



THE **RACES** 
THOROUGHBRED RACING SA

2016

ANNUAL REPORT

THOROUGHBRED RACING SA LIMITED

ANNUAL REPORT 2016

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** All racing photos courtesy of Atkins Photography, Fuller Images, Greg Irvine, Sharon Chapman and Todd's Photographics*



Abbey Marie | 2016 Schweppes Oaks
Trainer: Mick Kent | Jockey: Luke Nolan
Photo courtesy of Atkins Photography



Chairman's Report



Frances Nelson QC Chairman

I am pleased to report on yet another successful racing year. I bear in mind that we still face many challenges, and it is critical that we work consistently together to meet those challenges.

Racing Australia

The merger of the Australian Racing Board, RISA and the Australian Stud Book has been completed, and has already resulted in important administrative efficiencies, and indeed financial savings for the racing industry. Racing Australia introduced a Rule, which came into operation on 1 July 2014, whereby a form must be lodged advising the destination of a horse when it retires from racing – for example, breeding or equestrian pursuits, or complete retirement. As a result, Racing Australia has been able to collate all the statistics for the last two years and it is interesting to note that nine out of ten racehorses either move on to other equestrian pursuits, or are retired to stud.

Recently Racing Australia also introduced another new Rule, which came into operation on 1 August 2016, whereby a foal must be registered within thirty days of birth. These two Rules combined enable the national body to track, in an open and

transparent way, a horse from birth to retirement from racing.

I recently represented Racing Australia in Newmarket UK at a symposium convened by Godolphin. The purpose of the symposium was to develop an international approach to the aftercare of thoroughbred racehorses. The innovations to the Rules introduced by Racing Australia, were received very favourably by the other jurisdictions attending the symposium, including the United States of America, the United Kingdom, France, Ireland and Japan. As a result of the week-long symposium, an international forum has been established, to meet annually, and exchange views about retraining of racehorses and aftercare generally. Racing Australia is one of the founding members of that international forum.

Additional Club Funding

We have been once again able to achieve increases in funding to Clubs in Financial Year 2016. While in 2015 we had also addressed this issue, this year we have been able to provide additional Club funding in the amount of \$871,237 and together with last year's increases, an additional \$1,718,000 has been provided to South Australian thoroughbred racing Clubs over the last two years.

Place of Consumption Tax

The Treasurer of South Australia recently announced the introduction of a Place of Consumption Tax. He has given a public assurance that the racing industry will not be disadvantaged by the introduction of such a tax. It does however, have the potential to affect our Betting Operations

Contribution revenue, and I met personally with the Treasurer and I am pleased to say we have had some very useful discussions as to how the industry's position would be protected. Our CEO (Jim Watters) and COO (Nick Redin) have worked with, and have had a number of meetings with Treasury officials. We are hopeful that we can achieve an outcome which will be favourable to racing.

Marketing for the SAJC

In late 2015 it was agreed between the SAJC and TRSA that TRSA work with the Club to take up the role of race meeting marketing on behalf of the SAJC. This will significantly assist the Club financially, and current indications are that our marketing team is producing initiatives which are favourable to the Club in terms of attendance, and generally lifting the profile of Morphettville.

Prize Money Increase

You will see the details in the CEO's report, but I am pleased to record that in addition to increased Club funding, we have been able to increase prize money by a further \$2.627M in FY16. We are conscious that there needs to be encouragement both to owners and trainers, and assistance to Clubs if the industry is to flourish, and further increases to both prize money and Unplaced Starter Subsidies have already been announced for the 2016/17 season.

Apprentice Academy

The South Australian Apprentice Jockey Academy continues to be an outstanding success story, with apprentices within the Academy including riders from Hong Kong, Singapore, Ireland and Norway. Emily Finnegan's success has been outstanding,



Flamberge | 2016 Programmed Durbridge Stakes
Trainer: Peter G Moody | Jockey: Vlad Duric
Photo courtesy of Atkins Photography

culminating in her winning the 2015/16 South Australian Apprentice of the Year Award as well as the Caitlin Forrest South Australian Provincial & Country Apprentice Jockey of the Year title.

We have forged a close relationship with the Hong Kong Jockey Club and Matthew Poon has cemented such, and given rise to their desire to expand the relationship due to the success he has achieved in South Australia, both on and off the track. The Hong Kong Jockey Club's Executive Manager, Racing Development Board (and Headmistress, Apprentice Jockeys' School) Amy Chan, recently spent a week in Adelaide to assess the operation of our Academy and was glowing in her feedback and praise of such.

Acknowledgements

TRSA is proud of its management team, headed so capably by our CEO Jim Watters, our COO Nick Redin, our Chairman of Stewards Johan Petzer, and our Marketing Manager, Michelle Green. Given the amount of work involved in our daily operations, our small team does a commendable job.

Once again I thank all volunteers, at every Club, for their dedication and commitment to racing. Without their contribution it would be difficult to grow the industry and maintain the industry.

Frances Nelson QC
Chairman

Chief Executive Officer's Report



Jim Watters Chief Executive Officer

While our revenue from UBET (SA) was down on the prior year, the continued substantial growth in interstate wagering operators wagering on South Australian thoroughbred racing resulted in Thoroughbred Racing SA (TRSA) posting a sound result for the 2016 Financial Year, with positive signs for the industry in the State. The year's financial highlights were:

- 4.2% growth in total Revenue
- The sixth consecutive year with growth in Revenue
- 18.7% increase in net Betting Operations Contribution (BOC) revenue from interstate wagering operators wagering on SA thoroughbreds
- Prize money distributed, including SABOIS payments, increased by \$2.627M (7.5%)
- \$769K increase in Industry Payments (8.57%)

Key Financial Results

TRSA recorded a deficit of \$43K, before Abnormal Items, for the 2016 financial year. In considering the FY16 result, it is important to do so in the context of the FY16 Budget rather than the prior year's result. The TRSA Board had budgeted for a \$1.742M deficit in the 2016 financial year (as noted in the 2015 Annual Report) with the financial result achieved being \$1.698M ahead of budget. The

decision to budget for a deficit was a deliberate strategy adopted by the Board, as it moved to utilise part of the reserves achieved with the past years' outstanding financial results, in providing increased distributions to Clubs, as well as ensuring further prize money increases.

The sound financial result achieved was after an increase of \$3.395M in distributions to the South Australian thoroughbred racing industry, with increased Prize Money of \$2.627M (7.5%) and an increase of \$871K (9.81%) in payments to Clubs, while there was a decrease in jockeys WorkCover and insurance payments.

TRSA's total Revenue for 2015/16 was up \$2.203M on the prior year, an excellent result when considering the prior year had seen an increase of \$6.91M. Combined revenue from wagering was up \$2.167M (4.33%).

The TRSA Board remains committed to the Club funding model first established in 2009 and further expanded in 2014, and again in FY16. TRSA pays virtually all of the Club raceday operational costs (vision, ambulance, and a number of raceday staff including vets, farriers and barrier attendants), as well as providing various Training Track, Track Usage, Capital and Club Operational Grants.

