

Silks Darwin Racing

ABN: 21 373 066 193

Financial Report

For the year ended 31 December 2025

Silks Darwin Racing

ABN: 21 373 066 193

Special Purpose Financial Statements For the year ended 31 December 2025

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Silks Darwin Racing

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Director's Declaration

For the year ended 31 December 2025

In the Directors' opinion:

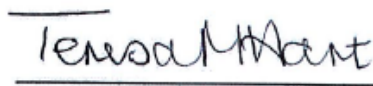
The Entity is not a reporting entity because there are no user's dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the arrangements between stakeholders of Silks Darwin Racing and associated regulations;

- the attached financial statements and notes comply with the Accounting Standards as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Entity's financial position as at 31 December 2025 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Chair
6 May 2026



Vice Chair
6 May 2026

Independent auditor’s report to the members of The Darwin Turf Club Incorporated trading as Silks Darwin Racing

Qualified Opinion

We have audited the accompanying special purpose financial report of The Darwin Turf Club Incorporated trading as Silks Darwin Racing (“the Entity”), which comprises the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income for the year then ended, notes comprising material accounting policy information and other explanatory notes, and the directors declaration.

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, the financial position of the Entity as at 31 December 2025 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial report.

Basis for Qualified Opinion

The 31 December 2024 financial report of the Entity was not audited. We have been unable to obtain sufficient and appropriate audit evidence in relation to the comparative financial information for the year ended 31 December 2024, included in the financial report. We do not express an opinion on the comparative financial information. Since opening balances enter into the determination of the financial performance, we were unable to determine whether adjustments might have been necessary in respect of the income and expenditure for the year reported in the statement of comprehensive income.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the independence requirements of the Australian professional accounting bodies. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for distribution to the Directors of the Entity. As a result, the financial report may not be suitable for another purpose.

Our report is intended solely for the Directors of the Entity (the “Recipients”) and should not be distributed to parties other than the Recipients. A party other than the Recipients accessing this report does so at their own risk and PKF Merit expressly disclaims all liability to a party other than the Recipients for any costs, loss, damage, injury or other consequence which may arise directly or indirectly from their use of, or reliance on the report.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management of the Entity is responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the Recipients. Management’s responsibility also includes such internal controls as the management determine necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



PKF Merit



Matthew Kennon
Director

Darwin
Date: 7 May 2026

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Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2025

	Note	2025 \$	2024 \$
Revenue			
Sales of Goods		4,095,963	4,264,654
Gaming Operation Income		6,871,540	6,470,979
Membership Income		27,655	26,898
Other Income		410,227	393,547
Impairment Reversal		488,935	-
Total Income		11,894,320	11,156,078
Expenses			
Cost of Sales		1,990,735	2,129,172
Gaming Expenses		791,637	800,551
Employee Expenses		3,034,690	2,988,020
Marketing		250,715	260,357
Finance Costs		99,097	132,162
Depreciation and Impairment		758,273	848,098
Gaming Tax		2,871,435	2,682,371
Occupancy Expenses		555,690	428,300
Administration Expenses		973,549	1,014,584
Other Expenses		160,047	153,137
Loss on Disposal of Assets		-	40,120
Total Expenses		11,485,868	11,476,872
Deficit for the Year		408,452	(320,794)
Other Comprehensive Income		-	-
Total Comprehensive Income (Loss) for the year		408,452	(320,794)

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

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Statement of Financial Position As at 31 December 2025

	Note	2025 \$	2024 \$
Assets			
Current Assets			
Cash and Cash Equivalents	3	1,457,262	937,839
Trade and Other Receivables	4	34,206	30,417
Inventories	5	108,406	80,087
Prepayments		58,595	63,867
Total Current Assets		1,658,469	1,112,210
Non-Current Assets			
Property, Plant and Equipment	6	7,116,002	7,371,640
Other Financial Assets	7	2,630	2,630
Total Non-Current Assets		7,118,632	7,374,270
Total Assets		8,777,101	8,486,480
Liabilities			
Current Liabilities			
Trade and Other Payables	8	1,291,783	930,549
Provisions	9	149,074	127,027
Borrowings	10	540,048	657,527
Total Current Liabilities		1,980,905	1,715,103
Non-Current Liabilities			
Borrowings	10	366,319	749,952
Total Non-Current Liabilities		366,319	749,952
Total Liabilities		2,347,224	2,465,055
Net Assets		6,429,877	6,021,425
Accumulated Funds			
Contributed Equity	11	7,714,605	7,714,605
Accumulated Deficits	12	(1,284,728)	(1,693,180)
Total Accumulated Funds		6,429,877	6,021,425

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

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Notes to the Financial Statements

31 December 2025

1. Material Accounting Policy Information

The accounting policies that are material to the Entity which is a division of The Darwin Turf Club Inc are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or Amended Accounting Standards and Interpretations adopted

The Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of Preparation

These are special purpose financial statements that have been prepared for the purposes of providing stakeholders with relevant financial information on the division's performance and financial position. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the Board of Directors of Silks Darwin Racing.

Revenue Recognition

The Entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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Notes to the Financial Statements

31 December 2025

1. Material Accounting Policy Information (continued)

Going Concern

As disclosed in the financial statement, Silks Darwin Racing surplus for the year is \$408,452 (31 December 2024: deficit \$320,794) with net current liabilities of \$322,438 (31 December 2024: \$602,893). Notwithstanding these events and conditions, the financial statements of Silks Darwin Racing have been prepared on the basis that the entity is a going concern and will continue to operate. The entity relies on funding provided through The Darwin Turf Club (DTC) and the financial statements are prepared on a going concern basis on the understanding that such funding will continue.

