



Lone Rock - Winner of the 2011 Distinctive Homes Goodwood

THOROUGHBRED RACING SOUTH AUSTRALIA

ANNUAL REPORT

2011



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Chairman's Report



Frances Nelson QC Chairman

I am pleased to report that the racing year 2010-2011 was another successful year for thoroughbred racing in South Australia. We have been able to build on the progress that was made in the preceding year.

2010 saw us welcome three new directors to the Board of Thoroughbred Racing SA; Ken Smith formerly Deputy Chairman of the South Australian Jockey Club, Brian Foster previously Chairman of the Murray Bridge Racing Club and David Cross who brings considerable marketing and accounting expertise to the Board.

I take this opportunity to thank Brian Morris, whose four year term of office ends this year, for his valuable and significant contribution to the work of the Board. Brian has served as Chair of the Finance Committee since his appointment to Thoroughbred Racing SA Ltd and his contribution has been invaluable.

In October 2010 I was appointed Chair of the Board and Simon Ward was appointed Deputy Chair. It has been a privilege to provide leadership to the industry and to work towards achieving the particular strategic objective of advancing an industry which is important to all its participants and to the community at large.

The Board is conscious that any decision it makes must be made having regard to the overall interest of racing and not to make decisions which selectively might favour any vested interest. That has involved the Board consulting widely with racing clubs and other industry stakeholders. In particular there has been regular and ongoing consultation with our shareholders, the SAJC and SARCC. The Board conducted a joint meeting of the full Boards of TRSA, SAJC and SARCC, and it is intended that another meeting of that nature should occur in the near future. In addition there have been regular meetings between the Chair, Deputy Chair and the CEOs of TRSA, SAJC and SARCC. We have promoted industry information sessions to involve club representatives across the State. We are mindful that racing needs to maintain a profile at a regional level.

There have been significant prize money increases both last year and in the current season. In the financial year just completed, the total prize money made available was \$32,521M i.e. an increase of \$3.5M on the prior year.

In the racing year which has just begun, our budget provides for prize money of \$33.9M which will allow for further prize money increases of \$1.395M.

Race Meetings and Race Programming

The Board has addressed this not only in consultation with the SAJC and SARCC, but also with clubs and industry participants. Whilst maximising betting turnover both in South Australia and interstate on our own races is important, we are also aware of the necessity to encourage race day attendance and we are mindful that we need to maintain participant interest in the industry.

I am pleased to report that we have been able to increase the number of race meetings to 183 per year with a commitment from Sky Channel to cover all of those meetings as scheduled.

Prize Money

Earlier this year we announced a significant increase of prize money for our Black Type races and the SAJC in 2012 will be running the first \$500,000 race in South Australia, the Goodwood on Saturday 12 May 2012. The Board considered this step was necessary to maintain the profile of South Australian racing at a national level.

The Board has, in consultation with the South Australian Jockey Club, identified a three week window in the Australian Racing Calendar which has allowed us to develop a Racing Carnival



Muir (GB) - Winner of the 2011 Adelaide Casino Adelaide Cup, trained by Robert Hickmott

specific to South Australia. The 2012 Carnival will feature four Group One races culminating with Super Saturday on 12 May, which will feature the Goodwood. We believe that this carnival will generate great National interest, excitement and investment with total prize money on offer of \$3.5M over the three days.

The Board has not overlooked the importance of Benchmark Racing and to that end has been able to increase prize money from \$32,000 per race to \$34,000 per race and for races with a Rating of 68+ has been able to increase the level of prize money to \$40,000.

Murray Bridge Development

The development of the new Murray Bridge Racecourse and the Joint Venture in which the Club is involved,

is a most exciting project and will undoubtedly represent a new dimension for South Australian racing. The Board acknowledges the significant contribution by the Murray Bridge Racing Club not only in its vision by acquiring the land on which the development will take place but also the fact that it is anticipated that it will complete this large and significant development without any permanent impost on industry funds with funding provided by its Joint Venture partner. In addition the Murray Bridge Racing Club has agreed to assign to TRSA, representing the South Australian thoroughbred racing industry, some part of its equity in the Joint Venture of the residential development which will create a revenue stream that will ultimately assist in prize money across the State. The Club is to be

congratulated on its generous approach towards assisting racing generally and not merely serving its own parochial interests.

Government Liaison

I take this opportunity to thank the Minister for Racing, the Honourable Tom Kenyon, for the considerable support that he has given to the industry since assuming the portfolio. I have maintained a close working relationship with the Minister for Racing and also the Honourable Gail Gago, the Minister for Gambling. I have had a number of meetings relating to racing generally, and to fixed odds betting and to jumps racing specifically. I am grateful for the way in which I have been received and by the assistance that Government has given the Board. Fixed odds betting via Tattsbet on course remains a contentious issue but we are actively working towards that end and toward achieving consensus between bookmakers and SATAB.

I also acknowledge the ongoing commitment and support from the Shadow Minister for Racing, the Honourable Terry Stephens, and the Leader of the Opposition Isobel Redmond.

Sky Domestic Rights Agreement

I am pleased to say that the long form agreement has finally been negotiated and I am confident that it represents a favourable arrangement for South Australian racing. While we have had agreement with, and payment from Sky since 2008, negotiations with the formal

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agreement have taken time to conclude. We maintain a good relationship with Sky Channel and we acknowledge the assistance that they continue to provide to South Australian racing. We are currently working towards enhancing the quality of picture provided which in turn can only be beneficial for the industry and the wagering public.

Australian Racing Board

We are anxious to ensure that the Federal Government enforces the provisions of the Interactive Gambling Act to prevent wagering in circumstances where the industry is deprived of any return and where the country as a whole is deprived of benefit by reason of offshore operators. To that end I have been able to facilitate submissions by the Australian Racing Board being made to the relevant Select Committee which is considering this legislation.

Gawler & Barossa Jockey Club

It was regrettable that the Gawler City Council sought judicial review of the Ministerial decision relating to the rezoning of land owned by the Gawler & Barossa Jockey Club. Fortunately the Supreme Court of South Australia decided in favour of the Gawler & Barossa Jockey Club and we were able to secure an order for costs against the Council.

I am pleased to report that since that time, due to certain changes on the Gawler City Council, there is now a mutually supportive relationship between Gawler & Barossa Jockey Club and the Council which I am sure will be productive for both bodies in the future.

Jumps Racing

It was gratifying that the Greens' Bill to ban jumps racing was overwhelmingly defeated. Thoroughbred Racing SA remains committed to all aspects of the racing industry including jumps racing. The Board will not succumb to pressure from small minority interest groups who have no association with racing.

We note with interest that the Government in Victoria has supported jumps racing and made a large financial contribution towards its continuation. It is obvious that in South Australia both the Government and the Opposition adopt a bipartisan approach of supporting this aspect of our sport. Irish Race Day remains one of the most important race days to the South Australian Jockey Club and the Oakbank Easter Carnival is

internationally recognised as one of the important race meetings of the year. The two days of the Oakbank Carnival are our two highest attendance race days. It will be of interest to the industry to note that three of our jumps races are recognised similar to Black Type level by the International Federation of Horse Racing Authorities namely the Great Eastern Steeplechase, the Von Doussa Steeplechase and the Yalumba Classic Hurdle. If jumps racing had been banned we would have lost that recognition and that in turn would have affected our international standing.

TRSA Management and Staff

On behalf of the Board, I thank our Chief Executive Officer Jim Watters and our Chief Operating Officer Nick Redin for their commitment and diligence throughout the year.



Shadows in the Sun - Winner of the 2011 Betfair South Australian Derby, trained by Anthony Cummings

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I am mindful of their professional and hardworking approach to all aspects of the industry. The Board also congratulates them for their ability to deal with club representatives and industry representatives in a sensitive and balanced way.

The Board could not function effectively without the dedication of Management and staff of Thoroughbred Racing SA. We are conscious of the contribution that they make not only to the work of the Board but to the industry generally. Our stewards, under the Chairmanship of Graham Loch, continue to carry out a difficult and responsible task in a fair and equitable manner having regard to the responsibility they have to preserve the integrity of our industry.

All of the Directors of Thoroughbred Racing SA have individually and collectively contributed to the progress of the industry and the work of the Board. I appreciate that they have, without exception, done more than was necessarily required of them in the role that they have undertaken.

In particular I acknowledge and thank the contributions of all the volunteers in the racing industry without whom the industry simply could not function.



Frances Nelson QC
Chairman



Connections of Muir (GB) – Jockey Darren Gauci and Owner Nick Williams

Chief Executive Officer's Report



Jim Watters Chief Executive Officer

CEO's Report

The 2011 financial year has been another positive year for thoroughbred racing in South Australia. The year was highlighted by:

- total revenue increases of 8.57%
- revenue increases of 6.1% from wagering on SA thoroughbreds both locally and nationally
- further increases in prize money of 12.24%
- further increases in industry payments of 7.97%
- settlement of the Sportsbet challenge to the Authorised Betting Operations Act, thereby protecting a key source of revenue to the industry
- negotiation of the sale of the surplus land of the Gawler & Barossa Jockey Club at a price that exceeded expectations
- a 20% increase in starters in SA by

horses trained in the State, and

- a 21% reduction in races with no third dividend at Saturday meetings.

Key Financial Results

While it may appear to be a 'contradiction of terms' to state that the year under review was a 'good result', when a loss has been recorded for the year, that statement is more obvious and logical when considering the year's Budget when making the statement. TRSA posted a loss of \$766,706 for the year ended 30 June 2011, which compares very favourably with the 2010/11 Budget as noted in the 2010 Annual Report which had been for a loss of \$1.895M. It is however important and relevant to reiterate comments in the 2009 and 2010 Annual Reports in clarifying the position in adopting a negative Budget.

In the 2008/09 year, TRSA recorded a substantial surplus of \$6.764M and the Board resolved at that time to retain a major portion of the additional revenue achieved to adopt a more structured approach in the implementation of prizemoney increases. A large portion of the cash reserves created in 2008/09 were utilised to bring forward the proposed 2012/13 prizemoney increases, to February 2010, the intention being that the substantial cash reserves achieved in 2009 would be wound back to the required level determined by the Board over the following years. Hence, the Board being prepared to adopt negative Budgets on the back of the

2009 surplus, to increase prize money and industry payments.

TRSA's total revenue of \$44.335M was up \$3.502M (+8.57%). Our two major expenditure items; Prizemoney and Industry Payments, at \$38.792 in total, increased by a combined \$4.011M (+11.53%). Prizemoney was up \$3.5M (+12.24%) and it should be noted that prizemoney has now increased by \$7.552M over the past two years.

Industry Payments at \$6.270M, rose by \$462,896 (+7.97%) as the Board continued with the Club funding model established in 2009, which sees TRSA responsible for the bulk of the Club raceday operational costs, including vision, ambulance and a number of raceday staff.

After a major increase (+34.41%) in 2009/10 in direct payments to Clubs which are included in Industry Payments, there was only a small increase in 2010/11, increasing to \$3.534M from the previous year's \$3.487M.

