



Interim Financial Statements

For the six months ended 31 January 2021

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Independent auditor's review report

To the Board members of TAB New Zealand

Report on the interim financial statements

Our conclusion

We have reviewed the interim financial statements of TAB New Zealand and its controlled entities (together "the Group"), which comprise the statement of financial position as at 31 January 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended on that date, and the notes to the interim financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 January 2021, and its financial performance and cash flows for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibility is further described in the *Auditor's responsibility for the review of the financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the areas of advisory and tax related services. The provision of these other services has not impaired our independence as auditor of the Group.

Board members' responsibility for the financial statements

The Board members are responsible on behalf of the Group for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Board members determine is necessary to enable the preparation and fair presentation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.



Who we report to

This report is made solely to the Group's Board members, as a body. Our review work has been undertaken so that we might state to the Group's Board members those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's board members, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Maxwell John Dixon.

For and on behalf of:

A handwritten signature in black ink, reading 'Maxwell John Dixon', written in a cursive style.

Chartered Accountants
Wellington, New Zealand
31 March 2021

Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 January 2021

		UNAUDITED	
		TAB NZ	RITA
		January 2021	January 2020
	Note	\$000	\$000
Betting and gaming turnover	3b	1,589,272	1,499,989
REVENUE			
Net betting revenue	3c	164,741	146,957
Net gaming revenue	3c	14,551	15,001
Other revenue		14,168	24,419
TOTAL REVENUE	3a	193,460	186,377
Turnover related expenses	4	40,482	39,355
Operating Expenses	5	58,483	71,479
NET PROFIT BEFORE DISTRIBUTIONS		94,495	75,543
Distributions	6	63,155	88,267
Provision for undistributed gaming surplus		4,809	3,198
NET PROFIT / (LOSS) AFTER DISTRIBUTIONS		26,531	(15,922)
OTHER COMPREHENSIVE INCOME			
Movement in fair value of cash flow hedges *		(22)	365
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		26,509	(15,557)
Total other comprehensive loss attributable to:			
Reserves		26,524	(15,488)
Non-controlling interests in RIU		(15)	(69)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		26,509	(15,557)

* Items of other comprehensive income may be reclassified to profit or loss.

Statement of Changes in Equity

For the six months ended 31 January 2021

	UNAUDITED			
	Attributable to TAB NZ General reserve	Hedging reserve	Attributable to non- controlling interest in RIU	TOTAL GROUP EQUITY
	\$000	\$000	\$000	\$000
TAB NZ				
Balance as at 1 August 2020	53,339	(272)	107	53,174
Net profit after distributions	26,546	-	(15)	26,531
Other comprehensive (loss)	-	(22)	-	(22)
Balance as at 31 January 2021	79,885	(294)	92	79,683

	UNAUDITED			
	Attributable to RITA		Attributable to non- controlling interest in RIU	TOTAL GROUP EQUITY
	General reserve	Hedging reserve		
	\$000	\$000	\$000	\$000
RITA				
Balance as at 1 August 2019	24,698	24	141	24,863
Net loss after distributions	(15,853)	-	(69)	(15,922)
Other comprehensive income	-	365	-	365
Balance as at 31 January 2020	8,845	389	72	9,306

