
THOROUGHBRED RACING SA



2017 ANNUAL REPORT



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* ALL RACING PHOTOS COURTESY OF ATKINS PHOTOGRAPHY,
TODD'S PHOTOGRAPHICS AND MEAGHAN COLES

COVER IMAGE:
VEGA MAGIC | 2017 \$1M Darley Goodwood
TRAINER: David & Ben Hayes & Tom Dabernig | JOCKEY: Craig Williams
PHOTO: Atkins Photography





SECRET AGENDA | 2017 \$1M UBET Classic (Robert Sangster Stakes)
TRAINER: Mick Price | JOCKEY: Damien Oliver
PHOTO: Meaghan Coles

Chairman's Report



FRANCES NELSON QC
CHAIRMAN

The 2017 Racing year was an exciting and memorable year for a number of reasons. The financial results were encouraging, which has resulted in benefit to racing participants generally, and Government support has further strengthened our position.

The conclusion of the media rights agreement with Racing.com has been a milestone for TRSA, and in our view represents the vision for the future.

State Government Funding

Support from the State Treasurer the Honorable Tom Koutsantonis and the Minister for Racing, the Honorable Leon Bignell, resulted in a funding boost enabling our first million-dollar races, with prize money for the Group 1 Darley Goodwood and Group 1 UBET Classic (Sangster) increasing to 1 million dollars. Not only were we able to run South Australia's first million-dollar races, it also enabled us to increase prize money for the three weeks of the Adelaide racing carnival, along with minimum prize money of \$100,000 for each race on the three Morphettville Saturdays prior to the Adelaide Festival of Racing.

Media Rights Agreement Racing.com

After lengthy negotiations, in June 2017 we were able to conclude a new multi-million dollar agreement with Racing.com which

covers not only our domestic but our international rights and digital rights. We see this as a strategic partnership with Victoria and Seven West media. In addition to the financial benefits over the next 7 years, South Australian racing will be available on free-to-air television, there will be expanded digital coverage on various platforms including wagering services providers, as well as enhanced programming and on-course hosting with fulltime South Australian presenters. We are delighted that this provides a forum to display South Australia's undoubted racing talent.

The fact that this was achieved whilst at the same time preserving our vision rights with Sky Channel and maintaining our sound relationship with Tabcorp and Sky, is very much to the credit of our management team.

Financial Benefits to the Industry

Our financial result in 2017 was well ahead of budget, with growth in revenue largely due to our Betting Operations Contributions. Our market share result was 71.28% (slightly up on 2016) which will in turn assist our 2018 result.

The financial result achieved has enabled us to increase Club funding by 22.27%, and to increase prize money, including an increase for all non-maiden and maiden events on Thursday, Friday and Sunday Provincial race meetings as well as non-maiden and maiden events at Country race meetings.

Murray Bridge Racecourse Development

We were pleased to receive funding support by way of a loan from our State Treasurer to enable the completion of the new Murray Bridge racecourse. The State contribution, together with a contribution from the Federal Government will see the project completed in its entirety by the last quarter of 2018.

The track itself together with the irrigation and drainage systems was completed some time ago. The \$1.9 million saddling stalls building was constructed earlier this year, but \$20 million was needed to build the race day and community function facilities. The Treasurer has provided a \$5 million loan, with TRSA also having committed a loan of \$5 million, along with an injection of \$5 million from the investors. Construction of the new building will begin in October 2017 with completion due October/November 2018.

Retail Exclusivity

UBET's retail exclusivity, provided as part of the major licence they acquired when purchasing the State's TAB in 2000, and which expired in 2017, was rolled over into 2017 with ongoing negotiations relating to the extension of the retail exclusivity. Notwithstanding that TRSA is not a party to the Agreement which is between the State Government and UBET, the Treasurer generously agreed that TRSA (representing Racing SA) would participate in the negotiations alongside Treasury. Together with our CEO Jim Watters, I have attended numerous meetings as we work with Treasury through the negotiation process. We are hopeful that there will be ongoing funding available to the racing industry as a result of the extension to UBET's retail exclusivity.

Merger Tabcorp and Tatts

This year saw the announcement of the intended merger of Tabcorp and Tatts. Hurdles have been encountered during the merger process, including the recent Federal Court decision. Nevertheless, a successful conclusion of the merger is likely. We anticipate significant benefits to the South Australian racing industry as a result of the merger, with a potential increase in funding available to the three Codes predicted to be somewhere between \$5 million and \$10 million.



SWEET SHERRY | 2017 UBET Euclase Stakes
TRAINER: Brent Stanley | JOCKEY: Noel Callow
PHOTO: Atkins Photography

Betting Operations Tax

As I noted in my Chairman's report last year, in June 2016 the Treasurer announced the introduction of a place of consumption tax in South Australia, to be implemented and effective from 1 July 2017. Whilst there was much resistance to this new tax, particularly from the racing industry and wagering operators, Government nevertheless brought in the tax, commencing on 1 July 2017.

There is still concern about potential adverse effects to the racing industry's revenue, both in terms of what we currently receive from wagering operators and the growth we have been achieving. However as I have reported previously the Treasurer has reiterated his advice which remains firm, to the effect that the South Australian racing industry will be no worse off as a result of the Betting Operations Tax.

Conclusion

I take this opportunity to express thanks to my colleagues on the Board of TRSA and to our skilled and dedicated management team headed by our CEO Jim Watters ably assisted by our COO Nick Redin, Chairman of Stewards Johan Petzer, Marketing Manager Michelle Greene, and all the staff of TRSA.

I also express my thanks to all the volunteers in Metropolitan, Provincial and Country racing South Australia, who dedicate so much of their personal time to the racing industry and its success.

FRANCES NELSON QC
CHAIRMAN

Chief Executive Officer's Report



JIM WATTERS
CHIEF EXECUTIVE OFFICER

With continued substantial growth in wagering revenue, especially by interstate wagering operators wagering on South Australian thoroughbred racing, Thoroughbred Racing SA (TRSA) posted a strong result for the 2017 Financial Year, reinforcing the positive signs evident over the past few years for the industry in the State.

Financial highlights for the year were:

14.9% growth in total Revenue

9.4% growth in total Revenue excluding the SA Government new Carnival funding

The seventh consecutive year with growth in Revenue

18.2% increase in net Betting Operations Contribution (BOC) revenue from interstate wagering operators wagering on SA thoroughbreds

Prize Money, including SABOIS payments, increased by
\$5.056M (13.4%)

\$1.601M increase in Industry Payments (15.9%)

Key Financial Results

TRSA recorded an operating surplus of \$420K, for the 2017 financial year. The TRSA Board had budgeted for a \$1.723M deficit in 2017, with a deliberate strategy to utilise part of the reserves achieved from successive years of surpluses, to deliver increased funding distributions to Clubs, while at the same time ensuring further prize money increases. Thus the result achieved was \$2.143M ahead of budget.

The most encouraging and satisfying aspect of the net surpluses achieved over the past several years, is that these have been driven by revenue growth and not through reductions in distributions to the industry, which have still increased substantially, and well in excess of CPI.

The excellent financial result achieved was after an increase of \$6.657M in distributions by TRSA to the racing industry. Prize Money increased by \$5.056M (+13.4%), while there was an additional \$1.601M (+15.9%) in payments to Clubs, including a \$173K increase in jockeys WorkCover and insurance payments.

Total Revenue for 2016/17 was up \$8.184M (+14.9%) on the prior year, an excellent result given that last year's Revenue had also seen an increase of \$2.2M, while 2015 saw an increase of \$3.884M. The combined revenue from wagering was up \$4.737M (+9.08%), following on from a 4.33% increase in 2016. Revenue from wagering represents 90.1% of TRSA's total revenue.

While the general structure of the current Club funding model was established in 2009, it was significantly expanded in 2014 and 2016, with substantial additional funding provided each time. The TRSA Board remains focussed on this model, which sees TRSA pay virtually all 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 to Clubs.

