retail growth.

Lotteries' omni-channel strategy gathered momentum in the half. Digital turnover grew 39.8% on the pcpc (representing 26.7% of total Lotteries turnover), while retail turnover grew 5.2% on the pcpc. Investments in personalised marketing and strong jackpot activity, including a record \$150m Powerball jackpot, helped drive customer acquisition. The business now has 3.6m active registered customers, having acquired 300,000 in the period.

Keno revenues were \$117.5m, up 0.9% on the pcpc, despite cycling high jackpot activity in the pcpc.

Wagering and Media

Revenues for the Wagering and Media business were \$1,179.5m and EBIT was \$138.5m, down 3.7% and 15.8% respectively on the pcpc. The result reflects a business navigating a large and complex integration and transforming its offer in a softer market.

Digital wagering turnover was \$3,408.4m, down 4.9% on the pcpc, and retail turnover was \$3,611.9m, down 9.0% on the pcpc. However, based on aggregated data from industry partners which represents approximately one-third of the wagering market, TAB's account (digital and call centre) turnover share grew in a declining market.

A focus in the half was continuing to prepare for the UBET to TAB customer migration. Another priority was directing investment to areas such as customer care and compliance. Operating expenses were down 3.9% even after the additional investment in these areas.

Customers have responded positively to recent innovations such as digital in-venue betting. Initiatives to engage customers digitally in hotels, clubs, racetracks and TAB agencies are part of Wagering and Media's strategy to use Tabcorp's unique assets to provide differentiated customer experiences.

In Media, vision deals with the NBA and NFL through Sky have helped drive sports turnover growth.

Gaming Services

Revenues for the Gaming Services business were \$149.0m and EBIT was \$21.3m, down 4.4% and 43.4% respectively on the pcpc.

The results were impacted by contract expiries, contract extensions at lower daily rates and reduced project work. The results also reflect the expected non-renewal of a Telstra service contract and pending expiry of NSW Statewide Linked Jackpots.

In November, MAX Venue Services secured the necessary approvals to enter the Queensland market, complementing the existing approvals in Victoria, NSW and the ACT.

An operational and strategic review of the business has commenced.

DIRECTORS' REPORT

Tabcorp

Dividends

A final dividend of 11 cents per share fully franked in respect of the year ended 30 June 2019 was announced on 14 August 2019 and paid to shareholders on 20 September 2019.

An interim dividend of 11 cents per share in respect of the current financial year has been announced. The interim dividend will be fully franked and payable on 18 March 2020 to shareholders registered at 25 February 2020. The ex-dividend date is 24 February 2020.

The Company's Dividend Reinvestment Plan will operate in respect of this interim dividend, with no discount or underwriting applicable.

The target dividend payout ratio for the 2020 financial year is 100% of NPAT before significant items, amortisation of the Victorian Wagering and Betting Licence, and purchase price accounting.

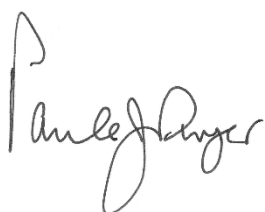
Rounding of amounts

Dollar amounts in the Financial Report and the Directors' Report have been rounded to the nearest hundred thousand unless specifically stated to be otherwise, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6. This auditor's independence declaration forms part of the Directors' Report.

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



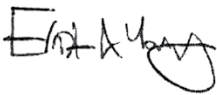
19 February 2020
Melbourne

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

As lead auditor for the review of Tabcorp Holdings Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tabcorp Holdings Limited and the entities it controlled during the financial period.