Statement of Financial Position

As at 31 January 2021

	Note	UNAUDITED TAB NZ January 2021 \$000	AUDITED RITA July 2020 \$000
CURRENT ASSETS			
Cash and cash equivalents		61,591	54,120
Trade and other receivables		12,590	7,208
Other financial assets	7	37,596	24,596
Non-current assets held for sale		681	-
Other assets		2,450	3,275
TOTAL CURRENT ASSETS		114,908	89,199
NON-CURRENT ASSETS			
Property, plant and equipment		66,522	70,866
Intangible assets		42,636	44,296
Other financial assets	7	7,436	2,675
Other assets		264	538
TOTAL NON-CURRENT ASSETS		116,858	118,375
TOTAL ASSETS		231,766	207,574
CURRENT LIABILITIES			
Trade and other payables		32,086	28,031
Customer betting account deposits and vouchers		24,044	22,137
Derivative liabilities		304	295
Liabilities from contracts with customers		3,858	3,286
Provisions		7,625	6,020
Taxation payable		5,706	5,431
Borrowings	8	35,000	-
Lease liabilities		7,064	6,900
TOTAL CURRENT LIABILITIES		115,687	72,100
NON-CURRENT LIABILITIES			
Borrowings	8	-	45,000
Lease liabilities		34,388	35,291
Other financial liabilities		1,603	1,513
Provisions		405	496
TOTAL NON-CURRENT LIABILITIES		36,396	82,300
TOTAL LIABILITIES		152,083	154,400
TOTAL EQUITY		79,683	53,174
TOTAL LIABILITIES AND EQUITY		231,766	207,574

The Board members of TAB New Zealand have authorised these interim financial statements for issue on 31 March 2021.



Dean McKenzie
Chair of TAB New Zealand
31.03.2021



Bill Birnie
Chair of Audit and Risk Committee
of TAB New Zealand
31.03.2021

Statement of Cash Flows

For the six months ended 31 January 2021

	UNAUDITED	
	TAB NZ	RITA
	January 2021	January 2020
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
INFLOWS		
Betting and gaming turnover	1,589,272	1,499,989
NZ racing shown overseas	7,892	11,689
Other revenue	383	11,083
Jackpot retentions and account deposits	2,124	-
TOTAL INFLOWS FROM OPERATING ACTIVITIES	1,599,671	1,522,761
OUTFLOWS		
Betting and gaming dividends paid	(1,365,997)	(1,301,051)
Betting and gaming duty paid	(12,614)	(10,271)
Taxes and levies	(30,739)	(25,493)
Jackpot retentions and account deposits	-	(327)
Payments to national sporting organisations	(8,946)	(6,424)
Payments for employee benefits	(20,868)	(28,909)
Payments to suppliers	(58,301)	(59,952)
TOTAL OUTFLOWS FROM OPERATING ACTIVITIES	(1,497,465)	(1,432,427)
NET CASH PROVIDED BY OPERATING ACTIVITIES	102,206	90,334
CASH FLOWS FROM INVESTING ACTIVITIES		
INFLOWS		
Interest received	279	405
Repayment of industry loans	-	200
TOTAL INFLOWS FROM INVESTING ACTIVITIES	279	605
OUTFLOWS		
Investment in term deposits	(18,000)	-
Purchases of property, plant and equipment and intangible assets	(3,703)	(6,902)
TOTAL OUTFLOWS FROM INVESTING ACTIVITIES	(21,703)	(6,902)
NET CASH USED IN INVESTING ACTIVITIES	(21,424)	(6,297)
CASH FLOWS FROM FINANCING ACTIVITIES		
INFLOWS		
Drawdown of borrowings	-	5,000
TOTAL INFLOWS FROM FINANCING ACTIVITIES	-	5,000
OUTFLOWS		
Repayment of borrowings and interest paid on borrowings	(11,004)	(1,335)
Repayment of leases and associated interest	(2,977)	(3,359)
Betting Net Profit distributions to the racing industry	(53,672)	(78,545)
Gaming Net Profit distributions to the racing industry	(4,501)	(4,052)
Gaming Net Profit distribution to external bodies	(1,294)	(1,366)
TOTAL OUTFLOWS FROM FINANCING ACTIVITIES	(73,448)	(88,657)
NET CASH USED IN FINANCING ACTIVITIES	(73,448)	(83,657)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,334	380
Cash and cash equivalents as at the beginning of the period	54,120	10,487
Foreign exchange gain / (loss) on cash and cash equivalents	137	(171)
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	61,591	10,696

Notes to the interim financial statements

The purpose of these interim financial statements is to report on the financial performance for the six months ended 31 January 2021. Additionally, these interim financial statements report on transactions and events that are significant in gaining an understanding of the changes in financial position, performance and cash flows of TAB New Zealand since its inception on 1 August 2020.

