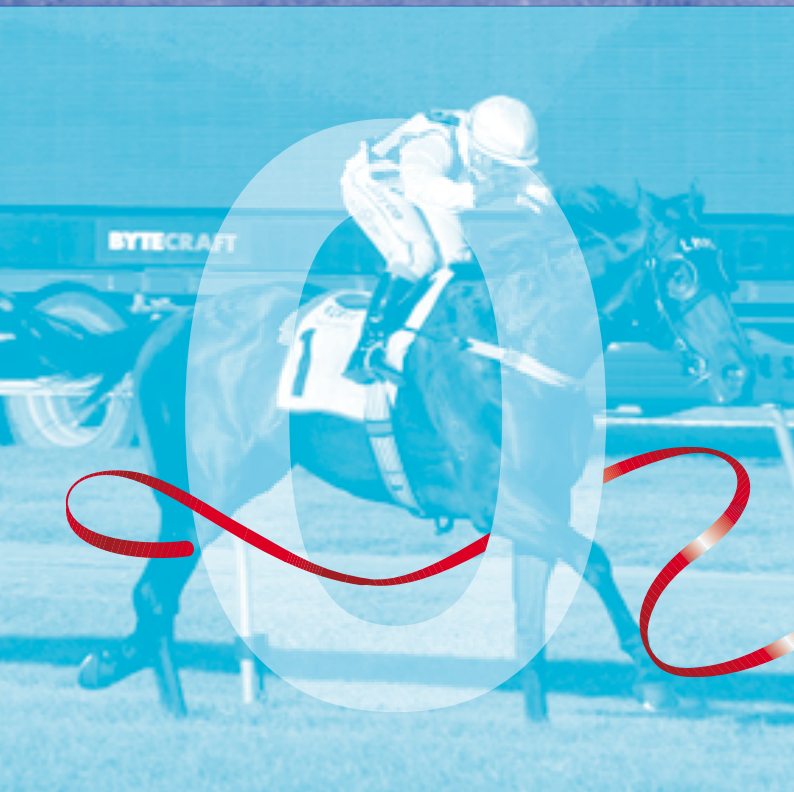


THE RACES

A stylized red and black outline of a horse's head in profile, facing right, positioned to the right of the main title.

THOROUGHBRED RACING SOUTH AUSTRALIA



2009 ANNUAL REPORT



Bel Mer - Robert Sangster Stakes



Gallica - Schweppes Oaks



Pentacolo - CUB Great Eastern Steeplechase



Serious Speed - Gerard Corporation Stakes



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Chairman's Report

Significant changes have taken place within the South Australian thoroughbred racing industry in the last two years, since the appointment of the existing Board of Thoroughbred Racing SA. Whilst some of the changes that have taken place have not been without some discomfort, there has been a considerable improvement in the position of the Industry.

It has been most unfortunate that these improvements have often been overshadowed by negative publicity, which has cast aspersions upon the integrity of the industry and individuals associated with it.

Corporate governance and the Lipman Karas inquiry

The action taken by Thoroughbred Racing SA in respect of corporate governance of the South Australian Jockey Club was unprecedented. Accordingly, it is important to explain the actions of this Board in response to the events surrounding the Jockey Club elections and the Supreme Court proceedings brought by one of its directors, Mr Bill Spear.

The Board of Thoroughbred Racing SA formed the view that the publicity associated with governance practices at the Jockey Club in connection with the court action was extremely unhealthy. It was clear that the matters raised in the Supreme Court cast doubt upon the suitability of the Jockey Club and persons associated with it, to be licensed for betting operations. It would also raise questions about this company's suitability in view of the Jockey Club's 50% shareholding in Thoroughbred Racing SA. The concerns of the Independent Gambling Authority were evidenced in correspondence to the Jockey Club and our Board.

My Board recognised that, as the controlling body for thoroughbred racing in this state, it was our responsibility to do everything possible to minimise the impact this adverse publicity was having upon the industry. Accordingly, in the interest of the industry, an agreement was reached between Mr Spear and the Jockey Club that required, inter alia, that the decision of the 2008 election be vacated and that Thoroughbred Racing SA establish an independent inquiry into matters surrounding the 2008 elections to the Board and corporate governance issues of the Jockey Club. The Board appointed a well known Adelaide legal firm, Lipman Karas, to conduct that inquiry in accordance with terms of reference that were consistent with the terms of the settlement between the Jockey Club and Mr Spear.



Philip Bentley
Chairman

The inquiry took place throughout the months of December, January and February and required the Board to schedule a number of extra meetings solely to deal with the matters arising from the inquiry. The Board received the Lipman Karas Report in early March.

The Board considered that report and resolved to recommend to the Jockey Club that it terminate the services of their CEO; that all the then current Jockey Club Board members resign; that a new election be conducted by the State Electoral Commissioner; and that the Chair and Deputy Chair of the Jockey Club agree to not offer themselves for re-election to the Board. The Independent Gambling Authority indicated that if the Board's recommendations were implemented it would take no further action in respect of the licences of the Jockey Club and Thoroughbred Racing SA. The directors of the Jockey Club agreed to these recommendations and following fresh elections, on 13th May the successful Board members were announced. Mr David Peacock was elected as Chair of the Board and immediately applied great diligence to the task of addressing the problems that his Board had inherited.

The Board has also made recommendations to the Jockey Club concerning other corporate governance matters and has published a series of corporate governance recommendations that are to be implemented by all of the State's racing clubs, with a view to ensuring that the industry's corporate governance practices are beyond reproach.

Notwithstanding that the corporate governance issues that were exposed in respect of the Jockey Club were addressed and the industry had demonstrated it could capably regulate its own affairs, the Legislative Council decided to establish a Select Committee of Inquiry into aspects of the racing industry, including the sale of the Cheltenham Racecourse and the corporate governance practices of this company and the Jockey Club. The motivation for the inquiry is difficult to understand. Whilst this Board accepts that the Parliament has a legitimate interest in the processes of government, it is difficult to accept that it should be inquiring into the conduct of a public company and an incorporated body, where those entities have clearly demonstrated their ability to properly and legitimately manage their affairs. The decision to hold this inquiry appears to have overlooked the fact that the Industry was privatised some 9 years ago.

This Board's concern is merely that the Inquiry provides a forum in which to voice dissatisfaction with actions taken or decisions made in an unfortunate chapter in the history of the industry, which will create further unnecessary and unhealthy negative publicity, when the industry should be striving for closure on those issues and the repair of the damage that has been done.

Racing integrity

It is important to appreciate that while the industry received poor publicity in the events leading up to the completion of the Lipman Karas Inquiry, during the Inquiry and subsequent to the Inquiry, at no stage was the integrity of our racing brought into question. The integrity of racing has been well managed by the company's stewards department under the leadership of Mr Graham Loch.

The Board has approved an increased budget in the forthcoming year to enable the stewards to carry out more testing of horses, both at race meetings and out of competition.

Betting turnover tax

In 2007 the Racing Minister, Michael Wright, assured the Industry that the State Government would eliminate the Betting Turnover Tax over 4 years in return for governance reforms. In 2007 the shareholders of the Thoroughbred Racing Board - the Jockey Club and SARCC - undertook that reform

The first instalment of these tax cuts commenced on the 1 July 2008, which provided a net benefit to the industry of \$2.8 million. A further reduction in the tax occurred on 1 July 2009, which will be worth approximately \$3.2 million this year. These reductions in tax will continue over the next 3 years until the betting turnover tax is eliminated. It is anticipated that when this occurs the full year benefit in 2012-13 will be \$5.4 million per annum.

Racefields/betting operations contribution legislation

The New South Wales racing industry announced almost a year ago, that from 1 September 2008, it would charge a betting fee of 1.5 % of betting turnover on any TAB or corporate bookmaker accepting bets on New South Wales races.

The NSW initiative was an understandable initiative to address the loss of revenue caused by the growth in the corporate bookmaking industry, which operated in other states and paid nothing for the racing product from which they derived their profits, at the expense of the TABs and local bookmakers that supported the industry in each state.

However, this marked the end of the "Gentlemen's Agreement", which had allowed each state's TAB to freely use the betting product of other states. This action had the potential to cost our industry enormous sums as the amounts that had to be paid by SA TAB would be deducted from the TAB distribution that was our principal source of revenue.

The Board made strong representations to the State Government and the Opposition, for the need for similar legislation in South Australia in order to protect our racing income and ensure South Australian racing could compete on an equal playing field. The industry is indebted to the State Parliament for its positive response in enacting the legislation passed in November 2008, effective from 1 September 2008 – the same commencement date as New South Wales.

My Board decided, for legal and strategic reasons, to set a charge equal to 10% of gross proceeds of any TAB or corporate bookmaker on any South Australian race. This revenue is equivalent to approximately 18% of the income that is received from SA TAB.

The Board anticipates that there will be some significant changes to wagering patterns with the increased competition between corporate bookmakers and TABs. This process will be aided by advertising by corporate bookmakers, which hitherto had not been permitted. The Board is conscious of the volatility that has arisen with respect to wagering around Australia and will monitor developments closely.

Prizemoney increases

The Board has been extremely conscious of the need to increase prize money in order to arrest and reverse the loss of horses and industry personnel interstate.

The Board has increased prize money on three occasions: in February 2008; in November 2008; and in August 2009. On 23 August 2009 the Board announced a fourth, and the largest increase, to take effect on 1 February 2010, except for Group and Listed Races where the increase will be phased in from 1 May. These new increases, although not evenly distributed, are equivalent to an across the Board increase of 24% per annum, and boost prizemoney at all classes of racemeetings.

The Board has also addressed the particular issues faced by the Clubs in the South East region, on the Eyre Peninsula and in the north of the State. These areas are vital to the future of racing in South Australia. Each has special challenges. Eyre Peninsula and the Northern region have isolation to contend with and have suffered from a decline in the number of horse and horse owners in these areas. The South-East has strong competition from Victorian Racing, which for some time has offered significantly higher prize money than South Australia.

