



SOUTH AUSTRALIAN JOCKEY CLUB
ANNUAL REPORT 2007-2008





SAJC BOARD MEMBERS



John Naffine
Chairman



Travis McLeay
Vice Chairman



Sharon Forrester-Jones
Deputy Vice Chairman



David Rasheed
Resigned December 2007



Bill Crabb



Wayne Francis



Alistair McFarlane



Bill Spear



Greg Le Poidevin

* It is with great regret that Greg Le Poidevin passed away on the 27th of August 2008.



South Australian Jockey Club Inc.

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SAJC PATRONS



Robert Gerard AO



His Excellency
Rear Admiral Kevin Scarce AC CSC RANR
Governor of South Australia



Dear Member

It is my pleasure on behalf of the Board to present to you the Annual Report and Statement of Accounts of the South Australian Jockey Club for 2007/2008.

This year has without doubt been the most significant one in the history of our Club, and it has certainly been a bittersweet one as you will appreciate from this report.

The year commenced with the Equine Influenza epidemic in August which initially cost us a race meeting and then many months of reduced attendance and on-course turnover in betting, dining, bars etc. The bottom line cost to the Club is estimated to be a minimum of \$270,000.

We were just putting this behind us and looking forward to a great Adelaide Cup Carnival in March when we suffered a 40 degree heat wave on the day causing an attendance loss of 10,000 plus people and a cost to the Club of \$250,000.

This was then compounded by a similar heat affected Magic Millions Raceday with a further below budget result.

On a positive note for both the Club and the industry in November we concluded our negotiations for the disposal of Cheltenham. The successful tenderer was the Jennings/Urban Pacific consortium with a tender of a Land Facilitation Agreement with a minimum value to the Club of \$85M. As I have promised members the first payment will be used to extinguish the existing club debt.

With this agreement in place and knowing we had to vacate Cheltenham by February 2009 we moved our attention to Victoria Park and the new facility we were planning to undertake with the

Motor Sports Board on behalf of the State Government.

Unfortunately in November a new Adelaide City Council was elected with the majority against this development, which meant we would have to reconsider our options of remaining at Victoria Park and the costs of upgrading the existing facilities to the standard required for Saturday metropolitan racing. Further the SAJC was not prepared to invest in Victoria Park and still be exposed to the same interference from motor sport. We also had to consider the possible less favourable terms of a new tenancy with the Adelaide City Council.

Substantial financial modeling was undertaken which clearly showed the negative cost to operating at both Victoria Park and Allan Scott Park Morphettville (ASPM) compared to the positive result of operating at Allan Scott Park Morphettville only, even given the cost allowance of adding a second track at Allan Scott Park Morphettville.

Therefore your Board unanimously resolved that we should withdraw from racing at Victoria Park, and this was outlined to members at a special information meeting in March. For many of us and most members I am sure this was a sad moment and an emotional one to leave such a superb location after more than 160 years of racing at the Park. However, it was the right decision and one which will ensure the strength and growth of our Club and the industry into the future.

Subsequently a request to the Government for financial assistance to the redevelopment of Allan Scott Park Morphettville was approved and a \$5,000,000 grant received. We again express our appreciation to the Hon Mr Kevin Foley and his Government for their invaluable support.

As those members who have been to Allan Scott Park Morphettville recently will have seen the new Pro-Ride training track and the grass racing track are well under construction, with completion due in October 2008 and February 2009 respectively, and through the year we completed an upgrade to our saddling enclosure.

We are also in the final planning stage of a number of renovations to the 2nd floor and ground floor at Allan Scott Park Morphettville. These will be outlined to members at a special information meeting planned in October. We will then put these out to open tender, after which your Board will decide on their further implementation.

Another significant project which was commenced in June to be completed in time for the Melbourne Cup Race Day is the new Pavilion on the mound near the old Derby stand location.

This new two storey pavilion which can hold up to 1,200 people will enable us to achieve significant function revenue beyond its racing participation.

At the same time I must acknowledge the ongoing support of our Patron and sponsor of our Tapestry Pavilion, Mr. Robert Gerard AO who again increased his support for the Gerard Corporation Stakes of 1600 metres. This year it became a \$170,000 race and will again increase in 2009 hopefully to \$200,000, making it one of the most significant "metric mile" races in Australia and one which should move to Group 2 status in the near future.

Members will recall the prominent discussion of the Bentley Report last year which finally received the full support of the Racing Minister, Hon Michael Wright, who implemented its adoption and requirement of a new independent Thoroughbred Racing SA Board in return for significant relief from the Betting Tax paid to the Government.

As a result the two shareholders of Thoroughbred Racing SA, viz. the South Australian Jockey Club and South Australian Racing Clubs Council approved a new Constitution and appointed a new Board of the Thoroughbred Racing SA in November. Mr. Phillip Bentley became Chairman and Mr. Greg Boulton became his Deputy. They now have the onerous responsibility of implementing the basic recommendations of the Bentley Report which in principal requires a rationalization of the industry and in particular the duplicated administrative and operating functions of all the major Clubs in South Australia.



The first significant result to date was an increase in prizemoney early in the year. This will be followed by a further increase in November 2008 and thereafter as income from the investment of the proceeds of the sale of Cheltenham becomes available.

As noted earlier we have had a very difficult year financially with a number of large unbudgeted and unexpected costs. In addition to the effects of EI and the heat affected Adelaide Cup we also suffered the withdrawal of a \$325,000 budgeted grant by Thoroughbred Racing SA.

However as a result of excellent cost control by our management and a significant above budget result in our sponsorship revenue, we have been able to achieve a small net operating profit, after adjusting for the extraordinary items of the Government Grant and provision to the Adelaide City Council of the balance of the Fire Insurance money held for future use at Victoria Park, but now with our exit to be handed over to the Council.

Given the extremely trying circumstances of the year this is a very good result for the Club.

At this point and particularly in relation to the success of our sponsorship, I must again pay tribute to our major sponsor Mr. Allan Scott, AO OAM. The South Australian Jockey Club directly and the racing industry in general are indebted to Mr. Scott and the Scott Group of Companies for his most valued naming

rights sponsorship of Allan Scott Park Morphettville. As a result of Mr. Scott's benevolence the viability of the South Australian Jockey Club is enhanced and owners have received increased prizemoney as a direct consequence of this sponsorship. On behalf of my Board and all of us at the South Australian Jockey Club I extend our sincere thanks to you Allan Scott, your family and your Scotts Group of Companies Management.

All our sponsors are extremely important to us and vital to our successful operation of the Club. To each sponsor as featured on the cover of this report, our thanks and appreciation is extended, and I would ask every member to consciously support our sponsors products at all times.

I have already noted the important financial contribution of the Government this year, but again I wish to thank the Racing Minister, the Hon Michael Wright, for his strong support throughout the year on many issues, together with that of the Hon. Kevin Foley MP and the Hon Patrick Conlon MP, who collectively have ensured the progress of our Club and the industry.

Your Board especially requires acknowledgement and your appreciation for their significant contribution in the most challenging year since the merger of the three Clubs in 1974. This is all the more meritorious because for most of the year we operated with only seven members in lieu of the normal nine due to the loss of our Chair of Finance David Rasheed to Thoroughbred Racing SA and the ongoing serious illness of our new Board member Greg Le Poidevin. Both were significant as we missed the financial acumen of David and the thoughtful input of Greg.

However the untiring effort by the remaining seven members ensured our successful progress through the year. In particular I must thank my Vice Chairman Travis McLeay and Sharon Forrester-Jones as Deputy Vice Chairperson for their continuous support throughout this busy year, not only in their executive capacity but to Travis for his Chairmanship of the Operations and Infrastructure Sub-Committee, and to Sharon for her contribution as Chairperson of the Marketing Sub-Committee for most of the year.

I also wish to acknowledge and thank Bill Crabb as Chairman of the Racing and Tracks Sub-Committee. A very important input this year with our new track development.

Special appreciation must go to Wayne Francis who became chair of Marketing last month, but who valuably contributed all year to the Operations, Infrastructure, Racing and Tracks Sub-Committees.

Similarly to Alistair McFarlane who also gave inestimable support to me and every area of activity of the club throughout the year, and especially for his work on the Finance, Operations and Racing Sub-Committees.

Thank you also to Bill Spear for his contribution on the Finance Sub-Committee.

No-one however has contributed more than our Chief Executive Officer, Steve Ploubidis, who has successfully managed the Club and his Executive Team throughout the year to achieve the excellent end result but also to put in place the stepping stones for the future of the Club. On behalf of my Board I extend our appreciation to Steve and his fellow executives.

The coming year with only one venue from February will present continuous challenges, but this will be more than compensated for by the special development of Allan Scott Park Morphettville into one of the great track venues in Australia, and the ongoing growth in prizemoney assisting all participants in our wonderful sport.

I sincerely thank all members for their past support and I look forward to serving you successfully again next year.

John Naffine
Chairman





I would like to commence my Report by thanking you for your support throughout the year and also acknowledge the support of the Board under the Chairmanship of Mr John Naffine for entrusting me with the stewardship of the South Australian Jockey Club, – a brand which is an integral part of South Australia's sporting heritage.

The year 2007-08 can be best described as **A Tale of Two Cities – “It was the best of times; it was the worst of times.”** Without fear of contradiction this analogy would no doubt apply to all race clubs around Australia. However in the case of your Club, the best and the worst of times could not be more contrasting.

THE YEAR UNDER REVIEW

The best of times saw the Club continue to nurture and establish a very close relationship with Government. Together with the support of The Premier and Cabinet, your Club would not have been the beneficiary of certain outcomes detailed below.

The best of times saw your elected Board, both present and past, achieve a phenomenal financial result pertaining to Cheltenham. The planning process commenced in 2004, the outcome has given not only your Club, but the Industry a “once in a lifetime” opportunity to plan for the future with great optimism. The next chapter of this strategy is to deliver what was promised to the membership in September 2004, that being extinguishing debt an investment in infrastructure and as important, establish an investment portfolio, administered by a Trust not the Board to deliver a perpetual return, with the beneficiary being prize money. I wish to acknowledge Messer's Rob Gerard AO, Wolf Blass AM, Robert Hill Smith and Harry Perks for fulfilling the

responsibilities entrusted upon them by the membership in regards to assisting with the tender process.

The best of times also saw the Club receive a grant from the Government of \$5,000,000. This is indeed a historical and significant landmark, historical because it has not been previously achieved in the history of the Club, and more importantly, significant because it demonstrates that the Government has great confidence in the strategic direction the SAJC Board has taken. This is in stark contrast to the Governments' position prior to the restructure of the Racing Industry last year and certainly a stark contrast to the time when the Labor Party initially secured office.



The best of times also saw modest increases in prize money as a consequence of our forward thinking peak industry body. This initiative was possible as a consequence of our Racing Minister implementing a program to progressively reduce off-course betting tax to zero over time, the first Government in Australia to do so. Most significant however was the decision your Board took in July to commit to \$10.25m in prize money contributions over the next five years. This far exceeds the original commitment given to members in 2004 which promised contributions to commence upon the return on investment from the Cheltenham proceeds.

• Other significant achievements and positive issues pertinent to this year were as follows:

• The commencement of a program to replace all television monitors with Panasonic high definition plasma screens incorporating an upgrade of internal and external sound systems.