The notes to the interim financial statements include information which is required to understand the financial statements and information that is material and relevant to the financial performance, financial position and operations of TAB NZ.

Who is TAB NZ and what is the basis of financial statement preparation?

1. Basis of preparation

Reporting entity and statutory basis

TAB New Zealand (TAB NZ) is a statutory body domiciled in New Zealand and established by the Racing Industry Act 2020 which took effect on 1 August 2020. The Act sets forth TAB NZ's principal objectives as follows:

- a) to facilitate and promote betting;
- b) subject to ensuring that risks of problem gambling and underage gambling are minimised, to maximise:
 - i. its profits for the long-term benefit of New Zealand racing; and
 - ii. its returns to New Zealand sports.

In order to achieve those objectives, TAB NZ provides customers with betting products on racing and sports through its various channels including retail, digital (online and mobile) and on-course. Whilst TAB NZ has a significant digital offering, it operates in over 500 outlets which provide customers with a more personalised experience. TAB NZ also operates the largest outside broadcasting operation in New Zealand (Trackside 1 and 2), and holds a Class 4 gaming licence in selected TAB stores.

Impact of the Racing Industry Act 2020

TAB NZ's transition from RITA

Transition to TAB NZ is accounted for through the pooling of interests method as both RITA and TAB NZ are considered under common control for financial reporting purposes. As such, RITA's assets and liabilities vest in TAB NZ pursuant to the Racing Industry Act 2020 and continue to be accounted for at carrying value rather than fair value on transition date; hence, no adjustments were made to the opening balances of TAB NZ's financial statements as at 1 August 2020.

As these are TAB NZ's first interim financial statements, comparative figures presented reflect the results of RITA whose operations are substantially the same as that of TAB NZ in order to better provide useful information around TAB NZ's performance, cash flows and financial position.

Establishment of the Racing Integrity Board (RIB)

The Act also provides for the establishment of the RIB which consolidates the operations of the Racing Integrity Unit (RIU) and the Judicial Conduct Authority. This results in RIU's operations being continued within RIB and will be governed by the RIB board which is independent of TAB NZ; consequently, RIU will be deconsolidated from TAB NZ Group when its operations are transferred to the RIB (currently scheduled on the 1st of July 2021). The Net Assets of RIU amounts to \$0.1 million comprising \$1.6 million of Total Assets and \$1.5 million of Total Liabilities as at 31 January 2021.

Statement of compliance

The Act requires that TAB NZ prepare financial statements that comply with generally accepted accounting practice (GAAP) in New Zealand (as defined under the Financial Reporting Act 2013). The financial statements presented are for TAB NZ and its subsidiaries, the Racing Integrity Unit (RIU) and the Betting Accounts and Betting Vouchers Trust (collectively, the Group).

These unaudited interim financial statements comply with International Accounting Standards and NZ IAS 34 Interim Financial Reporting and do not include all the disclosures required for full annual financial statements prepared in accordance with NZ IFRS. However, as the accounting policies used by RITA are fully adopted by the TAB NZ, these interim financial statements should be read in conjunction with the last published full financial statements of RITA for the year ended 31 July 2020.

Basis of measurement

These interim financial statements have been prepared on the historical cost basis and are presented in New Zealand dollars (\$) which is TAB NZ's functional currency.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the RITA's annual consolidated financial statements for the year ended 31 July 2020. The TAB NZ Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Going Concern

These interim financial statements are prepared on a going concern basis. Refer to notes 7, *Other financial assets* and 8, *Borrowings* for further details on TAB NZ's working capital management.

New standards, interpretations and amendments issued

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period on 1 August 2020. There are no new accounting standards, interpretations and amendments requiring additional disclosure as at 31 January 2021.

How were the results of the Group reported internally?

