2010

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2010
(A COMPANY LIMITED BY GUARANTEE)
ACN 000 578 398
PENRITH RUGBY LEAGUE CLUB LIMITED

CORPORATE INFORMATION

ACN 000 578 398

DIRECTORS

D Feltis (Chairman)
T F Heidtmann (Senior Deputy Chairman)
J Hiatt (Deputy Chairman)
G Alexander
R Anderson
G W Chapman (resigned 23 February 2011)
K Evans
J Geyer
G Kennedy
K J Lowe
D Merrick
K Rhind
B. Walsh (Resigned 22 December 2010)
W Wheeler

COMPANY SECRETARY

G Matthews (Resigned 7 May 2010)
R Simpson (Appointed on 7 May 2010)

REGISTERED OFFICE

Mulgoa Road
Penrith NSW 2750

BANKERS

St George Bank
Westpac Banking Corporation

AUDITORS

Ernst & Young

CONTENTS

Directors' Report

Your directors submit their report for the year ended 31 October 2010.

Directors

All directors are current members of the Penrith Rugby League Club Limited and were in office for this entire period unless otherwise stated. The names and details of the directors of the consolidated entry in the office during the financial year and until the date of this report are as follows:

Names	Qualifications
Feltis, Donald (Chairman)	Director since 2002. Retired police inspector. Life member of Panthers, Police Association of NSW, Penrith Junior League, NSW Rugby League, NSW Junior League Association. Compliance and Legal manager of Penrith Junior League. Thirty years experience in business of sporting management.
Heidtmann, Terence (Senior Deputy Chairman)	Managing Director, Professionals Real Estate Penrith, Licensed Real Estate Agent. Director of Real Estate Employers Federation, Director of Nepean Valley Regional Sports Centre. Director for 27 years, Member of the Audit Committee. Life member of Panthers.
Hiatt, John. OAM (Deputy Chairman)	Director for 8 years. Retired Magistrate, Solicitor, Member of the Compliance Committee, Finance Committee and Donations Committee. Chairman of Hawkesbury Race Club Limited, and Principal Member of the New South Wales Racing Appeals Panel.
Alexander, Gregory	Sports Commentator for 2UE and Foxtel. Director for 9 years. Involved in Penrith football for 31 years. Winner of Penrith's "Rookie of the Year" award in 1984, and the Dally M player of the year in 1985. Captained Penrith's first premiership win in 1991.
Anderson, Robert	Retired former RAAF Warrant Officer Engineer. Director for 8 years. Life member of Panthers North Richmond. Member of North Richmond Panther's advisory board for 18 years.
Chapman, Gregory	National Distribution Manager – HLW Pty Limited (Liquor wholesale company). Director for 9 years. Director of Penrith Business Alliance. Member of the Panthers Finance Committee and the Panthers / ING Operational Review Committee. Lifelong resident in Penrith and active sportsman.
Evans, Kathleen	Senior Vice President Panthers Newcastle and Cardiff Advisory Board. Secretary Australian Meat Industry Employees Union Newcastle and Northern Branch. Vice President Newcastle Trades Hall Council. Director National Meat Industry Training Advisory Council, Director Agri Food Skills Australia. Panthers Director for 8 years.

Names	Qualifications
Geyer, James	Technical Director in the computer industry and University Lecturer. Director for 9 years. Member of Bathurst Panther's advisory board for 12 years.
Kennedy, Gary	Secretary of Newcastle Trades Hall Council. Director of Hunter Development Corporation and Regional Development Australia (Hunter), Board member Hunter Water Corporation and chair of Industry Development Centre Human Resource Committee. Board member and Treasurer of Disability Advocacy NSW. Penrith Director for 8 years. President of the Newcastle and Cardiff Panther's advisory board for 7 years.
Lowe, Kerry	Manager, Motor Industry. Director for 9 years. Member of the Remuneration Committee. Panthers Director, delegate, President and Vice Chairman of Camden Valley Golf Resort. Associated with Panthers for 30 years.
Merrick, Denis	Certified Practising Accountant. Principal in accounting firms in Penrith for nearly 40 years. Over 30 years experience in administration of sporting bodies. Life Member of Lower Mountains Junior Rugby League Club. Qualified rugby league Coach and referee. Accredited official with Swimming Australia. Swimming Life Member of a local club, and district association. Panthers member for 37 years. Appointed Director on the 30 July 2008.
Rhind, Keith. OAM	District Football Committee 1968-1969, Director 1969 to 1971, Director 1978 to present. Held Executive positions for 26 years including Chairman 1983. Patron of Penrith and Districts Junior Rugby League. Retired Insurance Consultant. Life Member of Panthers.
Walsh, Barry. OAM	Press Room Manager John Fairfax, until retirement. Director for 28 years, Football Director for 36 years & Chairman 2000 – 2009. Director and life member of Camden Valley Golf Resort, Chairman of Panthers on the Prowl, and Donations Chairman. Life Member of Panthers and Life Member of N.S.W. Rugby League. Patron of Penrith and Districts Junior Rugby League. Delegate NSWRL (30 years), NRL, Clubs NSW, and LCA. Manager of the NSW Rugby League side in 1978. Social Secretary. Resigned as Director on the 22nd December, 2010.
Wheeler, William	41 Years experience in mechanical engineering and 32 years experience in business management and administration. Chairman of the Port Macquarie advisory board for 5 years, advisory board member for 7 years. Appointed Director on the 31 January 2008.

Principal Activities

The principal activities during the year of entities within Penrith Rugby League Club Limited and its controlled entities ("consolidated entity") were:

- ► promotion of the game of rugby league football;
- ► provision of facilities for sport and recreation;
- ► operation of a licensed club; and
- ► rental and development of property.

There have been no significant changes in the nature of these activities during the year.

Employees

The consolidated entity employed 1,237 employees as at 31 October 2010 (2009: 1,180).

Review and results of operations

The year was one in which, after successfully completing the final stage of the Penrith sites extension and renovation, strong foundations have been laid for the future growth of the site.

The net deficit before tax for continuing operations for the consolidated entity for the year was $10,645,000 (2009: $9,500,000) after amortisation and depreciation charge from continuing operations of $19,144,000 (2009: $18,418,000), and an interest charge of $6,994,000 (2009: $6,553,000).

The net deficit before tax for continued operations includes:

- An increase in revenue from operating activities of $2,674,000 or 1.8% to $153,342,000 (2009: $150,668,000) which was mainly attributable to gaming, functions & banquets, sponsorship revenue & rental income.
- An increase in employee salaries, benefits and related taxes of $1,121,000 or 2.4% to $47,562,000 (2009: $46,441,000) related to the ongoing restructure of the group.

