

Annual Report 2009/2010



	Page
Chairman's Report	2
Feature Race Winners 2009/2010	10
Financial Overview 2009/2010	12
Financial Report 2009/2010	19
Notes to the Financial Report for the Year Ended 31 July 2010	24
Report and Statement by the Board	37
Auditor's Report	38

Dear Fellow Members,

On behalf of your Board I present the Club's Annual Report and Statement of Accounts.

FINANCIAL MATTERS

The Club's Financial Statements in this Annual Report shows an impressive surplus of \$76.527m.

Wow! What a turnaround.

Reality, however, bites hard.

This \$76.527m is a unique and never - to - be repeated figure.

The Cheltenham racecourse sold for \$85m. However, the \$85m is, by Accounting Standards prevailing by law, reduced as follows:

Interest not yet earned	\$1.896m
Value of Cheltenham assets disposed	\$3.205m
Professional fees	<u>\$1.131m</u>
TOTAL	<u>\$6.232m</u>

The \$6.232m is deducted from the \$85m for a net profit on sale to the Club of \$78.768m.

In May 2009 the Club was paid, from the Cheltenham racecourse's first payment \$19,739,219.48 (excluding GST). Those funds paid off the Club's then debts of \$18,972,568.73.

In February 2010 the second tranche payment of \$20m was received when a further \$5.9m debt was retired. \$11.5m was invested on 12th August 2010 with CBA Bank on fixed deposit terms for 3 months at a rate of 5.6%. \$11.0m has since been reinvested with CBA at 6.01% in November 2010.

- The third tranche payment of \$15m is due on 11th March , 2011
- The fourth tranche payment of \$15m is due on 11th July, 2012
- The fifth tranche payment of \$15m is due on 11th July, 2013

Part of the delayed payment deal was that the Urban Pacific Joint Venture would obtain Bank Guarantees via a finance facility. Urban Pacific is now close to obtaining full Bank Guarantees to the Club to secure all outstanding monies.

The Joint Venturer also agreed to pay simple interest to the SAJC calculated daily at the rate of 2.5% greater than the interest rate at the relevant time (BBSY), payable calendar monthly in arrears on the following amounts during the following periods:

- on \$20m from 11th November 2010 until 10th March 2011
- on \$5m from 11th March until 10th July 2012
- on \$25m from 11th August, 2011 until 10th July 2012
- on \$15m from 11th July 2012 until 10th July 2013

As such the interest rate, if paid on today's market rate, would probably be 7.5% on a 60 day basis.

The SAJC will continue to own the title to Cheltenham lands until full payments have been made.

As at 30th June 2009 the Club recorded a \$3.2m operating deficit. At last year's Annual General Meeting the Club predicted a budgeted deficit for 2010's financial year at a \$2.394m deficit. The Club has, from an operational performance, in fact shown a deficit of \$1.826m – a \$568,000 better result than budgeted.

The \$1.826m operational deficit comes about as follows:

Depreciation of assets	\$1.977m
Stake monies paid to TRSA	\$1.139m
(\$900,000 is part of the agreed \$10.25m to be paid by SAJC to TRSA)	

The Budget for 2010/2011 is showing a deficit of \$2.058m.

This includes:

Depreciation	\$2.178m
Stake monies to TRSA (as above)	\$1.800m

The Finance Sub-Committee headed by Bill Spear works incredibly hard to reign in expenditure and to maximize the performance of the Club. It's an unending job.

INVESTMENT STRATEGIES

The Club is:

- an Incorporated Association
- a not for profit tax exempt entity
- a registered entity for GST purposes
- not a deductible gift recipient for income tax purposes.

How, then, is it best for the Club to invest its minimum Cheltenham monies of about \$50m? The more prominent structures to hold and invest these funds for TRSA prize monies, and the Club's needs are:

- the existing SAJC structure,
- the existing SAJC structure with a separate Management Sub-Committee,
- a Foundation with a separate Board and with its own Corporate Trustee,
- a newly Incorporated Association with the funds provided by grant (and not by loan) and needing its own Board,
- a Company limited by guarantee, and
- a wholly owned Company (subject to tax).

Each have their good and bad points. However, these matters are so very complex that your Board has sought the best available legal and accounting advice on the overall investment strategies.

This may include obtaining a Private Ruling from the Australian Taxation Office in relation to dividend imputation credits.

Whatever the situation, we as a Club, must get these matters right. Our Club's entire future rests with the investment and preservation of these sale monies. It is so important that Members will be kept fully briefed on a regular basis.

Some believe that four Members have been appointed to be Trustees of these future investments.

That is not so. It was discussed at the Special Meeting relating to the sale of Cheltenham, but it was never put as a Resolution, nor was it specifically voted upon.

Those four Members undertook a careful and forensic due diligence with regard to the sale price and procedures relating to Cheltenham's sale – and did an excellent job.

There are huge professional indemnity potentials to be considered for the Club's future investment procedures.

OUR PATRONS

The Club continues to enjoy the support of our two valued Patrons.

The Governor of South Australia, His Excellency Rear Admiral Kevin Scarce, AO CSC RAN loves his racing but has an overwhelming schedule that allows him too little opportunities to attend.

Robert Gerard AO remains a generous sponsor and benefactor to our Club.

At last year's AGM I detailed the huge largesse to the Club from Robert.

We are both proud and lucky to have two such wonderful men as our Club's Patrons, and for their encouragement and support.

LIFE MEMBERS

Pursuant to Club Rule 6.2, six Members, each of whom have been Members of the Club for more than 50 years, have been recommended by the Board to be admitted as Life Members.

Their individual admission as Life Members must be approved by Members at this year's Annual General Meeting. The six Members are:

Donald Brown	Walter Brown	John Miller
Noel Hamden	Noel Darmody	Tom Whimpress

Brothers, Donald and Walter Brown, raced many good horses with the best most certainly Tobin Bronze which won the W.S. Cox Plate, Caulfield Cup and Doncaster handicap. They later successfully operated Narrung Stud.

Great mates Noel Hamden and Noel Darmody are regular attendees. Noel Hamden originally from Elliston, later operated Sapphire Distributors and was for many years a sponsor of the City of Woodville Race Day. Noel Darmody was firstly a Port Adelaide Racing Club Member, and upon the 1975 amalgamation of the then three Clubs, became an SAJC Member (effectively for 58 years).

Dr John Miller, a well known Radiologist, raced Goose Lane, Twigum and Hathor. Tom Whimpress was the Club's Auditor for about seven years and raced I'm a Yodeller and several other horses.

It is a remarkable achievement for these gentlemen to have been Members for 50 years, and we hope they will still enjoy their Racing for many years.

SPONSORS

For the first time in at least a decade the Club has obtained sponsorship for all our 44 Group and Listed races. This is a well deserved result from a lot of hard work and initiative by our staff.

New sponsors are now actively being courted for everyday races, and on very competitive and attractive terms.

Our venue and naming sponsor, the Scott Group of Companies, remains loyal and are in discussions with the Club for the renewal of this vital sponsorship and alliance. In so doing, both would continue the recognition of Allan Scott AM and his passion for and huge contribution to Racing in this State.

Lion Nathan, through its James Boags brand, has worked closely with the Club and we mutually hope to improve and expand this already good relationship.

Adelaide Casino has enhanced our relationship and, at their request, renegotiated the existing deal and has extended it for a three year period. Adelaide Casino's CEO, David Christian, and his Executive Team are delighted with the number of SAJC Members taking advantage of their incentives at the dining and hospitality in the Casino.

David has warmly spoken to me about the invigorated dialogue and interaction between the Casino and the Club.

Schweppes, now our longest ever sponsor, will clock up 30 years with the running of the Schweppes Oaks on 26th March 2011. Schweppes has really grown its involvement in the Club's activities by sponsoring some Fashion Parades, and bringing many more guests to on-course racing days.