Ernst & Young



David Shewring
Partner
19 February 2020

INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Tabcorp

		December 2019 \$m	December 2018 \$m
Revenue	Note	2,913.9	2,790.2
Other income	A3	1.5	2.3
Commissions and fees		(796.5)	(782.7)
Government taxes and levies		(1,094.0)	(992.5)
Employment costs		(214.6)	(215.0)
Communication and technology costs		(54.7)	(61.0)
Advertising and promotions		(82.1)	(82.8)
Other expenses		(104.6)	(100.7)
Depreciation and amortisation		(186.6)	(174.8)
Impairment	A3	(5.7)	-
Profit before income tax expense and net finance costs		376.6	383.0
Finance income		0.7	0.7
Finance costs		(95.5)	(105.7)
Profit from continuing operations before income tax expense		281.8	278.0
Income tax expense		(83.0)	(88.8)
Profit from continuing operations after income tax expense		198.8	189.2
Discontinued operations			
Loss from discontinued operations net of tax	C4	-	(9.8)
Net profit after tax		198.8	179.4
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges taken to equity		11.6	29.5
Exchange differences on translation of foreign operations		0.7	(0.1)
Income tax relating to these items		(3.5)	(9.0)
Items that will not be reclassified to profit or loss			
Net loss on equity instruments at fair value through other comprehensive income		(0.1)	(0.1)
Other comprehensive income for the period, net of income tax		8.7	20.3
Total comprehensive income for the period		207.5	199.7
Earnings per share:		December 2019 cents	December 2018 cents
From continuing operations			
Basic earnings per share		9.8	9.4
Diluted earnings per share		9.8	9.4
Total attributable to shareholders of Tabcorp			
Basic earnings per share		9.8	8.9
Diluted earnings per share		9.8	8.9
Dividends per share:			
Declared and paid during the period	A2	11.0	10.0
Determined in respect of the period	A2	11.0	11.0

The income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 31 DECEMBER 2019

Tabcorp

		December 2019 \$m	June 2019 \$m
	Note		
Current assets			
Cash and cash equivalents		341.8	463.0
Receivables		105.1	112.9
Prepayments		52.3	35.2
Current tax assets		41.1	26.7
Derivative financial instruments	B2	89.3	18.8
Other financial assets		13.2	12.8
Assets held for sale	C3	49.9	-
Other		94.4	97.0
Total current assets		787.1	766.4
Non current assets			
Receivables		3.9	6.1
Investment in an associate		29.6	29.2
Other financial assets		177.5	156.6
Licences		2,200.7	2,254.4
Other intangible assets		9,238.7	9,184.1
Property, plant and equipment		487.0	554.6
Right-of-use assets		307.7	328.0
Prepayments		22.2	23.0
Derivative financial instruments	B2	223.8	289.0
Other		34.1	31.7
Total non current assets		12,725.2	12,856.7
TOTAL ASSETS		13,512.3	13,623.1
Current liabilities			
Payables		1,076.4	1,205.6
Interest bearing liabilities	B1	244.7	192.0
Lease liabilities		49.1	50.9
Provisions		64.9	58.7
Derivative financial instruments	B2	40.0	46.3
Other		77.1	81.6
Total current liabilities		1,552.2	1,635.1
Non current liabilities			
Payables		209.4	234.2
Interest bearing liabilities	B1	3,533.9	3,526.9
Lease liabilities		339.2	358.5
Deferred tax liabilities		566.7	565.3
Provisions		24.4	25.9
Derivative financial instruments	B2	77.3	81.5
Other		11.9	12.7
Total non current liabilities		4,762.8	4,805.0
TOTAL LIABILITIES		6,315.0	6,440.1
NET ASSETS		7,197.3	7,183.0
Equity			
Issued capital		8,590.8	8,561.7
Accumulated losses		(675.8)	(652.5)
Reserves		(717.7)	(726.2)
TOTAL EQUITY		7,197.3	7,183.0