The net loss from continuing operations **excluding** non-recurring items increased by $774,000 or 7.8% to a net loss of $10,645,000 (2009: $9,871,000). Pro forma results of continuing operations excluding non-recurring items are reconciled as follows:

	2010	2009	Change
	$	$	$
Net deficit from operations before tax	(10,645,000)	(9,500,000)	(1,145,000)
Government grants	-	371,000	371,000
Narellan Properties Partnership rezoning fee	-	-	-
Net deficit from continuing operations	(10,645,000)	(9,871,000)	(774,000)

Review and results of operations (continued)

The tax benefit for the year was $818,000 (2009: charge $20,000).

Dividends

The Company is limited by guarantee and is prevented by its constitution from paying dividends.

Significant changes in the state of affairs

Total equity decreased to $177,670,000 from $189,624,000, a decrease of $11,954,000. This movement was largely the result of a deficit of $10,645,000 from operations for the year.

Significant events after balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the consolidated entity to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Likely developments and expected results

The directors foresee that in the 2011 financial year the group will be in a position to further leverage off the completed renovations and extensions at the Penrith site as well as the ongoing review and master planning of other sites with a view to managing and developing them to their full potential.

Environmental regulation and performance

The consolidated entity's operations are subject to various environmental regulations under both Commonwealth and State legislation.

The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

Indemnification and insurance of directors and officers

During the financial year, the Company held an insurance policy for the benefit of the directors and officers. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Directors' meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Meetings of Audit Committee	Meetings of Remuneration Committee	Meetings of Governance Committee	Meetings of Donations Committee	Meetings of Finance Committee	Meetings of Constitution Committee
Number of meetings held:	12	4	1	2	11	9	1
Number of meetings attended:							
B Walsh	11	-	-	-	10	-	-
D Feltis	12	1	-	-	-	5	1
T F Heidtmann	12	4	1	-	-	1	-
G P Alexander	4	-	-	-	-	-	-
B Anderson	10	-	-	-	-	-	-
G W Chapman	10	2	-	2	-	8	-
K Evans	7	-	-	-	-	-	-
J Geyer	11	-	-	-	-	-	-
J Hiatt	11	1	-	2	10	9	1
G Kennedy	4	-	-	-	-	-	-
K J Lowe	12	-	1	2	-	-	-
D Merrick	11	-	1	-	-	8	1
K L Rhind	11	-	-	-	-	-	-
B Wheeler	11	3	-	-	-	-	-

Auditor's Independence Declaration

The directors have received a declaration of independence from the auditor and this is attached. The directors are satisfied that the nature and scope of non audit services has not compromised the auditor's independence.

Signed in accordance with a resolution of the directors.

D Feltis
Chairman

Penrith,

28 February 2011

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Auditor's Independence Declaration to the Directors of Penrith Rugby League Club Limited

In relation to our audit of the financial report of Penrith Rugby League Club Limited for the financial year ended 31 October 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

James Palmer
Partner
28 February 2011

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 OCTOBER 2010		Consolidated	
	Notes	**2010 $'000**	**2009 $'000**
REVENUE/INCOME FROM CONTINUING OPERATIONS	2	153,999	153,260
Changes in inventories of finished goods	2d	(230)	383
Raw materials and consumables used	2d	(16,145)	(16,588)
Depreciation and amortisation expenses	2e	(19,144)	(18,418)
Finance costs expensed	2g	(6,994)	(6,553)
Employee benefit expense	2h	(47,562)	(46,441)
Advertising expense		(1,976)	(3,477)
Artists and entertainment expenses		(2,383)	(2,142)
Computer expenses		(831)	(902)
Donations		(1,423)	(1,314)
Insurance expense		(1,471)	(1,428)
Repairs and maintenance		(4,459)	(5,170)
Sponsorship		(698)	(659)
Rent and rates		(1,216)	(1,259)
Electricity expense		(3,330)	(2,460)
Junior development		(617)	(534)
Bad and doubtful debt expense	2f	(142)	(344)
Member promotions and membership expense		(2,992)	(3,161)
Other promotions		(2,224)	(2,518)
Share of profit of associate	9b	12	-
Profit and loss on disposal of subsidiary	2c	522	-
Other expenses	31	(18,652)	(18,173)
SURPLUS FROM ORDINARY ACTIVITIES BEFORE STATE TAXES AND INCOME TAX		22,044	22,102
Poker machine tax		(28,167)	(27,848)
Payroll related taxes		(3,249)	(3,105)
Land tax		(1,273)	(649)
DEFICIT FROM ORDINARY CONTINUING OPERATIONS BEFORE INCOME TAX		(10,645)	(9,500)

Statement of Comprehensive Income (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010	Notes	Consolidated 2010 $'000	2009 $'000
INCOME TAX (BENEFIT)/ EXPENSE	4	(818)	20
(DEFICIT) FROM CONTINUING OPERATIONS AFTER INCOME TAX		(9,827)	(9,520)
NET DEFICIT ATTRIBUTABLE TO MINORITY INTEREST		2,136	2,090
NET (DEFICIT) ATTRIBUTABLE TO MEMBERS OF PENRITH RUGBY LEAGUE CLUB LIMITED		(11,963)	(11,610)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(11,963)	(11,610)

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 31 OCTOBER 2010	Notes	Consolidated 2010 $'000	2009 $'000
CURRENT ASSETS			
Cash and cash equivalents	19a	7,287	9,125
Trade and other receivables	5	1,923	1,637
Inventories	6	1,921	2,151
Other assets	7	1,979	2,727
TOTAL CURRENT ASSETS		13,110	15,640
NON-CURRENT ASSETS			
Trade and other receivables	8	20	19
Investments	9a	221	-
Property, plant and equipment	10	284,849	298,247
Poker machine licences	11	1,254	1,342
Deferred tax assets	4c	1,622	508
TOTAL NON-CURRENT ASSETS		287,966	300,116
TOTAL ASSETS		301,076	315,756
CURRENT LIABILITIES			
Trade and other payables	12	7,395	6,817
Interest bearing liabilities	13	4,449	5,506
Provisions	14	2,132	2,082
Other	15	19,743	21,589
TOTAL CURRENT LIABILITIES		33,719	35,994
NON-CURRENT LIABILITIES			
Interest bearing liabilities	16	68,731	69,485
Deferred tax liabilities	4c	17,390	17,094
Provisions	17	646	596
Other	18	2,920	2,963
TOTAL NON-CURRENT LIABILITIES		89,687	90,138
TOTAL LIABILITIES		123,406	126,132
NET ASSETS		177,670	189,624
EQUITY			
Retained surplus		153,403	165,366
TOTAL MEMBERS INTEREST IN EQUITY		153,403	165,366
TOTAL MINORITY INTEREST		24,267	24,258
TOTAL EQUITY		177,670	189,624