Schweppes, via IGA grocery stores, ran Cup displays and gave a holiday prize – all in close concert with the Club's Marketing Department. Again, Schweppes approached the Club to adjust the current two remaining years and now want to secure a likely 10 year sponsorship.

Corporate Bookmakers are now an everyday fact of Racing Life. Sportingbet, led by Michael Sullivan, is the generous sponsor of the \$350,000 Group 1 Sportingbet Classic (registered as the Robert Sangster) run over 1200m, also on 26th March 2011, and other races.

Michael brings a big contingent of friends and clients to his races, and they make delightful company.

Belfair also heavily sponsor the \$350,000 Group 1 South Australian Derby run over 2500m on 8th May 2011 and other races. Again Nick Cummins enjoys leading a large group of friends and clients on those days.

Robert Hill-Smith who so dynamically has led Yalumba Wines Ltd. to pre-eminence remains a vital sponsor and contributor to the Club. Yalumba has crucially increased its involvement with the Club's Chairman's Luncheons and the Jansz Hats and High Tea event. The prime race sponsored by Yalumba is the Group 3 The Jansz over 1200m for two year olds.

All of our Sponsors are terribly important to the success of the Club and its racing. We ask that you support our Sponsors so that we have a mutually beneficial relationship.

We now look to have an ongoing year round association with our sponsors – not just for their event day. We want our sponsors to know just how much they mean to the Club and just how much they are appreciated.

I have not detailed each and every sponsor because of obvious constraints. They all know how much they mean and are important to the Club.

COMPLETED PROJECTS

The marquee vinyl roof to the Panasonic Pavilion was removed and replaced by a Bondor insulated Colourbond roofing panel product. The excessive gyrations of the roof are no longer. Reverse cycle air-conditioning is now activated. Universities use this facility for exams for a yearly return of \$240,000 – and being an income which will grow.

The Panasonic Pavilion is now fully equipped and operational to pick up all functions previously housed in the main grandstand. It will prove a strong aid to our growing hospitality and function businesses.

The upgrade cost was \$782,000.

The \$3m Pro-Ride artificial training track is performing well and is now kept in pristine condition by the monthly maintenance Contractor – rather than a once yearly top up. This costs \$130,000 annually.

The \$5m Parks (inner track) has bedded down, and is racing truly and better than hoped. When this track was being built excess earthworks were moulded into a grassed jump-out track which is now mature and operational with the aluminium running rails being erected mid-November 2010. The jump-out track will significantly ease the obvious pressures of horses being trained on the two current racing surfaces.

The Bull Ring (the biggest on any Australian racecourse) which cost \$92,000 is acclaimed by our, and interstate, trainers and owners.

The Do Drop In (the Trainers' platform and hut) has been completed at \$68,000. The trainers have expressed their gratitude in having a reverse cycle air-conditioned amenity.

CONTINUING PROJECTS

The Horse Stalls have all had Bondor insulated roofing installed to improve comfort and reduce radiant heat to the horses and their carers. Temperatures have been lowered by about 5°C. Shade sails mesh structures are being installed mid-November 2010 to give that extra shade for all horses and persons involved. Rain and harsh weather will be mitigated. Rubberized walkways will be installed in the tie-up stalls and near parade rings.

The costs are likely to be \$440,000.

The Jockeys' Rooms (at a cost of \$350,000) are being extended from the currently inadequate facility, and to accommodate from the now 8 to a future 30 female jockeys. Why? Because we have good jockeys who deserve a better deal – in the 2010 Apprentice Jockeys Academy run by TRSA and TAFE there are 9 female apprentices and only 1 male apprentice.

The \$82,000 Trainers Bar (named after the great Pat Glennon) has been relocated from the gloomy bowels of the grandstand to the first floor eastern end of the grandstand. A bright, airy and sunlit facility with full views of the tracks it is now open to all Trainers and ticketed Owners.

The current Winners' Bar will relocate to a refurbished previous Trainer's Bar. The Press Room is to be remodeled and made larger.

Tender documents for the 2nd floor and Trackside dining improvements go out late November 2010. Painting of the entire bar and 2nd level is also part of this project.

The painting of the exterior of the grandstand is scheduled to start within the week. Programmed Maintenance Ltd. will complete the exterior job and then maintain it (including annual pressure cleaning and touch ups) for a total cost of \$525,000. However, this cost is to be paid out over 7 years with each annual payment being \$75,000 – and to include repairs and painting of the Heritage grandstand (something well and truly overdue).

The Morphettville Junction's Gaming Room has been renovated, recarpeted, and now has an attractive Function Room for wedding receptions and seminars. Negotiations are ongoing to approve a TAB agency at the Junction, and the relocation of the Betting Auditorium.

BOARD MATTERS

On 15th September 2010 Harry Perks and Kerry O'Brien resigned their positions as Board Members.

They served for 15 months giving hard work, sustained and valuable contributions to the Board and to the affairs of the Club.

Ken Smith, having been elected as a Director of Thoroughbred Racing SA Ltd., was required to resign his Deputy Chairmanship of our Club.

Ken, as with Harry and Kerry, gave so willingly and unreservedly in time, effort and commitment. We are truly grateful for their time on the Board. We have six candidates seeking to fill the three Board positions and being:

Bodelle Francis-Lee
Wayne Henson

Steve Kelton
Allan Burchard

Steve Hill
Kevin L Harrison

John Sawley, Ray Bradmore and Maurie Howard are the Returning Officers for the election. They are conducting the election procedures on strict, forensic and at arms-length bases. Mr. Sawley will announce the three successful candidates at our Annual General Meeting.

All Board Members have worked diligently and strongly for the Club. All make special and extra contributions in line with their particular strengths, interests and expertise.

STAFF

Our staff have seamlessly lifted in confidence, morale, performance and results.

They have worked hard and they are dedicated to the Club, its racing and other businesses.

I believe they are as proud of the Club and their jobs as we are of them.

They are, of course, led by Brenton Wilkinson. The Board has a close relationship with Brenton – we rely on him and the staff, and have great and rightful trust in them.

STATE GOVERNMENT

The Honourable Michael Wright, as the Minister for Recreation, Sport and Racing has a long and proven record of support to the Club and to Racing..

We all remember and thank him for his tax reforms which have so helped us, and for the \$5m funding for The Parks inner track.

He has set up a tri-monthly conference facility with me and John Glatz so that we have an informal forum to discuss Club and racing matters.

The Minister is extremely knowledgeable about racing matters, eager to assist if possible, and warm and considerate in his advice.

Terry Arbon gives strong back-up to his Minister and is also a very sound man indeed.

THOROUGHBRED RACING SA (TRSA)

Frances Nelson, QC, now chairs this Board which is the Controlling Authority for all South Australian racing.

Philip Bentley, as the founding Chairman, gave distinguished service to TRSA and has left a comprehensive racing legacy and Board frame work for TRSA. He oversaw important prizemoney increases, assisted the State Government's corporate bookmakers contribution legislation and saw through many reforms which have strengthened the industry.

Philip's contributions were vital and we thank him for them.

The Club continues its planned and phased-in contributions to TRSA of \$10.25m towards prize monies. These monies will come from the Club's investment dividends and should be fully paid out in 2014. Very obviously the Club sees the importance of contributing to future prize monies.

We, as a Club, cannot indefinitely put off our own needed refurbishments. Due diligence on these two matters must be strictly adhered to, and are in any event of such importance that they must be placed before Members for advice, consideration and decision at a future Annual General Meeting. With good faith and intentions we should get it right.

BOARD ALLOWANCES

The penultimate Special Resolution of the AGM relates to Club Rule 21.1 and remuneration, allowances and expenses of Board Members.

