

RACING QUEENSLAND *Annual Report* 2012



RACING
QUEENSLAND





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BY KEVIN DIXON
Chairman

THE 2011/12 FINANCIAL YEAR MARKED A SIGNIFICANT TURNING POINT IN THE ADMINISTRATION OF RACING IN QUEENSLAND.

In April 2012 I was excited and humbled to be selected to become chairman of Racing Queensland Limited and be part of the interim team charged with taking racing in Queensland forward during these difficult, but none the less exciting times.

In May 2012, I was joined by fellow directors; Mr Greg Hallam (Deputy Chairman), Mr John Falvey, and Mr Warwick Stansfield.

As a first task we looked at the mission of Racing Queensland Limited (RQL). It appeared to us that the role of RQL had become confused over time. RQL had, in our opinion, become too focused on its role as a private company, rather than to understand that this structure was for no other reason than to provide a governance model over the organisation that was tasked with regulating and enhancing racing in Queensland.

This loss of direction can clearly be seen in the way the company had somewhat relentlessly sought to build its balance sheet and to acquire racing venues for its own operation. In our view this was done at the expense of what should have been the major aims of RQL in encouraging excellence and growth.

In response to these observations, the board developed a new mission for RQL, to 'Enable, Assist and Regulate' racing in Queensland. I'm pleased to report that this has not only been well received by the industry but also by the staff of Racing Queensland who have been given renewed purpose and confidence in their executive and their industry's future. Already we have seen significant cultural change in the organisation as we shift from an inward focussing strategy to one of outward focus to enable and assist the racing industry in Queensland to realise its potential and prosper.

Racing Queensland is no longer in the business of running race tracks and controlling race clubs. We are in the business of assisting racing to make the best use of our talents, expertise, resources, and passion as an industry to

obtain the best possible outcome for racing in Queensland. Under this new direction Racing Queensland will regulate and set direction centrally but enable and assist the industry to deliver locally.

This change of focus has required us, in concert with our auditors, to examine closely the accounting treatments historically used by RQL. This re-examination together with the costs of a number of urgent initiatives undertaken by the new board in areas that had been neglected, as well as some restructure costs, has led to a loss in the 2011/12 financial year of approximately \$14 million. In addition, approximately \$12 million of cash reserves was used to repay debt primarily related to the construction of the Sunshine Coast located thoroughbred stabling.

There is no hiding the fact that this years result is extremely disappointing. However, our changed direction to managing racing in Queensland will give the organisation and the industry a fighting chance to turn its fortunes around and begin the road to recovery. We expect to achieve a balanced income statement in future reports, and are budgeting for a near breakeven result in 2012/13.

Detailed commentary on these and other significant financial items can be found in the CEO's report and notes to the financial statements.

Another important aspect in this change in strategy is its impact on the government's commitment of \$110 million to fund critical industry infrastructure upgrades. As noted the previous policy tended to create decisions that the industry did not value or want and during the financial year all infrastructure projects, with the exception of the Mackay thoroughbred facility, were put on hold pending a review of their direction and value. The racing industry has just one opportunity to make the best possible use of this infrastructure funding and we intend to ensure that all spending is appropriate to the needs of the industry and provides the

best possible outcome.

The level of prizemoney distribution remains one of our most challenging issues and one which is perennially placed in the spotlight by stakeholders, and with good reason. We have made some enhancements to prizemoney across each of the codes, and right across Queensland, as well as added more races and venues to provide greater opportunity for stakeholders to earn prizemoney. Notwithstanding these enhancements, prizemoney will remain as a high priority in the coming few years.

The major change for us in the coming year will be to move our governance structure from a private company limited by guarantee, to that of a government appointed Statutory Board, with separate boards supervising the operational components of each code. Much effort is going into this task so that the governance can never again allow the misalignment of directions and expectations that has treated our industry so negatively in the past few years.

On behalf of the board I extend my thanks and appreciation to the Acting CEO Adam Carter and his management team and all the dedicated staff at Racing Queensland for embracing the changes positively and giving their whole hearted commitment to the future of racing in Queensland. Thanks also to my fellow directors for stepping into the breach and getting on with the job of turning racing around in our great state of Queensland.

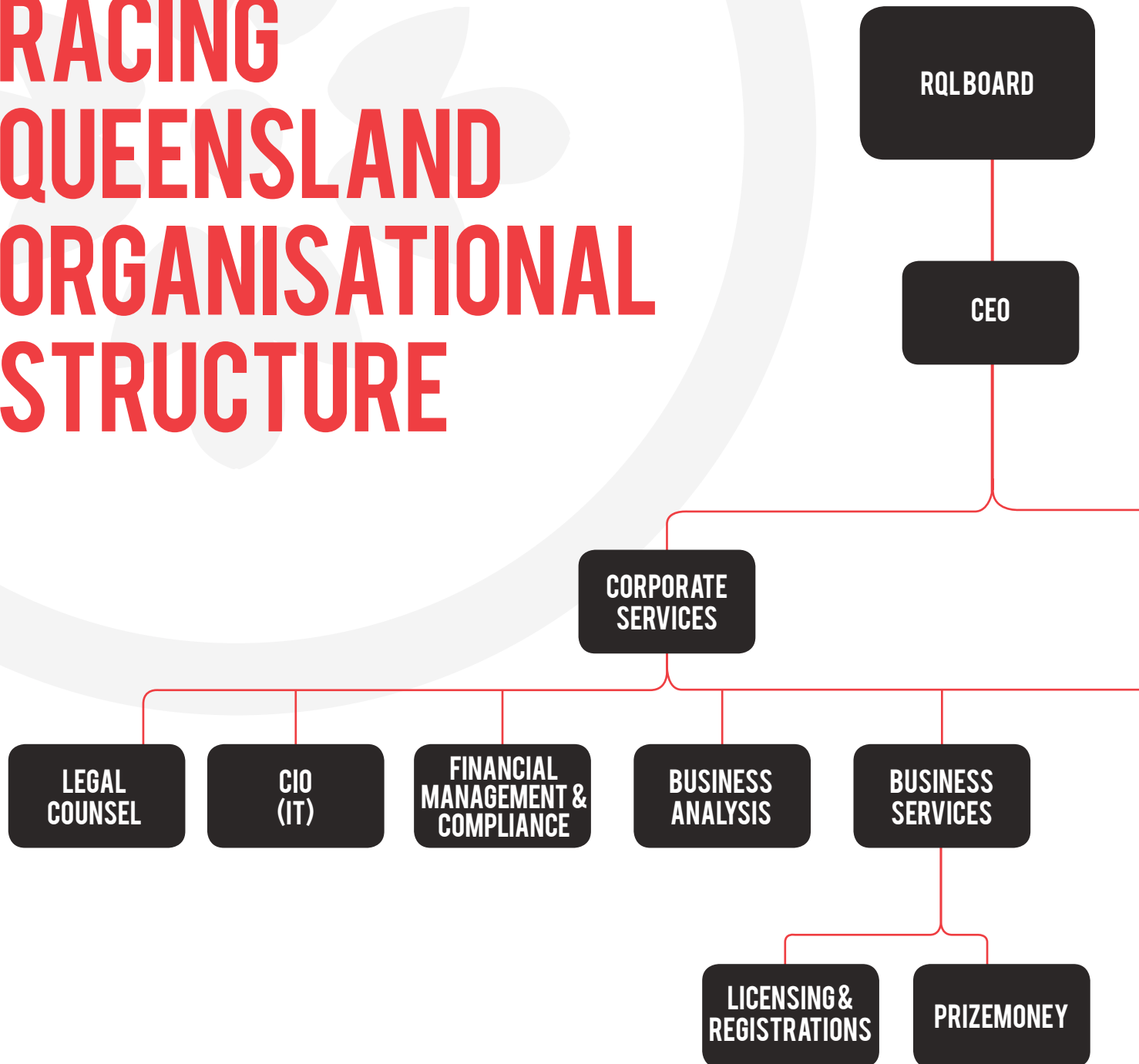
With a keen sense of expectation and excitement for the future I am pleased to present the Racing Queensland Limited annual report for 2012.

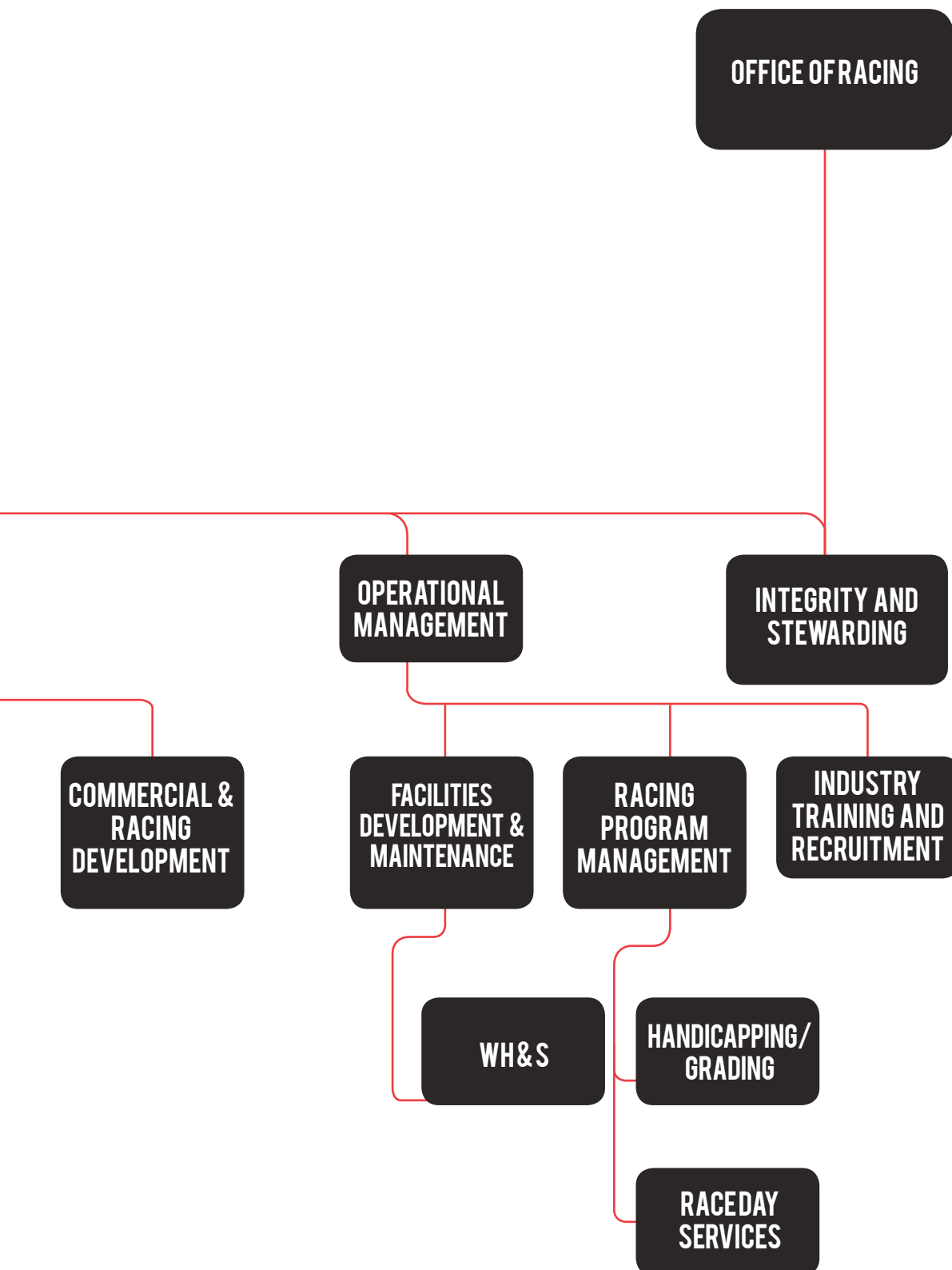
KEVIN DIXON
CHAIRMAN



‘THE BOARD DEVELOPED A NEW MISSION FOR RQL, TO ‘ENABLE, ASSIST AND REGULATE’ RACING IN QUEENSLAND.’

RACING QUEENSLAND ORGANISATIONAL STRUCTURE







BY ADAM CARTER
Acting Chief Executive Officer

KEY FINANCIAL OUTCOMES

For the financial year ended 30 June, 2012, Racing Queensland Limited (RQL) recorded a consolidated deficit of \$13,891,000. This deficit was largely due to valuations undertaken during the year of the land and buildings resulting in a devaluation of Albion Park land of \$4,631,000; additional industry contribution paid to the Brisbane Racing Club to support infrastructure improvements resulting from a workplace health and safety review at the club of \$1,851,000; down turn in the take up of the breeding programs of \$1,500,000; club sustainability payments to the Toowoomba Turf Club, Gold Coast Turf Club, Townsville Turf Club, and the Rockhampton Jockey Club of \$1,393,000; executive termination payments of \$1,354,000; the recognition of bad debts for the Cairns Jockey Club and on course book makers, and the increase in the provision of doubtful debts \$900,000; contributions

towards the Industry Infrastructure Strategy of \$740,000; and the loan break costs associated with the repayment of both the Sunshine Coast stable loan and the Albion Park demolition loan \$404,000.