• The realisation of the timely vision of the past Boards to develop the Wetlands. This is an example of a project that was considered as being insignificant at the time, but now seen as a project that provides the Club with a scarce resource (water) for irrigating our tracks and gardens.

• This year we saw the commissioning of a double story structure (currently referred to as the fashion marquee) to be completed by Melbourne Cup. This structure will accommodate race day functions and more importantly private functions on a race day which would otherwise not be held because of racing at Allan Scott Park week in and week out as of March next year. It also represents a saving in hire costs of some \$70,000 per year. Bookings for this facility have already been secured despite not being completed, with Melbourne Cup Day and Twilight sold out at capacity (1,200 guests).

• A 25 metre wide grass racing track: the relocation and construction of a “new generation” Pro-Ride synthetic track, underground provision for lighting if and when required for night racing and the installation of a mechanism to provide real time sectional timing.

• We also saw a first ever initiative, of on a program inviting members over a 3 month period to join the board for lunch on a race day and utilise the opportunity to ask board members questions relating to their Club.

These were the highlights, but as mentioned we also faced the worst of times.

The racing industry was ravaged by an outbreak of Equine Influenza. The outbreak had a devastating effect on our wagering income, both on-course



and off-course affecting future market share. A race meeting was cancelled, patron attendances were down affecting food and beverage turnover; it exposed your Club to unforeseen costs associated with Bio security measures, and lastly not forgetting the hardship imposed on industry participants such as breeders, trainers, and owners.

The worst of times also saw your Club severely affected by a heat wave that just destroyed the success of the Adelaide Cup from a financial perspective. This is the time that, like the VRC awaits the Spring Carnival to generate superior profits; we anxiously look forward to generating significant profits to underpin the financial stability of the Club.

The worst of times also saw the Victoria Park project come to disappointing end. Disappointing because an enormous amount of time and money was put into planning and design, not to ignore the fact that a traditional racecourse with so much history - became history.

Other issues to impact on your Club during the year included the following:

- The decision by the West Torrens Council to reverse its intentions to support a development adjacent to Thebarton Oval to accommodate the Norwood Community Club.
- The reduction in gaming returns, particularly at "The Junction" as a direct consequence of smoking bans. The impact of smoking bans on revenue across the state varied erratically with no logical reason.

Despite your Club leading the way in providing training facilities for the benefit of the entire industry, the cost of providing such facilities is becoming significant. It is unreasonable to suggest that it should be based on a user pays basis, with owners meeting the entire cost. The only option in the future is for the Industry to seriously consider its role in investing in providing and upgrading such training facilities.

These unforeseen circumstances in addition to the non receipt of budgeted grants from TRSA, required decisive action to be taken in an attempt to claw back such losses. An analysis of such losses and gains are detailed for your information in the report provided by our Financial Controller.

There is no doubt that these challenging circumstances demonstrate the strength of your Club as a diversified multi facet business in being able to cope with adversity by not relying solely on racing revenue. In my comments last year I referred to your Board's commitment to long term thinking and decision-making. At the risk of repetition, it is hard to imagine a year in which that fundamental principle has been more important than the 12 months we are reviewing in this report. As a result of developing and implementing a solid business model and effectively executing our core strategy over the past years, I am pleased to report that it is this model that enabled your Club to post the result that it has.

In a period of prosperity, from a cash on hand basis, but mindful of the responsibilities associated with this benefit together with an uncertain global economic environment, it is imperative that your Board and Executive embrace a

proactive approach to risk management. Your Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Club's objectives and activities are aligned.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. This includes the following:

Assessment of Board approved budgets: The Board monitors the progress against these budgets. On a monthly basis the Finance Sub Committee reports to the full Board in relation to comparing actual results of the Club to operating plans and financial budgets to assess the Club's overall ongoing performance.

The establishment and monitoring of KPIs of both a financial and non-financial nature. The Board and management have identified key performance indicators (KPIs) that are used together with budgeted targets to measure performance. The Board received monthly operational and financial reports to enable all Directors to actively monitor the Club's performance. These reports provide an operational update of all aspects of the Club and a comprehensive financial analysis of actual results compared to budgets, full year forecasts, and a detailed explanation of all variances.

Our Club's future strategies and opportunities in your Club will be carefully and conservatively reviewed on a continuous basis, satisfied that our downside risk is modest. Your Board, as has been the case in the past, won't be "betting the farm" on any strategy but rather commit to what it believes will deliver superior returns when balanced against the risk.

However as we saw with the events of this year, circumstances can change and will continue to change. If we are to remain an opportunistic organisation, constantly creating value for you the member and our stakeholders, we must continue to be flexible and adapt quickly to these ever-changing dynamics. Such changing dynamics will see traditional models and agreements disintegrate, no better example than wagering where the "old



gentlemen's agreement" between States is a thing of the past and the continued impact of corporate bookmakers and associated leakage further impacts on our wagering income.

On a positive note, together with a consultative energising TRSA Board, we are now in a position of strength to identify, and capitalize on the future, and with borrowings to be eliminated as we receive funds from the Cheltenham project we are in a position not to simply plan to exist but to lay the foundation for your Club's continued long term success.

We have tried to capture the best opportunities and, at the same time, limit our risk. This is evidenced by the Cheltenham project; your Board signed off on the deal when the economy was vibrant and strong, achieving a guaranteed \$85,000,000 and with a developer associated with the Macquarie Bank. Fast forward time to today and your elected Board would have been exposed to great risk if the purchaser was an entity which could not withstand the current global credit squeeze, or even worse accepted a much lower offer today because of a suppressed market.

EMPLOYEES

As I have mentioned throughout this report, what a significant year it has been for your Club! It has given rise to new challenges and new opportunities and I feel it is a credit to each of our employees not only that they were instrumental in enabling your Club to deliver an outstanding result but that they also demonstrated they have the ability to successfully take your Club to the next stage of its strategic path.

One key aspect is the attraction, development and retention of such quality people. This is becoming an absolutely key issue in the context of delivering a sustainable execution of strategy to ensure financial growth. Together with your Board I need to be continuously cognisant of the fact that without recognition and reward which leads to job satisfaction, talent is easily lost to more discerning organisations.

I would like to take this opportunity to express my thanks to all of our staff for their hard work, commitment and outstanding contribution in achieving a

superb result and look forward to working as a team in the coming year.

THE FUTURE

Looking beyond this year, to the longer term, I am confident that we can identify and execute a number of attractive growth opportunities that will enable us to continue our objective of delivering superior benefits to you as members of our Club, remain focused on investing in our core business of horse racing, expanding on our branding and commencing a significant much needed refurbishment program.

The Board and I are confident that the programs implemented over the past 12 months will continue to underpin future success.

ACKNOWLEDGEMENTS

I take this opportunity to thank our Chairman, Mr John Naffine for his support, vision and encouragement and to the Board members who contributed to make the SAJC a rewarding environment to be associated with.

To our Co-Patrons; His Excellency Rear Admiral Kevin Scarce AC CSC RANR Governor of South Australia and Mr Rob Gerard AO, we are indeed proud to have such eminent gentlemen accept Patronage of our Club.

I wish to acknowledge the Premier the Hon Mr Mike Rann MP and his Government for their ongoing support, with particular reference for the personal support received from Ministers that I had the opportunity to work closely with in the past 12 months, and I refer to our Racing Minister The Hon, Michael Wright, The Hon Kevin Foley, and The Hon. Pat Conlon. I look forward to your continued assistance in the year ahead

I also acknowledge the support of the Leader of the Opposition, Martin Hamilton-Smith, and the spokesperson for racing, the Hon Terry Stephens MLC.

I wish to pay a special tribute to Mr Allan Scott AO, OAM for his sound advice during the year, his invaluable support to the SAJC and the Industry and at the time of writing this report I sincerely wish that he has a speedy recovery and a return to sound health.

To all of our Major Corporate Partners and sponsors, the ongoing success of the SAJC is dependant on your continued support. I thank you for your commitment.

To the Chair of TRSA Mr Phillip Bentley and your Board, your 12 months in office has delivered significant changes and benefits to our Industry; on behalf of the SAJC I thank you for your direction and dedication.

I also acknowledge and welcome the continued support and close working relationship with all of our Industry Groups as we strive to achieve common goals.

To our Media Partners, in particular, Ben Scadden, Tony Reed and Dan Demaria from The Advertiser / Sunday Mail, Ken Cunningham and Graham Cornes from Radio 5AA, Ray Fewings from 5RPH, your support and keen endeavours to publish and report the facts are to be commended.

To our Members, on behalf the team at the SAJC I wish to thank you for your continued support over the past 12 months. When one takes the time to reflect on not only the past 12 months but indeed on the past few years, what traditionally has been a conservative sport and a passion for many, the changes and challenges experienced by you have been tumultuous. I pay credit to you for your patience and acceptance, perhaps at times with no obvious light at the end of the tunnel, but be assured, the benefits are within striking range and well worth the wait.



Steve Ploubidis
Chief Executive Officer

MEMBERSHIP REPORT

The SAJC promotes its membership as 'the best value racing club membership in Australia', and at no other time has this been more accurate than throughout the 2007/08 racing season.

On top of the benefits long standing members have become accustomed to (such as the raceday rewards program, the members pack and 12 complimentary members day passes), the SAJC has introduced some important initiatives that helped add value to the existing membership offering.

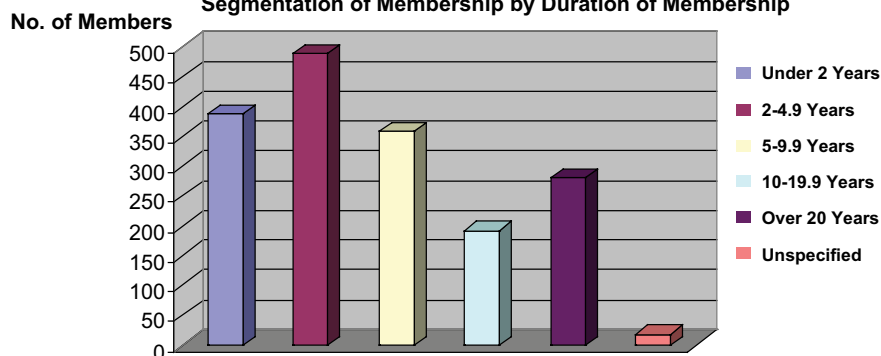
The most popular of these initiatives was the Membership Referral Program, whereby existing members received \$100 SAJC credit for every new member they referred to the club. These credits could be used at selected bars on raceday, in the Winning Post Restaurant or put towards a hospitality package on Feature Race Days. Congratulations to the many members who referred more than one person to our club and were able to earn extra \$100 credits. Members will be happy to know that this program will be operating again throughout the 2008/09 racing season and numerous members have already taken advantage of the program.

3-course meal with members enjoyed with premium Barossa wines. More such events are planned throughout the 2008/09 season – including a week long trip with the Moonee Valley Racing Club to Hong Kong for the Hong Kong International Races - and we expect them to be well received again by the membership.

These initiatives also go some way to attracting new members to our club, and when one looks at a segmentation of the clubs membership by age, it becomes obvious that it is imperative to continue to attract young members to our club. As the 70+ age groups continue to age, and the 60 – 69.9 age group become senior members, it is crucial the club attracts younger members in order to maintain our membership income.