The SAJC Chairman has an expense allocation of \$18,000 yearly set aside, while the other 8 Board Members each have an expense allocation of \$2,500. These Board Allowances have not been reviewed in the last 6 years.

We have rigorously reverted these allocations to a strictly reimbursement of costs incurred position for all of the Board Members..

As Chairman I spent, over 14 months, \$15,359.73 as follows:

1. \$468.46 at two separate Morphetville Junction lunches to reward the office girls for work done at that time, and on prospective sponsors
2. \$993.64 for two separate lunches at the Winning Post Restaurant including a table for 12 State Government Racing Department staff
3. \$549.03 for Virgin and Qantas flights and hotel for 2009 VRC Derby Day
4. \$6,098.60 to supply and install an alarm system for Course Manager John Tonani's aquifer watering program
5. \$5,000.00 to Board Member Chris Sargent
6. \$2,250.00 for motor vehicle travel expenses and fuel allowances

I explain that John Tonani was often found coming in to the tracks at times between 1.00 a.m. and 3.00 a.m. to assess and deal with a malfunction of the watering system. There was no budget allocation for an alarm and regulatory correction system to the waterings – so I paid for it from the Chairman's allocation. Mrs Tonani seemed well pleased to have her John back home.

The \$5,000 provided to Chris Sargent was suggested by me and unanimously approved by the Board. For 17 months the Club has grappled with very serious and complicated legal suits including the Cheltenham Residents' Association Writ and Appeal in the Supreme Court. The former CEO's action in the Federal Court was extremely time consuming.

Chris took up the onerous and time demanding liaison and conduit between the Club and our external legal teams.

He interpreted and clinically explained complex matters to the Board, liaised on the progress of and evidence necessary for our QC and Solicitors and negotiated with our insurers.

It required specialist forensic skills, knowledge and a cool overview.

Chris did all of this – and in spades. I estimate that he spent in excess of 120 hours of unpaid and uncosted time on these matters.

Chris, quite in need of a good holiday, intended travelling for 3 months from July 2010. I believed that the \$5,000 was appropriate and he attended races at Dubai and Hong Kong.

Chris, typically, resisted my offer, but we believed that he deserved it, especially as it came from the Chairman's allocation and with no overall increase to the Club.

As a Board we have a strict process to approve all Board Members' expenditure – and this policy is rigidly applied.

All Board Members use their allowances for strictly Club purposes (usually entertaining guests at Trackside Dining).

The Board recommends the changes to Club Rule 21, and there is no move to increase these allocations without Members' approval.

To reiterate I confirm that in the last year legal matters confronting the Club have been resolved as follows:

- (a) Both the Cheltenham Residents' Association Supreme Court Summons and Appeal failed, but costs were not awarded to the Club;
- (b) On 16th June 2010 the Club paid \$50,000 to our Insurance Company to finalise the settlement (having previously paid \$10,000 excess) with former CEO Ploubidis;
- (c) On 23rd June 2010 the Club paid \$15,000 in settlement of the Rod Sawford claims relating to alleged defamation by the former CEO, the Club having been joined in those District Court proceedings; and
- (d) On 17th August 2010 Consent Orders resolving all Workers Compensation Tribunal proceedings between the Club and the former CEO, with no sum required against the SAJC.

JOINT VENTURER – URBAN PACIFIC LTD

Urban Pacific has acted impeccably and punctually in its payments to the Club, and is obtaining the necessary full Bank Guarantees.

The Club has built up a very good and reliable relationship with Urban Pacific.

IGA REPORT

The 92 page Report detailed the inquiry into and findings on the Club's previous governance matters.

The Independent Gambling Authority conducted the Inquiry and made findings as to the immediate past and present Boards.

This was a very significant matter because had the IGA found differently the gambling licences of the Club might have been in serious jeopardy.

Mr. Robert Chappell as Director to Judge Alan Moss' Authority has been very strong in his directions and assistance to the Club.

With all best wishes,



David Peacock
CHAIRMAN

STAKES	RACE NAME	WINNER (& TRAINER)	DISTANCE	RIDER	TIME
Group 1					
\$300,000	Schweppes Oaks	Small Minds (John P Thompson)	2006m	Dean Holland	2-06.44
\$300,000	Sportingbet Classic (Robert Sangster Stakes)	Rostova (Steve Richards)	1200m	Steven King	1-09.42
\$300,000	Betfair.com South Australian Derby	Kidnapped (Peter Snowden)	2500m	Kerrin McEvoy	2-37.21
\$300,000	The Distinctive Homes Goodwood	Velocitea (NZ) (Mick Price)	1200m	Craig Newitt	1-09.01
Group 2					
\$400,000	Adelaide Casino Adelaide Cup	Capecover (NZ) (Patrick Payne)	3200m	Steven Arnold	3-28.81
\$200,000	Yallabee Classic	Majestic Music (Leon Macdonald & Andrew Gluyas)	1200m	Clare Lindop	1-10.92
\$150,000	Panasonic Queen of the South Stakes	Returntosender (Peter G Moody)	1600m	Mark Zahra	1-36.82
Group 3					
\$100,000	Spring Gully Spring Stakes	Midnight Mustang (Tony Noonan)	1200m	Brad Rawiller	1-09.76
\$100,000	Marsh Breeders' Stakes	Shrapnel (Mark Kavanagh)	1200m	Simon Price	1-10.91
\$125,000	Boag's Lord Reims Stakes	Moment in Time (Mick Huxtable)	2600m	Chad Lever	2-50.06
\$100,000	Dunes Port Hughes R N Irwin Stakes	Augusta Proud (Leon Macdonald & Andrew Gluyas)	1100m	Clare Lindop	1-04.05
\$100,000	The Jansz (National Stakes)	Toorak Toff (Rick Hore-Lacy)	1200m	Damien Oliver	1-10.18
\$100,000	SA Sires' Produce Stakes	Stirling Grove (Richard Jolly)	1400m	Chad Lever	1-24.42
\$100,000	Sportingbet SA Fillies Classic	Danaupair Starlet (Patrick Payne)	2400m	Matthew Neilson	2-34.43
\$100,000	Evrigh.com Stakes (D C McKay Stakes)	Catapulted (Mark Kavanagh)	1100m	Simon Price	1-02.35
\$200,000	Allan Scott Stakes (R A Lee Stakes)	Majestic Music (Leon Macdonald & Andrew Gluyas)	1600m	Clare Lindop	1-35.23
\$100,000	Darley Auraria Stakes	Fairy Oak (NZ) (Peter G Moody)	1800m	Luke Nolen	1-50.37
Listed					
\$70,000	Sportingbet Penny Edition Stakes	Magical Pearl (Dennis O'Leary)	1400m	Dom Tourneur	1-22.25
\$70,000	Betfair W H Wylie Handicap	Very Discreet (Richard Jolly)	1100m	Adrian Patterson	1-03.32
\$70,000	Lindsay Park Guineas (Morphettville Guineas)	Majestic Music (Leon Macdonald & Andrew Gluyas)	1600m	Chad Lever	1-35.29
\$70,000	Platinum Fine Homes Tokyo City Cup	Dynamic Hero (Daniel Clarken)	1600m	Ben Claridge	1-36.26
\$70,000	Hill Smith Stakes	Keep Control (Darren Weir)	1800m	Jarrod Fry (a)	1-50.17
\$70,000	Patricks / Dunes Durbridge Stakes	Very Discreet (Richard Jolly)	1200m	Chad Lever	1-08.91
\$70,000	City of Marion Stakes	Catapulted (Mark Kavanagh)	1200m	Simon Price	1-09.03
\$70,000	PD Excavations Christmas Handicap	Shekinaar (David Jolly)	1400m	Michael Hoppo	1-24.27