WAGERING

The 2011/12 financial year saw Queensland wagering increase by 3.7%, on the previous 2010/11 financial year, to \$546 million. The previous 2010/11 financial year was severely impacted by extreme weather events, including flooding and cyclones.

Queensland wagering turnover for thoroughbreds was up 5.5% or \$23.58 million on the previous year with 10 more TAB meetings held than in 2010/11. The average turnover per meeting was \$1.04 million.

Queensland wagering turnover for harness

was down 9.5% or \$4.6 million on the previous year with 49 less TAB meetings being held than in 2010/11. The average turnover per meeting was \$171,000.

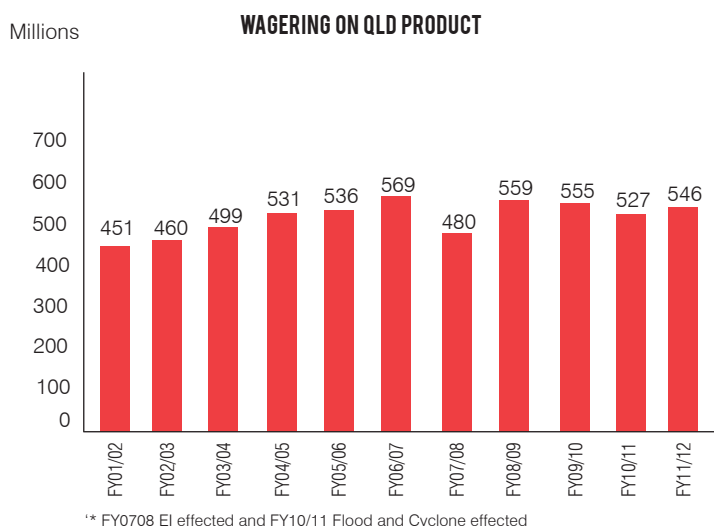
Queensland wagering turnover for greyhounds was up 1.3% or \$695,000 on the previous year with 57 more TAB meetings held than in 2010/11. The average turnover per meeting was \$132,000.

Overall wagering turnover from thoroughbred, harness and greyhounds, from which commissions are derived, was 0.44% or \$10 million above the previous year, finishing at over \$2.2 billion.

Revenue from all wagering turnover finished up 2.2% on the previous year with better than expected returns from fixed odds wagering.

This is a pleasing result as it shows the strength of wagering in the overall market

FIGURE 1 HIGHLIGHTS THE LEVEL OF WAGERING ON QUEENSLAND RACING THROUGH TATSBET.



QLD WAGERING - MARKET SHARE FY11/12

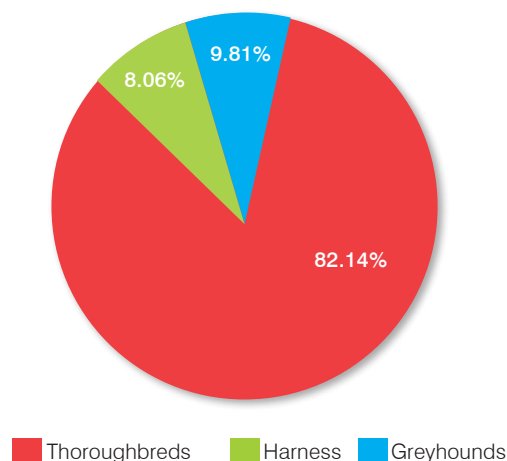
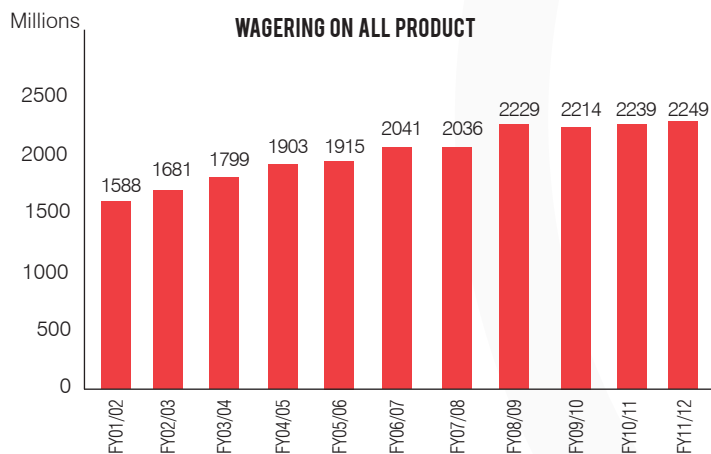


FIGURE 2 HIGHLIGHTS THE TOTAL AMOUNT OF WAGERING ON ALL PRODUCT THROUGH TATSBET BOTH NATIONALLY AND INTERNATIONALLY, WHICH IS IN LINE WITH PRIOR YEAR.



TOTAL NATIONAL AND INTERNATIONAL WAGERING-MARKET SHARE BY RACING CODE FY11/12

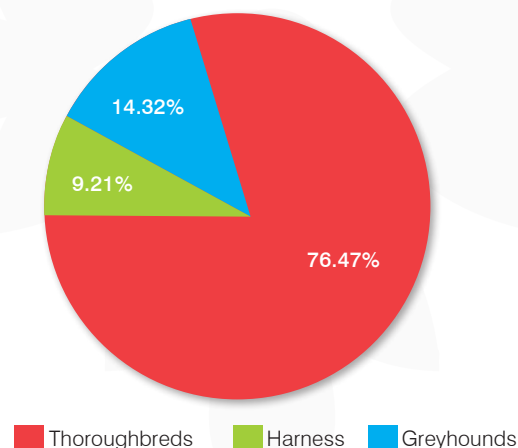
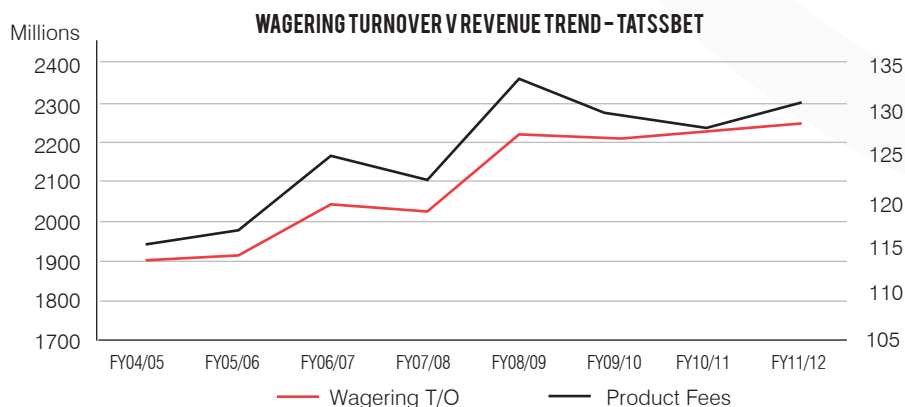


FIGURE 3 HIGHLIGHTS THE BETTER RETURN THE QUEENSLAND RACE INDUSTRY HAS RECEIVED AS COMPARED TO RELATIVELY FLAT TURNOVER.

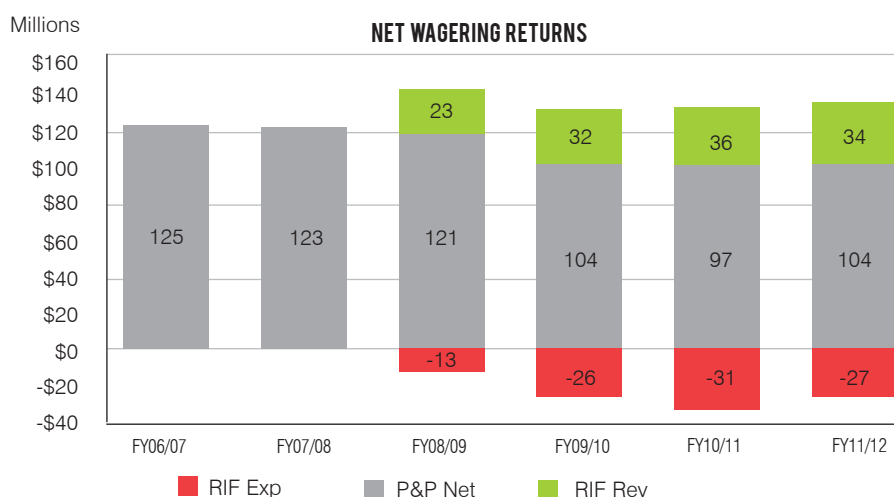


and the potential for the industry to achieve growth in the absence of major impediments, as encountered in 2010/11.

There has been a migration to fixed odds wagering on Queensland product from 20.3% in the 2010/11 financial year to 26.9% in 2011/12 coming largely at the expense of pari-mutuel wagering.

Forecasting the 2012/13 financial year's wagering outcomes remains a greater challenge given the combination of the current economic climate and increased competition from corporate bookmakers for market share.

FIGURE 4 HIGHLIGHTS THE MARGINALLY INCREASED PRODUCT FEES THROUGH TATSBET ON PRIOR YEAR.



The total wagering revenue for the 2011/12 financial year was \$138 million (net Product and Program fees of \$104 million and Race Information fees of \$34 million). TattsBet passes on all third party charges from interstate Principal Racing Authorities, \$27 million in 2011/12, and deducts this from the Product and Program fee. Overseas fees are also deducted from the Product and Program fee. The overseas fees deducted for the 2011/12 financial year was \$3.4 million. The net wagering return to fund the industry was \$111 million for the 2011/12 financial year.

RACE INFORMATION FEES

RQL continued to apply the gross revenue model throughout the financial year with the authorisation period for wagering operators ending on 30 June, 2012.

The recent High Court decision in New South Wales involving wagering operators confirmed the capacity to charge a fee for the use of information, including the use of information for the purpose of race wagering. With this assurance, RQL has analysed, compared and developed appropriate models to provide a platform to optimise the return on Queensland Race Product across the three codes, while seeking a balance so as not to inhibit or out price our resource. RQL has developed a model allowing wagering operators to opt for either a gross revenue or turnover basis; both options with a higher return for the industry than previous provisions. These changes take effect from July 1, 2012, and ensure all tote operators, corporate and oncourse bookmakers are providing a return to the Queensland racing industry.

RACING SCIENCE CENTRE

The Racing Science Centre costs continued to escalate in the 2011/12 financial year. This arrangement will be under review in 2012/13, with the assurance that future arrangements will in no way affect the integrity of Queensland's racing drug testing regime.

SUSTAINABILITY REVIEW

RQL engaged Deloitte to undertake a sustainability review across all three codes of racing in Queensland. Interviews and submissions were received from a wide range of the industry's stakeholders and associations. A racing industry information paper was released in May 2012, which provided industry highlights for comment and review. The final Sustainability Report is expected to be released in December 2012.

INSURANCE

Insurance is a necessity in today's professional arena; the continual rising cost of adequate coverage is an ongoing concern for our industry. RQL continues to work with national bodies and insurance providers to ensure industry participants

are adequately insured to cope with the varying environment conditions and adverse risks that are associated with our dynamic and vibrant industry.

Reducing risk and ensuring compliance are the key components to a safer industry. RQL is increasing efforts in these areas, with the ultimate goal of providing a safer environment for participants. This will, in turn, provide a platform for a reduction in claims, thereby reducing the costs to the industry.

RQL has worked closely with the Queensland Jockeys Association, the Queensland Trainers Association and WorkCover to ensure premiums, and the costs to the industry, are contained.

RQL secured, on behalf of all TAB thoroughbred and greyhound clubs, a reasonable premium increase by the aggregated pool of the clubs given the significant claims, due to the flooding at Albion Park, Capalaba and Rockhampton, and the damage caused by Cyclone Yasi in Townsville and Cairns.

RQL has worked closely with Harness Racing Australia to secure Harness Club Public Liability and Personal Accident cover.

BROADCAST RIGHTS

This was the second year of the TAB thoroughbred broadcast rights deal with Sky Racing, which has delivered benefits overall to thoroughbred race clubs.

RQL as part of the broadcast agreement upgraded on course broadcast infrastructure for better vision for both the public and stewards at the following tracks:

- Eagle Farm • Doomben
- Gold Coast • Sunshine Coast
- Ipswich • Toowoomba
- Rockhampton • Mackay
- Townsville

LICENSING

RQL has continued to work towards creating efficiencies and improving its customer service, and is reviewing all policies and processes, with a view to minimising the administrative burden to stakeholders where possible, whilst remaining compliant within the Racing Act 2002 and associated Rules of Racing.