The above statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 31 OCTOBER 2010		Consolidated	
	Notes	2010 $'000	2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		167,214	164,932
Receipts of government grants		-	2,079
Payments to suppliers and employees		(143,615)	(147,637)
Goods and services tax paid		(8,450)	(5,808)
Interest received		219	367
Finance costs		(6,994)	(6,553)
NET CASH FLOWS FROM OPERATING ACTIVITIES	19b	8,374	7,380
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(2,385)	(23,882)
Purchase of poker machine licences		-	(652)
Net proceeds from sale of property, plant and equipment		778	1,048
Net proceeds from sale of poker machine licences		-	2,197
Purchase of investment		-	(30)
Disposal of subsidiary	33	2	-
investment in associate	9b	(300)	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(1,905)	(21,319)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment under finance leases		(6,108)	(5,620)
Proceeds from borrowings		-	7,914
Distribution paid to minority interest		(2,199)	(2,081)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(8,307)	213
NET (DECREASE) IN CASH HELD		(1,838)	(13,726)
Cash at the beginning of the financial year		9,125	22,851
CASH AT THE END OF THE FINANCIAL YEAR	19a	7,287	9,125

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 OCTOBER 2010	Consolidated	
	2010 $'000	2009 $'000
TOTAL EQUITY AT THE BEGINNING OF THE YEAR	189,624	201,280
(Deficit) for the year	(9,827)	(9,520)
Trust distribution paid to minority	(2,127)	(2,136)
Other comprehensive income	-	-
TOTAL EQUITY AT THE END OF THE YEAR	177,670	189,624
Attributable to:		
Members of Penrith Rugby League Club Ltd	153,403	165,366
Minority interest	24,267	24,258
	177,670	189,624

The above statement of changes in equity should be read with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis; except for the available for sale investment, which has been measured at fair value. The directors have determined that the consolidated Group is not for profit for the purposes of reporting under Australian equivalents to International Financial Reporting Standards (AIFRS).

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

b) Corporate Information

The financial report of Penrith Rugby League Club Limited for the year ended 31 October 2010 was authorised for issue in accordance with a resolution of the directors on 28 February 2011.

Penrith Rugby League Club Limited is a company limited by guarantee that is incorporated and domiciled in Australia. The nature of the operations and principal activities of the Group are described in the Directors' Report.

c) Significant accounting judgements, estimates and assumptions

i *Significant accounting judgements*

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Poker Machine Licences

The entity holds poker machines licences either acquired through a past business combination or granted for no consideration by the NSW government. AIFRS requires that licences outside of a pre AIFRS transition business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to profit and loss to recognise the grant immediately as income. Until new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the entity has determined that fair value at grant date for licences granted pre April 2002 to be zero. Licences granted to the entity post April 2002 are initially recognised at fair value. The entity has determined that the market for poker machine licences does not meet the definition of an active market and consequently licences recognised will not be revalued each year.

ii *Significant accounting estimates and assumptions*

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have an effect on the carrying amounts of certain assets and liabilities are:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Significant accounting judgements, estimates and assumptions (continued)

ii *Significant accounting estimates and assumptions (continued)*

Recovery of deferred tax assets

Deferred tax assets are not recognised for deductible temporarily differences as management does not consider it probable that future taxable profit will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Impairment of investment

The group determines whether investments are impaired on an annual basis. This requires estimation of the recoverable amount of the investment. The assumptions used are discussed in note 9.

d) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), as issued by the Australian Accounting Standards Board.

The Group has adopted the following amended Australian Accounting Standards as of 1 November 2009:

- AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The group has elected to present one statement.

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 31 October 2010.

It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Penrith Rugby League Club Limited and its subsidiaries as at 31 October 2010 (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Investments in subsidiaries held by Penrith Rugby League Club Limited are accounted for at cost in the separate financial statements of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Group are allocated their share of net profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

f) Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value. For the purposes of the Statement of Cash Flow, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

g) Trade and Other Receivables

Trade receivables, which generally have 7, 14 or 30-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Loan receivables from related parties are classified as loans and receivables and carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the loans are derecognised or impaired, as well through the amortisation process.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Investment in associate

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent, unless otherwise stated. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of the voting rights. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates.

The Group's share of an associate's profits or losses is recognised in the statement of comprehensive income, and its share of movements in reserves is recognised in reserves. The cumulative movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income as a component of other income.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of profit of an associate" in the income statement.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Cable Water Skiing (Australia) Limited is undergoing liquidation and the result is not material to the Group. The investment has been fully provided for and therefore has not been equity accounted for.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Investment

The Group's interest in Narellan Properties is accounted for as an available for sale financial asset under AASB 139. Any gain or loss on the change in fair value of the investment is recognised directly in profit and loss.

j) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the weighted average basis. Cost comprises invoiced cost plus freight and handling charges. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

k) Property, Plant and Equipment

Property, Plant and Equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a reducing balance method or straight line basis over the estimated useful life of the asset as follows:

	2010	**2009**
Freehold buildings	40 years	40 years
Plant and equipment	5 to 15 years	5 to 15 years
Leasehold improvement	expected lease term	expected lease term
Plant & Equipment under lease	lease term	lease term

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Property, Plant and Equipment (continued)

i *Impairment*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell or its value in use and is determined by an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the Group has used depreciated replacement cost since the Group is a not-for-profit entity where the future economic benefits of its assets are not primarily dependent on the assets ability to generate net cash inflows and the Group would, if deprived of the asset, replace its remaining future economic benefits. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Impairment losses are recognised in the income statement.

ii *Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition upon disposal (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense over the lease term.

Group as a lessor

Leases in which the Group retains substantially all risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the leased term on the same basis as rental income.

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance lease charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit and loss.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease expense is recognised as it is incurred.

m) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

n) Panther Points Liabilities

Liabilities relating to “Panther Points” are accrued as members earn points through members spending at various outlets of the club. Each Panthers Point can be redeemed at one cent by members when they purchase at the outlets. Recognition of revenue is deferred by the amount of points earned by members during the period. Revenue is recognised when the points are redeemed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Interest Bearing Liabilities

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised.

p) Employee Benefits

i *Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

In respect of the Group's defined contribution superannuation plans, any contributions made to the superannuation funds are charged against profits when due.

q) Taxes

i *Income tax*

Income tax is brought to account using the liability method of tax effect accounting with the exception of Penrith District Rugby League Football Club Limited, Mulgoa Land Trust (No.1) and Panthers Property Unit Trust which are exempt from income tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Taxes (continued)

i *Income tax (continued)*

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

ii *Tax consolidation legislation*

Penrith Rugby League Club Limited (PRLC) and its wholly-owned controlled entities implemented the tax consolidation legislation as of 6 December 2006.

The head entity, PRLC, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the separate taxpayer within the group approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, PRLC also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Taxes (continued)

ii Tax consolidation legislation (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in Note 4.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

iii Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.
- Poker machine revenues are reported inclusive of GST and a corresponding GST expense is reported in poker machine taxes.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific criteria recognition must also be met before revenue is recognised:

Sale of Goods (includes liquor, restaurant sales, and gaming machine revenue)

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Accommodation Income

Accommodation revenue is recognised when the services are performed.

Sponsorship Income

Revenue is taken to account in the period to which the sponsorship relates.

