

THOROUGHBRED RACING SA LIMITED

ANNUAL REPORT

2013



THOROUGHBRED RACING SOUTH AUSTRALIA



THOROUGHBRED RACING SA LIMITED

ANNUAL REPORT 2013

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Cover image: Platelet | 2013 Sportingbet Classic
& Distinctive Homes Goodwood winner
Trainer: Darren Weir | Jockey: Ben Melham
Photo courtesy of Atkins Photography

** All racing photos courtesy of Atkins Photography and Fuller Images*



Photo courtesy of Fuller Images

Chairman's Report



Frances Nelson QC Chairman

It was a testimony to the depth of the Thoroughbred Industry in South Australia to see the significant achievements both within the State and interstate of South Australian horses, trainers and riders. Without being exhaustive, the Board of TRSA congratulates Alcopop and Jake Stephens, Happy Trails and Paul Beshara, Miracles of Life and Daniel Clarken and Lauren Stojakovic, Maybe Discreet and Phillip Stokes and Dom Tourneur. It was a tribute to the effectiveness of our apprentice scheme that Jamie Kah in her first full season took out the Metropolitan Jockeys Premiership and also a tribute to her master John McMillan. It was also pleasing to see Amy Herrmann take out a Mosstrooper Award in her first season as a cross country rider. All of those horses and people are great ambassadors for our sport and our industry.

Liaison with Government – ECONOMIC AND SOCIAL IMPACT REPORT

It is recognised by the Board of TRSA that a positive relationship with Government is important to the profile of the industry generally and whilst we have worked consistently to promote and maintain such a relationship in late 2012 we decided that the

Racing Industry generally should commission a report which would provide definitive and objective data relating to the social and economic benefits to the State and the community generally. The Economic and Social Impact Report was commissioned by TRSA in association with Greyhound Racing SA and Harness Racing SA. A highly respected strategic consulting business which completed a similar report in 2004 and has done likewise in other jurisdictions, was asked to undertake a study identifying specifically the economic and social impact of the Racing Industry on the State. Their report entitled "Economic Social and Community Benefits of the South Australian Racing Industry" has been received and provides a comprehensive overview of the sectors included within the industry, and specifically their importance to the State.

Upon receipt of the report TRSA has liaised and consulted with its shareholders, the Thoroughbred Racing Industry stakeholders and participants, and formulated a policy (along with the other two codes) to be placed before both Government and the Opposition, seeking funding support by way of direct support and, within their respective election manifestos, a re-establishment of the portfolio of the Minister for Racing and the adoption of a formal racing policy by both parties. The report is not the industry submission in itself but provides clear and objective evidence of the importance of the industry to the State, and provides both parties with clear justification for the support sought. The Racing Industry is an undoubted community asset and should be recognised as such.


The report "Economic Social and Community Benefits of the South Australian Racing Industry" can be viewed on our website but

some of the key facts are that the South Australian Racing Industry:-

- Generates \$401.7M per annum in economic benefits for the State.
- Sustains the employment of 3,628 South Australians (FTE).
- Provides \$224M in household income.
- Generates GST of \$19M per annum.
- Is second only to the AFL in terms of attendance at events each year.
- 1 in every 80 South Australian adult residents are employed in, or participate in, the South Australian Racing Industry.
- 1 in every 115 adult residents of the metropolitan area similarly are employed in, or participate in, the South Australian Racing Industry.
- \$27.2M annually is spent in breeding of horses and greyhounds and \$94.9M is spent annually in their preparation (with thoroughbreds accounting for \$21.7M and \$56.71M respectively).

Challenges

The TRSA Board recognises the many challenges that exist both nationally and internationally in terms of generating revenue in the present economic climate, and of increasing regulatory demands with resultant rising operational costs. There is an emphasis on work health and safety requirements. In the context of historical infrastructure this puts a significant onus on Clubs' capital expenditure requirements. We recognise the commitment of the existing volunteers without which the industry simply would cease to operate and we also recognise that such challenges can be daunting in terms of encouraging other volunteers to assist at a Club level.



The Board has made available resources to assist at Club level to deal with administrative, WH & S issues and marketing.

It was again important to secure appropriate BOC Integrity and Contribution Agreements to ensure that wagering operators contribute sufficiently in terms of the return to racing from their operations. We have also been mindful to work productively with Sky Channel in terms of racing timetables to maximise turnovers and thus revenue.

Vale Simone Montgomerie

The Racing Industry was saddened by the tragic loss of Simone Montgomerie in Darwin. Simone graduated from our Apprentice Academy and moved to the Northern Territory to further her career. Our thoughts go out to her family and friends at this sad time.

Acknowledgments

TRSA operates with a very small staff capably led by Jim Watters CEO, Nick Redin COO, and Johan Petzer Chairman of Stewards. We are all indebted to management and staff for their professional and dedicated approach to the task throughout the year.



Frances Nelson QC
Chairman

Happy Trails | 2012 Spring Stakes winner
Trainer: Paul Beshara | Jockey: Jason Holder
Photo courtesy of Atkins Photography

Chief Executive Officer's Report



Jim Watters Chief Executive Officer

CEO's Report

The 2013 financial year has been a very positive one for thoroughbred racing in South Australia. The year's financial highlights were:

- 5.3% increase in total revenue
- 4.78% increase in revenue from wagering on South Australian thoroughbred racing by both local and national customers
- \$530K increase in Capital Grants paid to Clubs
- Achieving record market share of 71.679%, between the three racing Codes in South Australia.

Key Financial Results

TRSA recorded a surplus of \$3,034,297 before Abnormal Items, for the 2013 financial year, which is a \$3,508,509 improvement on the previous year's Loss of \$474,212. Importantly the result achieved is \$3,287,264 ahead of the 2012/13 Budget as noted in the 2012 Annual Report, which had been for a Loss of \$252,967.

TRSA's total Revenue for 2012/13 was up by \$2.421M (+5.3%) on the prior year, with revenue from wagering up \$1.718M (+4.78%), despite what most would agree has continued to be a 'soft' wagering market. 2012/13 Expenditure fell by \$1.087M (-2.3%), in the main due to

\$1.266M less being paid out in gross prize-money. While prizemoney for individual races was maintained at the previous season's levels, several factors contributed to the lower gross prizemoney amount paid out, in particular:

- 4 race meetings were lost through winter due to adverse weather and track conditions
- There were 16 race meetings where the number of races held were less than for last year (and had been budgeted for in 2012/13)
- There were fewer races which were required to be divided.

Industry Payments (to Clubs) however were up \$1.065M (+17.5%), with virtually half of the increase the result of an increase of \$530K in Club Capital Grants. Capital Grants to Clubs totalled \$953,163 and Industry Payments excluding Capex, increased by \$535,865 (+9.48%). The TRSA Board has continued its commitment to the Club funding model implemented in 2009, which sees TRSA pay the bulk of Club raceday operational costs (vision, ambulance and a number of raceday staff etc including veterinarians, farriers and barrier attendants).

Although it has fallen once again as a percentage of TRSA's total Revenue, from 66.10% in 2011/12 to 57% in 2012/13, the TAB Product Fees paid to the South Australian racing industry by SA TAB continues to be our greatest source of revenue - by a wide margin. Although this is the first time in many years that, regardless of its percentage contribution to TRSA's total Revenue, the quantum received from SA TAB has decreased. However for 2012/13 the thoroughbred Code achieved a near record market share of 71.679%, compared to that for 2011/12 of 70.26%, which assisted in offsetting the effect on the thoroughbred Code, of the reduced SA TAB turnover pool.

A major contribution to TRSA's Revenue and its improved financial result, is the substantial net growth in the income received from interstate wagering operators, referred to in South Australia as Betting Operations Contribution and interstate as "racefields". The TRSA Board believes it has adopted a model for South Australia which maximises the return obtained from these wagering operators. For 2012/13 the net revenue received by way of Betting Operations Contributions was \$9.970M, an increase of \$4.535M (+83.5%) on the prior year. Since its introduction in 2008, this source of revenue has grown to now represent 20.5% of our total Revenue and has in fact grown significantly from 11.8% in 2011/12.

The \$2.5M from the SAJC by way of Contribution to Industry Prizemoney is in line with the current agreement in place with the SAJC. This is provided by way of a contribution to the industry from the financial return achieved by the Club on the investment of the net proceeds from the sale of Cheltenham Racecourse.

Revenue from the Wagering Tax rebate has increased annually as the percentage amount of the Wagering Tax payable by SA TAB to the State Government, now directed back to the racing industry, is increased. Effective from the commencement of the 2012/13 financial year, the full amount of the Wagering Tax is distributed to the industry.

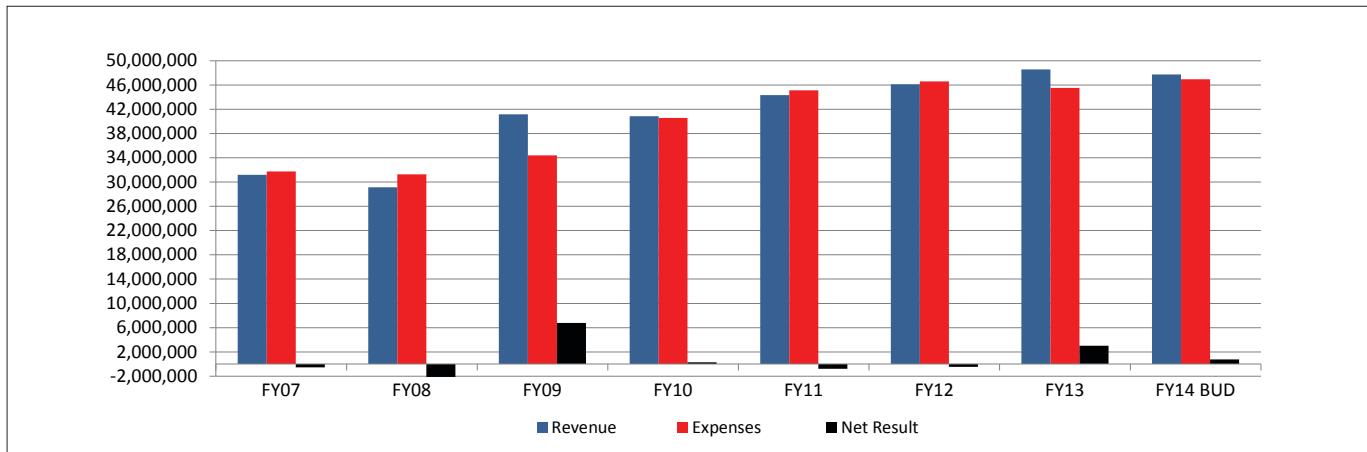
As reported on numerous previous occasions, the TRSA Board has maintained a strong focus on maximising the returns available to the industry's participants. As such, 71% of Thoroughbred Racing SA's 2012/13 Expenditure has been by way of Prizemoney distribution, while 66.53% of our Revenue was returned to participants by way of Prizemoney distribution.



