

## Greyhound Racing NSW

# Administrator's report on the financial viability of the NSW National Coursing Association Ltd

15 May 2013

Strictly private and confidential

This Final Report has been prepared on the basis of the limitations set out on page 4 and in our statement of responsibility on page 24. For your convenience, this document may have been made available to you in electronic as well as hard copy format. Multiple copies and versions of this document may, therefore, exist in different media. Only the final signed copy should be regarded as definitive.

Section	Page
Contents	2
Glossary of terms	3
Executive Summary	5
Supporting analysis	10
Statement of responsibility	23
Appendices	25

<b>Administrator</b>	David Lombe
<b>ca.</b>	Circa
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation
<b>Forecast Period</b>	1 March 2013 to 30 June 2014
<b>FY12, FY13, FY14</b>	Year ended 30 June 2012, 2013, 2014
<b>GRNSW</b>	Greyhound Racing New South Wales
<b>Historical Period</b>	FY12 to YTD13
<b>LTM</b>	Last twelve months ended 28 February 2013
<b>N/a</b>	Data either not applicable or not available
<b>NCA</b>	New South Wales National Coursing Association Limited
<b>NCA Group</b>	New South Wales National Coursing Association Limited together with its wholly owned subsidiary Greyhound Publications Pty Limited
<b>Net Working Capital</b>	Trade Debtors + Inventory – Trade Creditors
<b>Norwest</b>	4 Columbia Court, Baulkham Hills, New South Wales
<b>NWC</b>	Net working capital
<b>PBT</b>	Profit before tax
<b>Publications</b>	Greyhound Publications Pty Limited
<b>Gardens</b>	The Gardens Greyhound & Sporting Complex located at 104 Sandgate Road, Birmingham Gardens, New South Wales
<b>YTD13</b>	Eight months ended 28 February 2013
<b>YTG13</b>	Four months ended 30 June 2013

## Scope

- Our work, which is summarised in this Report, has been limited to matters which we have identified that would appear to us to be of significance within the context of that scope.
- [REDACTED] we have been requested to assist in the assessment of the financial viability of the NCA Group and greyhound racing at Gardens as conducted by the NCA Group. The scope of this review has addressed the following areas:
  - i. The trajectory of trading performance up to February 2013 including commentary on non-recurring revenues or expenses
  - ii. NCA Group's liquidity position at February 2013
  - iii. The expected trading performance of NCA Group up to June 2014 given historical trends and certain changes.

## Limitations

- We have not audited NCA's historical financial information. Our forecast model is reliant on the accuracy of that information in terms of the timing, amount and nature of revenues and expenses.
- NCA's monthly historical financial information from July 2011 to February 2013 (upon which our analysis is based) appears to contain several instances of inconsistent accounting treatment, mixing of cash and accrual accounting, and incorrect timing of recognition. We have attempted to adjust for this where possible, however this may impact our assessment of the trends in underlying performance and our assumptions of forecast future performance.
- Due to systems limitations we have been unable to obtain monthly data for June 2011 and prior months.
- We have visited the NCA Group at their Gardens and Norwest offices.
- We have held discussions and obtained information from the following sources at the NCA Group:
  - Mike Hilder, Chairman; and
  - Adam Dobbin, former General Manager.
- Unless otherwise agreed in writing, this Report may be used only by you for the assessment of NCA's financial viability.
- We have relied on the statements of NCA being factually correct. While we have tried to corroborate their representations with external evidence, we have not been able to do this in every circumstance. A list of the key information we have requested but not received at the date of this report is attached at Appendix 8.

Section	Page
Contents	2
Glossary of terms	3
<b>Executive Summary</b>	<b>5</b>
Supporting analysis	10
Statement of responsibility	23
Appendices	25

## In brief

### 1. Criteria for forming an opinion on financial viability

- As discussed in the Deloitte report dated 25 March 2013, in order to form an opinion on NCA Group's financial viability the following three key areas must be assessed:
  - underlying historical financial performance and recent trajectory;
  - the current balance sheet position, with a focus on liquidity and financial commitments; and
  - forecast financial performance.
- We have analysed each of these areas and presented the results of our analysis in this report for your consideration.

### 2. Results of analysis

- *Historical financial performance (page 10)*: NCA has shown an improving trend in their earnings after adjusting for one off and non recurring items, including grants from GRNSW. Once these items have been adjusted, NCA has shown improvement from a \$32k EBITDA loss in FY11 to \$64k EBITDA for FY12 due to cost savings, however this has been reversed in FY13 due to a number of meeting cancellations and rising raceday wages.
- *Current balance sheet (page 14)*: NCA's latest available balance sheet is for the end of February 2013. NCA's current ratio (a key measure of liquidity) fell from 0.70 to 0.61 since December 2012, indicating a deterioration in liquidity. A current ratio of less than one is typically indicative of financial distress.
- *Prospective financial performance*: We have prepared a monthly forecast model to June 2014, which links earnings, balance sheet movements and cashflows. Our analysis indicates that although the forecast is broadly breakeven in FY14 (NCA EBITDA of \$64.9k, Publications EBITDA loss of \$15.4k) they will generate insufficient cashflow to repay their "legacy" creditors of \$255.8k. Note that the NCA result also does not include the cost of a General Manager (previously c.\$90k p.a.) as the position is currently vacant.

- Based on the analysis we have performed on these elements, there are grounds for significant concern regarding NCA's ongoing viability. Consequently, we do not believe that NCA can continue to trade in its current form and would require a substantial change to ensure viability and also a significant cash injection to pay legacy creditors.

### 3. Next steps

- We have identified a number of potential performance improvement opportunities during the course of our work that would potentially enhance the long term viability of NCA, including actions that may:
  - improve corporate governance and management effectiveness;
  - reduce costs through elimination of duplication and waste;
  - relocation of Publications to Newcastle;
  - increase membership and attendances;
  - increase non racing income and facility utilisation; and
  - other restructuring initiatives
- These potential actions are in the early stages of development and will be further refined and tested as part of our Phase 2 Business Planning.
- Once our recommendations have been finalised, we will estimate the impact these potential improvements may have on NCA's forecast financial performance.
- This will enable an updated assessment of financial viability based upon whether there is sufficient scope for improvement to enable sustainable operation.

1

## NCA's results have been volatile in recent years after adjusting for one off and non recurring items

- NCA has made consistent reported EBITDA losses since FY10. After adjusting for one off and non recurring items, performance fluctuates between EBITDA profits and losses of less than \$100k per annum.
- A balance sheet restructuring in FY12 resulted in the sale of assets to GRNSW for less than book value. The subsequent recognised impairment expense of (\$5.1m) and recognised revenue from the forgiveness of a loan of \$2.1m are not expected to recur in later years.
- We note that NCA has made substantial improvements in its underlying performance between FY10 and FY12 due to cost reductions, however performance has deteriorated in FY13 due to increased raceday wages, utility costs and meeting cancellations.
- Publications results have improved steadily as a result of increased advertising revenues over the same period.

NCA - Underlying Earnings \$(000's)	FY11 Audited	FY12 Unaudited	YTD13 Unaudited
<b>Reported EBITDA</b>	(79.8)	(2,832.2)	43.6
<b>Management adjustments</b>			
1. Gain on loans forgiven	-	(2,100.0)	-
2. Impairment expense	-	<u>5,084.0</u>	<u>(97.5)</u>
<b>Total Management adjustments</b>	-	<b>2,984.0</b>	<b>(97.5)</b>
Other potential adjustments	<u>47.7</u>	<u>(87.5)</u>	<u>(4.4)</u>
<b>Total adjustments</b>	<b>47.7</b>	<b>2,896.6</b>	<b>(101.9)</b>
<b>Adjusted EBITDA</b>	<b><u>(32.1)</u></b>	<b><u>64.3</u></b>	<b><u>(58.3)</u></b>

Source: Management Information & Deloitte Analysis

2

## Despite the capital restructure in July 2012, NCA's liquidity position has continued to deteriorate

- NCA's liquidity position has demonstrated a consistent declining trend, with the current ratio (calculated as current assets divided by current liabilities) trending downwards.
- NCA's financial position was temporarily improved in July 2012 by the balance sheet recapitalisation from GRNSW, where NCA's debt was paid off in return for partial ownership of the Gardens. However this has not reversed the downward trend in NCA's current ratio.
- But for the support of GRNSW with one off grants and the capital restructure undertaken in June 2012 NCA would likely have been insolvent for a substantial period of time.

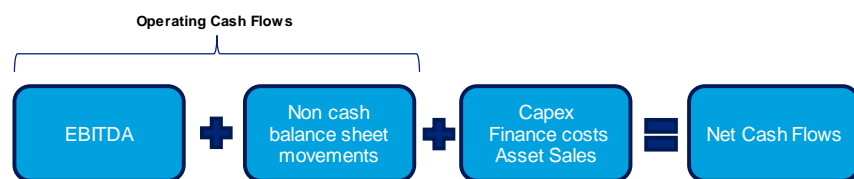
NCA - Current Assets \$(000's)	Jun-10 Audited	Jun-11 Audited	Jun-12 Audited	Dec-12 Unaudited	Feb-13 Unaudited
Current assets	400.2	204.6	341.8	535.3	465.6
Current liabilities	<u>468.4</u>	<u>440.8</u>	<u>603.2</u>	<u>759.7</u>	<u>768.9</u>
<b>Net current assets</b>	<b><u>(68.1)</u></b>	<b><u>(236.2)</u></b>	<b><u>(261.4)</u></b>	<b><u>(224.4)</u></b>	<b><u>(303.3)</u></b>
<i>Current ratio</i>	<i>0.85</i>	<i>0.46</i>	<i>0.57</i>	<i>0.70</i>	<i>0.61</i>

Source: Management Information & Deloitte Analysis

3

We have prepared a 16 month forecast model linking earnings, balance sheet movements and cashflow. This model has been prepared on a “business as usual” basis

- We have prepared a monthly forecast model linking the forecast cashflow to the forecast balance sheet and profit and loss statement. The approach we have adopted to forecast is “business as usual” i.e. our best estimate of NCA Group’s performance should Management have continued to run the business in the same way they had previously. To do this, we have assumed that current run rates continue (i.e. performance is stable), historical growth is extrapolated, or we have factored in a “step change” in performance due to a known change (e.g. the basis of prizemoney distribution in July 2013).
- We highlight that this approach is different from the basis of preparation of our short term cash flow forecast presented in our First Administration Update. The short term cash flow is based upon optimising cash during the Administration, rather than estimating performance should current trends continue. As a result, the two forecasts have different results.
- The quality of NCA’s financial information is poor, with accrual accounting not performed correctly on a monthly basis and detailed breakdowns of account balances not readily available. As a result, we have had to make a number of simplifying assumptions to forecast future performance.



4

Despite an expected overall improvement, NCA’s forecast performance is expected to deteriorate throughout the year

- NCA’s monthly EBITDA losses (averaging \$7k in YTD13 after one offs and non recurring items) are forecast to improve in Q1 14 due to peaks in advertising revenue but deteriorate in Q4 14 due to the full year effect of higher casual raceday wages and growth in overheads, particularly utilities.
- We highlight the forecast deterioration in gross margin, which averaged 47.4% in FY12 (after adjusting for non recurring items), and is forecast to drop by 5.4 percentage points during FY14. This is primarily driven by the increases in raceday wages.
- In line with the “business as usual” approach we have adopted, we have assumed that there will be no new hiring during FY14 and as a result the General Manager’s position to remain vacant. Should a new appointment be made this would likely reduce NCA’s EBITDA by c. \$90k p.a., the amount of Adam Dobbin’s previous annual salary.