2011/12 LICENSING COMPARISON

	JUN-11	JUN-12
Total Trainers	1,087	1,035
Total Jockeys Including Apprentices	207	231
Total Stable Staff	2,831	2,728
Bookmakers	110	99
Bookmakers Clerks	446	424
Riders Agents	16	18
Total Visiting Licenses	129	112
TOTAL THOROUGHBRED	4,826	4,647
Total Trainer/Drivers	230	219
Total Drivers	39	42
Total Trainers	173	143
Total Stablehands	208	187
TOTAL HARNESS	650	591
Total Trainers	873	826
Attendants	506	366
Stud masters	46	33
Track Operators	11	6
TOTAL GREYHOUND	1,436	1,231
OVERALL TOTAL	6,912	6,469

INDUSTRY INFRASTRUCTURE STRATEGY

The fundamental basis of the Industry Infrastructure Strategy (IIS) is that the investment be viewed as providing infrastructure necessary to the growth and sustainability of the industry. This includes the

infrastructure needed not only to support the actual race day delivery of racing, but also the infrastructure investments needed to ensure the long-term viability of the extended industry and, in particular, provide infrastructure that will stimulate industry growth.

Following a change in State Government, the board of RQL advised that they wished to revisit the allocation of infrastructure funding and make application on a case-by-case basis, such as Gold Coast, Beaudesert and Mackay. Further reviews and allocation of funding will be undertaken in 2012/13.

Project Location	Funds Received from Government for the life of the project to 30/06/12	Actual project costs for the life of the project to 30/06/12	Approval per funding deed	% Complete
Mackay	7,443	6,773	7,443	82%
Gold Coast	4,024	629	35,478	2%
Beaudesert	4,719	781	7,272	11%
Cairns	857	144	1,967	7%
Rockhampton	197	130	1,605	8%
Logan	1,860	570	23,984	2%
*Townsville	91	91		
*Ipswich	35	35		
*Deagon	701	701		
TOTAL	19,928	9,853	77,749	19%

* Funds received for the Townsville, Ipswich, and Deagon projects related only to the recoupment of preliminary project scoping costs.



QUEENSLAND GOVERNMENT FLOOD FUNDING

During the 2011/12 racing season, 84 non-TAB clubs completed works through funding received from the Queensland Government.

This funding of approximately \$1.4 million was announced in March 2011 and was granted for repairs to flood or cyclone damaged racecourses, and to assist country race clubs to undertake work to meet minimum venue and equipment standards.

One such club to benefit from the grant was the Texas Jockey Club, which was totally decimated in January 2011, when the Dumaresq River broke its banks. Together with other funding assistance from key community groups, the Texas Jockey Club virtually rebuilt their track and facilities to ensure their annual race meeting will be conducted in December 2012.

COUNTRY RACING CONTRIBUTION

Section 68M of the Racing Act 2002 requires RQL to pay 5.32% of its net Tattsbet Product and Program fee for a year as prizemoney for non-TAB races conducted by non-TAB clubs in the year. For the 2011/12 season this amounted to \$5.58 million of net Tattsbet Product and

Program fees, after race information charges from principal racing authorities to Tattsbet had been taken into account.

RQL, in the 2011/12 season, paid prizemoney of \$8.33 million, which included QTIS payments. This figure excludes additional prizemoney contributed by clubs from sponsorship

arrangements. RQL therefore paid \$2.75 million more than its 5.32% net Tattsbet Product and Program fees obligation.

In addition, RQL provided funding of \$3.6 million for the purpose of supporting non-TAB racing in accordance with the *Racing Act 2002*.

RACING QUEENSLAND LIMITED COUNTRY RACING CONTRIBUTION

	FY11/12 RQL	FY10/11 RQL
Product and Program fee	\$ 131,328,213	\$ 128,425,328
Race Information fee deducted by TattsBet excluding accruals	-\$ 26,412,285	-\$ 30,784,982
Net Product & Program fee paid to RQL	\$ 104,915,928	\$ 97,640,346
5.32% of Net UNITAB Product Fee as Prizemoney Obligation under the Act	\$ 5,581,527	\$ 5,194,466
Prizemoney paid excluding value add prizemoney by the clubs	\$ 7,337,650	\$ 7,404,400
QTIS Paid	\$ 502,800	\$ 497,200
QTIS 600 Paid	\$ 488,000	\$ 131,400
Total Prizemoney paid Incl QTIS & Excluding Value Add prizemoney	\$ 8,328,450	\$ 8,033,000
Additional prizemoney paid by RQL over and above the 5.32% under the Act	\$ 2,746,923	\$ 2,838,534

RQL continued its tradition of supporting country racing through the following unrecognised funding streams.

TAB prizemoney at Non-TAB clubs	\$ 290,000	\$ 250,000
Club Administration Payments	\$ 571,000	\$ 594,000
Jockeys Riding Fees	\$ 1,852,160	\$ 1,829,430
Jockey 1% prizemoney - Australian Jockey Association	\$ 95,936	\$ 80,330
*Subsidisation of Insurance	\$ 200,000	\$ 200,000
*Sky Channel Costs	\$ 80,000	\$ 80,000
Wages	\$ 333,076	\$ 323,375
QCRC	\$ 11,048	\$ 16,000
*Travel and Communications	\$ 100,000	\$ 100,000
*RISA Service Centre Costs	\$ 70,000	\$ 70,000
Total RQL paid out in unrecognised funding streams	\$ 3,603,221	\$ 3,543,135
Prizemoney paid Including QTIS & excluding value add prizemoney by the clubs	\$ 8,328,450	\$ 8,033,000
Total contribution to country racing	\$ 11,931,671	\$ 11,576,135
Less 5.32% of net TattsBet product fee as prizemoney obligation under the Act	\$ 5,581,527	\$ 5,194,466
RQL paid out in excess of obligation	\$ 6,350,143	\$ 6,381,669

Combination of TAB and Non TAB prizemoney paid for country racing	\$ 8,618,450	\$ 8,283,000
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To be noted the Country Racing Contribution is 76% of 7% total P&P for all 3 codes fee i.e. 5.32%

* Note: allocated amounts based on overall costs that have been attributed to Country Racing



**‘NO STAR SHONE
BRIGHTER THAN
THE EXCITING
TWO-YEAR-OLD
MAJESTIC MACH.**

SYNTHETIC TRACK SUBSIDY

The State Government provided grant funding of \$12 million for the synthetic track scheme for three synthetic tracks to be installed in Queensland.

Synthetic tracks were approved at Corbould Park and Clifford Park, and funds were drawn down and expended on the synthetic racetracks with a balance of funds as at 30 June, 2012, of \$4.388 million to be expended at a future track.

TRAINING TRACK SUBSIDY

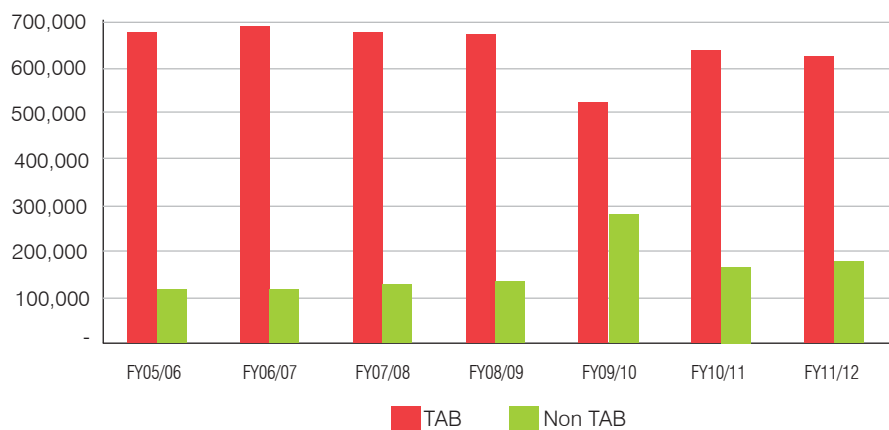
In 2011/12, the State Government provided funding of \$2 million under the Thoroughbred Code Training Track Subsidy Scheme, which is distributed to race clubs that provide much needed training facilities for the racing industry. The funding is separated into two components.

The first component, of \$1.2 million, is paid directly by the State Government to race clubs in accordance with the quality and extent of the training facilities provided by the individual

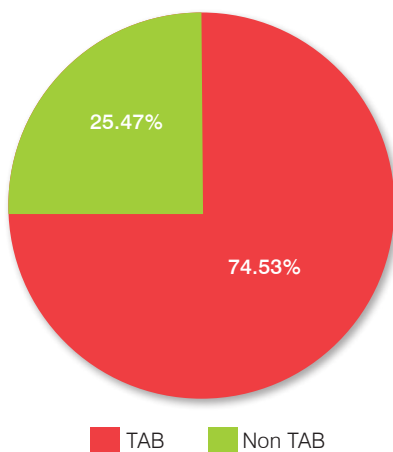
club. The second component, consisting of \$800,000, is distributed by RQL to race clubs in accordance with a formula that recognises the number of starters produced annually from the race club for the Queensland industry.

The following graphs show the historical subsidy paid to thoroughbred race clubs and the distribution of starters between TAB and non-TAB clubs that were paid the subsidy. Total number of starters between TAB and non-TAB is shown for comparison.

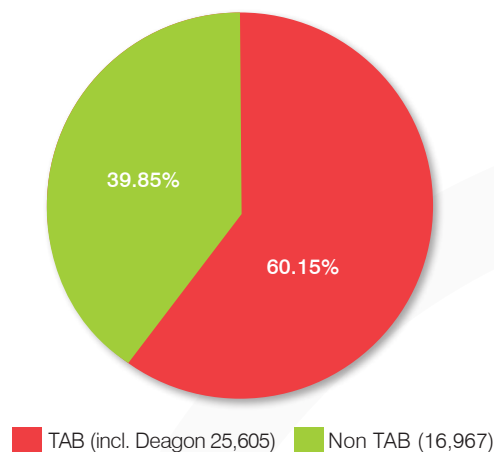
TRAINING TRACK SUBSIDY PAID



RACING STARTERS FY11/12



TRAINING TRACK STARTERS FY11/12



QUEENSLAND COMMUNITY RACING SCHEME (QCRS)

As a result of a Queensland Government initiative, RQL funded four race meetings that were conducted under the Queensland Community Racing Scheme, during the 2011/12 season.

The scheme allows race clubs to access up

to \$5,000 per race day for the conduct of race meetings and provides that up to a maximum of \$2,000 per race be distributed as prizemoney.

Two-day race meetings were conducted by two clubs: Oakley Amateur Picnic Race Club and Western Picnic Race Club. The two-day meeting

scheduled by the Tower Hill Picnic Amateur Race Club was abandoned due to weather.

All four race meetings were conducted for trophy only prizes, with 163 starters contesting 29 races.

RACING

QUEENSLAND RACE MEETING COMPARISON

Code	TAB Meetings 2010/11	TAB Meetings 2011/12	Non-TAB Meetings 2010/11	Non-TAB Meetings 2011/12	Total Meetings 2010/11	Total Meetings 2011/12
Greyhound	350	407	139	119	489	526
Harness	306	257	18	50	324	307
Thoroughbred	429	438	255	274	684	712
	1,085	1,102	412	443	1,497	1,545

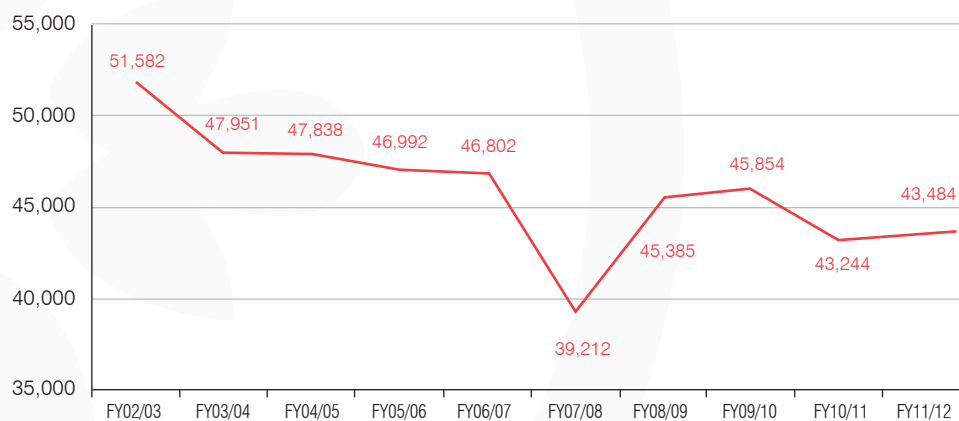
QUEENSLAND RACE COMPARISON

Code	TAB Races 2010/11	TAB Races 2011/12	Non-TAB Races 2010/11	Non-TAB Races 2011/12	Total Races 2010/11	Total Races 2011/12
Greyhound	3,499	4,063	1,041	930	4,540	4,993
Harness	2,432	2,030	91	254	2,523	2,284
Thoroughbred	3,078	3,182	1,309	1,384	4,387	4,566
	9,009	9,275	2,441	2,568	11,450	11,843

