



Darby Racing P/L – Product Disclosure (PDS)

NOTICE TO POTENTIAL SUBSCRIBERS

BEFORE DECIDING TO ACQUIRE A SHARE(S) IN THE HORSE HEREIN DESCRIBED YOU SHOULD CONSIDER THE SUITABILITY OF THIS PRODUCT TO YOU.

IF YOU ARE IN DOUBT AS TO THE COURSE YOU SHOULD FOLLOW YOU SHOULD CONSULT THE PROMOTER OR YOUR BLOODSTOCK ADVISOR TO ENABLE YOU TO MAKE AN INFORMED DECISION AS TO WHETHER TO SUBSCRIBE TO THIS PRODUCT.

Name of promoter: **DARBY RACING PTY LTD**

AFSL No: **333244**

Address: **PO BOX 611 NARELLAN NSW 2567**

The purpose for which the partnership/syndicate is being formed:

- THOROUGHBRED RACING

The number of shares in the partnership/syndicate: **TWENTY SHARES**

The purchase price of each share: **\$4,990** inclusive of GST

A description of each horse to be owned or leased by the partnership/syndicate, i.e. date of foaling, sex, sire, dam, colour and if registered the name and registration number of the horse:

- BROWN COLT FOALED 29TH OF NOVEMBER 2008

Sire – **More Than Ready**

Dam – **Perla Di Sasso (GER)**

BRAND – NS – **G over H next to a line** OS – **200 OVER 8**

A statement as to whether the horse is registered, if registered, the registration number:

- THE HORSE IS UNNAMED BUT IS PARENTAGE VALIDATED AND READY FOR NAMING AND REGISTRATION.

If not, has an application to Register or a Transfer been submitted? NO.

Details of racing performance(s) of the horse (if raced):

- UNRACED 1YO COLT

Details of the performance(s) of the Sire:

- GROUP 1 WINNER.

Details of the performance(s) of the Dam:

- RACED TWICE AND PRODUCER OF 2 WINNERS.

Name of the proposed Trainer and where horse is to be stabled:

- MARC CONNERS – WARWICK FARM

A Statement as to Racing Colours.

- THE HORSE WILL RACE IN DARBY RACING REGISTERED SILKS.

Details of proposed ongoing expenses to be incurred by members:

- NONE APPLICABLE EXCEPT MANAGEMENT FEES
- AND SALE FEES ITEMISED UNDER SEPARATE HEADINGS.

Details of proposed ongoing Racing Expenses to be incurred by the partnership.

- Shareholders will be liable for all on going costs associated with the horse including training, spelling, veterinary and any other cost associated with the horse and will be billed directly by industry providers according to their percentage held. Darby Racing estimates a cost of \$20 - \$55 per week per 5% share held. **It is important to note that this is only an estimated cost.**

SHOULD ANY SHAREHOLDER NEGLECT PAYMENT OF THE FEE FOR A PERIOD IN EXCESS OF 60 DAYS, THE MANAGER MAY OBTAIN A VALUATION FROM TWO BLOODSTOCK VALUERS AND OFFER THE SHARE TO EXISTING SHAREHOLDERS. IF EXISTING SHAREHOLDERS DECLINE THE OFFER, THEN THE MANAGER MAY SELL THE SHARE BY PUBLIC OFFER. OUTSTANDING ACCOUNTS WILL THEN BE DEDUCTED FROM SALE PROCEEDS AND THE BALANCE PAID TO THE DEFAULTING SHAREHOLDER.

How did the Promoter obtain the horse and the purchase price paid by the Promoter:

- THE COLT WAS ACQUIRED FROM THE MAGIC MILLIONS PREMIER SALE FOR \$49,500 GST INCL.

A Valuation by a qualified bloodstock valuer, who is independent of the Promoter, completed less than THIRTY days prior to the date of the PDS MUST accompany this application, together with a statement by the valuer of any financial or other interest of the valuer in the syndicate or the moneys to be raised from the syndication.

COLT acquired at Public Auction and Valuation not required.

A Veterinary Certificate prepared by a qualified Veterinary Surgeon, completed less than THIRTY days prior to the date of the PDS must accompany this application. The Certificate must disclose any financial or other interest held by the Veterinarian in the syndicate or the moneys to be raised from the syndication.

A statement by the Promoter as to the correctness of the Valuation and Veterinary Certificate:

- VETERINARY CERTIFICATE IS TRUE AND CORRECT AND FORMS PART OF THIS PRODUCT DISCLOSURE STATEMENT.

A statement by the Promoter as to whether any fact or occurrence is known to the Promoter, which renders the Valuation or Veterinary Certificate material inaccurate:

- THE PROMOTER CERTIFIES THAT NO FACT OR OCCURRENCE IS KNOWN WHICH MAKES THE ATTACHED VETERINARY CERTIFICATE INACCURATE.

