



QUEENSLAND RACING LIMITED
annual**report**

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NOTICE TO QUEENSLAND RACING LIMITED STAKEHOLDERS

Dear Stakeholder

The following attachment to the Queensland Racing Limited (QRL) 2007/2008 annual report is a complete summary of the prizemoney distribution against budget. The figures utilised on Page 10 of the Annual Report relate specifically to Standard Prizemoney and do not include QTIS, Feature and Series funding.

I wish to specifically inform stakeholders on the impacts of the EI crisis as they relate to QRL's revenue, direct expenses and prizemoney.

Equine influenza at the time was a situation that did not have a defined end, the spread of the disease was rapid and at some stages uncontrollable. The spread to Victoria would have closed down wagering and thus income for an unknown duration. The Board of Queensland Racing took the conservative position of caution in these uncharted waters. Should there have been a total Eastern Seaboard shutdown, QRL would have needed all its reserves to maintain a skeleton industry in Queensland. Fortunately this did not happen and while wagering returns were down 3.3% on budget a small surplus of \$1,491,039 against budgeted prizemoney distributions has been identified for the 2007/2008 financial year and has been transferred to reserves.

QRL policy is *"that prizemoney will only be allocated from reoccurring income, not from one off events"*. The E.I. crisis was a huge logistical exercise and while there is \$1,200,000 in costs that are directly identified, the ongoing real cost of the crisis cannot be measured in monetary, human or equine terms, and the effects are still evident today.

QRL budgeted to allocate a total of \$70,878,934 in prizemoney for the 2007/2008 financial year.

The budget was predicated on wagering growth of 3% and was not achieved which resulted in a \$3,309,900 decline in revenue against budget.

QRL subsequently paid \$61,345,995 in prizemoney including feature funding, series funding and QTIS.

Based on the original budget, the short fall against budgeted prizemoney amounted to \$9,532,939 of which \$4,732,000 was spent on additional unbudgeted expenditure.

Prizemoney including feature, series funding and QTIS as per budget		\$70,878,934
LESS Prizemoney paid		\$61,345,995
Unexpended Prizemoney, future, series funding and QTIS as per budget		\$9,532,939
<u>UNBUDGETED EXPENDITURE AND REVENUE</u>		
<u>SHORTFALL</u>		
Assistance to thoroughbred breeders by waiving the QTIS registration fee	\$1,000,000	
Subsidised floating fees to owners and trainers	\$732,000	
Administration of EI and CHAPS scheme	\$1,200,000	
Capital works not budgeted	\$1,800,000	
	Subtotal	\$4,732,000
Amount Transferred to reserves		\$4,800,939
<u>RESERVE ACCOUNT TRANSACTION AS ABOVE</u>		
Shortfall in budgeted revenue of 3.3% in Product and Program fee		\$3,309,900
Surplus Transferred to Reserves		\$1,491,039

Yours faithfully



R G BENTLEY
Chairman



{mission statement}

**“To further enhance the quality
and integrity of thoroughbred
racing in Queensland”**



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{from the chairman}



Robert Bentley

QUEENSLAND RACING LIMITED CHAIRMAN

In a year that will be remembered forever in the racing industry, our normal activities were largely overshadowed by Equine Influenza (EI). The challenges that had to be confronted as a result were not insubstantial and it was with great pride that I saw the industry pull together to overcome the crisis. Racing in Queensland was able to successfully weather this terrible crisis due to the hard work and commitment of our people at every level and the industry now finds itself well placed to continue its recovery and move forward with continued growth and prosperity.

Despite EI, this year saw modest growth in wagering turnover which contributed to a strong recovery from EI. This is testament to the enormous amount of hard work and innovative race programming during the lengthy EI quarantine period. During the crisis our focus never moved from making sure that whenever we could, a race meeting was scheduled albeit in circumstances never before witnessed by the industry. The Deagon Training Centre made a comeback as a racecourse after 66 years and race meetings were held without the public. In South East Queensland the horse population was divided up into precincts and this decision ultimately allowed for race meetings to proceed in some precincts on a restricted basis whilst neighbouring precincts were infected with EI.

The positive wagering result in the circumstances was largely due to the quick return made by wagering customers. Whilst interstate wagering content continued to be available from States such as Victoria, South Australia and Western Australia, our wagering customers made a speedy return to the fold when racing came back on line in Queensland from 1 December.

Although attendance figures were impacted, down significantly on the previous record year caused by patrons being deprived of a regular race meeting schedule, Queensland Racing and the Queensland Government have a significant campaign to address the issue which will provide a much needed

boost to race clubs next year.

This financial year saw an historic event with the opening of the first Cushion Track surface in Australia, at the Sunshine Coast on 6 April. A resounding success, the Cushion Track is the first of three synthetic tracks, partly funded by \$12M from the Queensland Government, to be installed in South East Queensland. These tracks will reduce our exposure to drought conditions and meeting wash outs while significantly improving training facilities and capacity. They will also offer the ability to capitalise on future opportunities to position our race product in other markets.

The racing industry has valuable assets

that are currently vastly under utilised and this year Queensland Racing continued to progress our strategy to make better use of these assets to return revenue to the industry with significant progress made on the metropolitan race club merger, Corbould Park Sunshine Coast development, Ipswich race track development and the Deagon Training Centre master plan. These are exciting projects which I look forward to reporting the success of to you in the future.

In closing, I would like to again highlight the work of everyone in the industry during the year; it was a pleasure to see such a high degree of cooperation and shared commitment to bring us through such





a difficult time. On behalf of the Board of Queensland Racing Limited I extend my congratulations to our management team and every one of their staff for their remarkable contribution this year. The success of our industry is a measure of their dedication and they should be proud of their achievements.

Robert Bentley

CHAIRMAN

{board of directors}

Queensland Racing is the control body for thoroughbred racing in Queensland.

It coordinates, manages, and regulates the industry by:

- administering the Rules of Racing
- implementing sound policies
- enforcing standards of safety and integrity
- licensing industry participants
- licensing race clubs and monitoring their activities and performance
- monitoring the condition of racecourses and working with racing clubs to ensure courses are developed to a suitable standard
- commissioning and undertaking research and promotional activities
- administering industry funding and commercial agreements
- representing the Queensland racing industry on the peak national body, the Australian Racing Board, and its sub-committees



Robert Bentley
CHAIRMAN

Mr Bentley offers Queensland Racing valuable experience and expertise with a comprehensive racing experience which spans administration, breeding and racing being appointed chairman of the inaugural Queensland Thoroughbred Racing Board in April 2002. He is a non executive director of UNITAB, a director of the Australian Racing Board, and is also chairman of the Australian National Racing Committee. Mr Bentley was previously chairman of the Queensland Principal Club, the Three Codes Racing Industry Coordinating Committee, and the Ipswich Turf Club. He was also treasurer of the Queensland Bloodhorse Breeders', chairman and managing director of Austral Plywoods Pty Ltd and chairman of the Plywood Manufacturers Association of Australia.



Tony Hanmer

Mr Hanmer has more than 27 years' leadership experience and a track record of company management, building professional organisations in the United Kingdom, Asia and Australia. He was senior vice president of McCann-Erikson Worldwide and Regional Director of Asia South Pacific, working internationally with global companies. He holds a number of directorships in the public, private and not for profit sector. Mr Hanmer was appointed to the inaugural Queensland Racing Board in April 2002.

{profiles}



Michael Lambert

Mr Lambert is a managing director of ABN-AMRO Australia, part of the ABN-AMRO global investment bank. He was former head of the NSW Treasury. His substantial involvement in the racing industry includes advising the Queensland Government on strategic options for TABQ and the Queensland racing industry and on the reform and sale of the TABQ. He is a director of Energy Australia, State Super, The Sax Institute, The Asylum Seekers Centre and is Queensland Racing's representative on the board of Racing Information Services Australia (RISA). Mr Lambert was appointed to the inaugural Queensland Racing Board in April 2002.



Bill Andrews

Mr Andrews is a partner in Trilby Misso Lawyers based in Brisbane. Mr Andrews brings extensive and valuable legal experience to the Board. Mr Andrews owns and breeds horses and is an active member of the Owners and Breeders Associations. He is well respected in racing circles and has served on the First Level Appeals Committee for Queensland Racing. Mr Andrews was appointed to the Queensland Racing Board in December 2004.



Bill Ludwig

Mr Ludwig is the national president and Queensland secretary of the Australian Workers Union. Mr Ludwig is a horse breeder and owner who has considerable experience in country racing, having spent the majority of his working life in rural and regional Queensland. He brings a wealth of experience and first hand knowledge of the day-to-day issues that confront the industry. Mr Ludwig was appointed to the Queensland Racing Board in December 2004.

{chief operations managers report}



Malcolm Tuttle
CHIEF OPERATIONS MANAGER

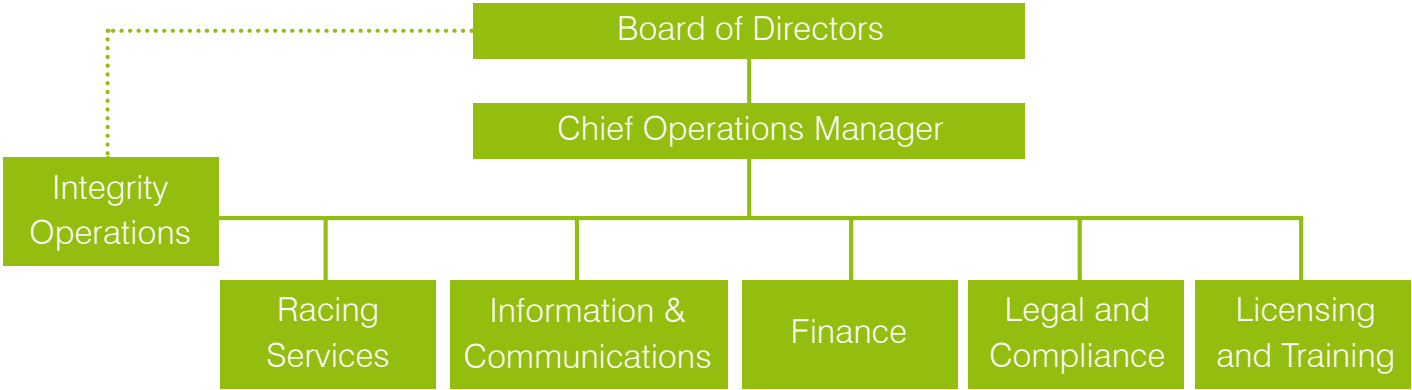
The chief operations manager is responsible for the operations of Queensland Racing within established policy and in accordance with the delegated authority of the board of directors.

In addition to leading the executive team, the chief operations manager is required to provide strategic advice to the Queensland Racing Board in relation to the business of thoroughbred horse racing.

Jamie Orchard
DIRECTOR INTEGRITY OPERATIONS

The Integrity section ensures the effective delivery of integrity services and operational stewarding throughout the state and is responsible for policy, strategy and performance under these areas, management of the complaints system and investigations as required, and maintaining the interaction with various levels of government. Other responsibilities include the effective delivery of betting analysis and monitoring of all TAB Queensland races.

ORGANISATION STRUCTURE



{profiles}



Paul Brennan
RACING SERVICES

The Racing section works with Clubs, the other codes of racing and UNiTAB to develop the most effective allocation of race dates, as well as scheduling prizemoney and developing state-wide racing programs and Black Type races.

Other responsibilities include; management of the Queensland Thoroughbred Investment Scheme (QTIS), the provision of secretariat support to the owners' association, the management of Queensland's Black Type allocation, the interface with the Trainer's Service Centre, the provision of handicapping services to the State, the management of the Deagon complex, and provides support to the Industry on Workplace Health and Safety issues

Adam Carter
FINANCE

The Finance section provides financial services to the Queensland racing industry and financial, business development and other corporate services to Queensland Racing. It administers the centralised prizemoney system and provides accounting and business analyst services to Queensland Racing.