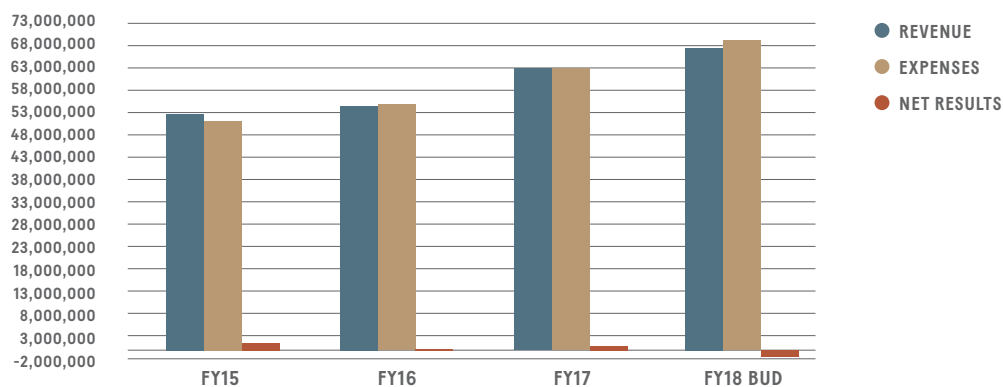
The ongoing adoption of the Club funding model and the principles around such, has seen a continued improvement in the financial position of the majority of South Australia's thoroughbred racing Clubs. The balance of current TRSA loans to Clubs (which are secured) reduced by \$44K, following a \$390K reduction in 2016.

While the revenue received via our home State TAB, UBET, has continued to fall as a percentage of TRSA's total Revenue, the revenue received from UBET, which includes Product Fees and the rebated Wagering Tax, rose by \$1.209M (+3.69%) year on year. Thoroughbreds achieved another very healthy Market Share result, with the Thoroughbred Code's Market Share (the split of the UBET SA revenue between Thoroughbreds, Greyhounds and Harness) being 71.287%, up on the prior year's 70.741%.

As has been highlighted in many previous Annual Reports, the key component in TRSA and the South Australian thoroughbred racing industry's improving financial position, has been the sustained ongoing growth in wagering on our racing through interstate wagering operators, and the BOC ("Race Fields" in other States) they are required to pay for that right. With the relatively small population in South Australia, to survive, let alone grow, we require the wagering of interstate wagering operators (and their punters) on our racing. We must ensure that our racing is relevant and attractive to the wagering operators and their customers. The BOC model TRSA has developed is a hybrid one, encompassing; wagering operators' turnover and revenue, a volume discount, and a premium for those days on which we stage a race with prize money of \$100K or more per race. The TRSA Board considers the current model maximises the returns achievable from our racing, to underpin and grow the industry in South Australia and thus the returns to participants and sustainable employment within the industry.

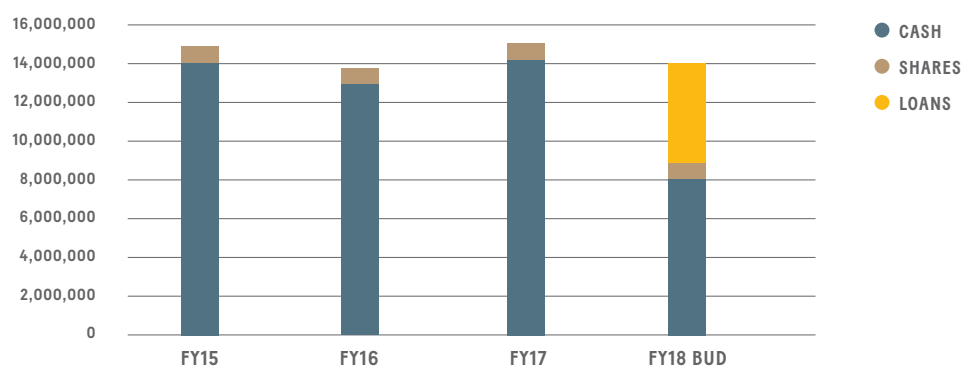
Overall Company Profitability and Reserves

The chart below shows the Company's operating results for FY15 through to FY17 and the FY18 Budget.



	FY15	FY16	FY17	FY18 BUD
Revenue	52,744,253	54,946,952	63,131,555	67,660,637
Expenses	50,928,575	54,990,112	62,711,385	69,021,607
NET RESULT	1,815,678	(43,160)	420,170	(1,360,970)

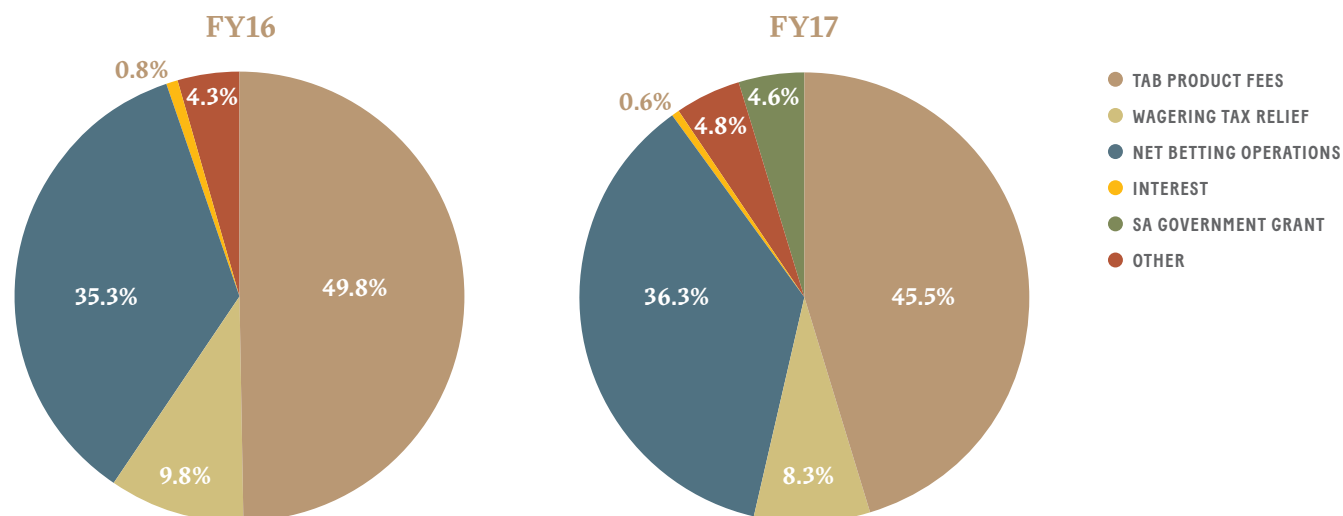
The chart below shows the Company's cash reserves and value of share holdings for FY15 through FY17 and the FY18 Budget.



	FY15	FY16	FY17	FY18 BUD
Cash	14,110,466	12,836,629	14,199,022	8,149,002
Shares	903,572	844,144	888,800	915,600
Loan	0	0	0	5,000,000
TOTAL	15,014,038	13,680,773	15,087,822	9,064,602