A statement whether the Promoter owns the horse or whether the horse is in any way encumbered:

- THE COLT WAS PURCHASED BY DARBY BLOODSTOCK PTY LTD ON 10/01/10, at the MAGIC MILLIONS PREMIER YEARLING SALE.

If the horse is encumbered:-

(1) A statement by the Promoter providing full particulars of the arrangement:

- MAGIC MILLIONS HAS APPROVED A CREDIT ARRANGEMENT. THE OFFEROR HAS POSSESSION OF THE HORSE AND TITLE WILL PASS UPON FULL PAYMENT OF THE ACCOUNT.

(2) A statement by the Promoter that upon registration of the scheme, syndicate subscribers will receive right title:

UPON REACHING FULL SUBSCRIPTION EACH SUBSCRIBER WILL RECEIVE TITLE IN THE FILLY AND THE FILLY WILL BE REGISTERED IN THE NAME OF EACH SUBSCRIBER DISCLOSING PERCENTAGE SHARE OF OWNERSHIP.

(3) A statement by the Promoter to discharge any encumbrances on the title to the horse(s) before or upon registration of the scheme:

THE COLT IS BEING OFFERED FOR SYNDICATION FREE OF ANY ENCUMBRANCES AND SUBSCRIBERS ARE GUARANTEED CLEAR TITLE BEFORE AND UPON REGISTRATION OF THIS SYNDICATION.

A statement showing the details of arrangements (if any) which have been made to vest possession of the horse(s) in the manager or partnership, if a manager is to be appointed:

- DARBY BLOODSTOCK PTY LTD WILL MANAGE THE HORSE UNTIL SUCH TIME THAT AN ORDINARY RESOLUTION OF MEMBERS ACHIEVING A 51% MAJORITY VOTE, RESOLVES TO REMOVE THE MANAGER.

THE GENERAL MANAGER IS SCOTT DARBY. THE MANAGER IS RESPONSIBLE FOR ALL ASPECTS OF THE MANAGEMENT OF THE RACING CAREER OF THE HORSE, THE MANAGEMENT OF COMMUNICATIONS BETWEEN THE PARTNERS AND THE STABLES AND WILL MAKE DECISIONS ON BEHALF OF THE OWNERS PERTAINING TO THE HORSE ON OFFER.

PREPARATION OF THE PARTNERSHIP'S ANNUAL ACCOUNTS FOR SUBMISSION TO THE LEAD REGULATOR BEING RACING NSW WILL BE PREPARED BY RENEE DARBY (DIRECTOR) AND A BUSINESS APPOINTED AUDITOR.

Details of proposed ongoing Management Expenses to be incurred by the partnership.

- A MONTHLY FEE OF \$55.00 INC GST PER PARTNER WILL BE CHARGED BY THE SYNDICATE MANAGER BILLED 3 MONTHS IN ADVANCE AND WILL PROVIDE THE FOLLOWING:-

1. Regular communication with partners by telephone, fax or email regarding training and spelling progress, and regular relay of Trainer's comments.
2. Video taping of track work including video streaming by email or DVD to partners.
3. Arranging open days for partners to inspect their racehorse and be addressed by the Trainer.
4. Provision of general day to day administrative services.

Distribution from sale or stud and or breeding.

- AN ADDITIONAL 5% SALE FEE WILL BE CHARGED TO THE OWNERS IF THIS HORSE IS SOLD OR SENT FOR BREEDING OR STUD. THIS FIGURE WILL BE DETERMINED BY EITHER THE SALE PRICE OR A BLOODSTOCK VALUER WHO IS A MEMBER OF THE FEDERATION OF BLOODSTOCK AGENTS (FBA), WHICH EVER IS GREATER. THE PARTNERS HAVE THE RIGHT TO SEEK A SECOND VALUATION FROM ANOTHER BLOODSTOCK VALUER WHO IS A MEMBER OF THE FBA.

A statement by the promoter as to the process if a shareholder wishes to sell or leave the syndicate

- IN THE EVENT A SHAREHOLDER WISHES TO SELL OR LEAVE THE SYNDICATE THEY MUST FIRST OFFER THEIR SHARE OR SHARES TO THE CURRENT SHAREHOLDERS BEFORE OFFERING OUTSIDE OF THE PARTNERSHIP.

A statement by the promoter as to the process of selling the horse on offer on the open market or retiring the horse.

- A 51% MAJORITY MUST BE REACHED BY SHAREHOLDERS OF THE HORSE ON OFFER TO SELL OR RETIRE THE HORSE FROM RACING.

A statement by the promoter as to the process of the Prize Money Distribution.

