

Club One (SA) Ltd

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mission statement

The mission of Club One (SA) Limited is to provide the ethical management of gaming machine entitlements in order to raise funds to be distributed on the basis of merit and need for the benefit of grass roots community sport and recreation, clubs, and the South Australian community. Our objectives are > To provide a system and a range of services for the retention and expansion of entitlements to coin-operated gaming machines in participating Clubs in SA > To enter contracts and such arrangements that will cover the costs of administering the Corporation subject to necessary approvals > To distribute any surplus funds in the forms of grants, loans, sponsorship, etc for the purpose of improving the grass roots sports and recreation in the State > To provide a high level of expertise to ensure participating member clubs, the government and community of SA receive the maximum benefit through the maintenance of quality product and service provided by the Corporation > To support the development and management of a skill centre that will service the skills needs of gaming in Clubs in South Australia, in particular by developing the practice of safe gaming principles by its adherence to best practice harm minimisation as contained in the Clubs SAfe[®] program and its successors

key dates

<i>Date</i>	<i>Event</i>
May 2003	Club One submission contained in Clubs SA submissions to the Independent Gambling Authority (IGA) on the "Inquiry into the Management of Gaming Machine Numbers"
December 2003	IGA report recommends Club One
March 2004	CLUBS SA resolves to establish up Club One
February 2005	Club One registered as a company
March 2005	First meeting of Club One Board
September 2005	Special Meeting admits SANFL as Member
14 October 2005	Club One Special License granted
June 2006	"Parking "agreed by OLGC Agreement signed with CMS Agreement with Clubs SA signed
July 2006	The Kadina Club (first vesting Club) agrees to vest into Club One
August 2006	Adelaide Soccer Club wins Gaming License and can become Club One's first supported venue



chairperson's report

This is the first annual report of Club One (SA) Limited. The past year has been about establishing Club One as a responsible entity, finding appropriate avenues of finance and settling the direction of the company.



The nature of the industry in which Club One operates has meant that it has been an extremely challenging process.

Recognising that the stakeholders in the gaming industry would be closely monitoring the development of Club One, the Board has insisted since its inception on a policy of transparency, responsibility and integrity in all its actions and operations. Fundamental to this has been the establishment of relationships and the appointment of independent top end advisors with exceptional reputations who would guide Club One's deliberations and aspirations.

While the concept of Club One was at first shunned by many in the gaming industry, the policy of transparency and integrity has enabled Club One to overcome initial suspicion such that it has now been accepted as a recognised part of the landscape.

An early and difficult task was obtaining the Special Club License that would allow Club One to operate. This application became inter-twined with a desire by the South Australian National Football League Inc. (SANFL) to become a member of Club One. After lengthy negotiations, both events occurred. The Liquor & Gambling Commissioner granted Club One its Special Club License on 14 October 2005; this grant having been preceded by an amendment of Club One's Constitution to enrol the SANFL as the other Member of Club One with the Licensed Clubs Association of South Australia Inc (Clubs SA).

Thereafter Club One enthusiastically pursued its purpose of seeking and redistributing Gaming Machine Entitlements (GMEs) - the aim being to produce a sustainable club industry within South Australia by using gaming income to make grants and to support club activity.

In the trades to date, Club One has obtained 27 GMEs. Following an extensive expression of interest process Club One successfully negotiated a host club arrangement with the Adelaide Juventus Soccer Club (ASC), which has become the first recipient of re-allocated Club GMEs.

With the assistance of, and acting upon the advice of its professional advisors, Club One has since negotiated an agreement for funding with a consortium of gaming interests known as Club Management Services Pty Ltd (CMS). This agreement is currently before the Office of Liquor and Gambling (OLGC) and, if approved, will ensure the capacity of Club One for the next decade.

While Club One is on the cusp of becoming a successful entity, its rewards still lie in the future. Club One has made great strides, often in the face of scepticism and resentment at having a new player in the market place.