Norsqui | 2013 Adelaide Casino Adelaide Cup winner
Trainer: Walter McShane | Jockey: Chris Symons
Photo courtesy of Atkins Photography

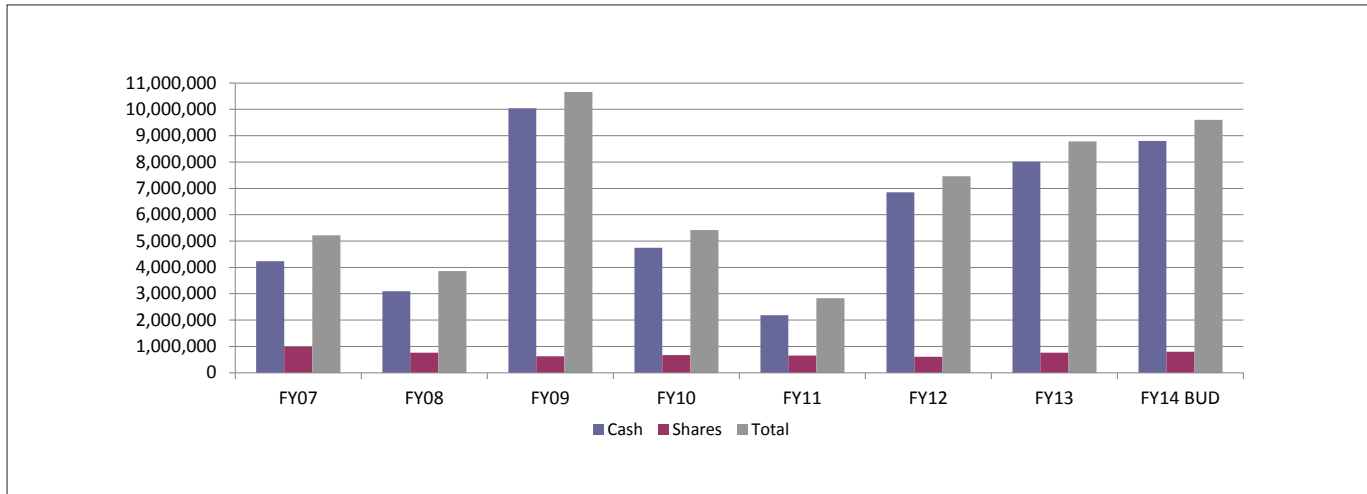
Overall Company Profitability and Reserves

The chart below shows the Company's operating results for the last seven financial years and FY14 Budget.



	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 BUD
Revenue	31,187,859	29,116,726	41,163,197	40,833,921	44,335,300	46,118,543	48,540,042	47,707,476
Expenses	31,738,141	31,255,121	34,399,079	40,554,945	45,102,006	46,592,755	45,505,745	46,930,738
Net Result	(550,282)	(2,138,395)	6,764,118	278,976	(766,706)	(474,212)	3,034,297	776,738

The chart below shows the Company's cash reserves and value of share holdings for the last 7 financial years and FY14 Budget.



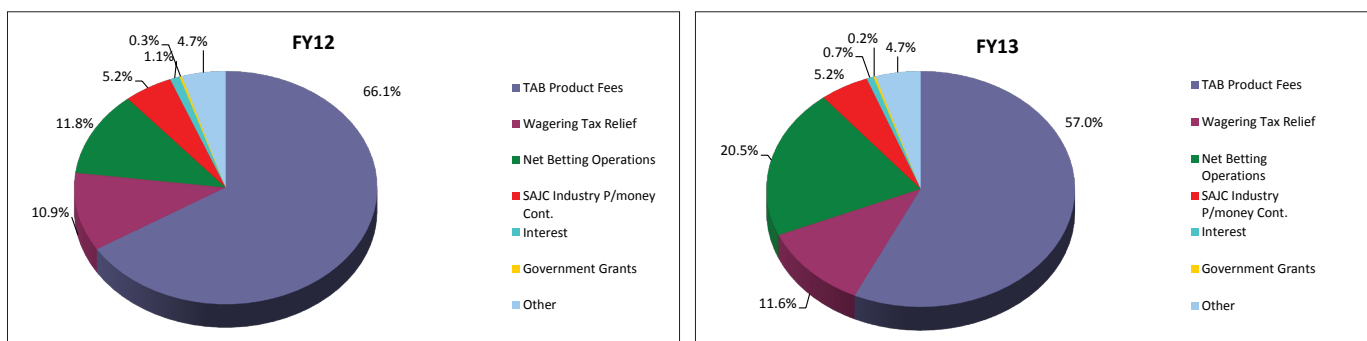
THOROUGHBRED RACING SA LIMITED: **Chief Executive Officer's Report**

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 BUD
Cash	4,235,012	3,098,427	10,039,823	4,745,639	2,182,115	6,851,737	8,017,101	8,799,537
Shares	982,301	761,239	622,130	669,922	648,970	608,184	762,228	800,339
Total	5,217,313	3,859,666	10,661,953	5,415,561	2,831,085	7,459,921	8,779,329	9,599,877

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

The change in cash in 2009/10 and 2010/11 was due to the increase in monies loaned to Clubs that are not treated as 'cash' for the above purposes. The improvement in the position in 2011/12 was due to the vast majority of the loans to Clubs being repaid in full during the 2011/12 financial year.

Revenue The Charts below show the proportion of revenue for each class of revenue for the last two financial years



	FY11	FY12	CHANGE
TAB Product Fees	30,501,112	27,683,675	(2,817,437)
Wagering Tax Relief	5,019,896	5,615,888	595,992
Net Betting Operations	5,434,758	9,970,118	4,535,360
SAJC Industry P/money Cont.	2,400,000	2,500,000	100,000
Interest	485,892	354,845	(131,047)
Government Grants	120,000	120,000	-
Other	2,156,885	2,295,516	138,631
TOTAL	46,118,543	48,540,042	2,421,499

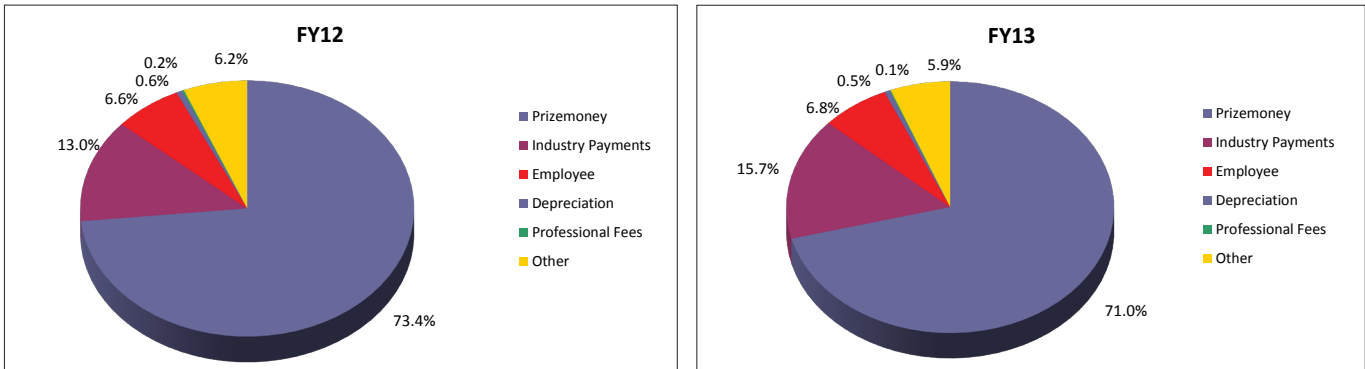
2012/13 Net Betting Operations Contribution (BOC) is after deductions of \$5.8M (2011/12 \$6.8M) relating to charges incurred by SA TAB from other States' Racefields Legislation (which is the equivalent to South Australia's BOC). Under the South Australian Racing Distribution Agreement, which is the Agreement between SA TAB and the three Codes following the sale of the SA TAB, SA TAB is entitled to recover from the Codes the cost to obtain Interstate racing product.

Other Revenue includes; Screening and International Rights, SABOIS registration fees, industry participants' registration fees, calendar advertising and subscriptions (The Races), together with other sundry revenue items.