Advertising and Promotion Income

Revenue is taken to account in the period to which the advertising and promotion relates.

Grant Income

Revenue is taken to account in the period in which all the attached conditions have been complied with, the Group has control of the grant monies (the right to receive the grant) and it is probable that the economic benefits comprising the grant will flow to the Group.

Trust Income

Revenue is taken to account when the control of the right to receive the distribution has passed to the Group.

Interest Income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Subscriptions

Subscriptions for annual membership are recognised in revenue over the membership year. Subscriptions for permanent membership are not taken to income as they are refundable on death or within twelve months of resignation of the members. These are included in the Group's non- current liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Self Insured Risks

Payments of members' mortality benefits are expensed when incurred.

t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The group does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

u) Intangible assets

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any scheduled amortisation and impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

Licenses
Useful lives
Indefinite
Amortisation method used
No amortisation
Internally generated or acquired
Acquired
Impairment testing
Annually and more frequently when an indication of impairment exists

	Consolidated	
	2010	2009
	$'000	$'000
2. INCOME AND EXPENSES		
Revenue/Income from Continuing operations		
a) Revenues from operating activities		
Revenue from catering and beverages	33,091	33,899
Revenue from gaming	91,703	90,847
Revenue from raffles/bingo	1,409	1,395
Revenue from accommodation	1,134	1,150
Revenue from gate receipts	1,764	1,600
Revenue from functions and banquets	5,720	4,602
Revenue from merchandise sales	1,400	1,382
Revenue from show tickets	1,284	1,137
Rental income	2,879	2,473
NRL Grant	3,553	3,450
Sponsorship revenue	3,837	3,628
Subscriptions	963	948
Other	4,605	4,157
	153,342	150,668
b) Other income		
Net gain on disposal of property plant and equipment	412	7
Net gain on disposal of poker machine licences	-	1,725
NSW State Government grant	20	371
Interest received – other	219	367
Bad debts recovery	6	122
	657	2,592
Total revenue/income from continuing operations	153,999	153,260
c) Profit on disposal of subsidiary	522	-

	Consolidated 2010 $'000	2009 $'000
2. INCOME AND EXPENSES (Continued)		
Expenses from Continuing Operations		
d) Cost of goods sold		
- Changes in inventories of finished goods	230	(383)
- Raw materials and consumables used	16,145	16,588
	16,375	16,205
e) Amortisation and depreciation expense		
Amortisation of non-current assets		
Plant and equipment under lease	6,845	5,934
Depreciation of non-current assets		
Buildings	8,343	8,341
Plant and equipment	2,128	2,495
Leasehold improvement	1,828	1,648
	19,144	18,418
f) Bad and doubtful debts expense	142	344
g) Finance costs expense		
- Borrowings other persons/corporations	5,839	5,584
- Finance charges - lease liability	1,155	969
	6,994	6,553
h) Employee benefits expense		
- Wages and salaries	41,314	39,720
- Workers' compensation costs	1,715	1,621
- Defined contribution plan expense	3,159	3,058
- Long service leave provision	317	243
- Termination benefits	70	629
- Employee benefits	775	862
- Other	212	308
	47,562	46,441

3. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the company to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

	Consolidated	
	2010 **$'000**	**2009** **$'000**
4. INCOME TAX		
The major components of income tax expense are:		
Income Statement		
a) Income tax expense		
Current income tax		
Current income tax charge/(benefit)	(2,000)	(1,885)
Current year tax losses not brought to account	2,000	1,885
Adjustment for prior years	-	(9)
Deferred income tax		
temporary differences	(818)	29
Income tax expense reported in the income Statement	(818)	20
b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting surplus before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting deficit before tax from continuing operations	(10,645)	(9,500)
	(10,645)	(9,500)
At the Group's statutory income tax rate of 30% (2009:30%)	(3,194)	(2,850)
Net members only expenditure	707	596
Exempt income	(945)	(797)
Entertainment	170	89
Deferred tax on capital loss from diminution of investments not recognised	115	35
Effect of principle of mutuality	1,147	755
(Derecognition)/recognition of deferred tax balances	(818)	316
Adjustment for prior years	-	(9)
Current year tax losses not brought to account	2,000	1,885
Aggregate income tax (benefit)/expense	(818)	20

	Consolidated			
	Balance Sheet		Income Statement	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
4. INCOME TAX (continued)				
c) Recognised deferred tax assets and liabilities				
CONSOLIDATED				
Deferred income tax at 31 October relates to the following:				
(i) Deferred tax liabilities				
Prepayments	52	22	30	8
Poker machine licences	402	403	(1)	54
Accelerated depreciation: fixed assets	16,936	16,669	267	(108)
Gross deferred tax liabilities	17,390	17,094		
(ii) Deferred tax assets				
Doubtful debts	-	2	2	(2)
Provisions	1,553	397	(1,156)	88
Employee entitlements	-	5	5	(5)
Deferred Revenue	62	53	(9)	(2)
Accruals	7	51	44	(4)
Gross deferred tax assets	1,622	508		
Deferred tax income/(expense)			(818)	29

4. INCOME TAX (continued)

(d) Tax losses
The Group has deferred tax assets relating to carried forward tax losses that are not recognised on the balance sheet of $7,130,000 (2009: $5,130,000). The carried forward tax losses are available indefinitely for offset against future taxable income, subject to continuing to meet relevant statutory tests.

(e) Tax consolidation
(i) Members of the tax consolidated group and the tax sharing arrangement
PRLC and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 6 December 2006. PRLC is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting
The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Nature of the tax funding agreement
Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the Group is based on accounting profit, adjusted for material amounts that are not assessable or deductible for tax purposes. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable), the terms and conditions of which are disclosed at Note 30.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

	Consolidated 2010 $'000	2009 $'000
5. TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade debtors	2,038	1,866
Provision for doubtful debts	(328)	(450)
	1,710	1,416
Other debtors	213	221
	1,923	1,637
6. INVENTORIES (CURRENT)		
Raw materials and stores at cost	1,921	2,151
Total inventories at the lower of cost and net realisable value	1,921	2,151
7. OTHER ASSETS (CURRENT)		
Prepayments	682	817
Sundry debtors (i)	899	1,512
Licence deposits (ii)	398	398
	1,979	2,727

(i) Sundry debtors include returnable deposits, loans to players and staff loans.
(ii) The Federation of Community, Sporting and Workers Clubs of New South Wales permit the entity the use of the Fingal Bay Holiday Resort and Urunga Holiday Resort upon the terms of certain written and oral agreements. The Licence deposits are refundable deposits which allow the Group's members to rent holiday units.

8. TRADE AND OTHER RECEIVABLES (NON-CURRENT)

	2010 $'000	2009 $'000
Related parties		
- Other related party	1,296	1,146
	1,296	1,146
Provision for doubtful receivables	(1,276)	(1,127)
Other related parties	20	19

Loans receivable from related parties are non- current. Other details of the terms and conditions of related party receivables are set out in Note 30.