The additional direct funding to Clubs has seen an improvement in the financial position of several Clubs. This is also reflected in the fact that there was a reduction of \$390K in the balance of current loans (which are secured) by TRSA to thoroughbred racing Clubs.

For the first time the revenue received via UBET (Product Fees and Wagering Tax) is less than 60% of our total revenue, having fallen by 2.67% in FY16. The Thoroughbred Code's

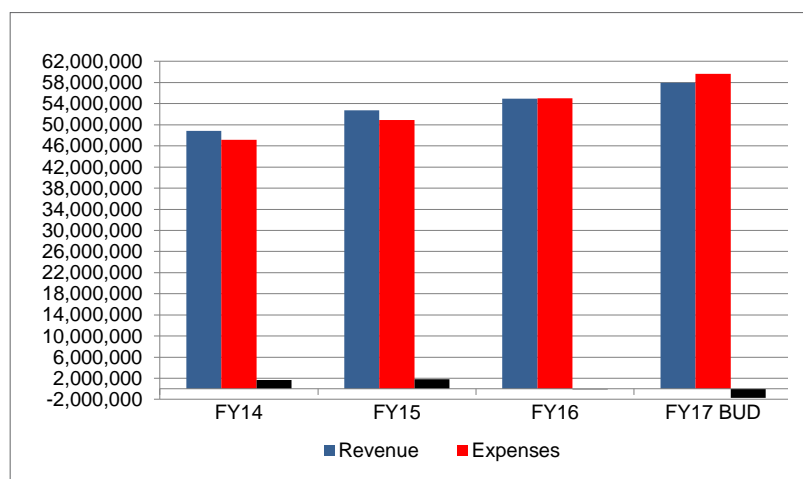
Market Share (the split between Thoroughbreds, Greyhounds & Harness) for 2015/16 was a healthy 70.741%, up slightly on the prior year's 70.686%. This result was particularly pleasing given that for a large part of the year we were still facing the challenge from Greyhounds having fixed odds betting introduced across the board via UBET for the first time.

A major contribution to TRSA's improved financial position over recent years has been the continued substantial growth in the income received from interstate wagering operators by way of BOC (referred to in other States as "Race Fields"). As a small State in terms of population, it is vital if the racing industry is to survive and flourish in South Australia, that we remain relevant and attractive to the wider Australian community as a viable option for their wagering activity. Wagering by South Australians alone is not sufficient to sustain, let alone grow, the South Australian racing industry. TRSA has developed a BOC model which we consider clearly maximises the industry's returns from interstate wagering operators to help sustain the South Australian racing industry, and the employment and financial benefits it provides in the State.

Virtually all of the growth in TRSA's Revenue in FY16 has come from BOC, with the net BOC revenue amount having increased by \$3.065M (18.7%) to \$19.418M. This follows a major increase of \$6.079M (59.2%) in the prior year. In the relatively short period since its introduction in 2008, BOC has now become 35.33% of TRSA's Revenue. The Gross amount received by way of BOC is \$26.691M, however the Industry is required to reimburse UBET for the charges imposed on them by other States' Race Fields for wagering by their customers on various States' racing, which amounted to \$7.273M in FY16.

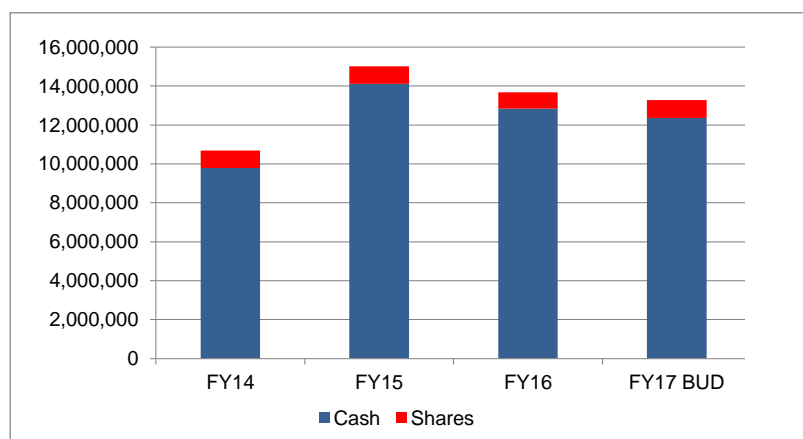
Overall Company Profitability and Reserves

The chart below shows the Company's operating results for FY14 through to FY16 and the FY17 Budget.



	FY14	FY15	FY16	FY17 BUD
Revenue	48,860,553	52,744,253	54,946,952	57,953,011
Expenses	47,175,018	50,928,575	54,990,112	59,675,699
Net Result	1,685,535	1,815,678	(43,160)	(1,722,688)

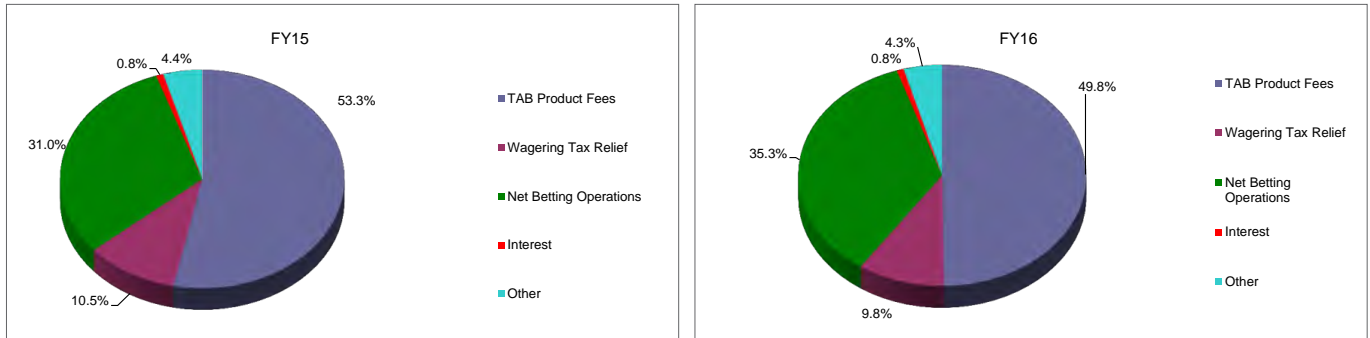
The chart below shows the Company's cash reserves and value of share holdings for FY14 through FY16 and the FY17 Budget.



	FY14	FY15	FY16	FY17 BUD
Cash	9,795,055	14,110,466	12,836,629	12,367,676
Shares	900,428	903,572	844,144	915,600
Total	10,695,483	15,014,038	13,680,773	13,283,276

Revenue

The Charts below show the breakdown for each class of revenue for the last two financial years.