Accordingly, the Board announced that from 1 February 2010 all meetings conducted by Mount Gambier and Port Lincoln Racing Clubs will be classed as provincial meetings and will carry provincial prize money. The Board believes this major change in the status of both Clubs will strengthen racing in each of the regions in which they are located, and assist in achieving the Board's focus in growing the scope of the thoroughbred industry in SA.

Metropolitan racing

During the last two years the changes to metropolitan racing in South Australia have been dramatic.

Metropolitan racing was conducted at Morphettville, Cheltenham and Victoria Park until late 2007. By March 2009 metropolitan racing had been consolidated at one venue, Morphettville, with the addition of a new inner track.

The Jockey Club had been attempting to renegotiate an acceptable arrangement with the Adelaide City Council with respect to facilities, cost sharing and lease arrangements at Victoria Park. The South Australian industry had enjoyed a unique venue situated within a kilometre of the centre of the city, which

provided an excellent opportunity to promote patron attendance, including summer twilight meetings close to the CBD. However, faced with high capital costs of at least \$20 million; an inability to fence the course and ensure proper safety for jockeys, patrons and members of the public; restricted use of the course during summer because of car racing and an unsympathetic landlord; the Jockey Club found that it had no other sensible choice but to abandon the site. The last meeting conducted at Victoria Park was the twilight meeting held on 14th December 2007.

Since then the Jockey Club has incurred considerable expense remediating the Victoria Park site and the industry has taken initiatives to relocate certain assets to other courses within the state.

The challenge the loss of Victoria Park presented was considerable, as the Jockey Club had already negotiated the sale of Cheltenham. The last race meeting conducted at Cheltenham was on 21st February 2009.



The Jockey Club achieved a sale price of \$85 million. This price was above expectations and was agreed to prior to the global financial crisis. This has provided an opportunity for the Jockey Club to retire its debt and establish a fund that will significantly contribute to prize money. The Board has entered into an agreement with the Jockey Club which means that by 2012-13 this fund will contribute as much as \$3.5 million per annum to prize money. The Jockey Club contributed \$1 million during the 2009 financial year and will contribute \$900,000 during 2010.

It is acknowledged by the Board that there are traditional supporters of the Jockey Club and the Industry who regret this rationalisation has taken place. Indeed, there are people who lament the closure of Cheltenham and question some of the circumstances that occurred during the deliberations leading up to the sale of the racecourse. However, it must be recognised that Cheltenham assets have been salvaged and relocated to other courses.

It is time for the Industry to address the future, not dwell on the past or what might have been. Whatever view is held regarding the sale of Cheltenham, the Industry can take comfort from the fact that it is financially better off from the rationalisation of facilities and the price that was achieved from the sale of the Cheltenham racecourse.

Finally, it is important to acknowledge that the South Australian Government contributed \$5 million in capital funding for the Jockey Club, which has been used to meet the costs associated with the vacation of Victoria Park and the construction of the new inner track at Morphettville. This grant originally arose from representations made by Thoroughbred Racing SA that was followed up by Jockey Club management. The grant was extremely important in making the transition from three courses to one course a financially smooth one for the Club and the Industry.

Partnerships with clubs

The Board has recognised that Clubs are in different financial positions and have differing needs and objectives for the future. The Board's response has been to forge "partnerships" with individual Clubs forming joint steering committees to advance individual projects. It is important for our shareholders and stakeholders to understand the details of each of these partnerships.

Gawler

The Gawler and Barossa Valley Jockey Club had been investigating opportunities for building a better designed racecourse and improving their on-course facilities for some years. In 2008 TRSA made representations to the South Australian Government about the specific needs of Gawler and a proposal was submitted to Government which resulted in a capital grant of \$6 million to Thoroughbred Racing SA to be applied to the redevelopment of the Gawler racecourse.

The Board has formed a steering committee with the GBJC to progress that project. In essence the project comprises:

- The construction of a new race track with a circumference of 1900 metres and a home straight of 310 metres compared with the old straight of 150 metres. This design should enhance punter confidence and off-course betting.
- The construction of a new grass training track and sand track inside the course proper.
- The development of a water catchment facility inside the tracks with community support that is yet to be obtained, which has the potential to provide cheaper water to the Club.
- New race day facilities for jockeys and race day officials.
- A new multi-purpose function centre, which will service race day patrons and be available for hire to the Gawler community on non-race days. This facility will accommodate 350 people.
- The removal of the old grandstand.
- The rezoning of the land surplus to requirements, which will provide the Club with the capital contribution to match the grant from the State Government.
- Thoroughbred Racing SA is providing funding to the Club to facilitate the redevelopment prior to rezoning approval and sale of surplus land.
- Thoroughbred Racing SA has undertaken the risk of any short fall in funds if the Club is unable to obtain sufficient funds from the sale of surplus land.

Murray Bridge

In 2005, the Murray Bridge Racing Club acquired an option to purchase 810 hectares of land, with a view to building a new racecourse and training centre. The land is situated a short distance from the existing racecourse on the opposite side of the South Eastern Freeway. The State Government and the Rural City of Murray Bridge have been supportive of this initiative as it fits in well with the future plans for the extensive growth of Murray Bridge as a population centre.

The Board of Thoroughbred Racing SA carried out due diligence on the proposed land acquisition and development and formed a steering committee with the MBRC to advance the project.

Thoroughbred Racing SA has guaranteed the repayment of a \$5 million loan to fund the land acquisition and has provided an interest free loan of up to \$600,000 to meet expenditure on project consultants and legal fees. It has also undertaken to provide to the Club the services of three of its Directors in the project development and planning stages free of charge. In return for these benefits, the Club has agreed that, save for some assets separately identified, Thoroughbred Racing SA will receive a 20% share of MBRC's profit from the project. This project and the arrangements between the MBRC and the company will provide the Industry with new facilities, secure the future of the MBRC and ensure that the industry will participate in the rewards of these initiatives in return for its contribution to the project.

It is anticipated that a new racecourse will be built during the next three years, along with extensive training facilities and cross country equine facilities. Land of at least 50 hectares will be available for trainers to purchase and establish their own training centres. Over a long period of time, as much as 20 years, it is anticipated that 3,500 homes will be constructed along with commercial premises.

It is the aim of this Board to work closely with the MBRC to ensure that the racecourse is a state of the art facility. There is a joint desire to see that the track comes to be regarded as at least equal in standard to Morphettville's main course.

Mount Gambier

It was apparent in early 2008 to both the Mount Gambier Racing Club and this Board, that the Club's finances were in a parlous state and that without the company's support the committee of the MGRC ran the risk of trading while insolvent.

A joint steering committee was established between Thoroughbred Racing SA and the Club to develop solutions to the Club's financial predicament. The following matters have been agreed:

- Thoroughbred Racing SA paid out the bank overdraft and bank loan MGRC held
- Thoroughbred Racing SA will fund the costs of the subdivision as a loan to the club
- Thoroughbred Racing SA will be reimbursed the costs outlined above, together with the existing loan account of the club from the proceeds from the sale of the blocks and have taken a mortgage over the land to this effect.
- Thoroughbred Racing SA will indemnify the club should there be a shortfall from the land sale proceeds compared to the funds advanced.

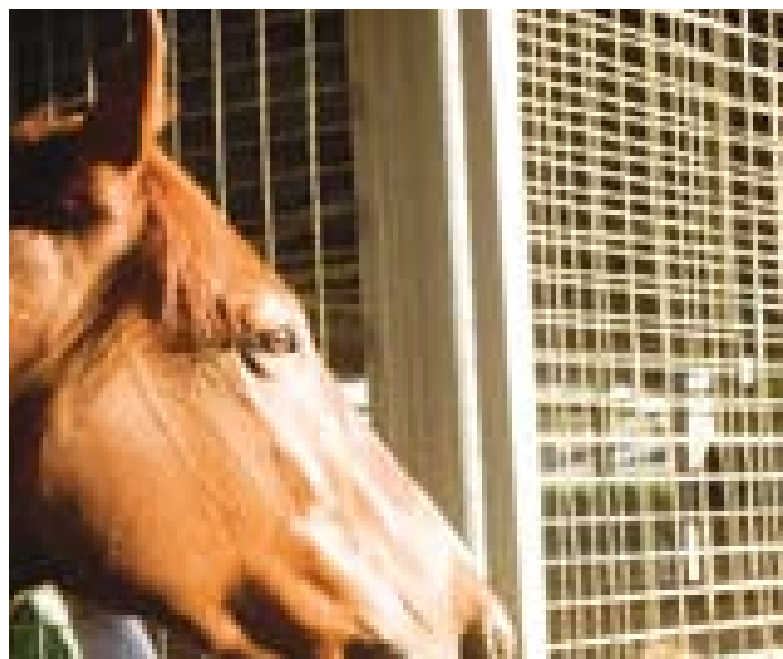
Port Augusta

Port Augusta Racing Club is ideally placed to contribute to the growth of the Industry because of its proximity to growing mining centres and the likelihood that it will be an important city to service remote centres. Port Augusta is an ideal location to race between April and September and complement Port Lincoln's race meetings between October and April. However, the Port Augusta Club has suffered from a decline in horse numbers; the use of an oil-based dirt track; and a track shape and length of home straight which is not as conducive to wagering as some other tracks. The Club has one parcel of land behind their horse stall area and a very large parcel of 82 hectares at the

back of the racecourse. The Club has formed a partnership with Thoroughbred Racing and the Board has provided the Club with an advance of \$50,000 as a loan in order to establish the viability of the following plan:

- The establishment of an agreement and then infrastructure to pipe waste water from the nearby gaol to the centre of the track.
- The replacement of the current track with a grass track with a longer home straight in order to improve off-course wagering.
- The promotion of horse stalls facilities in order to encourage trainers to train horses there.
- The rezoning of Club owned land in order that all of the above initiatives will be able to be funded.