NCA - F'cast Performance \$(000's)	FY12	FY13F	FY14 Forecast				Total
	Norm'd	Q4	Q1	Q2	Q3	Q4	
Revenue	1,711.9	354.9	428.9	403.4	396.7	368.4	1,597.3
COGS	900.3	227.4	240.5	248.2	194.3	243.8	926.8
<b>Gross profit</b>	<b>811.6</b>	<b>127.4</b>	<b>188.3</b>	<b>155.2</b>	<b>202.4</b>	<b>124.6</b>	<b>670.6</b>
Gross Margin %	47.4%	35.9%	43.9%	38.5%	51.0%	33.8%	42.0%
Operating Expenses	747.3	131.7	133.7	157.5	163.2	151.2	605.6
<b>EBITDA</b>	<b>64.3</b>	<b>(4.3)</b>	<b>54.6</b>	<b>(2.3)</b>	<b>39.2</b>	<b>(26.6)</b>	<b>64.9</b>

Source: Management Information & Deloitte Analysis

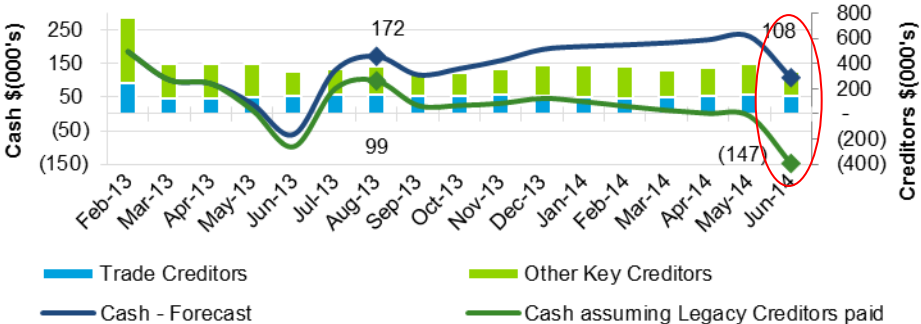


5

Our analysis indicates that NCA is unlikely to be able to continue in its current form as it is unable to pay its outstanding legacy creditors without a significant cash injection

- There is a one off cash release to NCA in July 2013 of c. \$140k due to GRNSW assuming responsibility for the payment of prizemoney, and the historical one month lag between payment of prizemoney by NCA and reimbursement from GRNSW.
- Prior to this release, we expect NCA will experience short term liquidity problems as early as June 2013, as highlighted in our first Administrator’s report
- The forecast cashflow will be insufficient to pay “legacy” creditors (i.e. current non trade creditors) of \$256k. Assuming these are paid down in instalments over 14 months. this would require a c. \$150k cash injection to NCA.
- The results of our modelling indicate that NCA is unable to continue in its current form due to recurring operating cash outflows. We are undertaking work to develop a business plan that will have a profitable NCA as its primary focus.

FY13 and FY14 Forecast Cash and Creditors balance



Section	Page
Contents	2
Glossary of terms	3
Executive Summary	5
<b>Supporting analysis</b>	<b>10</b>
Statement of responsibility	23
Appendices	25

# We expect NCA to make \$64.9k of EBITDA in FY14 before the cost of a replacement General Manager

NCA Financial Performance \$(000's)	FY12	YTD13	YTG13	FY13	FY14	Variance %	
	Actual	Actual	Forecast	Forecast	Forecast	FY12 v 13	FY13 v 14
<b>Revenue</b>							
GRNSW raceday funding (ex. Prizemoney)	591.5	378.8	177.5	556.2	562.8	(6.0)%	1.2%
Hospitality revenue	354.7	217.5	97.9	315.4	322.7	(11.1)%	2.3%
Sponsorship & advertising revenue	272.7	182.1	46.0	228.1	237.9	(16.4)%	4.3%
Totalisator commission	150.7	81.4	40.1	121.5	131.9	(19.4)%	8.6%
Admissions revenue	97.9	64.2	28.1	92.3	92.5	(5.8)%	0.2%
Trials income	124.8	86.8	40.5	127.4	124.8	2.0%	(2.0)%
Rental income	32.7	20.0	9.9	29.9	30.0	(8.3)%	0.3%
Other income	86.9	70.1	29.7	99.7	94.8	14.7%	(5.0)%
<b>Total ordinary revenue (ex. Prizemoney)</b>	<b>1,711.9</b>	<b>1,100.9</b>	<b>469.5</b>	<b>1,570.5</b>	<b>1,597.3</b>	<b>(8.3)%</b>	<b>1.7%</b>
Non-recurring revenue	2,254.0	101.9	-	101.9	-	(95.5)%	(100.0)%
<b>Total Revenue</b>	<b>3,965.9</b>	<b>1,202.8</b>	<b>469.5</b>	<b>1,672.4</b>	<b>1,597.3</b>	<b>(57.8)%</b>	<b>(4.5)%</b>
<b>Cost of Sales</b>							
Raceday employee expenses	277.2	249.4	110.8	360.1	354.3	29.9%	(1.6)%
Other raceday expenses	311.9	159.1	87.8	246.9	250.1	(20.8)%	1.3%
Hospitality costs	268.0	190.1	80.2	270.4	277.5	0.9%	2.6%
Trials expenses	43.2	33.4	14.6	48.0	44.9	11.2%	(6.5)%
<b>Total cost of sales</b>	<b>900.3</b>	<b>632.1</b>	<b>293.3</b>	<b>925.4</b>	<b>926.8</b>	<b>2.8%</b>	<b>0.1%</b>
<b>Gross Profit</b>	<b>3,065.6</b>	<b>570.8</b>	<b>176.2</b>	<b>747.0</b>	<b>670.6</b>	<b>(75.6)%</b>	<b>(10.2)%</b>
Gross Margin % (Normalised)	47.4%	42.6%	37.5%	41.1%	42.0%	(6.3)pp	0.9pp
<b>Operating Expenses</b>							
Employee expenses	384.3	170.4	58.7	229.1	152.9	(40.4)%	(33.3)%
Miscellaneous expenses	122.3	70.7	48.9	119.6	125.4	(2.2)%	4.8%
Utilities costs	136.8	142.1	64.3	206.4	191.5	50.9%	(7.3)%
Maintenance expenses	38.8	29.3	6.8	36.1	40.9	(7.0)%	13.2%
Insurance expenses	35.7	50.4	7.1	57.5	57.5	61.3%	0.0%
Marketing expenses	15.1	14.9	4.5	19.4	13.6	28.5%	(30.0)%
<b>Total recurring operating exp.</b>	<b>733.0</b>	<b>477.8</b>	<b>190.3</b>	<b>668.2</b>	<b>581.7</b>	<b>(8.9)%</b>	<b>(12.9)%</b>
Underlying Earnings Adjustments	5,150.6	23.7	-	23.7	-	(99.5)%	(100.0)%
Net Prizemoney Paid/(Received)	14.2	25.6	(14.3)	11.3	23.9	(20.5)%	111.3%
<b>Total Operating Expenses</b>	<b>5,897.9</b>	<b>527.1</b>	<b>176.0</b>	<b>703.2</b>	<b>605.6</b>	<b>(88.1)%</b>	<b>(13.9)%</b>
<b>EBITDA</b>	<b>(2,832.2)</b>	<b>43.6</b>	<b>0.2</b>	<b>43.8</b>	<b>64.9</b>	<b>(101.5)%</b>	<b>48.2%</b>
Depreciation	240.9	25.6	19.3	44.9	58.5	(81.4)%	30.4%
Bank Charges & Interest	69.3	14.3	2.3	16.6	6.9	(76.0)%	(58.5)%
<b>Net Profit/(Loss)</b>	<b>(3,142.4)</b>	<b>3.7</b>	<b>(21.4)</b>	<b>(17.7)</b>	<b>(0.5)</b>	<b>(99.4)%</b>	<b>(97.1)%</b>

Source: Management Information & Deloitte Analysis

We expect NCA's race-day revenues to remain at their FY13 levels, impacted by race meeting cancellations

Average monthly YTD13 raceday wages are \$26k, significantly higher than for the same period in FY12 where average monthly raceday wages were \$19k. We have assumed that the current run rate will continue into the forecast period.

Non raceday employee expenses are expected to fall by c. \$80k p.a. salary from NCA to Greyhound Publications. NCA is currently without a General Manager with those roles currently filled by the Administrator and NCA Board Members. This role needs to be filled as a matter of priority.

Utilities costs have grown substantially in recent years. We expect this trend to be offset in FY14 as management have exited unnecessary telecommunications services.

NCA will no longer pay or receive reimbursement for Prizemoney from 1 July 2013 onwards once these roles are assumed by GRNSW. NCA has historically paid out more Prizemoney than it received from GRNSW and we have assumed this practice will continue.

Although showing some improvement in FY12, NCA's underlying performance has deteriorated in FY13 due to higher raceday wages and utilities costs, and a relatively higher number of cancelled meetings

NCA - Underlying Earnings \$(000's)	FY11 Actual	FY12 Actual	YTD13 Actual
<b>Reported EBITDA</b>	(79.8)	(2,832.2)	43.6
<b>Management adjustments</b>			
1. Gain on loans forgiven	-	(2,100.0)	-
2. Impairment expense	-	5,084.0	(97.5)
<b>Total management adjustments</b>	-	2,984.0	(97.5)
<b>Other potential adjustments</b>			
3. Other Revenue	-	(4.5)	(4.4)
4. Other Expenses	-	66.6	-
5. (Profit)/Loss on disposal of fixed assets	47.7	(149.5)	-
<b>Total other potential adjustments</b>	47.7	(87.5)	(4.4)
<b>Adjusted EBITDA</b>	(32.1)	64.3	(58.3)

Source: Management Information & Deloitte Analysis

### Underlying earnings adjustments

- *Gains on loans forgiven and impairment expense*: The amounts in FY12 are a result of the July 2012 restructuring of NCA's balance sheet, where it sold assets to GRNSW for less than book value (and recognised an impairment expense), and recognised revenue from the forgiveness of a loan. The YTD13 amount relates to the reversal of a provision for doubtful debts.
- *Other revenue*: The FY12 amount relates to the historical management fee that NCA previously received from Publications and the YTD13 amount relates to the receipt of a one off employment subsidy for the hiring of a particular employee.
- *Disposal of fixed assets*: This adjustment backs out one off profits and losses on disposal of fixed assets.

For this exercise we have assumed that historical trends will continue into the forecast period. The observed like for like 4.2% decline in FY13 average crowd numbers and higher cancelled meetings relative to FY12 is the key driver of the decline in raceday revenues.