Although it has fallen slightly as a percentage of our total Revenue, from 71.3% to 67.2%, the SA TAB through the TAB Product Fees paid, remains by far the most important source of revenue for the South Australian racing industry. While it may have reduced as a percentage of total revenue, the TAB Product Fee itself increased by \$690,509 (+2.4%). The thoroughbred Code achieved Market Share in terms of the apportionment of the TAB Product Fee, of 70.692%. This was

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Lights of Heaven - Winner of the 2011 Schweppes Oaks, trained by Peter Moody

up on the previous year's 69.586% and the highest Market Share for several years. I reiterate once again that South Australian racing supporters and participants should recognise the importance of wagering through the SA TAB compared to any other wagering operator. The return per \$1 to the South Australian racing industry is over five times more from the SA TAB than if placed with a corporate bookmaker or another State's TAB. Revenue from the Wagering Tax relief increases annually, with the percentage amount of the Wagering Tax payable by SA TAB to the government rebated back to the

racing industry at an increasing ratio until 2012/13, by which time the full amount will be paid to the industry. The amount received from the SAJC by way of Contribution to Industry Prizemoney, has doubled to \$1.8M in line with the agreement in place with the SAJC for this contribution to the industry.

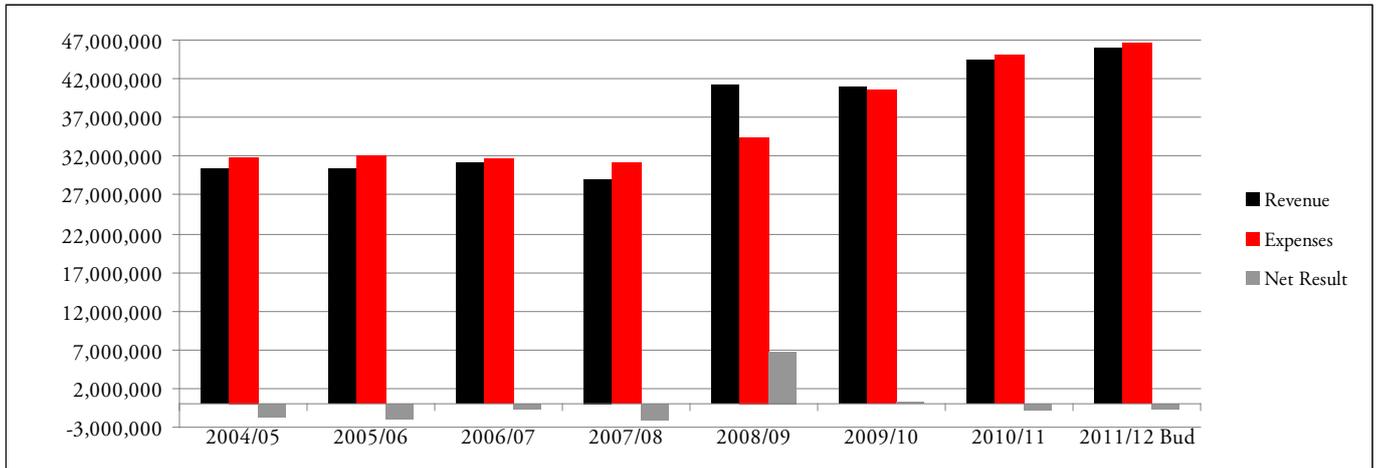
The TRSA Board has maintained a strong focus on maximising returns to participants, evidenced by the fact that prizemoney accounts for 72.10% of all of our Expenses, up from 71.4% in the previous year. As a ratio of TRSA's

total Revenue, 74% of our Revenue is distributed as prizemoney.

There is often debate as to the level of expenditure TRSA should commit to Marketing. In the 2010/11 year Marketing (including marketing funding provided directly to Clubs) totalled \$2.248M or 5% of total TRSA Expenditure. Excluding the Marketing funding provided directly to Clubs, of \$1.05M, TRSA's marketing expenditure is only 2.66% of its Expenses. As we are in a highly competitive event and entertainment industry this is arguably a minimum expenditure in this area.

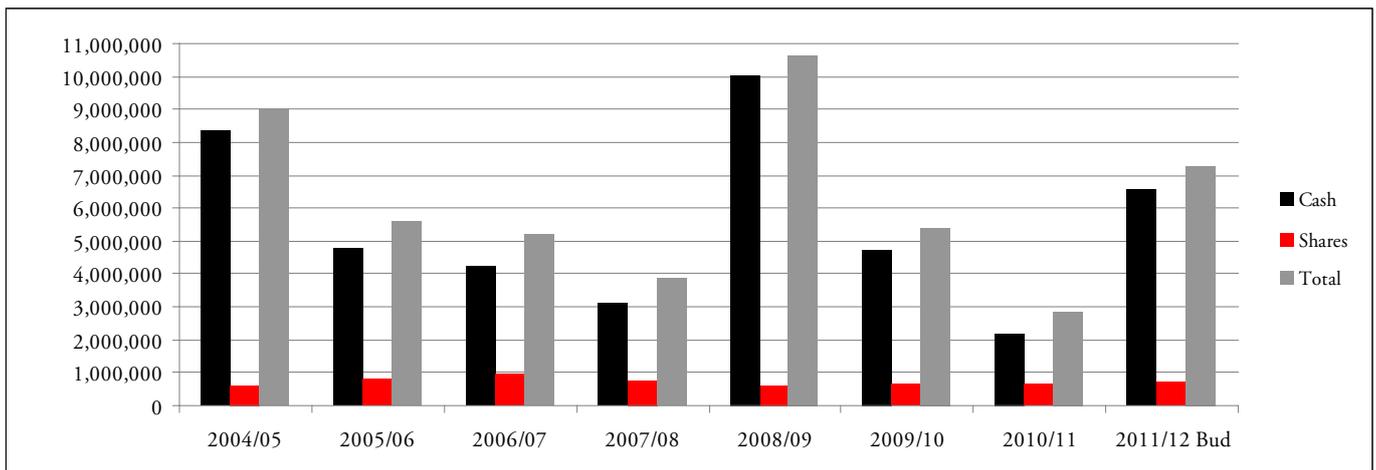
Overall Company Profitability and Reserves

The chart below shows the Company's operating results for the last seven financial years.



	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 Bud
Revenue	30,277,528	30,230,870	31,187,859	29,116,726	41,163,197	40,833,921	44,335,300	45,944,140
Expenses	31,892,872	32,047,203	31,738,141	31,255,121	34,399,079	40,554,945	45,102,006	46,501,823
Net Result	(1,655,344)	(1,816,333)	(550,282)	(2,138,395)	6,764,118	278,976	(766,706)	(557,683)

The chart below shows the Company's cash reserves and value of share holdings as at 30th June 2011.



	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 Bud
Cash	30,277,528	30,230,870	31,187,859	29,116,726	41,163,197	40,833,921	2,182,115	6,558,107
Shares	31,892,872	32,047,203	31,738,141	31,255,121	34,399,079	40,554,945	648,970	700,000
Total	(1,655,344)	(1,816,333)	(550,282)	(2,138,395)	6,764,118	278,976	2,831,085	7,258,107

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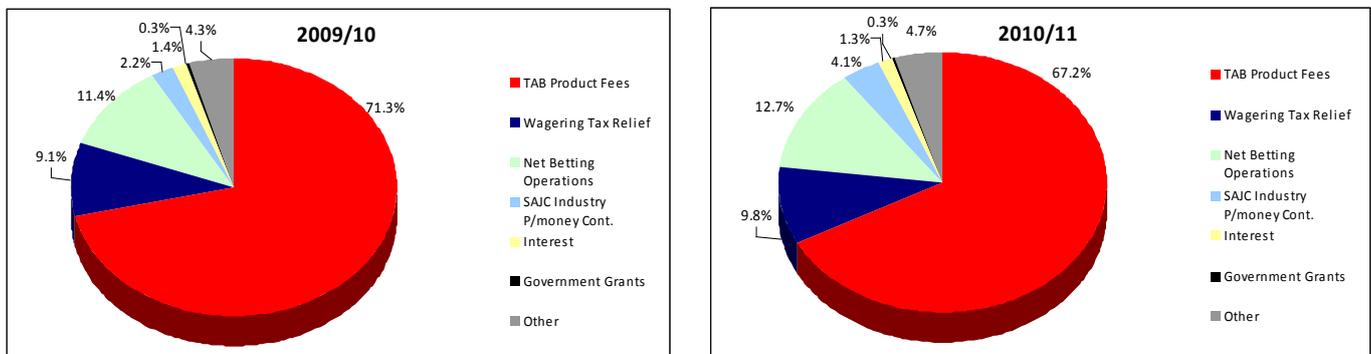
The data for 2007/08 and 2008/09 does not include State Government Grant Funds received for the Gawler redevelopment, the balance of which at reporting date was \$6M and \$5.25M for the two years respectively, this amount was nil at 30th June 2010 and 2011.

The change in cash in 2009/10 is due to the increase in monies loaned to clubs that are not treated as 'cash' for the above purposes.

The improvement in the position in 2011/12 is due to the majority of these loans being repaid in full during the 2011/12 financial year.

Revenue

The charts below show the proportion of revenue for each class of revenue for the last two financial years.



	2009/10		2010/11		Change	
TAB Product Fees	29,116,335	71.3%	29,806,844	67.2%	690,509	2.4%
Wagering Tax Relief	3,730,086	9.1%	4,336,805	9.8%	606,719	16.3%
Net Betting Operations	4,638,319	11.4%	5,614,261	12.7%	975,942	21.0%
SAJC Industry P/money Cont.	900,000	2.2%	1,800,000	4.1%	900,000	100.0%
Interest	554,741	1.4%	564,057	1.3%	9,316	1.7%
Government Grants	120,000	0.3%	120,000	0.3%	-	0.0%
Other	1,774,440	4.3%	2,093,333	4.7%	318,893	18.0%
TOTAL	40,833,921	100.0%	44,335,300	100.0%	3,501,379	8.6%

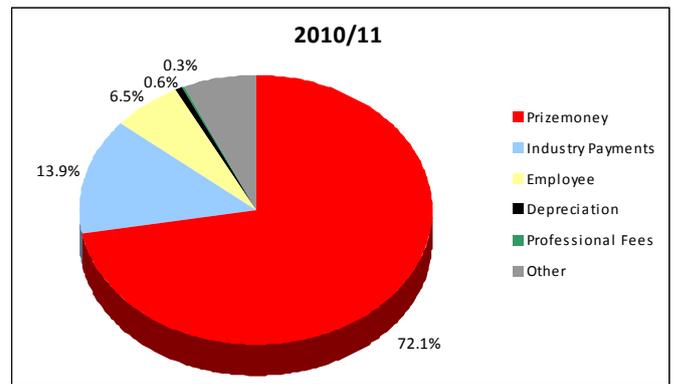
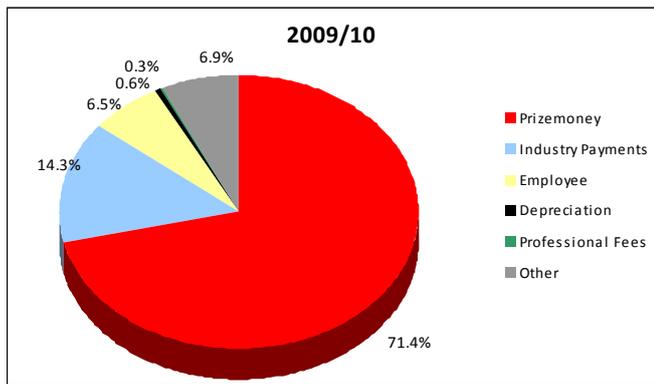
2010-11 Net Betting Operation Contributions (BOC) is after deductions of \$6.2M (2009/10 \$8.6M) relating to charges incurred by the SA TAB from other states racefields legislation, the equivalent of SA's Betting Operation Contributions, which under the Racing Distribution Agreement, they are entitled to recover from the codes. The 2009-10 deduction of \$8.6M includes charges of \$1.865M incurred as a result of changes to the Victorian legislation that allowed RVL to backdate the start date to 4th September 2008, rather than the previous start date, 1st March 2009.