Feature Race Winners 2009/2010



\$70,000	Holdfast Insurance Birthday Cup	Zagreb (David Hayes)	1800m	Paul Gatt	1-48.81
\$70,000	Blue Sky Thoroughbreds Queen Adelaide Stakes	Warm Love (David Brideoake)	1000m	Mark Pegus	0-59.11
\$70,000	Clean SA Port Adelaide Cup	Right Fong (David Balfour)	2250m	Mark Pegus	2-23.23
\$70,000	Projection Graphics Redelva Stakes	Hooness (Jason Petch)	1000m	Aaron Spiteri	0-58.95
\$70,000	H C Nitschke Stakes	I'm Discreet (Richard Jolly)	1400m	Libby Hopwood	1-25.84
\$70,000	Sloan Sands Matrice Stakes	Periduki (Mick Whittle)	1200m	Paul Denton	1-09.75
\$70,000	Pewsey Vale Stakes (Cinderella Stakes)	Koala Bear (Lee Freedman)	1050m	Dwayne Dunn	1-01-65
\$70,000	Schwepperversence Stakes (Centaurea Stakes)	Swooper (Darryl Dodson)	2008m	Dwayne Dunn	2-05.83
\$70,000	Adelaide Airport T1 Adelaide Guineas	Small Minds (John P Thompson)	1600m	Dean Holland	1-38.78
\$70,000	SA Thoroughbred Breeders Laelia Stakes	I'm Discreet (Richard Jolly)	1600m	Chad Lever	1-36.23
\$70,000	Parmalat Manihi Classic	Floramour (Peter Gelagotis)	1200m	Chris Symons	1-09.22
\$70,000	St Clair Port Adelaide Guineas	Red Colossus (Greg Eurell)	1800m	Chris Symons	1-49.18
\$70,000	C S Hayes Memorial Cup	Sound of Nature (USA) (Lee Freedman)	1600m	Chris Symons	1-35.93
\$70,000	Holdfast Insurance City of Adelaide Handicap	Tagus (John P Thompson)	1550m	Peter Mertens	1-33.79R
\$70,000	Allan Scott Park Morphettville Japan Trophy	Naughty Boy (Kylie Huxtable)	2500m	Adrian Patterson	2-40.30
\$70,000	Chairman's TAB Stakes	Red Colossus (Greg Eurell)	2014m	Chris Symons	2-08.73
\$100,000	Unley Telstra Shop Oaklands Plate	Precious Lorraine (David Hayes)	1600m	Paul Gatt	1-36.81
\$100,000	Cleanevent Dequetteville Stakes	Broadway Harmony (Darren Weir)	1100m	Sebastian Murphy	1-03.27
\$100,000	Befair.com Proud Miss Stakes	Hanabananah (Mark Minervini)	1200m	Steven King	1-09.59
\$80,000	Reliance Petroleum Stakes (Lighting Stakes)	Streetcar Magic (David Jolly)	1050m	Justin Potter	1-03.84

The Group recorded an overall surplus of \$76,527k and an operational deficit of \$1,826k before depreciation of industry funded assets (\$415k) and the Cheltenham Gain (\$78,768k).

Please note that a change in accounting policy saw the Group no longer accounting for TRSA prizemoney distributions resulting in a significant reduction in prizemoney revenue and expenditure. This has had no overall effect on the Group's net result.

Operational Performance	(000's)
Surplus as per Income Statements	\$76,527
Less	
Cheltenham Gain	\$(78,768)
Plus	
Depreciation of Industry Funded Assets	\$415
Operational Deficit	\$(1,826)

ACCOUNTING FOR CHELTENHAM

Although the Group is entitled to receive \$85M under the Land Facilitation Agreement (LFA), the \$85M has been reduced as follows:

	(000's)
Value as per LFA	\$85,000
Interest Income not yet earned	\$(1,896) ¹
Value of Cheltenham assets disposed	\$(3,205)
Professional Fees	\$(1,131)
Gain on Disposal of Cheltenham	\$78,768

¹ Australian Accounting Standards require future payments to be discounted into today's dollars. This amount will be amortised over the next three years and shown as interest received.

As agreed at the 2009 Annual General Meeting the remaining balance of \$45M will be received in three instalments as follows:

11 Mar 2011	\$15M
11 Jul 2012	\$15M
11 Jul 2013	\$15M
Total	\$45M

All monies deferred incur an interest charge payable to the Group by the developer which is set at BBSY (cash rate) + 2.5%. With current rates this could vary between 7.0%-7.5%.

TRSA PRIZEMONEY

The Group committed, to TRSA, \$10.25M in prizemoney and during the year negotiated to commit the balance of the \$10.25M as follows:

2010/11	\$1.80M
2011/12	\$2.40M
2012/13	\$2.50M
2013/14	\$1.65M
Total	\$8.35M

REVENUE

Prizemoney and Administration Grants

This significant movement from \$15,070k in 2009 to \$551k in 2010 resulted from the SAJC no longer receiving prizemoney distributions from TRSA. As there has been an equal reduction in prizemoney costs the SAJC remains in a neutral position.

Sponsorship and Television Rights

Net Sponsorship Revenue was below last year by \$490k. The Allan Scott naming rights contract covers a six year period with the sixth year at no additional cost. Hence, year five's revenue of \$450k has been spread over two years. That is, rather than year five (2009/10) reporting \$450k in revenue the Club has recorded revenue of \$225k in 2009/10 with 2010/11 recognising the deferred balance of \$225k.

Sponsorship income from the recognition of the Panasonic Plasmas was only recognised in 2008/09 totalling \$143k. In addition to these major items the Group saw some other sponsors not renew.

Members Subscriptions & Admissions

Member Subscriptions were lower due to the non-renewal of many of the new members signed up in the lead up to the 2008 election. This amounted to \$39k.

The Group changed its accounting policy in relation to Admissions resulting in this line item only including income from paying patrons through the turnstiles. Last year admissions also included a component for patrons attending raceday functions whereas this year raceday function admissions have been included in Catering Turnover.

Sundry Revenue

This item includes additional rental income from tenants that are utilising the Group's land and an increase in capital grants received from TRSA.

Government Grants

Last year saw the recognition of the final \$1.995M balance of the track grant received from the State Government in 2008.

EXPENSES

Prizemoney and Administration Grants

See Prizemoney and Administration Grants above.

It should be noted that the SAJC's contribution to prizemoney exceeded \$1M for the year.

Catering Expenditure

Expenses increased on last year due to a reallocation of costs to the Catering Department in line with a change in the Group's accounting policy. Examples include wages, cleaning, electricity and security charges that were previously charged to Property/Raceday.

Salaries, Superannuation & Taxes

Salaries were significantly down on last year due to reversing the provision for the former CEO's breach of contract claim. As the Group did not incur any liability to the former CEO the provision of \$300k was reversed resulting in a turn around of \$600k on last year. Please note that the \$60k paid to the insurer has been captured under "Insurance and Professional Fees".

Raceday Wages & Payroll Tax

The favourable variance of \$368k resulted from TRSA absorbing specific raceday costs including photo finish, barrier attendants, ambulance and veterinary costs. TRSA also contributed towards the costs of providing TV facilities on racedays.

General Maintenance

The main factor for a reduction in costs of \$765k was due to the back charges in relation to Cheltenham for council and water rates totaling \$711k recorded in 2008/09

Insurance & Professional Fees

Last year the Group incurred \$320k in legal fees in relation to the vote stacking inquiry. As mentioned above \$60k was incurred in relation to the settlement of the former CEO's breach of contract claim.

Postage, Stationary and Telephone

Included in this item is a reduction in printing costs for the annual report (a provision was raised for 2008/09 and reversed in 2009/10).