If the above approach does not prove possible, the Board has agreed to consider writing off the loan.



South Australian Jockey Club

In my opinion, the level of cooperation between Thoroughbred Racing SA and the Jockey Club since the appointment of the new Board and election of Mr Peacock as its Chair has never been better.

Reference has already been made to the cooperation between the Jockey Club and Thoroughbred Racing SA in respect of the growth in prize money. The agreement for contributions towards prize money has been supported by the new Jockey Club Board, subject to it dealing with some financial challenges that it was not expecting.

This cooperative framework has been built upon recently when the Jockey Club approached Thoroughbred Racing SA to undertake its marketing through the company's new marketing department. This is a very pleasing development. Not only will it save the Industry money, but also it will remove a previous source of tension and enable the Industry to have a more integrated and consistent marketing approach. Two Directors of the Jockey Club Board will join the marketing sub-committee of this Board and assist in the oversight of marketing initiatives. I believe that the involvement of Directors from both Boards will enhance the level of cooperation within the Industry.

Club funding

The Board spent a considerable amount of time considering the most appropriate way of managing the Racing Industry and managing Club Business. We reached the view that the system we inherited was not the most efficient and effective way of managing racing business in the twenty-first century. The Board also recognized that a strong desire exists among most Club Committee people to retain a separate Club identity and ownership of assets. Accordingly in June 2008, Thoroughbred Racing announced at a forum of Clubs that it did not propose to go down the path of promoting a so-called "Super Club", but rather to consult further, particularly with provincial clubs, about the best means of addressing the problem.

After extensive review and consultation the Board announced a number of changes to Club funding.

The major changes involved were as follows:

- The payment by Thoroughbred Racing SA for all vision costs up to an amount of \$3,000 per meeting.
- Thoroughbred Racing SA incurring the costs for all industry staff, farriers, vet and ambulance services for the SAJC, Oakbank, Murray Bridge, Gawler, Balaklava and Strathalbyn clubs. This meant that Thoroughbred Racing SA became the employer for all Clerks of Course, Starters and Assistance Starters and Barrier staff for these Clubs. These clubs have forgone their raceday payments in return for Thoroughbred Racing SA being responsible for these costs.
- Thoroughbred Racing SA incurring the costs for farriers, vet and ambulance services for Clubs with at least 10 programmed race meetings per year, namely Port Lincoln and Mt Gambier. These clubs had their race day payments held constant at the 2007/08 levels.
- All other Country and Non TAB clubs having their raceday payments doubled.
- All clubs provided with a minor capital grant of \$5,000 to undertake sundry improvements. Total approved capital grants to clubs for the 2010/11 financial are \$500,000
- A new usage based component was added to the training subsidy and the total funding for this component was increased by \$300,000 lifting it to \$1.5m per annum. \$500,000 will be distributed across all clubs with at least 10 programmed race meetings per year under the usage component with the remaining \$1million being distributed based on training.

These changes came into effect on 1st July 2009 at a cost of \$ 1.1 million and will be reviewed during the course of this year. The response from Clubs to this change has been extremely positive.

Jumps racing

The Board has recognised that certain groups have waged a campaign against the continuance of jumps racing. We have been resilient in our defence of the industry and will continue to be so.

Whilst jumps' racing is a small part of the number of races conducted in South Australia and it is now only conducted at Morphettville, Oakbank, Murray Bridge and Mount Gambier, it needs to be recognised by the community that it does have a popular following. Oakbank's Easter meetings are the two highest

attended South Australian race days each year and the Irish Day conducted at Morphettville is among the five highest days conducted at the track and among the top ten attended days during the year. The Board intends to continue to defend jumps racing and its members within the industry. At the end of the year the Board will collaborate with the Victorian jumping community in an endeavour to see if there are improvements that can be made in the way we coordinate, promote and defend this part of our industry from the vocal but small number of opponents.

Board members

I would like to take this opportunity to thank my fellow Directors for the considerable amount of time and commitment they have given to the task of managing the business. Extra time has been devoted because of the range of issues we have been faced with and dealt with. In addition to the Board meetings and Committee meetings there has been extensive time given in working in partnership with some Clubs. Greg Boulton, Frances Nelson and I have made up the Thoroughbred Racing part of the Steering Committee for Gawler; David Rasheed Peter Pedler and I on the Steering Committee for Murray Bridge; Greg Boulton and I on the Mount Gambier Steering Committee; and Frances Nelson and I on the Port Augusta initiative. As well as this Andrew Killey has played an invaluable input in ensuring that our Board is working more closely with the SAJC.

Unfortunately, Peter Pedler has indicated that he will be unable to continue on our Board due to some pressing work commitments. However, his services will not be entirely lost to South Australian racing as he has agreed to be the Board's legal advisor with respect to the major Murray Bridge development. I take this opportunity to thank Peter for the excellent contribution he has made to our Board deliberations and particularly to the advancement of the Murray Bridge initiative.

Management and staff

During the last 15 months the Board has recruited a new management team. Chief Executive Jim Watters joined the Company in April 2009 and Chief Operating and Financial Officer, Nick Redin joined the company in June 2008. They along with our long serving Chief Steward Graham Loch make up our leadership group and are proving to be a formidable team in moving the organisation forward. On behalf of the Board I would like to publicly express our thanks to them for the very positive approach they bring to corporate leadership of the Industry. I would also take this opportunity to thank our staff for their commitment and their endeavour.



Philip Bentley
Chairman

Chief Executive Report

In a year which saw highs and lows for the thoroughbred racing industry in South Australia, the year ended on a high where it is most important, with a strong financial result. It is difficult to drive an industry forward or effect positive growth and change, without the financial strength to implement change.

Whilst, as the Chairman's Report has already noted, thoroughbred racing in South Australia attracted more than its share of negative publicity, the perceived poor off-track performance did not impact on the on-track performances of the State's racing participants. The integrity of our racing was never called into question. By year end virtually all of the issues which had attracted the poor media comment had been put to rest and there is now an air of optimism and anticipation across all levels of thoroughbred racing in the State.



Jim Watters
Chief Executive

Club	Project	\$
KI	Cost of relocating stewards towers and running rails from Victoria Park	17,000
Gawler	Horse stalls redevelopment	34,145
Oakbank	Balance of capital grant allocation from 2007/08 for Shillabeer roadworks	12,571
Pt Lincoln	Public address system and sound system	20,000
Murray Bridge	Alterations and extensions to women's jockey room	10,620
Strathalbyn	Capital grant drainage and irrigation work	20,000
SAJC	Stewards towers 'The Parks' course	49,091
Naracoorte	Ladies' jockey room upgrade	13,099
Oakbank	50% cost of new tractor and additional funds for road widening	15,000
SAJC	Light towers at crossover	32,100
Industry	1/3 share 50 x old jump pads and 28 x steeple attachments	17,170

Key financial results

Following four years of significant losses, it was important that Thoroughbred Racing SA post a substantial profit, as it has done with a \$6,764,118 surplus for year ended 30 June 2009.

Total Revenue at \$40.66M was up \$11.54M (+39.66%), the bulk of which was attributable to the new Betting Operations Contributions (BOC) which amounted to \$5.1M (net of deductions from other States with their own Racefields Legislation). The first step in the phasing out of the State wagering tax provided revenue of \$2.8M while TAB Product Fees recorded a \$2.04M increase. Funding from Thoroughbred Racing SA to clubs was increased by 31.64% including an additional \$242,723 provided by way of Club Capital Expenditure.

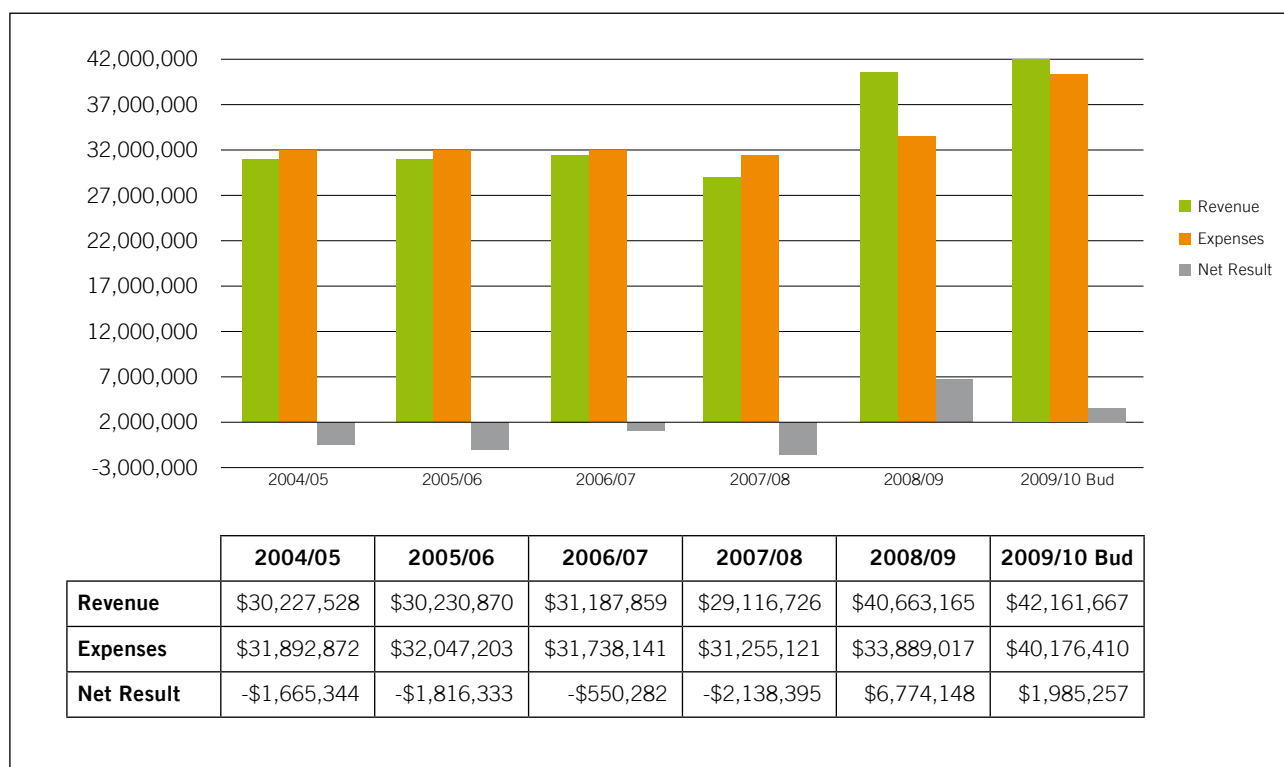
Due to the various issues required to be faced by Thoroughbred Racing SA, specifically around the SAJC governance matters, legal and professional fees were \$452,000. This expenditure was necessary in order to achieve the necessary objectives.