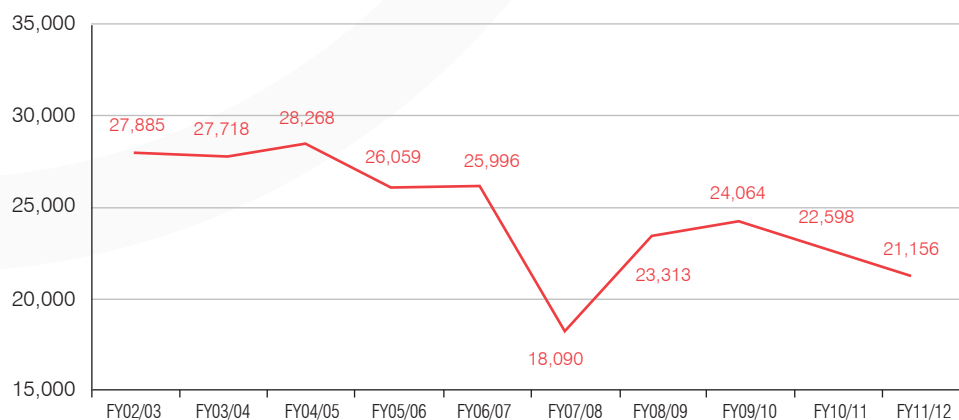
AVERAGE STARTERS

THOROUGHBREDS	AVERAGE STARTERS	FY08/09	FY09/10	FY10/11	FY11/12
TAB		10.4	10.7	10.5	10.1
Non-TAB		8.0	8.4	8.4	8.2
All		10.5	9.9	9.9	9.5
HARNESS	AVERAGE STARTERS	FY08/09	FY09/10	FY10/11	FY11/12
TAB		9.2	9.2	9.0	9.4
Non-TAB		7.7	7.6	8.0	8.5
All		9.0	9.2	9.0	9.3
GREYHOUNDS	AVERAGE STARTERS	FY08/09	FY09/10	FY10/11	FY11/12
TAB		7.4	7.7	7.7	7.8
Non-TAB		6.5	7.0	6.9	6.7
All		7.1	7.4	7.5	7.6

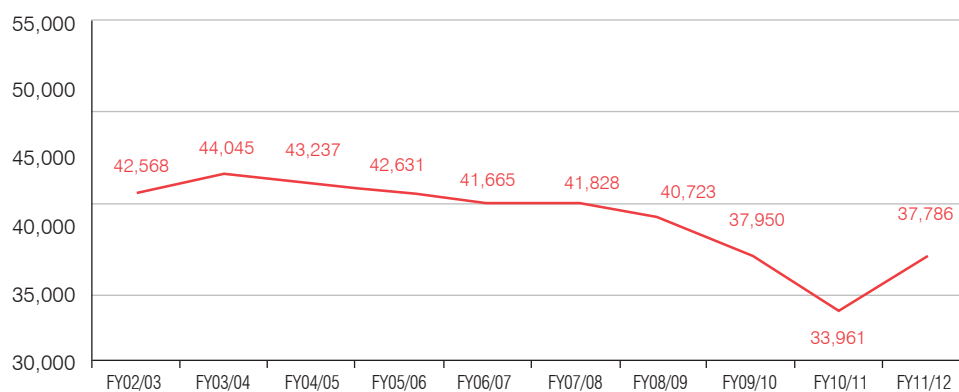
ALL QLD THOROUGHBRED RACE STARTERS



ALL QLD HARNESS RACE STARTERS

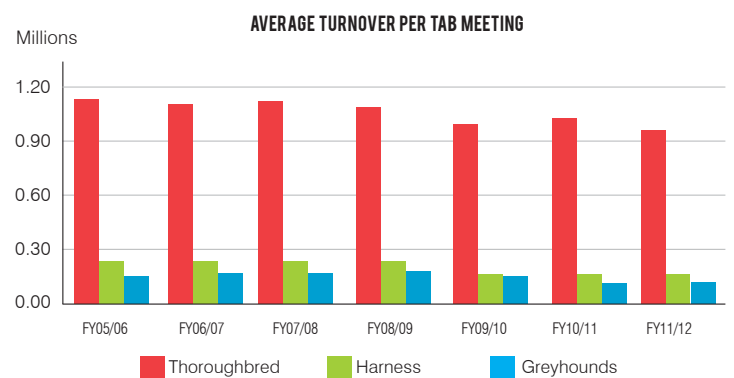
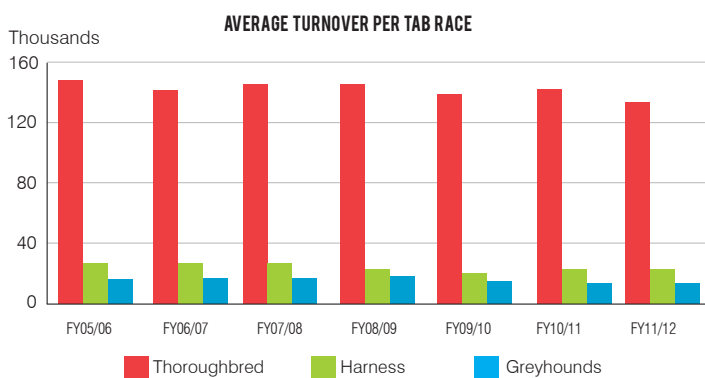
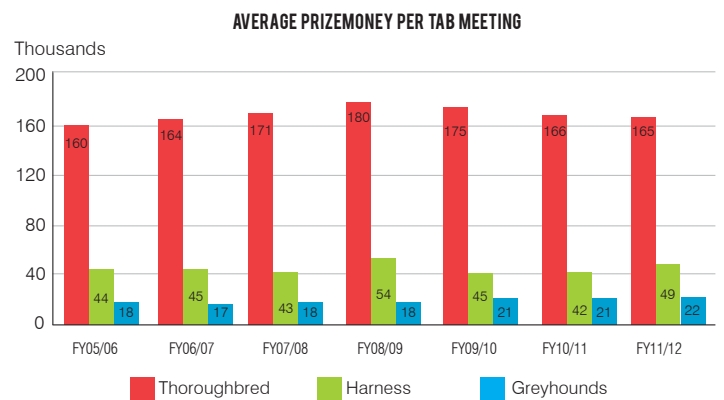
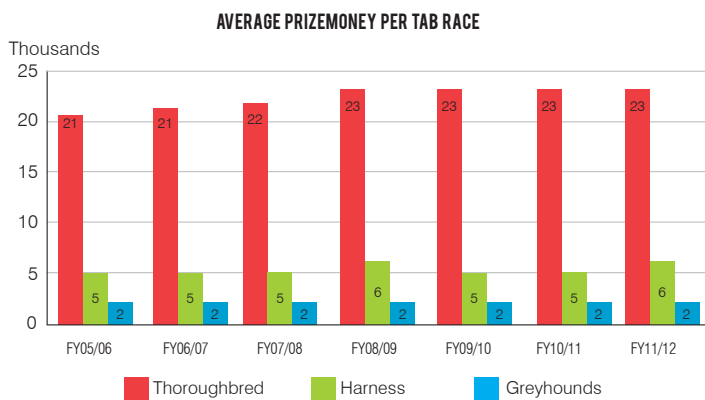
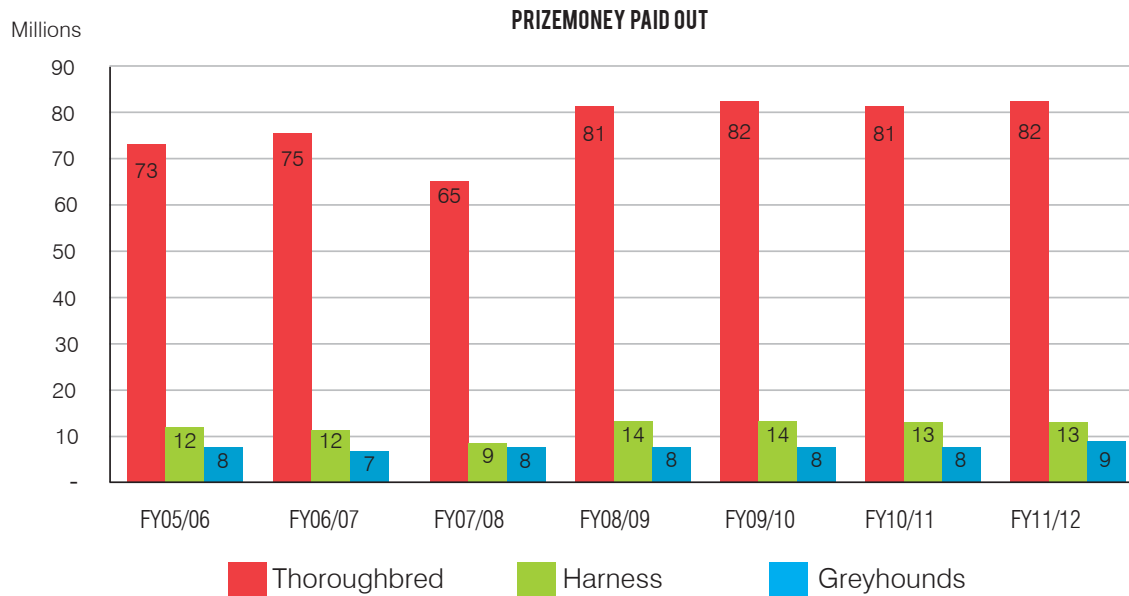


ALL QLD GREYHOUND RACE STARTERS



*FY0708 – Affected by Equine Influenza

PRIZEMONEY



THOROUGHBRED RACING

The 2011/12 racing season saw Queensland trainers again compete with distinction on the national stage.

Temple of Boom clinched the Group 1 Galaxy at Royal Randwick for emerging trainer Tony Gollan, while Brisbane trainer Robert Heathcote produced Woorim to win the Group 3 TAB.COM.AU and the Group 1 Oakleigh Plate. Stablemate Buffering won the Group 3 McEwan and was gallant in elite company all season helping highlight the talent within the Queensland training ranks.

Kelso Wood's star juvenile Sizzling, completed the Grand Slam when having already annexed the Ken Russell (LR), Champagne Stakes (G2), Sire's Produce (G2); he showed plenty of ability to secure the Group 1 T.J. Smith.

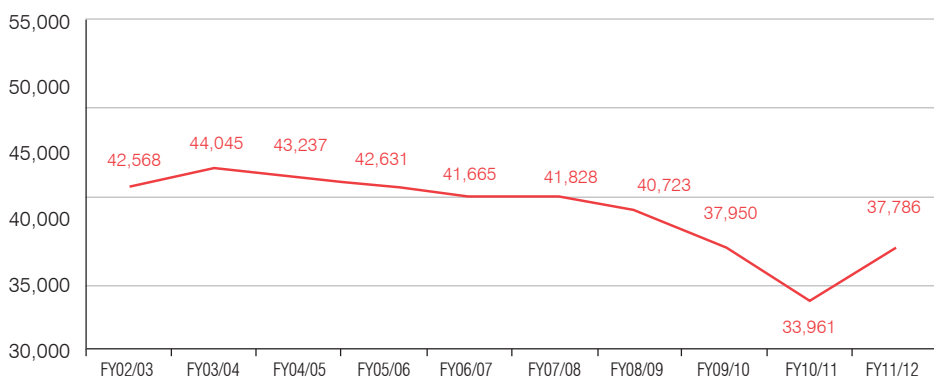
We have been privileged to see some mighty mares in recent years and despite Black Caviar's absence from the 2012 Winter Carnival the fairer sex came to the fore again, first in the form of the emerging John O'Shea trained filly Sea Siren, who clinched the BTC Cup, Doomben 10,000 double, and Mid Summer Music, who became the first mare to win the Stradbroke Handicap since 1936.

HARNESS RACING

It was the first season since 2002/03 that multiple Inter Dominion winner Blacks A Fake would not be racing. The state's leading trainer Bill Dixon, since the 2005/06 season, passed the reins to son Grant and the metropolitan drivers premiership was taken out by a first time winner in Shane Graham.

While the older horses, such as Mr Feelgood USA, Washakie and Torque In Motion, had their time to shine over the summer months, early autumn signalled time for the juveniles to take centre stage and no star shone brighter than the exciting two-year-old Majestic Mach. 'Razzle' as he is known around the Dixon barn has shown that he may well be the best juvenile pacer to emerge from Queensland in the history of the sport. In an outstanding season of nine victories from as many starts, he won the rich plums in the finals of the Australian Pacing Gold and the Nursery Pace for the two-year-old colts and geldings. This imposing record earned the Mach Three gelding, owned by Kevin and Kay Seymour, the 'Queensland Horse of the Year', a feat seldom achieved by a juvenile standardbred.

ALL QLD GREYHOUND RACE STARTERS



*FY0708 – Affected by Equine Influenza

GREYHOUND RACING

The year saw Albion Park host the Group 1 National Sprint and Distance Championships, and it was hometown victories in both these prestigious feature races. Metz Magic, trained by likeable mentor Ron Ball, won the National Sprint Championship and all-time great, Dashing Corsair, trained by Dwyer Lennon, won the National Distance Championship. It is interesting to note that this versatile greyhound is also the winner of a National Sprint Championship, the only greyhound to achieve this dual feat in the history of these prestigious national events.