Travel and Conferences

Travel costs were kept to a minimum during the year.

Victoria Park Remediation

Remediation costs were finalised with an additional \$194k expended over the provision that was raised for 2008/09. The total cost for these works was \$1.379M.

SEGMENTED OVERVIEW OF THE SAJC'S PERFORMANCE 2009/10

	Racing		Catering		Gaming		Total	
	2010 \$000's	2009 \$000's	2010 \$000's	2009 \$000's	2010 \$000's	2009 \$000's	2010 \$000's	2009 \$000's
Tote Revenue	2,221	2,238	-	-	-	-	2,221	2,238
Bookmakers Commission	356	321	-	-	-	-	356	321
Nominations/Acceptances	956	907	-	-	-	-	956	907
Raceday Other	73	357	-	-	-	-	73	357
Property Income	1,444	1,145	-	-	-	-	1,444	1,145
Catering - Food and Beverage Sales	-	-	5,382	5,137	1,781	2,045	7,163	7,182
Catering - Sundry Income	-	-	1,236	1,061	48	41	1,284	1,102
Net Sponsorship	1,107	1,597	-	-	-	-	1,107	1,597
Admissions	315	510	-	-	-	-	315	510
Members Subscriptions	384	425	-	-	-	-	384	425
Other Marketing	4	5	-	-	-	-	4	5
Auditorium	43	64	-	-	-	-	43	64
Net Gaming Revenue	-	-	-	-	6,038	6,180	6,038	6,180
Overhead Allocation (Revenue)								
Marketing	150	150	325	325	25	25	500	500
Administration	27	81	25	73	3	8	55	162
	7,080	7,800	6,968	6,596	7,895	8,299	21,943	22,695
Tote Expenses	(897)	(835)	-	-	-	-	(897)	(835)
Salaries and Wages	(3,070)	(3,401)	(3,225)	(3,417)	(1,805)	(1,870)	(8,100)	(8,688)
Prizemoney	(1,139)	(1,366)	-	-	-	-	(1,139)	(1,366)
Raceday Other	(851)	(1,097)	-	-	-	-	(851)	(1,097)
Property Costs	(2,183)	(2,108)	-	-	-	-	(2,183)	(2,108)
Catering/Gaming Costs	-	-	(3,104)	(2,776)	(1,658)	(1,625)	(4,762)	(4,401)
Gaming Tax	-	-	-	-	(2,304)	(2,402)	(2,304)	(2,402)
Wagering	(51)	(46)	-	-	-	-	(51)	(46)
Sponsorship Expenses	(105)	(166)	-	-	-	-	(105)	(166)
Overhead Allocation (Expenses)								
Marketing	(368)	(397)	(513)	(519)	(40)	(41)	(921)	(957)
Administration	(229)	(390)	(229)	(390)	(51)	(87)	(509)	(867)
	(8,893)	(9,806)	(7,071)	(7,102)	(5,858)	(6,025)	(21,822)	(22,933)
Normalised Operating Surplus/(Deficit)	(1,813)	(2,006)	(103)	(506)	2,037	2,274	121	(238)
Add/(Subtract) Other Items								
Net Interest							225	(763)
Depreciation							(1,977)	(1,607)
Depreciation - Funded Assets							(415)	(702)
Non-Recurring Revenue (see above)							78,768	1,995
Non-Recurring Expenses (see above)							(194)	(2,586)
TOTAL							76,528	(3,901)

CAPITAL EXPENDITURE

Total capital expenditure for 2009/10 was \$3.89M. Significant items of capital expenditure include:

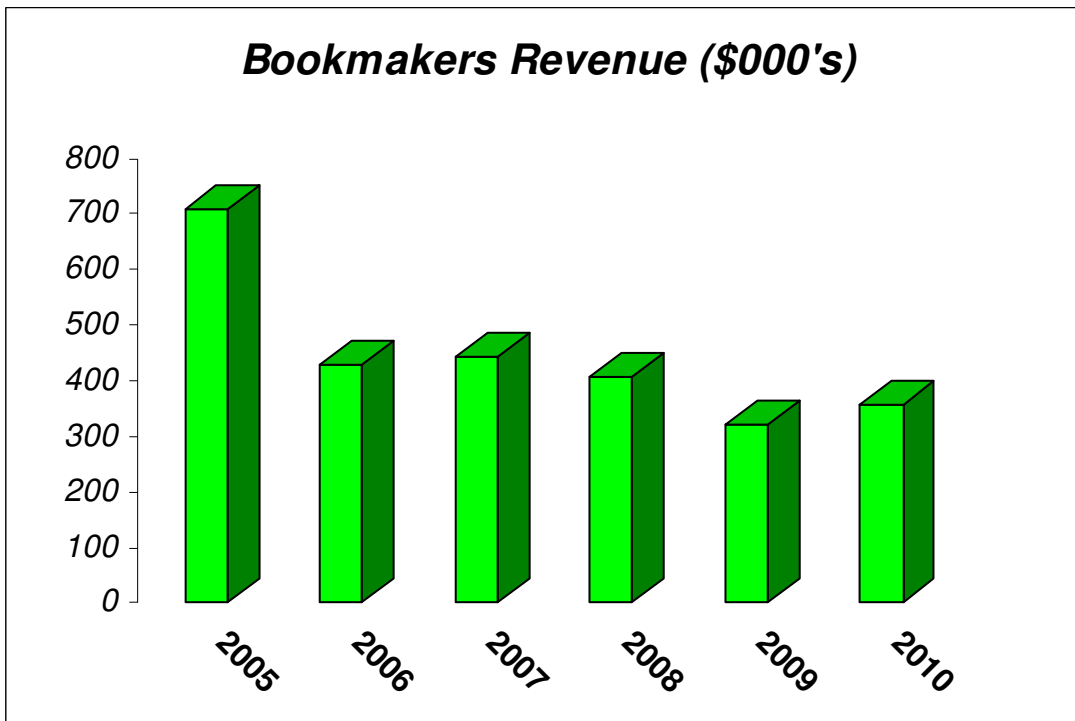
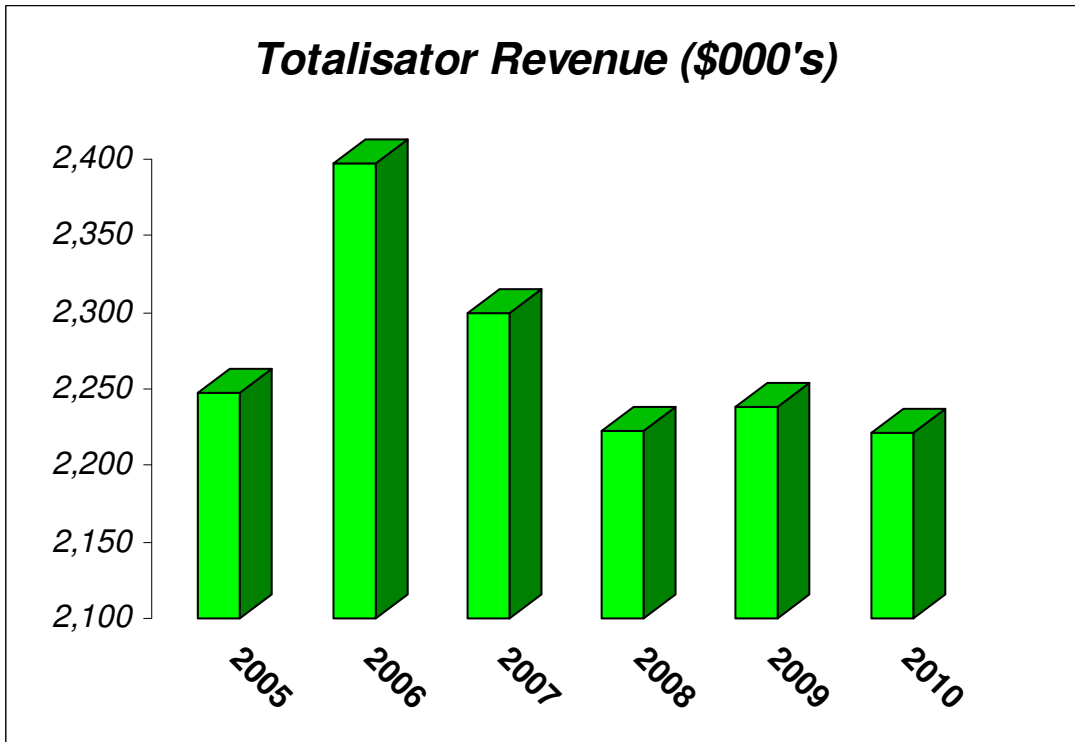
Item	Spend \$000's
Two Flat Deck Mowers	128
Starting Gates	138
Mounting of Super Screen	194
New Gaming Machines	218
Cabling for Audio/Video	278
MVJ Gaming Room	738
Panasonic Pavilion - Improvements	782