Key NCA Revenue Assumptions \$(000's)	FY12 Actual	YTD13 Actual	YTG13 F'cast	FY13 F'cast	FY14 F'cast
<b>Key Assumptions</b>					
Number of meetings	131	82	40	122	122
Avg. administration revenue per race meeting (\$)	4,216.1	4,521.5	4,395.2	4,480.1	4,585.0
Avg. attendees per meeting	189.8	188.9	167.5	181.9	181.0
Avg. paying customers per meeting	148.6	170.8	134.4	146.2	145.7
Avg. admission price per paying customer (\$)	5.0	5.2	5.2	5.2	5.2
Avg. raceday bar spend per attendee (\$)	8.0	8.0	8.6	8.2	8.8
Avg. raceday food spend per attendee (\$)	4.3	4.1	4.2	4.1	4.2
Avg. totaliser commission per attendee (\$)	6.1	5.3	6.0	5.5	6.0
<b>Ordinary Revenue</b>					
GRNSW raceday funding (ex. Prizemoney)	591.5	378.8	177.5	556.2	562.8
Hospitality revenue	354.7	217.5	97.9	315.4	322.7
Sponsorship & advertising revenue	272.7	182.1	46.0	228.1	237.9
Totalisator commission	150.7	81.4	40.1	121.5	131.9
Admissions revenue	97.9	64.2	28.1	92.3	92.5
Trials income	124.8	86.8	40.5	127.4	124.8
Rental income	32.7	20.0	9.9	29.9	30.0
Other income	86.9	70.1	29.7	99.7	94.8
<b>Total ordinary revenue (ex. Prizemoney)</b>	<b>1,711.9</b>	<b>1,100.9</b>	<b>469.5</b>	<b>1,570.5</b>	<b>1,597.3</b>

Source: Management Information & Deloitte Analysis

### Key revenue assumptions

- **Number of meetings:** Based upon the FY13 and FY14 race calendars, less the historical average number of meetings cancelled due to weather or other factors
- **GRNSW Administration Funding:** Assumed to be in line with FY13 averages multiplied by the number of meetings. We understand that some clubs are requesting increased funding to compensate for inflation however this has not been confirmed.

### Key revenue assumptions (continued)

- **Prizemoney funding:** NCA has historically received prizemoney funding from GRNSW a month in arrears. This is based upon a standard meeting package depending on whether it is an A or C class race meeting, plus additional loadings. We have assumed that the mix of A and C class races for the rest of FY13 is consistent with the same period in FY12, and that no revenue is recognised after 30 June 2013 as prizemoney payment is centralised in GRNSW.
- **Hospitality revenue:** Driven off the historical average bar and food spend per attendee, plus expected price increases (partially offset by reduced volumes) multiplied by expected attendances.
- **Admissions revenue and totalisator commission:** Similarly to hospitality revenue, these items are driven by historical averages per attendee, multiplied by expected attendee numbers.
- **Sponsorship and advertising:** Management have provided us with a schedule of recurring sponsorship revenues and their cashflow and profit and loss timing. We have not sighted signed contracts or other supporting information as management have indicated that these are largely informal deals.
- **Rental income:** Forecast to be broadly in line with prior year. We have not sighted signed lease agreements.
- **Other income:** Includes racebook sales and other raceday income, which has been linked to attendances. Other components (such as grant income) is assumed to be consistent with prior year.

While individual line items have been forecast in line with historical trends and known drivers, total operating expenses are forecast to remain relatively stable

Key NCA Expenses Assumptions \$(000's)	FY12 Actual	YTD13 Actual	YTG13 F'cast	FY13 F'cast	FY14 F'cast
<b>Key Assumptions</b>					
Number of meetings	131	82	40	122	122
Avg. bar and kiosk wages per meeting (\$)	448.6	502.8	481.3	495.8	482.8
Avg. other raceday wages per meeting (\$)	1,963.7	2,606.1	2,599.2	2,603.8	2,732.9
Avg. raceday food & bar spend per attendee (\$)	7.3	7.8	7.6	7.7	7.8
<b>Cost of Sales</b>					
Raceday employee expenses	277.2	249.4	110.8	360.1	354.3
Other raceday expenses	311.9	159.1	87.8	246.9	250.1
Hospitality costs	268.0	190.1	80.2	270.4	277.5
Trials expenses	43.2	33.4	14.6	48.0	44.9
<b>Total cost of sales</b>	<b>900.3</b>	<b>632.1</b>	<b>293.3</b>	<b>925.4</b>	<b>926.8</b>
<b>Other operating expenses</b>					
Employee expenses	384.3	170.4	58.7	229.1	152.9
Miscellaneous expenses	122.3	70.7	48.9	119.6	125.4
Utilities costs	136.8	142.1	64.3	206.4	191.5
Maintenance expenses	38.8	29.3	6.8	36.1	40.9
Insurance expenses	35.7	50.4	7.1	57.5	57.5
Marketing expenses	15.1	14.9	4.5	19.4	13.6
<b>Total operating expenses</b>	<b>1,633.4</b>	<b>1,109.9</b>	<b>483.7</b>	<b>1,593.6</b>	<b>1,508.5</b>

Source: Management Information & Deloitte Analysis

### Key expense assumptions

- **Raceday employee expenses:** Expected to increase slightly at run-rate growth, increasing by 5% on YTD13 average.
- **Other raceday expenses:** Expected to be consistent with prior periods on a per meeting basis.
- **Hospitality costs:** Calculated based upon a constant margin on hospitality sales, consistent with prior year actual performance.

### Key expense assumptions (continued)

- **Trials expenses:** Consistent with historical per trial day costs.
- **Other raceday expenses:** Expected to continue to decrease in line with historical trends and due to savings from GRNSW assuming responsibility for prizemoney such as cash handling, transport, security and insurance.
- **Permanent employee expenses:** Assumed to be consistent with prior year, less Adam Dobbin's wage costs of c.\$90k p.a. following his resignation and transfer to Publications. Employee costs declined in FY13 relative to FY12 due to the resignation of the previous marketing and operations manager
- **Miscellaneous expenses:** Assumed to be relatively consistent with historical performance.
- **Utilities costs:** Have grown significantly in recent years and are assumed to continue increasing at the same rate after adjusting for discontinued telecommunications services.
- **Maintenance expenses:** Expected to decrease in FY13 reflecting the decrease in noncritical spending during the Administration period and then increase again in FY14.
- **Insurance expenses:** Assumed to remain relatively consistent with FY13 run rates.
- **Marketing expenses:** Based upon historical run rates. FY13 includes additional signage expenditure.

## NCA historical and forecast financial position

NCA has maintained a negative net asset balance since the restructure in FY12. We do not expect this position will change without significant changes to the underlying business or an interest free loan

NCA Balance Sheet \$(000's)	Jun-10 Actual	Jun-11 Actual	Jun-12 Actual	Dec-12 Actual	Feb-13 Actual	Jun-13 Forecast	Dec-13 Forecast	Jun-14 Forecast
<b>Current assets</b>								
Cash	(6.5)	(45.8)	(42.5)	40.6	186.2	(60.8)	192.7	108.4
Trade debtors	357.3	206.8	415.8	462.2	244.5	269.8	132.3	117.0
Inventories	9.6	8.9	13.6	13.6	13.6	13.6	13.6	13.6
Other current assets	39.9	34.7	47.4	18.9	21.3	53.1	24.6	68.9
	<b>400.2</b>	<b>204.6</b>	<b>434.3</b>	<b>535.3</b>	<b>465.6</b>	<b>275.6</b>	<b>363.1</b>	<b>307.9</b>
<b>Non current assets</b>								
Other receivables	90.0	60.0	-	-	-	-	-	-
Property plant & equipment	7,222.7	6,945.3	569.5	518.7	537.4	526.1	509.0	491.6
	<b>7,312.7</b>	<b>7,005.3</b>	<b>569.5</b>	<b>518.7</b>	<b>537.4</b>	<b>526.1</b>	<b>509.0</b>	<b>491.6</b>
<b>Total assets</b>	<b>7,713.0</b>	<b>7,209.9</b>	<b>1,003.8</b>	<b>1,054.0</b>	<b>1,003.0</b>	<b>801.8</b>	<b>872.1</b>	<b>799.5</b>
<b>Current liabilities</b>								
Trade creditors	259.2	201.3	483.0	307.4	314.5	138.8	147.4	138.6
Other current liabilities	209.1	239.5	265.8	452.4	454.4	196.9	241.9	196.9
	<b>468.4</b>	<b>440.8</b>	<b>748.9</b>	<b>759.7</b>	<b>768.9</b>	<b>335.7</b>	<b>389.3</b>	<b>335.5</b>
<b>Non current liabilities</b>								
Provisions	20.9	36.4	64.9	47.6	47.6	47.6	47.6	51.4
Borrowings	5,265.0	5,328.3	1,948.2	1,942.2	1,940.9	1,938.6	1,935.6	1,933.2
	<b>5,285.9</b>	<b>5,364.7</b>	<b>2,013.2</b>	<b>1,989.9</b>	<b>1,988.6</b>	<b>1,986.2</b>	<b>1,983.2</b>	<b>1,984.6</b>
<b>Total liabilities</b>	<b>5,754.2</b>	<b>5,805.4</b>	<b>2,762.0</b>	<b>2,749.6</b>	<b>2,757.5</b>	<b>2,321.9</b>	<b>2,372.5</b>	<b>2,320.1</b>
<b>Net assets</b>	<b>1,958.7</b>	<b>1,404.4</b>	<b>(1,758.2)</b>	<b>(1,695.6)</b>	<b>(1,754.5)</b>	<b>(1,520.1)</b>	<b>(1,500.5)</b>	<b>(1,520.6)</b>
<b>Shareholders equity</b>								
Issued capital	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9
Retained earnings	637.9	83.6	(3,079.1)	(3,016.4)	(3,075.3)	(2,841.0)	(2,821.3)	(2,841.5)
<b>Total of shareholder equity</b>	<b>1,958.7</b>	<b>1,404.4</b>	<b>(1,758.2)</b>	<b>(1,695.6)</b>	<b>(1,754.5)</b>	<b>(1,520.1)</b>	<b>(1,500.5)</b>	<b>(1,520.6)</b>
Net working capital	107.7	14.4	(53.7)	168.4	(56.4)	144.6	(1.6)	(8.1)
Current ratio	0.85	0.46	0.58	0.70	0.61	0.82	0.93	0.92

Source: Management Information &amp; Deloitte Analysis

NCA receives a substantial one off benefit from GRNSW assuming control of prizemoney payments. It makes its final payment to owners in June 2013, but receives a final distribution from GRNSW in July 2013, releasing cash.

Due to the restructure with GRNSW the property level was significantly reduced.

To assess financial viability under normal business conditions, we have stripped out the "legacy" creditors (as detailed on the following page) as NCA will be unable to repay them through normal trading.

NCA cleared all of its interest bearing debt during the FY12 restructure. The remaining balance consists primarily of non interest bearing loans payable to GRNSW which have been assumed consistent to June 2014.