The 2011 leading owner was the Hazelgrove Syndicate, lady owner Mary Burman, and the leading trainer and lady trainer going to the all-conquering Sandra Hunt.

GREYHOUND ADOPTION PROGRAM (GAP)

RQL is currently working closely with the RSPCA and remains committed to the welfare of greyhounds in Queensland. We have invested in two dedicated staff, who maintain the GAP along with the assistance of a number of volunteers. There is a dedicated facility at Deagon with five-day kennels where the assessments are

undertaken, and over 70% of Greyhounds brought into the program during the year were adopted, which was an increase of 10% on the previous year.

Dogs in to program	135
Dogs adopted	96
Dogs failed	27
Green collar assessments	16
Dogs carried over to New Year	12

The GAP participated in a number of promotional events throughout the year including, but not limited to:

- Homeless connect for Brisbane City Council
- Animal Wellness Promotion
- Ekka Show
- Samford Show
- Pet Barn Promotions
- AVA Pet Pep Education talks
- Monthly GAP Walks
- Foster Care information sessions
- Working closely with greyhound race clubs, trainers and owners



**“ THE 2011/12
RACING SEASON SAW
QUEENSLAND TRAINERS
AGAIN COMPETE WITH
DISTINCTION ON THE
NATIONAL STAGE.**

INTEGRITY

GENERAL

RQL has continued to work towards the harmonisation of the standards of integrity across the three codes. This has been aided by the recent implementation of stewards employing their skills across the three codes of racing.

Over the past twelve months 33 appeals have been determined before the Queensland Civil and Administrative Tribunal (QCAT). Of the 33 appeals, stewards were successful in holding the decision, with respect to conviction on 32 occasions.

RQL has implemented new equine sampling equipment capable of providing immediate test results. This enables stewards to implement improved strategies around sampling procedures.

With a focus on the safety of racing participants, the integrity department continues to employ a human drug testing strategy aimed at ensuring that all riders, jockeys and drivers are tested during the financial year.

THOROUGHBREDS

The integrity department has recruited experienced stipendiary steward Mr Allan Reardon to the newly created role of Director of Steward Development. Mr Reardon will be an integral part in the succession planning within the integrity department to train and promote Queensland based stewards.

HARNESS

In accordance with the integrity department's commitment to the safety of harness participants, arrangements are in place within the upcoming yearly budget to replace the current ambulance appliance at Albion Park.

Stewards conducted several junior driver seminars with the aim of educating young drivers with regards to the rules and procedures involved in steward's inquiries.

A monthly article titled 'The All Clear' will commence in November and appear in the Racing Queensland magazine to inform all participants of correct issues with respect to matters concerning integrity.

GREYHOUNDS

Following a significant review, which resulted

in the return of catching in the pen, trials have been conducted to introduce a new lure.

RQL has introduced a breeders' licence with a view of safeguarding the welfare of greyhounds and to assist in the education of breeding with a bitch.

A database recording all instances concerning injuries sustained to greyhounds has been implemented, and information regarding the nature of the injury and the track at which the injury was sustained is included. It is envisaged that this information will assist in identifying areas of possible improvement with regard to welfare of greyhounds.

LEGAL & COMPLIANCE

The legal and compliance department ensures RQL complies with Acts of Parliament and government regulations, and that decisions of the board of directors are implemented.

Racing appeals, race information, club and venue licensing, and WorkCover are also managed by this department as well as providing legal services to RQL.

APPEALS

The appeal process provides a mechanism for aggrieved licensees to test the merits of the decisions of stewards in a cost effective and timely manner.

The First Level Appeal process is only one of a number of avenues available for the review of RQL officials. Other avenues include QCAT and the judicial system.

The First Level Appeal Committee sat on 39 occasions during the 2011/12 period.

Upheld	Dismissed	Varied	Total
9	28	2	39

TRAINING

The training activities based at the Sunshine Coast were transferred back to Deagon and a refurbishment of the training rooms has provided a quality environment for off-the-job training for trainees and apprentices. The responsibility of the training department covers off-the-job training and supervision,

and administration of the overall training of apprentices and trainees. The Brisbane Racing Club have assisted in these changes and an agreement with the Polo Club has seen horses now available for use for the training of young track riders within the programs at Deagon.

A review of the apprentice program conducted at the end of 2011 saw 27 final recommendations presented to the previous board in March 2012. The review highlighted a range of issues including:

- Non-training related welfare issues, such as the poor financial skills of apprentices and jockeys requiring specialised assistance and more stringent structures in place;
- Better communications within the industry about training matters generally, and;
- The integration of the trainee track rider and trainee apprentice programs has ensured a clear pathway towards race riding and resulted in better skilled new apprentices commencing race riding.

The Apprentice Review committee consisted of the Australian Trainers Association, Queensland Jockeys Association and other industry participants. The implementation of some aspects of the review will be a long-term project with funding required over a number of years.

During the year, a large amount of work was devoted to the establishment of the first partnership between Racing Queensland and the TAFE system to provide industry training with access to a large professional and specialised public training provider. Under this plan, administration of training will be conducted by the Sunshine Coast Institute of TAFE. RQL will continue to provide training services.

Benefits to the industry include:

- Less administration and compliance work;
- More training time;
- Access to other types of training funds;
- Access to TAFE programs for jockeys to transition to other careers, and;
- Potential for many other programs to assist in up-skilling the industry.

The partnership will operate under a new title of "Queensland Racing and Equine Academy". This will give all interested participants a 'one-stop-shop' for information, enrolments, careers advice and training.

INDUSTRY AWARDS RESULTS

THOROUGHBRED INDUSTRY AWARDS - 2011

Queensland Horse of the Year	Shoot Out
Queensland Trainer of the Year	Robert Heathcote
Queensland Jockey of the Year	Chris Munce
Ken Russell Queensland Apprentice of the Year	Justin Wood
Queensland Stallion of the Year	Show A Heart
Community Racing Award	Stan Johnston
Racing Queensland Hall of Fame	Brian Mayfield-Smith

THOROUGHBRED INDUSTRY AWARDS - 2012

Queensland Horse of the Year	Buffering
Queensland Trainer of the Year	Robert Heathcote
Queensland Jockey of the Year	Chris Munce
Ken Russell Queensland Apprentice of the Year	Timothy Bell
Queensland Stallion of the Year	Show A Heart
Racing Queensland Hall of Fame	The Tucker Family
Racing Queensland Hall of Fame	High Syce

HARNESS INDUSTRY AWARDS - 2011

Horse of the Year	Mr Feelgood USA
Queensland Trainer of the Year	Bill Dixon
Queensland Driver of the Year	Grant Dixon
Queensland Chairman's Scholarship	Kelli Dawson
Queensland Owner of the Year	Bill Crosby
Queensland Breeder of the Year	Tony Burgoyne

HARNESS INDUSTRY AWARDS - 2012

Horse of the Year	Majestic Mach
Queensland Trainer of the Year	Grant Dixon
Queensland Driver of the Year	Grant Dixon
Queensland Chairman's Scholarship	Bart Cockburn
Queensland Owner of the Year	Greg Mitchell
Queensland Breeder of the Year	Solid Earth Pty Ltd

GREYHOUND INDUSTRY AWARDS - 2011

Queensland Greyhound of the Year	Dashing Corsair
Brisbane Leading Trainer	Sandra Hunt
Brisbane Leading Owner	Hazeltown Syndicate
Community Racing Award	Albion Park flood relief effort
Hall of Fame inductee one	Ron Ball
Hall of Fame inductee two	The Bellamy Family
Hall of Fame inductee three	Bogie Leigh

INDUSTRY AWARDS

Throughout 2011 and 2012 the thoroughbred, harness and greyhound industries continued the great tradition of celebrating its heroes and high achievers and we recognise the following achievements across all codes for the racing seasons covering the 2011/12 financial year.

INFORMATION TECHNOLOGY

Information technology (IT) continued to realise reduced expenditure and efficiencies across the merged three code organisation on items such as telecommunications, IT support and maintenance agreements, as redundant services were retired. An estimated \$250,000 reduction in expenditure has been achieved for the 2011/12 financial year over the pre-merger position.

After industry feedback and recognising the unique individuality of each racing code, RQL separated its public website to facilitate separate and standalone websites for each code. The relaunch was well received and returned ownership of each code's online presence to its stakeholders.

During the last quarter, work commenced on developing a mobile version of the websites to enable a better experience to users via mobile devices and to deploy the organisation's data to users in the field via mobile devices. This will realise significant productivity enhancements to groups, such as stewarding, and enhance RQL's integrity operations.

RQL remains committed to service standards of the industry across the three codes and I would personally like to thank the new board and management team, all of the dedicated staff and the passionate industry stakeholders for their contribution to racing in Queensland. Without their commitment there would be no racing. I look forward to the positive changes in the new structure going forward.

Adam Carter

Acting Chief Executive Officer

Racing Queensland Limited ABN 52 142 786 874

DIRECTORS' REPORT

For the period ended 30 June 2012

Your directors present this report on the company and the controlled entities for the period 1 July 2011 to 30 June 2012.

DIRECTORS

The names of each person who has been a director during the period and to the date of this report are:

NAME AND EXPERIENCE

Mr Kevin Dixon

Chairman
Racing Queensland Limited
Appointed – 17 April 2012

Mr Greg Hallam

Deputy Chairman
Racing Queensland Limited
Appointed – 1 May 2012

Mr Warwick Stansfield

Board Member
Racing Queensland Limited
Appointed – 1 May 2012

Mr John Falvey

Board Member
Racing Queensland Limited
Appointed – 1 May 2012

Mr Bradley Ryan

Board member
Racing Queensland Limited
Resigned – 31 July 2012

Mr Wayne Milner

Board member
Racing Queensland Limited
Resigned – 31 July 2012

Mr Robert Bentley

Chairman
Racing Queensland Limited
Resigned – 30 April 2012

Mr Anthony Hanmer

Deputy Chairman
Racing Queensland Limited
Resigned – 30 April 2012

Mr William Ludwig

Board member
Racing Queensland Limited
Resigned – 30 April 2012

Mr Bob Lette

Board member
Racing Queensland Limited
Resigned – 27 March 2012

Directors have been in office since the start of the period to the date of this report, unless otherwise stated.

COMPANY SECRETARY

The following person held the position of the entity at the end of the period:

Mr Adam Carter

Company Secretary
Company Secretary appointed on
27 March 2012.

PRINCIPAL ACTIVITIES AND OBJECTIVES

The principal activity of the consolidated group is to encourage, control, supervise and regulate administration of thoroughbred, harness and greyhound racing in Queensland.

The company's short-term / interim objectives are to:

- Enable, Assist and Regulate the racing industry;
- Work closely and seek feedback from industry stakeholders and participants both in the city and the country to ensure racing is viable and sustainable in the future;
- Decentralise the running of racing and the management of racing assets;
- Enhance our partnerships with stakeholders and maintain a consistently high quality level of customer service; and
- Ensure a high standard of safety, integrity, risk management and environmental sustainability.

MEETINGS OF DIRECTORS

20 board meetings were held during the period. The board members who attended the meetings are as follows:

Member	Board meetings		Audit committee meetings		Remuneration and nomination committee meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Kevin Dixon	6	5	N/A	N/A	N/A	N/A
Greg Hallam	4	4	1	1	N/A	N/A
Warwick Stansfield	4	4	N/A	N/A	N/A	N/A
John Falvey	4	4	1	1	N/A	N/A
Robert Bentley (a)	16	16	N/A	N/A	3	3
Tony Hanmer	16	15	3	3	N/A	N/A
Bill Ludwig	16	15	N/A	N/A	3	3
Brad Ryan	20	19	4	4	N/A	N/A
Wayne Milner	20	19	4	3	N/A	N/A
Bob Lette	12	12	3	2	N/A	N/A

Note: a) Racing Queensland Limited held 20 board meetings during the 2011/12 period, of which the outgoing chairman, Mr Robert Bentley, did not attend seven race information RQL board meetings. Owing to a previously and continuously disclosed conflict of interest, chairman Mr Robert Bentley is excluded from all race information board meetings.

The entity is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the entity is wound up, the constitution states upon the winding up or dissolution of the company if any property remains after satisfaction of all its debts and liabilities, that property shall not be paid to or distributed among the members of the company, but shall be given or transferred to a control body or bodies for thoroughbred, harness or greyhound racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then an institution having similar objects of the company as determined by a Judge of the Supreme Court of Queensland.

In the event that the company ceases to be a control body under the *Racing Act 2002*, the board will call a general meeting of members to resolve to wind up the company and will deal with the assets of the company as above.