Other Revenue includes Screening and International Rights, SABOIS registration fees, industry participants registration fees, calendar advertising and subscriptions together with other sundry revenue items.

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Expenses

The charts below show the proportion of expenses for each department for the last two financial years.



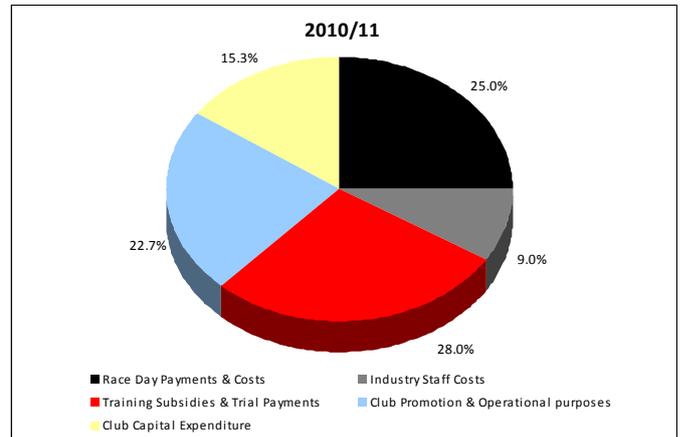
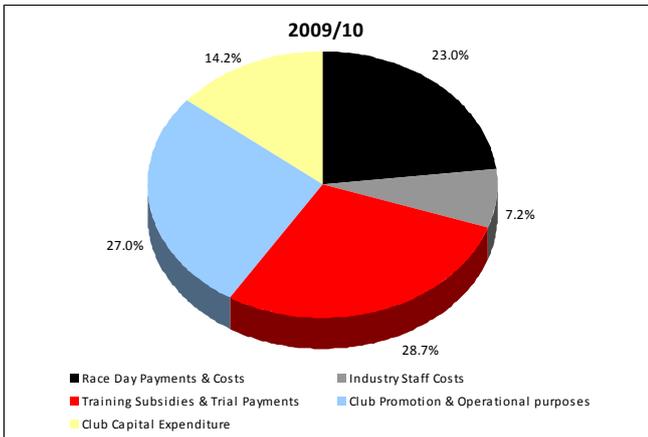
	2009/10		2010/11		Change	
Prizemoney	28,972,853	71.4%	32,521,366	72.1%	3,548,513	12.2%
Industry Payments	5,807,956	14.3%	6,270,852	13.9%	462,896	8.0%
Employee	2,626,338	6.5%	2,929,298	6.5%	302,960	11.5%
Depreciation	226,079	0.6%	258,887	0.6%	32,808	14.5%
Professional Fees	116,046	0.3%	152,263	0.3%	36,217	31.2%
Other	2,805,673	6.9%	2,969,340	6.6%	163,667	5.8%
TOTAL	40,554,945	100.0%	45,102,006	100.0%	4,547,061	11.2%

Industry Payments include Training Grants and Raceday Usage payments \$1.5M, Marketing Grants \$1.21M, Jockeys Workcover and Insurance \$0.92M, Raceday Payments and Costs \$1.34M, Club Capital Grants \$0.82M

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Industry Payments

The charts below show the proportion of expenses for each expense item for the last two financial years.



	2009/10		2010/11		Change	
Race Day Payments & Costs	1,147,152	23.0%	1,337,947	25.0%	190,795	16.6%
Industry Staff Costs	359,739	7.2%	478,987	9.0%	119,248	33.1%
Training Subsidies & Trial Payments	1,434,000	28.7%	1,500,000	28.0%	66,000	4.6%
Club Promotion & Operational purposes	1,346,732	27.0%	1,215,483	22.7%	(131,249)	-9.7%
Club Capital Expenditure	707,066	14.2%	818,634	15.3%	111,568	15.8%
TOTAL	4,994,690		5,351,051		356,362	7.1%

Industry Staff Costs are up largely due to additional meetings (+9) being conducted.

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Club Capital Grants

Club	Project	\$Amount
Balaklava	Camera Platform Mounting Yard	3,550.00
Balaklava	Female Jockey Room Extension Over Accrued 2009/10	-514.38
Balaklava	Track Maintenance	20,000.00
Balaklava	Cabling Camera Platform Mounting Yard	1,347.41
Bordertown	Upgrade Irrigation System	19,920.00
Ceduna	Ride-On Mower	3,818.19
Ceduna	Upgrade to Judges Tower	9,340.00
Clare	Improvements to Entrance Sites & Fencing	4,498.00
Clare	Extend Tote Building	2,738.00
Clare	Replace Vandalised Cabling	2,729.82
Jamestown	Upgrade of Horse Stalls	10,000.00
Kangaroo Island	New Overnight Stables & Day Yards	10,000.00
Kangaroo Island	Irrigation Upgrade & Outside Running Rail	9,931.02
Kangaroo Island	Modifications to Judges Tower & Track Work for TAB Meeting	8,389.94
Kangaroo Island	Permanent Installation Audio Visual Cable	2,952.76
Limestone Coast	Shed for Starting Stalls	38,845.00
Pt Augusta	Members Bar Upgrade	14,780.00
Mindarie-Halidon	Safety Enclosure Fencing for Horse Stable Area	1,000.53
Mt Gambier	Air Conditioning for Upstairs Complex	45,000.00
Mt Gambier	K Line Project	2,500.00
Mt Gambier	Upgrade of Stables	11,000.00
Mt Gambier	Upgrade to Switchboard	27,000.00
Murray Bridge	Iseki Commercial Mower with Catcher	29,750.00
Naracoorte	Bookmakers Area Extension	10,670.00
Naracoorte	Irrigation Upgrade	6,421.00
Naracoorte	Winning Post Upgrade	4,943.00
Oakbank	Installation of Data Cable to Judges Tower	600.00
Oakbank	Balance of New Corporate Boxes	14,804.47
Oakbank	Permanent Cabling	5,000.00
Oakbank	Installation of CCTV & Upgrade to Security System	21,000.00
Oakbank	Ladies Jockey Room Upgrade	29,999.69
Penola	Staircase on Judges Tower	10,010.00
Penola	Toro Mower	36,220.00
Penola	5000L Team Poly Tank & Fittings	3,996.09
Pt Lincoln	Starting Gates - Repairs & Transport ex MBRC	8,548.25
Pt Lincoln	Chain Fencing	4,476.00
Pt Lincoln	Irrigation Upgrade	18,000.00
Pt Lincoln	Repairs to Horse Stalls	3,636.36
Quorn	Various Fencing Upgrade & Running Rail	11,000.00
Roxby Downs	Replacement Running Rail	15,750.00
SAJC	Raceday Horse Stalls	250,000.00
Strathalbyn	Sand Track Upgrade	70,000.00
Strathalbyn	Irrigation Upgrade	14,983.00
Total		818,634.15



Shrapnel - Winner of the 2011 Yallambee Classic, trained by Mark Kavanagh

Legal Challenge

In October last year TRSA, Racing SA and the other two Codes, negotiated a settlement which saw on line bookmaker Sportsbet discontinue its legal challenge against sections of South Australia's Authorised Betting Operations Act. As reported in the 2010 Annual Report, Sportsbet had challenged the validity of aspects of the Authorised Betting Operations Act, in essence the constitutionality of the legislation. The sections subject to the proceedings were sections 62E-62G which require interstate wagering operators to pay a fee, known as a Betting Operations Contribution, for taking bets on South Australian races.

Management was able to negotiate directly with Sportsbet's principals and the settlement reached runs through until 30 June 2012, but is effectively a four year agreement as it also covered the full period since the implementation of the legislation in 2008. The settlement avoided expensive litigation and provided certainty to all parties until the end of June 2012.

Racecourse Development

While the redevelopment of the Gawler Racecourse was completed in the 2009/10 season with the redeveloped facility opened by the Premier Mike Rann in July 2010, there has been considerable activity in concluding the

development and sale of the surplus land available to the Club, the sale of which provided over half of the funding required for the \$13.8M redevelopment. The State Government approved the rezoning of the land in early 2010; however the Gawler City Council belatedly lodged proceedings against the Minister for Urban Development and Planning which saw the Gawler & Barossa Jockey Club ultimately incur significant legal costs as well as expensive holding costs in terms of interest, while awaiting the outcome. A favourable outcome was achieved with the rezoning confirmed, and in November a purchaser was obtained after a robust tender process. On behalf of the Gawler & Barossa Jockey Club, TRSA managed the lengthy litigation, sales process and sub divisional requirements, ultimately achieving a very successful outcome. This should secure the Club's financial security into the future.

As noted in the 2010 Annual Report the most exciting racecourse and ancillary development in South Australia in over 100 years, and arguably one of the most exciting in Australia, is the construction of a new racecourse and associated facilities at Murray Bridge. Not only does this development involve the construction of a complete new modern racecourse and facilities, it is part of a larger residential and commercial development which will see some 3,500 homes and new village centre developed on 800ha at Murray Bridge. The development of the racetracks themselves is well advanced

and it is still envisaged that racing will commence at the new Murray Bridge venue in December next year (2012). Further details as to the development, in particular the facilities, will be highlighted by the Murray Bridge Racing Club in the months ahead, however the Murray Bridge Racing Club has already been actively promoting the facilities and land which will be available at the new course, to trainers and prospective purchasers.

Race Programming and Classification Review

The changes to South Australian race classifications and race programming in the 2009/10 season have provided significant benefits as had been anticipated. Starter numbers are of course a key driver to revenue and there has been good growth in South Australia's raceday starter numbers. We have seen a 21% reduction in the number of 'non third dividend' races at our Saturday race meetings, which are our key wagering days. Total race day starts by South Australian trained horses/training venues was up 17.74% for the 2010 calendar year, compared to the previous year. If the starts by South Australian horses in Victoria are excluded, the increase for starts solely in South Australia is in fact up 20%.

