

THOROUGHBRED RACING SA LIMITED

ANNUAL REPORT

2014



THOROUGHBRED RACING SOUTH AUSTRALIA



THOROUGHBRED RACING SA LIMITED

ANNUAL REPORT 2014

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Chairman's Report



Frances Nelson QC Chairman

It has been a privilege once again to be part of a dedicated Board working for Thoroughbred Racing in South Australia (TRSA). Whilst we are a small state in terms of population our contribution to the local economy and to racing nationally far outweighs our size.

Although racing at a national level is presented with many challenges including offshore gaming, we have in South Australia maintained a positive financial year with an increase in total revenue and market share for the fourth consecutive year.

An increase in revenue allows the Board to distribute, (by way of capital grants and otherwise), monies to the clubs to promote and improve the industry. The detail of revised club funding is set out in the report of Jim Watters, Chief Executive Officer, but in summary, I would want to highlight that in the last seven years funding to clubs has more than doubled.

Board Membership

I take this opportunity to thank Chris Atkins, who retires this year, for the support he has given to racing generally and in particular

for his contribution to Board deliberation. Chris has been an active participant in the racing industry for many years and has a deep understanding of it. He has brought to the Board that knowledge and also a very balanced perspective when the Board has been required to deliberate on matters of significance to racing and its participants.

We welcome Grant Harrison to TRSA. He brings a wealth of experience and knowledge and will enhance the Board.

Formation of Racing Australia

A major consolidation of the racing industry's assets is underway with the Australian Racing Board (ARB), Racing Information Services Australia (RISA) and the Australian Stud Book (ASB) being merged to form a new national body, "Racing Australia". I was pleased to be appointed earlier this year to the Working Party established by the ARB to consider the consolidation of the two key industry bodies, the ARB and RISA, along with the purchase of the ASB by the industry entity, from the then current owners, the Victorian Racing Club and the Australian Jockey Club. My participation on the Working Party allowed me to ensure the interests of the smaller Principal Racing Authorities were appropriately considered throughout the process. The purchase of the ASB by the "industry" from the two racing Clubs who had owned it, further enhances the integrity of our industry as a whole, with the consolidation of the industry's key databases with RISA and the ASB under the one umbrella of Racing Australia.

Challenges

The major challenge we face, which is of course the same at varying levels in other jurisdictions, is to grow our revenue to allow us to boost

prize money, while also allocating an appropriate level of funding to Clubs to sustain and improve the required infrastructure at our race courses and training venues. The expenditure required to sustain our venues continues to increase markedly, through rising operational costs, Work Health and Safety requirements and maintenance costs (and replacement) of key assets.

With the relatively small population base in South Australia, more and more we must look beyond the State for a significant lift in our revenue from wagering on our racing. The TRSA Board has again been able to adopt a charging model for interstate operators who operate on our racing (Betting Operations Contribution, or BOC), which maximises our returns in the current wagering market. However to sustain the growth we have achieved in this area, we must continue to provide racing that is seen to be an attractive option for interstate operators and their customers.

Hall of Fame

2014 saw Leon Macdonald inducted into the Australian Hall of Fame and subsequently into the South Australian Hall of Fame.

From humble beginnings Leon built up an imposing record of 12 Group 1 victories in a career which has spanned more than 40 years. He came from a family where his father was a hobby trainer and a number of his uncles were professional trainers so it was perhaps ordained that he was born to be racing legend.

Initially he trained part time whilst holding down a day job at the South Australian State Electricity Commission but in 1975 made the brave decision to devote himself to full time training.

For the past 25 years the stable has always been high on the list of leading trainers in South Australia but in addition to his outstanding success with horses he has been a valued mentor to many apprentice jockeys and senior riders, including Clare Lindop and Jason Holder. All those riders have a debt of gratitude to Leon for guiding and promoting them in their early years. We are proud to have Leon Macdonald in the South Australian racing industry.

TRSA Board and Management

The time and effort put in by Directors of TRSA is not to be underestimated. All Directors form part of subcommittees and bring their individual experience and skills to bear in that role as well as to Board deliberations.

TRSA functions as a controlling body with a small executive management and staff, led by our CEO Jim Watters, and Nick Redin COO, Johan Petzer Chairman of Stewards and Jane Wellington Marketing Manager. In order to achieve the results we have achieved management and staff have really gone beyond the work that their role requires. The industry is very much in their debt.

It is pleasing that they have been able to form strong and positive relationships with industry participants and that we have, as a result, been able to provide additional services to assist clubs in terms of marketing, accounting and race day functioning generally.

Volunteers

As I do every year I thank all those volunteers without whom the industry would not function.



Evenmoreaction | 2014 Katnook Estate Penola Cup
Trainer: Michael O'Leary | Jockey: Dylan Dunn
Photo courtesy of Todds Photographics

I do not need to be reminded how important you are to the industry but I want to take the opportunity to make that acknowledgement publicly. It is all too easy to overlook the contribution of volunteers. Only a great passion for racing can activate people to give up so much of their time to promoting the sport we all love so much.

Frances Nelson QC
Chairman

Chief Executive Officer's Report



Jim Watters Chief Executive Officer

The 2014 financial year has once again been a positive one for thoroughbred racing in South Australia. The year's financial highlights were:

- An increase in total revenue for the fourth consecutive year
- 3.00% increase in BOC revenue from interstate wagering on South Australian thoroughbreds
- Prize money, including SABOIS, increased by \$750K
- \$607K increase in Industry Payments, including \$230K increase in Capital Grants paid to Clubs
- Achieving a further record thoroughbred market share, of 71.722%, between the three racing Codes in South Australia.

Key Financial Results

Thoroughbred Racing South Australia (TRSA) recorded a surplus of \$1.686M before Abnormal Items, for the 2014 financial year. Although this was less than the 2012/13 Surplus, importantly the result achieved is \$909.3K ahead of the 2013/14 Budget as noted in the 2013 Annual Report, which had been for a

Surplus of \$776.7K. This is after increasing Prize Money and Industry Payments by \$1.357M.

TRSA's total Revenue for 2013/14 was up by \$320.5K on the prior year, with revenue from wagering up \$260.4K (+0.54%), despite what most would agree has continued to be a 'soft' wagering market. 2013/14 Expenditure rose by \$1.669M (+3.7%), with increased prize money accounting for \$750K of this increase.

Industry Payments (to or on behalf of Clubs) were also up, by \$606.7K (+8.5%). Capital Grants to Clubs rose \$230K (+24%) and Industry Payments excluding Capex, increased by \$376.7K (+6.09%). The TRSA Board has continued its commitment to the Club funding model implemented in 2009, which was expanded in FY14 whereby TRSA now pays virtually all of the Club race day operational costs (vision, ambulance, horse ambulance and a number of race day staff etc including veterinarians, farriers and barrier attendants).