Revenue

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

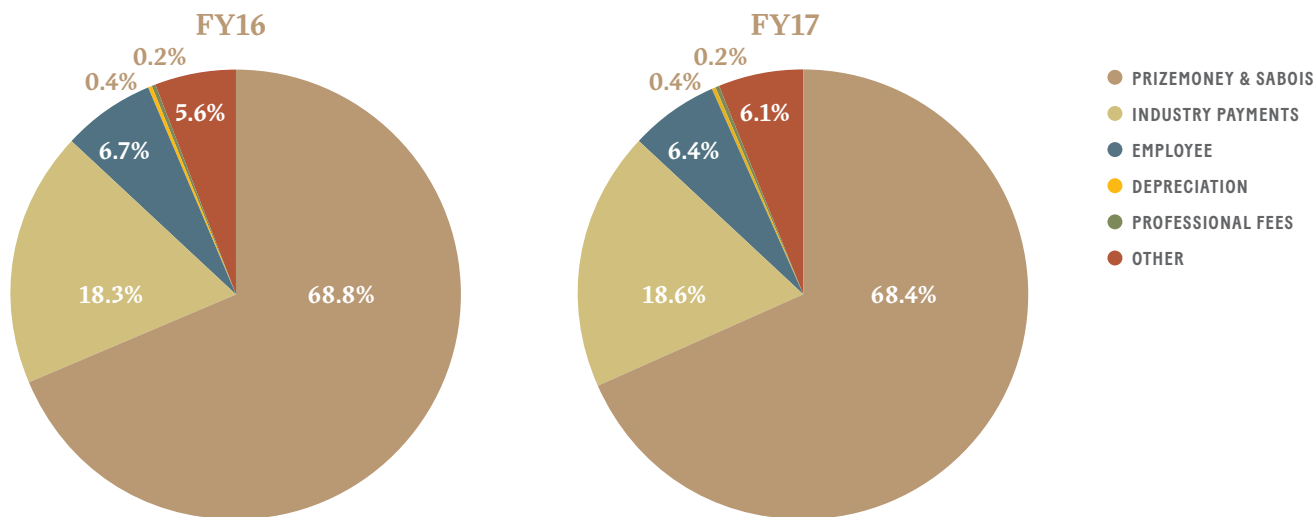


	FY16		FY17		CHANGE	
TAB Product Fees	27,359,360	49.8%	28,708,998	45.5%	1,349,638	4.9%
Wagering Tax Relief	5,366,273	9.8%	5,225,939	8.3%	(140,334)	-2.6%
Net Betting Operations	19,417,699	35.3%	22,945,127	36.3%	3,527,428	18.2%
Interest	429,200	0.8%	363,631	0.6%	(65,569)	-15.3%
SA Government Grant	-	-	3,000,000	4.8%	3,000,000	100%
Other	2,374,420	4.3%	2,887,860	4.6%	513,440	21.6%
TOTAL	54,946,952		63,131,555		8,184,603	14.9%

FY17 Net Betting Operation Contributions (BOC) is after deductions of \$7.40M (FY16 \$7.27M) relating to charges incurred by UBET SA from other States' racefields legislation (which is the equivalent of South Australia's BOC). Under the South Australian Racing Distribution Agreement, which 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.

Expenses

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



	FY16		FY17		CHANGE	
Prizemoney & SABOIS	37,860,035	68.8%	42,916,340	68.4%	5,056,305	13.4%
Industry Payments	10,044,302	18.3%	11,645,528	18.6%	1,601,226	15.9%
Employee	3,699,259	6.7%	4,004,158	6.4%	304,899	8.2%
Depreciation	194,991	0.4%	223,298	0.4%	28,307	14.5%
Professional Fees	88,740	0.2%	97,867	0.2%	9,127	10.3%
Other	3,102,785	5.6%	3,824,194	6.1%	721,409	23.3%
TOTAL	54,990,112		62,711,385		7,721,273	14.0%

The growth in BOC revenue represents the largest contributor towards our Revenue growth, with the net BOC revenue having increased \$3.527M (18.2%) to \$22.945M in FY17. This represents sustained growth, following increases of \$3.065M (18.7%) and \$6.079M (59.2%) in 2016 and 2015 respectively. The gross BOC generated by South Australian thoroughbred racing is \$30.346M, which is now close to that received from UBET SA (Product Fee and Wagering Tax) of \$33.934M. However due to the terms of the sale of the SA TAB in 2000, TRSA is required to reimburse UBET for the Race Fields they are required to

pay in other States, from wagering by their South Australian customers on those State's racing, which amounted to \$7401M in FY17.

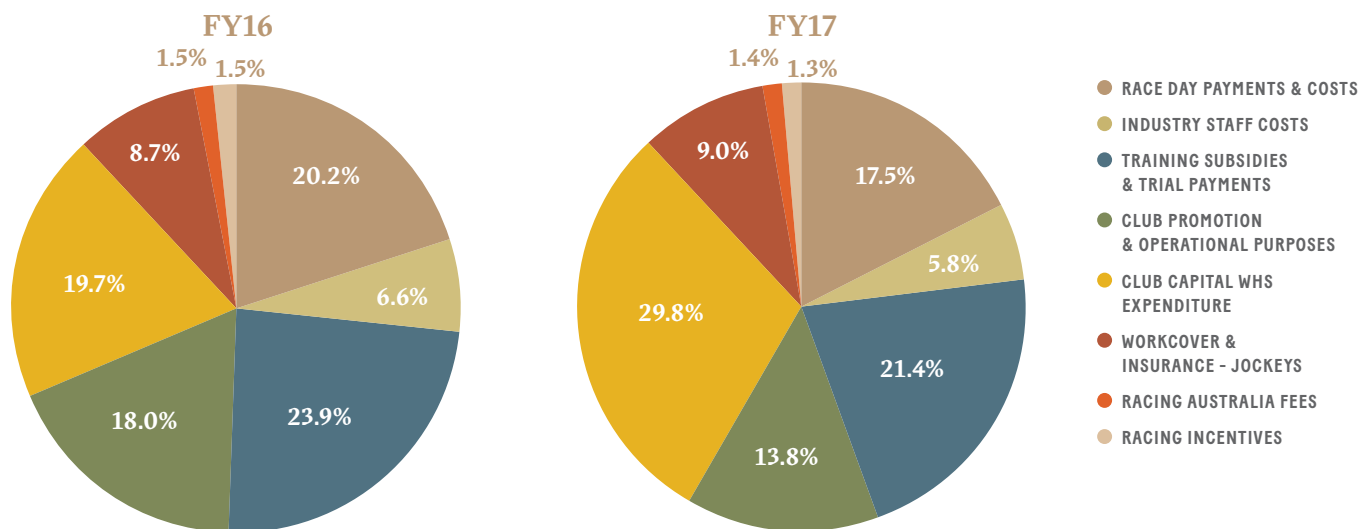
While the continued growth in revenue is an exciting positive for the South Australian racing industry, the TRSA Board is mindful of the challenges in balancing the funding distributions it provides, as it focuses on maximising returns to participants. Each 'group' of participants, whether they be owners, trainers, jockeys, breeders or the Clubs who maintain the venues and host the events, are faced with increasing costs and have pressing claims for

additional funding. A balance is necessary to ensure participation and investment by owners, while providing the appropriate level of racing and training facilities.

Overall direct funding to Clubs rose by \$1.378M (22.27%), the bulk of which was in Club Capital and WHS Expenditure. 67.98% of TRSA's Revenue was distributed by way of Prize Money, with Prize Money accounting for 68.40% of total Expenses, while 18.45% of Revenue was distributed by way of Industry Payments, up from 17.73% in FY16.

Industry Payments

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



	FY16		FY17		CHANGE	
Race Day Payments & Costs	2,025,149	20.2%	2,037,303	17.5%	12,154	0.6%
Industry Staff Costs	658,728	6.6%	673,545	5.8%	14,817	2.2%
Training Subsidies & Trial Payments	2,398,725	23.9%	2,487,850	21.4%	89,125	3.7%
Club Promotion & Operational purposes	1,807,908	18.0%	1,603,895	13.8%	(204,013)	-11.3%
Club Capital WHS Expenditure	1,981,665	19.7%	3,474,891	29.8%	1,493,226	75.4%
Workcover & Insurance - Jockeys	874,632	8.7%	1,047,965	9.0%	173,333	19.8%
Racing Australia Fees	148,152	1.5%	165,377	1.4%	17,225	11.6%
Racing Incentives	149,343	1.5%	154,972	1.3%	5,629	3.8%
TOTAL	10,044,302	100.0%	11,645,798	100.0%	1,601,496	15.94%

Prize Money Increases

Prize Money payments in FY17 rose by \$5.056M (13.4%) which included \$2.90M from additional State Government funding towards the Adelaide Racing Carnival. In January 2017 the State Government announced the provision of new funding for the South Australian thoroughbred racing industry, by way of \$3M per annum for each of 2017 and 2018, with \$2.90M utilised to boost prize money offered across the Adelaide Racing Carnival and the preceding three Saturdays at Morphettville. This led to South

Australia's first two \$1M races with both the Group 1 Darley Goodwood and Group 1 UBET Classic (Robert Sangster) run for \$1M. \$100K was allocated to marketing and promotion of the Carnival, matched dollar-for-dollar by TRSA.

The main changes with prize money levels in FY17 were:

- South Australia's first million dollar races
- Prize money for the three weeks of the Adelaide Racing Carnival (Adelaide's Festival of Racing) up \$2.2M (53%) with total of \$6.375M
- Minimum prize money of \$100K on the three Morphettville Saturdays prior to the Adelaide Festival of Racing
- Ratings Races at Metropolitan race meetings increased to \$42K
- Implementation of the increases to \$15K for all Non-Maiden and \$12K for Maiden events at Thursday, Friday and Sunday Provincial race meetings (Wednesdays had been increased in 2016)
- Increase to \$11K for Non-Maidens and \$9K for Maidens at Country race meetings.