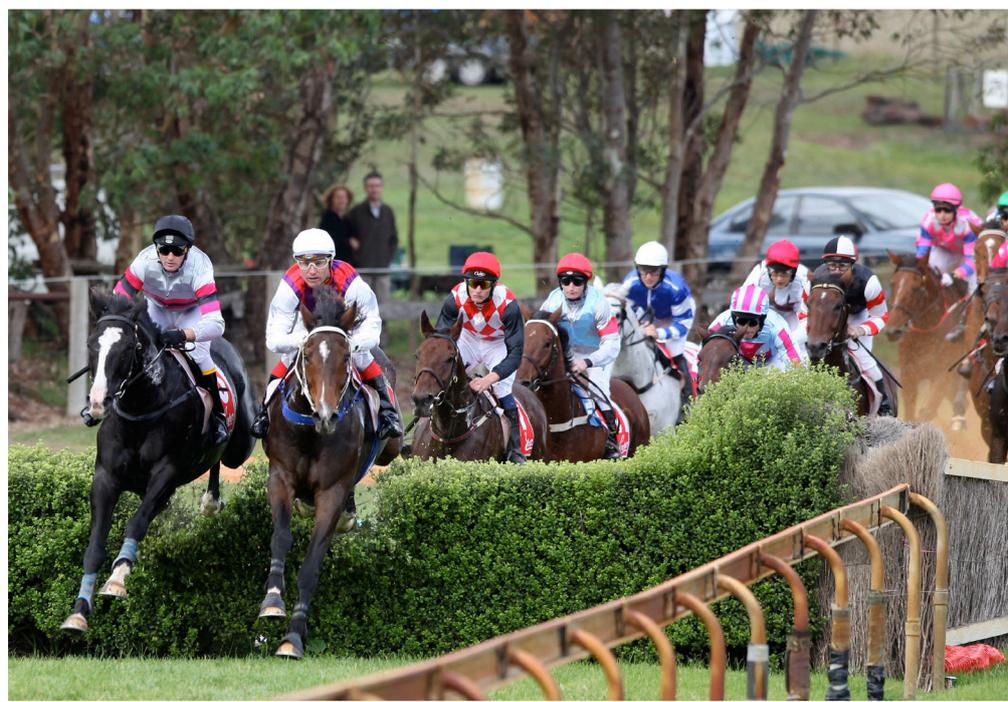
With what has been termed 'de-tuning' some Saturday meetings, where we have endeavoured to match race programming and classification with the 'rating' of the available horse population, there had been some concern as to what

the impact may have been on turnover. However pleasingly, there has been no adverse impact on local off-course turnover, and SA TAB turnover on South Australian racing was up on the previous year.

Adelaide Cup Date

TRSA undertook an assessment and analysis of the various options as to the most appropriate and effective placement of the Adelaide Cup and the associated public holiday. The view of the wider South Australian thoroughbred racing industry was that the move of the Adelaide Cup from May to March had not delivered the anticipated benefits for the racing industry. TRSA subsequently tabled a submission with the State Government

seeking to have the Adelaide Cup public holiday moved back to May for 2012 onwards, and highlighted the various reasons in support of such. Unfortunately and disappointingly the Government declined the industry's request. The 2012 Adelaide Cup will be run in March, alongside the Adelaide Cup public holiday. We will however be continuing to seek Government support to have the public holiday moved for 2013. The TRSA Board's view is that every effort should be made to have the Adelaide Cup public holiday linked to the Adelaide Cup for the obvious benefits that it provides. There is a concern that if we separate the two there will be little chance that the Adelaide Cup and the Adelaide Cup public holiday would become linked once again in the future.



Oakbank Easter Racing Carnival 2011

Resources Provided To Clubs

TRSA continues to provide additional resources to Clubs in areas where Clubs, not unexpectedly with the size of their administration, would not have the appropriate staff, etc in-house. Specifically this is in the area of Occupational Health & Safety, Liquor Licensing and Marketing.

Through the appointment of an Industry Operations Manager we have been able to assist many Clubs in improving their compliance with respect their Liquor Licensing, which in many instances is becoming quite onerous for Clubs. However the area where Clubs potentially face their greatest challenge is with regards the implementation of the new Work Health and Safety Bill. TRSA has been working closely with SafeWork SA, the regulator in this policy, to in turn provide appropriate assistance to Clubs.

The industry brand 'There's nothing like a day at The Races', continues to grow and is becoming well recognised. Based on data provided by highly reputable research company Roy Morgan, attendance by the South Australian population at a South Australian thoroughbred race meeting, has increased from 2.8% in 2008 to 4.2% by December 2010 - an increase of 33%. On a national basis, racing attendance slipped from 4.3% down to 4% for the same period. TRSA's Marketing Department continues to provide considerable assistance to Clubs by way of both Marketing expertise and the production of advertising and marketing collateral.

South Australian Thoroughbred Racing Industry Awards

I again take this opportunity to congratulate all of the winners of the 2010/11 season's South Australian Thoroughbred Racing Industry Awards. The depth, quality and enthusiasm of South Australia's racing participants was reflected in the awards and the achievements which we recognised.

Marketing

During the year, TRSA's Marketing Manager, Anna Falkiner, departed to focus on her own marketing company.

Anna had been instrumental in the successful implementation of TRSA's re-branding over the past three years. It is pleasing to note one of Anna's first projects with her own company was for the Australian Racing Board and a potential national marketing approach.

Jane Wellington has been appointed as TRSA's Industry Marketing Manager and comes to the position with a wealth of experience, and numerous media contacts, after 22 years with *The Advertiser*, most recently in management as Business Development, Marketing and Sales.

During the 2010/11 year we undertook the production of a new television commercial which will be rolled-out in 2011/12. The TVC captures the glamour and excitement of our sport across the State, and is the second phase of our re-branding exercise which commenced in 2009 - 'There's nothing like a day at The Races'.

Conclusion

Racing participants in South Australia have cause to continue to be optimistic as to the future of thoroughbred racing in the State. We have seen growth over the past 2-3 years and TRSA has endeavoured to implement policies which are sustainable and will achieve continued growth and improvement within the South Australian racing industry.

As always, the challenge for the TRSA Board and Management is to maintain and increase the momentum achieved to date. The Board's focus continues to be to achieve a financially sound racing industry for participants and Clubs, which in turn encourages participation in our industry.

In conclusion, I congratulate and thank all of the staff at TRSA for their efforts and contribution towards the ongoing success and growth of the thoroughbred racing industry in South Australia, with the successful implementation of the Board's policies. They are a dedicated team striving to grow and enhance thoroughbred racing in SA.



Jim Watters
Chief Executive Officer

South Australian Thoroughbred Racing Industry Awards

Award	Winner
E.J. Mooney Medal for 2010/11 South Australian Jumps Jockey of the Year	Steven Pateman
2010/11 South Australian Jumps Trainer of the Year	Eric Musgrove
TattsBet 2010/11 South Australian Country Apprentice of the Year	Jordan Frew
2010/11 South Australian Metropolitan Apprentice of the Year	Billy Egan
The Promo Place 2010/11 South Australian Most Consistent Racehorse	Budriguez
The 2011 Minister for Racing Award for Most Outstanding Achievement by a Volunteer	Geoff Sweeney
TattsBet 2010/11 South Australian Country Jockey of the Year	Justin Potter
Hyland Sportswear 2010/11 South Australian Jockey of the Year	Paul Gatt
2010/11 South Australian Country Trainer of the Year	David Jolly
2010/11 South Australian Metropolitan Trainer of the Year	Mark Kavanagh
Leon Macdonald Award for 2010/11 South Australian Apprentice of the Year	Jordan Frew
CS Hayes Award for 2010/11 South Australian Trainer of the Year	David Jolly
Glennon–Johnson Award for 2010/11 South Australian Metropolitan Jockey of the Year	Paul Gatt
Sky Racing 2011 Most Outstanding Achievement Award by an Individual	Sharon Forrester-Jones
Sky Racing 2011 Most Outstanding Achievement Award by a Club	Murray Bridge Racing Club
Festival Hire 2010/11 South Australian Champion Racehorse of the Year	Budriguez
2010/11 John Letts Medal	Clare Lindop

Chairman Of Stewards' Report



Graham Loch Chairman of Stewards

The Stewards' Department continues to provide a diverse range of services to the Industry, with the emphasis on maintaining integrity as well as focusing on safety and welfare aspects.

Stewards' Department – Functions

The activities of the Stipendiary Stewards' Department include:

- ensuring the safe conduct and integrity of racing
- ensuring the welfare of the racehorse
- officiating at all race meetings and official trials in South Australia
- attending trackwork sessions
- conducting track and stable inspections
- management of sampling strategies (horses) including out of competition testing and race morning functions
- management of sampling strategies applying to riders and stable employees for banned substances
- conducting inquiries into race rides,

various breaches of the Rules and conduct of licensed persons

- investigating wagering activities, and
- investigating the use of illegal substances.

In addition to these basic functions, the Department carries responsibility for the additional services:

- Veterinary
- Licensing
- Deputy Registrar
- Jumps Review Panel
- Apprentice Academy

During the course of the year, the Stewards' Department imposed suspensions on 50 riders for riding offences. This figure remains similar to the number of offences in previous years.

In addition, the Stewards conducted 37 significant investigations into breaches of the Rules.

Sampling – Horses

During the 2010/11 season, extensive testing continued to be a key component of the Department's integrity undertaken at most race meetings in the State.

Post-race urine samples, pre and post-race samples for the purpose of TCO2 testing, continued to be complemented by a stable inspection programme, race morning stable visits (including sampling), surveillance of stable properties and transport.

The following samples were tested

during the year:

	2010/11	2009/10
Post-race urine samples	1029	1074
Pre-race blood samples TCO2	1022	1079
Post-trial urine samples	12	17
Non-race day samples	37	161
No. of positive tests	3	2

The protocol introduced in August 2008 whereby trainers are provided with written notice when runners report an elevated reading has continued. As previously indicated, trainers whose runners continue to report elevated readings will receive additional attention, which might also include the detention of runners for extended periods post-race.

	2010/11	2009/10
Samples taken	1022	1074
Positive	1	-
Elevated samples	20	14
Notices issued	17	13

The Authority is presently investigating additional initiatives to strengthen the sampling strategy with regard to next year's feature race programme.

Sampling – Riders

The Authority continued to test riders at race meetings, official trials, jump outs and trackwork. This strategy

THOROUGHBRED RACING SOUTH AUSTRALIA: **Chairman Of Stewards' Report**

remains visible. Four riders have failed tests this year. Sampling involves breath testing, saliva samples and urine samples.

	2010/11	2009/10
Jockey samples – Urine	58	76
Trackwork rider samples – Urine	49	34
Saliva samples	0	37
Breath testing	391	282
Positive tests	4	8

Veterinary

Dr Peter Horridge is the Industry Veterinary Surgeon appointed by Thoroughbred Racing SA.

In this role Dr Horridge:

- provides and supervises veterinary services at metropolitan and provincial racetracks and supervises veterinary services provided by local practitioners at South Australian country tracks
- monitors the sample collection process at metropolitan and provincial tracks
- provides advice to the CEO, Board and Industry on veterinary and equine health and welfare issues and on matters relating to prohibited substances and their detection
- represents Thoroughbred Racing SA on NEIWAG, the national advisory group providing advice on veterinary, equine welfare,

emergency animal diseases and drug control policy matters to the Australian Racing Board

- provides expert evidence to the Stewards, during inquiries and before the Appeals Tribunal, and
- provides advice to the Jumps Review Panel.

In addition Dr Horridge provides an important link with PIRSA, the RSPCA and Horse SA on matters involving or affecting the thoroughbred racing industry.

Licensing

The Department is responsible for the investigation, approval and the issuing of all Industry licences, as well as the management of the annual renewal process and associated records.

Licensing decisions are made by a Sub-Committee, having regard to Official Licensing Policy and an applicant's credentials.

These decisions are reviewed and approved by the Board on a monthly basis.



Budriguez - 2010/11 South Australian Horse of the year, trained by David Jolly

THOROUGHBRED RACING SOUTH AUSTRALIA: **Chairman Of Stewards' Report**

During 2010/11 Racing Season, the following licences were processed by the Department:

	2010/11	2009/10
Trainers	336	335
Jockeys	38	41
Apprentices	13	16
Interstate Jockeys	86	75
Interstate Apprentices	27	21
Stablehands	420	487
Stablehand / Trackwork Riders	178	233

Deputy Registrar

Under the Rules of Racing, Racing Information Services Australia (RISA) has the status of Registrar of Racehorses. Thoroughbred Racing SA is a shareholder of RISA which processes all new horse registrations.