The amount spent would have more than funded a Group 1 race, and from Thoroughbred Racing's point of view that is a more important objective.

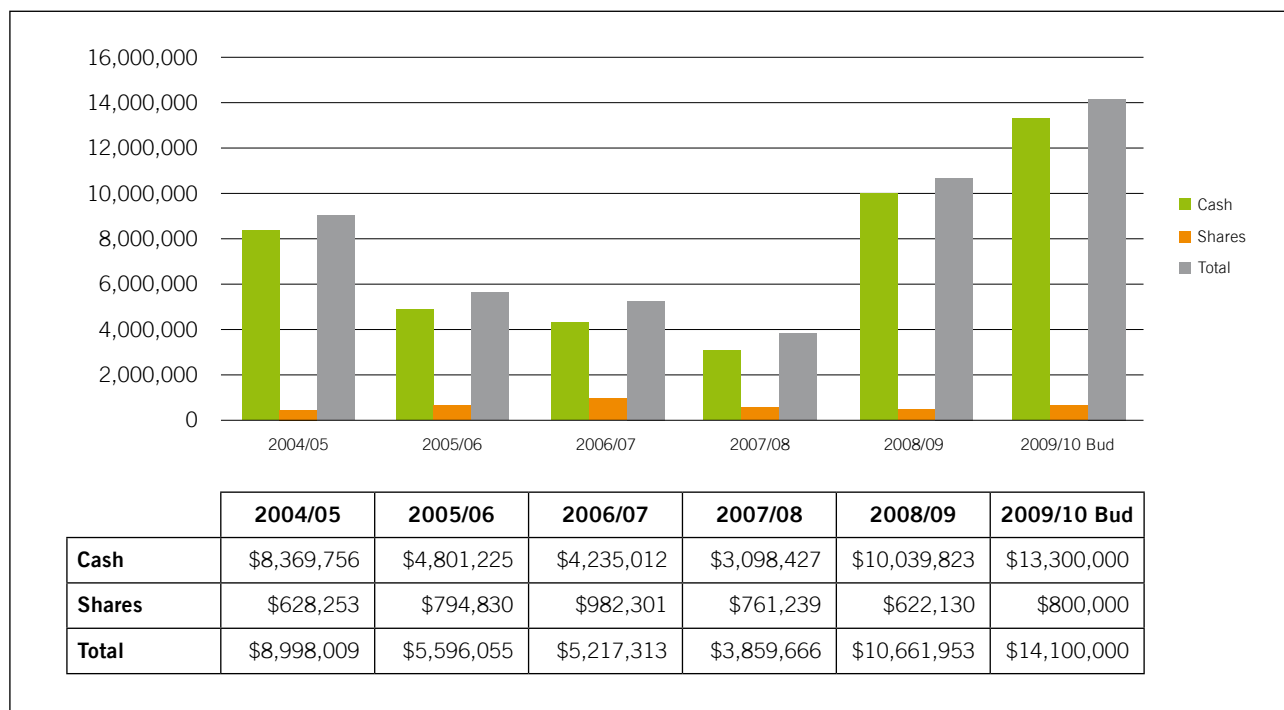
The Board resolved to retain a major portion of the additional revenue achieved in the 30 June 2009 year. Although the legislation which gave rise to the BOC revenue was back-dated to September 2008, the first payments were not received until March 2009. The Board adopted a structured approach in utilizing some of the additional 2009 revenue to bring forward proposed 2012/13 prizemoney increases effective from February 2010. The Board also took the opportunity to retain a prudent level of reserves to maintain the thoroughbred industry going forward.

Overall company profitability and reserves

The chart below shows the Company's operating results for the last 5 financial years.



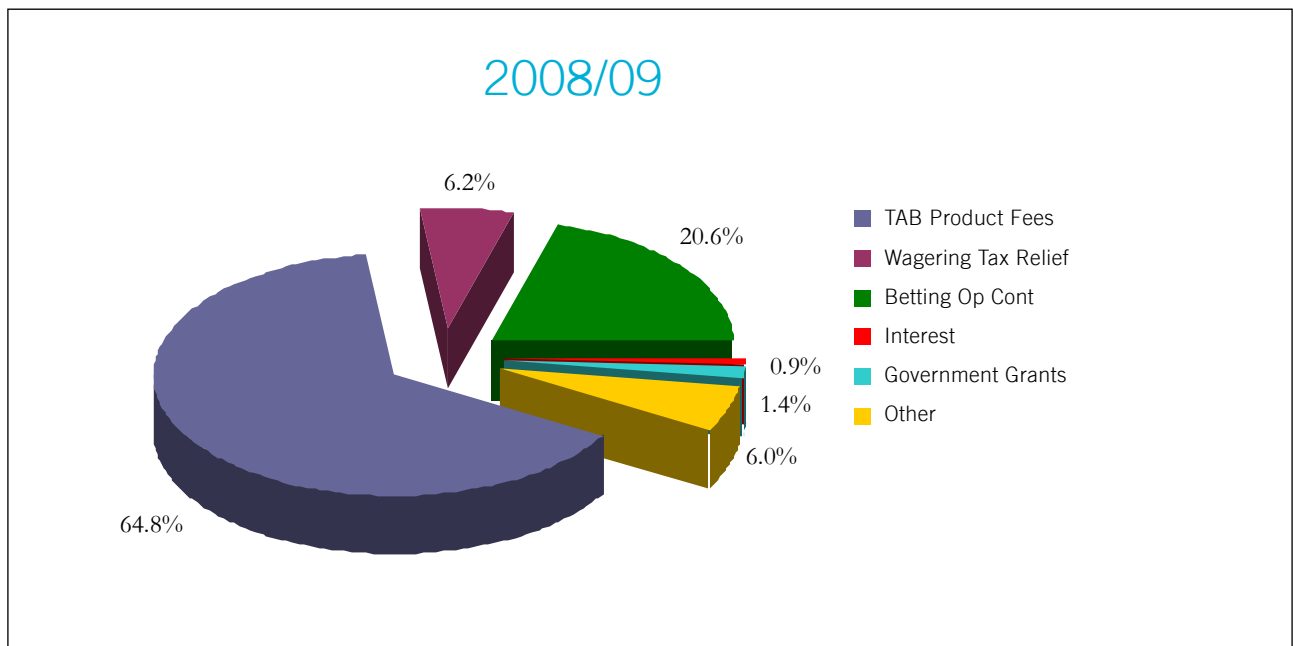
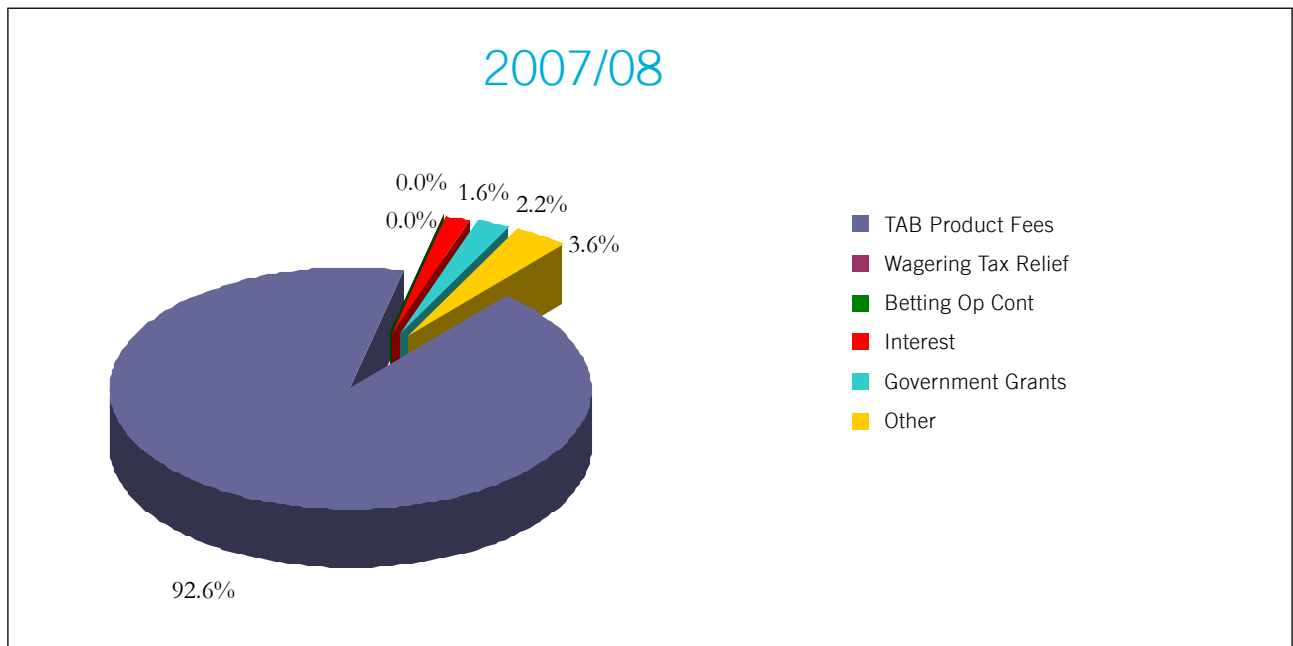
The chart below shows the Company's cash reserves and value of its share holdings as at 30 June, in each of the last 5 years.