Although it has fallen since the introduction of BOC, as a percentage of TRSA's total Revenue, 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 - at 68%. For 2013/14 the thoroughbred Code achieved a further record market share of 71.722%, compared to that for 2012/13 of 71.679%. The thoroughbred Code's market share has now increased from 69.586% in 2010/11 to the current 71.722%.

A major contribution to TRSA's Revenue and its improved financial result, is the continued substantial net growth in the income received from interstate wagering operators, referred

to in South Australia as Betting Operations Contribution (BOC) and interstate as "race fields". As noted previously, the TRSA Board considers it has adopted a model for South Australia which maximises the return obtained from these wagering operators. For 2013/14 the net revenue received by way of BOC was \$10.273M, an increase of \$303K (+3%) on the prior year. Since its introduction in 2008, this source of revenue has grown to now represent 21.1% of our total Revenue and has in fact grown significantly from 11.8% in 2011/12.

The \$2.75M from the SAJC by way of Contribution to Industry Prize Money is in line with the current agreement in place with the SAJC, and is the last year covered by the agreement with no payment therefore budgeted for FY15. This contribution by the SAJC to the industry is from the financial return achieved by the Club on the investment of the net proceeds from the sale of Cheltenham Racecourse.

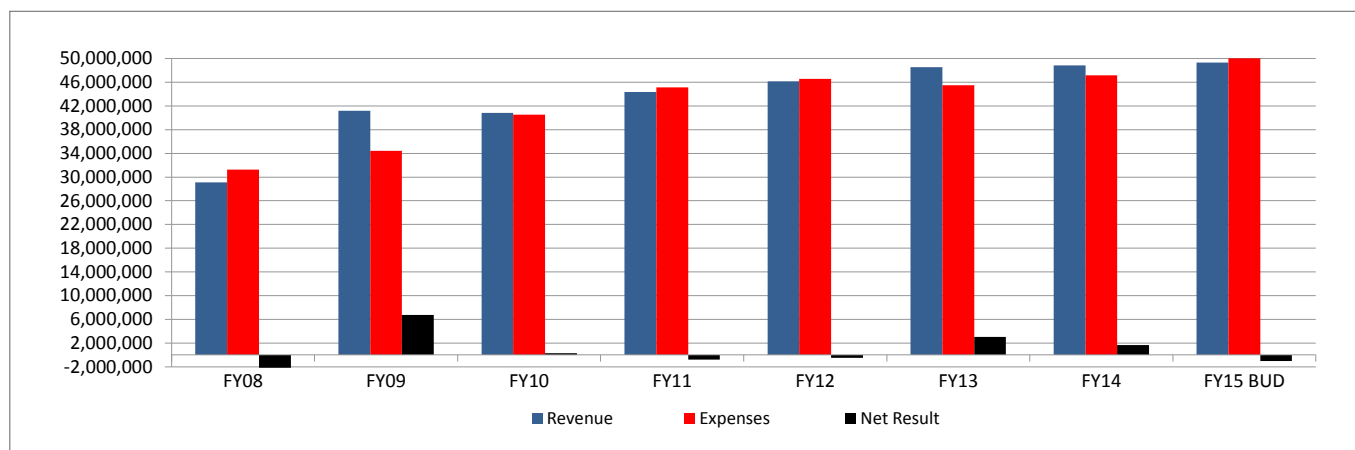
As reported on numerous previous occasions, the TRSA Board has maintained a strong focus on maximising the returns available to the industry's participants. Prize Money distribution accounts for 70% of Thoroughbred Racing SA's 2013/14 Expenditure, while 67.6% of our Revenue was returned to participants by way of Prizemoney distribution.



Go Indy Go | 2014 Sportingbet SA Sires Produce winner
Trainer: Leon Macdonald and Andrew Gluyas | Jockey: Jason Holder
Photo courtesy of Atkins Photography

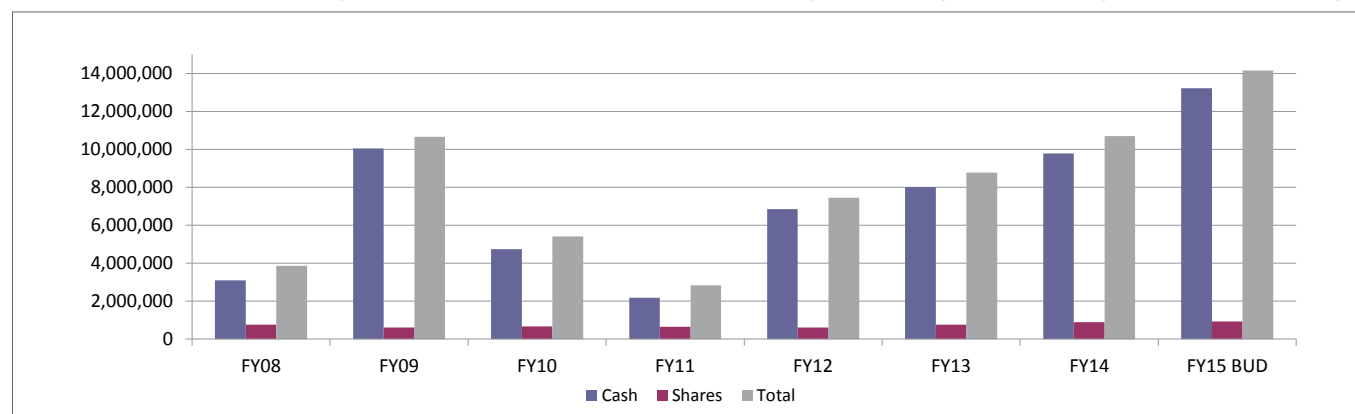
Overall Company Profitability and Reserves

The chart below shows the Company's operating results for FY08 through to FY14 and the FY15 Budget.



	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15 BUD
Revenue	29,116,726	41,163,197	40,833,921	44,335,300	46,118,543	48,540,042	48,860,553	49,316,485
Expenses	31,255,121	34,399,079	40,554,945	45,102,006	46,592,755	45,505,745	47,175,018	50,351,298
Net Result	(2,138,395)	6,764,118	278,976	(766,706)	(474,212)	3,034,297	1,685,535	(1,034,812)

The chart below shows the Company's cash reserves and value of Listed Public Company share holdings for FY08 through FY14 and the FY15 Budget.