David Rowan
INFORMATION AND COMMUNICATIONS

The Information section provides information technology and telecommunications services internally to Queensland Racing. While the Communications section provides information to stakeholders in the racing industry and the general public through the monthly Queensland Racing Magazine, Queensland Racing's website and media releases. The Communications Department also organises events such as the annual Queensland Racing Industry Awards and works to promote the industry at all levels



Shara Murray
LEGAL AND COMPLIANCE

The Legal and Compliance section ensures Queensland Racing Limited complies with Acts of Parliament and government regulations, and that decisions of the board of directors are implemented. Racing appeals and WorkCover are also managed by this section as well as providing legal services to Queensland Racing

Peter Smith
LICENSING AND TRAINING

The Training and Development section provides training services to licensees and other Queensland racing industry participants, as well as training, development and other human resource services to Queensland Racing. This section administers all license renewal and policy for Queensland and manages the licensing committee.

Reid Sanders
CHIEF STEWARD OF QUEENSLAND

Operational Stewarding provides effective delivery of stewarding throughout the state, including management of the regional offices at Toowoomba, Rockhampton and Townsville. It monitors and ensures compliance with relevant Queensland Racing policies and procedures as well as ensuring compliance with the Rules of Racing. Other responsibilities include representing Queensland Racing at the National Chairman of Stewards Conference, Emergency Disease Management and other Stakeholder forums.

{chief operations managers report}



Malcolm Tuttle

CHIEF OPERATIONS MANAGER

IMPACT OF EQUINE INFLUENZA ON THE INDUSTRY

As highlighted by the Chairman, the Equine Influenza (EI) crisis caused considerable disruption to our normal business activities during the past financial year. During this period the entire racing industry suffered due to strict travel and quarantine restrictions and the implementation of a strategic vaccination program.

Whilst these restrictions were initially viewed by many in the industry as severe, this action undoubtedly assisted the blanket vaccination program that led to the eradication of this virus enabling the racing industry to resume active horse movement in a relatively short period.

As a consequence of EI, the number of meetings conducted in Queensland during the 2007/2008 financial year was reduced by 23.5% with the loss of 72 TAB meetings and a further 102 Non-TAB meetings.

Such a significant reduction to the number of meetings had a direct impact on prizemoney distributions by QRL during this period. This resulted in unexpended prizemoney against budget of \$5.97M through TAB clubs and \$1M through Non-TAB clubs. It is important to note that during this period revenue through wagering did not meet original budgetary expectations and was down \$3.3M on budget and, additionally, QRL incurred considerable costs through the management of Queensland's EI response.

QRL continued its obligation of supporting country racing through the following unrecognised funding streams.

• TAB prizemoney at Non-TAB clubs	\$1,084,800
• Club payments	\$683,350
• Jockeys riding fees	\$1,471,637
• Subsidisation of jockey's insurance	\$393,440
• Sky channel costs	\$77,597
• Wages	\$544,959
• QCRC	\$30,000
• Travel and communications	\$94,135
• RISA service centre costs	\$69,109
• Total	\$4,449,027



The Queensland Country Racing Committee (QCRC) acknowledged this expenditure and passed a motion that this funding provided by QRL was utilised for the purpose of supporting Non-TAB racing in accordance with the Racing Act.

Due to the uncertainty surrounding the EI virus and the quarantine restrictions imposed throughout the State, QRL took a conservative approach once racing resumed in early September and took the decision to conduct local only race meetings. Unfortunately, following further outbreaks, racing ceased within the South East of the State on 25 September and did not resume until the 1 December.

During this period QRL was required to consolidate its business activities through the conduct of TAB racing at a number of Non-TAB venues. Whilst this initiative proved difficult for some Non-TAB clubs to accept due to the removal of their allocated race date, QRL was required to take these holistic decisions throughout the EI crisis to ensure the industry would remain viable following the crisis.

CLUBS	NO. OF MEETINGS	QRL CONTRIBUTION TO PRIZEMONEY	QRL COSTS	OFF-COURSE TURNOVER	REVENUE FROM WAGERING	TOTAL COST TO QRL OF MEETINGS
Cairns	5	\$304,300	\$109,367	\$2,528,817	\$123,912	\$289,755
Charleville	4	\$266,400	\$127,180	\$1,736,748	\$85,101	\$308,479
Emerald	1	\$60,300	\$28,932	\$417,036	\$20,435	\$68,797
Innisfail	1	\$58,200	\$26,453	\$616,217	\$30,195	\$54,458
Mount Isa	5	\$327,200	\$108,272	\$1,997,492	\$97,877	\$337,595
Roma	1	\$68,400	\$29,860	\$637,469	\$31,236	\$67,024
Totals	17	\$1,084,800	\$430,064	\$7,933,779	\$388,756	\$1,126,108



Listed in the table below are figures outlining the Non-TAB clubs allocated TAB meetings and a comparison of costs v's revenue on these meetings. Note that one Cairns meeting was conducted at the Atherton race course.

Although these meetings came at a considerable cost to QRL, they did provide a great opportunity to showcase Queensland country racing and the diversity it offers. The staging of TAB meetings at Non-TAB venues also allowed regional stakeholders access to race meetings during this period and to reduce the impact associated with additional travel requirements QRL paid floating rebates during this period.

QRL resources were mobilised with stewards



As a consequence of EI the number of meetings conducted in Queensland during the 2007/2008 financial year were reduced by 23.5%...

and racing officers working tirelessly to facilitate the new meetings which also required QRL to provide an outside broadcast television feed to Sky Channel using our internal resources and a satellite broadcast truck that made a continuous loop between the country racing centres during the effort. Sky Channel is to be commended for their assistance during this period as they provided the satellite broadcast truck at no charge to the Queensland racing industry.

The result that was ultimately achieved is testament to the enormous amount of hard work and innovative race programming and credit must be extended to all those stakeholders throughout regional Queensland

for delivering race meetings under such difficult circumstances.

Once racing resumed with some normality on 1 December, QRL increased prizemoney throughout Queensland as a show of faith to stakeholders. The revised schedule saw minimum Saturday metropolitan prizemoney increase to four \$50,000 events and four \$45,000 events on each raceday. For TAB provincial racing, minimum prizemoney was increased from \$7,700 to \$10,000 and minimum Country prizemoney was by increased by 18.5% to \$4,750.

QRL was criticised for not elevating prizemoney levels during the EI crisis, but the uncertainty surrounding racing both intra and interstate during this period would have made this course of action very irresponsible.

QRL policy is that increases in prizemoney levels must be sustainable and these decisions can only be taken with certainty that recurring income streams will sustain this ongoing expenditure.

The Queensland racing industry was extremely fortunate that the Commonwealth Government was quick to launch such a comprehensive rescue package for the Queensland and New South Wales industries. As outlined below, this

package resulted in the distribution of \$55M throughout the racing and breeding industries within Queensland.

The Commercial Horses Assistance Package (CHAPS) funding was provided between 25 August 2007 and 13 March 2008 to primary carers for horses for CHAPS 1, 2 and 3. QRL administered and paid out, on behalf of the Commonwealth Government, \$45M to 924 trainers for 7,788 horses for CHAPS for the three periods from 25 August 2007 to 13 March 2008. Trainers retained 30% of the CHAPS funding and 70% was passed on to the owners.

From each payment for CHAPS 1 and 2, a \$10.00 per horse per day component was reserved for preserving industry capacity and preventing loss of skills in areas such as farriers, jockeys, riders, apprentices and other industry critical areas which were determined in consultation with the Commonwealth Government.

QRL paid out \$9.7M in retained fees funding which provided the ability for this scheme to maintain payment of Workers Compensation and Public Liability on behalf of Jockeys and to maintain industry skills through the payment of wages and training.

In addition to the CHAPS payments to the

{chief operations managers report}

CHAPS PAID 25 AUGUST 2007 TO 13 MARCH 2008	\$GROSS PAID
Trainers*	\$45,123,284
Jockeys	\$1,756,156
Freelance track work riders	\$115,200
Professional farriers	\$1,308,000
Commercial float companies	\$1,061,400
Queensland Jockey Association	\$37,466
Australia Jockey Association	\$19,100
Breeders	\$1,681,680
Jockey public liability	\$158,528
Jockey workers compensation	\$164,030
Special consideration, chiropractors, race day videographers, dentists, saddlery	\$193,600
Industry skilled grant – clubs	\$2,410,030
Apprentice packs	\$228,698
Riding simulators	\$225,061
Exercise equipment	\$152,711
Risk and crisis management workshops	\$ 235,867
Total CHAPS paid	\$54,870,811

*Commonwealth Government regulations required 70% of this payment to be distributed to owners.

industry QRL assisted the Queensland racing industry during EI by:

Waiving QTIS registration fees to breeders \$1,000,000

Float subsidies, to help owners and trainers with additional float costs and travel \$732,000

Incurring additional administrative costs for administration and overtime in excess of \$1.2M in setting up the software system, contract labour, and additional communication costs in administering CHAPS on behalf of the Commonwealth Government, internal audit review and vaccinations and veterinarian fees \$1,200,000

Capital works expenditure not budgeted for to clubs \$1,800,000

Total \$4,732,000

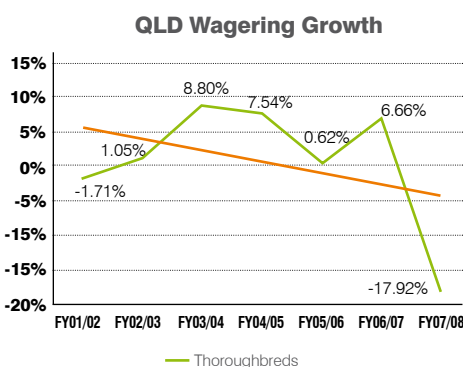
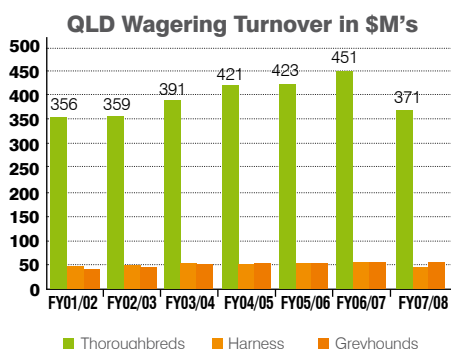
WAGERING

The financial year 2007/2008 saw wagering severely impacted due to the EI crisis on Queensland thoroughbreds. The downturn in wagering of 18% or \$81M from FY0607 to FY0708 is due to the reduction in race meetings by 23% on prior year due to the EI crisis for the period 25 August 2007 to 13 March 2008. The average wagering turnover

per Queensland thoroughbred race meeting decreased to \$1.11M down from \$1.13M in FY 0607.

The Winter Carnival again was a major contributor to wagering turnover with strong competition from interstate horses a notable factor this year.

Wagering on thoroughbred racing continues



to dominate both the Queensland and national scene with market shares over 77% and 73% respectively of the pari-mutuel market.