Every member of the company undertakes to contribute to the assets of the company to a maximum of \$10 in the event the company being wound up while he or she is a member or with one year after he or she ceases to be a member, for payment of the debts and liabilities of the company contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

REVIEW OF OPERATIONS

The financial result of Racing Queensland Limited for the year ending 30 June 2012 was a deficit of \$12,472,000, this deficit was largely due to the valuations undertaken during the year of the Land and Buildings resulting in a devaluation of Albion Park land of \$4,631,000, additional Industry Contribution paid to the Brisbane Racing Club to support the infrastructure improvements as a result of a WHS review at the club \$1,851,000, down turn in the take up of the Breeding Programs \$1,500,000, clubs sustainability payments to the Toowoomba Turf Club, Gold

Coast Turf Club, Townsville Turf Club, and the Rockhampton Jockey Club \$1,393,000, the executive termination payments \$1,354,000, the recognition of bad debts for the Cairns Jockey Club and on course book makers, and the increase in the provision of doubtful debts \$900,000, contributions towards the Industry Infrastructure Strategy \$740,000, and the loan break costs associated with the repayment of both the Sunshine Coast Stable Loan and the Albion Park Demolition Loan \$404,000.

AFTER BALANCE DATE EVENTS

Preliminary Project costs are for costs incurred for the preparing budgets, engineering and feasibility studies for the RQL Industry Infrastructure Strategy. The Queensland Government on the 19th July 2011 approved the amended infrastructure plan and the Government extended the Wagering Tax relief from 4 years to 5 years. The wagering tax relief increased from \$80M to \$100M. Following the change of Government in March 2012, the new Board of RQL reviewed and submitted a revised Industry Infrastructure Strategy document for approval by the Queensland Government. This will be used to develop key infrastructure projects for all 3 codes of racing over the next 5 years such as Gold Coast Turf Club (Thoroughbred), Beaudesert Race Club (Thoroughbred), Mackay Turf Club (Thoroughbred), Harness and Greyhounds codes.

On 15 May 2012, Racing Queensland Limited announced its intention to transfer the track maintenance and stabling operations including all staff roles and responsibilities located at Corbould Park, Sunshine Coast to the Sunshine Coast Turf Club. Negotiations were entered into with the Sunshine Coast Turf Club and an agreement was finalised on the 21 August 2012. Plant and equipment and motor vehicle assets owned by Racing Queensland Limited with a book value of \$649,304 were sold to the Sunshine Coast Turf Club for \$1.00 and the lease being transferred for nil consideration.

On 18 May 2012, Racing Queensland

Limited announced its intention to transfer the track maintenance and stabling operations including all staff roles and responsibilities located at Callaghan Park, Rockhampton to the Rockhampton Jockey Club. Negotiations were entered into with the Rockhampton Jockey Club and an agreement was finalised on the 16 August 2012. Stabling, plant and equipment and motor vehicle assets owned by Racing Queensland Limited with a book value of \$1,318,672 were sold to the Rockhampton Jockey Club for \$1.00 and the lease being transferred for nil consideration. Compensation of \$104,542 is due to the Rockhampton Jockey Club in relation to the transfer of employees and their entitlements.

Assets acquired by the clubs will be recorded at carrying value in the accounts of the clubs.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 30 June 2012 has been received and can be found on page 22 of the director's report.

ROUNDING OF AMOUNTS

The company is an entity to which ASIC Class Order 98/100 applies and accordingly, amounts in the financial statements and director's report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the board of directors.

KEVIN DIXON
CHAIRMAN

Brisbane
Dated this 29th day of October 2012

DECLARATION OF INDEPENDENCE

For the period ended 30 June 2012



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DECLARATION OF INDEPENDENCE BY DAMIAN WRIGHT TO THE DIRECTORS OF RACING QUEENSLAND LIMITED

As lead auditor of Racing Queensland Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect Racing Queensland Limited and the entities it controlled during the period.

DAMIAN WRIGHT

Director

BDO Audit Pty Ltd

Brisbane, 29 October 2012

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Revenue from continuing operations	2	160,240	155,383
Other income	2	1,439	3,237
Prizemoney and other distributions		(110,247)	(104,708)
Racing expenses		(9,058)	(8,306)
Race day expenses		(1,271)	(1,790)
Local breeders incentive schemes		(7,517)	(7,551)
Grant – training track subsidy		(608)	(617)
Grant – industry infrastructure plan	3	(2,137)	-
Grant – club sustainability		(1,393)	-
Grant – cushion track Toowoomba	3	-	(6,054)
Grant – other		(128)	(461)
Industry insurances		(2,793)	(2,304)
RISA expenses		(364)	(449)
Vet expenses		(364)	(214)
Greyhound Adoption Program		(32)	(41)
Venue expense		(2,750)	(2,606)
Capital works expense		(1,708)	(424)
Employee benefits expense		(16,288)	(14,298)
Administration expense		(5,228)	(4,939)
Operating lease expense	17	(610)	(621)
Marketing expense		(694)	(849)
Auditor's remuneration		(205)	(336)
Board expenses		(461)	(492)
Motor vehicle and travel expense		(715)	(699)
Borrowing costs		(870)	(612)
Bad debts		(909)	(75)
Depreciation expense		(3,539)	(3,309)
Impairment loss on assets		(4,393)	(1,968)
Loss on disposal of assets		(445)	-
Other expenses		(777)	(437)
Profit/(Loss) before income tax		(13,825)	(5,540)
Income tax expense		-	-
Profit/(Loss) for the period		(13,825)	(5,540)
Other comprehensive income			
Change in fair value of land and buildings		53	-
Income tax on items of other comprehensive income		(119)	-
Other comprehensive income net of income tax		(66)	-
Total comprehensive income for the period		(13,891)	(5,540)

	Note	2012 \$'000	2011 \$'000
Profit/(Loss) attributable to members of Racing Queensland Limited		(13,566)	(5,436)
Profit/(Loss) attributable to non-controlling interests	15	(259)	(104)
		(13,825)	(5,540)
Total comprehensive income/(loss) for the period attributable to members of Racing Queensland Limited		(13,577)	(5,436)
Total comprehensive income/(loss) for the period attributable to non-controlling interests	15	(314)	(104)
		(13,891)	(5,540)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	2012 \$'000	2011 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	30,014	38,047
Trade and other receivables	6	18,669	20,189
Other current assets	7	437	200
Total Current Assets		49,120	58,436
NON-CURRENT ASSETS			
Investments	8	1,286	1,286
Property, Plant and Equipment	9	110,303	116,458
Other non-current assets	10	-	1,100
Total Non-Current Assets		111,589	118,844
TOTAL ASSETS		160,709	177,280
CURRENT LIABILITIES			
Trade and Other Payables	11	15,940	15,279
Borrowings	12	-	5,206
Provisions	13	848	707
Other liabilities	14	12,781	3,928
Total Current Liabilities		29,569	25,120
NON-CURRENT LIABILITIES			
Trade and Other Payables	11	348	600
Borrowings	12	-	7,276
Provisions	13	448	431
Other Liabilities	14	4,438	4,219
Deferred Tax Liabilities	15	119	-
Total Non-Current Liabilities		5,353	12,526
TOTAL LIABILITIES		34,922	37,646
NET ASSETS		125,787	139,634

	Note	2012 \$'000	2011 \$'000
EQUITY			
Contributed Equity		136,756	136,756
Retained Earnings		(19,002)	(5,436)
Revaluation Surplus		(11)	-
Capital and Reserves Attributable to the Owners of Racing Queensland Limited		117,743	131,320
Non-Controlling Interests	17	8,044	8,314
TOTAL EQUITY		125,787	139,634

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2012

	Retained Earnings	Contributed Equity	Revaluation Surplus	Total	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	-	-	-	-	-	-
Comprehensive Income						
Profit/(loss) for the period	(5,436)	-	-	(5,436)	(104)	(5,540)
Total comprehensive income for the period	(5,436)	-	-	(5,436)	(104)	(5,540)
Transactions with owners in their capacity as owners						
Contributions from transfer of net assets to new entity	-	136,756	-	136,756	8,418	145,174
Balance at 30 June 2011	(5,436)	136,756	-	131,320	8,314	139,634
Comprehensive Income						
Profit/(loss) for the period	(13,566)	-	-	(13,566)	(259)	(13,825)
Other comprehensive income for the period net of income tax	-	-	(11)	(11)	(55)	(66)
Total comprehensive income for the period	(13,566)	-	(11)	(13,577)	(314)	(13,891)
Contributions to sinking fund	-	-	-	-	44	44
Balance at 30 June 2012	(19,002)	136,756	(11)	117,743	8,044	125,787

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2012

	Note	2012 \$'000 Inflows (Outflows)	2011 \$'000 Inflows (Outflows)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		181,802	180,128
Payments to Suppliers and Employees		(184,092)	(176,193)
Interest Received		1,320	1,685
Interest Paid		(870)	(612)
Net Cash Inflow / (Outflow) from Operating Activities	23 (a)	(1,840)	5,008
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts from Amalgamation		-	45,652
Purchase of Property, Plant and Equipment		(4,628)	(9,760)
Receipts for Projects		19,439	-
Payment for Project Costs		(8,534)	(1,100)
Net Cash Inflow / (Outflow) from Investing Activities		6,277	34,792
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of loans to related parties		12	-
Repayment of Borrowings		(12,482)	(1,753)
Net Cash Inflow / (Outflow) from Financing Activities		(12,470)	(1,753)
NET INCREASE/(DECREASE) IN CASH HELD		(8,033)	38,047
CASH AT THE BEGINNING OF THE PERIOD		38,047	-
CASH AT THE END OF THE PERIOD	23 (b)	30,014	38,047

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The financial statements of Racing Queensland Limited for the period ended 30 June 2012 were authorised for issue in accordance with a resolution of the directors on 29 October 2012 and covers the consolidated entity consisting of Racing Queensland Limited and its subsidiaries as required by the *Corporations Act 2001*.

Racing Queensland Limited is a not-for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in the Australian currency.

Statement of Accounting Policies – Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The directors have determined that Racing Queensland Limited is permitted to apply the Tier 2 reporting requirements (Australian Accounting Standards – Reduced Disclosure Requirements) as set out in AASB 1053 *Application of Tiers of Australian Accounting Standards* because it is a not-for-profit private sector entity. As such, the directors have early adopted AASB 2010-2 *Amendments to Australian Accounting Standards Arising from Reduced Disclosure Requirements* from 1 July 2010. AASB 2010-2 only mandatorily applies to annual reporting periods commencing on or after 1 July 2013. The early adoption of AASB 2010-2 has had no impact on amounts recognised in the financial statements and related notes because it merely requires less disclosures for these general purpose financial statements, which have been prepared using Australian Accounting Standards - Reduced Disclosure Requirements, than if these financial statements were prepared using Australian Accounting Standards.

The financial statements have also been prepared on a historical cost basis.

Amalgamation

On 1 July 2010, Racing Queensland Limited (RQL) commenced as the new control body for thoroughbred, harness and greyhound racing:

1. Queensland Racing Limited ceased as the control body for thoroughbred racing
2. Queensland Harness Racing Limited ceased as the control body for harness racing, and
3. Greyhounds Queensland Limited ceased as the control body for greyhound racing.

Under section 429(1) (b) of the *Racing Act 2002*:-

(1) On the commencement—

- (a) anything that was an asset or liability of a former control body immediately before the commencement becomes an asset or liability of the new control body; and
- (b) an agreement or arrangement in force immediately before the commencement between a former control body and another entity is taken to be an agreement or arrangement between the new control body and the other entity; and
- (c) any property that was, immediately before the commencement, held by a former control body on trust or subject to conditions continues to be held by the new control body on the same trusts or subject to the same conditions.

(2) The registrar of titles or other person responsible for keeping a register for dealings in property must, if asked by the new control body, record the vesting of property under this section in the new control body.

The following significant accounting policies have been adopted by the consolidated group in the preparation and presentation of the financial statements:

(a) Principles of Consolidation

A controlled entity is any entity Racing Queensland Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

The consolidated financial statements of the entity include the financial statements of Racing Queensland Limited, being the parent entity, and its controlled entities being Queensland Race Product Co Limited, Sunshine Coast Racing Pty Ltd ATF Sunshine Coast Racing Unit Trust and Rockhampton Racing Pty Ltd ("the consolidated entity").

A list of controlled entities is contained in Note 16 to the financial statements. All controlled entities have a June financial year end.

The balances and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

(b) Valuation and measurement of Property, Plant and Equipment

Land and buildings are measured at fair value less accumulated depreciation. Any accumulated depreciation at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated as the revalued amount of the asset. A revaluation surplus is credited to other comprehensive income (asset revaluation surplus) unless it reverses a revaluation decrease on the same asset previously recognised in profit or loss. A revaluation deficit is recognised in profit or loss unless it directly offsets a previous revaluation surplus on the same asset in the asset revaluation surplus. On disposal, any revaluation surplus relating to sold assets is transferred to retained earnings. Independent valuations are performed regularly to ensure that the carrying amounts of land and buildings does not differ materially from that the fair value at the end of the reporting period. Property, plant and equipment are measured at cost less impairment less accumulated depreciation.