- ALL PRIZEMONEY WON BY THE HORSE WILL BE DEPOSITED BY RACING NSW DIRECTLY TO THE SYNDICATE ACCOUNT CALLED DARBY BLOODSTOCK WITH THE NARELLAN BRANCH OF THE ST. GEORGE BANK. ALL PRIZEMONEY WILL BE DISTRIBUTED UPON RECEIPT WITHIN 14 DAYS OF RECEIVING.

A Statement by the promoter as to the deductions from any prize money.

- THE STANDARD 10% FOR THE TRAINER AND 5% FOR THE JOCKEY IS DEDUCTED BY RACING NSW ON ANY PRIZEMONEY EARNT BY THE HORSE
- MARC CONNERS ALSO CHARGES A 2.5% STABLE BONUS ON WINS ONLY.

A statement by the promoter as to the distribution of trophies or prizes that have a dollar value.

- IN AN EVENT THE HORSE WINS A TROPHY OR ANY ITEM THAT IS LISTED IN THE RACE BOOK WITH A DOLLAR VALUE, DARBY RACING WILL ASK ALL OWNERS IF THEY WOULD LIKE TO PARTICIPATE IN A DRAW FOR EACH ITEM IN WHICH THE WINNING OWNER WILL HAVE TO PAY THE OTHER OWNERS THE VALUE OF THE ITEM OR TROPHY ACCORDING TO HIS OR HERS % OWNED.
- FOR ALL NON VALUED ITEMS OR TROPHIES, DARBY RACING CONDUCT A DRAW FOR ALL OWNERS AND ONCE AN OWNER HAS WON A PARTICULAR ITEM THEN THEY MAY NOT PARTICIPATE IN THE NEXT DRAW FOR A SIMILAR ITEM UNTIL ALL OWNERS HAVE RECEIVED SUCH AN ITEM

A statement disclosing the full particulars of any lease agreement that will affect the partnership/syndicate:

- THE PROMOTER CERTIFIES THAT THE HORSE IS NOT THE SUBJECT OF A FINANCIAL OR OPERATING LEASE.

A copy of the financial lease relating to the horse(s): NOT APPLICABLE.

A statement setting out expenses incurred by the Promoter in the formation of the partnership/syndicate:

COST SCHEDULE – INC GST. - Costs inclusive to 30/06/2010

Purchase –INGLIS PREMIER YEARLING SALE	\$49,500.00
Photos/Videos	\$1,200.00
Floating-	\$880.00
Agistment 75 days - Heritage Park	\$3,920.00
Breaking in - Heritage Park	\$2,800.00
Shoeing + drenching + vitamins and minerals	\$500.00
Product Disclosure fee	\$1,650.00
Racing NSW fees	\$485.00
Magic Millions Race Series	\$2,970.00
Vet Fees ongoing and pro – rata from the Magic Millions sale	\$2,000.00
Advertising -	
Sky TV / TVN	\$8,000.00
Radio	\$4,000.00
Internet, Racenet, Galloper	\$1,000.00
Media Print	\$3,000.00
BOBS	\$660.00
Golden Slipper	\$350.00

Office, salary, telephone, supplies etc pro-rata	\$9,467.00
Insurance to 30/06/2010	\$879.00
Profit	\$6,760.00
Total	\$100,021.00
20 shares	\$4,990.00

A Statement that the application moneys will be held in a separate trust account (that is applicable for the sole purposes of this product) by the promoter until the Racing Authority has registered or refused to register the partnership/syndicate:

- AN INTEREST BEARING ACCOUNT WILL BE OPENED WITH THE ST GEORGE BANK, NARELLAN. ALL SUBSCRIPTION MONEY WILL BE HELD IN THE ACCOUNT UNTIL THE SYNDICATION IS REGISTERED OR IF NOT FULLY SUBSCRIBED UNTIL CANCELLED. THE ACCOUNT WILL BE STYLED THE DARBY RACING PTY LTD TRUST ACCOUNT AND WILL BE OPERATED BY THE PROMOTOR AND DIRECTOR OF DARBY RACING PTY LTD.
- SUBSCRIPTION MONIES WILL ONLY BE ACCEPTED IF PAID BY ONE OF THE FOLLOWING METHODS:-
 - (1) BY DIRECT CREDIT TO THE ACCOUNT OF DARBY RACING PTY LTD –
ST GEORGE BANK, NARELLAN
BSB: 112-879 ACC: 419 312 767
 - (2) BY NOT NEGOTIABLE CHEQUE MADE PAYABLE TO DARBY RACING PTY LTD TRUST ACCOUNT.
 - (3) BY CREDIT CARD THROUGH DARBY RACING PTY LTD MERCHANT TERMINAL.

A Statement that where the partnership/syndicate has not been fully subscribed within six months from the date on which invitations were first made to the public, or where the Racing Authority has refused to register the partnership/syndicate.