Whilst NCA is forecast to be cash positive to June 2014 (mainly due to changes in prizemoney payments), it would still require a c. \$150k cash injection to repay outstanding legacy creditors

NCA Cashflow Summary \$(000's)	YTD13 Actual	YTG13 F'cast	FY13 F'cast	FY14 F'cast
<b>EBITDA</b>	43.6	0.2	43.8	64.9
<b>Cash flows from operating activities</b>				
Trade debtors	171.3	(25.3)	146.0	152.8
Inventory	(0.0)	-	(0.0)	-
Other current assets	26.1	(31.7)	(5.6)	(15.9)
Trade creditors	(168.5)	(20.4)	(189.0)	(0.2)
Provisions	(17.3)	-	(17.3)	3.8
Other current liabilities	188.6	(157.0)	31.6	-
<b>Net cash flows from operating activities</b>	<b>243.8</b>	<b>(234.3)</b>	<b>9.5</b>	<b>205.4</b>
<b>Cash flows from investing activities</b>				
Capital expenditure	(23.5)	(8.0)	(31.5)	(24.0)
Sale of PP&E	30.0	-	30.0	-
<b>Net cash flows from investing activities</b>	<b>6.5</b>	<b>(8.0)</b>	<b>(1.5)</b>	<b>(24.0)</b>
<b>Cash flows from financing activities</b>				
Loan and other debt repayments	(21.6)	(4.7)	(26.3)	(12.2)
Dividend payments	-	-	-	-
Equity contributions	-	-	-	-
<b>Net cash flows from financing activities</b>	<b>(21.6)</b>	<b>(4.7)</b>	<b>(26.3)</b>	<b>(12.2)</b>
<b>Total Net Cash Flow</b>	<b>228.7</b>	<b>(247.0)</b>	<b>(18.3)</b>	<b>169.1</b>
Opening cash	(42.5)	186.2	(42.5)	(60.8)
Net Cash Flow	228.7	(247.0)	(18.3)	169.1
<b>Closing cash</b>	<b>186.2</b>	<b>(60.8)</b>	<b>(60.8)</b>	<b>108.4</b>
Legacy Creditors				255.8
<b>Shortfall</b>				<b>(147.4)</b>

Source: Management Information & Deloitte Analysis

Legacy creditors as at 28 February 2013	Amount
ATO	\$ 100,100
Clayton Utz	\$ 36,485
Futurity prize money	\$ 89,800
GRNSW	\$ 10,730
Telstra	\$ 18,681
<b>Total legacy creditors</b>	<b>\$ 255,796</b>

Source: Management Information & Deloitte Analysis

Movement relates to the accrual of prizemoney owing from February 2013 races subsequently paid in the forecast period.

NCA receives a substantial one off cash release from GRNSW assuming control of prizemoney payments. It makes its final payment to owners in June 2013, but receives a final distribution from GRNSW in July 2013.

While NCA is forecast to produce net positive cash flows in the forecast period to June 2014, the timing of those cash flows are such that the cash balance does fall into overdraft around June 2013, even after excluding legacy creditors

NCA is not forecast to have sufficient cashflow in the forecast period to repay its legacy creditors of ca. \$256k. A ca.\$150k cash injection would be required to repay these over 14 months to June 2014

As previously outlined in the First Administration Update to GRNSW dated 18 April 2013, there are a number of large creditors arising from outside of normal operations who remain unpaid as at the date of this report.



# The introduction of Adam Dobbin's salary to the overhead costs of Publications and a continuation of the downward trend in publication sales are expected to result in a loss for FY14

Publications Financial Performance \$(000's)	FY12	YTD13	YTG13	FY13	FY14	Variance %	
	Actual	Actual	Forecast	Forecast	Forecast	FY12 v 13	FY13 v 14
<b>Revenue</b>							
Advertising Sales	412.4	402.2	174.3	576.5	522.9	39.8%	(9.3)%
Publication Sales	505.1	292.2	143.2	435.3	380.2	(13.8)%	(12.7)%
GRNSW Editorial	31.0	20.7	10.3	31.0	31.0	(0.0)%	0.0%
Miscellaneous Revenue	10.0	0.5	0.0	0.5	-	(95.4)%	(100.0)%
<b>Total ordinary revenue</b>	<b>958.5</b>	<b>715.4</b>	<b>327.8</b>	<b>1,043.3</b>	<b>934.0</b>	<b>8.8%</b>	<b>(10.5)%</b>
Non-recurring revenue	-	1,535.4	-	1,535.4	-	n/a	(100.0)%
<b>Total Revenue</b>	<b>958.5</b>	<b>2,250.8</b>	<b>327.8</b>	<b>2,578.6</b>	<b>934.0</b>	<b>169.0%</b>	<b>(63.8)%</b>
<b>Cost of Sales</b>							
Printing & Distribution Costs	394.4	259.0	121.3	380.3	363.9	(3.6)%	(4.3)%
Journalist Fees	177.0	63.2	37.8	101.0	113.4	(43.0)%	12.3%
Other Direct Publication Costs	34.0	23.7	11.7	35.4	35.2	4.2%	(0.6)%
<b>Total cost of sales</b>	<b>605.4</b>	<b>345.8</b>	<b>170.8</b>	<b>516.6</b>	<b>512.5</b>	<b>(14.7)%</b>	<b>(0.8)%</b>
<b>Gross Profit</b>	<b>353.1</b>	<b>1,905.0</b>	<b>157.0</b>	<b>2,062.0</b>	<b>421.6</b>	<b>484.0%</b>	<b>(79.6)%</b>
Gross Margin % (Normalised)	36.8%	51.7%	47.9%	50.5%	45.1%	13.6pp	(5.3)pp
<b>Operating Expenses</b>							
Employee expenses	247.4	172.4	110.0	282.4	356.7	14.2%	26.3%
Miscellaneous expenses	58.8	30.4	17.4	47.8	52.2	(18.8)%	9.2%
Rental Expenses	40.3	18.9	9.4	28.2	28.1	(29.9)%	(0.5)%
<b>Total Recurring Operating Exp.</b>	<b>346.5</b>	<b>221.7</b>	<b>136.8</b>	<b>358.5</b>	<b>437.0</b>	<b>3.5%</b>	<b>21.9%</b>
Non Recurring Expenses	-	37.0	-	37.0	-	n/a	(100.0)%
<b>Total Operating Expenses</b>	<b>346.5</b>	<b>258.7</b>	<b>136.8</b>	<b>395.5</b>	<b>437.0</b>	<b>14.1%</b>	<b>10.5%</b>
<b>EBITDA</b>	<b>6.6</b>	<b>1,646.3</b>	<b>20.2</b>	<b>1,666.5</b>	<b>(15.4)</b>	<b>n/a</b>	<b>(100.9)%</b>
Depreciation	3.5	0.5	0.5	1.0	1.0	(72.5)%	4.6%
<b>Net Profit/(Loss)</b>	<b>3.1</b>	<b>1,645.9</b>	<b>19.7</b>	<b>1,665.6</b>	<b>(16.4)</b>	<b>n/a</b>	<b>(101.0)%</b>

While advertising sales and publication sales remain critical sources of revenue for Publications, advertising sales have overtaken publication sales as the principal revenue driver. FY13 advertising sales are relatively higher due to the upfront recognition of a single large contract

This revenue relates to forgiveness of loan payable to NCA and Adam Dobbin's misappropriation of funds.

The increase between FY12 and FY14 is primarily driven by the transfer of Adam Dobbin's employment to Publications from NCA during FY13.

Publications has historically contributed positive EBIDTA to the NCA Group, however, this is not forecast to continue with the introduction of Adam Dobbin's salary to the overhead costs of the business and the assumed continued decline in publication sales.

Source: Management Information & Deloitte Analysis

## NCA underlying earnings

We have adjusted Publications' performance for one off and non recurring items to present its underlying results.

Publications - Underlying Earnings \$(000's)	FY11 Actual	FY12 Actual	YTD13 Actual
<b>Reported EBITDA</b>	<b>(71.6)</b>	<b>6.6</b>	<b>1,646.3</b>
<b>Other potential adjustments</b>			
1. Other Revenue	-	-	(1,535.4)
<b>Total other potential adjustments</b>	<b>-</b>	<b>-</b>	<b>(1,535.4)</b>
<b>Adjusted EBITDA</b>	<b>(71.6)</b>	<b>6.6</b>	<b>111.0</b>

Source: Management Information & Deloitte Analysis

### Underlying earnings adjustments

- *Other revenue*: Adjustment relates primarily to the forgiveness of loan amounts payable to NCA. A corresponding receivable does not seem to have been recognised in NCA's accounts. It also includes income receivable from Adam Dobbins [REDACTED]
- YTD13 EBITDA is enhanced by the upfront recognition of revenue from a multi-year advertising deal.

## The upward trend in advertising sales is not forecast to continue given the downward trend in publication sales

Key Publications Revenue Assumptions \$(000's)	FY12 Actual	YTD13 Actual	YTG13 Forecast	FY13 Forecast	FY14 Forecast
<b>Key Assumptions</b>					
Avg. advertising sales per edition	7,931	11,491	10,252	11,086	10,055
Avg. publication sales per edition	9,713	8,347	8,423	8,372	7,311
<b>Publications Revenue</b>					
Advertising Sales	412.4	402.2	174.3	576.5	522.9
Publication Sales	505.1	292.2	143.2	435.3	380.2
GRNSW Editorial	31.0	20.7	10.3	31.0	31.0
Miscellaneous Revenue	10.0	0.5	0.0	0.5	-
<b>Total Revenue</b>	<b>958.5</b>	<b>715.4</b>	<b>327.8</b>	<b>1,043.3</b>	<b>934.0</b>

Source: Management Information & Deloitte Analysis

### Key revenue assumptions

- **Advertising sales:** Advertising sales have trended upward since FY12 although this is partially due to the timing of revenue recognition between FY12 and FY13. Given the downward trend in publication sales, the upward trend in advertising sales is not forecast to continue.
- **Publication sales:** Publication sales have been trending down since FY12 and we have assumed that this trend will continue into FY14.
- **GRNSW editorial:** Monthly receipts are expected to remain consistent through to June 2014.
- **Miscellaneous Revenue:** No additional revenue from these items has been included in the forecast.

# We have forecast an increase in expenses due to the transfer of Adam Dobbin's salary costs to Publications from NCA

Key Publications Expenses Assumptions \$(000s)	FY12 Actual	YTD13 Actual	YTG13 F'cast	FY13 F'cast	FY14 F'cast
<b>Key Assumptions</b>					
Avg. Printing & Distribution cost per edition	7,584	7,399	5,775	7,313	6,997
Avg. Journalist Fees per edition	3,404	1,805	1,800	1,942	2,180
Avg. COS per edition	11,642	9,880	8,134	9,935	9,855
Avg. employee expense per edition	4,757	4,926	5,240	5,432	6,860
<b>Cost of Sales</b>					
Printing & Distribution Costs	394.4	259.0	121.3	380.3	363.9
Journalist Fees	177.0	63.2	37.8	101.0	113.4
Other Direct Publication Costs	34.0	23.7	11.7	35.4	35.2
<b>Total cost of sales</b>	<b>605.4</b>	<b>345.8</b>	<b>170.8</b>	<b>516.6</b>	<b>512.5</b>
<b>Operating Expenses</b>					
Employee Expenses	247.4	172.4	110.0	282.4	356.7
Miscellaneous Expenses	58.8	30.4	17.4	47.8	52.2
Rental Expenses	40.3	18.9	9.4	28.2	28.1
<b>Total Operating Exp.</b>	<b>951.9</b>	<b>567.5</b>	<b>307.6</b>	<b>875.1</b>	<b>949.5</b>

Source: Management Information & Deloitte Analysis

## Key expense assumptions

- **Printing and distribution costs:** We believe that these costs are largely variable and accordingly we have assumed that they will decrease in line with publication sales.
- **Journalist fees:** Publications has brought more of these services in-house which has significantly reduced costs compared to FY12.
- **Other direct publication costs:** Includes miscellaneous items (such as photography expenses) and is expected to remain consistent with YTD13 run rates.