Much of the thanks for this success must go to Club One's energetic Executive Officer Michael Keenan and to its key advisors Bob Kennedy and Blake Williams of Kennedy and Co, and Peter Hoban and David Semple of Wallmans.

I anticipate another demanding year.

The Members of Club One and those responsible for the initiation and creation of the Club One concept can be well satisfied with the work of Club One and its Board. The Board deserves great praise for its demonstrated ability to consider and act upon complex professional advice, to work together, to blend a diverse range of talents and interests and for its capacity to address competing pressures and lobbies such that Club One is now up and running and here to stay.

David McLeod
Chair



executive officer's report



My involvement in Club One goes back to its inception when, in May 2003 in my then position as Executive Director of Clubs SA, I made submissions to the Independent Gambling Authority (IGA) during the Inquiry into the Management of Gaming Machine Numbers.

The IGA accepted the argument that Clubs needed assistance, and thus recommended to State Parliament that a Special Club License be created that would enable Club One to exist.

The Office of Liquor and Gambling Commissioner (OLGC) was the authority to grant the license.

The IGA also recommended that a Gaming Machine Entitlement be created per Gaming Machine, and that these GMEs could be traded through a Government controlled market.

A fixed price per GME was set at \$50,000 per GME. A tax was also set in which 25% of all GMEs were to be removed until 3,000 had been removed from the industry. Thereafter a tax on sales equivalent to 25% of their value was set.

After a long debate in the Parliament, the current legislation was agreed and the Special License was created.

An important last amendment in the Upper House was that, in the interest of probity, the OLGC be given scrutiny over all financial transactions of Club One.

One of the positions put to the Parliament was that when it inaugurated a trade of GMEs as recommended by the IGA, Club One should be able to receive one in four of all Gaming Machine entitlements sold by the club industry. This was agreed, and Club One has already received 27 GMEs in the two trades that have occurred.

Club One (SA) Limited was incorporated (March 2005) and applied for the License. At this stage I was both Executive Director of Clubs SA and Secretary of the new body.

Shortly after incorporation, the South Australian National Football League (SANFL) sought and obtained recognition as a Member of the company. The SANFL has one vote and the other member, Clubs SA has two.

At the same time, Sport SA was offered a position as Member. Because of uncertainty over funding, Sport SA has to date declined to take up the offer. The position remains open.

On 14 October 2005, Club One received the Special Club License from the OLGC.

During the application for the Licenses was period, Club One pursued financial viability and created the constitutional objectives it needed to assist the club industry. An Expression of Interest (EOI) was conducted asking for organisations to make submissions to manage Club One GMEs. Two replies were received - from Club Management Services (CMS) and the Adelaide Soccer Club (ASC).

Club One through its advisors, lawyers Wallman's and accountants Kennedy and Co, has negotiated contracts with both bodies. One has been approved by the OLGC (ASC) and another is before the OLGC at present (CMS).

The approved arrangements have enabled the ASC to invest in new club rooms and obtain a gaming license.

Its new facility at 'Rams Park', Northfield, will be a state-of-the-art facility and will see soccer for the first time obtain direct revenue from gaming machines.

It is Club One's first success.

During this process, I resigned from Clubs SA as Executive Director and, after a three month interregnum, I ceased to be Secretary of Club One and was contracted as its Executive Officer.

Lifting Club One to its current position has been almost 40 months of hard work. The negotiations and attendant politics has been Byzantine. Club One has responded to four different Ministers during that period and has committed significant funds to meet and exceed all probity and integrity standards.

Strong leadership has been shown by Chairman David McLeod while the Board has been a cohesive and task-focussed group that collectively recognises the importance of the undertaking Club One has set itself.

Club One's advisors have been outstanding in their contribution. Blake Williams of Kennedy and Co, and Peter Hoban and David Semple have captured the vision of Club One and have applied themselves enthusiastically to the task.

These are early days in Club One's existence, and much remains to be done - but the difficult 'birth' period has been well handled and now the future is before Club One.