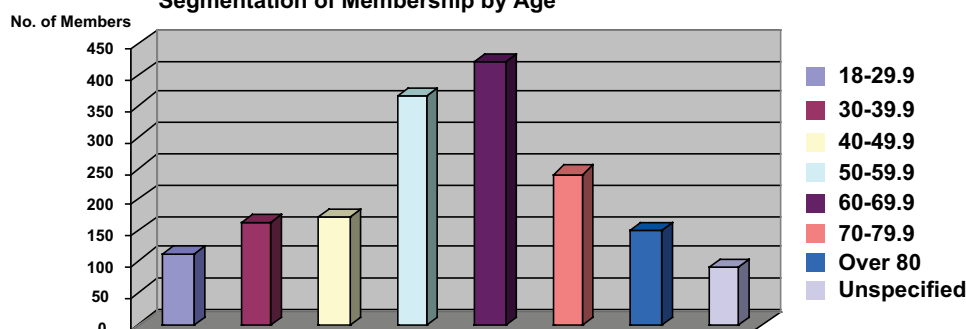
Another area of interest is the segmentation of membership by duration of membership. This graph shows exactly how long existing members have been members for, and highlights the importance of the SAJC's current push to get younger people not only involved in racing but to sign up as club members as well.

Segmentation of Membership by Duration of Membership



Duration	No.
Under 2 Years	387
2 - 4.9 Years	489
5 – 9.9 Years	359
10 – 19.9 Years	192
Over 20 Years	280
Unspecified	18

Segmentation of Membership by Age



Age	No.
18-29.9	112
30-39.9	163
40-49.9	172
50-59.9	369
60-69.9	422
70-79.9	243
Over 80	151
Unspecified	93

One of the focal points of last racing season was hosting more members' events, which are always well received by our membership. Throughout the year we held numerous members' cocktail parties, but the highlight for those who were there was the Lindsay Park and Yalumba Winery Barossa tour. Members were treated to a 'behind the scenes' tour of Lindsay Park that encompasses both the racing stable and stud, after which Yalumba Winery put on a delicious

Membership is an important part of the makeup of the SAJC, and the club is continually trying to create new ways to make the package more attractive for members. Like anything, it is a work in progress, and we hope members will support and enjoy the upcoming proceedings as the club moves through one of the most exciting times in its long and proud history.

Victoria Park hosted the first SAJC meeting for the 2007-08 season and the feature of the day was the Kevern Klemich Memorial Grand National Hurdle, which saw a comprehensive victory to the Heather Frew trained Frenzilian.

The season's first Group race was the \$75,000 Spring Stakes at Allan Scott Park Morphettville on August 11. Victorian raider, Zupaone, claimed the spoils for trainer John Symons and rider Nicholas Ryan, after putting in a good effort at its previous start in the Dermody Stakes two weeks prior.

2007 was a turbulent time for the Australian racing industry as a whole, with the outbreak of Equine Influenza bringing racing to a standstill. However, South Australia was fortunate in that we only lost one metropolitan meeting, that being the August 25 meeting scheduled for Cheltenham Park. The feature race for the day was to be the Yellow Buses Penny Edition Stakes, which was transferred to the following week.

With the transferring of the race to Allan Scott Park Morphettville, and run over 1500m, South Australians unfortunately missed their chance to see Champion mare, Miss Finland. However, the show went on and David Jolly was the victorious trainer with Sassbee winning by a long neck over Secret Daughter. The day's other feature, the W H Wylie Stakes, run over the 1100m scamper, was taken out by the Jon O'Connor prepared Blahnik.

The Hill Smith Stakes for three-year-olds run at Cheltenham Park over 1800m, was the Spring launching pad for subsequent VRC Derby winner, Kibbutz. The David Hayes prepared gelding just defeated stablemate Diana's Secret, before going on to bigger and better things.

As has been the norm, a bumper crowd turned up to Cheltenham Park on Boxing Day for the P D Excavations Christmas Handicap meeting, although for the second last time with the closure of Cheltenham Park looming. Prepared by Phillip Stokes, St Trinians was well ridden by former local Jason Holder to win the feature in a thrilling finish over Tramuntana.

The Classic Mile was the first Listed race of the New Year and was taken out by the Darryl Hewitt trained Merlot Now. Ridden by Michael Hoppe, Merlot Now defeated Exalted Ego by a half neck in what was a continuing rivalry between

the two horses that started in the Balaklava Cup back in August. March now means one thing - Adelaide Cup time! And with warm weather about a large crowd of racegoers came out to play on the second Monday of the month. The SKYCITY Adelaide Cup was taken out by Lacey Underall. Former Morphettville trainer Dan O'Sullivan put the polish on this mare, and with top local jockey Dwayne Dunn aboard, she made up for her previous year's narrow defeat to claim the 2008 edition.



Magic Millions Day – Wednesday 12 March should really have been renamed Macdonald/Lindop day!! Leading Trainer (Leon Macdonald) and Jockey (Clare Lindop) had a field day claiming the two Magic Millions races. The Schweppes Magic Millions Two-Year-Old Classic was impressively won by undefeated filly Augusta Proud (which went on to win the Magic Millions Two-Year-Old Classic on the Gold Coast), while the R M Williams Magic Millions Adelaide Three-Year-Old Trophy was claimed by Tosstestaroan.

Ladies Day, March 29, saw wonder mare Miss Andretti line up in the Robert Sangster Stakes, and she was expected by most to turn the Group One feature into a one-act affair. However, racing can be a funny game and things didn't go according to plan when the \$1.40 favorite missed a place. The race was won by Juste Momente, prepared by

Victorian trainer Danny O'Brien and ridden by Steven Arnold. Local horses, Zipanese and Serious Speed ran second and third respectively.

The other Group 1 race on Ladies Day, the Schweppes Oaks, saw another victory go across the border when bonnie filly, Zarita, trained by Pat Hyland held off the fast finishing Moment In Time.

Super Saturday – April 12 - featured the Group 1 events, The Urban Pacific/ A V Jennings SA Derby and the Distinctive Homes Goodwood. The Oaks winner, Zarita, backed up to the Derby, and claimed back to back Group One features. This time Zarita defeated the David Hayes prepared Zagreb. The Goodwood, South Australia's premier Sprint, gave Victorian trainer Gwenda Johnstone and Jockey Mark Pegus their first success at elite level. Brilliantly ridden along the fence by Pegus, Shadowways gave his opposition no chance in scoring a comprehensive victory.

The season concluded at Cheltenham Park on July 26, with the annual running of the Dermody Stakes for two and three-year-olds over 1000m. The race was won in devastating fashion by the Stuart Gower trained Morgan Dollar, with Steven Arnold guiding the speedy three-year-old to a very impressive 4 _ length win.



The Metropolitan Trainers' Premiership was once again taken out by David Hayes, while the Jockeys' title was a terrific tussle with Clare Lindop edging out Chad Lever, at the last meeting of the season, to claims the Jockeys' Premiership. Amy Herrmann continued her fantastic run to take out the Metropolitan Apprentices' Award.



GROUP ONE WINNERS 2007/2008



ZARITA – AV Jennings/Urban Pacific SA Derby Gr1



JUSTE MOMENTE – Robert Sangster Stakes Gr1



ZARITA – AV Jennings/Urban Pacific SA Derby Gr1



JUSTE MOMENTE – Robert Sangster Stakes Gr1



SHADOWWAYS – The Distinctive Homes Goodwood Gr1



ZARITA – Schweppes Oaks Gr1



SHADOWWAYS – The Distinctive Homes Goodwood Gr1



ZARITA – Schweppes Oaks Gr1

	Race Name	Winner (& Trainer)	Distance	Rider	Time
GROUP 1					
\$325,000	AV Jennings/Urban Pacific SA Derby	ZARITA (NZ) (Pat Hyland)	2500m	Greg Childs	2-39.53
\$300,000	Robert Sangster Stakes	JUSTE MOMENTE (Danny O'Brien)	1200m	Steven Arnold	1-09.71
\$300,000	The Distinctive Homes Goodwood	SHADOWAYS (Gwenda Johnstone)	1200m	Mark Pegus	1-09.36
\$250,000	Schweppes Oaks	ZARITA (NZ) (Pat Hyland)	2000m	Greg Childs	2-04.33
GROUP 2					
\$400,000	SKYCITY Adelaide Cup	LACEY UNDERALL (Dan O'Sullivan)	3200m	Dwayne Dunn	3-22.00
\$200,000	Yallambee Classic	DIPLOMATIC FORCE (Wayne Nichols)	1200m	Jason Benbow	1-08.74
\$150,000	Queen of the South Stakes	TRICK OF LIGHT (GB) (Michael Kent)	1600m	Steven King	1-36.06
GROUP 3					
\$170,000	Gerard Corporation Stakes (RA Lee Stakes)	AUTUMN JEUNEY (Michael O'Leary)	1600m	Dwayne Dunn	1-38.20
\$125,000	Tooheys New Stakes (Lord Reims Stakes)	EXALTED EGO (Jim Smith)	2600m	Michael Hoppo	2-43.31
\$125,000	Darley Sires' Produce Stakes	REBEL RAIDER (Leon Macdonald)	1600m	Chad Lever	1-37.51
\$100,000	Marsh Breeders' Stakes	AUGUSTA PROUD (Leon Macdonald)	1200m	Clare Lindop	1-09.88
\$100,000	Auraria Stakes	MOMENT IN TIME (Mick Huxtable)	1812m	Chad Lever	1-50.95
\$100,000	Evrigh.com Stakes (D C McKay Stakes)	IDALOU (Trevor Dansie)	1100m	Dwayne Dunn	1-03.37
\$100,000	The Jansz (National Stakes)	VIENNESE (Lee Freedman)	1200m	Steven King	1-10.21
\$100,000	Feltex Carpets SA Oaks	QUEEN OF QUEENS (Mick Price)	2500m	Dale Smith	2-38.26
\$75,000	Spring Stakes	ZUPAONE (John Symons)	1200m	Nicholas Ryan	1-11.82
\$75,000	CMA Recycling Stakes (RN Irwin Stakes)	HERE DE ANGELS (Lee Freedman)	1100m	Craig Newitt	1-03.52
\$60,000	Queen's Cup	TAYLLAROO (Heather Frew)	2414m	Paul Gatt	2-34.47