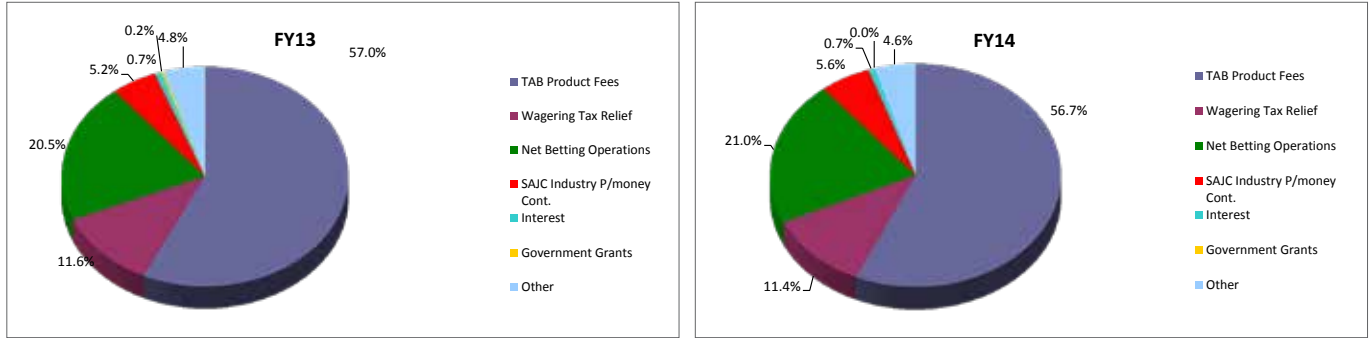
	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15 BUD
Cash	3,098,427	10,039,823	4,745,639	2,182,115	6,851,737	8,017,101	9,795,055	13,224,516
Shares	761,239	622,130	669,922	648,970	608,184	762,228	900,428	927,000
Total	3,859,666	10,661,953	5,415,561	2,831,085	7,459,921	8,779,329	10,695,483	14,151,516

The data for FY08 and FY09 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 FY10 and FY11 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 FY12 was due to the vast majority of the loans to Clubs being repaid in full during the FY12 financial year.

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

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



	FY13		FY14		CHANGE	
TAB Product Fees	27,683,675	57.0%	27,697,491	56.7%	13,816	0.0%
Wagering Tax Relief	5,615,888	11.6%	5,559,222	11.4%	(56,666)	-1.0%
Net Betting Operations	9,970,118	20.5%	10,273,412	21.0%	303,294	3.0%
SAJC Industry P/money Cont.	2,500,000	5.2%	2,750,000	5.6%	250,000	10.0%
Interest	354,845	0.7%	357,236	0.7%	2,391	0.7%
Government Grants	120,000	0.2%	-	0.0%	(120,000)	-100.0%
Other	2,295,516	4.8%	2,223,192	4.6%	(72,324)	3.2%
TOTAL	48,540,042	100%	48,860,553	100.0%	320,511	0.7%

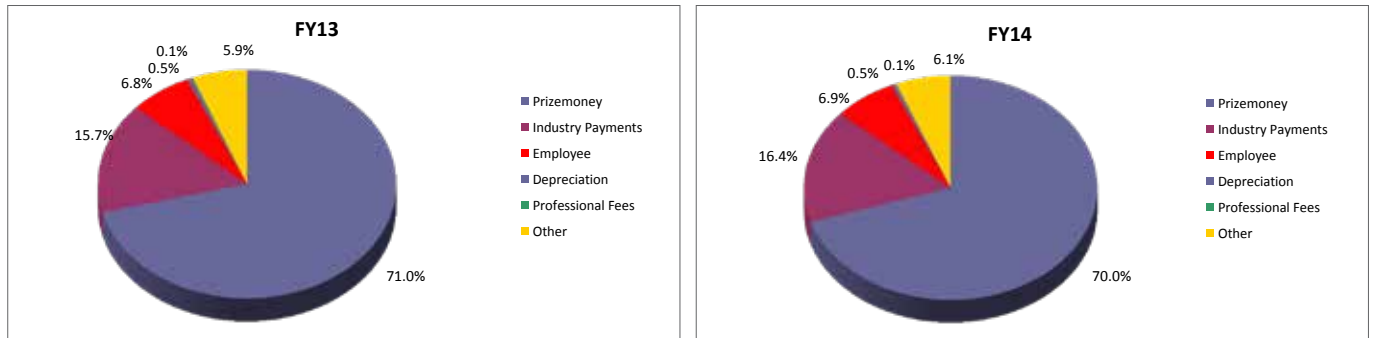
FY13 Net Betting Operations Contribution (BOC) is after deductions of \$6.05M (FY12 \$5.8M) relating to charges incurred by SA TAB from other States' Racefields Legislation (which is the equivalent to South Australia's BOC). Under the South Australian Racing Distribution Agreement, which is the Agreement 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

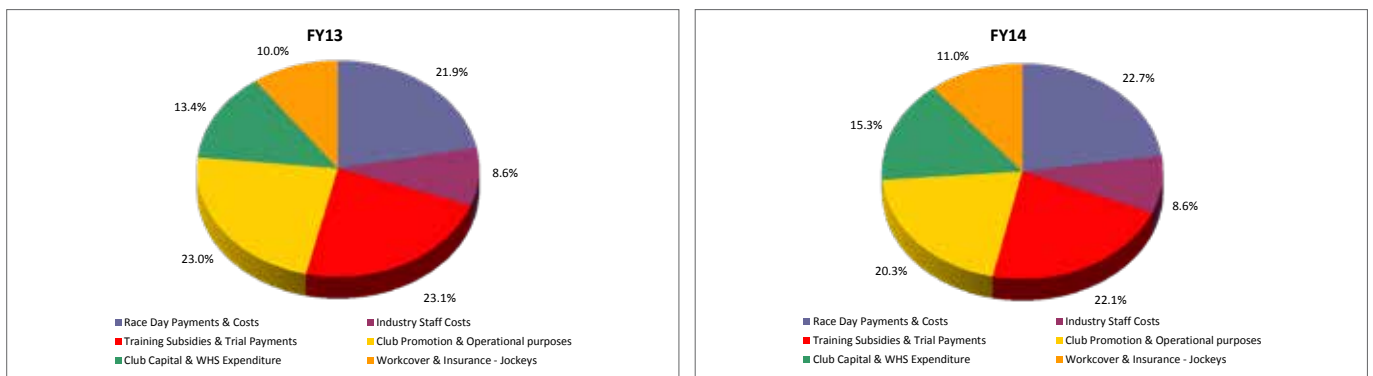
The Charts below show the proportion of total expenses for each department for the last two financial years



	FY13		FY14		CHANGE	
Prizemoney	32,294,845	71.0%	33,044,966	70.0%	750,121	2.3%
Industry Payments	7,138,262	15.7%	7,745,010	16.4%	606,748	8.5%
Employee	3,073,645	6.8%	3,271,209	6.9%	197,564	6.4%
Depreciation	247,872	0.5%	217,054	0.5%	(30,818)	-12.4%
Professional Fees	51,593	0.1%	30,832	0.1%	(20,761)	-40.2%
Other	2,699,528	5.9%	2,865,947	6.1%	166,419	6.2%
TOTAL	45,505,745	100.0%	47,175,018	100.0%	1,669,273	3.7%