Separately, Thoroughbred Racing SA acts as Deputy Registrar for South Australian registration functions, which include Transfers of Ownership, Leases, Syndications and the approval of Promoters.

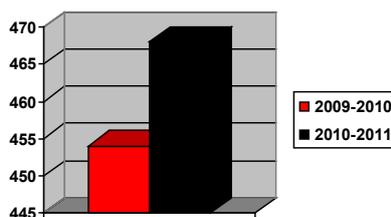
Within the Department, Johan Petzer and Liz Tosetti fulfil the role of Deputy Registrar.

During the year the Department processed a large volume of Transfers and Leases, which are also scrutinised to ensure they are bona fide and completed appropriately.

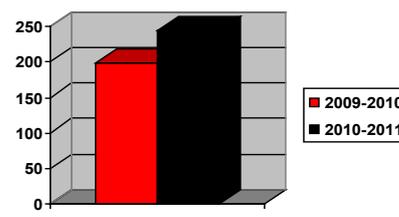


Response - Winner of the 2011 Sportingbet Classic, trained by Matthew Ellerton

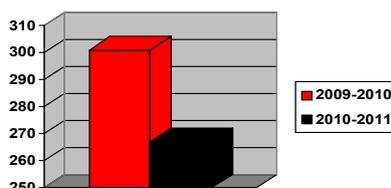
Transfers processed by Thoroughbred Racing SA



Syndicates registered with Thoroughbred Racing SA



Leases processed by Thoroughbred Racing SA





Petushki (NZ) - Winner of the 2011 Great Eastern Steeple, Oakbank Easter Racing Carnival

Jumping Review Panel

During the year, the Panel lost the experience of John Cornell, who has relocated interstate. The Panel, consisting of Senior Steward, Philip Anderson, as Chairman, Richard Best and Dr Peter Horridge, continued to scrutinise and review all aspects of jumping events.

At least one Panel member attended all race meetings, official trials and jumping schools. The Panel also reviewed the Stewards' vision of all jumping races and official trials, fully investigating instances of horses not completing the course as well as race incidents which resulted in a fatality. Appropriate recommendations and advice was provided to the Stewards in these instances.

Early in the jumping season, the Panel played an important role in assisting several visiting Irish jockeys to be accredited and licensed.

Later in the season, the RVL Steward responsible for jumping events, Rob Montgomerie, attended a race meeting at Morphettville to generally observe our jumping events as a measure to foster ongoing co-operation between the Authorities. Rob was particularly impressed with the steeple model developed by Thoroughbred Racing SA with the assistance of the South Australian Jockey Club during the year.

Apprentice Academy

Thoroughbred Racing SA again supported the annual National

Apprentice Jockey Challenge with a heat conducted by the South Australian Jockey Club at Morphettville, which was the final leg of this year's Challenge.

Apprentices Scott Westover, Jordan Frew, Lauren Stojakovic, Melissa Walters, Claudia Lions, Amy Herrmann and Libby Hopwood represented South Australia in various heats conducted in all States.

History shows the final leg was won by local apprentice Libby Hopwood on Rowdy Rocker, trained by Ken Sweeney, and in doing so, gave South Australia its second win in the series. As points are accumulated from seven races in all States, this result is a triumph for the apprentices as well as the Training Supervisor, Bill Forrestal, and Riding Master John Murray and their mentors.

The partnership with TafeSA Morphettville Horse Skills Centre, our training provider delivering the Certificate IV in Racing, and the training facility at Morphettville continues to benefit the Industry.

Through association with Marcellin College at Christie Downs, a number of apprentices have achieved their SACE qualification enabling them to undertake higher studies in the future.

In his role, the Training Supervisor liaises with Industry bodies including Race Training SA, TafeSA, Racing Enterprise Advisory Board and the PRA National Training Committee as well as providing a conduit for schools and interested groups seeking information regarding career opportunities.

THOROUGHBRED RACING SOUTH AUSTRALIA: **Chairman Of Stewards' Report**

Management of the Apprentice Trust Fund is also undertaken within the Department by my Personal Assistant, Liz Tosetti.

Liaisons and Contacts

Industry matters continued to be addressed through liaison by the Department with a number of bodies, including:

- Office of the Minister for Racing
- Independent Gambling Authority
- Australian Racing Board through National Chairmen of Stewards Advisory Group

- Registrar of Racehorses
- RISA
- SA Jockeys' Association
- Australian Jockeys' Association
- SA Trainers' Association
- Interstate and Overseas Principal Racing Authorities
- ARB Medical Officer
- National Equine Integrity and Welfare Advisory Group
- PIRSA
- South Australian Jockey Club (SAJC)
- South Australian Racing Club Council (SARCC)

- SA Bookmaker's League
- AEVA
- RSPCA
- SA Jumping Association



G. M. Loch
Chairman of Stewards



Bagman - Winner of the 2011 Provincial Super Series, trained by Mark Kavanagh



THOROUGHBRED RACING SOUTH AUSTRALIA

FINANCIAL REPORT

2011

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THOROUGHBRED RACING S.A. LIMITED ABN 25 094 475 939
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Directors' Report

The directors present their report together with the financial report of Thoroughbred Racing SA Limited ("the Company") for the period ended 30th June 2011 and the auditor's report thereon.

Directors

The directors of the Company throughout the financial year are:

Name and Qualifications	Experience and Special Responsibilities
<p>Ms Eleanor Frances Nelson QC LLB Chair</p>	<p>Frances is a barrister.</p> <p>She has considerable experience with the racing industry in SA and has conducted a number of inquiries into the Industry on behalf of Government and served on the Oakbank Committee for 20 years.</p> <p>She is the Chair of the Parole Board of South Australia and holds board positions on a number of privately owned companies.</p> <p>Frances is a member of the South Australian Jockey Club Inc and the Oakbank Racing Club Inc.</p> <p>Chairperson - Jumps Committee Chairperson - Race Dates Committee Member - Finance Committee</p>
<p>Mr Philip Bentley BA (Hons) M(Ec) Term Ended 18th October 2010</p>	<p>Philip is an economist.</p> <p>He has worked in the racing industry for a considerable period and conducted an inquiry into the SA Racing Industry for the State Government.</p> <p>He is Chairman Workcover Corporation and holds board positions on a number of privately owned companies.</p> <p>Philip is a member of the South Australian Jockey Club Inc.</p> <p>Member - Race Dates Committee Member - Finance Committee</p>
<p>Mr Andrew Killey Term Ended 18th October 2010</p>	<p>Andrew is a marketing, advertising and media consultant and Chairman kwp!, an advertising and marketing firm.</p> <p>kwp! have provided marketing and strategic services to the racing industry since 2002 and have been involved in the 'legs' campaign for the SAJC and the 'ants' campaign for Oakbank.</p> <p>He provides strategic advice to many of South Australia's marquee events including the Clipsal 500, the Tour Down Under, the Adelaide Festival of Arts and Womadelaide.</p> <p>Chair – Marketing Committee</p>

THOROUGHBRED RACING SOUTH AUSTRALIA: **Directors' Report**

Name and Qualifications	Experience and Special Responsibilities
<p>Mr Brian Morris BA (Acc), LLB, FCA, FCPA, MAICD</p>	<p>Brian is a Chartered Accountant and Partner of Edwards Marshall.</p> <p>He is a former member of the Companies Auditors Disciplinary Board and has served on the Board of the South Australian Film Corporation. He holds board positions on a number of privately owned companies.</p> <p>Brian is a member of the South Australian Jockey Club Inc.</p> <p>Chairman - Finance Committee Member - Marketing Committee</p>
<p>Mr David Rasheed BA (Acc), CA, FTIA</p>	<p>David is a Chartered Accountant and is Senior Partner of Tilbrook Rasheed.</p> <p>He is involved in the industry as an owner and breeder and has served on the Board of the South Australian Jockey Club. He holds board positions on a number of privately owned companies.</p> <p>David is a member of the South Australian Jockey Club Inc.</p> <p>Member - Finance Committee Member - Race Dates Committee</p>
<p>Mr Simon Ward LLB Appointed 12th November 2009</p>	<p>Simon is a solicitor and Partner of Piper Alderman.</p> <p>He regularly advises on the Rules of Racing and legislation affecting the industry.</p> <p>He is a Board member of YMCA INEA and the Legal Assistance Fund of the Law Society of SA.</p> <p>Simon is a member of the Oakbank Racing Club Inc.</p> <p>Member - Race Dates Committee</p>
<p>Mr David Cross BEc, CA, GAICD Appointed 18th October 2010</p>	<p>David has a background in economics and accountancy.</p> <p>His passion for thoroughbred racing developed through working for bookmakers whilst studying at university. His career includes fifteen years with SOLA International Inc. in varied roles including that of Managing Director. He holds non executive roles with RAA Insurance and Thai Optical Group Ltd along with the position of Vice President of the RAA of SA Inc.</p> <p>David is a member of the South Australian Jockey Club Inc.</p> <p>Chairman – Marketing Committee Member – Finance Committee</p>
Name and Qualifications	Experience and Special Responsibilities

<p>Mr Brian Foster Appointed 18th October 2010</p>	<p>Brian is a retired businessman.</p> <p>He has a long history of involvement in the thoroughbred racing industry of South Australia and has held various positions on the South Australian Racing Clubs Council and the Murray Bridge Racing Club. He is involved in the industry as an owner and breeder.</p> <p>Brian is a member of the South Australian Jockey Club Inc and the Murray Bridge Racing Club Inc.</p>
<p>Mr Ken Smith AM Appointed 18th October 2010</p>	<p>Ken own and operates a private business.</p> <p>He is a former Deputy Chairman of the South Australian Jockey Club and has a maintained a life long interest in the thoroughbred racing industry as both an owner and breeder. He holds and has held numerous positions on boards of both government and private enterprises.</p> <p>Ken is a member of the South Australian Jockey Club Inc, Oakbank Racing Club Inc, Murray Bridge Racing Club Inc and the Strathalbyn Racing Club Inc.</p> <p>Member - Race Dates Committee</p>

Company Secretary

The secretary of the Company at the end of the financial year was:

Name and Qualifications	Experience and Special Responsibilities
<p>Mr Nicholas Redin BSc (Acc)</p>	<p>Mr Redin is the Chief Operating Officer of Thoroughbred Racing SA Ltd</p>

Principal Activities

The Company is a company limited by guarantee. The company is the Controlling Authority for thoroughbred racing in South Australia.

The principal activities of the Company during the course of the financial year were to:

- (a) Regulate and control all aspects of thoroughbred horse racing including licensing, ownership, employment and participation;
- (b) Employ the personnel required to conduct race meetings and horse races;
- (c) Ensure the integrity of thoroughbred horse racing;
- (d) Effectively market and manage the South Australian Thoroughbred Racing brand; and
- (e) Prepare and implement plans and strategies for the management of the financial affairs of the thoroughbred horse racing code and for the development, promotion and marketing of the code in the state of South Australia.