The following is an analysis of the Group's profit by reportable segments. There have been no changes in the nature of operating segments since 31 July 2020.

2. Operating segments

	UNAUDITED TAB NZ				
	Betting \$000	Gaming \$000	RIU \$000	Eliminations \$000	Total \$000
31 January 2021					
NET PROFIT BEFORE DISTRIBUTIONS	87,410	10,501	(20)	(3,396)	94,495
Less distributions	(60,859)	(5,692)	-	3,396	(63,155)
Less provision for undistributed Gaming net profit	-	(4,809)	-	-	(4,809)
NET PROFIT / (LOSS) AFTER DISTRIBUTIONS	26,551	-	(20)	-	26,531

	UNAUDITED RITA				
	Betting \$000	Gaming \$000	RIU \$000	Eliminations \$000	Total \$000
31 January 2020					
NET PROFIT BEFORE DISTRIBUTIONS	68,203	10,644	92	(3,396)	75,543
Less distributions	(84,217)	(7,446)	-	3,396	(88,267)
Less provision for undistributed Gaming net profit	-	(3,198)	-	-	(3,198)
NET (LOSS) / PROFIT AFTER DISTRIBUTIONS	(16,014)	-	92	-	(15,922)

How did TAB NZ perform in creating value for its customers?

3. Revenue

TAB NZ's total revenue shown in the Statement of Profit or Loss and Other Comprehensive Income arise from contracts with customers covered under NZ IFRS 15 and from other sources covered under various other standards as follows:

3a. Revenue

The following table discloses TAB NZ's contracts with customers disaggregated based on their nature and sources that appropriately depict how those revenues and their associated cash flows are impacted by economic factors; these categories of disaggregation broadly reflect how TAB NZ evaluates its performance and resource allocation decisions.

		UNAUDITED	
		TAB NZ January 2021 \$000	RITA January 2020 \$000
Revenue from contracts with customers			
Net betting revenue	3c	164,741	146,957
Net gaming revenue	3c	14,551	15,001
NZ racing shown overseas revenue		9,445	11,689
Other revenue		4,023	12,015
		192,760	185,662
Income from other sources		700	715
TOTAL REVENUE		193,460	186,377

During the financial year ending 31 July 2020, operational changes were made to support the industry's post lockdown return to racing; these changes have meant TAB NZ no longer receives income from providing race venue services (\$8 million for the six months to 31 January 2020 recognised within other revenue).

3b. Turnover

		UNAUDITED	
		TAB NZ January 2021 \$000	RITA January 2020 \$000
Betting turnover - racing		964,485	863,768
Betting turnover - sports		369,255	372,883
Total betting turnover		1,333,740	1,236,651
Gaming turnover		255,532	263,338
TOTAL BETTING AND GAMING TURNOVER		1,589,272	1,499,989

3c. Net betting and net gaming revenue

Net betting and gaming revenue represent the net win or loss to TAB NZ. Net betting and gaming revenue is comprised of turnover less dividends paid or payable, less duties and GST. Problem gambling levies and betting and gaming machine duties are considered sales taxes, and are therefore included within net betting and gaming revenue, consistent with GST.

What costs were incurred in providing services to customers?

This section highlights the different costs incurred by TAB NZ to generate wagering and gaming turnover and as well as the costs required to carry out its operations.

4. Turnover related expenses

	UNAUDITED	
	TAB NZ	RITA
	January 2021	January 2020
	\$000	\$000
Advertising and promotions	2,236	4,982
Commingle fee	820	755
National sporting organisations	6,150	6,474
Overseas racing rights	16,521	14,896
Race form publications	280	580
Retail fees	6,590	7,415
Other turnover related expenses	7,885	4,253
TOTAL TURNOVER RELATED EXPENSES	40,482	39,355

The effect of cost saving initiatives implemented during the second half of the 2020 financial year included targeted advertising and promotions campaigns which continued on during the first half of the 2021 financial year; this has proven to be effective in generating higher Fixed Odds Betting revenue from sports. Consequently, this has resulted in higher payments to National Sporting Organisations, overseas racing rights and revenue share fees (under Other turnover related expenses).