EGG TART | 2017 Schweppes Oaks
TRAINER: Chris Waller | JOCKEY: Kerrin McEvoy
PHOTO: Atkins Photography

The Year's Highlights

The year under review saw three outstanding announcements which I believe will prove to be key contributors to the growth and progress of the thoroughbred racing industry in South Australia, being the:

- State Government announcement of a funding boost of \$6M over two years towards the Adelaide Festival of Racing.
- Conclusion of a new Media Rights Agreement with Racing.com.
- Provision of a \$5M loan by the State Government to enable the completion of the new Murray Bridge Racecourse (comment in Chairman's Report).

STATE GOVERNMENT FUNDING

Friday 13 January 2017 was certainly not a "Black Friday" for the South Australian thoroughbred racing industry, with the Minister for Racing, the Hon Leon Bignell's announcement that day that following support from the State Treasurer, the Hon Tom Koutsantonis, the State Government would be providing a funding injection of \$3M for each of 2017 and 2018 towards boosting prize money at South Australia's major racing carnival, the Adelaide Festival of Racing at Morphettville in April and May. This funding boost provided for South Australia's first million dollar races, with the prize money for both the Group 1 Darley Goodwood and the Group 1 UBET Classic (Sangster) increased to \$1M. While the State's first million dollar races were the "headlines" of the funding announcement, the funding boost enabled TRSA to provide minimum prize money of \$100K per race for six Saturdays at Morphettville, the three Saturdays of the Carnival itself as well as the preceding three Saturdays at Morphettville.

Having joined the "Millionaires Club", the challenge for TRSA and the South Australian thoroughbred industry is to build on the outstanding achievements of 2017, to drive participation in our industry and visitation and tourism for Adelaide and the State, to in turn encourage ongoing support by the State Government.

Key highlights of the Carnival were

\$9.12M

in prize money over the six week period

\$6.375M

in prize money across the Adelaide Festival of Racing, up

\$2.2M (+53%)

9%

increase in Starters across the six week period

Wagering by interstate TABs up

10.5%

in April-May

Wagering by Non TAB interstate operators up

57.3%

in April-May

Even with increased interstate participation, excluding the Group 1 races, South Australian trained horses won;

48%

of prize money across the six week period

60%

of prize money in non Black Type races, and

52%

of prize money in Black Type races.

MEDIA RIGHTS AGREEMENT – RACING.COM

After almost ten months of negotiations, on 2 June 2017 TRSA announced it had concluded a new multi million dollar media rights agreement with Racing.com, which is a joint venture between the Victorian racing industry and Seven West Media, covering our Domestic (including digital) and International rights. The TRSA Board considers the partnership with Racing.com and thus Victorian racing, will provide an excellent platform to promote and grow the South Australian thoroughbred racing industry, leading to increased returns to participants, participant growth and investment in our industry, and the resultant increased employment opportunities.

While significant growth had been achieved during our nine year exclusive agreement with Sky Channel, with the increased coverage of interstate racing, TRSA did not believe there was the same scope for growth with a new exclusive arrangement with Sky, nor could Sky provide the free-to-air exposure provided by the Racing.com model. As we as an industry look to grow our customer base, and grow our relevance within the wider community, exposure for racing on free-to-view television is vital, as is provided through Seven West Media's Channels 68, 78 and Freeview.

Of course remaining on the Sky 'wall to wall' wagering channel was an extremely important factor during our robust negotiations over our media rights, and TRSA's position was always that South Australian thoroughbred racing must remain on the main Sky channel, as it had been for the past nine years. This was ultimately achieved with Racing.com agreeing as a result of our negotiation to sub-licence South Australian thoroughbred racing rights to Sky, and Sky agreeing to continue screening our racing on their premier 'wall to wall' racing channel, Sky 1.



ANNUS MIRABILIS | 2017 UBET Adelaide Cup
TRAINER: Stuart Webb | JOCKEY: Regan Bayliss
PHOTO: Meaghan Coles

The key aspects of TRSA's media rights agreement with Racing.com includes:

- 7 year agreement covering Domestic, Digital and International rights.
- Domestic and Digital rights commenced 1 August 2017 and International rights (in association with the Melbourne Racing Club) commence March 2018.
- Free-to-air coverage via Channels 68, 78 and Freeview.
- Expanded digital coverage on Racing.com and Seven West Media's various platforms.
- Wider digital distribution to wagering service providers who currently drive TRSA's revenue growth.
- Enhanced programming, previews, editorial and background coverage of South Australian racing on Racing.com's programmes and platforms.
- On-course hosting and dedicated full-time South Australian based talent.

South Australian Thoroughbred Racing Industry Awards

There were some outstanding achievements by South Australian participants in the 2016/17 season, and I congratulate all of the Award winners, with a full list of each category winner included at the conclusion of my report.

In the jockeys' ranks, Jamie Kah and our female riders dominated, with Jamie taking out the SA Provincial and Country Jockey of the Year, Metropolitan Jockey of the Year and SA Jockey of the Year Awards. With her outstanding year Jamie set a new national record for the number of wins by a female rider in a season, recording 130 wins. Reinforcing the strength of our female riders in South Australia, Clare Lindop and Emily Finnegan finished 2nd and 3rd on the Metropolitan jockeys' table. Jamie's efforts were further recognised when she took out the prestigious John Letts Medal by a wide margin, the third time she has done so in the past five seasons.

The Tony McEvoy trained Hey Doc, won the SA Champion Racehorse of the Year Award, with his season's achievements highlighted by his win in the Group 1 Australian Guineas, following his wins in the Group 2 Stutt Stakes and Group 3 CS Hayes Stakes, along with placings in the Group 1 Caulfield Guineas and Group 3 Manfred Stakes.

Congratulations to all, and we now look forward to an exciting 2017/18 racing season.

Conclusion

The racing industry in South Australia faces a number of challenges as we look to increase returns for participants, to encouraging new participants to enter the industry, while at the same time also encouraging increased investment by existing participants (eg closing the gap between the costs and the returns). We are of course not alone in this regard, with such being a common theme in other States. Thankfully we have once again achieved significant revenue growth, and as I have stated, we believe we now have an even better platform to grow revenue further.

However it must always be highlighted that 90.1% of our revenue is derived from wagering, a high exposure to a single income source. The growing contribution by interstate wagering operators and their customers on South Australian racing improves that position as our revenue source is spread over a greater population base. However that also drives the need to ensure that our racing remains attractive to interstate customers. We believe that the Racing.com partnership will greatly assist with this.

As I have noted previously the expectations of our existing and potential new customers is far greater today, as we are compared to other sports and entertainment options. To meet the required standards of vision, integrity and welfare not only expected, but demanded by the wider community, comes at a cost in meeting those production

and compliance expectations. We have, and will continue to focus on integrity matters, a key cornerstone of the racing industry. We have increased raceday and both in and out of competition testing and stable inspections, while also increasing resources within the Stewards' Department. Our investment in integrity matters increased by over \$250K in FY17.

The racing industry continues to be a point of focus and scrutiny by animal welfare and activist organisations. The industry has taken significant steps in focussing on welfare matters, and continues to do so. The challenge is to communicate to the wider community that no-one is more supportive of and focussed on the need for horse welfare than the racing industry itself.

In conclusion, I once again thank TRSA's staff for their continued contributions and efforts towards the success of, and maintaining the integrity of racing in our State. We work with a relatively small team striving to maximise returns for South Australian racing as we implement the policies of the Board.

I thank all participants across the State for their support, efforts and participation, including; Club Committees and volunteers, Trainers, Owners, Jockeys and Breeders. Thank you for all of your contributions as we strive to make the South Australian thoroughbred racing industry even more successful.