	FY15		FY16		CHANGE	
TAB Product Fees	28,089,605	53.3%	27,359,360	49.8%	(730,245)	-2.6%
Wagering Tax Relief	5,534,112	10.5%	5,366,273	9.8%	(167,839)	-3.0%
Net Betting Operations (BOC)	16,352,710	31.0%	19,417,699	35.3%	3,064,989	18.7%
Interest	434,631	0.8%	429,200	0.8%	(5,431)	-1.2%
Other	2,333,195	4.4%	2,374,420	4.3%	41,225	1.8%
TOTAL	52,744,253		54,946,952		2,202,699	4.2%

FY16 Net Betting Operation Contributions (BOC) is after deductions of \$7.27M (FY15 \$7.38M) relating to charges incurred by UBET SA from other States' Race Fields legislation (which is the equivalent of South Australia's BOC). Under the South Australian Racing Distribution Agreement, is the Agreement between the UBET SA and the three Codes following the sale of the SA TAB (now UBET SA), UBET SA 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.

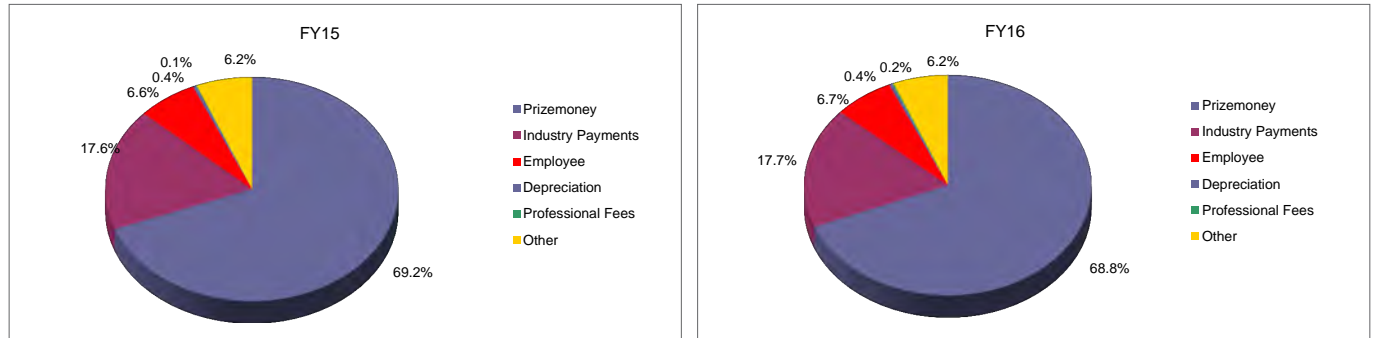
The TRSA Board continues to focus on providing maximum returns to the industry's participants from the revenue generated. This includes; the Clubs who provide the event, the owners who race their horses at each of our race meetings, and all of those who receive their livelihood from racing, more directly so with trainers and their employees, along with the rider group.

As has been highlighted on numerous occasions, while TRSA now directly pays for the bulk of raceday costs, Clubs continue to face increasing costs in maintaining and providing "racing's stage" for raceday, as well

as training facilities. While for several seasons the majority of additional revenue generated was channelled into additional prize money, the Board for the past two seasons has increased the focus on providing additional funding to Clubs by way of Operational and Capital grants. In FY16, grants towards Club Promotion and Operational purposes rose by \$434K (31.6%) while grants for Club Capital and WHS Expenditure increased by \$270K (15.8%). 68.9% of TRSA's Revenue is still distributed by way of Prize Money, and represents 68.8% of total Expenses, with 17.73% of our Revenue distributed through Industry Payments.

Expenses

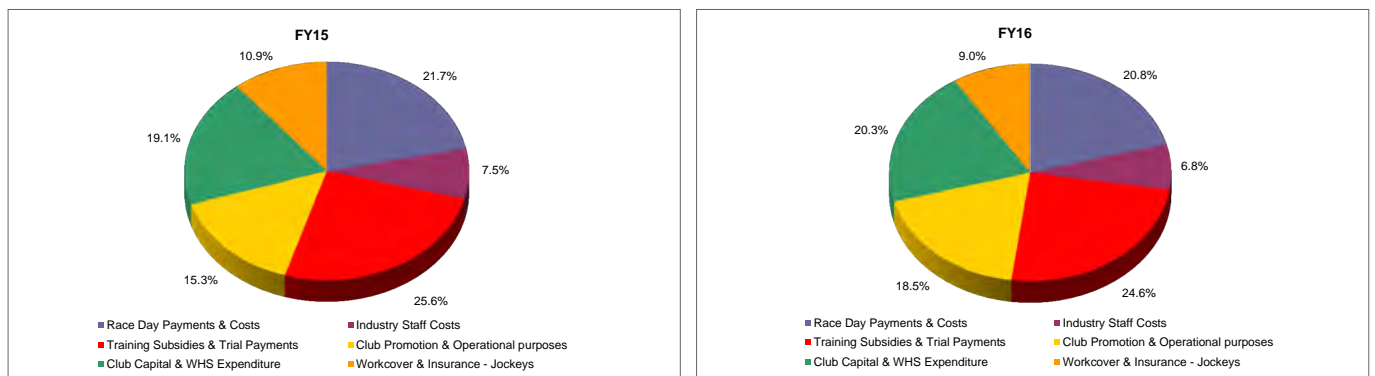
The Charts below show the breakdown of expenses for the last two financial years



	FY15		FY16		CHANGE	
Prizemoney	35,233,053	69.3%	37,860,035	68.8%	2,626,982	7.5%
Industry Payments	8,977,086	17.7%	9,746,807	17.7%	769,721	8.6%
Employee	3,350,557	6.4%	3,699,259	6.7%	348,702	10.4%
Depreciation	190,359	0.4%	194,991	0.4%	4,632	2.4%
Professional Fees	37,649	0.1%	88,740	0.2%	51,091	135.7%
Other	3,139,871	6.2%	3,400,280	6.2%	260,409	8.3%
TOTAL	50,928,575		54,990,112		4,061,537	8.0%

Industry Payments Breakdown

The Charts below show the apportionment of Industry Payments for each expense item for the last two financial years



	FY15		FY16		CHANGE	
Race Day Payments & Costs	1,947,110	21.7%	2,025,149	20.8%	78,039	4.0%
Industry Staff Costs	669,001	7.5%	658,728	6.8%	(10,273)	-1.5%
Training Grants & Raceday Usage	2,299,492	25.6%	2,398,725	24.6%	99,233	4.3%
Club Promotion & Operational purposes	1,373,517	15.3%	1,807,908	18.5%	434,391	31.6%
Club Capital WHS Expenditure	1,711,818	19.1%	1,981,665	20.3%	269,847	15.8%
Workcover & Insurance - Jockeys	976,148	10.9%	874,632	9.0%	(101,516)	-10.4%
TOTAL	8,977,086	100.0%	9,746,807	100.0%	769,721	8.57%

Prize Money Increases

Prize Money payments in FY16 were up \$2.627M (7.5%), in the main representing the full year impact of the prize money increases announced early last year.