General operations

The general operations of the company are to:

- (a) Receive distributions from SA TAB Pty Ltd from thoroughbred betting in South Australia;
- (b) Receive payments from organisations situated outside of South Australia that take bets on races conducted in this State;
- (c) Employ the personnel required to regulate the industry, plan and programme race meetings, conduct race

meetings and remunerate participants in thoroughbred horse racing;

- (d) Make payments of prize money to owners, trainers and jockeys;
- (e) Provide financial support and management assistance to racing clubs throughout South Australia;
- (f) Negotiate vision rights with suppliers for thoroughbred races;
- (g) Represent the South Australian industry's relationship with the Australian Racing Board Ltd and other controlling authorities throughout Australia;
- (h) Manage the industry's relationship with the State Government, primarily through the Minister for Racing.

There were no significant changes in the nature of the activities of the Company during the year.

Review and Results of Operations

Review of Operations

The company's loss for the year was \$766,706.

The result reflects significant increases in prizemoney and SABOIS bonuses paid which exceeded the 2009/10 year by \$3.549m, together with increased funding to South Australian Racing Clubs of \$463k over the prior year.

Dividends

The Company's constitution prohibits the payment of dividends.

State Of Affairs

In the opinion of the Directors, no significant changes in the company's State of Affairs occurred during the year.

Events Subsequent To Balance Date

In the opinion of the Directors, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments

The company will continue to strive to improve the viability of thoroughbred racing in South Australia and the return to industry participants. Whilst this will not alter the direction of the company's activities, particular initiatives that are being pursued include the following:

- The completion of the redevelopment of the Murray Bridge racing venue which should result in a racetrack that has greater appeal to the wagering public with a consequential benefit to the industry from increased wagering revenue.
- Continued monitoring and fine tuning of Saturday Metropolitan race programs aimed at driving off course wagering revenue.
- Develop initiatives aimed at improving both the race fields and attendances at Metropolitan, Provincial and Country race meetings.
- Re-establishment of a South Australian Racing Carnival during the last week of April and the first two weeks of May, aimed at lifting the profile of South Australian Racing on both the national and international scene.

THOROUGHBRED RACING SOUTH AUSTRALIA: **Directors' Report**

Directors' Meetings

The numbers of meetings of the board and board committees and the attendances of each director are set out in the following table:

Director	Board	Finance	Marketing	Race Dates	Jumps
Mr P Bentley*	3	1			
Mr A Killey*	3		1		
Mr B Morris	11	3	2		
Ms E Nelson QC	12	3		2	2
Mr D Rasheed	11	3		2	
Mr S Ward	12			2	
Mr D Cross#	8	1	1		
Mr B Foster#	8				
Mr K Smith AM#	7				
Total Meetings Held	12	3	2	2	2

* Messrs Bentley and Killey retired under Clause 30 of the Constitution at the Company's AGM on 18th October 2010.

Messrs Cross, Foster and Smith were appointed on 18th October 2010.

The board has also established a number of steering committees in respect of significant projects being undertaken at race clubs.

- Messrs Smith, Foster and Rasheed work on a committee with members of the Murray Bridge Racing Club Inc on the project to develop a new course and associated facilities at Murray Bridge.
- Ms Nelson QC is the Thoroughbred Racing SA Ltd nominated Director for Gifford Hill Pty Ltd, the joint venture company formed for the wider Murray Bridge Development.
- Ms Nelson QC is the Board liaison with the Port Augusta Racing Club on projects to realise surplus real

property adjacent to the club's facilities and to redevelop the race course and facilities of that club.

Other Matters

Auditor's Independence Declaration

The Auditor's Independence Declaration is set out on page 29 and forms part of the directors' report for the financial year ended 30th June 2011.

Insurance of Officers

The Company has paid insurance premiums in respect of directors' and officers' liability insurance contracts for current directors and officers.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in

respect of the directors' and officers' liability contract as such disclosure is prohibited under the terms of the contract.

Dated at Adelaide this 30th day of September 2011.

Signed in accordance with a resolution of directors:



F Nelson QC

Director

Auditor's Independence Declaration



**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF THOROUGHBRED RACING SA LIMITED**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2011, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck
ABN: 38 280 203 274

D.B. Spencer
Partner

Dated this 30th day of September, 2011.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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THOROUGHBRED RACING S.A. LIMITED

Financial Statements

Statement of Comprehensive Income

Thoroughbred Racing SA Limited. For the year ended 30 June 2011.

		30 June 2011	30 June 2010
	Note	\$	\$
Revenue	2	41,851,243	39,228,907
Other income	3	1,920,000	1,020,000
Financial income	4	564,057	585,014
Prizemoney	5(a)	(32,521,366)	(28,972,853)
Industry payments	5(b)	(6,270,852)	(5,807,956)
Employee expenses		(2,929,298)	(2,626,338)
Depreciation expenses		(258,887)	(226,079)
Legal fees		(152,263)	(116,046)
Financial expenses	5(c)	(842)	-
Other expenses	5(d)	(2,968,498)	(2,805,673)
Net Surplus / (Loss)		(766,706)	278,976
Other Comprehensive Income:			
Net fair value (loss)/gain on re-measurement of investments in equity securities available-for-sale		(20,952)	47,792
Total Comprehensive Income		(787,658)	326,768

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 34 to 56.

THOROUGHBRED RACING SOUTH AUSTRALIA: **Financial Statements**

Balance Sheet

Thoroughbred Racing SA Limited. For the year ended 30 June 2011.

	Note	30 June 2011 \$	30 June 2010 \$
Current assets			
Cash and cash equivalents	6	2,182,115	4,745,639
Trade and other receivables	7	15,467,942	11,773,626
Other assets	8	124,846	170,646
Total current assets		17,774,903	16,689,911
Non-current assets			
Plant and equipment	9	1,358,197	1,357,597
Financial assets - investments	10	1,023,199	1,044,151
Total non-current assets		2,381,396	2,401,748
Total assets		20,156,299	19,091,659
Current liabilities			
Trade and other payables	11	2,237,554	4,052,212
Borrowings	12	4,000,000	-
Provisions	13	510,256	410,362
Other liabilities	14	731,016	765,493
Total current liabilities		7,478,826	5,228,067
Non-current liabilities			
Provisions	13	18,939	25,842
Other liabilities	14	953,542	1,345,100
Total non-current liabilities		972,481	1,370,942
Total liabilities		8,451,306	6,599,009
Net assets		11,704,992	12,492,650
Equity			
Reserves	15	70,954	91,906
Retained profits		11,634,038	12,400,744
Total equity		11,704,992	12,492,650

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 34 to 56.

Statement of Changes in Equity

Thoroughbred Racing SA Limited. For the year ended 30 June 2011.

	Reserves	Retained Profits	Total
Balance as at 30 June 2009	44,114	12,121,768	12,165,882
Net Surplus for the year	-	278,976	278,976
Other Comprehensive Income for the year	47,792	-	47,792
Balance as at 30 June 2010	91,906	12,400,744	12,492,650
Net Surplus / (Loss)	-	(766,706)	(766,706)
Change in fair value of equity securities available-for-sale	(20,952)	-	(20,952)
Balance as at 30 June 2011	70,954	11,634,038	11,704,992

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 34 to 56.

Statement of Cash Flows

Thoroughbred Racing SA Limited. For the year ended 30 June 2011.

	Note	30 June 2011 \$	30 June 2010 \$
Cash flows from operating activities			
Receipts in the course of operations		47,030,833	42,884,705
Payments in the course of operations		(50,863,265)	(42,850,647)
Interest received		538,682	573,276
Dividends received		31,043	30,273
Loan repayments from / (loans to) clubs		(209,030)	286,681
Net cash provided by operating activities	16	(3,471,737)	924,288
Cash flows from investing activities			
Proceeds on disposal of investments		4,091	-
Payments from investments		-	3,500,000
Payments for plant and equipment		(259,487)	(220,069)
Net cash (used in)/provided by investing activities		(255,396)	3,279,931
Cash flows from financing activities			
Gawler Redevelopment Costs		(2,836,391)	(5,998,403)
Proceeds from SAJC Loan		4,000,000	-
Net cash (used in) financing activities		1,163,609	(5,998,403)
Net (decrease) in cash held		(2,563,524)	(1,794,184)
Cash and cash equivalents at the beginning of the financial year		4,745,639	6,539,823
Cash and cash equivalents at the end of the financial year	6	2,182,115	4,745,639

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 34 to 56.

Notes to the Financial Statements

The financial statements cover Thoroughbred Racing SA Limited (“the Company”) as an individual entity, incorporated and domiciled in Australia. Thoroughbred Racing SA Limited is a company limited by guarantee.

The financial report was authorised for issue by the Directors of the Company on 30 September 2011.

1. Summary of significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 (Cth).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Revenues

Revenues are recognised at fair value of the consideration received net of the

amount of goods and services tax (GST).

TAB product fee revenue

Revenue from TAB product fees is recognised as it accrues.

Betting Operations Contribution

Revenue from Betting Operations Contribution is recognised as it accrues.

SABOIS revenue

SABOIS subscriptions are not recognised as revenue until horses are two years old, when one third is recognised as revenue and the balance is recognised when the horses are three year olds.

Sale of goods

Revenue from the sale of goods is recognised when control of the goods passes to the customer.

Financial income

Financial income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets through profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(b) Financial expenses

Financial expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

(c) Taxation

No provision for income tax has been raised as Thoroughbred Racing SA Limited is exempt from income tax under the Income Tax Assessment Act 1997.

(d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if any, are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(f) Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the

1. Summary of significant accounting policies (continued)

event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is available for use.

The estimated useful lives for each class of depreciable asset are:

- Plant and equipment 3-10 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where

the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in

accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (ie gains or losses) being recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or

1. Summary of significant accounting policies (continued)

loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(b) Impairment of assets

At the end of each reporting period, the

Company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the Company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

(i) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts

expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(m) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both

1. Summary of significant accounting policies (continued)

externally and within the Company.

Key estimates - Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(n) New accounting standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements that are potentially material to the Company and their impact on the Company is as follows:

- AASB 9: Financial Instruments, AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013)

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The changes also incorporate the classification and

measurement requirements for financial liabilities, and the recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
- simplifying the requirements for embedded derivatives
- removing the tainting rules associated with held-to-maturity assets
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and

Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and State, Territory and Local Governments.

The following entities can elect to apply Tier 2 of the framework when preparing general purpose financial statements:

- for-profit private sector entities that do not have public accountability;
- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and State, Territory and Local Governments.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific 'RDR' disclosures.

1. Summary of significant accounting policies (continued)

This Standard is not expected to impact the Company.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The standard also amends AASB 8 to require entities to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. This Standard is not expected to impact the Company.

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. This Standard is not expected to impact the Company.

- AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods commencing on or after 1 January 2011)

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. This Standard is not expected to impact the Company.

- AASB 2010-6: Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods commencing on or after 1 July 2011)

This Standard adds and amends disclosure requirements about transfers of financial assets, including in respect of the nature of the financial assets involved and the risks associated with them. This Standard is not expected to impact the Company.

- AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113] (applicable for annual reporting periods commencing on or after 1 July 2011)

AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The Standard deletes various Australian-specific guidance and disclosures from other Standards (Australian-specific disclosures retained are now contained in AASB 1054), and aligns the wording used to that adopted in IFRSs. This Standard is

not expected to impact the Company.

- AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 & AASB 1054] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 2011-2 establishes reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards - Reduced Disclosure Requirements in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project. The company has not yet assessed the impact of this standard.