THOROUGHBRED RACING SA LIMITED: **Chief Executive Officer's Report**

Expenses

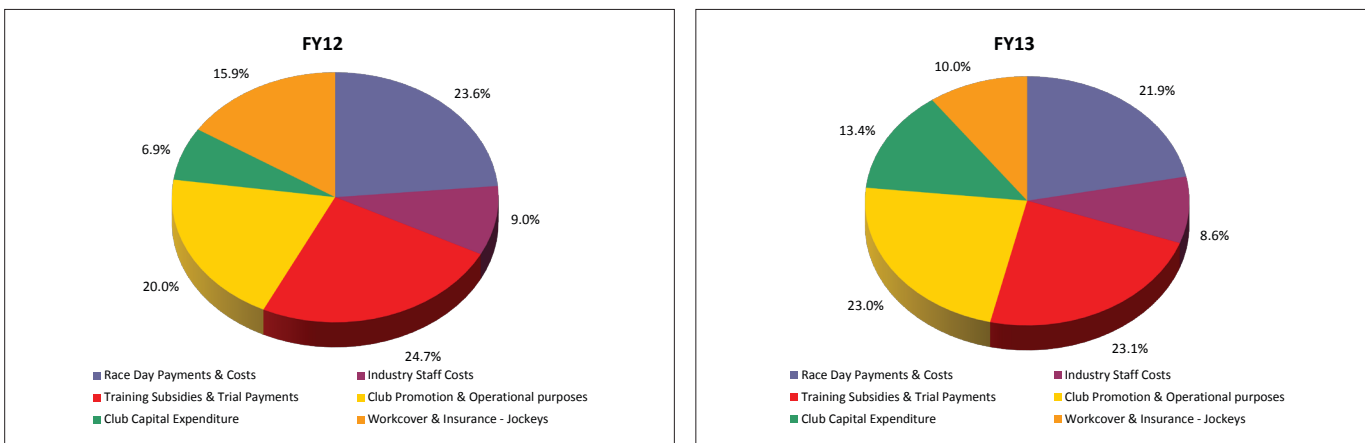
The Charts below show the proportion of expenses for each department for the last two financial years



	FY12		FY13		CHANGE	
Prizemoney	34,196,774	73.4%	32,294,845	71.0%	(1,901,929)	-5.6%
Industry Payments	6,073,097	13.0%	7,138,262	15.7%	1,065,165	17.5%
Employee	3,069,811	6.6%	3,073,645	6.8%	3,834	0.1%
Depreciation	275,761	0.6%	247,872	0.5%	(27,889)	-10.1%
Professional Fees	86,634	0.2%	51,593	0.1%	(35,041)	-40.4%
Other	2,890,678	6.2%	2,699,528	5.9%	(191,150)	-6.6%
TOTAL	46,592,755	100.0%	45,505,745	100.0%	(1,087,010)	-2.3%

Industry Payments Breakdown

Industry Payments include Training Grants & Raceday Usage payments to Clubs of \$1.65m, Marketing Grants to Clubs of \$1.64m, Jockeys Workcover & Insurance \$0.68m, Raceday Payments & Costs \$1.56m, Club Capital Grants \$0.95m, Industry Staff \$0.62m



	FY12		FY13		CHANGE	
Race Day Payments & Costs	1,430,957	23.6%	1,562,038	21.9%	131,081	9.2%
Industry Staff Costs	545,248	9.0%	617,208	8.6%	71,960	13.2%
Training Subsidies & Trial Payments	1,499,000	24.7%	1,651,066	23.1%	152,066	10.1%
Club Promotion & Operational purposes	1,215,827	20.0%	1,642,427	23.0%	426,600	35.1%
Club Capital Expenditure	417,279	6.9%	953,163	13.4%	535,884	128.4%
Workcover & Insurance - Jockeys	964,785	15.9%	712,360	10.0%	(252,425)	-26.2%
TOTAL	6,073,097	100.0%	7,138,262	100.0%	1,065,165	17.5%



Man of Class | Great Eastern Steeplechase winner
Trainer: Ciaran Maher | Jockey: Steven Pateman
Photo courtesy of Fuller Images

Plastic Running Rails

In 2012 the TRSA Board received the report and recommendations back from the Plastic Running Rails Working Party it had established to investigate all aspects of the possible introduction of plastic running rails in South Australia. The Board endorsed the recommendations made and a staged introduction of plastic running rails in South Australia was agreed. With the better than budgeted financial result achieved in 2012/13 the Board resolved to commence the roll-out immediately. \$415K was therefore expended in 2012/13 with the introduction of plastic running rails at Morphetville (both tracks), Gawler and Murray Bridge. A further \$200K has been committed in the 2013/14 Budget to install plastic running rails at Balaklava and Strathalbyn, with installation to follow at Pt Lincoln and Mt Gambier in 2014/15.

Prizemoney and Race Classifications

On top of the increased Club Industry Payments, (which included \$415K towards Plastic Running Rails in 2012/13 from the total project cost of \$845K) and a one-off operational payment to Clubs of \$416K, off the back of our significantly above budget financial result for 2012/13, the TRSA Board also announced prizemoney increases for 2013/14. Prizemoney for 2013/14 will rise by \$652,000 over that paid in 2012/13 with increases to be applied at both Metropolitan and Provincial race meetings. The prizemoney increases will be to standard Metropolitan races and "above Maiden" Provincial races, rather than for top-end races.

Prizemoney across the 350 plus non Maiden races will increase by 10% to \$11,000. The

increased prizemoney at Metropolitan race meetings has been done in conjunction with changes to various race Classifications and the introduction of more Benchmark events. The 0-75 events become 0-78 with prizemoney increasing to \$30,000 (from \$25,000). 68+ and 0-94 Rating races will be replaced with Benchmark 90 events with prizemoney of \$40,000 compared to the current \$34,000 for the 0-94 races.

Resources Provided for Clubs

TRSA has once again provided significant resources in various areas to assist South Australian racing Clubs, including WH&S, Marketing, Finance and Accounting and Liquor Licensing requirements and compliance. TRSA's Marketing team has built strong partnerships with Clubs to promote their key event days, as well as further enhancing the industry brand and the promotion of racing generally. However it is in the area of WH&S where TRSA will potentially be required to provide the greatest assistance with appropriate resource back-up for Clubs.

Our Industry Operations Manager has completed the task of workshops with Clubs throughout the State to assist with their WH&S compliance issues. TRSA has now introduced a detailed Health & Safety Incident Reporting process to assist Clubs and participants, which should enhance the safety aspect of participants' work environment. A Work Health & Safety Checklist for all South Australian thoroughbred racing Clubs has been developed, which lead to a requirement on all Clubs to conduct site assessments of their facilities, working with TRSA Management. TRSA Management is now

undertaking a full facilities audit of all race tracks in the State to finalise this aspect.

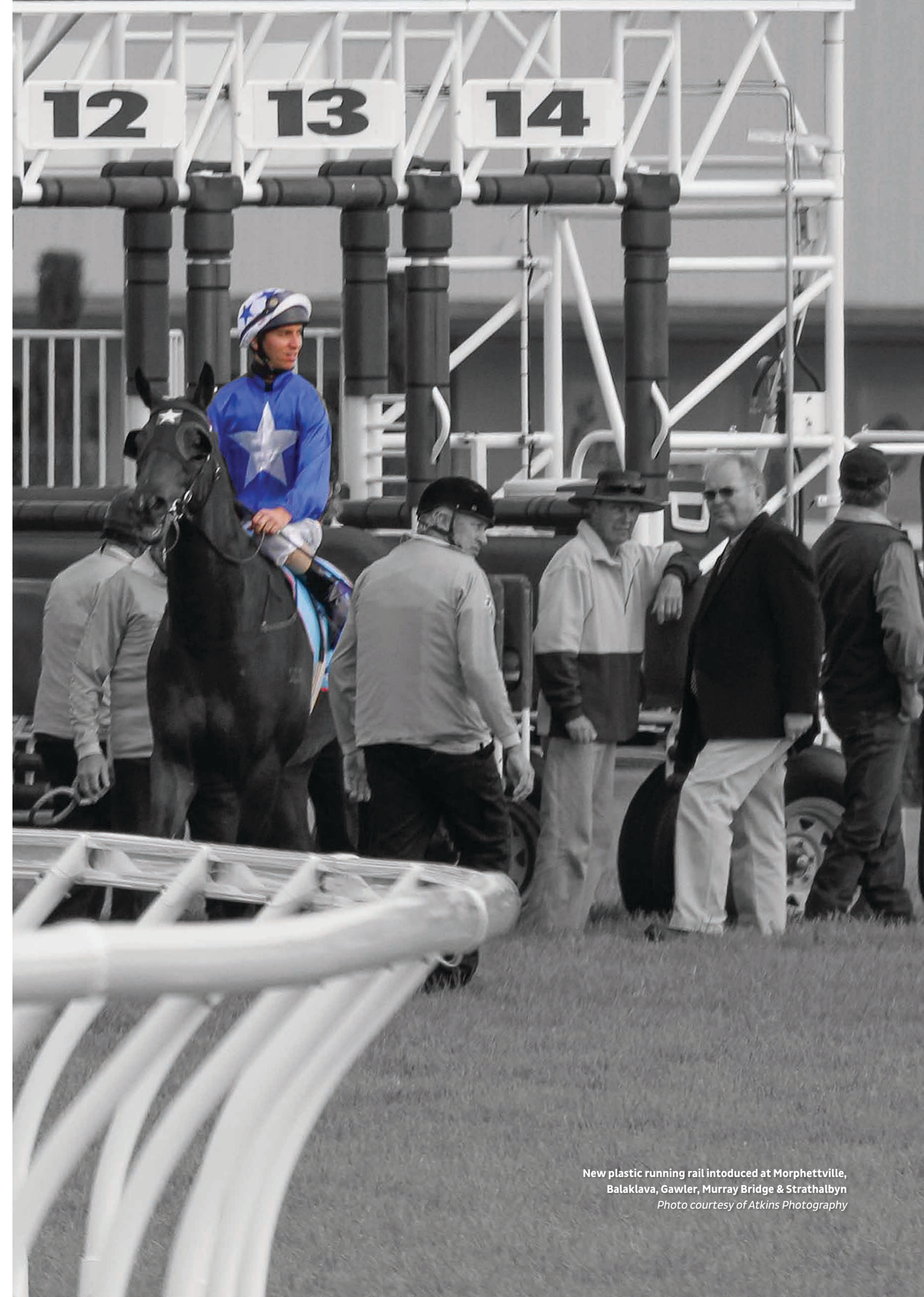
Adelaide Autumn Racing Carnival

2013 saw the second year of South Australia's newly developed and defined racing Carnival in late April and early May. While we were not as fortunate as with the inaugural Carnival where Black Caviar graced us with her presence on the track on both the opening and closing days of the Carnival, we continue to receive positive feedback on the establishment of the Adelaide Autumn Carnival which provides the South Australian racing industry with a window of opportunity to be the focus of racing in Australia, positioned between Melbourne's Festival of Racing, Sydney's Autumn Carnival and the Queensland Winter Carnival.