The main changes to prize money levels in FY16 were:

- Implementation of the \$100K minimum prize money for each race across the three days of the UBET Adelaide Carnival.
- Roll-out of the previously announced Metropolitan prize money increases, with the previous \$32K and \$35K races increasing to \$40K.
- Implementation of the increase to \$15K for all Non-Maiden and \$12K for Maiden events at Wednesday Provincial race meetings.

SABOIS and SABOIS Feature Races

The TRSA Board remains committed to South Australia's breeders and owners incentive scheme SABOIS, although it resolved to cap TRSA's contribution to SABOIS on behalf of the Industry, to \$1.4M per season. It is important to reiterate that SABOIS is completely funded by the South Australian racing industry, unlike the breeder/owner bonus schemes in other States which are in part funded by direct State government funding.

In July 2015 we staged the first \$100,000 SABOIS Feature Race for two year olds, while in July 2016 we held the first \$100,000 SABOIS Feature Race for three year olds, as well as the two year old event. Both these races will be repeated in 2017 and 2018.

South Australian Thoroughbred Racing Industry Awards

Once again I congratulate each of the Award winners for the 2015/16 season, with a full list of all category winners included at the conclusion of my report.

Eclair Choice edged out Don't Doubt Mamma and 2014 winner Happy Trails in winning the 2015/16 South Australian Champion Racehorse Award, giving owner Thomas Li and trainer Phillip Stokes back-to-back wins with the Award, having taken it out last year with Hucklebuck. Eclair Choice achieved two Group 2 wins in Melbourne in the 2015/16 season, taking out the Linlithgow Stakes and dead heating for first in the Caulfield Sprint.

For the first time we had a dead-heat in the prestigious John Letts Medal with the votes tied for both Jamie Kah and Jason Holder. This was a fitting result with Jason having won the South Australian Metropolitan Jockey of the Year title, while Jamie secured both the South Australian Provincial & Country Jockey of the Year and South Australian Jockey of the Year titles.

There were many outstanding achievements by South Australian racing participants throughout the 2015/16 year, and we look forward to the Spring Carnival ahead. Congratulations to each and every one.

Retired Horses Support

Animal welfare has, as it should, always been and continues to be an important focus within the racing industry. As an industry we work to maintain the highest levels of horse welfare and integrity.

The destination of thoroughbreds at the conclusion of their racing careers is receiving greater attention as we work as an industry to support an environment and culture whereby other equestrian pursuits look to, and value the thoroughbred breed in their pursuits.

We have continued our support for retirement of racehorse programmes with a focus on promoting the positive transition of horses from racing to a new career. We continue our association with the South Australian Changing Rein programme (www.changingrein.com.au) which is a resource for owners or trainers of horses bred for racing which may at some time need to be retrained for a new role when the racetrack is no longer a career option.

TRSA has established partnerships, supporting specific horse-based events to promote the competition of retired thoroughbreds. These have included the Australian Three Day Event, Off The Track (OTT) – SA Series, "Racehorse to Show Horse" category at the Royal Adelaide Show, the Equestrian SA Horse of the Year and other SA Show Jumping Championships.

New initiatives are being added and developed, as we work to encourage even greater acceptance of retired thoroughbreds as a preferred option in equine pastimes.



Black Heart Bart | 2016 Darley Goodwood
Trainer: Darren Weir | Jockey: Brad Rawiller
Photo courtesy of Atkins Photography

Conclusion

While we have again achieved good growth in Revenue, the racing industry both here in South Australia and nationally, faces numerous challenges, externally and internally.

With 94.7% of our revenue derived from wagering, it is a high exposure to a single source of income, although the risk is arguably spread more with the growth in revenue from interstate wagering operators (and the wider Australian population) rather than the greater reliance on wagering by South Australians as was previously the case. However this interstate growth reinforces the need to ensure that our racing remains attractive to those outside South Australia.

There are growing demands and expectations from our customers and the wider community, in terms of vision, welfare and integrity, all of which requires greater expenditure to produce and ensure compliance in meeting the expectations. Regardless of whether it provides revenue growth. The racing industry is always under the scrutiny of various animal welfare groups, across a wide range of racing activities. However as passionate supporters of thoroughbred racing and the thoroughbred itself, no-one is more supportive of horse welfare than the racing industry itself.

We continue to face pressure as to how we distribute the funding we generate from our racing, whether it be to owners, trainers and jockeys through prize money, or Clubs who provide the tracks and training facilities upon which we race and train. The South Australian racing industry needs a substantial boost financially, to enable us to address a number of matters with our aging facilities in many areas, while still providing adequate returns

2015/16 Racing Statistics (1 August 2015 To 31 July 2016)

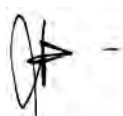
Number of Meetings Conducted	2015/16	2014/15	2013/14
Metropolitan	61	60	61
Provincial/Country	117	119	110
Non TAB	9	9	11
Total	187	188	182

Number of Races Conducted	2015/16	2014/15	2013/14
Metropolitan	497	496	498
Provincial/Country	912	925	874
Non TAB	52	52	45
Total	1,461	1,473	1,417

to participants who derive their livelihood from the racing industry. There are various items which will come up for review over the next 12 months, such as our Vision Rights and UBET's retail exclusivity, which TRSA is looking to utilise to achieve a long term increase in returns for the industry.

In conclusion, I again thank TRSA's staff for their ongoing efforts and contribution towards the success and integrity of racing in our State. By comparison to other jurisdictions TRSA has a small team, who strive to implement the policies of the Board, and to grow and sustain racing in South Australia.

I thank all participants within the South Australian thoroughbred racing industry; Owners, Trainers, Club Officials and Volunteers, Jockeys and Breeders for your support, contributions and efforts towards the South Australian thoroughbred racing industry.



Jim Watters
Chief Executive Officer



Tonopah | 2016 Robert & Faye Gerard R.A. Lee Stakes
Trainer: Darren Weir | Jockey: Dean Yendall
Photo courtesy of Atkins Photography

Racing Snapshot - 2015/16 Premierships

(1 August 2015 To 31 July 2016)

Metropolitan Trainer	Wins
Phillip Stokes	50
Richard Jolly	30
David Hayes & Tom Dabernig	29

Provincial & Country Trainer	Wins
Wayne Francis & Glen Kent	24
Dennis O'Leary	22
Sue Murphy	21

Metropolitan Jockey	Wins
Jason Holder	53
Matthew Neilson	50
Caitlin Jones	35

Provincial & Country Jockey	Wins
Jamie Kah	80
Emily Finnegan	51
Dom Tourneur	51

Metropolitan Apprentices	Wins
Caitlin Jones	35
Emily Finnegan	28
Josh Cartwright	19

Provincial & Country Apprentice	Wins
Emily Finnegan	51
Zac Spain	45
Matthew Poon	37