JIM WATTERS
CHIEF EXECUTIVE OFFICER

2016/17 Racing Statistics

(1 August 2016 To 31 July 2017)

NUMBER OF MEETINGS CONDUCTED	2016/17	2015/16	2014/15	2013/14
Metropolitan	59	61	60	61
Provincial/Country	116	115	119	110
Non TAB	7	9	9	11
TOTAL	182	185	188	182

NUMBER OF RACES CONDUCTED	2016/17	2015/16	2014/15	2013/14
Metropolitan	481	496	496	498
Provincial/Country	916	913	925	874
Non TAB	38	52	52	45
TOTAL	1,435	1,461	1,473	1,417



ANNUS MIRABILIS | 2017 UBET Adelaide Cup
 TRAINER: Stuart Webb | JOCKEY: Regan Bayliss
 PHOTO: Atkins Photography

Racing Snapshot - 2016/17 Premierships

(1 August 2016 To 31 July 2017)

METROPOLITAN TRAINER	WINS
Leon Macdonald / Andrew Gluyas	49
Phillip Stokes	38
Tony McEvoy	29

METROPOLITAN JOCKEY	WINS
Jamie Kah	53
Clare Lindop	43
Emily Finnegan	33

METROPOLITAN APPRENTICES	WINS
Emily Finnegan	33
Matthew Poon	29
Eran Boyd	16

STATE TRAINER	WINS
Phillip Stokes	72
Leon Macdonald / Andrew Gluyas	70
Tony McEvoy	47

STATE JOCKEY	WINS
Jamie Kah	129
Matthew Poon	65
Clare Lindop	65

STATE APPRENTICE	WINS
Matthew Poon	65
Emily Finnegan	65
Justin Huxtable	46

PROVINCIAL & COUNTRY TRAINER	WINS
Phillip Stokes	34
Darryl Corrison	27
Sue Jaensch	22

PROVINCIAL & COUNTRY JOCKEY	WINS
Jamie Kah	76
Justin Potter	49
Justin Huxtable	46

PROVINCIAL & COUNTRY APPRENTICE	WINS
Justin Huxtable	46
Brandon Griffiths	37
Matthew Poon	36

JUMPS TRAINER	WINS
Patrick Payne	4
Eric Musgrove	3
Shayne Oxlade	2

JUMPS JOCKEY	WINS
Darryl Horner (Jnr)	4
Paul Hamblin	3
Richard Jolly	2



SA Thoroughbred Racing Industry Awards 2016/17

AWARD	WINNER
E.J. Mooney Medal for South Australian Jumps Jockey of the Year	Darryl Horner (Jnr)
South Australian Jumps Trainer of the Year	Patrick Payne
Caitlin Forrest South Australian Provincial and Country Apprentice of the Year	Justin Huxtable
UBET SA Metropolitan Apprentice of the Year	Emily Finnegan
Leon Macdonald Award for South Australian Apprentice of the Year	Emily Finnegan
Evrigh.com South Australian Most Consistent Racehorse	Have Another Glass
Most Outstanding Achievement Award by an Individual	Cycling for Simone
Most Outstanding Achievement by a Club	Gawler & Barossa Jockey Club
UBET South Australian Provincial and Country Jockey of the Year	Jamie Kah
UBET South Australian Provincial and Country Trainer of the Year	Phillip Stokes
South Australian Metropolitan Trainer of the Year	Leon Macdonald & Andrew Gluyas
South Australian Jockey of the Year	Jamie Kah
2016-17 Media - Best Racing Story	Ben Scadden & Lincoln Moore
2016-17 Media - Best Racing Picture	Jenny Barnes
Glennon-Johnson Award for 2016/17 South Australian Metropolitan Jockey of the Year	Jamie Kah
CS Hayes Award for 2016/17 South Australian Trainer of the Year	Leon Macdonald & Andrew Gluyas
2016/17 John Letts Medal	Jamie Kah
Festival Hire 2016/17 South Australian Champion Racehorse of the Year	Hey Doc

Hall Of Fame Inductions

Jockey	Kerrin McEvoy
Horse	Manihi

Chairman Of Stewards' Report



JOHAN PETZER
CHAIRMAN OF STEWARDS

I am pleased to report and reflect on the 2016/17 racing season. Every racing season provides its own unique challenges and the racing season under review certainly did. The Stewards' Department is tasked with managing and maintaining integrity in the industry. The Department's objective was to provide, to the extent possible, consistent, balanced and strong integrity leadership to the industry and, as in previous seasons, we trust we have done justice in this regard. The Department performed their functions professionally and with dedication.

Stewards' Department

FUNCTIONS

The Department provided services in respect of race day, and non-race day activity, which included officiating at race meetings, official trials, approval to race jump-outs, and attending track work. The Department conducted a number of major inquiries and investigations, and applied varying strategies in relation to sampling activity in respect of both horses and participants. In addition, the Department monitored wagering activities, conducted stable inspections and represented Thoroughbred Racing SA (TRSA) at matters before the Racing Appeals Tribunal.

The Department also had responsibility for licensing and veterinary services, the functions of Deputy Registrar of Racehorses, acted as

Lead Regulator in relation to the syndication of racehorses in South Australia, managed the Apprentice Academy and facilitated the functions of the Jumps Review Panel.

International Partnerships

In my annual report of 2016 I provided some detail of TRSA's establishment of partnership arrangements with overseas racing jurisdictions (the Hong Kong Jockey Club (HKJC) and the Singapore Turf Club (STC)) in respect of the development and training of apprentice jockeys based in those jurisdictions. HKJC Apprentice Jockey, Matthew Poon, who was in the care of local trainer, Richard Jolly, performed exceptionally well during his stay in South Australia and rode at his last race meeting on Adelaide Cup day on Monday, 13 March 2017. Matthew, who was admired and respected by all in the industry, returned to Hong Kong and has performed very well in his first part-season in that highly competitive jurisdiction.

Following Matthew's return to Hong Kong, TRSA was entrusted with another HKJC apprentice, Victor Wong. Victor, who started his training in Australia in Tasmania, rode at his first race meeting in South Australia at the Kangaroo Island race meeting on 28 January 2017, and has ridden in 296 races in South Australia up to and including 9 September. In June this year, TRSA Chief Operating Officer, Nick Redin and I visited the HKJC and met with representatives of the HKJC Management to discuss further training opportunities for young aspiring apprentice jockeys and trackwork riders engaged with the HKJC. I am pleased to report that our proposals were well received and our engagement with the HKJC has since resulted in three trackwork riders being assigned to trainers in South Australia for a period of three months. In addition, it is highly likely that at least one but possibly two HKJC apprentice jockeys will also be placed with trainers in South Australia in the near future.

Prohibited Substances (Horse)

COBALT AND ARSENIC

The Department continued to test for Cobalt as part of the routine screening of urine and blood samples. The local industry recorded its first Cobalt positive in March 2017 when a blood sample taken from a horse disclosed the presence of Cobalt, above the threshold for Cobalt in plasma (25µg/L), at a level of 31µg/L. The horse was disqualified and the trainer was suspended for a period of six months which was reduced to four months on appeal. The Department also dealt with no less than six cases which involved the substance Arsenic being disclosed in samples taken from horses at a level above the threshold of 0.3mg/L in urine. Five of those cases were concluded in August 2017. In all five cases the horses concerned were disqualified, however, the trainers concerned were convicted under the presentation (strict liability) rule but were not penalised. In making these determinations Stewards had regard for the findings of a recent study in Australia, which concluded that it is possible that Arsenic levels in horse urine may be elevated following the ingestion by a horse of Chromated Copper Arsenate (CCA) treated pine timber. There was a delay in dealing with all these cases as the Department was obliged to await the outcome of the study referred to above. A notice was subsequently issued to all participants in respect of Arsenic and the findings of the study.

In addition to the Cobalt and Arsenic matters, the Department also dealt with four other prohibited substance matters. The prohibited substances detected in these cases were; Dexamethasone, Methamphetamine, Phenylbutasone & Oxyphenbutasone, and Triamcinolone Acetonide. In total, for the season under review, there were nine prohibited substance matters reported.



SECRET AGENDA | 2017 \$1M UBET Classic (Robert Sangster Stakes)
TRAINER: Mick Price | JOCKEY: Damien Oliver
PHOTO: Meaghan Coles

SWABBING - HORSE SAMPLES TESTED DURING THE YEAR:

SAMPLE TYPE	2016/17	2015/16	2014/15
Post-race urine / blood samples	1485	1453	1457
Pre-race blood samples (TCO ₂)	1031	1193	1477
Post-race blood samples (TCO ₂)	5	10	1
Pre-race blood / urine samples	281	13	20
Post-trial urine samples	1	5	4
Non-Race Day samples	69	10	44
TOTAL SAMPLES	2872	2687	3007
NUMBER OF POSITIVE TESTS	9	3	4

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.