In conjunction with the SAJC we have established a Carnival over three consecutive Saturdays with a total of \$3.5M in prizemoney available, with four Group One events, including the Group One Centrebet SA Derby and The Distinctive Homes Goodwood. The challenge is to now "kick on" with the Carnival to gain greater participation both on and off the track, and to reinforce our place on the Australian racing calendar.

Adelaide Cup

As reported in previous Annual Reports, the assessment and analysis undertaken by TRSA with regards the placement of the Adelaide Casino Adelaide Cup, lead to a submission, in fact now three submissions, to the State Government seeking to have the Adelaide Cup public holiday moved from March back to May. While some have



New plastic running rail introduced at Morphettville,
Balaklava, Gawler, Murray Bridge & Strathalbyn
Photo courtesy of Atkins Photography

suggested a move of the Cup back to May regardless of the public holiday placement, the TRSA Board is strongly of the view that the link between the Adelaide Cup and the public holiday should be maintained. As reported in the 2012 Annual Report a Review commissioned by the State Premier contained a recommendation that the Queen's Birthday public holiday be moved forward from June to May to accommodate the placement of the Adelaide Cup. TRSA continues to pursue this latest option and the move of the Cup to May, and on numerous occasions the Opposition State Liberal Party has advised that it would provide a public holiday option for the Adelaide Cup in May if it were to succeed at the next State election.

South Australian Thoroughbred Racing Industry Awards

A full list of the winners of the various South Australian thoroughbred racing industry Awards for 2012/13 is included at the conclusion of my report, and I once again congratulate each of the Award winners. The competition for the South Australian Champion Racehorse of the Year Award was the toughest in my time in South Australia, with Alcopop edging out Happy Trails and Miracles of Life, with his excellent third on the international stage in the Hong Kong Cup on top of his great win in the Group One MacKinnon Stakes undoubtedly a telling factor. South Australian trainers had an excellent Melbourne Cup week, taking out Group One races on the first and last days of the Carnival, with Alcopop in the MacKinnon Stakes and Happy Trails in the Emirates Stakes. But who could forget the fairy tale that was the Miracles of Life story, with Miracles of Life, Lauren Stojakovic and

Daniel Clarcken triumphing in the Group One Blue Diamond Stakes. Then to "*cap the season off*" we had Jamie Kah, a 16 year old apprentice in her first full season taking out the Metropolitan Jockeys' Premiership. What great achievements.

There were many more outstanding achievements by several of South Australia's racing participants achieving personal career highlights and keeping South Australian thoroughbred racing to the forefront. To each of you – Congratulations.

Conclusion

Racing administrators in all States and jurisdictions would acknowledge that the racing industry faces challenging times, both in terms of its revenue and expenses. There continues to be pressure on the industry's traditional revenue streams while rising operational costs and compliance with WH&S requirements in particular, are having a major adverse impact on our "bottom line". Wagering continues to be the major revenue source for the racing industry, whether it be generated through our own TAB or from interstate operators, and this is an ever evolving and changing market.

While TRSA achieved a 5.3% growth in its revenue for 2012/13, with the generally weaker market and wagering conditions, we cannot anticipate the same increases and growth as we have achieved in recent years. However the platform we have established over the past four years should assist us and, provide participants with a level of confidence in thoroughbred racing's future in South Australia. South Australia continues to provide racing which is attractive to wagering operators both intra

and interstate as well as internationally, and the continued successful implementation of a charging model as is currently in place for wagering on our racing is vital.

However for the South Australian racing industry to achieve and maintain significant growth, as is necessary in the face of growing competition from the interstate racing industries, will require meaningful support from the State Government. We consider that what we as an industry are seeking from Government is no more than is justified when considering the contribution racing makes to the community and the State's economy.

Finally, I thank all of the staff at TRSA for their continued efforts and contribution towards the growth, integrity and success of thoroughbred racing in our State. They work as a team and we are dedicated to enhancing thoroughbred racing in South Australia, and implementing the policies of the Board.

Thank you also to all racing Clubs and participants in the South Australian racing industry for your contribution to racing at all levels. Ultimately it is your industry.



Jim Watters
Chief Executive Officer

Chris Symons | Adelaide Casino Adelaide Cup
 winning jockey aboard Norsqui
 Photo courtesy of Atkins Photography



SOUTH AUSTRALIAN THOROUGHBRED RACING INDUSTRY AWARDS 2012-13

AWARD

E.J. Mooney Medal for South Australian Jumps Jockey of the Year
 South Australian Jumps Trainer of the Year
 TattsBet South Australian Provincial and Country Apprentice of the Year
 TattsBet Metropolitan Apprentice of the Year
 Leon Macdonald Award for South Australian Apprentice of the Year
 Evright.com South Australian Most Consistent Racehorse

Most Outstanding Achievement by an Individual
 Most Outstanding Achievement Award by a Club
 TAFE SA South Australian Provincial and Country Jockey of the Year
 South Australian Jockey of the Year
 South Australian Provincial and Country Trainer of the Year
 South Australian Metropolitan Trainer of the Year
 Media - Best Racing Story
 Media - Best Racing Picture
 Glennon-Johnson Award for South Australian Metropolitan Jockey of the Year
 CS Hayes Award for South Australian Trainer of the Year
 2012/13 John Letts Medal
 Festival Hire South Australian Champion Racehorse of the Year

WINNER

Steven Pateman
 Eric Musgrove
 Jamie Kah
 Jamie Kah
 Jamie Kah
 Esprit De Bullet
 and Almighty Bullet
 Terry McAuliffe
 Penola Racing Club
 Justin Potter
 Dominic Tourneur
 David Jolly
 Tony McEvoy
 Craig Cook
 Greg Irvine
 Jamie Kah
 Tony McEvoy
 Jamie Kah
 Alcopop

HALL OF FAME

Horse
 Horse

Aurie's Star
 Leilani

Chairman Of Stewards' Report



JC Pretzer Chairman of Stewards

Like most racing seasons the 2012/13 season provided its fair share of challenges to which the Stewards' department responded in a positive manner. The department continues to provide integrity services to the Industry through the application of the Rules of Racing and Policies. Safety and welfare matters remain an important aspect of the department's functions. The department performed their duties in a diligent, professional and dedicated manner.

Stewards' Department - Functions

The functions performed by the department included the provision of integrity services on race day, at trials, jump-outs and track work. The department also conducted inquiries, investigations, managed sampling strategies, monitored wagering activities and conducted stable inspections.

The department provided licensing and veterinary services, acted in the capacity of Deputy Registrar of Racehorses and managed the functions of the Apprentice Academy and the Jumps Review Panel.

Stewards' Department - Personnel

Long serving Chairman of Stewards, Graham Loch, resigned from the Panel in February 2013 to take up a position as Director of Racing with the Macau Racing Club. Following Graham's departure I was appointed to the position of Chairman of Stewards and subsequently Matt Santoro was appointed Deputy Chairman of Stewards.

Former Steward, Peter Matthews, who provided valuable assistance to the Department on a part time basis, completed his tenure in July.

Significant developments

The industry was extremely fortunate to see the introduction of plastic running rail at a number of Race tracks during the latter part of the season. This initiative, supported by Stewards, and carefully managed by the Board and Management of TRSA, is a positive step and is bound to provide benefits to participants.

Stewards also considered the suitability of the use of plastic marker pegs as a "guide rail" during official trials. Following review, a decision was taken to discontinue this practice.

The introduction of "approval to race" jump-outs in late 2012 appears to have paid dividends with only twenty (87 in 2011/12) warnings being issued and forty-four (39 in 2011/12) horses being suspended for barrier behaviour. This reflects a 77% decrease and a 13% increase respectively.

Licensing

The licensing functions were performed with dedication and professionalism by various staff members. The criteria for all licences, which was reviewed during the previous year, were implemented in the assessments of all applications.

During the year the Stewards' Department continued to visit the premises of licensed Trainers. During the course of these visits Stewards performed functions such as identification of horses in the stable, assessing feed supplies, scrutinising and examination of treatment books, as well as identifying veterinary products, in particular products which are not prescribed or labelled in accordance with legislation.