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (applicable for annual reporting periods commencing on or after 1 July 2013).

This standard removes all the individual key management personnel disclosures contained in Aus paragraphs 29.1 to 29.9.3 of AASB 124. The changes apply to each disclosing entity, or group of which a disclosing entity is the parent that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act for their first annual reporting period beginning on or after 1 July 2013. This standard is not available for early adoption, however as the Company is not a disclosing entity these changes are not expected to impact the Company.

The Company does not anticipate early adoption of any of the above Australian Accounting Standards or Interpretations.

THOROUGHBRED RACING SOUTH AUSTRALIA: **Notes to the Financial Statements**

	30 June 2011	30 June 2010
	\$	\$
2. Revenue		
TAB Product Fees and Betting Operations Contributions	39,757,910	37,484,740
Screening & International Rights	707,393	555,348
SABOIS subscriptions	432,160	355,233
Registration fees	224,695	215,903
Publications	290,602	251,262
Other	438,483	366,422
Total revenue	41,851,243	39,228,907

TAB product fees are recognised net of the SA Government tax commonly referred to as Clawback. The effect of this tax has been to reduce TRSA revenue by \$2,104,280 for the year ended 30 June 2010 (30 June 2010: \$2,126,969)

3. Other Income

SAJC Contribution to Industry Prizemoney	1,800,000	900,000
Government promotional grants	120,000	120,000
Total other income	1,920,000	1,020,000

4. Financing Income

Interest income	533,014	554,741
Dividend income	31,043	30,273
Total financial income	564,057	585,014

5. Net Surplus/(Loss) for the Year

(a) Prizemoney

Prizemoney, Unplaced Subsidies and Riding Fees	30,648,241	27,227,928
SABOIS Bonuses	1,873,125	1,744,925
Total Prizemoney	32,521,366	28,972,853

	30 June 2011	30 June 2010
	\$	\$
5. Net Surplus/(loss) for the Year (continued)		
(b) Industry Payments		
Training Grants and Raceday Usage payments	1,500,000	1,434,000
Race Day Payments & Costs	1,337,947	1,147,152
Club Promotion and Operational purposes	1,215,483	1,346,732
Club Capital Expenditure	818,634	707,066
Workcover & Insurance - Jockeys	919,801	813,267
Industry Staff Costs	478,987	359,739
Total Industry Payments	6,270,852	5,807,956
(c) Financial Expenses		
Interest expense	842	-
Total financial expenses	842	-
(d) Other Expenses		
Advertising & Marketing	401,102	254,426
Marketing Professional Fees	214,690	226,240
Publication Expenses	316,211	277,283
Swab & Veterinary Supplies	254,975	256,541
TAFE Relocation	525	67,103
Other	1,780,995	1,724,080
Total other expenses	2,968,498	2,805,673
(e) Auditor Remuneration		
Audit Services - William Buck		
Audit of the financial report	14,400	13,960

THOROUGHBRED RACING SOUTH AUSTRALIA: **Notes to the Financial Statements**

	30 June 2011	30 June 2010
	\$	\$
6. Cash and cash equivalents		
Cash at bank and on hand	72,072	93,478
Short-term bank deposits	2,110,043	4,652,161
Total cash and cash equivalents as stated in the:	2,182,115	4,745,639
- Statement of Financial Position		
- Statement of Cash Flows		

7. Trade and other receivables

Current		
Trade receivables	2,983,289	3,659,517
Other receivables	2,336,258	1,011,135
Loans to Thoroughbred Racing Clubs - secured	10,148,395	7,102,974
	15,467,942	11,773,626

8. Other assets

Current		
Prepayments	124,846	170,646
	124,846	170,646

	30 June 2011	30 June 2010
	\$	\$
9. Plant and equipment		
Plant and equipment - at cost	3,510,003	3,280,500
Less: accumulated depreciation	(2,151,806)	(1,922,903)
Total plant and equipment	1,358,197	1,357,597

The Company's plant and equipment includes assets purchased for the use of clubs generally and for industry wide purposes.

Movements in carrying amounts

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the financial year:

Carrying amount at the beginning of the year	1,357,597	1,363,607
Additions at cost	259,487	220,069
Disposals	-	-
Depreciation expense	(258,887)	(226,079)
Carrying amount at end of year	1,358,197	1,357,597

10. Financial assets - Investments

Non-current

- Investment in Racing Information Services Australia Pty Ltd ('RISA')	374,229	374,229
Available-for-sale financial assets		
Listed equity securities available for sale	648,970	669,922
	1,023,199	1,044,151

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

11. Trade and other payables

Current

Trade payables	629,793	898,111
Other payables and accruals	1,607,761	3,154,101
	2,237,554	4,052,212

THOROUGHBRED RACING SOUTH AUSTRALIA: **Notes to the Financial Statements**

	30 June 2011	30 June 2010
	\$	\$
12. Borrowings		
Current		
Interest Bearing Loan - SAJC	4,000,000	-
	4,000,000	-

13. Provisions

Current		
Employee benefits - annual leave	253,212	200,733
Employee benefits - long service leave	257,044	209,628
	510,256	410,362
Non-current		
Employee benefits - long service leave	18,939	25,842
	18,939	25,842
Total provisions	529,195	436,204
Opening balance at 1 July 2010	436,204	351,961
Additional provisions raised during the year	92,991	84,243
Amounts used	-	-
Balance at 30 June 2011	529,195	436,204

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(j) to these financial statements.

14. Other liabilities

Current		
Income received in advance	731,016	765,493
	731,016	765,493
Non-current		
Income received in advance	953,542	1,345,100
	953,542	1,345,100
Total other liabilities	1,684,558	2,110,593

	30 June 2011	30 June 2010
	\$	\$
15. Fair value reserve		
The fair value reserve includes the cumulative net change in the fair value of available for sale investments until the investment is derecognised.		
16. Cash flow information		
Reconciliation of net surplus/(loss) for the year to net cash provided by operating activities		
Net (loss)/surplus for the year	(766,706)	278,976
Add/(less) items classified as investing/financing:		
- (Profit)/loss on sale of investments	(4,091)	-
Add/(less) non-cash items:		
- Amounts set aside to provisions	92,991	84,243
- Depreciation expense	258,887	226,079
<hr/>		
Net cash from operating activities before change in assets and liabilities	(418,919)	589,298
Change in assets and liabilities during the period:		
- (Increase)/decrease in trade receivables	676,227	(1,128,813)
- (Increase)/decrease in other receivables	(1,325,122)	(268,786)
- (Increase)/decrease in loans to Thoroughbred Racing Clubs	(209,030)	286,681
- (Increase)/decrease in other assets	45,800	(124,475)
- Increase/(decrease) in trade payables	(268,318)	555,621
- Increase/(decrease) in other payables and accruals	(1,546,340)	1,237,573
- Increase/(decrease) in income received in advance	(426,035)	(222,811)
Net cash provided by operating activities	(3,471,737)	924,288

	30 June 2011	30 June 2010
	\$	\$
17. Related party transactions		
Key management personnel compensation		
The key management personnel compensation included in employee expenses are as follows:		
Short term employee benefits	535,500	511,330
Post-employment benefits	46,136	44,406
	581,636	555,736

Directors

The names of each person holding the position of director of Thoroughbred Racing SA Limited during the financial year are Ms E.F Nelson QC and Messrs P Bentley (Ret.), G Boulton (Res.), A Killey (Ret.), B Morris, D Rasheed, S Ward, D Cross (Appt.) K Smith (Appt.) B Foster (Appt.).

Directors Compensation

The directors compensation included in employee expenses are as follows:

Short-term employee benefits - Directors remuneration	196,361	197,254
Post-employment benefits	11,367	6,399
	207,728	203,653

Directors' transactions with the Company

The terms and conditions of the transactions with directors and director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to directors and director related entities were as follows :

Director	Transaction	Note	2011	2010
Mr A Killey (Ret.)	Marketing Services	(i)	116,406	171,554
Mr S Ward	Legal Services	(ii)	21,274	42,798

(i) The Company used the marketing services of associated entities of Mr A Killey in relation to marketing campaigns and talent retention for the industry. The expenses cover the period 1/7/10 – 18/10/10 when Mr Killey retired as a Director.

(ii) The Company used the legal services of associated entities of Mr S Ward in relation to maintaining integrity for the industry and agreements with industry stakeholders

Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms and include reimbursement of direct expenses incurred.

2011
2010
\$

17. Related party transactions (continued)

Amounts receivable from and payable to directors and director related entities at reporting date arising from the above transactions were as follows:

Current trade and other payables		\$
- Trade payables	710	48,237

South Australian Jockey Club Inc

The South Australian Jockey Club Inc (SAJC) is one of the two members of the Company and controls 50% of the voting power in general meeting and thereby has significant influence over the company. The following transactions occurred between the company and the SAJC during the year:

The SAJC contributed \$1.8 million to the Company as a contribution to prize money, pursuant to an undertaking given by the SAJC to contribute portion of the income derived by the SAJC from the proceeds of the sale of Cheltenham racecourse. This amount has been recognised as other income in the Statement of Comprehensive Income.

- The contribution to prize money for the 2011 financial year was outstanding at balance date and is included in trade and other receivables in the Balance Sheet. This amount is non interest bearing.
- The Company made payments of \$1,271,861 direct to the SAJC during the year in line with the Industry’s club funding models implemented by the Board for training grants and race day usage of the Morphettville courses, race day costs, promotional and operational purposes and capital expenditure. These payments are included in the expense item Industry Payments in Statement of Comprehensive Income.
- The Company entered into a loan agreement with and borrowed \$4 million from the SAJC to provide working capital. The agreement provides for the SAJC to earn interest at a rate higher than available commercially to it, and for the Company to borrow funds on more favourable terms. The loan is secured against the SAJC’s commitment to make further payments to fund prize money.

South Australian Racing Clubs Council

The South Australian Racing Clubs Council (SARCC) is one of the two members of the Company and controls 50% of the voting power in general meeting and thereby has significant influence over the company.

The Company made payments of \$40,000 to SARCC during the year for operational purposes. These payments are included in the expense item Industry Payments in Statement of Comprehensive Income.

The members of SARCC are the South Australian Racing Clubs (Clubs) other than the SAJC. The following transactions occurred between the company and Clubs during the year:

- The Company made payments of \$2,394,154 direct to Clubs during the year in line with the Industry’s club funding models implemented by the Board for training grants and race day usage of the Morphettville courses, race day costs, promotional and operational purposes and capital expenditure. These payments are included in the expense item Industry Payments in Statement of Comprehensive Income.
- The Company has entered into loan agreements with and made loans to Clubs to provide working capital and to facilitate capital projects, which amounted to \$10,148,395 at 30 June 2011 (2010 \$7,102,974). The agreements provided for the company to earn interest at commercial rates. The loans are secured. Interest earned by the company amounted to \$359,324 (2010 \$57,190) and is included in financial income in the Statement of Comprehensive Income.

		2011	2010
	Note	\$	\$

18. Contingent liabilities

SABOIS

Qualified yearling horses are nominated for the South Australian Breeders & Owners Incentive Scheme (SABOIS) allowing them the opportunity to win bonuses in specified races during their two and three year old years.

No provision for future bonuses has been made in the statement of financial position as the requirement to pay a bonus does not arise until such time as the horse wins or is placed in a SABOIS race.