5. Operating expenses

	UNAUDITED	
	TAB NZ	RITA
	January 2021	January 2020
	\$000	\$000
Broadcasting expenses	4,626	4,727
Communication and technology expenses	11,550	14,168
Premises and equipment expenses	3,074	3,739
Staff expenses	20,787	28,960
Depreciation and amortisation	10,993	11,163
Other operating expenses	7,453	8,722
TOTAL OPERATING EXPENSES	58,483	71,479

The reduction in operating expenses between the half year periods presented reflect the impact of cost saving initiatives implemented during the second half of the 2020 financial year; notable savings relate to communications and technology expenses and staff expenses where various operational changes were made in response to COVID-19.

Other operating expenses include \$3 million of card merchant fees which reflects the increased betting activity experienced during the period.

Compensation of key management personnel for the six months to 31 January 2021 are as below.

	UNAUDITED	
	TAB NZ	RITA
	January 2021	January 2020
	\$000	\$000
Salaries and other short-term employee benefits	989	1,571
Total Chief Executive and leadership team remuneration	989	1,571
Board members' fees	164	144
TOTAL COMPENSATION OF KEY MANAGEMENT PERSONNEL	1,153	1,715

The Board members' fees for the six months to 31 January 2020 is partially offset by funding received by RITA as part of its transition activities resulting in comparatively lower amount for that period as no corresponding funding was received by TAB NZ during the six months to 31 January 2021.

How TAB NZ supported the racing industry and the community!

TAB NZ distributes its net profit to the Racing Industry and Sporting Community Organisations. This section shows how the betting and gaming net profit of TAB NZ supported these stakeholders.

6. Distributions

31 January 2021	UNAUDITED TAB NZ			TOTAL
	BETTING	GAMING	Undistributed RITA Gaming net profit from 31 July 2020	
	\$000	\$000	\$000	\$000
Distributions to the racing industry				
Code funding	60,859	-	-	60,859
Racing integrity entities	-	2,491	2,491	4,982
Other application of funds from Gaming operations				
Infrastructure development	-	145	1,085	1,230
Stakes enhancement	-	1,866	-	1,866
Other racing authorised	-	470	4	474
TOTAL DISTRIBUTIONS TO THE RACING INDUSTRY	60,859	4,972	3,580	69,411
Distributions (grants) to sporting community organisations				
Sports authorised purposes (paid and payable)	-	720	574	1,294
TOTAL DISTRIBUTIONS (GRANTS) TO SPORTING COMMUNITY ORGANISATIONS	-	720	574	1,294
Reversal of prior period provision for undistributed net profit	-	-	(3,069)	(3,069)
Reversal of prior year accumulated gaming net profit	-	-	(1,085)	(1,085)
TOTAL DISTRIBUTIONS FROM TAB NZ PARENT	60,859	5,692	-	66,551
Distributions to RIU - eliminated on consolidation	-	(3,396)	-	(3,396)
TOTAL DISTRIBUTIONS FROM GROUP	60,859	2,296	-	63,155

The undistributed gaming surplus from FY20 of \$3 million was allocated to FY21 gaming distributions as detailed above. During the six months to 31 January 2021, \$1 million of the accumulated funds were applied to the synthetic track infrastructure development projects.

Other payments made to the racing codes

In addition to the above distributions, TAB NZ transferred the following to the racing codes during the six month period ending 31 January 2021:

- Betting Duty savings of \$4 million; and
- Betting Information Use Charges of \$10 million

As the legislation and relevant regulations provide for the above items to be directly paid out by the TAB NZ to specified external entities, the TAB is considered an agent for the underlying transactions and have, therefore, excluded the impact of those transactions in the statement of profit or loss; any funds retained and subsequently transferred out are reflected in the statement of financial position.