During the 2012/13 Racing Season, the following licences were processed by the Department -

	2012/13	2011/12
Trainers	330	338
Jockeys	40	35
Apprentices	15	17
Interstate Jockeys	85	82
Interstate Apprentices	28	31
Stablehands	505	447
Stablehand / Trackwork Riders	178	173
Total	1181	1133

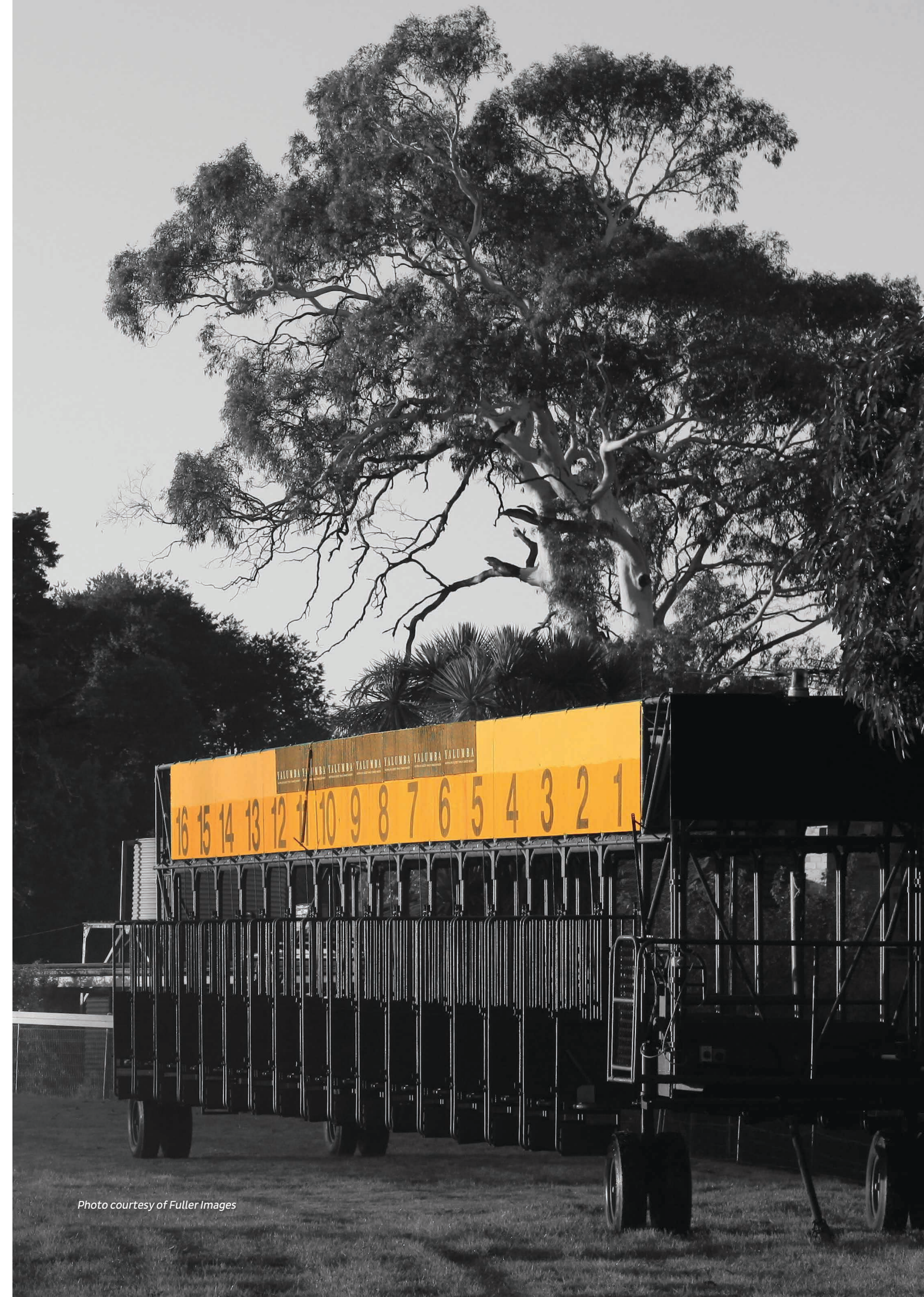


Photo courtesy of Fuller Images

Veterinary Services

The Industry Veterinary Surgeon, Dr. Peter Horridge, continues to provide and supervise veterinary services at metropolitan and provincial racetracks. Dr Horridge's professional approach, knowledge and manner is an asset to the department. The Industry also remains indebted to those Veterinary Surgeons who regularly complement Dr. Horridge in the metropolitan area, in particular Dr. Agnew and Dr. Lewis from the Morphettville Equine Clinic, Dr. Bowden and Dr. Haensel and those who service the various country race meetings.

Dr. Horridge represents Thoroughbred Racing SA at meetings of the Veterinary and Analysts Committee (VAC) and the Department of Primary Industries and Resources SA (PIRSA), as well as Biosecurity SA. He also provides expert advice at Stewards' inquiries and Appeal hearings as well as advice to the Industry on veterinary and equine welfare matters.

The following horse samples were tested during the year –

	2012/13	2011/12
Post-race urine samples	1068	1050
Pre-race blood samples (TCO ₂)	1004	1080
Post-race blood samples (TCO ₂)	5	0
Post-trial urine samples	18	24
Non-race day samples	39	5
No. of positive tests	3	2
Total	2137	2161

Of the 3 positive samples recorded during the racing season, 2 were in races, which resulted in disqualification of both horses. The remaining positive related to a horse participating in an official trial. Two of the positives recorded were for therapeutic substances and the third was for TCO₂. Testing strategies continue to be a critical element in providing a level playing field for all competitors, protecting the health and welfare of horses, the safety of riders and maintaining the confidence of the betting public and the broader community in the integrity of the South Australian thoroughbred racing industry.

Towards the end of the racing season TRSA acquired a portable "i-Stat" testing device which is designed to test for levels of TCO₂. The device will continue to be used to further boost the Department's capabilities in the area of sampling.

The practice, which was first introduced in season 2011/12, requiring horses accepting for certain feature races, including all Group 1 events, to be present on course at least three hours prior to racing was continued. In addition, pre-race blood samples for TCO₂ testing were taken from horses pre race day and again repeated on race day. In selected races, all runners were subjected to testing for TCO₂.

During the year 16 runners recorded elevated, but not prohibited, levels, resulting in Stewards issuing 11 Trainers with notification that analysis of a pre-race sample had reported an elevated TCO₂ result.

26 horses bled from both nostrils and incurred sanctions under Rule - ARR.53A. This reflects a reduction of 16% compared with the previous season. Of the 26 horses that bled, 3 recorded

their second episode and are now no longer eligible to race.

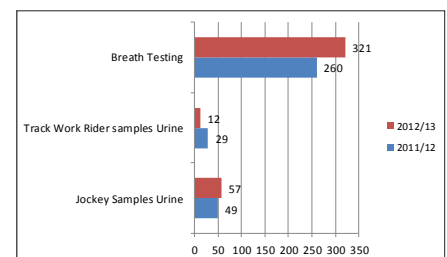
Medical Panel

The TRSA Medical Panel plays an important role in providing advice and services to the Steward's department. The panel originally comprised only one member, Dr. Terry Hodgson, but was extended during the season with the appointment of Dr. Andrew Potter, Club Doctor with the Adelaide Crows Football Club. Dr. Potter brings a wealth of experience in sports injury management and concussion management. Dr. Potter performs and conducts the baseline concussion tests for Jockeys and Apprentice Jockeys which was recently introduced as a measure to further enhance the safe return of riders after injury.

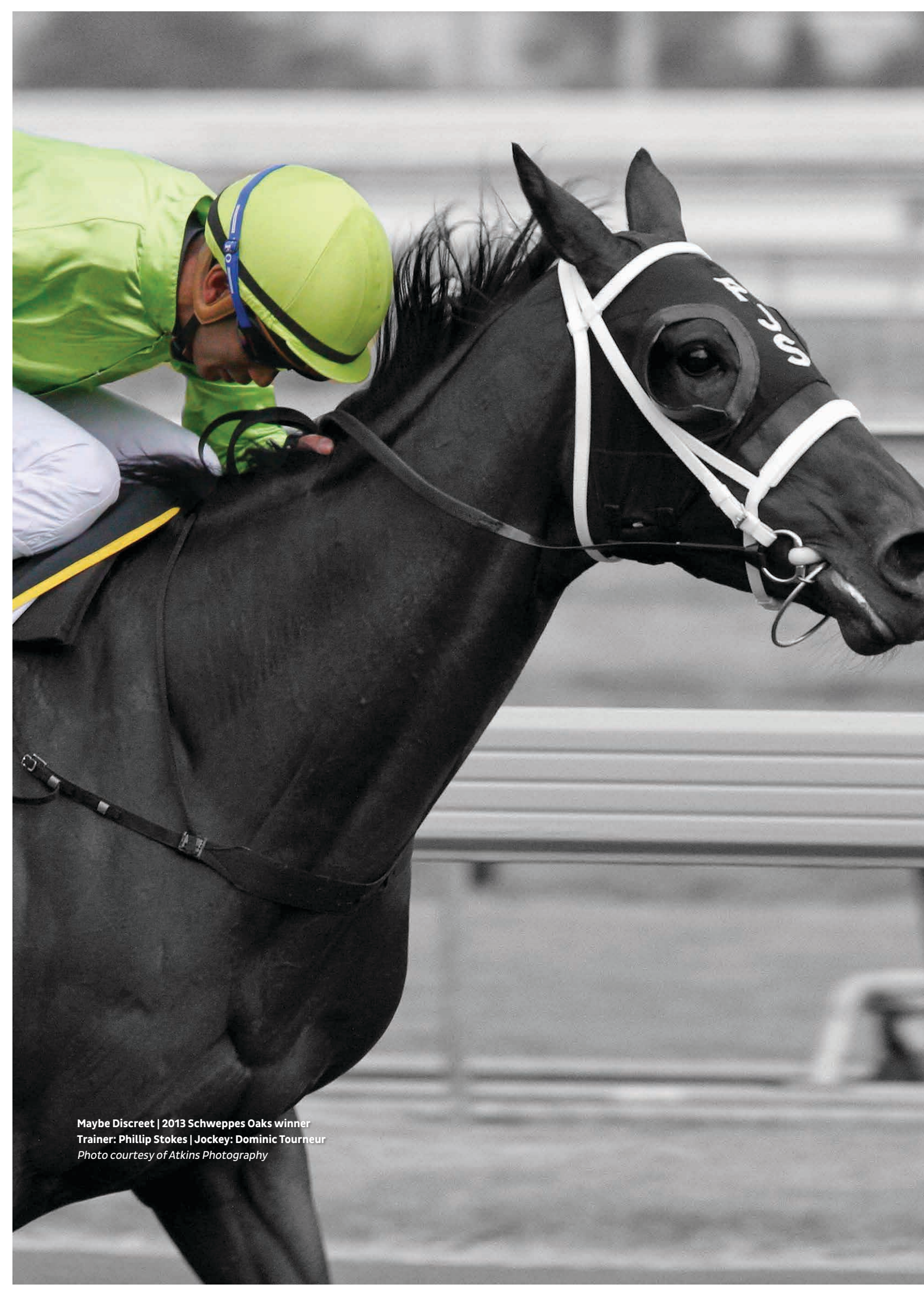
Disciplinary

During the racing season, 44 Careless Riding charges were laid, which resulted in a suspension of licence. This number represents a 2% increase on the previous year. In addition, Stewards conducted 18 significant investigations /inquiries into breaches of the Rules.