Banned Substances (Human)

The importance of testing racing participants for the presence of banned substances remains one of the core focus activities of the Department. The sampling activity for the past three racing seasons are detailed in the table below;

SAMPLE TYPE	2016/17	2015/16	2014/15	AVERAGE
Number of Samples (Urine)	83	84	85	84
Number of Samples (Breathalyser)	269	151	204	208
TOTAL NUMBER OF SAMPLES	352	235	289	292
NUMBER OF POSITIVES	13	3	5	7

Medical Panel

The TRSA Medical Panel provided advice and services to the Stewards' Department and remains a critical resource for the Department. The Panel comprised Dr. Stephen Kennett and Dr. Terry Hodgson. Dr. Kennett conducted the baseline concussion tests for Jockeys and Apprentice Jockeys, which is an important measure to ensure the safe return of riders after concussion related injury.

Racemeeting, disciplinary and related matters

There were 65 Careless Riding and 2 Reckless Riding charges (total of 67 riding related offences) issued which resulted in a suspension of licence to ride in races compared with 58 suspensions of licence the previous season. This represents a 16% increase on the previous year. The average number of suspensions over the past 14 racing seasons was 54. The Department remains vigilant to ensure riders ride in a competitive but safe manner. In addition, Stewards conducted 23 significant investigations/ inquiries into breaches of the Rules.

The Department conducted race day and non-race day 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.

LITTLE AKIE | 2016 Advertiser Newspapers Balaklava Cup
TRAINER: Brian Mueller | JOCKEY: Jason Holder
PHOTO: Meaghan Coles



Licensing & Registration:

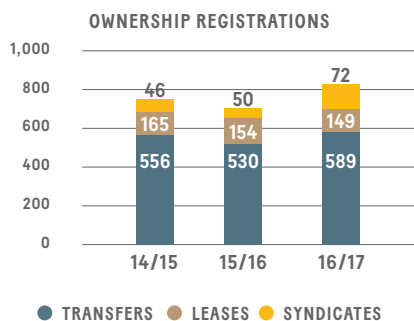
The following licences/registrations were processed by the Department –

LICENCED /REGISTRATION TYPE	2016/17	2015/16	2014/15
Trainers	315	311	313
Jockeys	36	30	40
Apprentices	17	17	19
Interstate Jockeys	62	69	65
Interstate Apprentices	19	22	28
Stablehands	474	495	517
Stablehands/ Trackwork Riders	173	198	174
TOTAL	1096	1142	1156

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 –



Veterinary Services

The veterinary services were managed by Dr. Peter Horridge – TRSA Industry Veterinarian. His substantial experience as a veterinarian, longstanding involvement in the racing industry and professional collaboration with external third party veterinarians who perform valuable work

at a number of race meetings, ensured the highest standards of veterinary services at all racetracks in the State. The Department acknowledges those veterinary surgeons who regularly assisted Dr. Horridge in the Metropolitan area, in particular veterinarians from the Morphettville Equine Clinic and Dr. Roger Haensel. Dr. Horridge represented TRSA at meetings of the Veterinary and Analysts Committee (VAC), a committee of Racing Australia. He also provided advice to the industry on veterinary and equine welfare matters, and in addition provided expert evidence at Stewards' inquiries. It should be noted that Dr. Horridge also provided this service (evidence at Stewards' inquiries) to the Tasmanian Racing Industry.

Jumps Review Panel

The Jumps Review Panel (JRP) monitored and assessed all relevant aspects relating to jumps racing in South Australia and members of the JRP were present at all race meetings which included jumping events, and all races were reviewed. The JRP also prepared a report on each jumping race after review and published the report on the TRSA website. Regular consultation occurred with Racing Victoria Limited's Jumps Review Panel on relevant matters. The work performed by the JRP provided valuable assistance to the industry.

Apprentice Academy

Matthew Poon was named Dux of the Apprentice Academy at the Annual Apprentice Academy Awards evening and was a worthy winner of this award. As part of being named the Dux, and despite having relocated back to Hong Kong, Matthew rode in Singapore during the Hong Kong off season and his riding talent gathered strong support in Singapore in a very short space of time, and he soon became very popular. TRSA expresses their gratitude to UBET, and in particular to Tony Flanagan – UBET General Manager, South Australia, for their generous and longstanding sponsorship of the award, and also acknowledges the Singapore Turf Club for their continued and valued support in this regard over many years. The Academy had 24 apprentices enrolled, with five being granted permission to ride in races for the first time in the 2016/17 season and three completing their apprenticeships. Attendance at the Academy on Tuesdays remains mandatory, and additional riding skills sessions with smaller groups are conducted on a regular basis. During the season TafeSA vacated their offices at the Morphettville Horse Skills Centre, however, they still continued to deliver the Certificate IV in Racing (Jockey), which benefitted the industry. A general decline in the demand for some of the racing related courses, traditionally delivered by TafeSA, resulted in TafeSA scaling back their delivery of courses in the industry. While this development was not ideal for the industry, the industry will take the opportunity and face the challenges to meet the demand in this area. TRSA also competed in the annual National Apprentice Series, with South Australia's heat conducted at Murray Bridge.

Liaisons and Contacts

The Department liaised with a number of organisations and/or stakeholders on relevant matters, including various State and National bodies, Racing Australia, and remained an active participant on the National Chairmen of Stewards Committee and the Veterinary and Analysts Committee.

Appreciation

I 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 and deliver our services. I also thank and acknowledge Bill Forrester, TRSA Training Supervisor, who retired earlier this year for his loyal and dedicated service to the industry. Bill served the industry in South Australia with distinction for 25 years, initially as a Steward, and thereafter for 12 years as the Training Supervisor. Bill was respected by all in the industry and was very passionate about developing young apprentice jockeys. We wish Bill all the very best in his retirement. TRSA was fortunate to find an excellent replacement for Bill with the appointment of Briony Moore. Briony has been involved in the industry for 20 years, rode as a jockey for 6 years and is dedicated and passionate about industry participant development and we welcome her to the team. Finally, I also thank TRSA senior management and the Board of TRSA for their support. Their dedication to ensure adequate resources are allocated to the integrity functions performed by the Department is appreciated and valued.



JOHAN. C. PETZER
CHAIRMAN OF STEWARDS



SANDHILL WARRIOR | 2016 Carlton Draught Murray Bridge Gold Cup
TRAINER: Sam Turner | JOCKEY: Paul Gatt
PHOTO: Atkins Photography



KINGS PARDON | 2016 Schweppes Gawler Cup
TRAINER: Marilyn Smith | JOCKEY: Damien Thornton
PHOTO: Atkins Photography

2017 FINANCIAL REPORT

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THOROUGHBRED RACING S.A. LIMITED ABN 25 094 475 939
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AMELIES STAR | 2017 Hughes Limousines Queen of the South Stakes
TRAINER: Darren Weir | JOCKEY: Damien Lane
PHOTO: 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 2017 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. Frances is a member of the South Australian Jockey Club Inc and the Oakbank Racing Club Inc.</p> <p>Chairperson - Race Dates Committee · Chairperson - Jumps Committee 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. Simon is a member of the Oakbank Racing Club Inc.</p> <p>Member - Race Dates Committee · Member - Finance Committee</p>
<p>Mr David Rasheed BA (ACC), CA, CTA</p>	<p>David is a chartered accountant and is Chairman of Partners of Tilbrook Rasheed Chartered Accountants. He is involved in the industry as an owner and breeder and has served on the Board of the South Australian Jockey Club. He holds board positions on a number of privately owned companies.</p> <p>David is a member of the South Australian Jockey Club Inc.</p> <p>Chairman - Finance Committee · Member - Race Dates Committee</p>
<p>Mr 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. 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. Retired October 2016.</p>
<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 Retired October 2016.</p>

Morphettville



VOLATILE MIX | 2017 UBET South Australian Derby
TRAINER: Darren Weir | JOCKEY: John Allen
PHOTO: Meaghan Coles