SKYCITY ADELAIDE CUP WINNER



LACY UNDERALL – SKYCITY Adelaide Cup Gr2



LACY UNDERALL – SKYCITY Adelaide Cup Gr2



	Race Name	Winner (& Trainer)	Distance	Rider	Time
LISTED					
\$100,000	Chairman's Stakes	ZAGREB (David Hayes)	2000m	Dwayne Dunn	2-06.69
\$75,000	Port Adelaide Cup	RICHRACER (John McArdle)	2250m	Dean Yendall	2-21.09
\$75,000	Redelva Stakes	VICTORY CHANT (Leon Macdonald)	1000m	Clare Lindop	57.27
\$75,000	Schweppervescence Stakes				
	(Centaurea Stakes)	COME FLY WITH ME (Barbara Marshman)	2000m	Craig Newitt	2-02.68
\$75,000	Adelaide Guineas	TOSSTESTAROAN (Leon Macdonald)	1600m	Clare Lindop	1-35.78
\$75,000	Port Adelaide Guineas	COSMIC COMMANDER (David Balfour)	1812m	Adrian Patterson	1-52.70
\$60,000	P D Excavations Christmas Handicap	ST. TRINIANS (Phillip Stokes)	1450m	Jason Holder	1-25.33
\$60,000	Dermody Stakes (Lightning Stakes)	MORGAN DOLLAR (Stuart Gower)	1000m	Steven Arnold	57.50
\$50,000	Hamilton Holden W H Wylie Handicap	BLAHNIK (Jon O'Connor)	1100m	Dom Tournear	1-03.71
\$50,000	Yellow Buses Penny Edition Stakes	SASSBEE (David Jolly)	1512m	Matthew Neilson	1-30.86
\$50,000	Lindsay Park Morphetville Guineas	RIVA SAN (Peter G Moody)	1600m	Jeffrey Maund	1-37.70
\$50,000	John D Lee Stakes (Sept 07)	MERLOT NOW (Darryl Hewitt)	1800m	Michael Hoppo	1-50.22
\$50,000	Hill Smith Stakes	KIBBUTZ (NZ) (David Hayes)	1800m	Paul Gatt	1-52.52
\$50,000	Clipsal Living Electrical Stakes				
	(Durbidge Stakes)	ROYAL IDA (Michael O'Leary)	1200m	Chris Bryant	1-08.96
\$50,000	Cleanevent Stakes				
	(Thomas Elder Stakes)	EXALTED EGO (Jim Smith)	1600m	Matthew Neilson	1-36.23
\$50,000	OJ Smith Challenge Stakes	JIM'S PARTY (Daniel Clarken)	1800m	Dom Tournear	1-47.84
\$50,000	City of Marion Stakes	EL MAZE (Leon Macdonald)	1200m	Clare Lindop	1-08.24
\$50,000	Classic Mile	MERLOT NOW (Darryl Hewitt)	1600m	Michael Hoppo	1-35.13
\$50,000	Birthday Cup	EXALTED EGO (Jim Smith)	1800m	Matthew Neilson	1-48.03
\$50,000	Blue Sky Thoroughbreds Stakes				
	(Queen Adelaide Stakes)	AUGUSTA PROUD (Leon Macdonald)	1100m	Clare Lindop	1-02.98
\$50,000	Clipsal Manihi Classic	ST. TRINIANS (Phillip Stokes)	1200m	Dom Tournear	1-09.03
\$50,000	Lucky Horseshoe Stakes				
	(New Year's Gift)	DAVINCIS SECRET (Ron Daniel)	1450m	Dom Tournear	1-27.69
\$50,000	Matrice Stakes	CHANGING EYES (Richard Jolly)	1200m	Chad Lever	1-09.13
\$50,000	C S Hayes Memorial Cup	PEACEMAKER (Leon Macdonald)	1600m	Jason Holder	1-35.48
\$50,000	Pewsey Vale Stakes (Cinderella Stakes)	ELYSEES (Jon O'Connor)	1050m	Chad Lever	1-00.75
\$50,000	SA Stakes	WOPPITT (Lee Freedman)	1050m	Craig Newitt	1-01.15
\$50,000	City of Adelaide Stakes	RACER'S RUN (Susan Murphy)	1600m	Dean Yendall	1-37.18
\$50,000	HC Nitschke Stakes	GOIN TO JACKSON (Mick Huxtable)	1460m	Jason Lyon	1-28.32
\$50,000	Chrysler Jeep Dodge Stakes				
	(Proud Miss Stakes)	SOARESSA (Gary Kennewell)	1200m	Steven Arnold	1-09.24
\$50,000	Walter Brown Stakes	TAAMEER (NZ) (David Hayes)	1250m	Simon Price	1-16.02
\$50,000	John D Lee Stakes (April 08)	PEACEMAKER (Leon Macdonald)	1400m	Clare Lindop	1-24.72
\$50,000	Laelia Stakes	DANEDINA (Mark Kavanagh)	1450m	Simon Price	1-28.26
\$50,000	Feltex Carpets Oaklands Plate	ROMNEYA (Lee Freedman)	1350m	Dwayne Dunn	1-24.32
\$50,000	Kambula Stud Dequetteville Stakes	IMPRESSIVE EAGLE (Leon Macdonald)	1100m	Clare Lindop	1-05.96

With a terrific foundation built on some impressive growth in the 2006/2007 season, hopes were high for a bigger better brighter season in so many ways.

Strong partnerships with existing corporate clients like SCOTT GROUP OF COMPANIES, SKYCITY, YALUMBA and SCHWEPES together with an exciting new partnership with TOOHEYS NEW, signalled an exciting 12 months ahead.

Instead what the SAJC faced, was quite possibly one of the most challenging times in its long history.

The breakout of Equine Influenza at the end of August had an immediate impact with the lockdown actually occurring on the day we were to showcase one of the countries greatest ever horses in Miss Finland at Cheltenham Park.

Coupled with EI was the extraordinary heatwave the state experienced in late February and early March.

The SKYCITY Adelaide Cup was on the "fourteenth" of sixteen days in succession

that toppled 40 degrees!!

Throw in, the emotion involved in the sale of Cheltenham Park and walking away from Victoria Park and you could be forgiven for thinking many at the SAJC would raise the white flag.

Most pleasing however, was the commitment by the Marketing team, on the back of some really strong leadership at the SAJC, to get ourselves back up, dust ourselves down, roll up our sleeves and commit to climbing back up the mountain.

IRISH DAY

A day that continues to be one of the clubs fastest growing event days, especially in the targeted 18-35 year old age group.

With strong Corporate support from Patrick Residential Developments and the Dunes Resort, and continued partnerships with Guinness and the Dublin Hotel, Irish Day welcomed increased attendances of over 30% in every single hospitality offering.

Irish Bands, Irish Entertainment, even a few Irish Jokes, made for plenty of smiles and good times.

UNION DAY

What a challenge Union Day turned out to be, the breakout of Equine Influenza, meant a late change of our traditional long weekend family day at Victoria Park to Cheltenham Park.

With promotional advertising already in the market place, getting the "new message" to our target market proved to quite a challenge with less than a fortnight before the event, and attendances did suffer by approximately 30%. The day however was executed extremely well, and the many hundreds of families in attendance experienced a most enjoyable day.

SPRING CARNIVAL

The Spring Carnival period was without question an outstanding success.

Total Corporate growth over the period was more than 30% with most of this being experienced on Melbourne Cup Day, our most competitive day of the year.

The fact that we can continue to lure such big numbers when there are quite literally hundreds and hundreds of Melbourne Cup Luncheons at all matter of venues around the state is most pleasing. C.E.O Steve Ploubidis aggressively monitored the marketing departments Strategic marketing at this time and these terrific results were achieved with a reduced advertising spend of 40 %.

All indications are that Melbourne Cup and all Spring Carnival dates leading up to that first Tuesday in November will continue to grow as they have done in recent seasons.

Fashion Parades, Fashions on the Field, Ladies Luncheons continue to be the core of our business at this time alongside the traditional support of the South Australian Corporate market.

It is anticipated that in season 2008/2009 "all" corporate areas at Allan Scott Park Morphettville will be showing the "sold out" sign many weeks before the event!!

CHRISTMAS TWILIGHT

With strong competition from an Adelaide United soccer match at Hindmarsh Stadium "and" a one day International Cricket Match at Adelaide Oval there was some real apprehension as to how these two events might effect what has been a traditional Christmas celebration at Victoria Park.

Fortunately our Corporate Hospitality stood strong, continuing to enjoy the relaxed social atmosphere, coupled with fine weather, terrific fashion and entertainment.

BOXING DAY

Many parents probably "feel" like Shrek the day after Christmas, on this occasion however they were treated to Shrek in person.

The popular character was a feature of some really enjoyable entertainment on another of our traditional family racedays. Kids rides, fashion parades, competitions, free gifts all contributing to one of the best family days in memory.

It's a day the SAJC prides itself on, a day for families and a perfect time of the year!

SKYCITY ADELAIDE CUP CARNIVAL

Organising the states premiere race day of the year, during South Australia's longest heat wave in history, was the single most demanding challenge for the SAJC of the year,.....yes even up there with the many problems of Equine Influenza!!

As it turned out SKYCITY Adelaide cup day fell on the fourteenth day over 40 degrees of sixteen in a row, and the effect it had on our general admission crowd was obvious and not true reflection of the hard work, promotion, marketing and publicity that the day demands.

The day was executed as well as it could have been, great wow factor on arrival, the traffic into the course flowed well, entertainment, fashion parades and signage was exceptional.



The single most important challenge for the Marketing Department is to immediately claw back at the lost ground on SKYCITY Adelaide cup day.

Magic Millions has also felt the pinch of being within days of what is without doubt the states feature race day of the year, and plans are in place to have SKYCITY Adelaide Cup day and Magic Millions race day, working closer together to build a bigger, better day for all South Australians.

HONG KONG & MACAU HOLIDAY

A seven day holiday to Hong Kong and Macau for two people was the prize for one lucky patron who attended one of the SAJC's racecourses and or venues. Sponsored by Flight Centre and Tooheys the promotion encouraged patrons to enter the "free raffle" and was one of many small ways the SAJC tried to reward those patrons that regularly choose to attend the track than other options.

SCHWEPPE'S OAKS DAY AND SUPER SATURDAY

The Ladies Luncheon on Schweppes Oaks day was extremely well supported and their was above average Corporate support for the day as well.

Although there was only a hint of growth, it was enough to suggest that we are heading in the right direction.

On Super Saturday all members were invited to bring a guest free of charge compliments of the SAJC. The promotion worked extremely well with both members and guests being treated to complimentary food, beverages and free raffles as part of an initiative to introduce new people to a high quality race day.

TOKYO CITY CUP DAY

Although floundering by way of support in recent years, Business Development Manager Helen Lawton French took ownership of the promotion that has sponsors vying for the opportunity to secure naming rights to the listed Tokyo City Cup along with return Business Class Tickets for two to Tokyo.

With the challenge thrown down by the C.E.O Steve Ploubidis to have this promotion embraced by more Corporate partners and supported better by the SAJC, it was always going to be intriguing to see if what was once was a popular concept could be reinvigorated. It was, and with the promotion only open to 30 sponsors, there was many more who were left disappointed but eager to be considered for the following year.

WWW.FACEBOOK.COM

With the SAJC's target market being unashamedly the 18-35 year old market a facebook site was launched to further connect with out fastest growing audience. Immediately successful the site welcomed almost 2000 friends in its first few months of inception, a terrific indicator that the interest in what the SAJC has to offer is alive and well.

CHAIRMANS LUNCHEONS

Chairman's Luncheons have been an ideal way to engage to a "non racing" corporate market as a first step to having them understand a little more about the possibilities involved in enjoying a day at the races. Many of our guests at Chairman's Luncheons are visiting the track for the first time and understand quickly it is nothing like the intimidating venue they thought it might be, in fact quite the contrary.