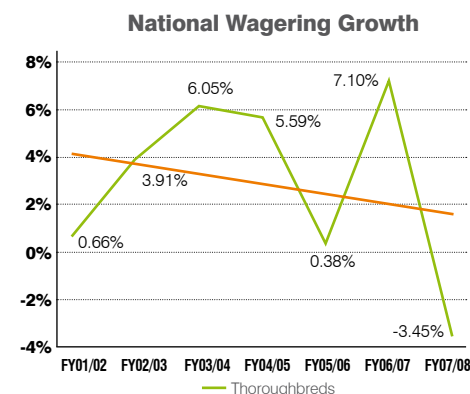
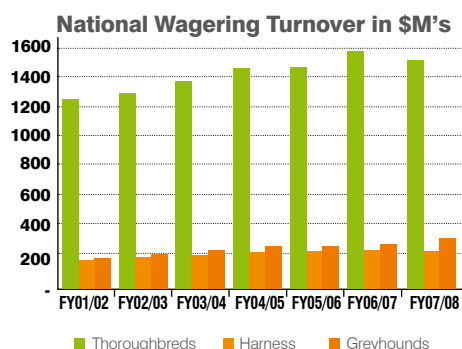
Overall wagering turnover from thoroughbred, harness and greyhounds from which commissions are derived decreased by just under 0.3% finishing at over \$2B. This was due in the main to the impact of the EI outbreak, with full racing not resuming in Queensland until March 2008. Given this factor the overall wagering turnover only fell short of FY0607 by around \$5.7M. This is pleasing and shows the strength of wagering in the market and the ability for the industry to achieve growth without major impediments like those experienced in this financial year. All things being equal, we will experience strong growth next year.

PUBLIC LIABILITY INSURANCE

QRL is conscious of reducing costs to the industry, whilst providing sufficient insurance cover to industry participants. QRL is currently working with other Principal Racing Authorities and its appointed Insurance Broker - Aon, to achieve this objective.

All race clubs registered with QRL have \$100M public liability insurance cover up to 30 June 2009. This cover is provided to QRL, Queensland Thoroughbred Racing Clubs and various Associations either affiliated or registered with ourselves 365 days a year and not just on race days.

QRL is conscious of the cost of the premium



and currently subsidises the industry by 40% and the remaining premium, i.e. 60% of the total premium, is apportioned amongst all race clubs based on the club's revenue, number of race meetings, starter numbers and attendance numbers based on the prior year's financial statements. The allocation is also based on revenue threshold bands. The premiums are calculated once the financials have been received by 30 September of each year from race clubs.

QRL, through its appointed broker Aon, has been working to reduce outstanding claims, and minimise potential claims by reducing the reserves on claims by over a \$1M whilst the claims still adequately reflect the full value of the claims. This has resulted in savings of 10% on the prior year.

INTERNAL AUDIT

QRL continues to focus on the key risks affecting the business and the internal audit provides assurance to the Audit Committee and Board of QRL in terms of compliance and financial reporting. All areas identified have added value to QRL in terms of business improvement. Key areas reviewed during the year were the Commercial Horse Assistance Program (CHAPS) process, business continuity and disaster recovery, revenue collection, sponsorship, funding and marketing activities and risk and crisis management.

RISK, CRISIS MANAGEMENT AND COUNTRY RACING SEMINARS

A number of seminars were held during the year which proved both beneficial and informative for clubs and stakeholders. These seminars were conducted at numerous venues throughout Queensland and provided without a doubt the most comprehensive consultation with country stakeholders ever undertaken by the control body. A follow up forum is scheduled for late 2008, where country



participants will be brought to Brisbane to discuss the major issues raised throughout the conduct of the seminars.

The seminars were facilitated by the QRL Finance, Racing and Licensing Departments and gave all participants an opportunity to participate in an open forum, with the main focus being risk and crisis management and the retention of key staff within the industry.

QRL secured funding from the Commonwealth Government through the Department of Agriculture, Fisheries and Forestry by providing a strong focus on skills retention in the industry.

The key areas focused on at the workshops were:

- Risk and crisis awareness
- Proactively dealing with industry insurance
- Financial management

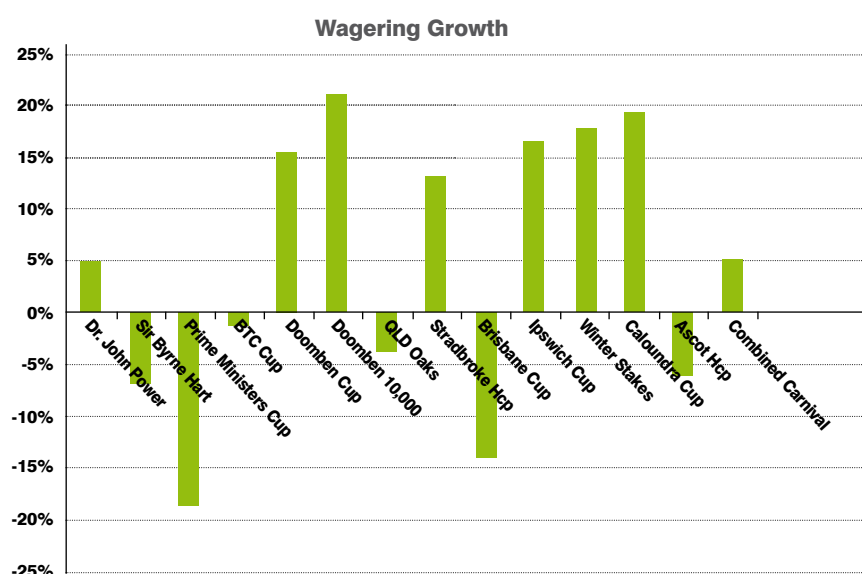
- Volunteer staff management
- Licensing and training initiatives
- Future of programming and ratings base handicapping
- Country and regional racing update

The seminars provided a great opportunity for stakeholders to access key QRL staff and to tap into a wealth of knowledge provided by the Deloitte representatives with feedback from participants extremely positive. Whilst the main areas above were discussed with stakeholders during the forums, each seminar provided an opportunity for participants to engage directly with QRL staff on a broad range of issues.

QRL will continue to assist the industry with compliance and best practice, continue to target improvements in business practices and accountability within race clubs as a key strategic initiative.

CARNIVAL DATE	OFF-COURSE WAGERING	AVERAGE STARTERS				INTERSTATE PARTICIPATION				OVERSEAS PARTICIPATION			
	Growth	2006	2007	2008	Growth	2006	2007	2008	Growth	2006	2007	2008	Growth
Dr. John Power	4.9%	12.9	13.6	15	10.3%	8	7	8	14.3%	0	0	0	0.0%
Sir Byrne Hart	-6.9%	11.6	14.8	13.1	-11.5%	14	18	13	-27.8%	0	2	0	-100.0%
Prime Ministers Cup	-18.7%	14.6	14.4	13.6	-5.6%	25	43	22	-48.8%	2	6	2	-66.7%
BTC Cup	-1.2%	15.4	15.4	13.3	-13.6%	28	24	16	-33.3%	1	13	2	-84.6%
Doomben Cup	15.6%	16	14.6	14.3	-2.1%	40	48	52	8.3%	6	14	6	-57.1%
Doomben 10,000	21.2%	16.3	14.8	13.4	-9.5%	34	24	28	16.7%	5	14	2	-85.7%
Qld Oaks	-3.7%	16.9	15.4	12.1	-21.4%	45	60	42	-30.0%	10	15	6	-60.0%
Stradbroke Hcp	13.2%	14.6	13.4	15	11.9%	36	39	34	-12.8%	8	7	9	28.6%
Brisbane Cup	-14.1%	14.8	15.1	10.3	-31.8%	41	32	26	-18.8%	5	15	4	-73.3%
Ipswich Cup	16.6%	14.3	15.4	14.1	-8.4%	24	15	17	13.3%	3	8	2	-75.0%
Winter Stakes	17.9%	11.4	17	13.6	-20.0%	18	31	31	0.0%	9	14	4	-71.4%
Caloundra Cup	19.4%	15.3	14.3	14.4	0.7%	11	21	13	-38.1%	10	7	5	-28.6%
Ascot Hcp	-6.2%	11.8	13.4	11.1	-17.2%	10	14	13	-7.1%	2	4	3	-25.0%
Totals	5.3%	14.3	14.7	13.3	-9.6%	334	376	315	-16.2%	61	119	45	-62.2%

{chief operations managers report}



WINTER RACING CARNIVAL

Whilst significantly impacted upon by EI and the upheaval to the national racing schedule, the Winter Carnival again proved reasonably successful even though average starters per race, and NZ participation, was well down on 2007 levels.

As always, the wagering figure is one of the most important indicators for the racing industry and the figures produced throughout the carnival were very positive when the previously mentioned difficult conditions are taken into account. As highlighted, seven of the 13 feature meetings achieved positive wagering growth, resulting in overall growth of 5.3% for the carnival.

The colour and excitement of the carnival is

all about the horses and this year's carnival didn't disappoint with a vote of confidence for Queensland racing from trainer Greg Eurell who brought one of the most exciting horses of the season to the carnival in Apache Cat. The big chestnut won the BTC Cup and then went on to equal the legendary Tulloch's record of five successive Group 1 wins taking out the Doomben 10,000.

Other notable achievements were the filly Riva San which won the Group 1 Queensland Oaks and then went on to win the Group 1 Queensland Derby at her next start. Queenslander Hard to Catch was narrowly beaten in the Stradbroke by the Victorian visitor Mr Baritone. Rockdale, another local went on to win the Group 1 TJ Smith.



SUMMER RACING CARNIVAL

Due to EI the Summer Carnival was heavily affected and was not conducted in its entirety. A comprehensive programming review was undertaken and a schedule developed that provided diverse benefits for connections throughout the state. The new schedule was implemented from 1 December 2007.

The amendments saw minimum Saturday metropolitan prizemoney increase to four \$50,000 events and four \$45,000 events on each raceday. For TAB provincial racing, minimum prizemoney was increased from \$7,700 to \$10,000 and minimum country prizemoney was by increased to \$4,750.

Magic Millions being an extremely important component of the carnival was relocated from its usual location in January to Easter Monday. Whilst this movement impacted upon the quality of entries received for the meeting, it had the good fortune of saving the meeting from the spate of bad weather that hit the Gold Coast during its usual January time slot.

To ensure the Magic Millions raceday was



supported by a full complement of lead up races, QRL took the decision to relocate eight feature races from December and January to racedays preceding Magic Millions day. The relocated races included vital lead up races to the Magic Millions Classic and Magic Millions Trophy in the listed C.E. McDougall Stakes, J.F. Meynink Stakes, Vo Rogue Plate and Tommy Smith Slipper.

Queensland featured prominently in the carnival with the outstanding QTIS 3YO, Heart of the Citi, trained at Deagon by Pat Duff, winning the Magic Millions 3YO Trophy and notably Queensland trained horses winning six of the ten races on the day.

QUEENSLAND THOROUGHBRED INVESTMENT SCHEME (QTIS)

During the year, QRL made a number of major decisions relating the QTIS scheme.

Firstly, QRL took the decision to provide free QTIS registrations for all 2006 foals in an attempt to alleviate the financial hardship imposed by EI and to stimulate participation in this important scheme. This initiative was

another example of QRL's commitment to the industry and saved owners and breeders \$1M.

Secondly, as three-year-old horses had little opportunity to compete during the period from August to December 2007, QRL took the decision to extend QTIS to four-year-olds for the period 1 August 2008 to 31 December 2008.

These measures ensured that QTIS would remain a valuable means to stimulate local participation and promote the Queensland breeding industry in the face of a disrupted breeding season, the effects of which will certainly extend and be felt well past the EI crisis of 2007. As a result, QTIS is well positioned to continue its role in the promotion of the Queensland racing and breeding industries.

CUSHION TRACK

After two years of development and seven months of construction the Sunshine Coast Cushion Track opened on 6 April 2008 marking the beginning of an exciting time for racing in

Queensland Hall of Fame trainer Bruce McLachlan was one of the many stakeholders that praised the surface saying the Cushion Track was 'fantastic'.

Queensland.

Queensland Hall of Fame trainer Bruce McLachlan was one of the many stakeholders that praised the surface saying the Cushion Track was 'fantastic'.