The balance sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Tabcorp

	December 2019 \$m	December 2018 \$m
Cash flows from operating activities		
Net cash receipts in the course of operations	2,858.0	2,865.8
Payments to suppliers, service providers and employees	(1,397.6)	(1,504.7)
Payment of government levies, betting taxes and GST	(1,027.1)	(888.8)
Finance income received	0.8	0.6
Finance costs paid	(99.1)	(115.4)
Income tax paid	(98.4)	(95.0)
Net cash flows from operating activities	236.6	262.5
Cash flows from investing activities		
Payment for property, plant and equipment and intangibles	(177.8)	(110.8)
Proceeds from sale of property, plant and equipment and intangibles	0.8	1.4
Payment for other financial assets	(21.2)	(36.2)
Loan repayments received from customers	0.7	1.1
Payment for exercise of call option	-	(8.2)
Proceeds from sale of shares in an associate	-	12.1
Net cash flows used in investing activities	(197.5)	(140.6)
Cash flows from financing activities		
Net cash flows from revolving bank facilities	255.0	154.0
Repayment of borrowings	(192.0)	-
Payment of lease liabilities	(26.0)	(25.5)
Dividends paid	(194.3)	(188.6)
Payment for on-market share purchase	(3.0)	(0.7)
Net cash flows used in financing activities	(160.3)	(60.8)
Net increase/(decrease) in cash held	(121.2)	61.1
Effects of exchange rate changes on cash	-	0.1
Cash at beginning of period	463.0	352.7
Cash at end of period	341.8	413.9

The cash flow statement should be read in conjunction with the accompanying notes.

The cash flow statement includes the cash flows of the discontinued Sun Bets business in the prior period, refer note C4.

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Tabcorp

	Number of ordinary shares m	Issued capital		Accumulated losses \$m	Reserves			Total equity \$m
		Ordinary shares \$m	Treasury shares \$m		Hedging \$m	Demerger \$m	Other \$m	
2019								
Balance at 1 July 2019	2,019.3	8,562.0	(0.3)	(652.5)	(60.6)	(669.9)	4.3	7,183.0
Profit for the period	-	-	-	198.8	-	-	-	198.8
Other comprehensive income	-	-	-	-	8.1	-	0.6	8.7
Total comprehensive income	-	-	-	198.8	8.1	-	0.6	207.5
Dividends paid	-	-	-	(222.1)	-	-	-	(222.1)
Dividend reinvestment plan	6.0	27.8	-	-	-	-	-	27.8
Transfers	-	2.8	-	-	-	-	(2.8)	-
Restricted shares issued	-	-	(3.0)	-	-	-	-	(3.0)
Share based payments expense	-	-	1.5	-	-	-	2.6	4.1
Balance at 31 December 2019	2,025.3	8,592.6	(1.8)	(675.8)	(52.5)	(669.9)	4.7	7,197.3
		Total issued capital \$8,590.8m			Total reserves (\$717.7m)			
2018								
Balance at 1 July 2018	2,013.0	8,529.2	(0.1)	(588.3)	(56.9)	(669.9)	2.5	7,216.5
Profit for the period	-	-	-	179.4	-	-	-	179.4
Other comprehensive income	-	-	-	-	20.5	-	(0.2)	20.3
Total comprehensive income	-	-	-	179.4	20.5	-	(0.2)	199.7
Dividends paid	-	-	-	(201.3)	-	-	-	(201.3)
Dividend reinvestment plan	2.6	12.7	-	-	-	-	-	12.7
Transfers	-	2.8	-	-	-	-	(2.8)	-
Restricted shares issued	-	-	(0.7)	-	-	-	-	(0.7)
Share based payments expense	-	-	0.2	-	-	-	1.7	1.9
Balance at 31 December 2018	2,015.6	8,544.7	(0.6)	(610.2)	(36.4)	(669.9)	1.2	7,228.8
		Total issued capital \$8,544.1m			Total reserves (\$705.1m)			

The statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Tabcorp

ABOUT THIS REPORT

Tabcorp Holdings Limited (the Company) is a company domiciled in Australia. The general purpose condensed consolidated half year financial report of the Company for the six months ended 31 December 2019 (half year financial report) comprises the Company and its subsidiaries (the Group) and the Group's interest in joint arrangements and associates.

The half year financial report was authorised for issue by the Board of Directors on 19 February 2020 and has been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001 (Cth).

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth).

The accounting policies used are consistent with those applied in the 30 June 2019 financial report, except for the adoption of new standards effective as of 1 July 2019. The Group applies, for the first time, *AASB 16 Leases* which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with exemptions available for low value and leases less than 12 months. Previously, the Group classified its leases as operating leases under *AASB 117 Leases*. Refer note C1.