The following human samples were tested during the year –



The results recorded 5 positive urine tests and 1 positive breath test during the 2011/12 season while the 2012/13 season recorded no positive results.



Maybe Discreet | 2013 Schweppes Oaks winner
Trainer: Phillip Stokes | Jockey: Dominic Tourneur
Photo courtesy of Atkins Photography

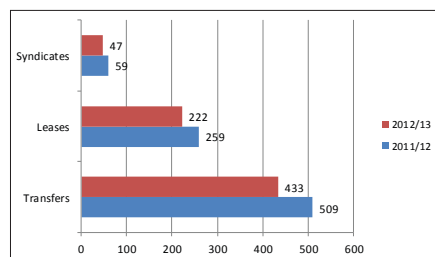
Deputy Registrar

Under the Rules of Racing, Racing Information Services Australia (RISA) has the status of Registrar of Racehorses. Thoroughbred Racing SA (TRSA) is a shareholder of RISA, which processes all new horse registrations. In addition TRSA has the role of Lead Regulator under legislation, effectively acting as watchdog in the State of South Australia for the Australian Securities and Investments Commission (ASIC).

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

During the year the Department processed Transfers, Leases and Syndicates, which were scrutinised to ensure compliance.

Registrations, transfers, leases and syndicates processed during the year –



Apprentice Academy

TRSA again supported the Annual National Apprentice Jockey Challenge with a heat conducted at Gawler. The final leg of the Challenge was conducted at Alice Springs in the Northern Territory.

Local Apprentice Jackson Matthews, riding WISE AND HAPPY for Trainer Brian Mueller, maintained the local Industry's good record in winning the South Australian leg of the

Series at Gawler. South Australia again proved very competitive, finishing in equal third place, only four points behind the winner – NSW. It should be noted that this was the fifth year of the series and South Australia has won the series on three occasions.

Krystal Bishop's efforts during the year were well rewarded when she was named Dux of the Apprentice Academy at the Annual Apprentice Awards Evening on 26 November 2012.

The Academy had 22 apprentices enrolled with 3 having been granted permission to ride in races for the first time in the relevant racing season. Attendance at the Academy on Tuesdays and at additional riding skills sessions conducted on Fridays remains mandatory.

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

The Academy liaised with Industry bodies including Race Training SA, TafeSA and the PRA National Training Committee, and provided a conduit for schools and interested groups seeking information regarding career opportunities.

I should also mention that it is a testament to the Academy and to Jamie Kah personally, that an Apprentice Jockey managed to win the Jockey Premiership in their first year of riding. We congratulate Jamie on her achievement.

The Apprentice Trust Fund continued to be managed within the Department.

Jumps Review Panel

The Jumps Review Panel (JRP) continues to be co-ordinated in a positive manner by the department.

Members of the JRP were present at all race meetings, which included jumping events, and all races were reviewed. Regular consultation occurred with Racing Victoria Limited's Jumps Review Panel to ensure that consistency existed between States. The contribution of the panel should be commended.

Liaisons and Contacts

The department continued to liaise with a number of bodies and/or stakeholders on relevant matters, including various State and National sector group bodies, and the Australian Racing Board through the National Chairmen of Stewards Committee and the Veterinary and Analysts Committee.

Appreciation

I would like to express my appreciation to the department's staff, in particular Liz Tosetti - Personal Assistant, and Matt Santoro - Deputy Chairman of Stewards, for their professional and dedicated service.

JC Pretzer
Chairman of Stewards



Miracles Of Life | Trainer: Dan Clarken | Jockey: Lauren Stojakovic
Photo courtesy of Atkins Photography



THOROUGHBRED RACING SA LIMITED

FINANCIAL REPORT 2013

Contents

THOROUGHBRED RACING S.A. LIMITED ABN 25 094 475 939

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Jamie Kah | 2012-13 John Letts Medal winner
& South Australian Metropolitan Jockey of the Year
Photo courtesy of Atkins Photography

Directors' Report

The Directors present their report together with the financial report of Thoroughbred Racing SA Limited ("the Company") for the year ended 30th June 2013 and the Auditor's Report thereon.

Directors

The directors of the Company during the financial year were:

NAME AND QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
<p>Ms Eleanor Frances Nelson QC LLB Chair</p>	<p>Frances is a barrister.</p> <p>She has considerable experience with the racing industry in SA and has conducted a number of inquiries into the Industry on behalf of Government and served on the Oakbank Committee for twenty years.</p> <p>She is the Chair of the Parole Board of South Australia and holds board positions on a number of privately owned companies.</p> <p>Frances is a member of the South Australian Jockey Club Inc and the Oakbank Racing Club Inc.</p> <p>Chairperson - Race Dates Committee Chairperson - Jumps Committee Member - Finance Committee</p>
<p>Mr David Rasheed BA (Acc), CA, CTA</p>	<p>David is a chartered accountant and is Chairman of Partners of Tilbrook Rasheed Chartered Accountants.</p> <p>He is involved in the industry as an owner and breeder and has served on the Board of the South Australian Jockey Club. He holds board positions on a number of privately owned companies.</p> <p>David is a member of the South Australian Jockey Club Inc.</p> <p>Chairman - Finance Committee Member - Race Dates Committee</p>
<p>Mr Simon Ward LLB</p>	<p>Simon is a solicitor and Partner of Piper Alderman.</p> <p>He regularly advises on the Rules of Racing and legislation affecting the industry.</p> <p>He is a Board member of YMCA INEA and the Legal Assistance Fund of the Law Society of SA.</p> <p>Simon is a member of the Oakbank Racing Club Inc.</p> <p>Member - Race Dates Committee</p>



Eclair Surprise | 2012 Carlton Draught Murray Bridge Gold Cup winner
Trainer: Phillip Stokes | Jockey: Dominic Tourneur
Photo courtesy of Atkins Photography

Directors continued:

<p>Mr David Cross BEC, CA, GAICD</p>	<p>David has a background in economics and accountancy. His passion for thoroughbred racing developed through working for bookmakers whilst studying at university. He is currently Director of Operations Asia Pacific for Specsavers, and holds non-executive roles with RAA Insurance and Thai Optical Group Ltd along with the position of Vice President of the RAA of SA Inc. David is a member of the South Australian Jockey Club Inc. Chairman – Marketing Committee Member – Finance Committee</p>
<p>Mr Brian Foster</p>	<p>Brian is a retired businessman. He has a long history of involvement in the thoroughbred racing industry of South Australia and has held various positions on the South Australian Racing Clubs Council and the Murray Bridge Racing Club. He is involved in the industry as an owner and breeder. Brian is a member of the South Australian Jockey Club Inc and the Murray Bridge Racing Club Inc.</p>
<p>Mr Ken Smith AM</p>	<p>Ken owns and operates a private business. He is a former Deputy Chairman of the South Australian Jockey Club and has a lifelong interest in the thoroughbred racing industry as both an owner and breeder. He holds and has held numerous positions on boards of both government and private enterprises. Ken is a member of the South Australian Jockey Club Inc, Oakbank Racing Club Inc, Murray Bridge Racing Club Inc and the Strathalbyn Racing Club Inc. Member – Race Dates Committee Member – Jumps Committee</p>
<p>Mr Chris Atkins FCA</p>	<p>Chris is a chartered accountant and is Managing Partner of Australian Super Fund Audits He has a long history as an owner and breeder in the thoroughbred racing industry in South Australia & Victoria. Chris is a member of the South Australian Jockey Club Inc. He is Chairman of Down Syndrome SA and holds Board positions on a number of private Companies. Member – Finance Committee</p>

Company Secretary

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

NAME AND QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
<p>Mr Nicholas Redin BSc (Acc)</p>	<p>Nick is the Chief Operating Officer of Thoroughbred Racing SA Ltd</p>



Lonhspresso | 2013 Centrebet Classic winner
Trainer: Darren Weir | Jockey: Ben Melham
Photo courtesy of Atkins Photography

Principal Activities

The Company is a company limited by guarantee.

The Company is the Controlling Authority for thoroughbred racing in South Australia. The principal activities of the Company during the course of the financial year were to:

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

GENERAL OPERATIONS

The general operations of the company are to:

- (a) Receive distributions from SA TAB Pty Ltd from wagering on thoroughbreds in South Australia;
- (b) Negotiate arrangements with and receive payments from both intrastate and interstate wagering operators, other than the SA TAB Pty Ltd, that take bets on thoroughbred 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) Determine the allocation of industry funding from revenue received;
- (e) Make payments of prize money to owners, trainers and jockeys;
- (f) Market South Australian thoroughbred racing both inter and intra state;
- (g) Provide financial support and management assistance to racing clubs throughout South Australia;
- (h) Negotiate vision rights with broadcasters for thoroughbred races;
- (i) Represent the South Australian industry's relationship with the Australian Racing Board Ltd and other controlling authorities throughout Australia;
- (j) Manage the industry's relationship with the State Government, primarily through the Minister for Recreation and Sport.
- (k) Conduct the operations of the South Australian Apprentice Jockeys Academy
- (l) Manage and administer the work cover claims for all injured licensed jockeys and apprentices

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 operating surplus for the year was \$3,034,297.

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 returns to industry participants. Whilst this will not alter the direction of the company's activities, particular initiatives that are being pursued include the following:

- Development of a Racing Policy for government post March 2014 State Election including lobbying for the reinstatement of a Racing Minister
- Continued development and growth of the Adelaide Racing Carnival during April and the first two weeks of May, aimed at lifting the profile of South Australian racing on both the national and international scene.
- Working with the State Government and the SAJC to ensure there is a public holiday in May to which the Adelaide Cup can be moved in 2015.
- The completion of the development of the new Murray Bridge racing venue which should result in a racetrack that has greater appeal to the wagering public with a consequential benefit to the industry from increased wagering revenue.
- Continued monitoring of race programs aimed at growing starter numbers and driving an increase in wagering revenue.