The figures for 2007/08 and 2008/09 do not include State Government grant funds received for the Gawler redevelopment, the balance of which at reporting date was \$6.0m and \$5.25m for each of the two years respectively.

Revenue

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



	2007/2008		2008/2009		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
TAB Product Fees	\$26,952,858	92.6%	\$28,997,977	64.8%	\$2,045,119	7.6%
Wagering Tax Relief	-	0.0%	\$2,764,415	6.2%	\$2,764,415	n/a
Betting Op Cont	-	0.0%	\$9,216,729	20.6%	\$9,216,729	n/a
Interest	\$468,916	1.6%	\$422,724	0.9%	-\$46,192	-9.9%
Government Grants	\$633,000	2.2%	\$633,000	1.4%	-	0.0%
Other	\$1,061,952	3.6%	\$2,702,672	6.0%	\$1,640,720	154.5%



2008/09 TAB Product Fees above are the gross fees received, there have been deductions of \$3.5m relating to charges incurred by the SA TAB through other States' racefields legislation, the equivalent of our Betting Operations Contribution (BOC) Legislation. Under South Australia's Racing Distribution Agreement, the SA TAB is entitled to deduct any charges they incur for use of other States' racefields.

NSW, QLD and WA racefields legislation came into effect on 1 September 2008. VIC legislation was effective from 1 March 2009, with the VIC spring carnival having a 50% premium on the racefield levies charged. The TAS legislation was effective 1 July 2009.

BOC revenue received is due to changes in the Authorised Betting Operations Act (2000) and is the equivalent of the other States' racefields legislation. The BOC as shown is the gross revenue received. There have deductions against this revenue amounting to \$0.4m for payments to the South Australian racing clubs for on course wagering by bookmakers. (This is 1% of turnover and replaces that previously paid by bookmakers of 0.9%)

The legislation providing for the BOC was effective from 1 September 2008, therefore the above represents 10 months revenue from this source.

"Other" revenue includes SAJC contribution to prizemoney, vision and international rights, SABIS registration fees, industry participant's registration fees, calendar advertising and subscriptions, along with other sundry revenue items.

TAFE SA campus – apprentice academy

With the sale of Cheltenham Racecourse there was a requirement on the SAJC to relocate the TAFE SA Campus established at Cheltenham. However, the Thoroughbred Racing SA Board saw this facility as an industry asset and took over the responsibility and cost to relocate the facility to Morphettville. This commitment required a financial contribution from Thoroughbred Racing SA of some \$1.4M, of which \$584,096 is recognised within the 2009 accounts, plus a commitment in personnel, with Thoroughbred Racing SA Chief Financial Officer, Nick Redin, driving the project. The SAJC completed the racing industry's commitment through providing land for the facility on the same basis as that in place with the Cheltenham site.

The TAFE SA Morphettville Campus would rival anything around Australia, both in terms of the facilities provided and the careers it will help build for those looking to enter the industry in South Australia. The Board identified this project as an important strategic advance for racing in the State.

The Thoroughbred Racing SA Apprentice' Academy, sponsored by the SA TAB, continues to be one of our success stories. Not only does it assist in producing future riders, it assists in forming relationships and partnerships with the wider community. The commitment by Bill Forrestal and Graham Loch and the Integrity Department has ensured the successes achieved.



Marketing and branding

Another key initiative embarked upon by Thoroughbred Racing SA in the 2008/09 year was the research undertaken to develop a new marketing strategy in conjunction with a re-branding of thoroughbred racing in South Australia and the implementation of those strategies. Over a period of years, Thoroughbred Racing SA's Marketing Department had dropped from five staff to none, with the marketing role eventually left with clubs. Under the current Board, the Thoroughbred Racing SA Marketing Department has been re-established and will now provide leadership for clubs and the industry, in this vital component in the success of any industry.

In December 2008, the Board commissioned Strategic Marketing Consultant, Miriam Leenders, to undertake a Strategic Marketing Review of the South Australian racing industry and to provide recommendations as to appropriate marketing strategies. This included a "Qualitative Study on Attitudes Toward Thoroughbred Horse Racing in SA", undertaken by Intuito Ltd.

All clubs have now committed to the marketing initiatives and the new branding developed by advertising agency kwp!, with the by line, **"THERE'S NOTHING LIKE A DAY AT THE RACES"**.

One cohesive marketing platform, under the umbrella brand, aims to attract new consumer groups to events. The brand is brought to life through promoting the unique personalities of key events underpinned by regional imagery, thus showing the diversity of a day at the races.

The new website

Integral to the repositioning of South Australian thoroughbred racing is a new website. This website www.theracessa.com.au is consumer centric while delivering best practice features for the industry. This site aims to make it as easy as possible for consumers to find out about, plan, share and buy tickets to events.

SA racing awards

I take this opportunity to congratulate all of the winners and thank all of the sponsors of the various categories comprising the SA Racing Awards for 2008/09. We saw some outstanding performances in the year under review with the highlight undoubtedly being Rebel Raider storming to victory in the VRC Derby. Outstanding achievements by some of the State's racing stalwarts, administrators and clubs were also recognised at the awards' function.

2009 Thoroughbred Racing South Australia Industry Award Winners

AWARD	WINNER
E.J. Mooney Medal for South Australian Jumps Jockey of the Year	Adrian Lechmere
South Australian Jumps Trainer of the Year	Eric Musgrove
South Australian Country Apprentice of the Year	Amy Herrmann
South Australian Metropolitan Apprentice of the Year	Amy Herrmann
Hardys Wines South Australian Most Consistent Racehorse	Dynamic Hero
The Minister for Racing Award for Most Outstanding Achievement by a Volunteer	Peter Kemp
South Australian Country Jockey of the Year	Simon Price
John Letts Award for South Australian Jockey of the Year	Simon Price
South Australian Country Trainer of the Year	David Hayes
South Australian Metropolitan Trainer of the Year	David Hayes
SAJC Metropolitan Owner of the Year	Umilo Bria
Leon Macdonald Award for South Australian Apprentice of the Year	Amy Herrmann
CS Hayes Award for South Australian Trainer of the Year	David Hayes
Glennon-Johnson Award for South Australian Metropolitan Jockey of the Year	Chad Lever
Sky Racing Most Outstanding Achievement Award by an Individual	Jim May
Sky Racing Most Outstanding Achievement Award by a Club	The Kangaroo Island Racing Club
Festival Hire South Australian Champion Racehorse of the Year	Rebel Raider

Club liaison

The Board and Management team have endeavoured to improve communication and dialogue with clubs and regional groups. While noting that not everyone will agree with every decision of an umbrella organization, an assurance has been given as to the transparency of the decisions. I take this opportunity to acknowledge the assistance and support given by many club personnel and for their selfless commitment to the success and growth of thoroughbred racing in South Australia.

Conclusion

Thoroughbred Racing SA's Board and Management have remained focused on the task at hand to grow the industry's revenue base and to ensure and maintain a strong, vibrant industry. This provides a level of confidence to those participants, whether they are owners, trainers, jockeys or the raft of casual staff and ancillary contractors who work in our exciting industry. It is important that we retain this confidence in order to enhance current commitments, current employment levels, and to encourage further investment. I congratulate all of the staff at Thoroughbred Racing SA on their efforts in assisting with the implementation of the Board's policies and strategies.



Jim Watters
Chief Executive

Chairman of Stewards Report

The Stewards' Department continues to provide a diverse range of services to the Industry, with the emphasis on maintaining integrity as well as focussing on safety and welfare aspects. Additionally, the Department also manages the licensing of all Industry participants and conducts the function of Deputy Registrar dealing with the registration of transfers, leases and syndicates.

Both the Chairman of Stewards and the Industry Veterinarian, Dr. Peter Horridge, attended with the National Advisory Groups. The Department continued to liaise and consult with Clubs and stakeholder groups on a range of strategic, integrity and safety issues.

Personnel

Five members of the Stewards' Panel have successfully completed their studies and obtained their Certificate IV – Racing Administration / Steward. These members of the Panel will continue studies towards a Diploma, whilst newer Panel members will complete their Certificate this year.

Inquiries/investigations

During the course of the year the Stewards' Department undertook forty-one (41) significant investigations outside the usual race day activities, such as riding offences and prohibited substances. These investigations included a range of matters including complaints against trainers, the conduct of licensed persons and the care of registered racehorses.

Fifty-three (53) riders incurred penalties as a consequence of riding offences, mostly careless riding. This figure remains similar to previous years. Seven riders appealed the Stewards' decision before the Racing Appeals Tribunal. On all occasions the appeals were dismissed, although the penalty was moderated by the Tribunal in two appeals.



Graham Loch
Chairman of Stewards

Whip reform

In preparation for the introduction of new whip rules from 1 August 2009, a mandatory educational seminar was conducted for all licensed SA jockeys in late June.

This "workshop" involved a thorough explanation of the new rules and the penalty guidelines, which would apply, together with review of some race vision demonstrating breaches. This information session was supported by lectures in the responsible consumption of alcohol and its effect on the body and the effects of illicit substances, as well as a presentation by world renowned cycling coach and presently Adelaide Football Club Performance Coach, Charlie Walsh, who counselled the riders on the importance of making appropriate choices.

During the month of July the Stewards continued to critique riders' use of the whip to assist them in preparation for the rule changes.

Drug testing strategy

TRSA Limited continues to allocate substantial funds to ensure a robust sampling strategy underpins the integrity effort.