Note disclosures in this half year financial report have been grouped into the following three sections:

A Group performance

- A1 Segment information
- A2 Dividends
- A3 Revenue and expenses
- A4 Subsequent events

B Capital and risk management

- B1 Interest bearing liabilities
- B2 Derivative financial instruments
- B3 Fair value measurement

C Other disclosures

- C1 Impact of AASB 16 Leases
- C2 Impairment testing
- C3 Assets held for sale
- C4 Discontinued operations
- C5 Contingent liabilities

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

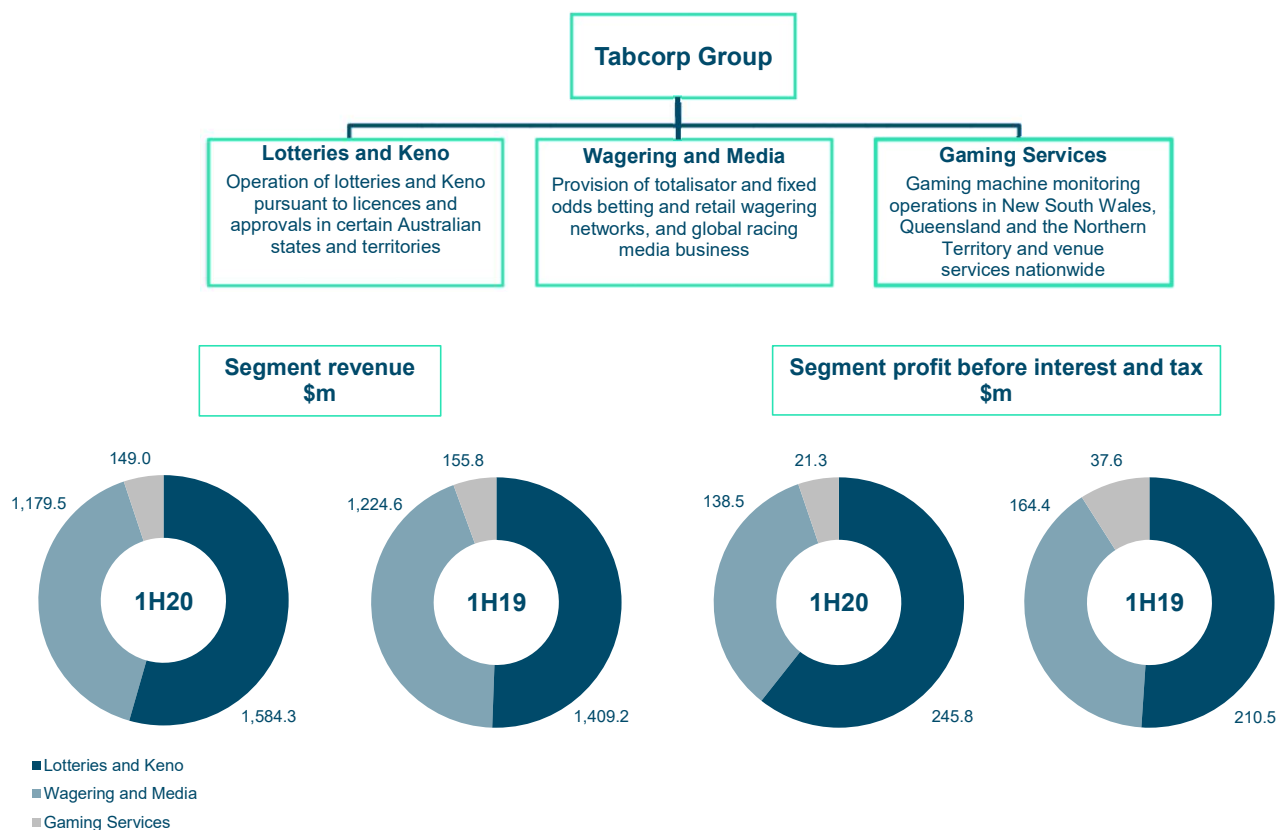
Tabcorp

SECTION A - GROUP PERFORMANCE

A1 Segment information

Operating segments reflect the business level at which financial information is provided to the Managing Director and Chief Executive Officer (Chief Operating Decision Maker), for decision making regarding resource allocation and performance assessment. The measure of segment profit used excludes significant items not considered integral to the ongoing performance of the segment. Inter-segment pricing is determined on commercial terms and conditions.