## Key expense assumptions (continued)

- **Employee expenses:** The increase in FY14 is driven by the transfer of Adam Dobbin's employment to Publications from NCA.
- **Miscellaneous expenses:** Includes miscellaneous items such as marketing and accounting costs. Movement between FY12 and FY13 is driven largely by the phasing of these expense items and their accounting recognition. FY14 expenses are expected to be consistent with historical averages.
- **Rental expenses:** Current lease terms of the Norwest office are assumed to continue into FY14.

## Publications historical and forecast performance

The forgiveness of the c.\$1.4million intercompany loan payable to NCA has substantially improved the standalone financial position of Publications

Publications Balance Sheet \$(000's)	Jun-10 Actual	Jun-11 Actual	Jun-12 Actual	Dec-12 Actual	Feb-13 Actual	Jun-13 Forecast	Dec-13 Forecast	Jun-13 Forecast
<b>Current assets</b>								
Cash	11.7	(1.6)	7.4	17.0	5.9	73.2	94.5	95.4
Trade debtors	70.4	33.5	50.4	35.8	96.5	72.2	67.2	66.9
Other current assets	1.8	1.0	-	112.4	112.4	101.3	84.7	68.1
	<b>83.9</b>	<b>32.9</b>	<b>57.9</b>	<b>165.2</b>	<b>214.8</b>	<b>246.7</b>	<b>246.4</b>	<b>230.5</b>
<b>Non current assets</b>								
Property plant & equipment	8.9	3.5	1.5	1.1	1.1	1.1	1.1	1.1
	<b>8.9</b>	<b>3.5</b>	<b>1.5</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>
<b>Total assets</b>	<b>92.7</b>	<b>36.4</b>	<b>59.4</b>	<b>166.2</b>	<b>215.9</b>	<b>247.8</b>	<b>247.5</b>	<b>231.6</b>
<b>Current liabilities</b>								
Trade creditors	197.0	104.6	81.9	73.3	79.3	104.9	101.5	104.9
Other current liabilities	1,431.0	1,535.6	1,594.1	93.7	103.3	89.7	92.2	89.7
	<b>1,628.0</b>	<b>1,640.1</b>	<b>1,676.0</b>	<b>167.0</b>	<b>182.6</b>	<b>194.6</b>	<b>193.7</b>	<b>194.6</b>
<b>Non current liabilities</b>								
Provisions	19.2	29.9	35.1	39.1	39.1	39.1	39.1	39.1
Borrowings	-	-	-	-	-	-	-	-
	<b>19.2</b>	<b>29.9</b>	<b>35.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>
<b>Total liabilities</b>	<b>1,647.2</b>	<b>1,670.0</b>	<b>1,711.1</b>	<b>206.2</b>	<b>221.7</b>	<b>233.8</b>	<b>232.9</b>	<b>233.8</b>
<b>Net assets</b>	<b>(1,554.4)</b>	<b>(1,633.6)</b>	<b>(1,651.7)</b>	<b>(39.9)</b>	<b>(5.9)</b>	<b>14.0</b>	<b>14.6</b>	<b>(2.2)</b>
<b>Shareholders equity</b>								
Issued capital	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Retained earnings	(1,556.4)	(1,635.6)	(1,653.7)	(41.9)	(7.9)	12.0	12.6	(4.2)
<b>Total of shareholder equity</b>	<b>(1,554.4)</b>	<b>(1,633.6)</b>	<b>(1,651.7)</b>	<b>(39.9)</b>	<b>(5.9)</b>	<b>14.0</b>	<b>14.6</b>	<b>(2.2)</b>
Net working capital	(126.7)	(71.0)	(31.4)	(37.5)	17.2	(32.7)	(34.3)	(38.0)
Current ratio	0.05	0.02	0.03	0.99	1.18	1.27	1.27	1.18

Recognition of asset related to Adam Dobbin's misappropriation of funds.

Movement relates primarily to the forgiveness of the c.\$1.4million loan payable to NCA.

The recognition of assets related to Adam Dobbin's misappropriation of funds and the forgiveness of the c\$1.4million loan payable to NCA resulted in Publications achieving a positive current ratio.

Source: Management Information & Deloitte Analysis

# Publications is expected to be cash flow positive for the remainder of FY13 and FY14

Publications Cashflow Summary \$(000's)	YTD13 Actual	YTG13 F'cast	FY13 F'cast	FY14 F'cast
<b>EBITDA</b>	<b>1,646.3</b>	<b>20.2</b>	<b>1,666.5</b>	<b>(15.4)</b>
<b>Cash flows from operating activities</b>				
Trade debtors	(46.1)	24.3	(21.8)	5.3
Inventory	-	-	-	-
Other current assets	(112.4)	11.1	(101.3)	33.2
Trade creditors	(2.6)	25.7	23.0	-
Provisions	4.0	-	4.0	-
Other current liabilities	(1,490.8)	(13.6)	(1,504.4)	-
<b>Net cash flows from operating activities</b>	<b>(1.5)</b>	<b>67.6</b>	<b>66.1</b>	<b>23.0</b>
<b>Cash flows from investing activities</b>				
Capital expenditure	(0.0)	(0.3)	(0.3)	(0.8)
Sale of PP&E	0.0	-	0.0	-
<b>Net cash flows from investing activities</b>	<b>(0.0)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.8)</b>
<b>Cash flows from financing activities</b>				
Loan and other debt repayments	-	-	-	-
Dividend payments	-	-	-	-
Equity contributions	-	-	-	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Net Cash Flow</b>	<b>(1.5)</b>	<b>67.3</b>	<b>65.8</b>	<b>22.2</b>
Opening cash	7.4	5.9	7.4	73.2
Net Cash Flow	(1.5)	67.3	65.8	22.2
<b>Closing cash</b>	<b>5.9</b>	<b>73.2</b>	<b>73.2</b>	<b>95.4</b>

The significant earnings in FY13 are driven largely by the forgiveness of the loan payable to NCA and the accounting for Adam Dobbin's misappropriation of funds, neither of which have a cashflow impact.

Publications is forecast to maintain a positive cash balance throughout the forecast period.

Source: Management Information & Deloitte Analysis

Section	Page
Contents	2
Glossary of terms	3
Executive Summary	5
Supporting analysis	10
<b>Statement of responsibility</b>	<b>23</b>
Appendices	25

We hereby take responsibility for this report, which is prepared on the basis of the limitations set out below.

Deloitte Touche Tohmatsu  
Chartered Accountants  
225 George St  
Sydney, NSW 2000  
Date: 15 May 2013

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### Basis of Our Work and Confidentiality

This report and any related advice we give has been prepared for the sole purpose of assisting and advising GRNSW [REDACTED]

The Management of NCA Group has provided the information we have used to prepare our report. Our procedures did not include verification work or constitute an audit in accordance with auditing standards

### Limitation of information and our work

The scope of our work to date has been limited by the information made available to us and the time available for us to complete our work. In the circumstances, our report may not be comprehensive as we may not have become aware of all facts or information that you may regard as relevant.

### Forecasts

The assumptions behind the NCA Group's forecasts are the sole responsibility of the Management of the NCA Group. We comment on the assumptions but can accept no responsibility for them, or the ultimate realisation of the forecasts. You should also note that there will usually be differences between forecast and actual results because circumstances frequently do not occur as expected, and these differences may be material.

You should also note that there will usually be differences between forecast and actual results because circumstances frequently do not occur as expected, and these differences may be material.

### Confidentiality

This report is private and confidential to GRNSW as set out in the letter of engagement. The report may not be relied upon, referred to, reproduced or quoted from, in whole or in part, for any other purpose than that set out in the letter of engagement, or by any other person, for any purpose whatsoever, except as specified in the letter of engagement.

### Liability

We shall not under any circumstances whatsoever be under any liability to any party other than GRNSW, for whatever GRNSW may or may not do in reliance on the report or any other information, opinions or advice given to GRNSW by us. Any further work done or advice given in relation to the engagement will be on this basis.

### Post date events

This report is issued on the understanding that Management have drawn our attention to all matters of which they are aware concerning the financial position of the NCA Group which may have an impact on our report up to 14 May 2013. We have no responsibility to update this report for events and circumstances occurring after the date of this report.



Appendices	No.
<hr/>	
NCA – detailed monthly forecast financial performance	2
NCA – detailed monthly forecast balance sheet	3
NCA – detailed monthly forecast cash flow	4
Publications – detailed monthly forecast financial performance	5
Publications – detailed monthly forecast balance sheet	6
Publications – detailed monthly forecast cash flow	7
Information requested but not yet provided	8