Early concerns on the turnover from race meetings conducted on the Cushion Track surface proved unfounded. Figures from initial meetings showing little difference between

{chief operations managers report}

the average turnover of non-feature grass meetings of \$102,500 compared to \$101,700 for non-feature Cushion Track meetings.

Cushion Tracks will reduce the industry's exposure to drought conditions and meeting wash outs, while significantly improving training facilities and their capacity.

QUEENSLAND COMMUNITY RACING SCHEME (QCRS)

During the 2007/2008 season six race meetings were conducted under the Queensland Community Racing Scheme (QCRS), which is funded by the Queensland Government. The scheme allows race clubs to access up to \$5,000 per raceday for the conduct of such meetings.

The six race meetings were conducted with prizemoney restricted to \$2,000 per race.

Two-day race meetings were conducted by:

- Oakley APRC
- Tower Hill PRC
- Western PRC

242 starters contested the 43 races held over the six meetings.

The scheduled QCRS meeting for Sedan Dip APRC was cancelled due to the EI outbreak.

LICENSING

The Board approved a new Licensing scheme policy which was adopted in March 2008. This new policy has implications for all licensees, strengthening the suitability requirements for licensees. It provides clear criteria for deciding whether a person is "fit and proper" to be licensed with the criteria covering behaviour, history, financial management and general conduct in the industry. Audits are being conducted and "Show Cause" notices are being issued to those whose record gives reason to question suitability.

Overall numbers of licensees remain constant and in particular overall jockey and apprentice numbers are steady.

However, shortages of jockeys continue for many country race meetings. Location, age and activity patterns are significant contributors to this problem placing great importance on coordinated scheduling of race meetings between regions.

TRAINING

A program supporting and promoting school based traineeships was rolled out in stages during the year with a new marketing campaign focusing on the opportunities in the industry for young people through training. In support of this, QRL has taken delivery of a customised trailer. The trailer contains a riding simulator

and provides an impressive support vehicle for promotional displays.

CATEGORY	SEPT 2007	SEPT 2008
Jockeys	184	196
Apprentices	70	65
Totals	254	261

CATEGORY	SEPT 2007	SEPT 2008
No. 1 Trainer	69	64
No. 2 Trainer	51	46
Trainer	764	796
Owner Trainer	161	120
Totals	1045	1026

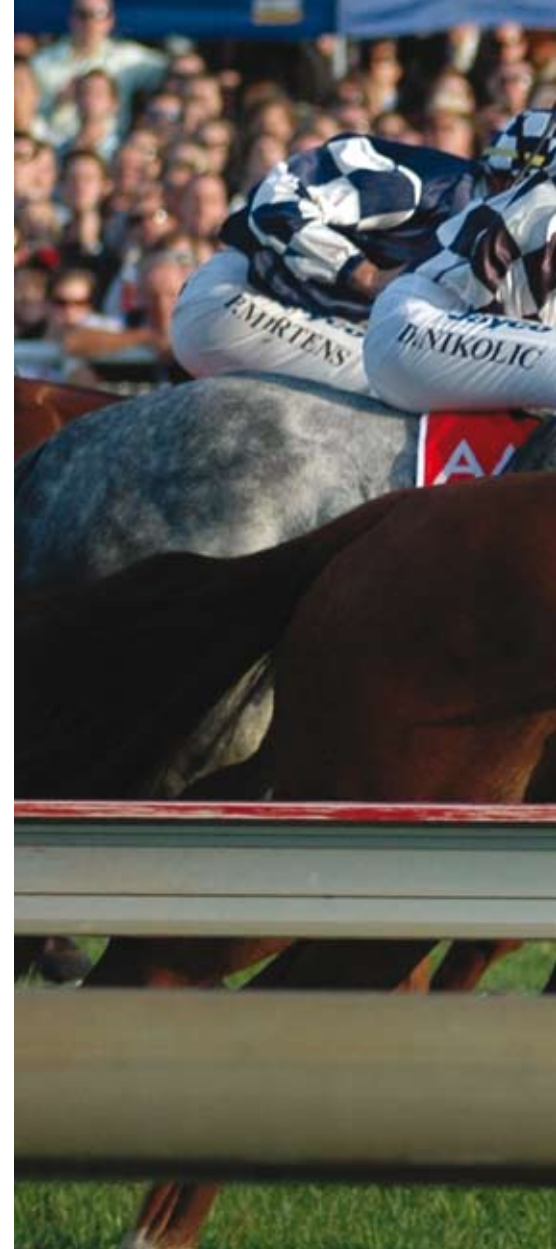
The Training Department also received funding during EI for a number of skills retention programs that have benefited apprentices and trainees. These include new replacement gear for apprentices, three computerised riding simulators, exercise equipment and cash payments to assist apprentices to remain in Queensland during the shutdown.

The National Racing Industry Standing Committee also finalised a revision and extension of the National Training Package for the racing industry. These extensions include small "skill sets" for the training of barrier attendants, judges, starters, clerks and other raceday personnel. Included for the first time is a set of national qualifications for stewards at cadet, senior and chief steward levels. Additionally, track managers and maintenance staff, club administrators and specialised personnel have been included. The revision of current stablehand, trackrider, jockey and trainer qualifications has streamlined and updated these license areas. A number of units in the jockey qualification program have been eliminated. The new package will gradually come on line as resources are developed to support the new areas of training.

COMMUNICATIONS

During EI, communications was a critical service and QRL used its recently created SMS text alert system to instantly inform stakeholders of important updates to quarantine zones and training restrictions. The QRL website was also heavily used to distribute important information in a timely manner and experienced a 21% increase in traffic to the site as a result of the EI crisis.

On 1 October, 2007 The Honourable Anna Bligh, Premier of Queensland, announced a \$20M assistance package available to those suffering as a result of the Equine Influenza outbreak in Queensland. As part of this and under the heading of Horse Industry Skills Retention, a \$5M package was provided to



assist the Queensland horse industry transition and recover after the crisis. On behalf of the industry QRL successfully applied for and was able to secure funding which will be used in the coming year in a major marketing and advertising campaign.

The previous and current Commonwealth Governments are also recognised for their significant financial assistance.

QUEENSLAND RACING INDUSTRY AWARDS

The Queensland Racing Industry Awards was a chance for the industry to celebrate racing in Queensland for the 2006/2007 racing season. The night brought the best from the country, provincial and metropolitan areas to celebrate another successful racing season.

This year saw two new Queensland Hall of Fame inductees – Larry Olsen and Tails. Since the introduction of the Queensland Hall of Fame in 2003, a host of Queensland's greats have been honoured by the industry. This year was no different and Larry Olsen and Tails are very worthy recipients of this prestigious award.



Larry is probably best known for his comeback to riding to win the 1987 Melbourne Cup on Kensei. He left a dairy farm weighing over 70 kilograms and managed to drop his weight to 49 kilograms to return to race riding. The Queenslander, who also won the Golden Slipper on Star Watch, is now seen regularly on our televisions for Sky Channel as the Brisbane form analyst.

The second inductee, Tails, was one of the best gallopers of his era and is probably best remembered for beating fellow Queenslander and Hall of Fame inductee, Gunsynd, in the 1972 Queen Elizabeth Stakes, the year the mighty grey was bidding farewell to racing.

Raced by the late Ceb Barnes, of Canning Downs Stud, Tails won the equivalent of six Group 1 races during his career including the Queen Elizabeth Stakes, The Metropolitan and the Doomben Cup. When he retired he was second only to Tulloch in the all-time prizemoney earners list.

The other major award winners included Trainer Ron Maund who needs no introduction. His achievements during the racing season

speak for themselves and it is pleasing to see a Queenslander achieve success throughout the country predominantly with Gold Edition. Even more pleasing is the fact that the filly is by 2006/2007 Champion Stallion winner, Lion Hunter. It was a sad loss to the state's breeding industry when Lion Hunter was lost but comforting to see his progeny blooming on the track. Ron was up against fellow trainers Bryan Guy and Kelly Schweida for the Jim Atkins Trainer of the Year title.

The voting for the George Moore Jockey of the Year was very tight but Stathi Katsidis prevailed for the 2006/2007 racing season. His achievements included the Group 1 Winter Stakes on Nova Star, the Group 2 Queensland Guineas on Sequential Charm and a host of other Black Type races. Stathi was against a strong list of nominees including Glen Colless, Jim Byrne and Shane Scriven.

The Ken Russell Apprentice of the Year was also highly sought after with the winner Ric McMahon picking up the award for the second consecutive year. Ric has not only had enormous success in Brisbane during the 2006/2007 year, but also rode a number of

winners in Sydney for trainer John Hawkes. The Apprentice of the Year nominees also included Adrian Coome, who left the event with a swag of trophies, and Toowoomba Cup winning rider Melanie Price.

Ron Maund featured prominently during the evening with his horse Gold Edition taking home the much anticipated Queensland Horse of the Year. Owners Kevin and Tanith O'Brien made the trip from Victoria and weren't disappointed, walking away with Champion QTIS 3YO trophy and the prestigious Horse of the Year title for 2006/2007. Gold Edition was up against fellow monthly winners Miss Watagan, Bikkie Tin Blues, Adavale Hornet, Mitanni, Nova Star and stablemate, Ice Chariot.

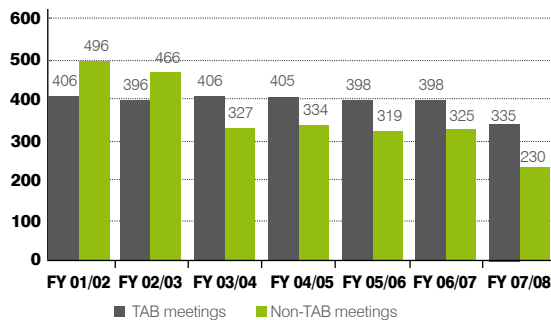
Malcolm Tuttle

CHIEF OPERATIONS MANAGER

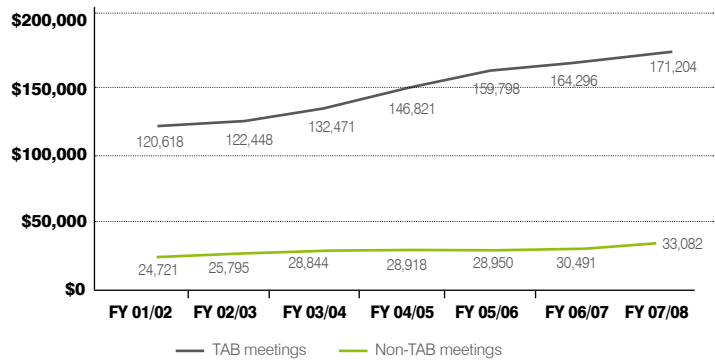
{chief operations managers report}

INDUSTRY PERFORMANCE INDICATORS

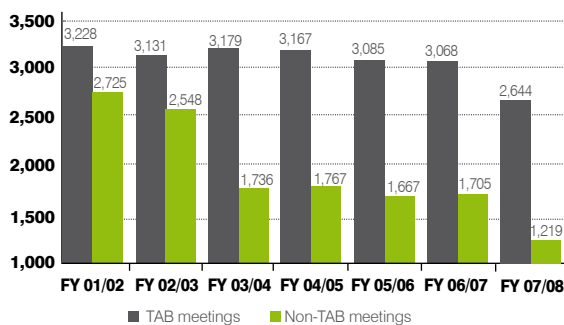
**Number of meetings conducted
– TAB and non-TAB**