Directors continued:

NAME AND QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr Warrick Duthy	Warrick has a Bachelor of Business (Marketing) Uni SA and is a Graduate of the Australian Institute of Company Directors. He has a 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. 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. Chair - Marketing Committee · Member - Remuneration Committee. Retired October 2016
Mr Grant Harrison	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. Member - Finance Committee · Member - Race dates Committee.
Mrs Judith Jones	Judith currently consults to Local Government in South Australia, specialising in Acting Chief Executive Officer roles and governance. She has significant experience in the racing industry and was Chairperson of the Gawler and Barossa Jockey Club for five years and a member of the South Australian Racing Clubs Council for four and a half years. Was a joint proprietor of a large education and pretraining centre for thoroughbreds, and breeds and races thoroughbreds. She was previously Chief Executive Officer of The Barossa Council for ten years, acting Chief Executive Officer for a number of Councils as well as the East Waste Management Authority, and a Board member of Zero Waste SA. Member - Race Dates Committee. Appointed October 2016.
Mr Iain Evans	Iain is a former Racing Minister and worked with Racing to abolish the Government Racing Boards and establish Industry based Boards. He served in the State Parliament for 21 years including 5 years as a Minister. He was Leader and Deputy Leader of the Opposition. Prior to politics he operated a family retail and building business. He now works as a Company Director and is Chair of Lenswood Cold Stores Co-operative Ltd and on the Citrus Australia Board. Member – Marketing Committee. Appointed October 2016.
Mr Steve Kelton	Steve joined TRSA having served 6 years as a Board member of the SAJC. The Kelton family has been closely involved with racing for more than 70 years. Steve's background is in the executive management of education and training. He works part time as a consultant specializing in leadership development and change management. He is active in Vinnies and as a member of State Council provides leadership and coordination in the Southern Region. He is a Justice of the Peace working in Courts and in the community. Member – Race Dates Committee. Appointed October 2016.

Company Secretary:

At the end of the financial year was Mr Nicholas Redin BSc (Acc). Nick is the Chief Operating Officer of Thoroughbred Racing SA Ltd.

USTINOV'S FURY | 2017 MGA Insurance Brokers Port Lincoln Cup
TRAINER: Shane Oxlade | JOCKEY: Justin Potter
PHOTO: Meaghan Coles



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 funding distribution, 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, both domestic and international, 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 surplus for the year was \$420,170.

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:

- Commence free to air broadcast and wider digital distribution to wagering operators, with racing.com, whilst maintaining the same level of coverage on Sky Racing.
- 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.
- Further develop and grow the Adelaide Festival of Racing Carnival, following the \$3M funding boost by the State Government, for 2 years, towards prize money and marketing/promotion, which lead to South Australia's first \$1M races in May 2017.
- 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.
- Oversee the redevelopment of the Mt Gambier racecourse following the successful application for a Federal Government Grant under the Building Better Region Funds
- 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 Frances Nelson QC	12	1		1	1
Mr David Rasheed	12	2		1	
Mr Simon Ward	11			1	
Mr Ken Smith AM [#]	4				
Ms Catherine Cooper [#]	2	1			
Mr Warrick Duthy	4		1		
Mr Grant Harrison	12	2	3		
Mrs Judith Jones [*]	7			1	
Mr Iain Evans [*]	8		1		
Mr Steve Kelton [*]	8			1	
TOTAL MEETINGS HELD	12	2	3	1	1

[#] Only eligible to attend four (4) Board meetings ^{*} Only eligible to attend eight (8) Board meetings

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 9 and forms part of the directors' report for the financial year ended 30th June 2017.

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 25th day of August 2017.

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 2017, 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 25th day of August, 2017.

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Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

		2017	2016
	NOTE	\$	\$
Revenue	2	62,731,486	54,481,114
Financial income	3	400,069	465,838
Prizemoney & Unplaced Subsidies		(41,426,989)	(36,432,310)
SABOIS Bonuses		(1,489,350)	(1,427,725)
Industry payments	4(a)	(11,325,179)	(9,746,807)
Employee expenses		(4,004,158)	(3,699,259)
Depreciation expense		(223,298)	(194,991)
Legal & Professional Fees		(97,868)	(88,740)
Other expenses	4(b)	(4,144,543)	(3,400,280)
NET SURPLUS/ (DEFICIT) FROM OPERATING ACTIVITIES		420,170	(43,160)
OTHER COMPREHENSIVE INCOME:			
Net fair value gain on re-measurement of investments in equity securities available-for-sale		44,656	(59,428)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		464,826	(102,588)

The accompanying notes form part of these financial statements.



USTINOV'S FURY | 2017 UBET Strathalbyn Cup
 TRAINER: Shane Oxlade | JOCKEY: Justin Potter
 PHOTO: Atkins Photography

Statement of Financial Position

	NOTE	2017 \$	2016 \$
ASSETS: CURRENT ASSETS			
Cash and cash equivalents	5	14,199,022	12,836,629
Trade and other receivables	6	5,727,634	6,086,582
Other assets	7	188,895	311,037
TOTAL CURRENT ASSETS		20,115,551	19,234,248
NON-CURRENT ASSETS			
Plant and equipment	8	950,861	927,677
Financial assets - Investments	9	1,343,437	1,298,781
TOTAL NON-CURRENT ASSETS		2,294,298	2,226,458
TOTAL ASSETS		22,409,849	21,460,706
LIABILITIES: CURRENT LIABILITIES			
Trade and other payables	10	3,081,288	2,172,974
Provisions	11	624,856	566,668
Other liabilities	12	393,886	649,519
TOTAL CURRENT LIABILITIES		4,100,030	3,389,161
NON-CURRENT LIABILITIES			
Provisions	11	33,589	118,698
Other liabilities	12	193,100	334,543
TOTAL NON-CURRENT LIABILITIES		226,689	453,241
TOTAL LIABILITIES		4,326,719	3,842,402
NET ASSETS		18,083,130	17,618,304
EQUITY			
Reserves	13	310,783	266,127
Retained profits		17,772,347	17,352,177
TOTAL EQUITY		18,083,130	17,618,304

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

	FINANCIAL ASSET RESERVE	RETAINED PROFITS	TOTAL
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
Net surplus for the year	-	420,170	420,170
Other Comprehensive Income for the year	44,656	-	44,656
BALANCE AS AT 30 JUNE 2017	310,783	17,772,347	18,083,130

The accompanying notes form part of these financial statements.



SURVIVED | 2017 Scott Group of Companies Mount Gambier Gold Cup
 TRAINER: Archie Alexander | JOCKEY: Dean Holland
 PHOTO: Todd's Photographics

Statement of Cash Flows

		2017	2016
	NOTE	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations		68,882,753	59,148,313
Payments in the course of operations		(67,718,603)	(61,048,279)
Interest received		363,631	429,200
Dividends received		36,438	36,638
Loans from / (to) clubs		44,656	390,202
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	14	1,608,875	(1,043,926)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of plant and equipment		-	762
Payments for plant and equipment		(246,482)	(230,673)
NET CASH (USED IN) INVESTING ACTIVITIES		(246,482)	(229,911)
NET INCREASE / (DECREASE) IN CASH HELD		1,362,393	(1,273,837)
Cash and cash equivalents at the beginning of the financial year		12,836,629	14,110,466
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5	14,199,022	12,836,629

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

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 25 August 2017.

(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.

(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 as "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. 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 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.

2. Revenue

	2017	2016
	\$	\$
TAB Product Fees and Wagering Tax Relief	33,934,937	32,725,633
South Australian Government Grant	3,000,000	-
Screening & International Rights	1,685,608	1,423,391
SABOIS subscriptions	305,267	286,867
Registration fees	213,572	212,879
Publications	80,059	88,324
Other	566,916	326,321
	39,786,359	35,063,415
Gross Betting Operations Contributions	30,345,897	26,691,244
Less: Interstate Race Field Fees Paid	(7,400,770)	(7,273,545)
Net Betting Operations Contributions	22,945,127	19,417,699
TOTAL REVENUE	62,731,486	54,481,114

TAB product fees for 2016 are recognised net of the SA Government tax commonly referred to as Clawback. Clawback ceased on 30 June 2016 and there is no impact on revenue for 2017. The effect of this tax has been to reduce revenue by \$2,137,545 for the year ended 30 June 2016.

