

ACTTAB LIMITED

Objectives

ACTTAB Limited's mission is to be a provider of responsive, customer focused wagering and gaming services, offering state of the art products and providing sustainable returns to shareholders on their investment in the business.

ACTTAB operates in a market where direct and indirect competition for its revenue base is strong. The Australian wagering market will become increasingly competitive as a result of the changes in ownership and structure of the large NSW, Victorian and Queensland TABs. These changes to the industry could threaten ACTTAB's access to free interstate racing products, which is a major source of revenue. Many market participants have the advantage of a private sector capital base and a profit maximising focus.

ACTTAB intends to meet the challenge of increased competition, in the ACT wagering market, by continuing to develop and maintain a network of readily accessible ACTTAB outlets providing a high level of presentation and customer service, and by improving the accessibility and delivery of ACTTAB telephone and home based betting facilities.

ACTTAB also endeavours to convey the need for responsible betting to existing and potential customers, develop and market the entertainment and value of ACTTAB products to existing and potential customers, investigate mutually beneficial business relationships, and utilise the latest technology to deliver fast, reliable, secure and user friendly services.

1999-2000 Highlights

Strategic and operational issues to be pursued in 1999-2000 include:

- acquiring a new betting system able to carry out a broad range of wagering and gaming activities, capable of simultaneously linking to a number of different pools and betting products, with a high level of security, efficiency and integrity;
- pursuing growth in profitable business areas, where possible, including pursuing market share presented by pay TV and internet betting;
- investigating new products and services;
- increasing the number of "combined meetings" providing greater pool depth on more meetings;
- providing additional Keno game options and improved displays for players; and
- enhancing the head office networks and management information systems.

Budget Summary	1999-2000 Planned \$000
Revenues	
• Wagering	19 033
• Other	2 082
• Interest	170
Services Provided	
• Wagering and betting service	10 121
Disbursements	
• ACT racing industry	3 777
• ACT Government	5 972

ACTTAB Limited Operating Statement

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
Revenue							
18 227	User Charges - Non ACT Government	18 410	19 033	3	19 779	20 766	21 826
145	Interest	145	170	17	187	206	211
1 983	Other Revenue	1 983	2 082	5	2 186	2 295	2 295
20 355	Total Revenue	20 538	21 285	4	22 152	23 267	24 332
Expenses							
2 946	Employee Expenses	2 946	3 072	4	3 199	3 300	3 383
152	Superannuation Expenses	152	158	4	164	169	174
5 045	Administrative Expenses	5 045	5 551	10	5 826	6 116	6 487
1 270	Depreciation and Amortisation	1 270	1 334	5	1 248	1 348	1 382
5	Interest	5	6	20	5	3	3
9 637	Other Expenses	9 820	9 749	-1	10 232	10 741	11 273
19 055	Total Expenses	19 238	19 870	3	20 674	21 677	22 702
1 300	Operating Result Before Abnormal Items	1 300	1 415	9	1 478	1 590	1 630
50	Abnormal Expense	50	0	-100	0	0	0
1 250	Operating Result Before Extraordinary Items	1 250	1 415	13	1 478	1 590	1 630
450	Income Tax Equivalent	450	509	13	532	572	586
800	Operating Result	800	906	13	946	1 018	1 044
10 373	Accumulated Funds - Start of Period	10 684	11 059	4	11 512	11 985	12 494
-25	Amounts transferred to/from Reserves	-25	0	-100	0	0	0
400	Dividend Declared	400	453	13	473	509	522
10 748	Accumulated Funds - End of Period	11 059	11 512	4	11 985	12 494	13 016