NCA PL Forecast	FY12 Monthly Avg Actual	YTD13 Monthly Avg Actual	Mar-13 F'cast	Apr-13 F'cast	May-13 F'cast	Jun-13 F'cast	Jul-13 F'cast	Aug-13 F'cast	Sep-13 F'cast	Oct-13 F'cast	Nov-13 F'cast	Dec-13 F'cast	Jan-14 F'cast	Feb-14 F'cast	Mar-14 F'cast	Apr-14 F'cast	May-14 F'cast	Jun-14 F'cast	YTG13 F'cast	FY14 F'cast
<b>Revenue</b>																				
GRNSW raceday funding ex. Prizemoney	49.3	47.3	46.5	38.1	46.5	46.5	46.9	46.9	46.9	46.9	46.9	46.9	46.9	46.9	46.9	46.9	46.9	46.9	177.5	562.8
Hospitality revenue	29.6	27.2	21.5	20.5	26.5	29.3	28.2	29.4	30.8	28.7	31.1	26.7	24.0	22.8	22.8	22.7	28.9	26.7	97.9	322.7
Sponsorship & advertising revenue	22.7	22.8	11.5	11.5	11.5	11.5	39.0	12.8	20.2	12.2	12.2	29.0	23.0	42.0	12.2	13.2	13.2	9.0	46.0	237.9
Totalisator commission	12.6	10.2	9.2	8.2	10.7	12.0	11.6	11.9	12.8	11.7	12.8	10.8	9.8	9.6	9.2	9.1	11.7	10.9	40.1	131.9
Admissions revenue	8.2	8.0	6.7	5.7	7.1	8.6	8.2	8.3	8.7	8.5	9.6	7.5	7.1	6.1	6.7	6.3	7.7	7.8	28.1	92.5
Trials income	10.4	10.9	9.5	11.1	10.3	9.5	11.1	10.3	10.3	11.1	9.5	11.1	10.3	9.5	10.3	10.3	10.3	10.3	40.5	124.8
Rental income	2.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	9.9	30.0
Other income	7.2	8.8	7.2	7.1	7.6	7.7	11.6	7.8	7.7	7.6	7.7	7.5	9.1	6.9	7.0	7.1	7.6	7.3	29.7	94.8
<b>Total Ordinary Revenue ex. Prizemoney</b>	<b>142.7</b>	<b>137.6</b>	<b>114.7</b>	<b>104.5</b>	<b>122.7</b>	<b>127.7</b>	<b>159.1</b>	<b>129.9</b>	<b>139.9</b>	<b>129.2</b>	<b>132.3</b>	<b>141.9</b>	<b>132.7</b>	<b>146.3</b>	<b>117.7</b>	<b>118.1</b>	<b>128.8</b>	<b>121.5</b>	<b>469.5</b>	<b>1,597.3</b>
Underlying Earnings Adjustments	187.8	12.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>330.5</b>	<b>150.4</b>	<b>114.7</b>	<b>104.5</b>	<b>122.7</b>	<b>127.7</b>	<b>159.1</b>	<b>129.9</b>	<b>139.9</b>	<b>129.2</b>	<b>132.3</b>	<b>141.9</b>	<b>132.7</b>	<b>146.3</b>	<b>117.7</b>	<b>118.1</b>	<b>128.8</b>	<b>121.5</b>	<b>469.5</b>	<b>1,597.3</b>
<b>Cost of Sales</b>																				
Raceday employee expenses	23.1	31.2	24.7	24.8	30.5	30.7	28.1	34.0	28.5	31.5	31.7	32.0	26.3	19.6	26.6	29.8	36.0	30.1	110.8	354.3
Other raceday expenses	26.0	19.9	19.7	19.7	24.1	24.1	20.6	24.7	20.6	22.6	22.6	22.6	18.5	13.7	18.5	20.6	24.7	20.6	87.8	250.1
Hospitality costs	22.3	23.8	18.1	16.7	21.7	23.8	22.9	24.6	25.2	24.2	26.2	23.2	20.7	19.3	20.2	20.6	26.3	24.1	80.2	277.5
Trials expenses	3.6	4.2	3.4	4.0	3.7	3.4	4.0	3.7	3.7	4.0	3.4	4.0	3.7	3.4	3.7	3.7	3.7	3.7	14.6	44.9
<b>Total cost of sales</b>	<b>75.0</b>	<b>79.0</b>	<b>65.9</b>	<b>65.3</b>	<b>80.1</b>	<b>82.1</b>	<b>75.6</b>	<b>87.0</b>	<b>78.0</b>	<b>82.4</b>	<b>84.0</b>	<b>81.7</b>	<b>69.2</b>	<b>56.0</b>	<b>69.0</b>	<b>74.6</b>	<b>90.6</b>	<b>78.5</b>	<b>293.3</b>	<b>926.8</b>
<b>Gross Profit</b>	<b>255.5</b>	<b>71.3</b>	<b>48.8</b>	<b>39.3</b>	<b>42.6</b>	<b>45.5</b>	<b>83.5</b>	<b>42.9</b>	<b>61.9</b>	<b>46.8</b>	<b>48.3</b>	<b>60.1</b>	<b>63.4</b>	<b>90.3</b>	<b>48.7</b>	<b>43.5</b>	<b>38.2</b>	<b>42.9</b>	<b>176.2</b>	<b>670.6</b>
<i>Gross Margin % (Normalised)</i>	<i>47.4%</i>	<i>42.6%</i>	<i>42.5%</i>	<i>37.6%</i>	<i>35%</i>	<i>35.7%</i>	<i>52.5%</i>	<i>33.0%</i>	<i>44.3%</i>	<i>36.2%</i>	<i>36.5%</i>	<i>42.4%</i>	<i>47.8%</i>	<i>61.7%</i>	<i>41.4%</i>	<i>36.8%</i>	<i>29.7%</i>	<i>35.3%</i>	<i>37.5%</i>	<i>42.0%</i>
<b>Operating Expenses</b>																				
Employee expenses	32.0	21.3	21.5	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	16.2	12.4	12.4	12.4	12.4	12.4	58.7	152.9
Miscellaneous Expenses	10.2	8.8	12.0	12.2	12.3	12.4	(18.9)	12.5	12.6	12.8	12.9	13.0	13.1	13.2	13.4	13.5	13.6	13.7	48.9	125.4
Utilities Costs	11.4	17.8	17.2	17.3	14.8	15.0	15.1	15.3	15.4	15.6	15.7	15.9	16.0	16.2	16.3	16.5	16.6	16.8	64.3	191.5
Maintenance Expenses	3.2	3.7	1.7	1.7	1.7	1.7	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	6.8	40.9
Insurance Expenses	3.0	6.3	3.5	3.5	2.3	(2.1)	15.3	4.7	4.7	4.9	4.7	5.2	5.5	5.3	3.5	3.5	2.3	(2.1)	7.1	57.5
Marketing Expenses	1.3	1.9	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	4.5	13.6
<b>Total Ordinary Expenses</b>	<b>61.1</b>	<b>59.7</b>	<b>56.9</b>	<b>48.2</b>	<b>44.7</b>	<b>40.5</b>	<b>28.5</b>	<b>49.5</b>	<b>49.8</b>	<b>50.2</b>	<b>50.3</b>	<b>51.0</b>	<b>55.4</b>	<b>51.7</b>	<b>50.1</b>	<b>50.4</b>	<b>49.5</b>	<b>45.3</b>	<b>190.3</b>	<b>581.7</b>
Underlying Earnings Adjustments	429.2	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Prizemoney	1.2	3.2	(12.7)	(2.9)	27.1	(25.9)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	(14.3)	23.9
<b>Total Expenses</b>	<b>491.5</b>	<b>65.9</b>	<b>44.3</b>	<b>45.3</b>	<b>71.8</b>	<b>14.6</b>	<b>30.5</b>	<b>51.5</b>	<b>51.8</b>	<b>52.2</b>	<b>52.3</b>	<b>53.0</b>	<b>57.4</b>	<b>53.7</b>	<b>52.1</b>	<b>52.4</b>	<b>51.5</b>	<b>47.3</b>	<b>176.0</b>	<b>605.6</b>
<b>EBITDA</b>	<b>(236.0)</b>	<b>5.5</b>	<b>4.5</b>	<b>(6.0)</b>	<b>(29.2)</b>	<b>30.9</b>	<b>53.0</b>	<b>(8.6)</b>	<b>10.2</b>	<b>(5.4)</b>	<b>(4.0)</b>	<b>7.1</b>	<b>6.1</b>	<b>36.6</b>	<b>(3.4)</b>	<b>(8.9)</b>	<b>(13.3)</b>	<b>(4.4)</b>	<b>0.2</b>	<b>64.9</b>
Bank Charges & Interest	5.8	1.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	2.3	6.9
Depreciation	20.1	3.2	4.8	4.8	4.8	4.8	4.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	19.3	58.5
<b>Net Profit/(Loss)</b>	<b>(261.9)</b>	<b>0.5</b>	<b>(0.9)</b>	<b>(11.4)</b>	<b>(34.6)</b>	<b>25.5</b>	<b>47.6</b>	<b>(14.0)</b>	<b>4.7</b>	<b>(10.8)</b>	<b>(9.5)</b>	<b>1.7</b>	<b>0.6</b>	<b>31.1</b>	<b>(8.9)</b>	<b>(14.4)</b>	<b>(18.8)</b>	<b>(9.9)</b>	<b>(21.4)</b>	<b>(0.5)</b>

Source: M management Information & Deloitte Analysis

NCA Balance Sheet F'cast \$(000's)	Mar-13 F'cast	Apr-13 F'cast	May-13 F'cast	Jun-13 F'cast	Jul-13 F'cast	Aug-13 F'cast	Sep-13 F'cast	Oct-13 F'cast	Nov-13 F'cast	Dec-13 F'cast	Jan-14 F'cast	Feb-14 F'cast	Mar-14 F'cast	Apr-14 F'cast	May-14 F'cast	Jun-14 F'cast
<b>Current assets</b>																
Cash	101.7	90.7	30.4	(60.8)	130.2	172.0	116.7	135.2	159.7	192.7	201.5	206.1	212.0	221.3	231.3	108.4
Trade debtors	223.2	220.8	256.4	269.8	148.3	121.1	134.8	120.5	127.5	132.3	123.7	151.1	109.8	113.8	120.1	117.0
Inventories	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6
Other current assets	15.4	12.4	9.4	53.1	50.6	45.5	40.3	34.9	29.8	24.6	24.6	24.6	20.0	16.1	12.2	68.9
	<b>353.9</b>	<b>337.5</b>	<b>309.8</b>	<b>275.6</b>	<b>342.7</b>	<b>352.2</b>	<b>305.4</b>	<b>304.1</b>	<b>330.6</b>	<b>363.1</b>	<b>363.4</b>	<b>395.3</b>	<b>355.4</b>	<b>364.8</b>	<b>377.3</b>	<b>307.9</b>
<b>Non current assets</b>																
Property plant & equipment	534.6	531.8	528.9	526.1	523.3	520.4	517.6	514.7	511.8	509.0	506.1	503.2	500.3	497.4	494.5	491.6
	<b>534.6</b>	<b>531.8</b>	<b>528.9</b>	<b>526.1</b>	<b>523.3</b>	<b>520.4</b>	<b>517.6</b>	<b>514.7</b>	<b>511.8</b>	<b>509.0</b>	<b>506.1</b>	<b>503.2</b>	<b>500.3</b>	<b>497.4</b>	<b>494.5</b>	<b>491.6</b>
<b>Total assets</b>	<b>888.5</b>	<b>869.3</b>	<b>838.7</b>	<b>801.8</b>	<b>866.0</b>	<b>872.6</b>	<b>822.9</b>	<b>818.8</b>	<b>842.4</b>	<b>872.1</b>	<b>869.4</b>	<b>898.5</b>	<b>855.7</b>	<b>862.2</b>	<b>871.8</b>	<b>799.5</b>
<b>Current liabilities</b>																
Trade creditors	122.7	126.1	137.4	138.8	151.9	153.2	145.7	147.5	154.7	147.4	130.9	124.8	128.2	140.7	156.7	138.6
Other current liabilities	277.4	266.9	260.2	196.9	201.0	220.8	174.4	179.8	206.1	241.9	251.8	256.3	219.4	228.2	240.8	196.9
	<b>400.1</b>	<b>393.0</b>	<b>397.6</b>	<b>335.7</b>	<b>352.9</b>	<b>374.0</b>	<b>320.1</b>	<b>327.3</b>	<b>360.8</b>	<b>389.3</b>	<b>382.8</b>	<b>381.1</b>	<b>347.6</b>	<b>368.8</b>	<b>397.5</b>	<b>335.5</b>
<b>Non current liabilities</b>																
Provisions	47.6	47.6	47.6	47.6	47.6	47.6	47.6	47.6	47.6	47.6	51.4	51.4	51.4	51.4	51.4	51.4
Borrowings	1,940.3	1,939.7	1,939.1	1,938.6	1,938.0	1,937.5	1,937.0	1,936.5	1,936.0	1,935.6	1,935.2	1,934.7	1,934.3	1,934.0	1,933.6	1,933.2
	<b>1,987.9</b>	<b>1,987.3</b>	<b>1,986.8</b>	<b>1,986.2</b>	<b>1,985.7</b>	<b>1,985.1</b>	<b>1,984.6</b>	<b>1,984.2</b>	<b>1,983.7</b>	<b>1,983.2</b>	<b>1,986.6</b>	<b>1,986.1</b>	<b>1,985.7</b>	<b>1,985.4</b>	<b>1,985.0</b>	<b>1,984.6</b>
<b>Total liabilities</b>	<b>2,388.1</b>	<b>2,380.3</b>	<b>2,384.4</b>	<b>2,321.9</b>	<b>2,338.5</b>	<b>2,359.1</b>	<b>2,304.7</b>	<b>2,311.5</b>	<b>2,344.5</b>	<b>2,372.5</b>	<b>2,369.3</b>	<b>2,367.2</b>	<b>2,333.3</b>	<b>2,354.2</b>	<b>2,382.5</b>	<b>2,320.1</b>
<b>Net assets</b>	<b>(1,499.6)</b>	<b>(1,511.0)</b>	<b>(1,545.6)</b>	<b>(1,520.1)</b>	<b>(1,472.5)</b>	<b>(1,486.6)</b>	<b>(1,481.8)</b>	<b>(1,492.7)</b>	<b>(1,502.1)</b>	<b>(1,500.5)</b>	<b>(1,499.9)</b>	<b>(1,468.7)</b>	<b>(1,477.6)</b>	<b>(1,492.0)</b>	<b>(1,510.8)</b>	<b>(1,520.6)</b>
<b>Shareholders equity</b>																
Issued capital	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9	1,320.9
Retained earnings	(2,820.5)	(2,831.9)	(2,866.5)	(2,841.0)	(2,793.4)	(2,807.4)	(2,802.7)	(2,813.5)	(2,823.0)	(2,821.3)	(2,820.7)	(2,789.6)	(2,798.5)	(2,812.9)	(2,831.6)	(2,841.5)
<b>Total of shareholder equity</b>	<b>(1,499.6)</b>	<b>(1,511.0)</b>	<b>(1,545.6)</b>	<b>(1,520.1)</b>	<b>(1,472.5)</b>	<b>(1,486.6)</b>	<b>(1,481.8)</b>	<b>(1,492.7)</b>	<b>(1,502.1)</b>	<b>(1,500.5)</b>	<b>(1,499.9)</b>	<b>(1,468.7)</b>	<b>(1,477.6)</b>	<b>(1,492.0)</b>	<b>(1,510.8)</b>	<b>(1,520.6)</b>
Net working capital	114.0	108.3	132.6	144.6	10.0	(18.5)	2.6	(13.5)	(13.7)	(1.6)	6.3	39.9	(4.9)	(13.3)	(23.0)	(8.1)
Current ratio	0.88	0.86	0.78	0.82	0.97	0.94	0.95	0.93	0.92	0.93	0.95	1.04	1.02	0.99	0.95	0.92