During the course of the year, the Company received a grant from the SA Government totalling \$3,000,000, (2016: \$0) towards the marketing and prizemoney for the Adelaide Festival of Racing.

3. Financial Income

Interest income	363,631	429,200
Dividend income	36,438	36,638
TOTAL FINANCIAL INCOME	400,069	465,838

4. Expenditure	2017	2016
(A) INDUSTRY PAYMENTS	\$	\$
Training Grants and Raceday Usage payments	2,487,580	2,398,725
Race Day Payments & Costs	2,037,303	2,025,149
Club Promotion and Operational purposes	1,603,895	1,807,908
Club Capital Expenditure	3,474,891	1,981,665
Workcover & Insurance - Jockeys	1,047,965	874,632
Industry Staff Costs	673,545	658,728
TOTAL INDUSTRY PAYMENTS	11,325,179	9,746,807
(B) OTHER EXPENSES		
Advertising & Marketing	1,319,869	770,860
Marketing Professional Fees	146,993	105,784
Publication Expenses	315,675	339,791
Swab & Veterinary Supplies	467,665	361,042
Other	1,894,341	1,822,803
TOTAL OTHER EXPENSES	4,144,543	3,400,280
(C) AUDITOR REMUNERATION		
Remuneration of the auditor of the Company for:		
AUDIT OF THE FINANCIAL REPORT	16,900	16,450

5. Cash and cash equivalents

	2017	2016
CURRENT	\$	\$
Cash at bank and on hand	13,935,975	12,169,414
Short-term bank deposits	263,047	667,215
	14,199,022	12,836,629

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 2017 is \$591,703 (2016: \$1,049,353). 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	14,199,022	12,836,629
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6. Trade and other receivables

CURRENT		
Trade receivables	2,620,127	2,317,390
Other receivables	1,780,589	2,398,228
Loans to Thoroughbred Racing Clubs - secured	1,326,918	1,370,964
	5,727,634	6,086,582

7. Other assets

CURRENT		
Prepayments	188,895	311,037
	188,895	311,037

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 2017 are \$110,180 (2016: \$240,040).

8. Plant and equipment

	2017	2016
	\$	\$
NON-CURRENT		
Plant and equipment - at cost	3,839,742	3,593,634
Less: accumulated depreciation	(2,888,881)	(2,665,957)
TOTAL PLANT AND EQUIPMENT	950,861	927,677

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	927,677	892,756
Additions at cost	246,482	230,673
Disposals - written-down value	-	(762)
Depreciation expense	(223,298)	(194,991)
CARRYING AMOUNT AT END OF YEAR	950,861	927,676

9. Financial assets - Investments

NON-CURRENT

Investment in Racing Australia Pty Ltd	454,637	454,637
Available-for-sale financial assets		
Listed equity securities available for sale	888,800	844,144
	1,343,437	1,298,781

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 2017.

10. Trade and other payables

CURRENT

Trade payables	755,031	621,749
Other payables and accruals	2,326,257	1,551,225
	3,081,288	2,172,974

11. Provisions

	2017	2016
	\$	\$
CURRENT		
Employee benefits - annual leave	224,808	213,838
Employee benefits - long service leave	400,048	352,830
	624,856	566,668
NON-CURRENT		
Employee benefits - long service leave	33,589	118,698
	33,589	118,698
TOTAL PROVISIONS	658,445	685,366
Opening balance at 1 July 2016	685,366	629,630
Net provisions movement during the year	(26,921)	55,736
BALANCE AT 30 JUNE 2017	658,445	685,366

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	393,886	649,519
	393,886	649,519
NON-CURRENT		
Income received in advance	193,100	334,543
	193,100	334,543
TOTAL OTHER LIABILITIES	586,986	984,062

13. Reserve

	2017	2016
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 / (DEFICIT) FOR THE YEAR TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net surplus / (deficit) for the year	420,170	(43,160)
Add/(less) non-cash items:		
- Amounts set aside to provisions	(26,921)	55,736
- Depreciation expense	223,298	194,991
Net cash from operating activities before change in assets and liabilities	616,547	207,567
Change in assets and liabilities during the period:		
- (Increase) / Decrease in trade receivables	(302,737)	256,252
- Decrease / (Increase) in other receivables	617,639	(705,008)
- Decrease in loans to Thoroughbred Racing Clubs	44,046	390,201
- Decrease in other assets	122,142	109,954
- increase in trade payables	133,282	168,587
- (Increase) / Decrease in other payables and accruals	775,032	(1,169,518)
- (Decrease) in income received in advance	(397,076)	(301,961)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,608,875	(1,043,926)

	2017	2016
	\$	\$

15. Related party transactions

KEY MANAGEMENT PERSONNEL COMPENSATION

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

Short term employee benefits	735,445	802,124
Post-employment benefits	71,670	66,974
	807,115	869,098

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, Mrs J.Jones and Messers D.Rasheed, S.Ward, K.Smith, W.Duthy, G.Harrison, I.Evans and S.Kelton.

DIRECTORS COMPENSATION

The Directors compensation included in employee expenses are as follows:

Short-term employee benefits - Directors remuneration	205,600	205,600
Post-employment benefits	14,402	14,207
	220,002	219,807

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)	29,724	3,725
Mr D.Rasheed	Professional Services	(II)	29,382	10,483

(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.

15. 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:

	2017	2016
	\$	\$
Current trade and other payables		
TRADE PAYABLES	1,150	-

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 \$2,525,132 (2016: \$2,251,897) 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.

COUNTRY RACING SA INC

Country Racing SA Inc (CRSA) 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 CRSA 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 CRSA 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 \$4,736,771 (2016: \$4,371,632) 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 CRSA, 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 \$1,326,918 at 30 June 2017 (2016: \$1,370,964). The loans are

secured or capable of being secured. Interest earned by the Company amounted to \$13,478 (2016: \$19,137) and is included in Financial Income in the Statement of Profit or Loss and Other Comprehensive Income.

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 2017 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), 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 2017 was \$93,616 (2016: \$93,616). The fee has been increased to \$2.00 from 1 July 2017 onwards to accommodate the development of additional functionality and to expedite the completion of this system.

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:

	NOTE	2017 \$	2016 \$
FINANCIAL ASSETS			
Cash and cash equivalents	5	14,199,022	12,836,629
Receivables and loans	6	5,727,634	6,086,582
Investments	9	1,343,437	1,298,781
TOTAL FINANCIAL ASSETS		21,270,093	20,221,992

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		44,656	(59,428)
TOTAL GAINS AND (LOSSES) RECOGNISED IN OTHER COMPREHENSIVE INCOME		44,656	(59,428)

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

- Trade and other payables	10	3,081,288	2,172,974
TOTAL FINANCIAL LIABILITIES		3,081,288	2,172,974

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. Leasing Commitments

	2017	2016
	\$	\$
(A) OPERATING LEASES		
Minimum lease payments under non-cancellable operating leases:		
- Not later than one year	104,735	50,579
- between one and five years	207,002	59,009
TOTAL FINANCIAL ASSETS	311,737	109,588

19. Events after the reporting period

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

20. Company details

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

Thoroughbred Racing SA Limited
 Morphettville Racecourse
 Morphettville SA 5043

21. Members' guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$2.00 each towards meeting any outstandings and obligations of the Company. At 30 June 2017 the number of members was 2.



SOARING HIGH | 2017 City of Port Augusta Cup
 TRAINER: Leon Macdonald & Andrew Gluyas
 JOCKEY: Clare Lindop
 PHOTO: Meaghan Coles

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 10 to 26, 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 2017 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 25th day of August, 2017

Independent Auditor's Report



Thoroughbred Racing SA Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Thoroughbred Racing SA Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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Other Information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 Requirements 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

William Buck
ABN: 38 280 203 274

G.W. Martinella

G.W. Martinella
Partner

Dated this 25th day of August, 2017.



ROCKET COMMANDER | 2016 UBET Penny Edition Stakes
TRAINER: Wayne Francis & Glen Kent | JOCKEY: Jamie Kah
PHOTO: Atkins Photography



Thoroughbred Racing SA Limited
Morphettville Racecourse, Morphettville, SA 5043