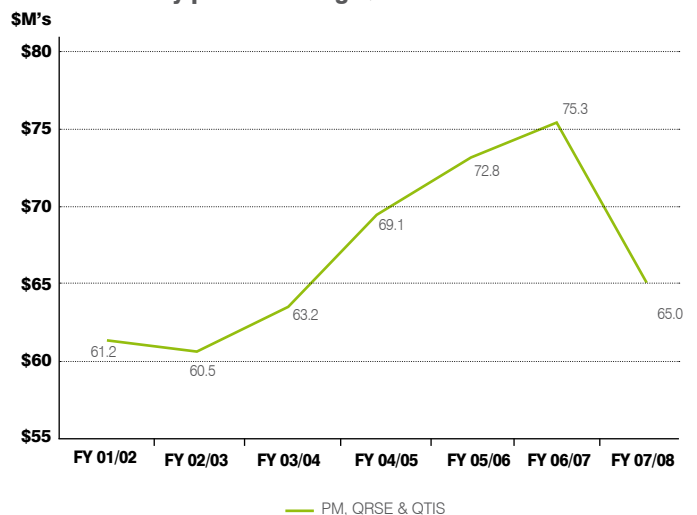
Average prizemoney per meeting



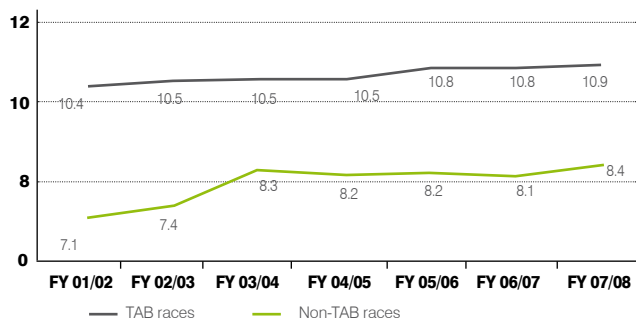
**Number of races conducted
– TAB and non-TAB**



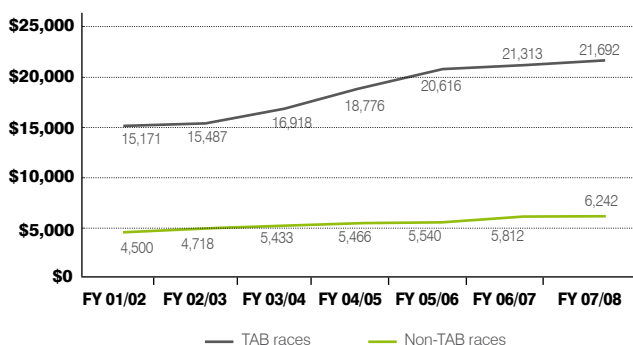
Prizemoney paid including QTIS



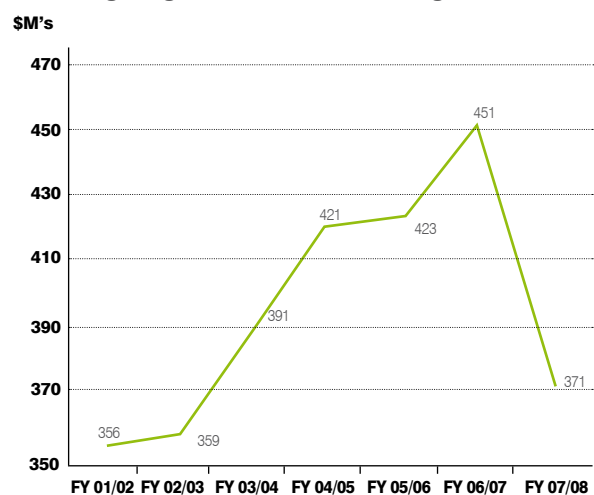
Average starters per race

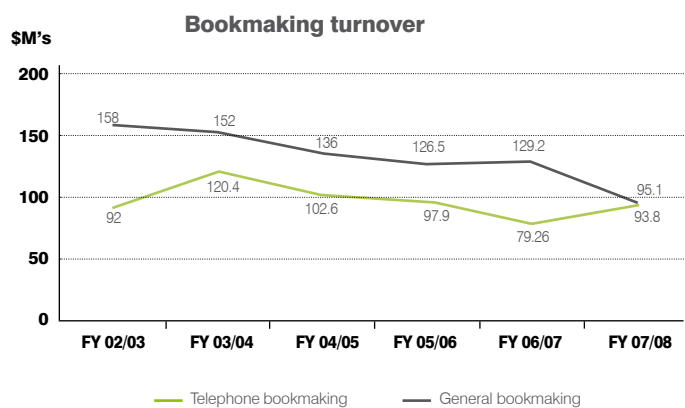
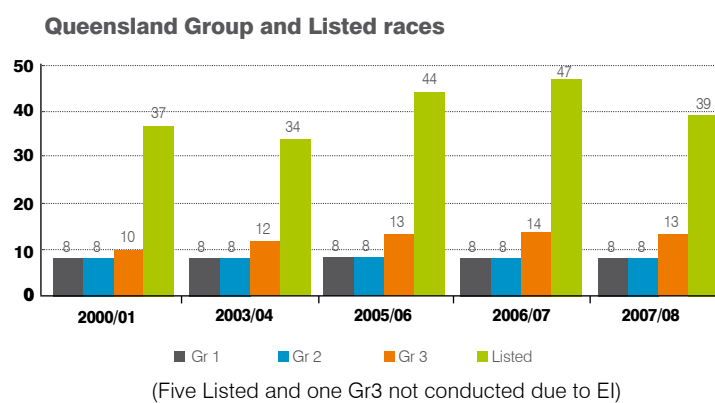
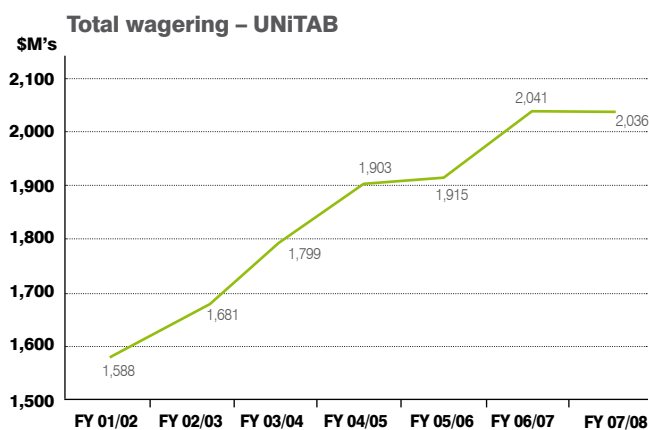
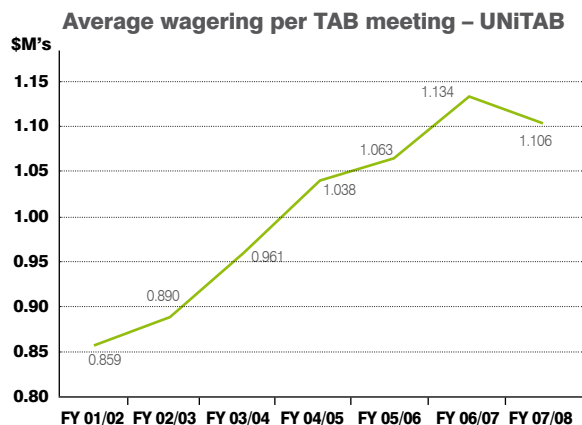


Average prizemoney per race



Wagering on Queensland thoroughbreds







Jamie Orchard

DIRECTOR INTEGRITY OPERATIONS

INTEGRITY

I took directorship of Queensland Racing's integrity operations in June 2008 towards the end of the year which, for the Integrity Department, was marked by an intensive period of focus on issues associated with Equine Influenza. All staff worked tirelessly for an extended period in ensuring that the various restrictions imposed were complied with by industry participants, that horses were vaccinated and that all necessary permits were issued.

This intensive effort continued well after the various restrictions were lifted and racing recommenced and therefore had a significant impact on other activities of the department.

Throughout the rest of the year, staff of the Integrity Department turned their focus to their core functions of ensuring that thoroughbred racing in Queensland is conducted in such a manner as to meet the highest standards of integrity, with constant regard to the safety and welfare of horses and their riders.

To that end, stewards from the department oversaw race meetings throughout Queensland, relying upon full time stewards based in Brisbane, Toowoomba, Rockhampton and Townsville. These full time stewards were ably assisted by casual stewards based in all regions of Queensland.

The department also ensured the provision of veterinary services on TAB racedays through its full time veterinary officer, Dr Martin Lenz, and other contracted veterinarians. These veterinarians were assisted in one vital aspect, sample collection, by the ranks of the Sample Collection officials, also based throughout Queensland.

One particularly important initiative during the course of the year was the hosting of the Track Managers Conference in April. This meeting between staff of the Integrity Department and representatives of each track hosting TAB race meetings was an opportunity to discuss all aspects of preparation and maintenance of race tracks with a view to ensuring the safest and highest standard of racing surface.

This meeting led to the appointment of Mr



Warren Williams as the liaison officer between Queensland Racing Limited and those responsible for the racing surfaces of TAB clubs.

The meeting also identified the need for replacement of running rail to ensure a safe racing environment at a number of tracks and accordingly, over 12,000 metres of rail has now been acquired for installation during the coming year.

It is of note that during 2007/2008 the previous Director Integrity Operations, Andrew

Hedges, resigned and in the interim prior to my appointment on 1 June 2008 the Chief Operations Manager took responsibility for the department and integrity functions.

Jamie Orchard

A handwritten signature in black ink, reading 'J Orchard'.

DIRECTOR INTEGRITY OPERATIONS



All staff worked tirelessly for an extended period in ensuring that the various restrictions imposed were complied with by industry participants, that horses were vaccinated and that all necessary permits were issued.

{corporate governance}

QRL recognises the importance of good corporate governance. In April 2007, the QRL Board approved a Code of Conduct and Ethics (the Code) covering QRL Board members, staff, officials, contractors and consultants. The Code sets out the standards of behaviour QRL requires of all those covered by the Code. The Code is based on the Public Sector Ethics Act 1994 (the Act).

The Code was updated to ensure that an integrity base culture was driven from Board level down through a document that embodied the moral principles and obligations of the entire organisation. This was viewed as an essential shift from the previous document, which was essentially a compliance based approach.

The Code sets out the following responsibilities of the QRL Board and Chief Operations Manager:

- Provide clear direction and ensure that performance is managed to achieve sustainable results
- Encourage and reward contributions made by others
- Lead by example in observing this Code, and
- Ensure that the high standards conveyed through this Code are evident throughout the organisation, contributing to an integrity-based culture.

The Code is based on the principles of ethical behaviour. These principles are:

1. EMBRACING AN INTEGRITY CULTURE

Every QRL office must:

- Carry out their duties impartially and regardless of personal preferences
- Avoid private, financial or other interests or undertakings that could directly or indirectly compromise or conflict with the performance of their duties
- Disclose any interest, which may impact or have the potential to impact on the performance of their duties
- Take action to resolve any conflict between personal interests and official duties in the favour of the public interest

2. EMBRACING A CULTURE OF RESPECT

All QRL officials must:

- Treat all industry participants with courtesy, honesty and fairness with proper regard for their rights and obligations in accordance with the principles of natural justice
- Respond to the reasonable request of

stakeholders, supervisors and managers in a timely manner

- Co-operate and assist others in the organisation in the performance of their duties when reasonably requested to do so, or when perceived as necessary
- Support their co-employees in a responsible and ethical manner
- Exercise powers, objectively, fairly and equitably
- Comply with all QRL policies and procedures

3. EMBRACING A CULTURE OF SAFETY

All QRL officials should remember:

- To follow all rules, procedures and approved work methods
- Immediately report incidents, complaints and unsafe or unhealthy work practices
- Do not engage in or encourage any form of unlawful discrimination, sexual or other forms of harassment, bullying or workplace violence
- Wear personal protective equipment and use appropriate equipment when necessary

4. EMBRACING A CULTURE OF HIGH PERFORMANCE

All QRL officials must perform their duties associated with their positions diligently, impartially, conscientiously, with proper care and attention, in a civil manner and to the best of their ability.