Source: Management Information & Deloitte Analysis

NCA Cashflow Forecast	YTD13 Monthly Avg Actual	Mar-13 F'cast	Apr-13 F'cast	May-13 F'cast	Jun-13 F'cast	Jul-13 F'cast	Aug-13 F'cast	Sep-13 F'cast	Oct-13 F'cast	Nov-13 F'cast	Dec-13 F'cast	Jan-14 F'cast	Feb-14 F'cast	Mar-14 F'cast	Apr-14 F'cast	May-14 F'cast	Jun-14 F'cast	YTG13 F'cast	FY14 F'cast
<b>EBITDA</b>	5.5	4.5	(6.0)	(29.2)	30.9	53.0	(8.6)	10.2	(5.4)	(4.0)	7.1	6.1	36.6	(3.4)	(8.9)	(13.3)	(4.4)	0.2	64.9
<b>Cash flows from operating activities</b>																			
Trade debtors	21.4	21.4	2.3	(35.6)	(13.4)	121.5	27.2	(13.7)	14.4	(7.0)	(4.8)	8.6	(27.3)	41.3	(4.0)	(6.3)	3.1	(25.3)	152.8
Inventory	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	3.3	5.9	3.0	3.0	(43.6)	2.4	5.2	5.2	5.3	5.2	5.2	-	-	4.6	3.9	3.9	(56.7)	(31.7)	(15.9)
Trade creditors	(21.1)	(36.5)	3.4	11.3	1.4	13.0	1.3	(7.4)	1.8	7.2	(7.3)	(16.5)	(6.2)	3.4	12.5	16.0	(18.0)	(20.4)	(0.2)
Provisions	(2.2)	-	-	-	-	-	-	-	-	-	-	3.8	-	-	-	-	-	-	3.8
Other current liabilities	23.6	(76.5)	(10.5)	(6.7)	(63.3)	4.2	19.8	(46.4)	5.5	26.2	35.8	9.9	4.5	(37.0)	8.8	12.7	(44.0)	(157.0)	-
<b>Net cash flows from operating activities</b>	<b>30.5</b>	<b>(81.3)</b>	<b>(7.8)</b>	<b>(57.2)</b>	<b>(88.0)</b>	<b>194.1</b>	<b>44.9</b>	<b>(52.2)</b>	<b>21.5</b>	<b>27.6</b>	<b>36.0</b>	<b>11.8</b>	<b>7.6</b>	<b>8.9</b>	<b>12.2</b>	<b>13.0</b>	<b>(120.0)</b>	<b>(234.3)</b>	<b>205.4</b>
<b>Cash flows from investing activities</b>																			
Capital expenditure	(2.9)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(8.0)	(24.0)
Sale of PP&E	3.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash flows from investing activities</b>	<b>0.8</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(8.0)</b>	<b>(24.0)</b>
<b>Cash flows from financing activities</b>																			
Loan and other debt repayments	(2.7)	(1.2)	(1.2)	(1.2)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(0.9)	(0.9)	(4.7)	(12.2)
Dividend payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash flows from financing activities</b>	<b>(2.7)</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(1.1)</b>	<b>(1.1)</b>	<b>(1.1)</b>	<b>(1.1)</b>	<b>(1.1)</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(4.7)</b>	<b>(12.2)</b>
<b>Total Net Cash Flow</b>	<b>28.6</b>	<b>(84.5)</b>	<b>(11.0)</b>	<b>(60.3)</b>	<b>(91.1)</b>	<b>191.0</b>	<b>41.8</b>	<b>(55.3)</b>	<b>18.5</b>	<b>24.5</b>	<b>32.9</b>	<b>8.8</b>	<b>4.6</b>	<b>5.9</b>	<b>9.3</b>	<b>10.0</b>	<b>(123.0)</b>	<b>(247.0)</b>	<b>169.1</b>
Opening cash	153.5	186.2	101.7	90.7	30.4	(60.8)	130.2	172.0	116.7	135.2	159.7	192.7	201.5	206.1	212.0	221.3	231.3	182.1	(60.8)
Net cash flow	28.6	(84.5)	(11.0)	(60.3)	(91.1)	191.0	41.8	(55.3)	18.5	24.5	32.9	8.8	4.6	5.9	9.3	10.0	(123.0)	(247.0)	169.1
<b>Closing cash</b>	<b>182.1</b>	<b>101.7</b>	<b>90.7</b>	<b>30.4</b>	<b>(60.8)</b>	<b>130.2</b>	<b>172.0</b>	<b>116.7</b>	<b>135.2</b>	<b>159.7</b>	<b>192.7</b>	<b>201.5</b>	<b>206.1</b>	<b>212.0</b>	<b>221.3</b>	<b>231.3</b>	<b>108.4</b>	<b>(64.9)</b>	<b>108.4</b>
Potential Legacy Creditor Payments	-	-	-	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(36.5)	(219.3)
<b>Adjusted Closing Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.1</b>	<b>(97.3)</b>	<b>75.4</b>	<b>99.0</b>	<b>25.4</b>	<b>25.6</b>	<b>31.8</b>	<b>46.5</b>	<b>37.0</b>	<b>23.4</b>	<b>11.1</b>	<b>2.0</b>	<b>(6.2)</b>	<b>(147.4)</b>	<b>(101.4)</b>	<b>(147.4)</b>

Source: Management Information & Deloitte Analysis

NCA's cash position is significantly improved through a one-off \$140k cash injection from the change in the terms of prizemoney payments from GRNSW

If we assume the legacy creditors are paid off over a 14 month period to June 14, NCA would require a cash injection in Q4-14

Publications PL Forecast \$(000's)	FY12 Monthly Avg Actual	YTD13 Monthly Avg Actual	Mar-13 F'cast	Apr-13 F'cast	May-13 F'cast	Jun-13 F'cast	Jul-13 F'cast	Aug-13 F'cast	Sep-13 F'cast	Oct-13 F'cast	Nov-13 F'cast	Dec-13 F'cast	Jan-14 F'cast	Feb-14 F'cast	Mar-14 F'cast	Apr-14 F'cast	May-14 F'cast	Jun-14 F'cast	YTG13 F'cast	FY14 F'cast
<b>Revenue</b>																				
Advertising Sales	34.4	50.3	43.6	43.6	43.6	43.6	43.6	43.6	43.6	43.6	43.6	43.6	43.6	43.6	43.6	43.6	43.6	43.6	174.3	522.9
Publication Sales	42.1	36.5	36.6	36.1	35.5	35.0	34.4	33.9	33.4	32.9	32.4	31.9	31.4	30.9	30.4	30.0	29.5	29.1	143.2	380.2
GRNSW Editorial	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	10.3	31.0
Miscellaneous Revenue	0.8	0.1	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-
<b>Total Ordinary Revenue</b>	<b>79.9</b>	<b>89.4</b>	<b>82.8</b>	<b>82.2</b>	<b>81.7</b>	<b>81.1</b>	<b>80.6</b>	<b>80.1</b>	<b>79.5</b>	<b>79.0</b>	<b>78.5</b>	<b>78.0</b>	<b>77.5</b>	<b>77.1</b>	<b>76.6</b>	<b>76.1</b>	<b>75.7</b>	<b>75.2</b>	<b>327.8</b>	<b>934.0</b>
Non-recurring revenue	-	191.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>79.9</b>	<b>281.4</b>	<b>82.8</b>	<b>82.2</b>	<b>81.7</b>	<b>81.1</b>	<b>80.6</b>	<b>80.1</b>	<b>79.5</b>	<b>79.0</b>	<b>78.5</b>	<b>78.0</b>	<b>77.5</b>	<b>77.1</b>	<b>76.6</b>	<b>76.1</b>	<b>75.7</b>	<b>75.2</b>	<b>327.8</b>	<b>934.0</b>
<b>Cost of Sales</b>																				
Printing & Distribution Costs	32.9	32.4	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	121.3	363.9
Journalist Fees	14.8	7.9	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	37.8	113.4
Other Direct Publication Costs	2.8	3.0	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	11.7	35.2
<b>Total cost of sales</b>	<b>50.4</b>	<b>43.2</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>42.7</b>	<b>170.8</b>	<b>512.5</b>
<b>Gross Profit</b>	<b>29.4</b>	<b>238.1</b>	<b>40.1</b>	<b>39.5</b>	<b>39.0</b>	<b>38.4</b>	<b>37.9</b>	<b>37.4</b>	<b>36.8</b>	<b>36.3</b>	<b>35.8</b>	<b>35.3</b>	<b>34.8</b>	<b>34.4</b>	<b>33.9</b>	<b>33.4</b>	<b>33.0</b>	<b>32.5</b>	<b>157.0</b>	<b>421.6</b>
<i>Gross Margin % (Normalised)</i>	36.8%	51.7%	48.4%	48.1%	47.7%	47.4%	47.0%	46.7%	46.3%	46.0%	45.6%	45.3%	44.9%	44.6%	44.2%	43.9%	43.6%	43.2%	47.9%	45.1%
<b>Operating Expenses</b>																				
Employee Expenses	20.6	21.5	20.9	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	110.0	356.7
Miscellaneous Expenses	4.9	3.8	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	17.4	52.2
Rental Expenses	3.4	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	9.4	28.1
<b>Total Operating Expenses</b>	<b>28.9</b>	<b>27.7</b>	<b>27.6</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>136.8</b>	<b>437.0</b>
Underlying Earnings Adjustments	-	4.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>28.9</b>	<b>32.3</b>	<b>27.6</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>36.4</b>	<b>136.8</b>	<b>437.0</b>
<b>EBITDA</b>	<b>0.5</b>	<b>205.8</b>	<b>12.5</b>	<b>3.1</b>	<b>2.5</b>	<b>2.0</b>	<b>1.5</b>	<b>0.9</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>(1.1)</b>	<b>(1.6)</b>	<b>(2.1)</b>	<b>(2.5)</b>	<b>(3.0)</b>	<b>(3.5)</b>	<b>(3.9)</b>	<b>20.2</b>	<b>(15.4)</b>
Depreciation	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	1.0
<b>Net Profit/(Loss)</b>	<b>0.3</b>	<b>205.7</b>	<b>12.4</b>	<b>3.0</b>	<b>2.4</b>	<b>1.9</b>	<b>1.4</b>	<b>0.9</b>	<b>0.3</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>(1.2)</b>	<b>(1.7)</b>	<b>(2.1)</b>	<b>(2.6)</b>	<b>(3.1)</b>	<b>(3.5)</b>	<b>(4.0)</b>	<b>19.7</b>	<b>(16.4)</b>