State Trainer	Wins
Phillip Stokes	67
Richard Jolly	51
Tony McEvoy	46

Jumps Trainer	Wins
Eric Musgrove	7
Kevin & Heather Frew	3
Grant Young	2

State Jockey	Wins
Jamie Kah	107
Jason Holder	86
Dom Tourneur	85

Jumps Jockey	Wins
Paul Hamblin	3
Tom Ryan	3
Martin Kelly	3

State Apprentice	Wins
Emily Finnegan	79
Zac Spain	63
Caitlin Jones	62



SOUTH AUSTRALIAN THOROUGHBRED RACING INDUSTRY AWARDS 2014-15

AWARD

WINNER

E.J. Mooney Medal for SA Jumps Jockey of the Year
 SA Jumps Trainer of the Year
 Caitlin Forrest SA Provincial and Country Apprentice of the Year
 UBET SA Metropolitan Apprentice of the Year
 Leon Macdonald Award for SA Apprentice of the Year
 Evright.com SA Most Consistent Racehorse
 Most Outstanding Achievement Award by an Individual
 Most Outstanding Achievement by a Club
 UBET SA Provincial and Country Jockey of the Year
 UBET SA Provincial and Country Trainer of the Year
 SA Metropolitan Trainer of the Year
 SA Jockey of the Year
 2015-16 Media - Best Racing Story
 2015-16 Media - Best Racing Picture
 Glennon-Johnson Award for 2015/16
 SA Metropolitan Jockey of the Year
 CS Hayes Award for 2015/16 South Australian Trainer of the Year
 2015/16 John Letts Medal
 Festival Hire 2015/16 South Australian Champion Racehorse of the Year

Paul Hamblin
 Eric Musgrove
 Emily Finnegan
 Caitlin Jones
 Emily Finnegan
 Tunes
 Barry Dunn
 Port Lincoln Racing Club
 Jamie Kah
 Wayne Francis and Glen Kent
 Phillip Stokes
 Jamie Kah
 Ben Scadden
 Jenny Barnes
 Jason Holder
 Phillip Stokes
 Jason Holder and Jamie Kah
 Hucklebuck

HALL OF FAME

Hall of Fame Induction - Horse
 Hall of Fame Induction - Trainer

Durbridge
 Mick Goreham

Chairman Of Stewards' Report



Johan Petzer Chairman of Stewards

The 2015/16 racing season was, not unlike any other racing season, one which presented its own distinct challenges. The Stewards' Department in dealing with, at times, very demanding situations, applied sound integrity principles in resolving matters and giving effect to their functionality. The Department's objective was to provide consistent, balanced and strong integrity leadership to the South Australian thoroughbred racing industry and we trust we have done justice to this objective. The Department's staff once again performed their functions with enthusiasm, a high degree of professionalism and efficiency. In providing integrity services to the industry, the Department remained conscious of its functional responsibility and operated within the framework of the Australian and Local Rules of Racing and Policies.

Stewards' Department – Functions:

As the Australian racing industry integrity framework continued to develop and evolve to meet the ever changing challenges presented, we remained mindful of the principles which allow for healthy competition on a level playing field. In

giving effect to our responsibilities we provided services in respect of race day, non-race day, official trial, jump-out and track work operations. A number of major inquiries/investigations were also conducted. The Department continued to manage sampling activity in respect of both horses and participants, monitored wagering activities, conducted stable inspections and represented Thoroughbred Racing SA (TRSA) at matters before the South Australian Racing Appeals Tribunal.

In addition we also managed licensing and veterinary services, the functions of Deputy Registrar of Racehorses, and those relating to the Apprentice Academy and the Jumps Review Panel.

Significant Developments: International Partnerships

The establishment of a partnership arrangement with the Hong Kong Jockey Club (HKJC), which commenced in June 2015, continued in the racing season under review. Hong Kong Apprentice Jockey, Matthew Poon, who is in the care of local Trainer, Richard Jolly, for a period of two years, continues to progress well. Further negotiations between TRSA and the HKJC resulted in Hong Kong Apprentice Jockey Kei Chiong, who finished 6th on the HKJC Jockey premiership table in 2015/16, and who won the most popular Jockey award in Hong Kong, being placed with local Trainer, Phillip Stokes for a period of one month during the HKJC off-season to further her riding experience. We were pleased the Executive Manager, Racing Development Board and Headmistress of the Apprentice Jockeys School with the HKJC, Ms Amy Chan, visited South Australia at the end of the

racing season and attended race meetings, track work and the TRSA Apprentice Academy. Amy's visit is testament to the regard held for the TRSA Apprentice Academy and reinforces the good working and business relationship between TRSA and the HKJC. During the season TRSA also finalised an agreement with the Singapore Turf Club (STC) and Singapore Apprentice Jockey, Jailani Mamat, was placed in the care of Morphettville based Trainer, Mr Jon O'Connor.

Prohibited Substances – Cobalt

The Department continued to monitor developments in regard to Cobalt, and testing for Cobalt continued as part of the routine screening of urine and blood samples. In July 2016 Racing Australia announced a new threshold for Cobalt in urine of 100µg/L (reduced from 200µg/L) and also a threshold for Cobalt in plasma of 25µg/L, both effective from 1 September 2016. Our view, quite appropriately so, remains unaltered in respect of prohibited substances, whether they be Cobalt or otherwise, that there is no place for any such substances in our industry and the notion of a level playing field is predicated on a prohibited substance free environment.

Medical Panel:

The TRSA Medical Panel, comprising Dr. Terry Hodgson and Dr. Stephen Kennett, continued to play an important role in providing advice and services to the Stewards' Department. Dr. Kennett continued to conduct the baseline concussion tests for Jockeys and Apprentice Jockeys, which remains an important measure to further enhance the safe return of riders after concussion related injury.



Sign off | 2016 James Boag's Premium Lord Reims Stakes
Trainer: Darren Weir | Jockey: Harry Coffey
Photo courtesy of Atkins Photography

Veterinary Services:

Dr. Peter Horridge – TRSA Industry Veterinarian, provided and supervised veterinary services at Metropolitan and Provincial racetracks and his role in the management of relevant integrity related functions within the Department was invaluable. The Department also acknowledges those Veterinary Surgeons who regularly assisted Dr. Horridge in the Metropolitan area, in particular veterinarians from the Morphettville Equine Clinic and Dr. Haensel, together with those who serviced the various Country race meetings. Dr. Horridge represented TRSA at meetings of the Veterinary and Analysts Committee (VAC), a sub-committee of Racing Australia. He also provided expert advice at Stewards' inquiries, as well as advice to the industry on veterinary and equine welfare matters.

Racemeeting, Disciplinary and Related Matters:

During the season 34 horses were suspended for poor barrier behaviour compared with 48 the previous season, and the total number of warnings issued decreased from 60, in the previous season, to 48. The statistics show that approximately 62% of all action taken in respect of horses with poor barrier manners related to 3 & 4 year old horses, a figure which correlates with that of the previous season.

There were 57 Careless Riding charges issued which resulted in a suspension of licence to ride in races, compared with 76 suspensions of licence the previous season. This number represents a 25% decrease on the previous year. The average number of suspensions per season over the past 13 racing seasons was 52. The Department

will remain vigilant to ensure riders ride in a competitive but safe manner. In addition, Stewards conducted 26 significant investigations/inquiries into breaches of the Rules.