All QRL officials must:

- Perform their duties in such a way that QRL will be held in high regard by the community and the industry
- Follow any professional standards of conduct relevant to their office
- Maintain adequate documentation to support decisions
- Assist QRL to adhere to its statutory obligations

The Code of Conduct and Ethics sets out the procedure for dealing with ethical breaches, including referral to the Crime and Misconduct Commission.

An important component of the corporate governance framework that has been adopted by QRL is the attendance of Board Members at Board meetings and Subcommittee meetings. These attendances ensure that appropriate decision making is both made and endorsed, thereby providing to all stakeholders that all decision making is accountable and transparent.



SUB COMMITTEES

AUDIT COMMITTEE

Michael Lambert (Chairman)

Tony Hanmer

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HRRC)

Tony Hanmer (Chairman)

Bob Bentley

Bill Andrews

The HRRC assists the Board on matters relating to recruitment and remuneration.



1 JULY 2007 TO 30 JUNE 2008

ATTENDANCE AT SUBCOMMITTEE MEETINGS (N/A – Not Applicable)

Member	Audit Committee Meetings		HRRC Meetings	
	No. Held	No. Attended	No. Held	No. Attended
Bob Bentley	N/A	N/A	2	2
Tony Hanmer	5	5	2	2
Michael Lambert	5	5	N/A	N/A
Bill Andrews	N/A	N/A	2	2
Bill Ludwig	N/A	N/A	N/A	N/A

The Code was updated to ensure that an integrity base culture was driven from Board level down through a document that embodied the moral principles and obligations of the entire organisation.





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- 33** Notes to and forming part
of the financial statements
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DIRECTORS' REPORT

Your directors present their report on the company and the controlled entities for the year ended 30 June 2008.

DIRECTORS

The names of the directors in office any time during or since the financial year are:

Name	Experience
Mr Robert Bentley	Chairman
Mr Anthony Hanmer	Deputy Chairman
Mr Michael Lambert	Board Member
Mr William Andrews	Board Member
Mr William Ludwig	Board Member

Directors have been in office 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 financial year:

Ms Shara Murray, Company Secretary – Ms Murray has worked for Queensland Racing Limited as Legal Compliance Counsel/ Company Secretary. Ms Murray was appointed Company Secretary on 24 October 2005.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The consolidated operating profit of the group for the year after Income Tax and after eliminating minority interests was \$13,331,000 (2007: \$8,387,000).

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

As at 30 June 2008, the consolidated group received and paid out all current Product and Program fee distributions to the Queensland Control Bodies. The increase in the consolidated group's profit is mainly due to the reduction in race meetings by 23% on prior year due to the Equine Influenza crisis resulting in unexpended prizemoney distributions. This was coupled with a reduction in wagering and the refund of QTIS registrations and other revenue and the containment of costs.

QRL incurred additional expenditure due to

the Equine Influenza crisis due to additional administrative costs in excess of \$1.2M in setting up the software specifications, contract labour, and additional communication costs in administering the Commercial Horses Assistance Program (CHAPS) on behalf of the Federal Government, internal audit review and vaccinations and veterinarian fees.

QRL paid out on behalf of the Federal Government \$55M to 924 trainers for 7,788 horses for CHAPS for the three periods from 25 August 2007 to 13 March 2008. QRL paid out \$9.7M in retained fees funding which provided the ability for QRL to maintain payment of Workers Compensation and Public Liability on behalf of Jockeys and to maintain Industry skills through the payment of wages and training. Stakeholders paid, included, commercial breeders, jockeys and apprentice jockeys, freelance track work riders, professional farriers, commercial float companies and race clubs.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 28 June 2007, the board of Racing Information Services Australia (RISA) admitted Queensland Racing Limited as an 18% equity partner effective 1 July 2007.

On the 26 June 2007, The Honourable Minister for the Department of Local Government, Planning and Sport gave his consent for the Caloundra City Council to sell Council owned freehold land known as Corbould Park to Sunshine Coast Racing Pty Ltd, as the trustee for Sunshine Coast Racing Unit Trust. The sale was finalised on the 27 July 2007.

The outbreak of the Equine Influenza virus on Saturday the 25 August 2007 halted all racing and training in Queensland for a significant period. Limited racing resumed on Wednesday 5 September, 2007. Horse movement was restricted by the Department of Primary Industries to minimise the risk of spreading the virus. Full unrestricted racing with the movement of horses in all zones set up by the Department of Primary Industries commenced on the 14 March 2008.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity or the state of affairs of the entity in future financial years.

AFTER BALANCE DATE EVENTS

The total costs incurred for the synthetic track at Corbould Park during the financial year were \$6.033M. Of this, Queensland Racing Limited

funded \$1.033M in building the synthetic track. On the 25 July 2008, the Board of Sunshine Coast Racing Pty Ltd as the trustee for Sunshine Coast Racing Unit Trust approved the issue of \$1 million in exchange for an additional 1 million units in the Trust to Queensland Racing Limited for the additional expenditure incurred by Queensland Racing Limited for the installation of the synthetic track. The unit holding in Sunshine Coast Racing Pty Ltd as the trustee for Sunshine Coast Racing Unit Trust has increased from 85% to 86%.

An amount of \$4 million, plus accrued interest, for the Corbould Park synthetic Track will be able to be drawn down from the grant received of \$12 million from the Department of Local Government, Planning and Sport for synthetic track funding. This will be done once this has been approved by Queensland Treasury.

The approval for the installation of the synthetic track at Clifford Park Toowoomba has been granted and construction will commence in the first half of 2008/2009 financial year with the construction of the third synthetic track at the Brisbane training facility, Deagon.

The Board of Queensland Racing Limited will be seeking to invest a further \$7.2 million on the Caloundra lighting project to enable night/ twilight racing at Corbould Park, on both the turf and synthetic tracks. This is currently subject to Council approval.

INDEMNIFYING OFFICERS OR AUDITORS

QRL has paid insurance premiums to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of premium was \$2,000 for each director.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the consolidated group.

OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year

ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.



PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 28 of the directors' 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 directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

Robert Bentley

CHAIRMAN

Brisbane

Dated this 11th day of September 2008

MEETINGS OF DIRECTORS

Eleven board meetings were held during the financial year. The board members that attended the meeting are as follows:

Member	Board meetings		Audit Committee meetings		HRRC meetings	
	No.Held	No.Attended	No.Held	No.Attended	No.Held	No.Attended
Bob Bentley	11	11	N/A	-	2	2
Tony Hanmer	11	11	5	5	2	2
Michael Lambert	11	11	5	5	N/A	-
Bill Andrews	11	10	N/A	-	2	2
Bill Ludwig	11	11	N/A	-	N/A	-



BDO Kendalls

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Level 18, 300 Queen St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Phone 61 7 3237 5999
Fax 61 7 3221 9227
info.brisbane@bdo.com.au
www.bdo.com.au

ABN 70 202 702 402

10 September 2008

The Directors

Queensland Racing Limited

PO Box 63

SANDGATE QLD 4017

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

To the best of my knowledge and belief, during the year ended 30 June 2008 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.

BDO Kendalls (QLD)

A handwritten signature in black ink, appearing to read 'D.P. Wright', is written over the printed name 'BDO Kendalls'.

D.P. Wright
Partner

Brisbane

Dated: 10 September 2008

BDO Kendalls is a national association of
separate partnerships and entities.

INCOME STATEMENT

For the year ended 30 June 2008

		Consolidated Group		Parent Entity	
	NOTE	2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
REVENUE FROM ORDINARY ACTIVITIES					
Club Levies		-	8	-	8
Course Fees		208	190	208	190
Grants – Training Track Subsidy		860	860	860	860
Licence and Registration Fees		761	1,655	761	1,655
Racing Fees		6,542	7,060	6,542	7,060
Interest		2,163	1,783	2,008	1,452
Product & Program Fee		125,489	127,248	93,489	94,972
Marketing Income		353	144	353	144
Other		1,850	1,452	1,731	1,459
Total Revenue From Ordinary Activities		138,226	140,400	105,952	107,800
EXPENSES FROM ORDINARY ACTIVITIES					
Salaries, Wages and Associated Costs		5,268	5,107	5,268	5,107
Administration	13A	4,031	3,110	4,008	2,934
Bad Debts		322	250	322	250
Depreciation		637	524	504	468
Committee/Board Expenses		359	356	354	354
Motor Vehicle and Travel Expenses		236	304	235	304
Product and Program Fee		29,515	32,358	-	-
Prize money & Other Distributions		70,124	74,872	67,532	74,872
Racing Expenses		7,413	7,578	7,413	7,578
QTIS Prize money		2,383	3,579	2,383	3,579
Grant - Training Track Subsidy		768	759	768	759
Auditor's Remuneration	13B	164	104	159	98
Marketing Expenditure		74	11	74	11
Operating Lease Expenses	18	530	553	530	553
Industry Insurances		1,488	1,879	1,488	1,879
RISA Expenditure		506	279	506	279
Vet Expenditure		671	8	671	8
Other		415	380	355	380
Total Expenditure From Ordinary Activities		124,904	132,011	92,570	99,413
PROFIT BEFORE RELATED INCOME TAX					
		13,322	8,389	13,382	8,387
INCOME TAX					
	1(i)	-	-	-	-
NET PROFIT AFTER RELATED INCOME TAX		13,322	8,389	13,382	8,387
PROFIT/(LOSS) ATTRIBUTABLE TO MINORITY EQUITY INTERESTS					
	12	(9)	2	-	-
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY					
		13,331	8,387	13,382	8,387

{annual financial statements}

BALANCE SHEET

As at 30 June 2008

		Consolidated Group		Parent Entity	
	NOTE	2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents	2	44,167	44,733	38,375	37,337
Trade and other receivables	3	15,741	13,816	19,615	11,338
Other current assets	4	23	487	23	32
Total Current Assets		59,931	59,036	58,013	48,707
NON-CURRENT ASSETS					
Investments	5	1,286	-	12,286	11,000
Property, Plant and Equipment	6	36,218	25,650	22,228	22,265
Total Non-Current Assets		37,504	25,650	34,514	33,265
TOTAL ASSETS		97,435	84,686	92,527	81,972
CURRENT LIABILITIES					
Trade and Other Payables	7	18,837	16,752	18,025	14,040
Financial Liabilities	8	94	551	94	551
Total Current Liabilities		18,931	17,303	18,119	14,591
NON-CURRENT LIABILITIES					
Trade and Other Payables	7	9,769	12,006	5,615	12,006
Provisions	9	473	437	473	437
Total Non-Current Liabilities		10,242	12,443	6,088	12,443
TOTAL LIABILITIES		29,173	29,746	24,207	27,034
NET ASSETS		68,262	54,940	68,320	54,938
EQUITY					
Retained Profits		55,845	42,514	55,896	42,514
Asset Revaluation Reserve	10	12,424	12,424	12,424	12,424
Parent Interests		68,269	54,938	68,320	54,938
MINORITY EQUITY INTERESTS	12	(7)	2	-	-
TOTAL EQUITY		68,262	54,940	68,320	54,938