The Footy Show's James Brayshaw, Channel 9's Troy Gray, Mix 102.3's Breakfast Team just some of the interesting and entertaining guests during the year.
My Rewards
Marsh
Best Bets
Dunlop Flooring
Kambula Stud
Dermody Petroleum

Rob Popplestone
Marketing Operations
Manager



SAJC Financial Overview 2007/08

The Club recorded an operating surplus before depreciation of industry funded assets ,the South Australian Government's track grant and the Victoria Park insurance liability of \$19K. This is an excellent achievement taking into consideration the unexpected factors the Club faced which are summarised in the table below:

Victoria Park Insurance	\$980,000
TRSA Capital Grant	\$325,000
EI	\$270,000
Adelaide Cup	\$250,000
Victoria Park Redevelopment	\$240,000
SARCC Distribution	\$95,000

Total **\$2,160,000**

The Club breaks its operations down into seven departments. To assist in reviewing the financial performance for 2007/08 the following detail has been provided for each department to reflect its individual performance. Please note, that these figures do not include any elimination entries and such entries do not affect the Club's overall result.

Raceday

Raceday showed a surplus of \$172K for the year compared to a surplus of \$615K last year.

This unfavourable variance of \$443K includes a reduction in:

- capital grants from TRSA (\$325K);
- Tote Revenue (\$77K), being a combination of EI and a heat affected Adelaide Cup;
- Satellite Rights (\$66K) as in 2006/07 the Club received some once-off receipts for Sky Rights relating to prior years. Please note that Sky determines such figures and the Club has no control over what it receives.

Property

Raceday showed a surplus of \$434K for the year compared to a deficit of \$2,810K last year. This turn around, as mentioned above, relates to the treatment of the \$5M track grant where \$3M was recognised for 2007/2008 based on the value of works completed in accordance with the terms of the grant's agreement. For comparative purposes without the track grant Property would have recorded a deficit of \$2,571K which is \$239K below last year. Contributing factors for the positive outcome are a reduction in:

- Track Maintenance (\$79K) due to not requiring rejuvenation works on the artificial track due to its relocation;
- Excess Water (\$69K) due to vacating Victoria Park and utilisation of the Wetlands at Allan Scott Park Morphettville;
- Wages (\$55K) through staff attrition from vacating Victoria Park.

Catering

The Catering department was slightly down on its 2006/07 performance with a net surplus of \$975K compared to \$1,004K last year. Although Function Contribution was ahead of last year by \$87K due to an increased focus, Public Catering fell short of last year by \$86K predominantly due to the effects of EI and the adverse weather conditions of Adelaide Cup resulting in reduced patronage.

Marketing

Marketing showed a strong surplus for the year of \$2,819K, exceeding last year by \$831K. Although marketing saw a significant reduction in admissions regarding Adelaide Cup (\$116K), there was a reduction in promotional and advertising costs of \$264K and an increase in sponsorship income of \$619K, which came from new sponsors for the year including Tooheys New and Panasonic.

Auditorium

The Auditorium effectively closed from mid November 2007 and recorded a deficit of \$118K. The Club's view was that the current arrangement with the other stake holders (Harness Racing, Greyhound Racing and SARCC) was unviable. It was agreed to keep the Auditorium open for two bookmakers only and all other forms of wagering were to cease. As mentioned above the Club paid SARCC \$95K in distributions up to mid November 2007. The Club is now seeking TRSA to take control of the licence and the running of the venue.

Gaming Venues

The issue the gaming venues face in 2007/08 was the introduction of the smoking bans from November 2007 and the club expected both venues to see a decline in net gaming revenue of 8.00% for the year.

FINANCIAL REPORT

Cheltenham

The Cheltenham gaming venue performed quite well with net gaming revenue only \$50K or 2.04% down on last year with a surplus of \$1,088K, being \$120K up on last year. In addition it was decided to close the kitchen/bistro at Cheltenham in January 2008 to improve the venue's overall performance.

Morphettville Junction

The Morphettville Junction saw a significant downturn in net gaming revenue of \$507K or 12.09% recording a surplus of \$919K being \$270K down on last year. Net gaming revenue in the three months leading up to November 2007 exceeded the same time last year but once the bans came into effect, resulting in a downturn, the venue has been gradually improving it's performance.

Such variations in Gaming Revenue have been seen throughout the state.

Administration

Administration recorded a deficit of \$4,245K, being \$1,135K unfavourable to last year. Contributing factors are:

- A provision of \$980K recognised for the Victoria Park insurance liability.
- Professional Fees including \$240K for Victoria Park redevelopment costs that needed to be expensed during the financial year.
- Additional Interest Payable of \$107K as a result of increased interest rates on variable debt and a slight increase in borrowings from \$10.1M to \$11.2M to fund improvements at Allan Scott Park Morphettville.
- Offsetting these unfavourable variances the Club received income from an estate (\$72K), and an increase in interest received of \$32K resulting from the track grant money being invested and various other savings throughout the year.

The following summary highlights the contribution made by Commercial Operations:

	Racing Operations		Commercial Operations		Total	
	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	32,469	29,796	8,394	9,042	40,863	38,838
Less: Expenditure	(30,838)	(30,743)	(5,773)	(6,182)	(36,611)	(36,925)
Operating Surplus/(Deficit) before Interest & Depreciation	1,631	(947)	2,622	2,860	4,252	1,913
Less: Depreciation/Non Cash Items	(834)	(840)	(615)	(730)	(1,449)	(1,570)
Operating Surplus/(Deficit) before Interest	797	(1,787)	2,006	2,130	2,803	343
Less: Interest					(766)	(655)
Net Operating Surplus/(Deficit)					2,037	(312)

Net Debt

The Net Debt of the SAJC (interest-bearing liabilities less cash assets and investments) has decreased from \$9.468M to \$5.934M, including the \$5M track grant funds.

Total capital expenditure for the year was \$4.22M for 2007/08. Significant items of capital expenditure include:

Item	Spend \$000's
PA System (ASPM)	93
Gaming Machine Upgrades	175
Second Grass Track (work in progress)	264
Cheltenham Disposal (on going costs)	360
Panasonic Screens (Fair Value)	793
Proride Track (work in progress)	833
Fashion Marquee (work in progress)	1,358

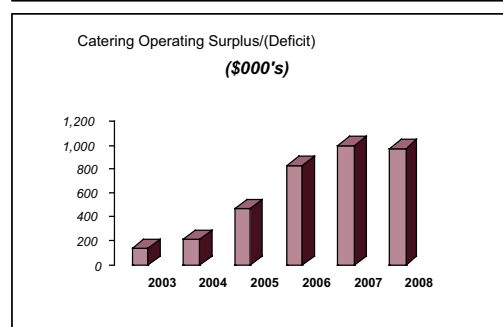
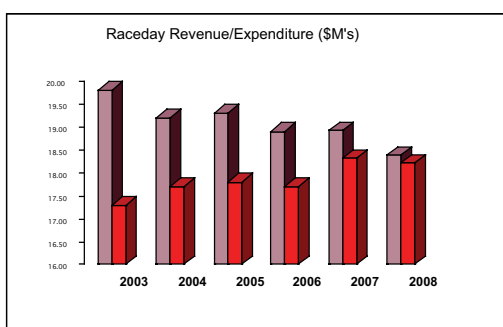
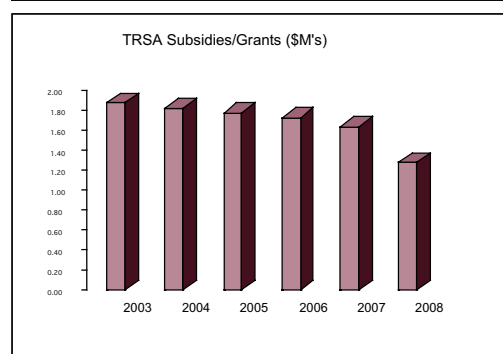
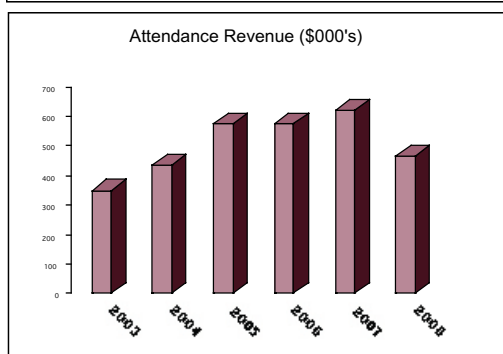
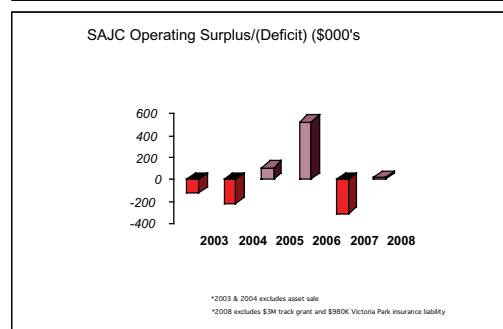
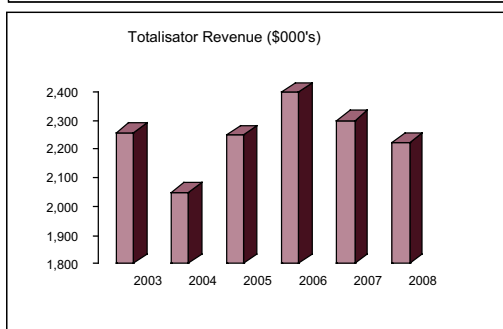
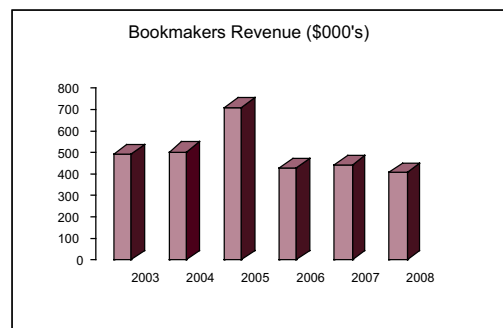
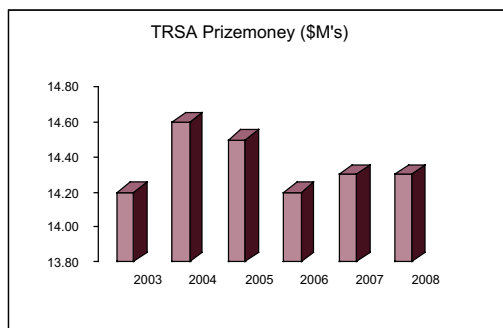
Norwood Community Club

- The Norwood Community Club ceased operations on 28 February 2006 and reported a deficit of \$7K being for storage charges and depreciation of the gaming machines. The Norwood Community Club's results form part of the Group's accounts.
- The 26 Gaming Machines continue to remain in storage and the Gaming Machine Entitlements have been suspended until a future location for their use has been identified. The \$975K value of the Gaming Machine Entitlements has not been affected.

Thank you to the Finance Personnel, namely, Alison Bryant (Finance Officer), Paula Hume (Receptionist), Chris Jaeschke (Payroll), Julie Lapidge (Finance Officer), Susan Parrish (Finance Officer) and Vicki Winter (Finance Officer) for their continued support.

The following graphs and statistical data highlight some specific areas of the Group's performance.