Industry Payments Breakdown

Industry Payments include: Training Grants & Raceday Usage payments to Clubs of \$1.71m, Club Promotions and Operational payments to Clubs of \$1.57m, Jockeys Workcover & Insurance \$0.85m, Raceday Payments & Costs \$1.76m, Club Capital & WHS Grants \$1.18m, Industry Staff \$0.66m



	FY13		FY14		CHANGE	
Race Day Payments & Costs	1,562,038	21.9%	1,759,254	22.7%	197,216	12.6%
Industry Staff Costs	617,208	8.6%	662,585	8.6%	45,377	7.4%
Training Subsidies & Trial Payments	1,651,066	23.1%	1,714,305	22.1%	63,239	3.8%
Club Promotion & Operational purposes	1,642,427	23.0%	1,572,909	20.3%	(69,518)	-4.2%
Club Capital Expenditure	953,163	13.4%	1,183,186	15.3%	230,023	24.1%
Workcover & Insurance - Jockeys	712,360	10.0%	852,771	11.0%	140,411	19.7%
TOTAL	7,138,262	100.0%	7,745,010	100.0%	606,748	8.5%



May's Dream | 2014 Schweppes Oaks winner
Trainer: Darren Weir | Jockey: Brad Rawiller
Photo courtesy of Atkins Photography

Revised Club Funding Model

In September 2013 TRSA undertook a full review of the Club Funding Model in place at that time. The Board was aware of a general view by Clubs that the current Club funding provided by TRSA was inadequate. In recent seasons the Board had directed the majority of the additional revenue it had received into prize money, to sustain and grow the thoroughbred racing industry in South Australia. Consultation with a number of groups representing Clubs across South Australia indicated that the Club Funding Model itself did not require changing, but that the amount of funding under the various funding tranches needed to be increased, in response to some of the increased costs facing Clubs.

Off the back of a forecast better than budgeted financial result for FY14, the Board resolved to adopt a revised Club Funding Model which would improve Clubs' bottom line results, with increased direct funding to Clubs, or additional payments made by TRSA on behalf of some Clubs. While initially the Board's decision had been to implement the changes effective from 1 January 2014, as the forecast better than budget position continued, the Board further resolved to back-date the commencement date for most reviewed/new funded items to 1 July 2013.

The changes/additional Club funding introduced were:

- All Clubs now receive the revenue received by TRSA from the on-course fixed odds turnover via SA TAB. This amounted to \$295.8K additional revenue available to Clubs.
- TRSA now pays the Horse Ambulance costs for race day and official trials, saving Clubs approximately \$70K per annum.

- TRSA now pays 100% of the costs incurred to provide the required broadcast and Steward patrol vision at both Morphettville and Oakbank. While this had already been the position with other Clubs, with Morphettville and Oakbank only a part contribution had previously been made due to the size to the size of their operations. This amounts to an additional \$180K.

In the 2008/09 season TRSA introduced a Usage Subsidy to assist Clubs with the costs associated with preparing and providing the racing surface. In FY14 payments under this funding tranche amounted to \$521K. This funding has been renamed as Club Race Day Subsidy and the definition of what is funded by these payments changed to: *"Provided to assist with costs incurred by Clubs on race days over and above those paid directly by TRSA, including but not limited to; the provision of the racing surface in a suitable condition and food for jockeys in accordance with the agreed minimum guidelines"*. In FY15, \$750K has been budgeted for Clubs Race Day Subsidy funding, an increase of \$229K (+44%).

Taking FY07 as the 'base year', being the year in which the current TRSA structure was implemented, the amount provided by way of direct and indirect funding by TRSA to Clubs has increased by 122.5%, from \$3.1M to \$6.89M in FY14.

SABOIS Feature Races

In October 2013 the TRSA Board agreed to the introduction of two SABOIS Feature Races to provide an added incentive for breeders and owners to nominate their 2012 foals in SABOIS. Provided minimum starter numbers criteria is met, a \$100,000 Two Year Old race will be run in July 2015 open only to SABOIS

fully qualified horses. This will be extended to include a \$100,000 Three Year Old race for SABOIS fully qualified horses in the 2015/16 season. The \$5,000 Breeders' Super Bonuses will apply to both of these races.

Unlike other States where their breeder/owner bonus schemes receive considerable State Government funding, South Australia's SABOIS is totally funded by the racing industry itself. TRSA recognises SABOIS payments as another form of prize money distribution, one which sees a high proportion of the payments distributed locally.

Prize Money Increases

Effective from 1 January 2014, minimum Metropolitan Saturday prize money was lifted from \$25K up to \$30K. Lifting the minimum prize money for the bottom end Saturday races provides an added incentive for owners and trainers to consider running their horses at Saturday race meetings, where the industry receives a greater return, rather than mid-week. The existing \$30K events were also raised, to \$32K with the full cost to implement these increases for a full season being \$638K.

Resources Provided for Clubs

TRSA continues to provide significant resources in a number of areas to assist South Australian racing Clubs, in particular with WH&S, Marketing, Finance & Accounting, and Liquor Licensing requirements and compliance. TRSA's Marketing team has established a close relationship with Clubs to promote their key event days, while continuing to enhance the industry brand and the promotion of racing generally. WH&S is where TRSA will be required to provide the greatest assistance with appropriate resource back-up for Clubs.



Driefontein | 2014 Sportingbet Classic winner
Trainer: Gai Waterhouse | Jockey: Vlad Duric
Photo courtesy of Atkins Photography

Throughout FY14 TRSA provided financial and accounting services for the Strathalbyn Racing Club, Pt Lincoln Racing Club and Gawler & Barossa Jockey Club, and for FY15 we have also been engaged by the Oakbank Racing Club and Balaklava Racing Club to provide their accounting services.

Domestic Rights Agreement

In January this year Sky Racing advised TRSA that it would be exercising their three year right of renewal which had been included in the Domestic Rights Agreement between TRSA and Sky Racing. When the Domestic Rights Agreement was reached in 2008 it provided surety for the South Australian thoroughbred racing industry as to the telecasting of our racing on the same channel as the major race meetings in the eastern States of Victoria, New South Wales and Queensland. It also secured the use of the Sky Racing programme by all South Australian thoroughbred racing Clubs at their race meetings. Sky's decision to extend the Agreement for the three year renewal term reinforces our belief as to the standard of thoroughbred racing in South Australia, and is a vote of confidence in the local racing industry. It will also assist in the growth in wagering on South Australian thoroughbred racing, both nationally and internationally as Sky now 'exports' Australian racing to some 52 countries around the world.

South Australian Thoroughbred Racing Industry Awards

A full list of the winners of the various South Australian thoroughbred racing industry Awards for the 2013/14 season 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 yet again a very close battle between three outstanding racehorses, each of which were Group One winners in the season, with Happy Trails taking the honours ahead of Go Indy Go and Kushadasi. Happy Trails had narrowly missed out on taking the award in 2013 when pipped by Alcopop, but with his Group One Turnbull Stakes win and the narrowest of defeats when second in the Cox Plate, he was not to be denied on this occasion!