31 January 2020	UNAUDITED RITA			
	BETTING	GAMING	Undistributed Gaming net profit from 31 July 2019	TOTAL
	\$000	\$000	\$000	\$000
Distributions to the racing industry				
Code funding	82,346	-	-	82,346
Racing integrity entities	-	4,238	850	5,088
The Races Partnership Limited	1,871	379	76	2,326
Other application of funds from Gaming operations				
Infrastructure development	-	715	296	1,011
Race form publications	-	405	201	606
Stakes enhancement	-	62	258	320
Other racing authorised	-	359	4	363
TOTAL DISTRIBUTIONS TO THE RACING INDUSTRY	84,217	6,158	1,685	92,060
Distributions (grants) to sporting community organisations				
Sports authorised purposes (paid and payable)	-	1,288	78	1,366
TOTAL DISTRIBUTIONS (GRANTS) TO SPORTING COMMUNITY ORGANISATIONS	-	1,288	78	1,366
Reversal of prior year provision for undistributed net profit	-	-	(1,763)	(1,763)
TOTAL DISTRIBUTIONS FROM RITA PARENT	84,217	7,446	-	91,663
Distributions to RIU - eliminated on consolidation	-	(3,396)	-	(3,396)
TOTAL DISTRIBUTIONS FROM GROUP	84,217	4,050	-	88,267

The undistributed gaming surplus from 2018/19 of \$3 million consists of \$2 million allocated to 2019/20 gaming distributions as detailed above. The remaining \$1 million relates to funds accumulated for synthetic track development projects reported under current provisions in the Statement of Financial Position.

Other information

7. Other financial assets

	UNAUDITED TAB NZ 2021 \$000	AUDITED RITA 2020 \$000
Term deposits including Betting Accounts and Vouchers Trust	42,000	24,000
Lease receivable	2,943	3,182
Other	89	89
TOTAL OTHER FINANCIAL ASSETS	45,032	27,271

Term deposits of \$42 million is made up of the following:

- \$29 million relates to the *Betting Accounts and Betting Vouchers Trust* representing funds held in trust to cover the balance of customer betting accounts deposits and vouchers liability; additionally, a further \$1 million of funds included within cash and cash equivalents is held to cover the total owed to customers of betting account deposits and vouchers liability of \$24 million. The deposits and cash balance held in trust are not available for use by TAB NZ in the ordinary course of business up to the value of the betting deposits and vouchers liability.
- \$13 million relates to TAB NZ general cash funds invested in short term deposits as part of TAB NZ's normal investment strategy; \$5 million of this amount is classified as non-current in the statement of financial position having been invested for more than 12 months from balance date; nonetheless, this is available to TAB NZ for working capital purposes at any point in time.

8. Borrowings

As at balance date, TAB NZ has \$35 million of bank borrowings (FY20: \$45 million) where the facility matures within 12 months of balance date but is being renegotiated for further extension. As at balance date, TAB NZ has \$10 million of undrawn banking facilities available to it.

Working capital management

TAB NZ's working capital (net current liabilities) position as at balance date is -\$0.8 million (FY20: \$17 million) which is driven mainly by the \$35 million borrowings being classified as current as noted above combined by a portion of readily-available term deposit of \$5 million being classified as a non-current asset (see note 7). Excluding the impact of these items, the operational working capital is +\$39 million, a \$22 million increase in operational working capital since 31 July 2020. Improvement is driven by the continued impacts of cost saving initiatives, concentrated cash management and TAB NZ's strong performance for the six month period ending 31 January 2021.

9. Related parties

There have been no significant changes to the related parties or transactions with related parties since 31 July 2020.

10. Subsequent events

Subsequent to 31 January 2021, TAB NZ has formally extended the term of its bank facilities for a further 2 years from the existing facilities' maturity date in August 2021; this enables the TAB NZ to continue having access to the facility for liquidity and working capital requirements.

This does not indicate that the balances reported in these financial statements as at 31 January 2021 would require an adjustment.

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MNZM

Kirsty McDonald
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