- Develop initiatives aimed at improving both the race fields and attendances at Metropolitan, Provincial and Country race meetings.
- Continue to work with Clubs to ensure there is efficiency across the administration function including the further provision of financial management and reporting.
- Continue to work with Clubs to identify opportunities for aggregated purchasing to lower operating costs for Clubs.



Hasta La Shamer | 2013 SA Provincial Super Series winner
 Trainer: Susan Murphy | Jockey: Clare Lindop
 Photo courtesy of Atkins Photography

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
Ms E Nelson QC	11	2		2	2
Mr D Rasheed	11	2		2	
Mr S Ward	11			2	
Mr D Cross	10	2	2		
Mr B Foster	9				
Mr K Smith AM	10				2
Mr Chris Atkins	10	1			
Total Meetings Held	11	2	2	2	2

The Board has also established a number of Steering Committees in respect of significant projects being undertaken by race clubs.

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

Other Matters

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 8 and forms part of the directors' report for the financial year ended 30th June 2013.

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 27th day of September 2013.

Signed in accordance with a resolution of directors:

F Nelson QC

Director

Auditor's Independence Declaration



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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2013, 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.

William Buck
ABN: 38 280 203 274

G.W. Martinella
Partner

Dated this 27th day of September, 2013.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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STRATEGIC THINKING | TAILORED ADVICE | INTEGRATED SOLUTIONS

CHARTERED ACCOUNTANTS & ADVISORS

The accompanying notes form part of these financial statements.

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013.

	Note	30 JUNE 2013 \$	30 JUNE 2012 \$
Revenue	2	45,652,935	43,082,668
Other income	3	2,500,000	2,520,000
Financial income	4	387,107	515,875
Prizemoney & Unplaced Subsidies		(30,818,145)	(32,084,624)
SABOIS payments		(1,476,700)	(2,112,150)
Industry payments	5(a)	(7,138,262)	(6,073,097)
Employee expenses		(3,073,645)	(3,069,811)
Depreciation expense		(247,872)	(275,761)
Legal & Professional Fees		(51,593)	(86,634)
Other expenses	5(b)	(2,699,528)	(2,890,678)
Net Surplus/Loss from operating activities		3,034,297	(474,212)
Loan Impairment - Mt Gambier Racing Club Inc.		-	(300,000)
Net Surplus/ (Loss) for the year		3,034,297	(774,212)
Other Comprehensive Income:			
Net fair value gain /(loss) on re-measurement of investments in equity securities available-for-sale		154,044	(40,786)
Total Comprehensive Income for the year		3,188,341	(814,998)

The accompanying notes form part of these financial statements.

Balance Sheet

For the year ended 30 June 2013.

	Note	30 JUNE 2013 \$	30 JUNE 2012 \$
Assets: Current assets			
Cash and cash equivalents	6	8,017,101	6,851,737
Trade and other receivables	7	7,173,416	5,906,975
Other assets	8	128,795	81,704
Total current assets		15,319,312	12,840,416
Non-current assets			
Plant and equipment	9	1,049,470	1,174,976
Financial assets - Investments	10	1,216,865	1,062,821
Total non-current assets		2,266,335	2,237,797
Total assets		17,585,647	15,078,213
Liabilities: Current liabilities			
Trade and other payables	11	1,929,310	2,223,680
Provisions	12	517,990	581,072
Other liabilities	13	695,133	694,700
Total current liabilities		3,142,433	3,499,452
Non-current liabilities			
Provisions	12	71,645	32,594
Other liabilities	13	293,234	656,173
Total non-current liabilities		364,879	688,767
Total liabilities		3,507,312	4,188,219
Net assets		14,078,335	10,889,994
Equity			
Reserves	15	184,212	30,168
Retained profits		13,894,123	10,859,826
Total equity		14,078,335	10,889,994

Statement of Changes in Equity

For the year ended 30 June 2013.

	FINANCIAL ASSET		
	RESERVE	RETAINED PROFITS	TOTAL
Balance as at 30 June 2011	70,954	11,634,038	11,704,992
Net Loss for the year	-	(774,212)	(774,212)
Other Comprehensive Income for the year	(40,786)	-	(40,786)
Balance as at 30 June 2012	30,168	10,859,826	10,889,994
Net Loss for the year	-	3,034,297	3,034,297
Other Comprehensive Income for the year	154,044	-	154,044
Balance as at 30 June 2013	184,212	13,894,123	14,078,335

The accompanying notes form part of these financial statements.



Escado | 2013 Centrebet SA Derby winner
 Trainer: Matt Laurie | Jockey: Ben Melham
 Photo courtesy of Atkins Photography

Statement of Cash Flows

For the year ended 30 June 2013.

	Note	30 JUNE 2013 \$	30 JUNE 2012 \$
Cash flows from operating activities			
Receipts in the course of operations		51,742,016	49,836,312
Payments in the course of operations		(50,402,408)	(50,811,811)
Interest received		354,845	485,892
Dividends received		32,262	29,983
Loan repayments from / (loans to) clubs		(438,985)	360,663
Net cash (used in) operating activities	15	1,287,730	(98,961)
Cash flows from investing activities			
Proceeds on disposal of investments		-	1,250
Payments for plant and equipment		(122,366)	(92,540)
Net cash (used in) investing activities		(122,366)	(91,290)
Cash flows from financing activities			
Reimbursement for Gawler Redevelopment Costs		-	8,859,873
Repayment of SAJC Loan		-	(4,000,000)
Net cash provided by financing activities		-	4,859,873
Net increase / (decrease) in cash held		1,165,364	4,669,622
Cash and cash equivalents at the beginning of the financial year		6,851,737	2,182,115
Cash and cash equivalents at the end of the financial year	6	8,017,101	6,851,737

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2013.

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

1. Summary of significant accounting policies

BASIS OF PREPARATION

The Company has elected to early adopt the Australian Accounting Standards - reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Accordingly, the entity has also early adopted AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements and AASB 2012-7: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements in respect of AASB 2010-6: Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets and AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 (Cth).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

The financial report was authorised for issue by the Directors of the Company on 27 September 2013.

(a) Revenues

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

TAB PRODUCT FEE REVENUE

Revenue from TAB product fees is recognised as it accrues.

BETTING OPERATIONS CONTRIBUTION

Revenue from Betting Operations Contribution is recognised as it accrues.

SABOIS REVENUE

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

SALE OF GOODS

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

FINANCIAL INCOME

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

(b) Financial expenses

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

(c) Taxation

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

1. Summary of significant accounting policies (continued)

(d) Goods and services tax (GST)

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

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

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

(e) Cash and cash equivalents

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

(f) Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses

are recognised either in the Statement of Comprehensive Income or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(h) for details of impairment).

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

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

- Plant and equipment 3-10 years
- Motor Vehicles 5-7 years
- Furniture and Fittings 3-10 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(g) Financial instruments

INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is

equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised in the Statement of Comprehensive Income immediately.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

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

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

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives

1. Summary of significant accounting policies (continued)

not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (i.e. gains or losses) being recognised in the Statement of Comprehensive Income.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in the Statement of Comprehensive Income through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in the Statement of Comprehensive Income through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other

categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the Statement of Comprehensive Income through the amortisation process and when the financial liability is derecognised.

IMPAIRMENT

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments,

a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

DERECOGNITION

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

(h) Impairment of assets

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

1. Summary of significant accounting policies (continued)

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

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

(i) Trade and other payables

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

(j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not

satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the Company to employees superannuation funds and are charged as expenses when incurred.

(k) Provisions

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

(l) Comparative figures

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

(m) Critical accounting estimates and judgments

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

KEY ESTIMATES - IMPAIRMENT: GENERAL

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

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

	2013	30 JUNE 2012
For the year ended 30 June 2013.	\$	\$
2. Revenue		
TAB Product Fees and Wagering Tax Relief	33,299,563	35,521,008
Betting Operations Contributions	9,970,118	5,434,758
Screening & International Rights	961,444	733,308
SABOIS subscriptions	361,367	396,650
Registration fees	214,863	233,436
Publications	267,498	276,331
Other	578,082	487,177
Total revenue	45,652,935	43,082,668

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 revenue by \$2,124,844 for the year ended 30 June 2013 (2012: \$2,137,726).

3. Other Income

SAJC Contribution to Industry Prizemoney	2,500,000	2,400,000
Government promotional grants	-	120,000
Total other income	2,500,000	2,520,000

4. Financial Income

Interest income	354,845	485,892
Dividend income	32,262	29,983
Total financial income	387,107	515,875

THOROUGHBRED RACING SA LIMITED: **Notes to the Financial Statements**

	2013	2012
	\$	\$
5. Expenditure		
(a) Industry Payments		
Training Grants and Raceday Usage payments	1,651,066	1,499,000
Race Day Payments & Costs	1,562,038	1,430,957
Club Promotion and Operational purposes	1,642,427	1,215,827
Club Capital Expenditure	953,163	417,279
Workcover & Insurance - Jockeys	712,360	964,785
Industry Staff Costs	617,208	545,249
Total Industry Payments	7,138,262	6,073,097
Advertising & Marketing	226,608	268,509
Marketing Professional Fees	98,601	153,841
Publication Expenses	312,610	324,433
Swab & Veterinary Supplies	267,910	271,014
Other	1,793,799	1,872,881
Total other expenses	2,699,528	2,890,678
(b) Other Expenses		
(c) Auditor Remuneration		
Remuneration of the auditor of the Company for:		
Audit of the financial report	15,200	14,8000

	30 JUNE 2012	30 JUNE 2011
6. Cash and cash equivalents	\$	\$
Current		
Cash at bank and on hand	6,379,392	40,725
Short-term bank deposits	1,637,709	6,811,012
	8,017,101	6,851,737
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	8,017,101	6,851,737

7. Trade and other receivables

Current		
Trade receivables	2,397,406	2,425,506
Other receivables	3,709,166	2,853,610
Loans to Thoroughbred Racing Clubs	1,066,844	627,859
	7,173,416	5,906,975

8. Other assets

Current		
Prepayments	128,795	81,704
	128,795	81,704

	2013	2012
9. Plant and equipment	\$	\$
Non-current		
Plant and equipment - at cost	3,698,877	3,576,250
Less: accumulated depreciation	(2,649,407)	(2,401,274)
Total plant and equipment	1,049,470	1,174,976

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

Movements in carrying amounts

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

Carrying amount at the beginning of the year	1,174,976	1,358,197
Additions at cost	122,366	92,540
Depreciation expense	(247,872)	(275,761)
Carrying amount at end of year	1,049,470	1,174,976

10. Financial assets - Investments

Non-current		
- Investment in Racing Information Services Australia Pty Ltd ('RISA')	454,637	454,637
Available-for-sale financial assets		
Listed equity securities available for sale	762,228	608,184
	1,216,865	1,062,821

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments. No intention to dispose of any listed available-for-sale financial assets existed at 30 June 2013.

