

High Court of Australia Judgment

The High Court of Australia has today upheld the State of Victoria's appeal in relation to the matter of the State of Victoria v Tatts Group Limited (M83 of 2015), with the result that Tatts must repay the State \$540,467,887.92 plus interest from 27 June 2014. The amount of the interest has not yet been determined.

Tatts is also required to pay the State's costs of the appeal and its costs of the proceedings in the Victorian Supreme Court and Victorian Court of Appeal.

As previously advised, the amount which now must be repaid (which was received by Tatts from the State on 27 June 2014, after it was successful at first instance in the court below) has not been recognised as income in Tatts' financial accounts. The funds have been treated as unearned income and a current liability.

The litigation proceeds have been used to repay debt as it matured and this has resulted in an approximate \$18.6 million after tax benefit since the funds were received in June 2014. The expected financial impact in the 2016 full year accounts will be the payment to the State of the additional interest plus costs. Following repayment to the State, the Group's net debt to EBITDA ratio is still comfortably serviceable considering the Group's cash flow, profitability and future opportunities.

The decision is not expected to affect Tatts' ability to continue its stated dividend policy of maintaining a high annual dividend payout ratio.

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