Michael Bevis
FINANCIAL CONTROLLER



FINANCIAL REPORT

STATISTICAL DATA

Year Ended	2008	2007	2006	2005	2004	2003
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RACING

Race Meetings	65	66	64	65	65	65
Races Run	520	530	518	528	537	523
Nominations	7,877	8,409	8,262	8,600	8,811	8,437
Starters	5,375	5,643	5,461	5,688	5,952	5,637

ON-COURSE TURNOVER (\$000)

Totaliser	14,725	15,464	15,838	17,695	16,355	18,281
Bookmakers	46,435	50,355	48,757	84,459	57,000	57,917
Total Turnover	61,160	65,819	64,595	102,154	73,355	76,198

FINANCIAL (\$000)

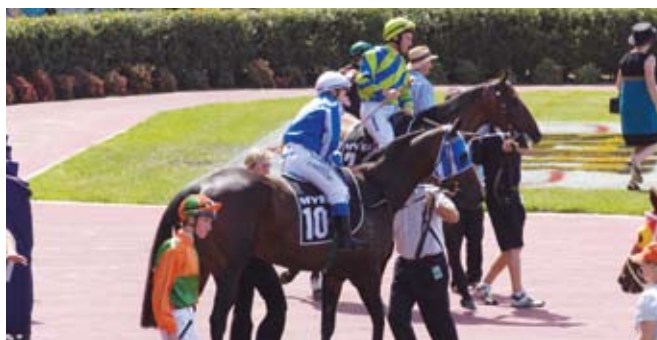
Operating Surplus (Deficit)	2,037	(312)	526	107	(501)	1,015
Distributions Received	14,300	14,278	14,191	14,454	14,605	14,221
Members Subscriptions & Admissions	841	980	969	938	776	680
Prizemoney & Unplaced Subsidies	14,952	15,064	14,678	14,918	15,045	14,616

MEMBERSHIP

Total Members	1,725	1,751	1,814	1,807	1,646	1,597
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GOVERNMENT REVENUE FROM ON-COURSE BETTING (\$000).

Bookmakers	-	-	-	-	-	-
Totalisator	-	-	-	635	624	732
Total Revenue	-	-	-	635	624	732



SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY BALANCE SHEETS AS AT 31ST JULY 2008

	NOTE	SAJC		Consolidated	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
CURRENT ASSETS					
Cash and Cash Equivalents		5,251	613	5,261	627
Investments - Interest-bearing Deposits		5	5	5	5
Inventories		226	206	226	206
Trade and Other Receivables	2	1,662	2,207	1,676	2,221
Prepayments		381	396	381	396
TOTAL CURRENT ASSETS		7,525	3,427	7,549	3,455
NON-CURRENT ASSETS					
Property, Plant & Equipment	3	30,230	27,981	30,233	27,987
Intangible Assets	4	3,000	3,000	3,975	3,975
TOTAL NON-CURRENT ASSETS		33,230	30,981	34,208	31,962
TOTAL ASSETS		40,755	34,408	41,757	35,417
CURRENT LIABILITIES					
Trade and Other Payables		2,843	1,982	2,844	1,983
Interest-bearing Liabilities	5	5,300	-	5,300	-
Employee Benefits	6	408	375	408	375
Other	7	3,721	599	3,721	599
TOTAL CURRENT LIABILITIES		12,272	2,956	12,273	2,957
NON-CURRENT LIABILITIES					
Interest-bearing Liabilities	5	5,900	10,100	5,900	10,100
Employee Benefits	6	255	275	255	275
TOTAL NON-CURRENT LIABILITIES		6,155	10,375	6,155	10,375
TOTAL LIABILITIES		18,427	13,331	18,428	13,332
NET ASSETS		22,328	21,077	23,329	22,085
EQUITY					
Reserves	8	13,594	14,387	14,569	15,362
Retained Earnings	8	8,734	6,690	8,760	6,723
TOTAL EQUITY		22,328	21,077	23,329	22,085

The accompanying notes form part of these financial statements.



FINANCIAL REPORT

SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY INCOME STATEMENTS FOR THE YEAR ENDED 31ST JULY 2008

	SAJC		Consolidated	
NOTE	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
REVENUE				
REVENUE FROM OPERATING ACTIVITIES				
Prizemoney & Administration Grants	14,991	15,278	14,991	15,278
Catering Turnover	7,690	7,742	7,690	7,742
Totalisator Revenue	2,223	2,300	2,223	2,300
Gaming Revenue	6,141	6,647	6,141	6,647
Sponsorship & Television Rights	2,901	2,269	2,901	2,269
Members Subscriptions & Admissions	841	980	841	980
Bookmakers Commission & Fees	408	442	408	442
Nominations & Acceptance Fees	983	1,020	983	1,019
Racebook Revenue	33	44	33	44
Training Fees	292	288	292	288
Financial Revenue	36	4	36	4
Auditorium Wagering Activities	151	578	151	578
Sundry Revenue	577	504	577	505
Government Grants	3,005	-	3,005	-
Promotional Grants	572	741	572	741
INCOME FROM OUTSIDE OPERATING ACTIVITIES				
Gain on Disposal of Non-Current Assets	19	1	19	1
TOTAL REVENUE	40,863	38,838	40,863	38,838
EXPENDITURE				
Prizemoney	14,952	15,064	14,952	15,064
Cost of Goods Sold	2,248	2,257	2,248	2,257
Catering Expenditure	4,378	4,415	4,378	4,415
Gaming - general expenditure	3,919	4,294	3,924	4,299
Auditorium - Wagering activities	269	708	269	708
Salaries, Superannuation & Taxes	1,312	1,343	1,312	1,343
Totalisator Operation & Maintenance	836	853	836	853
Raceday Wages and Payroll Tax	2,098	1,976	2,098	1,976
General Maintenance	3,695	3,907	3,695	3,907
Promotion and Sponsorship	667	977	667	977
Racebook Costs	55	101	55	101
Depreciation - Buildings & Improvements	1,096	1,203	1,096	1,203
Depreciation - Property, Plant & Equipment	346	349	349	367
Financial Expenses	766	655	766	655
Insurance & Professional Fees	752	573	752	573
Postage, Stationery & Telephone	93	128	93	128
Travel & Conferences	35	117	35	117
Sundry Administration	275	202	274	207
Loss on Disposal of Non-Current Assets	47	-	47	-
Victoria Park Insurance Proceeds	980	-	980	-
TOTAL EXPENDITURE	38,819	39,122	38,826	39,150
OPERATING SURPLUS/(DEFICIT) BEFORE DEPRECIATION OF INDUSTRY FUNDED ASSETS	2,044	(284)	2,037	(312)
Depreciation of Funded Assets	8 (783)	(846)	(783)	(846)
Loss on Disposal of Industry Funded Assets	(10)	-	(10)	-
OPERATING SURPLUS/(DEFICIT)	1,251	(1,130)	1,244	(1,158)
TOTAL CHANGES IN EQUITY	1,251	(1,130)	1,244	(1,158)

The accompanying notes form part of these financial statements.



FINANCIAL REPORT

SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2008

	NOTE	SAJC		Consolidated	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from operating activities		42,206	41,852	42,206	41,860
Payments to suppliers and employees		(38,967)	(40,512)	(38,971)	(40,522)
Interest received		36	4	36	4
Interest paid		(766)	(655)	(766)	(655)
Grants received		5,000	20	5,000	20
NET CASH PROVIDED BY OPERATING ACTIVITIES	12(ii)	7,509	709	7,505	707
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant & equipment		(4,220)	(1,507)	(4,220)	(1,507)
Proceeds from sale of property, plant & equipment		21	1	21	1
NET CASH (USED IN) INVESTING ACTIVITIES		(4,199)	(1,506)	(4,199)	(1,506)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1,100	600	1,100	600
Proceeds from industry grants		228	72	228	72
NET CASH PROVIDED BY FINANCING ACTIVITIES		1,328	672	1,328	672
NET INCREASE/(DECREASE) IN CASH HELD		4,638	(125)	4,634	(127)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		618	743	632	759
CASH AT THE END OF THE FINANCIAL YEAR	12(i)	5,256	618	5,266	632

The accompanying notes form part of these financial statements.

SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST JULY 2008

	SAJC			CONSOLIDATED		
	Retained Earnings \$000	Reserves \$000	Total \$000	Retained Earnings \$000	Reserves \$000	Total \$000
BALANCE AT 1 AUG 2006	6,974	15,233	22,207	7,035	16,208	23,243
Surplus/(Deficit) for the year	(1,130)	-	(1,130)	(1,158)	-	(1,158)
Revaluation increments/ (decrements)	-	-	-	-	-	-
Transfers to and (from) reserves	846	-	846	846	-	846
Capital grants	-	-	-	-	-	-
Depreciation of industry funded assets	-	(846)	(846)	-	(846)	(846)
BALANCE AT 31 JULY 2007	6,690	14,387	21,077	6,723	15,362	22,085
Surplus/(Deficit) for the year	1,251	-	1,251	1,244	-	1,244
Revaluation increments/ (decrements)	-	-	-	-	-	-
Transfers to and (from) reserves	793	-	793	793	-	793
Capital grants	-	-	-	-	-	-
Depreciation of industry funded assets	-	(783)	(783)	-	(783)	(783)
Loss on Disposal of Industry Funded Assets	-	(10)	(10)	-	(10)	(10)
BALANCE AT 31 JULY 2008	8,734	13,594	22,328	8,760	14,569	23,329

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31ST JULY 2008

SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31ST JULY 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The South Australian Jockey Club Incorporated ('Club') is an association domiciled in Australia. The consolidated financial report of the Club for the year ended 31 July 2008 comprises the Club and its controlled entity, the Norwood Community Club Incorporated (together referred to as the 'Group').

The financial report was authorised for issue by a resolution of the Directors on the 23rd day of October 2008.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Associations Incorporation Act 1985.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). A statement of compliance with International Financial Reporting Standards cannot be made due to the Group applying the not for profit sector specific requirements contained in the AIFRS.

Basis of Preparation

The financial report is prepared in Australian Dollars.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: intangible assets.

The Group has disclosed rounded amounts in the financial report and Directors' Report to the nearest thousand dollars, unless otherwise stated.

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Club's financial statements, investments in subsidiaries are carried at cost.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

1.1 Funding

From 1 August 2006 grants received, or receivable from Thoroughbred Racing SA (TRSA) for capital purposes are treated as operating income. The depreciable component of such items are recognised as an operating expense.

1.2 Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any impairment losses (see note 1.12).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation

In arriving at the operating surplus/(deficit) for the year, depreciation is provided on all Club funded property, plant and equipment, but excluding freehold land, and assets funded by the Industry, so as to write off the assets progressively over their economic lives, using the straight line method.

The depreciation rates used for each class of asset other than Victoria Park assets are as follows:-

	2008	2007
Buildings and Improvements	2.5% - 10%	2.5% - 10%
Plant & Equipment	5% - 25%	5% - 25%

1.3 Revenue and Other Income

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods. The following specific recognition criteria must also be met before revenue is recognised:-

Prizemoney & Administration Grants

SAJC received distributions from TRSA to fund prizemoney and administration. These amounts are reported on an accruals basis.

Deferred Income

Deferred income represents rent, membership and sponsorship monies for future years received in the current financial year.