Source: Management Information & Deloitte Analysis

Publications Balance Sheet F'cast \$(000's)	Mar-13 F'cast	Apr-13 F'cast	May-13 F'cast	Jun-13 F'cast	Jul-13 F'cast	Aug-13 F'cast	Sep-13 F'cast	Oct-13 F'cast	Nov-13 F'cast	Dec-13 F'cast	Jan-14 F'cast	Feb-14 F'cast	Mar-14 F'cast	Apr-14 F'cast	May-14 F'cast	Jun-14 F'cast
<b>Current assets</b>																
Cash	55.4	64.5	71.0	73.2	31.0	120.1	109.2	105.3	105.3	94.5	94.4	105.7	95.7	98.8	99.0	95.4
Trade debtors	71.3	73.2	70.3	72.2	69.4	69.0	70.8	68.1	69.9	67.2	66.8	73.5	66.0	67.8	65.2	66.9
Other current assets	109.6	106.8	104.1	101.3	98.5	95.8	93.0	90.2	87.5	84.7	81.9	79.2	76.4	73.6	70.9	68.1
	<b>236.3</b>	<b>244.5</b>	<b>245.4</b>	<b>246.7</b>	<b>199.0</b>	<b>284.8</b>	<b>273.0</b>	<b>263.6</b>	<b>262.6</b>	<b>246.4</b>	<b>243.1</b>	<b>258.4</b>	<b>238.1</b>	<b>240.2</b>	<b>235.1</b>	<b>230.5</b>
<b>Non current assets</b>																
Property plant & equipment	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>
<b>Total assets</b>	<b>237.4</b>	<b>245.6</b>	<b>246.4</b>	<b>247.8</b>	<b>200.0</b>	<b>285.9</b>	<b>274.1</b>	<b>264.7</b>	<b>263.7</b>	<b>247.5</b>	<b>244.2</b>	<b>259.4</b>	<b>239.1</b>	<b>241.2</b>	<b>236.1</b>	<b>231.6</b>
<b>Current liabilities</b>																
Trade creditors	101.5	104.9	101.5	104.9	101.5	101.5	104.9	101.5	104.9	101.5	101.5	112.4	101.5	104.9	101.5	104.9
Other current liabilities	90.1	91.9	93.6	89.7	43.9	128.9	113.4	107.6	103.9	92.2	90.5	96.9	90.1	91.9	93.6	89.7
	<b>191.7</b>	<b>196.8</b>	<b>195.2</b>	<b>194.6</b>	<b>145.5</b>	<b>230.5</b>	<b>218.4</b>	<b>209.1</b>	<b>208.8</b>	<b>193.7</b>	<b>192.1</b>	<b>209.4</b>	<b>191.7</b>	<b>196.8</b>	<b>195.2</b>	<b>194.6</b>
<b>Non current liabilities</b>																
Provisions	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1	39.1
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>	<b>39.1</b>
<b>Total liabilities</b>	<b>230.8</b>	<b>236.0</b>	<b>234.3</b>	<b>233.8</b>	<b>184.6</b>	<b>269.6</b>	<b>257.5</b>	<b>248.3</b>	<b>248.0</b>	<b>232.9</b>	<b>231.2</b>	<b>248.5</b>	<b>230.8</b>	<b>236.0</b>	<b>234.3</b>	<b>233.8</b>
<b>Net assets</b>	<b>6.6</b>	<b>9.6</b>	<b>12.1</b>	<b>14.0</b>	<b>15.4</b>	<b>16.3</b>	<b>16.6</b>	<b>16.4</b>	<b>15.7</b>	<b>14.6</b>	<b>13.0</b>	<b>10.9</b>	<b>8.3</b>	<b>5.3</b>	<b>1.8</b>	<b>(2.2)</b>
<b>Shareholders equity</b>																
Issued capital	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Retained earnings	4.6	7.6	10.1	12.0	13.4	14.3	14.6	14.4	13.7	12.6	11.0	8.9	6.3	3.3	(0.2)	(4.2)
<b>Total of shareholder equity</b>	<b>6.6</b>	<b>9.6</b>	<b>12.1</b>	<b>14.0</b>	<b>15.4</b>	<b>16.3</b>	<b>16.6</b>	<b>16.4</b>	<b>15.7</b>	<b>14.6</b>	<b>13.0</b>	<b>10.9</b>	<b>8.3</b>	<b>5.3</b>	<b>1.8</b>	<b>(2.2)</b>
Net working capital	(30.2)	(31.8)	(31.2)	(32.7)	(32.1)	(32.6)	(34.1)	(33.5)	(35.0)	(34.3)	(34.8)	(38.9)	(35.6)	(37.2)	(36.4)	(38.0)
% Current ratio	1.23	1.24	1.26	1.27	1.37	1.24	1.25	1.26	1.26	1.27	1.27	1.23	1.24	1.22	1.20	1.18

Source: Management Information &amp; Deloitte Analysis

Publications Cashflow Forecast	YTD13 Monthly Avg Actual	Mar-13 Fcast	Apr-13 Fcast	May-13 Fcast	Jun-13 Fcast	Jul-13 Fcast	Aug-13 Fcast	Sep-13 Fcast	Oct-13 Fcast	Nov-13 Fcast	Dec-13 Fcast	Jan-14 Fcast	Feb-14 Fcast	Mar-14 Fcast	Apr-14 Fcast	May-14 Fcast	Jun-14 Fcast	YTG13 Fcast	FY14 Fcast
<b>EBITDA</b>	<b>205.8</b>	<b>12.5</b>	<b>3.1</b>	<b>2.5</b>	<b>2.0</b>	<b>1.5</b>	<b>0.9</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>(1.1)</b>	<b>(1.6)</b>	<b>(2.1)</b>	<b>(2.5)</b>	<b>(3.0)</b>	<b>(3.5)</b>	<b>(3.9)</b>	<b>20.2</b>	<b>(15.4)</b>
<b>Cash flows from operating activities</b>																			
Trade debtors	(5.8)	25.2	(1.9)	2.8	(1.9)	2.8	0.5	(1.8)	2.7	(1.8)	2.7	0.4	(6.7)	7.5	(1.8)	2.6	(1.8)	24.3	5.3
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	(14.0)	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	11.1	33.2
Trade creditors	(0.3)	22.3	3.4	(3.4)	3.4	(3.4)	-	3.4	(3.4)	3.4	(3.4)	-	10.9	(10.9)	3.4	(3.4)	3.4	25.7	-
Provisions	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	(186.3)	(13.2)	1.8	1.8	(4.0)	(45.8)	85.0	(15.5)	(5.9)	(3.7)	(11.7)	(1.7)	6.4	(6.8)	1.8	1.8	(4.0)	(13.6)	-
<b>Net cash flows from operating activities</b>	<b>(0.2)</b>	<b>49.6</b>	<b>9.1</b>	<b>6.5</b>	<b>2.3</b>	<b>(42.1)</b>	<b>89.2</b>	<b>(10.8)</b>	<b>(3.8)</b>	<b>0.1</b>	<b>(10.8)</b>	<b>(0.0)</b>	<b>11.3</b>	<b>(10.0)</b>	<b>3.1</b>	<b>0.3</b>	<b>(3.5)</b>	<b>67.6</b>	<b>23.0</b>
<b>Cash flows from investing activities</b>																			
Capital expenditure	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.3)	(0.8)
Sale of PP&E	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash flows from investing activities</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(0.8)</b>
<b>Cash flows from financing activities</b>																			
Loan and other debt repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Net Cash Flow</b>	<b>(0.2)</b>	<b>49.5</b>	<b>9.1</b>	<b>6.5</b>	<b>2.2</b>	<b>(42.2)</b>	<b>89.1</b>	<b>(10.9)</b>	<b>(3.9)</b>	<b>(0.0)</b>	<b>(10.8)</b>	<b>(0.1)</b>	<b>11.3</b>	<b>(10.0)</b>	<b>3.1</b>	<b>0.2</b>	<b>(3.5)</b>	<b>67.3</b>	<b>22.2</b>
Opening cash	11.9	5.9	55.4	64.5	71.0	73.2	31.0	120.1	109.2	105.3	105.3	94.5	94.4	105.7	95.7	98.8	99.0	5.9	73.2
Net cash flow	(0.2)	49.5	9.1	6.5	2.2	(42.2)	89.1	(10.9)	(3.9)	(0.0)	(10.8)	(0.1)	11.3	(10.0)	3.1	0.2	(3.5)	67.3	22.2
<b>Closing cash</b>	<b>5.9</b>	<b>55.4</b>	<b>64.5</b>	<b>71.0</b>	<b>73.2</b>	<b>31.0</b>	<b>120.1</b>	<b>109.2</b>	<b>105.3</b>	<b>105.3</b>	<b>94.5</b>	<b>94.4</b>	<b>105.7</b>	<b>95.7</b>	<b>98.8</b>	<b>99.0</b>	<b>95.4</b>	<b>73.2</b>	<b>95.4</b>

Source: Management Information & Deloitte Analysis

### **NSW National Coursing Association Ltd**

#### ***Information requests***

- A monthly breakdown of prepayments from July 2011 to February 2013
- Detail of historical and planned capital expenditure from July 2011 to June 2014
- Detail of number of functions held from July 2011 to February 2013
- Copies of lease agreements for all rental income sources from July 2011 to February 2013 as well as all forecast rental income sources going forward

#### ***Explanations of historical trends***

- Explanation of historical movement in wages and race-day wages from July 2011 to February 2013

### **Greyhound Publications Pty Limited**

#### ***Information requests***

- Complete circulation data from July 2011 to February 2013 including breakdown of publication sales into channel – e.g. subscriptions, store sales, other
- Monthly detail of number of copies printed and number of units sold from July 2011 to February 2013
- A monthly breakdown of prepayments from July 2011 to February 2013
- Copy of lease agreement for the Publications premises





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