NORWOOD COMMUNITY CLUB

- The Norwood Community Club ceased operations on 28 February 2006 and reported a deficit of \$1K being for legal fees (gaming entitlements). The Norwood Community Club's results form part of the Group's accounts.
- The 26 Gaming Machines have been scrapped 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.

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

Michael Beviss
FINANCIAL CONTROLLER



Please note impact of Corporate Bookmakers on reduction in Bookmakers revenue.

STATISTICAL DATA

Year Ended	2010	2009	2008	2007	2006	2005
RACING						
Race Meetings	68	63	65	66	64	65
Races Run	549	508	520	530	518	528
Nominations	8,681	7,728	7,877	8,409	8,262	8,600
Starters	5,424	5,082	5,375	5,643	5,461	5,688
ON-COURSE TURNOVER (\$000)						
Totaliser	14,876	15,103	14,725	15,464	15,838	17,695
Bookmakers	35,809	35,703	46,435	50,355	48,757	84,459
Total Turnover	50,685	50,806	61,160	65,819	64,595	102,154
MEMBERSHIP						
Total Members	1,703	2,017	1,725	1,751	1,814	1,807

SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY
BALANCE SHEETS AS AT 31 JULY 2010

	NOTE	SAJC		Consolidated	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
CURRENT ASSETS					
Cash and Cash Equivalents		13,698	743	13,702	747
Investments - Interest-bearing Deposits		-	6	-	6
Inventories		231	226	231	226
Trade and Other Receivables	2	16,339	7,390	16,327	7,379
Assets Held For Sale		-	3,270	-	3,270
Prepayments		298	1,266	298	1,266
TOTAL CURRENT ASSETS		30,566	12,901	30,558	12,894
NON-CURRENT ASSETS					
Receivables	2	28,104	-	28,104	-
Property, Plant & Equipment	3	38,420	36,991	38,420	36,991
Intangible Assets	4	3,000	3,000	3,975	3,975
TOTAL NON-CURRENT ASSETS		69,524	39,991	70,499	40,966
TOTAL ASSETS		100,090	52,892	101,057	53,860
CURRENT LIABILITIES					
Trade and Other Payables		3,372	9,650	3,372	9,650
Interest-bearing Liabilities	5	-	3,000	-	3,000
Employee Benefits	6	456	451	456	451
Other Liabilities	7	944	21,025	944	21,025
TOTAL CURRENT LIABILITIES		4,772	34,126	4,772	34,126
NON-CURRENT LIABILITIES					
Employee Benefits	6	363	339	363	339
TOTAL NON-CURRENT LIABILITIES		363	339	363	339
TOTAL LIABILITIES		5,135	34,465	5,135	34,465
NET ASSETS		94,955	18,427	95,922	19,395
EQUITY					
Reserves	8	9,781	12,892	10,756	13,867
Retained Earnings	8	85,174	5,535	85,166	5,528
TOTAL EQUITY		94,955	18,427	95,922	19,395

The accompanying notes form part of these financial statements.

SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY
INCOME STATEMENTS FOR THE YEAR ENDED 31 JULY 2010

	NOTE	SAJC		Consolidated	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
REVENUE					
REVENUE FROM OPERATING ACTIVITIES					
Prizemoney & Administration Grants		551	15,070	551	15,070
Catering Turnover		8,447	8,284	8,447	8,284
Totalisator Revenue		2,221	2,238	2,221	2,238
Gaming Revenue		6,038	6,180	6,038	6,180
Sponsorship & Television Rights		1,107	1,597	1,107	1,597
Members Subscriptions & Admissions		699	935	699	935
Bookmakers Commission & Fees		356	321	356	321
Nominations & Acceptance Fees		956	907	956	907
Racebook Revenue		33	39	33	39
Training Fees		302	322	302	322
Auditorium Wagering Activities		43	64	43	64
Sundry Revenue		697	545	697	545
Government Grants		-	1,995	-	1,995
Promotional Grants		500	500	500	500
TOTAL REVENUE		21,950	38,997	21,950	38,997
EXPENDITURE FROM OPERATING ACTIVITIES					
Prizemoney		1,139	15,707	1,139	15,707
Cost of Goods Sold		2,270	2,380	2,270	2,380
Catering Expenditure		5,213	4,737	5,213	4,737
Gaming - General Expenditure		3,955	3,954	3,955	3,959
Auditorium - Wagering activities		51	46	51	46
Salaries, Superannuation & Taxes		1,083	1,849	1,083	1,849
Totalisator Operation & Maintenance		897	835	897	835
Raceday Wages & Payroll Tax		1,615	1,983	1,615	1,983
General Maintenance		3,823	4,588	3,823	4,588
Promotion and Sponsorship		853	907	853	907
Racebook Costs		48	60	48	60
Depreciation - Buildings & Improvements		1,400	1,170	1,400	1,170
Deprecation - Property, Plant & Equipment		577	437	577	439
Insurance & Professional Fees		477	774	478	785
Postage, Stationery & Telephone		72	123	72	123
Travel & Conferences		42	92	42	92
Sundry Administration		280	313	280	327
Victoria Park Remediation		194	1,555	194	1,555
TOTAL EXPENDITURE		23,989	41,510	23,990	41,542
SURPLUS/(DEFICIT) FROM OPERATIONS		(2,039)	(2,513)	(2,040)	(2,545)
Net Gain on Disposal of Non-Current Assets		78,757	86	78,757	85

SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY
INCOME STATEMENTS FOR THE YEAR ENDED 31 JULY 2010

	NOTE	SAJC		Consolidated	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
Finance Income		365	69	365	69
Finance Expenses		(140)	(841)	(140)	(841)
Net Finance Income/(Loss)		225	(772)	225	(772)
Depreciation of Funded Assets	8	(415)	(702)	(415)	(702)
SURPLUS/(DEFICIT) FOR THE PERIOD		76,528	(3,901)	76,527	(3,934)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		76,528	(3,901)	76,527	(3,934)

The accompanying notes form part of these financial statements.