The Group has three operating segments at period end.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Tabcorp

SECTION A - GROUP PERFORMANCE (CONTINUED)

A1 Segment information (continued)

	Lotteries and Keno \$m	Wagering and Media \$m	Gaming Services \$m	Total \$m
December 2019				
Revenue - external	1,584.3	1,178.6	149.0	2,911.9
Revenue - intersegment	-	0.9	-	0.9
Segment revenue	1,584.3	1,179.5	149.0	2,912.8
Segment profit before interest and tax	245.8	138.5	21.3	405.6
December 2018				
Revenue - external	1,409.2	1,223.7	155.8	2,788.7
Revenue - intersegment	-	0.9	-	0.9
Segment revenue	1,409.2	1,224.6	155.8	2,789.6
Segment profit before interest and tax	210.5	164.4	37.6	412.5
	Revenue		Profit	
	December 2019 \$m	December 2018 \$m	December 2019 \$m	December 2018 \$m
Reconciliation of segment revenue and profit before tax				
Segment total (per above)	2,912.8	2,789.6	405.6	412.5
Intersegment revenue elimination	(0.9)	(0.9)	-	-
Unallocated items:				
- significant items:				
- implementation costs relating to combination with Tatts Group	-	-	(15.8)	(17.7)
- Racing Queensland arrangements ⁽ⁱ⁾	-	-	(11.8)	(8.6)
	-	-	(27.6)	(26.3)
- finance income	-	-	0.7	0.7
- finance costs	-	-	(95.5)	(105.7)
- other	2.0	1.5	(1.4)	(3.2)
Total per income statement (continuing operations)	2,913.9	2,790.2	281.8	278.0

(i) Additional fees related to the minimum performance obligations for three years to December 2020 under Racing Queensland arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Tabcorp

SECTION A - GROUP PERFORMANCE (CONTINUED)

A2 Dividends

Fully franked dividends declared and paid during the period:

Prior year final dividend

Fully franked dividends determined in respect of the period (declared and recognised after balance date):

Interim dividend

December 2019 Cents per share	December 2018 Cents per share	December 2019 \$m	December 2018 \$m
11.0	10.0	222.1	201.3
11.0	11.0	222.8	221.7

A3 Revenue and expenses

(a) Other income

Net gain on disposal of non current assets

Other

(b) Impairment ⁽ⁱ⁾

Buildings

Plant and equipment

Other intangible assets - software

December 2019 \$m	December 2018 \$m
0.6	1.5
0.9	0.8
1.5	2.3
3.3	-
1.1	-
1.3	-
5.7	-

(i) Includes the writedown of assets held for sale (refer note C3)

A4 Subsequent events

Other than the events disclosed elsewhere in this report, no additional matters or circumstances have arisen since the end of the half year, that may significantly affect the Group's operations, the results of those operations or the state of affairs of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Tabcorp

SECTION B - CAPITAL AND RISK MANAGEMENT

B1 Interest bearing liabilities

The Group borrows money from financial institutions and debt investors in the form of bank loans, foreign currency denominated notes and bonds. The following table details the debt position of the Group at 31 December:

Facility	Details	Facility \$m	Maturity	December 2019 \$m	June 2019 \$m
Bank overdraft	Floating interest rate revolving bilateral overdraft facility.	100.0	Feb-20	-	-
Bank loans - unsecured	Floating interest rate revolving facility. Subject to financial undertakings as to gearing and interest cover.	660.0	Jul-22	658.7	631.6
		600.0	Jul-23	598.1	494.7
		600.0	Jul-24	122.6	-
		1,860.0		1,379.4	1,126.3
US private placement	Fixed interest rate US dollar debt. Aggregate US dollar principal of \$1,553.0 million. Cross currency swaps are in place for all US dollar debt. Under these swaps the aggregate Australian dollar amount payable at maturity is \$1,925.0 million.	USD 170.0	Dec-20	244.7	246.1
		USD 133.0	Apr-22	189.2	189.2
		USD 105.0	Jun-26	148.9	148.9
		USD 450.0	Jun-28	637.8	637.8
		USD 520.0	Jun-30	737.0	737.0
		USD 175.0	Jun-33	248.0	248.0
		AUD 97.3	Jun-35	96.8	96.8
		AUD 97.3	Jun-36	96.8	96.8
				2,399.2	2,400.6
Tatts Bonds	Floating rate interest 90 day BBSW +3.1% paid quarterly in arrears. Redeemed in July 2019.	192.0	n/a	-	192.0
				3,778.6	3,718.9
Current				244.7	192.0
Non current				3,533.9	3,526.9
				3,778.6	3,718.9

B2 Derivative financial instruments

The Group holds the following derivative financial instruments, all at fair value based on level 2 observable inputs (refer to note B3):

	December 2019 \$m	June 2019 \$m
Current assets		
Cross currency swaps	89.1	18.8
Foreign exchange forward contracts	0.2	-
	89.3	18.8
Non current assets		
Cross currency swaps	223.8	289.0
	223.8	289.0
	313.1	307.8
Current liabilities		
Cross currency swaps	5.6	5.4
Interest rate swaps	27.6	30.0
Foreign exchange forward contracts	0.1	-
Open betting positions	6.7	10.9
	40.0	46.3
Non current liabilities		
Interest rate swaps	77.2	81.5
Foreign exchange forward contracts	0.1	-
	77.3	81.5
	117.3	127.8

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Tabcorp

SECTION B - CAPITAL AND RISK MANAGEMENT (CONTINUED)

B3 Fair value measurement

The fair value of financial assets and financial liabilities is estimated for recognition, measurement and disclosure purposes at each balance date. Various methods are available to estimate the fair value of a financial instrument and comprise:

- Level 1 - calculated using quoted prices in active markets.
- Level 2 - estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 - estimated using inputs for the asset or liability that are not based on observable market data.

The carrying amount of financial assets or liabilities recognised in the financial statements is deemed to be the fair value unless stated below:

	Carrying amount		Fair value	
	December 2019	June 2019	December 2019	June 2019
	\$m	\$m	\$m	\$m
Financial assets				
Investment in an associate	29.6	29.2	107.9	145.8
	29.6	29.2	107.9	145.8
Financial liabilities				
US private placement	2,408.9	2,410.7	2,744.9	2,749.0
Tatts Bonds	-	192.0	-	194.3
	2,408.9	2,602.7	2,744.9	2,943.3

The fair value of the Group's financial instruments is estimated as follows:

Investment in an associate

Fair value is determined using quoted market price (level 1 in fair value hierarchy).

US private placement

Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at balance date, in combination with restatement to foreign exchange rates at balance date (level 2 in fair value hierarchy).

Tatts Bonds

Fair value was determined using independent market quotations (level 1 in fair value hierarchy).

Cross currency swaps, interest rate swaps and foreign exchange forward contracts

Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at balance date (level 2 in fair value hierarchy).

Equity instruments at fair value through other comprehensive income

Fair value is calculated by reference to market prices prevailing at balance date (level 2 in fair value hierarchy).

There have been no significant transfers between level 1 and level 2 during the half year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Tabcorp

SECTION C - OTHER DISCLOSURES

C1 Impact of AASB 16 Leases

The Group adopted AASB 16 using the 'full retrospective' approach whereby on a lease by lease basis the right-of-use asset and lease liability is calculated from commencement of the lease. The cumulative effect has been recognised as an adjustment of \$22.1m to the opening balance of retained earnings as at 1 July 2018. The comparative information in relation to the half year ended 31 December 2018 and the balance sheet as at 30 June 2019 have been restated.

The Group has elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease. Instead, the Group applied AASB 16 to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4.