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	NOTE	RETAINED EARNINGS	ASSET REVALUATION RESERVE	MINORITY INTERESTS	TOTAL
		\$'000	\$'000	\$'000	\$'000
CONSOLIDATED GROUP					
Balance at 1 July 2006		34,065	9,832	-	43,897
Profit Attributable to members of Parent Entity		8,449	2,592	2	11,043
Balance at 30 June 2007		42,514	12,424	2	54,940
Transfers to and From Reserves		-	-	-	-
Profit Attributable to members of Parent Entity		13,331	-	-	13,331
Profit Attributable to Minority interests		-	-	(9)	(9)
Revaluation Increment		-	-	-	-
BALANCE AT 30 JUNE 2008		55,845	12,424	(7)	68,262
PARENT ENTITY - QUEENSLAND RACING LIMITED					
Balance at 1 July 2006	1	34,065	9,832	-	43,897
Profit Attributable to members of Parent Entity		8,449	2,592	-	11,041
Balance at 30 June 2007		42,514	12,424	-	54,938
Transfers to and From Reserves		-	-	-	-
Profit Attributable to members of Parent Entity		13,382	-	-	13,382
Revaluation Increment		-	-	-	-
BALANCE AT 30 JUNE 2008		55,896	12,424	-	68,320

NOTE

1. Balance transferred from Queensland Thoroughbred Racing Board to Queensland Racing Limited.

{annual financial statements}

CASH FLOW STATEMENT

For the year ended 30 June 2008

NOTE	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
	INFLOWS (OUTFLOWS)	INFLOWS (OUTFLOWS)	INFLOWS (OUTFLOWS)	INFLOWS (OUTFLOWS)
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from Customers	152,400	163,575	106,358	117,652
Payments to Suppliers and Employees	(140,053)	(145,092)	(93,010)	(99,284)
Interest Received	2,181	1,890	2,008	1,574
GST Input Tax Credit	20,463	17,800	5,785	4,911
GST Remitted to ATO	(25,498)	(23,701)	(10,829)	(11,139)
Net Cash Provided By Operating Activities	22 (A)	9,493	14,472	10,312
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(6,403)	(549)	(467)	(435)
Proceeds from Sale of Plant and Equipment	160	746	-	746
Investment in Unit Trust	-	-	-	(11,000)
Government Grant	(3,350)	12,007	(3,350)	12,007
Net Cash Provided By / (Used In) Investing Activities		(9,593)	12,204	(3,817)
CASH FLOW FROM FINANCING ACTIVITIES				
Loans from related party	5,000	-	(5,000)	5,000
Repayment of Loan	(5,000)	-	-	-
Distribution of Profits	(9)	-	-	-
Net Cash Provided By Financing Activities		(9)	-	(5,000)
NET INCREASE IN CASH HELD		(109)	26,676	1,495
CASH AT THE BEGINNING OF THE REPORTING PERIOD		44,182	17,506	36,786
CASH AT THE END OF THE REPORTING PERIOD	22 (B)	44,073	44,182	38,281

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted in the preparation of these Statements, are as follows:

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated group of Queensland Racing Limited and controlled entities, and Queensland Racing Limited as an individual parent entity.

The financial report of Queensland Racing Limited and controlled entities, and Queensland Racing Limited as an individual parent entity comply with all International Financial reporting Standards (IFRS) in their entirety.

On the 21 April 2007 the Queensland Parliament passed the Racing Amendment Act whereby on the 1 July 2007 the existing thoroughbred control body Queensland Racing ceased to be a statutory body and was established as Queensland Racing Limited. The company limited by guarantee model, and the Queensland Racing Limited constitution, will ensure the income and property of the company must be applied solely towards the promotion of the objects of the company. No portion of Queensland Racing Limited income or property can be paid, or transferred, directly or indirectly to members of the company. The Act transferred the assets, liabilities and ongoing responsibilities of the statutory body to Queensland Racing Limited.

The following is a summary of material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

BASIS OF PREPARATION OF THE ACCOUNTS

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report and has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which fair value basis of accounting has been applied.

(a) Principles of Consolidation

A controlled entity is any entity Queensland Racing 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 Queensland Racing Limited, being the parent entity, and its controlled entities being Queensland Racing Limited and Sunshine Coast Racing Unit Trust ("the consolidated entity").

A list of controlled entities is contained in Note 10 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 consistencies with these policies applied by the parent entity.

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

Land and buildings are measured using "fair values" principles in accordance with AASB 116 Property, Plant and Equipment with the exception being that the board has determined as a general policy, only assets with a value of \$2,000 or more are capitalised. Items under this value are being charged as an expense in the year of purchase.

Non-current physical assets measured at fair values are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis, where the change would be material to that class of assets.

Land and Buildings were independently valued at fair value by the Department of Natural Resources and Mines as at the 30th June 2007.

All other assets are measured at cost.

(c) Depreciation Rates

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

Queensland Racing Limited	
Buildings & Tracks	2%-7%
Plant and Equipment	
- Furniture & Fittings	6%-24%
- Motor Vehicles	15%
- Computer Equipment	10%-25%
- Plant	5%-20%

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

(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 Income Statement, 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, an expense is recognised for this leave as it taken. The Board contributes to various accumulating Employee Superannuation Plans. The number of full time employees at June 30 2008 is 67 (2007: 63).

(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.

(h) Rounding and Comparative Information

Unless otherwise stated amounts in the report have been rounded to the nearest thousand dollars. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(i) Taxation

Queensland Racing 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 Queensland Racing 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.

(j) Revenue Recognition

Revenue is recognised when Product and Program Fee monies are due and payable from UNITAB. 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.

(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) Payables

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

(m) Cash and Cash Equivalents

For the purpose of the Balance Sheet and the Cash Flow Statement, cash assets 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 company's option and that are subject to a low risk of changes in value.

(n) 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 in the period in which they are incurred.

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

(o) 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 to 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.

(p) Fair Value

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

(q) Unexpected Grants

The entity receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grants monies as unexpected grants in the balance sheet where the entity is contractually obliged to provide the services on a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed. Capital grants are brought to account over the life of the asset to which the capital grant relates.

(r) Issuance of Financial Statements

The financials statements are authorised for issue by the company Chairman of the Board of Directors and the Chief Operations Manager at the date of signing the Management Certificate.

(s) Judgement and Assumptions

The Board had made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash Assets				
- Cash at Bank and on Hand *	5,056	159	13	6
- Short term Deposits **	39,111	44,574	38,362	37,331
	44,167	44,733	38,375	37,337

2. CASH AND CASH EQUIVALENTS

* Amount Includes earnings held in Trust for Apprentice Jockeys by Queensland Racing Limited (Refer Note 8)

** Amount includes an amount in relation to synthetic track program of \$12.9M

The effective interest rate on short-term bank deposits was 8.16% (2007:6.44%). These deposits have an average maturity of 32 days.

Reconciliation of Cash

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

Cash and Cash Equivalents		44,167	44,733	38,375	37,337
Bank Overdraft	8	(94)	(551)	(94)	(551)
		44,073	44,182	38,281	36,786

3. TRADE AND OTHER RECEIVABLES

Current

Trade Receivables	2,530	1,717	9,167	1,717
Other Receivables	13,574	12,295	10,811	9,835
Less Provision for Impairment of Receivables	(363)	(214)	(363)	(214)
	15,741	13,798	19,615	11,338
Accrued Interest	-	18	-	-
	15,741	13,816	19,615	11,338

Movement in the Provision for Impairment of Receivables

Balance at the beginning of the year	(214)	(6)	(214)	(6)
Impairment losses recognised in receivables	(363)	(208)	(363)	(208)
Amounts written off as uncollectible	172	-	172	-
Impairment losses reversed	42	-	42	-
Balance at the end of the year	(363)	(214)	(363)	(214)

4. OTHER CURRENT ASSETS

Prepayments	23	487	23	32
	23	487	23	32

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000

5. INVESTMENTS

Investments in Subsidiaries

- Investment in Sunshine Coast Racing Unit Trust	-	-	11,000	11,000
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Available-for-sale financial assets at fair value

- RISA Investment	1,286	-	1,286	-
	1,286	-	12,286	11,000

6. PROPERTY, PLANT AND EQUIPMENT

Land

At valuation	17,986	13,436	13,436	13,436
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Buildings

At valuation	20,236	14,239	10,852	10,827
Accumulated Depreciation (Per Valuation)	(3,697)	(3,296)	(3,513)	(3,240)
Net Book Value at Valuation	16,539	10,943	7,339	7,587

Plant and Equipment

Cost	2,539	2,072	2,539	2,072
Accumulated Depreciation	(1,229)	(998)	(1,229)	(998)
Net Book Value	1,310	1,074	1,310	1,074

Work In Progress

Cost	383	197	143	168
Total Net Book Value	36,218	25,650	22,228	22,265

Independent valuations of land and buildings were performed as at 30 June 2007 by the Department of Natural Resources and Mines using 'fair value' principles. The valuation of land and buildings is based on current market values and replacement costs respectively

Consolidated Group

Asset Name	Carrying amount 1/07/07	Additions	Revaluation	Transfers	Disposals	Depreciation	Carrying amount 30/06/08
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Land	13,436	4,550	-	-	-	-	17,986
Building & Tracks	10,943	6,149	-	73	(220)	(406)	16,539
Plant & Equipment	1,074	467	-	-	-	(231)	1,310
Work in Progress	197	259	-	(73)	-	-	383
	25,650	11,425	-	-	(220)	(637)	36,218

Asset Name	Carrying amount 1/07/06	Additions	Revaluation	Transfers	Disposals	Depreciation	Carrying amount 30/06/07
	(\$'000)	(\$'000)	(\$'000)		(\$'000)	(\$'000)	(\$'000)
Land	11,506	188	1,930	-	(188)	-	13,436
Building & Tracks	7,105	3,412	724	-	-	(298)	10,943
Plant & Equipment	1,177	155	-	-	(32)	(226)	1,074
Work in Progress	77	398	-	(278)	-	-	197
	19,865	4,153	2,654	(278)	(220)	(524)	25,650

Impairment of Assets

In accordance with note 1(e) the board has reviewed its Property, Plant and Equipment for Impairment and has determined that there are no indicators of impairment of those assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
7. TRADE AND OTHER PAYABLES				
Current				
Trade Payables	4,147	5,691	5,684	639
Jockey Earnings held In Trust	98	176	98	176
Sundry Payables and accrued expenses	5,939	4,844	5,012	4,163
GST Payable	232	2,272	983	2,293
Loan From SCR	-	-	-	5,000
Fees in Advance	1,418	1,332	1,418	1,332
Employee Benefits	502	437	502	437
Deferred Grants	4,501	-	4,328	-
Unit Holder Funds	2,000	2,000	-	-
	18,837	16,752	18,025	14,040
Non-Current				
Deferred Grants	8,483	12,006	4,329	12,006
Loan – Equity in RISA Investment	1,286	-	1,286	-
	9,769	12,006	5,615	12,006
8. FINANCIAL LIABILITIES				
Bank Overdraft	94	551	94	551
	94	551	94	551

As at 30 June 2008 the actual bank account balance was in credit. The bank overdraft includes the amount of cheques not presented at the bank.

9. PROVISIONS

LONG SERVICE LEAVE

Opening Balance at 1 July 2007	437	378	437	378
Additional provisions raised during the year	95	119	95	119
Amounts used	(59)	(60)	(59)	(60)
Balance at 30 June 2008	473	437	473	437

Provision for Long- term employee Benefits

A provision for long term employee benefits for employee benefits relating to long service leave for employees. 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 upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1 (e).