9. INVESTMENT (CONTINUED)

(a) Investment in associate

	Consolidated 2010 $'000	Consolidated 2009 $'000
At cost less cumulative impairment:		
Pan Pen Pty Ltd	300	-
Provision for impairment	(79)	-
	221	-
Cable Water Skiing (Australia) Limited	675	675
Provision for impairment	(675)	(675)
	-	-

(b) Movements in the carrying amount of the group's investment in associates

	2010 $'000	2009 $'000
At cost less cumulative impairment:		
Pan Pen Pty Ltd		
At 1 November 2009	-	-
Investment at Cost	300	-
Share of profits after income tax	12	-
Impairment of Investment	(91)	-
At 31 October 2010	221	-
Cable Water Skiing (Australia) Limited		
At 1 November 2009	-	-
Investment at Cost	-	-
Share of profits after income tax	-	-
Impairment of Investment	-	-
At 31 October 2010	-	-

(c) Summarised financial information

The following table illustrates summarised financial information relating to Pan Pen Pty Ltd:

	2010 $'000
Extract from the associate' statement of financial position	
Current assets	261
Non-current assets	501
	762
Current liabilities	(181)
Non-current liabilities	(773)
	(954)
Net liabilities	(192)
Share of associate's net liabilities	(96)
Extract from the associates' statement of comprehensive income:	
Revenue	788
Net Profit	42

9. INVESTMENT (CONTINUED)

(d) Details of associate

Name		Country of Incorporation	Equity Interest Held By Controlling Entity		Balance Date
			2010 %	2009 %	
Cable Water Skiing (Australia) Limited	(i)	Australia	52	52	30 June
Pan Pen Pty Ltd	(ii)	Australia	50	67	31 October

i Principal activity of associated company Cable Water Skiing (Australia) Limited is a dormant company and in the process of being liquidated.

ii Pan Pen Pty Ltd operates Panorottis restaurant in Penrith Rugby League Club.

(e) Interest in Narellan Properties Partnership

	Consolidated	
	2010 $'000	2009 $'000
At fair value	-	-
	-	-

(f) Details of Available for Sale investment

Name	Interest Held By Group		Balance Date
	2010 %	2009 %	
Narellan Properties	8.33	8.33	30 June

i **Valuation assumptions**

The fair value of the available for sale investment is based on future cash flows determined by appropriately qualified independent valuer. Any gain or loss on the change in fair value of the investment is recognised in profit and loss.

9. INVESTMENTS (CONTINUED)

(g) Included in unlisted shares is an investment of $2 in respect of the entire issued capital of Savada Pty Limited. As that company acts solely in a fiduciary capacity for the members of the Penrith District Rugby League Football Club Player's Superannuation Fund for which it is trustee, it is not controlled by Penrith Rugby League Club Limited and has not been consolidated.

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2010 $'000	2009 $'000
Land		
- At cost	112,037	112,179
	112,037	112,179
Buildings		
- At cost	144,250	144,348
Accumulated depreciation	(42,595)	(34,509)
	101,655	109,839
Plant and equipment		
- At cost	42,200	41,932
Accumulated depreciation	(33,793)	(32,000)
	8,407	9,932
Leasehold improvement		
- At cost	50,559	49,408
Accumulated depreciation	(4,822)	(3,000)
	45,737	46,408
Plant and equipment under lease		
- At cost	82,781	78,960
Accumulated amortisation	(67,140)	(60,573)
	15,641	18,387
Capital Works in Progress – at cost	1,372	1,502
Total property, plant and equipment	433,189	428,329
Accumulated depreciation and amortisation	(148,340)	(130,082)
Total net carrying amount	284,849	298,247

		Consolidated 2010 $'000	Consolidated 2009 $'000
10.	**PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**		
Reconciliations			
Land			
-	Carrying amount at beginning of period	112,179	112,461
-	Additions	-	-
-	Disposals	(142)	(282)
-	Reclassification		-
-	Carrying amount at period end	112,037	112,179
Buildings			
-	Carrying amount at beginning of period	109,839	118,784
-	Additions	-	37
-	Disposals	-	(700)
-	Reclassification	159	59
-	Depreciation expense	(8,343)	(8,341)
-	Carrying amount at period end	101,655	109,839
Plant and equipment			
-	Carrying amount at beginning of period	9,932	7,804
-	Additions	793	2,125
-	Disposals	(26)	(8)
-	Disposal of a subsidiary	(570)	-
-	Reclassification	406	2,506
-	Depreciation expense	(2,128)	(2,495)
-	Carrying amount at period end	8,407	9,932
Leasehold improvement			
-	Carrying amount at beginning of period	46,408	20,529
-	Additions	229	87
-	Disposals	-	-
-	Reclassification	928	27,440
-	Depreciation expense	(1,828)	(1,648)
-	Carrying amount at period end	45,737	46,408
Plant and equipment under lease			
-	Carrying amount at beginning of period	18,387	14,327
-	Additions	4,248	4,157
-	Disposals	(198)	(51)
-	Reclassification	49	5,888
-	Amortisation expense	(6,845)	(5,934)
-	Carrying amount at period end	15,641	18,387
Capital Works in Progress			
-	Carrying amount at beginning of period	1,502	16,398
-	Additions	1,419	22,145
-	Disposals	-	-
-	Reclassification	(1,549)	(37,041)
-	Carrying amount at period end	1,372	1,502

Impairment

Impairment has been recognised where the subsidiary has ceased trading and assets have been determined to have a nil value.

	Consolidated 2010 $'000	Consolidated 2009 $'000
11. INTANGIBLE ASSETS		
Poker Machine Licences	1,254	1,342
Balance at beginning of year	1,342	1,162
Acquired	-	652
Disposals	-	(472)
Impairments	(88)	-
Balance at end of year	1,254	1,342
12. PAYABLES (CURRENT)		
Trade creditors	7,395	6,817
	7,395	6,817

Trade liabilities are normally settled on 30 day terms.

13. INTEREST BEARING LIABILITIES (CURRENT)

	2010 $'000	2009 $'000
Secured liabilities		
Lease liability (Note 20)	4,449	5,506
	4,449	5,506

As at balance date, the Group had finance leases with an average lease term of three years. The average discount rate implicit in the leases is 6.37% (2009: 5.74%). The lease liability is secured by a charge over the leased assets to which the liability relates.

The carrying amounts of the Group's current and non-current borrowings approximate their fair value.

	Consolidated	
	2010 $'000	2009 $'000
14. PROVISIONS (CURRENT)		
Employee entitlements	2,132	2,082
15. OTHER LIABILITIES (CURRENT)		
Deferred Income	2,468	1,655
Poker machine tax	6,776	5,984
Accrued wages/salaries	464	544
Accruals for annual leave	3,334	3,335
Other creditors and accruals	5,424	8,541
Other non-interest bearing loan (i)	914	914
Subscriptions received in advance	354	392
GST Payable	9	224
	19,743	21,589

(i) Non- interest bearing loan is provided to Panthers Investment Corporation by ING with term of non-interest and repayment on demand.