The Department conducted routine stable inspections which included the identification and observation of horses engaged to participate at a race meeting. This strategy remains an area of focus for the Department and adds a valuable dimension to the overall sampling strategy.

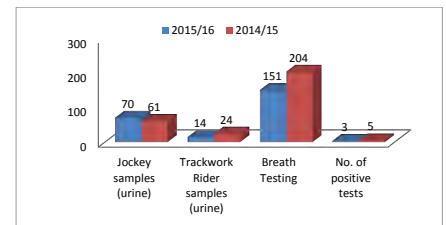
Swabbing – Horse samples tested during the year –

	2015/16	2014/15
Post-race urine /blood samples	1453	1457
Pre-race blood samples (TCO ₂)	1193	1477
Post-race blood samples (TCO ₂)	10	1
Pre-race blood samples	13	20
Post-trial urine samples	5	4
Non-Race Day samples	10	44
Number of positive tests	3	4
Total Samples	2687	3003

The three positive samples recorded during the racing season were for Dexamethasone (one) and Arsenic (two). The positive sample relating to Dexamethasone resulted in the horse concerned being disqualified from the race in which it participated, while the Arsenic matters are still being dealt with. The testing strategies adopted and the sampling regime deployed by the

Department continued to be a critical element in providing a level playing field for all participants, 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.

Human Sampling:



Licensing:

The following licences/registrations were processed by the Department –

	2015/16	2014/15
Trainers	311	313
Jockeys	30	40
Apprentices	17	19
Interstate Jockeys	69	65
Interstate Apprentices	22	28
Stablehands	495	517
Stablehand/ Trackwork Riders	198	174
Total	1142	1156

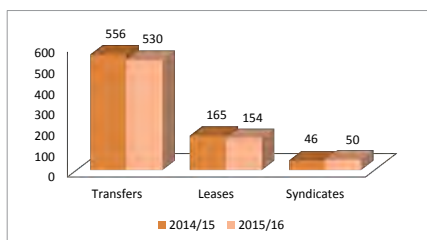


Excites Zelady | 2016 Carlton Draught Murray Bridge Gold Cup
Trainer: Chris Bieg | Jockey: Jake Toeroek
Photo courtesy of Atkins Photography

Deputy Registrar:

In addition to the Department performing the role of Lead Regulator (under a co-regulation arrangement with ASIC) in relation to the approval of Promoters/Syndicators of racehorses, the Department also acted as Deputy Registrar for South Australian registration functions, which included Transfers of Ownerships, Leases and Syndicates.

Transfers, leases and syndicates, in respect of race horse ownership, processed –



Jumps Review Panel:

The Jumps Review Panel (JRP) again provided valuable service to the industry, and 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 on relevant matters. The contribution of the JRP should be commended.

Apprentice Academy:

TRSA again competed in the annual National Apprentice Series, with South Australia's heat conducted at Murray Bridge.

Sigrid Carr's efforts during the year were well rewarded when she was named Dux of the Apprentice Academy at the Annual

Apprentice Academy Awards Evening. As part of being named the Dux, and with the assistance of the sponsorship provided by UBET, Sigrid had the pleasure and experience of riding in Singapore for a three week period. I would like to thank and acknowledge the Singapore Turf Club and UBET for their continued support in this regard.

The Academy had 25 apprentices enrolled with two being granted permission to ride in races for the first time in the 2015/16 season. Attendance at the Academy on Tuesdays is mandatory and additional riding skills sessions with smaller groups are conducted on a regular basis.

Liaisons and Contacts:

The Department liaised with a number of bodies and/or stakeholders on relevant matters, including various State and National sector group bodies, Racing Australia, 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 for their dedication and continuous professional approach, without which we would not be able to effectively manage our operations. I make special mention of Liz Tosetti, my personal assistant for the past three years. Earlier this year Liz announced her retirement effective July 2016. Liz worked in the racing industry for some 31 years in total and in the Stewards' Department for approximately 17 years. During her time with the Stewards' Department she had responsibility as Deputy Registrar of Racehorses, dealing with transfer of ownerships, leases and

syndicates. She excelled in all her roles in the Department, which included management of the Apprentice Jockey Trust Accounts, and performed her functions with distinction. Liz was a very valuable, efficient and loyal employee, was very well regarded by industry participants and will be greatly missed. We wish Liz all the very best in retirement.

Finally, I would also like to thank TRSA senior management and the Board of TRSA for their support.

Johan Petzer
Chairman of Stewards



Sandhill Star | 2016 UBET Strathalbyn Cup
Trainer: Sam Turner | Jockey: Matthew Poon
Photo courtesy of Atkins Photography

THOROUGHBRED RACING SA LIMITED

FINANCIAL REPORT 2016

Contents

THOROUGHBRED RACING S.A. LIMITED ABN 25 094 475 939
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Precious Gem | 2016 UBET Classic
Trainer: Henry Dwyer | Jockey: Jake Noonan
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 2016 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. Frances is currently Deputy Chair of the Racing Australian Board. 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 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. Member - Race Dates Committee • Member - Jumps Committee</p>



Purple Smile | 2016 UBET Adelaide Cup
Trainer: David Hayes & Tom Dabernig | Jockey: Stephen Baster
Photo courtesy of Atkins Photography

Directors continued:

NAME AND QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
<p>Ms Catherine Cooper LLB, GDLP</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 Member - Remuneration Committee</p>
<p>Mr Warrick Duthy</p>	<p>Warrick has a Bachelor of Business (Marketing) Uni SA and is a Graduate of the Australian Institute of Company Directors. 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>
<p>Mr G Harrison</p>	<p>Grant is the former General Manager of the SATAB (8 years) having been employed there for 25 years. He has a Bachelor of Business and Associate Diploma of Marketing from University of South Australia. He is a member of the Australian Institute of Company Directors. He also has extensive experience in sports administration having been on the Gymnastics Australia Board for 12 years, the last three as President. He has also been a Board Member of the Australian Olympic Committee and is a current Director of the Australian Commonwealth Games Association. He was a Board member of the Southern Football league for 5 years and Chairman of Gymnastics South Australia for 10 years.</p> <p>Member - Finance Committee • Member - Race dates Committee</p>

Company Secretary

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

<p>Mr Nicholas Redin BSc (Acc)</p>	<p>Nick is the Chief Operating Officer of Thoroughbred Racing SA Ltd</p>
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Howard Be Thy Name | 2016 UBET SA Derby
Trainer: Darren Weir | Jockey: John Allen
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 UBET SA 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 UBET SA 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 thoroughbred racing clubs throughout South Australia;
- (h) Negotiate vision rights with broadcasters for thoroughbred races;
- (i) Represent the South Australian industry's relationship with the Racing Australia Board 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 deficit for the year was \$43,160.