- ALL MONIES HELD IN TRUST, TOGETHER WITH INTEREST, WILL BE RETURNED TO INVESTORS WITHIN (5) BUSINESS DAYS.

Details of any cooling off regime:

- SUBSCRIBERS WILL BE GIVEN A 5-DAY COOLING OFF PERIOD AND WITHIN THIS PERIOD CAN REQUEST A REFUND OF ANY SUBSCRIPTION MONEY PAID.

A statement regarding any actual or perceived conflict of interest:

- THE PROMOTER DOES NOT INDIRECTLY INFLUENCE EXPERTS SUCH AS TRAINERS, VETERINARIANS OR VALUERS TO PROVIDE ADVICE OR REPORTS WHICH ARE BIASED, NOR DO THESE EXPERTS HAVE ANY COMMERCIAL REASON TO PROVIDE ADVICE WHICH IS BIASED. WHERE THE PROMOTER OR TRAINER RETAINS A SHARE IN THE HORSE, THE SHARE IS A COMMERCIAL INVESTMENT AND THE APPROPRIATE FEES ARE APPORTIONED TO THE TRAINER OR PROMOTER AS THEY ARE TO ALL SHAREHOLDERS.

A statement of Industry risks:

- THIS PRODUCT IS A RACING SYNDICATION WHICH IS FORMED TO RACE THE NOMINATED YEARLING FOR ENJOYMENT AND PRIZEMONEY. SUBSCRIBERS ARE

ALERTED TO THE FACT THAT NO GUARANTEE IS GIVEN THAT THE HORSE WILL ACHIEVE ITS GOAL OF BECOMING A SUCCESSFUL RACEHORSE AND EARN PRIZEMONEY.

THIS PRODUCT IS PROTECTED AGAINST LOSS THROUGH MORTALITY OR THEFT OF THE HORSE BY INSURANCE AS DISCLOSED IN THE COST SCHEDULE WHICH FORMS PART OF THIS STATEMENT. THE POLICY DOES NOT COVER INJURY OR ILLNESS WHICH MAKES THE HORSE UNSUITABLE FOR RACING OR BREEDING. AS THERE ARE NO INSURANCE POLICIES THAT COVER RISKS OTHER THAN MORTALITY OR THEFT, INJURY OR ILLNESS RISKS MUST BE BORNE BY THE SHAREHOLDERS. **RENEWAL OF INSURANCE IS OPTIONAL AND THE RESPONSIBILITY OF THE SHAREHOLDER.**

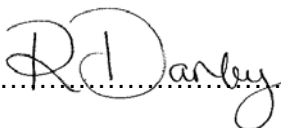
Information about the dispute resolution available to the subscriber:

- COMPLAINTS ARE TO BE DIRECTED TO THE COMPLIANCE MANAGER, RENEE DARBY, AND WILL BE RESOLVED BY FOLLOWING PROCEDURES OUTLINED IN THE PROMOTERS INTERNAL DISPUTE RESOLUTION MANUAL.

IF NOT RESOLVED IN 7 DAYS, SUBSCRIBERS CAN REFER THE COMPLAINT TO Financial Ombudsman Service, GPO Box 3, MELBOURNE VIC 3001, Phone 1300 78 08 08. Darby Racing Pty Ltd is a member of the Financial Ombudsman Service – Membership No: 13514.

I confirm that:

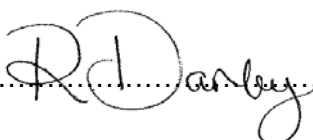
- (a) the statements contained in the PDS in relation to the partnership/syndicate are true, and not misleading in their form or content.
- (b) the PDS contains all information which the investors and their advisers would require and reasonably expect to find in the PDS for the purpose of making an informed assessment about investment in the partnership/syndicate.

Signature of Promoter:..... Date:8/6/2010.....

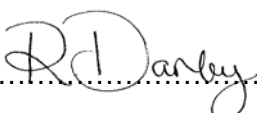
DISCLAIMER

A copy of this PDS has been lodged with Racing NSW pursuant to the Class Order issued by the Australian Securities & Investments Commission. No liability as to the contents of this PDS is taken by Racing NSW, its officers, employees or agents.

In particular (but not without prejudice to the generality of this disclaimer) Racing NSW does not warrant, and has no responsibility for, the commercial merits of the scheme referred to in the PDS, the manner in which the Syndicates/Partnerships are operated, or the taxation advantages (if any) to which the Scheme may give rise.

Signature of Promoter:..... Date:8/6/2010.....

I hereby declare that the contents of this PDS are true and correct-

Signature of Promoter:..... Date:..8/6/2010.....

Statement of Subscriber

I declare that I have read and understand the requirements, terms and conditions of this PDS, and that I am not under any disqualification or other disability under the Rules of Racing:

Name of Shareholder:.....

Address:.....

Signature of Shareholder:.....Date:.....