At the July Board Meeting, the Directors undertook to provide additional funds to increase the level of out of competition testing. This strategy, although specifically directed towards Erythropoietin (EPO), is intended to provide other valuable intelligence to enhance the integrity effort.



Wheel The Lead

Samples - horses

During the 2008/09 season, pre-race blood sampling (for the purpose of TCO2 testing) was significantly increased and continued to be complimented by stable inspections and random race morning stable visits, which also included additional sampling.

Pre-race sampling has been extended to all South Australian TAB race meetings.

In August 2008 a new Protocol was introduced in which the trainers of runners reporting elevated TCO2 readings were provided with written notice at the time of an extensive stable inspection. Essentially, the Protocol seeks to alert trainers to review stable management or husbandry practices so as to prevent the occurrence of a report above the permitted 36.0mmol. Written notice was provided to eight trainers during the year who had presented horses deemed to have an elevated TCO2 level

The following samples were tested during the year -

	2008/09	2007/08
Post-race urine samples	937	989
Pre-race blood samples (TCO2)	929	585
Non-Race Day samples	111	63
No. of positive tests	4	3

Samples - Riders

Random sampling strategies continue to be applied at trackwork, official trials, jump outs and race meetings so as to ensure the workplace is a safe environment for all participants.

Sampling involves breath testing, saliva samples and urine samples.

	2008/09	2007/08
Jockey Samples (Urine)	70	69
Trackwork Rider Samples (Urine)	17	18
Saliva samples	37	84
Breath Testing	289	374
Positive tests	2	9



Licensing

The Stewards' Department is responsible for the review of all applications for licence registration in the South Australian Thoroughbred Racing Industry and confirmation of the appropriate credentials and experience as well as the management of licensing records.

During the 2008/2009 Racing Season, the following licences were processed by the Department. The numbers are comparable with those issued in the previous year.

	2008/09	2007/08
Trainers	332	338
Jockeys	37	35
Apprentices	13	14
Interstate Jockeys	84	58
Interstate Apprentices	23	13
Stablehands	532	543
Stablehand / Trackwork Riders	211	240

Apprentice education and recruitment

The education of Apprentice Jockeys continues to be a priority for the Authority.

The TRSA Limited Apprentice Academy, under the supervision of the Training Supervisor, Bill Forrestal, continues to serve the needs of the Industry with twenty-five young riders enrolled.

Our valued partnership with SA TAB continues with agreement on a further three years involvement.

The highlight of the Academy year was the success of our young riders in the National Apprentice Series. Scott Bailey, Libby Hopwood and Tillie Neve won heats of the series at Belmont, Canterbury and Allan Scott Park Morphettville respectively to set the foundation. In other heats of the series, Amy Herrmann and Claudia Lions also performed creditably.

The relocation of the Tafe SA Horse Skills Centre to Morphettville Racecourse will strengthen the relationship with our training provider, Tafe SA.

In the course of the year, the Industry again participated in a number of careers and recruitment events to profile the opportunities available within the Industry. Various schools and recruitment organisations were provided with an insight into Industry through race day tours.

The Annual Awards Evening was conducted in the SAJC's Tapestry Pavilion in late November 2008. Group 1 winning rider Brad Rawiller was the guest at the successful evening. Apprentice Amy Herrmann was awarded the Dux of the Academy for the second year.

Jumping review panel

In May 2009, in response to a proposal by the Chairman of Stewards, the Board appointed Messrs. Richard Best and John Cornell to a Jumping Review Panel co-ordinated by Senior Steward Philip Anderson. TRSA Veterinarian Dr. Peter Horridge was also added to the Panel.

The functions of the Jumping Review Panel are to -

- (a) review all official jumps trials and races that have been conducted, including the review of recorded vision;
- (b) analyse recorded vision of all official jumps trials and races and to report with respect to -
 - (i) the performance of each horse and jockey;
 - (ii) the circumstances of any incident; and
 - (iii) the possible cause or causes of any incident.
- (c) comment on whether a horse has performed in an Official Jump Trial in accordance with the Official Policy Qualifications;
- (d) comment on whether as a result of a horse's race performance its qualification to race should be revoked or suspended and if so, on what conditions;
- (e) where appropriate require a rider to attend the Review Panel for assistance, tuition and guidance;

- (f) when required, provide assistance and advice to the Board and the Stewards on matters concerning jumps racing, which includes directing a rider to undertake further jumps training and trials;
- (g) make observations regarding the suitability of tracks to conduct jumping events and the appropriate placement of jumps at these tracks; and
- (h) consider appropriate standards in relation to the ongoing education and training for all persons who hold a licence or permit to train jumps horses.

The Jumping Review Panel has provided valuable and informed insight with respect to a number of matters. These have included the location of jumps on the new Morphettville Parks Racecourse; a number of race incidents, including falls; the type and uniformity of "wings" in use and the condition of certain facilities.



Graham Loch
Chairman of Stewards



Takeover Target

Takeover Target returns to scale after winning the Group 1 Goodwood at Allan Scott Park Morphettville on Super Saturday, his 8th Group One victory.



Zavite

Zavite, trained by Anthony Cummings, the third of the Cummings generation following father Bart, and grandfather Jim, to win the Adelaide Cup returns to scale with jockey Nash Rawiller on board.



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Thoroughbred Racing S.A. Limited ABN 25 094 475 939
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Directors' Report

Thoroughbred Racing S.A. Limited

The directors present their report together with the financial report of Thoroughbred Racing SA Limited ("The Company") for the period ended 30th June 2009 and the auditor's report thereon.

Directors

The directors of the Company throughout the financial year and to the date of this report are:

Name and qualifications	Experience and Special Responsibilities
<p>Mr Philip Bentley BA (Hons) M(Ec) Chairman</p>	<p>Mr Bentley is an economist. He has worked in the racing industry for a considerable period and conducted an inquiry into the 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>Member - Race Dates Committee Member - Finance Committee</p>
<p>Mr Greg Boulton, BA (Acc), FCA, FCPA, FAICD Deputy Chairman</p>	<p>Mr Boulton is a chartered accountant with considerable experience in connection with sport and entertainment, including his present role with motor sports and his former role as Chariman of the Port Adelaide Football Club.</p> <p>He is Executive Chairman Paragon Equity Limited and a director of K&S Corporation, Statwide Superannuation Fund, South Austrlian Motor Sports Board, Southern Gold Limited and a number of privately owned companies.</p> <p>Member - Marketing Committee</p>
<p>Mr Andrew Killey</p>	<p>Mr Killey is a marketing, advertising and media consultant and Chairman kwp!, a media consultancy that has provided services to the racing industry for a considerable period.</p> <p>Chairman - Marketing Committee</p>
<p>Mr Brian Morris BA (Acc), LLB, FCA, FCPA, MAICD</p>	<p>Mr Morris is a chartered accountant and Partner of Edwards Marshall.</p> <p>He is a 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>Chairman - Finance Committee Member - Marketing Committee</p>

Directors continued...

Name and qualifications	Experience and Special Responsibilities
<p>Ms Eleanor F Nelson QC LLB</p>	<p>Ms Nelson is a barrister. She has considerable experience with the racing industry in this state. She has owned and trained thoroughbreds and served for 20 years on the committee of the Oakbank Racing Club.</p> <p>She has conducted a number of inquiries into the Racing Industry on behalf of the Government.</p> <p>Ms Nelson also holds board positions on a number of privately owned companies.</p> <p>Ms Nelson is the Chair of Parole Board of South Australia.</p> <p>Chairperson Jumps Committee Member - Race Dates Committee Member - Finance Committee</p>
<p>Mr Peter Pedler LLB (Hons)</p>	<p>Mr Pedler is a solicitor and a Partner of Duncan Basheer Hannon and has served the racing industry for some years.</p> <p>He is Chairman Scantech Limited and a Board member of the McCracken Group.</p>
<p>Mr David Rasheed BA (Acc), CA, FTIA</p>	<p>Mr Rasheed is a chartered accountant and Partner of Tilbrook Rasheed. He is involved in the industry as an owner and has served on the Board of the South Australian Jockey Club.</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 Financial 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 ownership, employment and participation;
- (b) Employ the personnel required to conduct race meetings and horse races;
- (c) Ensure the integrity of thoroughbred horse racing; and
- (d) 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.

Principal Activities continued...

General Operations

The general operations of the company are to:

- (a) Receive distributions from SA TAB Pty Ltd from the 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 relationships 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 surplus for the year was \$6,764,118. This result is attributable to a number of factors, the most significant of which are:

- ▷ Changes to the Authorised Betting Operations Act 2000 ("the Act") and similar legislation in other states.

Changes to legislation in other jurisdictions has required SA TAB Pty Ltd to make payments to controlling bodies in other states, which has had the effect of reducing the distributions that the company has received from wagering in this state.

The changes to the Act were initiated to address the impact that interstate legislation would have on the South Australian industry. These changes created a new revenue stream in respect of the activities of persons outside of South Australia who take bets upon thoroughbred horse races conducted in South Australia.

- ▷ The contribution to prize money received from the South Australian Jockey Club from the first tranche from the proceeds of sale of the Cheltenham racecourse property.

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 company has increased prizemoney for Metropolitan, Provincial and Country meetings. These increases should raise the quality of the South Australian thoroughbred racing product and thereby increase overall revenue to the industry. The company has also elevated the status of both the Mount Gambier and Port Lincoln racing clubs to provincial status, which is intended to provide an additional stimulus to racing in these two regions.
- ▷ The redevelopment of the Gawler venue should result in a racetrack that has greater appeal to the wagering public with a consequential benefit to the industry from increased wagering revenue.
- ▷ A substantial marketing program has been initiated which will rebrand the company and South Australian racing clubs, which is intended to refresh the image of thoroughbred racing and attract new patrons to events held by South Australian Racing Clubs.