The effect of adopting AASB 16 is set out below, including the Group's revised accounting policies in relation to leases.

Impact on the Balance Sheet (increase/(decrease)) as at:

	December 2019 \$m	June 2019 \$m
Receivables	2.6	3.4
Property, plant and equipment	(7.1)	(7.4)
Right-of-use assets	307.7	328.0
Total assets impact	303.2	324.0
Payables	(0.4)	(0.5)
Lease liabilities	388.3	409.4
Deferred tax liabilities	(10.9)	(10.0)
Provisions	(48.1)	(51.4)
Total liabilities impact	328.9	347.5
Equity impact	(25.7)	(23.5)

Impact on the Income Statement (increase/(decrease) in profit) for the half year ended:

	December 2019 \$m	December 2018 \$m
Revenue	3.0	2.8
Other expenses	27.2	27.0
Depreciation and amortisation	(25.2)	(25.2)
Profit before income tax expense and net finance costs impact	5.0	4.6
Net finance costs	(8.1)	(8.7)
Profit from continuing operations before income tax expense impact	(3.1)	(4.1)
Income tax expense	0.9	1.0
Net profit after tax impact	(2.2)	(3.1)

There is no impact on other comprehensive income.

Impact on Earnings per share from continuing operations (increase/(decrease)) for the half year ended:

	December 2019 cents	December 2018 cents
Basic earnings per share	(0.1)	(0.1)
Diluted earnings per share	(0.1)	(0.1)

Impact on the Cash Flow Statement ((increase/(decrease) in cash) for the half year ended:

	December 2019 \$m	December 2018 \$m
Payments to suppliers, service providers and employees	34.1	34.2
Finance costs paid	(8.1)	(8.7)
Net cash flows from operating activities	26.0	25.5
Payment of lease liabilities	(26.0)	(25.5)
Net cash flows used in financing activities	(26.0)	(25.5)
Net increase/(decrease) in cash held	-	-

SECTION C - OTHER DISCLOSURES (CONTINUED)

C1 Impact of AASB 16 Leases (continued)

Set out below are the Group's revised accounting policies in relation to leases following the adoption of AASB 16.

When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At commencement of the lease, the Group recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Right-of-use assets are recognised at the commencement date of the lease, which is when the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Lease liabilities are recognised at the commencement date of the lease, measured at the present value of lease payments to be made over the lease term, using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. Lease payments include fixed payments or variable lease payments that depend on an index or a rate, incorporating the Group's expectations of extension options.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. Lease liabilities are remeasured when there is a modification, a change in the lease term, or changes in future lease payments arising from a change in rates or index used to determine the payments.

Short term leases (lease term of 12 months or less) and **leases of low value assets** are recognised as an expense as incurred.

C2 Impairment testing

In accordance with the Group's accounting policies, the Group has assessed each cash generating unit ('CGU') at period end to determine whether there were any indications of impairment. An impairment test was undertaken of the Wagering & Media and Gaming Services segments and related CGUs at 31 December 2019 and it was determined that no charges were required.

The recoverable amount of each CGU is determined based on fair value less costs of disposal, calculated using discounted cash flows. The cash flow forecasts are principally based upon a four year period and extrapolated using growth rates ranging from 2.0% to 2.5% (2019: 2.0% to 2.5%). These cash flows are then discounted using a relevant long term post tax discount rate, ranging between 7.5% and 8.4% (2019: 7.5% and 8.4%). This is considered to be level 3 in the fair value hierarchy (refer to note B3 for explanation of the valuation hierarchy).

The key estimates and assumptions used to determine the fair value less costs of disposal of a CGU are based on management's current expectations after considering past experience and external information, and are considered achievable.

The recoverable amount of these CGUs would equal their carrying amount, inclusive of allocated corporate costs and exclusive of corporate assets which are held at the Group level, if any of the key assumptions were to change as set out below. These sensitivities assume the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in these assumptions may accompany a change in another assumption. The allocation of corporate assets does not result in an impairment at 31 December 2019.