Sale of Non-current Assets

The net gain or loss of non-current asset sales are included in the Income Statement at the date control passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31ST JULY 2008

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Government Grants

Grants constituting non-reciprocal transfers received from the Government are recognised as income when the Club takes control of the benefit. A non-reciprocal transfer is one which the Club receives assets and services or has liabilities extinguished without giving approximately equal value in exchange to the other party or parties to the transfer. Grants in which the Club is required to repay unutilised funding are treated as reciprocal transfers and income is recognised by reference to the stage of completion of the transaction

Grants

Revenue is recognised when control of the contribution or right to receive the contribution is obtained.

Grants for major capital projects are recognised in the year of approval and any balance due in future years are recorded as a receivable.

Grants for non-capital purposes are recognised as revenue in accordance with the specific terms of the approval.

Donations

Revenue is recognised when the monies are received by the Group. In kind donations or donations of assets are recorded at fair value.

Rental Income

Rental income is recognised in the income statement on a straight line basis over the term of the lease.

All revenue is stated net of the amounts of goods and services tax (GST).

1.4 Cash and Cash Equivalents

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

1.5 Employee Benefits

Defined Contribution Superannuation Fund

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Income Statement as incurred.

Long-term Service Benefits

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

Wages, Salaries, Annual Leave and Sick Leave

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

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

1.7 Income Tax

The Group is exempt from Income Tax.

1.8 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

1.9 Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.

1.10 Auditorium Wagering Activities

Revenue from the Morphettville wagering auditorium is shown as part of the Group's revenue. The expenses from the Morphettville wagering auditorium include the costs associated with the SAJC operating the business together with distributions made to other industry participants as follows:-

	SAJC		Consolidated	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Revenue	151	578	151	578
Expenses	(161)	(562)	(161)	(562)
Profit	(10)	16	(10)	16
Profit Distributions				
Harness Racing	(8)	(16)	(8)	(16)
Greyhound Racing	(5)	(30)	(5)	(30)
Provincial Clubs	(15)	(11)	(15)	(11)
SARCC	(80)	(89)	(89)	(89)
Total Distributions	(108)	(146)	(108)	(146)
Surplus/(Deficit)	(118)	(130)	(118)	(130)

1.11 Acquisition of Assets


All assets acquired, including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Borrowing costs are capitalised to qualifying assets as set out in note 1.16.

1.12 Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy 1.6) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For assets that have an indefinite useful life the recoverable amount is estimated at each balance sheet date.



NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31ST JULY 2008

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use.

Reversals of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

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

1.13 Receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy 1.12).

1.14 Payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

1.15 Operating Leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.16 Borrowing Costs

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets.

1.17 Norwood Community Club Inc

On 1 December 2004 the Norwood Community Club ("NCC") adopted the constitution of the SAJC, giving the SAJC effective control over NCC. The trading of the NCC from this date has been consolidated into the results of the SAJC.

Effective 28 February 2006 the Norwood Community Club ceased operations. The Gaming Machine Entitlements have since been suspended, however, remain the property of the SAJC in conjunction with Note 1.18.

1.18 Intangible Assets

In February 2005 the State Government of South Australia amended the Gaming Machines Act (1992) ("Act") inserting Division 3A into the Act. The act provides a mechanism for gaming machine entitlements to be sold at a fixed legislated value. SAJC controlled gaming machine entitlements are recorded at their fair value. This class of non-current assets, measured at fair value, is assessed annually to ensure the carrying amount does not materially differ from its fair value. Revaluation increments, on a class of assets basis, are recognised in the Asset Revaluation Reserve except that, amounts reversing a decrement previously recognised as an expense are recognised as revenues. These intangible assets have not been internally generated and have indefinite useful lives.

Revaluation decrements are only offset against revaluation increments relating to the same class of asset and an excess is recognised as an expense.

	NOTE	SAJC		Consolidated	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
2. RECEIVABLES					
Prizemoney & Administration Grants		432	503	432	503
Other Receivables		1,230	1,704	1,244	1,718
Impairment Losses		-	-	-	-
TOTAL RECEIVABLES		1,662	2,207	1,676	2,221
Impairment losses were recognised in respect of receivables for which recovery is unlikely.					
3. PROPERTY PLANT & EQUIPMENT					
Freehold Land at cost					
Morphettville		357	357	357	357
Cheltenham		65	65	65	65
		422	422	422	422
Buildings & Improvements at cost					
Morphettville		35,414	35,125	35,414	35,125
Victoria Park		-	3,475	-	3,475
Cheltenham		14,026	13,966	14,026	13,966
Less: Accumulated Depreciation		(26,161)	(27,960)	(26,161)	(27,960)
		23,279	24,606	23,279	24,606
Plant & Equipment at cost					
Morphettville		7,385	6,144	7,385	6,144
Victoria Park		-	714	-	714
Cheltenham		735	730	735	730
Norwood Community Club		-	-	66	66
Less: Accumulated Depreciation		(4,772)	(5,068)	(4,835)	(5,128)
		3,348	2,520	3,351	2,526
Capital Works in Progress		3,181	433	3,181	433
TOTAL PROPERTY PLANT & EQUIPMENT		30,230	27,981	30,233	27,987
Included in the above total of Property, Plant & Equipment are the written down values of assets funded by industry grants to the extent of	8	10,594	11,387	10,594	11,387
Reconciliations of the carrying amounts of each class of Property, Plant & Equipment					
Freehold Land at cost					
Carrying Amount at the beginning of year		422	422	422	422
Additions		-	-	-	-
Disposals		-	-	-	-
Carrying Amount at the end of year		422	422	422	422
Buildings & Improvements					
Carrying Amount at the beginning of year		24,606	25,738	24,606	25,738
Additions		-	-	-	-
Transfers from Capital Works in Progress		547	887	547	887
Disposals		(27)	-	(27)	-
Depreciation		(1,847)	(2,019)	(1,847)	(2,019)
Carrying Amount at the end of year		23,279	24,606	23,279	24,606

NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31ST JULY 2008

3. PROPERTY PLANT & EQUIPMENT (CONT'D)

	SAJC		Consolidated	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Plant & Equipment				
Carrying Amount at the beginning of year	2,520	2,371	2,526	2,395
Additions	-	-	-	-
Transfers from Capital Works in Progress	1,236	528	1,236	528
Disposals	(30)	-	(30)	-
Depreciation	(378)	(379)	(381)	(397)
Carrying Amount at the end of year	3,348	2,520	3,351	2,526
Capital works in progress				
Carrying Amount at the beginning of year	433	341	433	341
Additions	4,531	1,507	4,531	1,507
Transfer to Buildings & Improvements	(547)	(887)	(547)	(887)
Transfer to Property, Plant & Equipment	(1,236)	(528)	(1,236)	(528)
Carrying Amount at the end of year	3,181	433	3,181	433
TOTAL PROPERTY PLANT & EQUIPMENT	30,230	27,981	30,233	27,987

CHELTENHAM DISPOSAL

The agreement that has been reached with the successful tenderer is a Land Facilitation Agreement and not a Land Sale Contract. The SAJC will continue to own the Land during the term of the development, and will ultimately be the vendor under contracts negotiated by the developers for the sale of subdivided Allotments within the development.

4. INTANGIBLE ASSETS

Gaming Machine Entitlements				
Morphettville	1,500	1,500	1,500	1,500
Cheltenham	1,500	1,500	1,500	1,500
Norwood Community Club	-	-	975	975
Total Licences & Entitlements	3,000	3,000	3,975	3,975

The Club's Gaming Machine Entitlements and Gaming Licences are held in accordance with the Gaming Machine Act (1992). Subject to the SAJC Breaching a provision of the Act, the State Government has the authority under this Act to revoke a gaming licence. Legislative changes could also vary the terms of the current gaming licences. Fair value of these entitlements was calculated as the current published value by the State Government.

5. INTEREST-BEARING LIABILITIES

Current				
Commercial Bills-Secured	5,300	-	5,300	-
Non-current				
Commercial Bills-Secured	5,900	10,100	5,900	10,100

Commercial Bills are secured over registered mortgage of non residential property of the SAJC located at Cheltenham.



6. EMPLOYEE BENEFITS	SAJC		Consolidated	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Current				
Employee Provisions	408	375	408	375
Non-Current				
Employee Provisions	255	275	255	275
7. OTHER LIABILITIES				
Provision	980	-	980	
Deferred Income	2,741	599	2,741	599
TOTAL	3,721	599	3,721	599
8. RESERVES & RETAINED EARNINGS				
Retained Earnings				
Balance Brought Forward	6,690	6,974	6,723	7,035
Add: Operating Surplus/(Deficit)	1,251	(1,130)	1,244	(1,158)
Less: Transfers to Reserves (net)	793	846	793	846
Balance at Year End	8,734	6,690	8,760	6,723
Industry Capital Grants Reserve				
Balance Brought Forward	11,387	12,233	11,387	12,233
Add: Capital Grants	-	-	-	-
Less: Depreciation of Industry Funded Assets	(783)	(846)	(783)	(846)
Less: Disposal of Industry Funded Assets	(10)	-	(10)	-
Balance at Year End	10,594	11,387	10,594	11,387
Asset Revaluation Reserve				
Balance Brought Forward	3,000	3,000	3,975	3,975
Add: Revaluation Increments	-	-	-	-
Less: Revaluation Decrements	-	-	-	-
Balance at Year End	3,000	3,000	3,975	3,975
Total Reserves	13,594	14,387	14,569	15,362

Capital Grants Reserve

The nature of the capital grants reserve is disclosed in note 1.1.

Asset Revaluation Reserve

The Asset Revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of intangible assets measured as fair value, in accordance with Note 1.18.

NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31ST JULY 2008

9. LOANS AND BORROWINGS

Terms and conditions of outstanding loans were as follows:

Consolidated							
In thousands of AUD				31 July 2008		31 July 2007	
	Currency	Nominal Interest Rate	Year of Maturity	Face Value	Carrying Amount	Face Value	Carrying Amount
Secured bank facility	AUD	8.77%	2008	700	700	-	-
Secured bank facility	AUD	8.37%	2008	1,600	1,600	1,200	1,200
Secured bank facility	AUD	8.03%	2008	2,000	2,000	2,000	2,000
Secured bank facility	AUD	6.40%	2009	1,000	1,000	1,000	1,000
Secured bank facility	AUD	6.82%	2009	5,900	5,900	5,900	5,900
TOTAL				11,200	11,200	10,100	10,100

The Club and consolidated entity has access to a bank overdraft facility as at 31 July 2008 of \$500,000 (2007 - \$500,000) and a commercial bill facility of \$12,900,000 (2007 \$10,500,000). The unused facilities as at 31 July 2008 were \$500,000 (2007 - \$500,000) and \$1,700,000 (2007 - \$400,000) respectively.

10. SUPERANNUATION FUND

With the introduction of Super Choices all employees may nominate their preferred fund for employer contributions.

The Club contributed \$553k in the year ended 31/7/08 (2007: \$548k)

The consolidated entity contributed \$553k in the year ended 31/7/08 (2007: \$548k)

As at year end the number of full-time employees working for the club was 61 (2007: 68).

11. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

The Board Members receive no remuneration for their services.