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	17	3		3	
Mr G Boulton	16		3		
Mr A Killey	17		5		
Mr B Morris	14	3	4		
Ms E Nelson QC	17	3		3	2
Mr P Pedler	15				
Mr D Rasheed	17	3		3	
Total Meetings Held	17	3	5	3	2

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

- ▷ Messrs Bentley, Rasheed and Pedler 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.
- ▷ Messrs Bentley, Boulton and Ms Nelson work on a committee with members of the Gawler and Barossa Jockey Club on the redevelopment of the Gawler race track and associated facilities.
- ▷ Messrs Bentley and Boulton are working with members of the Mount Gambier Racing Club on a project to realise surplus real property adjacent to the club's facilities.
- ▷ Mr Bentley and Ms Nelson are working with members of 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 6 and forms part of the directors' report for the financial year ended 30th June 2009. **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 18th day of September 2009.

Signed in accordance with a resolution of directors:

P Bentley
Director



Lead 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, in relation to the audit for the financial year ended 30 June 2009 there have been:

- (i) no contraventions of the auditor 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.

KPMG

Neil Faulkner
Partner

Adelaide

18 September 2009

Income statement

Thoroughbred Racing SA Limited
For the year ended 30 June 2009

		30 June 2009	30 June 2008
	Note	\$	\$
Revenue		38,490,706	27,940,727
Other Income	3	1,672,367	712,569
Prizemoney	4	(24,921,387)	(23,681,289)
Industry payments	4	(3,672,893)	(2,984,381)
Employee expenses		(2,266,022)	(1,920,314)
Depreciation expenses		(240,315)	(216,907)
Legal Fees		(451,827)	(101,371)
Financial income	5	500,062	463,430
Financial expenses	5	(25,598)	(111,994)
Other expenses	6	(2,320,975)	(2,238,865)
Net Surplus / (Loss)	16	6,764,118	(2,138,395)

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 27 to 39.

Balance sheet

Thoroughbred Racing SA Limited
As at 30 June 2009

		30 June 2009	30 June 2008
	Note	\$	\$
Current assets			
Cash and cash equivalents	7	6,539,823	3,098,427
Trade and other receivables	8	4,639,225	3,739,007
Investments	9	8,750,000	6,000,000
Other assets	10	46,171	67,859
Total current assets		19,975,219	12,905,293
Non-Current assets			
Plant and equipment	11	1,363,607	266,758
Receivables	8	-	93,997
Investments	9	996,359	1,135,468
Total non-current assets		2,359,966	1,496,223
Total current assets		22,335,185	14,401,516
Current liabilities			
Trade and other payables	12	2,259,018	1,973,869
Employee benefits	13	323,804	294,137
Other liabilities	14	5,915,154	6,358,116
Total current liabilities		8,497,976	8,626,122
Non-current liabilities			
Employee benefits	13	28,157	16,997
Other liabilities	14	1,643,170	243,747
Total non-current liabilities		1,671,327	260,744
Total liabilities		10,169,303	8,886,866
Net assets		12,165,882	5,514,650
Equity			
Reserves	15	44,114	157,000
Retained profits	16	12,121,768	5,357,650
Total equity		12,165,882	5,514,650

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 27 to 39.

Statement of cash flows

Thoroughbred Racing SA Limited
For the year ended 30 June 2009

	Note	30 June 2009 \$	30 June 2008 \$
Cash flows from operating activities			
Cash receipts in the course of operations		46,446,621	31,699,183
Cash payments in the course of operations		(38,149,181)	(33,099,571)
Interest received		291,048	414,207
Dividends received		31,146	40,707
Loans provided to clubs		(287,175)	(217,811)
Net cash from operating activities	19(b)	8,332,459	(1,163,285)
Cash flows from investing activities			
Proceeds on disposal of investments		125,004	40,000
Payments for investments		(3,624,379)	(1,985)
Payments for plant and equipment		(1,337,163)	(11,315)
Net Cash from investing activities		(4,836,538)	26,700
Cash flows from financing activities			
Repayment of RISA Loan		(29,446)	-
Gawler Redevelopment Costs		(25,079)	-
Net Cash from financing activities		(54,525)	-
Net increase/(decrease) in cash held		3,441,396	(1,136,585)
Cash at the beginning of the financial year		3,098,427	4,235,012
Cash at the end of the financial year	19(a)	6,539,823	3,098,427

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 27 to 39.

Statement of recognised income and expense

Thoroughbred Racing SA Limited
For the year ended 30 June 2009

	30 June 2009	30 June 2008
	\$	\$
Cash receipts in the course of operations	(25,598)	-
Change in fair value of equity securities available-for-sale	(87,288)	(183,047)
Net income recognised directly in equity	(112,886)	(183,047)
Surplus/(Loss) for the period	6,764,118	(2,138,395)
Total recognised income and expenses for the period	6,651,232	(2,321,442)

The statement of recognised income and expenses is to be read in conjunction with the notes to the financial statements set out on pages 27 to 39.

Notes to the financial statements

Thoroughbred Racing SA Limited

1 Significant accounting policies

Thoroughbred Racing SA Limited ("the Company") is a company domiciled in Australia. The financial report was authorised for issue by the Directors on 18th September 2009.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except that financial instruments classified as available for sale are stated at their fair value.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

(c) Revenue and other income

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.

SABIS revenue

SABIS 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 aids.

Sale of goods

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

(d) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Taxation

Thoroughbred Racing SA Limited is exempt from income tax.

Notes to the financial statements

Thoroughbred Racing SA Limited

1 Significant accounting policies (continued)

(f) Property, plant and equipment

(i) Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of property, plant and equipment.

The estimated useful lives in the current and comparative period are as follows:-

Plant and equipment 3 - 10 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(g) Investments

Other financial instruments are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses. When these investments are derecognised the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interestbearing, interest calculated using the effective interest method, is recognised in the income statement.

The fair value of financial instruments classified as held for trading and available-for-sale, is their quoted bid price at the balance sheet date. Where the fair value of investments is not able to be reliably estimated the investment is held at cost less any impairment losses (refer to note 1(j)).

Financial instruments classified as held for trading or available-for-sale investments are recognised I derecognised on the date the company commits to purchase/sell the investments.

(h) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Notes to the financial statements

Thoroughbred Racing SA Limited

1 Significant accounting policies (continued)

(j) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance sheet date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversal of impairment

An impairment loss in a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- the consolidated entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party; or
- the consolidated entity has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

Notes to the financial statements

Thoroughbred Racing SA Limited

1 Significant accounting policies (continued)

(k) Employee benefits

(i) Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in profit and loss when they are due.

(ii) Long-term service benefits

The net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Company's obligations.

(iii) Wages, salaries, annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(l) Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

(n) Finance income and expenses

Finance 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 at fair value 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.

Finance 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.

Notes to the financial statements

Thoroughbred Racing SA Limited

2 Revenue

	30 June 2009	30 June 2008
	\$	\$
TAB product fees and Betting Operations Contributions	36,904,739	26,952,858
Screening & International Rights	554,275	16,402
SABIS subscriptions	335,367	354,827
Registration Fees	217,328	201,095
Publications	276,324	266,124
Other	202,673	149,421
	38,490,706	27,940,727

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 \$2,142,300 for the year ended 30 June 2009 (30 June 2008: \$2,142,300)

3 Other Income

SAJC Contribution to Prizemoney	1,000,000	-
Government promotional grants	633,000	633,000
Other revenue	39,367	79,569
	1,672,367	712,569

4 Prizemoney and Industry Payments

Prize money, Unplaced Subsidies and Riding Fees	23,664,112	22,179,389
SABIS Bonuses	1,257,275	1,501,900
Prizemoney	24,921,387	23,681,289
Training Subsidies and Trial Payments	1,228,942	1,172,130
Race Day Payments	540,000	-
Club Promotion and Operational purposes	1,072,806	1,158,774
Club Capital Expenditure	293,047	50,324
Workcover - Jockeys	538,098	603,153
Industry Payments	3,672,893	2,984,381

5 Financing Income and Expenditure

Financial Income

Interest income	468,916	422,724
Dividend income	31,146	40,706
Total financial income	500,062	463,430

Financial Expenses

Net loss on disposal of listed equity securities available for sale	(25,598)	-
Interest expense	-	(111,994)
Total financial expenses	(25,598)	(111,994)

6 Other expenses

Advertising	46,743	779,387
Marketing Professional Fees	260,770	137,369
Publication Expenses	269,991	242,240
Swab & Veterinary Supplies	208,109	177,123
TAFE Relocation	584,096	-
Other	951,266	902,746
	2,320,975	2,238,865

Notes to the financial statements

Thoroughbred Racing SA Limited

7 Cash and cash equivalents

	30 June 2009	30 June 2008
	\$	\$
Cash at bank and on hand	1,538,385	1,292,431
Bank short term deposits	5,001,438	1,805,996
	6,539,823	3,098,427

8 Trade and other receivables

Current

Trade receivables	2,530,703	2,868,916
Other receivables	742,349	52,981
Loans to Thoroughbred Racing Clubs	1,366,173	817,110
	4,639,225	3,739,007

Non-current

Loans to Thoroughbred Racing Clubs	-	93,997
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9 Investments

Current

Interest Bearing Deposit	3,500,000	-
Interest Bearing Deposit - Gawler Grant	5,250,000	6,000,000
	8,750,000	6,000,000

Non-current

Investment in Racing Information Services Australia Pty Ltd ("RISA")	374,229	374,229
Listed equity securities available for sale	622,130	761,239
	996,359	1,135,468

10 Other current assets

Prepayments	46,171	67,859
	46,171	67,859

11 Plant and equipment

Plant and equipment - at cost	3,060,163	1,726,040
Less: accumulated depreciation	(1,696,556)	(1,459,282)
Total plant and equipment	1,363,607	266,758

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

Reconciliations

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

Plant and equipment

Carrying amount at the beginning of the year	266,758	472,350
Additions	1,337,163	11,314
Disposals	-	-
Depreciation	(240,314)	(216,906)
Carrying amount at end of year	1,363,607	266,758

Notes to the financial statements

Thoroughbred Racing SA Limited

12 Trade and other payables

	30 June 2009	30 June 2008
	\$	\$
Trade payables	342,490	393,467
Other payables and accruals	1,916,528	1,580,402
	2,259,018	1,973,869

13 Employee benefits

Current

Liability for long service leave	159,413	128,965
Liability for annual leave	164,391	165,172
	323,804	294,137

Non-current

Liability for long service leave	28,157	16,997
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Defined contribution superannuation funds

The Company makes contributions to various defined contribution funds.