All other plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

(c) Depreciation Rates

Depreciation rates used for the different classes of assets are as follows:

Buildings & Tracks	2%-10%
Plant and Equipment	5%-25%

As a general policy, fixed assets are depreciated using the straight-line method except for land for which depreciation is not calculated.

(d) Impairment of Assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the asset's recoverable amount is determined. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the profit or loss, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

(e) Employee Benefits

Wages and salaries and annual leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, work cover premiums and employer superannuation contributions. For unpaid entitlements expected to be paid within the next 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

Sick leave is non-vesting, and an expense is recognised for this leave as it is taken. The Board contributes to various accumulating Employee Superannuation Plans. The number of full time employees at June 30 2012 is 134 (2011:157) which increase due to the restructure of the entity's operations due to the control body accepting responsibility for integrity race day and certain club maintenance functions previously undertaken by the clubs .

(f) Unearned Income

Licence and Registration Fees, Course Fees and other income received at balance date, which relate to the next accounting period have been deferred in the Income Statement and will be brought to account as income during the period to which the amounts relate.

(g) Apprentice Jockeys' Trust Fund

The Board holds in trust and invests the earnings of Apprentice Jockeys. At the age of eighteen, each jockey receives his or her earnings and related interest less any approved withdrawals.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Rounding

Unless otherwise stated amounts in the report have been rounded to the nearest thousand dollars.

(i) Taxation

Racing Queensland Limited is exempt from income tax under the provisions of section 50-45 of the *Income Tax Assessment Act 1997* with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/ payable to the ATO are recognised and accrued.

Tax effect accounting procedures have not been applied to Racing Queensland Limited due to a private tax ruling for the purposes of Part IV AA of the Taxation Administration Act 1953. This ruling deems product fees paid pursuant to the Product & Program Agreement, as agent of the Queensland Racing Industry will not constitute assessable income under section 6-5 of the *Income Tax Assessment Act 1997*.

Income tax is only provided in Sunshine Coast Racing Pty Ltd ATF Sunshine Coast Racing Unit Trust to the extent that accumulated income is assessable to the trustee in accordance with Section 95 of the Income Tax Assessment Act. No income tax is payable by the trust since, in accordance with the trust deed, taxable income is fully distributed to the beneficiaries.

Income tax is only provided in Rockhampton Racing Pty Ltd to the extent that accumulated income is assessable to the company.

(j) Revenue Recognition

Revenue is recognised when Product and Program Fee monies are due and payable from TattsBet. Interest income is recognised as it accrues. Club Levies and Racing Fees are brought to account as income during the period to which the amounts relate. Grants are brought to account when they are received.

Race Information Fees are brought to account as income during the period to which the amounts relate.

(k) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, with settlement generally required within 30 days from the invoice date. The collectability of receivables is assessed periodically with provision being made for impairment of debts.

Bad debts are written off in the period in which they are recognised.

Loan and advances are recognised at their face values.

(l) Other Non-Current Assets

Preliminary Project costs are for specific costs incurred for the Racing Queensland Limited Infrastructure plan. The Queensland Government on the 19th July 2011 approved the amended infrastructure plan and the Government extended the Wagering Tax relief from 4 years to 5 years. The wagering tax relief increased from \$80M to \$100M. This will be used to develop key infrastructure projects for all 3 codes of racing such as Gold Coast Turf Club (Thoroughbred), Beaudesert Race Club (Thoroughbred), Mackay Turf Club (Thoroughbred), and Harness and Greyhounds codes.

(m) Payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not billed to the consolidated entity. Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

(n) Cash and Cash Equivalents

For the purpose of the Balance Sheet and the Cash Flow Statement, cash and cash equivalents include all cash and cheques receipted but not banked at 30 June as well as all deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash on hand at the consolidated entity's option and that are subject to a low risk of changes in value.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as an expense on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line bases over the lease term.

(p) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions cost where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised with the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(q) Fair Value

Fair value is determined on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for other financial instruments, including recent arm's length transactions, reference to similar instruments and option pricing models.

(r) Government Grants

The entity receives government grant monies to fund projects. It is the policy of the entity to recognise the contributions received immediately as revenue when the amount of the contribution can be measured reliably and the entity obtains control of the contribution.

During the financial year the entity received government grant funding under the Industry Infrastructure Program. As defined in the Funding Deeds Racing Queensland Limited is to undertake the project management of the program and as such acts only as an intermediary of the funds. For projects where the assets will be owned by separate entities Racing Queensland has recorded the funding received as a current liability, the work performed to date has been netted off this current liability and the balance as cash.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Parent Entity Financial Information

The financial information for the parent entity, Racing Queensland Limited, included in note 18, has been prepared on the same basis as the consolidated financial statements.

(t) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economics data, obtained both externally and within the company.

On 1 July 2010, Racing Queensland Limited commenced as the new control body for thoroughbred, harness and greyhound racing:

1. Queensland Racing Limited ceased as the control body for thoroughbred racing
2. Queensland Harness Racing Limited ceased as the control body for harness racing, and
3. Greyhounds Queensland Limited ceased as the control body for greyhound racing.

The Racing and Amendment Bill 2010 was passed where the Bill will transfer the assets and liabilities of the current control bodies to the new control body without compensation. However, as the assets to be transferred to a new control body which replaces the three current control bodies, and will have the same functions and powers, is considered that the legislation does have regard to fundamental legislative principles. The assets were brought across at carrying value as at 1 July 2010 from the three former control bodies based on the 30 June 2010 audited annual financial statements.

As at 30 June 2011, the directors reviewed the carrying value of the land and buildings, in particular those parcels subject to the Queensland flood events. They have concluded that the carrying value of these assets remain materially unchanged, and are satisfied that carrying value does not exceed the recoverable amount of land and building at 30 June 2011.

2. REVENUE AND OTHER INCOME

	Note	2012 \$'000	2011 \$'000
Revenue			
Course Fees		194	223
Grants – Training Track Subsidy		1,065	1,065
Grants – Infrastructure	3	1,397	-
Licence and Registration Fees		1,267	1,561
Racing Fees		5,167	5,092
Interest		1,296	1,774
Product and Program Fee		108,827	107,292
Race Information Fees		34,550	29,671
Marketing Income		173	114
Fines and Late Fees		402	431
Nomination Fees		2,387	2,475
Local Breeder Nomination Fees		1,760	3,348
Club Income – Operational		333	293
Club Income – Commercial		28	74
Track Fee Income		487	446
Rental Income		907	1,524
Total Revenue		160,240	155,383
Other Income			
Distributions from investments		252	222
Flood Insurance Proceeds		668	2,532
Other		519	483
Total Other Income		1,439	3,237
Total Revenue and Other Income		161,679	158,620

3. GRANTS

Grant Revenue – Industry Infrastructure Strategy	1,397	-
Grant Expense – Industry Infrastructure Strategy	(2,137)	-
Grant Net Expense - Industry Infrastructure Strategy	(740)	-

The net costs incurred by Racing Queensland Limited which were not claimable through the Industry Infrastructure Strategy are in relation to the Deagon Jockey Rehabilitation Facility, the Deagon Office Redevelopment, and non-claimable costs associated with approved projects.

Grant – cushion track Toowoomba Turf Club	-	6,054
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Following extensive negotiations, no partnership agreement was determined during the period ending 30 June 2011 with Racing Queensland Limited granting \$6.054M to the Toowoomba Turf Club. This charge was not accounted for in the 2010/2011 budget.

The total cost of installing the cushion track was \$11.65M. An amount of \$5.6M (including interest) was drawn from the grant funds for synthetic track construction at the Toowoomba track, made available by the Queensland Government. The balance of \$6.054M for the track and capital development was funded by Racing Queensland Limited and this amount was granted to the Toowoomba Turf Club.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2012

4. KEY MANAGEMENT PERSONAL COMPENSATION INCLUDING BOARD MEMBERS REMUNERATION

	2012 \$'000	2011 \$'000
Short Term Benefits	1,341	1,382
Post Employment Benefit	1,964	118
Total	3,305	1,500

Total income paid or payable, or otherwise made available, to key management personal and board members of each entity in the consolidated entity from the entities of which they are members or any related party.

Key management personal are involved in the strategic direction of Racing Queensland Limited including the board of directors, as well as the Chief Executive Officer, Director of Integrity Operations, Chief Financial Officer, Director of Product Development and Corporate Counsel.

Note: The value of the termination payments resulting from the resignation of the Chief Executive Officer, Director of Integrity Operations, Director of Product Development and Corporate Counsel on the 26th March 2012 was \$1.354M (excluding statutory entitlements).

Other than the remuneration detailed in this note, there were no transactions with key management personnel in the period.

5. CASH AND CASH EQUIVALENTS

	2012 \$'000	2011 \$'000
Cash Assets		
Cash at Bank and on Hand *	3,821	3,458
Short term Deposits **	15,708	34,589
Cash held for infrastructure projects	10,485	-
	30,014	38,047

* Amount includes \$4,000 held in Trust for Apprentice Jockeys by Racing Queensland Limited

** Amount includes an amount in relation to synthetic track program of \$4,388,000 which will be used to fund a south east Queensland TAB club facility. The effective interest rate on short-term bank deposits was 5.5%. These deposits have an average maturity of 32 days.

Reconciliation of Cash

Cash at the end of the period as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

Cash and Cash Equivalents	30,014	38,047
	30,014	38,047

6. TRADE AND OTHER RECEIVABLES

Current

Trade Receivables	3,759	4,400
Product and Program Fee Receivables	9,702	8,998
Other Receivables	1,351	3,452
Race Information Fees Receivable	4,401	3,746
Less Provision for Doubtful Debts (refer to note (1) below)	(620)	(507)
Accrued Interest	76	100
	18,669	20,189

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

(1) Provision for Impairment of Receivables

Current trade receivables are generally 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade or other receivable is impaired. These amounts have been recognised in the profit or loss.

	2012 \$'000	2011 \$'000
Movement in the Provision for Impairment of Receivables		
Balance at the beginning of the period	(507)	-
Provision transferred in on amalgamation	-	(464)
Provision for doubtful receivables	(909)	(75)
Amounts written off as uncollectible	796	32
Balance at the end of the period	(620)	(507)

7. OTHER CURRENT ASSETS

Prepayments	437	200
	437	200

8. INVESTMENTS

Available-for-sale financial assets

- RISA Investment	1,286	1,286
	1,286	1,286

9. PROPERTY, PLANT AND EQUIPMENT

Land		
Land at Valuation	49,510	-
At Cost (refer to note (1) below)	-	53,975
Accumulated Impairment	-	(50)
	49,510	53,925
Buildings and Tracks		
At Valuation	56,469	-
At Cost (refer to note (1) below)	-	58,435
Accumulated Impairment	-	(1,918)
Accumulated Depreciation	-	(2,307)
	56,469	54,210
Plant and Equipment		
At Cost (refer to note (1) below)	5,020	5,033
Accumulated Depreciation	(1,471)	(992)
	3,549	4,041
Work In Progress		
Cost (refer to note (1) below)	775	4,282
	110,303	116,458

(1) At Cost includes the property, plant and equipment transferred to Racing Queensland Limited on 1 July 2010

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2012

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Independent valuations of land and buildings were performed as at 30 June 2012 by AON Valuation Services using 'fair value' principles. The valuation of land and buildings is based on current market values and replacement costs respectively. As a not-for-profit entity, the depreciated replacement cost method of valuation was utilised.

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current period:

Consolidated Group 2012

Asset Name	Carrying amount 1/7/11 (\$'000)	Additions (\$'000)	Revaluation (\$'000)	Impairment Expense (\$'000)	Transfers (\$'000)	Disposals (\$'000)	Depreciation (\$'000)	Carrying amount 30/06/12 (\$'000)
Land	53,925	-	-	(4,393)	-	(22)	-	49,510
Building & Tracks	54,210	603	53	-	4,240	(66)	(2,571)	56,469
Plant & Equipment	4,041	814	-	-	399	(737)	(968)	3,549
Work in Progress	4,282	3,211	-	-	(4,639)	(2,079)	-	775
	116,458	4,628	53	(4,393)	-	(2,904)	(3,539)	110,303

Note: The Work in Progress disposals of \$2,079,000 relates to the Deagon Jockey Rehabilitation Facility, Deagon Office Plan, Industry Infrastructure Strategy projects located at Logan and the Gold Coast, and non-capital purchases.

10. OTHER NON-CURRENT ASSETS

Industry infrastructure plan project costs

2012 \$'000	2011 \$'000
-	1,100
-	1,100

11. TRADE AND OTHER PAYABLES

Current

Trade Payables	1,457	2,663
Trade Payables attributable to Industry infrastructure plan	469	-
Sundry Payables and accrued expenses	12,980	11,466
Employee Benefits	1,034	1,150
	15,940	15,279

Non-Current

Loan – Equity in RISA Investment	348	600
	348	600

Trade payables include invoices payable in the future for goods and services received and invoiced as part of the normal operating cycles of Racing Queensland Limited.