Income Tax

As the Entity is a tax-exempt institution in terms of subsection 50-10 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	3.30% - 20.00%
Building Improvements	6.70%
Land Improvements	5.00%
Plant and Equipment	6.70% - 33.33%
Furniture and Fittings	10.00% - 20.00%

As a general policy, only assets with a value of \$4,000 or more are capitalised, items under this value being charged as an expense in the Statement of Comprehensive Income in the year of purchase.

Right-of-Use Assets

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

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Notes to the Financial Statements

31 December 2025

1. Material Accounting Policy Information (continued)

Trade and Other Payables

The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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Notes to the Financial Statements

31 December 2025

2. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The existence of impairment trigger is determined based on management's professional judgement

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Notes to the Financial Statements

31 December 2025

	2025	2024
	\$	\$
3. Cash and Cash Equivalents		
Cash on Hand	391,537	371,659
Cash at Bank	1,065,725	566,180
Total	1,457,262	937,839
4. Trade and Other Receivables		
<i>Current Assets</i>		
Trade Receivables	26,651	30,417
Accrued Income	7,555	-
Total	34,206	30,417
5. Inventories		
<i>Current Assets</i>		
Bar	89,953	66,553
Catering	14,603	13,534
Merchandise	3,850	-
Total	108,406	80,087

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Notes to the Financial Statements 31 December 2025

	2025	2024
	\$	\$
6. Property, Plant and Equipment		
<i>Non-Current Assets</i>		
Land improvement		
Cost	118,695	118,695
Accumulated depreciation	(29,279)	(23,328)
Impairment	-	(6,762)
Carrying Value	89,416	88,605
Buildings		
Cost	8,762,530	8,762,530
Accumulated depreciation	(2,488,364)	(2,041,687)
Impairment	-	(477,608)
Carrying Value	6,274,166	6,243,235
Plant and Equipment		
Cost	2,079,316	2,076,316
Accumulated depreciation	(1,423,147)	(1,124,834)
Impairment	-	(70,408)
Carrying Value	656,169	881,074
Fixtures and Fittings		
Cost	814,671	803,971
Accumulated depreciation	(718,420)	(624,558)
Impairment	-	(20,687)
Carrying Value	96,251	158,726
Right of Use Assets		
Fair Value	-	450,603
Accumulated depreciation	-	(450,400)
Impairment	-	(203)
Carrying Value	-	-
Total Property, Plant and Equipment	7,116,002	7,371,640
Total Property, Plant and Equipment		
Total Cost	11,775,212	12,212,115
Accumulated depreciation	(4,659,210)	(4,264,807)
Impairment	-	(575,668)
Carrying Value	7,116,002	7,371,640

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Notes to the Financial Statements

31 December 2025

6. Property, Plant and Equipment (continued)

As The Darwin Turf Club (DTC) operates as a not-for-profit entity, impairment calculations on its assets are generally excluded. However, an exception is made for the Silks assets, which are considered a cash-generating unit as this segment of the business was specifically established to generate cash flows.

Silk assets are measured at fair value, determined by their ability to generate economic benefits through their highest and best use or by selling them to another market participant that would utilise the assets similarly. The value in use of the Silks assets is measured internally each year, forecasting future cash flows and discounting them to calculate the present value. If there are any indications of impairment, Silks assets are to be independently reviewed. For the year ending 31 December 2023, indications of impairment were identified, prompting the DTC board to engage Knight Frank for an independent valuation of the Silks assets. Both the internal and independent valuations confirmed the impairment of Silks assets. Based on these valuations, the DTC recognised an impairment expense of \$579,220 in the Profit and Loss statement for the year ending 31 December 2023. The impairment expense reflects the difference between the carrying amount of the Silks' assets and their recoverable amount, as determined by the internal value in use calculation.

The internal impairment assessment performed during the year, assessed that the impairment was no longer warranted resulting in full reversal of prior year impairment.

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Notes to the Financial Statements 31 December 2025

	2025	2024
	\$	\$
7. Other Financial Assets		
<i>Non-Current Assets</i>		
Silks Trust Loan	2,630	2,630
Total	2,630	2,630
8. Trade and Other Payables		
<i>Current Liabilities</i>		
Accounts Payable	961,917	681,726
Other Payables	94,784	79,843
Accrued Expenses	133,927	65,501
Receipts in Advance	10,782	18,791
GST Payable	90,373	84,688
Total	1,291,783	930,549
9. Provisions		
<i>Current Liabilities</i>		
Provision for Gaming Jackpot	149,074	127,027
Total	149,074	127,027
10. Borrowings		
<i>Current Liabilities</i>		
Loans – Building	540,048	540,048
Lease Liabilities	-	117,479
Total	540,048	657,527
<i>Non-Current Liabilities</i>		
Loans – Building	366,319	749,952
Total	366,319	749,952
Total	906,367	1,407,479

As at 31 December 2025, the total Loans – Building balance, current and non-current, is disclosed as \$906,367. Funds contributed from DTC have been placed on the building loan offset facility. The funds were received from TRNT for capital works and were placed in the offset facility to reduce interest before the works progressed. The total funds sitting in the Facility with Westpac at 31 December 2025 was \$2,081,885 (2024 \$2,238,300).

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Notes to the Financial Statements 31 December 2025

	2025	2024
	\$	\$
11. Contributed Equity		
Darwin Turf Club	7,714,605	7,714,605
12. Accumulated Deficits		
Accumulated deficits at the beginning of the financial year	(1,693,180)	(1,372,386)
Net result for the year	408,452	(320,794)
Accumulated deficits at the end of the financial year	(1,284,728)	(1,693,180)