ACTTAB Limited
Statement Of Financial Position

Budget as at 30/6/99 \$'000		Est.Outcome as at 30/6/99 \$'000	Planned as at 30/6/00 \$'000	Var %	Planned as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000
Current Assets							
4 066	Cash	7 091	8 060	14	9 152	10 283	11 454
825	Receivables	1 789	1 789	-	1 789	1 789	1 789
67	Inventories	88	88	-	88	88	88
100	Other	17	17	-	17	17	17
5 058	Total Current Assets	8 985	9 954	11	11 046	12 177	13 348
Non Current Assets							
9 739	Property, Plant and Equipment	8 078	7 354	-9	6 835	6 216	5 597
0	Intangibles	343	343	-	343	343	343
9 739	Total Non Current Assets	8 421	7 697	-9	7 178	6 559	5 940
14 797	TOTAL ASSETS	17 406	17 651	1	18 224	18 736	19 288
Current Liabilities							
2 500	Creditors	4 350	4 158	-4	4 038	3 918	3 798
505	Employee Entitlements	588	588	-	588	588	588
845	Other Provisions	1 332	1 316	-1	1 536	1 659	1 809
3 850	Total Current Liabilities	6 270	6 062	-3	6 162	6 165	6 195
Non Current Liabilities							
200	Employee Entitlements	77	77	-	77	77	77
200	Total Non Current Liabilities	77	77	-	77	77	77
4 051	TOTAL LIABILITIES	6 348	6 140	-3	6 240	6 243	6 273
10 747	NET ASSETS	11 059	11 512	4	11 985	12 494	13 016
REPRESENTED BY FUNDS EMPLOYED							
10 748	Accumulated Funds	11 059	11 512	4	11 985	12 494	13 016
10 748	TOTAL FUNDS EMPLOYED	11 059	11 512	4	11 985	12 494	13 016

**ACTTAB Limited
Cashflow Statement**

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
1 871	CASH AT BEGINNING OF REPORTING PERIOD	5 346	7 091	33	8 060	9 152	10 283
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
18 227	User Charges	19 304	19 402	1	20 230	21 252	22 312
145	Interest Received	145	170	17	187	206	211
1 983	Other Revenue	1 983	2 082	5	2 186	2 295	2 295
20 355	Operating Receipts	21 432	21 654	1	22 603	23 753	24 818
	Payments						
3 098	Related to Employees	3 098	3 230	4	3 363	3 469	3 557
5 070	Related to Administration	5 070	5 553	10	5 825	6 116	6 521
5	Finance Costs	5	6	20	5	3	3
8 723	Other	10 250	10 643	4	10 995	11 676	12 195
16 896	Operating Payments	18 423	19 432	5	20 188	21 264	22 276
3 459	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3 009	2 222	-26	2 415	2 489	2 542
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
1 075	Proceeds from Sale of Property, Plant & Equipment	1 075	0	-100	0	0	0
1 075	Investing Receipts	1 075	0	-100	0	0	0
	Payments						
1 939	Purchase of Property, Plant and Equipment	1 939	800	-59	850	849	849
1 939	Investing Payments	1 939	800	-59	850	849	849
-864	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-864	-800	7	-850	-849	-849
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Payments						
400	Dividends to Government	400	453	13	473	509	522
400	Financing Payments	400	453	13	473	509	522
-400	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	-400	-453	-13	-473	-509	-522
2 195	NET INCREASE/(DECREASE) IN CASH HELD	1 745	969	-44	1 092	1 131	1 171
4 066	CASH AT THE END OF THE REPORTING PERIOD	7 091	8 060	14	9 152	10 283	11 454

Notes to the Budget Statements

Operating Statement

Significant variations are as follows:

- user charges non-ACT Government: the increase of \$0.623m in 1999-2000 reflects marginal growth in gambling revenue related to the indexation of sales;
- administrative expenses: the increase of \$0.506m in 1999-2000 is consistent with the growth in gambling revenue;
- other expenses: this largely represents the licence fee paid to the Government and payments made to the ACT Racing Development Fund. The licence fee will decrease by \$0.551m in 1999-2000 due to a change in the methodology used to calculate the licence fee under the Keno Licencing Agreement, from a flat fee per year to a turnover based tax. This is partly offset by an increase of \$0.480m in the payments to ACT racing clubs due to the expected higher wagering turnover; and
- abnormal expense: the amount of \$0.050m in 1998-99 represents final legal and professional fees incurred for the Inquiry into matters relating to contractual arrangements between ACTTAB and VITAB.

Statement of Financial Position

Significant variations are as follows:

- intangibles: the increase of \$0.343m in 1998-99 from original budget represents the capitalised product establishment cost related to Keno.