SOUTH AUSTRALIAN JOCKEY CLUB AND ITS CONTROLLED ENTITY
STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2010

	NOTE	SAJC		Consolidated	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from operating activities		22,919	41,603	22,919	41,603
Payments to suppliers and employees		(23,074)	(44,841)	(23,074)	(44,847)
Interest received		78	69	78	69
Interest paid		(140)	(842)	(140)	(842)
NET CASH PROVIDED BY OPERATING ACTIVITIES	11(ii)	(217)	(4,011)	(217)	(4,017)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant & equipment		(3,892)	(12,202)	(3,892)	(12,202)
Proceeds from sale of property, plant & equipment		58	96	58	96
Proceeds under Land Facilitation Agreement		20,000	19,729	20,000	19,729
NET CASH FROM INVESTING ACTIVITIES		16,166	7,623	16,166	7,623
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		2,900	10,700	2,900	10,700
Reduction in borrowings		(5,900)	(18,900)	(5,900)	(18,900)
Proceeds from industry grants		-	81	-	81
NET CASH USED IN FINANCING ACTIVITIES		(3,000)	(8,119)	(3,000)	(8,119)
NET INCREASE/(DECREASE) IN CASH HELD		12,949	(4,507)	12,949	(4,513)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		749	5,256	753	5,266
CASH AT THE END OF THE FINANCIAL YEAR	11(i)	13,698	749	13,702	753

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 31 JULY 2010

	SAJC			CONSOLIDATED		
	Retained Earnings	Reserves	Total	Retained Earnings	Reserves	Total
	\$000	\$000	\$000	\$000	\$000	\$000
BALANCE AT 1 AUG 2008	8,734	13,594	22,328	8,760	14,569	23,329
Surplus/(Deficit) for the year	(3,901)	-	(3,901)	(3,934)	-	(3,934)
Transfers to and (from) reserves	702	-	702	702	-	702
Depreciation of industry funded assets	-	(702)	(702)	-	(702)	(702)
BALANCE AT 31 JUL 2009	5,535	12,892	18,427	5,528	13,867	19,395
BALANCE AT 1 AUG 2009	5,535	12,892	18,427	5,528	13,867	19,395
Surplus/(Deficit) for the year	76,528	-	76,528	76,527	-	76,527
Disposal of Industry Funded Assets	2,696	(2,696)	-	2,696	(2,696)	-
Transfers to and (from) reserves	415	-	415	415	-	415
Depreciation of industry funded assets	-	(415)	(415)	-	(415)	(415)
BALANCE AT 31 JUL 2010	85,174	9,781	94,955	85,166	10,756	95,922

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The South Australian Jockey Club Incorporated ('SAJC or Club') is an association domiciled in Australia. The consolidated financial report of the Club for the year ended 31 July 2010 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 28th day of October 2010.

Statement of Compliance

The Club early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Standards arising from Reduced Disclosure Requirements for the financial year beginning 1 July 2009 to prepare Tier 2 general purpose financial statements. The consolidated financial report of the Group and the financial report of the Club are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).

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 Group.

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.

1.1 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 Group'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.

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 are as follows:-

	2010	2009
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

The SAJC received distributions from Thoroughbred Racing South Australia ('TRSA') to fund administration. These amounts are reported on an accruals basis.

Since July 2009 TRSA has been responsible for providing prizemoney directly to owners, accordingly prizemoney distributions for SAJC races from TRSA ceased resulting in an equal reduction in prizemoney revenue and expense. This has not affected the Group's overall operating result.

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.

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset. Finance income comprises interest income on funds invested and the unwinding of discounts on financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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.

Funding

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

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 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 and Annual Leave

Liabilities for employee benefits for wages, salaries and annual 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	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Revenue	43	64	43	64
Expenses	(51)	(46)	(51)	(46)
Profit/(Loss)	(8)	18	(8)	18
Profit Distributions				
	Harness Racing	-	-	-
	Greyhound Racing	-	-	-
	Provincial Clubs	-	-	-
	SARCC	-	-	-
Total Distributions	-	-	-	-
Surplus/(Deficit)	(8)	18	(8)	18

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.

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 and these Gaming Machine Entitlements are not in use, however, remain the property of the Group.

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.

1.19 Assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. These are measured at the lower of their carrying amount and fair value less cost to sell.

1.20 Going Concern

The financial report has been prepared on a going concern basis because of the associated positive cash flows, including the settlement of the sale of Cheltenham Racecourse as discussed in Note 3.

	NOTE	SAJC		Consolidated	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
2. RECEIVABLES					
Current					
Trade Receivable		1,339	7,390	1,327	7,379
Other Receivables		15,000	-	15,000	-
		16,339	7,390	16,327	7,379
Non Current					
Other Receivables		28,104	-	28,104	-

Impairment losses to the value of \$3k (2009: \$1k) were recognised in respect of receivables for which recovery is unlikely.

Other Receivables

Under the revised Land Facilitation Agreement (LFA) with AV Jennings – Urban Pacific (AVJ-UP), the SAJC will receive three payments of \$15 million on 11 March 2011, 11 July 2012 and 11 July 2013 respectively. The SAJC will earn interest income at the BBSY + 2.5% for the period of deferred settlement from the original payment terms. The receivable has been measured at fair value on initial recognition, in accordance with Australian Accounting Standards.

	NOTE	SAJC		Consolidated	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
3. PROPERTY PLANT & EQUIPMENT					
Freehold Land at cost					
Morphettville		357	357	357	357
Cheltenham		321	321	321	321
		678	678	678	678
Buildings & Improvements at cost					
Morphettville		50,610	48,075	50,610	48,075
Victoria Park		-	-	-	-
Cheltenham		-	-	-	-
Lucky Horse Shoe		1,697	1,581	1,697	1,581
Less: Accumulated Depreciation		(20,889)	(19,077)	(20,889)	(19,077)
		31,418	30,579	31,418	30,579

	NOTE	SAJC		Consolidated	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
Plant & Equipment at cost					
Morphettville		10,739	9,654	10,739	9,654
Victoria Park		-	-	-	-
Cheltenham		-	-	-	-
Norwood Community Club		-	-	-	-
Less: Accumulated Depreciation		(5,016)	(4,530)	(5,016)	(4,530)
		5,723	5,124	5,723	5,124
Capital Works in Progress		601	610	601	610
TOTAL PROPERTY PLANT & EQUIPMENT		38,420	36,991	38,420	36,991
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	6,781	7,196	6,781	7,196
Reconciliations of the carrying amounts of each class of Property, Plant & Equipment					
Freehold Land at cost					
Carrying Amount at the beginning of year		678	422	678	422
Additions		-	321	-	321
Disposals		-	-	-	-
Transfer to Assets Held for Sale		-	(65)	-	(65)
Carrying Amount at the end of year		678	678	678	678
Buildings & Improvements					
Carrying Amount at the beginning of year		30,579	23,279	30,579	23,279
Transfers from Capital Works in Progress		2,606	12,272	2,606	12,272
Internal Transfers		34	-	34	-
Disposals		-	(5)	-	(5)
Transfer to Assets Held for Sale		-	(3,126)	-	(3,126)
Depreciation		(1,801)	(1,841)	(1,801)	(1,841)
Carrying Amount at the end of year		31,418	30,579	31,418	30,579
Plant & Equipment					
Carrying Amount at the beginning of year		5,124	3,348	5,124	3,351
Transfers from Capital Works in Progress		1,295	2,321	1,295	2,321
Internal Transfers		(34)	-	(34)	-
Disposals		(71)	-	(71)	(1)
Transfer to Assets Held for Sale		-	(77)	-	(77)
Depreciation		(591)	(468)	(591)	(470)
Carrying Amount at the end of year		5,723	5,124	5,723	5,124

NOTE	SAJC		Consolidated	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Capital works in progress				
Carrying Amount at the beginning of year	610	3,181	610	3,181
Additions	3,892	12,022	3,892	12,022
Transfer to Buildings & Improvements	(2,606)	(12,272)	(2,606)	(12,272)
Transfer to Property, Plant & Equipment	(1,295)	(2,321)	(1,295)	(2,321)
Carrying Amount at the end of year	601	610	601	610
TOTAL PROPERTY PLANT & EQUIPMENT	38,420	36,991	38,420	36,991

CHELTENHAM DISPOSAL

The agreement that has been reached with AVJ-UP is a Land Facilitation Agreement ('LFA') and not a Land Sale Contract. The SAJC will continue to hold title to the land during the term of the development, and will ultimately be the vendor, as title holder, under contracts negotiated by the developers for the sale of subdivided Allotments within the development. Under completion of conditions precedent in the LFA, the SAJC has transferred the ultimate risks and rewards associated with the land to AVJ-UP, and has no continuing involvement or control of the land.