Sundry payables and accrued expenses include amounts payable in the future for goods and services received and not yet billed to the consolidated entity. The balance includes \$4.686M of industry participant funds payable including prizemoney and swab payments, general operating accruals of \$1.424M, club operational subsidy payments \$1.274M, club capital works grants \$1.079M, racing science centre accruals \$0.950M and retrospective race information fee expenses \$0.464M.

Employee benefits is the accrued cost of annual leave for Racing Queensland Limited staff.

12. BORROWINGS

	2012 \$'000	2011 \$'000
Current		
Secured loans payable	-	5,206
	-	5,206
Non-Current		
Secured loans payable	-	7,276
	-	7,276

The 2011 secured loans payable included \$9.2M in relation to the stables which was secured by a guarantee given by Sunshine Coast Racing Pty Ltd ATF Sunshine Coast Racing Unit Trust over the land assets held by the entity for the purpose of building 256 stables at Corbould Park. This loan was paid out in the current financial year.

The 2011 secured loans payable also included \$3.3M in relation to Albion Park demolition which was secured over the Albion Park property. This loan was paid out in the current financial year.

13. PROVISIONS

Analysis of Total Provisions - Current

Provision for Long Service Leave	541	707
Provision for Redundancy	127	-
Provision for Legal Settlements	180	-
	848	707

Analysis of Total Provisions – Non Current

Long Service Leave: Non-Current	448	431
	448	431

Provision for Long- term Employee Benefits

A provision has been recognised for employee entitlements related to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 (e) to this report.

Provision for Redundancy

A provision has been recognised for employees who were impacted by the restructure of the organisation. The redundancies were as a result of a restructure plan and were communicated to the employees impacted prior to the 30th June 2012.

Provision for Legal Settlements

A provision has been recognised for the settlement an anti-discrimination matter.

	Redundancy \$'000	Legal Settlements \$'000
Balance at beginning of the year	-	-
Provisions made during the year	127	180
Balance at the end of the year	127	180

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2012

14. OTHER LIABILITIES

	2012 \$'000	2011 \$'000
Current		
Deferred Revenue - Fees in Advance	2,682	3,928
Industry infrastructure funds received in advance	10,099	-
	12,781	3,928
Non-Current		
Deferred Grants	4,428	4,189
Deferred Revenue - Fees in Advance	10	30
	4,438	4,219

15. DEFERRED TAX LIABILITIES

Deferred tax liabilities comprise temporary differences attributable to:

Amounts recognised in other comprehensive income

Revaluation of property, plant and equipment

119	-
119	-

Movements in deferred tax liabilities

	Opening Balance at 1 July 2011 \$'000	Charged/ (Credited) to other comprehensive income \$'000	Closing balance at 30 June 2012 \$'000
Amounts recognised in other comprehensive income			
Revaluation of property, plant and equipment	-	119	119
	-	119	119

16. CONTROLLED ENTITIES

	2012 %	2011 %
Particulars in relation to controlled entities:		
Racing Queensland Limited		
Controlled entities:		
Queensland Race Product Co Ltd	100.0	100.0
Sunshine Coast Racing Pty Ltd	84.6	84.6
Rockhampton Racing Pty Ltd	63.8	63.8

17. NON-CONTROLLING INTERESTS

Non-controlling interest relates to equity investments held by Sunshine Coast Turf Club Inc in Sunshine Coast Racing Unit Trust (15.4%) and Rockhampton Jockey Club Inc in Rockhampton Racing Pty Ltd (36.2%).

In relation to the Sunshine Coast Racing Unit Trust the non-controlling interests is held by way of units in the unit trust. It is the opinion of the Directors that these units are in the nature of equity and not a financial liability.

Non-controlling interests are reconciled as follows:

	2012 \$'000	2011 \$'000
Retained Earnings/(Losses)	(363)	(104)
Capital Contributions	8,418	8,418
Revaluation Surplus	(55)	-
Sinking Fund Reserve	44	-
Total Non-Controlling Interest	8,044	8,314

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2012

18. PARENT ENTITY INFORMATION

The *Corporations Act* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by regulation 2M/3/01 which requires the following limited disclosure in regards to the parent entity, Racing Queensland Limited. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policies described in Note 1.

	Racing Queensland Limited	
	2012 \$'000	2011 \$'000
Current Assets	46,486	54,634
Non-Current Assets	102,337	108,526
Total Assets	148,823	163,160
Current Liabilities	28,638	23,211
Non-Current Liabilities	5,234	12,526
Total Liabilities	33,872	35,737
Net Assets	114,951	127,423
Contributed Equity	132,304	132,304
Asset Revaluation Reserve	270	-
Retained Earnings	(17,623)	(4,881)
Total Equity	114,951	127,423
Profit/(Loss) for the period	(12,742)	(4,881)
Total Comprehensive Income for the period	(12,472)	(4,881)

Note:

2012: \$12,472,000 deficit for the financial year ended 30 June 2012 is largely due to the valuations undertaken during the year of the Land and Buildings resulting in a devaluation of \$4,465,000, additional Industry Contribution paid to the Brisbane Racing Club to support the infrastructure improvements as a result of a WHS review at the club \$1,851,000, down turn in the take up of the Breeding Programs \$1,500,000, clubs sustainability payments to the Toowoomba Turf Club, Gold Coast Turf Club, Townsville Turf Club, and the Rockhampton Jockey Club \$1,393,000, the executive termination payments \$1,354,000, the recognition of bad debts for the Cairns Jockey Club and on course book makers, and the increase in the provision of doubtful debts \$900,000, contributions towards the Industry Infrastructure Strategy \$740,000, and the loan break costs associated with the repayment of both the Sunshine Coast Stable Loan and the Albion Park Demolition Loan \$404,000.

2011: \$4,881,000 deficit for the financial year ended 30 June 2011 is due to the grant of \$6,054,000 provided to the Toowoomba Turf Club for the Synthetic Track. When this is added back the surplus is \$1,173,000.

18. PARENT ENTITY INFORMATION (CONTINUED)

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

Capital Expenditure Commitments

	2012 \$'000	2011 \$'000
Capital expenditure projects – property, plant and equipment	379	882
Total	379	882

Contingent Liabilities

As detailed in Note 21, an action has commenced against Racing Queensland Limited which involves a claim for Damages. The matter is currently before the courts and Racing Queensland Limited is currently unable to quantify the amount, if any, that might be payable should the action be successful.

19. CAPITAL AND LEASING COMMITMENTS

Operating lease payments are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Racing Queensland Limited.

a) Operating Lease Expense

Car Leasing	447	377
Computer Equipment	130	200
Office Equipment	33	44
Total Leasing Expenses	610	621

b) Lease Commitments (Non-Cancellable Operating Leases–Future Minimum Lease Payments)

Payable Within 1 Year	370	515
Payable 1 – 5 Years	244	665
Total Lease Commitments	614	1,180

c) Capital Commitments

Capital expenditure projects – property, plant and equipment	554	2,121
Total Capital Commitments	554	2,121

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2012

20. CAPITAL MANAGEMENT

Management control the capital of the entity to ensure that adequate cash flows are generated to fund its racing programs and that returns from investments are maximised. The board ensures that the overall risk management strategy is in line with this objective.

The audit committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

The group's capital consists of financial liabilities supported by financial assets.

Management effectively manage the group's capital by assessing the group's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

The strategy of the entity is to ensure that sufficient cash is on hand to meet trade and sundry payables.

21. CONTINGENT ASSETS AND LIABILITIES

Contingent Assets - Group

Nil to report.

Contingent Liabilities - Group

Claims

An action has commenced against RQL which involves a claim for Damages. The matter is currently before the courts and RQL is currently unable to quantify the amount, if any, that might be payable should the action be successful.

Company Restructure

The Racing Act 2002 is in the process of being reviewed / amended under the Racing and Other Legislation Amendment Bill 2012, as a result of this review it is envisaged that Racing Queensland Limited will incur additional legal and consulting costs.

Guarantees

	2012 \$'000	2011 \$'000
Guarantee and indemnity	-	12,000

The consolidated entity holds a controlling interest in Sunshine Coast Racing Pty Ltd. During the financial year ended 30 June 2010 period, Sunshine Coast Racing Pty Ltd granted a guarantee and indemnity to banks to cover bank guarantees to Racing Queensland Limited to build stables at Corbould Park in the Racing Queensland Limited leased area and has given a maximum exposure of \$12M. In the financial year ended 30 June 2012 the loan to the banks was repaid.

22. POST BALANCE DATE EVENTS

Preliminary Project costs are for costs incurred for preparing budgets, engineering and feasibility studies for the RQL Industry Infrastructure Strategy. The Queensland Government on the 19th July 2011 approved the amended infrastructure plan and the Government extended the Wagering Tax relief from 4 years to 5 years. The wagering tax relief increased from \$80M to \$100M. Following the change of Government in March 2012, the new Board of RQL reviewed and submitted a revised Industry Infrastructure Strategy document for approval by the Queensland Government. This will be used to develop key infrastructure projects for all 3 codes of racing over the next 5 years such as Gold Coast Turf Club (Thoroughbred), Beaudesert Race Club (Thoroughbred), Mackay Turf Club (Thoroughbred), Harness and Greyhounds codes.

On 15 May 2012, Racing Queensland Limited announced its intention to transfer the track maintenance and stabling operations including all staff roles and responsibilities located at Corbould Park, Sunshine Coast to the Sunshine Coast Turf Club. Negotiations were entered into with the Sunshine Coast Turf Club and an agreement was finalised on the 21 August 2012. Plant and equipment and motor vehicle assets owned by

22. POST BALANCE DATE EVENTS (CONTINUED)

Racing Queensland Limited with a book value of \$649,304 were sold to the Sunshine Coast Turf Club for \$1.00 and the lease being transferred for nil consideration.

On 18 May 2012, Racing Queensland Limited announced its intention to transfer the track maintenance and stabling operations including all staff roles and responsibilities located at Callaghan Park, Rockhampton to the Rockhampton Jockey Club. Negotiations were entered into with the Rockhampton Jockey Club and an agreement was finalised on the 16 August 2012. Stabling, plant and equipment and motor vehicle assets owned by Racing Queensland Limited with a book value of \$1,318,672 were sold to the Rockhampton Jockey Club for \$1.00 and the lease being transferred for nil consideration. Compensation of \$104,542 is due to the Rockhampton Jockey Club in relation to the transfer of employees and their entitlements.

Assets acquired by the clubs will be recorded at carrying value in the accounts of the clubs.

23. NOTES TO THE STATEMENT OF CASHFLOWS

a) Reconciliation of Profit/ (Loss) to Net Cash provided by / (used in) operating activities

	2012 \$'000	2011 \$'000
Profit/(Loss) for the period	(13,825)	(5,540)
Depreciation	3,539	3,309
Impairment of Assets	4,393	1,968
Bad Debts	909	-
Disposal of WIP for nil consideration	2,079	-
Bad Debt	99	-
Changes in Operating Assets and Liabilities exclusive of Non- Operating Activities		
(Increase) Decrease in Trade and Other Receivables	1,520	(20,089)
(Increase) Decrease in Accrued Interest	24	(100)
(Increase) Decrease in Prepayments	(237)	(200)
(Decrease) Increase in Trade and Other Payables	(409)	24,522
(Decrease) Increase in Provisions	158	1,138
(Decrease) Increase in Deferred Revenue and Grants	(1,027)	-
(Decrease) Increase in Deferred Tax Liability	119	-
Net Cash provided by / (used in) Operating Activities	(1,840)	5,008

b) Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash comprises Cash on Hand and at Bank, net of outstanding bank overdrafts, and liquid investments.

Cash and cash equivalents	30,014	38,047
	30,014	38,047

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2012

24. COMPANY DETAILS

The Registered Office & Principal Place of Business of the Company is:

Racing Queensland Limited
6 Racecourse Road
Deagon, QLD 4017

25. MEMBERS GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the entity is wound up, the constitution states upon the winding up or dissolution of the Company if any property remains after satisfaction of all its debts and liabilities, that property shall not be paid to or distributed among the Members of the Company but shall be given or transferred to a Control Body or Bodies for thoroughbred, harness or greyhound racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then an institution having similar objects of the Company as determined by a Judge of the Supreme Court of Queensland.

In the event that the Company ceases to be a Control Body under the Racing Act, the Board will call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company as above.

Every member of the Company undertakes to contribute to the assets of the Company to a maximum of \$10 in the event the Company being wound up while he or she is a member or with one year after he or she ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

As at 30 June 2012 the number of members was 6.



DIRECTORS DECLARATION

For the period ended 30 June 2012

The directors of the company declare that:

1 The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
- (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the period ended on that date.

2 In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by

Kevin Dixon
CHAIRMAN

Dated this 29th day of October 2012

INDEPENDENT AUDITOR'S REPORT

For the period ended 30 June 2012



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INDEPENDENT AUDITOR'S REPORT

To the members of Racing Queensland Limited

Report on the Financial Report

We have audited the accompanying financial report of Racing Queensland Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Racing Queensland Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Racing Queensland Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

BDO Audit Pty Ltd

Damian Wright

Director

Brisbane, 29 October 2012

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