16. INTEREST BEARING LIABILITIES (NON-CURRENT)		
Unsecured:		
Borrowings	-	146
Secured:		
Other Loan (i)	62,176	62,176
Lease liability (Note 20)	6,555	7,163
	68,731	69,485

The lease liability is secured by a charge over the leased assets to which the liability relates.
The carrying amounts of the Group's current and non-current borrowings approximate their fair value.

(i) The loan is provided to a subsidiary, Panthers Investment Corporation Pty Limited (PIC), which matured in July 2009. PIC elected to roll over the loan for a two year period with condition that lender (ING Management Limited) may elect to convert the loan to a 49.9% equity stake in PIC at any time between July 2009 and July 2011. By a subsequent Amending Deed dated 30 October 2010, the lender has agreed to extend the maturity date of the loan to 29 February 2012. Acordingly, the loan is disclosed as non-current at year end.

The loan is secured by a fixed and floating charge on all assets of PIC and a 49.9% equity interest in PIC. Interest is charged at a base rate of 8.5% and adjusted by 3% p.a. Interest rate for 2010 as at balance sheet date is 9.28 % p.a. (2009: 9.02%).

17. PROVISIONS (NON-CURRENT)		
Employee entitlements	646	596

	Consolidated	
	2010 $'000	2009 $'000
18. OTHER LIABILITIES (NON-CURRENT)		
Rent received in advance	639	670
Permanent members (i)	2,281	2,293
	2,920	2,963

(i) Subscriptions for permanent membership are fully refundable on death or within twelve months of resignation of the member.

19. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalent

	2010 $'000	2009 $'000
Cash balance comprises of:		
Cash	7,287	9,125
	7,287	9,125

(b) Reconciliation of operating deficit after income tax to net cash flows from operating activities

	2010 $'000	2009 $'000
Operating deficit after income tax	(9,827)	(9,520)
Depreciation and amortisation	19,144	18,418
Bad debt expenses	142	344
Net gain on sale of property, plant & equipment	(412)	(7)
Net gain on sale of poker machine licences	-	(1,725)
Gain on disposal of subsidiary	(113)	-
Decrease in fair value of investment	-	197
Impairment of Poker Machine Licence	88	-
Impairment of investment in associate	79	-
Changes in assets and liabilities		
Decrease/(increase) in income tax receivable	-	2
Decrease /(increase) in trade and other receivables	(621)	2,826
Decrease/(increase) in inventories	210	(383)
(Increase)/decrease in prepayments and other debtors	719	(834)
(Decrease)/(increase) in deferred tax assets	(1,114)	75
(Decrease)/increase in trade and other payables	(317)	(1,697)
(Decrease)/increase in deferred tax liabilities	296	(46)
Increase/(decrease) in employee entitlements	100	(270)
Net cash inflows from operating activities	8,374	7,380

	Consolidated	
	2010 $'000	2009 $'000
20. TOTAL MINIMUM LEASE PAYMENTS UNDER HIRE PURCHASE		
The total minimum lease payments under hire purchase are as follows:		
- Not later than one year	5,094	6,391
- Later than one year and not later than five years	7,182	8,261
- Total minimum lease payments	12,276	14,652
- Future finance charges	(1,272)	(1,983)
- Lease liability	11,004	12,669
- Current liability (Note 13)	4,449	5,506
- Non-current liability (Note 16)	6,555	7,163
	11,004	12,669

(i) The majority of the above represents payments due for leased poker machines under non-cancellable lease agreements and have been recognised as a liability.

(ii) Finance leases have an average lease term of 3 to 5 years.

(iii) Interest rate is disclosed at Note 13.

	Consolidated 2010 $'000	Consolidated 2009 $'000
21. OPERATING LEASE COMMITMENTS PAYABLE		
Future minimum rentals payable under non-cancellable operating leases as at 31 October are as follows:		
- Within one year	75	75
- After one year but not more than five years	300	300
After more than five years	988	1,063
Total minimum lease payments	1,363	1,438

Penrith District Rugby League Football Club Limited (PDRLFC) has entered into a non-cancellable lease with Penrith City Council over Centrebet Stadium, located at Mulgoa Road, Penrith. The non-cancellable lease has a remaining term of 18 years and 2 months. The lease includes a clause to enable upward revision of the rental charge on an annual basis according to the Consumer Price Index, and turnover rent, equal to 10% of the net profit of PDRLFC.

	Consolidated	
	2010 $'000	2009 $'000
22. OPERATING LEASE COMMITMENTS RECEIVABLE		
Future minimum rentals receivable under non-cancellable operating leases as at 31 October are as follows:		
- Within one year	554	544
- After one year but not more than five years	1,541	1,781
After more than five years	2,872	3,187
Total minimum lease payments	4,967	5,512

A subsidiary Mulgoa Land Trust (No.1) has entered into commercial property leases over land and buildings held by the Trust at Mulgoa Road, Penrith.

These non-cancellable leases have remaining terms of between 5 years and 26 years. The leases include clauses to enable upward revision of the rental charge on an annual basis, either at a fixed rate or in accordance with prevailing market conditions.

23. CAPITAL COMMITMENTS

	2010 $'000	2009 $'000
Commitments contracted for at reporting date but not recognised as liabilities are as follows:		
- Within one year	-	1,040
- After one year but not more than five years	-	-
After more than five years	-	-
Total capital commitments	-	1,040

24. SUPERANNUATION COMMITMENTS

All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentages of their wages and salaries. The Group also contributes to the plans, generally at the rate of twice the employees' contributions. Contributions by the Group of up to 9% of employees' wages and salaries are legally enforceable. PRLC contributions for the year ended 31 October 2010 amounted to $3,149,013 (2009: $2,993,104).

25. MEMBERS GUARANTEES

Pursuant to the Memorandum of Association, every member has undertaken, in the event of a deficiency on winding up, to contribute an amount not exceeding $4 (2009: $4). At 31 October 2010 such guarantees totalled $583,980 (2009: $562,108).

26. CONTINGENT LIABILITIES

i Full members of the chief entity with continuous membership since 1 April 1975 are entitled to a mortality benefit of $200. At 31 October 2010 the maximum contingent liability was $454,800 (2009: $463,600). Benefits paid during the period were $18,415 (2009: $9,680).

ii Permanent members of the chief entity are entitled to a mortality benefit under certain circumstances of $1,000 (2009: $1,000). There were 11,911 permanent members at 31 October 2010 (2009: 12,012).

i The Group has provided an undertaking to Penrith District Rugby Club Players Superannuation Plan that it will continue to provide financial support to the Plan to meet debts as and when they fall due.