There were many more outstanding achievements in the past season 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

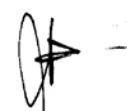
Regardless of which jurisdiction you review, racing administrators in every State highlight the challenging times facing the racing industry, due to the pressure on our revenue streams while faced with increasing expenses. Principal Racing Authorities are challenged with adequately funding the racing Clubs who provide the venues, and to a large extent run the race meetings which in turn drive our revenue, while also sustaining and growing prize money to retain ownership investment and provide adequate returns to those participants working in our exciting industry. Clubs face increased operational costs on many fronts, such as electricity and water costs, rates, and compliance costs re Work Health & Safety, much of which ultimately falls back on the Code governing body.

As detailed within the previous charts, 89.1% of our revenue is generated from

wagering, and the wagering landscape is an ever-evolving one. Revenue from SA TAB Product fees, and thus the Wagering Tax relief also, was flat for FY14, while revenue from interstate operators grew 3%. With SA TAB's turnover effectively delivering 68.1% of our revenue, it is encouraging to see the 'cultural shift' at TattsBet, who of course own the SA TAB, towards promoting and marketing racing, which with the investment they are making must improve their position and thus returns to the racing industry. While TRSA considers it has adopted a Betting Operations Contribution (BOC) charging model for interstate wagers which maximises the returns to the local industry, the challenge remains to ensure compliance by all operators and in particular to minimise any 'leakage' to off-shore operators who are not licensed in Australia and are not providing any payment to any Australian jurisdiction for their use of Australian racing.

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. TRSA has a relatively small 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 of which we are the custodians.



Jim Watters
Chief Executive Officer

Clare Lindop with Leon Macdonald and Jason Holder, 2013-14 Industry Awards Winners
 Photo courtesy of Atkins Photography



SOUTH AUSTRALIAN THOROUGHBRED RACING INDUSTRY AWARDS 2013-14

AWARD

- E.J. Mooney Medal for South Australian Jumps Jockey of the Year
- South Australian Jumps Trainer of the Year
- Tafe SA 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
- Evrigh.com South Australian Most Consistent Racehorse
- Most Outstanding Achievement Award by an Individual
- South Australian Provincial and Country Jockey of the Year
- Most Outstanding Achievement by a Club
- South Australian Provincial and Country Trainer of the Year
- The Advertiser South Australian Metropolitan Trainer of the Year
- TattsBet South Australian Jockey of the Year
- 2013-14 Media - Best Racing Story
- 2013-14 Media - Best Racing Picture
- Glennon-Johnson Award for 2013/14 South Australian Metropolitan Jockey of the Year
- CS Hayes Award for 2013/14 South Australian Trainer of the Year
- 2013/14 John Letts Medal
- Festival Hire 2013/14 South Australian Champion Racehorse of the Year

WINNER

- Arron Lynch
- Eric Musgrove
- Caitlin Forrest
- Jake Toeroek
- Jake Toeroek
- Kushadasi
- Mike Linscott
- Matthew Neilson
- Bordertown Racing Club
- John Dunn
- Phillip Stokes
- Matthew Neilson
- Tom Biddington
- Jenny Barnes
- Dominic Tourneur
- Phillip Stokes
- Jason Holder
- Happy Trails

HALL OF FAME

- Horse
- Trainer

- Maybe Mahal
- Leon Macdonald

Chairman Of Stewards' Report



Johan Petzer Chairman of Stewards

The 2013/14 racing season was no different to any other season and again demanded focus and resolve from the Stewards' Panel in providing consistent, balanced and strong integrity leadership. Several matters required careful attention and a dedicated and professional approach to which the department responded with efficacy and enthusiasm. The department provided integrity services to the Industry by giving effect to its functional responsibility within the framework of the Rules of Racing and Policies.

Stewards' Department - Functions

It is well understood in the Industry that the functions considered essential to ensuring integrity and creating a level playing field commonly relate to services provided in respect of race day, trial, jump-out and track work operations. Several major inquiries were conducted and the department had its normal share of investigations. In addition, the department continued to manage sampling strategies, monitored wagering activities and conducted stable inspections.

The department was again responsible for 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

Early in 2014 one of the Panel members required leave due to an injury, which provided a challenge to the department in staffing its operations to the required capacity. Successful negotiations with Racing Victoria resulted in an agreement to have a Senior Racing Victoria Steward placed on secondment with TRSA.

Peter Ryan, Regional Manager Stewards – Northern Region, joined the TRSA Stewards' Panel, initially for a two month period, but after further negotiations we were able to secure his valuable service until mid-December 2014.

Significant developments

In July 2014 the Australian Racing Board (ARB) introduced a new Rule of Racing dealing with "horse handlers" with particular reference to this category of participants being subject to testing for banned substances. The Rule was introduced by the ARB based on considerations of safety. An integral part of this new initiative related to the requirement of participants subject to this new Rule to complete the Australian Drug Foundation's Online Drug Awareness Program. It was indeed pleasing to note the compliant attitude of our participants in this regard.

In November 2013 TRSA became a member of the South Australian Sport Integrity Network (SASIN), an initiative introduced by the Office for Recreation and Sport in South Australia under the auspices of the National Sport

Integrity Unit. TRSA is represented at this forum by the Stewards' department. The forum comprises membership and has representation from a wide range of sporting disciplines in South Australia. One of the aims of the network is to share experiences and information on the management of integrity related matters in sport. At the request of the Group, the department has made a presentation on integrity in the Racing Industry.

International participation

In May 2014 the Hong Kong Jockey Club hosted the 35th Asian Racing Conference. The conference also included the 5th International Stewards' Conference, attended by 73 delegates from around the world. I was pleased to attend the conference on behalf of TRSA and was also invited to present a paper on minimum mandatory penalties in Australia.

Licensing

In the year under review the operational responsibility for the licensing functions was restructured internally. Steward Craig Deakin accepted responsibility for coordinating licensing and registration of participants and performed the role enthusiastically.

During the 2013/14 Racing Season, the following licences were processed by the Department:

	2013/14	2012/13
Trainers	328	330
Jockeys	42	40
Apprentices	17	15
Interstate Jockeys	71	85
Interstate Apprentices	28	28
Stablehands	503	505
Stablehand/Trackwork Riders	180	178
Total	1169	1181



Smokin' Joey | 2014 The Tapestry Wines Goodwood winner
Trainer: Wez Hunter | Jockey: Ben Melham
Photo courtesy of Atkins Photography

Veterinary Services

The Industry Veterinary Surgeon, Dr. Peter Horridge, again provided and supervised veterinary services at Metropolitan and Provincial racetracks. Dr. Horridge played an integral role in the management of relevant integrity related functions within the department. The Industry also remains indebted to those Veterinary Surgeons who regularly complemented Dr. Horridge in the Metropolitan area, in particular Dr. Agnew from the Morphettville Equine Clinic and Dr. Haensel together with those who service the various country race meetings.