Other transactions of the Board:

- The Chairman is entitled to an allowance of \$18,000 to assist with costs incurred in representing the Club during the year.
- Some Members of the Board, either directly or through corporates in which they have a substantial financial interest, provide certain goods or services in the normal course of the Club's activities.
- The terms and conditions of those transactions with members of the board were no more favourable than those available to other entities on an arm's length basis.
- There were no amounts receivable from and payable to the board at reporting date arising from the above transactions.
- Members of the Board, or their relatives, may from time to time receive prizemoney from the Club following the success of horses owned or trained by them. This prizemoney is paid by the Club on the same terms and conditions as apply to any other owner or trainer.
- Various transactions with the Norwood Community Club Inc. were undertaken on commercial terms, during the period.

11. RELATED PARTY TRANSACTIONS (CONT'D)

Goods and services were provided by the following board members' related entities:

Name	Business	Nature	2008 \$000	2007 \$000
J Naffine	NTP Pty Ltd	Equipment sales/service	7	19
S Forrester-Jones Contract	Engineering SA Pty Ltd	Engineering Services	18	19
D Rasheed	Tilbrook/Rasheed Services Pty Ltd	Business Advisors	11	9
T McLeay	McLeay and Sons Carpets Pty Ltd	Floor Coverings	4	7

Key Management Personnel Compensation

	SAJC		Consolidated	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Short-term employee benefits	659	623	659	623

Loans to Key Management Personnel

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the group to key management personnel are as follows:

	SAJC		Consolidated	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Loans to key management personnel	39	-	39	-

A loan totalling \$39,000 was made to Mr S Ploubidis during the year and is secured against Mr Ploubidis' long service leave pro-rata entitlement. The loan is not interest bearing and classified as current.

- There were no other transactions with Key Management Personnel.
- Key Management Personnel, or their relatives, may from time to time receive prizemoney from the Club following the success of horses owned or trained by them. This prizemoney is paid by the Club on the same terms and conditions as apply to any other owner or trainer.
- There were no other amounts receivable from and payable to Key Management Personnel at reporting date arising from the above transactions.

12. CASH FLOW INFORMATION

(i) RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:-

	SAJC		Consolidated	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Interest Bearing Cash	5	5	5	5
Cash and Cash Equivalents	5,251	613	5,261	627
Bank Overdraft	-	-	-	-
	5,256	618	5,266	632

(ii) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES

Surplus/(Deficit) from ordinary activities	2,044	(284)	2,037	(312)
Proceeds from Industry Grants	(228)	(72)	(228)	(72)

Non-Cash Items

Depreciation	1,442	1,552	1,445	1,570
(Profit)/Loss on sale of property, plant and equipment	27	(1)	27	(1)
Fair value gain on acquisition of property, plant and equipment	(312)	-	(312)	-

Change in assets and liabilities

(Increase)/decrease in receivables	545	(772)	545	(764)
(Increase)/decrease in inventory	(20)	(25)	(20)	(25)
(Increase)/decrease in prepayments	15	(27)	15	(27)
Increase/(decrease) in payables	861	399	861	399
Increase/(decrease) in provisions	13	75	13	75
Increase/(decrease) in other liabilities	3,122	(136)	3,122	(136)

NET CASH PROVIDED BY OPERATIONS	7,509	709	7,505	707
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NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31ST JULY 2008

13. OPERATING LEASE COMMITMENTS

The lease agreement at Victoria Park ceased on 30 April 2008 and the SAJC has since vacated the premises. The Group holds no other leases.

14. FINANCIAL INSTRUMENTS

Financial Risk Management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and, the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Finance Sub-Committee is responsible for developing and managing risk management policies. The Finance Sub-Committee reports regularly to the Board of Directors in its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect market conditions and the Group's activities. The Group, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Finance-Sub Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation the risks faced by the Group.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and rises principally from the Group's receivables from customers and investment securities.

Trade and other Receivables

The Group's exposure to credit risk is minimal due to the Group operating on a prepayment basis with its customer base and investments are low risk.

The Finance Sub-Committee has established a credit policy where credit may be provided from time to time on a limited basis. For example, unforeseen charges in relation to a function which may be invoiced at the completion of the function.

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

14. FINANCIAL INSTRUMENTS (CONT'D)

SAJC	Carrying Amount	
	2008	2007
Cash and cash equivalents	5,251	613
Investments - interest-bearing deposits	5	5
Trade and other receivables	1,662	2,207
Prepayments	381	396
TOTAL	7,299	3,221

Consolidated	Carrying Amount	
	2008	2007
Cash and cash equivalents	5,261	6627
Investments - interest-bearing deposits	5	5
Trade and other receivables	1,676	2,221
Prepayments	381	396
TOTAL	7,323	3,249

Impairment Losses

The ageing of the Club's trade receivables at the reporting date was:

SAJC	Gross 2008	Impairment 2008	Gross 2007	Impairment 2007
Not past due	735	-	714	-
Past due 0-30 days	36	-	34	-
Past due 31-120 days	3	-	3	-
Past due 121 days to one year	-	-	-	-
TOTAL	774	-	751	-

The ageing of the Group's trade receivables at the reporting date was:

Consolidated	Gross 2008	Impairment 2008	Gross 2007	Impairment 2007
Not past due	735	-	714	-
Past due 0-30 days	36	-	34	-
Past due 31-120 days	3	-	3	-
Past due 121 days to one year	14	-	14	-
TOTAL	788	-	765	-

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Group monitors its cash flow requirements and optimises its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

NOTES TO THE FINANCIAL REPORT FOR YEAR ENDED 31ST JULY 2008

14. FINANCIAL INSTRUMENTS (CONT'D)

- \$500,000 overdraft facility. Interest is payable at the overdraft rate set by the bank;
- \$12,700,000 commercial bill facility to meet short-term financing needs. Interest is payable at market rates;

both secured by a First Registered Bill of Sale & Equitable Mortgage over all the assets of the South Australian Jockey Club Inc and a First Registered Mortgage over the Cheltenham Racetrack.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated

31 July 2008	Carrying Amount	Contractual Cash Flows	6 Months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
Non-derivative Financial Liabilities							
Secured Bank Facility	11,200	(11,821)	(4,544)	(1,211)	(6,066)	-	-
Trade and Other Payables	2,844	(2,844)	(2,844)	-	-	-	-

31 July 2007	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative Financial Liabilities							
Secured Bank Facility	10,100	(11,247)	(1,499)	(2,235)	(1,446)	(6,066)	-
Trade and Other Payables	1,983	(1,983)	(1,983)	-	-	-	-

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Group has no currency risk.

Interest Rate Risk

The group adopts a policy of ensuring that between 50% and 70% of its exposure to changes in interest rates on borrowings is on a fixed rate basis.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instrument was:

	Carrying Amount	
	2008	2007
Fixed Rate Instruments		
Financial Assets	4,100	-
Financial Liabilities	(6,900)	(8,900)
TOTAL	(2,800)	(8,900)
Variable Rate Instruments		
Financial Assets	928	383
Financial Liabilities	(4,300)	(1,200)
TOTAL	(3,372)	(817)

14. FINANCIAL INSTRUMENTS (CONT'D)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes all other variables remain constant. The analysis is performed on the same basis for 2007.

	Profit or loss	
	100bp increase	100bp decrease
31 July 2008		
Variable Rate Instruments	(34)	34
Cash flow sensitivity	(34)	34
31 July 2007		
Variable Rate Instruments	(8)	8
Cash flow sensitivity	(8)	8

Fair Values

Fair values versus carrying amounts

The fair values of financial assets and liabilities are equal to the carrying amounts shown in the balance sheet.

15. ROUNDING OFF AMOUNTS

Amounts in this report have been rounded off to the nearest thousand dollars, unless specifically stated to be otherwise.

16. COMMITMENTS AND CONTINGENCIES

With the Club vacating Victoria Park in April 2008 there remains a potential future obligation to the Adelaide City Council to assist in the clean-up of the premises. At this point in time a reliable estimate cannot be quantified in addition to the \$980,000 insurance proceeds the Club is obligated to spend at Victoria Park.

17. SEGMENT REPORTING

The Club operates predominately in one business and geographical segment being the entertainment and hospitality industry in South Australia.

18. AUDITORS REMUNERATION

KPMG earned the following remuneration from the Club and consolidated entity during the year:

	SAJC		Consolidated	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Audit Services				
Audit or review of financial reports	36	34	41	39
Other assurance services	-	-	-	-
	36	34	41	39

REPORT AND STATEMENT BY THE BOARD

REPORT BY BOARD

During the financial year, no officer of the Club and its controlled entity, or any firm of which an officer is a member, or any corporate in which an officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between an officer, firm or corporate and the Club, other than:

- (a) an allowance of \$18,000 payable to the Chairman to assist with costs incurred in representing the Club during the year;
- (b) benefits arising from the provision of certain minor goods or services in the normal course of the Club's activities; and
- (c) prizemoney paid by the Club on the same terms and conditions as apply to any other owner or trainer.

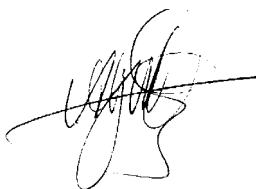
During the financial year, no officer of the Club and its controlled entity has received directly or indirectly from the Club any payment or other benefit of a pecuniary value, other than in the case of officers employed by the Club, approved salaries which have been determined in accordance with general market conditions.

Dated at Adelaide this 23rd day of October, 2008.

Signed in accordance with a resolution of the Board.



John Naffine
Chairman



Alistair McFarlane
Member of Finance Sub-Committee

STATEMENT BY BOARD

The attached financial statements and notes of the South Australian Jockey Club Inc. and its controlled entity as set out on pages 20-36, for the year ended 31 July, 2008, are in our opinion properly drawn up:

- (a) so as to present fairly the financial position of the Club and its controlled entity as at 31 July, 2008 and the results and cash flows for the year then ended;
- (b) in accordance with the provisions of the Club Rules; and
- (c) in accordance with Australian Accounting Standards and the Associations Incorporation Act 1985.

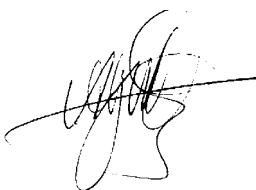
As at the date of this statement, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they fall due.

Dated at Adelaide this 23rd day of October, 2008.

Signed in accordance with a resolution of the Board.



John Naffine
Chairman



Alistair McFarlane
Member of Finance Sub-Committee

Report on the financial report

We have audited the accompanying financial report of the South Australian Jockey Club Incorporated (the Club), which comprises the balance sheets as at 31 July 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 18 and the statement by the board of the Group comprising the Club and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Club are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Act 1985. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Associations Act 1985 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Club's and the Group's financial position and of their performance.

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

Independence

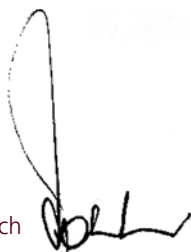
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's opinion

In our opinion the financial report of the South Australian Jockey Club Incorporated presents fairly, in accordance with the Associations Act 1985 and Australian Accounting Standards (including the Australian Accounting Interpretations), the financial position of the Club and the Group as of 31 July 2008 and of its financial performance and its cash flows for the year then ended.



KPMG



Grant Drabsch
Partner
Adelaide

23 October 2008



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