10. ASSET REVALUATION RESERVE

Opening balance	12,424	9,832	12,424	9,832
Transfer to Retained Profits	-	(62)	-	(62)
Revaluation	-	2,654	-	2,654
Closing balance *	12,424	12,424	12,424	12,424

*Closing Balance of Asset Revaluation Reserve by Class

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Land	9,913	9,913	9,913	9,913
Buildings	2,489	2,489	2,489	2,489
Plant and Equipment	22	22	22	22
	12,424	12,424	12,424	12,424

11. CONTROLLED ENTITIES

Particulars in relation to controlled entities:

Queensland Racing Limited

Controlled entities:

	%	%	%	%
Queensland Race Product Co Ltd	66	66	-	-
Sunshine Coast Racing Pty Ltd	85	85	-	-

12. OUTSIDE EQUITY INTERESTS

Outside equity interests in controlled entities:

Interest in retained profits at the beginning of the financial year after adjusting for acquisitions of share capital during the financial year	2	-	-	-
Interest in operating profit/ (loss) after income tax	(9)	2	-	-
Interest in retained profits at the end of the financial year	(7)	2	-	-

13. EXPENSES FROM ORDINARY ACTIVITIES

13A. ADMINISTRATION EXPENSES INCLUDES THE FOLLOWING LEGAL AND CONSULTING COSTS

Accounting, Administration & Finance	351	145	350	133
Human Resources & Recruitment	77	33	77	33
Information Technology	15	11	15	11
Legal	181	216	181	216
Property Consulting	970	763	956	763
Total	1,594	1,168	1,579	1,156

13B. AUDIT FEES

Internal Audit	119	71	119	71
External Audit	45	33	40	27
Total	164	104	159	98

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

14. FINANCIAL RISK MANAGEMENT

a. General objectives, policies and processes

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments from which financial instrument risk arises are:

- Trade receivables
- Investments
- Cash at bank
- Trade payables
- Bank Overdraft

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, designing and operating processes that ensure the effective implementation of the objectives and policies to the entity. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group, where such impacts may be material. The Board receives monthly reports from the Group Financial Controller, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group competitiveness and flexibility. Further details regarding these policies are set out below:

b. Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

There is no concentration of credit risk with respect to receivables as the Group has a large number of customers. Policy is that sales are only made to customers that are credit worthy. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group. The Group is not exposed to credit risk through its investments in the Queensland Treasury Corporation (QTC) Cash Fund as all deposits are capital guaranteed by the QTC. The capital guarantee is equivalent to the Queensland Government's AAA rating.

	Consolidated Group		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Receivables	15,741	13,816	19,615	11,338

The Group's most significant customer accounts for \$11,473 of trade receivables at 30 June 2008 (2007: \$11,765).

c. Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments. It is the policy of the Board of Directors to manage the liquidity risk of the entity

	CARRYING AMOUNT \$,000	CONTRACTUAL CASH FLOWS \$,000	< 6 MTHS \$,000	6- 12 MTHS \$,000	1-3 YEARS \$,000
MATURITY ANALYSIS – GROUP - 2008					
Financial Liabilities					
Trade payables	4,147	4,147	4,147	-	-
Other payables	8,189	8,189	8,189	-	-
TOTAL	12,336	12,336	12,336	-	-
Financial Assets					
Trade receivables	2,530	2,530	2,530	-	-
Other receivables	13,211	13,211	13,211	-	-
TOTAL	15,741	15,741	15,741	-	-
MATURITY ANALYSIS –GROUP - 2007					
Financial Liabilities					
Trade payables	5,691	5,691	5,691	-	-
Other payables	9,061	9,061	9,061	-	-
TOTAL	14,752	14,752	14,752	-	-
Financial Assets					
Trade receivables	1,503	1,503	1,503	-	-
Other receivables	12,313	12,313	12,313	-	-
TOTAL	13,816	13,816	13,816	-	-
MATURITY ANALYSIS – PARENT - 2008					
Financial Liabilities					
Trade payables	5,684	5,684	5,684	-	-
Other payables	8,013	8,013	8,013	-	-
TOTAL	13,697	13,697	13,697	-	-
Financial Assets					
Trade receivables	9,167	9,167	9,167	-	-
Other receivables	10,448	10,448	10,448	-	-
TOTAL	19,615	19,615	19,615	-	-
MATURITY ANALYSIS –PARENT - 2007					
Financial Liabilities					
Trade payables	639	639	639	-	-
Other payables	13,401	13,401	13,401	-	-
TOTAL	14,040	14,040	14,040	-	-
Financial Assets					
Trade receivables	1,503	1,503	1,503	-	-
Other receivables	9,835	9,835	9,835	-	-
TOTAL	11,338	11,338	11,338	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

d. Interest Rate Risk

The consolidated entity is exposed to interest rate risk through its investments in the Queensland Treasury Corporation (QTC) Cash Fund, which is managed around a 45 day duration benchmark. Cash Fund earnings are credited daily based on the market value of the Cash Fund. The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

The Groups' exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE		FLOATING INTEREST RATE		NON-INTEREST BEARING		TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets								
Cash	8.16	6.64	44,167	44,733	-	-	44,167	44,733
Receivables	-	-	-	-	15,741	13,816	15,741	13,816
Other Assets	-	-	-	-	23	487	23	487
Total Financial Assets			44,167	44,733	15,764	14,303	59,931	59,036
Financial Liabilities								
Payables	-	-	-	-	12,336	14,752	12,336	14,752
Bank Overdraft	6.35	5.45	94	551	-	-	94	551
Provisions	-	-	-	-	473	437	473	437
Total Financial Liabilities			94	551	12,809	15,189	12,903	15,740

The Parent's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

Financial Assets								
Cash	8.16	6.64	38,375	37,337	-	-	38,375	37,337
Receivables	-	-	-	-	19,615	11,338	19,615	11,338
Other Assets	-	-	-	-	23	32	23	32
Total Financial Assets			38,375	37,337	19,638	11,370	58,013	48,707
Financial Liabilities								
Payables	-	-	-	-	13,697	14,040	13,697	14,040
Bank Overdraft	6.35	5.45	94	551	-	-	94	551
Provisions	-	-	-	-	473	437	473	437
Total Financial Liabilities			94	551	14,170	14,477	14,264	15,028

e. Net Fair Values

The net fair values for all assets and liabilities approximates their carrying values. No financial assets and financial liabilities are readily traded on organised markets in a standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Group intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	Consolidated Group		Parent Entity	
	2008		2007	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Available-for-sale financial assets at fair value				
- RISA Investment	1,286	-	1,286	-
	1,286	-	1,286	-

f. Sensitivity Analysis

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

At 30 June, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Change in profit				
- Increase in interest rate by 2%	766	736	881	884
- Decrease in interest rate by 2%	(766)	(736)	(881)	(884)
Change in equity				
- Increase in interest rate by 2%	766	736	881	884
- Decrease in interest rate by 2%	(766)	(736)	(881)	(884)

15. SEGMENT REPORTING

The Company operates primarily within the racing industry in Queensland.

16. KEY MANAGEMENT PERSONAL COMPENSATION INCLUDING BOARD MEMBERS REMUNERATION

Short Term Benefits	536	535	531	533
Post Employment Benefit	41	42	41	42
Total	577	577	572	575

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 Queensland Racing Limited including the board of directors as well as the Chief Operations Manager and the Director of Integrity Operations.

17. PROFIT / (LOSS) ON SALE OF NON CURRENT ASSETS

Proceeds from sale	-	746	-	746
Less Book value	(61)	(283)	-	(283)
Gain/ (Loss) on Sale	(61)	463	-	463

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

18. 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 Queensland Racing Limited.

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
a) Operating Lease Commitments				
Car Leasing	201	201	201	201
Computer Equipment	267	106	267	106
Office Equipment	62	246	62	246
Total Leasing expensed	530	553	530	553
Payable: -				
With in one year	258	463	258	463
One to five years	155	149	155	149
Over five years	-	-	-	-
Total Leasing Commitments not recognised in the Financial Statements	413	612	413	612
b) Capital Expenditure Commitments				
Capital expenditure projects	11,436	19,446	11,436	15,351
Total	11,436	19,446	11,436	15,351
Payable: -				
With in one year	3,436	7,446	3,436	3,351
One to five years	8,000	8,400	8,000	8,400
Over five years	-	3,600	-	3,600
Total Capital Commitments not recognised in the Financial Statements	11,436	19,446	11,436	15,351

19. CAPITAL MANGEMENT

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.

There have been no changes to the strategy adopted by management to control the capital of the group since prior year. The strategy of the entity is to ensure that sufficient cash is on hand to meet trade and sundry payables.

The gearing ratios for the years ended 30 June 2008 and 30 June 2007 are as follows:

Trade and other payables	18,837	16,752	18,025	14,040
Less cash and cash equivalents	(44,167)	(44,773)	(38,375)	(37,337)
Net debt	(25,330)	(28,021)	(20,350)	(23,297)
Total equity (reserves + retained earnings)	68,262	54,940	68,320	54,938
Total capital	42,935	26,919	47,970	31,641
Gearing ratio	13%	18%	8%	18%

20. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities against or incurred by Queensland Racing Limited.

21. POST BALANCE DATE EVENTS

The total costs incurred for the synthetic track at Corbould Park during the financial year were \$6.033M. Of this, Queensland Racing Limited funded \$1.033M in building the synthetic track. On the 25 July 2008, the Board of Sunshine Coast Racing Pty Ltd as the trustee for Sunshine Coast Racing Unit Trust approved the issue of \$1 million in exchange for an additional 1 million units in the Trust to Queensland Racing Limited for the additional expenditure incurred by Queensland Racing Limited for the installation of the synthetic track. The unit holding in Sunshine Coast Racing Pty Ltd as the trustee for Sunshine Coast Racing Unit Trust has increased from 85% to 86%.

22. NOTES TO THE CASH FLOWS

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

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Profit from ordinary activities after related income tax	13,322	8,389	13,382	8,387
Depreciation	637	524	504	468
(Profit)/Loss on Sale of Non-Current Assets	61	(463)	-	(463)
Share of Associated Company's Net Profit	-	7	-	-
Changes in Assets and Liabilities exclusive of Non- Operating Activities				
(Increase) Decrease in Trade Debtors	(23,476)	(1,213)	(8,422)	(1,163)
(Increase) Decrease in Accrued Interest	18	104	-	122
(Increase) Decrease in Prepayments	9	13	9	13
(Increase)/Decrease in GST	(2,036)	-	(1,310)	-
(Decrease) Increase in Creditors	20,893	7,053	6,084	6,292
(Decrease) Increase in Provisions	65	58	65	58
Net Cash provided by / (used in) Operating Activities	9,493	14,472	10,312	13,714

b) Reconciliation of Cash

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

Cash and cash equivalents	44,167	44,733	38,375	37,337
Bank Overdraft	(94)	(551)	(94)	(551)
	44,073	44,182	38,321	36,786

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

23. COMPANY DETAILS

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

Queensland Racing Limited

6 Racecourse Road

Deagon, QLD 4017

24. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Management is aware of issued new or amended accounting standards and interpretations where adoption is not mandatory for financial years ended 30 June 2008. The implications of the changes to both the financial impact and disclosure requirements have been assessed and management are of the opinion that the adoption of these would not have a material impact on the financial statements in the forthcoming year, given current interpretations of the accounting changes and expected future plans for the Group.

25. MEMBERS GUARANTEE

The entity is incorporated under the Corporations Act 2001 and is an entity 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 for thoroughbred 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 forthwith 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 2008 the number of members was 13 Class A Members representatives and 5 Class B Members.

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 The financial statements and notes, as set out on pages 25 to 46, are in accordance with the *Corporations Act 2001*:
 - a Comply with Accounting Standards and the *Corporations Regulations 2001*: and
 - b) Give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and consolidate group.
- 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.

Robert Bentley



CHAIRMAN

Dated this 11 day of September 2008



BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEENSLAND RACING LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Queensland Racing Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated and parent financial statements and notes, complies with International Financial Reporting Standards.

AUDITOR'S RESPONSIBILITY

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

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

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

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Queensland Racing Limited on 10 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

AUDITOR'S OPINION

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

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (c) the consolidated and parent financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

BDO Kendalls (QLD)

D.P. Wright
Partner

Brisbane

11 September 2008

BDO Kendalls is a national association of
separate partnerships and entities



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