An estimate has been made based on past experience of likely future bonuses payable for those horses nominated for the scheme that are yet to reach the age of four. At 30th June 2011 it is estimated that these future bonuses will be \$5.1M.

19. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and loans, investments, accounts payable and borrowings.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets			
Cash and cash equivalents	6	2,182,115	4,745,639
Receivables and loans	7	15,467,942	11,773,626
Investments	10	1,023,199	1,044,151
Total financial assets		18,673,256	17,563,416
Financial liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11	2,237,554	4,052,212
- Borrowings	12	4,000,000	-
Total financial liabilities		6,237,554	4,052,212

Risk management framework

Identification, measurement and management of risk is a priority for the Company. The provision of administration and management to the horse racing industry in South Australia carries a number of diverse risks which may have a material impact on the Company's financial position and performance. Consequently, the Board and Management have established a framework covering accountability, oversight, measurement and reporting to maintain high standards of risk management.

The Company allocates specific roles in the management of risk to Management. This is undertaken within an overall framework and strategy established by the Board.

2011
\$

2010
\$

19. Financial risk management (continued)

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of a customer to meet their obligations to the Company on time and in full, as contracted. It arises principally from the Company's receivables from customers and investment securities. To address this risk, the Company has implemented a credit risk management framework which has been approved by the Board.

Management of credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 68 percent (2010: 68 percent) of the Company's revenue is attributable to transactions with a single customer. Geographically there is no concentration of credit risk.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis. The policy cannot be applied to persons licensed under the Betting Operations Contribution Agreement as legislation dictates that persons wagering on South Australian thoroughbred racing will be indebted to the company for Betting Operations Contributions.

Maximum Company credit exposures for financial assets are analysed below:

Cash at bank and on hand	72,072	93,478
Short-term bank deposits	2,110,043	4,652,161
Trade and other receivables	5,319,547	4,670,653
Loans to Thoroughbred Racing Clubs	10,148,395	7,102,974
Total Exposures	17,650,057	16,519,265

Trade and other receivables arise largely as a result of the racing distribution agreement with the SA TAB.

Trade receivables are analysed as follows:

Not impaired:		
- Within initial trade terms	15,467,942	11,773,626
- Past due but not impaired	-	-
Past due and impaired	-	-
	15,467,942	11,773,626

19. Financial risk management (continued)

Impaired trade receivables

At 30 June 2011, the impairment provision is \$nil (2010: \$nil). The amount of debtors written off as unrecoverable during the year was \$nil (2010: \$nil).

(b) Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they come due, or will have to do so at excessive cost.

Exposure to and management of liquidity risk

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Contractual maturities for financial liabilities on a gross cash flow basis are analysed below:

	Within 1 year	1 to 5 years	Over 5 years	Total amount
As at 30 June 2011				
Financial liabilities due for payment				
Trade and other payables	2,237,554	-	-	2,237,554
Borrowings (interest bearing loans)	4,000,000	-	-	4,000,000
Total expected outflows	6,237,554	-	-	6,237,554
Financial assets - cash flows realisable				
Cash and cash equivalents	2,182,115	-	-	2,182,115
Trade and other receivables	15,467,942	-	-	15,467,942
Investments	-	648,970	374,229	1,023,199
Total anticipated inflows	17,650,057	648,970	374,229	18,673,256
Net inflow on financial instruments	11,412,503	648,970	374,229	12,435,702
As at 30 June 2010				
Financial liabilities due for payment				
Trade and other payables	4,052,212	-	-	4,052,212
Borrowings (interest bearing loans)	-	-	-	-
Total expected outflows	4,052,212	-	-	4,052,212
Financial assets - cash flows realisable				
Cash and cash equivalents	4,745,639	-	-	4,745,639
Trade and other receivables	11,773,626	-	-	11,773,626
Investments	-	669,922	374,229	1,044,151
Total anticipated inflows	16,519,265	669,922	374,229	17,563,416
Net inflow on financial instruments	12,467,053	669,922	374,229	13,511,204

2011
\$

2010
\$

19. Financial risk management (continued)

(c) Market risks

Market risk is the risk that movements in interest rates, foreign exchange rates, equity prices or commodity prices will affect the Company's profits. Market risk arises in interest rate risk and equity prices.

(i) Interest rate risk

Market risk centres on interest rate risk arising from changes in the shape and direction of interest rates (yield curve risk) as well as mismatches in the re-pricing term of assets and liabilities. Interest rate risk is monitored by Management under guidelines and limits defined by the Board.

At the end of the reporting period the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments

Short-term bank deposits	2,110,043	4,652,161
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Variable rate instruments

Financial Assets	72,072	93,478
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(ii) Equity price risk

Equity price risk is the risk movement in investment prices in which the Company has invested will affect the Company's profits. An overall reduction of 5% or more in investment prices will have an impact, of which the decline in some securities will be offset by the Fair value reserve.

Financial assets - investments

Listed equity securities available for sale	648,970	669,922
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Sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

+/- 100 basis points in interest rates on variable rate instruments	+/- 721	+/- 935
+/- 5% in the prices of investments in listed equity securities	+/- 32,449	+/- 33,496

(d) Net fair values

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from

19. Financial risk management (continued)

markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (ie trade receivables, borrowings), are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Company.

The fair values of financial assets and liabilities are equal to the carrying amounts recorded in the Statement of Financial Position.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 30 June 2011				
Financial assets:				
Available-for-sale financial assets				
- Listed investments	648,970	-	-	648,970
- Unlisted investments	-	374,229	-	374,229
	648,970	374,229	-	1,023,199

As at 30 June 2010

Financial assets:

Available-for-sale financial assets

- Listed investments	669,922	-	-	669,922
- Unlisted investments	-	374,229	-	374,229
	669,922	374,229	-	1,044,151

20. Company details

The registered office and principal place of business of the Company is:

Thoroughbred Racing SA Limited
Morphettville Racecourse
MORPHETTVILLE SA 5043

21. Members' guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$2.00 each towards meeting any outstandings and obligations of the Company. At 30 June 2011 the number of members was 2.

22. Risk management

(a) Risk management framework

Identification, measurement and management of risk is a priority for the Company. The provision of administration and management to the horse racing industry in South Australia carries a number of diverse risks which may have a material impact on the Company's financial position and performance. Consequently, the Board and Management have established a framework covering accountability, oversight, measurement and reporting to maintain high standards of risk management.

The Company allocates specific roles in the management of risk to Management. This is undertaken within an overall framework and strategy established by the Board.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(b) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of a customer to meet their obligations to the Company on time and in full, as contracted. It arises principally from the Company's receivables from customers and investment securities. To address this risk, the Company has implemented a credit risk management framework which has been approved by the Board.

22. Risk management (continued)

Management of credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 68 percent (2010: 68 percent) of the Company's revenue is attributable to transactions with a single customer. Geographically there is no concentration of credit risk.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The policy does not apply to persons licensed under the Betting Operations Contribution Agreement.

Maximum Company credit exposures for financial assets are analysed below:

	Maximum credit risk exposure 2011	Maximum credit risk exposure 2010
Cash and cash equivalents	72,072	93,478
Bank short term deposits	2,110,043	4,652,161
Trade and other receivables	5,319,547	4,409,989
Investment securities	648,970	669,922
Investments in other entities	374,229	374,229
Loans to thoroughbred racing clubs	10,148,395	7,102,974
Prepayments and accrued income (excluding non financial assets)	124,846	170,646
Total Exposures	18,798,102	17,473,399

Trade and other receivables arise largely as a result of the racing distribution agreement with the SA TAB.

Trade receivables are analysed as follows:

	2011	2010
Not impaired:		
Neither past due nor impaired	2,983,289	3,659,516
Past due greater than 3 months but not impaired	-	-
Impaired	-	-

22. Risk management (continued)

Impaired trade receivables

At 30 June 2011, the impairment provision is \$nil (2010: \$nil). The amount of debtors written off as unrecoverable during the year was \$nil (2010: \$nil).

Investments

The Company holds equities available for sale that are traded on the stock exchange.

(c) Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they come due, or will have to do so at excessive cost.

Exposure to and management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Contractual maturities for financial liabilities on a gross cash flow basis are analysed below:

Company	Carrying amount	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
As at 30 June 2011						
Trade payables (excluding non financial liabilities)	629,793	629,793	-	-	-	-
Other payables and accruals (excl non financial liabilities)	1,607,761	1,607,761	-	-	-	-
Income received in advance	1,684,558	-	-	731,016	953,542	-
Loan - South Australian Jockey Club	4,000,000	-	-	4,000,000	-	-
Total	7,922,112	2,237,554	-	4,731,016	953,542	-
As at 30 June 2010						
Trade payables (excluding non financial liabilities)	898,111	898,111	-	-	-	-
Other payables and accruals (excl non financial liabilities)	3,154,101	3,154,101	-	-	-	-
Income received in advance	2,110,593	-	-	765,493	1,345,100	-
Total	6,162,805	4,052,212	-	765,493	1,345,100	-

22. Risk management (continued)

(d) Market risks

Market risk is the risk that movements in interest rates, foreign exchange rates, equity prices or commodity prices will affect the Company's profits. Market risk arises in interest rate risk and equity prices.

Interest rate risk

Market risk centres on interest rate risk arising from changes in the shape and direction of interest rates (yield curve risk) as well as mismatches in the re-pricing term of assets and liabilities.

At reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2011	2010
Fixed rate instruments		
Financial assets	2,110,043	4,652,161
Variable rate instruments		
Financial assets	72,072	93,478

The Company does not have any exposure to interest rate movements for fixed rate instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	100bp increase	100bp decrease
30-Jun-11		
Variable rate instruments	721	(721)
30-Jun-10		
Variable rate instruments	935	(935)

Management of interest rate risk

Interest rate risk is monitored by Management under guidelines and limits defined by the Board.

Equity Price risk

Equity price risk is the risk movement in investment prices in which the Company has invested will affect the Company's profits. An overall reduction of 5% or more in investment prices will have an impact, of which the decline in some securities will be offset by the Fair value reserve.

22. Risk management (continued)

	Carrying amount	2011 Effect on profit/equity		Carrying amount	2010 Effect on profit/equity	
		-5%	5%		-5%	5%
Listed equities	648,970	(32,449)	32,499	669,922	(33,496)	33,496

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities are equal to the carrying amounts recorded in the balance sheet.

Directors' Declaration

DIRECTORS' DECLARATION

In the opinion of the directors of Thoroughbred Racing S.A. Limited (the "Company"):

1. The financial statements and notes, set out on pages 9 to 34, are in accordance with the Corporations Act 2001:
 - a. Complying with Accounting Standards; and
 - b. Giving a true and fair view of the financial position of the Company as at 30 June 2011 and of the performance for the year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



F Nelson QC
Director

Dated at Adelaide this 30th day of September 2011.

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOROUGHBRED RACING SA LIMITED

We have audited the accompanying financial report of Thoroughbred Racing SA Limited, which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Thoroughbred Racing SA Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

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Brisbane
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THOROUGHBRED RACING SOUTH AUSTRALIA: **Independent Auditor's Report**



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THOROUGHBRED RACING SA LIMITED**

Auditor's Opinion

In our opinion the financial report of Thoroughbred Racing SA Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

William Buck

William Buck
ABN: 38 280 203 274

D.B. Spencer

D.B. Spencer
Partner

Dated this *30th* day of September, 2011.

Sydney
Melbourne
Brisbane
Perth
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