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

We also acknowledge the late Dr. Dennis Bowden who provided valuable services to the industry for many years. His presence at race meetings in South Australia will be sadly missed.

Horse related matters

The number of horses which bled from both nostrils and incurred sanctions under the Rules, was notably less – 12 when compared with 26 the previous season, a reduction of 54%.

The number of horses suspended for poor barrier behaviour increased by 6.8% (44 in 2012/13 to 47 in 2013/14) and the number warned increased by 140% (20 in 2012/13 to 48 in 2013/14).

Swabbing - Horse samples were tested during the year -

	2013/14	2012/13
Post-race urine samples	1103	1068
Pre-race blood samples (TCO ₂)	947	1004
Post-race blood samples	50	5
Post-trial urine samples	14	18
Non-Race Day samples	23	39
Total	2137	2134
No. of positive tests	1	4

Medical Panel

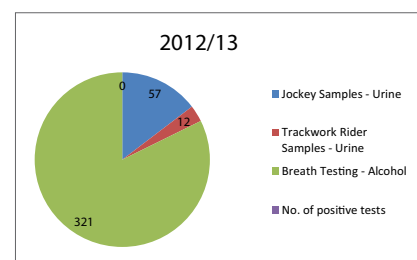
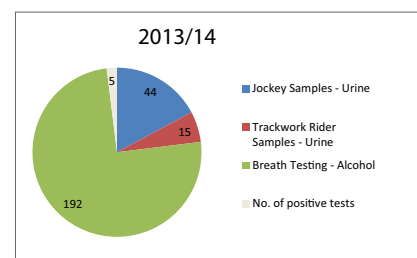
The TRSA Medical Panel played an important role in providing advice and services to the Steward's department. The Panel comprised Dr. Terry Hodgson and Dr. Andrew Potter for part of the year before he was replaced by Dr. Stephen Kennett, due to Dr. Potter being unable to continue in his role owing to other professional commitments. Dr. Stephen Kennett, Club Doctor with the Adelaide Crows Football Club, replaced him early in 2014. Dr. Kennett brings a wealth of experience in sports injury management and concussion management. Dr. Kennett now performs and conducts the baseline concussion tests for Jockeys and Apprentice Jockeys, which remains a measure to further enhance the safe return of riders after concussion related injury.

Disciplinary

During the racing season, 50 Careless Riding charges were laid, which resulted in a suspension of licence. This number

represents a 13.6% increase on the previous year. In addition, Stewards conducted 30 significant investigations/inquiries into breaches of the Rules.

Human Sampling



Deputy Registrar

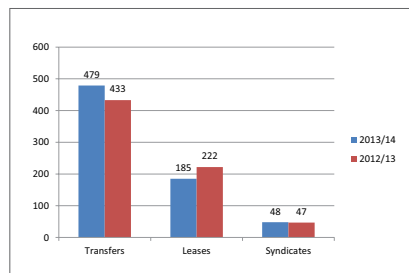
Under the Rules of Racing, Racing Information Services Australia (RISA) has the status of Registrar of Racehorses. Thoroughbred Racing SA (TRSA) is a shareholder of RISA, which processes all new horse registrations. In addition TRSA has the role of Lead Regulator under legislation.

TRSA acted as Deputy Registrar for South Australian registration functions, which included Transfers of Ownerships, Leases, Syndications and the approval of Promoters.



Miracles of Life | 2014 Sportingbet Stakes winner
Trainer: Daniel Clarken | Jockey: Dean Yendall
Photo courtesy of Atkins Photography

Registrations, transfers, leases and syndicates processed:



Apprentice Academy

TRSA again supported and competed in the Annual National Apprentice Jockey Challenge with a heat conducted at Gawler.

Local Apprentice Jake Toeroek riding TUSCAN FEVER for Trainer Trevor Dansie maintained the local Industry's good record in winning the South Australian leg of the Series at Gawler. South Australia again proved superior in the Series, winning the 2014 title. South Australia has now won 4 out of the 6 series, which is a testament to our Apprentice Academy, its staff and the apprentice jockeys.

Jamie Kah's efforts during the year were well rewarded when she was named Dux of the Apprentice Academy at the Annual Apprentice Awards Evening on 25 November 2013. As part of being named the Dux, and with the assistance of the sponsorship provided by the SA TAB, Jamie had the pleasure and experience of riding in Singapore for a two week period.

I would like to thank and acknowledge the Singapore Turf Club for their continued support in this regard.

The Academy had 22 apprentices enrolled with 6 having been granted permission to ride in races for the first time in the 2013/14 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, continued to benefit the Industry.

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

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. In the 2013/14 racing season there were 73 accredited jumps trainers compared to 57 for the 2012/13 racing season.

Stable Inspections

During the year the Stewards' Department continued to visit the premises of licensed Trainers and performed routine functions including the identification of veterinary products, in particular products which are not prescribed or labelled in accordance with legislation.

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.



Johan Petzer
Chairman of Stewards



**Lord of the Song | 2014 Thomas Foods International
Great Eastern Steeplechase winner
Trainer: Patrick Payne | Jockey: Brad McLean
Photo courtesy of Fuller Images**



THOROUGHBRED RACING SA LIMITED

FINANCIAL REPORT 2014

Contents

THOROUGHBRED RACING S.A. LIMITED ABN 25 094 475 939
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Gris Caro | 2013 Advertiser Newspapers Balaklava Cup winner
Trainer: Jake Stephens | Jockey: Dom Tourneur
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 2014 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. 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. 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. Chairperson - Race Dates Committee • Chairperson - Jumps Committee Chairperson - Remuneration Committee • Member - Finance Committee</p>
<p>Mr Simon Ward LLB Deputy Chair</p>	<p>Simon is a solicitor and Partner of Piper Alderman. He regularly advises on the Rules of Racing and legislation affecting the industry. 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. Member - Race Dates 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. 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. Chairman - Finance Committee • Member - Race Dates Committee</p>
<p>Mr David Cross BEc, CA, GAICD Term Ended October 2013</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.</p> <p>David is a member of the South Australian Jockey Club Inc.</p>
<p>Mr Brian Foster Term Ended October 2013</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.</p> <p>Brian is a member of the South Australian Jockey Club Inc and the Murray Bridge Racing Club Inc.</p>



Gamblin' Guru | 2014 Chairmans Stakes winner
Trainer: Leon Macdonald and Andrew Gluyas | Jockey: Jason Holder
Photo courtesy of Atkins Photography

Directors continued:

<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.</p> <p>Ken is a member of the South Australian Jockey Club Inc, Oakbank Racing Club Inc, Murray Bridge Racing Club Inc and the Strathalbyn Racing Club Inc.</p> <p>Member – Race Dates Committee • 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 and is a member of the South Australian Jockey Club Inc.</p> <p>He is Chairman of Down Syndrome SA and holds Board positions on a number of private Companies.</p> <p>Member – Finance Committee</p>
<p>Ms Catherine Cooper LLB, GDLP Term Commenced October 2013</p>	<p>Catherine is a qualified lawyer. Combining a legal and business background, Catherine has significant expertise in areas such as strategic planning, project management, change management and corporate governance. She has extensive executive management experience across a broad industry base that includes Fosters Brewing Group, Elders Limited and Bendigo Bank. A professional company director since 1999, Catherine has wide involvement at board level both as a Chairperson and Director for a number of organizations including the Dairy Authority of SA and is a Commissioner of the Australian Fisheries Management Authority.</p> <p>Member – Finance Committee • Member – Marketing Committee</p> <p>Member – Remuneration Committee</p>
<p>Mr Warrick Duthy Term Commenced October 2013</p>	<p>Warrick is a market-orientated Chief Executive who has made the transition to non-executive Directorship and consulting. He has broad range of experience including strategic planning leadership, policy making and direction to ensure all assets, human and capital, are aligned to strategy as well as marketing and human resources.</p> <p>He is a former Director of RIDA (Racing Industry Development Authority) 2000-2001, a South Australian Jockey Club Member and a racehorse breeder and owner.</p> <p>Chair – Marketing Committee • Member – Remuneration Committee</p>

Company Secretary

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

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



Pelicano | 2013 Carlton Draught Murray Bridge Gold Cup winner
Trainer: Tony McEvoy | Jockey: Matthew Neilson
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 Racing;
- (k) Conduct the operations of the South Australian Apprentice Jockeys Academy and;
- (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 \$1,685,536.

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:

- 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 2016.
- The completion 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 development 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.
- Retirement of all external debt for Provincial Clubs by way of the provision of a secured commercially based loan from the Industry to enable these Clubs to retire their debt in a more timely and cost efficient manner.

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	10			2	
Mr D Cross #	4	1	1		
Mr B Foster #	4				
Mr K Smith AM	10			2	2
Mr Chris Atkins	10	1			
Ms Catherine Cooper *	6	1			
Mr Warrick Duthy *	7		2		
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.

- Mr Smith works 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 2014.

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 29th day of August 2014.
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 2014, 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 29th day of August, 2014.

**CHARTERED ACCOUNTANTS
& ADVISORS**
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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 2014.

		30 JUNE 2013	30 JUNE 2012
	Note	\$	\$
Revenue	2	45,719,458	45,652,935
Other income	3	2,750,000	2,500,000
Financial income	4	391,095	387,107
Prizemoney & Unplaced Subsidies		(31,512,441)	(30,818,145)
SABOIS payments		(1,532,525)	(1,476,700)
Industry payments	5(a)	(7,745,010)	(7,138,262)
Employee expenses		(3,271,209)	(3,073,645)
Depreciation expense		(217,054)	(247,872)
Legal & Professional Fees		(30,832)	(51,593)
Other expenses	5(b)	(2,865,947)	(2,699,528)
Net Surplus from operating activities		1,685,536	3,034,297
Other Comprehensive Income:			
Net fair value gain on re-measurement of investments in equity securities available-for-sale		138,199	154,044
Total Comprehensive Income for the year		1,823,735	3,188,341

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2014

	Note	30 JUNE 2014 \$	30 JUNE 2013 \$
Assets: Current assets			
Cash and cash equivalents	6	9,795,055	8,017,101
Trade and other receivables	7	7,305,755	7,173,416
Other assets	8	130,269	128,795
Total current assets		17,231,079	15,319,312
Non-current assets			
Plant and equipment	9	885,753	1,049,470
Financial assets - Investments	10	1,355,065	1,216,865
Total non-current assets		2,240,818	2,266,335
Total assets		19,471,898	17,585,647
Liabilities: Current liabilities			
Trade and other payables	11	2,361,043	1,929,310
Provisions	12	559,872	517,990
Other liabilities	13	409,770	695,133
Total current liabilities		3,330,685	3,142,433
Non-current liabilities			
Provisions	12	99,676	71,645
Other liabilities	13	139,467	293,234
Total non-current liabilities		239,143	364,879
Total liabilities		3,569,827	3,507,312
Net assets		15,902,070	14,078,335
Equity			
Reserves	14	322,411	184,212
Retained profits		15,579,659	13,894,123
Total equity		15,902,070	14,078,335

Statement of Changes in Equity

For the year ended 30 June 2014.

	FINANCIAL ASSET RESERVE	RETAINED PROFITS	TOTAL
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
Net Loss for the year	-	1,685,536	1,685,536
Other Comprehensive Income for the year	138,199	-	138,199
Balance as at 30 June 2014	322,411	15,579,659	15,902,070

The accompanying notes form part of these financial statements.



Essay Raider | 2014 Mac Just Over? Don't Drive D C McKay Stakes winner
 Trainer: Leon Macdonald and Andrew Gluyas | Jockey: Jason Holder
 Photo courtesy of Atkins Photography

Statement of Cash Flows

For the year ended 30 June 2014.

	Note	30 JUNE 2014 \$	30 JUNE 2013 \$
Cash flows from operating activities			
Receipts in the course of operations		52,721,729	51,742,016
Payments in the course of operations		(51,281,532)	(50,402,408)
Interest received		357,236	354,845
Dividends received		33,859	32,262
Loan (to) clubs		-	(438,985)
Net cash provided by operating activities	15	1,831,291	1,287,730
Cash flows from investing activities			
Payments for plant and equipment		(53,337)	(122,366)
Net cash (used in) investing activities		(53,337)	(122,366)
Net increase in cash held		1,777,954	1,165,364
Cash and cash equivalents at the beginning of the financial year		8,017,101	6,851,737
Cash and cash equivalents at the end of the financial year	6	9,795,055	8,017,101

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2014.

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 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 29 August 2014.

(a) Revenues

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

TAB PRODUCT FEE REVENUE

Revenue from TAB product fees is recognised as it accrues.

BETTING OPERATIONS CONTRIBUTION

Revenue from Betting Operations Contribution is recognised as it accrues.

SABOIS REVENUE

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

SALE OF GOODS

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

FINANCIAL INCOME

Financial income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets through profit or loss.

Interest income is recognised as it accrues, using the effective interest method.

Dividend income is recognised on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(b) Financial expenses

Financial expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit

or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

(c) Taxation

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

(d) Goods and services tax (GST)

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

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

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

1. Summary of significant accounting policies (continued)

(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 Profit or Loss and Other 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 Profit or Loss and Other 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 Profit or Loss and Other 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 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 Profit or Loss and Other 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 Profit or Loss and Other 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.

1. Summary of significant accounting policies (continued)

Gains or losses are recognised in the Statement of Profit or Loss and Other 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 Profit or

Loss and Other 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 Profit or Loss and Other 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 Profit or Loss and Other Comprehensive Income.