11. Trade and other payables

Current		
Trade payables	465,827	436,245
Other payables and accruals	1,463,483	1,787,435
	1,929,310	2,223,680

	2013	2012
12. Provisions	\$	\$
Current		
Employee benefits - annual leave	220,020	263,998
Employee benefits - long service leave	297,970	317,074
	517,990	581,072
Non-current		
Employee benefits - long service leave	71,645	32,594
	71,645	32,594
Total provisions	589,635	613,666
Opening balance at 1 July 2012	613,666	529,195
Net provisions raised during the year	(24,031)	84,471
Balance at 30 June 2013	589,635	613,666

Provision for Long-term Employee Benefits

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

13. Other liabilities

Current		
Income received in advance	695,133	694,700
	695,133	694,700
Non-current		
Income received in advance	293,234	656,173
	293,234	656,173
Total other liabilities	988,367	1,350,873

	2013	2012
	\$	\$
14. Reserve		
Financial Asset Reserve		
The financial asset reserve includes the cumulative net change in the fair value of available for sale investments until the investment is derecognised.		
15. Cash flow information		
Reconciliation of net (loss) for the year to net cash provided by operating activities		
Net surplus /(loss) for the year	3,034,297	(774,212)
Less items classified as investing/financing:		
- (Profit) on sale of investments	-	(1,250)
Add/(less) non-cash items:		
- Amounts set aside to provisions	(24,031)	84,471
- Depreciation expense	247,872	275,761
- Movement in the investment in RISA	-	(80,408)
- Loan impairment	-	300,000
Net cash from operating activities before change in assets and liabilities	3,258,138	(195,638)
Change in assets and liabilities during the period:		
- Decrease in trade receivables	28,100	557,784
- (Increase) in other receivables	(855,556)	(517,352)
- (Increase)/decrease in loans to Thoroughbred Racing Clubs	(438,985)	360,662
- (Increase)/decrease in other assets	(47,091)	43,142
- (Decrease) in trade payables	29,582	(193,548)
- Increase/(decrease) in other payables and accruals	(323,951)	179,674
- (Decrease) in income received in advance	(362,506)	(333,685)
Net cash provided by operating activities	1,287,730	(98,961)

	2013	2012
	\$	\$

16. Related party transactions

Key management personnel compensation

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

Short term employee benefits	637,346	520,030
Post-employment benefits	54,997	49,939
	692,343	569,969

Directors

The names of each person holding the position of Director of Thoroughbred Racing SA Limited during the financial year are Ms E.F Nelson QC, Messers D Rasheed, S Ward, D Cross, B Foster, K Smith and C Atkins.

Directors Compensation

The Directors compensation included in employee expenses are as follows:

Short-term employee benefits - Directors remuneration	206,294	206,294
Post-employment benefits	13,706	13,706
	220,000	220,000

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		
Mr S Ward	Legal Services	(i)	20,009	17,631
Mr D Rasheed	Professional Services	(ii)	6,178	1,835

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

(ii) The Company used the professional services of associated entities of Mr D Rasheed in relation to the Industry's interest in the Murray Bridge development.

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

Amounts receivable from and payable to Directors and Director related entities at the end of the reporting period arising from the above transactions were as follows:

	2013	2012
16. Related party transactions (continued)	\$	\$
Amounts receivable from and payable to Directors and Director related entities at the end of the reporting period arising from the above transactions were as follows:		
Current trade and other payables		\$
- Trade payables	-	12,386

South Australian Jockey Club Inc

The South Australian Jockey Club Inc. (SAJC) is one of the two members of the Company and controls 50% of the voting power in general meeting and thereby has significant influence over the Company.

The following transactions occurred between the company and the SAJC during the year:

- The SAJC contributed \$2.5 million to the Company as a contribution to prize money, pursuant to an undertaking given by the SAJC to contribute portion of the income derived by the SAJC from the proceeds of the sale of Cheltenham racecourse. This amount has been recognised as Other Income in the Statement of Comprehensive Income.
- The contribution to prize money for the 2013 financial year was outstanding at balance date and is included in trade and other receivables in the Statement of Financial Position. This amount is non interest bearing.
- The Company made payments of \$1,583,593 (2012: \$1,160,609) direct to the SAJC during the year in line with the Industry's club funding models implemented by the Board for training grants and race day usage of the Morphettville courses, race

day costs, promotional and operational purposes and capital expenditure. These payments are included in the expense item Industry Payments in Statement of Comprehensive Income.

SOUTH AUSTRALIAN RACING CLUBS COUNCIL

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

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

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

- The Company made payments of \$2,642,764 (2012: \$1,895,097) direct to Clubs during the year in line with the Industry's club funding models implemented by the Board for training grants and race day usage of the various country race courses operated by member

clubs of SARCC, race day costs, promotional and operational purposes and capital expenditure. These payments are included in the expense item Industry Payments in Statement of Comprehensive Income.

- The Company has entered into loan agreements with and made loans to Clubs to provide working capital and to facilitate capital projects, which amounted to \$1,066,844 at 30 June 2013 (2012: \$627,859). The loans are secured or capable of being secured. Interest earned by the Company amounted to \$7,674 (2012: \$204,589) and is included in Financial Income in the Statement of Comprehensive Income.

17. Contingent liabilities

Estimates of the potential effect of contingent liabilities that may become payable:

SABOIS

Qualified yearling horses are nominated for the South Australian Breeders & Owners Incentive Scheme (SABOIS) allowing them the opportunity to win bonuses in specified races.

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

An estimate has been made based on past experience of likely future bonuses payable for those horses nominated for the scheme that are yet to reach the age of four. At 30 June 2013 it is estimated that these future bonuses will be \$5.0 million.

SINGLE NATIONAL SYSTEM

Thoroughbred Racing SA Ltd has agreed to participate in the Single National System being developed by RISA Pty Ltd (RISA), as have all other States' Principal Racing Authorities (PRA). The system will bring together, under a national framework, many business practices relating to racing that are currently run in disparate systems across Australia. The project is expected to take a further two years to complete and will be initially funded by RISA partially withholding distributions to the PRA's.

The total cost to develop the system is estimated to be \$3.2m. The funding for this system is based on a user pays model, with a charge being raised to each State based on the number of nominations each month until such time as the total project cost has been recouped by RISA. The charge is \$1.06 per nomination and the project has a payback period estimated to be eight (8) years.

The contribution by Thoroughbred Racing SA Ltd towards the projects' cost is estimated to be \$164,000. The contribution made towards the project for the year ended 30 June 2013 was \$18,836.



Bagman | 2012 Advertiser Newspapers Balaklava Cup winner
Trainer: Sam Kavanagh | Jockey: Brad Rawiller
Photo courtesy of Atkins Photography

18. Financial risk management

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

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

		2013	2012
Financial assets	Note	\$	\$
Cash and cash equivalents	6	8,017,101	6,851,737
Receivables and loans	7	7,173,416	5,906,975
Investments	10	1,216,865	1,062,821
Total financial assets		16,407,382	13,821,533

Gains and losses recognised in other comprehensive income

Gains and losses recognised in other comprehensive income in respect of available-for-sale financial assets:

- Net fair value (loss) on remeasurement		154,044	(40,786)
Total losses recognised in other comprehensive income		154,044	(40,786)

Financial liabilities

Financial liabilities at amortised cost

- Trade and other payables	11	1,929,310	2,223,680
Total financial liabilities		1,929,310	2,223,680

RISK MANAGEMENT FRAMEWORK

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

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

19. Events after the reporting period

The Directors are not aware of any significant events since the end of the reporting period.

20. Company details

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

Thoroughbred Racing SA Limited
Morphettville Racecourse
MORPHETTVILLE SA 5043

21. Members' guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$2.00 each towards meeting any outstanding's and obligations of the Company. At 30 June 2013 the number of members was 2.

Directors' Declaration

THOROUGHBRED RACING SA LIMITED

DIRECTORS' DECLARATION

The directors have determined that the Company is not a reporting entity and that this general purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 25, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards as stated in Note 1; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 
F Nelson QC

Dated at Adelaide this 27th day of September, 2013

Independent Auditor's Report



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

Report on the Financial Report

We have audited the accompanying financial report of Thoroughbred Racing SA Limited (the company), which comprises the statement of financial position as at 30 June 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Sydney
Melbourne
Brisbane
Perth
Adelaide
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THOROUGHBRED RACING SA LIMITED**

Auditor's Opinion

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

William Buck
ABN: 38 280 203 274

G.W. Martinella
Partner

Dated this 27th day of September, 2013.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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**Platelet | 2013 Sportingbet Classic
& Distinctive Homes Goodwood winner**
Trainer: Darren Weir | Jockey: Ben Melham
Photo courtesy of Atkins Photography