	Consolidated	
	2010 $'000	2009 $'000

27. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

Key management personnel includes all directors plus the following executive management:

Glenn Matthews	Chief Executive Officer (Terminated 18/06/10)
Ric Simpson	Chief Executive Officer (Commenced 01/07/10) Chief Financial Officer (Up to 30/06/10)
Neil Bare	Chief Financial Officer (Commenced 01/11/10)

Key management personnel compensation:

	2010 $'000	2009 $'000
Short-term	580	740
Post employment	52	66
Other long-term	-	-
Termination benefits	29	229
Shared based payment	-	-
	661	1,035

28. REMUNERATION OF AUDITOR

	2010 $'000	2009 $'000
Amounts received or due and receivable by Ernst & Young for:		
- An audit of the financial statements of the entity and any other entity in the Group	197	206
- Other services in relation to the entity and any other entity in the Group:		
assurance related	70	67
tax related	46	97
	313	370

29. RELATED PARTY DISCLOSURES

(a) The directors of Penrith Rugby League Club Limited during the financial period were:

B Walsh	K L Rhind
G P Alexander	R Anderson
G W Chapman	K Evans
D Feltis	J Geyer
J Hiatt	T F Heidtmann
G Kennedy	K J Lowe
D Merrick	W Wheeler

	Consolidated 2010 $'000	Consolidated 2009 $'000
(b) The following related party transactions occurred during the financial year:		
Operating (deficit)/surplus before income tax for the financial year includes aggregate amounts attributable to transactions in respect of:		
Purchase of goods and services		
Pan Pen Pty Limited	1	-
Sales of goods and services		
Pan Pen Pty Limited	26	-
Interest income/(expenses) on loans		
Penrith District Rugby League Football Club Players Superannuation Fund (ii)	115	101
Rent expenses for PRLC premises		
Pan Pen Pty Limited	240	-

i Mulgoa Road (No 1) Pty Limited charged interest at a rate of 8.80% (2009: 8.29%) pa.

i The Group charged interest at a rate of 9.72% (2009: 9.72%) pa.

29. RELATED PARTY DISCLOSURES (CONTINUED)

Interest-free loans were advanced to controlled entities during the year by Penrith Rugby League Club Limited. The balance at year end is $67,825,000 (2009: $59,314,000).

The entities were:

Penrith District Rugby League Football Club Limited
Penrith Rugby League Land Holdings Pty Limited
Rylebrook Pty Limited
143 William Street Pty Limited
Settlement Shores Investment Limited
Settlement Shores Entertainment Centre Pty Limited
Plancask Pty Limited
Panthers Investment Corporation Pty Limited
Panthers Property Management Pty Limited

Interest-free loans were advanced to Penrith Rugby League Club Limited by subsidiaries during the year. The entities concerned were Mulgoa Land Trust (No 1), Penrith Leagues Club Land Holdings Pty Limited and Panthers World Wide Adventures Pty Limited.

Interest-free loans are repayable on demand. The balance at year end is $104,644,000 (2009: $134,383,000).

(c) Transactions with other related parties

ING Management Limited

ING Management Limited (ING) has a 49.9% interest in a subsidiary Panthers Property Unit Trust. In 2010 the Trust made a distribution to ING amounting to $2.199m (2009: $2.136m).

ING has also provided an interest bearing and a non-interest bearing loan to another subsidiary Panthers Investment Corporation (PIC). Details of the two loans are described in Note 13 and 15 respectively.

Penrith District Rugby League Football Club Players' Superannuation Plan

Penrith Rugby League Club Limited has provided a loan to the Penrith District Rugby League Football Club Players' Superannuation Plan; this entity is a related party. The balance at year end is $1,277,497 (2009: $1,127,395). The loan attracts interest at a fixed rate of 9.72% (2009: 9.72%).

During the year the controlled entities transacted with the parent entity and other entities in the Group. With the exception of accounting and administrative assistance, which was provided free of charge, and interest free loans provided by certain Group companies, these transactions were on commercial terms and conditions.

29. RELATED PARTY DISCLOSURES (CONTINUED)

			Consolidated	
			2010 $'000	2009 $'000
	Shares Type	Country of Incorporation	Holding 2010 %	Holding 2009 %
(d) Details of subsidiaries and Associates:				
Penrith Leagues Club Land Holdings Pty Ltd	Ord	Australia	100	100
Mulgoa Road (No.1) Pty Limited	Ord	Australia	100	100
Savada Pty Limited	Ord	Australia	100	100
Rylebrook Pty Limited	Ord	Australia	100	100
Settlement Shores Investment Limited	Ord	Australia	100	100
Plancask Pty Limited	Ord	Australia	100	100
143 William Street Pty Limited	Ord	Australia	100	100
Pan Bat Pty Limited	Ord	Australia	67	67
Penmate Pty Limited	Ord	Australia	100	100
Pangara Pty Limited	Ord	Australia	67	67
Penrith District Rugby League Football Club Limited		Australia	Common Board	Common Board
Trelefren Trust		Australia	Trustee	Trustee
Mulgoa Land Trust (No.1)		Australia	Trustee	Trustee
Settlement Shores Entertainment Centre Pty Limited	Ord	Australia	100	100
Panthers Investment Corporation Pty Limited	Ord	Australia	100	100
Panthers Property Unit Trust	Units	Australia	50.1	50.1
Panthers Property Management Pty Limited	Ord	Australia	50.1	50.1
Associates				
Pan Pen Pty Ltd	Ord	Australia	50	67

Impairment has been recognised where the subsidiary has ceased trading and assets have been determined to have a nil value, and where net assets of the investee are less than the carrying value of the investment.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management

The Group's principal financial instruments comprise receivables, payables, ING loans, finance leases, hire purchase contracts and cash and short term deposits.

The main purpose of these financial instruments is to raise the finance for the Group's operations. It is the Group's policy that no speculative trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity risk, cash flow interest rate risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised are disclosed in note 1 to the financial statements.

Risk Exposures and Responses

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian Variable interest rate risk that are not designated cash flow hedges:

	Consolidated	
	2010 $'000	**2009 $'000**
Financial assets		
Cash and cash equivalents	7,287	9,125
Net exposure	7,287	9,125

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposures and Responses (continued)

At 31 October 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax profit Higher/(Lower)		Equity Higher/(Lower)	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
+1% (100 basis points)	72	91	72	91
-1% (100 basis points)	(72)	(91)	(72)	(91)

The movements in profit are due to higher/lower interest costs from variable rate debt/cash balances. The sensitivity is lower in 2010 than in 2009 because of decreases in net variable rate cash balances during 2010.

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Group. The Group's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets are the carrying amounts of those assets as indicated in the balance sheet. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities / parties fail to perform their obligations under the financial instruments in question.

a) **Allowance for impairment loss**

Trade receivables, which generally have 30-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made for all debts above 90 days. Bad debts are written off when identified.