Michael Keenan
Executive Officer

A handwritten signature in blue ink that reads "Michael Keenan".



board members

The seven Club One Board comprise four nominees from each of the South Australian club industry's peak bodies and three independent members who are appointed by the four.

Each independent member is required to have specific expertise and has a three year term and retires in a yearly sequence. The independents nominate the Chair.

The current Chair is David McLeod.

David McLeod

Nominee - a lawyer with at least three years standing with experience in the club and gaming industry. Two years of the term remaining.

Helen Williams

Resigned June 2005.
Nominee - a person with experience in dealing with issues of problem gambling and gambling addiction.

Dwayne Jones

Term expired March 2006 - reappointed. Nominee - a qualified accountant of at least three years standing with experience in the club and gaming industry. Three years of the term remaining.

Stanley 'Jim' Owens

Nominee of South Australian National Football league. Appointed at the pleasure of the nominee.

Andrew Clarke

Appointed August 2005.
Nominee - a person with experience in dealing with issues of problem gambling and gambling addiction. One year of the term remaining.

John Dicker

Nominee of Sports SA.
Appointed at the pleasure of the nominee.

Robert 'Bob' Raphael

Nominee of Licensed Clubs Association of SA.
Appointed at the pleasure of the nominee.

Cameron Taylor

Nominee of Licensed Clubs Association of SA.
Appointed at the pleasure of the nominee.



income statement

Extracts from the Audited Special Purpose
Financial Report. Contact Club One for further
information in respect of Club One (SA) Ltd

	2006	2005
<i>For the year ended 30 June 2006:</i>	<i>\$</i>	<i>\$</i>
Other revenues from ordinary activities	87,191	40,072
Administrative expenses	(26,804)	(5,254)
Other expenses from ordinary activities	(159,877)	(48,331)
	(186,681)	(53,585)
Borrowing costs expense	(14,674)	
Profit from ordinary activities before income tax expense (income tax revenue)	(114,164)	(13,513)
Income tax revenue (income tax expense) relating to ordinary activities	-	-
Profit from ordinary activities after related income tax expense (income tax revenue)	(114,164)	(13,513)
Profit (loss) from extraordinary items after related income tax expense (income tax revenue)	-	-
Net profit	(114,164)	(13,513)
Increase (decrease) in asset revaluation reserve	1,012,500	-
Total changes in equity other than those resulting from transactions with owners as owners	\$898,336	\$(13,513)



balance sheet

	2006	2005
<i>As at 30 June 2006:</i>	\$	\$
Current assets		
Cash and cash equivalents	64,844	12,222
Trade and other receivables	37,018	7,649
Total current assets	101,862	19,871
Non-current assets		
Property, plant and equipment	1,543	-
Intangible assets	1,295,287	-
Total non-current assets	1,296,830	-
Total assets	1,398,692	19,871
Current liabilities		
Trade and other payables	201,395	131,553
Total current liabilities	201,395	131,553
Non-current liabilities		
Trade and other payables	410,643	-
Total non-current liabilities	410,643	-
Total liabilities	612,038	131,553
Net assets / net liabilities	\$786,654	\$(111,682)
Equity		
Reserves	1,012,500	-
Accumulated losses	(225,846)	(111,682)
Total equity	\$786,654	\$(111,682)



c a s h f l o w s t a t e m e n t

	2006	2005
<i>For the year ended 30 June 2006:</i>	\$	\$
Cash flow from operating activities		
Receipts from customers	80,850	44,000
Payments to suppliers and directors	(424,932)	(31,850)
Interest received	185	72
Borrowing costs	(1,476)	-
Net cash provided by/(used in) operating activities	(345,373)	12,222
Cash flow from investing activities		
Payment for property, plant and equipment	(2,005)	-
Net cash used in investing activities	(2,005)	-
Cash flow from operating activities		
Proceeds from borrowings	400,000	-
Net cash provided by financing activities	400,000	-
Net increase in cash held	52,622	12,222
Cash at beginning of financial year	12,222	-
Cash at end of financial year	\$64,844	\$12,222