The amount recognised as an expense was \$135,280 for the financial year ended 30 June 2009 (2008: \$135,798)

14 Other liabilities

Current

Income received in advance	690,233	358,116
Grant - Gawler Racecourse Redevelopment	5,224,921	6,000,000
	5,915,154	6,358,116

The Company received a grant of \$6 million from the Minister for Recreation, Sport and Racing to meet part of the cost of redevelopment of the Gawler Racecourse. The redevelopment is being undertaken by the Gawler and Barossa Jockey Club Inc, the owner of the racecourse property, with assistance from the Company. The Company recognised the Minister's grant and its obligation to fund the redevelopment by recognition of a liability of \$6 million at 30 June 2008, which has been reduced by amounts paid to the Club to fund the development.

Non-current

Income received in advance	1,643,170	216,067
Loan - Racing Information Services Australia Pty Ltd	-	27,680
	1,643,170	243,747

15 Reserves

Fair value reserve	44,114	157,000
	44,114	157,000

Movements during the year

Discretionary Benefit Account

The Discretionary Benefit Account Reserve was been transferred to Retained profits in 2008.

Balance at beginning of year	-	453,885
Operating Deficit	-	-
Discretionary Benefit Account transferred to Retained profits	-	(453,885)
Balance at end of year	-	-

Fair value reserve

Balance at beginning of year	157,000	340,047
Total recognised income and expense	(112,886)	(183,047)
Balance at end of year	44,114	157,000

Nature and purpose of reserves

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 Retained profits

Retained profits at beginning of year	5,357,650	7,042,160
Net profit/(loss) attributable to the Company	6,764,118	(2,138,395)
Discretionary Benefit Account transferred	-	453,885
Retained profits at the end of the year	12,121,768	5,357,650

Notes to the financial statements

Thoroughbred Racing SA Limited

17 Auditors' remuneration

	Note	30 June 2009 \$	30 June 2008 \$
<i>Audit Services - KPMG</i>			
Audit of the financial report		20,500	21,250

18 Segment reporting

The Company operates in one segment, being the business of thoroughbred racing administration in the state of South Australia.

19 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash	7	6,539,823	3,098,427
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(b) Reconciliation of profit from ordinary activities to net cash provided by operating activities

Profit/(loss) from ordinary activities		6,764,118	(2,138,395)
Add/(less) items classified as investing/financing:			
- (Profit)/loss on sale of investments		25,598	
Add/(less) non-cash items:			
- Interest income on loans at fair value		(166,125)	(2,984)
- Interest expense on loans at fair value		-	111,994
- Amounts set aside to provisions		40,827	(13,479)
- Depreciation expense		240,314	216,907
Net cash from operating activities before change in assets and liabilities		6,904,732	(1,825,957)
Change in assets and liabilities during the period:			
- Change in trade receivables		338,213	402,168
- Change in DBA Assets		-	453,885
- Change in other receivables		(689,368)	(22,129)
- Change in loans to thoroughbred racing clubs		(287,175)	(217,811)
- Change in prepayments		21,688	93,886
- Change in accounts payable		(50,977)	60,456
- Change in income received in advance		1,759,221	(60,161)
- Change in other creditors and accruals		336,125	(47,622)
Net cash from operating activities		8,332,459	(1,163,285)

Notes to the financial statements

Thoroughbred Racing SA Limited

20 Key management personnel compensation

The key management personnel compensation included in employee expenses are as follows:

	30 June 2009	30 June 2008
	\$	\$
Short term employee benefits	411,972	410,973
Post-employment benefits	30,964	36,970
	<u>442,936</u>	<u>447,943</u>

21 Related parties

Directors

The names of each person holding the position of director of Thoroughbred Racing SA Limited during the financial year are Messrs P Bentley, G Boulton, A Killey, B Morris, P Pedler, D Rasheed and Ms E.F Nelson QC

Directors Compensation

The directors compensation included in employee expenses are as follows:

Directors remuneration	193,800	156,880
Post-employment benefits	6,192	6,431
	<u>199,992</u>	<u>163,311</u>

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	2009	2008
Mr A Killey	Marketing Services	(i)	155,958	149,562

(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. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

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

Current Payables	2009	2008
Trade payables	9,622	9,795

22 Contingent liabilities

(a) SABIS

Qualified yearling horses are nominated for the South Australian Breeders Incentive Scheme (SABIS) 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 SABIS 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 2009 it is estimated that these future bonuses will be \$4.5 million.

(b) Murray Bridge Racing Club Inc Guarantee

The Company has guaranteed borrowings of \$ 5 million by the Murray Bridge Racing Club Inc in connection with acquisition of certain land.

(c) Betting Operations Contribution

Interstate legislation that gives rise to the Betting Operations Contributions in those states is the subject of legal challenges, including a challenge in the High Court of Australia. The outcome of those challenges may affect the Company.

Notes to the financial statements

Thoroughbred Racing SA Limited

23 Risk management

(a) Risk management framework

Identification, measurement and management of risk is a priority for the Company. The provision of providing 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.

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 71 percent (2007: 93 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 2009	Maximum Credit Risk Exposure 2008
Cash and cash equivalents	1,538,385	1,292,431
Bank short term deposits	5,001,438	1,805,996
Trade and other receivables	3,273,052	2,921,897
Investment securities	622,130	761,239
Investments in other entities	374,229	374,229
Other Investments	8,750,000	6,000,000
Loans to thoroughbred racing clubs	1,366,173	911,107
Prepayments and accrued income (excluding non financial assets)	46,171	67,859
Total Exposures	20,971,578	14,134,758

Notes to the financial statements

Thoroughbred Racing SA Limited

23 Risk management (continued)

Trade receivables are analysed as follows:	2009	2008
Not impaired:		
Neither past due nor impaired	2,530,70	2,379,341
Past due greater than 3 months but not impaired	102,658	489,575
Impaired	-	-

Impaired trade receivables

At 30 June 2009, the impairment provision is \$nil (2008: \$nil). The amount of debtors written off as unrecoverable during the year was \$nil (2008: \$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 year to 5 years	Over 5 years
As at 30 June 2009						
Trade payables (excluding non financial liabilities)	342,490	342,490	-	-	-	-
Other payables & accruals (excl non financial liabilities)	1,916,526	1,916,526	-	-	-	-
Income received in advance	2,334,063	-	-	690,233	1,643,170	-
Grant - Gawler Racecourse Redevelopment	5,224,921	-	1,500,000	3,724,921	-	-
Total	9,818,000	2,259,016	1,500,000	4,415,154	1,643,170	-

Company	Carrying amount	Up to 1 month	1 to 3 months	3 to 12 months	1 year to 5 years	Over 5 years
As at 30 June 2008						
Trade payables (excluding non financial liabilities)	393,467	393,467	-	-	-	-
Other payables & accruals (excl non financial liabilities)	1,580,402	1,580,402	-	-	-	-
Income received in advance	574,183	-	-	358,116	216,067	-
Loan - RISA	27,680	-	-	-	27,680	-
Grant - Gawler Racecourse Redevelopment	6,000,000	-	-	6,000,000	-	-
Total	8,575,732	1,973,869	-	6,358,116	243,747	-

Notes to the financial statements

Thoroughbred Racing SA Limited

23 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:

Fixed rate instruments	2009	2008
Financial Assets	13,751,438	7,805,996
	13,751,438	7,805,996

Variable rate instruments	2009	2008
Financial Assets	1,538,385	1,292,431
	1,538,385	1,292,431

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.

30 June 2009	100bp increase	100bp decrease
Variable rate instruments	15,384	(15,384)

30 June 2008		
Variable rate instruments	12,924	(12,924)

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.

	Carrying Amount	2009		Carrying Amount	2008	
		Effect on Profit/Equity -5%	5%		Effect on Profit/Equity -5%	5%
Listed equities	622,130	-31,107	31,107	761,239	-38,062	38,062

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.

Notes to the financial statements

Thoroughbred Racing SA Limited

24 Discretionary benefit account

In Accordance with the Local Rules of Racing, in the 2008 financial year the Board resolved that the Discretionary Benefit Account should be transferred back into the general reserves of Thoroughbred Racing SA Limited.

Balance Sheet as a 30 June 2009

	30 June 2009	30 June 2008
	\$	\$
Operating Surplus/(deficit)	-	-
Accumulated funds brought forward	-	453,885
Accumulated funds transferred to Retained profit	-	(453,885)
Accumulated funds at year end	-	-

Directors' declaration

1. In the opinion of the directors of Thoroughbred Racing S.A. Limited (the "Company"):
 - a. The financial statements and notes, set out on pages 7 to 23, are in accordance with Corporations Act 2001, including:
 - i. Giving a true and fair view of the financial position of the Company as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on the date; and
 - ii. Complying with Accounting Standards in Australia and Corporations Regulations 2001; and
 - b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Adelaide this 18th day of September 2009.

Signed in accordance with a resolution of directors:



P Bentley
Director



Independent auditor's report to the members of Thoroughbred Racing SA Limited

We have audited the accompanying financial report of Thoroughbred Racing SA Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary or description of significant accounting policies and other explanatory notes 1 to 24 and the directors' declaration set out on pages 7 to 24.

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 judgement, 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the company's financial position and of its performance.

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*.

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 2009 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.

KPMG

Neil Faulkner
Partner

Adelaide

18 September 2009