(i) Wagering & Media

- Long term growth rate decreases greater than 50%
- Post-tax discount rate increases by 90 basis points
- EBITDA in each of the four forecast years is reduced by 10.4%

(ii) Gaming Services

- Long term growth rate decreases greater than 45%
- Post-tax discount rate increases by 70 basis points
- EBITDA in each of the four forecast years is reduced by 5.4%

C3 Assets held for sale

Freehold land
Buildings
Plant and equipment

December 2019
\$m
43.1
6.6
0.2
49.9

Assets classified as held for sale are recognised at the lower of carrying amount and fair value less costs to sell. Gains and losses on subsequent re-measurement are included in the income statement. No depreciation or amortisation is charged on these assets while they are classified as held for sale.

During the period, the Group entered into sale agreements in relation to three surplus corporate properties. As the sales are highly probable, these assets have been classified as held for sale at 31 December 2019. The sales are expected to be completed within 12 months of balance date. An impairment loss of \$3.3 million was recognised in the current period on remeasurement of the assets to fair value less costs to sell.

SECTION C - OTHER DISCLOSURES (CONTINUED)

C4 Discontinued operations

In July 2018, Sun Bets ceased trading and is reported as a discontinued operation. Sun Bets was a UK online wagering and gaming business that the Group had in partnership with News UK since 2016.

The results of the discontinued operations for the prior period are presented below:

	December 2018 \$m
Revenue	0.1
Expenses	(10.6)
Loss before income tax benefit	(10.5)
Income tax benefit on operating activities of discontinued operations	0.7
Loss from discontinued operations, net of tax	(9.8)
Cash flow information - discontinued operations:	
The cash flows from the discontinued operations contained in the Group cash flow statement for the prior period are:	
Net cash outflow from operating activities	(91.7)
Net cash outflow from investing activities	-
Net cash outflow	(91.7)
Earnings per share from discontinued operations:	
Basic earnings per share (cents)	(0.5)
Diluted earnings per share (cents)	(0.5)

C5 Contingent liabilities

Since the last annual reporting date, the material changes in contingent liabilities are:

Australian Taxation Office Audit

During the period, the Australian Taxation Office (ATO) issued Tatts Group Limited (Tatts) with their position paper in relation to the tax year ended 30 June 2016. The position paper sets out the ATO's view on the income tax treatment of certain expenditure including licence fees incurred by Tatts in relation to monitoring gaming machines in New South Wales, which differs to Tatts' view. Tatts had previously claimed a deduction for this expenditure.

The Group is working with the ATO on this matter, and retains the view, supported by advice, that on the balance of probability the deductions are allowable. The financial statements continue to reflect this view, and no provision for a liability has been recognised. If the Group is ultimately unsuccessful in its claims and the income tax deductions are disallowed, the estimated financial impact is an expense of \$64.4 million post tax, excluding any penalties and interest charges the ATO may impose.

Racing Queensland dispute

On 28 June 2019 Racing Queensland (RQ) commenced legal proceedings against the Company and UBET Qld Limited (UBET). RQ is seeking damages and other relief. The proceedings are in relation to two interrelated disputes relating to the calculation of fees following the introduction of the point of consumption tax in Queensland on 1 October 2018. The Company and UBET currently consider, on the balance of probability, that no provision for liability is required. If the Company and UBET are ultimately unsuccessful in the proceedings, the estimated financial impact covering the 15 month period to 31 December 2019 is an expense of up to \$34 million post tax (30 June 2019: \$20 million post tax).

DIRECTORS' DECLARATION

Tabcorp

In the opinion of the Directors of Tabcorp Holdings Limited:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001 (Cth), including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001 (Cth); and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.



Paula J Dwyer
Chairman



David R H Attenborough
Managing Director and Chief Executive Officer

Melbourne
19 February 2020

Independent Auditor's Review Report to the Members of Tabcorp Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Tabcorp Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

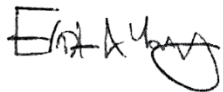
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

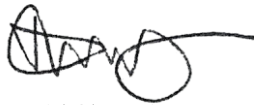
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Ernst & Young



David Shewring
Partner
Melbourne
19 February 2020