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

1. Summary of significant accounting policies (continued)

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**

	2014	2013
For the year ended 30 June 2014.	\$	\$
2. Revenue		
TAB Product Fees and Wagering Tax Relief	33,256,713	33,299,563
Betting Operations Contributions	10,273,412	9,970,118
Screening & International Rights	1,039,224	961,444
SABOIS subscriptions	361,800	361,367
Registration fees	217,423	214,863
Publications	232,545	267,498
Other	338,341	578,082
Total revenue	45,719,458	45,652,935

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 \$2,171,874 for the year ended 30 June 2014 (2013: \$2,124,844).

3. Other Income

SAJC Contribution to Industry Prizemoney	2,750,000	2,500,000
Total other income	2,750,000	2,500,000

4. Financial Income

Interest income	357,236	354,845
Dividend income	33,859	32,262
Total financial income	391,095	387,107

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

	2014	2013
	\$	\$
5. Expenditure		
(a) Industry Payments		
Training Grants and Raceday Usage payments	1,714,305	1,651,066
Race Day Payments & Costs	1,759,254	1,562,038
Club Promotion and Operational purposes	1,572,909	1,642,427
Club Capital Expenditure	1,183,186	953,163
Workcover & Insurance - Jockeys	852,771	712,360
Industry Staff Costs	662,585	617,208
Total Industry Payments	7,745,010	7,138,262
Advertising & Marketing	351,594	226,608
Marketing Professional Fees	127,198	98,601
Publication Expenses	289,895	312,610
Swab & Veterinary Supplies	268,851	267,910
Other	1,828,403	1,793,799
Total other expenses	2,865,941	2,699,528
(b) Other Expenses		
(c) Auditor Remuneration		
Remuneration of the auditor of the Company for:		
Audit of the financial report	15,600	15,200

	2014	2013
6. Cash and cash equivalents	\$	\$
Current		
Cash at bank and on hand	8,079,110	6,379,39
Short-term bank deposits	1,715,945	1,637,709
	9,795,055	8,017,101
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	9,795,055	8,017,101

7. Trade and other receivables

Current		
Trade receivables	2,216,608	2,397,406
Other receivables	4,001,595	3,709,166
Loans to Thoroughbred Racing Clubs - secured	1,087,552	1,066,844
	7,305,755	7,173,416

8. Other assets

Current		
Prepayments	130,269	128,795
	130,269	128,795

	2014	2013
	\$	\$
9. Plant and equipment		
Non-current		
Plant and equipment - at cost	3,752,214	3,698,877
Less: accumulated depreciation	(2,866,461)	(2,649,407)
Total plant and equipment	885,753	1,049,470

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	1,049,470	1,174,976
Additions at cost	53,337	122,366
Depreciation expense	(217,054)	(247,872)
Carrying amount at end of year	885,753	1,049,470

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	900,428	762,228
	1,355,065	1,216,865

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 2014.

11. Trade and other payables

Current		
Trade payables	706,685	465,827
Other payables and accruals	1,654,358	1,463,483
	2,361,043	1,929,310

	2014	2013
	\$	\$
12. Provisions		
Current		
Employee benefits - annual leave	235,554	220,020
Employee benefits - long service leave	324,318	297,970
	559,872	517,990
Non-current		
Employee benefits - long service leave	99,676	71,645
	99,676	71,645
Total provisions	659,548	589,635
Opening balance at 1 July 2013	589,635	613,666
Net provisions raised during the year	69,913	(24,031)
Balance at 30 June 2014	659,548	589,635

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	409,770	695,133
	409,770	695,133
Non-current		
Income received in advance	139,467	293,234
	139,467	293,234
Total other liabilities	549,237	988,367

	2014	2013
	\$	\$
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 surplus for the year to net cash provided by operating activities		
Net surplus for the year	1,685,536	3,034,297
Add/(less) non-cash items:		
- Amounts set aside to provisions	69,913	(24,031)
- Depreciation expense	217,054	247,872
Net cash from operating activities before change in assets and liabilities	1,972,503	3,258,138
Change in assets and liabilities during the period:		
- Decrease in trade receivables	180,797	28,100
- (Increase) in other receivables	(292,429)	(855,556)
- (Increase)/decrease in loans to Thoroughbred Racing Clubs	(20,707)	(438,985)
- (Increase)/decrease in other assets	(1,474)	(47,091)
- (Decrease) in trade payables	240,857	29,582
- Increase/(decrease) in other payables and accruals	190,875	(323,951)
- (Decrease) in income received in advance	(439,130)	(362,506)
Net cash provided by operating activities	1,831,291	1,287,730

	2014	2013
	\$	\$

16. Related party transactions

Key management personnel compensation

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

Short term employee benefits	644,258	637,346
Post-employment benefits	55,944	54,997
	700,202	692,343

Directors

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

Directors Compensation

The Directors compensation included in employee expenses are as follows:

Short-term employee benefits - Directors remuneration	207,593	206,294
Post-employment benefits	12,407	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.

Director	Transaction	Note		
Mr S Ward	Legal Services	(i)	13,574	20,009
Mr D Rasheed	Professional Services	(ii)	2,831	6,178

(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.

	2014	2013
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	-	-

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 \$2.75 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 Profit or Loss and Other Comprehensive Income.
- The contribution to prize money for the 2014 financial year was outstanding at the end of the reporting period 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 \$1,760,928 (2013: \$1,583,593) 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 Profit or Loss and Other Comprehensive Income.

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 2014 it is estimated that these future bonuses will be \$5.0 million.

17. Contingent liabilities
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 2014 was \$42,582 (2013: \$18,836).



Tango's Daughter | 2014 Pura Milk Queen of the South Stakes winner
Trainer: Mick Price | Jockey: Dean Yendall
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:

Financial assets	Note	2014	2013
		\$	\$
Cash and cash equivalents	6	9,795,055	8,017,101
Receivables and loans	7	7,305,755	7,173,416
Investments	10	1,355,065	1,216,865
Total financial assets		18,455,875	16,407,382

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 income on remeasurement	138,199	154,044
Total losses recognised in other comprehensive income	138,199	154,044

Financial liabilities

Financial liabilities at amortised cost

- Trade and other payables	11	2,361,043	1,929,310
Total financial liabilities		2,361,043	1,929,310

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 Company will undertake to retire all external debt of Provincial Clubs by way of the provision of a secured commercially based loan from the Industry to enable these Clubs to retire their debt in a more timely and cost efficient manner.

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 2014 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 2014 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 29th day of August, 2014

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 2014, 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*.

CHARTERED ACCOUNTANTS & ADVISORS

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Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
willambuck.com



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

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 2014 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 29th day of August, 2014.

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Kushadasi | 2014 Sportingbet SA Derby winner
Trainer: Richard Jolly | Jockey: Steven Arnold
Photo courtesy of Atkins Photography