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:

- 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 2018.
- The completion of the new Murray Bridge racing venue which should result in a racetrack that provides expanded training facilities and, 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 and marketing functions including the further provision of financial management and reporting.

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	1
Mr D Rasheed	11	2		2	
Mr S Ward	11			2	
Mr K Smith AM	10			2	1
Ms Catherine Cooper	8	2	2		
Mr Warrick Duthy	10		2		
Mr G Harrison	10	2			
Total Meetings Held	11	2	2	2	1

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 2016.

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 26th day of August 2016.

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 2016, 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

William Buck
ABN: 38 280 203 274

G. W. Martinella

G.W. Martinella
Partner

Dated this 26th day of August, 2016.

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Adelaide SA 5001
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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 2016.

		30 JUNE 2016	30 JUNE 2015
	Note	\$	\$
Revenue	2	54,481,114	52,274,361
Financial income	3	465,838	469,892
Prizemoney & Unplaced Subsidies		(36,432,310)	(33,905,203)
SABOIS Bonuses		(1,427,725)	(1,327,850)
Industry payments	4(a)	(9,746,807)	(8,977,086)
Employee expenses		(3,699,259)	(3,350,557)
Depreciation expense		(194,991)	(190,359)
Legal & Professional Fees		(88,740)	(37,649)
Other expenses	4(b)	(3,400,280)	(3,139,871)
Net Surplus/ (Deficit) from operating activities		(43,160)	1,815,678
Other Comprehensive Income:			
Net fair value gain on re-measurement of investments in equity securities available-for-sale		(59,428)	3,144
Total Comprehensive Income for the year		(102,588)	1,818,822

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2016

	Note	30 JUNE 2016 \$	30 JUNE 2015 \$
Assets: Current assets			
Cash and cash equivalents	5	12,836,629	14,110,466
Trade and other receivables	6	6,086,582	6,028,028
Other assets	7	311,037	420,991
Total current assets		19,234,248	20,559,485
Non-current assets			
Plant and equipment	8	927,677	892,756
Financial assets - Investments	9	1,298,781	1,358,209
Total non-current assets		2,226,458	2,250,965
Total assets		21,460,706	22,810,450
Liabilities: Current liabilities			
Trade and other payables	10	2,172,974	3,173,905
Provisions	11	566,668	515,267
Other liabilities	12	649,519	649,518
Total current liabilities		3,389,161	4,338,690
Non-current liabilities			
Provisions	11	118,698	114,363
Other liabilities	12	334,543	636,505
Total non-current liabilities		453,241	750,868
Total liabilities		3,842,402	5,089,558
Net assets		17,618,304	17,720,892
Equity			
Reserves	13	266,127	325,555
Retained profits		17,352,177	17,395,337
Total equity		17,618,304	17,720,892

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2016

	FINANCIAL ASSET RESERVE	RETAINED PROFITS	TOTAL
Balance as at 30 June 2014	322,411	15,579,659	15,902,070
Net Surplus for the year	-	1,815,678	1,815,678
Other Comprehensive Income for the year	3,144	-	3,144
Balance as at 30 June 2015	325,555	17,395,337	17,720,892
Net (Deficit) for the year	-	(43,160)	(43,160)
Other Comprehensive Income for the year	(59,428)	-	(59,428)
Balance as at 30 June 2016	266,127	17,352,177	17,618,304

The accompanying notes form part of these financial statements.



Into The Mist | 2016 Hughes Chauffeured
 Limousines Queen of The South
 Trainer: Tony McEvoy | Jockey: Jason Holder
 Photo courtesy of Atkins Photography

Statement of Cash Flows

For the year ended 30 June 2016

	Note	30 JUNE 2016	30 JUNE 2015
		\$	\$
Cash flows from operating activities			
Receipts in the course of operations		59,148,313	60,263,603
Payments in the course of operations		(61,048,279)	(55,583,108)
Interest received		429,200	434,631
Dividends received		36,638	35,261
Loans from/ (to) clubs		390,202	(637,614)
Net cash (used in)/provided by operating activities	14	(1,043,926)	4,512,773
Cash flows from investing activities			
Proceeds on disposal of plant and equipment		762	17,170
Payments for plant and equipment		(230,673)	(214,532)
Net cash (used in) investing activities		(229,911)	(197,362)
Net (decrease) /increase in cash held		(1,273,837)	4,315,411
Cash and cash equivalents at the beginning of the financial year		14,110,466	9,795,055
Cash and cash equivalents at the end of the financial year	5	12,836,629	14,110,466

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2016

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). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 26 August 2016.

(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

1. Summary of significant accounting policies (continued)

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 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 – 15 years
- Motor Vehicles 5 – 7 years
- Furniture and Fittings 3 – 15 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.

1. Summary of significant accounting policies (continued)

(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 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.

1. Summary of significant accounting policies (continued)

(j) Employee Provisions

Short term employee provisions
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

OTHER LONG TERM EMPLOYEE BENEFITS

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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**

For the year ended 30 June 2016

	2016	2015
	\$	\$
2. Revenue		
TAB Product Fees and Wagering Tax Relief	32,725,633	33,623,717
Screening & International Rights	1,423,391	1,259,838
SABOIS subscriptions	286,867	316,067
Registration fees	212,879	222,998
Publications	88,324	239,362
Other	326,321	259,669
	35,063,415	35,921,651
<hr/>		
Gross Betting Operations Contributions	26,691,244	23,735,480
Less: Interstate Race Field Fees Paid	(7,273,545)	(7,382,770)
Net Betting Operations Contributions	19,417,699	16,352,710
Total revenue	54,481,114	52,274,361

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 \$2,137,545 for the year ended 30 June 2016 (2015: \$2,168,873).

3. Financial Income

Interest income	429,200	434,631
Dividend income	36,638	35,261
Total financial income	465,838	469,892

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

For the year ended 30 June 2016

	2016	2015
	\$	\$
4. Expenditure		
(a) Industry Payments		
Training Grants and Raceday Usage payments	2,398,725	2,299,492
Race Day Payments & Costs	2,025,149	1,947,110
Club Promotion and Operational purposes	1,807,908	1,373,517
Club Capital Expenditure	1,981,665	1,711,818
Workcover & Insurance - Jockeys	874,632	976,148
Industry Staff Costs	658,728	669,001
Total Industry Payments	9,746,807	8,977,086
(b) Other Expenses		
Advertising & Marketing	770,860	419,107
Marketing Professional Fees	105,784	112,176
Publication Expenses	339,791	322,194
Swab & Veterinary Supplies	361,042	386,617
Other	1,822,803	1,899,777
Total other expenses	3,400,280	3,139,871
(c) Auditor Remuneration		
Remuneration of the auditor of the Company for:		
Audit of the financial report	16,450	16,050

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

For the year ended 30 June 2016

	2016	2015
5. Cash and cash equivalents	\$	\$
Current		
Cash at bank and on hand	12,169,414	11,216,931
Short-term bank deposits	667,215	2,893,535
	12,836,629	14,110,466

The Company manages monies held on behalf of the Apprentices in the Apprentice Jockey's Trust Fund. The balance of these funds at 30 June 2016 is \$1,049,353 (2015: \$742,009). These funds are not included in the amounts at Note 5 above.