NOTE	SAJC		Consolidated	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
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). The State Government has the authority under this Act to revoke a gaming licence if the club breaches a provision of the act. 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.

NOTE	SAJC		Consolidated	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
5. INTEREST-BEARING LIABILITIES				
Current				
Commercial Bills-Secured	-	3,000	-	3,000
	-	3,000	-	3,000
Non-current				
Commercial Bills-Secured	-	-	-	-

Commercial Bills were secured over registered mortgage of non residential property of the SAJC located at Camden Park.

The Club and consolidated entity has access to a bank overdraft facility as at 31 July 2010 of Nil (2009 - \$500,000) and a commercial bill facility of Nil (2009 \$5,900,000). The unused facilities as at 31 July 2010 were Nil (2009 - \$500,000) and Nil (2009 - \$2,900,000) respectively.

	NOTE	SAJC		Consolidated	
		2010 \$000	2009 \$000	2010 \$000	2010 \$000
6. EMPLOYEE BENEFITS					
Current Employee Provisions		456	451	456	451
Non-Current Employee Provisions		363	339	363	339
7. OTHER LIABILITIES					
Provisions		-	370	-	370
Deferred Income		944	20,655	944	20,655
		944	21,025	944	21,025
8. RESERVES & RETAINED EARNINGS					
Retained Earnings					
Balance Brought Forward		5,535	8,734	5,528	8,760
Add: Operating Surplus/(Deficit)		76,528	(3,901)	76,527	(3,934)
Add: Disposal of Industry Funded Assets		2,696	-	2,696	-
Less: Transfers to Reserves (net)		415	702	415	702
Balance at Year End		85,174	5,535	85,166	5,528
Industry Capital Grants Reserve					
Balance Brought Forward		9,892	10,594	9,892	10,594
Add: Capital Grants		-	-	-	-
Less: Depreciation of Industry Funded Assets		(415)	(702)	(415)	(702)
Less: Disposal of Industry Funded Assets		(2,696)	-	(2,696)	-
Balance at Year End		6,781	9,892	6,781	9,892
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		9,781	12,892	10,756	13,867

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.

9. SUPERANNUATION FUND

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

The Club contributed \$549k in the year ended 31/7/10 (2009: \$562k)

The consolidated entity contributed \$549k in the year ended 31/7/10 (2009: \$562k)

As at year end the number of full-time employees working for the club was 56 (2009: 53).

10. 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. The Chairman utilised \$15,360 of this allowance for the year. The remaining board members are entitled to a reimbursement of expenses not exceeding \$2,500 per annum except for one member who was reimbursed an additional \$5,000 for costs incurred in representing the club. This additional reimbursement was deducted from the Chairman's allowance. Reimbursement is only provided where the Board members have incurred expenses that are directly related to furthering the Group.
- 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.

There were no goods or services provided by any of the Board members' related entities.

Goods and services were provided by the following Key Management Personnel related entities:

Name	Business	Nature	2010	2009
			\$000	\$000
M Beviss	Bellevue Studios Pty Ltd	Website Services	8	29
A Lee	Sumo Station	Hospitality	2	4

Key Management Personnel Compensation

	SAJC		Consolidated	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Short-term employee benefits	575	797	575	797

Other Transactions with Key Management Personnel

- 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.

11. CASH FLOW INFORMATION	SAJC		Consolidated	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
(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:-				
Interest Bearing Deposits	12,645	6	12,649	6
Cash and Cash Equivalents	1,053	743	1,053	747
Bank Overdraft	-	-	-	-
	13,698	749	13,702	753
(ii) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES				
Surplus/(Deficit) from ordinary activities	76,528	(3,901)	76,527	(3,934)
Proceeds from Industry Grants	-	(81)	-	(81)
Finance Income	(365)	(69)	(365)	(69)
Finance Expense	140	841	140	841
Non-Cash Items				
Depreciation	1,977	1,607	1,977	1,609
(Profit)/Loss on sale of property, plant and equipment	(78,757)	(86)	(78,757)	(85)
Fair value gain on acquisition of property, plant and equipment	-	(143)	-	(143)

	SAJC		Consolidated	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Change in assets and liabilities				
(Increase)/decrease in receivables	(873)	(5,798)	(861)	(5,773)
(Increase)/decrease in inventory	(5)	-	(5)	-
(Increase)/decrease in prepayments	968	(885)	968	(885)
Increase/(decrease) in payables	222	6,807	211	6,806
Increase/(decrease) in employee benefits	29	127	29	127
Increase/(decrease) in other liabilities	(81)	(2,430)	(81)	(2,430)
			-	
NET CASH PROVIDED BY OPERATIONS	(217)	(4,011)	(217)	(4,017)

12. 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.

13. COMMITMENTS AND CONTINGENCIES

Contingent Revenue

Under the terms of the LFA, the SAJC can earn up to \$10m in additional revenue pending the success of the development (if gross proceeds exceed \$84.7m, the SAJC will earn 21.5% of the gross sales price up to a maximum of \$10m). Any contingent revenue is to be recognised when it is probable that the revenue will be earned under the contract. As at reporting date management have not recognised any of the contingent revenue on the basis that it is at a stage too early to assess whether any contingent revenue will be earned.

Prizemoney Commitment

The prizemoney the SAJC has committed to TRSA totals \$8.35M as per the following schedule:

2010/11	\$1.80M
2011/12	\$2.40M
2012/13	\$2.50M
2013/14	\$1.65M

The payment of prizemoney is based on satisfaction of conditions by both SAJC and TRSA and will be expensed when the liability is incurred.

14. AUDITORS REMUNERATION

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

	SAJC		Consolidated	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Audit Services				
Audit or review of financial reports	42	50	42	51
Other assurance services	-	1	-	1
	42	51	42	52

**SOUTH AUSTRALIAN JOCKEY CLUB INC AND ITS CONTROLLED ENTITY
REPORT AND STATEMENT BY THE BOARD
FOR THE YEAR ENDED 31 JULY 2010**

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 28th day of October, 2010.

Signed in accordance with a resolution of the Board.



David Peacock
Chairman



Bill Spear
Chairman 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 19-36 for the year ended 31 July, 2010, 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, 2010 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 28th day of October, 2010.

Signed in accordance with a resolution of the Board.



David Peacock
Chairman



Bill Spear
Chairman of Finance Sub-Committee



Independent auditor's report to the members of the South Australian Jockey Club Inc

We have audited the accompanying financial report of the South Australian Jockey Club Inc (the Club), which comprises the balance sheets as at 31 July 2010, 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 14 comprising the Club and the entity 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 - Reduced Disclosure Requirements and the *Associations Incorporation 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 Incorporation Act 1985* and Australian Accounting Standards – Reduced Disclosure Requirements, 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 followed applicable independence requirements of Australian professional accounting bodies.

Auditor's opinion

In our opinion the financial report of the South Australian Jockey Club Inc presents fairly, in accordance with the *Associations Incorporation Act 1985* and Australian Accounting Standards – Reduced Disclosure Requirements, the financial position of the Club and the Group as at 31 July 2010 and their financial performance for the year ended on that date.

A handwritten signature of Neil T Faulkner in black ink, written in a cursive style.

KPMG

A handwritten signature of Neil T Faulkner in black ink, written in a cursive style.

Neil T Faulkner
Partner

Adelaide

28 October 2010