Loan receivables from related parties are classified as loans and receivables and carried at amortised cost using the effective interest rate method. Gains and losses are recognised in income statement when the loans are derecognised or impaired, as well through the amortisation process.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

a) **Allowance for impairment loss (continued)**

Movements in the provision for impairment loss were as follows:

	Consolidated	
	2010 $'000	**2009 $'000**
At 1 November 2009	450	238
Charge for the year	136	344
Amounts written off	(258)	(132)
At 31 October 2010	328	450

At 31 October 2010, the ageing of trade receivables is as follows:

		0-30	**31-60**	**61-90**	**91+**	**Total**
			PDNI*	**PDNI***	**CI****	
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
2010	Consolidated	1,232	101	377	328	2,038
2009	Consolidated	1,248	112	56	450	1,866

* Past Due not impaired (PDNI)
** Considered impaired (CI)

Penrith Rugby League Club has a loan receivable of $1,277,497 (2009: $1,127,395) from related party Penrith District Rugby League Football Club Players Superannuation Plan. An impairment loss of $150,101 (2009:$ 99,719) has been recognised by the Group in the current year.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance leases and hire purchase contracts.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Presented below are the gross undiscounted cash flows for respective obligations in the upcoming fiscal years.

The remaining contractual maturities of the Group's financial liabilities are:

	Consolidated	
	2010 $'000	**2009 $'000**
6 months or less	7,395	25,221
6-12 months	4,449	11,746
1-5 years	71,926	77,873
	83,770	114,840

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maturity analysis of financial assets and liability based on management's expectation.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant and equipment and investments in working capital (e.g. inventories and trade receivables). These assets are considered in the Group's overall liquidity risk.

	< 6 months	6-12 months	1-5 years	Total
Year Ended 31 October 2010	**$'000**	**$'000**	**$'000**	**$'000**
Consolidated Financial Assets				
Cash & cash equivalents	7,287	-	-	7,287
Trade & other receivables	1,850	-	-	1,850
	9,137	-	-	9,137
Consolidated Financial Liabilities				
Trade & other payables	7,395	-	2,281	9,676
Interest bearing loans & borrowings	-	4,449	69,645	74,094
	7,395	4,449	71,926	83,770
Net maturity	1,742	(4,449)	(71,926)	(74,633)

At balance date, the Group has approximately $6,224,000 of unused credit facilities for its immediate use.

Capital management

The company is limited by guarantee and under its constitution is prohibited from paying a dividend to its members.

Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair values.

31. OTHER EXPENSES FROM OPERATING ACTIVITIES

	Consolidated	
	2010 $'000	2009 $'000
Annual report	66	42
Audit and accounting	395	343
Bank charges	153	145
Cleaning expenses	1,523	1,620
Commission	60	198
Consultancy	500	404
Courtesy Bus	304	337
Equipment hire	516	365
Gaming, monitoring and other cost **	2,251	1,862
General expenses	1,163	1,319
Ground expenses	370	395
Legal fees	255	188
Licences and Subscriptions	905	892
Mini asset register	85	73
Money security	429	264
Motor vehicle expenses	129	153
Other expenses*	2,475	2,632
Pest control	51	41
Plants	61	57
Postage	150	131
Printing and stationery**	852	713
Purchases Raffle and Bingos **	1,934	1,922
Security	1,184	1,149
Staff amenities	276	219
Telephone	932	984
Travel and accommodation	160	181
Training	1,092	1,219
Waste expenses	381	325
	18,652	18,173

*included in other expenses are amounts relating to the impairment of the investment in associate of $91,000 (2009: NIL) and the Poker Machine Licence of $88,000 (2009: NIL).

**the comparatives have been reclassified to conform to current year's presentation.

32. PARENT COMPANY INFORMATION

The salient financial information in relation to the parent company, Panthers Rugby League Club Limited, is as follows:

	2010 $'000	2009 $'000
Current Assets	10,787	12,749
Non Current Assets	179,925	180,523
TOTAL ASSETS	190,712	193,272
Current Liabilities	182,882	168,087
Non-Current Liabilities	10,184	15,565
TOTAL LIABILITIES	193,066	183,652
Net Liabilities	(2,354)	9,620
(Accumulated Deficit)/ Retained Surplus	(2,354)	9,620
TOTAL EQUITY	(2,354)	9,620
Net loss after tax	(11,974)	(11,516)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	(11,974)	(11,516)

At year end, the parent entity has contingent liabilities of $454,800, please refer to Note 26 for details.

The parent entity has contractual obligation as at 31 October 2010:

The operating lease commitments payable
The parent entity has entered into property leases with the related entities Panthers Property Unit Trust (PPUT) and Panthers Investment Corporation Pty Limited (PIC) over the land and all improvements constructed on the land, including PRLC at Mulgoa Road in Penrith.

The non-cancellable leases have a remaining term of 11 years and 8 months with option to renew for three further ten years after the expiry of the first option on 23 June 2022. The lease includes a fixed upward revision of the rental charge of 3% on an annual basis. The total outstanding lease committment at year end is $206,925,000 (2009: $222,682,000).

Capital Commitment
The parent entity had no contractual obligations as at 31 October 2010. Please refer to Note23 for details.

33. PROFIT ON DISPOSAL OF A SUBSIDIARY

During the year, the Group disposed of 16.7% of Pan Pen Pty Ltd for a total consideration of $75,000. As a result, the Group reduced its interest in Pan Pen Pty Ltd to 50% and the company became an associate.

Details of the disposal of Pan Pen Pty Ltd are as follows:

The major classes of assets and liabilities of Pan Pen Pty Ltd at date of disposal are as follows:

	2010 $'000
ASSETS	
Cash and cash equivalent	18
Trade and other receivables	142
Inventory	20
PPE	570
Other Assets	28
	778
LIABILITIES	
Trade and other payable	(995)
TOTAL LIABILITIES	(995)
NET LIABILITIES	(217)
Consideration received or receivable	
Cash	20
Deferred cash consideration receivable	55
Total consideration received	75
PRLC's share of net liabilities disposed of	38
Gain on disposal of subsidiary	113
Accumulated losses up to date of disposal derecognised	409
Profit on disposal per profit and loss	522
Cash consideration received	20
Less cash disposed of	(18)
Reflected in the consolidated statement of cash flows	2

Directors' Declaration

In accordance with a resolution of hte directors of Penrith Rugby League Limited, I state that:

(1) In opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Coporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 October 2010 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to be believe that the Company will be able to pay its debts as and when they become de and payable.

On behalf of the Board

D Feltis
Director

Penrith
28 February 2011

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Independent auditor's report to the members of Penrith Rugby League Club Limited

Report on the Financial Report

We have audited the accompanying financial report of Penrith Rugby League Club Limited ("the Company"), which comprises the consolidated statement of financial position as at 31 October 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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.

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 the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion the financial report of Penrith Rugby League Club Limited is in accordance with the *Corporations Act 2001*, including:

i giving a true and fair view of the consolidated entity's financial position at 31 October 2010 and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

James Palmer
Partner
Canberra
28 February 2011