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	12,836,629	14,110,466
---------------------------	-------------------	-------------------

6. Trade and other receivables

Current		
Trade receivables	2,317,390	2,573,642
Other receivables	2,398,228	1,693,220
Loans to Thoroughbred Racing Clubs - secured	1,370,964	1,761,166
	6,086,582	6,028,028

7. Other assets

Current		
Prepayments	311,037	420,991
	311,037	420,991

The Company has undertaken a re-branding exercise to renew the marketing and advertising collateral for all Clubs. The costs associated with this activity will be amortised over three years. The balance of the costs to be amortised as at 30 June 2016 are \$240,040 (2015: \$355,222).

THOROUGHBRED RACING SA LIMITED: Notes to the Financial Statements

For the year ended 30 June 2016

	2016	2015
	\$	\$
8. Plant and equipment		
Non-current		
Plant and equipment - at cost	3,593,634	3,890,375
Less: accumulated depreciation	(2,665,957)	(2,997,619)
Total plant and equipment	927,677	892,756

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	892,756	885,753
Additions at cost	230,673	214,532
Disposals - written-down value	(762)	(17,170)
Depreciation expense	(194,991)	(190,359)
Carrying amount at end of year	927,676	892,756

9. Financial assets - Investments

Non-current		
- Investment in Racing Australia Pty Ltd (formerly 'RISA')	454,637	454,637
Available-for-sale financial assets		
Listed equity securities available for sale	844,144	903,572
	1,298,781	1,358,209

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. The Company has no intention to dispose of any listed available-for-sale financial assets which existed at 30 June. 2016.

10. Trade and other payables

Current		
Trade payables	621,749	453,162
Other payables and accruals	1,551,225	2,720,743
	2,172,974	3,173,905

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

For the year ended 30 June 2016

	2016	2015
	\$	\$
11. Provisions		
Current		
Employee benefits - annual leave	213,838	197,271
Employee benefits - long service leave	352,830	317,996
	566,668	515,267
Non-current		
Employee benefits - long service leave	118,698	114,363
	118,698	114,363
Total provisions	685,366	629,630
Opening balance at 1 July 2015	629,630	659,548
Net provisions raised during the year	55,736	(29,918)
Balance at 30 June 2016	685,366	629,630

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.

12. Other liabilities

Current		
Income received in advance	649,519	649,518
	649,519	649,518
Non-current		
Income received in advance	334,543	636,505
	334,543	636,505
Total other liabilities	984,062	1,286,023

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

For the year ended 30 June 2016

	2016	2015
	\$	\$
13. 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.		
14. Cash flow information		
Reconciliation of net surplus for the year to net cash provided by operating activities		
Net (deficit) / surplus for the year	(43,160)	1,815,678
Add/(less) non-cash items:		
- Amounts set aside to provisions	55,736	(29,918)
- Depreciation expense	194,991	190,359
Net cash from operating activities before change in assets and liabilities	207,567	1,976,119
Change in assets and liabilities during the period:		
- Decrease / (Increase) in trade receivables	256,252	(357,034)
- (increase) / Decrease in other receivables	(705,008)	2,308,375
- Decrease / (Increase) in loans to Thoroughbred Racing Clubs	390,201	(673,614)
- Decrease / (Increase) in other assets	109,954	(290,722)
- increase / (Decrease) in trade payables	168,587	(253,523)
- (Decrease) / increase in other payables and accruals	(1,169,518)	1,066,385
- (Decrease) / increase in income received in advance	(301,961)	736,787
Net cash provided by operating activities	(1,043,926)	4,512,773

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

For the year ended 30 June 2016

	2016	2015
	\$	\$

15. Related party transactions

Key management personnel compensation

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

Short term employee benefits	802,124	721,297
Post-employment benefits	66,974	64,571
	869,098	785,868

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, K Smith, W Duthy and G Harrison.

Directors Compensation

The Directors compensation included in employee expenses are as follows:

Short-term employee benefits - Directors remuneration	205,600	206,513
Post-employment benefits	14,207	13,425
	219,807	219,938

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)	3,725	31,785
Mr D Rasheed	Professional Services	(ii)	10,483	10,840

(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.

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

For the year ended 30 June 2016

15. Related party transactions (continued)	2016	2015
	\$	\$
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	-	2,248

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 Company made payments of \$2,251,897 (2015: \$1,608,130) 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, marketing, 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.
- During the year the Company entered into an agreement with the SAJC to undertake all of its racing related marketing services.

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 Profit or Loss and Other 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 \$4,371,632 (2015: \$3,883,041) 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 Profit or Loss and Other 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 \$1,370,964 at 30 June 2016 (2015: \$1,761,166). The loans are secured or capable of being secured. Interest earned by the Company amounted to \$19,137 (2015: \$25,864) and is included in Financial Income in the Statement of Profit or Loss and Other Comprehensive Income. During the course of the year, the Company provided additional loan funding of \$70,000 to the Pt Lincoln Racing Club Inc. to assist the Club purchase land adjacent to the race course.

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

For the year ended 30 June 2016

16. 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 2016 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 Racing Australia Pty Ltd (RA) (Formerly RISA Pty Ltd), 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 RA 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 RA. 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 total contribution made towards the project as at the year ended 30 June 2016 was \$93,616 (2015: \$67,757).



Thublaan | 2016 Thomas Foods International
Great Eastern Steeplechase
Trainer: Eric Musgrove | Jockey: Martin Kelly
Photo courtesy of Atkins Photography

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

For the year ended 30 June 2016

17. 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	2016	2015
		\$	\$
Cash and cash equivalents	5	12,836,629	14,110,466
Receivables and loans	6	6,086,582	6,028,028
Investments	9	1,298,781	1,358,209
Total financial assets		20,221,992	21,496,703

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		(59,428)	3,144
Total losses recognised in other comprehensive income		(59,428)	3,144

Financial liabilities

Financial liabilities at amortised cost

- Trade and other payables	10	2,172,974	3,173,905
Total financial liabilities		2,172,974	3,173,905

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.

18. Events after the reporting period

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

19. Company details

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

Thoroughbred Racing SA Limited
Morphettville Racecourse
MORPHETTVILLE SA 5043

20. 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 2016 the number of members was 2.

Directors' Declaration

THOROUGHBRED RACING SA LIMITED

DIRECTORS' DECLARATION

The directors have determined that the Company is 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 2016 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 26th day of August, 2016

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 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 – Reduced Disclosure Regime 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

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.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 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001.

William Buck

William Buck
ABN: 38 280 203 274

G. W. Martinella

G.W. Martinella
Partner

Dated this 26th day of August, 2016.

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Runway Star | Quayclean Matrice Stakes
Trainer: Peter G Moody | Jockey: Luke Currie
Photo courtesy of Sharon Chapman

